

**Cable & Wireless Jamaica Limited**  
**Unaudited Consolidated Financial Statements**  
**For the quarter ended June 30, 2011**

The Board of Directors of Cable & Wireless Jamaica Limited ("The Company") releases the unaudited consolidated results of the Company, Jamaica Digiport International Limited (JDI), and other subsidiaries, (collectively referred to as "CWJ"), for the quarter ended June 30, 2011.

**Highlights:**

Trading remained challenging during the quarter under review, despite the implementation of revenue enhancing and cost management initiatives that are expected to achieve forecasted results during this financial year. Some of the key highlights for the quarter were:

- The Company signed an MOU with a Government agency for the execution of a multi-million dollar project to provide internet services to 283 educational institutions across the island
- The opening of the 100<sup>th</sup> retail store
- ARPUs increased for mobile, fixed line and broadband by 7%, 3% and 14% respectively
- Mobile revenue and gross margin increased by 1% and 46% respectively over the same quarter in 2010
- Increased postpaid mobile subscriber base and improved retention and churn management of postpaid mobile customers

**Garfield Sinclair, Managing Director of Cable & Wireless Jamaica Limited, commenting on the results, said:**

*"The quarter under review provided mixed results as the business begins to re-position itself as the island's only full service provider. Our mobile business showed encouraging signs of improvement in terms of both revenue and gross margin over the same quarter last year despite a reduction in prepaid subscribers. Higher average revenues per user (ARPUs) in both prepaid and postpaid of 19% and 12% respectively were primarily responsible for this performance. We will continue to focus on these areas of the mobile business whilst also making efforts to obtain a level playing field within the regulatory landscape.*

*Broadband margins reduced by 2% despite a higher percentage reduction in the subscriber base. In light of the quarter's 14% increase in ARPU, as well as our intended aggressive efforts to increase overall residential broadband penetration, we will be looking for improvements during the current year. The fixed line business also generated lower margins compared with the same quarter in 2010, despite an increase in ARPU as out-payments to other local operators were higher in the period. Credit related churn also continued to depress net subscriber acquisitions along with margins for both the broadband and fixed line businesses. Nevertheless our focused churn management initiatives should begin to yield positive results during the coming quarter and for the remainder of the current year.*

*Revenues and margins from our Business segment were respectively 14% and 9% higher than the same period last year due to more competitive pricing of our data products. Our business customers continued to find our comprehensive range of data and other business services very compelling and we intend to maintain their confidence by expanding this range into more sophisticated cloud computing and other managed services.*

*We continue to closely monitor the planned merger between our major mobile competitors and are encouraged by the cautious and deliberative approach being pursued by both the government and regulators regarding its approval. We reiterate our expectation that a transaction with the potential for such an enormous impact on*

*competition and the likely effects of market dominance will be given the requisite scrutiny by the government and our regulators before any approval is considered".*

**Results:**

**Revenue** for the quarter declined by 2% to J\$4,610m compared with J\$4,688m for the quarter ended June 30, 2010. Mobile revenue increased by 1% and enterprise and data by 14%, whereas fixed voice and broadband decreased by 7% and 3% respectively. The increase in mobile revenue was driven by higher ARPUs, whilst the increase in respect of enterprise and data was driven by improved equipment and data sales as well as competitive pricing in the period.

**Gross Margin** for the quarter was J\$2,947m, a decrease of 3% compared with J\$3,048m for the same period in 2010. This was as a result of lower minutes of use for fixed voice national and international and higher out-payments to third party carriers. All other lines of business, except broadband, showed improved gross margins over the same period last year.

**Total Operating Expenses** (excluding depreciation and amortisation) increased by 26% to J\$2,776m compared with J\$2,208m for the same period last year. The main drivers were an increase in employee costs due to union agreements, increased advertising and marketing spend to maintain the visibility of our primary telecommunication products and services, property cost increases as a result of higher utilities charges and higher network related costs.

**Depreciation and Amortisation** charges remained flat at J\$1,035m for the quarter compared with J\$1,057m for the quarter ended June 30, 2010.

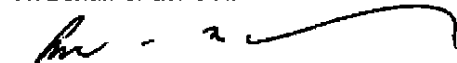
**Operating Loss before restructuring** was J\$863m compared with J\$216m for the quarter ended June 30, 2010.

**Net Finance Costs** for the quarter decreased by 40% to J\$358m compared with J\$599m for the same period in 2010. This decrease was due to the significant decline in interest rates on the loans as a result of the Jamaica Debt Exchange (JDX) despite the net increase in borrowings of over J\$6bn.

**Net Loss attributable to stockholders** was J\$1,300m compared with J\$596m for the quarter ending June 30, 2010 primarily as a result of the reduced revenues, increased operating expenses and the non-recognition of deferred taxes relating to tax losses.

We would like to take the opportunity to thank all our customers and other stakeholders for their unwavering support and confidence in our company. We also thank our directors, management and colleagues for their continued dedication and commitment.

On behalf of the Board



Andrew Cocking  
Director



Garfield Sinclair  
Managing Director

**Cable & Wireless Jamaica Limited**  
**Group Income Statement**  
**Quarter ended June 30, 2011**

	<u>3 months to June 30, 2011</u> \$'000	<u>12 months to March 31, 2011</u> \$'000	<u>3 months to June 30, 2010</u> \$'000
Revenue	4,609,565	20,787,973	4,687,709
Outpayments	(1,419,684)	(6,334,705)	(1,320,630)
Other cost of sales	(242,502)	(2,507,972)	(318,861)
<b>Total cost of sales</b>	<u>(1,662,186)</u>	<u>(8,842,677)</u>	<u>(1,639,491)</u>
<b>Gross margin</b>	<b>2,947,379</b>	<b>11,945,296</b>	<b>3,048,218</b>
Other operating income	-	184,210	-
<b>Gross operating income</b>	<u>2,947,379</u>	<u>12,129,506</u>	<u>3,048,218</u>
Employee expenses	(1,108,284)	(3,726,996)	(855,915)
Administrative, marketing, and selling expenses	(1,667,513)	(6,758,080)	(1,351,595)
Depreciation and amortisation	(1,034,544)	(4,146,742)	(1,056,729)
<b>Total operating expenses</b>	<u>(3,810,341)</u>	<u>(14,631,818)</u>	<u>(3,264,239)</u>
<b>Operating loss before restructuring costs</b>	<b>(862,962)</b>	<b>(2,502,312)</b>	<b>(216,021)</b>
Restructuring costs	-	(101,883)	-
<b>Operating loss before net finance costs</b>	<b>(862,962)</b>	<b>(2,604,195)</b>	<b>(216,021)</b>
<b>Net finance costs</b>			
Foreign exchange gains/(losses)	14,916	(163,125)	(110,902)
Other finance costs	(386,340)	(1,799,318)	(504,184)
Finance income	13,616	32,350	16,099
	<u>(357,808)</u>	<u>(1,930,093)</u>	<u>(598,987)</u>
Other income	-	11,386	857
<b>Loss before taxation</b>	<b>(1,220,770)</b>	<b>(4,522,902)</b>	<b>(814,151)</b>
Taxation	(79,090)	(1,588,624)	218,490
<b>Loss attributable to stockholders</b>	<u>(1,299,860)</u>	<u>(6,111,526)</u>	<u>(595,661)</u>
<b>Loss per stock unit</b>	<b>(7.73¢)</b>	<b>(36.34¢)</b>	<b>(3.54¢)</b>

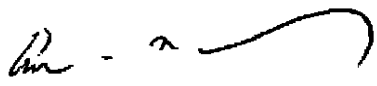
**Cable & Wireless Jamaica Limited**  
**Group Statement of Comprehensive Income**  
**Quarter ended June 30, 2011**


	<u>3 months to</u> <u>June 30, 2011</u> \$'000	<u>12 months to</u> <u>March 31, 2011</u> \$'000	<u>3 months to</u> <u>June 30, 2010</u> \$'000
Loss for the year	<u>(1,299,860)</u>	<u>(6,111,526)</u>	<u>(595,661)</u>
Other comprehensive (loss)/income for the year:			
Unrealised translation adjustments on consolidation	(627)	(33,564)	(33,502)
Actuarial losses on employee benefits assets	-	(2,451)	-
	<u>(627)</u>	<u>(36,015)</u>	<u>(33,502)</u>
Deferred taxes on employee benefits	-	667	-
	<u>-</u>	<u>667</u>	<u>-</u>
Total other comprehensive loss for the period, net of tax	(627)	(35,348)	(33,502)
	<u>(627)</u>	<u>(35,348)</u>	<u>(33,502)</u>
Total comprehensive loss for the period	<u><u>(1,300,487)</u></u>	<u><u>(6,146,874)</u></u>	<u><u>(629,163)</u></u>

**Cable & Wireless Jamaica Limited**  
**Group Statement of Financial Position**

**Quarter ended June 30, 2011**

	<u>June 30, 2011</u>	<u>March 31, 2011</u>	<u>June 30, 2010</u>
	\$'000	\$'000	\$'000
Property, plant & equipment	25,630,089	25,949,264	23,634,530
Intangible asset	250,379	184,583	261,781
Deferred expenditure	114,642	116,634	52,898
Net investment in finance leases	69,047	83,487	126,878
Employee benefits assets	3,176,104	3,145,000	3,068,750
Deferred tax asset	-	-	1,552,116
<b>Total non-current assets</b>	<u><b>29,240,261</b></u>	<u><b>29,478,968</b></u>	<u><b>28,696,953</b></u>
Cash and cash equivalents	182,473	313,660	522,005
Accounts receivable	3,564,083	3,851,961	3,541,572
Prepaid expenses	570,531	400,972	655,597
Due from related companies	253,931	876,306	882,207
Taxation recoverable	108,014	107,978	108,900
Inventories	367,450	302,359	275,023
Current portion of deferred expenditure	332,752	332,018	154,441
Current portion of net investment in finance leases	59,033	59,033	59,033
<b>Total current assets</b>	<u><b>5,438,267</b></u>	<u><b>6,244,287</b></u>	<u><b>6,198,778</b></u>
<b>TOTAL ASSETS</b>	<u><b>34,678,528</b></u>	<u><b>35,723,255</b></u>	<u><b>34,895,731</b></u>
Share capital	16,817,440	16,817,440	16,817,440
Reserves	2,406,830	2,370,201	2,256,263
Accumulated deficit	(14,736,644)	(13,399,528)	(7,767,879)
<b>TOTAL EQUITY</b>	<u><b>4,487,626</b></u>	<u><b>5,788,113</b></u>	<u><b>11,305,824</b></u>
Bank overdraft	27,398	113,148	-
Trade and other accounts payable	6,645,995	7,731,031	6,498,545
Provisions	19,819	47,897	33,728
Short term loan	-	430,000	-
Current portion of long term loan	15,722	15,697	15,705
Due to related companies	208,315	172,407	189,012
<b>Total current liabilities</b>	<u><b>6,917,249</b></u>	<u><b>8,510,180</b></u>	<u><b>6,736,990</b></u>
Provisions	1,034,122	1,006,459	1,153,030
Long term loan	263,863	263,207	262,566
Due to other group company	21,695,368	19,869,805	15,437,321
Deferred income	280,300	285,491	-
<b>Total non-current liabilities</b>	<u><b>23,273,653</b></u>	<u><b>21,424,962</b></u>	<u><b>16,852,917</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>30,190,902</b></u>	<u><b>29,935,142</b></u>	<u><b>23,589,907</b></u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<u><b>34,678,528</b></u>	<u><b>35,723,255</b></u>	<u><b>34,895,731</b></u>

  
 Andrew Cocking  
 Director

  
 Garfield Sinclair  
 Managing Director

**Cable & Wireless Jamaica Limited**  
**Group Statement of Changes in Stockholders' Equity**  
**Quarter ended June 30, 2011**  
**JS000's**

	<u>Share Capital</u>	<u>Reserves</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balances at April 1, 2010	16,817,440	2,289,765	(7,172,218)	11,934,987
Loss for the period	-	-	(595,661)	(595,661)
Other comprehensive income/(loss):				
Unrealised translation adjustments on consolidation	-	(33,502)	-	(33,502)
<b>Total other comprehensive loss for the year</b>	<u>-</u>	<u>(33,502)</u>	<u>(595,661)</u>	<u>(629,163)</u>
<b>Balances at June 30, 2010</b>	<u><b>16,817,440</b></u>	<u><b>2,256,263</b></u>	<u><b>(7,767,879)</b></u>	<u><b>11,305,824</b></u>
Balances at April 1, 2010	16,817,440	2,289,765	(7,172,218)	11,934,987
Loss for the period	-	-	(6,111,526)	(6,111,526)
Other comprehensive loss:				
Unrealised translation adjustments on consolidation	-	(33,564)	-	(33,564)
Actuarial losses, net of tax	-	-	(1,784)	(1,784)
<b>Total other comprehensive loss for the year</b>	<u>-</u>	<u>(33,564)</u>	<u>(6,113,310)</u>	<u>(6,146,874)</u>
Transfer from employee benefits reserve	<u>-</u>	<u>114,000</u>	<u>(114,000)</u>	<u>-</u>
<b>Balances at March 31, 2011</b>	<u><b>16,817,440</b></u>	<u><b>2,370,201</b></u>	<u><b>(13,399,528)</b></u>	<u><b>5,788,113</b></u>
Loss for the period	-	-	(1,299,860)	(1,299,860)
Other comprehensive loss:				
Unrealised translation adjustments on consolidation	<u>-</u>	<u>(627)</u>	<u>-</u>	<u>(627)</u>
<b>Total other comprehensive loss for the year</b>	<u>-</u>	<u>(627)</u>	<u>(1,299,860)</u>	<u>(1,300,487)</u>
Transfer between reserves	<u>-</u>	<u>37,256</u>	<u>(37,256)</u>	<u>-</u>
<b>Balances at June 30, 2011</b>	<u><b>16,817,440</b></u>	<u><b>2,406,830</b></u>	<u><b>(14,736,644)</b></u>	<u><b>4,487,626</b></u>

**Cable & Wireless Jamaica Limited**  
**Group Statement of Cashflows**  
**Quarter ended June 30, 2011**

	<u>June 30, 2011</u>	<u>March 31, 2011</u>	<u>June 30, 2010</u>
	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the period	(1,299,860)	(6,111,526)	(595,661)
Adjustments for:			
Unrealised translation losses/(gains) on long-term loan	17,030	(2,984)	(19,334)
Employee benefits, net	(31,104)	(173,451)	(94,750)
Depreciation and amortisation	1,034,544	4,146,742	1,056,729
Taxation	79,090	1,588,624	(218,490)
Loss on disposal of property, plant and equipment and intangible assets	-	34,747	-
Interest earned	(13,616)	(32,350)	(16,099)
Interest expense	386,340	1,799,318	504,184
Provisions	27,663	99,603	35,605
Cash generated before changes in working capital	<u>200,087</u>	<u>1,348,723</u>	<u>652,184</u>
Accounts receivable	287,878	102,534	412,923
Prepaid expenses	(169,559)	36,793	(217,832)
Due from related companies	622,375	(165,609)	(171,510)
Inventories	(65,091)	9,213	36,549
Deferred Expenditure	1,258	(217,441)	23,872
Trade and other accounts payable	(1,326,813)	383,544	(721,597)
Provisions	(28,078)	(19,125)	(33,294)
Due to related companies	35,908	(7,652)	8,953
Cash generated from operations	<u>(442,035)</u>	<u>1,470,980</u>	<u>(9,752)</u>
Income tax Paid	<u>(79,126)</u>	<u>(312,574)</u>	<u>(59,165)</u>
Net cash (used)/provided by operating activities	<u>(521,161)</u>	<u>1,158,406</u>	<u>(68,917)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property plant & equipment and intangible assets	(781,165)	(6,135,872)	(563,007)
Net investment in finance leases	14,440	58,408	15,017
Proceeds from disposal of property, plant & equipment	-	-	-
Interest received	13,616	32,350	16,099
Net cash used by investing activities	<u>(753,109)</u>	<u>(6,045,114)</u>	<u>(531,891)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Unrealised translation adjustment on consolidation	(627)	(33,564)	(33,502)
Decrease/increase in loan	(16,349)	(15,717)	-
Increase in deferred income	(5,191)	285,491	-
Short term loan	(430,000)	430,000	-
Interest paid	(144,563)	(1,555,993)	(388,204)
Due to other group company	1,825,563	5,612,413	1,179,929
Net cash provided by financing activities	<u>1,228,833</u>	<u>4,722,630</u>	<u>758,223</u>
Net (decrease)/increase in cash and cash equivalents	(45,437)	(164,078)	157,415
Cash and cash equivalents at beginning of period	<u>200,512</u>	<u>364,590</u>	<u>364,590</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>155,075</u></b>	<b><u>200,512</u></b>	<b><u>522,005</u></b>
<b>Comprise of :</b>			
Cash and cash equivalents	182,473	313,660	522,005
Bank overdraft	(27,398)	(113,148)	-
	<u>155,075</u>	<u>200,512</u>	<u>522,005</u>

**Cable & Wireless Jamaica Limited**  
**Notes to the Interim Consolidated Financial Statements**  
**Quarter ended June 30, 2011**

**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 three months ended June 30, 2011 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, 2011 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, 2011.

**3. Basis of preparation**

These consolidated interim financial statements are presented in Jamaica dollars (\$), 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, 2011, with the exception of new and revised accounting Standards and Interpretations effective from April 1, 2011 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, 2011.



**Cable & Wireless Jamaica Limited**  
**Notes to the Interim Consolidated Financial Statements**  
**Quarter ended June 30, 2011**

**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.

**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, 2011. 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>June</u> <u>2011</u> <u>\$'000</u>	<u>March</u> <u>2011</u> <u>\$'000</u>
Cable & Wireless Jamaica Finance (Cayman) Limited (a)	21,260,533	17,670,342
CWI Caribbean Limited (b)	<u>434,835</u>	<u>2,199,463</u>
	<u>21,695,368</u>	<u>19,869,805</u>

**Cable & Wireless Jamaica Limited**  
**Notes to the Interim Consolidated Financial Statements**  
**Quarter ended June 30, 2011**

**5. Related parties (continued)**

- (a) This represents the amount drawn on a \$30 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, 2011 from 8.92% to 7.63% per annum.

The facility was previously with CWI HQ Limited and was assigned with effect from September 30, 2009.

- (b) This is a facility granted by CWI Caribbean Limited on May 26, 2010 with a credit limit of US\$10 million. Interest is charged on the net daily loan balances at the average 1-month LIBOR plus 300 basis points. The rate is currently 3.25% per annum.

**6. Loss per stock unit**

The calculation of loss per stock unit is based on 16,817,439,740 (March 31, 2011: 16,817,439,740) issued and fully paid ordinary stock units.