

Cable & Wireless Jamaica Limited
Unaudited Consolidated Financial Statements
For The Quarter Ended September 30, 2010

The Board of Directors of Cable & Wireless Jamaica Limited ("the Company") releases the unaudited consolidated results of the Company, Jamaica Digiport International Limited (JDI), and other subsidiaries, (collectively referred to as "the Group"), for the quarter ended September 30, 2010.

Results:

Revenue for the quarter was J\$4,718m compared with J\$5,014m for the quarter ended September 30, 2009. Increases in international voice, data and other revenues were offset by declines in domestic voice and mobile revenues.

Gross Margin for the quarter was J\$3,095m compared with J\$3,225m for the same period in 2009 and the gross margin percentage was up by one percentage point at 65% compared to 64% in 2009.

Total Operating Expenses (excluding depreciation & amortisation) was J\$2,292m compared to J\$2,239m for the same quarter in the previous year. Increases in employee costs resulting from retroactive union agreements were offset by reductions in network, insurance and other administrative costs during the period.

Depreciation & Amortisation charges were J\$1,081m for the quarter compared with J\$2,023m for the same quarter in the previous year. The decrease reflects a one-off adjustment of J\$1,205m in September 2009 as a result of the review of the useful economic lives of the asset base and the continuing transformation of the core networks.

Operating Loss before restructuring costs was J\$279m compared with J\$1,037m for the same quarter in the previous year which had additional depreciation and obsolescence charges arising from changes to the estimated useful lives of the asset base.

Net Finance Costs for the quarter declined to J\$449m compared with J\$816m for the same quarter in the previous year. Net borrowings increased by J\$1,663m but interest rates declined significantly as a result of the Jamaica Debt Exchange (JDX).

Net Loss attributable to stockholders was J\$549m compared with J\$1,335m for the quarter ended September 30, 2009.

Outlook:

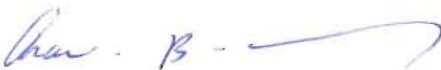
The economic recession and the highly competitive environment continue to have an adverse impact on the Company's trading results. The Company however continues to invest significantly in the mobile and broadband networks to improve service delivery and customer service islandwide.

The Company is in the process of exploratory talks with a global service provider to examine the feasibility of the sale or disposition of that part of the business comprised of its field service operations. The talks are geared at examining opportunities to achieve cost savings and improved customer service.

On behalf of the Board



Chris Dehring
Chairman



Andrew Cocking
Director

Cable & Wireless Jamaica Limited
Group Income Statement
Quarter ended September 30, 2010
JS000's

	<u>3 months to Sept. 30, 2010</u>	<u>3 months to Sept. 30, 2009</u>	<u>6 months to Sept. 30, 2010</u>	<u>6 months to Sept. 30, 2009</u>
Revenue	4,718,347	5,013,826	9,406,056	10,408,413
Outpayments	(1,352,178)	(1,289,958)	(2,672,808)	(2,774,003)
Other cost of sales	(271,643)	(498,390)	(590,504)	(730,059)
Total Cost of Sales	<u>(1,623,821)</u>	<u>(1,788,348)</u>	<u>(3,263,312)</u>	<u>(3,504,062)</u>
Gross Margin	3,094,526	3,225,478	6,142,744	6,904,351
Employee expenses	(886,255)	(731,150)	(1,742,170)	(1,477,185)
Administrative, marketing, and selling expenses	(1,405,977)	(1,508,109)	(2,757,572)	(3,657,127)
Depreciation and amortisation	(1,081,127)	(2,023,186)	(2,137,856)	(2,774,205)
Total Operating Expenses	<u>(3,373,359)</u>	<u>(4,262,445)</u>	<u>(6,637,598)</u>	<u>(7,908,517)</u>
Operating loss before restructuring costs	(278,833)	(1,036,967)	(494,854)	(1,004,166)
Restructuring costs	-	(33,698)	-	(231,392)
Operating loss before net finance costs	(278,833)	(1,070,665)	(494,854)	(1,235,558)
Net finance costs				
Foreign exchange (losses)/gains	(15,314)	10,975	(126,216)	29,817
Other finance costs	(439,925)	(832,933)	(944,109)	(1,464,477)
Finance income	6,231	5,878	22,330	10,157
	<u>(449,008)</u>	<u>(816,080)</u>	<u>(1,047,995)</u>	<u>(1,424,503)</u>
Other income	2,470	42,780	3,327	56,475
Loss before taxation	(725,371)	(1,843,965)	(1,539,522)	(2,603,586)
Taxation	176,324	508,852	394,814	764,863
Loss attributable to stockholders	<u>(549,047)</u>	<u>(1,335,113)</u>	<u>(1,144,708)</u>	<u>(1,838,723)</u>
Loss per stock unit	(3.26¢)	(7.94¢)	(6.81¢)	(10.93¢)

Cable & Wireless Jamaica Limited
Group Statement of Comprehensive Income
Quarter ended September 30, 2010
JS000's

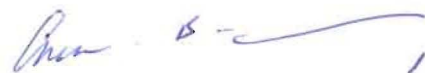
	<u>Sept. 30, 2010</u>	<u>March 31, 2010</u>	<u>Sept. 30, 2009</u>
Loss for the period	<u>(1,144,708)</u>	<u>(3,388,191)</u>	<u>(1,838,723)</u>
Other comprehensive (loss)/income for the period:			
Unrealised translation adjustments on consolidation	(31,232)	9,138	4,118
Actuarial gains/(losses) recognised directly in equity	<u>71,786</u>	<u>(200,043)</u>	<u>180,095</u>
	40,554	(190,905)	184,213
Deferred taxes on employee benefits	<u>-</u>	<u>126,667</u>	<u>-</u>
Total other comprehensive income/(loss) for the period, net of tax	40,554	(64,238)	184,213
	<u>40,554</u>	<u>(64,238)</u>	<u>184,213</u>
Total comprehensive loss for the period	<u><u>(1,104,154)</u></u>	<u><u>(3,452,429)</u></u>	<u><u>(1,654,510)</u></u>

Cable & Wireless Jamaica Limited
Group Statement of Financial Position
Quarter ended September 30, 2010
JS000's

	<u>Sept. 30, 2010</u>	<u>March 31, 2010</u>	<u>Sept. 30, 2009</u>
Property, plant & equipment	23,673,052	24,059,289	25,727,534
Intangible asset	294,494	330,744	455,310
Deferred expenditure	81,238	40,660	32,653
Net investment in finance leases	112,410	200,928	-
Employee benefits assets	3,142,000	2,974,000	3,360,912
Deferred tax asset	1,795,912	1,274,147	-
Total non-current assets	<u>29,099,106</u>	<u>28,879,768</u>	<u>29,576,409</u>
Cash & cash equivalents	514,487	364,590	570,768
Accounts receivable	3,012,793	3,954,495	2,846,566
Prepaid expenses	1,087,803	437,765	1,604,208
Due from related companies	1,089,446	710,697	272,250
Taxation recoverable	109,149	109,214	95,854
Inventories	322,295	311,572	117,808
Current portion of net investment in finance leases	59,033	-	-
Current portion of deferred expenditure	251,335	190,551	180,647
Total current assets	<u>6,446,341</u>	<u>6,078,884</u>	<u>5,688,101</u>
TOTAL ASSETS	<u>35,545,447</u>	<u>34,958,652</u>	<u>35,264,510</u>
Share capital	16,817,440	16,817,440	16,817,440
Reserves	2,258,533	2,289,765	2,429,412
Accumulated deficit	(8,245,140)	(7,172,218)	(5,513,945)
TOTAL EQUITY	<u>10,830,833</u>	<u>11,934,987</u>	<u>13,732,907</u>
Trade and other accounts payable	6,469,315	7,104,162	5,521,247
Provisions	32,355	67,022	15,779
Current portion of long term loan	15,746	16,384	16,302
Due to related companies	173,750	180,059	171,375
Total current liabilities	<u>6,691,166</u>	<u>7,367,627</u>	<u>5,724,703</u>
Provisions	980,223	1,117,425	1,317,416
Long term loan	255,820	281,221	283,534
Due to other group company	16,787,405	14,257,392	13,682,406
Deferred tax liability	-	-	523,544
Total non-current liabilities	<u>18,023,448</u>	<u>15,656,038</u>	<u>15,806,900</u>
TOTAL LIABILITIES	<u>24,714,614</u>	<u>23,023,665</u>	<u>21,531,603</u>
TOTAL EQUITY & LIABILITIES	<u>35,545,447</u>	<u>34,958,652</u>	<u>35,264,510</u>



Chris Dehring
Chairman



Andrew Cocking
Director

Cable & Wireless Jamaica Limited
Group Statement of Changes in Stockholders' Equity
Quarter ended September 30, 2010
JS000's

	<u>Share Capital</u>	<u>Reserves</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balances at April 1, 2009	16,817,440	2,425,293	(3,855,317)	15,387,416
Loss for the period	-	-	(1,838,723)	(1,838,723)
Other comprehensive income:				
Unrealised translation adjustments on consolidation	-	4,118	-	4,118
Actuarial gains, net of tax	-	-	180,095	180,095
Total other comprehensive income/(loss) for the period	-	4,118	(1,658,628)	(1,654,510)
Balances at September 30, 2009	<u>16,817,440</u>	<u>2,429,411</u>	<u>(5,513,945)</u>	<u>13,732,906</u>
Balances at April 1, 2009	16,817,440	2,425,293	(3,855,317)	15,387,416
Loss for the year	-	-	(3,388,191)	(3,388,191)
Other comprehensive income/(loss):				
Unrealised translation adjustments on consolidation	-	9,138	-	9,138
Actuarial losses, net of tax	-	-	(73,376)	(73,376)
Total other comprehensive income/(loss) 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	<u>16,817,440</u>	<u>2,289,765</u>	<u>(7,172,218)</u>	<u>11,934,987</u>
Loss for the period	-	-	(1,144,708)	(1,144,708)
Other comprehensive (loss)/income:				
Unrealised translation adjustments on consolidation	-	(31,232)	-	(31,232)
Actuarial gains, net of tax	-	-	71,786	71,786
Balances at September 30, 2010	<u>16,817,440</u>	<u>2,258,533</u>	<u>(8,245,140)</u>	<u>10,830,833</u>

Cable & Wireless Jamaica Limited
Group Statement of Cashflows
Quarter ended September 30, 2010
JS000's

	Six months to Sept. 30, 2010	12 months to March 31, 2010	Six months to Sept. 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	(1,144,708)	(3,388,191)	(1,838,723)
Adjustments for:			
Unrealised translation (gains)/losses on long-term loan	(18,162)	5,047	3,012
Employee benefits, net	(96,214)	16,957	(169,912)
Depreciation and amortisation	2,137,856	7,016,464	2,774,205
Taxation	(394,814)	(2,282,433)	(764,863)
Loss/(gain) on disposal of property, plant and equipment and intangible assets	-	64,022	(13,695)
Interest earned	(22,330)	(40,780)	(10,157)
Interest expense	944,109	2,914,317	1,464,477
Provisions	(137,202)	431,812	(29,355)
Cash generated before changes in working capital	<u>1,268,535</u>	<u>4,737,215</u>	<u>1,414,989</u>
Accounts receivable	941,702	(111,648)	998,254
Prepaid expenses	(650,038)	3,335	(1,163,108)
Due from related companies	(378,749)	(41,785)	(90,429)
Inventories	(10,723)	(91,828)	101,936
Deferred Expenditure	(101,362)	27,050	123,429
Trade and other accounts payable	(750,829)	606,799	(1,094,105)
Provisions	(34,667)	(74,524)	(125,767)
Due to related companies	(6,309)	77,136	68,452
Cash generated from operations	<u>277,560</u>	<u>5,131,750</u>	<u>233,651</u>
Income tax Paid	(126,886)	(268,440)	-
Net cash provided by operating activities	<u>150,674</u>	<u>4,863,310</u>	<u>233,651</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property plant & equipment and intangible assets	(1,715,369)	(4,064,732)	(876,409)
Net investment in finance leases	29,485	(200,928)	-
Interest received	22,330	40,648	8,052
Net cash used by investing activities	<u>(1,663,554)</u>	<u>(4,225,012)</u>	<u>(868,357)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised translation adjustment on consolidation	(31,232)	9,138	4,118
(Decrease)/increase in loan	(7,877)	(9,605)	(5,338)
Interest paid	(828,128)	(2,798,784)	(1,230,954)
Due to other group company	2,530,013	1,825,274	1,737,379
Net cash provided/(used) by financing activities	<u>1,662,776</u>	<u>(973,977)</u>	<u>505,205</u>
Net increase/(decrease) in cash and cash equivalents	149,896	(335,679)	(129,501)
Cash and cash equivalents at beginning of period	<u>364,590</u>	<u>700,269</u>	<u>700,269</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>514,487</u>	<u>364,590</u>	<u>570,768</u>

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
Quarter ended September 30, 2010

1. Reporting entity

Cable & Wireless Jamaica Limited 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 interim consolidated financial statements of the Group as at and for the six months ended September 30, 2010 comprise the Company and its subsidiaries (together referred to as the Group). The consolidated financial statements of the Group as at and for the year ended March 31, 2010 are available upon request from the Company's registered office.

2. Statement of compliance

These consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended March 31, 2010.

3. Basis of preparation

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

4. Significant accounting policies and principles

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended March 31, 2010, with the exception of new and revised accounting Standards and Interpretations effective from April 1, 2010 and the specific requirements of IAS 34.

During the period, the Group adopted Revised IFRS 3 *Business Combinations* and Revised IAS 27 *Consolidated and Separate Financial Statements*. The Revised IFRS is applicable prospectively to business combinations and has not had an effect on the Group during the period. The Revised IAS is consistent with current Group policy. Further, the Group adopted IFRIC 18 *Transfers of Assets from Customers* and a number of other accounting policies during the period. There was no material effect on the Group from the adoption of these policies.

Income tax expense in the interim period is based on our best estimate of the weighted average annual income tax rate expected for the full financial year.

(a) Seasonality and cyclicity

There is no significant seasonality or cyclicity affecting the interim results of the operations.

(b) 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 period 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 were the same as those that applied to the consolidated financial statements as at and for the year ended March 31, 2010.

4. Significant accounting policies and principles (continued)

(c) 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.

Site restoration:

The Group has contractual obligations to dismantle and restore leased 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 to adjust for the risks specific to the 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) Employee benefits

Employee benefits, comprising pensions and other post-employment assets and obligations included in these interim 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.

(e) 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 Chief Operating Decision Maker (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 periods ended September 30, 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 periods ended September 30, 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.

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
Quarter ended September 30, 2010

4. Significant accounting policies and principles (continued)

(e) Segment information (continued)

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.

Entity-wide disclosures:

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

	<u>3 months to</u> <u>Sept. 30, 2010</u> \$'000	<u>3 months to</u> <u>Sept. 30, 2009</u> \$'000	<u>6 months to</u> <u>Sept. 30, 2010</u> \$'000	<u>6 months to</u> <u>Sept. 30, 2009</u> \$'000
Mobile	1,058,429	1,099,002	2,135,947	2,587,295
Fixed line	2,591,295	2,889,266	5,165,981	5,727,668
Broadband, data & other	<u>1,068,623</u>	<u>1,025,558</u>	<u>2,104,128</u>	<u>2,093,450</u>
	<u>4,718,347</u>	<u>5,013,826</u>	<u>9,406,056</u>	<u>10,408,413</u>

5. Related parties

The nature of the related party transactions of the Group has not changed from those described in the Group's consolidated financial statements for the year ended March 31, 2010. There were significant movements in the amounts due to other Group Company as outlined below:

Due to other Group Company:

	<u>The Group and the Company</u>	
	<u>September</u> <u>2010</u> \$'000	<u>March</u> <u>2010</u> \$'000
Principal	14,574,633	12,911,418
Accrued interest	<u>2,212,772</u>	<u>1,345,974</u>
	<u>16,787,405</u>	<u>14,257,392</u>

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 May 11, 2010 from 18.04% to 10.99% per annum.

6. Loss per stock unit

The calculation of loss per stock unit is based on 16,817,439,740 (March 31, 2010: 16,817,439,740) issued and fully paid ordinary stock units.

7. Subsequent events

The Company is in the process of exploratory talks with a global service provider to examine the feasibility of the sale or disposition of that part of the business comprised of its field service operations.

Except for the above-mentioned event, no material events have occurred between September 30, 2010 and the date of approval of these financial statements by the Board of Directors.