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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of Cable & Wireless Jamaica Limited will be held at the Wyndham Hotel Kingston Jamaica, 77 Knutsford Boulevard, Kingston 5, on the 16th day of September, 2010, commencing at 3:00 p.m. to transact the following business:

1. To receive the audited accounts for the year ended 31 March 2010 and the Reports of the Directors and Auditors thereon.

The Company is asked to consider, and if thought fit, pass the following Resolution:

Resolution No. 1

"That the Accounts for the year ended 31 March 2010 together with the Reports of the Directors and Auditors thereon, be and are hereby adopted."

2. To elect the Directors

- (i) The Director retiring by rotation in accordance with Article 99 of the Company's Articles of Incorporation is the Hon. Patrick Rousseau O.J., who being eligible for re-election, offers himself for re-election to the Board.

The Company is asked to consider and if thought fit, pass the following resolution:

Resolution No. 2 (a)

"That Hon. Patrick Rousseau O.J., retiring by rotation, be and is hereby re-elected."

- (ii) In accordance with Article 97 of the Company's Articles of Incorporation, Messrs. Christopher Dehring and David Shaw, having been appointed since the last Annual General Meeting, will retire, and being eligible, offer themselves for election to the Board.

The Company is asked to consider, and if thought fit, pass the following resolutions:

Resolution 2 (b)

"That Mr. Christopher Dehring be and is hereby elected a Director of the Company."

Resolution 2 (c)

"That Mr. David Shaw be and is hereby elected a Director of the Company."

3. To fix the fees of the Directors.

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 3

"That the amount shown in the Accounts of the Company for the year ended 31 March 2010 as fees of the Directors for their services as Directors, be and is hereby approved."

4. To fix the remuneration of the Auditors.

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 4

"That the remuneration of the auditors, KPMG, who have signified their willingness to continue in office, be fixed by the Directors of the Company."

Dated 18th day of June, 2010

By Order of the Board



Camille Facey (Mrs.)
Secretary

NOTE

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, vote instead of that member. A proxy need not be a member of the Company.

An instrument for the appointment of proxies is included at the back of this Annual Report and must be deposited with the Registrar of the Company, Duke Corporation Limited, no later than 3:00 p.m. Tuesday, 14 September, 2010.

Chairman's Report



Mr. Chris Dehring
Chairman

LAYING THE FOUNDATION FOR FUTURE GROWTH

In a year when Jamaica continued to experience the effects of the worst global recession in over a century, our company was not exempt from the increasing pressure felt by all sectors of the economy – government, corporate entities and consumers alike.

Our results for the 2009/10 financial year very much reflect the impact of the pervading economic pressures on our overall business performance. For example, contraction of tourists' expenditure meant a reduction in roaming revenues, the rise in inflation pushed up the cost of capital equipment and the continued strain on real income led to curtailments in consumer spend.

In addition, there were some one-off costs that we had to absorb including depreciation of equipment that had come to the end of its useful life, costs related to the on-going restructuring programme, and significantly increased finance costs due to the upward movement of interest rates on our loans which were used to finance our network expansion.

However, fuelled by the resilience and tenacity that has come to characterise LIME Jamaica, under these very challenging circumstances, we delivered a creditable performance in several aspects including:

- In the face of increasingly aggressive competition, particularly in the Mobile market, we generated slightly increased revenues earning J\$22,046m compared with J\$21,993m for the previous year.

- Through rigorous monitoring of both our cost structure and expenditure we managed to keep our operating expenses flat at J\$9,922m compared to J\$9,916m for the previous year. The underlying operating costs declined by 5% year on year, but were offset by lower labour capitalization and defined benefit pension credits.
- Gross Margin was J\$14,280m, compared with J\$14,415m for the prior year with a percentage margin of 65%.

While the challenges were numerous, the 2009/10 fiscal year was also marked by several achievements that give us every good reason to be confident about our future.

Among the highlights were:

- The launch of our 3G mobile network which represents a J\$3.5 billion investment and is the fastest and most modern mobile network in Jamaica.
- A J\$440 million Internet upgrade and expansion project which significantly enhanced the quality of service we provide.
- Significant victories in the Legal and Regulatory arena including a Privy Council judgement which enabled us to keep a J\$340 million payment we had previously received from Digicel.
- The continued expansion of our retail footprint with the opening of retail stores and the addition of over 3,000 top-up locations across the Island.
- Major sports, philanthropic and corporate sponsorships which are giving our brand increased visibility and further enhancing our solid reputation as a good corporate citizen.



ANSWERING THE CALL: LIME joined forces with CVM TV to stage a Caribbean-wide telethon, to raise funds to support the on-going recovery effort in Haiti following the devastating earthquake which struck that country in January 2010. The Company led the way with a donation of \$18 million dollars presented during the telethon which was broadcast on 28 TV stations across the region. LIME Jamaica's Managing Director, Geoff Houston, (centre) and Chairman, Chris Dehring, (right) presented the company's contribution to David McBean, CEO of CVM TV.



MOVING AT THE SPEED OF LIFE: LIME's new 3G network, the fastest and most modern mobile network in Jamaica, has provided a platform for the Company to offer sophisticated services that can enhance the way our customers work and play, including mobile video streaming which LIME tested at the 2010 Boys and Girls Athletic Championships. Chairman, Chris Dehring (right) demonstrates the power and versatility of LIME's new network to international sprinting sensation and LIME sponsored athlete, Asafa Powell, as they watch the event live on a BlackBerry Bold 9700 handset.

These achievements and other projects currently at various stages of development will no doubt serve as a springboard for future growth and profitability. For the 2010/11 fiscal year we will pursue an aggressive network expansion programme for both Internet and Mobile. We will be accelerating our retail expansion drive to increase our customer touch points and we are currently formulating exciting new products and services to drive revenue.

While we remain cognisant of the challenges we face, we are optimistic about the future. As we move forward we will seek to more effectively leverage our great legacy as the backbone of Jamaica's communications infrastructure, build a closer connection to our communities and provide services that will make life better for our consumers and make business more profitable for our corporate clients.

On behalf of the Board of Directors, I take this opportunity to thank the entire staff for another year of hard work and dedication. I pay particular tribute to Leonardo "Len" de Barros, our outgoing Chairman, for his many years of distinguished service. Len has helped this company to achieve numerous milestones and weather many storms. Our journey continues and we look forward to the future with great anticipation.



Chris Dehring
Chairman

5:46 a.m. Estelle Clarke calls her neighbour to let her know she's ready for their morning exercise...



Managing Director's Report



Mr. Geoff Houston
Managing Director

BUILDING A CUSTOMER-FOCUSED BUSINESS

While contending with significantly intensified competition and declines in consumer spending, during the 2009/10 fiscal year, LIME endeavoured to attract and retain customers by offering compelling products and propositions, improving our service delivery and increasing our customer touch-points across our country.

INVESTMENT IN MOBILE AND INTERNET NETWORKS

To keep pace with consumer demand for increasingly sophisticated products and services, we invested heavily in the transformation of our mobile and internet networks.

In June 2009 we were very excited to unveil Jamaica's fastest and most high-tech mobile network when we launched our \$3.5 billion 3G network. Our network allows us to offer customers in the Corporate Area a vastly improved mobile experience as we are now able to provide a high speed Internet service that literally moves with the customer, giving them the convenience of Internet while on the go.

We also spent close to \$670 million to expand and improve our mobile coverage across the island with the commissioning of 70 new cell sites in rural Jamaica. In addition to expanding our network's footprint and boosting its overall capacity, this project also enabled us to provide service in several remote areas where coverage was previously not available.

These major network upgrades provided a significantly improved platform for an aggressive mobile customer acquisition strategy. Our average monthly customer activation rate for 2009/10 showed a 106% increase over the previous year. Additionally, in spite of recessionary pressures, we had a very positive response to our 3G offers and we exceeded our fiscal year sales target by 18%.

During the year we also completed a \$440 million Internet upgrading project which greatly increased the capacity of our fixed Internet network, enabling us to give our customers faster speeds and more reliable service. In July we began offering our 8mb service package in residential communities across the Corporate Area, Portmore and Montego Bay. This investment is already paying dividends as our Internet customer retention rate increased by 41% in the latter part of the year following the project's completion.

INCREASED RETAIL PRESENCE

To ensure that customers in every part of the country have easy and convenient access to our products and services, we continued to implement an aggressive retail expansion strategy. During the year, more than \$100 million was spent on our Retail portfolio and special emphasis was placed on increasing our number of locations outside of the Corporate Area. New, ultra modern flagship stores were opened in Portmore, Montego Bay, Spanish Town, May Pen and Mandeville.

DRIVING CUSTOMER SATISFACTION

A critical area of focus for the business has been increasing customer satisfaction. To address this, we assembled a taskforce with representatives from critical customer-facing areas of our operations including Retail, Service Delivery, Customer Retention and our Call Centre to examine the processes and to recommend how we could improve on them. By focusing on these areas and effectively addressing issues that impact our ability to deliver excellent service, we have seen a marked improvement in customer satisfaction. In fact, when the Team was assembled in August 2009, surveys indicated that we had a Customer Satisfaction Score of 73%, and within six months, that score had jumped to 86%.

FAIR COMPETITION

As the mobile market became increasingly combative, the company had to seek redress from the Courts in instances where we felt that Digicel was refusing to abide by existing agreements or acting in an anti-competitive manner and putting our customers at a disadvantage. In addition, LIME had to defend itself in several cases which were brought against the company by Digicel.

It is important to note that so far, all the major judgments handed down in our legal disputes with our competitors have gone overwhelmingly in LIME's favour. In January 2010 we scored a huge victory when the Privy Council in London ruled against Digicel and in favour of the Office of Utilities Regulations (OUR) and as a result LIME kept a \$340 million payment which Digicel had previously made to us. Then in February we had another big win against Digicel when the Supreme Court ruled in LIME's favour regarding an injunction, part of an ongoing dispute which arose when Digicel blocked our international call circuits causing us to lose revenue.

Our victories in the Legal arena have vindicated LIME's policy of operating ethically and with integrity and we are determined to maintain that position no matter how heated the competition gets. We are confident that this approach will serve us and our customers well in the medium and long term.

OUTLOOK

While increasingly competitive markets and depressed financial conditions will continue to present challenges for our business, we firmly hold to the view that remaining focused on satisfying our customers will enable us to retain and grow our subscriber base and put us in a good position to reap future benefits when economic pressures lessen. For 2010-11 we will continue to invest heavily in our business and deliver the world class products and services that our customers deserve. The entire Team at LIME Jamaica remains committed to this goal.



Geoff Houston
Managing Director



GRAND OPENING: To make it easier for customers across the island to do business with us, LIME has been on a massive retail expansion drive and several new locations have been established in various parishes. Her Worship the Mayor of Mandeville, Councillor Brenda Ramsay, (left) officially opened LIME's new Flagship Store at the Caledonia Plaza in Mandeville in May 2009. The mayor was supported by LIME Executives, (from left) Vice President, Small and Medium Enterprise Sales, Xesus Johnston, Retail Partner Channel Manager, Simone Sanguinetti Mullings and Vice President, Advertising & Promotions, Patrick Gillings.



BRIDGING THE DIGITAL DIVIDE: LIME continues to provide computers and free internet service for schools, Non-Government Organisations, charities and community-based organisations in an effort to increase access to Information and Communication Technology (ICT) for a wider cross section of the population. Among the facilities to benefit from the company's generosity was the Hannah Town Community and Development Centre in Kingston which was officially opened by Prime Minister, Bruce Golding in March 2010. At the opening ceremony, LIME Jamaica's Managing Director Geoff Houston (right) showed Prime Minister Golding the features of the new computers LIME donated to the Centre..



INVESTING IN OUR YOUTH: LIME donated \$1 million to the YMCA to help finance the institution's social outreach programme which targets at risk youth. More than 170 males are currently enrolled in the programme which is based at YMCA's Hope Road complex in Kingston. Managing Director, Geoff Houston (far right) had the opportunity to visit the YMCA's head quarters and address the boys when he presented the company's donation. Twelve year old Andre Hutchinson (far left) and his schoolmates Nicholas Francis (centre), 14 and Andre Black, (second right) 14 and Diana Taylor, the YMCA's Project Coordinator accepted the cheque on behalf of the YMCA.



SERVING OUR CUSTOMERS: In order to better serve our consumers LIME's customer facing staff have been receiving training to develop expertise in new technologies, sophisticated services and in demand products like the BlackBerry Smartphone. In February 2009, when singing sensation Cecile (right) became the proud owner of a BlackBerry handset, LIME Customer Service Agent, Annette Walker helped Cecile to get familiar with the numerous features on her new phone.

Management Discussion & Analysis

CORE BUSINESS AND STRATEGY

Cable & Wireless Jamaica Limited, trading and branded as LIME, together with its subsidiaries (hereafter collectively called 'LIME') comprise the country's leading provider of integrated telecommunications services. LIME's goals and objectives centre on making it simple, easy and affordable for Jamaicans to communicate using our mobile, broadband and fixed line services.

A member of Cable & Wireless Communications Plc's group of companies, LIME provides unsurpassed world-class connectivity across the Caribbean, to North America, Europe and the rest of the world. Our integrated, state-of-the-art telecoms infrastructure allows us to provide tailored solutions that meet the dynamic business and personal communications needs of our customers, while providing excellent value for money, with competitive rates across all services.

LIME's comprehensive range of solutions includes Metro-Ethernet and Multi-Protocol Label Switching (MPLS), high speed Internet access, GSM and 3G mobile services as well as fixed line business and residential services with a full suite of value-added features. Additionally, Jamaica Digiport International Limited, one of LIME's subsidiaries, provides customized solutions to entities operating in Jamaica's Free Zones.

Continuous upgrading and expansion of LIME's mobile, internet and IP networks ensures that Jamaica continues to enjoy world-class telecommunications services with the highest standards of performance and reliability. LIME is also an industry innovator, continuously launching new products and unveiling novel services to satisfy the increasingly sophisticated demands of the Jamaican market.

OUR MISSION

To understand and deliver to our Government, Businesses and Families

OUR VISION

Always working to improve life in the Caribbean

OUR PROMISE

Building, connecting and serving our communities

OUR CORE VALUES

Respect

We treat our customers and each other as we want to be treated.

Deliver

We keep our word. We do what we say we're going to do.

Win

Caribbean people are winners. We win by helping our customers and communities to win.

Innovate

We always find a way to help our customers and communities – and love coming up with new ways to do it.

WINNING PERFORMANCE

During the 2009/10 fiscal year we carried out a number of activities to drive business growth including:

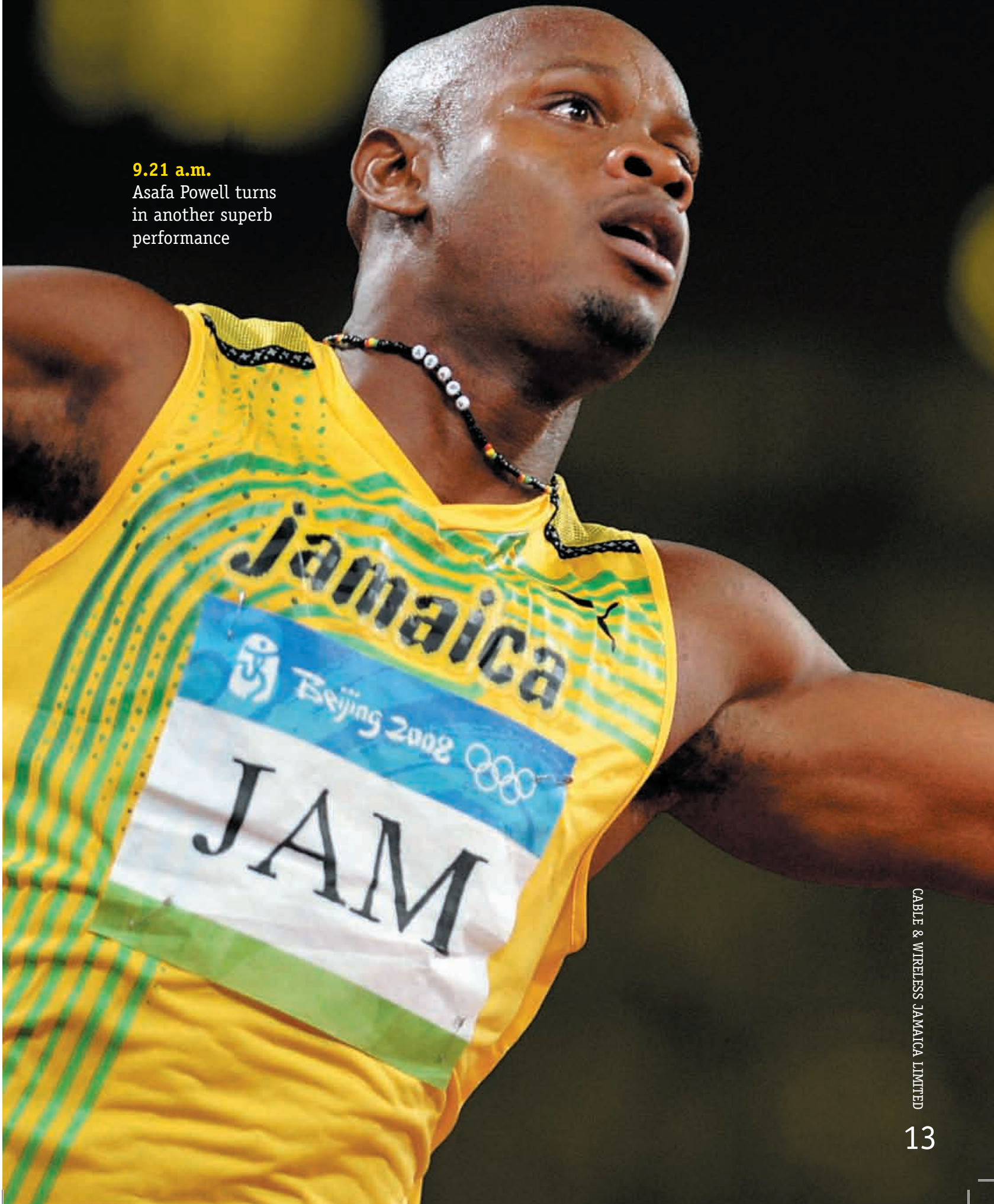
PROVIDING TAILORED SOLUTIONS FOR CORPORATE CLIENTS

With a focus on critical market segments such as the manufacturing sector, financial services, the public sector and the hospitality industry, we offered differentiated applications to win new business contracts.

In the hospitality sector, Sandals contracted LIME to replace its PBX Network system and to provide technology infrastructure at locations in Jamaica and other Caribbean islands in order to secure the hotel chain's key information system and ensure the continuation of its IT based operations in the event of natural or man-made disaster.

9.21 a.m.

Asafa Powell turns
in another superb
performance



LIME, in partnership with Guest-tek, one of the leaders in IP solutions for the hospitality industry, installed a high Speed Internet Access Solution for the Jamaica Pegasus which has enabled the hotel to provide internet connectivity in rooms, meetings areas and various other locations across the property.

In the public sector, buoyed by the roll out of Jamaica's fastest 3G network, LIME won contracts to provide mobile services for both the Jamaica Urban Transit Company (JUTC) and the HEART Trust NTA. In addition, HEART continues to utilize LIME's fixed voice, data and internet services.

We also began the implementation of a multi-year contract with the Scotia Group under which LIME has become its primary telecommunications provider. LIME is providing a communication solution that will facilitate Scotia's workplace transformation and meet the Bank's business needs and requirements now and in the future.

FOCUS ON DATA AS A GROWTH MARKET

We introduced mobile wireless high-speed internet service in Kingston and St. Andrew giving customers access to a wide range of advanced features and services including fast and easy access to multimedia content, super fast web browsing on mobile handsets and sending, receiving and downloading multimedia content including video, music, graphics, data and photographs while on the go.

LIME's mobile wireless high-speed data services have typical download speeds of 3.6 megabits per second, making it the fastest in the country. The service will be rolled out along the North Coast corridor and in St. Catherine during the 2010-11 fiscal.

GOING TO MARKET UNDER A SINGLE BRAND

During the period the LIME brand and logo completely replaced the logos of bMobile, HomeFone, CW Online and CW Business across the national landscape. We now have a consistent look and feel for the marketing of all of our products and services and this style is reflected across all of our visual communications outputs as well as business and retail locations. The adoption of LIME as a regional brand and logo further reinforces the strength of our products and services and advances our corporate brand strategy as it pertains to an integrated yet differentiated approach in the marketplace.

FINANCIAL PERFORMANCE

	J\$'000 2010	J\$'000 2009	J\$'000 2008	J\$'000 2007	J\$'000 2006
Ordinary Stock – Issued	16,817,440	16,817,440	16,817,440	16,817,440	16,817,440
Shareholders' Equity	11,934,987	15,387,416	14,695,499	20,321,828	19,497,937
Market Capitalisation	7,399,673	7,567,848	13,117,603	16,649,265	20,180,928
Borrowings	14,554,997	12,734,281	10,184,650	7,400,118	7,424,380
Capital Investment	4,064,732	5,041,726	6,107,217	4,076,898	2,966,435
Total Assets	34,958,652	37,492,671	35,403,716	40,146,116	38,087,532

PROFIT & LOSS ACCOUNT

Turnover	22,046,168	21,992,857	22,894,540	24,680,778	22,534,979
(Loss) Profit before Tax	(5,670,624)	(369,555)	(7,216,382)	3,137,299	2,645,109
Net (Loss)/Profit attributable to Stockholders	(3,388,191)	(302,825)	(4,194,698)	2,053,766	1,922,561
Dividends	–	–	504,526	672,697	1,009,046

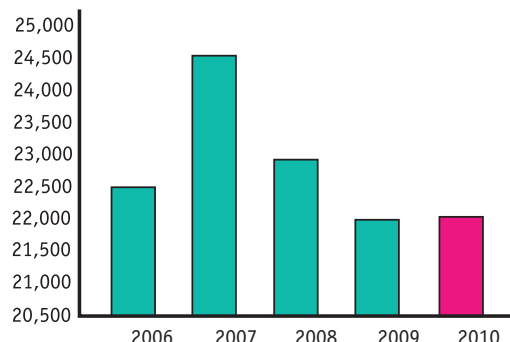
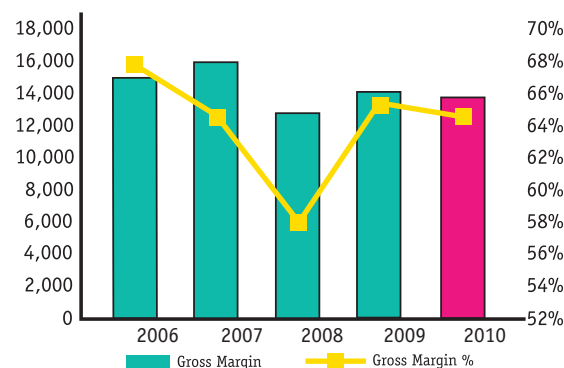
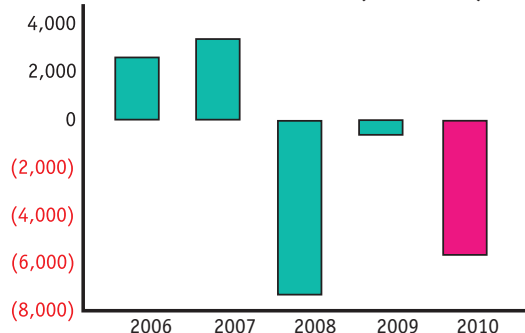
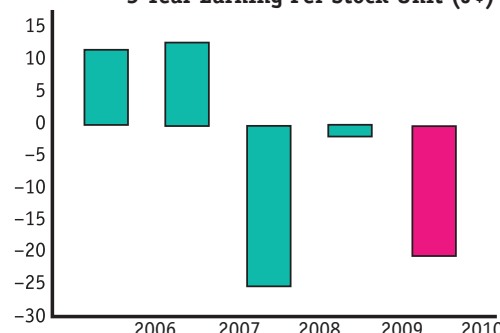
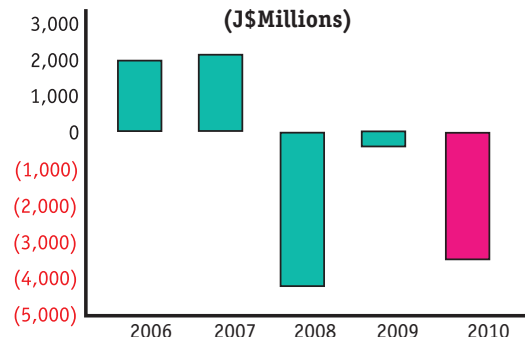
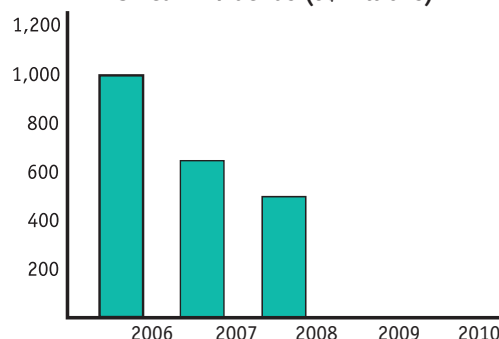
IMPORTANT RATIOS

Debt to Equity	122%	83%	69%	36%	38%
Return on Equity	(28%)	(2%)	(29%)	10%	10%
(Loss)/Earning per Stock (¢)	(20.15)	(1.80)	(24.94)	12.20	11.40
Closing Share Price	0.44	0.45	0.78	0.99	1.20
Price Earning Ratio	(2.18)	(25.00)	(3.13)	8.11	10.53

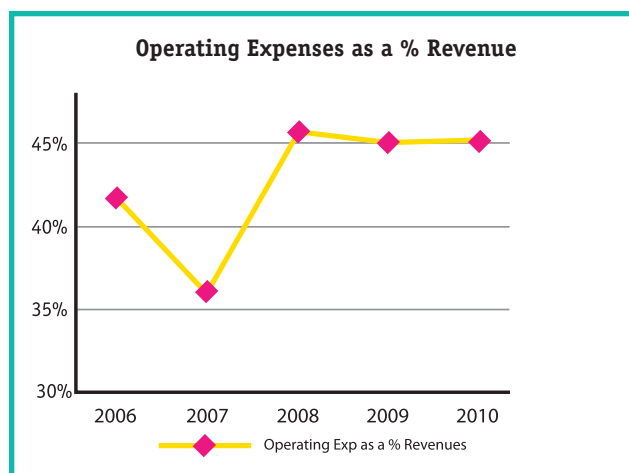
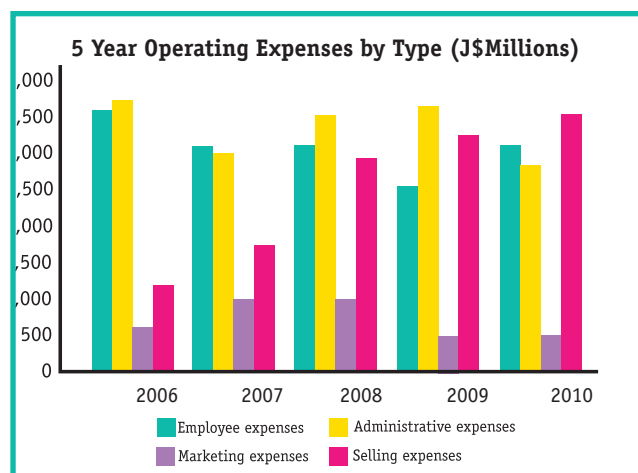
PERFORMANCE SUMMARY

Trading remained challenging with the continued impact of the global economic recession and the extremely 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 J\$14,280m compared with J\$14,415m for the prior year with a percentage margin of 65% (2009:66%). Operating loss before restructuring costs 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 of J\$3,817m during the year as a result of the continuing transformation of the core networks. Net Loss attributable to stockholders was J\$3,388m compared with J\$303m in the prior year, primarily due to the additional interest and depreciation charges resulting in loss per stock unit of 20.15¢ (2009:1.80¢).

Total Operating Expenses (excluding depreciation & amortisation) remained flat year on year at J\$9,922m compared with J\$9,916m in 2009. Operating expenses as a percentage of revenue remained flat year on year at 45%. The underlying operating costs declined 5% year on year as a result of cost containment initiatives, but these savings were offset by lower labour capitalization and defined benefit pension credits during the year. Restructuring Costs of J\$373m compared with J\$677m in 2009, included redundancy and other costs associated with the One Caribbean transformation plan. Net Finance Costs for the year increased 33% to J\$2,676m compared with J\$2,013m in the prior year, as a result of increased interest rates and net borrowings to fund network expansion.

5 Year Consolidated Revenue (J\$Millions)**5 Year Gross Margin Value J\$Millions & Percentage****5 Year Profit Before Tax (J\$Millions)****5 Year Earning Per Stock Unit (J¢)****5 Year Net Profit Attributable to Stockholders (J\$Millions)****5 Year Dividends (J\$Millions)**

10.01 a.m. Courtney Bailey
prepares to hand in the physics project
she researched on the web.



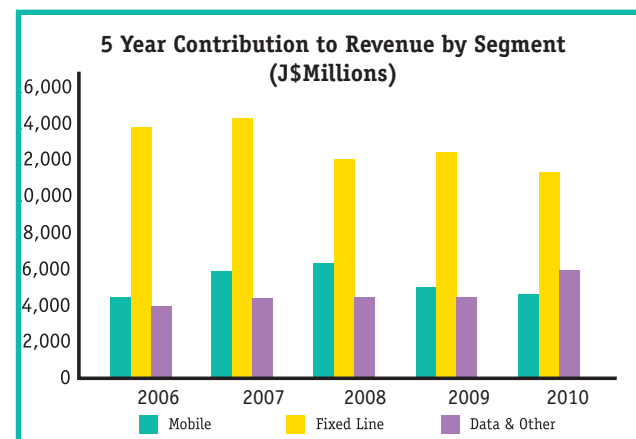
SEGMENT PERFORMANCE

LIME is an integrated telecommunications service provider offering mobile, fixed line, data and other services to residential and business customers. Fixed line services include provision of landlines to facilitate local and international calls. Mobile services include postpaid and prepaid voice and data services, sales and service of handsets and value added services including LIME 3G. Broadband, data and other services consist of broadband (ADSL), Metro Ethernet (fiber service), frame and leased type services, hosting and storage services, as well as equipment sales and service.

Mobile segment revenue remained relatively flat at J\$4,899m in comparison to the previous year's revenues of J\$4,921m as competition and the difficult economic environment led to discounting and increased on-net traffic resulting in lower average revenue per user (ARPU). The competitive landscape heightened significantly as all service providers were on an aggressive drive to gain market share through methods including the high cost customer acquisition campaigns undertaken by both of our competitors in this arena. LIME's performance has remained relatively flat year on year amidst the ongoing recession, enabled through value offers to customers while expanding and improving our voice and data coverage across the island.

Fixed Line segment revenue declined 10.5% to J\$11,221m from J\$12,546m in the prior year. This reflects the trend of fixed to mobile substitution and efforts of mobile operators to keep traffic on-net as well as the growth of VOIP alternatives across networks.

Broadband, data and other segment revenues saw improved performance in 2010 with the continued enhancement of our network infrastructure. The enhancement of our broadband infrastructure through major investment has enabled us to expand network coverage across the country and grow the segment during the year.



GROUP FINANCIAL POSITION

Total assets declined by J\$2,534m to J\$34,959m reflecting the additional depreciation and obsolescence charges arising due to continued transformation of the network. Total borrowings at the end of the year of J\$14,555m increased by J\$1,821m over 2009, reflecting investment in the network to improve customer experience particularly in broadband and mobile.

STOCKHOLDERS' EQUITY

Stockholders' equity at the end of 2010 was J\$11,935m compared with J\$15,387m at the end of the prior year reflecting the increased depreciation and interest charges incurred during the period.

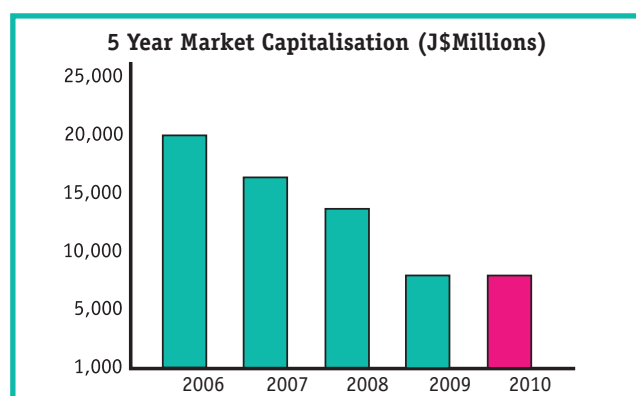
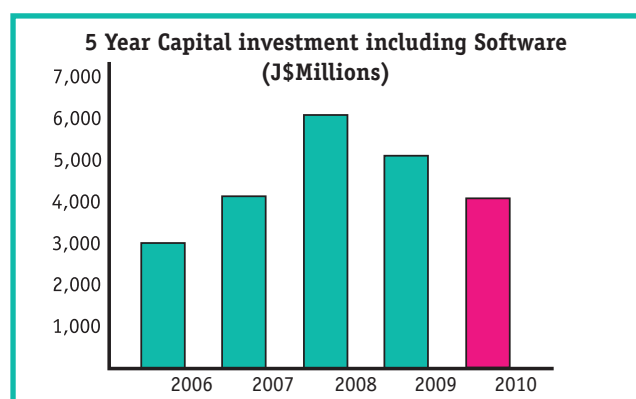
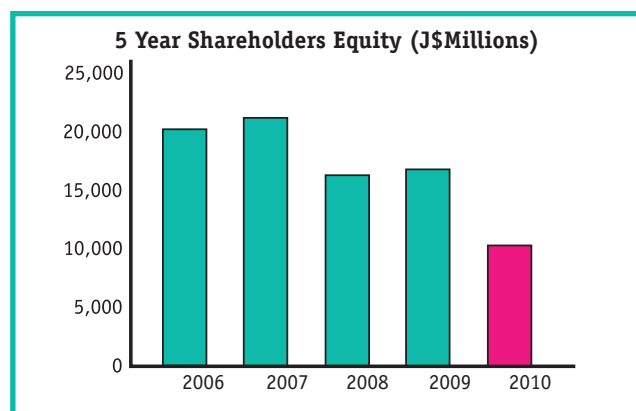
CAPITAL INVESTMENT

Capital Expenditure during the year of J\$4,065m compared with J\$5,042 in the prior year, was invested to expand and improve the mobile network and enhance the Broadband infrastructure as well as expand the retail footprint.



DO NOT TOUCH SCREENS

2:28 p.m. George Carson holds a conference call with colleagues in St. Lucia...



RISK MANAGEMENT

LIME has a comprehensive risk management framework to identify, evaluate and monitor the significant risks inherent in our business activities, supported by oversight of the Board of Directors and the Executive Management team. LIME operates a risk management process, under which key risks to plans are identified along with their likelihood, potential impact and the actions being taken to manage those risks. The principal risks identified by LIME are economic conditions, liquidity, competitive activity, litigation, network and data security and service disruption.

Economic Conditions

LIME's business may be adversely affected by the current global economic downturn. Unfavourable local, regional and international economic conditions may have an adverse impact on our operations. This could affect growth, profitability, and our ability to finance business requirements and pay dividends. We monitor key recession indicators closely and are ready to take action to address any ongoing impact of the downturn.

Liquidity

Exceptional market events could impact LIME adversely and affect our ability to meet our obligations and commitments as they fall due. We mitigate these risks by ensuring that we monitor liquidity through our ongoing Treasury programme by methods such as raising sufficient credit lines to meet medium-term liquidity needs and the maintenance of good relationships with our core banks.

Competitive Activity

We continue to respond to the competitive market in which we operate by putting in place initiatives to enhance customer experience and improve cost efficiency. Although particularly aggressive competition could drive down margins through price and promotional activity which could in turn have an effect on our profits and cash flow, we continue to invest in the quality of the network, customer relationship systems and quality of service supplemented by retention activities. We also conduct marketing analysis, run marketing promotions and focus on achieving improved customer service and network coverage in order to remain competitive.

Litigation

As with most large organizations, there is a risk of litigation against LIME. Unfavourable rulings in any materially significant proceedings could significantly affect our financial performance

and reputation. When facing litigation, we defend our position vigorously using appropriate legal advice and support.

In the period under review, LIME had two major litigation successes against a major mobile competitor and also filed two significant suits against that firm, one alleging anti-competitive pricing practices, and the other seeking to re-coup excessive payments collected by that competitor in respect of certain interconnection services over a period of years.

Service Disruption

Our networks are critical to providing efficient and reliable service to our customers. Like other telecoms operators, our business depends on other network operators to provide network access and interconnection services for the origination, carriage and termination of some telecommunications services. Furthermore, our network and IT systems are vulnerable to interruption from natural disasters, fire, security breaches, terrorist action and human error. Network or IT failure could result in loss of customers and claims for loss of service affecting our reputation and results. We therefore continue to monitor and update our business continuity and disaster recovery plans, maintain crisis management and emergency response teams as well as appropriate insurance cover. In addition we continue to improve our network and add network resilience to mitigate the effects of these risks.

Network and Data Security

Despite security management across LIME's network, there is a risk that third parties may gain unauthorised access to the network and to sensitive data. LIME has information security procedures and controls in place which are regularly reviewed and remedial action plans are implemented where necessary.

Internal Control and Financial Reporting

As part of the regional transformation process, a regional executive committee called the Regional Operating Board has been established to oversee the areas within which LIME is seeking to create and optimize regional synergies. This team, headed by Mr. David Shaw, CEO LIME Caribbean accordingly oversees the areas of Finance, Commercial, Operations, Legal, Regulatory & Corporate Affairs, as well as Human Resources across 13 jurisdictions, including Jamaica. It reviews the overall performance of the LIME businesses within the region and makes certain decisions about the allocation of resources among the relevant entities.

The Board of Directors is responsible for LIME's system of internal control and for reviewing its effectiveness on a continual basis. LIME's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The concept of reasonable assurance recognizes that the cost of control procedures should not exceed the expected benefits.

The Executive Management reports to the Board of Directors through the Managing Director, on significant changes in LIME's business and the external environment in which it operates. In addition, Management provides the Board with monthly financial information, which includes key risk and performance indicators. LIME's key internal control and monitoring procedures include the following:

Financial Reporting: Each year, an annual budget is agreed and approved by the Board of Directors. At each Board meeting, actual results are reviewed and reported against budget and, when appropriate forecasts revised.

Investment Appraisal: LIME has clearly defined policies for capital expenditure. These include annual budgets and detailed appraisal processes for such expenditure.

Monitoring Systems: Internal controls are monitored through a programme of internal audits. The Internal Audit function reports to the Audit Committee on its examination and evaluation of the effectiveness and adequacy of systems of internal control. The Audit Committee, chaired by Director Andrew Cocking, met 4 times during the year in review. Directors Kerr-Jarret and Rousseau are the other members of the Audit Committee.

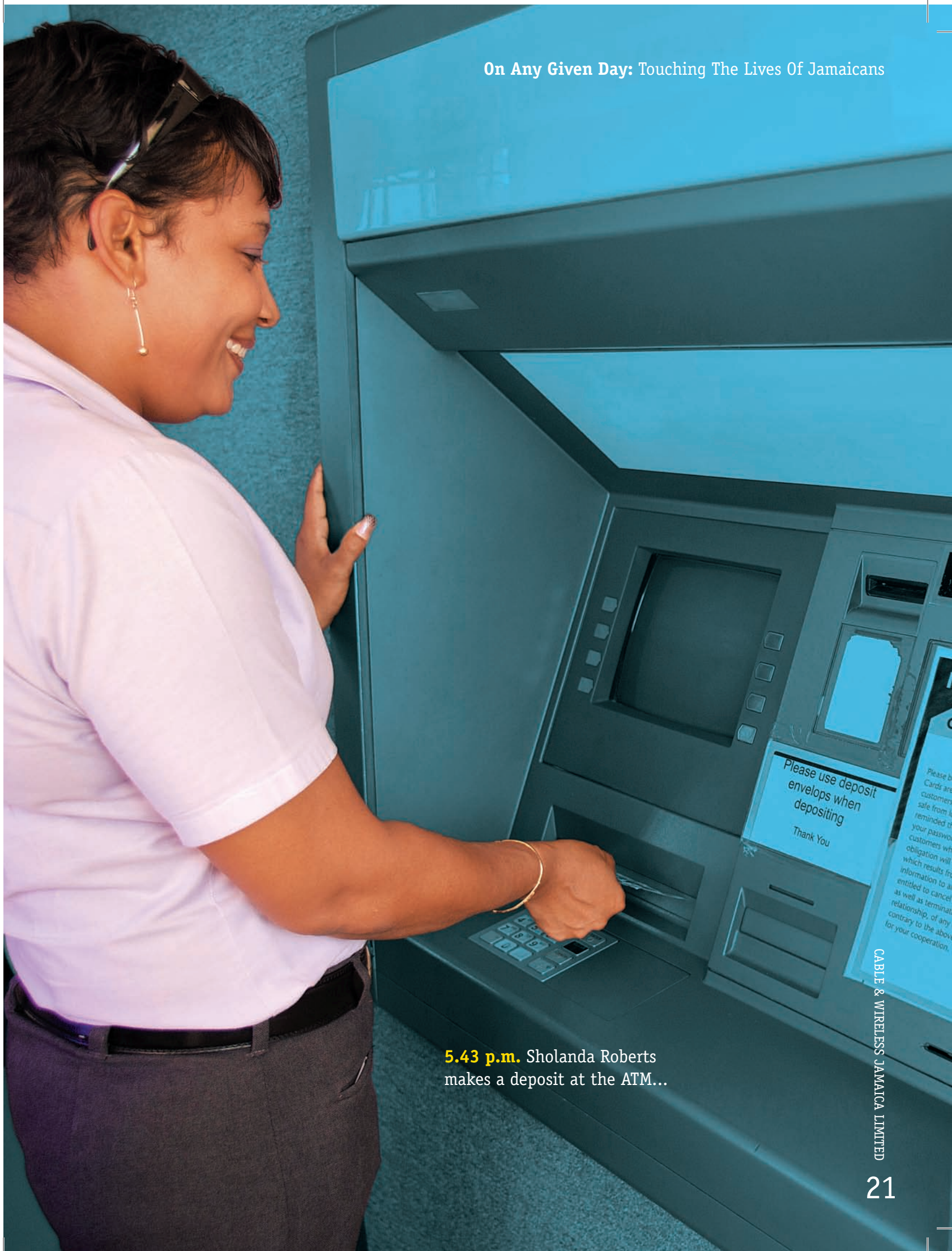
Financial Controls: LIME has dedicated resources to embed processes and controls across the businesses. A number of additional self-assessment exercises, which include monthly certification of compliance with key financial controls and an annual controls self-assessment are in operation. The latter exercise requires management to assess the effectiveness of its fundamental operating controls over all aspects of its operations, in addition to the other financial controls covered by our Financial Controls Toolkit. The results of this exercise are utilised by Internal Audit in planning its work for the forthcoming year.

Effectiveness of Internal Control

The Board of Directors reviewed the effectiveness of the internal control systems in operation during the financial year. The processes as set out above have been in place for the year under review and up to the date of this Annual Report. Where appropriate, necessary action has been or is being taken to remedy any failings and weaknesses identified as significant during this review.

THE BUSINESS CONTINUITY FRAMEWORK

The Business Continuity Management (BCM) process concentrates on managing business risks to guarantee minimum downtime of services. It focuses on the determination and analysis of Single Points of Failures (SPOFs) in order to employ effective response mechanisms to minimize/eliminate interruptions to critical operations. There are robust plans in place designed to ensure quick responses to both natural and man-made disaster events. Risk exposures are determined and plans implemented to ensure compliance with international standards and team members' awareness of their responsibilities.



5.43 p.m. Sholanda Roberts makes a deposit at the ATM...

Critical Operations

The critical operations plans target the impact of interruptions/downtime to critical operations on the business, and identify key contacts, critical internal and external suppliers and alternate routing strategies.

Disaster Management

The disaster management plans in place are designed to enable quick responses to disaster events in order to minimize/eliminate interruptions to the business. These plans deal with responses to various occurrences including earthquakes, fires and hurricanes.

Incident Management

A Local Incident Management Team (LIMT) is in place to manage any crisis which may arise from natural or manmade factors inclusive of network or IT failures as well as fires, hurricanes or terrorism. The team is charged with managing such crises from occurrence to resolution.

EMPOWERING AND DEVELOPING OUR EMPLOYEES

LIME understands that investing in our people is critical to winning in our markets and that our colleagues at all levels are the most important factor in our success as a company.

In 2009 we made major investments in Learning and Development, shifting training interventions to our online learning platform powered by a global elearning solutions provider. This state of the art learning system provides over 4,000 professional courses to develop skills in every area of our business. As a result, more than 50% of our technology and service delivery learning requirements are now delivered to our colleagues via this medium. In addition, every member of our various sales teams is currently enrolled in an online Sales Academy, which offers courses designed to train account managers from Foundation to Mastery certification. Also, LIME has been working with our technology vendors to collaborate on certification courses that will keep our technicians and engineers up to date with the latest technology solutions for our customers.

During the year, extensive customer service training was rolled out to every colleague from the front-lines to the back-end through our 'One Best Way' program. This programme sought to infuse a customer-centric work culture across the business even among colleagues whose roles do not generally involve direct customer engagement.

In early 2010 we took our commitment to employee development to another level with the creation of our new regional Talent & Development Unit. The goal of this unit is to focus on developing and leveraging the unique talents of each employee through a multi-faceted talent strategy which centres on five main actions:

Attract – Increase the strength of our workforce by recruiting the best in our region with a mix of global diversity.

Engage – Learning & Development programs customized for the individual

Build – Performance management and on the job support to improve our colleagues' capabilities

Leverage – Utilize the talents of individuals to grow LIME's capacity to win with its customers

Retain – Keep the best talent through reward and recognition programs

LIME believes that great leaders create great teams and to this end, the Talent team has placed particular emphasis on training a group of approximately 200 senior and middle managers to ensure:

- That each manager has a clear and applicable development path
- Effective succession planning for top and middle level management
- The promotion of desired leadership behaviours and capabilities through the establishment of a Leadership Academy with blended learning solutions including an online knowledge center, coaching and elearning programs.

COLLEAGUE ENGAGEMENT

LIME believes that engaged colleagues will deliver increased productivity and demonstrate a stronger commitment to excellent service. As a company we are committed to continuously improving colleague engagement through various mechanisms.

We have improved employee communication through our intranet, online blogs and discussion forums as well as regular conference calls between senior and mid-level managers. In addition, our Managing Director has held a number of “listening sessions” at locations across the island to get first hand feedback from staff at all levels about the issues that are of greatest importance to them. Each of these forums – whether face to face, online or via telephone – provides an avenue for discussion, collaboration and problem solving which serves to engender a spirit of co-operation and trust throughout the organization.

LIME sees Employee Engagement as a critical driver and therefore it is measured at least twice per year using globally recognized benchmarking from the Gallup organization. Twelve key engagement elements show us specific areas of strength and opportunities to further engage our colleagues. Engagement activities also include locally organized sports, corporate events and volunteer outreach service projects that give colleagues the opportunity not only to enjoy their work but to have a positive impact on their communities.

OUTLOOK

Amidst a challenging recession, we continue to rationalize our operations in order to remain competitive and provide value for our customers. As we continue to improve our core infrastructure and empower our staff, we are creating a winning formula for business success.

Our wholesale business will see vast improvements in capacity in the coming year as we will expand our cable system with the commissioning of an “East-West” cable. The new cable will provide a link from Jamaica and the Cayman Islands in the west to the British Virgin Islands in the east, completing LIME’s Caribbean ‘network ring’ – an undersea cable network that stretches around the region. It will also create a new undersea cable route linking Central America and the North Caribbean thereby strengthening our position as the leading wholesale capacity provider through the Caribbean Sea with tremendous potential to benefit from growth in wholesale markets.

LIME believes that with continued investment in cutting-edge technology our retail business, including broadband coverage and mobile wireless voice and data coverage, are key to our future success as a company. Additionally, LIME intends to enter the entertainment space with the addition of a TV product offering to our portfolio as part of our core strategy.

Our 3G Mobile network with postpaid and prepaid service offers will be expanded to cover key business and high traffic areas across the island. The Mobile data infrastructure will be bolstered by expanded Edge coverage across the island. This enhancement programme will provide Jamaicans with data and voice connectivity via diverse access routes and enable us to offer flexible and varied service packages to suit the diverse needs of various customer demographics.

To complement the expansion of our critical networks, we are committed to improving customer reach and interaction, and will therefore continue the expansion of our Retail Store footprint into areas that are currently underserved.

Corporate Social Responsibility Report

STRENGTHENING OUR COMMUNITY CONNECTIONS

LIME has always enjoyed an enviable reputation for good corporate citizenship. In 2009/10 we pledged to further strengthen the ties between our company and our various communities and we made good on that promise.

\$18 MILLION FOR HAITI EARTHQUAKE RELIEF

Joining with the world in responding to the devastating earthquake that struck Haiti in January 2010, LIME partnered with CVM TV to stage a massive fundraising telethon which was broadcast on 28 television and cable stations across the Caribbean. The star-studded event, featured performances from some of the region's brightest stars including Shaggy, Alison Hinds, Freddie McGregor, Marcia Griffith, Machel Montano, Tessanne Chin and Luciano.

As the telethon's presenting sponsor LIME led the way with an \$18 million donation which included the company's corporate donation, company-matched contributions from employees and proceeds from LIME customers' text donations.

LIME KINDNESS DAY

March 17, 2010 was designated as the inaugural LIME Kindness Day which we set aside as a specific day on which we would to give back to our communities. Employees from across our business were given time off from work to give voluntary service at various outreach projects which the staff planned and the company financed. On the day, our colleagues served meals to more than 500 homeless and less fortunate persons at infirmaries, shelters and other facilities across the country.

1090 COMPUTERS DONATED TO SCHOOLS

In December 2009, we proudly declared "Mission Accomplished" as we closed out one aspect of our Computers for Schools Programme under which we donated 1090 computers and free high speed internet service to 110 educational institutions. The schools, most of which received 10 computers each, were able to set up computer labs to assist in providing computer-based learning for their students many of whom previously had little or no access to ICT. The programme, which was a collaboration with the NGO Teens for Technology, represents an investment of more than \$10 million in our country's education system.

INCREASED SUPPORT FOR SPORTS

LIME continued its time-honoured tradition of supporting national sports – particularly at the secondary school level. In 2009 we provided \$2.5 million to finance the annual High Schools Tennis Tournament – the 15th consecutive year that we sponsored the programme and we were honoured by Tennis Jamaica for being title sponsors during those 15 years. We also renewed our support for the National Junior Badminton Programme with an allocation of \$2.5 million for sponsorship of the High Schools' Badminton League.

As Jamaica's track and field stars continued their dominance on the international stage we continued to invest in the development of the next generation of world champions by providing a \$6 million sponsorship package for the Inter-Secondary Schools' Association (ISSA) for the staging of the 2009 Boys and Girls Athletic Championships. Immediately following 'Champs' we donated \$1 million to assist 19 schools and colleges to send their teams to the Penn Relays which marked the 17th year in a row we were helping local athletes to attend the prestigious event.

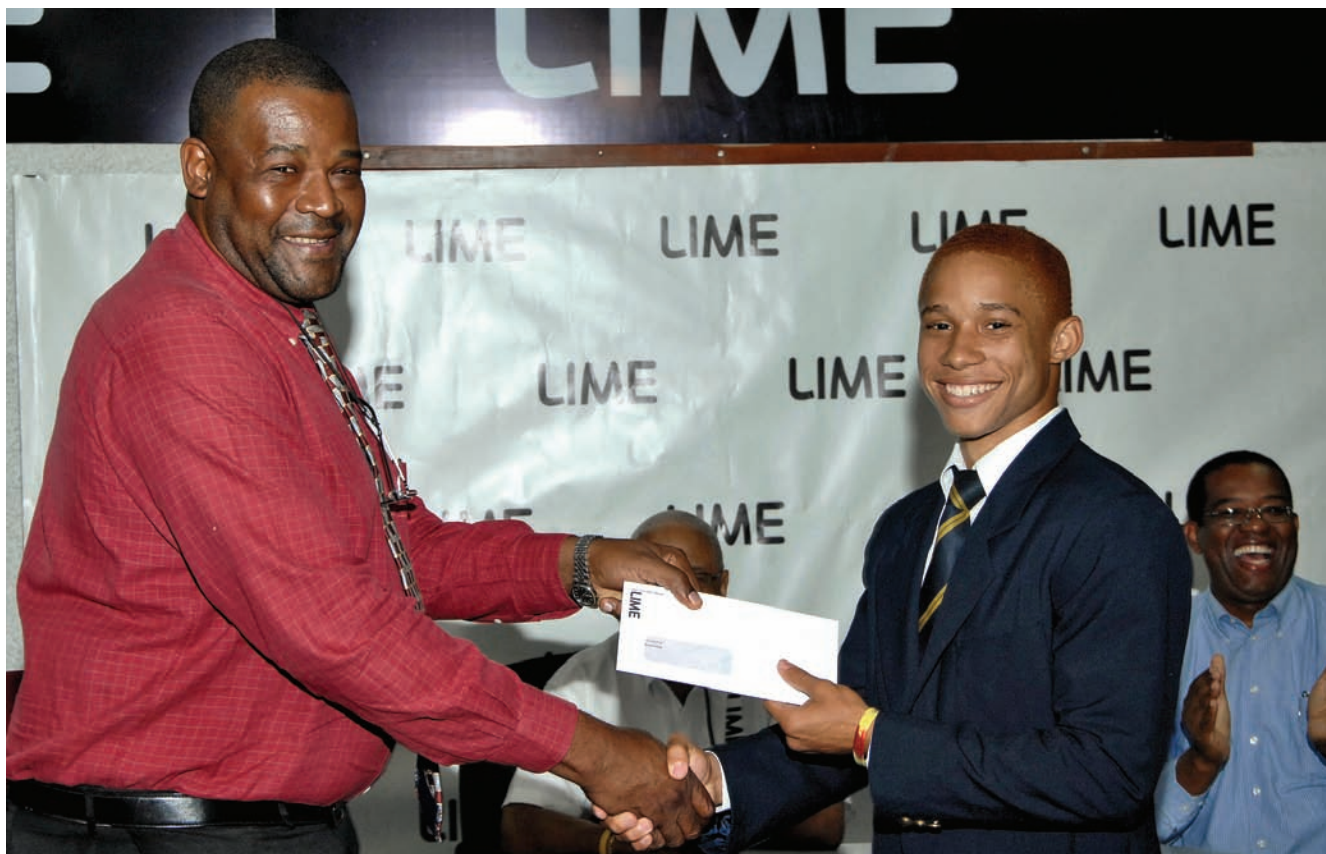
LIME also sought to support sections of the athletic community that are often under served. In this vein, we contributed \$1 million to the newly established Asafa Powell Foundation which will focus on helping financially challenged athletes to achieve their full potential. An equivalent donation was made to the Courtney Walsh Foundation which uses sports as a tool for assisting at-risk youth and disabled youngsters. Additionally, LIME provided close to \$500,000 for Jamaica's Blind Cricket Team to compete in the 2009 Regional Cricket Championships which they won for the fourth consecutive year.



A HELP HANDING: LIME Employees fed over 500 homeless and indigent persons in facilities across the island on the first annual LIME Kindness Day, which was observed on March 17, 2010. LIME Retail Store Manager, Tamara Jackson (right), who was one of numerous employees who volunteered to serve on LIME Kindness Day helped to feed one of the residents of the Spanish Town Infirmary in St. Catherine.



MISSION ACCOMPLISHED: In December 2009 LIME completed the first phase of its Computers for Schools Programme under which 1090 computers and free high speed internet service have been provided for 110 educational institutions islandwide. At the closing ceremony, Azaria Wray, (second left) and Matthew Sinclair (centre) of St. Richards Primary, one of the benefiting schools, showed off their computer skills to (from left) LIME's Managing Director, Geoff Houston, LIME's Regional Vice President, Legal, Regulatory and Corporate Affairs, Camille Facey and Minister of Education, Andrew Holness.



ATHLETIC TRADITION: LIME has been helping educational institutions to send teams to the Penn Relays for the last 17 years. The time-honoured tradition continued in 2009 when \$1 million was shared equally among 20 schools that sent athletes to the meet. Up and coming sprinter, Adam Cummings of Munro College (right) accepted his school's sponsorship cheque from LIME's Vice President, Service Delivery, Howard Mollison at a handover ceremony which was held just before the students departed for the games.



TO SIR WITH LOVE: To mark the 15th anniversary of the Annual Inter-Secondary Schools Tennis Championships, Tennis Jamaica honoured LIME for being the title sponsor of the tournament every year since its inception and our Regional Vice President, Errol K. Miller (right) for his unwavering support for the competition over the last 15 years. Nayo Morgan, a past participant in the Tournament, who went on to attend university on a tennis scholarship, presented Mr. Miller with a token of appreciation from Tennis Jamaica.

SOCIAL OUTREACH AND INTERVENTION

Crime prevention and national security remain major concerns for Jamaican society and, during the year under review, LIME continued to finance the Private Sector Organisation of Jamaica's (PSOJ) Crime Stop programme with a \$2.5 million contribution. The company also made major donations to a number of social outreach efforts aimed at assisting at-risk youth including \$1 million for the YMCA's street boys programme, just over \$800,000 for the Ministry of Health's/Violence Prevention Alliance literacy training programme, "Learning for Life" and \$1.5 million for Generating Genius, a science and technology programme for teenage boys.

In addition, LIME partnered with Grace Kennedy to sponsor Child Month, which is observed annually in May. LIME's contribution to that effort was \$1 million. The Jamaica Library Service also received \$1 million for literacy promotion through its Annual Reading Competition. LIME provided computers and internet service for the newly established Hannah Town Community and Development Centre in West Kingston, one of several community centres across the island, similarly supported by LIME.

Directors' Report

The Directors are pleased to present their Report and the audited Financial Statements for the year ended March 31, 2010.

Financial Results

Results for the year are set out in pages 36 to 77. Highlights thereof are set out below:

	2010 \$ MILLION	2009 \$ MILLION
Turnover	22,046	21,993
Net loss/profit	(3,388)	(303)
Total Net Assets	11,935	15,387
Dividend Paid	–	–

Dividends

The Directors have not recommended that a dividend be paid in respect of the year ended March 31, 2010.

The Board

The Directors who served the Company since the last Annual General Meeting are:

Mr. Leonardo de Barros	Resigned effective February 5, 2010
Mr. Andrew Cocking	
Mr. Christopher Dehring	Appointed effective November 9, 2009
Mr. Richard Dodd	Resigned effective August 19, 2009
Mr. William "Geoff" Houston	
Mr. Kenneth McFadyen	
Mr. Mark Kerr-Jarrett	
Hon. Patrick Rousseau, O.J.	
Mr. David Shaw	Appointed effective August 8, 2009

In accordance with Article 99 of the Articles of Association, the Hon. Patrick Rousseau O.J. will retire by rotation, and being eligible, offer himself for re-election.

Messrs Christopher Dehring and David Shaw having been appointed since the last Annual General Meeting shall resign and offer themselves for election to the Board.

Auditors:

Messrs. KPMG, the retiring auditors, having signified their willingness to continue in office, will be deemed reappointed in accordance with Section 154(2) of the Companies Act.

The Directors wish to express their thanks to the management and staff for their continued commitment and hard work.



Christopher Dehring
Chairman
June 18, 2010

STOCKHOLDERS		as at 31 March 2010
TEN LARGEST SHAREHOLDERS		UNITS
Cable & Wireless (CALA Investments) Limited		13,285,777,982
Kelfenora Limited		504,523,212
Life of Jamaica – PIF Equity Fund		181,286,541
Carl Marks and Company, Inc.		156,889,759
Trading A/C – National Insurance Fund		96,273,768
Casa Corporation Limited		64,960,272
Peter Forde/Patricia Forde		60,117,493
Mayberry West Indies Limited		58,343,575
Fortress Mutual Fund Limited/F.C.I.B. C1191		52,925,499
Trading A/C – Life of Jamaica		48,688,717
DIRECTORS		UNITS
Andrew Cocking*		439,282
Chistopher Dehring		Nil
Geoff Houston		Nil
Mark Kerr-Jarrett		Nil
Ken McFadyen		Nil
Patrick Rousseau		100,000
David Shaw		Nil
SENIOR MANAGERS		UNITS
Trudie Bent-Williams		Nil
Austin Brown*		10,802
Nicola Ellis-Duncan		Nil
Camille Facey*		141,185
Edward Gabbidon*		17,412
Bob Gill		Nil
Patrick Gillings		Nil
Geoff Houston		Nil
Howard Mollison		Nil
Camille Taylor		Nil
Joan Whitehead		Nil
Grace Wyatt		Nil

* Includes Stockholdings of connected persons

Customer Testimonials



WORLD CLASS INTERNET SERVICE SOLUTIONS THE JAMAICA PEGASUS HOTEL

As a revered landmark in the capital city, the Jamaica Pegasus Hotel has earned an enviable reputation as one of Kingston's finest establishments – so much so that visiting royalty, dignitaries and celebrities have come to regard the hotel as a home away from home.

As world-class service is the expected standard, the hotel's management and staff have entrusted LIME with the provision of their telecoms service for more than 30 years. The Pegasus team attributes this long and successful relationship to the consistent support they receive from LIME's dedicated staff, who are highly responsive to the hotel's needs at all times.

In our latest endeavor to provide superlative service for the Pegasus and its guests, LIME has partnered with Guest-Tek – the world's largest provider of IP solutions for the hotel industry – to install a cutting-edge, high speed Internet access solution with a dazzling array of features. Guests may now enjoy both wired and wireless Internet service in the hotel's rooms, suites, meeting facilities, dining areas, and recreational spaces.

Not only does this solution guarantee uninterrupted connectivity, but it also gives guests of the Pegasus flexible billing options and online access via public Internet Protocol (IP) or a Virtual Private Network (VPN). Guests also have access to multilingual customer support on a 24/7 basis through a customer contact centre.

As has been its policy, LIME has once more enabled the Pegasus to offer technology consistent with the standard that its A-list clientele expect from this revered hotel – nothing short of world-class.



HEART TRUST/NTA POWERED BY LIME'S TELECOMMUNICATIONS SERVICES

As the facilitating and coordinating body for workforce development in Jamaica, HEART Trust/NTA plays a vital role in our nation's future. LIME, as the country's only full service telecommunications provider, delivers a range of services that creates the critical technological backbone supporting HEART's islandwide operations and diverse needs.

LIME has been HEART's technology partner since the organization was established in 1982. The organization currently benefits from LIME's High Speed Internet, Wide Area Network (WAN) interconnectivity, mobile Closed User Group (CUG) service, BlackBerry® services, landlines, and PBX systems. This sophisticated suite of services enables HEART to operate its 40 locations more efficiently, and empowers its 1500 employees to work more productively.

HEART has grown extensively over the years, owing no small part of its success to LIME's cutting-edge technologies as well as the excellent customer service support offered by a dedicated LIME customer service representative.

The partnership of over three decades has evolved beyond the business arena: LIME is now a staunch supporter of HEART's internal employee initiatives. The company also contributes significantly to HEART's employee incentive programs, including the Driver of the Year Awards, the Staff Family Fun day, and the Values Icon of the Year Awards.

With a partnership like this in place, Jamaica is set to have a bright future, powered by a strong workforce.

LIME

4:38 p.m. Race day thrills
spectators...

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INDEPENDENT AUDITORS' REPORT

To the Members of **CABLE & WIRELESS JAMAICA LIMITED**

Report on the Financial Statements

We have audited the financial statements of Cable & Wireless Jamaica Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the group"), set out on pages 36 to 77, which comprise the Company's and the group's balance sheets as at March 31, 2010, the Company's and the group's statements of income, statements of comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and consistently applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Elizabeth A. Jones
Caryl A. Fenton
R. Tarun Handa
Patrick A. Chin
Patricia O. Dailey-Smith

Linroy J. Marshall
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers

Opinion

In our opinion, the financial statements give a true and fair view of the financial positions of the Company and the group as at March 31, 2010, and of the Company's and the group's financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act, so far as concerns members of the Company.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements are in agreement therewith, and give the information required by the Jamaican Companies Act, in the manner so required.

KPMG

Chartered Accountants
Kingston, Jamaica
May 26, 2010

Group Income Statement

Year ended March 31, 2010 (Expressed in Jamaica \$'000's)

	Notes	2010 \$'000	2009 \$'000
Revenue	2(e)	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	(3,082,848)	(2,543,032)
Administrative, marketing and selling expenses	4	(6,839,414)	(7,372,958)
Depreciation and amortisation	6	(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	12(c)(i)	–	892,000
Other restructuring costs	3	(372,709)	(677,042)
Operating (loss)/profit before net finance costs		(3,031,767)	1,622,503
Net finance costs:			
Foreign exchange gains/(losses)		197,236	(236,920)
Other finance costs		(2,914,317)	(1,812,824)
Finance income		40,780	37,097
	5	(2,676,301)	(2,012,647)
Other income		37,444	20,589
Loss before taxation	6	(5,670,624)	(369,555)
Taxation	7	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	8	(20.15¢)	(1.80¢)

The accompanying notes form an integral part of the financial statements.

Group Statement of Comprehensive Income

Year ended March 31, 2010 (Expressed in Jamaica \$000's)

	Notes	2010 \$'000	2009 \$'000
Loss for the year		<u>(3,388,191)</u>	<u>(302,825)</u>
Other comprehensive (loss)/income for the year:			
Unrealised translation adjustments on consolidation		9,138	161,827
Share-based payment	2(w)	–	20,915
Actuarial (losses)/gains on employee benefits assets		<u>(200,043)</u>	<u>1,218,000</u>
		(190,905)	1,400,742
Deferred taxes on employee benefits	23	<u>126,667</u>	<u>(406,000)</u>
Total other comprehensive (loss)/income for the year, net of tax		<u>(64,238)</u>	<u>994,742</u>
Total comprehensive (loss)/income for the year		<u>(3,452,429)</u>	<u>691,917</u>


The accompanying notes form an integral part of the financial statements.


Group Statement of Financial Position

Year ended March 31, 2010 (Expressed in Jamaica \$000's)

	Notes	2010 \$'000	2009 \$'000
Property, plant and equipment	9	24,059,289	27,518,868
Intangible assets	10	330,744	548,077
Deferred expenditure	11	40,660	55,206
Net investment in finance leases	2(q)(ii)	200,928	–
Employee benefits assets	12(a)	2,974,000	3,191,000
Deferred tax asset	23	1,274,147	–
Total non-current assets		28,879,768	31,313,151
Cash and cash equivalents	13	364,590	700,269
Accounts receivable	14	3,954,495	3,842,715
Prepaid expenses		437,765	441,100
Due from related companies	15	710,697	668,912
Taxation recoverable		109,214	103,725
Inventories	16	311,572	219,744
Current portion of deferred expenditure	11	190,551	203,055
Total current assets		6,078,884	6,179,520
TOTAL ASSETS		34,958,652	37,492,671
Share capital	17	16,817,440	16,817,440
Reserves	18	2,289,765	2,425,293
Accumulated deficit		(7,172,218)	(3,855,317)
TOTAL EQUITY		11,934,987	15,387,416
Trade and other accounts payable	19	7,104,162	6,381,830
Provisions	20	67,022	141,546
Current portion of long-term loan	21	16,384	16,212
Due to related companies	15	180,059	102,923
Total current liabilities		7,367,627	6,642,511
Provisions	20	1,117,425	1,346,771
Long-term loan	21	281,221	285,951
Due to other group companies	22	14,257,392	12,432,118
Deferred tax liability	23	–	1,397,904
Total non-current liabilities		15,656,038	15,462,744
TOTAL LIABILITIES		23,023,665	22,105,255
TOTAL EQUITY AND LIABILITIES		34,958,652	37,492,671

The financial statements on pages 28 to 30, 70 to 71 were approved by the Board of Directors on May 26, 2010 and signed on its behalf by:


Chairman
Christopher Dehring


Director
Geoff Houston

The accompanying notes form an integral part of the financial statements.

Group Statement of Changes in Stockholders' Equity

Year ended March 31, 2010 (Expressed in Jamaica \$'000's)

	Share capital \$'000 (note 17)	Reserves \$'000 (note 18)	Accumulated deficit \$'000	Total \$'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 adjustments on consolidation	-	161,827	-	161,827
Share-based payment	-	20,915	-	20,915
Actuarial gains, net of tax	-	-	812,000	812,000
Total comprehensive income for the year	-	182,742	509,175	691,917
Transfer from employee benefits reserve	-	(200,667)	200,667	-
Balances 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 (loss)/income:				
Unrealised translation adjustments on consolidation	-	9,138	-	9,138
Actuarial losses, net of tax	-	-	(73,376)	(73,376)
Total comprehensive (loss)/income for the year	-	9,138	(3,461,567)	(3,452,429)
Transfer from employee benefits reserve	-	(144,666)	144,666	-
Balances at March 31, 2010	16,817,440	2,289,765	(7,172,218)	11,934,987

The accompanying notes form an integral part of the financial statements.

Group Statement of Cash Flows

Year ended March 31, 2010 (Expressed in Jamaica \$000's)

	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(3,388,191)	(302,825)
Adjustments for:		
Unrealised translation losses on long-term loan	5,047	95,402
Employee benefits, net	16,957	(333,000)
Depreciation and amortisation	7,016,464	3,091,832
Taxation	(2,282,433)	(66,730)
Loss on disposal of property, plant and equipment and intangible assets	64,022	95,754
Interest earned	(40,780)	(37,097)
Interest expense	2,914,317	1,812,824
Provisions	431,812	(2,246)
Cash generated before changes in working capital	4,737,215	4,353,914
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)
Deferred expenditure	27,050	82,073
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	5,131,750	3,551,733
Income tax paid	(268,440)	(10,309)
Net cash provided by operating activities	4,863,310	3,541,424
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(4,064,732)	(5,041,726)
Net investment in finance leases	(200,928)	-
Interest received	40,648	34,461
Net cash used by investing activities	(4,225,012)	(5,007,265)
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 loan	(9,605)	(3,963,733)
Interest paid	(2,798,784)	(1,317,349)
Due to other group companies	1,825,274	6,417,962
Net cash (used)/provided by financing activities	(973,977)	1,319,622
Net decrease in cash and cash equivalents	(335,679)	(146,219)
Cash and cash equivalents at beginning of year	700,269	846,488
CASH AND CASH EQUIVALENTS AT END OF YEAR	364,590	700,269

The accompanying notes form an integral part of the financial statements.

Company Income Statement

Year ended March 31, 2010 (Expressed in Jamaica \$'000's)

	Notes	2010 \$'000	2009 \$'000
Revenue		<u>21,919,332</u>	<u>21,873,821</u>
Outpayments		<u>(5,055,637)</u>	<u>(5,614,612)</u>
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	<u>(3,078,917)</u>	<u>(2,532,527)</u>
Administrative, marketing and selling expenses	4	<u>(6,815,210)</u>	<u>(7,352,308)</u>
Depreciation and amortisation	6	<u>(7,002,863)</u>	<u>(3,076,290)</u>
Total operating expenses		(16,896,990)	(12,961,125)
Operating (loss)/profit before pension restructuring income and other restructuring costs		(2,695,845)	1,354,984
Pension restructuring income	12(c)(i)	<u>–</u>	<u>892,000</u>
Other restructuring costs	3	<u>(372,799)</u>	<u>(675,216)</u>
Operating (loss)/profit before net finance costs		(3,068,644)	1,571,768
Net finance costs:			
Foreign exchange gains/(losses)		<u>195,412</u>	<u>(208,864)</u>
Other finance costs		<u>(2,912,176)</u>	<u>(1,809,838)</u>
Finance income		<u>27,924</u>	<u>29,378</u>
	5	<u>(2,688,840)</u>	<u>(1,989,324)</u>
Other income		<u>144,963</u>	<u>20,589</u>
Loss before taxation	6	(5,612,521)	(396,967)
Taxation	7	<u>2,281,228</u>	<u>69,303</u>
Loss attributable to stockholders		(3,331,293)	(327,664)

The accompanying notes form an integral part of the financial statements.

Company Statement of Comprehensive Income

Year ended March 31, 2010 (Expressed in Jamaica \$'000's)

	Notes	2010 \$'000	2009 \$'000
Loss for the year		<u>(3,331,293)</u>	<u>(327,664)</u>
Other comprehensive (loss)/income for the year:			
Share-based payment	2(w)	–	20,915
Actuarial (losses)/gains on employee benefit assets		<u>(200,043)</u>	<u>1,218,000</u>
		(200,043)	1,238,915
Deferred taxes on employee benefits	23	<u>126,667</u>	<u>(406,000)</u>
Total other comprehensive (loss)/income for the year, net of tax		<u>(73,376)</u>	<u>832,915</u>
Total comprehensive (loss)/income for the year		<u>(3,404,669)</u>	<u>505,251</u>

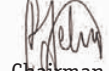
The accompanying notes form an integral part of the financial statements.


Company Statement of Financial Position

Year ended March 31, 2010 (Expressed in Jamaica \$000's)

	Notes	2010 \$'000	2009 \$'000
Property, plant and equipment	9	24,030,947	27,479,254
Intangible assets	10	330,744	548,077
Interest in subsidiaries, shares at cost	2(d)(i)	12,117,350	12,117,350
Deferred expenditure	11	40,660	55,206
Net investment in finance leases	2(q)(ii)	200,928	–
Employee benefits assets	12(a)	2,974,000	3,191,000
Deferred tax asset	23	1,274,147	–
Total non-current assets		40,968,776	43,390,887
Cash and cash equivalents	13	281,933	611,716
Accounts receivable	14	3,896,150	3,757,954
Prepaid expenses		437,558	441,004
Due from related companies	15	710,697	668,912
Taxation recoverable		99,988	96,849
Inventories	16	311,572	219,744
Current portion of deferred expenditure	11	190,551	203,055
Total current assets		5,928,449	5,999,234
TOTAL ASSETS		46,897,225	49,390,121
Share capital	17	16,817,440	16,817,440
Reserves	18	2,003,582	2,148,248
Accumulated deficit		(7,542,075)	(4,282,072)
TOTAL EQUITY		11,278,947	14,683,616
Trade and other accounts payables	19	7,046,386	6,310,173
Provisions	20	67,022	141,546
Current portion of long-term loan	21	16,384	16,212
Due to related companies	15	180,059	102,923
Total current liabilities		7,309,851	6,570,854
Provisions	20	1,100,804	1,332,583
Long-term loan	21	281,221	285,951
Due to other group companies	22	14,257,392	12,432,118
Deferred tax liability	23	–	1,397,904
Due to subsidiaries	24	12,669,010	12,687,095
Total non-current liabilities		28,308,427	28,135,651
TOTAL LIABILITIES		35,618,278	34,706,505
TOTAL EQUITY AND LIABILITIES		46,897,225	49,390,121

The financial statements on pages 28 to 30, 70 to 71 were approved by the Board of Directors on May 26, 2010 and signed on its behalf by:


Chairman
Christopher Dehring


Director
Geoff Houston

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Stockholders' Equity

Year ended March 31, 2010 (Expressed in Jamaica \$'000's)

	Share capital \$'000 (note 17)	Reserves \$'000 (note 18)	Accumulated deficit \$'000	Total \$'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	-	-	812,000	812,000
Total comprehensive income for the year	-	20,915	484,336	505,251
Transfer from employee benefits reserve	-	(200,667)	200,667	-
Balances 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 loss:				
Actuarial losses, net of tax	-	-	(73,376)	(73,376)
Total comprehensive loss for the year	-	-	(3,404,669)	(3,404,669)
Transfer from employee benefits reserve	-	(144,666)	144,666	-
Balances at March 31, 2010	16,817,440	2,003,582	(7,542,075)	11,278,947

The accompanying notes form an integral part of the financial statements.

Company Statement of Cash Flows

Year ended March 31, 2010 (Expressed in Jamaica \$'000's)

	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(3,331,293)	(327,664)
Adjustments for:		
Unrealised translation losses on loan	5,047	95,402
Employee benefits, net	16,957	(333,000)
Depreciation and amortisation	7,002,863	3,076,290
Taxation	(2,281,228)	(69,303)
Loss on disposal of property, plant and equipment and intangible assets	65,990	95,754
Interest earned	(27,924)	(29,378)
Interest expense	2,912,176	1,809,838
Provisions	424,481	(8,282)
Cash generated before changes in working capital	4,787,069	4,309,657
Accounts receivable	(138,196)	(56,603)
Prepaid expenses	3,446	(65,282)
Due from related companies	(41,785)	(532,437)
Inventories	(91,828)	(64,203)
Deferred expenditure	27,050	82,073
Trade and other accounts payable	620,233	438,988
Provisions	(74,524)	(181,220)
Due to related companies	77,136	(364,970)
Cash generated from operations	5,168,601	3,566,003
Income tax paid	(267,295)	(7,155)
Net cash provided by operating activities	4,901,306	3,558,848
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(4,059,473)	(5,031,617)
Net investment in finance leases	(200,928)	-
Interest received	27,924	26,659
Net cash used by investing activities	(4,232,477)	(5,004,958)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share-based payment transferred to reserve	-	20,915
Due to subsidiaries	(18,085)	227,889
Decrease in long-term loan	(9,605)	(3,963,733)
Interest paid	(2,796,196)	(1,311,657)
Due to other group companies	1,825,274	6,417,962
Net cash (used)/provided by financing activities	(998,612)	1,391,376
Net decrease in cash and cash equivalents	(329,783)	(54,734)
Cash and cash equivalents at beginning of year	611,716	666,450
CASH AND CASH EQUIVALENTS AT END OF YEAR	281,933	611,716

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

1. THE COMPANY AND ITS REGULATORY FRAMEWORK

The Company is incorporated and domiciled in Jamaica and its ordinary stock units are listed on the Jamaica Stock Exchange. The Company's registered office is located at 2-6 Carlton Crescent, Kingston 10, Jamaica, West Indies.

The Company is a 79% subsidiary of Cable and Wireless (CALA Investments) Limited, incorporated in the Cayman Islands, and the ultimate parent Company is Cable and Wireless Communications Plc., incorporated in England. Another subsidiary of Cable and Wireless Communications Plc. holds an additional 3% of the issued ordinary stock units of the Company.

On 19 March 2010, the Cable & Wireless Group effected a group reorganisation whereby Cable & Wireless Communications Plc. was inserted as a new holding company for the Cable & Wireless Group via a Scheme of Arrangement. Cable & Wireless Communications Plc therefore replaced Cable and Wireless Plc (now Cable & Wireless Limited) as the parent company of the Cable & Wireless Group as at this date. On 22 March 2010, the entire ordinary share capital of Cable and Wireless Plc was cancelled and shareholders were given one ordinary share and one B share of Cable & Wireless Communications Plc for every share of Cable and Wireless Plc held on that date. At this time, the Cable & Wireless Group was renamed the Cable & Wireless Communications Group. Cable & Wireless Communications group companies are referred to in these financial statements as "related companies".

As part of the 'One Caribbean' structure, the Company along with other group companies in the Caribbean trade under the name 'LIME' (Landline, Internet, Mobile and Entertainment).

The principal activity of the Group and the Company is the provision of domestic and international telecommunications services under various operating licences granted on March 14, 2000, under the Telecommunications Act (the Act).

The operating licenses, all of which extend to March 14, 2015, are:

- Carrier (Cable & Wireless Jamaica Limited) Licence;
- Service Provider (Cable & Wireless Jamaica Limited) Licence;
- Spectrum (Cable & Wireless Jamaica Limited) Licence;
- Domestic Mobile Carrier (Cable & Wireless Jamaica Limited) Licence;
- Domestic Mobile Service Provider (Cable & Wireless Jamaica Limited) Licence;
- Domestic Mobile Spectrum (Cable & Wireless Jamaica Limited) Licence;
- Free Trade Zone Carrier (Jamaica Digiport International Limited) Licence; and
- Free Trade Zone Service Provider (Jamaica Digiport International Limited) Licence.

In accordance with the Act, rates on certain fixed line services are subject to a "price-cap" methodology applied by the Office of Utilities Regulation.

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

Certain new IFRS, and interpretations of and amendments to existing standards which were in issue, came into effect for the current financial year as follows:

- *Revised IAS 1 – Presentation of Financial Statements* (effective January 1, 2009) requires presentation of all non-owner changes in equity either in a single statement of comprehensive income, or in an income statement plus a statement of comprehensive income. Revised IAS 1 also requires that a statement of financial position be presented at the beginning of the comparative period when the entity restates the comparatives, a disclosure for reclassification adjustments and disclosure of dividends and related per share amounts on the face of the statement of changes in equity or in the notes.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Statement of compliance (continued)

Certain new IFRS, and interpretations of and amendments to existing standards which were in issue, came into effect for the current financial year as follows (continued):

- *IAS 23, Revised – Borrowing Costs* (effective January 1, 2009) removes the option of immediately recognising all borrowing costs as an expense. The standard requires that an entity capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset.
- *IAS 32 Financial instruments: Presentation*. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification.
- *Amendments to IFRS 7 Financial Instruments: Disclosures* require enhanced disclosures in respect of two aspects: disclosures over fair value measurement for financial instruments specifically in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk, to address current diversity in practice.
- *IFRS 8 Operating Segments* (effective January 1, 2009) introduces the “management approach” to segment reporting. IFRS 8 requires the disclosure of segment information based on the internal reports regularly reviewed by the company's Chief Operating Decision Maker in order to assess the performance of and allocate resources to each segment.

At the date of approval of the financial statements, there were certain standards and interpretations which were in issue but not yet effective. Those which are considered relevant to the company are as follows:

- *IFRS 9, Financial Instruments* (effective January 1, 2013) introduces new requirements for classifying and measuring financial assets. The standard also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures including added disclosures about investments in equity instruments designated as fair value through other comprehensive income. This standard is not expected to have any significant impact on the company's financial statements.
- *IAS 24, Related Party Disclosure*, revised (effective January 1, 2011) introduces changes to the related party disclosure requirements for government - related entities and amends the definition of a related party. The standard also expands the list of transactions that require disclosure.
- *Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements* becomes effective for annual reporting periods beginning on or after July 1, 2009. The definition of a business combination has been revised and focuses on control. All items of consideration transferred by the acquirer are measured and recognised at fair value as of the acquisition date, including contingent consideration. An acquirer can elect to measure non-controlling interest at fair value at the acquisition date or on a transaction by transaction basis. New disclosure requirements have been introduced.
- *IAS 39 (Amendment), Financial Instruments: Recognition and Measurement* becomes effective for annual reporting periods beginning on or after July 1, 2009. The amendment provided clarification that it is possible for there to be movements into and out of the fair value through profit or loss category where:
 - A derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.
 - Financial assets are reclassified following a change in policy by an insurance company in accordance with IFRS 4.

The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Statement of compliance (continued)

At the date of approval of the financial statements, there were certain standards and interpretations which were in issue but were not yet effective. Those which are considered relevant to the Company are as follows (continued):

a portfolio on initial recognition. A segment is no longer considered a party external to the reporting entity. When re-measuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used.

- *IFRIC 17, Distribution of Non-Cash Assets to Owners* is effective for annual reporting periods beginning on or after July 1, 2009 and provides that a dividend payable should be recognized when appropriately authorized and no longer at the entity's discretion. Where an owner has a choice of a dividend of a non-cash asset or cash, the dividend payable is estimated considering both the fair value and probability of the owners selecting each option. The dividend payable is measured at the fair value of the net assets to be distributed. The difference between fair value of the dividend paid and the carrying amount of the net assets distributed is recognized in profit or loss.

The adoption of *IFRS 9, IAS 24, Revised IFRS 3 and amended IAS 27, IAS 39 (Amendment), and IFRIC 17* is expected to result in adjustments and additional disclosures to the financial statements. Management is currently in the process of evaluating the impact on the financial statements of adopting these standards.

(b) Basis of preparation

The financial statements are presented in Jamaica dollars (\$), which is the functional currency of the Company.

The financial statements are prepared using the historical cost basis. The significant accounting policies stated in paragraph (c) to (y) below conform in all material respects with IFRS.

(c) Use of estimates and judgements

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the statement of financial position date, and the income and expense for the year then ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year of the revision and future years, where applicable. Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Pension benefits

The amounts recognised in the statement of financial position, income statement and statement of comprehensive income for pension are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the expected long-term return on plan assets, the discount rates used to determine the present value of estimated future cash flows and the growth in pensionable payroll.

The expected return on plan assets considers the long-term historical returns in excess of inflation, asset allocation and the future estimates of long-term inflation. The discount rates are based on the yields on long-term government securities denominated in both Jamaica and US dollars and comparable securities in the Caribbean. The growth in pensionable payroll is based on the views of the management. Any changes in these assumptions will affect the amounts recorded in the financial statements for these obligations.

Also, see note 12(a) (vi) for conversion of existing pension plan in the prior year.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Use of estimates and judgements (continued)

(ii) Allowance for impairment losses on receivables

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individually significant receivables with similar characteristics, such as credit risks.

(iii) Net realisable value of inventories

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period, to the extent that such events confirm conditions existing at the end of the period.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

(iv) Residual value and expected useful life of property plant & equipment

The residual value and the expected useful life of an asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the company and its subsidiaries. Impairment of property, plant and equipment is dependent upon management's internal assessment of future cash flows from cash generating units. In addition, the estimate of the amount recoverable from future use of those units is sensitive to the discount rate used.

(v) Deferred taxation

In recognising a deferred tax asset in the financial statements, management makes judgements regarding the utilisation of losses. Management makes an estimate of the future taxable profit against which the deductible temporary differences and unused tax losses will be utilised. In management's opinion, it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

(vi) Site restoration obligation

Site restoration obligation is estimated at the present value of the future expected restoration cost based on the timing and current prices of goods and services. Changes to technology, regulations, prices of necessary goods and services and realisable values of the company's products, may affect the timing and scope of retirement activities and may substantially alter the decommissioning liabilities and future operating costs.

(d) Basis of consolidation

(i) Subsidiaries

A "subsidiary" is an enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

The group financial statements include the financial statements of the company and its wholly-owned subsidiaries – The Jamaica Telephone Company Limited (JTC), Jamaica International Telecommunications Limited (JAMINTEL) and Jamaica Digiport International Limited, all of which are incorporated in Jamaica – made up to March 31, 2010.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Additionally, two new wholly owned subsidiaries, Digital Media & Entertainment Limited incorporated in July 2008 and Caribbean Landing Company Limited incorporated during the year have not commenced operations. On the reporting date, these are not material for inclusion in the group financial statements.

The Company and its subsidiaries are collectively referred to as the "Group".

JTC and JAMINTEL were rendered dormant on April 1, 1995, when all of their undertaking, assets and liabilities were transferred to the company pursuant to the Telecommunications of Jamaica (Transfer to and Vesting of Assets and Liabilities of Jamaica Telephone Company Limited and Jamaica International Telecommunications Limited) Act, 1995.

(ii) Transactions eliminated on consolidation

Intra-group balances and income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(e) Revenue recognition

Operating revenue represents amounts, excluding general consumption tax billed, for the provision of domestic and international telecommunications services. In accordance with normal practice in the telecommunications industry, estimates are included to provide for that portion of revenue which connecting carriers have not yet reported.

(f) Property, plant & equipment and intangible assets

(i) Owned assets

Items of property, plant & equipment and intangible assets (computer software) are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service.

The cost of replacing part of an item of property, plant & equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant & equipment are recognised in profit or loss as incurred.

Site restoration obligation costs are included in the cost of land and buildings.

(ii) Depreciation/amortisation

Depreciation/amortisation is computed on the straight-line basis at annual rates estimated to write down the assets to their estimated residual values at the end of their expected useful lives. No depreciation is charged on construction in progress and land.

Depreciation/amortisation rates are as follows:

Buildings	-	2.5% to 10%
Plant and Machinery	-	2.5% to 25%
Cables and transmission equipment	-	5% to 8%
Office equipment and computers	-	10%
Computer equipment	-	20%
Software	-	33 $\frac{1}{3}$ %

Depreciation methods, useful lives and residual values are reassessed annually (see note 9).

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Interest in subsidiaries

The Company's investments in subsidiaries are stated at cost.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and short-term deposits maturing within three months or less from the date of deposit or acquisition that are readily convertible into known amounts of cash and which are not subject to significant risk of change in value.

(i) Accounts receivable

Trade and other receivables are stated at amortised cost less impairment losses.

(j) Related parties

A party is related to the company, if:

- (i) directly, or indirectly through one or more intermediaries, the party:
 - is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
 - has a direct or indirect interest in the company that gives it significant influence; or
 - has joint control over the company;
- (ii) the party is an associate of the company;
- (iii) the party is a joint venture or a partnership in which the company is a venturer or a partner;
- (iv) the party is a member of the key management personnel of the company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The company has a related party relationship with its directors, related companies and affiliated parties controlled by its directors, senior officers, executives and significant shareholders of the parent company. "Key management personnel" represents certain senior officers of the Company and its parent and ultimate parent companies.

(k) Inventories

Inventories, consisting principally of items held for resale and are valued at the lower of cost, determined on the weighted average basis, and estimated realisable value.

(l) Accounts payable

Trade and other payables, are stated at amortised cost.

(m) Provisions

A provision is recognised in the statement of financial position when the group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(i) Restructuring

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced. Estimated restructuring costs mainly include employee termination benefits and are based on a detailed plan agreed between management and employee representatives.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Provisions (continued)

(ii) Site restoration

The group has contractual obligations to dismantle and restore cell sites at the end of agreed periods. A provision for site restoration is recognised at the commencement of the lease and revised annually. Where it is likely that time-value of money is significant to calculating the estimated site restoration cost, the risk-free rate is used to determine obligation and the underlying cash flows adjusted for the risks specific to the obligation.

(n) Capitalisation of borrowing costs

Where the Company:

- borrows generally for the purpose of obtaining a qualifying asset, borrowing costs relating to such funds are capitalised based on the weighted average rate of borrowings outstanding during the year.
- borrows for general financing needs, borrowing costs are expensed on the effective interest basis.

(o) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(p) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the income statement, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is computed for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that the company and its subsidiary are able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Lease arrangements

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on the straight line basis over the term of the lease.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Lease arrangements (continued)

(ii) Investment in finance leases

This represents a US\$ financing arrangement of Customer Premises Equipment (CPE) for a corporate customer and is receivable over a period of four years.

Income from finance leases is recognized in a manner which produces a constant rate of return on the net investment in the leases.

These leases are carried at amortised cost, which approximates the net realizable value stream plus an appropriate rate of return.

(r) Employee benefits

Employee benefits, comprising net pensions assets included in these financial statements, have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion.

The actuarial valuations were conducted in accordance with IAS 19, and the financial statements reflect the company's post-employment benefits assets and obligations as computed by the actuary. In carrying out their audit, the auditors make use of the work of the actuary and the actuary's report

(i) Pension arrangements

The company sponsors a defined benefit arrangement for service prior to March 31, 2008 and a defined contribution arrangement for service thereafter under one pension plan. The plan is administered by trustees.

The defined benefit arrangements are secured by an insurance policy which is an asset of the plan. The return on the latter asset is matched by the interest cost on the defined benefit arrangements. The Company has prepaid its required contributions over the expected working lifetimes of the members who participate in the defined contribution arrangement. The liabilities of the defined contribution arrangement are matched by assets. Each year, the relevant portion of the prepaid contributions is allocated to the active members and reflected as an expense of the Company.

The Company's net obligation in respect of its pension arrangements is the sum of the present value of its defined benefit arrangements and the value of the assets backing the defined contribution arrangements less the fair value of the plan's assets. To the extent that the obligation is less than the fair value of the plan's assets, the asset recognised is restricted to the present value of the prepaid contributions.

Actuarial gains and losses are recognized in other comprehensive income.

(ii) Other post-retirement benefits

The post-retirement medical benefits for current pensioners and for non-pensioners are secured by insurance contracts.

(iii) Other employee benefits

Employee entitlements to paid leave are recognised when they accrue to employees. An accrual is made for the estimated liability for vacation leave, as a result of services rendered by employees up to the reporting date.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Impairment

The Group considers evidence of impairment at both a specific asset and collective level. All individual significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired includes default or delinquency by a customer, indications that a customer will enter bankruptcy and changes in the payment status of customers.

The carrying amounts of the Group's assets, other than inventories [see accounting policy (k)] are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount, determined by the fair value less cost to sell, is estimated. An impairment loss is recognised whenever the carrying amount of an asset or group of assets (cash-generating unit) exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the group of assets/cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For all other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

(t) Net finance costs

Net finance costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, material bank charges and foreign exchange gains and losses recognised in the income statement.

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(u) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, accounts receivable, related company balances and trade investments. Similarly financial liabilities include accounts payable, provisions, related company balances and loans.

(v) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Share-based payment plan

The share-based payment plan is used to incentivise high performance for certain eligible managers in the international division of the ultimate parent company. The plan awards employees through allocation of shares in the ultimate parent company at nil cost. These subsequently vest pending EBITDA and cash flow performance measures over a period of 1 to 2 years. The plan is considered to be an equity settled plan.

(x) Foreign currencies

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jamaica dollars at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are recognised in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are stated at fair value and are translated to Jamaica dollars at foreign exchange rates ruling at the dates the values were determined.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in the income statement are treated as cash items and included in cash flows from operating or financing activities along with movements in the relevant balances.

Unrealised gains and losses arising on translation of net stockholders' equity in a subsidiary are recognised in other comprehensive income and directly to equity on the group statement of financial position and added or deducted to reflect the underlying group cash flows from financing activities in the group statement of cash flows.

(y) Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the entire operations of the company are considered as one operating segment.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

3. EMPLOYEE EXPENSES

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Gross salaries	2,767,790	2,845,201	2,764,597	2,834,696
Other benefits and allowances	735,058	638,831	734,320	638,831
Employee benefits credits [note 12(c)(ii)]	(420,000)	(941,000)	(420,000)	(941,000)
	3,082,848	2,543,032	3,078,917	2,532,527

The redundancy costs of \$303,330,000 (2009: \$602,543,000) arising mainly from transformation to the 'One Caribbean' structure has been included in other restructuring costs (see also note 20).

4. ADMINISTRATIVE, MARKETING AND SELLING EXPENSES

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Administrative	2,822,608	3,575,206	2,799,623	3,555,840
Marketing	519,324	553,957	518,976	553,671
Selling	3,497,482	3,243,795	3,496,611	3,242,797
	6,839,414	7,372,958	6,815,210	7,352,308

Administrative expenses include 'One Caribbean' transformation costs of \$322,000,000 recharged from a related company.

5. NET FINANCE COSTS

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Foreign exchange (gains)/losses	(197,236)	236,920	(195,412)	208,864
Other finance costs:				
Ultimate Parent Company loan	1,342,070	1,478,760	1,342,070	1,478,760
Other Group Company loan	1,345,974	–	1,345,974	–
Other loans	9,781	189,576	9,781	189,576
Other debts issuance costs and expenses	216,492	144,488	214,351	141,502
	2,914,317	1,812,824	2,912,176	1,809,838
Finance income:				
Interest income – third party	(40,780)	(37,097)	(27,924)	(29,378)
	2,676,301	2,012,647	2,688,840	1,989,324

Interest income arises materially from treasury transactions entered into in the ordinary course of business.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

6. DISCLOSURE OF EXPENSES/(INCOME) AND RELATED PARTY TRANSACTIONS

Loss before taxation is stated after charging/(crediting) the following:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Directors' emoluments				
Fees	1,120	1,824	1,120	1,824
Management remuneration	55,887	87,348	55,887	87,348
Other key management personnel compensation:				
Short term employee benefits	212,944	176,541	212,944	176,541
Post employment benefits	(9,000)	(33,000)	(9,000)	(33,000)
Auditors' remuneration	24,000	24,000	22,500	22,500
Depreciation and amortisation	7,016,464	3,091,832	7,002,863	3,076,290
Loss on disposal of property plant & equipment	64,022	95,754	65,990	95,754
Bad debt expenses	354,678	461,634	354,678	461,188
Inventory write off	23,147	103,498	23,147	103,498
Related party transactions				
Ultimate parent Company				
Management & branding fees	1,515,958	1,276,563	1,515,958	1,276,563
Interest expense	1,342,070	1,478,760	1,342,070	1,478,760
Other group company				
Interest expense	1,345,974	-	1,345,974	-
Related companies				
Management & operational recharges	(761,972)	-	(761,972)	-
Other income	(404,598)	(170,698)	(512,118)	(170,698)
Revenue, net	1,639,917	838,509	1,639,917	838,509

(a) All transactions with related companies were entered into in the ordinary course of business.

(b) The company entered into a Support Services Agreement effective April 1, 2009 with a related company to provide Management and Operational Support Services. These services include Finance Support delivered through a Finance Shared Service Centre located in Jamaica and Centres of Excellence that provide technical support on Tax, Treasury, Procurement and Supply Chain Management. The agreement also provides for Support for Sales and Marketing, Customer Operational Services, Technology and Property Services, Strategic and Business Advisory Services as well as Legal, Regulatory and Public Policy Services. Human Resources Support Services are provided through a HR Shared Service Centre which is also located in Jamaica.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$'000's)

7. TAXATION

Taxation, based on the results for the year adjusted for taxation purposes, is made up as follows:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current tax expense				
Income tax @ 33 $\frac{1}{3}$ %	(1,205)	2,573	–	–
Withholding tax	264,156	–	264,156	–
Deferred taxation				
Effect of tax losses	(1,551,721)	(1,020,366)	(1,551,721)	(1,020,366)
Origination and reversal of other temporary differences, net	(993,663)	951,063	(993,663)	951,063
	<u>(2,545,384)</u>	<u>(69,303)</u>	<u>(2,545,384)</u>	<u>(69,303)</u>
Tax credit recognised in loss for the year	<u>(2,282,433)</u>	<u>(66,730)</u>	<u>(2,281,228)</u>	<u>(69,303)</u>
Reconciliation of actual tax credit				
	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Loss before taxation	<u>(5,670,624)</u>	<u>(369,555)</u>	<u>(5,612,521)</u>	<u>(396,967)</u>
Computed "expected" tax expense @ 33 $\frac{1}{3}$ %	(1,890,208)	(123,185)	(1,870,840)	(132,322)
Difference between loss for financial statements and tax reporting purposes on:				
Property, plant & equipment	(81,376)	43,475	(57,402)	44,228
Relief under the Jamaica Export Freezone Act	3,161	(15,482)	–	–
Caricom income	(587,013)	–	(587,013)	–
Disallowed expenses and other capital adjustments	273,003	28,462	234,027	18,791
Total differences	<u>(392,225)</u>	<u>56,455</u>	<u>(410,388)</u>	<u>63,019</u>
Actual tax credit recognised in loss for the year	<u>(2,282,433)</u>	<u>(66,730)</u>	<u>(2,281,228)</u>	<u>(69,303)</u>

At March 31, 2010 taxation losses, subject to agreement by the Commissioner of Taxpayer Audit & Assessment, available for relief against future taxable profits, amounted to approximately \$15.4 billion (2009: \$10.8 billion).

8. LOSS PER STOCK UNIT

The calculation of loss per stock unit is based on the loss attributable to stockholders of \$3,388,191,000 (2009: \$302,825,000) and the 16,817,439,740 (2009: 16,817,439,740) issued and fully paid ordinary stock units.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

9. PROPERTY, PLANT & EQUIPMENT

(a) The Group

	Freehold land & buildings \$'000	Plant & machinery \$'000	Cables & transmission equipment \$'000	Office equipment, & computers \$'000	Capital work-in- progress \$'000	Total \$'000
Cost:						
March 31, 2008	11,609,595	35,347,050	8,814,298	2,197,825	683,260	58,652,028
Additions	10,109	–	–	–	4,594,852	4,604,961
Transfers	479,293	1,825,096	436,663	185,455	(2,926,507)	–
Disposals/retirements	(116,534)	(4,183)	–	(17,447)	–	(138,164)
March 31, 2009	11,982,463	37,167,963	9,250,961	2,365,833	2,351,605	63,118,825
Additions	5,259	–	–	–	4,059,473	4,064,732
Transfers	1,220,901	2,904,768	354,104	42,718	(4,522,491)	–
Transfers to Intangible assets (note 10)	–	–	–	–	(60,203)	(60,203)
Disposals/retirements	(752,480)	(165,621)	(259,220)	(49,959)	–	(1,227,280)
March 31, 2010	12,456,143	39,907,110	9,345,845	2,358,592	1,828,384	65,896,074
Depreciation:						
March 31, 2008	2,264,994	23,937,557	5,206,611	1,552,067	–	32,961,229
Charge for the year	2,360,458	79,066	22,272	219,342	–	2,681,138
Eliminated on disposals/ retirements	(21,845)	(3,404)	–	(17,161)	–	(42,410)
March 31, 2009	4,603,607	24,013,219	5,228,883	1,754,248	–	35,599,957
Charge for the year	560,844	5,565,690	414,765	197,629	–	6,738,928
Eliminated on disposals/ retirements	(62,627)	(144,414)	(246,846)	(48,213)	–	(502,100)
March 31, 2010	5,101,824	29,434,495	5,396,802	1,903,664	–	41,836,785
Net book values:						
March 31, 2010	7,354,319	10,472,615	3,949,043	454,928	1,828,384	24,059,289
March 31, 2009	7,378,856	13,154,744	4,022,078	611,585	2,351,605	27,518,868

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$'000's)

9. PROPERTY, PLANT & EQUIPMENT continued

(b) The Company

	Freehold land & buildings \$'000	Plant & machinery \$'000	Cables & transmission equipment \$'000	Office equipment & computers \$'000	Capital work-in- progress \$'000	Total \$'000
Cost:						
March 31, 2008	11,572,847	33,270,982	8,270,508	2,171,345	683,260	55,968,942
Additions	–	–	–	–	4,594,852	4,594,852
Transfers	479,293	1,825,096	436,663	185,455	(2,926,507)	–
Disposals/retirements	(116,534)	(4,183)	–	(17,447)	–	(138,164)
March 31, 2009	11,935,606	35,091,895	8,707,171	2,339,353	2,351,605	60,425,630
Additions	–	–	–	–	4,059,473	4,059,473
Transfers	1,220,901	2,904,768	354,104	42,718	(4,522,491)	–
Transfers to Intangible assets (note 10)	–	–	–	–	(60,203)	(60,203)
Disposals/retirements	(747,582)	(165,621)	(245,371)	(49,716)	–	(1,208,290)
March 31, 2010	12,408,925	37,831,042	8,815,904	2,332,355	1,828,384	63,216,610
Depreciation:						
March 31, 2008	2,239,280	21,452,237	5,102,727	1,528,946	–	30,323,190
Charge for the year	2,357,650	78,965	22,272	206,709	–	2,665,596
Eliminated on disposals/ retirements	(21,845)	(3,404)	–	(17,161)	–	(42,410)
March 31, 2009	4,575,085	21,527,798	5,124,999	1,718,494	–	32,946,376
Charge for the year	557,792	5,555,269	414,809	197,457	–	6,725,327
Eliminated on disposals/ retirements	(60,950)	(144,414)	(232,621)	(48,055)	–	(486,040)
March 31, 2010	5,071,927	26,938,653	5,307,187	1,867,896	–	39,185,663
Net book values:						
March 31, 2010	7,336,998	10,892,389	3,508,717	464,459	1,828,384	24,030,947
March 31, 2009	7,360,521	13,564,097	3,582,172	620,859	2,351,605	27,479,254

Freehold land & buildings for the Group and the Company include land aggregating \$69,768,931 (2009: \$69,768,931) at historical cost.

Additional depreciation and obsolescence charges of J\$3,817 million were recognized in the year as part of the continuing review of useful lives of assets and as a result of the continuing transformation of the network.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

10. INTANGIBLE ASSETS

This represents acquired computer software as follows:

The Group and the Company	
	2010 \$'000
	2009 \$'000
Cost:	
At beginning of year	3,523,052
Additions (see note 9)	60,203
At end of year	3,583,255
Amortisation:	
At beginning of year	2,974,975
Charge for year	277,536
At end of year	3,252,511
Net book value at end of year	330,744
	548,077

11. DEFERRED EXPENDITURE

The Group and the Company	
	2010 \$'000
	2009 \$'000
Long-term portion of deferred GCT	40,660
Current portion of deferred GCT	190,551
	231,211
	258,261

Deferred General Consumption Tax (GCT) comprises input tax on certain capital acquisitions and is recoverable over a twenty-four month period by way of offset against output tax.

12. EMPLOYEE BENEFITS

(a) Pension assets

The Group and the Company	
	2010 \$'000
	2009 \$'000
Present value of obligations	(7,478,000)
Fair value of plan assets	11,942,000
Unrecognised amount due to limitation	(1,490,000)
Recognised assets	2,974,000
	3,191,000

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$'000's)

12. EMPLOYEE BENEFITS (continued)

(a) Pension assets (continued)

(i) Movement in present value of obligation

	The Group and the Company	
	2010 \$'000	2009 \$'000
Balance at beginning of year	6,049,000	7,554,000
Benefits paid	(171,000)	(244,000)
Service and interest cost	582,000	1,159,000
Contributions	152,000	107,000
Actuarial loss/(gain)	866,000	(883,000)
Gain on curtailment	-	(1,644,000)
Balance at end of year	7,478,000	6,049,000

In the prior year, gain on curtailment recognised in the income statement represented the impact on the value of the plan obligations due to the cessation of salary linkage and the practice of paying discretionary increases, offset by the effect of several benefit improvements.

(ii) Movement in plan assets

	The Group and the Company	
	2010 \$'000	2009 \$'000
Fair value of plan assets at beginning of year	10,283,000	15,039,000
Contributions paid	152,000	234,000
Expected return on plan assets	1,002,000	2,105,000
Benefits paid	(171,000)	(244,000)
Actuarial gain/(loss)	933,000	(1,975,000)
Premiums for medical insurance [see (vii) below]	-	(2,682,000)
Refund to the Company	(257,000)	(1,500,000)
Loss on curtailment [see (iv) below]	-	(694,000)
Fair value of plan assets at end of year	11,942,000	10,283,000
Plan assets consist of the following:		
Equities	48,000	42,000
Fixed income securities	2,354,000	474,000
Real estate	3,031,000	3,718,000
Annuities	6,509,000	6,049,000
	11,942,000	10,283,000

In the prior year, loss on curtailment of \$694,000,000 represented the differences between the premium paid on the annuities and the value of the related obligations recognised as an actuarial loss directly in equity [see (iv) below].

Of the refund due to the Company, to date, \$1,500,000,000 has been received. At March 31, 2010 a balance of \$257,000,000 is due to the Company from the pension fund.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

12. EMPLOYEE BENEFITS (continued)

(a) Pension assets (continued)

(iii) Credit recognised in the income statement

	The Group and the Company	
	2010 \$'000	2009 \$'000
Current service costs	173,000	230,000
Interest on obligations	409,000	929,000
Gain on curtailment	-	(1,644,000)
Expected return on plan assets	(1,002,000)	(2,105,000)
	<u>(420,000)</u>	<u>(2,590,000)</u>
Actual return on plan assets	<u>2,105,000</u>	<u>(357,000)</u>

Of the credit recognised, \$420,000,000 (2009: \$1,176,000,000) is included in employee expenses in the income statement [see (c)(ii) below]. In the prior year, an amount of \$1,414,000,000, being curtailment gain, net of service costs was shown as pension restructuring income [see (c)(i) below].

(iv) Actuarial gains and losses recognised directly in other comprehensive income

	The Group and the Company	
	2010 \$'000	2009 \$'000
Cumulative amount at beginning of year	580,000	1,871,000
Recognised during the year	247,000	965,000
Loss on curtailment [see (ii) above]	-	694,000
Change in disallowed asset	(447,000)	(2,950,000)
Cumulative amount at end of year	<u>380,000</u>	<u>580,000</u>

(v) Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	The Group and the Company	
	2010	2009
Discount rate	11.5%	16%
Inflation	7.5%	10%
Gross discount rate for valuing annuity assets	8%	8%
Expected return on plan assets	8.5%	14%
Future salary increases	7.5%	13%
Future pension increases	<u>0%</u>	<u>11%</u>

Assumptions regarding future mortality are based on the GAM 94 table. The expected long-term rate of return is based on the assumed long term rate of inflation.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

12. EMPLOYEE BENEFITS (continued)

(a) Pension assets (continued)

(vi) In 2008, the conversion process of the existing defined benefit plan to a defined contributory plan was initiated. On March 14, 2008, the restructuring of the plan was approved by members vote. The Financial Services Commission (FSC) approved the restructuring on January 26, 2009. For the purposes of determining and recognising the curtailment, the impact of changes was measured at the FSC approval date (for practical purposes – the end of March 2009).

(vii) In October 2008, the Company signed contracts with an insurer which covered both the pension annuities and post retirement medical benefits for current pensioners. The contract in respect of the medical benefits for non-pensioners was finalised during the year.

(b) Other post-retirement benefits

In prior year, as part of the conversion process of the existing defined benefit plan to a defined contributory plan, all post retirement medical benefits were secured by insurance contracts.

Expense recognised in the income statement

	The Group and the Company	
	2010 \$'000	2009 \$'000
Current service costs	-	57,000
Interest on obligations	-	235,000
Effect of curtailment	-	465,000
	-	757,000

In the prior year, of the expenses recognised, \$235,000,000 [see (c)(ii) below] was included in employee expenses in the income statement and an amount of \$522,000,000 [see (c)(i) below] being curtailment loss, including service costs was shown as pension restructuring income.

(c) Amounts recognised in the income statement

(i) As pension restructuring income

	The Group and the Company	
	2010 \$'000	2009 \$'000
Pension assets [12(a)(iii)]	-	(1,414,000)
Other post retirement benefits [12(b)]	-	522,000
	-	(892,000)

(ii) As employee expenses

	The Group and the Company	
	2010 \$'000	2009 \$'000
Pension assets [12(a)(iii)]	(420,000)	(1,176,000)
Other post retirement benefits [12(b)]	-	235,000
	(420,000)	(941,000)

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$'000's)

12. EMPLOYEE BENEFITS (continued)

(d) Historical information (in millions of dollars)

Defined benefit pension plan

	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000
Present value of the defined benefit obligation	(7,478)	(6,049)	(7,554)	(6,212)	(5,324)
Fair value of plan assets	11,942	10,283	15,039	12,546	10,678
Surplus in plan	4,464	4,234	7,485	6,334	5,354
Experience adjustments on plan liabilities	(866)	(761)	(567)	(636)	(595)
Experience adjustments on plan assets	933	1,786	910	698	(1,285)

- (e) At March 31, 2010, the recognised asset of \$2,974 million represents assets set aside within the plan as a reserve equal to the net present value of the future revised employer contributions under the Defined Contribution Scheme payable by the Company, as part of the restructuring. Consequently, no cash is expected to be remitted to the pension plan to cover the employer's required contribution. The contribution for the next financial year is estimated to be \$186 million.

The unrecognised amount of \$1,490 million (2009: \$1,043 million) represents surplus that the Company has agreed to share 50:50 with the members as part of the restructuring.

13. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash at bank	300,401	596,704	219,417	550,330
Short term deposits	64,189	103,565	62,516	61,386
	364,590	700,269	281,933	611,716

14. ACCOUNTS RECEIVABLE

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade receivables	3,944,250	3,582,284	3,929,369	3,537,419
Allowance for doubtful debts	(419,518)	(520,526)	(419,457)	(519,974)
	3,524,732	3,061,758	3,509,912	3,017,445
Other receivables	429,763	780,957	386,238	740,509
	3,954,495	3,842,715	3,896,150	3,757,954

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$'000's)

14. ACCOUNTS RECEIVABLE (continued)

The aging of trade receivables at the reporting date was:

	The Group			
	2010		2009	
	Gross \$'000	Impairment \$'000	Gross \$'000	Impairment \$'000
Not past due	1,351,553	-	1,241,465	-
Past due 0-30 days	1,753,314	(29,885)	1,170,763	(37,047)
Past due 31-60 days	297,390	(65,373)	587,178	(81,038)
Past due 61-90 days	209,370	(88,648)	229,401	(109,891)
Past due 91-180 days	183,767	(109,036)	195,872	(135,640)
More than 180 days	148,856	(126,576)	157,605	(156,910)
	3,944,250	(419,518)	3,582,284	(520,526)

	The Company			
	2010		2009	
	Gross \$'000	Impairment \$'000	Gross \$'000	Impairment \$'000
Not past due	1,351,553	-	1,216,050	-
Past due 0-30 days	1,739,915	(29,884)	1,170,763	(37,047)
Past due 31-60 days	296,315	(65,373)	577,190	(81,038)
Past due 61-90 days	208,967	(88,648)	221,248	(109,891)
Past due 91-180 days	183,763	(108,975)	194,563	(135,088)
More than 180 days	148,856	(126,577)	157,605	(156,910)
	3,929,369	(419,457)	3,537,419	(519,974)

The movement in allowance for doubtful debt in respect of trade receivables during the year was as follows:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance at beginning of year	520,526	349,649	519,974	349,624
Impairment loss (not used)/recognised	(101,008)	170,877	(100,517)	170,350
Balance at end of year	419,518	520,526	419,457	519,974

Allowance for doubtful debts relate to customers that have defaulted on their contractual payment terms. Based on past experience, the company believes that trade receivables not past due and those past due for which no provision is made, relate to customers that have a good record of payment.

During the year, net bad debt expense aggregating \$354,678,000 (2009: \$461,188,000) has been recognised in the income statement.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

15. DUE FROM/TO RELATED COMPANIES

This represents balances with other Cable & Wireless group companies, principally for telecommunications traffic arising in the ordinary course of business.

16. INVENTORIES

	The Group and the Company	
	2010 \$'000	2009 \$'000
Mobile handsets	156,006	128,445
Other equipment & accessories	155,566	91,299
	311,572	219,744

Inventories are stated net of allowance for impairment of \$Nil (2009: \$73,525,000). During the year, inventory write-off aggregating \$23,147,000 (2009: \$103,498,000) has been recognised in the income statement.

17. SHARE CAPITAL

	The Group and the Company	
	2010 \$'000	2009 \$'000
Authorised: 16,820,000,000 ordinary shares at no par value		
Stated, issued and fully paid: 16,817,439,740 ordinary stock units at no par value	16,817,440	16,817,440

18. RESERVES

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Share-based payment reserve	20,915	20,915	20,915	20,915
Unrealised translation reserve	286,183	277,045	–	–
Employee benefits reserve*	1,982,667	2,127,333	1,982,667	2,127,333
	2,289,765	2,425,293	2,003,582	2,148,248

* This reserve represents the accumulated pension assets credit, net of related taxation.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$'000's)

19. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade payables	2,034,142	2,669,953	2,016,329	2,669,926
Other payables	4,705,097	3,200,460	4,704,815	3,176,990
Customer deposits	364,923	511,417	325,242	463,257
	7,104,162	6,381,830	7,046,386	6,310,173

20. PROVISIONS

	The Group			The Company		
	Restructuring \$'000	Site Restoration \$'000	Total \$'000	Restructuring \$'000	Site Restoration \$'000	Total \$'000
Balance at March 31, 2008	322,766	1,349,017	1,671,783	322,766	1,340,865	1,663,631
Provisions made during the year (note 3)	602,543	36,043	638,586	602,543	27,135	629,678
Provisions used during the year	(783,763)	(120,607)	(904,370)	(783,763)	(116,534)	(900,297)
Unwind of discount	–	82,318	82,318	–	81,117	81,117
Balance at March 31, 2009	141,546	1,346,771	1,488,317	141,546	1,332,583	1,474,129
Provisions made during the year (note 3)	303,330	209,554	512,884	303,330	207,642	510,972
Provisions used during the year	(377,854)	(629,806)	(1,007,660)	(377,854)	(630,327)	(1,008,181)
Unwind of discount	–	190,906	190,906	–	190,906	190,906
Balance at March 31, 2010	67,022	1,117,425	1,184,447	67,022	1,100,804	1,167,826

Provisions relating to site restoration are not expected to crystallise in the next twelve months.

21. LONG-TERM LOAN

	The Group and the Company			
	2010		2009	
	Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Export Development Corporation	466,911	297,605	476,283	302,163
Less: current portion		(16,384)		(16,212)
Non-current portion		281,221		285,951

This is a United States dollar denominated interest free loan guaranteed by the Government of Jamaica maturing in August 2038 with semi-annual principal payments of US\$91,489. At March 31, 2010 the face value of the loan was US\$5,215,000 (2009: US\$5,398,000) which has been re-measured at amortised cost value using an imputed interest rate of 3.3%.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

22. DUE TO OTHER GROUP COMPANIES

	The Group and the Company	
	2010 \$'000	2009 \$'000
Principal	12,911,418	12,075,876
Accrued interest	1,345,974	356,242
	14,257,392	12,432,118

This represents the amount drawn on a \$20 billion uncommitted revolving facility with Cable & Wireless Jamaica Finance (Cayman) Limited. Interest is charged at 100 basis points above the weighted average yield rate applicable to the six month Bank of Jamaica Treasury Bill Tender ('WATBY') held immediately prior to the interest rate reset date. The interest rate is reset semi-annually on May 11 and November 11. The interest rate was reset on November 11, 2009 from 21.17% to 18.04% per annum.

The facility was previously with Cable & Wireless International HQ Limited and was assigned with effect from September 30, 2009. At the date of assignment, the interest rate was 21.17% per annum (2009:14%).

23. DEFERRED TAX LIABILITY/(ASSET)

The net deferred tax liability/(asset) is attributable to temporary differences in recognition of the following:

	The Group and the Company 2010 \$'000			
	Balance at beginning of year	Recognised in other comprehensive income	Recognised in income	Balance at end of year
Employee benefits	1,230,333	(126,667)	(112,333)	991,333
Property, plant & equipment	3,940,988	–	(733,683)	3,207,305
Taxation losses	(3,594,876)	–	(1,551,721)	(5,146,597)
Other	(178,541)	–	(147,647)	(326,188)
	1,397,904	(126,667)	(2,545,384)	(1,274,147)
	2009 \$'000			
	Balance at beginning of year	Recognised in other comprehensive income	Recognised in income	Balance at end of year
Employee benefits	546,667	406,000	277,666	1,230,333
Property, plant & equipment	3,123,363	–	817,625	3,940,988
Taxation losses	(2,574,511)	–	(1,020,365)	(3,594,876)
Other	(34,312)	–	(144,229)	(178,541)
	1,061,207	406,000	(69,303)	1,397,904

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

24. DUE TO SUBSIDIARIES

This represents interest-free long-term loans for which no fixed repayment terms have been determined. The balance includes United States dollar de-nominated loans totalling approximately US\$7,647,000 (2009: US\$7,933,000).

25. FINANCIAL RISK MANAGEMENT

Financial instruments risks

The Company has exposure to credit risk, market risk, and liquidity risk from the use of financial instruments.

Senior management has responsibility for monitoring the company's risk management policies and periodically report to the Board of Directors and the Regional Operating Board on their activities.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed on a regular basis and reflect changes in market conditions and the company's activities. The ultimate parent company, through the internal audit department, has monitoring oversight of the risk management policies.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises primarily from credit given to customers, including related companies, and deposits with financial institutions. Balances arising from those activities are accounts receivable, amounts due from related companies and cash and cash equivalents. The maximum credit exposure is represented by the carrying amount of financial assets in the statement of financial position.

Maximum exposure to credit risk at the reporting date was:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade receivables	3,524,732	3,061,758	3,509,912	3,017,445
Other receivables	429,763	780,957	386,238	740,509
Due from related companies	710,697	668,912	710,697	668,912
Cash and cash equivalents	364,590	700,269	281,933	611,716
	5,029,782	5,211,896	4,888,780	5,038,582

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analysed for creditworthiness prior to being offered credit. There are also comprehensive procedures for the disconnection of services to, and recovery of amounts owed by, defaulting customers. Management has procedures in place to restrict customer service if the customers have not cleared outstanding debts within the credit period. Customers that fail to meet the company's benchmark creditworthiness may transact business with the company on a prepayment basis.

Credit risk is monitored according to each customer's characteristics, such as whether it is an individual or company, its geographic location, industry, aging profile, and previous financial difficulties. Trade receivables relate mainly to the Company's interconnect, mobile and fixed line customers.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

25. FINANCIAL RISK MANAGEMENT (continued)

Financial instruments risks (continued)

(i) Credit risk (continued)

Trade receivables (continued)

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables.

The Company's average credit period on the sale of services is 30 days. Allowances for impaired trade receivables are recognised based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

Due from related companies

Related party transactions are pre-authorised and approved by management during the budgetary process.

Cash and cash equivalents

Cash and cash equivalents are placed with counter-parties who are believed to have minimal risk of default.

(ii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on assets.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company's policy requires management to manage the maturities of interest bearing financial assets.

The interest rate profile of the financial liabilities of the Group, at statement of financial position date was as follows:

The Group			
Currency	Fixed rate financial liabilities \$'000	Financial liabilities on which no interest is paid \$'000	Total \$'000
2010			
US\$	39,681	336,835	376,516
Jamaica\$	13,236,840	8,292,884	21,529,724
	13,276,521	8,629,719	21,906,240
2009			
US\$	47,160	635,519	682,679
Jamaica\$	12,426,915	5,763,895	18,190,810
	12,474,075	6,399,414	18,873,489

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

25 FINANCIAL RISK MANAGEMENT (continued)

Financial instruments risks (continued)

(ii) Market risk (continued)

(a) Interest rate risk (continued)

The Company			
Currency	Fixed rate financial liabilities \$'000	Financial liabilities on which no interest is paid \$'000	Total \$'000
2010			
US\$	–	1,060,941	1,060,941
Jamaica\$	13,236,840	20,219,693	33,456,533
	13,236,840	21,280,634	34,517,474
2009			
US\$	–	1,635,519	1,635,519
Jamaica\$	12,426,915	17,418,211	29,845,126
	12,426,915	19,053,730	31,480,645

Financial liabilities on which no interest is paid [see note 21] comprise a loan from Export Development Corporation, accounts payable and amounts owed (from)/to the ultimate parent company in the normal course of business.

The maturity profiles of the company's fixed rate financial liabilities are disclosed in notes 21, 22 and 26(iii).

There are no material long-term floating rate financial assets. Surplus cash is invested in UK pound sterling (UK£), US dollar (US\$) and Jamaica dollar (\$) money market deposits for short periods ranging between one and three months.

Interest rate sensitivity

The company does not account for any fixed rate financial assets and liabilities at fair value. Therefore a change in the interest rates at the reporting date would not affect the reported loss or equity for the year.

(b) Foreign currency risk

The Company incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the Jamaican dollar. The principal foreign currency risks of the company, represented by balances in the respective currencies, are as follows:

The table below shows the Group's and Company's foreign currency exposure, at statement of financial position date.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

25. FINANCIAL RISK MANAGEMENT (continued)

Financial instruments risks (continued)

(ii) Market risk (continued)

(b) Foreign currency risk continued

	The Group		The Company	
	Net foreign currency monetary liabilities		Net foreign currency monetary liabilities	
	UK£	US\$	UK£	US\$
	'000	'000	'000	'000
	2010			
Accounts payable	–	(23,904)	–	(23,259)
Accounts receivable	–	9,156	–	8,441
Cash and bank deposits	7	1,181	7	1,181
Long-term loan	–	(3,324)	–	(3,324)
	7	(16,891)	7	(16,961)
	2009			
Accounts payable	–	(18,355)	–	(17,623)
Accounts receivable	–	8,435	–	7,477
Cash and bank deposits	410	2,859	410	2,859
Long-term loan	–	(3,402)	–	(3,402)
	410	(10,463)	410	(10,689)

Sensitivity analysis

Exchange rates, in terms of Jamaican dollars which is the Company's principal intervening currency, were as follows:

	UK£	US\$
At May 26, 2010	126.65	88.67
At March 31, 2010	137.65	89.54
At March 31, 2009	129.02	88.82

For 2010, a 5% strengthening/weakening of UK£ and the United States dollar against the Jamaican dollar would have increased/(decreased) loss by \$75,573,000 respectively for the Group and \$75,886,000 respectively for the Company.

For 2009, a 10% strengthening of UK£ and US\$ against the Jamaican dollar would have increased the loss by \$87,643,000 for the Group and \$89,651,000 for the Company and 2% weakening of UK£ and US\$ against the Jamaica dollar would have decreased the loss by \$17,528,000 for the Group and \$17,930,000 for the Company. This analysis assumes that all other variables, in particular interest rates, remain constant.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

25. FINANCIAL RISK MANAGEMENT (continued)

Financial instruments risks (continued)

(iii) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at or close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and ensuring the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping lines of funding available with relevant suppliers, bankers and related parties, sourcing appropriate currency holdings to match liabilities and pursuing prompt payment policies.

The following are the contractual maturities of financial liabilities, including interest payments as at the reporting date:

The Group

	Carrying amount \$'000	Contractual cash flows \$'000	0-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
March 31, 2010						
Trade and other payables	7,104,162	7,145,216	7,145,216	–	–	–
Provisions	67,022	67,022	67,022	–	–	–
Due to related companies - current	180,059	180,059	180,059	–	–	–
Due to other group company	14,257,392	22,027,671	1,554,056	1,554,056	4,662,167	14,257,392
Long-term loan	297,605	466,911	16,385	16,385	49,155	384,986
	21,906,240	29,886,879	8,962,738	1,570,441	4,711,322	14,642,378
March 31, 2009						
Trade and other payables	6,381,830	6,405,701	6,405,701	–	–	–
Provisions	141,546	141,546	141,546	–	–	–
Due to related companies	102,923	102,923	102,923	–	–	–
Due to ultimate parent company	12,432,118	22,999,126	1,672,303	1,906,426	7,475,370	11,945,027
Long-term loan	302,163	478,240	16,212	16,212	48,636	397,180
	19,360,580	30,127,536	8,338,685	1,922,638	7,524,006	12,342,207

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

25. FINANCIAL RISK MANAGEMENT (continued)

Financial instruments risks (continued)

(iii) Liquidity risk (continued)

The Company						
	Carrying amount \$'000	Contractual cash flows \$'000	0-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
March 31, 2010						
Trade and other payables	7,046,386	7,082,976	7,082,976	-	-	-
Provisions	67,022	67,022	67,022	-	-	-
Due to related companies						
- current	180,059	180,059	180,059	-	-	-
Due to other group company	14,257,392	22,027,671	1,554,056	1,554,056	4,662,167	14,257,392
Long-term loan	297,605	466,911	16,385	16,385	49,155	384,986
	21,848,464	29,824,639	8,900,498	1,570,441	4,711,322	14,642,378
March 31, 2009						
Trade and other payables	6,310,173	6,334,044	6,334,044	-	-	-
Provisions	141,546	141,546	141,546	-	-	-
Due to related companies	102,923	102,923	102,923	-	-	-
Due to ultimate parent company	12,432,118	22,999,126	1,672,303	1,906,426	7,475,370	11,945,027
Long-term loan	302,163	478,240	16,212	16,212	48,636	397,180
	19,288,923	30,055,879	8,267,028	1,922,638	7,524,006	12,342,207

Management believes that the Company will not encounter significant difficulties in meeting its financial liabilities.

(iv) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders. The Regional Operating Board, the Board of Directors together with responsible senior management of the ultimate parent company monitors the return on capital. The objective is to maintain a strong capital base so as to sustain the solvency and future development of the business. There were no changes in the Company's approach to capital management during the year. Also, the Company is not exposed to any externally imposed capital requirements.

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value reflected in the financial statements for cash and cash equivalents, accounts receivable, other financial assets and other financial liabilities are assumed to approximate to their fair values due to their short-term nature. Amounts due to/from related companies are considered to approximate their carrying value as they represent an ability to effect set-offs in future in the amounts disclosed. Long-term assets and liabilities are carried at their contracted settlement value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement. The Company does not have any material assets and liabilities carried at fair value.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

27. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

At March 31, 2010, commitments for capital expenditure, for which no provision has been made in these financial statements, were as follows:

	The Group and the Company	
	2010 \$'000	2009 \$'000
Commitments in respect of contracts placed	358,031	370,393

(b) Lease commitments

Unexpired commitments under operating leases for cell sites, motor vehicles and equipment are payable as follows:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Within 1 year	415,863	482,188	398,489	465,000
From 1-2 years	412,522	533,765	395,148	465,000
From 2-3 years	392,473	465,000	375,099	465,000
From 3-4 years	390,565	465,000	376,993	465,000
From 4-5 years	378,793	467,525	376,241	465,000
Over 5 years	468,964	465,000	468,964	465,000
	2,459,180	2,878,478	2,390,934	2,790,000

Lease payments under these operating leases recognised in the income statement for the year aggregated approximately \$482 million (2009: \$475 million) for the Group and \$465 million (2009: \$458 million) for the Company.

(c) Contingent liabilities

Legal cases:

- (i) A suit has been filed by Mossel (Jamaica) Limited against the Company for \$155,000,000 relating to transit charges. The trial commenced in November 2009 and has been part heard for the parties' submissions.
- (ii) A suit has been brought against the Company by Newgen Technologies Limited for US\$13,011,873. The plaintiff is claiming that the Company has abused its dominance in the market for fixed line termination services. An appearance was entered and defence was prepared and filed.
- (iii) A suit has been filed by Mossel (Jamaica) Limited against the Company for \$349,306,750 plus, \$1,306,655,813 claiming bad debt retained by the Company under the interconnection agreement and in respect to the Company's "Homefone" service. The Company has filed its defence on the matter.
- (iv) A suit has been brought against the Company by Columbus Communications Jamaica Limited (Flow) for US\$6 million for claims in respect of backhaul facilities provided to facilitate agreements with affiliates of Flow. The Company has filed its defence.

No provision has been made in respect of these items, as based on the legal and other advice, management is of the view that no liability will materialise with regard to the issues mentioned.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Jamaica \$000's)

28. SEGMENT INFORMATION

The group is an integrated telecommunications service provider offering mobile, fixed line, data and other services to residential and business customers. Fixed lines services include provision of land lines to facilitate local and international calls. Mobile services include postpaid and prepaid voice and data services, sales and service of handsets and value added services including LIME 3G. Broadband, data and other services consist of broadband (ADSL), Metro Ethernet (fiber service), frame and leased type services, hosting and storage services, as well as equipment sales and service.

Based on the information presented to and reviewed by the CODM, the entire operations of the company are considered as one operating segment.

Financial information related to the operating segment results from continuing operations for the two years ended March 31, 2010, can be found in the Group Income Statement and related notes. There are no differences in the measurement of the reportable segment results and the Group's results.

Details of the segment assets and liabilities for the two years ended March 31, 2010 can be found in the Group's Statement of Financial Position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the Group's assets and liabilities.

Entity-wide disclosures:

The revenue for continuing operations from external customers can be analysed by product as follows:

	2010 \$'000	2009 \$'000
Mobile	4,898,762	4,920,922
Fixed line	11,221,012	12,546,376
Broadband, data & other	5,926,394	4,525,559
	22,046,168	21,992,857

Revenue for continuing operations from external customers is grouped according to where the telecommunications services were provided. All external customer revenue is derived from within Jamaica.

The group does not have any customers from which revenue exceeds 10% of Group revenue.

Board of Directors



CHRISTOPHER DEHRING Chairman

Chris Dehring was appointed Chief Marketing Officer of LIME Caribbean and Chairman of LIME Jamaica in 2009. Prior to joining LIME he served as CEO of the ICC Cricket World Cup 2007, leading the team that staged the biggest sporting event ever held in the Caribbean. Chris is very well known in both local and regional financial communities as he was a founding partner and CEO of Dehring Bunting & Golding Ltd., one of the Caribbean's most successful investment banks. He also served as Chief Marketing Officer for the West Indies Cricket Board (WICB) and in that capacity he successfully restructured the organisation's global commercial operations, negotiating record, multi-million dollar broadcast, sponsorship and licensing deals and growing revenues to support the development of regional cricket. A graduate of West Virginia Wesleyan College with a BSc. in Marketing and Economics, Chris was the recipient of the Wall Street Journal Student Achievement Award in Economics.



GEOFF HOUSTON Managing Director

Geoff Houston has been in the telecommunications business for more than 20 years. He joined Cable & Wireless Jamaica in May 2008, serving as Chief Operating Officer, and following the rebranding of C&W's business across the Caribbean as LIME, he was appointed Executive Vice President and Country Manager for Jamaica in January 2009. In January 2010 LIME's Cayman business was added to Geoff's portfolio and he now serves as Managing Director for Jamaica and Cayman. Geoff has been with the C&W Group for the past 18 years serving in a number of executive positions including CEO of the highly successful C&W Channel Islands and Isle of Man businesses and C&W's operations in the Seychelles. He was instrumental in setting up the company's mobile network in South Africa, spent time in Hong Kong working on mobile operations in Asia and has driven start-ups in Panama and Kuwait. He has an MBA from Henley and is married with four children.



ANDREW COCKING

Mr. Andrew Cocking joined the Board of Cable & Wireless Jamaica in 2001. He is the Deputy Group President of the Capital & Credit Financial Group and Managing Director of Capital & Credit Remittance Limited and Express Remittance Services Cayman Limited. He was the joint recipient of The Caribbean Entrepreneur of the Year Award in the Financial Services in 2000, and is a Past President of the Association of Licensed Financial Institutions. As an Investment Banker, Mr. Cocking has held several senior management positions in international and local merchant banks since 1985 after serving in technical positions in private sector firms and government in the United States. Mr. Cocking holds a Master's Degree in Management and Public Policy from Carnegie-Mellon University and is a Civil Engineer by training with a B.Sc. Degree from Howard University.



MARK KERR-JARRETT, J.P.

Mr. Mark Kerr-Jarrett, J.P., has been the Managing Director of the Barnett Group of Companies since 1989 and is actively involved in Land Development, Construction Services, Tourism and Farming. He sits on the Boards of Guardian Asset Management (Ja.) Ltd, the Greater Montego Bay Re-development Company Limited, National Works Agency and the Housing Agency of Jamaica Ltd. He is also Deputy Chairman of the Tourism Product Development Co. Ltd, Chairman of the St. James Parish Development Committee as well as Vice Chairman of the St. James Local Public Accounts Committee. He studied at Cheltenham College, Georgia Institute of Technology, and Virginia Institute of Technology where he pursued his qualifications in mechanical engineering before returning to Jamaica. Mr. Kerr-Jarrett has wide and varied interests within Jamaica and is a former President of the Montego Bay Chamber of Commerce, as well as a Director of Trumpet Call Ministries International. Mr. Kerr-Jarrett is married with two children.



KEN MCFADYEN

Ken McFayden is Chief Operating Officer of the Cable & Wireless Communications (CWC) Group, having joined the company in January 2008. Ken was previously with global professional services firm Alvarez & Marsal where he was a Senior Director responsible for business development and delivery of corporate re-structuring services. He was previously with Cable & Wireless UK as Business Transformation Director, where he was responsible for the integration of Energis into Cable & Wireless. Ken was a member of the Energis executive team, having joined as IT Director and subsequently becoming Service Delivery Director. Prior to this Ken's career had embraced line Finance roles and managing consulting. He was a Partner in Ernst & Young Consulting, and has worked on performance improvement initiatives across a range of industries globally. Ken is a Fellow of the UK Chartered Institute of Management Accountants.



HON. PATRICK ROUSSEAU, OJ

Hon. Patrick Rousseau, OJ is an Attorney-at-Law and Consultant in-house with the Law Firm Myers, Fletcher & Gordon. Mr. Rousseau joined the Board of Directors of Cable & Wireless Jamaica in 1998. He has served as Director and Chairman of several boards including Red Stripe Jamaica Ltd, Life of Jamaica Ltd., Carib Cement Company Ltd., United Motors Limited, the West Indies Cricket Board, Caymanas Track Limited and SportsMax Limited. In 1976 Mr. Rousseau received the Order of Jamaica from the Government of Jamaica for distinguished work in the Bauxite Industry.



DAVID SHAW

David Shaw is the Chief Executive Officer of LIME Caribbean, having been appointed to that post on August 1, 2009. After studying communication and electronic engineering, David started his career as an engineer. From engineering he moved into various sales, commercial and market management roles, running progressively bigger roles. Upon joining Energis, David was part of the Board that led its successful turnaround, resulting in its sale to Cable & Wireless. As the Chief Commercial Officer of Cable & Wireless Europe Asia and the United States of America (EAUS), he was accountable for worldwide sales, marketing, service and commercial activities. He was a key part of the Board that successfully led the first two phases of the EAUS turnaround. Having worked in the UK, United States of America, Europe, India and the Far East, David brings to LIME the benefit of his extensive international knowledge and experience.



CAMILLE FACEY Corporate Secretary

Camille Facey is an Attorney-at-Law with over 20 years experience in commercial and business law. She joined the company in 2001 as a Senior Vice President with responsibility for the Legal, Regulatory & Public Policy Division and in 2004 was also appointed Corporate Secretary. Effective November, 2008 she was appointed Regional Vice President with responsibility for Legal, Regulatory & Corporate Affairs in Jamaica, Cayman, BVI and Turks & Caicos Islands. Possessing a strong sense of social responsibility, she has over the years served in a number of honorary positions such as Vice Chairman of the Caribbean Association of National Telecommunication Organizations (CANTO), Director and Honorary Secretary of the National Development Foundation of Jamaica, Director of National Foundation for Development of Science and Technology and as a member of the Board of Trustees of Caribbean & Central American Action (CCAA). She has served as Deputy Chairman of the Cable & Wireless Jamaica Foundation since its inception in 2004, is currently a Director of the Arts Foundation of the Edna Manley College and a member of the International Women's Forum.

Company Information

EXECUTIVE MANAGEMENT TEAM

Geoff Houston
Managing Director

Trudie Bent-Williams
Head of Sales Performance & Planning

Edward Gabbidon
Vice President, Corporate and Small & Medium
Enterprise Sales

Bob Gill
Vice President, Retail Channel

Patrick Gillings
Vice President, Advertising and Promotions

Howard Mollison
Vice President, Service Delivery

REGIONAL LIME EXECUTIVES ASSIGNED TO JAMAICA EXECUTIVE MANAGEMENT TEAM

Austin Brown
Head of Technology Operations

Nicola Ellis-Duncan
Head of Human Resources – Jamaica

Camille Facey
Vice President Legal Regulatory & Corporate
Affairs, Jamaica, BVI, TCI and Cayman

Derrick Nelson
Vice President, Carriers & Service Providers,
Caribbean

Camille Taylor
Corporate Communications Manager – Jamaica

Joan Whitehead
Vice President – Customer Service Assurance

Grace Wyatt
Vice President, Finance – Jamaica

REGISTERED OFFICE

2-6 Carlton Crescent
Kingston 10, Jamaica
Telephone: 926-9700
Fax No. 968-9696
website: www.time4lime.com

REGISTRAR & TRANSFER AGENT

Duke Corporation
Scotia Bank Centre
Corner Duke & Port Royal Streets
Kingston, Jamaica

AUDITORS

KPMG
6 Duke Street
Kingston, Jamaica

BANKERS

The Bank of Nova Scotia Jamaica Ltd.
National Commercial Bank Jamaica Ltd.
Citibank N. A.

ATTORNEYS-AT-LAW

Myers Fletcher & Gordon
21 East Street
Kingston

Grant Stewart Phillips & Company
11a Swallowfield Road
Kingston 5

6.37 p.m. Mia Neckles colours a picture to show her mother on the web-cam while she's away on business in New York...



Notes

CABLE & WIRELESS JAMAICA LIMITED

Proxy Form

I/We
 of
 being a member/members of the above-named company, hereby appoint

 of
 or failing him
 of
 as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on Thursday,
 16 September 2010, and at any adjournment thereof.

I/We desire this form to be used for/against the resolutions, as indicated below.

Please indicate by inserting X in the spaces below how you wish your votes to be cast. If no indication is given, your proxy will vote for or against each resolution or abstain as he thinks fit.

RESOLUTIONS

For text of resolutions please refer to Notice of Meeting

RESOLUTION	FOR	AGAINST
1		
2 (a)		
2 (b)		
2 (c)		
3		
4		

Dated this.....day of.....2010

.....
 Signature

.....
 Signature

NOTE: TO BE VALID

1. This form must be received by the Registrar of the Company, Duke Corporation Limited, Penthouse, Scotia Bank Centre, Corner Duke & Port Royal Streets, Kingston, Jamaica by 3:00 p.m. on Tuesday, September 14th, 2010.
2. If the appointer is a corporation, this form must be under its Common Seal in accordance with its Articles of Association.
3. A \$100.00 stamp is to be affixed in the space provided.

STAMP
\$100

