

Cable & Wireless Jamaica Limited
Unaudited Consolidated Financial Statements
For The Quarter Ended December 31, 2009

The Board of Directors of Cable & Wireless Jamaica Limited (“the Company”) releases the unaudited consolidated results of the Company, Jamaica Digiport International Limited (JDI), and other subsidiaries, (collectively referred to as “CWJ”), for the quarter ended December 31, 2009.

Highlights:

- Continued successful direct marketing initiatives to win customers from other networks and retain them;
- Expansion of mobile coverage of the island with the commissioning of 19 new cell sites in the quarter. Development continues with another 51 sites expected to be commissioned by April 2010;
- Continued strong demand for our 3G product that was launched in the first quarter;
- Continued growth of subscriber numbers for broadband with the promotion of 8mbps residential packages;
- Expansion of our retail footprint with the opening of five new stores located in Kingston, May Pen and Portmore.

Results:

Revenue for the quarter ended December 31, 2009 was J\$5,707m compared with J\$5,836m for the same period in 2008. Despite the challenging economic climate we continued to grow internet and data revenues and maintained market share on mobile. Our fixed line revenues continue to be impacted by anticompetitive practices in respect of which we have filed suit. The Group continued to experience strong demand from small, medium and large customers for more IP-based and managed services.

Gross Margin for the quarter increased 3% to J\$4,012m compared with J\$3,897m for the same period last year driven by the increased focus on higher margin products. Gross margin as a percentage of revenue improved 3 percentage points over the same period in 2008 to 70% at December 31, 2009.

Total Operating Expenses (excluding depreciation & amortisation) of J\$2,492m remained flat compared with J\$2,495m for the quarter ended December 31, 2008.

Depreciation & Amortization charges for the quarter were J\$1,270m compared with J\$764m for the same period in 2008. Additional depreciation and obsolescence charges of J\$486m were recognised in the quarter as a result of changes in useful economic lives for the asset base in accordance with IAS16 and to reflect the continuing transformation of the core networks.

Operating Profit of J\$230m for the quarter compares with J\$551m for the same period in 2008 mainly as a result of the additional depreciation charges of J\$486m made in the current quarter, partially offset by a decrease in restructuring costs.

Net finance costs increased by J\$152m over the December 2008 quarter, primarily as a result of the increased interest costs of J\$329m associated with additional borrowing from the parent company to fund network development and expansion as well as increased interest rates over the period.

Net loss attributable to stockholders was J\$351m for the quarter compared with net profit of J\$33m for the same quarter in 2008 and yielded a loss per stock unit of 2.09c compared to profit per stock unit of 0.19c for the same period in 2008. The net loss attributable to stockholders for the nine months to December 31, 2009 was J\$2,190m compared with a net loss of J\$233m for the same period in 2008 as a result of the additional depreciation charge, the increased finance costs and the 12% depreciation of the Jamaica dollar against the US dollar. This has yielded a loss per stock unit of 13.02c compared with a loss of 1.39c for the same period in the previous year.

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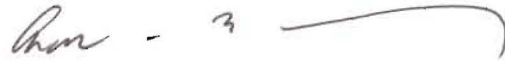
Outlook: Implementation of the One Caribbean transformation programme continued with the objectives of improved product performance, service delivery and customer experience, positioning the Group to better serve its customers and improve stockholders' value.

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



Director



Director

Cable & Wireless Jamaica Limited
Group Income Statement
Quarter ended December 31, 2009
J\$000's

	<u>3 Months to Dec 31, 2008</u>	<u>3 Months to Dec 31, 2009</u>	<u>9 Months to Dec 31, 2008</u>	<u>9 Months to Dec 31, 2009</u>
Revenue	5,836,388	5,706,790	17,106,694	16,115,202
Outpayments	(1,439,379)	(1,286,781)	(4,430,855)	(4,060,784)
Other cost of sales	(500,417)	(407,724)	(1,363,920)	(1,137,782)
Total Cost of Sales	<u>(1,939,796)</u>	<u>(1,694,505)</u>	<u>(5,794,775)</u>	<u>(5,198,566)</u>
Gross Margin	3,896,592	4,012,285	11,311,919	10,916,636
Employee expenses	(672,467)	(849,396)	(2,139,926)	(2,326,581)
Administrative, marketing, and selling expenses	(1,822,573)	(1,642,208)	(5,606,616)	(5,299,336)
Depreciation and amortisation	(763,824)	(1,270,161)	(2,298,577)	(4,044,366)
Total Operating Expenses	<u>(3,258,864)</u>	<u>(3,761,765)</u>	<u>(10,045,119)</u>	<u>(11,670,283)</u>
Operating profit before restructuring costs	637,728	250,520	1,266,800	(753,647)
Restructuring costs	<u>(87,196)</u>	<u>(20,244)</u>	<u>(446,561)</u>	<u>(251,635)</u>
Operating (loss)/ profit	550,532	230,276	820,239	(1,005,282)
Net finance costs				
Foreign exchange gains/ (losses)	(85,251)	89,605	4,924	119,421
Other finance costs	(433,205)	(761,857)	(1,278,221)	(2,226,334)
Finance income	18,922	20,729	56,052	30,886
	<u>(499,534)</u>	<u>(651,524)</u>	<u>(1,217,245)</u>	<u>(2,076,027)</u>
Other (expenses)/ income	<u>-</u>	<u>(15,470)</u>	<u>20,773</u>	<u>41,005</u>
Profit/(loss) before taxation	50,998	(436,717)	(376,233)	(3,040,304)
Taxation	<u>(18,402)</u>	<u>85,286</u>	<u>142,945</u>	<u>850,149</u>
Net profit/ (loss) attributable to stockholders	<u>32,596</u>	<u>(351,431)</u>	<u>(233,288)</u>	<u>(2,190,155)</u>
Earnings/ (loss) per stock unit	0.19¢	(2.09¢)	(1.39¢)	(13.02¢)

Cable & Wireless Jamaica Limited
Group Balance Sheet
Quarter ended December 31, 2009
J\$000's

	<u>Dec 31, 2009</u>	<u>Mar 31, 2009</u>	<u>Dec 31, 2008</u>
Property, plant & equipment	25,397,418	27,518,868	26,605,659
Intangible asset	387,055	548,077	566,387
Deferred expenditure	29,151	55,206	77,602
Net Investment in Finance Leases	213,612	-	-
Employee benefits assets	3,480,912	3,191,000	2,142,667
Total non-current assets	<u>29,508,148</u>	<u>31,313,151</u>	<u>29,392,315</u>
Cash & cash equivalents	503,984	700,269	864,170
Accounts receivable	3,699,476	3,842,715	4,517,747
Taxation recoverable	97,579	103,725	97,010
Prepaid expenses	1,080,325	441,100	467,459
Due from related companies	1,822,197	181,821	129,977
Inventories	291,053	219,744	186,004
Current portion of deferred expenditure	163,351	203,055	250,364
Total current assets	<u>7,657,965</u>	<u>5,692,429</u>	<u>6,512,731</u>
TOTAL ASSETS	<u>37,166,113</u>	<u>37,005,580</u>	<u>35,905,046</u>
Share capital	16,817,440	16,817,440	16,817,440
Reserves	2,436,459	2,425,293	2,499,707
Accumulated (deficit)/profit	(5,865,378)	(3,855,317)	(5,474,054)
TOTAL EQUITY	<u>13,388,521</u>	<u>15,387,416</u>	<u>13,843,093</u>
Trade and other accounts payables	6,371,900	6,381,830	5,772,869
Provisions	-	141,546	129,848
Current portion of loans	16,390	16,212	14,668
Due to related companies	415,294	102,923	54,321
Total current liabilities	<u>6,803,584</u>	<u>6,642,511</u>	<u>5,971,706</u>
Loans	285,991	285,951	273,160
Due to related company	14,663,940	-	-
Due to ultimate parent company	290,836	11,945,027	11,871,134
Deferred tax liability	371,522	1,397,904	580,595
Provisions	1,361,719	1,346,771	1,345,202
Employee benefits obligation	-	-	2,020,156
Total non-current liabilities	<u>16,974,008</u>	<u>14,975,653</u>	<u>16,090,247</u>
TOTAL LIABILITIES	<u>23,777,592</u>	<u>21,618,164</u>	<u>22,061,953</u>
TOTAL EQUITY & LIABILITIES	<u>37,166,113</u>	<u>37,005,580</u>	<u>35,905,046</u>

Cable & Wireless Jamaica Limited
Group Statement of Recognised Income and Expenses
Quarter ended December 31, 2009
J\$000's

	<u>Dec 31, 2009</u>	<u>Mar 31, 2009</u>	<u>Dec 31, 2008</u>
Unrealised translation adjustments on consolidation	11,166	161,827	56,489
Share -based payment	-	20,915	-
Actuarial gains/(losses) recognised directly in equity	180,095	1,218,000	(675,607)
Deferred taxes on employee benefits	-	(406,000)	-
Net income/ (expenses) recognised directly in equity	191,261	994,742	(619,118)
Loss for the year	<u>(2,190,155)</u>	<u>(302,825)</u>	<u>(233,288)</u>
Total recognised income and expenses for the year	<u>(1,998,894)</u>	<u>691,917</u>	<u>(852,406)</u>

Cable & Wireless Jamaica Limited
Group Statement of Changes in Shareholders' Equity
Quarter ended December 31, 2009
J\$000's

	<u>Share Capital</u>	<u>Reserves</u>	<u>(Accumulated deficit)/ unappropriated profit</u>	<u>Total</u>
Balances at April 1, 2008	16,817,440	2,443,218	(4,565,159)	14,695,499
Total recognised income and expenses for the period	-	56,489	(908,895)	(852,406)
Balances at December 31, 2008	<u>16,817,440</u>	<u>2,499,707</u>	<u>(5,474,054)</u>	<u>13,843,093</u>
Balances at April 1, 2008	16,817,440	2,443,218	(4,565,159)	14,695,499
Total recognised income and expenses for the year	-	182,742	509,175	691,917
Transfer from employee benefits reserve	-	(200,667)	200,667	-
Balances at March 31, 2009	<u>16,817,440</u>	<u>2,425,293</u>	<u>(3,855,317)</u>	<u>15,387,416</u>
Total recognised income and expenses for the year	-	11,166	(2,010,061)	(1,998,895)
Balances at December 31, 2009	<u>16,817,440</u>	<u>2,436,459</u>	<u>(5,865,378)</u>	<u>13,388,521</u>

Cable & Wireless Jamaica Limited
Group Statement of Cashflows
Quarter ended December 31, 2009
J\$000's

	<u>3 Months to</u> <u>Dec 31, 2008</u>	<u>3 Months to</u> <u>Dec 31, 2009</u>	<u>9 Months to</u> <u>Dec 31, 2008</u>	<u>9 Months to</u> <u>Dec 31, 2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit/ (Loss) attributable to stockholders	32,596	(351,432)	(233,288)	(2,190,155)
Adjusted for:				
Unrealised translation losses on loans	28,169	(2,972)	30,082	41
Employee benefits, net	880,671	(120,000)	504,490	(289,912)
Depreciation and amortisation	763,824	1,270,161	2,298,577	4,044,366
Amortisation of deferred expenditure	88,823	(68,461)	249,051	10,008
Deferred taxation	18,402	(85,286)	(142,945)	(850,149)
Loss/(gain) on disposal of property, plant and equipment and intangible assets	-	-	(20,773)	(13,695)
Interest earned	(18,922)	(20,729)	(56,052)	(30,886)
Interest expense	433,205	761,857	1,278,221	2,226,334
Provisions	37,987	44,302	(3,816)	14,947
Cash generated before changes in working capital	<u>2,264,753</u>	<u>1,427,441</u>	<u>3,903,545</u>	<u>2,920,900</u>
Accounts receivable	(1,024,665)	(852,112)	(769,423)	146,141
Prepaid expenses	497,066	523,883	(91,699)	(639,225)
Due from related companies	60,780	(1,549,947)	6,498	(1,640,376)
Inventories	39,836	(173,245)	(30,463)	(71,310)
Trade and other accounts payables	580,425	850,345	396,900	(243,760)
Provisions	(220,353)	(15,779)	(192,918)	(141,546)
Due to related companies	8,496	243,919	7,205	312,371
Cash generated from operations	<u>2,206,339</u>	<u>454,505</u>	<u>3,229,646</u>	<u>643,196</u>
Net cash provided by operating activities	<u>2,206,339</u>	<u>454,505</u>	<u>3,229,646</u>	<u>643,196</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Unrealised translation adjustment on consolidation	49,949	7,048	56,489	11,166
Acquisition of property plant & equipment and intangible assets	(995,818)	(871,789)	(3,350,144)	(1,748,198)
Net investment in Finance Leases	-	(213,612)	-	(213,612)
Interest received	(11,468)	19,931	23,540	27,983
Deferred expenditure incurred	(41,120)	20,799	(236,683)	65,759
Net cash used by investing activities	<u>(998,456)</u>	<u>(1,037,624)</u>	<u>(3,506,797)</u>	<u>(1,856,903)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/(decrease in loans)	42,082	5,515	(3,882,666)	178
Interest paid	(341,706)	(761,551)	(931,204)	(1,992,505)
Due to related company	-	14,663,940	-	14,663,940
Due to ultimate parent company	(487,408)	(13,391,569)	5,108,704	(11,654,190)
Net cash used by financing activities	<u>(787,032)</u>	<u>516,335</u>	<u>294,834</u>	<u>1,017,422</u>
Net (decrease)/ increase in cash and cash equivalents	420,850	(66,784)	17,682	(196,285)
Cash and cash equivalents at beginning of period	<u>443,320</u>	<u>570,768</u>	<u>846,488</u>	<u>700,269</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>864,170</u>	<u>503,984</u>	<u>864,170</u>	<u>503,984</u>