

**Cable & Wireless Jamaica Limited**  
**Unaudited Consolidated Financial Statements**  
**For The Quarter Ended June 30, 2013**

The Board of Directors of Cable & Wireless Jamaica Limited ("the Company") hereby 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 first quarter ended June 30, 2013.

**Q1 Financial Summary:**

For the first quarter, the Company is reporting revenues of J\$4,348m, operating profit before depreciation, amortisation and net finance costs of J\$68m and a net loss attributable to shareholders of J\$827m.

**Highlights of Q1 2013 over Q1 2012:**

- Mobile subscriber base up 22%
- Mobile revenues up 10%
- Enterprise & Corporate revenues up 14%
- Improved customer retention for all lines of businesses

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

*"In the quarter ended June 30, 2013 we continued the encouraging progress in our mobile business with a 10% increase in Mobile Services revenue over the same prior year period. We took a strategic decision to launch our new Anywhere, Anytime, Anyone Talk EZ plan on June 7, prior to the OUR's implementation of final and further reduced mobile termination rates on July 1. The new plan has resonated well with customers and has already resulted in a 22% increase in our active subscriber base year over year. We expect to continue increasing market share in the mobile business as more subscribers discover the superior value of our new voice and data plans.*

*The structural decline of our Fixed Line voice business continues as customers migrate to competitive mobile voice and data options along with the increasing penetration of Over The Top (OTT) providers. We intend to further reduce attrition in this business by introducing a compelling TV offering which, along with other measures that focus on customer retention, should maintain the current trend of reducing churn across all lines of business. Our Browse & Talk package, which offers landline service and internet access, continues to find favor with cost conscious consumers and an advertising campaign is planned for early in the next quarter to attract a wider cross section of potential subscribers.*

*The Corporate, Enterprise and Government business continued to exceed expectations, with revenues and gross margins improving by 14% and 13% respectively on a quarter over quarter basis.*

*Further to our agreement with Ericsson for the outsourcing of field services, related non-core costs are being reduced. Ericsson commenced service under the agreement on May 20<sup>th</sup> and we have also already seen improvements in service restoration and installation times. Our focus on improved customer service through the introduction of additional automation in our Contact Centre is beginning to yield positive results with the introduction of new features designed to enhance customer experience and reduce frustration with waiting times.*

*The transformation of our business continues to show positive results for customers, colleagues and shareholders as we bring our cost structure in line with our revenue generating capacity, while focusing on improving the customer experience.*

**Financial and Operating Results:**

Overall revenues declined quarter on quarter by 10% influenced by several factors; Mobile revenue growth of 10% driven by a 22% growth in mobile subscribers as well as big wins in the Enterprise and Corporate segment which grew business revenues by 14%. This was offset by a 12% decline in our fixed line business driven by a diminishing subscriber base and a reduction in the fixed line termination rate which was effective from June 2012. Broadband revenues declined by 11% as a result of a net reduction in subscribers and the introduction of low priced packages such as Browse & Talk.

**Gross Margin** as a percent of revenue remained flat quarter on quarter at 64% mainly as a result of a 60% increase in subscriber acquisition costs due to extensive giveaways of free handsets in the market. These costs were mitigated by an increase in fixed line and enterprise gross margin respectively by 5% and 13%. Broadband gross margin also reduced by 12%, consistent with the decline in revenues.

Overall **operating expenses** increased by 2% as a result of a 14% increase in utilities and a 25% increase in material costs due to continuous improvements to the network. These increases were partially offset by the implementation of cost containment measures in other areas and in particular staff costs, as the service support delivery team was separated from the Company in May 2013 when the managed service arrangement between the company and Ericsson took effect.

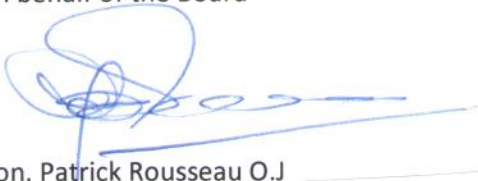
**Other income** represents the gain on sale of assets to Ericsson as a result of the outsourcing agreement which commenced in May 2013.

The restructuring expense of J\$5.174m relates to residual fees related to the managed service agreement between the Company and Ericsson.

The net loss attributable to shareholders for the period was J\$827m.

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



Hon. Patrick Rousseau O.J.  
Director



Dr. Carolyn Hayle  
Director

**Cable & Wireless Jamaica Limited**  
**Group Income Statement**  
**Quarter ended June 30, 2013**

	<b>3 months to June 30, 2013</b>	<b>12 months to March 31, 2013</b>	<b>3 months to June 30, 2012</b>
	\$'000	\$'000	\$'000
Revenue	4,347,843	19,075,407	4,827,943
Outpayments	(1,139,771)	(4,243,488)	(1,491,966)
Other cost of sales	(432,960)	(2,908,295)	(272,314)
Total cost of sales	(1,572,731)	(7,151,783)	(1,764,280)
<b>Gross margin</b>	<b>2,775,112</b>	<b>11,923,624</b>	<b>3,063,663</b>
Employee expenses	(932,766)	(4,301,537)	(1,115,114)
Administrative, marketing and selling expenses	(1,768,978)	(5,841,950)	(1,525,884)
<b>Operating expenses</b>	<b>(2,701,744)</b>	<b>(10,143,487)</b>	<b>(2,640,998)</b>
<b>Operating profit before restructuring costs, depreciation, amortisation and net finance costs</b>	<b>73,368</b>	<b>1,780,137</b>	<b>422,665</b>
Restructuring cost	(5,174)	(2,754,808)	(34,478)
<b>Operating profit/(loss) before depreciation, amortisation and net finance costs</b>	<b>68,194</b>	<b>(974,671)</b>	<b>388,187</b>
Depreciation and amortisation	(436,509)	(1,494,771)	(272,199)
<b>Operating (loss)/profit before net finance costs</b>	<b>(368,315)</b>	<b>(2,469,442)</b>	<b>115,988</b>
Net finance costs			
Foreign exchange losses	(7,122)	(163,179)	(22,583)
Other finance costs	(583,781)	(2,033,288)	(469,393)
Finance income	21,070	56,098	5,177
	(569,833)	(2,140,369)	(486,799)
Other income/(expense)	130,147	(36,277)	-
<b>Loss before taxation</b>	<b>(808,001)</b>	<b>(4,646,088)</b>	<b>(370,811)</b>
Taxation	(18,889)	(273,046)	(59,236)
Loss attributable to stockholders	(826,890)	(4,919,134)	(430,047)
Loss per stock unit	(4.92c)	(29.25c)	(2.56c)

**Cable & Wireless Jamaica Limited**  
**Group Statement of Financial Position**  
**Quarter ended June 30, 2013**

	<b>3 months to June 30, 2013</b>	<b>12 months to March 31, 2013</b>	<b>3 months to June 30, 2012</b>
	\$'000	\$'000	\$'000
Property plant & equipment	10,179,979	10,371,786	9,209,242
Intangible assets	747,525	715,716	246,325
Long term loan receivable	724,640	724,640	-
Net investment in finance leases	-	-	10,623
Employee benefits assets	2,765,931	2,750,000	3,385,082
<b>Total non-current assets</b>	<b>14,418,075</b>	<b>14,562,142</b>	<b>12,851,272</b>
Cash & cash equivalents	527,202	787,573	304,433
Accounts receivable	3,653,651	3,388,918	3,837,211
Prepaid expenses	470,125	202,038	670,786
Due from related companies	2,243,318	1,791,091	1,066,313
Company tax recoverable	111,533	109,979	109,379
Inventories	424,525	208,784	614,660
Current portion of net investment in finance leases	7,204	23,758	59,033
Current portion of deferred expenditure	43,340	38,092	133,834
<b>Total current assets</b>	<b>7,480,898</b>	<b>6,550,233</b>	<b>6,795,649</b>
<b>TOTAL ASSETS</b>	<b>21,898,973</b>	<b>21,112,375</b>	<b>19,646,921</b>
Share capital	16,817,440	16,817,440	16,817,440
Reserves	2,254,206	2,220,807	2,576,642
Accumulated deficit	(39,549,595)	(38,722,705)	(34,038,042)
<b>NET DEFICIT</b>	<b>(20,477,949)</b>	<b>(19,684,458)</b>	<b>(14,643,960)</b>
Bank overdraft	200,114	26,339	244,434
Accounts payable	7,545,505	7,264,473	6,219,517
Current portion of long-term loans	218,573	17,864	16,185
Current portion of provisions	484,681	2,457,049	-
Due to other group companies	962,562	887,811	950,110
Due to related companies	440,668	531,547	285,781
<b>Total current liabilities</b>	<b>9,852,103</b>	<b>11,185,083</b>	<b>7,716,027</b>
Long-term loan	293,164	278,595	267,009
Due to other group companies	30,771,917	27,898,622	25,114,243
Deferred income	238,774	243,963	259,536
Provisions	1,220,964	1,190,570	934,066
<b>Total non-current liabilities</b>	<b>32,524,819</b>	<b>29,611,750</b>	<b>26,574,854</b>
<b>TOTAL LIABILITIES</b>	<b>42,376,922</b>	<b>40,796,833</b>	<b>34,290,881</b>
<b>NET DEFICIT AND LIABILITIES</b>	<b>21,898,973</b>	<b>21,112,375</b>	<b>19,646,921</b>

Hon. Patrick Rousseau

Director

Dr. Carolyn Hayle  
 Director

**Cable & Wireless Jamaica Limited**  
**Group Statement of Comprehensive Income**  
**Quarter ended June 30, 2013**

	<b>3 months to June 30, 2013</b>	<b>12 months to March 31, 2013</b>	<b>3 months to June 30, 2012</b>
	\$'000	\$'000	\$'000
Loss for the period	(826,890)	(4,919,134)	(430,047)
Other comprehensive income/(loss) for the period:			
Unrealised translation adjustments on consolidation	33,399	99,684	11,095
Actuarial losses on employee benefits assets	-	(640,000)	-
	<u>33,399</u>	<u>(540,316)</u>	<u>11,095</u>
<b>Total comprehensive loss for the period</b>	<b><u>(793,491)</u></b>	<b><u>(5,459,450)</u></b>	<b><u>(418,952)</u></b>

**Cable & Wireless Jamaica Limited**  
**Group Statement of Changes in Stockholders' Equity/(Deficit)**  
**Quarter ended June 30, 2013**

	Share capital \$'000	Reserves \$'000	Accumulated deficit \$'000	Total \$'000
<b>Balance at April 1, 2012</b>	<b>16,817,440</b>	<b>2,541,791</b>	<b>(33,584,239)</b>	<b>(14,225,008)</b>
Loss for the period	-	-	(430,047)	(430,047)
Other comprehensive loss:				
Unrealised translation adjustments on consolidation	-	11,095	-	11,095
Total other comprehensive gains/(losses) for the period	-	11,095	(430,047)	(418,952)
Transfer between reserves	-	23,756	(23,756)	-
<b>Balances at June 30, 2012</b>	<b>16,817,440</b>	<b>2,576,642</b>	<b>(34,038,042)</b>	<b>(14,643,960)</b>
Balances at April 1, 2012	16,817,440	2,541,791	(33,584,239)	(14,225,008)
Loss for the year	-	-	(4,919,134)	(4,919,134)
Other comprehensive loss:				
Unrealised translation adjustments on consolidation	-	99,684	-	99,684
Actuarial losses, net of tax	-	-	(640,000)	(640,000)
Total other comprehensive loss gains/(losses) for the year	-	99,684	(640,000)	(540,316)
Transfer from employee benefits reserve	-	(420,668)	420,668	-
<b>Balances at March 31, 2013</b>	<b>16,817,440</b>	<b>2,220,807</b>	<b>(38,722,705)</b>	<b>(19,684,458)</b>
Loss for the period	-	-	(826,890)	(826,890)
Other comprehensive loss:				
Unrealised translation adjustments on consolidation	-	33,399	-	33,399
Total comprehensive gains/(losses) for the period	-	33,399.00	(826,890)	(793,491)
<b>Balances at June 30, 2013</b>	<b>16,817,440</b>	<b>2,254,206</b>	<b>(39,549,595)</b>	<b>(20,477,949)</b>

**Cable & Wireless Jamaica Limited**  
**Group Statement of Cash Flows**  
**Quarter ended June 30, 2013**

	<b>3 months to June 30, 2013</b>	<b>12 months to March 31, 2013</b>	<b>3 months to June 30, 2012</b>
	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the period	(826,890)	(4,919,134)	(430,047)
Adjustments for:			
Unrealised translation losses on long-term loan	209,779	52,574	5,623
Employee benefits, net	(15,931)	(9,000)	(4,082)
Depreciation and amortisation	436,509	1,494,771	272,199
Taxation	18,889	273,046	59,236
Gain on disposal of property, plant and equipment and intangible assets	(130,146)	(9,480)	-
Interest earned	(21,070)	(56,098)	(5,177)
Interest expense	583,781	2,033,288	469,393
Site restoration provision	515,074	279,536	23,032
Cash generated/(used) before changes in working capital	<u>769,995</u>	<u>(860,497)</u>	<u>390,177</u>
Accounts receivable	(264,733)	469,089	20,796
Prepaid expenses	(268,087)	214,085	(254,663)
Inventories	(215,741)	416,105	10,229
Due from related companies	(452,227)	(704,054)	20,724
Deferred expenditure	(5,248)	162,359	66,617
Accounts payables and other provisions	(2,175,611)	2,778,790	(723,215)
Due to other group companies	74,751	218,521	280,820
Due to related companies	(90,879)	251,434	5,668
Cash (used)/generated from operations	<u>(2,627,780)</u>	<u>2,945,832</u>	<u>(182,847)</u>
Income tax paid	(20,443)	(273,762)	(59,352)
Net cash (used)/generated by operating activities	<u>(2,648,223)</u>	<u>2,672,070</u>	<u>(242,199)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets	(419,768)	(3,041,095)	(183,533)
Proceeds from disposals of assets	274,500	12,535	-
Net investment in finance lease	(19,582)	60,647	14,749
Loan receivable	-	(724,640)	-
Interest received	21,070	56,098	5,177
Net cash used by investing activities	<u>(143,780)</u>	<u>(3,636,455)</u>	<u>(163,607)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Unrealised translation adjustment on consolidation	33,399	99,684	11,095
Increase/(decrease) in long-term loan	40,133	(33,686)	-
Decrease in deferred income	(5,189)	(20,764)	(5,191)
Interest paid	(583,781)	(2,033,288)	(469,393)
Due to other group companies	2,873,295	3,365,802	581,423
Net cash provided by financing activities	<u>2,357,857</u>	<u>1,377,748</u>	<u>117,934</u>
Net (decrease)/increase in cash and cash equivalents	(434,146)	413,363	(287,872)
Cash and cash equivalents at beginning of period	761,234	347,871	347,871
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>327,088</u></b>	<b><u>761,234</u></b>	<b><u>59,999</u></b>
Comprise of:			
Cash and bank	527,202	787,573	304,433
Bank overdraft	(200,114)	(26,339)	(244,434)
	<u>327,088</u>	<u>761,234</u>	<u>59,999</u>

**Cable & Wireless Jamaica Limited**  
**Notes to the Interim Consolidated Financial Statements**  
**Quarter ended June 30, 2013**

**1. Reporting entity**

Cable & Wireless Jamaica Limited (the "Company") 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, 2013 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, 2013 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, 2013.

**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, 2013.

**Seasonality and cyclicity**

There is no significant seasonality or cyclicity affecting the interim results of the operations.

**(a) 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, 2013.



**Cable & Wireless Jamaica Limited**  
**Notes to the Interim Consolidated Financial Statements**  
**Quarter ended June 30, 2013**

**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 June 30, 2013. 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>June</u>	<u>March</u>
	<u>2013</u>	<u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>
CWI Caribbean Limited (a)		
Principal	909,433	830,688
Accrued Interest	<u>53,129</u>	<u>57,123</u>
	<u>962,562</u>	<u>887,811</u>
Cable & Wireless Jamaica Finance (Cayman) Limited (b)		
Principal	30,333,973	27,100,593
Accrued Interest	<u>437,944</u>	<u>798,029</u>
	<u>30,771,917</u>	<u>27,898,622</u>

**Cable & Wireless Jamaica Limited**  
**Notes to the Interim Consolidated Financial Statements**  
**Quarter ended June 30, 2013**

**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\$12 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\$32 billion uncommitted revolving facility with Cable & Wireless Jamaica Finance (Cayman) Limited. The loan has no fixed repayment term. 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<sup>th</sup> and November 11<sup>th</sup>. The interest rate was last reset on November 11, 2012 from 7.22% to 7.68908% 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 (June 30, 2013: 16,817,439,740) issued and fully paid ordinary stock units.