

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

The highlights of our continuing transformation plan are:

- Continued improvement in our customer service metrics – over the period September 2007 to September 2008 installation time improved by more than 70% and our call centre abandonment rate dropped by 12 percentage points.
- Enhanced distribution channels - during the first half of the year we opened a new flagship and lifestyle store in Kingston, refreshed 30 dealer stores and added 1,649 new top-up locations;
- Rationalisation of our product range and withdrawal of a number of uneconomic pricing plans from the market. As a result, gross margin as a percentage of revenue grew from 56% for the period April to September 2007 to 66% for the period April to September 2008 and was J\$7,415m;
- Continued cost reduction – our programme is in place, including regional initiatives under the One Caribbean plan. As a result, our headcount fell by 8%;
- We launched phase one of our 3G network in July 2008 - mobile broadband is due to launch later in November 2008;
- On 3 November 2008 we unveiled our new regional brand, LIME, reinforcing our position as the Caribbean’s leading telecommunications company.
- We had some good wins in the half year with our corporate customers, including Bank of Nova Scotia and the Sandals Group.

Results (J\$m)

Revenue for the quarter increased by 7% over the same period last year, from J\$5,184m to J\$5,567m. This increase was due to the improved performance of our fixed line products and the absence of the J\$542m reduction in revenue in the same period last year relating to the non recoverability of unbilled amounts and outpayments due from local and international third party carriers. Revenue for the six months ended September was in line with the same period of the previous year.

Gross margin for the quarter increased by 33% compared with the same period last year. This increase was largely due to the revenue trends discussed above together with a 22% reduction in cost of sales resulting from the withdrawal of uneconomic price plans. As a result, our gross margin increased by J\$909m to J\$3,653m and was 66% of revenue.

Total operating expenses for the quarter (excluding depreciation and amortisation) increased by 12 % above the same period last year driven by higher utility costs as a result of increased oil prices.

Depreciation and amortisation was marginally above the previous year.

Operating profit before restructuring costs was J\$247m compared with a loss of J\$354m for the same quarter of the prior year.

Restructuring costs include redundancy costs associated with our transformation plan.

Year to date our operating profit was J\$270 million compared with a J\$98 million loss in the same period of the previous year.

Net finance costs for the quarter decreased by 27% compared with the same period last year because of net foreign exchange gains of J\$112m.

Net loss attributable to stockholders improved by 50% compared with the quarter ended September 2007 to J\$238 million, reflecting a loss per stock unit of 1.42 cents compared to 2.84 cents.

Pension plan update - all the documentation has been submitted for the pension plan restructuring. The insurance premium has been secured and approval from the Financial Services Commission is pending.

Outlook- These results demonstrate early progress on our transformation plan and we expect to see further improvements in the second half of the year.

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

Philip Green
Director

**Cable & Wireless Jamaica
Group Income Statement
Quarter Ended September 30, 2008
J\$000's**

	3 Months to Sept 30, 2007	3 Months to Sept 30, 2008	6 Months to Sept 30, 2007	6 Months to Sept 30, 2008
Revenue	5,183,767	5,566,557	11,125,768	11,270,306
Outpayments	(1,854,689)	(1,485,946)	(3,545,866)	(2,991,476)
Other cost of sales	(585,081)	(427,351)	(1,298,958)	(863,503)
Total cost of sales	(2,439,770)	(1,913,297)	(4,844,824)	(3,854,979)
Gross Margin	2,743,997	3,653,260	6,280,944	7,415,327
Employee expenses	(969,017)	(668,250)	(1,616,361)	(1,467,459)
Administrative, marketing, and selling expenses	(1,374,532)	(1,951,808)	(3,267,537)	(3,784,043)
Depreciation and amortisation	(754,665)	(786,637)	(1,495,150)	(1,534,753)
Total operating expenses	(3,098,214)	(3,406,695)	(6,379,048)	(6,786,255)
Operating (loss)/profit before restructuring costs	(354,217)	246,566	(98,104)	629,072
Restructuring costs	-	(359,365)	-	(359,365)
Operating (loss)/profit	(354,217)	(112,799)	(98,104)	269,707
Net finance costs				
Foreign exchange (losses)/gains	(37,653)	111,896	(70,707)	90,175
Other finance costs	(387,245)	(424,280)	(649,940)	(845,016)
Finance income	28,165	23,230	48,078	37,130
	(396,733)	(289,154)	(672,569)	(717,711)
Other (expenses)/income	(3,855)	20,773	(36,485)	20,773
(Loss) before taxation	(754,805)	(381,180)	(807,158)	(427,231)
Taxation	276,144	142,697	300,349	161,347
Net (loss) attributable to stockholders	(478,661)	(238,483)	(506,809)	(265,884)
(Loss) per stock unit	(2.84¢)	(1.42¢)	(3.01¢)	(1.58¢)

**Cable & Wireless Jamaica
Group Balance Sheet
Quarter Ended September 30, 2008
J\$000's**

	<u>Sept 30, 2008</u>	<u>March 31, 2008</u>	<u>Sept 30, 2007</u>
Property Plant & Equipment	26,295,196	25,690,799	29,506,805
Intangible asset	642,137	522,006	479,454
Deferred expenditure	76,281	55,516	114,095
Employee benefits assets	2,978,000	3,492,000	3,521,500
Total Non-Current Assets	<u>29,991,615</u>	<u>29,760,321</u>	<u>33,621,853</u>
Cash & cash equivalents	443,320	846,488	1,182,469
Accounts receivable	3,493,083	3,748,324	3,963,686
Taxation recoverable	96,677	95,989	87,321
Prepaid expenses	964,525	375,760	1,449,928
Due from related companies	190,758	136,475	121,055
Inventories	225,840	155,541	81,570
Current portion of deferred expenditure	299,387	284,818	302,541
Total current assets	<u>5,713,589</u>	<u>5,643,395</u>	<u>7,188,571</u>
TOTAL ASSETS	<u>35,705,203</u>	<u>35,403,716</u>	<u>40,810,425</u>
Share capital	16,817,440	16,817,440	16,817,440
Reserves	2,449,758	2,443,218	2,500,957
Accumulated (deficit)/profit	(5,506,376)	(4,565,159)	31,923
TOTAL EQUITY	<u>13,760,822</u>	<u>14,695,499</u>	<u>19,350,320</u>
Trade and other accounts payables	5,119,037	5,470,684	5,749,809
Provisions	350,202	322,766	0
Current portion of loans	13,265	749,039	12,871
Due to related companies	45,825	47,116	4,669
Total current liabilities	<u>5,528,329</u>	<u>6,589,605</u>	<u>5,767,349</u>
Loans	232,481	3,421,455	4,156,144
Due to ultimate parent company	12,339,346	6,434,933	5,235,095
Deferred tax liability	562,193	1,061,207	4,264,651
Provisions	1,307,214	1,349,017	409,137
Employee benefits obligation	1,974,819	1,852,000	1,627,730
Total non-current liabilities	<u>16,416,052</u>	<u>14,118,612</u>	<u>15,692,757</u>
TOTAL LIABILITIES	<u>21,944,381</u>	<u>20,708,217</u>	<u>21,460,106</u>
TOTAL EQUITY & LIABILITIES	<u>35,705,203</u>	<u>35,403,716</u>	<u>40,810,425</u>

Cable & Wireless Jamaica
Group Statement of Cashflows
Quarter Ended September 30, 2008
J\$'000s

	3 Months to September 30, 2007	3 Months to September 30, 2008	6 Months to September 30, 2007	6 Months to September 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss attributable to stockholders	(478,661)	(238,483)	(506,809)	(265,884)
Adjusted for:				
Unrealised translation (losses)/ gains on loans	(16,029)	(1,982)	(47,781)	1,913
Employee benefits, net	90,042	(239,037)	(285,681)	(376,181)
Depreciation and amortisation	754,665	786,637	1,495,150	1,534,753
Amortisation of deferred expenditure	79,260	82,628	123,715	160,228
Deferred taxation	(324,554)	(142,697)	(300,349)	(161,347)
Loss/(gain) on disposal of property, plant and equipment and intangible assets	30,634	(20,773)	36,485	(20,773)
Interest earned	(12,064)	(23,230)	(24,362)	(37,130)
Interest expense	384,632	424,280	648,976	845,016
Provisions	(13,382)	(73,411)	(26,675)	(41,803)
Cash generated before changes in working capital	494,543	553,933	1,112,669	1,638,793
Accounts receivable	776,541	296,558	415,826	255,242
Prepaid expenses	1,559,195	(338,704)	(278,285)	(588,765)
Due from related companies	(1,023,004)	(31,749)	(20)	(54,282)
Inventories	392,550	(30,453)	349,913	(70,299)
Trade and other accounts payables	(184,596)	(299,982)	(134,237)	(183,525)
Provisions	0	289,439	0	27,435
Due to related companies	(4,231)	(11,110)	(35,752)	(1,291)
Cash generated from operations	2,010,996	427,932	1,430,112	1,023,308
Net cash provided by operating activities	2,010,996	427,932	1,430,112	1,023,308
CASH FLOWS FROM INVESTING ACTIVITIES				
Unrealised translation adjustment on consolidation	5,767	5,427	9,301	6,540
Acquisition of property, plant equipment and intangible assets	(1,092,079)	(1,351,320)	(2,875,574)	(2,354,326)
Proceeds from disposal of property plant & equipment	0	0	72	0
Interest received	14,374	25,284	24,321	35,008
Deferred expenditure incurred	(62,448)	(182,242)	(255,385)	(195,563)
Net cash used by investing activities	(1,134,386)	(1,502,851)	(3,097,265)	(2,508,341)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/(decrease) in loans	(47,680)	(3,242)	838,210	(3,924,748)
Interest paid	(409,907)	(275,685)	(490,490)	(589,498)
Due to ultimate parent company	64,388	1,071,412	1,091,677	5,596,111
Net cash (used)/ provided by financing activities	(393,199)	792,485	1,439,397	1,081,865
Net increase/(decrease) in cash and cash equivalents	483,411	(282,434)	(227,756)	(403,168)
Cash and cash equivalents at beginning of period	699,058	725,754	1,410,225	846,488
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,182,469	443,320	1,182,469	443,320

Cable & Wireless Jamaica
Group Statement of Changes in Shareholders' Equity
Quarter Ended September 30, 2008
J\$'000's

	<u>Share Capital</u>	<u>Reserves</u>	<u>Accumulated Profit</u>	<u>Total</u>
Balances at 1 April 1, 2007	16,817,440	2,491,656	1,012,732	20,321,828
Net loss for the period	-	-	(506,809)	(506,809)
Actuarial losses recognised directly in equity, net of deferred tax	-	-	(474,000)	(474,000)
Unrealised translation adjustment on consolidation	-	9,301	-	9,301
Balances at September 30, 2007	<u>16,817,440</u>	<u>2,500,957</u>	<u>31,923</u>	<u>19,350,320</u>
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 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	<u>16,817,440</u>	<u>2,443,218</u>	<u>(4,565,159)</u>	<u>14,695,499</u>
Net loss for the period	-	-	(265,884)	(265,884)
Dividends	-	-	-	-
Actuarial losses recognised directly in equity, net of deferred tax	-	-	(675,333)	(675,333)
Transfer from employee benefits reserve	-	-	-	-
Unrealised translation adjustment on consolidation	-	6,540	-	6,540
Balances at September 30, 2008	<u>16,817,440</u>	<u>2,449,758</u>	<u>(5,506,376)</u>	<u>13,760,822</u>