

Cable & Wireless Jamaica Limited
Audited Consolidated Financial Statements
For The Year Ended March 31, 2010

The Board of Directors of Cable & Wireless Jamaica Limited ("The Company") releases the audited consolidated results of the Company, Jamaica Digiport International Limited (JDI), and other subsidiaries, (collectively referred to as "CWJ"), for the year ended March 31, 2010.

Highlights:

- Launch of 3G mobile broadband postpaid and prepaid wireless service
- Significant investment in the network to improve customer experience particularly in broadband and mobile
- Successful direct marketing and retention initiatives to win back and retain customers from other networks
- Expansion of the retail footprint with the opening of 9 retail stores and the addition of over 3,000 top-up locations across the Island

Results:

Revenue: Trading remained challenging with the continued impact of the economic and competitive environment. Revenue for the year was J\$22,046m compared with J\$21,993m for the previous year, reflecting declines in voice being offset by increases in enterprise and other revenue.

Gross Margin was maintained at \$14,280m compared with J\$14,415m for the prior year with a percentage margin of 65%.

Total Operating Expenses (excluding depreciation & amortization) remained flat at J\$9,922m compared with J\$9,916m for the previous year. The underlying operating costs declined 5% year on year, but were offset by lower labour capitalization and defined benefit pension credits.

Depreciation & Amortisation charges were J\$7,016m for the year compared with J\$3,092m for the previous year. Additional Depreciation and obsolescence charges of J\$3,817m were recognized in the year as part of the continuing review of useful economic lives of the asset base in accordance with IAS 16 and as a result of the continuing transformation of the core networks.

Operating Loss before restructuring was J\$2,659m compared with operating profit of J\$1,408m for the prior year primarily due to the additional depreciation and obsolescence charges during the year.

Restructuring Costs of J\$373m include redundancy and other costs associated with the One Caribbean transformation plan.



CABLE & WIRELESS

Net Finance Costs for the year increased by 33% to J\$2,676m as a result of the increase in interest rates and net borrowings to fund the network expansion.

Net Loss attributable to stockholders was J\$3,388m compared with J\$303m for the year ending March 31, 2009 primarily as a result of the additional interest and depreciation charges.

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

Outlook:

Trading results excluding the additional depreciation charges declined marginally from the previous year despite the competitive and economic challenges. The company remains committed to improving the customer experience through the expansion and upgrade of the network, improved service delivery and customer service.

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

Chris Dehring
Chairman

Geoff Houston
Director

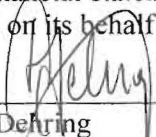
	<u>2010</u> \$'000	<u>2009</u> \$'000
Revenue	22,046,168	21,992,857
Outpayments	(5,103,950)	(5,622,719)
Other cost of sales	(2,662,550)	(1,954,771)
Total cost of sales	(7,766,500)	(7,577,490)
Gross margin	14,279,668	14,415,367
Employee expenses	(3,082,848)	(2,543,032)
Administrative, marketing and selling expenses	(6,839,414)	(7,372,958)
Depreciation and amortisation	(7,016,464)	(3,091,832)
Total operating expenses	(16,938,726)	(13,007,822)
Operating (loss)/profit before pension restructuring income and other restructuring costs	(2,659,058)	1,407,545
Pension restructuring income	-	892,000
Other restructuring costs	(372,709)	(677,042)
Operating (loss)/profit before net finance costs	(3,031,767)	1,622,503
Net finance costs:		
Foreign exchange gain/(loss)	197,236	(236,920)
Other finance costs	(2,914,317)	(1,812,824)
Finance income	40,780	37,097
	(2,676,301)	(2,012,647)
Other income	37,444	20,589
Loss before taxation	(5,670,624)	(369,555)
Taxation	2,282,433	66,730
Loss attributable to stockholders	(3,388,191)	(302,825)
Dealt with in the financial statements of:		
The company	(3,331,293)	(327,664)
The subsidiaries	(56,898)	24,839
	(3,388,191)	(302,825)
Loss per stock unit	(20.15¢)	(1.80¢)

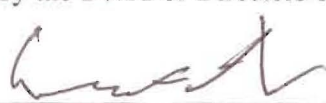
Group Statement of Comprehensive Income

	<u>2010</u> \$'000	<u>2009</u> \$'000
Loss for the year	(3,388,191)	(302,825)
Other comprehensive income for the year:		
Unrealised translation adjustments on consolidation	9,138	161,827
Share-based payment	-	20,915
Actuarial (losses)/gains on employee benefits asset	(200,043)	<u>1,218,000</u>
	(190,905)	1,400,742
Deferred taxes on employee benefits	<u>126,667</u>	(406,000)
Total other comprehensive income for the year, net of tax	(64,238)	<u>994,742</u>
Total comprehensive income for the year	<u>(3,452,429)</u>	<u>691,917</u>

	<u>2010</u> \$'000	<u>2009</u> \$'000
Property, plant and equipment	24,059,289	27,518,868
Intangible assets	330,744	548,077
Deferred expenditure	40,660	55,206
Net investment in finance leases	200,928	-
Deferred tax asset	1,274,147	-
Employee benefits assets	<u>2,974,000</u>	<u>3,191,000</u>
Total non-current assets	<u>28,879,768</u>	<u>31,313,151</u>
Cash and cash equivalents	364,590	700,269
Accounts receivable	3,954,495	3,842,715
Taxation recoverable	109,214	103,725
Prepaid expenses	437,765	441,100
Due from related companies	710,697	668,912
Inventories	311,572	219,744
Current portion of deferred expenditure	<u>190,551</u>	<u>203,055</u>
Total current assets	<u>6,078,884</u>	<u>6,179,520</u>
TOTAL ASSETS	<u>34,958,652</u>	<u>37,492,671</u>
Share capital	16,817,440	16,817,440
Reserves	2,289,765	2,425,293
Accumulated deficit	(7,172,218)	(3,855,317)
TOTAL EQUITY	<u>11,934,987</u>	<u>15,387,416</u>
Trade and other accounts payable	7,104,162	6,381,830
Provisions	67,022	141,546
Current portion of long-term loans	16,384	16,212
Due to related companies	<u>180,059</u>	<u>102,923</u>
Total current liabilities	<u>7,367,627</u>	<u>6,642,511</u>
Provisions	1,117,425	1,346,771
Long-term loans	281,221	285,951
Due to ultimate parent company	-	12,432,118
Due to other group company	14,257,392	-
Deferred tax liability	<u>-</u>	<u>1,397,904</u>
Total non-current liabilities	<u>15,656,038</u>	<u>15,462,744</u>
TOTAL LIABILITIES	<u>23,023,665</u>	<u>22,105,255</u>
TOTAL EQUITY AND LIABILITIES	<u>34,958,652</u>	<u>37,492,671</u>

The financial statements on pages 3 to 12 were approved by the Board of Directors on May 26, 2010 and signed on its behalf by:


Chris DeFring Chairman


Geoff Houston Director

Group Statement of Changes in Stockholders' Equity

	<u>Share capital</u> \$'000	<u>Reserves</u> \$'000	<u>Accumulated deficit</u> \$'000	<u>Total</u> \$'000
Balances at March 31, 2008	16,817,440	2,443,218	(4,565,159)	14,695,499
Loss for the year	-	-	(302,825)	(302,825)
Other comprehensive income:				
Unrealised translation adjustment on consolidation	-	161,827	-	161,827
Share-based payment	-	20,915	-	20,915
Actuarial gains, net of tax	<u>-</u>	<u>-</u>	<u>812,000</u>	<u>812,000</u>
Total comprehensive income for the year	-	182,742	509,175	691,917
Transfer from employee benefits reserve	<u>-</u>	<u>(200,667)</u>	<u>200,667</u>	<u>-</u>
Balance at March 31, 2009	16,817,440	2,425,293	(3,855,317)	15,387,416
Loss for the year	-	-	(3,388,191)	(3,388,191)
Other comprehensive income:				
Unrealised translation adjustment on consolidation	-	9,138	-	9,138
Actuarial losses, net of tax	<u>-</u>	<u>-</u>	<u>(73,376)</u>	<u>(73,376)</u>
Total comprehensive income for the year	-	9,138	(3,461,567)	(3,452,429)
Transfer from employee benefits reserve	<u>-</u>	<u>(144,666)</u>	<u>144,666</u>	<u>-</u>
Balance at March 31, 2010	<u>16,817,440</u>	<u>2,289,765</u>	<u>(7,172,218)</u>	<u>11,934,987</u>

	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss attributable to stockholders	(3,388,191)	(302,825)
Adjustments for:		
Unrealised translation losses on long-term loans	5,047	95,402
Employee benefits, net	16,957	(333,000)
Depreciation and amortisation	7,016,464	3,091,832
Amortisation of deferred expenditure	221,920	330,633
Taxation	(2,282,433)	(66,730)
Loss on disposal of property, plant and equipment and intangible assets	785,383	95,754
Interest earned	(40,780)	(37,097)
Interest expense	2,914,317	1,812,824
Provisions	(229,346)	(2,246)
Cash generated before changes in working capital	5,019,338	4,684,547
Accounts receivable	(111,648)	(91,755)
Prepaid expenses	3,335	(65,340)
Due from related companies	(41,785)	(532,437)
Inventories	(91,828)	(64,203)
Trade and other accounts payable	606,799	415,671
Provisions	(74,524)	(181,220)
Due to related companies	77,136	(364,970)
Cash generated from operations	5,386,823	3,800,293
Income tax paid	(268,440)	(10,309)
Net cash provided by operating activities	<u>5,118,383</u>	<u>3,789,984</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(4,124,935)	(5,041,726)
Net investment in finance leases	(200,928)	-
Interest received	40,648	34,461
Deferred expenditure incurred	(194,870)	(248,560)
Net cash used by investing activities	<u>(4,480,085)</u>	<u>(5,255,825)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Unrealised translation adjustment on consolidation	9,138	161,827
Share-based payment transferred to reserve	-	20,915
Decrease in long-term loans	(9,605)	(3,963,733)
Interest paid	(2,798,784)	(1,317,349)
Due to ultimate parent company	(12,432,118)	6,417,962
Due to other group company	14,257,392	-
Net cash (used)/provided by financing activities	<u>(973,977)</u>	<u>1,319,622</u>
Net decrease in cash and cash equivalents	<u>(335,679)</u>	<u>(146,219)</u>
Cash and cash equivalents at beginning of year	<u>700,269</u>	<u>846,488</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>364,590</u></u>	<u><u>700,269</u></u>

	<u>2010</u> \$'000	<u>2009</u> \$'000
Revenue	<u>21,919,332</u>	<u>21,873,821</u>
Outpayments	(5,055,637)	(5,614,612)
Other cost of sales	<u>(2,662,550)</u>	<u>(1,943,100)</u>
Total cost of sales	<u>(7,718,187)</u>	<u>(7,557,712)</u>
Gross margin	14,201,145	14,316,109
Employee expenses	(3,078,917)	(2,532,527)
Administrative, marketing and selling expenses	(6,815,210)	(7,352,308)
Depreciation and amortisation	<u>(7,002,863)</u>	<u>(3,076,290)</u>
Total operating expenses	<u>(16,896,990)</u>	<u>(12,961,125)</u>
Operating (loss)/profit before pension restructuring income and other restructuring costs	(2,695,845)	1,354,984
Pension restructuring income	-	892,000
Other restructuring costs	<u>(372,799)</u>	<u>(675,216)</u>
Operating (loss)/profit before net finance costs	<u>(3,068,644)</u>	<u>1,571,768</u>
Net finance costs:		
Foreign exchange gains/(losses)	195,412	(208,864)
Other finance costs	(2,912,176)	(1,809,838)
Finance income	<u>27,924</u>	<u>29,378</u>
	(2,688,840)	(1,989,324)
Other income	<u>144,963</u>	<u>20,589</u>
Loss before taxation	(5,612,521)	(396,967)
Taxation	<u>2,281,228</u>	<u>69,303</u>
Loss attributable to stockholders	<u>(3,331,293)</u>	<u>(327,664)</u>

Company Statement of Comprehensive Income

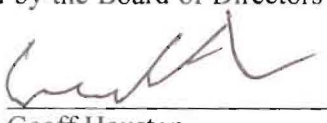
	<u>2010</u> \$'000	<u>2009</u> \$'000
Loss for the year	(<u>3,331,293</u>)	(<u>327,664</u>)
Other comprehensive income for the year:		
Share-based payment	-	20,915
Actuarial (losses)/gains on employee benefits asset	(<u>200,043</u>)	<u>1,218,000</u>
	(200,043)	1,238,915
Deferred taxes on employee benefits	<u>126,667</u>	(<u>406,000</u>)
Total other comprehensive income for the year, net of tax	(<u>73,376</u>)	<u>832,915</u>
Total comprehensive income for the year	(<u>3,404,669</u>)	<u>505,251</u>

Company Statement of Financial Position

	<u>2010</u> \$'000	<u>2009</u> \$'000
Property, plant and equipment	24,030,947	27,479,254
Intangible assets	330,744	548,077
Deferred tax asset	1,274,147	-
Interest in subsidiaries, shares at cost	12,117,350	12,117,350
Deferred expenditure	40,659	55,206
Net investment in finance leases	200,928	-
Employee benefits assets	<u>2,974,000</u>	<u>3,191,000</u>
Total non-current assets	<u>40,968,775</u>	<u>43,390,887</u>
Cash and cash equivalents	281,933	611,716
Accounts receivable	3,896,150	3,757,954
Prepaid expenses	437,559	441,004
Due from related companies	710,697	668,912
Taxation recoverable	99,988	96,849
Inventories	311,572	219,744
Current portion of deferred expenditure	<u>190,551</u>	<u>203,055</u>
Total current assets	<u>5,928,450</u>	<u>5,999,234</u>
TOTAL ASSETS	<u>46,897,225</u>	<u>49,390,121</u>
Share capital	16,817,440	16,817,440
Reserves	2,003,582	2,148,248
Accumulated deficit	(7,542,075)	(4,282,072)
TOTAL EQUITY	<u>11,278,947</u>	<u>14,683,616</u>
Trade and other payables	7,046,386	6,310,173
Provisions	67,022	141,546
Current portion of long-term loans	16,384	16,212
Due to related companies	<u>180,059</u>	<u>102,923</u>
Total current liabilities	<u>7,309,851</u>	<u>6,570,854</u>
Provisions	1,100,804	1,332,583
Long-term loans	281,221	285,951
Due to ultimate parent company	-	12,432,118
Due to other group company	14,257,392	-
Deferred tax liability	-	1,397,904
Due to subsidiaries	<u>12,669,010</u>	<u>12,687,095</u>
Total non-current liabilities	<u>28,308,427</u>	<u>28,135,651</u>
TOTAL LIABILITIES	<u>35,618,278</u>	<u>34,706,505</u>
TOTAL EQUITY AND LIABILITIES	<u>46,897,225</u>	<u>49,390,121</u>

The financial statements on pages 3 to 12 were approved by the Board of Directors on May 26, 2010 and signed on its behalf by:


Chris Dehning Chairman


Geoff Houston Director

Company Statement of Changes in Stockholders' Equity

	<u>Share capital</u> \$'000	<u>Reserves</u> \$'000	<u>Accumulated deficit</u> \$'000	<u>Total</u> \$'000
Balances at March 31, 2008	16,817,440	2,328,000	(4,967,075)	14,178,365
Loss for the year	-	-	(327,664)	(327,664)
Other comprehensive income:				
Share-based payment	-	20,915	-	20,915
Actuarial gains, net of tax	<u>-</u>	<u>-</u>	<u>812,000</u>	<u>812,000</u>
Total comprehensive income for the year	-	20,915	484,336	505,251
Transfer from employee benefits reserve	<u>-</u>	<u>(200,667)</u>	<u>200,667</u>	<u>-</u>
Balance at March 31, 2009	16,817,440	2,148,248	(4,282,072)	14,683,616
Loss for the year	-	-	(3,331,293)	(3,331,293)
Other comprehensive income:				
Actuarial losses, net of tax	<u>-</u>	<u>-</u>	<u>(73,376)</u>	<u>(73,376)</u>
Total comprehensive income for the year	-	-	(3,404,669)	(3,404,669)
Transfer from employee benefits reserve	<u>-</u>	<u>(144,666)</u>	<u>144,666</u>	<u>-</u>
Balance at March 31, 2010	<u>16,817,440</u>	<u>2,003,582</u>	<u>(7,542,075)</u>	<u>11,278,947</u>

	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss attributable to stockholders	(3,331,293)	(327,664)
Adjustments for:		
Unrealised translation losses on loans	5,047	95,402
Employee benefits, net	16,957	(333,000)
Depreciation and amortisation	7,002,863	3,076,290
Amortisation of deferred expenditure	221,921	330,633
Taxation	(2,281,228)	(69,303)
Loss on disposal of property, plant and equipment and intangible assets	782,453	95,754
Interest earned	(27,924)	(29,378)
Interest expense	2,912,176	1,809,838
Provisions	(231,779)	(8,282)
Cash generated before changes in working capital	5,069,193	4,640,290
Accounts receivable	(138,196)	(56,603)
Prepaid expenses	3,445	(65,282)
Due from related companies	(41,785)	(532,437)
Inventories	(91,828)	(64,203)
Trade and other accounts payable	620,233	438,988
Provisions	(74,524)	(181,220)
Due to related companies	<u>77,136</u>	<u>(364,970)</u>
Cash generated from operations	5,423,674	3,814,563
Income tax paid	(267,295)	(7,155)
Net cash provided by operating activities	<u>5,156,379</u>	<u>3,807,408</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(4,119,676)	(5,031,617)
Net investment in finance leases	(200,928)	-
Interest received	27,924	26,659
Deferred expenditure incurred	(194,870)	(248,560)
Net cash used by investing activities	<u>(4,487,550)</u>	<u>(5,253,518)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share-based payment transferred to reserve	-	20,915
Due to subsidiaries	(18,085)	227,889
Decrease in long term loans	(9,605)	(3,963,733)
Interest paid	(2,796,196)	(1,311,657)
Due to ultimate parent company	(12,432,118)	6,417,962
Due to other group company	<u>14,257,392</u>	<u>-</u>
Net cash (used)/ provided by financing activities	<u>(998,612)</u>	<u>1,391,376</u>
Net decrease in cash and cash equivalents	(329,783)	(54,734)
Cash and cash equivalents at beginning of year	<u>611,716</u>	<u>666,450</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>281,933</u></u>	<u><u>611,716</u></u>