

Cable & Wireless Jamaica Limited
Unaudited Consolidated Financial Statements
For The Quarter Ended December 31, 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 third quarter ended December 31, 2012.

Q3 Financial Summary:

For the third quarter, the Company is reporting revenues of J\$6,068m, operating profit before depreciation, amortization and net finance costs of J\$608m and a net loss attributable to shareholders of J\$462m.

Highlights:

- Mobile subscriber base up over 40%, increased mobile market share by 6%
- Mobile Revenues up 18%
- Improved customer retention for all lines of businesses
- EBITDA up 36% over the same quarter last year and by 8% for the year to date
- 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 December 31, 2012 continued the encouraging progress in our mobile business with an 18% increase in revenue over the same prior year period. Our TALK EZ and XL pre-paid mobile plans continued to attract substantial numbers of subscribers searching for value in what is still a tough economy. Our Lime Lucky Number and other Christmas promotions were very well received and in December were instrumental in yielding the highest gross addition of mobile subscribers of any month this fiscal year.

We continue to focus on customer retention with churn reducing across all lines of business. In December, our broadband business had the highest number of gross adds this fiscal year having received a major boost from the inclusion of our Browse & Talk internet and landline product in our above the line Christmas promotions. Our fixed line business continued to benefit from improved margins due to reduced outpayments to other local operators, resulting in a 2% improvement in Fixed Line National gross margin over the same quarter last year despite a 14% reduction in revenues.

The Corporate, Enterprise and Government business continued to achieve targeted results, with gross margins improving by 6% on a quarter over quarter and 8% on a year over year basis.

We continue to reduce non-core related costs and focus on improved efficiency through the introduction of additional automation in our Contact Centre, Service Delivery and Retail Back Offices. This is facilitating our transformation into a modern, competitive telecommunications partner to our retail and business customers. These results clearly signal our determination to place our business firmly on a path to profitability and long-term value creation.

Financial and Operating Results:

The Special Telecommunication Tax (STT) implemented in Mid-July continues to have an impact on overall revenues. **Revenue** has declined 4% to J\$6,068m from the same period in the previous year. Fixed voice revenue declined 14% due to the double impact of STT and lower traffic due to mobile and VOIP substitution. This is offset by a positive mobile revenue growth of 18% driven by a 40% growth in subscribers. Broadband revenues declined this quarter as a result of a net reduction in subscribers and low priced packages such as Browse & Talk.

Gross Margin as a percent of revenue remains flat at 54% quarter on quarter and up by one percentage point year on year to 61%. Fixed line gross margin improved by 2% with lower outpayments compensating for lower revenues. Broadband gross margin declined by 4% due to the reduction in revenues. The momentum in our mobile business has resulted in mobile service gross margin being up 22% compared to the prior year.

Operating expenses have declined to J\$2,581m as cost containment measures launched during the previous quarter start to take effect.

There is an overall **operating profit before net financing costs** of J\$202m mainly driven by an improvement in gross margins and cost containment.

Extraordinary costs of J\$42m were incurred during the quarter in relation to network and service restoration following the passage of Hurricane Sandy.

Depreciation reduced from J\$1,027m in the third quarter last year to J\$405m this quarter due to the impairment of the asset base as at March 31, 2012.

The net loss attributable to shareholders is J\$462m.

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



Patrick Rousseau
Director



Garfield Sinclair
Managing Director

Cable & Wireless Jamaica Limited
Group Income Statement
Quarter ended December 31, 2012

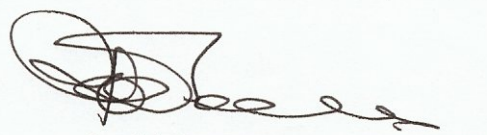
	<u>3 months to</u> <u>Dec 31, 2012</u> \$'000	<u>3 months to</u> <u>Dec 31, 2011</u> \$'000	<u>9 months to</u> <u>Dec 31, 2012</u> \$'000	<u>9 months to</u> <u>Dec 31, 2011</u> \$'000
Revenue	6,067,796	6,319,066	14,940,285	15,519,454
Outpayments	(970,636)	(1,393,750)	(3,242,548)	(4,155,976)
Other cost of sales	(1,832,025)	(1,487,910)	(2,527,632)	(2,030,465)
Total cost of sales	<u>(2,802,661)</u>	<u>(2,881,660)</u>	<u>(5,770,180)</u>	<u>(6,186,441)</u>
Gross margin	3,265,135	3,437,406	9,170,105	9,333,013
Employee expenses	(1,115,636)	(1,167,369)	(3,361,778)	(3,416,425)
Administrative, marketing & selling expenses	(1,465,524)	(1,768,808)	(4,608,535)	(4,808,408)
Operating expenses	<u>(2,581,160)</u>	<u>(2,936,177)</u>	<u>(7,970,313)</u>	<u>(8,224,833)</u>
Operating profit before restructuring costs, depreciation, amortisation and net finance costs	683,975	501,229	1,199,792	1,108,180
Restructuring costs	(34,200)	(149,280)	(580,609)	(345,904)
Other operating expenses	<u>(42,115)</u>	<u>-</u>	<u>(42,115)</u>	<u>-</u>
Operating profit before depreciation, amortisation and net finance costs	607,660	351,949	577,068	762,276
Depreciation and amortisation	(405,423)	(1,027,656)	(1,091,545)	(3,094,922)
	<u>(405,423)</u>	<u>(1,027,656)</u>	<u>(1,091,545)</u>	<u>(3,094,922)</u>
Operating profit/(loss) before net finance costs	202,237	(675,707)	(514,477)	(2,332,646)
Net finance costs:				
Foreign exchange losses	(97,535)	(7,708)	(71,623)	(8,573)
Other finance costs	(517,250)	(437,707)	(1,474,262)	(1,237,258)
Finance income	18,218	4,264	27,833	22,575
	<u>(596,567)</u>	<u>(441,151)</u>	<u>(1,518,052)</u>	<u>(1,223,256)</u>
Other (loss)/income	<u>-</u>	<u>(22)</u>	<u>-</u>	<u>7,544</u>
Loss before taxation	(394,330)	(1,116,880)	(2,032,529)	(3,548,358)
Taxation	<u>(67,482)</u>	<u>(88,725)</u>	<u>(201,795)</u>	<u>(280,592)</u>
Loss attributable to stockholders	<u>(461,812)</u>	<u>(1,205,605)</u>	<u>(2,234,324)</u>	<u>(3,828,950)</u>
Loss per stock unit	(2.74¢)	(7.17¢)	(13.28¢)	(22.77¢)

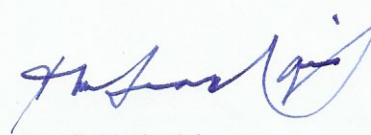
Cable & Wireless Jamaica Limited
Group Statement of Comprehensive Income
Quarter ended December 31, 2012

	<u>9 months to</u> <u>Dec 31, 2012</u> \$'000	<u>12 months to</u> <u>March 31, 2012</u> \$'000	<u>9 months to</u> <u>Dec 31, 2011</u> \$'000
Loss for the period	<u>(2,234,324)</u>	<u>(20,235,439)</u>	<u>(3,828,950)</u>
Other comprehensive income for the period:			
Unrealised translation adjustments on consolidation	47,728	14,256	7,724
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	79,873	163,124	100,903
Total comprehensive loss for the period	<u><u>(2,154,451)</u></u>	<u><u>(20,072,315)</u></u>	<u><u>(3,728,047)</u></u>

Cable & Wireless Jamaica Limited
Group Statement of Financial Position
Quarter ended December 31, 2012

	<u>9 months to</u> <u>Dec 31, 2012</u>	<u>12 months to</u> <u>March 31, 2012</u>	<u>9 months to</u> <u>Dec 31, 2011</u>
	\$'000	\$'000	\$'000
Property, plant & equipment	9,234,997	9,272,878	25,140,520
Intangible assets	545,305	271,355	365,492
Deferred expenditure	-	3,640	23,904
Net investment in finance leases	-	25,372	39,993
Employee benefits assets	3,414,023	3,381,000	3,306,074
Total non-current assets	13,194,325	12,954,245	28,875,983
Cash and cash equivalents	383,394	394,583	366,773
Accounts receivable	6,320,152	3,858,007	4,277,122
Prepaid expenses	440,361	416,123	402,617
Due from related companies	1,817,507	1,087,037	427,738
Taxation recoverable	109,767	109,263	108,173
Inventories	241,295	624,889	680,215
Current portion of deferred expenditure	62,902	196,811	296,569
Current portion of net investment in finance leases	39,422	59,033	59,033
Total current assets	9,414,800	6,745,746	6,618,240
TOTAL ASSETS	22,609,125	19,699,991	35,494,223
Share capital	16,817,440	16,817,440	16,817,440
Reserves	2,556,589	2,541,791	2,415,181
Accumulated deficit	(35,753,488)	(33,584,239)	(17,172,555)
NET (DEFICIT)/ EQUITY	(16,379,459)	(14,225,008)	2,060,066
Bank overdraft	240,244	46,712	428,997
Trade and other accounts payable	8,639,374	6,942,732	6,684,954
Provisions	360,601	-	-
Short term loan	-	-	430,000
Current portion of long term loan	16,876	15,973	15,847
Due to other group company	1,019,839	669,290	792,521
Due to related companies	687,814	280,113	419,379
Total current liabilities	10,964,748	7,954,820	8,771,698
Provisions	1,112,515	911,034	1,051,913
Long term loan	275,073	261,598	270,214
Due to other group company	26,387,093	24,532,820	23,070,414
Deferred income	249,155	264,727	269,918
Total non-current liabilities	28,023,836	25,970,179	24,662,459
TOTAL LIABILITIES	38,988,584	33,924,999	33,434,157
TOTAL EQUITY & LIABILITIES	22,609,125	19,699,991	35,494,223


 Patrick Rousseau
 Director


 Garfield Sinclair
 Director

Cable & Wireless Jamaica Limited
Group Statement of Changes in Stockholders' Equity
Quarter ended December 31, 2012

	<u>Share Capital</u> \$'000	<u>Reserves</u> \$'000	<u>Accumulated deficit</u> \$'000	<u>Total</u> \$'000
Balances at April 1, 2011	16,817,440	2,370,201	(13,399,528)	5,788,113
Loss for the period	-	-	(3,828,950)	(3,828,950)
Other comprehensive income:				
Unrealised translation adjustments on consolidation	-	7,724	-	7,724
Actuarial gains, net of tax	-	-	93,179	93,179
Total other comprehensive income/(loss) for the period	-	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>
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	-	-	(2,234,324)	(2,234,324)
Other comprehensive income:				
Unrealised translation adjustments on consolidation	-	47,728	-	47,728
Actuarial gains, net of tax	-	-	32,145	32,145
Total other comprehensive income/(loss) for the period	-	47,728	(2,202,179)	(2,154,451)
Transfer between reserves	-	(32,930)	32,930	-
Balances at December 31, 2012	<u>16,817,440</u>	<u>2,556,589</u>	<u>(35,753,488)</u>	<u>(16,379,459)</u>

Cable & Wireless Jamaica Limited
Group Statement of Cashflows
Quarter ended December 31, 2012

	9 months to Dec 31, 2012	12 months to March 31, 2012	9 months to Dec 31, 2011
	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	(2,234,324)	(20,235,439)	(3,828,950)
Adjustments for:			
Unrealised translation losses on long-term loan	(123,106)	14,488	31,932
Employee benefits, net	(878)	(87,132)	(67,895)
Depreciation and amortisation	1,091,545	4,409,101	3,094,922
Impairment	-	15,750,000	-
Taxation	201,795	308,062	280,592
Loss on disposal of property, plant and equipment and intangible assets	-	(41,101)	-
Interest earned	(27,833)	(35,403)	(22,575)
Interest expense	1,474,262	1,757,383	1,237,258
Provisions	201,481	38,438	45,454
Cash generated before changes in working capital	<u>582,942</u>	<u>1,878,397</u>	<u>770,738</u>
Accounts receivable	(2,462,145)	(6,046)	(425,161)
Prepaid expenses	(24,238)	(15,151)	(1,645)
Due from related companies	(730,470)	(322,530)	448,568
Inventories	383,594	(210,731)	(377,856)
Deferred expenditure	137,549	248,201	128,179
Trade and other accounts payable	1,453,440	(915,913)	(1,296,263)
Provisions	360,601	-	(47,897)
Due to other group company	350,549	(1,530,173)	(1,406,942)
Due to related companies	407,701	107,706	246,972
Cash generated from/(used by) operations	<u>459,523</u>	<u>(766,240)</u>	<u>(1,961,307)</u>
Income tax Paid	(202,299)	(309,347)	(280,787)
Net cash generated from/(used by) operating activities	<u>257,224</u>	<u>(1,075,587)</u>	<u>(2,242,094)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property plant & equipment and intangible assets	(1,327,614)	(3,712,406)	(2,467,087)
Proceeds from disposal of property, plant & equipment	-	50,157	-
Net investment in finance leases	44,983	58,115	43,494
Interest received	27,833	35,403	22,575
Net cash used by investing activities	<u>(1,254,798)</u>	<u>(3,568,731)</u>	<u>(2,401,018)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised translation adjustment on consolidation	47,728	14,256	7,724
Decrease increase in loan	137,484	(15,821)	(24,775)
Increase in deferred income	(15,572)	(20,764)	(15,573)
Short term loan	-	(430,000)	-
Interest paid	(1,231,060)	(1,677,666)	(987,072)
Dividends forfeited	-	59,194	-
Due to other group company	1,854,273	6,862,478	5,400,072
Net cash provided by financing activities	<u>792,853</u>	<u>4,791,677</u>	<u>4,380,376</u>
Net (decrease)/increase in cash and cash equivalents	(204,721)	147,359	(262,736)
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>143,150</u>	<u>347,871</u>	<u>(62,224)</u>
Comprise of :			
Cash and cash equivalents	383,394	394,583	366,773
Bank overdraft	(240,244)	(46,712)	(428,997)
	<u>143,150</u>	<u>347,871</u>	<u>(62,224)</u>

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
Quarter ended December 31, 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 nine months ended December 31, 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 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, 2012.

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
Quarter ended December 31, 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>Dec.</u>	<u>March</u>
	<u>2012</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>
CWI Caribbean Limited (a)		
Principal	973,335	632,464
Interest	<u>46,504</u>	<u>36,826</u>
	<u>1,019,839</u>	<u>669,290</u>
Cable & Wireless Jamaica Finance (Cayman) Limited (b)		
Principal	26,103,357	23,875,454
Interest	<u>283,736</u>	<u>657,366</u>
	<u>26,387,093</u>	<u>24,532,820</u>

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
Quarter ended December 31, 2012

5. Related parties (continued)

- (a) This is a short term Revolving Facility granted by CWI Caribbean Limited on May 26, 2010 and increased to a credit limit of US\$12 million on December 1, 2012. 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\$30.0 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, 2012 to 7.69% per annum from 7.22% at November 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.