

Cable & Wireless Jamaica Limited
Unaudited Consolidated Financial Statements
For The Quarter Ended December 31, 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 December 31, 2011.

Headlines:

- Increased postpaid mobile subscriber base by 5%
- Increased ARPU across all lines of businesses with mobile prepaid voice and data ARPU increasing by 38% and 100% respectively
- Increased subscriber retention in all lines of business
- EBITDA improved by J\$755M to J\$501M from loss of J\$254M in prior year

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

"Our business continues to operate under challenging circumstances, in particular, an unfavourable regulatory regime which continues to afford our major competitor a distinct advantage while hampering our operations. We have continued to vigorously advocate for an overhaul of the regulations governing Jamaica's telecommunications industry as we believe this is critical for our continued viability.

Last year it was recognized by the then Government, then Opposition and Regulators that there was an imbalance in the regulatory framework which could be corrected by emergency legislation. Despite a commitment that such legislation would have been passed by October 2011, this has not occurred.

We have been strident in our objections to the fact that no change has yet been made to the regulatory framework and trust that the recently appointed Minister with responsibility for ICT will promptly pass the legislation laid in Parliament last year. If passed into law it will allow the independent regulators to immediately address the irregularities in the existing regulatory framework and give the Minister, acting on the recommendations of the Office of Utilities Regulation (OUR), the power to establish interim termination rates in the interest of maintaining a competitive market for the ultimate benefit of consumers. We will continue to urge the relevant authorities to move swiftly in this matter which has a direct impact on our business.

In this context, while the quarter under review yielded results that were encouraging in some respects, our challenges have led us to expect a significant non-cash write-down of the carrying value of our assets by the end of the fiscal year. Although this is anticipated to accelerate the negative trend in the company's equity position in the short term, the company is working assiduously to halt the trend, including intensive lobbying for change in the regulatory environment.

Among encouraging signs is the fact that Revenue and EBITDA improved over the same quarter in the prior year resulting from a robust performance from our fixed voice international business and an 8% increase in our mobile gross margin. Our focused subscriber retention activities yielded positive results with churn falling across all lines of business.

Our Christmas promotions also yielded positive subscriber acquisition results across all our main product lines. We intend to follow these up with additional value offerings in the ensuing quarter as we continue to encourage customers to recognize us as the better value provider in the market.

We continued to deliver best in class solutions to our corporate and enterprise customers and achieved positive results in what continues to be a challenging environment.

Even while we implement plans to shore up current revenue sources and expand our income streams, much is contingent on achieving regulatory changes. We are cognizant that a level playing field is imperative for our future viability and as such we will be relentless in our pursuit of this objective."

Results:

Revenue for the quarter was J\$6,319m compared with J\$6,259m for the same period in the prior year. International fixed voice revenue increased by 30% as a result of increased inbound traffic and enterprise and data solutions increased by 5% reflecting increased sales in the corporate market. National fixed voice, mobile and broadband saw declines in revenue of 11%, 2% and 10% respectively principally as a result of usage levels reducing. Despite the increase in revenues, prepaid subscribers reduced by 31% due to the discontinuation of expensive prepaid promotions albeit with a resulting increase in ARPUs.

Gross Margin for the quarter increased by 25% to J\$3,437m compared with J\$2,747m for the same period in the prior year, due mainly to a cost of sales adjustment in the prior year related to fees payable to a third party telecommunications provider for mobile call termination from LIME's fixed network. Excluding this adjustment the underlying gross margin percentage declined to 54% from 58% for the same quarter last year as a result of reduced national fixed voice and broadband revenues.

Operating Expenses (excluding depreciation & amortisation) decreased by 2% to J\$2,936m compared with J\$3,001m in the same period of the previous year primarily due to the reduction in marketing expense offset by increases in staff costs resulting from salary increases following signing of the MOU with the unions earlier in the year.

Operating profit before restructuring costs, depreciation, amortisation and net finance costs was J\$501m compared with a loss of J\$254m for the same quarter ended December 31, 2010, due mainly to the cost of sales adjustment in the prior year and reduced gross margin percentage in the current year.

Restructuring costs for the quarter of J\$149m were incurred as a result of staff cost rationalisation activity during the period.

Operating profit before depreciation, amortization and net finance costs was J\$352m compared to a loss of J\$254m for the same quarter in the prior year.


Depreciation and Amortisation charges for the quarter were J\$1,028m compared with J\$981m for the quarter ended December 31, 2010 due mainly to an increased fixed asset base.

Net Finance Costs for the quarter reduced by 8% to J\$441m compared with J\$480m for the same period in the previous year. The prior year included interest costs of J\$65m related to the cost of sales adjustment mentioned above, whilst the current quarter reflects the net negative effect of increased borrowings and lower interest rates as a result of the Jamaica Debt Exchange (JDX).

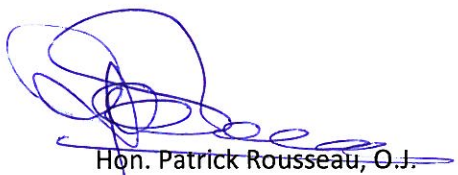
Net Loss attributable to stockholders was J\$1,206m compared with J\$1,299m for the same quarter in the previous year.

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



Hon. Patrick Rousseau, O.J.
Director

Cable & Wireless Jamaica Limited
Group Income Statement
Quarter ended December 31, 2011

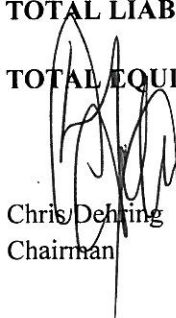
	<u>3 months to Dec 31, 2011</u> \$'000	<u>3 months to Dec 31, 2010</u> \$'000	<u>9 months to Dec 31, 2011</u> \$'000	<u>9 months to Dec 31, 2010</u> \$'000
Revenue	6,319,066	6,259,387	15,519,454	15,665,443
Outpayments	(1,393,750)	(1,946,654)	(4,155,976)	(4,619,462)
Other cost of sales	(1,487,910)	(1,565,860)	(2,030,465)	(2,156,364)
Total cost of sales	<u>(2,881,660)</u>	<u>(3,512,514)</u>	<u>(6,186,441)</u>	<u>(6,775,826)</u>
Gross margin	3,437,406	2,746,873	9,333,013	8,889,617
Employee expenses	(1,167,369)	(1,086,803)	(3,416,425)	(2,828,973)
Administrative, marketing & selling expenses	(1,768,808)	(1,913,958)	(4,808,408)	(4,671,530)
Operating expenses	<u>(2,936,177)</u>	<u>(3,000,761)</u>	<u>(8,224,833)</u>	<u>(7,500,503)</u>
Operating profit/(loss) before restructuring costs, depreciation, amortisation and net finance costs	501,229	(253,888)	1,108,180	1,389,114
Restructuring costs	<u>(149,280)</u>	<u>-</u>	<u>(345,904)</u>	<u>-</u>
Operating profit/(loss) before depreciation, amortisation and net finance costs	351,950	(253,888)	762,276	1,389,114
Depreciation and amortisation	(1,027,656)	(981,459)	(3,094,922)	(3,119,315)
Net finance costs				
Foreign exchange losses	(7,708)	(13,091)	(8,573)	(139,307)
Other finance costs	(437,707)	(471,575)	(1,237,258)	(1,415,684)
Finance income	4,264	4,780	22,575	27,110
	<u>(441,151)</u>	<u>(479,886)</u>	<u>(1,223,256)</u>	<u>(1,527,881)</u>
Other income	<u>(22)</u>	<u>-</u>	<u>7,544</u>	<u>3,327</u>
Loss before taxation	(1,116,880)	(1,715,233)	(3,548,358)	(3,254,755)
Taxation	<u>(88,725)</u>	<u>416,084</u>	<u>(280,592)</u>	<u>810,898</u>
Loss attributable to stockholders	<u>(1,205,605)</u>	<u>(1,299,149)</u>	<u>(3,828,950)</u>	<u>(2,443,857)</u>
Loss per stock unit	(7.17¢)	(7.73¢)	(22.77¢)	(14.53¢)

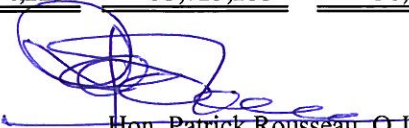
Cable & Wireless Jamaica Limited
Group Statement of Comprehensive Income
Quarter ended December 31, 2011

	<u>9months to</u> <u>Dec 31, 2011</u> \$'000	<u>12 months to</u> <u>March 31, 2011</u> \$'000	<u>9 months to</u> <u>Dec 30, 2010</u> \$'000
Loss for the year	<u>(3,828,950)</u>	<u>(6,111,526)</u>	<u>(2,443,857)</u>
Other comprehensive income/(loss) for the year:			
Unrealised translation adjustments on consolidation	7,724	(33,564)	(30,490)
Actuarial gains/(losses) on employee benefits assets	<u>93,179</u>	<u>(2,451)</u>	<u>71,786</u>
	100,903	(36,015)	41,296
Deferred taxes on employee benefits	<u>-</u>	<u>667</u>	<u>-</u>
Total other comprehensive income/(loss) for the period, net of tax	100,903	(35,348)	41,296
	<u>100,903</u>	<u>(35,348)</u>	<u>41,296</u>
Total comprehensive loss for the period	<u><u>(3,728,047)</u></u>	<u><u>(6,146,874)</u></u>	<u><u>(2,402,561)</u></u>

Cable & Wireless Jamaica Limited
Group Statement of Financial Position
Quarter ended December 31, 2011

	<u>9 months to Dec 31, 2011</u>	<u>12 months to March 31, 2011</u>	<u>9 months to Dec 31, 2010</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Property, plant & equipment	25,140,520	25,949,264	23,611,914
Intangible asset	365,492	184,583	233,510
Deferred expenditure	23,904	116,634	98,815
Net investment in finance leases	39,993	83,487	97,934
Employee benefits assets	3,306,074	3,145,000	3,189,932
Deferred tax asset	-	-	2,284,041
Total non-current assets	<u>28,875,983</u>	<u>29,478,968</u>	<u>29,516,146</u>
Cash and cash equivalents	366,773	313,660	296,786
Accounts receivable	4,277,122	3,851,961	4,777,853
Prepaid expenses	402,617	400,972	455,596
Due from related companies	427,738	876,306	482,797
Taxation recoverable	108,173	107,978	109,262
Inventories	680,215	302,359	508,187
Current portion of deferred expenditure	296,569	332,018	269,781
Current portion of net investment in finance leases	59,033	59,033	59,033
Total current assets	<u>6,618,240</u>	<u>6,244,287</u>	<u>6,959,295</u>
TOTAL ASSETS	<u>35,494,223</u>	<u>35,723,255</u>	<u>36,475,441</u>
Share capital	16,817,440	16,817,440	16,817,440
Reserves	2,415,181	2,370,201	2,259,275
Accumulated deficit	(17,172,555)	(13,399,528)	(9,544,289)
TOTAL EQUITY	<u>2,060,066</u>	<u>5,788,113</u>	<u>9,532,426</u>
Bank overdraft	428,997	113,148	261,127
Trade and other accounts payable	6,684,954	7,731,031	7,491,751
Provisions	-	47,897	15,372
Short term loan	430,000	430,000	-
Current portion of long term loan	15,847	15,697	15,685
Current portion of deferred income	-	-	20,859
Due to other group company	792,521	2,199,463	-
Due to related companies	419,379	172,407	310,192
Total current liabilities	<u>8,771,698</u>	<u>10,709,643</u>	<u>8,114,986</u>
Provisions	1,051,913	1,006,459	1,016,534
Long term loan	270,214	263,207	254,162
Due to other group company	23,070,414	17,670,342	17,265,326
Deferred income	269,918	285,491	292,007
Total non-current liabilities	<u>24,662,459</u>	<u>19,225,499</u>	<u>18,828,029</u>
TOTAL LIABILITIES	<u>33,434,157</u>	<u>29,935,142</u>	<u>26,943,015</u>
TOTAL EQUITY & LIABILITIES	<u>35,494,223</u>	<u>35,723,255</u>	<u>36,475,441</u>


Chris Dehning
Chairman


Hon. Patrick Rousseau, O.J.
Director

Cable & Wireless Jamaica Limited
Group Statement of Changes in Stockholders' Equity
Quarter ended December 31, 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	-	-	(2,443,857)	(2,443,857)
Other comprehensive (loss)/income:				
Unrealised translation adjustments on consolidation	-	(30,490)	-	(30,490)
Actuarial gains, net of tax	-	-	71,786	71,786
Total other comprehensive loss for the year	-	(30,490)	(2,372,071)	(2,402,561)
Balances at December 31, 2010	<u>16,817,440</u>	<u>2,259,275</u>	<u>(9,544,289)</u>	<u>9,532,426</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	-	-	(3,828,950)	(3,828,950)
Other comprehensive loss:				
Unrealised translation adjustments on consolidation	-	7,724	-	7,724
Actuarial gains, net of tax	-	-	93,179	93,179
Total other comprehensive gains/(loss) for the year	-	7,724	(3,735,771)	(3,728,047)
Transfer between reserves	-	37,256	(37,256)	-
Balances at December 31, 2011	<u>16,817,440</u>	<u>2,415,181</u>	<u>(17,172,555)</u>	<u>2,060,066</u>

Cable & Wireless Jamaica Limited
Group Statement of Cashflows
Quarter ended December 31, 2011

	9 months to Dec 31, 2011	12 months to March 31, 2011	9 months to Dec 31, 2010
	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	(3,828,950)	(6,111,526)	(2,443,857)
Adjustments for:			
Unrealised translation losses/(gains) on long-term loan	31,932	(2,984)	(19,882)
Employee benefits, net	(67,895)	(173,451)	(144,146)
Depreciation and amortisation	3,094,922	4,146,742	3,119,315
Taxation	280,592	1,588,624	(810,898)
Loss on disposal of property, plant and equipment and intangible assets	-	34,747	-
Interest earned	(22,575)	(32,350)	(27,110)
Interest expense	1,237,258	1,799,318	1,415,684
Provisions	45,454	99,603	(100,891)
Cash generated before changes in working capital	<u>770,738</u>	<u>1,348,723</u>	<u>988,215</u>
Accounts receivable	(425,161)	102,534	(823,358)
Prepaid expenses	(1,645)	36,793	(17,831)
Due from related companies	448,568	(165,609)	227,900
Inventories	(377,856)	9,213	(196,615)
Deferred Expenditure	128,179	(217,441)	(137,385)
Trade and other accounts payable	(1,296,263)	383,544	271,609
Provisions	(47,897)	(19,125)	(51,650)
Due to other group company	(1,406,942)	2,199,463	-
Due to related companies	246,972	(7,652)	130,133
Cash (used)/generated from operations	<u>(1,961,307)</u>	<u>3,670,443</u>	<u>391,018</u>
Income tax Paid	(280,787)	(312,574)	(199,044)
Net cash (used)/provided by operating activities	<u>(2,242,094)</u>	<u>3,357,869</u>	<u>191,974</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property plant & equipment and intangible assets	(2,467,087)	(6,135,872)	(2,574,706)
Net investment in finance leases	43,494	58,408	43,961
Interest received	22,575	32,350	27,110
Net cash used by investing activities	<u>(2,401,018)</u>	<u>(6,045,114)</u>	<u>(2,503,635)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised translation adjustment on consolidation	7,724	(33,564)	(30,490)
Decrease increase in loan	(24,775)	(15,717)	(7,876)
Increase in deferred income	(15,573)	285,491	312,866
Short term loan	-	430,000	-
Interest paid	(987,072)	(1,555,993)	(1,299,704)
Due to other group company	5,400,072	3,412,950	3,007,934
Net cash provided by financing activities	<u>4,380,376</u>	<u>2,523,167</u>	<u>1,982,730</u>
Net (decrease)/increase in cash and cash equivalents	(262,736)	(164,078)	(328,931)
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>(62,224)</u>	<u>200,512</u>	<u>35,659</u>
Comprise of :			
Cash and cash equivalents	366,773	313,660	296,786
Bank overdraft	(428,997)	(113,148)	(261,127)
	<u>(62,224)</u>	<u>200,512</u>	<u>35,659</u>

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
Quarter ended December 31, 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 nine months ended December 31, 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 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 December 31, 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>Dec</u> <u>2011</u> <u>\$'000</u>	<u>March</u> <u>2011</u> <u>\$'000</u>
CWI Caribbean Limited (a)	<u>792,521</u>	<u>2,199,463</u>
Cable & Wireless Jamaica Finance (Cayman) Limited (b)	<u>23,070,414</u>	<u>17,670,342</u>

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
Quarter ended December 31, 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 3.23% 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 in May and November. The interest rate was reset on Nov 11, 2011 from 7.63% to 7.22% 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.