

Cable & Wireless Jamaica Limited
Unaudited Consolidated Financial Statements
For The Quarter Ended September 30, 2012

The Board of Directors of Cable & Wireless Jamaica Limited (“The Company”) are pleased to announce the release of the unaudited consolidated results of the Company, Jamaica Digiport International Limited (JDI), Digital Media & Entertainment Limited (DM&E) and other subsidiaries, (collectively referred to as “CWJ”), for the second quarter ended September 30, 2012.

Q2 Financial Summary:

For the second quarter, the Company is reporting revenues of J\$4,045m, operating profit before depreciation, amortization and net finance costs of J\$93m and a net loss attributable to shareholders of J\$1,342m.

Highlights:

- Mobile subscriber base up over 20%, increased mobile market share
- Improved customer retention for all lines of businesses
- ARPUs increased for postpaid mobile by 6%, prepaid mobile by 11%, and broadband by 3%
- Levy of the Special Telecommunication Tax began in mid-July, adversely impacting revenues

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

“The quarter ended September 30th 2012 continued the encouraging progress in the mobile line of business with a 21% increase in mobile revenue over the same prior year period. We have seen strong traction for the LIME brand in the pre-paid mobile market and LIME has stepped up to be the 'value' operator in the Jamaica marketplace. Our TALK EZ plan attracted 100,000 subscribers in 100 days. We had a great summer, having sponsored Jamaica's 50th anniversary celebrations and the broadcast of Jamaica's very successful Olympic campaign in London 2012. It was a great period for Jamaica and a great period for LIME.

Our focus on customer retention continues to yield positive results with churn reducing across all lines of business. In our broadband business we are playing a leading role in increasing internet penetration island-wide, expanding our network footprint into new areas. Our fixed line business benefitted from improved margin percentages due to reduced payments to other local operators, which are now being charged at the lower termination rates and on a per second basis.

The Corporate, Enterprise and Government business continued to focus on improving efficiency and profitability for our customers, resulting in gross margins for Enterprise solutions and Data solutions being higher by 34% and 11% respectively.

We continue to not only carefully manage our expenses, but also to review non core-related costs which have unsustainable long run trajectories. Reduction of such costs remains a serious focus of the business as borne out by restructuring costs of J\$512m incurred in the first half of this year. The restructuring process is expected to yield significant savings in the short to medium term.

Our transformation into a true telecommunications partner to our customers, delivering seamless voice, data and entertainment solutions whenever and wherever they demand it, is well underway. This focus on improving our long term value would not be complete without the required customer service improvements. With the

addition of our new contact center partner along with the implementation of leading edge customer care solutions, we believe we will bring a revolutionary customer experience to the Jamaican people.

Financial and Operating Results:

Revenue for the quarter is down 12% to J\$4,045m from the same period in the previous year. The Special Telecommunication Tax (STT) implemented in Mid-July had a strong adverse impact on fixed voice revenue which declined by 13%. Broadband revenues have fallen as a result of a net reduction in subscribers and lower priced packages. Mobile revenue is up by 21% driven by a 20% growth in subscribers and a healthy 12% increase in ARPU which resulted from our very successful XL and Talk EZ plans.

Gross Margin for the quarter only declined by 3%, notwithstanding the 12% revenue decline. Gross margin as a percent of revenue is up to 70%, a 6% improvement over the same quarter in 2011. Fixed line and broadband gross margin percentages improved by 12% and 2% respectively which compensated for lower revenues. Mobile margins as a percent of revenue remained flat compared to the prior year.

Operating expenses are up to J\$2,748m due to advertising and marketing activities during the summer to drive sales for the XL and Talk EZ value plans, Olympic Sponsorships and the Jamaica 50th Celebrations. The increase in advertising and marketing spend was offset by additional cost containment measures launched during the quarter

Overall the reduction in operating profit was mainly driven by a slight reduction in gross margin and increase in advertising and marketing costs.

The exceptional item relates to the company's restructuring plan which took place in the first half of the year and will be completed by the end of the financial year. The company has recorded a restructuring expense of J\$512m which consists primarily of one time termination benefits of which the majority will be paid prior to the end of the calendar year 2012.

Depreciation reduced from J\$1,033m to J\$414k this quarter due to the impairment of the asset base as at March 31, 2012.

The net loss attributable to shareholders is J\$1,342.

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, 2012

	<u>3 months to</u> <u>Sept 30, 2012</u> \$'000	<u>3 months to</u> <u>Sept 30, 2011</u> \$'000	<u>6 months to</u> <u>Sept 30, 2012</u> \$'000	<u>6 months to</u> <u>Sept 30, 2011</u> \$'000
Revenue	4,044,546	4,590,823	8,872,489	9,200,388
Outpayments	(779,946)	(1,342,543)	(2,271,912)	(2,762,227)
Other cost of sales	(423,293)	(300,053)	(695,607)	(542,555)
Total cost of sales	<u>(1,203,239)</u>	<u>(1,642,596)</u>	<u>(2,967,519)</u>	<u>(3,304,782)</u>
Gross margin	2,841,307	2,948,227	5,904,970	5,895,606
Employee expenses	(1,131,028)	(1,140,772)	(2,246,142)	(2,249,056)
Administrative, marketing & selling expenses	(1,617,127)	(1,372,087)	(3,143,011)	(3,039,600)
Operating expenses	<u>(2,748,155)</u>	<u>(2,512,859)</u>	<u>(5,389,153)</u>	<u>(5,288,656)</u>
Operating profit before restructuring costs, depreciation, amortisation and net finance costs	93,152	435,368	515,817	606,950
Restructuring costs	<u>(511,931)</u>	<u>(196,624)</u>	<u>(546,409)</u>	<u>(196,624)</u>
Operating (loss)/profit before depreciation, amortisation and net finance costs	(418,779)	238,744	(30,592)	410,326
Depreciation and amortisation	(413,923)	(1,032,722)	(686,122)	(2,067,266)
Operating loss before net finance costs	(832,702)	(793,978)	(716,714)	(1,656,940)
Net finance costs:				
Foreign exchange losses	48,495	(15,782)	25,912	(866)
Other finance costs	(487,619)	(413,211)	(957,012)	(799,551)
Finance income	4,438	4,696	9,615	18,312
	<u>(434,686)</u>	<u>(424,297)</u>	<u>(921,485)</u>	<u>(782,105)</u>
Other income	<u>-</u>	<u>7,567</u>	<u>-</u>	<u>7,567</u>
Loss before taxation	(1,267,388)	(1,210,708)	(1,638,199)	(2,431,478)
Taxation	<u>(75,077)</u>	<u>(112,778)</u>	<u>(134,313)</u>	<u>(191,868)</u>
Loss attributable to stockholders	<u>(1,342,465)</u>	<u>(1,323,486)</u>	<u>(1,772,512)</u>	<u>(2,623,346)</u>
Loss per stock unit	(7.98¢)	(7.87¢)	(10.54¢)	(15.60¢)

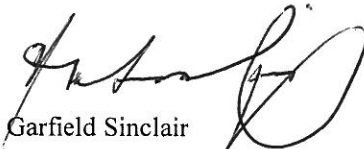
Cable & Wireless Jamaica Limited
Group Statement of Comprehensive Income
Quarter ended September 30, 2012

	<u>6 months to</u> <u>Sept 30, 2012</u> \$'000	<u>12 months to</u> <u>March 31, 2012</u> \$'000	<u>6 months to</u> <u>Sept 30, 2011</u> \$'000
Loss for the period	<u>(1,772,512)</u>	<u>(20,235,439)</u>	<u>(2,623,346)</u>
Other comprehensive income for the period:			
Unrealised translation adjustments on consolidation	19,616	14,256	4,919
Actuarial gains on employee benefits assets	<u>32,145</u>	<u>148,868</u>	<u>93,179</u>
Total other comprehensive income for the period, net of tax	51,761	163,124	98,098
	<u> </u>	<u> </u>	<u> </u>
Total comprehensive loss for the period	<u><u>(1,720,751)</u></u>	<u><u>(20,072,315)</u></u>	<u><u>(2,525,248)</u></u>

Cable & Wireless Jamaica Limited
Group Statement of Financial Position
Quarter ended September 30, 2012

	<u>6 months to</u> <u>Sept 30, 2012</u>	<u>12 months to</u> <u>March 31, 2012</u>	<u>6 months to</u> <u>Sept 30, 2011</u>
	\$'000	\$'000	\$'000
Property, plant & equipment	8,931,756	9,272,878	25,489,575
Intangible assets	611,464	271,355	336,079
Deferred expenditure	-	3,640	77,390
Net investment in finance leases	-	25,372	54,558
Employee benefits assets	3,410,000	3,381,000	3,280,000
Total non-current assets	<u>12,953,220</u>	<u>12,954,245</u>	<u>29,237,602</u>
Cash and cash equivalents	459,600	394,583	546,000
Accounts receivable	4,577,085	3,858,007	2,857,805
Prepaid expenses	1,074,838	416,123	834,161
Due from related companies	1,479,247	1,087,037	254,053
Taxation recoverable	109,498	109,263	108,106
Inventories	413,052	624,889	604,411
Current portion of deferred expenditure	85,961	196,811	306,239
Current portion of net investment in finance leases	54,636	59,033	59,033
Total current assets	<u>8,253,917</u>	<u>6,745,746</u>	<u>5,569,808</u>
TOTAL ASSETS	<u>21,207,137</u>	<u>19,699,991</u>	<u>34,807,410</u>
Share capital	16,817,440	16,817,440	16,817,440
Reserves	2,556,596	2,541,791	2,412,376
Accumulated deficit	(35,319,795)	(33,584,239)	-15,966,951
NET (DEFICIT)/ EQUITY	<u>(15,945,759)</u>	<u>(14,225,008)</u>	<u>3,262,865</u>
Bank overdraft	204,180	46,712	620,844
Trade and other accounts payable	7,583,176	6,942,732	5,798,602
Provisions	482,139	-	5,099
Short term loan	-	-	430,000
Current portion of long term loan	16,348	15,973	15,793
Due to other group company	893,737	669,290	331,484
Due to related companies	623,927	280,113	343,699
Total current liabilities	<u>9,803,507</u>	<u>7,954,820</u>	<u>7,545,521</u>
Provisions	1,089,056	911,034	1,024,165
Long term loan	261,876	261,598	268,793
Due to other group company	25,744,112	24,532,820	22,430,957
Deferred income	254,345	264,727	275,109
Total non-current liabilities	<u>27,349,389</u>	<u>25,970,179</u>	<u>23,999,024</u>
TOTAL LIABILITIES	<u>37,152,896</u>	<u>33,924,999</u>	<u>31,544,545</u>
TOTAL EQUITY & LIABILITIES	<u>21,207,137</u>	<u>19,699,991</u>	<u>34,807,410</u>


Christopher Dehring
Chairman


Garfield Sinclair
Director

Cable & Wireless Jamaica Limited
Group Statement of Changes in Stockholders' Equity
Quarter ended September 30, 2012

	<u>Share Capital</u> S'000	<u>Reserves</u> S'000	<u>Accumulated deficit</u> S'000	<u>Total</u> S'000
Balances at April 1, 2011	16,817,440	2,370,201	(13,399,528)	5,788,113
Loss for the period	-	-	(2,623,346)	(2,623,346)
Other comprehensive income:				
Unrealised translation adjustments on consolidation	-	4,919	-	4,919
Actuarial gains, net of tax			93,179	93,179
Total other comprehensive income/(loss) for the period	-	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>
Balances at April 1, 2011	16,817,440	2,370,201	(13,399,528)	5,788,113
Loss for the period	-	-	(20,235,439)	(20,235,439)
Other comprehensive income:				
Unrealised translation adjustments on consolidation	-	14,256	-	14,256
Actuarial losses, net of tax	-	-	148,868	148,868
Other comprehensive income/(loss) for the year:	-	14,256	(20,086,571)	(20,072,315)
Transfer from employee benefits reserve	-	157,334	(157,334)	-
Forfeiture of dividends declared	-	-	59,194	59,194
Balances at March 31, 2012	<u>16,817,440</u>	<u>2,541,791</u>	<u>(33,584,239)</u>	<u>(14,225,008)</u>
Loss for the period	-	-	(1,772,512)	(1,772,512)
Other comprehensive income:				
Unrealised translation adjustments on consolidation	-	19,616	-	19,616
Actuarial gains, net of tax	-	-	32,145	32,145
Total other comprehensive gains/(losses) for the period	-	19,616	(1,740,367)	(1,720,751)
Transfer between reserves	-	(4,811)	4,811	-
Balances at September 30, 2012	<u>16,817,440</u>	<u>2,556,596</u>	<u>(35,319,795)</u>	<u>(15,945,759)</u>

Cable & Wireless Jamaica Limited
Group Statement of Cashflows
Quarter ended September 30, 2012

	6 months to Sept 30, 2012	12 months to March 31, 2012	6 months to Sept 30, 2011
	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	(1,772,512)	(20,235,439)	(2,623,346)
Adjustments for:			
Unrealised translation losses on long-term loan	8,859	14,488	28,736
Employee benefits, net	3,145	(87,132)	(41,821)
Depreciation and amortisation	686,122	4,409,101	2,067,266
Impairment	-	15,750,000	-
Taxation	134,313	308,062	191,868
Loss on disposal of property, plant and equipment and intangible assets	-	(41,101)	-
Interest earned	(9,615)	(35,403)	(18,312)
Interest expense	957,012	1,757,383	799,551
Provisions	178,022	38,438	17,706
Cash generated before changes in working capital	<u>185,346</u>	<u>1,878,397</u>	<u>421,648</u>
Accounts receivable	(719,078)	(6,046)	994,155
Prepaid expenses	(658,715)	(15,151)	(433,189)
Due from related companies	(392,210)	(322,530)	622,253
Inventories	211,837	(210,731)	(302,052)
Deferred expenditure	114,490	248,201	65,022
Trade and other accounts payable	397,242	(915,913)	(2,180,953)
Provisions	482,139	-	(42,799)
Due to other group company	224,447	(1,530,173)	331,484
Due to related companies	<u>343,814</u>	<u>107,706</u>	<u>171,292</u>
Cash generated from/(used by) operations	189,312	(766,240)	(353,139)
Income tax Paid	<u>(134,548)</u>	<u>(309,347)</u>	<u>(191,996)</u>
Net cash generated from/(used by) operating activities	<u>54,764</u>	<u>(1,075,587)</u>	<u>(545,135)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property plant & equipment and intangible assets	(685,109)	(3,712,406)	(1,759,073)
Proceeds from disposal of property, plant & equipment	-	50,157	-
Net investment in finance leases	29,769	58,115	28,930
Interest received	9,615	35,403	18,312
Net cash used by investing activities	<u>(645,725)</u>	<u>(3,568,731)</u>	<u>(1,711,831)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised translation adjustment on consolidation	19,616	14,256	4,919
Decrease increase in loan	(8,206)	(15,821)	(23,055)
Increase in deferred income	(10,382)	(20,764)	(10,382)
Short term loan	-	(430,000)	-
Interest paid	(713,810)	(1,677,666)	(551,024)
Dividends forfeited	-	59,194	-
Due to other group company	<u>1,211,292</u>	<u>6,862,478</u>	<u>2,561,152</u>
Net cash provided by financing activities	<u>498,510</u>	<u>4,791,677</u>	<u>1,981,610</u>
Net (decrease)/increase in cash and cash equivalents	(92,451)	147,359	(275,356)
Cash and cash equivalents at beginning of period	<u>347,871</u>	<u>200,512</u>	<u>200,512</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>255,420</u>	<u>347,871</u>	<u>(74,844)</u>
Comprise of :			
Cash and cash equivalents	459,600	394,583	546,000
Bank overdraft	<u>(204,180)</u>	<u>(46,712)</u>	<u>(620,844)</u>
	<u>255,420</u>	<u>347,871</u>	<u>(74,844)</u>

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
Quarter ended September 30, 2012

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, 2012 comprises 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, 2012 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, 2012.

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, 2012.

During the period, the Group adopted Revised IAS 24, Related Party Disclosure, which introduced 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. There was no material impact on the financial statements as a result of adopting this standard.

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, 2012.

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
Quarter ended September 30, 2012

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, 2012. 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>March</u>
	<u>2012</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>
CWI Caribbean Limited (a)		
Principal	853,014	632,464
Interest	<u>40,723</u>	<u>36,826</u>
	<u>893,737</u>	<u>669,290</u>
Cable & Wireless Jamaica Finance (Cayman) Limited (b)		
Principal	24,205,253	23,875,454
Interest	<u>1,538,859</u>	<u>657,366</u>
	<u>25,744,112</u>	<u>24,532,820</u>

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
Quarter ended September 30, 2012

5. Related parties (continued)

- (a) This is a short term Revolving 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 3.24% per annum.
- (b) This represents the amount drawn on a J\$25.8 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 11th and November 11th. The interest rate was last reset on November 11, 2011 to 7.22% per annum from 7.63% at May 11, 2011.

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, 2012: 16,817,439,740) issued and fully paid ordinary stock units.