

Cable & Wireless Jamaica Limited
Unaudited Consolidated Financial Statements
For The Quarter Ended September 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 September 30, 2011.

Highlights:

- Signing of a historic Memorandum of Understanding (MOU) with the Company's Trade Unions focused on increased productivity coupled with future cost savings
- Launch of a low-cost laptop, branded as 'FLIPtop' to drive internet penetration
- Addition of new content for Mobile TV including the launch of our own channel, branded Peppa TV
- Increased postpaid mobile gross adds and subscriber base by 12% and 3% respectively
- ARPUs increased for mobile by 26%, with prepaid voice and data ARPU's increasing by 25% and 92% respectively
- Mobile service revenue increased by 11%

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

"The recently completed quarter under review highlights the fact that we still have a lot of work to do on the road back to profitability.

The good news is that our mobile business continues to capture an increasing share of this market's value with an 11% increase in service revenues driven by increased voice ARPUs and growth in data.

We successfully initiated our residential broadband penetration drive toward the end of the quarter, with the introduction of our 'FLIPtop' computer offer. The intention is to drive revenue growth by offering customers improved broadband propositions to encourage higher adoption rates.

We continued to deliver innovative connectivity solutions to our corporate customers and intend to remain at the forefront of any new ICT development initiatives being pursued by the Jamaican government.

We are very proud of the MOU signed with our Unions during the period and expect that the enlightened positions taken by our Union partners will result in considerable cost efficiencies, increased productivity and enhanced revenue performances in the immediate future.

The recent announcement by the former Prime Minister regarding proposed legislative and regulatory changes has opened up the possibility for a much more competitive market for mobile phone services. We are therefore cautiously optimistic and remain vigilant in our quest to ensure that the contemplated legislation is enacted and that the relevant regulators exercise their mandate in the interest of increased competition and consumer choice".

Results:

Revenue for the quarter was J\$4,591m, a decrease of 3% compared with J\$4,718m for the same period in the prior year. There were increases in Mobile revenue of 3% and Enterprise and data revenue of 30% whereas

fixed voice revenue declined by 9% and broadband by 11%. The increase in mobile revenue was driven by higher postpaid Minutes of Use and ARPUs, while the increase in Enterprise and data revenue was mainly due to increased sales of corporate and data solutions in the period.

Gross Margin for the quarter declined by 5% to J\$2,948m compared with J\$3,095m for the same period in the prior year. Lower minutes of use for fixed voice national traffic and higher out-payments to third party carriers resulted in a 20% decline in fixed national gross margin. These were offset by a 45% increase in gross margin for mobile and 17% increase for Enterprise and data.

Operating Expenses (excluding depreciation & amortisation) was J\$2,513m compared with J\$2,292m for the same quarter in last year that was mainly due to a 29% increase in staff costs as a result of a one-off retroactive pay increase.

Operating profit before restructuring costs, depreciation, amortisation and net finance costs was J\$435m compared with J\$802m for the quarter ended Sept 30, 2010 but demonstrated a significant improvement compared to J\$172m for the quarter ended June 30, 2011.

Restructuring costs for the quarter of J\$197m were incurred as a result of staff cost rationalisation activity during the period.

Operating profit before depreciation, amortization and net finance costs was J\$239m compared to J\$802m for the period ended September 30, 2010.

Depreciation and Amortisation charges for the quarter decreased by 4% to J\$1,033m compared with J\$1,081m for the quarter ended Sept 30, 2010.

Net Finance Costs for the quarter declined by 6% to J\$424m compared with J\$449m for the same period in the previous year due to the decline in interest rates as a result of the Jamaica Debt Exchange (JDX).

Net Loss attributable to stockholders was J\$1,323m compared with J\$549m for the same quarter in the previous year.

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



Chris Dehring
Chairman



Garfield Sinclair
Managing Director

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

	<u>3 months to</u> <u>Sept 30, 2011</u> \$'000	<u>3 months to</u> <u>Sept 30, 2010</u> \$'000	<u>6 months to</u> <u>Sept 30, 2011</u> \$'000	<u>6 months to</u> <u>Sept 30, 2010</u> \$'000
Revenue	4,590,823	4,718,347	9,200,388	9,406,056
Outpayments	(1,342,543)	(1,352,178)	(2,762,227)	(2,672,808)
Other cost of sales	(300,053)	(271,643)	(542,555)	(590,504)
Total cost of sales	<u>(1,642,596)</u>	<u>(1,623,821)</u>	<u>(3,304,782)</u>	<u>(3,263,312)</u>
Gross margin	2,948,227	3,094,526	5,895,606	6,142,744
Employee expenses	(1,140,772)	(886,255)	(2,249,056)	(1,742,170)
Administrative, marketing & selling expenses	(1,372,087)	(1,405,977)	(3,039,600)	(2,757,572)
Operating expenses	<u>(2,512,859)</u>	<u>(2,292,232)</u>	<u>(5,288,656)</u>	<u>(4,499,742)</u>
Operating profit before restructuring costs, depreciation, amortisation and net finance costs	435,368	802,294	606,950	1,643,002
Restructuring costs	<u>(196,624)</u>	<u>-</u>	<u>(196,624)</u>	<u>-</u>
Operating profit before depreciation, amortisation and net finance costs	238,744	802,294	410,326	1,643,002
Depreciation and amortisation	(1,032,722)	(1,081,127)	(2,067,266)	(2,137,856)
Net finance costs				
Foreign exchange losses	(15,782)	(15,314)	(866)	(126,216)
Other finance costs	(413,211)	(439,925)	(799,551)	(944,109)
Finance income	4,696	6,231	18,312	22,330
	<u>(424,297)</u>	<u>(449,008)</u>	<u>(782,105)</u>	<u>(1,047,995)</u>
Other income	<u>7,567</u>	<u>2,470</u>	<u>7,567</u>	<u>3,327</u>
Loss before taxation	(1,210,708)	(725,371)	(2,431,478)	(1,539,522)
Taxation	<u>(112,778)</u>	<u>176,324</u>	<u>(191,868)</u>	<u>394,814</u>
Loss attributable to stockholders	<u>(1,323,486)</u>	<u>(549,047)</u>	<u>(2,623,346)</u>	<u>(1,144,708)</u>
Loss per stock unit	(7.87¢)	(3.26¢)	(15.60¢)	(6.81¢)


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

	<u>6 months to</u> <u>Sept 30, 2011</u> \$'000	<u>12 months to</u> <u>March 31, 2011</u> \$'000	<u>6 months to</u> <u>Sept 30, 2010</u> \$'000
Loss for the year	<u>(2,623,346)</u>	<u>(6,111,526)</u>	<u>(1,144,708)</u>
Other comprehensive income/(loss) for the year:			
Unrealised translation adjustments on consolidation	4,919	(33,564)	(31,232)
Actuarial gains/(losses) on employee benefits assets	<u>93,179</u>	<u>(2,451)</u>	<u>71,786</u>
	98,098	(36,015)	40,554
Deferred taxes on employee benefits	<u>-</u>	<u>667</u>	<u>-</u>
Total other comprehensive income/(loss) for the period, net of tax	98,098	(35,348)	40,554
	<u>98,098</u>	<u>(35,348)</u>	<u>40,554</u>
Total comprehensive loss for the period	<u><u>(2,525,248)</u></u>	<u><u>(6,146,874)</u></u>	<u><u>(1,104,154)</u></u>

Cable & Wireless Jamaica Limited
Group Statement of Financial Position
Quarter ended September 30, 2011

	<u>6 months to</u> <u>Sept 30, 2011</u>	<u>12 months to</u> <u>March 31, 2011</u>	<u>6 months to</u> <u>Sept 30, 2010</u>
	\$'000	\$'000	\$'000
Property, plant & equipment	25,489,575	25,949,264	23,673,052
Intangible asset	336,079	184,583	294,494
Deferred expenditure	77,390	116,634	81,238
Net investment in finance leases	54,558	83,487	112,410
Employee benefits assets	3,280,000	3,145,000	3,142,000
Deferred tax asset	-	-	1,795,912
Total non-current assets	<u>29,237,602</u>	<u>29,478,968</u>	<u>29,099,106</u>
Cash and cash equivalents	546,000	313,660	514,487
Accounts receivable	2,857,805	3,851,961	3,012,793
Prepaid expenses	834,161	400,972	1,087,803
Due from related companies	254,053	876,306	1,089,446
Taxation recoverable	108,106	107,978	109,149
Inventories	604,411	302,359	322,295
Current portion of deferred expenditure	306,239	332,018	59,033
Current portion of net investment in finance leases	59,033	59,033	251,335
Total current assets	<u>5,569,808</u>	<u>6,244,287</u>	<u>6,446,341</u>
TOTAL ASSETS	<u><u>34,807,410</u></u>	<u><u>35,723,255</u></u>	<u><u>35,545,447</u></u>
Share capital	16,817,440	16,817,440	16,817,440
Reserves	2,412,376	2,370,201	2,258,533
Accumulated deficit	(15,966,951)	(13,399,528)	(8,245,140)
TOTAL EQUITY	<u>3,262,865</u>	<u>5,788,113</u>	<u>10,830,833</u>
Bank overdraft	620,844	113,148	-
Trade and other accounts payable	5,798,602	7,731,031	6,469,315
Provisions	5,099	47,897	32,355
Short term loan	430,000	430,000	-
Current portion of long term loan	15,793	15,697	15,746
Due to other group company	331,484	2,199,463	-
Due to related companies	343,699	172,407	173,750
Total current liabilities	<u>7,545,521</u>	<u>10,709,643</u>	<u>6,691,166</u>
Provisions	1,024,165	1,006,459	980,223
Long term loan	268,793	263,207	255,820
Due to other group company	22,430,957	17,670,342	16,787,405
Deferred income	275,109	285,491	-
Total non-current liabilities	<u>23,999,024</u>	<u>19,225,499</u>	<u>18,023,448</u>
TOTAL LIABILITIES	<u><u>31,544,545</u></u>	<u><u>29,935,142</u></u>	<u><u>24,714,614</u></u>
TOTAL EQUITY & LIABILITIES	<u><u>34,807,410</u></u>	<u><u>35,723,255</u></u>	<u><u>35,545,447</u></u>


Chris Dohring
Chairman


Garfield Sinclair
Managing Director

Cable & Wireless Jamaica Limited
Group Statement of Changes in Stockholders' Equity
Quarter ended September 30, 2011
J\$000'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	-	-	(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
Total other comprehensive loss for the year	-	(31,232)	(1,072,922)	(1,104,154)
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>
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)
Total other comprehensive loss for the year	-	(33,564)	(6,113,310)	(6,146,874)
Transfer from employee benefits reserve	-	114,000	(114,000)	-
Balances at March 31, 2011	<u>16,817,440</u>	<u>2,370,201</u>	<u>(13,399,528)</u>	<u>5,788,113</u>
Loss for the period	-	-	(2,623,346)	(2,623,346)
Other comprehensive loss:				
Unrealised translation adjustments on consolidation	-	4,919	-	4,919
Actuarial gains, net of tax			93,179	93,179
Total other comprehensive gains/(loss) for the year	-	4,919	(2,530,167)	(2,525,248)
Transfer between reserves	-	37,256	(37,256)	-
Balances at September 30, 2011	<u>16,817,440</u>	<u>2,412,376</u>	<u>(15,966,951)</u>	<u>3,262,865</u>

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

	6 months to Sept 30, 2011	12 months to March 31, 2011	6 months to Sept 30, 2010
	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	(2,623,346)	(6,111,526)	(1,144,708)
Adjustments for:			
Unrealised translation losses/(gains) on long-term loan	28,736	(2,984)	(18,162)
Employee benefits, net	(41,821)	(173,451)	(96,214)
Depreciation and amortisation	2,067,266	4,146,742	2,137,856
Taxation	191,868	1,588,624	(394,814)
Loss on disposal of property, plant and equipment and intangible assets	-	34,747	-
Interest earned	(18,312)	(32,350)	(22,330)
Interest expense	799,551	1,799,318	944,109
Provisions	17,706	99,603	(137,202)
Cash generated before changes in working capital	<u>421,648</u>	<u>1,348,723</u>	<u>1,268,535</u>
Accounts receivable	994,154	102,534	941,702
Prepaid expenses	(433,189)	36,793	(650,038)
Due from related companies	622,253	(165,609)	(378,749)
Inventories	(302,052)	9,213	(10,723)
Deferred Expenditure	65,022	(217,441)	(101,362)
Trade and other accounts payable	(2,180,953)	383,544	(750,829)
Provisions	(42,799)	(19,125)	(34,667)
Due to other group company	331,484	2,199,463	-
Due to related companies	171,292	(7,652)	(6,309)
Cash generated from operations	<u>(353,139)</u>	<u>3,670,443</u>	<u>277,560</u>
Income tax Paid	(191,996)	(312,574)	(126,886)
Net cash (used)/provided by operating activities	<u>(545,135)</u>	<u>3,357,869</u>	<u>150,674</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property plant & equipment and intangible assets	(1,759,073)	(6,135,872)	(1,715,369)
Net investment in finance leases	28,930	58,408	29,485
Interest received	18,312	32,350	22,330
Net cash used by investing activities	<u>(1,711,831)</u>	<u>(6,045,114)</u>	<u>(1,663,554)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised translation adjustment on consolidation	4,919	(33,564)	(31,232)
Decrease increase in loan	(23,055)	(15,717)	(7,877)
Increase in deferred income	(10,382)	285,491	-
Short term loan	-	430,000	-
Interest paid	(551,024)	(1,555,993)	(828,128)
Due to other group company	2,561,151	3,412,950	2,530,013
Net cash provided by financing activities	<u>1,981,610</u>	<u>2,523,167</u>	<u>1,662,777</u>
Net (decrease)/increase in cash and cash equivalents	(275,356)	(164,078)	149,897
Cash and cash equivalents at beginning of period	<u>200,512</u>	<u>364,590</u>	<u>364,590</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>(74,844)</u>	<u>200,512</u>	<u>514,487</u>
Comprise of :			
Cash and cash equivalents	546,000	313,660	514,487
Bank overdraft	(620,844)	(113,148)	-
	<u>(74,844)</u>	<u>200,512</u>	<u>514,487</u>

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
Quarter ended September 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 six months ended September 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 (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, 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 cyclicality

There is no significant seasonality or cyclicality 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 September 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 companies:

	<u>The Group and the Company</u>	
	<u>Sept</u> <u>2011</u> \$'000	<u>March</u> <u>2011</u> \$'000
CWI Caribbean Limited (a)	<u>331,484</u>	<u>2,199,463</u>
Cable & Wireless Jamaica Finance (Cayman) Limited (b)	<u>22,430,957</u>	<u>17,670,342</u>

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

5. Related parties (continued)

- (a) 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 3.21% per annum.
- (b) This represents the amount drawn on a J\$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.

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.