# LIME Annual Report 2014

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# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of Cable & Wireless Jamaica Limited will be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10, on Wednesday, July 23rd, 2014, commencing at 3:00 p.m. to transact the following business:

1. **To receive the audited accounts for the year ended 31 March 2014 and the Reports of the Directors and Auditors thereon.**

   The Company is asked to consider, and if thought fit, pass the following Resolution:

   **RESOLUTION NO. 1**
   "That the Accounts for the year ended 31 March 2014 together with the Reports of the Directors and Auditors thereon, be and are hereby adopted."

2. **To elect the Directors**

   The Directors retiring by rotation in accordance with Article 99 of the Company's Articles of Incorporation are Mr. Mark Kerr-Jarrett J.P. and Hon. Patrick Rousseau O.J., who being eligible for re-election, offer themselves for re-election to the Board.

   The Company is asked to consider and if thought fit, pass the following resolutions:

   **RESOLUTION NO. 2 (a)**
   "That Mr. Mark Kerr-Jarrett J.P., retiring by rotation, be and is hereby re-elected."

   **RESOLUTION NO. 2 (b)**
   "That Hon. Patrick Rousseau O.J., retiring by rotation, be and is hereby re-elected."

3. **To fix the fees of the Directors.**

   The Company is asked to consider, and if thought it, pass the following resolution:

   **RESOLUTION NO. 3**
   "That the amount shown in the Accounts of the Company for the year ended 31 March 2014 as fees of the Directors for their services as Directors, be and is hereby approved."

4. **To fix the remuneration of the Auditors.**

   The Company is asked to consider, and if thought fit, pass the following resolution:

   **RESOLUTION NO. 4**
   "That the remuneration of the auditors, KPMG, who have signified their willingness to continue in office, be fixed by the Directors of the Company."

Dated 21st day of May, 2014

By Order of the Board

Kamina Johnson Smith (Mrs.)
Secretary

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, vote instead of that member. A proxy need not be a member of the Company.

An instrument for the appointment of proxies is included with this Annual Report and must be deposited with the Registrar of the Company, Duke Corporation Limited, no later than 3:00 p.m. Tuesday, July 22nd, 2014.

# CHAIRMAN'S MESSAGE

**On behalf of the Board and management team I am pleased to present to shareholders our detailed reports for the 2013/14 financial year.**

**This year we continued to build on the solid foundation we laid for growth, and the results show that the business is getting the fundamentals right. Within the context of a relatively stable macroeconomic environment, we were able to plan and execute those actions that were vital to maintaining our overall efficiency, brand presence and competitive structure.**

The key regulatory change to Mobile Termination Rates (MTR) that we fought long and hard for, was finally delivered by the Office of Utilities Regulation in July 2013, and with that in place, we passed on tremendous savings to consumers whose right to fair voice call pricing we had sworn to protect.

Now at a record low of $1.10 per minute, the MTR has created a more level playing field. We can now operate with greater levels of certainty where the deployment of capital and strategic planning are concerned. The Board is pleased at this turn of events and considers the significant change a 'watershed moment' in the life of our company and the industry on a whole.

Nowhere else is the impact of a lower MTR more palpable than in the massive increase in our mobile subscriber base which moved by 31% during the review period. This is a clear sign that our strenuous advocacy did not go unnoticed by members of the public who subsequently affirmed our position as the true telecoms value provider.

## GROWING THROUGH THE CHALLENGES

The growth we have shown in consumer segments is an indication of how much we have sharpened our focus and strategy in those areas. For example, in mobile, we deployed a tactical and aggressive marketing plan of action and sped up the acquisition of subscribers within a relatively short period. By this increase in market share we also captured a larger consumer wallet spend on mobile voice and Internet services which resulted in an uplift in the Average Revenue Per User (ARPU). This strategy has also worked - with great effect - to grow fixed broadband numbers.

The LIME Business brand, under a revitalized campaign over the 12 months, has never been more appealing to our ever more discerning business customers. We have used the opportunity to build more lasting partnerships within the sector.

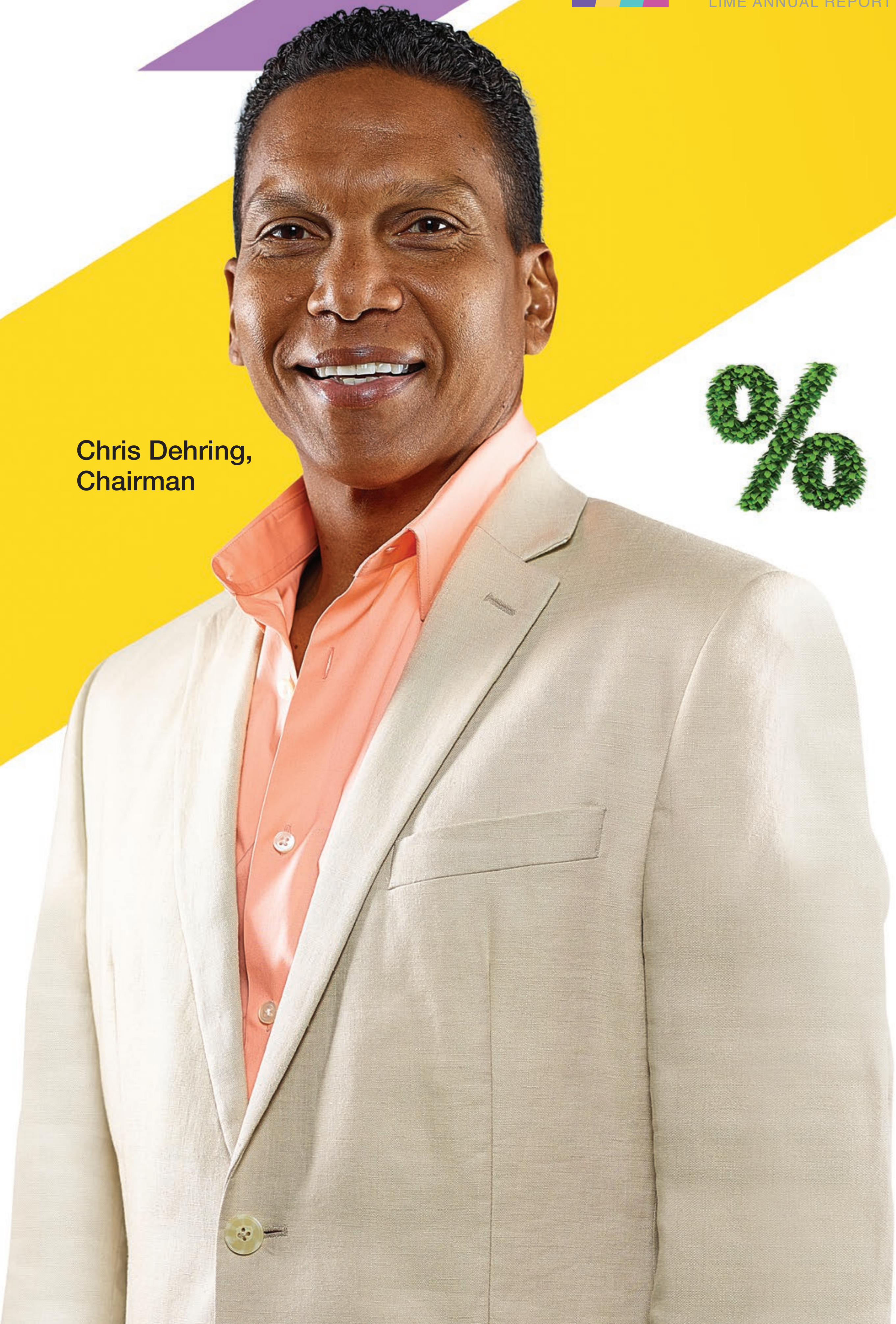
As a telecommunications provider proud of our many firsts, we led our competitors and were first out of the blocks to declare LIME's infrastructure 'Hub Ready' to respond to the unique and particular telecommunications needs of the proposed global logistics hub. We consider our involvement in this potentially 'game-changing' development in the economic life of Jamaica to be a crucial component of the overall project. In the upcoming year, we intend to further engage key stakeholders on how they can exploit our vast multi-platform network for the establishment and operation of enterprise.

To complement our sales strategies and while we identify new options for revenue streams, we will continue to pursue an aggressive cost-reduction strategy.

## INVESTMENTS IN INFRASTRUCTURE

In October 2013, we announced a US$79 million mobile upgrade and expansion project to deliver more 4G HSPA+ technology to more places across Jamaica. That work will continue in earnest throughout the next fiscal year into 2015, by when we would have firmly laid the pillars for introducing 4G LTE technology to the market.

In March 2014, the Company renewed its existing Telecommunications Licenses and Spectrum Licenses for the 15-year period ending 2030. Access was also granted to additional spectrum to expand 4G capacity and AWS spectrum, for eventual LTE network deployment.



Chris Dehring,
Chairman

# CHAIRMAN'S MESSAGE

The Company also secured additional microwave spectrum to enable expansion of backhaul capacity to accommodate our increasing number of subscribers and data traffic. These licenses and rights, secured at a cost of US$30 million, also affirm our commitment to investing in Jamaica.

In the upcoming year, we will also invest US$16 million to upgrade fixed line broadband speeds by quadrupling baseline download speeds, thereby making the product more robust and adaptable to changing demands, while readying the platform for the introduction of our new subscriber television service.

## CONCLUSION

LIME continues to be a well-managed company that is committed to stability, growth and improvement. Importantly, we have assembled a world-class team of commited staff members who reflect a blend of the best local and international talent, ably equipped to execute the company's directives.

I pay tribute to Garry who as 'Team Captain' and CEO has cultivated the culture of a pragmatic, simplified approach to achieving results. I also take this opportunity to acknowledge the hard work of our senior leadership team throughout the year.

As we chart the course for even greater growth next year and beyond, I want to thank our more than 24,000 shareholders who continue to believe in this great company. On behalf of the Board of Directors of LIME, I assure you that we share your belief that there is no company more worthy of being recognized as Jamaica's leading telecommunications provider.

Garry Sinclair,
CEO

# CHIEF EXECUTIVE OFFICER'S REPORT

**As we look back on the transformation that continued to take place across LIME during the review period, it should now be clear to all stakeholders that combining simpler, more streamlined products and processes with a customer-centric focus, results in a business that can WIN in the marketplace.**

Throughout the financial year, we consolidated our position as the true telecoms value provider; bolstered by a re-energized brand appeal, passionate colleagues, a simplified marketing strategy and a more competitive regulatory framework.

Despite the residual challenges of an economy on the mend, we've delivered solid financial resuts to our shareholders, positive customer experiences, a challenging work environment for colleagues and continued to give back to the community that we've served for the last 140 years.

## THE NUMBERS

LIME produced broadly positive results for the financial year ended March 31, 2014. We grew our mobile customer base by 31%, driving mobile service revenue growth of 28% year on year. Broadband earnings were up 17% compared to the previous year. While total revenue fell by 3% and total operating expenses increased by 4% over the prior year, Gross Margin improved by 10 percentage points and EBITDA was up a substantial 43%. The revenue reduction was primarily due to reduced Fixed Line retail rates and a restructuring of our Directory Services contract, while increased marketing, consultancy and utility costs resulted in higher operating expenses.

For more information, please refer to the Management Discussion and Analysis on Pages 14-23.

## FAIRER DEAL FOR LIME, GREATER VALUE FOR CONSUMERS

The announcement of the Government's reduction in Mobile Termination Rates to an all-time-low of $1.10 per minute in May 2013 and the central role that LIME played during years of advocacy for this and other key reforms to the mobile market, has added tremendous value to the propositions we are now able to offer to our customers.

On June 6th, before the Office of Utilities Regulation's Determination took effect on July 1, 2013, we introduced our enhanced and historically-low 'Talk EZ' Prepaid rate of $2.99 per minute to call any number in Jamaica, the USA, Canada or landlines in the UK.

To bolster our revolutionary offer, we launched an infectious marketing campaign that featured the best local comedic talent to deliver the value message in clear, concise terms. The result was a massive welcoming of 165,000 mobile customers and counting, despite strenuous attempts by our competitor to stem the tide of their customers opting to join our network.

## EXPLOITING MOBILE DATA OPPORTUNITIES FOR GROWTH

We continued to be proactive in response to the virtual explosion in demand for mobile Internet service, by offering the best value packages to more consumers adopting an internet-enabled lifestyle. This additional income stream will support the additional investment required to continuously deliver more product and pricing innovation to the market.

To bring the service within reach of more customers, we offered discounts on entry-level devices and mobile Internet access for as low as $50 per day. This bold strategy was well-received by the public and has demystified the need for internet access through the use and powerful capabilities of web-enabled handset technology.

# CHIEF EXECUTIVE OFFICER'S REPORT

Our 4G HSPA+ expansion and upgrade programme to deliver faster mobile internet speeds islandwide, is expected to vastly improve the customer experience while making mobile internet available to more of the population. Our drive for 100% Internet connectivity in Jamaica is perfectly aligned with all of the commercial initiatives required to achieve these key national and business goals

## EXPANDING TRADITIONAL COMMUNICATION THROUGH VALUE

The structural decline of our fixed line service which has traditionally provided the bulk of our revenues and margins, was halted by the increased popularity of our flat rate Browse and Talk Internet and Voice combo service. We responded to the steady rise in consumer demand for home Internet connectivity, and activated a significant number of unused ports to provide additional internet services and grow fresh revenues from this longstanding platform. The future looks bright for Browse and Talk which is set to become an even more robust and value-packed product through an additional investment to upgrade internet speeds across-the-board. This upgrade will also serve as the platform for offering subscriber IPTV service as an add-on feature which has been deferred to the upcoming fiscal year.

Our fixed line platform also serves a large number of Corporate, Enterprise and Government customers whose strong patronage continues to affirm our leadership in this increasingly competitive customer segment, despite a decline in revenue and 37% fall in gross margin over the previous year. We expect to maintain market share and generate additional revenues and  margins in these segments, through securing new customers for our superior data service and continuing our aggressive positioning of LIME Business as the most trusted, responsive and reliable partner for all sectors.

## STREAMLINED FOR GREATER EFFICIENCY

We began to realize cost efficiencies and service improvements from the outsourcing of our Field Services and IT portfolios to Ericsson in the first year of the respective 7-year Managed Services Agreements. Despite the separation activity that occurred, we are pleased to acknowledge that a significant number of employees have transitioned to Ericsson and continue to serve our customers at an even higher level.

With these major planks of our outsourcing exercise successfully completed, we fulfilled another of the key streamlining objectives for creating a leaner, more customer-focused technology provider.

Lower staff costs were offset by higher advertising, consulting and utility charges that pushed total operating expenses to 4% over the prior year, despite reduced electricity usage and other cost containment measures. We are confident however, that we are now much closer to the optimal cost model for running a business of this size.

## PUSHING TOWARDS PROFIT

Our mission is to secure 100% Smartphone penetration among Jamaica's mobile subscribers by the year 2016, with the majority on the LIME network. We will continue to grow mobile Internet revenue by continuing to provide comptetitively priced handsets to a consumer base that is increasingly viewing Smart phones as the replacement for end-of-life voice only devices.

The implementation of Mobile Number Portability during the upcoming fiscal year is expected to deliver new subscribers, many of whom are expected to take full advantage of not only our best-value Voice Plans, but also our cost-effective Mobile Internet Plans. Our mobile network upgrade and expansion will continue to take shape in order to provide even more mobile internet subscribers with faster speeds and improved reliability.

We will replicate the new ultra-modern Carlton retail store prototype in other LIME stores and dealer locations across the island, and ensure that consumers' expectations continue to be exceeded in this core customer-facing space.

An increase in Fixed broadband speeds available to more subscribers in the next fiscal year will lay a solid foundation for increasing our Browse & Talk customer base, and provide creative consumer applications and services that will leverage this platform, such as LIME TV.

Through closer collaboration with technology providers, we will continue to lead the market with right-fit Solutions for the private and public sectors. Our Sales teams will ensure the retention of our valuable customers by strengthening their partnerships, despite the most strenuous efforts of our competitors to the contrary.

Key performance indicators pursuant to the Managed Services Agreements with Ericsson are expected to be exceeded in order to surpass the service delivery expectations of our customers. This, along with our continuing cost-management strategy will deliver the intended optimization of our operating expenses.

Managing the impact of workforce reductions will continue to be a very high priority for us over the next 12 months as we continue to keep our staff engaged, energized and informed about the stages of our transformation.

The LIME Team has always been mindful of the pivotal role we play as the nation's sole full-service telecommunications provider, and we have always taken this responsibility very seriously. We will continue to support the enrichment of the health, education and security of our valuable communities, which we believe is absolutely compatiible with our commercial imperatives. We give our unqualified commitment to the sustainable development of the sector through the sound commercial and ethical decision making that has characterized our entire corporate life in Jamaica.

I extend my gratitude and admiration to the dedicated group of hardworking professionals who continue to make a difference in the lives of the people we serve in so many ways. I look forward to working with my LIME colleagues, our trade union partners and other key stakeholders to build on the momentum from the year in review while we execute the next phase of our growth strategy in the year ahead.

# HIGHLIGHTS

- **Mobile subscriber base up 31%**
- **Mobile service revenue up 28%**
- **Broadband revenue up 17%**
- **EBITDA up 43%**
- **Affirmed position as telecoms value provider**

# MANAGEMENT
## DISCUSSION & ANALYSIS

# MANAGEMENT DISCUSSION & ANALYSIS

| | $'000 2014 | $'000 2013 | $'000 2012 | $'000 2011 | $'000 2010 |
|---|---|---|---|---|---|
| Ordinary Stock - Issued | 16,817,440 | 16,817,440 | 16,817,440 | 16,817,440 | 16,817,440 |
| Shareholders' Equity | (23,826,000) | (19,684,458) | (14,225,008) | 5,788,113 | 11,934,987 |
| Market Capitalisation | 3,363,488 | 3,363,488 | 3,363,488 | 3,531,662 | 7,399,673 |
| Borrowings | 37,678,000 | 29,109,231 | 25,526,393 | 20,691,857 | 14,554,997 |
| Capital Investment | 3,210,000 | 3,041,095 | 3,712,406 | 6,135,872 | 4,064,732 |
| Total Assets | 23,612,000 | 21,112,375 | 19,699,991 | 35,723,255 | 34,958,652 |
| **PROFIT & LOSS ACCOUNT** | | | | | |
| **Turnover** | **18,442,712** | **19,075,407** | **20,438,364** | **20,787,973** | **22,046,168** |
| EBITDA | 2,780,000 | 1,949,551 | 2,269,678 | 1,644,430 | 4,357,406 |
| Loss before Tax | (3,427,000) | (4,549,000) | (19,927,377) | (4,522,902) | (5,670,624) |
| Net Loss attributable to Stockholders | (3,504,000) | (4,822,000) | (20,235,439) | (6,111,526) | (3,388,191) |
| Dividends | - | - | - | - | - |
| **IMPORTANT RATIOS** | | | | | |
| Debt to Equity | (158%) | (148%) | (179%) | 357% | 122% |
| Return on Equity | 15% | 24% | 142% | (106%) | (28%) |
| Loss per Stock (¢) | (20.80) | (28.70) | (120.32) | (36.34) | (20.15) |
| Closing Share Price | 0.43 | 0.20 | 0.20 | 0.21 | 0.44 |
| Price Earning Ratio | (2.07) | (0.70) | (0.17) | (0.58) | (2.18) |

## CORE BUSINESS AND STRATEGY

### CORE BUSINESS

Cable & Wireless Jamaica Limited, trading and branded as LIME, together with its subsidiaries (hereafter collectively called ‘LIME’) comprise the country’s leading provider of integrated telecommunications services. A member of Cable & Wireless Communications Plc’s group of companies, LIME provides unsurpassed world-class connectivity across the Caribbean, to North America, Europe and the rest of the world.

LIME’s integrated state-of-the-art telecoms infrastructure, facilitates the provision of tailored solutions that meet the dynamic business and personal communications needs of its customers, while providing excellent value for money. Our comprehensive range of solutions include Metro-Ethernet and Multi-Protocol Label Switching (MPLS); high-speed fixed Internet access; 2G, 3G, and 4G mobile service; as well as business and residential fixed line service with a host of value-added features. Digital Media & Entertainment Limited is the company’s entertainment arm. While we reconsider the means by which we offer our highly innovative mobile television service, we are also preparing to launch a television service consistent with the strategy rolled out in other LIME jurisdictions. In addition, through Jamaica Digiport International Limited, we provide customized solutions to entities operating in Jamaica’s Free Zones.

LIME’s goals and objectives centre on making it simple, easy and affordable for businesses, households and individuals to communicate using mobile, broadband and fixed line services powered by us. Continuous upgrading and expansion of our mobile, Internet and IP networks ensures that Jamaica continues to enjoy world-class telecommunications services with the highest standards of performance and reliability. As an industry innovator, we are also constantly launching new products and unveiling novel services to satisfy the increasingly sophisticated demands of the Jamaican market.

**Our Mission**
To understand and deliver to our Government, Businesses and Families

**Our Vision**
Always working to improve life in the Caribbean

**Our Promise**
Building, connecting and serving our communities

# MANAGEMENT DISCUSSION & ANALYSIS

### Our Core Values:

**Respect**
We treat our customers and each other as we want to be treated.

**Deliver**
We keep our word. We do what we say we are going to do.

**Win**
Caribbean people are winners. We win by helping our customers and communities to win.

**Innovate**
We always find a way to help our customers and communities - and love coming up with new ways to do it.

## DELIVERING GROWTH WHILE REMAINING NIMBLE

### PROTECTING OUR BUSINESS CUSTOMER-BASE AGAINST CUT-THROAT COMPETITION

Vendors and Service Providers in the telecoms sector vied more vigorously than ever for the limited 'wallet' of opportunities that emerged throughout the year. As private and public sectors continued to experience cuts in expenditure budgets and mandates to cut costs, traditional vendors as well as the smaller and more agile ICT vendors, threatened to disrupt existing contractual arrangements and to seize every new opportunity at all costs in the hope of growing their business. Competition has been more intense than ever; and in defence of our customer base, LIME focused like a laser on retaining key businesses, leveraging our position as market leader and where necessary, sacrificing margins to compete for new deals. This resulted in key contracts being renewed and significant inroads made in previously uncharted customer sets.

Our Corporate customers, mainly from the Finance, Hospitality and Manufacturing industries, were major contributors to LIME's business results. This group recorded the highest level of upgrades and new PBXs, displaying prolonged demand for traditional Telco offerings. We also remained relevant to our Enterprise customers as they sought to cut costs and improve operational efficiencies, opening the need for upgraded bandwidth to existing data circuits. In response to this need, we provided added value through a key pricing approach that resulted in significant savings for these customers and longer-term contracts being signed.

During the year in review, LIME played a major part in providing solutions across a wider cross-section of Government entities requiring our traditional voice and data solutions. In so doing, we focused primarily on continued support of the main social services of Health, Security and Education, as well as the enabling Ministries of Finance and Technology. We also provided more contemporary solution offerings, including eMail Hosting (Ministries of National Security and Technology); Managed Wi-Fi (Ministry of Technology); Video Conferencing (Ministry of Finance); and IP PBX Telephony (Ministry of Health).

Small & Medium Enterprises (SMEs) continued to be the engine of growth for our economy and a major growth opportunity for LIME. We delivered a commendable performance through our creative approach to serving the demands of these customers and have added to our customer base with growing companies which have taken up our reliable data services.

### BATTLING AND WINNING HEARTS AND MINDS, ONE HOUSEHOLD AT A TIME

#### Mobile Internet

Demand for Mobile Internet service grew rapidly during the last year. To satisfy the demand, LIME's focus has been on making Mobile Internet more affordable, more available and most reliable.

We continued to lead the market on value, with plans priced as low as J$50 per day pre-paid and J$2,000 per month post-paid. Android smartphones were heavily discounted, and term payments offered on the more popular and expensive I-Phone, Samsung and Blackberry devices to stimulate take-up and usage. With easier access to new devices, more families joined our network, and our performance improved beyond projections. The year's results showed a 100% increase in mobile internet subscriptions compared to the prior year, a direct result of the reasonably priced plans and devices made available all through the year.

To support this growing subscriber base, we committed to a US$79M capital expansion program. This three-year project to upgrade and expand the network will facilitate our maintenance of high service quality levels, allow the provision of 4G (HSPA+) mobile Internet, and improve voice services in existing and new coverage areas across Jamaica. It will also ensure that more communities and households have access to fast and reliable Mobile Internet service, an important aspect of our goal to help bridge the digital gap in Jamaica.

#### Fixed Internet

LIME continues to be the number one choice in Jamaica for fixed Internet services. Our star product "Browse & Talk", which was introduced to the market in 2011, became the leading residential Internet product sold by us during the year under review. In July 2013, the popularity of the product skyrocketed as we undertook a massive marketing campaign, supported heavily by door-to-door community walk-throughs that took the message across Jamaica. The success of Browse & Talk is directly related to LIME's drive to address one of the main barriers of Internet penetration in Jamaica, affordability of the service. Though our competitor tried to mimic the product, uptake of our Browse & Talk product contributed to a 13% increase in the number of new Internet subscribers joining the LIME network.

LIME continued its capital expansion program, focusing on rural communities where the biggest potential for growth exists and where we seek to outflank the competition. This investment also supported the upgrade of existing infrastructure to facilitate improvement in the quality of fixed broadband Internet service, and to provide higher speeds in high demand areas.

### CONNECTING WITH CUSTOMERS IN RETAIL

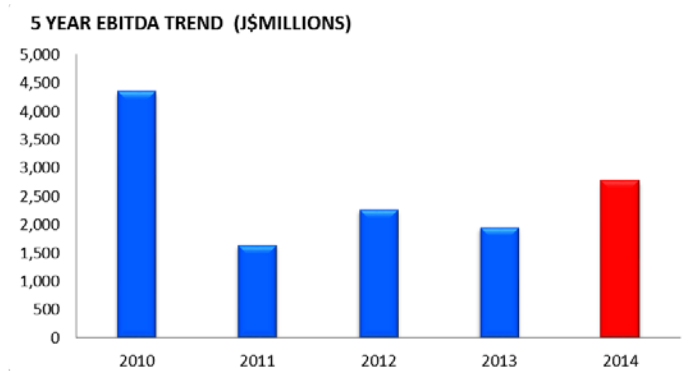
Mirroring the strong performance of the previous year, Retail Sales made impressive strides in connecting 165,000 active customers to the mobile network. Our popular and simple Talk EZ plans continued to resonate with our customers and contributed to the growth in mobile subscribers and the uplift in mobile revenues. Mobile recharges rose by 65% compared to the previous year, and 7,236 new recharge distribution points were added to make it easy and convenient for our customers to top-up their prepaid mobile phones.

The addition of two new LIME-owned stores in Spanish Town and May Pen as well as the $50M upgrade of our brand new and expanded Carlton Super Store located at our head offices, together mark the beginning of a two-year upgrade plan to improve LIME's entire Retail landscape.

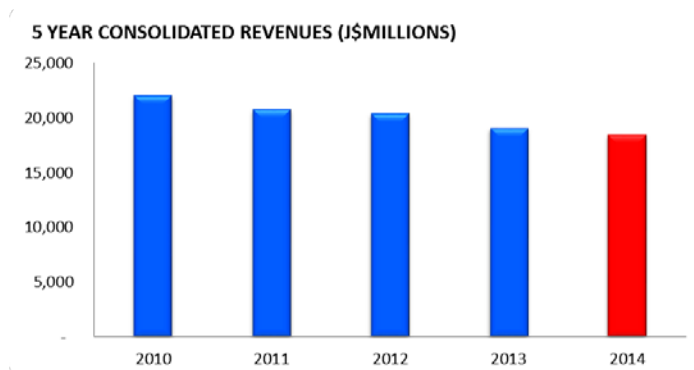
Interactivity is the central theme of our new retail design, which allows our customers to touch, feel and play with devices on display. Product information will now be available on touch screen devices which customers can freely access on demand. Items are displayed openly and are available for testing by customers, while their associated accessories are showcased on shelves underneath. A business consulting room for LIME's small and medium-sized enterprise customers fully outfitted with a computerized check-in board is another of the new introductions within the retail space. Customers are invited to come and be very comfortable in the environment in which they are doing business. The new evolutionary look and feel will ensure a cutting-edge in-store shopping experience.

## PERFORMANCE SUMMARY

On July 1st, 2013, the Office of Utilities Regulation further reduced mobile termination rates from $5 to J$1.10. LIME passed on the value to our customers through our Talk EZ J$2.99 plan which together with per second billing, resulted in a 31% increase in active mobile subscribers. This translated into LIME's breakthrough EBITDA performance during the year in review. Earnings before Interest, Taxation, Depreciation and Amortization increased to J$2,779m compared to J$1,949m* in the prior year due to an improvement in Gross Margin of 10%.



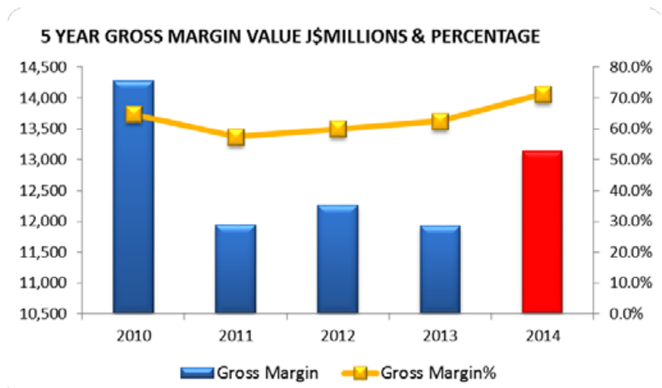

**Total Revenue** fell by 3% year on year from J$19,075m to J$18,443m primarily as a result of the restructuring of the Directory Services contract and a reduction in national Fixed Line retail rates. Fixed Line and Enterprise revenues declined by 13% and 35% respectively. This was partially offset by mobile revenue growth of 28% driven by a 31% growth in subscribers due to our Talk EZ J$2.99 rate plan. Broadband revenues also grew by 17% due to effective promotion of our Browse & Talk plan.



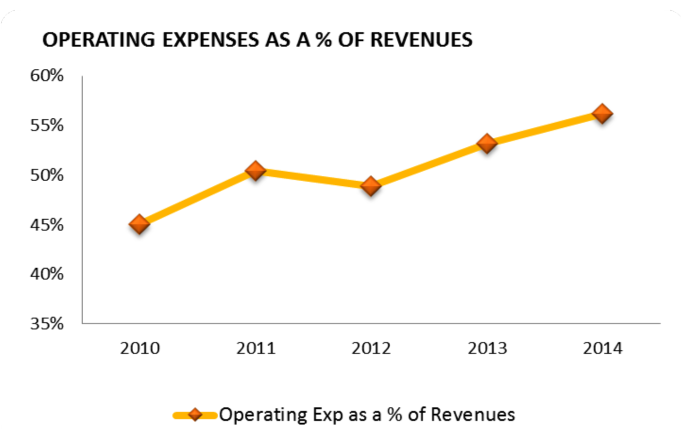

**Gross Margin** increased to J$13,136m from J$11,923m with a percentage margin of 71% (2013: 63%). The increase in margin was the result of lower out-payments due to a reduction in mobile termination rates in addition to an improvement in mobile service revenues. Gross margin for Mobile and Fixed Line services grew by 11% and 8% respectively compared to the prior year. However, Broadband gross margin remained flat due to increased subsidy of modems and other peripheral equipment.

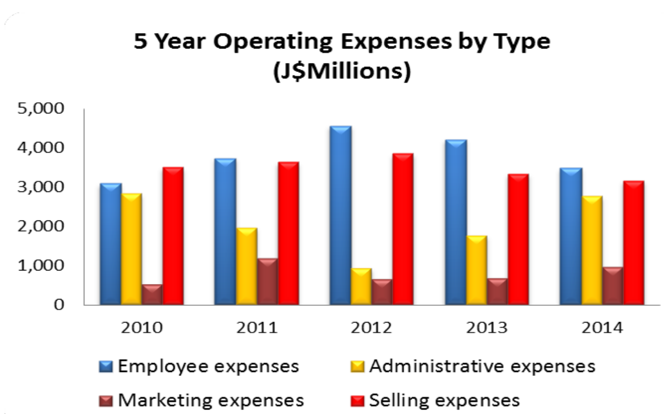
** Number has been re-stated*

# MANAGEMENT DISCUSSION & ANALYSIS




**Total Operating Expenses** (excluding depreciation & amortization) increased by 4% to J$10,357m compared with J$9,974m* for the previous year. Operating expenses as a percentage of revenue increased to 56% compared with 53% for the prior year as a result of an increase in consulting fees for the outsourcing arrangements with Ericsson. This increase was however offset by the reduction in employee expenses as a result of the outsourcing of Service Delivery implemented in the first quarter, as well as redundancies undertaken in the second half of the financial year.




**Net Finance Costs** for the year increased by 23% to J$2,729m compared with J$2,211m* in the previous year, due to increased borrowings of J$8,569m to cover exceptional costs related to restructuring, capital investments of J$3,210m and prepayment of the telecoms license for J$1,534m. As a result, total borrowing at the end of the year was J$37,678m, up from J$29,109m in 2013.

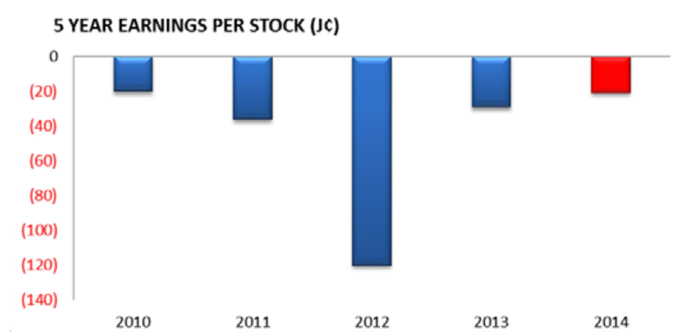
### Other Financial Matters

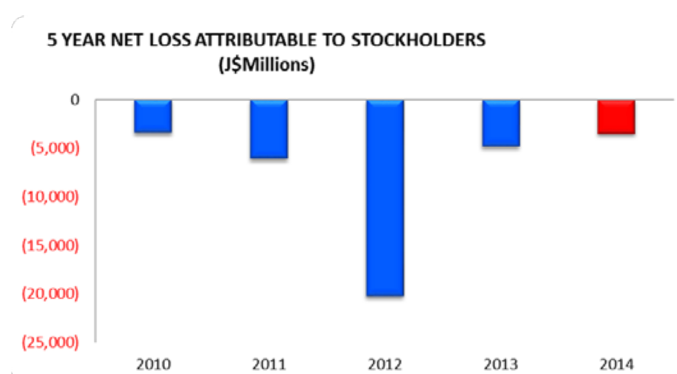
LIME had an additional restructuring provision of J$1,594m related to reduction in employees anticipated in the new fiscal year. This expense was offset by gains of J$130m realized during the year in relation to the sale of vehicles part of the outsourcing arrangement with Ericsson, resulting in total restructuring expenses of J$1,464m. Depreciation and amortization increased from J$1,495m to J$2,025m due to increased capital investments within the fiscal year.

### Stockholders' Equity

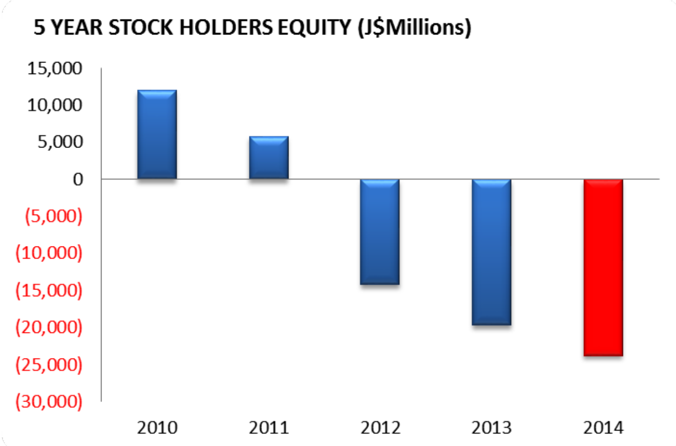
Stockholders' equity at the end of 2014 was J$(23,826m) compared with J$(19,684m) at the end of 2013 mainly driven by increases in operational expenses, restructuring costs and financing expenses.

Net loss attributable to stockholders was reduced to J$(3,504m) this resulted in an improvement in loss per stock unit of 20.80¢ (2013: 28.70¢).



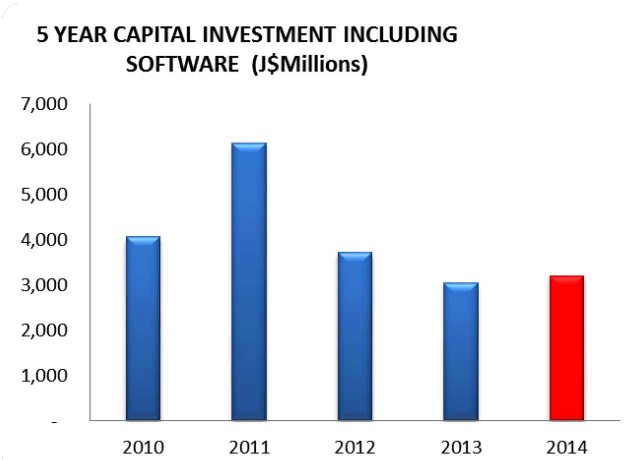



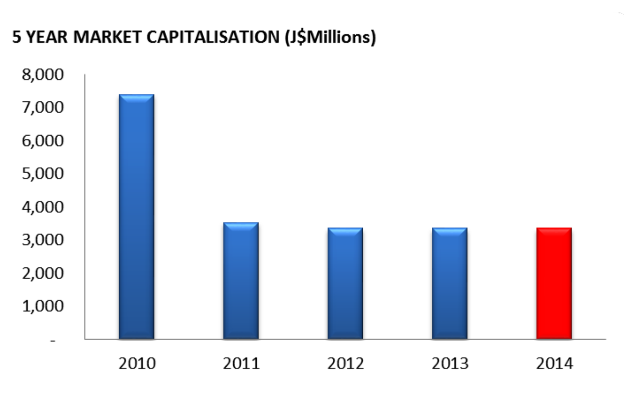

** Number has been re-stated*




## CAPITAL INVESTMENT

During the year, capital expenditure of J$3,210m (2013: J$3,041m) was invested in the continued expansion of the mobile network to accommodate our growing customer base. As at the end of the year in review, total assets were J$23,612m up from J$21,112m as at 2013.




## RISK MANAGEMENT

LIME has a comprehensive risk management framework to identify, evaluate and monitor the significant risks inherent in our business activities. The work of the Group Internal Audit team is supported by the executive management team and oversight is provided by the Board of Directors. LIME operates a risk management process, under which key risks to plans are identified along with their likelihood of impact and the actions to manage those risks. The principal risks identified by LIME are economic conditions, liquidity, competitive activity, litigation, network and data security, theft and vandalism, service disruption, bypass and outsourced / managed services.

### Economic Conditions

As with a number of businesses across the world, LIME has been adversely impacted by the global economic downturn. Unfavourable local, regional and international economic conditions may have an impact on our operations. This could affect growth, profitability, and our ability to finance business requirements and pay dividends. We continue to monitor key negative indicators closely and are ready to take action to address any ongoing impact of the downturn.

### Liquidity

Liquidity risk could arise where LIME does not have sufficient financial resources available to meet its obligations and commitments as they fall due, or can access funding only at excessive cost. Exceptional market events could impact LIME adversely, and affect its ability to meet obligations as they fall due. LIME seeks to mitigate these risks by ensuring that it has sufficient liquidity to fund the business. We have raised sufficient credit lines to meet medium-term liquidity needs and continue to maintain good relationships with our core banks.

### Competitive Activity

Faced with the difficulties of shrunken consumer spend and fierce competition, we continue to respond to the market by putting in place initiatives that enhance our customer service, stimulate demand and usage of our products and services, and improve our service delivery and cost efficiency.

In line with our plan to improve service delivery to our customers, we increased focus on our core services. The year saw us closely managing the performance of the outsourced elements of our operations: field services, certain aspects of Information Technology, and the Call Center, to ensure delivery to customers meet or exceed established benchmarks. Our competitive benchmark is pushing ourselves over and beyond to deliver on the consumer promise, to be precise in execution, and to continue offering quality value.

During the year in review, our team of experienced Marketers found innovative ways of promoting the value in our ground-breaking 'Talk-EZ' Mobile plans and 'Browse & Talk' Internet packages through a series of robust marketing campaigns which continued to raise our visibility and connection with consumers. A fully aligned Retail Sales Division tweaked its strategy and deployed a re-vamped Urban Field Sales Team, specifically trained to conduct street and community promotions in a way that

# MANAGEMENT DISCUSSION & ANALYSIS

outflanked the competition. This year's augmented mobile and broadband results are a direct result of this combined marketing and sales collaborative effort.

While cut-throat competition continues to drive down margins which in turn impacts on profit levels and cash flow, we continue to invest in network quality and coverage, improving our delivery of service to customers, supplemented by retention initiatives.

Focused market research and analysis as well as listening to our customers, will continue to empower us as a business to remain relevant to the Jamaican market, and increase our ability to attract and retain even more loyal customers.

### Litigation

As with most large organizations, there is a risk of litigation against LIME. Unfavourable rulings in any materially significant proceedings could significantly affect our financial performance and reputation. When facing litigation, we defend our position vigorously using appropriate legal advice and support. Where appropriate in the best interests of the company, methods of Alternative Dispute Resolution are also explored and utilized.

### Service Disruption

Our networks are critical to providing efficient and reliable service to our customers. Like other telecoms operators, our business depends on other network operators to provide network access and interconnection services for the origination, carriage and termination of some telecommunications services. Furthermore, our network and IT systems are vulnerable to interruption from natural disasters, fire, security breaches, terrorist action and human error. Network or IT failure could result in loss of customers and claims for loss of service affecting our reputation and results. We continue to monitor and update our business continuity and disaster recovery plans, maintain crisis management and emergency response teams as well as appropriate insurance cover. In addition we continue to upgrade our network to mitigate the effects of these risks.

### Network and Data Security

Despite security management across LIME's network, there is a risk that third parties may gain unauthorised access to the network and to sensitive data. LIME has information security procedures and controls in place which are regularly reviewed and remedial action plans implemented where necessary.

### Outsourcing / Managed Services

During the year in review, LIME outsourced several of its support services, including field services, certain aspects of IT, and Call Center services. The risks presented by these arrangements are mitigated primarily through contractual terms, and additionally in respect of Field and IT Services, by the establishment of Demand Organizations charged with managing performance of the managed service provider.

### Internal Control and Financial Reporting

During the year in review, Martin Roos was appointed Regional CEO of LIME. In his responsibility for Caribbean operations, he leads a Caribbean Executive Committee (LIME EXCO) that reviews the overall performance of the LIME businesses within the region and makes decisions about the allocation of resources among the relevant entities. Martin Roos is also a member of the CWC Group Executive Committee headed by CWC Group CEO, Phil Bentley.LIME Jamaica's Chairman, Christopher Dehring, joined Martin Roos on the CWC Group Executive Committee and remains a member of the LIME EXCO.

The Board of Directors is responsible for LIME's system of internal control and for reviewing its effectiveness on a continual basis. LIME's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The concept of reasonable assurance recognizes that the cost of control procedures should not exceed the expected benefits.

The Executive Management reports to the Board of Directors through the CEO, on significant changes in LIME's business and the external environment in which it operates. In addition, they provide the Board with quarterly financial information, which includes key risk and performance indicators. LIME's key internal control and monitoring procedures include the following:

**Financial Reporting:** Each year, an annual budget is agreed and approved by the Board. At each Board meeting, actual results are reviewed and reported against budget and, when appropriate, revised forecasts.

**Investment Appraisal:** LIME has clearly defined policies for capital expenditure. These include annual budgets and detailed appraisal processes for such expenditure.

**Monitoring Systems:** Internal controls are monitored through a programme of internal audits. The Internal Audit function reports to the Audit Committee on its examination and evaluation of the effectiveness and adequacy of systems of internal control.

### Financial Controls

LIME has resources to embed controls across the business. It undertakes a self-assessment of internal financial controls each month, the findings of which are certified for compliance.

The Business Controls Lead works with management to close control gaps, assess the adequacy of controls in new or modified processes, and monitor the completion and quality of key reconciliations that provide assurance that the financial statements are accurate.

### Effectiveness of Internal Control

The Board of Directors reviewed the effectiveness of the internal control systems in operation during the financial year where raised for its attention by management or Group Internal Audit. The processes as set out above have been in place for the year under review and up to the date of this Annual Report. Where appropriate,necessary action has been or is being taken to remedy any failings and weaknesses identified as significant during this review.

## THE BUSINESS CONTINUITY FRAMEWORK

Our Business Continuity Management (BCM) framework is guided by the commitment to ensure that “no one person will have more than one day without the ability to communicate with their friends, family, colleagues and loved ones, accessibility permitting.” With this objective in mind, our BCM framework is guided by continuous improvement of its strategy. These improvements are guided by the following activities:

- Performing regular business impact assessments.
- Conducting on-going risk assessments.
- Developing and enhancing existing recovery plans and procedures.
- Maintaining operational efficiency to ensure redundancies, resilience and contingencies are built into our service model.
- Regular testing, maintaining and re-assessing business continuity plans.
- Business continuity & crisis management training awareness.

Additionally, our network is monitored twenty-four (24) hours a day to ensure optimal performance by effecting requisite preventative maintenance. Alternate power supply (batteries and generator sets) is in place at critical locations to guarantee continuous service in the loss of the public power supply.

Our radio network also provides redundant coverage to maintain cell site coverage in areas that may experience disruption in the event of a crisis.

### BCM Plans

There are robust operational and disaster BCM plans in place designed to ensure quick responses to both natural and man-made disaster events. Risk exposures are pre-determined and plans implemented and tested to ensure compliance with international standards. Detailed responses to occurrences including earthquakes, fires, hurricanes, riots, industrial actions are included in these plans and routine simulation exercises carried out to ensure that planned responses are implemented within specified timeframes.

### Crisis Management Structure

A crisis management structure is established to proactively manage interruptions to our services. There are three levels of crisis management as follows:

- Local Incident Management Team (LIMT) - manages incidents with local impacts at or near the scene of impact.
- Regional Crisis Management Team (RCMT) - manages crisis with a regional impact and supports the activities of the LIMT.
- CWC EXCO/Board - manages incidents that may impact the C&W brand.

## HUMAN RESOURCES

### A Year of Transformation

The central focus of the Company in 2013/14 was on cost containment. However, LIME continues to believe that its success depends greatly on having the right employees to achieve its objectives. The Human Resources Division continues to assess and evaluate the functions, purpose, structure, and delivery models to ensure that LIME is resourced to deliver business excellence through a cadre of employees who are fully trained and who work in a climate of continuous learning and performance improvement. With a commitment to colleagues at the core, Human Resources added value through training and talent development, compensation, engagement, governance and reporting.

### Developing our Colleagues to Maintain Competitive Edge

Having talented and highly competent employees has always been and continues to be a key element of LIME’s competitive advantage, and part of its manpower strategy to ensure the requisite skills and competencies for future business needs. Leveraging the new Skillsoft Platform and Talent Management were amongst the main drivers for 2013/14 in order to ensure the efficient deployment of talent. The Learning and Development Unit further strengthened the Company’s sales capability with the Certification of Sales and Management colleagues; supported the Company’s governance programmes on ethics, anti-bribery and security compliance; and administered Network infrastructure and Mobile Training for new handsets, promotions and plans. LIME University, which provides access to over 4,000 courses, through its Centre of Excellence served as the ‘hub’ for all the company’s learning platforms.

Last year, the Learning and Development Unit also designed a Certification Programme which was aimed at positioning the Company to be more proactive in the delivery and support of new service offerings for customers. This new learning approach utilized both face-to-face and online training interventions in collaboration with the Company’s learning partner Skillsoft, to improve the capabilities of our sales and technical colleagues through certification with Avaya, MITEL, and Cisco and in the field of Project Management. Specialized training offerings were delivered via our online Sales Academy which provides Foundation to Mastery certification for all Account Managers, and building on our promise of a competent workforce fully equipped to properly support our customers, the Company's training plan also extends to partners and dealers.

### Transformation and Partnership

Global economic conditions and industry changes continue to have an impact on our business. Accordingly, various initiatives were and are being implemented across the business to reduce costs, improve operational efficiencies and performance, while fulfilling our commitment to provide excellent service to our customers. Where possible, we have merged and consolidated roles and functions and outsourced some aspects of our operations. These activities impacted in excess of 600 colleagues during the financial year. Consultations were held with our employees' representatives during this transition period, and the engagement of colleagues and union representatives has been central to our change model and an integral part of the support mechanism.

Faced with a business structure and model that was built primarily around a landline business in a time when our industry has shifted to an emphasis on mobile and mobile data, in order to remain viable we had to undergo a strategic shift in our thinking to embrace change and innovation and to adjust to the growing needs of our customers whilst ensuring our landline customers continued to receive quality service. With this in mind we took the bold step of outsourcing our Field Services operation in May, to Ericsson under a seven (7) year Managed Services Agreement.

Further outsource contracts were signed with Ericsson, Comverse and TELUS International regarding certain aspects of IT and some Call Centre services. Whilst outsourcing is known for its cost advantages, there are also inherent risks. In order to mitigate against these and to ensure a smooth transition, we have reviewed our structure to reduce loss of key talent, increased our capacity to proactively monitor the performance of our contracts by the creation of Demand Organizations and facilitation of a comprehensive Outplacement Services plan for all colleagues who were being displaced.

We can never underestimate the impact such changes can have on our colleagues who remain in the business and so we have implemented a number of staff engagement activities to enhance confidence in our ability to win and to continue to have colleagues involved in our long term vision. Colleagues were kept abreast of the imperatives for change and the Company's performance via Roadshows and Live streaming chats led by the CEO.

### LIME's Civic Duty

The Company has over the years embraced a philanthropic approach to assisting those in need. Our promise to build, connect and serve our communities continues to drive the volunteer activities of colleagues who readily give generously to the communities where they work and live.

The Company's Volunteer Programme continues to provide an opportunity for employees to give back to their communities through various initiatives. Each year colleagues contribute through time and effort to several local charities and for the period under review, the Company partnered with the following organizations in their many fund raising initiatives: Jamaica Cancer Society, Jamaica Aids Support, the Heart Foundation of Jamaica, Homes for the Aged, and Institutions for the Hearing Impaired etc.

Many other initiatives were also undertaken by various departments within the Company. All in all, the spirit of volunteerism is alive and well here at LIME.

### Inspiring Future

Building on our successes to date, we are geared for an inspiring year ahead. As the value leader, we continue to train and empower employees to deliver superior customer service to support and deliver on the value promise.

## OUTLOOK

In an effort to become a more responsive company, we are reshaping our business priorities, stretching budgets and applying greater scrutiny to capital expenditure. The plan is to become as nimble and agile as possible, enabling us to respond to the dynamic environment in which we operate. We will continue to find new and non-traditional avenues to apply our strengths in order to remain competitive and responsive. The revolutionary $2.99 Mobile Voice, and our Browse & Talk Data plans in the consumer space were two ways in which we changed the face of the market and capitalized on opportunities presented for growth. We expect to continue benefiting from our value strategy and to offer affordable products toward the common goal of bridging the digital divide in Jamaica.

The drive for cost reduction within the Government will force the need for improved efficiency. These efficiency mandates will accelerate the implementation of pending projects led by the eGov organization. Furthermore, the pending Logistics Hub for Jamaica represents a significant growth opportunity from which LIME is expected to benefit as ICT becomes a key enabler of the project. The same is true of the private sector as they cannot save their way to growth indefinitely. The expectation is therefore that they too will have to more seriously consider ICT as an enabler, particularly in light of the new business models being offered in the form of Cloud and Managed Services. Already we are seeing new demands from our customers and have built up a pipeline that we expect to positively impact our business results going forward.

The added focus on our business segment through the creation of the CWC Business Solutions Organization is expected to reap significant benefits for LIME going forward. We are also assembling the key resources to provide guidance and winning value propositions to enable our local thrust in the business segment. Our business strategy, centred on a continued focus on SMEs, presents some exciting opportunities as we look to partner with a major financial institution to enable the purchase of ICT solutions by these customers. In our more mature customer segments, we have embarked on the alignment of our sales teams around serving key industry verticals. This is expected to deliver improved results as we align ourselves to address the needs of these customers.

In tandem with the foregoing, current improvements in the quality and reach of our mobile and fixed networks, represent a positive outlook for our customers that can only add to significantly improving our commercial performance going forward.

# MARKETING HIGHLIGHTS


***TWICE THE FUN*** *- LIME Skool Aid 2013 returned to Jam World for two days. More than 40,000 patrons including students and their parents turned up for the annual back-to-school fair which offered free backpacks health and dental checks and a whole lot more.*

***COLOUR IN THE LINES:*** *Carlo Redwood, VP Marketing spent time colouring with these young patrons in the Storyland tent at LIME Skool Aid 2013.*

***VALUE CHAMPS*** *- In May 2013, we welcomed comedians Ity & Fancy Cat, Donald 'Iceman' Anderson and Pretty Boy Floyd to the LIME team. Our new brand ambassadors are a hit with our customers.*

***YOHAN CARES:*** *Despite his injuries, we joined our LIME athlete, Yohan 'The Beast' Blake as he found time to mentor young boys at the St. Andrew Care Centre in Kingston.*

***MAKING A STATEMENT:*** *The LIME staff running club was out in full force at the Digicel 5K Run/ Walk held in Downtown, Kingston.*

***SWEET SUCCESS*** *- We celebrated 100 Days of our new Talk EZ One Rate Plan with cake and our customers.140, 000 new customers in 100 Days!*


***Z10*** *- Our first world launch of the new BlackBerry Z10 captured the attention of the nation. Songbird Tessanne Chin wowed our guests.*

*__CHAMPS__ - LIME was the Champion brand at the ISSA Grace Kennedy Boys & Girls Championships 2014 held at the National Stadium. Our foam fingers and flags dominated!*


*__ON A MISSION__ - (a) We sent our customers on a Christmas Mission to win as much cash as they could, while we kept them entertained along the journey. (b) Dancehall artiste Konshens rocked in Santa Cruz during a Road Show.*



*__SCHOOL BOY FOOTBALL TAKE OVER__ - We took control of the country's most loved high school sporting event -the ISSA/LIME School Boy Football Competition for the next five years.*

# CORPORATE SOCIAL RESPONSIBILITY REPORT

## THE LIME FOUNDATION 6K

High on our agenda was the quest to maintain deeper connections with the community through various activities, most of which were carried out by the LIME Foundation which celebrated its 10th anniversary during the year in review.


***RACE TIPS, MAYBE?*** *Patron of the inaugural LIME Foundation 6K, Lady Patricia Allen (left), appeared to have been taking a quick lesson on how to prepare for the race ahead from LIME Brand Ambassador Yohan Blake shortly before he sent the runners on their way.*

From education to the environment, our mantra and purpose was to add more value to the lives of the people we serve.

***LET'S GO!*** *Participants get ready to tackle the 6K course. Unlike the traditional 5K race, the LIME Foundation added an extra 'K' to raise more funds for the Kids.*

In what was also a groundbreaking year for the Foundation, the inaugural LIME Foundation 6K Run for Children was staged in Portmore on Sunday, January 6, 2014. The event drew over 1,000 participants with major sponsorship being received from Alcatel, Samsung & our parent, CWC. Proceeds amounting to $3M were handed over to the Bustamante Children's Hospital for the purchase of an important piece of equipment to enhance the operability of a newly-acquired fluoroscopy machine used for the early detection of kidney disease in children.

## LABOUR DAY 2013

***DEEPLY ROOTED:*** *(L-R) LIME Foundation Executive Assistant, Shelly-Ann O'Connor, helps LIME Head of Retail, Stephen Price, and the Foundation's Deputy Chairman, Clive Forbes, with planting a fruit tree on Labour Day 2013 at the Homestead Place of Safety in Stony Hill, St. Andrew. LIME's Corporate Communications Manager, Elon Parkinson also assisted with renovating the Home's garden for the cultivation of subsistence crops.*

*(L- R) Standing Pastor Gareth Irvin, Errol Miller, Chairman of the LIME Foundation, Raymond Price, Member of Parliament and Courtney Bell, LIME Community Programmes Manager have a chat as they oversee students using the computers in the LIME Foundation "The Link" community Internet facility at the Balaclava Baptist Church.*

## HIGHLIGHTS

Stronger LINKs (formerly called CyberCentres): The Foundation rebranded its community access points with a new name – The Link. The year saw the rebranding of the Grants Pen Centre in collaboration with Universal Access Fund and the commissioning of another in Balaclava, St. Elizabeth.

Penn Relays Sponsorship - $1.8M: For the 21st consecutive year, we assisted schools sending students to participate in the 2013 Penn Relays Games in the United States. This year, eighteen schools received a total of $1.8 million. Each school received $100,000 along with a total of $25,000 worth of calling cards.

LIME Foundation 10 Year Anniversary Scholarships - $1.5M: The LIME Foundation celebrated its 10th anniversary in November 2013. To mark this important milestone, the Foundation established, in conjunction with the UWI Endowment Fund, scholarships to 5 final year students in Electronics Engineering.

*Kerry-Ann Smith (standing), School Based Literacy Coordinator at the Holy Family Primary School goes through a lesson with students of the 'near-mastery' group that will be using the newly donated interactive whiteboard to improve their literacy skills. Looking on (at left) is Errol Miller, Chairman of the LIME Foundation.*

Interactive Whiteboards - $1.5M: We were extremely pleased and excited to donate 3 interactive whiteboards to Holy Family, St Aloysius and George Headley Primary schools during the year. The official handover of the boards took place at George Headley on February 19, 2014.

Jamaica Library Services - We undertook another year's co-sponsorship of National Reading Competition/National Reading Fair. This year, our sponsorship included support for the Library's new texting competition which was added as part of activities intended to culminate with the Reading Fair in November 2014.

LIME Foundation Basic Computing/Web Design Summer Camp - $500,000: For the 4th consecutive year, we successfully staged our annual summer program. Approximately 100 students participated and this year, for the first time, we added the 17-20 age group and ran an additional class due to the high demand. Part sponsorship for meals was given by LIME Corporate Accounts Group and branded giveaways were provided by the Marketing Department.

*Errol Miller, Chairman of the LIME Foundation accepts one of the seedlings selected for planting in Halberstadt, St. Andrew, from Marilyn Headley, CEO of the Forestry Department.*

Environmental Project – Adoption of Forestry Reserve w/ Forestry Department - $400,000: The LIME Foundation signed a contract with the Forestry Department adopting 2 1/2 acres (1 hectare) of Forestry Reserve in the Blue Mountain range known as Halberstadt, St. Andrew. A key component of the initiative is the planting of 650 seedlings in an effort to protect our water supply and prevent soil erosion. This is the first initiative of this nature in the Foundation's efforts aimed at helping to protect our environment.

Safer Internet Day - LIME, through the LIME Foundation remains the only telecoms company in Jamaica to dominate on this internationally recognized day. This was the 2nd year that the company conducted activities in recognition of the event. This year saw Director Troy Cockings, along with our Chairman Errol Miller, Courtney Bell and Michael Sutherland, leading the charge to the Young Women's Christian Association with a talk on Internet safety practices and a donation of 2 computers while Corporate Communications Manager Elon Parkinson, did the same at Herbert Morrison High School in Montego Bay.

Internet in Schools collaboration w/Ministry of Education: This is a program which will see the Foundation providing 300 primary schools with free high-speed Internet access over a 3-year period. The programme entered its 2nd year on July 2013, having completed and commissioned the first 100 schools as at June 2013.

# CORPORATE SOCIAL RESPONSIBILITY REPORT

**Safer Internet Day 'Selfie'** -L-R Denise Jefferies, Principal of the YWCA poses for a 'selfie' with Errol Miller (2nd left) Chairman of the LIME Foundation and students at the school who participated in an awareness session hosted by LIME in observance of 'Safer Internet Day' which was staged internationally under theme "Lets Create a Better for All Together". Sharing in the moment are Crystal Edwards (partially hidden), Esheka Rufus, Shennela Watson and Neika Loague. The telecommunications firm spent the day educating the students on ways to protect themselves while using the Internet and social media networks.

**PRINCIPAL FOR A DAY:** *LIME Foundation Chairman Errol Miller (right) played the role of Principal of the Holy Trinity High School in Central Kingston on Teachers' Day, May 2013 and greeted his first batch of students. The annual event is always well supported by LIME employees who volunteer to teach various subjects. The Foundation places strong emphasis on supporting education.*

**REFRESHED WITH LIME** – *LIME CEO, Garfield Sinclair (left) and LIME Foundation Chairman, Errol Miller, celebrated Children's Day 2014 and offered some cool treats to these appreciative students at the Half Way Tree Transport Centre.*


*We challenged our friends on Facebook during Breast Cancer Awareness Month to raise funds to help the Jamaica Cancer Society purchase a mobile mammography unit. They answered the call.*

# DIRECTORS' REPORT

The Directors hereby present their Report and the audited Financial Statements for the year ended March 31, 2014.

**FINANCIAL RESULTS:** Results for the year are set out in pages 37-79. Highlights thereof are set out below:

| | 2014 | 2013 |
|---|---|---|
| | $ MILLION | $ MILLION |
| Turnover | 18,443 | 19,075 |
| Net Loss | (3,504) | (4,822) |
| Total Net Assets | (23,826) | (19,684) |
| Dividend Paid | - | - |

**Dividends:** The Directors have not recommended that a dividend be paid in respect of the year ended March 31, 2014.

**The Board:** The Directors who served the Company since the last Annual General Meeting are:-

Mr. Christopher Dehring
Mr. Garfield Sinclair
Dr. Carolyn Hayle
Mr. David Kelham
Mr. Mark Kerr-Jarrett, J.P.
Hon. Patrick Rousseau, O.J.

In accordance with Article 99 of the Articles of Incorporation, Mr. Mark Kerr Jarrett, J.P. and Hon. Patrick Rousseau, O.J. will retire by rotation, and being eligible, offer themselves for re-election.

No Directors have resigned, nor have any Directors been appointed since the last Annual General Meeting.

**Auditors:** Messrs. KPMG, the retiring auditors, having signified their willingness to continue in office, will be deemed reappointed in accordance with Section 154(2) of the Companies Act.

The Directors wish to express their thanks to the management and staff for their continued commitment and hard work.

On behalf of the Directors,
26th May, 2014

**Christopher Dehring**
Chairman

# CORPORATE GOVERNANCE REPORT

Cable & Wireless Jamaica Limited ("LIME Jamaica / the Company") is part of the group of companies trading under the LIME brand and operated by Cable & Wireless Communications plc. ("CWC plc."). Consistent with the principles encouraged by the Board of the ultimate parent, the Board of LIME Jamaica believes that effective corporate governance is about delegating safely and is essential to ensure sustainable business performance.

The Board has been advised that CWC plc has adapted its governance framework to reflect its change of geographic and operational focus to Panama and the Caribbean, and the establishment of a new hub in Miami. The Board will accordingly engage and advise itself of any attendant changes to the Company's operational structure and its own corporate governance framework.

The Board is also pleased to note that during the year in review CWC plc became a partner of Transparency International. This enhanced demonstration of commitment to operating fairly and with integrity in all its markets is welcome and has always been the commitment of the Board.

The Board is committed to the improvement of investor confidence through the promotion of good governance in the performance of its duties and the operation of the Company. The Board also continues to ensure that a sound system of internal control and risk management is maintained to safeguard shareholders' investments and the Company's assets, as the work continues to return the Company to profitability.

## MEETINGS AND COMMITTEES

In order to perform its responsibilities, the Board meets a minimum of once per quarter and members make themselves available for any additional meetings required. The sub-committees of the Board are the Audit Committee, the Corporate Governance Committee and the Remuneration and Nominations Committee.

The Report of the Audit Committee is located on page 34. Neither the Corporate Governance Committee nor the Remuneration and Nominations Committee met during the period in review, as matters which would normally be considered by those Committees were considered by the full Board.

The Board met 7 times for the year in review, holding 4 ordinary meetings and 3 special meetings by teleconference. Each Director's attendance at meetings of the Board is set out in the following table.

| Directors | Numbers of meetings attended |
|---|---|
| Christopher Dehring | 6/7 |
| Garfield Sinclair | 6/7 |
| Dr. Carolyn Hayle* | 5/7 |
| David Kelham** | 5/7 |
| Mark Kerr-Jarrett, J.P | 7/7 |
| Patrick Rousseau, O.J | 6/7 |

** Dr. Hayle was appointed with effect on June 6th 2013*
***Mr. Kelham was appointed with effect on May 21st 2013*

The Board conducts its responsibilities as prescribed under the Companies Act and as designated in the Articles of the Company. The Board is also guided by the Group policies of CWC plc and the Company's Corporate Governance Policy. The latter is based on the principles set out in the PSOJ Code of Corporate Governance.

## CORPORATE GOVERNANCE POLICY

The Board's Corporate Governance Policy was adopted in 2007 and was reviewed in 2011. It was determined that notwithstanding the review of the Policy scheduled for 2013/2014, no changes would be made until after completion of the parent company's review of its governance policies and framework. The Policy will therefore be reviewed in 2014. It continues to be available on the Company's website at www.lime.com.

The Board's commitment to ethical business conduct and to nation building through diverse corporate social responsibility programmes has been long-standing and continues to be encouraged at all levels of the business. The company's corporate social responsibility report is set out on pages 28-30. It speaks to major works performed by the LIME Foundation and a few examples of works performed by the Employee Volunteers. The Board celebrates the fact that there are too many to include in this report.

Along with the Company's Code of Ethics which all employees must agree to uphold, the Anti-Bribery Policy and supporting register established in 2011 remain critical items for review throughout the Group in order to ensure the highest standards of conduct. Employees are required to take an online course to ensure knowledge of the policy, and awareness of the Policy across the Company is reviewed annually.

## ACCESS TO INFORMATION

Directors have access to the advice of the Company Secretary and such other advice and information as they may require from time to time, whether from Management or from independent advisors. New non-executive directors are provided with a comprehensive induction package and are introduced to the Company's affairs and operations upon appointment.

# CORPORATE GOVERNANCE REPORT

## EVALUATION

Although the Board did not conduct a formal evaluation of its performance over the period in review, it again conducted an informal internal evaluation, wherein the Board acknowledged that while its Corporate Governance Committee had not been active as a Committee during the year, the Board had effectively overseen the governance system of the Company. It was agreed that individual Directors had contributed well to the discussions and consideration of strategies recommended to the Board. It was further noted that this had taken place in a year in which the company had undertaken significant outsourcing projects which had already achieved efficiencies and reductions in operating costs. The Board considered that it had acted in the best interest of the Company over the period in review.

## INTERACTION WITH SHAREHOLDERS

The Board continues to use the Annual General Meeting as its principal opportunity to inform shareholders and investors of the Company's affairs and to encourage their participation. The Board encourages open discussion by shareholders and provides sufficient time for same at the Annual General Meeting. Senior Management members are also required by the Board to attend the AGM to answer questions and interact with shareholders.

The Chairman and CEO remain accessible and available to institutional and other shareholders. Both also make efforts to be in touch with the sentiments and concerns of such shareholders and to communicate same to the Board, so as to ensure the Board is aware of same.

## COMPOSITION AND ROLE OF THE BOARD

The Board is currently comprised of the Chairman, CEO, one Executive Director and three Non-Executive Directors. There is a clear division between the roles of the Chairman and the CEO. The Chairman is responsible for the overall operation and governance of the Board. The Chairman sets the agenda and with the support of the Secretary, is responsible for ensuring that the Board receives information in a timely manner. He also facilitates contributions of the Directors. The CEO is responsible for operating the business within the authorities delegated to him. He manages the business and is responsible to submit strategies for the consideration of the Board.

Two of the Non-Executive Directors, Mark Kerr-Jarrett and Carolyn Hayle are independent by assessment of all criteria set out by the PSOJ Code, while one Non-Executive Director, Patrick Rousseau, is deemed independent by the Board notwithstanding the fact that Director Rousseau has been a member of the Board for a period in excess of nine (9) years. The Board considers him of robustly independent character and judgment which is consistently manifest in his participation in Board Meetings and Committee Meetings. During the period in review, Dr. Carolyn Hayle and Mr. David Kelham were appointed to the Board in accordance with the Company's Articles, they both retired and were elected at the Company's AGM on September 11, 2013. Summary biographies of directors are located on pages 80-81. The Board is confident that its current composition provides an effective balance of diverse perspectives, skills and experience, which will ensure the continued effectiveness of the Board's performance of its role.

## DIRECTORS' REMUNERATION

The amount recommended as remuneration for Non-Executive Directors is set out at page 56 of the financial statements. In recognition of the company's challenging path of transformation, the amount has not been increased since 2009 when it was last established pursuant to an independent survey and recommendation conducted on levels of directors' remuneration in Jamaica. Members of the Board also receive non-cash benefits in the form of limited subsidies in respect of telecommunications services offered by the Company. These subsidies are applied in accordance with the Board's formal policy on this matter. The Board is satisfied that the compensation accorded to Directors for their time does not exceed what is customary, that no consulting contracts have been entered into with any companies with whom any Directors is affiliated, and that no donations have been made by the Company to charities with which any Director is affiliated.

## TERMS OF SERVICE AND RETIREMENT

Non-Executive Directors are retained initially for a period of three years and their standard terms and conditions of service will be available for inspection by shareholders at the Annual General Meeting.

On joining the Board, Directors are made aware of their minimum time commitment and all members have committed to meeting same.

In accordance with the Articles of the Company, one-third of directors retire each year and if eligible offer themselves for re-election. Directors appointed since the last Annual General Meeting are not counted in this calculation, but they retire and offer themselves for election at the first Annual General Meeting after their appointment. This year, no Directors have been appointed since the last AGM. Mr. Mark Kerr-Jarrett, J.P., and Hon. Patrick Rousseau, O.J. will retire by rotation and offer themselves for re-election. The Board is satisfied that each director continues to be effective in the performance of his role as a Director.

# AUDIT COMMITTEE'S REPORT

The Audit Committee remains an important hub of the Company's governance and control mechanisms. The Committee met four times during the period in review.

Its members during the period are captured in the table below:

The principal duties of the Committee are also set out in the terms of reference and include the following functions conducted during the period of review:

(i) Discussed with External Auditors the nature and scope of the annual audit, prior to its commencement;

| DIRECTOR | STATUS | NO. OF MEETINGS ATTENDED |
|---|---|---|
| **Patrick Rousseau, O.J**. (*Chairman)* | Independent Non-Executive | 4/4 |
| **Carolyn Hayle*** (*Member)* | Independent Non-Executive | 3/4 |
| **Mark Kerr-Jarrett, J.P** (*Member)* | Independent Non-Executive | 4/4 |

**Appointed June 12, 2013*

## COMPOSITION OF THE COMMITTEE

The composition of the Committee is established by Terms of Reference which are compliant with the PSOJ Code of Corporate Governance. Dr. Carolyn Hayle was appointed to the Committee on June 12, 2013, and therefore could not have attended the first meeting of the period in review. For 11 of the 12 months in the period in review however, the Committee was comprised of three independent non-executive directors with Director Rousseau as Chairman. The independence of directors is addressed in the Corporate Governance Report.

The CEO was invited to meetings as an ex-officio non-voting member, and attended three out of four meetings during the period. Also invited to attend and answer questions of the Committee during the period were the Chief Financial Officer for LIME Jamaica, the Head of Group Internal Audit and representatives of the External Auditors. These persons attended all meetings and continued to be committed to ensuring that the functions of the Committee were performed.

The Board has satisfied itself that the members of the committee together have the relevant financial and management experience to enable them to act as an effective Audit Committee. Material issues raised at Audit Committee are reported to and discussed by the Board.

## FUNCTIONS OF THE AUDIT COMMITTEE

As stated in the Committee's Terms of Reference, the Committee is responsible for ensuring the objectivity and credibility of financial reporting, and that in presenting results to the shareholders, the Directors have exercised the care diligence and skills prescribed by Law.

(ii) Reviewed the quarterly and annual financial statements along with the proposed releases to the Jamaica Stock Exchange prior to their submission to the Board;

(iii) Reviewed the External Auditor's management letter and management responses and ensured all major issues were adequately dealt with by management;

(iv) Reviewed the Group Internal Audit Reports on a quarterly basis, and raised issues of specific concern in relation to reports affecting the Jamaica business unit; and

(v) Considered the Group Internal Audit Programme.This included the suggestion of additional matters for inclusion in the programme and requesting further details on matters which the Committee believed of importance to the Company.

KPMG is retained as the external auditor for the group of companies part of Cable & Wireless Communications plc, including Cable & Wireless Jamaica Limited. The independence of the auditors is secured through enforcement of a policy of rotation of audit partners at intervals. In accordance with this policy, the current audit partner will rotate off the audit team after the Annual General Meeting of the Company this year. The Committee is satisfied that KPMG which has signified its willingness to continue in office be reappointed as external auditors for the ensuing financial year.

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**Chartered Accountants**
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INDEPENDENT AUDITORS' REPORT

To the Members of
CABLE & WIRELESS JAMAICA LIMITED

**Report on the Financial Statements**

We have audited the separate financial statements of Cable & Wireless Jamaica Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 38 to 79, which comprise the Group's and the Company's statements of financial position as at 31 March 2014, the Group's and the Company's statements of profit or loss, other comprehensive income, changes in stockholders' deficit and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on the Financial Statements, continued

*Opinion*

In our opinion, the financial statements give a true and fair view of the consolidated and separate financial positions of Cable & Wireless Jamaica Limited, as at 31 March 2014, and the Group's and Company's financial performance, changes in stockholders' deficit and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

**Emphasis of matter**

Without qualifying our opinion, we draw attention to note 2.1 of the financial statements, which indicates that the Group and the Company has been reporting continued losses and during the year ended 31 March 2014, the Group and the Company reported a loss of $3,504 million (2012/13: $4,822 million) and $3,233 million (2012/13: $4,793 million) respectively for the year, and stockholders' deficit of $23,826 million and $24,434 million (2012/13: stockholders' deficit of $19,684 million and $20,453 million) respectively, as at that date. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Group's and Company's ability to continue as a going concern.

Until such time as the Group and the Company returns to profitable operations, the Group and the Company remain dependent on its ultimate parent for continued financial support. The directors have received a letter from the ultimate parent company, indicating that financial support will be provided for the foreseeable future.

**Report on additional matters as required by the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

26 May, 2014

# FINANCIAL

## STATEMENTS 2014

| | Note | Group 2013/14 $m | Group Restated* 2012/13 $m | Company 2013/14 $m | Company Restated* 2012/13 $m |
|---|---|---|---|---|---|
| Revenue | 4 | **18,443** | 19,075 | 18,392 | 19,003 |
| Operating costs before depreciation and amortisation | 6 | **(15,664)** | (17,126) | (15,619) | (17,020) |
| Depreciation | 12 | **( 1,584)** | ( 1,232) | ( 1,308) | ( 1,228) |
| Amortisation | 11 | **( 441)** | ( 263) | ( 441) | ( 263) |
| Gain on disposal | | **12** | 9 | 12 | 9 |
| Other operating expense | | **–** | ( 46) | – | ( 46) |
| **Operating profit before exceptional items** | | **766** | 417 | 1,036 | 455 |
| Operating exceptional items[1] | 6(a) | **( 1,464)** | ( 2,755) | ( 1,464) | ( 2,755) |
| **Operating loss after exceptional items** | | **( 698)** | ( 2,338) | ( 428) | ( 2,300) |
| Finance income | 7 | **78** | 56 | 75 | 41 |
| Finance expense | 7 | **( 2,807)** | ( 2,267) | ( 2,803) | ( 2,261) |
| **Loss before income tax** | | **( 3,427)** | ( 4,549) | ( 3,156) | ( 4,520) |
| Income tax expense | 8 | **( 77)** | ( 273) | ( 77) | ( 273) |
| **Loss for the year** | | **( 3,504)** | ( 4,822) | ( 3,233) | ( 4,793) |
| Loss per share **(cents per share)** | **9** | **( 20.8)** | **( 28.7)** | | |

*For information on IAS 19 *Employee Benefits* restatement see note 20.

[1] Further detail on exceptional items is set out in note 6(a) and in the relevant note for each item.

The notes on pages 45 to 79 are an integral part of these financial statements.

Consolidated Statement of Other Comprehensive Income
for the year ended 31 March 2014

| | Group | | Company | |
|---|---|---|---|---|
| | | Restated* | | Restated* |
| | **2013/14** | 2012/13 | **2013/14** | 2012/13 |
| | **$m** | $m | **$m** | $m |
| Loss for the year | **(3,504)** | (4,822) | **(3,233)** | (4,793) |
| Other comprehensive (expense)/income for the year comprised: | | | | |
| Items that will not be reclassified to profit or loss: | | | | |
| Actuarial losses in the value of defined benefit retirement plans | **( 748)** | ( 737) | **( 748)** | ( 737) |
| Exchange differences on translation of foreign operations | **110** | 100 | **-** | - |
| **Other comprehensive expense for the year** | **( 638)** | **( 637)** | **( 748)** | **( 737)** |
| **Total comprehensive expense for the year** | **(4,142)** | **(5,459)** | **(3,981)** | **(5,530)** |

* For information on IAS 19 *Employee Benefits* restatement see note 20.

The notes on pages 45 to 79 are an integral part of these financial statements.

## Statement of Financial Position
as at 31 March 2014

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2013/14 $m | 2012/13 $m | 2013/14 $m | 2012/13 $m |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | 11 | **1,104** | 716 | **1,104** | 716 |
| Property, plant and equipment | 12 | **10,905** | 10,372 | **10,556** | 9,837 |
| Investments in subsidiaries | 26 | **-** | - | **133** | 172 |
| Due from subsidiary | 25(b)(i) | **-** | - | **657** | 570 |
| Loan receivable | 13 | **724** | 724 | **724** | 724 |
| Prepayments | 13 | **1,534** | - | **1,534** | - |
| Retirement benefit assets | 20 | **2,088** | 2,750 | **2,088** | 2,750 |
| | | **16,355** | 14,562 | **16,796** | 14,769 |
| **Current assets** | | | | | |
| Trade and other receivables | 13 | **6,361** | 5,492 | **6,333** | 5,441 |
| Inventories | 14 | **316** | 209 | **316** | 209 |
| Cash and cash equivalents | 15 | **504** | 788 | **456** | 734 |
| Deferred expenditure | | **76** | 37 | **76** | 37 |
| Finance lease | | **-** | 24 | **-** | 24 |
| | | **7,257** | 6,550 | **7,181** | 6,445 |
| **Total assets** | | **23,612** | 21,112 | **23,977** | 21,214 |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 16 | **9,681** | 8,684 | **9,640** | 8,609 |
| Borrowings | 17 | **415** | 43 | **415** | 43 |
| Provisions | 19 | **794** | 2,457 | **794** | 2,457 |
| | | **10,890** | 11,184 | **10,849** | 11,109 |
| **Non-current liabilities** | | | | | |
| Deferred income | 16 | **223** | 243 | **223** | 244 |
| Borrowings | 17 | **308** | 279 | **308** | 279 |
| Provisions | 19 | **1,254** | 1,191 | **1,226** | 1,171 |
| Due to related parties | 25(d) | **34,763** | 27,899 | **35,805** | 28,864 |
| | | **36,548** | 29,612 | **37,562** | 30,558 |
| **Net liabilities** | | **(23,826)** | (19,684) | **(24,434)** | (20,453) |
| **Equity** | | | | | |
| **Capital and reserves attributable to the stockholders** | | | | | |
| Share capital | 21(a) | **16,817** | 16,817 | **16,817** | 16,817 |
| Reserves | 21(b) | **(40,643)** | (36,501) | **(41,251)** | (37,270) |
| **Total equity** | | **(23,826)** | (19,684) | **(24,434)** | (20,453) |

The notes on pages 45 to 79 are an integral part of these financial statements. These financial statements on pages 38 to 79 were approved by the Board of Directors on 26 May 2014 and signed on its behalf by:

Dr. Carolyn Hayle
Director

Hon Patrick Rousseau (O.J.)
Director

Consolidated Statement of changes in equity
for the year ended 31 March 2014

| | Share Capital $m | Foreign Currency translation $m | Share-based payment reserve $m | Employee benefits reserve $m | Accumulated deficit $m | Total equity $m |
|---|---|---|---|---|---|---|
| **Balance at 1 April 2012** | 16,817 | 267 | 21 | 2,254 | (33,584) | (14,225) |
| Loss for the year* | - | - | - | - | ( 4,822) | ( 4,822) |
| Net actuarial losses recognised* | - | - | - | - | ( 737) | ( 737) |
| Exchange differences on translation of foreign operations | - | 100 | - | - | - | 100 |
| **Total comprehensive income/(expense) for the year** | - | 100 | - | - | ( 5,559) | ( 5,459) |
| Transfer to accumulated deficit | - | - | - | ( 421) | 421 | - |
| **Balance at 31 March 2013** | 16,817 | 367 | 21 | 1,833 | (38,722) | (19,684) |
| Loss for the year | - | - | - | - | ( 3,504) | ( 3,504) |
| Net actuarial losses recognised | - | - | - | - | ( 748) | ( 748) |
| Exchange differences on translation of foreign operations | - | 110 | - | - | - | 110 |
| **Total comprehensive income/(expense) for the year** | - | 110 | - | - | ( 4,252) | ( 4,142) |
| Transfers to accumulated deficit | - | - | - | ( 441) | 441 | - |
| **Balance at 31 March 2014** | **16,817** | **477** | **21** | **1,392** | **(42,533)** | **(23,826)** |

* For information on IAS 19 *Employee Benefits* restatement see note 20.

The notes on pages 45 to 79 are an integral part of these financial statements.

## Company statement of changes in equity for the year ended 31 March 2014

| | Share Capital $m | Share-based payment reserve $m | Employee benefits reserve $m | Accumulated deficit $m | Total equity $m |
|---|---|---|---|---|---|
| **Balance at 1 April 2012** | 16,817 | 21 | 2,254 | (34,015) | (14,923) |
| Loss for the year* | - | - | - | ( 4,793) | ( 4,793) |
| Net actuarial losses recognised* | - | - | - | ( 737) | ( 737) |
| **Total comprehensive expense for the year** | - | - | - | ( 5,530) | ( 5,530) |
| Transfer to accumulated deficit | - | - | ( 421) | 421 | - |
| **Balance at 31 March 2013** | 16,817 | 21 | 1,833 | (39,124) | (20,453) |
| Loss for the year | - | - | - | ( 3,233) | ( 3,233) |
| Net actuarial losses recognised | - | - | - | ( 748) | ( 748) |
| **Total comprehensive expense for the year** | - | - | - | ( 3,981) | ( 3,981) |
| Transfers to accumulated deficit | - | - | ( 441) | 441 | - |
| **Balance at 31 March 2014** | **16,817** | **21** | **1,392** | **(42,664)** | **(24,434)** |

* For information on IAS 19 *Employee Benefits* restatement see note 20.

The notes on pages 45 to 79 are an integral part of these financial statements.

The reconciliation of loss for the year to net cash generated was as follows:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2013/14 $m | Restated* 2012/13 $m | 2013/14 $m | Restated* 2012/13 $m |
| **Loss for the year*** | | **(3,504)** | (4,822) | **(3,233)** | (4,793) |
| Adjustments for: | | | | | |
| Tax expense | 8 | **77** | 273 | **77** | 273 |
| Depreciation | 12 | **1,584** | 1,232 | **1,308** | 1,228 |
| Amortisation | 11 | **441** | 263 | **441** | 263 |
| Unrealised translation losses on loan | | **41** | 53 | **41** | 53 |
| Gain on disposal of property, plant and equipment | | **( 142)** | ( 9) | **( 142)** | ( 9) |
| Finance income | 7 | **( 78)** | ( 56) | **( 75)** | ( 41) |
| Finance expense | 7 | **2,807** | 2,267 | **2,803** | 2,261 |
| Site restoration provision | | **63** | 280 | **55** | 279 |
| Employee benefits* | 6,20 | **( 86)** | ( 107) | **( 86)** | ( 107) |
| **Operating cash flows before working capital changes** | | **1,203** | ( 626) | **1,189** | ( 593) |
| **Changes in working capital** | | | | | |
| (Decrease)/increase in provisions | | **(1,663)** | 2,457 | **(1,663)** | 2,457 |
| (Increase)/decrease in inventories | | **( 107)** | 416 | **( 107)** | 416 |
| Decrease in trade and other receivables | | **365** | 682 | **347** | 671 |
| Increase in related companies' balances | | **73** | ( 233) | **68** | ( 241) |
| (Decrease)/increase in trade and other payables | | **( 145)** | 300 | **( 113)** | 276 |
| **Cash (used in)/generated from operations** | | **( 274)** | 2,996 | **( 279)** | 2,986 |

The notes on pages 45 to 79 are an integral part of these financial statements.

# CABLE AND WIRELESS JAMAICA LIMITED

## Consolidated statement of cash flows for the year ended 31 March 2014

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2013/14 $m | Restated* 2012/13 $m | 2013/14 $m | Restated* 2012/13 $m |
| **Cash flows from operating activities** | | | | | |
| Cash generated | | **( 274)** | **2,996** | **( 279)** | 2,986 |
| Income taxes paid | | **( 251)** | ( 274) | **( 250)** | ( 273) |
| **Net cash (used in)/from operating activities** | | **( 525)** | 2,722 | **( 529)** | 2,713 |
| **Cash flows from investing activities** | | | | | |
| Finance income | | **67** | 56 | **64** | 41 |
| Proceeds from loan | | **-** | ( 724) | **-** | ( 724) |
| Purchase of license | | **(1,534)** | - | **(1,534)** | - |
| Proceeds on disposal of property, plant and equipment | | **406** | 12 | **411** | 9 |
| Deferred income | | **( 39)** | 164 | **( 39)** | 164 |
| Purchase of property, plant and equipment | | **(3,210)** | (3,041) | **(3,210)** | (3,040) |
| Proceeds from finance leases | | **24** | 60 | **24** | 60 |
| **Net cash used in investing activities** | | **(4,286)** | (3,473) | **(4,284)** | (3,490) |
| **Net cash flow before financing activities** | | **(4,811)** | ( 751) | **(4,813)** | ( 777) |
| **Cash flows from financing activities** | | | | | |
| Repayments of borrowings | | **( 9)** | ( 34) | **( 9)** | ( 34) |
| Proceeds from borrowings | | **395** | - | **395** | - |
| Due to subsidiary | | - | 39 | - | ( 42) |
| Finance costs | | **(2,807)** | (2,267) | **(2,803)** | (2,261) |
| Due to related parties | | **6,864** | 3,366 | **6,939** | 3,499 |
| **Net cash from financing activities** | | **4,443** | 1,065 | **4,561** | 1,162 |
| Net (decrease)/increase in cash and cash equivalents | | **( 368)** | 314 | **( 252)** | 385 |
| Cash and cash equivalents at 1 April | 15 | **762** | 348 | **708** | 323 |
| Exchange losses on cash and cash equivalents | | **110** | 100 | **-** | - |
| **Cash and cash equivalents at 31 March** | 15 | **504** | 762 | **456** | 708 |
| **Cash and cash equivalents** | | | | | |
| Comprise of: | | | | | |
| Cash and cash equivalents | 15 | **504** | 788 | **456** | 734 |
| Borrowings – bank overdraft | 17 | - | ( 26) | - | ( 26) |
| | | **504** | 762 | **456** | 708 |

* For information on IAS 19 *Employee Benefits* restatement see note 20.

The notes on pages 45 to 79 are an integral part of these financial statements.

**1 General information**

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 Company together with its subsidiaries, Jamaica Digiport International Limited, Digital Media & Entertainment Limited and other subsidiaries shall collectively be referred to herein as "the Group".

The Company is a 77% subsidiary of CWC CALA Holdings Limited, incorporated in Barbados, and the ultimate parent company is Cable & Wireless Communications plc., incorporated in England. Another subsidiary of Cable & Wireless Communications plc. holds an additional 5% of the issued ordinary stock units of the Company.

On 19 March 2010, the Cable & Wireless Group effected a Group reorganisation whereby Cable & Wireless Communications plc. was inserted as a new holding Company for the Cable & Wireless Group via a Scheme of Arrangement. Cable & Wireless Communications plc therefore replaced Cable and Wireless plc. (now Cable & Wireless Limited) as the parent company of the Cable & Wireless Group as at this date. On March 22, 2010, the entire ordinary share capital of Cable and Wireless plc was cancelled and shareholders were given one ordinary share and one B share of Cable & Wireless Communications plc. for every share of Cable and Wireless plc held on that date. At this time, the Cable & Wireless Group was renamed the Cable & Wireless Communications Group. Cable & Wireless Communications Group companies are referred to in these financial statements as "related companies".

As part of the 'One Caribbean' structure, the Company along with other Cable and Wireless Group companies in the Caribbean trade under the name 'LIME' (Landline, Internet, Mobile and Entertainment).

The principal activity of the Group and the Company is the provision of domestic and international telecommunications services under various operating licences granted on 14 March 2000, under the Telecommunications Act.

**2 Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Cable & Wireless Jamaica Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as they apply to the financial statements of the Group and the Company for the year ended 31 March 2014, interpretations adopted by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act ("the Act").

These financial statements are presented in Jamaican Dollars ($) and rounded to the nearest million. They have been prepared on the historical cost basis.

The Directors have prepared the accounts on a going concern basis. However the Group and the Company has reported continued losses. During the year ended 31 March 2014, the Group and the Company reported a loss of $3,504 million (2012/13: $4,822 million) and $3,233 million (2012/13: $4,793 million) respectively and has stockholder's deficit of $23,826 million (2012/13: $19,684 million) and $24,434 million (2012/13: $20,453 million) respectively, as at that date. As a result of the continued losses, uncertainty exists about the Group and the Company's continuation as a going concern. Until such time as the Group and the Company returns to profitable operations, the Group and the Company remains dependent on its ultimate parent for continued financial support. The Directors have also received a letter from the ultimate parent company, indicating that financial support will be provided for the foreseeable future.

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are discussed in note 3.

The accounting policies have been applied consistently by Group entities.

**Basis of consolidation**

The consolidated financial statements comprise a consolidation of the accounts of the company and its subsidiaries. The results of the Group's main trading subsidiaries have been prepared to align with the Group's reporting date.

**2 Summary of significant accounting policies (continued)**

**2.1 Basis of preparation (continued)**

**Subsidiaries**

Subsidiaries are entities controlled by and forming part of the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently exercisable are considered. Subsidiaries are consolidated from the date on which the Group effectively takes control until the date that control ceases. Accounting policies of subsidiaries are aligned with the policies adopted by the Group to ensure consistency.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

**2.2 Application of recently issued International Financial Reporting Standards (IFRS)**

The Group considered the implications of the following amendments to IFRS during the year ended 31 March 2014:

- Amendments to IAS 1 *Financial statement presentation*. The presentation of 'other comprehensive income' now Groups items on the basis of whether they will be potentially reclassified to profit or loss.
- Revision of IAS 19 *Employee benefits*. The interest cost on plan liabilities and expected return on plan assets have been replaced with a net interest amount on the net defined benefit liability using the discount rate.
- Amendments to IFRS 7 *Financial instruments: disclosures* – Offsetting financial assets and financial liabilities
- IFRS 13 *Fair value measurement* – establishes a single framework for measuring fair value and related disclosures.
- Amendments to IAS 36 *Impairment of assets* - Removes certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the adoption of IFRS 13. The amendment is not mandatory for accounting periods starting before 1 January 2014, but has been early adopted by the Group.

The above were first effective for the Group in the year beginning 1 April 2013 and have been adopted by the Group for 2013/14. The adoption of IAS 19 *Employee benefits* has reduced loss before tax by $95 million in 2012/13. There was no impact on the statement of financial position. See note 20 for further information. There was no other material impact on the Group upon adoption of any other standards or amendments, other than increased disclosure.

New and amended standards and interpretations endorsed by the EU, to be adopted by the Group for 2014/15:

| Title | Effective date | Description and impact on the Group |
|---|---|---|
| IFRS 10 *Consolidated financial statements* | Annual periods beginning on or after 1 January 2014 | Builds on existing principles of control, providing further guidance where control may be difficult to assess. No impact on the Group is expected. |
| IFRS 11 *Joint arrangements* | Annual periods beginning on or after 1 January 2014 | Expands the assessment of joint arrangements to consider all facts and circumstances surrounding the arrangements, in addition to the structure of the arrangement as previously required. No impact on the Group is expected. |
| IFRS 12 *Disclosures on interests in other entities* | Annual periods beginning on or after 1 January 2014 | Covers all disclosure requirements for all forms of interests in other entities. The disclosures required will be increased in line with the new standard. |

There are no other new or amended standards that are considered to have a material impact on the Group.

There are no standards that are not yet effective that would be expected to have a material impact on the Group.

**2 Summary of significant accounting policies (continued)**

**2.3 Foreign currencies**

**a) Functional currency**

Amounts included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

**b) Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised through profit or loss.

**c) Foreign operations**

The results and financial position of all the Group entities that have a functional currency different from the Group's presentation currency of Jamaican dollars are translated as follows:

i) Assets and liabilities are translated at the closing rate at the reporting date;

ii) Income and expenses are translated at rates closely approximating the rate at the date of the transactions; and

iii) Resulting exchange differences are recognised in the foreign currency translation reserve.

Exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. Where investments are matched in whole or in part by foreign currency loans, the exchange differences arising on the retranslation of such loans are also recorded as movements in the Group's translation reserves and any excess taken to profit or loss.

There are no Group entities operating in a hyperinflationary economy.

The principal exchange rates used in the preparation of these accounts are as follows:

| | **2013/14** | 2012/13 |
|---|---|---|
| **£ : $** | | |
| Average | **161.10** | 140.53 |
| Year end | **180.15** | 146.53 |
| **US$ : $** | | |
| Average | **102.17** | 90.44 |
| Year end | **109.16** | 97.63 |

**2.4 Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment includes labour and overhead costs arising directly from the construction or acquisition of an item of property, plant and equipment. Plant and equipment represents the Group's network infrastructure assets.

The estimated costs of dismantling and removing assets, typically cell sites and network equipment, and restoring land on which they are located are included in the cost of property, plant and equipment. The corresponding obligation is recognised as a provision in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits will flow to the Group and the cost can be measured reliably. All other subsequent costs (primarily repairs and maintenance) are charged to profit or loss as incurred.

**2 Summary of significant accounting policies (continued)**

**2.4 Property, plant and equipment (continued)**

Depreciation is not recognised on freehold land or assets under construction. Depreciation is provided to write-off the cost of property, plant and equipment, on a straight line basis over the estimated useful lives of the assets as follows:

| | Lives |
|---|---|
| Cables and transmission equipment | 4 to 10 years |
| Office equipment and computers | 4 to 10 years |
| Plant and machinery | 5 to 40 years |
| Computer equipment | 4 years |
| Freehold buildings | 40 years |
| Leasehold buildings | up to 40 years or term of lease if less |

Asset useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down to its recoverable amount if the carrying amount is greater than its recoverable amount through sale or use.

**2.5 Intangible assets**

Costs that are directly associated with the purchase and implementation of identifiable and unique software products by the Group are recognised as intangible assets. Expenditures that enhance and extend the benefits of computer software programs beyond their original specifications and lives are recognised as a capital improvement and added to the original cost of the software.

Intangible assets relating to customer contracts, customer relationships and licences obtained as part of the Group's business combinations are recorded initially at their fair values.

Other intangible assets that do not have indefinite useful lives are amortised on a straight line basis over their respective lives which are usually based on contractual terms. Other intangible assets are stated at cost less amortisation.

| | Lives |
|---|---|
| Software | 3 years |

**2.6 Financial instruments**

**Financial assets**

The Group classifies its financial assets into the following categories: cash and cash equivalents; trade and other receivables; and other receivables from related parties. The classification depends on the purpose for which the assets are held. The Group does not currently classify any assets as held-to-maturity investments.

Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date for financial assets other than those held at fair value through profit or loss.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash in hand and at bank and short-term deposits. They are highly liquid monetary investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The carrying value of cash and cash equivalents in the statement of financial position is considered to approximate fair value. Bank overdrafts are included within borrowings and classified in current liabilities on the statement of financial position.

***Trade and other receivables***

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a third party with no intention of trading the receivable. Trade and other receivables are presented in current assets in the statement of financial position, except for those with maturities greater than one year after the reporting date.

Receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost).

## 2 Summary of significant accounting policies (continued)

### 2.6 Financial instruments (continued)

**Financial liabilities**

The Group classifies its financial liabilities into the following categories: trade and other payables; borrowings; provisions and due to related parties.

Management determines the classification of its financial liabilities at initial recognition and re-evaluates this designation at every reporting date for financial liabilities other than those held at fair value.

***Accounts payable***

Trade and other payables are stated at amortised cost.

***Borrowings***

Borrowings are recognised initially at fair value net of directly attributable transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds received (net of transaction costs) and the redemption value is recognised through profit or loss over the period of the borrowings using the effective interest method. The financial liabilities recognised in this category include secured and unsecured bonds and facilities and other loans held by the Group and are presented in borrowings in current liabilities in the statement of financial position unless the Group has an unconditional right to defer settlement of the liability for at least one year after the reporting date.

### 2.7 Impairment of assets

**Financial assets**

The Group assesses at each reporting date whether there is objective evidence that a financial asset not carried at fair value through profit or loss or a Group of those financial assets is impaired.

An impairment allowance is established for trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

**Non-financial assets**

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. All other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The Group determines any impairment by comparing the carrying values of each of the Group's assets (or the cash-generating unit to which it belongs) to their recoverable amounts, which is the higher of the asset's fair value less costs to sell and its value in use. Fair value represents market value in an active market. Value in use is determined by discounting future cash flows arising from the asset. Future cash flows are determined with reference to the Group's own projections using pre-tax discount rates.

Impairment reviews involve management making assumptions and estimates, which are highly judgemental and susceptible to change.

### 2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is the price paid less any rebates, trade discounts or subsidies. It also includes delivery charges and import duties, but does not include value added taxes or advertising and administration costs. Cost is based on the first-in, first-out (FIFO) principle. For inventories held for resale, net realisable value is determined as the estimated selling price in the ordinary course of business less costs to sell. Provision is made for obsolete and slow-moving inventories as required.

### 2.9 Share capital

Incremental costs directly attributable to the issue of new shares or the repurchase of shares are recognised in equity.

### 2.10 Leases

All Group leases are operating leases. Payments made under operating leases, net of lease incentives or premiums received, are charged through profit or loss on a straight-line basis over the period of the lease.

**2 Summary of significant accounting policies (continued)**

**2.11 Employee benefits**

**Defined contribution pensions**

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a third party. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as operating costs as they are incurred through profit or loss.

**Defined benefit obligations**

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. These schemes are generally funded through payments to insurance companies or Trustee-administered funds, determined by periodic actuarial calculations.

The asset or liability recognised in the statement of financial position in respect of each defined benefit pension plan represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. Assets are only recognised to the extent that the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan exceed the fair value of the plan assets less the present value of the defined benefit obligations. Defined benefit obligations for each scheme are calculated annually by independent actuaries.

The Group recognises actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, in the period in which they occur in the statement of other comprehensive income. Past service costs are recognised immediately through profit or loss unless the changes to the pension plan are conditional on the employee remaining in service for a specified period of time (the vesting period). In these cases, the past service costs are amortised on a straight-line basis over the vesting period.

Current service costs and any past service costs, together with the unwinding of the discount on net plan assets or liabilities, are included within operating costs through profit or loss.

**Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits within other provisions when it is demonstrably committed to the action leading to the employee's termination.

**Bonus plans**

The Group recognises a liability in the statement of financial position in relation to bonuses payable to employees where contractually obliged or where there is a past practice that has created a constructive obligation.

**2.12 Tax**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised through profit or loss except to the extent that it relates to items recognised directly in other comprehensive income and equity, in which case it is recognised in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using rates that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, except where the difference arises from:

- The initial recognition of goodwill; or
- The initial recognition of an asset or liability in a transaction other than a business combination, affecting neither accounting nor taxable profit.

Deferred tax is calculated using tax rates that are expected to apply to the period when the temporary differences reverse, based on rates that have been enacted or substantively enacted by the reporting date.

**2 Summary of significant accounting policies (continued)**

**2.12 Tax (continued)**

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and interests in joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

**2.13 Provisions**

Provisions are liabilities of uncertain timing or amount. They are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are presented in the statement of financial position at the present value of the estimated future outflows expected to be required to settle the obligation. Provision charges and reversals are recognised through profit or loss. Discount unwinding is recognised as a finance expense.

**2.14 Revenue recognition**

Group revenue, which excludes discounts, value added tax and similar sales taxes, represents the amount receivable in respect of services and goods provided to customers. It includes sales to joint ventures and associates but does not include sales by joint ventures and associates or sales between Group companies. Revenue is recognised only when payment is probable.

Revenue from services is recognised as the services are provided. In respect of services invoiced in advance, amounts are deferred until provision of the service.

Amounts payable by and to other telecommunications operators are recognised as the services are provided. Charges are negotiated separately and are subject to continual review. Revenue generated through the provision of these services is accounted for gross of any amounts payable to other telecommunications operators for interconnect fees.

Revenue from mobile, broadband, TV and fixed line products comprises amounts charged to customers in respect of monthly access charges, airtime and usage, messaging and other telecommunications services. This includes data services and information provision and revenue from the sale of equipment, including handsets.

Monthly access charges from mobile, broadband, TV and fixed line products are invoiced and recorded as part of a periodic billing cycle. Airtime, either from contract customers as part of the invoiced amount or from prepaid customers through the sale of prepaid credit, is recorded in the period in which the customer uses the service. Unbilled revenue resulting from services provided to contract customers from the billing cycle date to the end of each period is accrued. Unearned monthly access charges relating to periods after each accounting period are deferred.

The Group earns revenue from the transmission of content and traffic on its network originated by third-party providers. Third-party dealers and partners are also used to facilitate the sale and provision of some services and equipment sold by the Group.

We assess whether revenue should be recorded gross as principal or net as agent, based on the features of such arrangements including the following factors:

- Whether the Group holds itself out as an agent;
- Whether the Group has latitude for establishing the price, either directly or indirectly, for example by providing additional services;
- Provision of customer remedies;
- Whether the Group has the primary responsibility for providing the services to the customer or for fulfilling the order; and
- Assumption of credit risk.

Revenue from sales of telecommunications equipment is recognised upon delivery to the customer.

The total consideration on arrangements with multiple revenue generating activities (generally the sale of telecoms equipment and ongoing service) is allocated to those components that are capable of operating independently, based on the estimated fair value of the components. The fair value of each component is determined by amounts charged when sold separately and by reference to sales of equivalent products and services by third parties.

Revenue arising from the provision of other services, including maintenance contracts, is recognised over the periods in which the service is provided.

Customer acquisition costs including dealer commissions and similar payments are expensed as incurred.

**2 Summary of significant accounting policies (continued)**

**2.15 Exceptional items**

Exceptional items are material items within profit or loss that derive from individual events that fall within the ordinary activities of the Group that are identified as exceptional items by virtue of their size, nature or incidence.

**3 Critical accounting estimates and judgements**

A number of estimates and assumptions have been made relating to the reporting of results of operations and the financial condition of the Group. Results may differ significantly from those estimates under different assumptions and conditions. The Directors consider that the following discussion addresses the Group's most critical accounting estimates. These particular policies require subjective and complex assessments, often as a result of the need to make estimates about the effect of matters that are uncertain.

**3.1 Impairment of property, plant and equipment and intangible assets**

The Directors assess property, plant and equipment and intangible assets (excluding goodwill) for impairment whenever events or changes in circumstances indicate that the carrying value is less than its recoverable amount. Factors that are considered important and that could trigger an impairment review include the following:

- Obsolescence or physical damage;
- Significant changes in technology and regulatory environments;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the use of the assets or the strategy of the overall business;
- Significant negative industry or economic trends; and
- Significant decline in the market capitalisation relative to net book value for a sustained period.

In addition, the Directors test goodwill and other intangible assets with an indefinite life at least annually for impairment.

The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash-generating units requires significant consideration. Note 10 sets out the assumptions and estimates used during these assessments.

**3.2 Receivables allowance**

The impairment allowance for trade receivables reflects the Group's estimates of losses arising from the failure or inability of the Group's customers to make required payments. The allowance is based on the ageing of customer accounts, customer creditworthiness and the Group's historical write-off experience. Changes to the allowance may be required if the financial condition of the Group's customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs. Historically, changes to the estimate of losses have not been material to the Group's financial position and results.

**3.3 Revenue recognition**

Judgement is required in assessing the application of revenue recognition principles and the specific guidance in respect of Group revenue. This includes the allocation of revenue between multiple deliverables, such as the sale value of telecommunications equipment and ongoing service, where such items are sold as part of a bundled package. See note 2.14.

**3.4 Exceptional items**

Judgement is required in assessing the classification of items as exceptional and assessing the timing of recognising exceptional provisions. The Group has established criteria for assessing the classification and a consistent approach is applied each period.

**3.5 Tax**

The calculation of the Group's total tax charge involves a degree of estimation in respect of certain items where the tax treatment cannot be finally determined until a resolution has been reached with the relevant tax authority or, if necessary, through a formal legal process. The final resolution of some of these items may give rise to material income statement and/or cash flow variances.

The resolution of issues is not always within the control of the Group and is often dependent on the efficiency of the administrative and legal processes in the relevant tax jurisdictions in which the Group operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there can be substantial differences between the tax charge through profit or loss and tax payments made.

**3 Critical accounting estimates and judgements (continued)**

**3.6 Provisions**

Provisions are liabilities of uncertain timing or amount. They are recognised when the Group has a present legal or constructive obligation as a result of past events; it is outflow of resources will be required to settle the obligation reliably estimated.

Provisions are presented in the statement of financial position at the present value of the estimated future outflows expected to be required to settle the obligation. Provision charges and reversals are recognised through profit or loss. Discount unwinding is recognised as a finance expense.

**3.7 Pensions**

The Group provides several defined benefit pension schemes for its employees. The asset or liability recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as:

- The life expectancy of the members;
- The length of service;
- The rate of salary progression;
- The rate used to discount future net pension assets or liabilities; and
- Future inflation rates.

The assumptions used by the Group are set out in note 27 and are estimates chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice but are comparable to the yields on long-term government receivable in both Jamaica and US dollars and securities in the Caribbean. Changes to these assumptions could materially affect the defined benefit schemes' liabilities and assets.

**4 Revenue**

**Accounting policy detailed in note 2.14.**

| | Group | | Company | |
|---|---|---|---|---|
| | **2013/14 $m** | 2012/13 $m | **2013/14 $m** | 2012/13 $m |
| Sales of telecommunications services and related operations | **17,290** | 17,938 | **17,239** | 17,866 |
| Sales of telecommunications equipment and accessories | **1,153** | 1,137 | **1,153** | 1,137 |
| **Total revenue** | **18,443** | 19,075 | **18,392** | 19,003 |

**5 Segment information**

The Group is an international telecommunications service provider offering mobile, broadband, TV, fixed line and enterprise services to residential and business customers. Fixed lines services include provision of land lines to facilitate local and international calls. Mobile services include post-paid and prepaid voice and data services, sales and service of handsets and value added services including LIME 3G. Broadband, data and other services consist of broadband (ADSL), Metro Ethernet (fiber service), frame and leased type services, hosting and storage services, as well as equipment sales and service.

Based on the information presented to and reviewed by the Chief Operating Decision Maker (CODM), the entire operations of the Company are considered as one operating segment.

Financial information related to the operating segment results for the year ended 31 March 2014, can be found in the Group income statement and related notes. There are no differences in the measurement of the reportable segment results and the Group's results.

Details of the segment assets and liabilities for the year ended 31 March 2014 can be found in the Group's statement of financial position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the Group's assets and liabilities.

There are no differences in the measurement of the reportable segments' results and the Group's results.

**5 Segment information (continued)**

There is no significant trading between the segments. Transactions between the segments are on commercial terms similar to those offered to external customers.

There are no differences in the measurement of the reportable segments' assets and liabilities and the Group's assets and liabilities. Furthermore, there are no asymmetrical allocations to reportable segments.

**Entity-wide disclosures**

The revenue from external customers are analysed by product below.

| | Group | |
|---|---|---|
| | **2013/14 $m** | 2012/13 $m |
| Mobile | **6,674** | 5,224 |
| Fixed voice | **6,483** | 7,345 |
| Broadband and TV | **2,336** | 2,005 |
| Enterprise, data and other | **2,950** | 4,501 |
| **Total** | **18,443** | 19,075 |

Revenue from external customers is Grouped according to where the telecommunications services were provided. All external customer revenue is derived from within Jamaica.

The Group does not have any customers from which revenue exceeds 10% of Group revenue.

**6 Operating costs and other operating income and expenses**

**6a Operating costs**

Detailed below are the key expense items charged or (credited) in arriving at our operating profit. Outpayments amounts paid to other operators when our customers call customers connected to a different network. Operating costs are stated net of credits or charges arising from the release or establishment of accruals.

An analysis of the operating costs incurred by the Group and the Company is presented below, classified by the nature of the cost:

| | **2013/14** | | | Restated* 2012/13 | | |
|---|---|---|---|---|---|---|
| Group | **Pre-exceptional $m** | **Exceptional items $m** | **Total $m** | Pre-exceptional $m | Exceptional items $m | Total $m |
| Outpayments and direct costs | **5,307** | **-** | **5,307** | 7,152 | - | 7,152 |
| Employee and other staff expenses | **3,476** | **1,594** | **5,070** | 4,204 | 2,755 | 6,959 |
| Gain on disposal of assets | - | **( 130)** | **( 130)** | - | - | - |
| Administrative | **2,759** | **-** | **2,759** | 1,758 | - | 1,758 |
| Marketing | **959** | **-** | **959** | 679 | - | 679 |
| Selling | **3,163** | **-** | **3,163** | 3,333 | - | 3,333 |
| **Operating costs before depreciation and amortisation** | **15,664** | **1,464** | **17,128** | 17,126 | 2,755 | 19,881 |
| Depreciation of property, plant and equipment | **1,584** | - | **1,584** | 1,232 | - | 1,232 |
| Amortisation of intangible assets | **441** | - | **441** | 263 | - | 263 |
| **Operating costs** | **17,689** | **1,464** | **19,153** | 18,621 | 2,755 | 21,376 |

* For information on IAS 19 *Employee Benefits* restatement see note 20.

## 6 Operating costs and other operating income and expenses (continued)

### 6a Operating costs (continued)

| | 2013/14 | | | Restated* 2012/13 | | |
|---|---|---|---|---|---|---|
| Company | Pre-exceptional $m | Exceptional items $m | Total $m | Pre-exceptional $m | Exceptional items $m | Total $m |
| Outpayments and direct costs | **5,292** | **-** | **5,292** | 7,121 | - | 7,121 |
| Employee and other staff expenses | **3,476** | **1,594** | **5,070** | 4,202 | 2,755 | 6,957 |
| Gain on disposal of assets | - | **( 130)** | **( 130)** | - | - | - |
| Administrative | **2,742** | **-** | **2,742** | 1,685 | - | 1,685 |
| Marketing | **959** | **-** | **959** | 679 | | 679 |
| Selling | **3,150** | **-** | **3,150** | 3,333 | - | 3,333 |
| **Operating costs before depreciation and amortisation** | **15,619** | **1,464** | **17,083** | 17,020 | 2,755 | 19,775 |
| Depreciation of property, plant and equipment | **1,308** | **-** | **1,308** | 1,228 | - | 1,228 |
| Amortisation of intangible assets | **441** | **-** | **441** | 263 | - | 263 |
| **Operating costs** | **17,368** | **1,464** | **18,832** | 18,511 | 2,755 | 21,266 |

* For information on IAS 19 *Employee Benefits* restatement see note 20.

Exceptional items comprise of restructuring costs for employee termination and other staff benefits of $1,594 million (2012/13: $2,755 million).

### 6b Employee and other staff expenses

This note shows the average number of people employed by the Group during the year. It also shows total employment costs.

**Accounting policy detailed in note 2.11.**

The pre-exceptional employee and other staff expenses for continuing operations are set out below:

| | Group | | Company | |
|---|---|---|---|---|
| | 2013/14 $m | Restated* 2012/13 $m | 2013/14 $m | Restated* 2012/13 $m |
| Gross salaries | **2,719** | 3,458 | **2,719** | 3,456 |
| Other benefits and allowances | **843** | 852 | **843** | 852 |
| Pension costs: | | | | |
| – employee benefits | **( 86)** | ( 106) | **( 86)** | ( 106) |
| **Staff costs** | **3,476** | 4,204 | **3,476** | 4,202 |
| Exceptional employee and other staff expenses (note (6a)) | **1,594** | 2,755 | **1,594** | 2,755 |
| **Total staff costs** | **5,070** | 6,959 | **5,070** | 6,957 |

* For information on IAS 19 *Employee Benefits* restatement see note 20.

**6b Employee and other staff expenses (continued)**

**Directors' and key management remuneration**

Key management are represented by Directors only as those that have authority and responsibility for managerial decisions affecting the future development and business prospects of the Group.

Included within employee costs is key management remuneration relating to continuing operations as follows:

| Group and Company | **2013/14 $m** | 2012/13 $m |
|---|---|---|
| Directors' emoluments: | | |
| Fees | **3** | 2 |
| Salaries and other short-term employment benefits | **48** | 49 |
| Other key management personnel – short-term employment benefits | **111** | 191 |
| **Total Directors' remuneration** | **51** | 51 |
| **Total key management remuneration** | **111** | 191 |

**6c Auditor's remuneration**

| | Group | | Company | |
|---|---|---|---|---|
| | **2013/14 $m** | 2012/13 $m | **2013/14 $m** | 2012/13 $m |
| Audit services: | | | | |
| Statutory audit services – current period | **39** | 34 | **36** | 32 |
| Statutory audit services – prior period | **6** | 4 | **6** | 3 |
| | **45** | 38 | **42** | 35 |

**7 Finance income/expense and other non-operating expenses**

Finance income is mainly comprised of interest received from short-term investments in money market funds and external bank deposits. Financing costs mainly arise from interest due on external bank loans, related party loans and transactional foreign exchange losses.

**Accounting policy detailed in note 2.6.**

The finance income and expense are set out below.

| | Group | | Company | |
|---|---|---|---|---|
| | **2013/14 $m** | 2012/13 $m | **2013/14 $m** | 2012/13 $m |
| **Finance income** | | | | |
| Interest on cash and deposits | **78** | 56 | **75** | 41 |
| **Total finance income** | **78** | 56 | **75** | 41 |
| **Finance expense** | | | | |
| Interest on bank loans | **16** | 21 | **16** | 21 |
| Interest on related party loans | **2,383** | 1,902 | **2,383** | 1,902 |
| Unwinding of discounts on provisions | **182** | 95 | **181** | 94 |
| Foreign exchange losses | **226** | 249 | **223** | 244 |
| **Total finance expense** | **2,807** | 2,267 | **2,803** | 2,261 |

## 8 Income tax expense

This section explains how our Group and Company tax charge arises. The current and deferred tax charges or credits in the year together make up the total tax charge in the income statement. The deferred tax section also provides information on our expected future tax charges. A reconciliation of profit or loss before tax to the tax charge is also provided.

**Accounting policy detailed in note 2.12.**

| | Group | | Company | |
|---|---|---|---|---|
| | **2013/14 $m** | 2012/13 $m | **2013/14 $m** | 2012/13 $m |
| **Current tax charge** | | | | |
| Jamaican tax at 33⅓ % | - | - | - | - |
| Withholding tax | **77** | 273 | **77** | 273 |
| **Total current tax charge** | **77** | 273 | **77** | 273 |
| **Deferred tax (credit)/charge** | | | | |
| Tax losses | ( 932) | (1,096) | ( 932) | (1,096) |
| Origination and reversal of temporary differences | 932 | 929 | 932 | 929 |
| Adjustments relating to prior years | - | 167 | - | 167 |
| **Total deferred tax credit** | - | - | - | - |
| **Total income tax charge** | **77** | 273 | **77** | 273 |

The Group's effective tax rate differs from the Jamaican statutory tax rate as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2013/14 $m** | 2012/13 $m | **2013/14 $m** | 2012/13 $m |
| **Loss before income tax and exceptional charges*** | **(1,963)** | (1,794) | **(1,692)** | (1,765) |
| Exceptional charges | **(1,464)** | (2,755) | **(1,464)** | (2,755) |
| **Loss before income tax*** | **(3,427)** | (4,549) | **(3,156)** | (4,520) |
| Income tax charge/(credit) at Jamaican statutory tax rate: 33⅓% | **(1,142)** | (1,515) | **(1,052)** | (1,506) |
| Effect of capital allowances on non-current assets | **(2,397)** | (1,104) | **(2,482)** | (1,100) |
| Relief under the Jamaica Export Freezone Act | - | ( 1) | - | - |
| Effect of Caricom income | **( 202)** | ( 604) | **( 202)** | ( 604) |
| Disallowed expenses and other capital adjustments | **( 321)** | 402 | **( 326)** | 388 |
| Effect of changes in unrecognised deferred tax assets | **4,139** | 3,095 | **4,139** | 3,095 |
| **Total income tax charge** | **77** | 273 | **77** | 273 |
| **Income tax credit on exceptional items** | **( 488)** | ( 918) | **( 488)** | ( 918) |
| **Pre-exceptional income tax credit** | **( 633)** | ( 599) | **( 480)** | ( 589) |

*For information on IAS 19 Employee Benefits restatement see note 20.

## 8 Income tax expense (continued)

At 31 March 2014 taxation losses, subject to agreement by the Commissioner of Tax Administration Jamaica, available for relief against future taxable profits, amounted to approximately $34.5 billion (2012/13: $31.6 billion).

For the analysis of the Group's and Company's deferred tax assets and liabilities at the reporting date, including factors affecting the future tax rates, see note 18.

## 9 Loss per share

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.
Basic EPS is calculated on the Group loss for the year attributable to equity shareholders of $3,504 million (2012/13: loss of $4,822 million) divided by 16,817 million (2012/13: 16,817 million) being the weighted average number of shares in issue during the year.

Basic earnings per ordinary share is based on the loss for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

| | **2013/14 $m** | Restated* 2012/13 $m |
|---|---|---|
| Loss for the financial year attributable to stockholders | **( 3,504)** | ( 4,822) |
| Weighted average number of ordinary shares in issue (millions) | **16,817** | 16,817 |
| Basic loss per share (cents per share) | **( 20.8)** | ( 28.7) |

* For information on IAS 19 *Employee Benefits* restatement see note 20.

## 10 Impairment review

Impairment occurs when the carrying value of an asset or Group of assets is greater than the present value of the cash they are expected to generate.

We consider the carrying value of other assets at least annually. If there are impairment triggers that indicate an impairment of other assets is possible, we then perform a full impairment review.

**Accounting policy detailed in note 2.7.**

**Property, plant and equipment and other intangibles**

No impairment charges were considered necessary at 31 March 2014 (2012/13: nil).

**Other**

There were no other events or changes in circumstances during the year to indicate that the carrying value of property, plant and equipment and other intangible assets had been impaired.

## 11 Intangible assets

The following section shows the non-physical assets used by the Group to generate revenues and profits.

These assets include software and licenses and operating agreements. Within license and operating agreements we include the cost of any acquired spectrum we use for our mobile services. The cost of intangible assets is the amount that the Group has paid.

The value of other intangible assets reduces over the number of years the Group and the Company expects to use the asset via an annual amortisation charge. Should an asset's value fall below its carrying value an additional one-off impairment charge is made against profit.

**Accounting policy detailed in note 2.5.**

| Group and Company | Computer Software $m | Total $m |
|---|---|---|
| **Cost** | | |
| At 1 April 2012 | 4,108 | 4,108 |
| Transfer from property, plant and equipment | 707 | 707 |
| At 31 March 2013 | 4,815 | 4,815 |
| Transfer from property, plant and equipment | 829 | 829 |
| **At 31 March 2014** | **5,644** | **5,644** |
| **Amortisation and impairment** | | |
| At 1 April 2012 | 3,836 | 3,836 |
| Charge for the year | 263 | 263 |
| At 31 March 2013 | 4,099 | 4,099 |
| Charge for the year | 441 | 441 |
| **At 31 March 2014** | **4,540** | **4,540** |
| **Net book value** | | |
| **At 31 March 2014** | **1,104** | **1,104** |
| At 31 March 2013 | 716 | 716 |

## 12 Property, plant and equipment

The following section shows the physical assets used by the Group and the Company to generate revenues and profits. We make significant investments in network plant and equipment and infrastructure – the technology and base stations required to operate our networks – that form the majority of our tangible assets.

Depreciation is calculated by estimating the number of years the Group and the Company expects the asset to be used (useful economic life). If there has been a technological change or decline in business performance the Directors review the value of the assets to ensure they have not fallen below their depreciated value. If an asset's value falls below its depreciated value an additional one-off impairment charge is made against profit.

**Accounting policy detailed in note 2.4.**

| Group | Freehold land and buildings $m | Plant and Machinery $m | Cables & transmission equipment $m | Office equipment and computers $m | Assets under construction $m | Total $m |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 April | 14,048 | 45,360 | 10,632 | 3,346 | 1,207 | 74,593 |
| Additions | 487 | 519 | 392 | 117 | 1,526 | 3,041 |
| Disposals | ( 6) | - | - | ( 20) | - | ( 26) |
| Transfers to intangible assets | - | - | - | - | ( 707) | ( 707) |
| Transfers between categories | 125 | 636 | 184 | 188 | (1,133) | - |
| **At 31 March 2013** | 14,654 | 46,515 | 11,208 | 3,631 | 893 | 76,901 |
| Additions | - | - | - | - | 3,210 | 3,210 |
| Disposals | ( 131) | - | - | ( 439) | - | ( 570) |
| Transfers to intangible assets | - | - | - | - | ( 829) | ( 829) |
| Transfers between categories | 341 | 1,181 | 141 | 274 | (1,937) | - |
| **At 31 March 2014** | **14,864** | **47,696** | **11,349** | **3,466** | **1,337** | **78,712** |
| **Depreciation** | | | | | | |
| At 1 April | 10,200 | 43,684 | 8,819 | 2,617 | - | 65,320 |
| Charge for the year | 349 | 427 | 335 | 121 | - | 1,232 |
| Disposals | - | - | - | ( 23) | - | ( 23) |
| **At 31 March 2013** | 10,549 | 44,111 | 9,154 | 2,715 | - | 66,529 |
| Charge for the year | 359 | 868 | 143 | 214 | - | 1,584 |
| Disposals | ( 15) | - | - | ( 291) | - | ( 306) |
| **At 31 March 2014** | **10,893** | **44,979** | **9,297** | **2,638** | **-** | **67,807** |
| **Net book value at 31 March 2014** | **3,971** | **2,717** | **2,052** | **828** | **1,337** | **10,905** |
| Net book value at 31 March 2013 | 4,105 | 2,404 | 2,054 | 916 | 893 | 10,372 |

The Group held no assets under finance leases at 31 March 2014 (2012/13: Nil).

Additions during the year include own work capitalised during the construction of certain assets of $223 million (2012/13: $482 million) for both Group and Company respectively.

12 **Property, plant and equipment (continued)**

| Company | Freehold land and buildings $m | Plant and Machinery $m | Cables & transmission equipment $m | Office equipment and computers $m | Assets under construction $m | Total $m |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 April | 14,001 | 43,284 | 10,102 | 3,320 | 1,207 | 71,914 |
| Additions | 486 | 519 | 392 | 117 | 1,526 | 3,040 |
| Disposals | - | - | - | ( 20) | - | ( 20) |
| Transfers to intangible assets | - | - | - | - | ( 707) | ( 707) |
| Transfers to subsidiary | - | - | - | - | ( 528) | ( 528) |
| Transfers between categories | 126 | 636 | 184 | 187 | (1,133) | - |
| **At 31 March 2013** | 14,613 | 44,439 | 10,678 | 3,604 | 365 | 73,699 |
| Additions | - | - | - | - | 3,210 | 3,210 |
| Disposals | ( 131) | - | - | ( 436) | - | ( 567) |
| Transfers to subsidiary | - | ( 85) | - | - | - | ( 85) |
| Transfers to intangible assets | - | - | - | - | ( 829) | ( 829) |
| Transfers between categories | 341 | 653 | 141 | 274 | (1,409) | - |
| **At 31 March 2014** | **14,823** | **45,007** | **10,819** | **3,442** | **1,337** | **75,428** |
| **Depreciation** | | | | | | |
| At 1 April | 10,166 | 41,189 | 8,719 | 2,580 | - | 62,654 |
| Charge for the year | 346 | 426 | 336 | 120 | - | 1,228 |
| Disposals | - | - | - | ( 20) | - | ( 20) |
| **At 31 March 2013** | 10,512 | 41,615 | 9,055 | 2,680 | - | 63,862 |
| Charge for the year | 356 | 599 | 142 | 211 | - | 1,308 |
| Disposals | ( 15) | - | - | ( 283) | - | ( 298) |
| **At 31 March 2014** | **10,853** | **42,214** | **9,197** | **2,608** | - | **64,872** |
| **Net book value at 31 March 2014** | **3,970** | **2,793** | **1,622** | **834** | 1,337 | **10,556** |
| Net book value at 31 March 2013 | 4,101 | 2,824 | 1,623 | 924 | 365 | 9,837 |

Freehold land and buildings for the Group and the Company include land aggregating $69.5 million (2012/13: $69.5 million) at historical cost.

The Company is a party to the East-West Cable System ("EWCS") under the Construction and Maintenance Agreement (the "Agreement") entered into during the financial year ended 31 March 2011. EWCS was constructed by a related Company Cable & Wireless EWC Limited. The Agreement details the beneficial ownership interests of EWCS, which has been calculated based on business usage requirements. The Company has 1.56095% beneficial ownership.

Included in the construction costs of EWCS are landing station assets of $52.1 million that the Company has legal title to under the Agreement. The Company has capitalized fixed assets relating to EWCS of $49.2 million being its share of the beneficial ownership of the total construction cost, included in Cables & transmission equipment above. This asset is depreciated over 15 years.

## 13 Trade and other receivables

Our trade and other receivables mainly consist of amounts owed to us by customers and amounts that we pay to our suppliers in advance. Trade receivables are shown net of allowance for bad or doubtful debts.

**Accounting policy detailed in note 2.6.**

| | Group | | Company | |
|---|---|---|---|---|
| | **31 March 2014 $m** | 31 March 2013 $m | **31 March 2014 $m** | 31 March 2013 $m |
| Gross trade receivables | **2,744** | 3,562 | **2,740** | 3,541 |
| Impairment allowance | **( 510)** | ( 678) | **( 508)** | ( 676) |
| **Net trade receivables** | **2,234** | 2,884 | **2,232** | 2,865 |
| Other receivables | **170** | 70 | **170** | 70 |
| Loan receivable | **201** | 402 | **201** | 402 |
| Prepayments and accrued income | **598** | 202 | **598** | 202 |
| Taxation and social security receivables | **144** | 143 | **105** | 103 |
| Amounts receivable from related companies (note25(b)(ii)) | **3,014** | 1,791 | **3,027** | 1,799 |
| **Trade and other receivables – current** | **6,361** | 5,492 | **6,333** | 5,441 |
| Loan receivable | **724** | 724 | **724** | 724 |
| Due from subsidiary [note 25(b)(i)] | **-** | - | **657** | 570 |
| Prepayments – Telecommunications licence (note 23) | **1,534** | - | **1,534** | - |
| **Other receivables – non-current** | **2,258** | 724 | **2,915** | 1,294 |
| **Total trade and other receivables** | **8,619** | 6,216 | **9,248** | 6,735 |

**Loan receivable**

This loan receivable became effective on 1 December 2012, and is repayable over 7 years. It is unsecured and attracts an interest rate of 9% per annum. Interest repayments are due monthly while repayment of the principal will commence on 30 April 2016 and quarterly for the remaining loan period.

**Credit risk**

The maximum exposure to credit risk for receivables is equal to their carrying value. There is no material difference between the carrying value and fair value of trade and other receivables presented.

Concentrations of credit risks with respect to trade receivables are small as the Group and the Company customer base is large and unrelated. Receivables predominantly relate to retail customers, governments and corporate entities as well as other telecommunications operators.

Credit risk procedures vary depending on the size or type of customer. These procedures include such activities as credit checks, payment history analysis and credit approval limits. Based on these procedures, management assessed the credit quality of those receivables that are neither past due nor impaired as low risk. There have been no significant changes to the composition of receivables counterparties within the Group that indicate this would change in the future. During the periods presented there was a continued economic weakness in the market in which the Group and the Company operate. This would indicate an increased credit risk on receivables that are neither past due nor impaired. However, management assessed this risk and, after providing valuation allowance where necessary, continued to support the assessment of credit quality as low risk.

An ageing analysis of the current 'trade receivables' that are not impaired is as follows (excludes prepayments and accrued income and taxation and social security):

| | Group | | Company | |
|---|---|---|---|---|
| | **31 March 2014 $m** | 31 March 2013 $m | **31 March 2014 $m** | 31 March 2013 $m |
| Not yet due | **1,252** | 1,461 | **1,250** | 1,446 |
| Overdue 30 days or less | **355** | 288 | **355** | 287 |
| Overdue 31 to 60 days | **181** | 83 | **181** | 80 |
| Overdue 61 to 90 days | **135** | 156 | **135** | 156 |
| Overdue 91 days to 180 days | **96** | 478 | **96** | 478 |
| Overdue 181 days or more | **215** | 418 | **215** | 418 |
| **Net trade receivables – current** | **2,234** | 2,884 | **2,232** | 2,865 |

## 13 Trade and other receivables (continued)

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade and other receivables not past due or past due by up to 30 days. Due to the nature of the telecommunications industry, balances relating to interconnection with other carriers often have lengthy settlement periods. Generally, interconnection agreements with major carriers result in both receivables and payables balances with the same counterparty. Industry practice is that receivable and payable amounts relating to interconnection revenue and costs for a defined period are agreed between counterparties and settled on a net basis.

An analysis of movements in the trade receivables impairment allowance during the year is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2013/14 $m** | 2012/13 $m | **2013/14 $m** | 2012/13 $m |
| At 1 April | **678** | 524 | **676** | 524 |
| Bad debt written off | **(342)** | ( 65) | **(342)** | ( 66) |
| Impairment loss recognised | **174** | 219 | **174** | 218 |
| **At 31 March** | **510** | 678 | **508** | 676 |

In the Group's and Company's operations it is customary and practice to collect security deposits from customers as collateral. These are recorded as liabilities within other payables.

## 14 Inventories

Our inventory primarily consists of mobile handsets, equipment and consumables and is presented net of allowance for obsolete products.

**Accounting policy detailed in note 2.8.**

Inventories of $315.9 million (2012/13: $208.8 million) are presented net, after recording an allowance of $63 million (2012/13: $85 million) made against slow moving or obsolete items.

Inventories of the Group and the Company are not pledged as security or collateral against any of the Group's or Company's borrowings.

During the year, inventory impairment expense amounting to $34 million (2012/13: $17 million) have been recognised in profit or loss.

## 15 Cash and cash equivalents

The majority of the Group's and Company's cash is held in bank deposits or in money market funds which have a maturity of three months or less to enable us to meet our short-term liquidity requirements.

**Accounting policy detailed in note 2.6.**

| | Group | | Company | |
|---|---|---|---|---|
| | **31 March 2014 $m** | 31 March 2013 $m | **31 March 2014 $m** | 31 March 2013 $m |
| Cash at bank and in hand | **415** | 496 | **367** | 444 |
| Short-term bank deposits | **89** | 292 | **89** | 290 |
| **Cash and cash equivalents** | **504** | 788 | **456** | 734 |

Short-term bank deposits consist primarily of call deposits with interest rate of 3%.

The maximum exposure to credit risk for cash and cash equivalents is equal to the carrying value of those financial instruments.

## 16 Trade and other payables

Our trade and other payables mainly consist of amounts we owe to our suppliers that have been invoiced or are accrued. They also include deferred revenue which is amounts we have billed to our customers where we have yet to provide the service. Taxes and social security amounts are due in relation to our role as an employer.

| | Group | | Company | |
|---|---|---|---|---|
| | **31 March 2014 $m** | 31 March 2013 $m | **31 March 2014 $m** | 31 March 2013 $m |
| Trade payables | **1,172** | 1,524 | **1,167** | 1,494 |
| Customer deposits | **367** | 361 | **343** | 334 |
| Other tax and social security costs | **1,580** | 1,942 | **1,580** | 1,942 |
| Accruals | **2,953** | 2,810 | **2,941** | 2,792 |
| Deferred income | **603** | 352 | **603** | 352 |
| Loan payable to related companies (note 25(d)) | **2,192** | 888 | **2,192** | 888 |
| Due to related companies (note 25(c)) | **524** | 532 | **524** | 532 |
| Other payables | **290** | 275 | **290** | 275 |
| **Trade and other payables – current** | **9,681** | 8,684 | **9,640** | 8,609 |
| Deferred income | **223** | 243 | **223** | 244 |
| **Trade and other payables – non-current** | **223** | 243 | **223** | 244 |
| **Total trade and other payables** | **9,904** | 8,927 | **9,863** | 8,853 |

There is no material difference between the carrying value and fair value of trade and other payables presented. For liquidity risk exposure analysis purposes, the carrying amount of trade and other payables is the same as the contractual cash flows, with the contractual maturities of these financial liabilities all due in less than one year.

**Deferred income**

Current

This relates to income deferred to future years in relation to prepaid phone credits and global directory revenue amounting to $603 million (2012/13: $352 million).

Non-current

Capacity owned by the Company on the Fibralink Cable System by way of an Indefeasible Right of Use (IRU). The Company is a consortium member on the Maya-1 cable system. The Company has agreed to grant a customer an IRU on the Fibralink for a fifteen year term from the Seven Mile Point, Bull Bay terminal station in Kingston, Jamaica to the ARCOS North Miami terminal station in Miami, Florida.

## 17 Borrowings

The Group's and Company's sources of borrowing for funding and liquidity purposes come from related party loans and facilities and bank loans. Our key borrowings at 31 March 2014 consist of related party loans and bank loans.

**Accounting policy detailed in note 2.6.**

| Group and Company | | | **31 March 2014** | | | 31 March 2013 | | |
|---|---|---|---|---|---|---|---|---|
| | Type | Security | **Interest rate %** | **Carrying value $m** | **Fair value $m** | Interest rate % | Carrying value $m | Fair value $m |
| Export Development Corporation (EDC) US dollar loan | Floating | Secured | **3.30** | **328** | **489** | 3.30 | 296 | 456[1] |
| Overdrafts | Floating | Secured | **12.00** | **395** | **395** | 7.32 | 26 | 26[1] |
| **Total borrowings** | | | | **723** | | | 322 | |
| Current portion of EDC loan | | | | **20** | | | 17 | |
| Overdrafts | | | | **395** | | | 26 | |
| **Borrowings – current** | | | | **415** | | | 43 | |
| **Borrowings – non-current** | | | | **308** | | | 279 | |

1 The carrying amount approximates to fair value, based on discounted cash flows and are within level 2 of the fair value hierarchy

The Export Development Corporation loan is a United States dollar denominated interest free loan guaranteed by the Government of Jamaica maturing in August 2038 with semi-annual principal payments of US$91,489. At 31 March 2014 the face value of the loan was US$4.482 million (2012/13: US$4.665 million) which has been re-measured at amortised cost using an imputed interest rate of 3.3% per annum.

The overdraft is part of a General Banking Facility with National Commercial Bank Jamaica Limited (NCB) which is supported by a guarantee of Cable and Wireless (West Indies) Limited in the amount of $650,000,000. The overdraft portion of the facility is in the amount of $550,000,000 and was renewed in March 2014 for a further three (3) months. Interest is charged at 240 basis points above the weighted average yield rate applicable to the three month Bank of Jamaica Treasury Bill Tender held immediately prior to the interest rate date. The rate is re-set semi annually. At 31 March 2014, the interest rate was 12% (2012/13: 7.3212%).

The agreements for the facilities entered into during the year contain financial and other covenants which are standard to these types of arrangements.

For liquidity risk exposure analysis purposes, the following are the contractual maturities of loans (including the expected interest payable at rates prevailing at the reporting date):

| Group and Company | **31 March 2014 $m** | 31 March 2013 $m |
|---|---|---|
| **Borrowings** | | |
| Due in less than one year | **415** | 43 |
| Due in more than one year but not more than two years | **20** | 18 |
| Due in more than two years but not more than five years | **60** | 54 |
| Due in more than five years | **389** | 367 |
| | **884** | 482 |
| Less: future finance charges on loans | **(161)** | (160) |
| **Total borrowings** | **723** | 322 |

It is not expected that the cash flows included in the maturity analysis above could occur significantly earlier or at significantly different amounts.

Interest was payable on borrowings falling due after more than five years at rates of 3.3%. (2012/13: 3.3%).

## 18 Deferred tax

**Accounting policy detailed in note 2.12.**

The movements in deferred tax assets and liabilities during the year are as follows:

| Group and Company | Capital allowances on non-current assets $m | Tax losses $m | Pensions $m | Other $m | Financial position offset $m | Total $m |
|---|---|---|---|---|---|---|
| Deferred tax assets | 1,609 | 9,809 | - | 312 | (11,730) | - |
| Deferred tax liabilities | - | - | (1,127) | - | 1,127 | - |
| At 1 April 2012 | 1,609 | 9,809 | (1,127) | 312 | (10,603) | - |
| (Charge)/credit to profit or loss | ( 860) | 748 | 424 | ( 493) | 181 | - |
| Tax charged to other comprehensive income | - | - | ( 214) | - | 214 | - |
| At 31 March 2013 | 749 | 10,557 | ( 917) | ( 181) | (10,208) | - |
| Deferred tax assets | 749 | 10,557 | - | - | (11,306) | - |
| Deferred tax liabilities | - | - | ( 917) | ( 181) | 1,098 | - |
| At 1 April 2013 | 749 | 10,557 | ( 917) | ( 181) | (10,208) | - |
| (Charge)/credit to profit or loss | 2,000 | 933 | 470 | 1,129 | ( 4,532) | - |
| Tax charged to other comprehensive income | - | - | ( 249) | - | 249 | - |
| **At 31 March 2014** | **2,749** | **11,490** | **( 696)** | **948** | **(14,491)** | **-** |
| Deferred tax assets | 2,749 | 11,490 | - | 948 | (15,187) | - |
| Deferred tax liabilities | - | - | ( 696) | - | 696 | - |
| **At 31 March 2014** | **2,749** | **11,490** | **( 696)** | **948** | **(14,491)** | **-** |

Deferred tax assets and liabilities have not been recognised in respect of the following temporary differences:

| | Capital allowances available on non-current assets $m | Tax losses $m | Pensions $m | Other $m | Total $m |
|---|---|---|---|---|---|
| **At 31 March 2014** | **2,749** | **11,490** | **(696)** | **948** | **14,491** |
| At 31 March 2013 | 749 | 10,557 | (917) | (181) | 10,208 |

Tax losses are not subject to expiration.

## 19 Provisions

**Accounting policy detailed in note 2.13.**

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | Redundancy costs $m | Network and asset retirement obligations $m | Total $m | Redundancy costs $m | Network and asset retirement obligations $m | Total $m |
| At 1 April 2013 | 2,457 | 1,191 | 3,648 | 2,457 | 1,171 | 3,628 |
| Additional provisions | 794 | 7 | 801 | 794 | - | 794 |
| Amounts used | (2,457) | - | (2,457) | (2,457) | - | (2,457) |
| Unused amounts released | - | ( 126) | ( 126) | - | ( 126) | ( 126) |
| Effect of discounting | - | 182 | 182 | - | 181 | 181 |
| **At 31 March 2014** | **794** | **1,254** | **2,048** | **794** | **1,226** | **2,020** |
| **Provisions – current** | **794** | **–** | **794** | **794** | **-** | **794** |
| **Provisions – non-current** | **-** | **1,254** | **1,254** | **-** | **1,226** | **1,226** |

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | Redundancy costs $m | Network and asset retirement obligations $m | Total $m | Redundancy costs $m | Network and asset retirement obligations $m | Total $m |
| At 1 April 2012 | - | 911 | 911 | - | 892 | 892 |
| Additional provisions | 2,706 | 185 | 2,891 | 2,706 | 185 | 2,891 |
| Amounts used | ( 249) | - | ( 249) | ( 249) | - | ( 249) |
| Effect of discounting | - | 95 | 95 | - | 94 | 94 |
| **At 31 March 2013** | 2,457 | 1,191 | 3,648 | 2,457 | 1,171 | 3,628 |
| **Provisions – current** | 2,457 | - | 2,457 | 2,457 | - | 2,457 |
| **Provisions – non-current** | - | 1,191 | 1,191 | - | 1,171 | 1,171 |

**Redundancy**

Provision has been made for the total employee related costs of redundancies announced prior to the reporting date. Amounts provided for and spent during the periods presented primarily relate to transformation activities. The provision is expected to be used within one year.

**Network and asset retirement obligations**

Provision has also been made for the best estimate of the asset retirement obligation associated with office sites, technical sites, mobile cell sites, domestic and sub-sea cabling. This provision is expected to be used at the end of the life of the related asset on which the obligation arises.

## 20 Retirement benefit assets

**Accounting policy detailed in note 2.11.**

### 20a Retirement benefit assets

The Group operates a pension scheme for its current and former employees. This scheme is a defined benefit scheme, where retirement benefits are based on employees' remuneration and length of service. Contributions to the defined benefit scheme are made in accordance with the recommendations of independent actuaries who value the scheme.

The scheme is closed to new entrants, closed to future accrual and governed by local pension laws and regulations.

The scheme owns an insurance policy which matches in full the value of the defined benefit liabilities.

**20 Retirement benefit assets (continued)**

**20a Retirement benefit assets (continued)**

When defined benefit funds have an IAS 19 surplus, they are recorded at the lower of that surplus and the future economic benefits available in the form of a cash refund or a reduction in future contributions. Any adjustment to the surplus (net of interest) is recorded in other comprehensive income. The effect of these adjustments, described as asset ceiling adjustments, were $2,421 million as at 31 March 2014 (2012/13: $1,433 million). The maximum economic benefit was determined by reference to the reductions in future contributions available to the Group.

The best estimate of contributions to the schemes for 2014/15 is $160 million for employer contributions and $173 million for employee contributions.

**IAS 19 Employee Benefits valuation**

The IAS 19 valuation of the defined benefit pension scheme operated by the Group has been updated to 31 March 2014 by the qualified independent actuary, Rambarran & Associates Limited.

The main financial assumptions applied in the valuation and the analysis of scheme assets is as follows:

| | **31 March 2014** | 31 March 2013 |
|---|---|---|
| | **Assumption %** | Assumption % |
| **Significant actuarial assumptions** | | |
| Discount rate | **9.5** | 10.0 |
| **Other related actuarial assumptions** | | |
| CPI inflation assumption | **5.5** | 5.5 |
| Salary increases | **5.5** | 5.5 |

| Group and Company | **31 March 2014** | 31 March 2013 |
|---|---|---|
| | **$m** | $m |
| **Plan assets** | | |
| – Annuity policies | **8,251** | 7,185 |
| – Equities | **242** | 57 |
| – Bonds and gilts | **1,809** | 905 |
| – Property | **4,003** | 3,124 |
| – Cash and cash equivalents | **1,279** | 2,687 |
| – Other quoted securities | **102** | – |
| | **15,686** | 13,958 |

Assumptions used are best estimates from a range of possible actuarial assumptions, which may not necessarily be borne out in practice. The assumptions shown above represent a weighted average of the assumptions used for the individual scheme.

**Risks**

Through its defined benefit pension plan, the Group is exposed to a number of risks, the most significant of which are detailed below.

The statement of financial position net pension asset is a snapshot view which can be significantly influenced by short-term market factors.

The calculation of the surplus or deficit depends, therefore, on factors which are beyond the control of the Group, principally the value at the statement of financial position date of equity shares and other financial assets in which the scheme has invested and long-term interest rates which are used to discount future liabilities. The funding of the scheme is based on long-term trends and assumptions relating to market growth, as advised by qualified actuaries and investment advisors:

- Investment returns: The Group's net statement of financial position, and contribution requirements are heavily dependent upon the return on the assets invested in by the scheme;
- Longevity: The cost to the Group of the pensions promised to members is dependent upon the expected term of these payments. To the extent that members live longer than expected this will increase the cost of these arrangements;
- Inflation rate risk: The pension promises are, in the main, linked to inflation, and higher inflation will lead to higher liabilities.

**20 Retirement benefit assets (continued)**

**20a Retirement benefit assets (continued)**

**Risks (continued)**

The above risks have mitigated all of the scheme's liabilities through the purchase of insurance policies, the payments from which exactly match the promises made to employees.

In addition, the defined benefit obligation as measured under IAS19 is linked to yields on AA rated corporate bonds, however the majority of the Group's arrangements invest in a number of other assets which will move in a different manner from these bonds. Therefore, changes in market conditions may lead to volatility in the net pension liability on the Group's statement of financial position and in other comprehensive income, and to a lesser extent in the IAS 19 pension expense in the Group's statement of profit or loss.

| Sensitivity analysis | Increase in assumption $m | Decrease in assumption $m |
|---|---|---|
| Discount rate | | |
| Effect on total defined benefit obligation of a 0.25% change | 11 | 12 |
| One (1) year improvement in life expectancy revised benefit obligation | - | 11 |

**Methods and assumptions for sensitivity analysis**

The above analysis is based on a standalone change in each assumption while holding all other assumptions constant. The impact on the net liability is significantly reduced for the CWSF scheme as a result of the annuity policies held. In the absence of such policies, the impact on the net liability would be much closer to the significantly higher impact on the defined benefit obligation.

The methods used in preparing the sensitivity analysis did not change compared to the prior period.

Using the projected unit method for the valuation of liabilities, the current service cost is expected to increase when expressed as a percentage of pensionable payroll as the members of the scheme approach retirement.

**Assets and liabilities**

The assets and liabilities of the defined benefit pension schemes operated by the Group were as follows:

| Group and Company | **31 March 2014 $m** | 31 March 2013 $m |
|---|---|---|
| Total fair value of plan assets | **15,686** | 13,958 |
| Present value of funded obligations | **(11,177)** | ( 9,775) |
| Excess of assets of funded obligations | **4,509** | 4,183 |
| Effect of asset ceiling | **( 2,421)** | ( 1,433) |
| **Net asset** | **2,088** | 2,750 |

The amounts recognised in the profit or loss account were as follows:

| Group and Company | **2013/14 $m** | 2012/13 $m |
|---|---|---|
| Current service cost | **( 183)** | ( 232) |
| Past service cost – curtailments | **3** | – |
| Interest on net liabilities | **( 755)** | ( 590) |
| Interest cost on asset ceiling | **( 143)** | ( 75) |
| Expected return on plan assets | **1,164** | 1,003 |
| **Total net credit** | **86** | **106** |

## 20 Retirement benefit assets (continued)

### 20a Retirement benefits obligations (continued)

Changes in the net liability recognised in the statement of financial position (after application of asset limit):

| Group and Company | **2013/14 $m** | 2012/13 $m |
|---|---|---|
| Net asset at 1 April | **2,750** | 3,381 |
| Net credit recognised in the profit or loss | **86** | 106 |
| Net expense recognised outside the profit or loss | **( 748)** | ( 737) |
| **Net asset at 31 March** | **2,088** | 2,750 |

Changes in the present value of the defined benefit pension obligations are as follows:

| Group and Company | **2013/14 $m** | 2012/13 $m |
|---|---|---|
| At 1 April | **9,775** | 8,347 |
| Current service cost | **183** | 217 |
| Past service cost – curtailment | **( 3)** | – |
| Interest on obligations | **755** | 590 |
| Administrative costs | **15** | 15 |
| Re-measurements: | | |
| Actuarial loss from changes in demographic assumptions | **16** | – |
| Actuarial loss from experience on obligations | **1,103** | 751 |
| Employee contributions | **193** | 225 |
| Benefits paid | **( 860)** | ( 370) |
| **At 31 March** | **11,177** | 9,775 |

Changes in the fair value of defined benefit assets are as follows:

| Group and Company | **2013/14 $m** | 2012/13 $m |
|---|---|---|
| At 1 April | **13,958** | 12,476 |
| Interest on plan assets | **1,164** | 1,003 |
| Re-measurements: | | |
| Actuarial gain from experience on insured asset | **1,231** | 624 |
| Employee contributions | **193** | 225 |
| Benefits paid | **( 860)** | ( 370) |
| **At 31 March** | **15,686** | 13,958 |

Changes in the fair value of minimum funding requirement/asset ceiling are as follows:

| Group and Company | **2013/14 $m** | 2012/13 $m |
|---|---|---|
| At 1 April | **(1,433)** | ( 748) |
| Interest on asset ceiling | **( 143)** | ( 75) |
| Change in effect of asset ceiling – loss | **( 845)** | ( 610) |
| **At 31 March** | **(2,421)** | (1,433) |

**20 Retirement benefit assets (continued)**

**20b Restatement for IAS 19 *Employee benefits***

The Group adopted IAS 19 *Employee benefits* on 1 April 2013 and as required by the standard applied it retrospectively by restating comparative numbers for 2012/13.

The revisions made to IAS 19 *Employee benefits* requires net interest expense/income to be calculated as the product of the net defined liability/asset and the discount rate as determined at the beginning of the year. The effect of this is to remove the previous concept of recognising an expected return on plan assets. In addition, actual administration expenses incurred by the plans are recognised through the income statement.

As a result, the Group recorded a decrease in operating expense and a reduction in loss for the year ended 31 March 2013 of $95 million. Corresponding movements in actuarial gains/losses have been recognised in other comprehensive income. There is no impact on total comprehensive income for the year.

This has had a positive impact on EPS of 0.56 cents. There is no impact on the statement of financial position in either year.

**21 Equity**

Called up share capital is the number of shares in issue at no par value. There was no movement in share capital in the year. In this note we also explain how we manage capital which we define as equity, borrowings and cash and cash equivalents.

**Accounting policy detailed in note 2.9.**

**(a) Share capital**

| Group and Company | | |
|---|---|---|
| Issued, called-up and fully paid shares at no par value | Number of shares (000) | $m |
| **At 1 April 2012, 31 March 2013 and 31 March 2014** | **16,817,440** | **16,817** |

The authorised share capital is 16,820 million at no par value. The aggregate nominal value of the shares allotted in the year was $nil (2012/13: $nil).

**Capital management**

The Group defines capital as equity, borrowings (note 17) and cash and cash equivalents (note 15). The Group does not have any externally imposed requirements for managing capital, other than those imposed by Company Law.

The Board's objective is to maintain a capital structure that supports the Group's and Company's strategic objectives. In doing so the Board seeks to:

- Manage funding and liquidity risk;
- Optimise shareholder return; and
- Maintain credit ratings.

This strategy is unchanged from the prior year.

Funding and liquidity risk are reviewed regularly by the Board and managed in accordance with the policies described in note 27.

**(b) Reserves**

| | Group | | Company | |
|---|---|---|---|---|
| | **2013/14 $m** | 2012/13 $m | **2013/14 $m** | 2012/13 $m |
| Share based payments reserve | **21** | 21 | **21** | 21 |
| Unrealised translation reserve | **477** | 367 | **-** | - |
| Employee benefits reserve* | **1,392** | 1,833 | **1,392** | 1,833 |
| | **1,890** | 2,221 | **1,413** | 1,854 |
| Accumulated deficit | **(42,533)** | (38,722) | **(42,664)** | (39,124) |
| | **(40,643)** | (36,501) | **(41,251)** | (37,270) |

*This reserve represents the accumulated pension assets credit net of deferred taxation.

## 22 Commitments, guarantees and contingent liabilities

**Commitments**

A commitment is a contractual obligation to make a payment in the future. These amounts are not recorded in the consolidated or Company statement of financial position since we have not yet received the goods or services from the supplier. We have a number of commitments, mainly in relation to leases and agreements to buy fixed assets. The amounts below are the minimum we are committed to pay.

Capital commitments at the end of the financial year for the Group and the Company relating to the purchase of plant and equipment and spectrum licence fee of $2,910 million (2012/13: $244.5 million). No provision has been made for these commitments.

In addition, the Group has a number of operating commitments arising in the ordinary course of the Group's business. The most significant of these relate to network operating and maintenance costs. In the event of default of another party, the Group may be liable to additional contributions under the terms of the agreements.

The Group leases land and buildings and networks under various lease agreements. The leases have varying terms, escalations, clauses and renewal rights.

The operating lease expenditure related to the year ended 31 March 2014 is disclosed in note 6(a). The aggregate future minimum lease payments under operating leases are:

| | Group | | Company | |
|---|---|---|---|---|
| | **31 March 2014 $m** | 31 March 2013 $m | **31 March 2014 $m** | 31 March 2013 $m |
| No later than one year | **202** | 258 | **198** | 220 |
| Later than one year but not later than five years | **1,046** | 592 | **1,018** | 586 |
| Later than five years | **207** | 259 | **207** | 259 |
| **Total minimum operating lease payments** | **1,455** | 1,109 | **1,423** | 1,065 |

## 23 Licences and operating agreements

The Group holds licences to operate or operating agreements. These licences and operating agreements take a variety of forms and their terms, rights and obligations vary significantly. The Group assumes that it will renew these licences and operating agreements as they expire. Previous history indicates this is the most likely outcome.

The operating licenses, all of which extend to March 14, 2015, are:

- Carrier (Cable & Wireless Jamaica Limited) Licence;
- Service Provider (Cable & Wireless Jamaica Limited) Licence;
- Spectrum (Cable & Wireless Jamaica Limited) Licence;
- Domestic Mobile Carrier (Cable & Wireless Jamaica Limited) Licence;
- Domestic Mobile Service Provider (Cable & Wireless Jamaica Limited) Licence;
- Domestic Mobile Spectrum (Cable & Wireless Jamaica Limited) Licence;
- Free Trade Zone Carrier (Jamaica Digiport International Limited) Licence; and
- Free Trade Zone Service Provider (Jamaica Digiport International Limited) Licence.

In March 2014, at a cost of US$30 million the Company renewed its existing Telecommunications Licenses and Spectrum Licences for the 15 year period ending 2030. In addition, for a licence term of 17 years, access was also granted to additional spectrum to expand 4G capacity and AWS spectrum for eventual LTE network deployment. The Company also secured additional microwave spectrum for expanding backhaul capacity to accommodate the additional subscribers and increased data traffic.

In accordance with the Telecommunications Act, rates on certain fixed line services are subject to a "price-cap" methodology applied by the Office of Utilities Regulation.

**23 Licences and operating agreements (continued)**

The Group does not have any concession agreements with governments that fall within the scope of IFRIC 12 *Service Concession Arrangements*.

**24 Legal proceedings**

In the ordinary course of business, the Group is involved in litigation proceedings, regulatory claims, investigations and reviews. The facts and circumstances relating to particular cases are evaluated in determining whether it is more likely than not that there will be a future outflow of funds and, once established, whether a provision relating to a specific case is necessary or sufficient. Accordingly, significant management judgement relating to provisions and contingent liabilities is required since the outcome of litigation is difficult to predict. The Group does not expect the ultimate resolution of the actions to which it is a party to have a significant adverse impact on the financial position of the Group.

**Digicel (Jamaica) Limited**

A suit was filed by Digicel (Jamaica) Limited against the Company for $349.3 million plus $1,306.7 million claiming bad debt retained by the Company under the interconnection agreement and in respect of the Company's "Homefone" service. This matter was consolidated with another claim filed by Digicel (Jamaica) Limited seeking an account of amounts charged and withheld under the Interconnection Agreement. The latter claim involves the Company's application of an OUR approved clause which allows the application of devaluation and the Company varying the method of collection of retention from a per second to a per minute basis. The Company counterclaimed for $525.5 million being retention under billed from 2003 to 2007. The matter commenced on 31 March 2014 and is part heard. There are provisions with respect to the portions of this consolidated matter.

**25 Related party transactions**

The related parties identified by the Directors include joint ventures, associated undertakings, investments and key management personnel.

To enable users of our financial statements to form a view about the effects of related party relationships on the Group we disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.

**Transactions with other related parties**

**(a) Related party Income Statement transactions after charging/(crediting) the following:**

| | Group | | Company | |
|---|---|---|---|---|
| | **31 March 2014 $m** | 31 March 2013 $m | **31 March 2014 $m** | 31 March 2013 $m |
| Other related companies revenue, net | **871** | 585 | **871** | 585 |
| Cable & Wireless Communications Plc Management and branding fees | **812** | 730 | **812** | 730 |
| CWI Caribbean Limited and Cable & Wireless Jamaica Finance (Cayman) Limited | | | | |
| Interest expense | **2,383** | 1,902 | **2,383** | 1,902 |
| Other related companies Management and operational recharges | **(1,489)** | (1,558) | **(1,489)** | (1,558) |

**25 Related party transactions (continued)**

**(b) Receivables from related parties**

**(i) Due from subsidiary**

This represents interest-free long-term loans for which no fixed repayment terms have been determined. The balance includes expenditure on property, plant and equipment totalling approximately $574 million at 31 March 2014 (2012/13: $527.9 million) transferred to a subsidiary.

**(ii) Due from related companies**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | **31 March 2014 $m** | 31 March 2013 $m | **31 March 2014 $m** | 31 March 2013 $m |
| Cable & Wireless Barbados Limited | | **1641** | 1,115 | **1,641** | 1,115 |
| Cable & Wireless BVI Limited | | **-** | 69 | **–** | 69 |
| Cable & Wireless Cayman Limited | | **854** | 443 | **854** | 443 |
| Other | | **519** | 164 | **532** | 172 |
| **At 31 March** | **13** | **3,014** | 1,791 | **3,027** | 1,799 |

**(c) Due to related companies**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | **31 March 2014 $m** | 31 March 2013 $m | **31 March 2014 $m** | 31 March 2013 $m |
| CWI Caribbean Limited | | **-** | 117 | **-** | 117 |
| Other | | **524** | 415 | **524** | 415 |
| **At 31 March** | **16** | **524** | 532 | **524** | 532 |

These represent balances with other Cable & Wireless Group companies, principally for telecommunications traffic and services provided under a Support Services Agreement.

**Support Services Agreement**

The Company entered into a Support Services Agreement effective 1 April 2009 with a related Company to provide Management and Operational Support Services. These services include Finance Support delivered through a Finance Shared Service Centre located in Jamaica and Centres of Excellence that provide technical support on Tax, Treasury, Procurement and Supply Chain Management. The agreement also provides for Support for Sales and Marketing, Customer Operational Services, Technology and Property Services, Strategic and Business Advisory Services as well as Legal, Regulatory and Public Policy Services. Human Resources Support Services are provided through a Human Resource Shared Service Centre which is also located in Jamaica. Effective 1 April 2013, the Company and its related companies moved to a cost-contribution agreement model.

All related party transactions were entered into in the ordinary course of business.

**25 Related party transactions (continued)**

**(d) Loans payable to related companies**

| Group and Company | Note | **31 March 2014 $m** | 31 March 2013 $m |
|---|---|---|---|
| CWI Caribbean Limited<br>Short term | | | |
| Principal | | **2,112** | 831 |
| Interest | | **80** | 57 |
| **At 31 March** | 16 | **2,192** | 888 |

This is a short term revolving facility granted by CWI Caribbean Limited on 26 May 2010 with a credit limit of US$25 million (2012/13: 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 3.18231% per annum.

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **31 March 2014 $m** | 31 March 2013 $m | **31 March 2014 $m** | 31 March 2013 $m |
| Cable & Wireless Jamaica Finance (Cayman) Limited<br>Long term | | | | |
| Principal | **31,604** | 27,101 | **31,604** | 27,101 |
| Interest | **3,159** | 798 | **3,159** | 798 |
| Loan from subsidiary | **–** | – | **1,042** | 965 |
| **At 31 March** | **34,763** | 27,899 | **35,805** | 28,864 |

**Cable & Wireless Jamaica Finance (Cayman) Limited**

This represents the amount drawn on a $35 billion (2012/13:$30 billion) uncommitted revolving facility with Cable & Wireless Jamaica Finance (Cayman) Limited. This 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 11 May and 11 November. The interest rate is currently 7.68909%.

**Loan from subsidiary**

This materially represents interest-free long-term loans for which no fixed repayment terms have been determined. The balance includes United States dollar denominated loans totalling approximately US$9.5 million (2012/13: US$9.5 million).

**(e) Related party guarantee**

Pensions contributions to Group schemes are disclosed in note 20.

Other than the parties disclosed above, the Group has no other material related parties.

**26 Subsidiaries**

The Group comprises the following wholly-owned subsidiaries.

## 26 Subsidiaries (continued)

**Accounting policy detailed in note 2.1.**

| As at 31 March 2014 | Ownership of ordinary shares % | Country of incorporation | Area of Operation |
|---|---|---|---|
| **Subsidiaries** | | | |
| Digital Media & Entertainment Limited | 100 | Jamaica | Jamaica |
| Jamaica Digiport International Limited | 100 | Jamaica | Jamaica |
| Caribbean Landing Company Limited | 100 | Jamaica | Jamaica |

The voluntary liquidation of The Jamaica Telephone Company and Jamaica International Telecommunications Limited were completed during the year.

## 27 Financial risk management

This note details our treasury management and financial risk management objectives and policies. We discuss the exposure and sensitivity of the Group to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks.

Treasury policies have been approved by the Board for managing each of these risks including levels of authority on the type and use of financial instruments.

### Treasury policy

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. Day to day management of treasury activities is delegated to the Group's treasury function (Treasury), within specified financial limits for each type of transaction and counterparty.

To the extent that subsidiaries undertake treasury transactions, these are governed by Group policies and delegated authorities. Material subsidiary positions are monitored by Treasury. Where appropriate, transactions are reported to the Board.

### Exchange rate risk

The Group trades in Jamaica and a proportion of its revenue is generated in currencies other than Jamaican dollars. The Group is exposed to movements in exchange rates in relation to non-dollar currency payments and reported profits of foreign currency denominated subsidiaries. See note 2.3 for key exchange rates used.

| | Group | | Company | |
|---|---|---|---|---|
| | **31 March 2014 US$m** | 31 March 2013 US$m | **31 March 2014 US$m** | 31 March 2013 US$m |
| Cash and cash equivalents | **3** | 2 | **3** | 1 |
| Accounts receivable | **9** | 8 | **9** | 7 |
| Accounts payable | **( 8)** | ( 12) | **( 8)** | (12) |
| Loans | **(310)** | (296) | **(310)** | (296) |
| | **(306)** | (298) | **(306)** | (300) |

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | **2013/14** | | 2012/13 | | **2013/14** | | 2012/13 | |
| | **1% Strengthening** | **10% Weakening** | 1% Strengthening | 10% Weakening | **1% Strengthening** | **10% Weakening** | 1% Strengthening | 10% Weakening |
| | **$'m** | **$'m** | **$'m** | **$'m** | **$'m** | **$'m** | **$'m** | **$'m** |
| Jamaican dollar (J$) | **334** | **(3,338)** | 292 | (2,918) | **334** | **(3,289)** | 294 | (2,727) |

This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2012/13.

## 27 Financial risk management (continued)

### Interest rate risk

The Group is exposed to movements in interest rates on its surplus cash balances and variable rate loans although there is a degree of offset between the two. Treasury may seek to reduce volatility by fixing a proportion of this interest rate exposure whilst taking account of prevailing market conditions as appropriate.

The interest rate profile of the financial liabilities of the Group at the reporting date was as follows:

| Group | 2013/14 | | | | 2012/13 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Fixed rate financial liabilities $m** | **Variable rate financial liabilities $m** | **Financial liabilities on which no interest is paid $m** | **Total $m** | Fixed rate financial liabilities $m | Variable rate financial liabilities $m | Financial liabilities on which no interest is paid $m | Total $m |
| **Balance as at 31 March** | **760** | **36,955** | **8,895** | **46,610** | 395 | 28,787 | 11,027 | 40,209 |

| Company | 2013/14 | | | | 2012/13 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Fixed rate financial liabilities $m** | **Variable rate financial liabilities $m** | **Financial liabilities on which no interest is paid $m** | **Total $m** | Fixed rate financial liabilities $m | Variable rate financial liabilities $m | Financial liabilities on which no interest is paid $m | Total $m |
| **Balance as at 31 March** | **738** | **36,955** | **9,892** | **47,585** | 360 | 28,787 | 11,924 | 41,071 |

Financial liabilities on which no interest is paid comprise a loan from Export Development Corporation (see note 17), accounts payable, current portion of provisions and amounts owed to related companies in the normal course of business.

### Cash flow sensitivity analysis for variable rate instruments

A change of 250 increase and 100 decrease basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012/13.

| Group and Company | **2013/14 $m** | | 2012/13 $m | |
|---|---|---|---|---|
| | **Increase** | **Decrease** | Increase | Decrease |
| Variable rate instruments | **924** | **(370)** | 720 | (288) |

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk arises primarily from credit given to customers, industry related companies and deposits with financial institutions. Balances arising from those activities are accounts receivable, amounts due from related companies and cash and cash equivalents. The maximum credit exposure is represented by the carrying amount of financial assets in the statement of financial position.

## 27 Financial risk management (continued)

Maximum exposure to credit risk at the reporting date is represented by the carrying value of financial assets.

Credit risk on receivables is discussed in note 13.

| | Group | | Company | |
|---|---|---|---|---|
| | **31 March 2014 $m** | 31 March 2013 $m | **31 March 2014 $m** | 31 March 2013 $m |
| Cash and cash equivalents | **504** | 788 | **456** | 734 |
| Accounts receivable | **2,605** | 3,356 | **2,603** | 3,337 |
| Due from subsidiary | **-** | - | **657** | 570 |
| Loan receivable | **724** | 724 | **724** | 724 |
| Due from related companies | **3,014** | 1,791 | **3,027** | 1,799 |
| **At 31 March** | **6,847** | 6,659 | **7,467** | 7,164 |

### Liquidity risk

The Group ensures that the operating units manage their own operational liquidity supported by the corporate centre, which manages its own liquidity to meet its financial obligations of servicing and repaying external debt, external dividends, corporate centre costs and strategic initiatives. The principal source of liquidity for the corporate centre is repatriation cash inflows from the operating units supported by bank finance, bond issuances and asset disposals.

Liquidity forecasts are produced on a regular basis to ensure the utilisation of current facilities is optimised, to ensure covenant compliance and that medium-term liquidity is maintained and for the purpose of identifying long-term strategic funding requirements. The Directors also regularly assess the balance of capital and debt funding of the Group.

Approximately 18% of the Group's cash is invested in short-term bank deposits and money market funds (2012/13: 37%).

| Group | 2013/14 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount $m | Contractual cash flows $m | 0-12 months $m | 1-2 years $m | 2-5 years $m | More than 5 years $m |
| Bank overdraft | **395** | **395** | **395** | **-** | **-** | **-** |
| Accounts payable | **6,362** | **6,362** | **6,362** | **-** | **-** | **-** |
| Due to other Group companies – current | **2,192** | **2,192** | **2,192** | **-** | **-** | **-** |
| Due to related parties | **524** | **524** | **524** | **-** | **-** | **-** |
| Due to other Group companies – long term | **34,763** | **48,128** | **2,673** | **2,673** | **8,019** | **34,763** |
| Current portion of provisions | **794** | **794** | **794** | **-** | **-** | **-** |
| Long-term loan | **328** | **489** | **20** | **20** | **60** | **389** |
| | **45,358** | **58,884** | **12,960** | **2,693** | **8,079** | **35,152** |

| Group | 2012/13 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount $m | Contractual cash flows $m | 0-12 months $m | 1-2 years $m | 2-5 years $m | More than 5 years $m |
| Bank overdraft | 26 | 26 | 26 | – | – | – |
| Accounts payable | 6,912 | 6,912 | 6,912 | – | – | – |
| Due to other Group companies – current | 888 | 888 | 888 | – | – | – |
| Due to related parties | 532 | 532 | 532 | – | – | – |
| Due to other Group companies – long term | 27,899 | 37,970 | 2,014 | 2,014 | 6,043 | 27,899 |
| Current portion of provisions | 2,457 | 2,457 | 2,457 | – | – | – |
| Long-term loan | 296 | 457 | 18 | 18 | 54 | 367 |
| | 39,010 | 49,242 | 12,847 | 2,032 | 6,097 | 28,266 |

**27 Financial risk management (continued)**

**Liquidity risk (continued)**

| Company | 2013/14 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount $m | Contractual cash flows $m | 0-12 months $m | 1-2 years $m | 2-5 years $m | More than 5 years $m |
| Bank overdraft | **395** | **395** | **395** | **-** | **-** | **-** |
| Accounts payable | **6,321** | **6,321** | **6,321** | **-** | **-** | **-** |
| Due to other Group companies – current | **2,192** | **2,192** | **2,192** | **-** | **-** | **-** |
| Due to related parties | **524** | **524** | **524** | **-** | **-** | **-** |
| Due to subsidiary | **1,042** | **1,042** | **1,042** | **-** | **-** | **-** |
| Due to other Group companies – long term | **34,763** | **47,086** | **1,631** | **2,673** | **8,019** | **34,763** |
| Current portion of provisions | **794** | **794** | **794** | **-** | **-** | **-** |
| Long-term loan | **328** | **489** | **20** | **20** | **60** | **389** |
| | **46,359** | **58,843** | **12,919** | **2,693** | **8,079** | **35,152** |

| Company | 2012/13 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount $m | Contractual cash flows $m | 0-12 months $m | 1-2 years $m | 2-5 years $m | More than 5 years $m |
| Bank overdraft | 26 | 26 | 26 | – | – | – |
| Accounts payable | 6,837 | 6,837 | 6,837 | – | – | – |
| Due to other Group companies – current | 888 | 888 | 888 | – | – | – |
| Due to related parties | 532 | 532 | 532 | – | – | – |
| Due to subsidiary | 965 | 965 | 965 | | | |
| Due to other Group companies – long term | 27,899 | 37,970 | 2,014 | 2,014 | 6,043 | 27,899 |
| Current portion of provisions | 2,457 | 2,457 | 2,457 | – | – | – |
| Long-term loan | 296 | 457 | 18 | 18 | 54 | 367 |
| | 39,900 | 50,132 | 13,737 | 2,032 | 6,097 | 28,266 |

**28 Events after the reporting period**

When the Group receives information in the period between 31 March 2014 and the date of this report about conditions related to certain events that existed at the year end, we update our disclosures that relate to those conditions in light of the new information. Such events can be categorised as adjusting or non-adjusting depending on whether the condition existed at 31 March 2014. If non-adjusting events after the year end are material, non-disclosure could influence the economic decisions that users make on the bases of the financial statements

Accordingly, for each material category of non-adjusting event after the reporting period we disclose in this section the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made.

**Accounts approval**

These accounts were approved by the Board of Directors on 26 May 2014 and authorised for issue.

# BOARD OF DIRECTORS

**Chris Dehring** was appointed Chairman of LIME Jamaica and Chief Marketing Officer of LIME Caribbean in November 2009. In 2013 he was also appointed CWC Head of Government Relations. Prior to joining LIME he served as CEO of the ICC Cricket World Cup 2007, leading the team that staged the largest Pan Caribbean event ever held in the region. Chris is very well known in both local and regional financial communities as he was a founding partner and CEO of Dehring Bunting & Golding Ltd., one of the Caribbean's most successful investment banks. He also served as Chief Marketing Officer for the West Indies Cricket Board (WICB) and in that capacity he successfully restructured the organisation's global commercial operations, negotiating record multi-million dollar broadcast, sponsorship and licensing deals and growing revenues to support the development of regional cricket. A graduate of West Virginia Wesleyan College with a BSc. in Marketing and Economics, Chris was the recipient of the Wall Street Journal Student Achievement Award in Economics.

**Garfield "Garry" Sinclair** Chief Executive Officer of LIME Jamaica, was appointed LIME's Managing Director for Jamaica & Cayman in October 2010, bringing to that position nearly 20 years of experience in business management. Prior to his appointment at LIME, he was one of the pioneering members of the team that established Dehring Bunting & Golding Limited (DB&G), one of the country's first investment banks. Garry worked with DB&G for more than 13 years and was eventually appointed President & Chief Operating Officer. A licensed CPA with the California Board of Accountancy, Garry holds a B.Sc. in Business Administration from San Diego State University and an Executive Certificate in Strategy and Innovation from the Sloan School of Management at the Massachusetts Institute of Technology (MIT). He currently serves as Chairman of the Jamaica Stock Exchange Pension Fund and Kingston Properties and is a Director of several other local organizations including Proven Investments Limited and Proven Wealth Limited.

**Dr. Carolyn Hayle** is a Senior Programme Officer and tenured Senior Lecturer at the University of the West Indies, a Consultant and a former Executive Director of HEART / NTA. Academically, her undergraduate and graduate degrees from Strayer College and Howard University in Washington D.C. respectively, preceded her doctoral degree from the University of the West Indies, Mona. Dr. Hayle brings to LIME more than 30 years' experience in executive management, strategic planning, strategic marketing, management and workforce development at the international public and private sector levels. Her 8 year placement with the World Bank and extensive residencies in both Trinidad and Tobago and Barbados combine to afford her a unique view of the Caribbean context of business. As a consultant, Dr. Hayle has worked with most of the International agencies that operate in the Caribbean as well as with several prestigious global International Consulting firms. Her insightful and pragmatic approach to problem solving has been rewarded by high demand for her work on consulting assignments. She has served on several public, private and non-governmental Boards and is the author of several chapters, journal articles, manuals and books.

**David Kelham** is the regional CFO for LIME as well as the Bahamas Telecommunications Company Limited (BTC). Having joined Cable and Wireless in September 2010 to assist with CWC's acquisition of a 51% stake in BTC, David became CFO in April 2011 when the acquisition was completed. He was promoted to the additional post of LIME CFO in September 2012. David is a UK Chartered Accountant who was appointed a Fellow of the Institute of Chartered Accountants of England & Wales in 1993. He has more than 30 years of experience in senior finance positions with large multi-national companies including Shell , P&O European Ferries, NTL ( now Virgin Media) , Courts International – where he was UK CFO with responsibility for the Caribbean including Jamaica - and Regenersis Plc. In total, David brings to LIME more than 15 years' experience in telecommunications companies including his five years as CFO of NTL where he engaged in nineteen acquisitions as the Cable Industry in the UK consolidated. Since then, he has focused on turnaround environments and major change management positions. David is married to Julie and has two adult children.

**Mark Kerr-Jarrett** has been the Managing Director of the Barnett Group of Companies since 1989 and is actively involved in Land Development, Construction Services, Tourism and Farming. He sits on the Board of the Greater Montego Bay Re-Development Company Limited. He is also Chairman of the St. James Parish Development Committee as well as Vice Chairman of the St. James Local Public Accounts Committee. He studied at Cheltenham College, Georgia Institute of Technology, and Virginia Institute of Technology where he pursued his qualifications in mechanical engineering before returning to Jamaica. Mr. Kerr-Jarrett has wide and varied interests within Jamaica, is a former President of the Montego Bay Chamber of Commerce and a former director of Guardian Asset Management (Jamaica) Ltd, as well as a Director of Trumpet Call Ministries International. Mr. Kerr-Jarrett is married with two children.

**Hon. Patrick Rousseau**, OJ is an Attorney-at-Law and Consultant- in house with the Law Firm, Myers Fletcher & Gordon. Mr. Rousseau joined the Board of Directors of Cable & Wireless Jamaica in 1998. He has served as Director and Chairman of several local boards including Desnoes & Geddes Limited, Life of Jamaica Limited, Carib Cement Company Limited, United Motors Limited, the West Indies Cricket Board, Caymanas Track Limited and SportsMax Limited. In 1976 Mr. Rousseau received the Order of Jamaica from the Government of Jamaica for distinguished work in the Bauxite Industry.

**Kamina Johnson Smith** was appointed Company Secretary on March 1, 2011. She also serves as Secretary to the Company's subsidiaries and the LIME Foundation. Effective June 1, 2013, Kamina was appointed Head of Corporate Affairs and Projects - Legal, reporting into the region's General Counsel. She is an attorney-at-law with more than 13 years at the Jamaican Bar who joined LIME in August 2001. Since then, she has supported all aspects of the business, including secondment to the Legal Department of (then) Cable & Wireless International in the UK, while she obtained her Master of Laws. Kamina is highly committed to public service and volunteerism and has successfully managed several projects of the LIME Foundation. She represents the company on the PSOJ's Corporate Governance Committee, has served as Director of the Factories Corporation of Jamaica and the Early Childhood Commission, and currently serves as an Opposition Senator.

# SHAREHOLDINGS

AS AT 31 MARCH 2014

## 10 LARGEST SHAREHOLDERS

| SHAREHOLDERS | SHAREHOLDING |
|---|---|
| CWC CALA HOLDINGS LIMITED | 13,285,777,982 |
| KELFENORA LIMITED | 504,523,212 |
| SAGICOR PIF EQUITY FUND | 213,447,165 |
| CARL MARKS AND COMPANY INC. | 156,889,759 |
| TRADING A/C - NATIONAL INSURANCE FUND | 96,273,768 |
| MAYBERRY WEST INDIES LIMITED | 95,373,678 |
| CASA CORPORATION LTD | 64,960,272 |
| PETER FORDE | 60,117,493 |
| MAHFOOD, JOSEPH M. | 51,533,123 |
| URSUS CORPORATION LIMITED | 50,000,000 |
| **TOTAL** | **14,578,896,452** |

## DIRECTORS’ HOLDINGS

| DIRECTORS* | SHAREHOLDING |
|---|---|
| DEHRING, CHRISTOPHER ALFRED | 1,034,826 |
| HAYLE, CAROLYN | 37,005 |
| KELHAM, DAVID | Nil |
| KERR-JARRETT, MARK NEWTON | Nil |
| ROUSSEAU, PATRICK HOPPNER ORLA | 100,000 |
| SINCLAIR, GARFIELD HUGH | 4,021,000 |

## SENIOR MANAGEMENT HOLDINGS

| SENIOR MANAGERS* | SHAREHOLDING |
|---|---|
| BROWN, WALTER | 2,174 |
| CAMERON, ROCHELLE CHERISA BUNMI | Nil |
| ELLIS-DUNCAN, NICOLA ANN | Nil |
| FENNELL, WHITNEY | 2,174 |
| JOHNSON SMITH, KAMINA ELIZABETH | 50,000 |
| NAAR, NORMAN ANTHONY | Nil |
| PAUL, RAJESH | 2,320,000 |
| PARKINSON, ELON | Nil |
| PETGRAVE, CLAUDE | 158,908 |
| PRICE, STEPHEN PATRICK DAVID | 139,596 |
| REDWOOD, CARLO | Nil |
| SUTHERLAND, KAREN ANDREA | Nil |
| THOMPSON, RONNIE | 2,174 |
| WILLIAMS, DWIGHT K. | Nil |

**TOTAL NUMBER OF SHAREHOLDERS TO DATE IS 24,023**

*Including Connected Parties

# COMPANY INFORMATION

## EXECUTIVE MANAGEMENT TEAM:

**Garfield Sinclair**
Chief Executive Officer

**Norman Naar**
Head of Sales

**Elon Parkinson**
Corporate Communications Manager

**Rajesh Paul**
Commercial Director

**Claude Petgrave**
Head – Managed Service Operations

**Stephen Price**
Head of Retail

**Carlo Redwood**
VP Marketing

**Karen Sutherland**
Chief Financial Officer

**Ronnie Thompson**
Head – Service Support Operations

**Dwight K. Williams**
Head of Product Performance

## REGIONAL LIME EXECUTIVES ASSIGNED TO JAMAICA EXECUTIVE MANAGEMENT TEAM

**Walter Brown**
Chief Technical Information Officer, Jamaica

**Rochelle Cameron**
Head of Legal & Regulatory - North

**Nicola Ellis-Duncan**
Head of Human Resources - Jamaica

**Whitney Fennell**
Regional Head, Customer Management Systems, IT Platform Operations

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2-6 Carlton Crescent
Kingston 10, Jamaica
Telephone: 926-9700
Fax No. 968-9696
website: www.time4lime.com

### Registrar & Transfer Agent
Duke Corporation Limited
Scotia Bank Centre
Corner Duke & Port Royal Streets
Kingston, Jamaica

### Auditors
KPMG
6 Duke Street
Kingston, Jamaica

### Bankers
The Bank of Nova Scotia Ja. Ltd.
National Commercial Bank Ja. Ltd.
Citibank N. A.
CIBC First Caribbean International Bank

### Attorneys-at-Law
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Kingston

Grant Stewart Phillips & Company
11a Swallowfield Road
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