

Cable & Wireless Jamaica Limited
Unaudited Consolidated Financial Statements
For The Quarter Ended December 31, 2013

The Board of Directors of Cable & Wireless Jamaica Limited (the Company) hereby release 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, 2013.

Q3 Financial Summary:

For the third quarter, the Company is reporting revenues of J\$4,939m, operating profit before exceptional costs, depreciation, amortisation and net finance costs of J\$792m and a net loss attributable to shareholders of J\$316m.

Highlights:

- Mobile subscriber base up 23%
- Mobile service revenue up 42%
- Broadband service revenue up 24%
- EBITDA up 29%

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

"Our performance continued to improve steadily in the quarter ended December 31, 2013 with a 23% increase in active subscribers and a 42% increase in mobile service revenue over the same quarter last year. Mobile subscribers continued to demand our products and services and we welcomed an additional 35K subscribers during the quarter. The rate of Mobile data adoption was especially encouraging during the Christmas period, where customers migrated to our affordable data enabled handsets and data plans in unprecedented numbers.

Our fixed voice and internet service bundle, called Browse & Talk continues to reduce fixed line churn and yielded a 30% increase in broadband margins compared to the same quarter last year. These simple and easy to communicate consumer offerings in our mobile and fixed line businesses will continue to be the standard bearers of our improving operating performance. Fixed Line voice margins for the combined international and national were flat over the prior year quarter.

Corporate and Enterprise solutions revenue was up 2% compared to the same quarter last year, while revenue inclusive of Directory services decreased by 63% as a result of the restructuring of the Global Directory Services contract. We remain focused on being trusted advisers to our Corporate, Government and Enterprise customers as they continue to reward us with their essential communication and technology business.

Our business transformation is now well under way and is clearly having a positive impact on our financial performance. EBITDA increased 29% this quarter over the same quarter last year and shareholders will continue to benefit from this positive direction as we continue to focus on our customers, our colleagues and our costs."

Financial and Operating Results:

Mobile subscribers grew by 23% driving mobile service revenue growth of 42% and Broadband segment growth by 22% quarter on quarter. As expected however, as a result of the restructuring of the Global Directory Services contract as well as a reduction in national fixed line retail rates, overall **revenue** decreased by 19% compared to the same period last year.

As a further positive, overall **Gross Margin** as percentage of revenue improved by 20 percentage points. As a percentage of revenue mobile services margin increased by 20 percentage points, broadband service by 2 percentage points and fixed line by 9 percentage points over the corresponding period. Corporate and Enterprise solutions margin also improved by 39 percentage points with the restructuring of the Global Directory Services contract and lower out-payments to other local operators.

Operating expenses increased by 7% over the same quarter last year. Despite reduced usage as a result of effective cost containment measures, higher utility charges continue to impact operating costs due to the continued devaluation of the Jamaican dollar and higher oil prices. The increase in administration, marketing and selling expenses, which includes an increase in consulting fees for the outsourcing arrangement was offset by the reduction in employee expenses as a result of the outsourcing agreement with Ericsson for Service Delivery.

The Company had a total restructuring expense of J\$120m as a result of the voluntary redundancy program undertaken during the quarter.

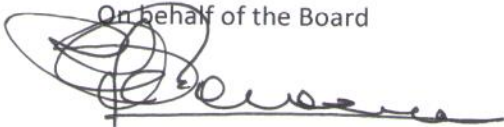
The **net loss attributable to shareholders** for the period was reduced to J\$316m.

Breach of rule 402B (i)(b) of the Jamaica Stock Exchange Rules


The Company remains in correspondence with the Jamaica Stock Exchange (JSE), the Regulatory and Market Oversight Committee and the Company's majority shareholder with a view to resolving the matter of the notice of breach served by the JSE on October 8, 2013.

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

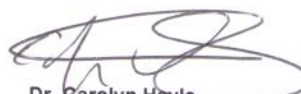


Dr. Carolyn Hayle
Director

Cable & Wireless Jamaica Limited
Group Statement of Financial Position
As at December 31, 2013

	9 months to Dec 31, 2013	12 months to March 31, 2013	9 months to Dec 31, 2012
	\$'000	\$'000	\$'000
Property plant & equipment	10,248,069	10,371,786	9,234,997
Intangible assets	574,368	715,716	545,305
Long-term loan receivable	724,640	724,640	-
Employee benefits assets	2,779,243	2,750,000	3,414,023
Total non-current assets	14,326,320	14,562,142	13,194,325
Cash & cash equivalents	590,592	787,573	383,394
Accounts receivable	5,405,171	3,388,918	6,320,152
Prepaid expenses	413,680	202,038	440,361
Due from related companies	2,486,832	1,791,091	1,817,507
Company tax recoverable	111,653	109,979	109,767
Inventories	285,855	208,784	241,295
Current portion of net investment in finance leases	-	23,758	62,902
Current portion of deferred expenditure	28,661	38,092	39,422
Total current assets	9,322,444	6,550,233	9,414,800
TOTAL ASSETS	23,648,764	21,112,375	22,609,125
Share capital	16,817,440	16,817,440	16,817,440
Reserves	2,277,276	2,220,807	2,556,589
Accumulated deficit	(40,489,099)	(38,722,705)	(35,753,488)
NET DEFICIT	(21,394,383)	(19,684,458)	(16,379,459)
Bank overdraft	132,311	26,339	240,244
Accounts payable	8,327,854	7,264,473	8,639,374
Current portion of long-term loans	18,871	17,864	16,876
Current portion of provisions	-	2,457,049	360,601
Due to other group companies	335,238	887,811	1,019,839
Due to related companies	485,727	531,547	687,814
Total current liabilities	9,300,001	11,185,083	10,964,748
Long-term loan	294,202	278,595	275,073
Due to other group companies	33,976,201	27,898,622	26,387,093
Deferred income	228,393	243,963	249,155
Provisions	1,244,350	1,190,570	1,112,515
Total non-current liabilities	35,743,146	29,611,750	28,023,836
TOTAL LIABILITIES	45,043,147	40,796,833	38,988,584
NET DEFICIT AND LIABILITIES	23,648,764	21,112,375	22,609,125


Hon Patrick Rousseau O.J.
Director


Dr. Carolyn Hayle
Director

Cable & Wireless Jamaica Limited
Group Income Statement
As at December 31, 2013

	3 months to Dec 31, 2013	3 months to Dec 31, 2012	9 months to Dec 31, 2013	9 months to Dec 31, 2012
	\$'000	\$'000	\$'000	\$'000
Revenue	4,938,611	6,067,796	13,724,442	14,940,285
Outpayments	(683,596)	(970,636)	(2,592,420)	(3,242,548)
Other cost of sales	(605,259)	(1,832,025)	(1,552,194)	(2,527,632)
Total cost of sales	(1,288,855)	(2,802,661)	(4,144,614)	(5,770,180)
Gross margin	3,649,756	3,265,135	9,579,828	9,170,105
Employee expenses	(874,567)	(1,091,386)	(2,762,317)	(3,289,028)
Administrative, marketing and selling expenses	(1,863,150)	(1,465,524)	(5,366,657)	(4,608,535)
Operating expenses	(2,737,717)	(2,556,910)	(8,128,974)	(7,897,563)
Operating profit before restructuring costs, depreciation, amortisation and net finance costs	912,039	708,225	1,450,854	1,272,542
Restructuring costs	(119,814)	(34,200)	(124,988)	(580,609)
Other operating expenses	-	(42,115)	-	(42,115)
Operating profit/(loss) before depreciation, amortisation and net finance costs	792,225	631,910	1,325,866	649,818
Depreciation and amortisation	(417,829)	(405,423)	(1,276,265)	(1,091,545)
Operating profit/(loss) before net finance costs	374,396	226,487	49,601	(441,727)
Net finance costs				
Foreign exchange losses	(28,226)	(97,535)	(41,736)	(71,623)
Other finance costs	(662,836)	(517,250)	(1,898,124)	(1,474,262)
Finance income	17,789	18,218	58,315	27,833
	(673,273)	(596,567)	(1,881,545)	(1,518,052)
Other income	2,004	-	142,651	-
Loss before taxation	(296,873)	(370,080)	(1,689,293)	(1,959,779)
Taxation	(18,718)	(67,482)	(57,101)	(201,795)
Loss attributable to stockholders	(315,591)	(437,562)	(1,746,394)	(2,161,574)
Loss per stock unit	(1.88c)	(2.60c)	(10.38c)	(12.85c)

Cable & Wireless Jamaica Limited
Group Statement of Comprehensive Income
As at December 31, 2013

	9 months to Dec 31, 2013	12 months to March 31, 2013	9 months to Dec 31, 2012
	\$'000	\$'000	\$'000
Loss for the period	(1,746,394)	(4,822,134)	(2,161,574)
Other comprehensive income/(loss) for the period:			
Unrealised translation adjustments on consolidation	56,469	99,684	47,728
Actuarial losses on employee benefits assets	(20,000)	(737,000)	(40,605)
	<u>36,469</u>	<u>(637,316)</u>	<u>7,123</u>
Total comprehensive loss for the period	<u><u>(1,709,925)</u></u>	<u><u>(5,459,450)</u></u>	<u><u>(2,154,451)</u></u>

Cable & Wireless Jamaica Limited
Group Statement of Changes in Stockholders' Equity/(Deficit)
As at December 31, 2013

	Share capital \$'000	Reserves \$'000	Accumulated deficit \$'000	Total \$'000
Balance at April 1, 2012	16,817,440	2,541,791	(33,584,239)	(14,225,008)
Loss for the period	-	-	(2,161,574)	(2,161,574)
Other comprehensive income/(loss):				
Unrealised translation adjustments on consolidation	-	47,728	-	47,728
Actuarial losses, net of tax	-	-	(40,605)	(40,605)
Total other comprehensive income/(loss) for the period	-	47,728	(40,605)	7,123
Transfer between reserves	-	(32,930)	32,930	-
Balances at December 31, 2012	16,817,440	2,556,589	(35,753,488)	(16,379,459)
Balances at April 1, 2012	16,817,440	2,541,791	(33,584,239)	(14,225,008)
Loss for the year	-	-	(4,822,134)	(4,822,134)
Other comprehensive income/(loss):				
Unrealised translation adjustments on consolidation	-	99,684	-	99,684
Actuarial losses, net of tax	-	-	(737,000)	(737,000)
Total other comprehensive income/(loss) for the year	-	99,684	(737,000)	(637,316)
Transfer from employee benefits reserve	-	(420,668)	420,668	-
Balances at March 31, 2013	16,817,440	2,220,807	(38,722,705)	(19,684,458)
Loss for the period	-	-	(1,746,394)	(1,746,394)
Other comprehensive income/(loss):				
Unrealised translation adjustments on consolidation	-	56,469	-	56,469
Actuarial losses, net of tax	-	-	(20,000)	(20,000)
Total other comprehensive income/(loss) for the period	-	56,469	(20,000)	36,469
Balances at December 31, 2013	16,817,440	2,277,276	(40,489,099)	(21,394,383)

Cable & Wireless Jamaica Limited
Group Statement of Cash Flows
As at December 31, 2013

	9 months to Dec 31, 2013 \$'000	12 months to March 31, 2013 \$'000	9 months to Dec 31, 2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	(1,746,394)	(4,822,134)	(2,161,574)
Adjustments for:			
Unrealised translation losses on long-term loan	17,766	52,574	(123,106)
Employee benefits, net	(49,243)	(106,000)	(73,628)
Depreciation and amortisation	1,276,265	1,494,771	1,091,545
Taxation	57,101	273,046	201,795
Gain on disposal of property, plant and equipment and intangible assets	(142,651)	(9,480)	-
Interest earned	(58,315)	(56,098)	(27,833)
Interest expense	1,898,124	2,033,288	1,474,262
Site restoration provision	53,780	279,536	201,481
Cash generated/(used) before changes in working capital	1,306,433	(860,497)	582,942
Accounts receivable	(2,016,253)	469,089	(2,462,145)
Prepaid expenses	(211,642)	214,085	(24,238)
Inventories	(77,071)	416,105	383,594
Due from related companies	(695,741)	(704,054)	(730,470)
Deferred expenditure	9,431	162,359	137,549
Accounts payable and other provisions	(1,393,668)	2,778,790	1,814,041
Due to other group companies	(552,573)	218,521	350,549
Due to related companies	(45,820)	251,434	407,701
Cash (used)/generated from operations	(3,676,904)	2,945,832	459,523
Income tax paid	(58,775)	(273,762)	(202,299)
Net cash (used)/generated by operating activities	(3,735,679)	2,672,070	257,224
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets	(1,216,351)	(3,041,095)	(1,327,614)
Proceeds from disposals of assets	347,802	12,535	-
Net investment in finance leases	23,758	60,647	44,983
Loan receivable	-	(724,640)	-
Interest received	58,315	56,098	27,833
Net cash used by investing activities	(786,476)	(3,636,455)	(1,254,798)
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised translation adjustment on consolidation	56,469	99,684	47,728
(Decrease)/increase in long-term loan	(1,152)	(33,686)	137,484
Decrease in deferred income	(15,570)	(20,764)	(15,572)
Interest paid	(1,898,124)	(2,033,288)	(1,231,060)
Due to other group companies	6,077,579	3,365,802	1,854,273
Net cash provided by financing activities	4,219,202	1,377,748	792,853
Net (decrease)/increase in cash and cash equivalents	(302,953)	413,363	(204,721)
Cash and cash equivalents at beginning of period	761,234	347,871	347,871
CASH AND CASH EQUIVALENTS AT END OF PERIOD	458,281	761,234	143,150
Comprises of:			
Cash & cash equivalents	590,592	787,573	383,394
Bank overdraft	(132,311)	(26,339)	(240,244)
	458,281	761,234	143,150

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
As at December 31, 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 nine months ended December 31, 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 interim consolidated 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, with the exception of new and revised accounting standards and interpretations effective from 1 April 2013 and the specific requirements of IAS interim financial reporting.

IAS 19 Revised – *Employee Benefits* – Interest cost and expected return on defined benefit plan assets have been replaced with a net amount calculated by applying the discount rate to the net defined benefit asset or liability. The revisions to the standard have been incorporated into the current period and prior period results.

As a result, the Group recorded a decrease in operating expense and an increase in EBITDA of J\$72.7 million for the nine months ended December 31, 2012. Corresponding movements have been recognised within other comprehensive income.

This has had a positive impact on loss per stock unit of 0.43 cents for the nine months ended December 31, 2012. There was no impact on the statement of financial position.

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.

4. Significant accounting policies and principles (continued)

(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, 2013.

(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.

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
As at December 31, 2013

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, 2013. There were movements in the amounts due to other Group Companies as outlined below:

Due to other group companies:

	December <u>2013</u> \$'000	March <u>2013</u> \$'000
CWI Caribbean Limited (a)		
Principal	262,953	830,688
Accrued Interest	<u>72,285</u>	<u>57,123</u>
	<u>335,238</u>	<u>887,811</u>
Cable & Wireless Jamaica Finance (Cayman) Limited (b)		
Principal	31,422,735	27,100,593
Accrued Interest	<u>2,553,466</u>	<u>798,029</u>
	<u>33,976,201</u>	<u>27,898,622</u>

- (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 3.16727% per annum.
- (b) This represents the amount drawn on a J\$35 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'). The interest rate is reviewed semi-annually on May 11th and November 11th. The rate is currently 7.68908% per annum.

6. Loss per stock unit

The calculation of loss per stock unit is based on 16,817,439,740 (March 31, 2013: 16,817,439,740) issued and fully paid ordinary stock units.