

Cable & Wireless Jamaica Limited
Unaudited Consolidated Financial Statements
For The Quarter Ended June 30, 2014

The Board of Directors of Cable & Wireless Jamaica Limited (the Company) hereby release the unaudited consolidated results of the Company, Jamaica Digiport International Limited (JDI), Digital Media & Entertainment Limited (DM&E) and other subsidiaries, (collectively referred to as "CWJ"), for the first quarter ended June 30, 2014.

Q1 Financial Summary:

For the first quarter, the Company is reporting revenues of J\$4,812m, operating profit before exceptional items of J\$242m and a Net loss for the quarter of J\$712m.

Highlights:

- Total revenue up 10%
- Mobile subscriber base up 37%
- Mobile service revenue up 34%
- Broadband subscriber base up 12%
- Broadband service revenue up 39%
- EBITDA up 679%

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

"Our results for the quarter ended June 30, 2014 continue to reflect the improved financial performance we've been reporting in previous quarters. This solid performance was led by our mobile business, which experienced a 37% increase in our active subscriber base leading to a 34% increase in mobile services revenue over the prior year. The positive responses to our new pre-paid MVP voice and data plan coupled with the introduction of the very affordable Huawei Y330 data handset have resulted in creditable subscriber growth and vastly improved average revenues per pre-paid subscriber.

Our extremely important fixed voice and Internet services continued to benefit from the highly visible promotion of our Browse & Talk plan. Our Fixed Voice market share increased by 2% compared to the prior year resulting in a 7% increase in gross margins, while improved Browse & Talk product performance and installation times resulted in double digit percentage increases in broadband revenues and our subscriber base over the prior year. We are expanding our fixed broadband capacity by investing US\$20M during this fiscal year as we realize our ambitions to provide seamless internet connectivity to Jamaicans everywhere, all the time.

Corporate and Enterprise revenues and margins were flat compared to the prior year as extended purchasing pipelines resulted in lower than projected closed sales during the quarter. Excluding the impact of the transfer of the International Wholesale Capacity business on a like for like basis, data revenues were up 5% over prior year despite an increasingly competitive environment. Several key deals initiated in this quarter will also close in the coming months. Corporate, Government and Enterprise customers are important to the future of our business and we intend to continue exploiting our superior national and international data networks for their ultimate benefit.

Our financial performance as reflected by the 679% increase in EBITDA year over year undoubtedly authenticates the effectiveness of our transformation process. We've always believed that placing customers at the centre of our strategic decision making, investing in our mobile and broadband networks and creating a challenging and fulfilling work environment for our employees would inure to the long term benefit of our shareholders and these results validate this belief."

First Quarter Financial and Operating Results:

Overall revenues increased quarter on quarter by 10% influenced by several factors including growth of Mobile subscribers by 37% in turn driving mobile service revenue growth of 34% quarter on quarter. The Broadband segment also experienced double digit growth of 39% compared to prior quarter. This was offset by a decline in our fixed line business as a result of reduction in our Fixed to Mobile retail rates.

Overall **Gross Margin** as percentage of revenue improved by 8 percentage points due to lower out-payments to other local operators in addition to tremendous growth in our mobile and broadband subscriber base.

Total Operating expenses increased by 1% quarter on quarter, mainly due to advertising and marketing activities to drive sales for our new MVP Data and Talk EZ value plans during the 2014 Football World Cup. The increase in advertising and marketing spend was offset by cost containment measures launched in the previous fiscal year.

Investment in the renewal of spectrum licenses and programmed capital expenditure resulted in additional **financing expenses** from related party loans relative to the prior period.

The **net loss attributable to shareholders** for the period was reduced to J\$712m.

International Wholesale Capacity Asset Transfer


On April 1, 2014, the Company transferred their International Wholesale Capacity assets which comprised of property, plant and equipment to a related party for consideration of J\$700m which equated to their carrying value at that date. The transaction is subjected to finalization of the transfer documentation.


Digicel (Jamaica) Limited litigation

Following a recent Supreme Court judgment on certain consolidated claims brought by Digicel related to interconnection charges between the two companies, LIME is pleased that it was successful in its defence related to the major portion of the sum claimed by Digicel in both actions and is considering appealing the aspects of the judgment which went against the company.

We would like to take the opportunity to thank all our customers and other stakeholders for their unwavering support and confidence in our company. We also thank our directors, management and colleagues for their continued dedication and commitment.

On behalf of the Board



Hon. Patrick Rousseau O.J.
Director


Dr. Carolyn Hayle
Director

Cable & Wireless Jamaica Limited
Consolidated Statement of Financial Position
June 30, 2014

	June 30, 2014 \$m	March 31, 2014 \$m	June 30, 2013 \$m
Assets			
Non-current assets			
Intangible assets	1,185	1,104	747
Property, plant and equipment	11,332	10,905	10,180
Loan receivable	724	724	724
Prepayments	1,534	1,534	-
Retirement benefits assets	2,103	2,088	2,766
	16,878	16,355	14,417
Current assets			
Trade and other receivables	8,127	6,361	6,486
Inventories	401	316	425
Cash and cash equivalents	321	504	527
Deferred expenditure	92	76	43
	8,941	7,257	7,481
Total assets	25,819	23,612	21,898
Liabilities			
Current liabilities			
Trade and other payables	11,148	9,681	8,949
Borrowings	533	415	417
Provisions	461	794	485
	12,142	10,890	9,851
Non-current liabilities			
Deferred income	218	223	238
Borrowings	318	308	293
Provisions	1,284	1,254	1,221
Due to related parties	36,381	34,763	30,772
	38,201	36,548	32,524
Net liabilities	(24,524)	(23,826)	(20,477)
Equity			
Capital and reserves attributable to the stockholders			
Share capital	16,817	16,817	16,817
Reserves	(41,341)	(40,643)	(37,294)
Total equity	(24,524)	(23,826)	(20,477)


Hon Patrick Rousseau O.J.
Director


Dr. Carolyn Hayle
Director

Cable & Wireless Jamaica Limited
Consolidated Income Statement
Quarter ended June 30, 2014

	3 months to June 30, 2014 \$m	Restated* 3 months to June 30, 2013 \$m	3 months to March 31, 2014 \$m
Revenue	4,812	4,348	4,719
Operating costs before depreciation and amortisation	(4,064)	(4,252)	(3,391)
Depreciation	(338)	(333)	(606)
Amortisation	(168)	(103)	(146)
Gain on disposal	-	-	12
Other operating income	-	130.00	-
Operating profit/(loss) before exceptional items	242	(210)	588
Operating exceptional items	-	(5.17)	(1,339)
Operating profit/(loss) after exceptional items	242	(215)	(751)
Finance income	17	21	20
Finance expense	(962)	(591)	(867)
Loss before income tax	(703)	(785)	(1,598)
Income tax expense	(9)	(19)	(20)
Loss for the period	(712)	(804)	(1,618)
Loss per share (cents per share)	(4.2)	(4.8)	(9.6)
Reconciliation of Operating Profit to EBITDA			
Operating profit/(loss) before exceptional items	242	(210)	588
Add back: Depreciation and amortization	506	436	752
Less: Gain on disposals & other operating income	-	(130)	(12)
EBITDA for the Quarter	748	96	1,328

*For information on IAS 19 (Revised), *Employee Benefits* restatement see note 4.

Cable & Wireless Jamaica Limited
Consolidated Statement of Comprehensive Income
Quarter ended June 30, 2014

	3 months to June 30, 2014 \$m	Restated* 3 months to June 30, 2013 \$m	Restated* 3 months to March 31, 2014 \$m
Loss for the period	(712)	(804)	(1,618)
Other comprehensive (expense)/income for the period comprised:			
Items that will not be reclassified to profit or loss:			
Actuarial losses in the value of defined benefit retirement plans	-	(22)	(728)
Exchange differences on translation of foreign operations	14	33	54
Other comprehensive income/(expense) for the period	14	11	(674)
Total comprehensive expense for the period	(698)	(793)	(2,292)

*For information on IAS 19 (Revised), *Employee Benefits* restatement see note 4.

Cable & Wireless Jamaica Limited
Consolidated Statement of Changes in Equity
Quarter ended June 30, 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 April 1, 2013	16,817	367	21	1,833	(38,722)	(19,684)
Loss for the period	-	-	-	-	(804)	(804)
Net actuarial loss recognised	-	-	-	-	(22)	(22)
Exchange differences on translation of foreign operations	-	33	-	-	-	33
Total comprehensive income/(expense) for the period	-	33	-	-	(826)	(793)
Balances at June 30, 2013	16,817	400	21	1,833	(39,548)	(20,477)
Balances at April 1, 2014	16,817	477	21	1,392	(42,533)	(23,826)
Loss for the period	-	-	-	-	(712)	(712)
Exchange differences on translation of foreign operations	-	14	-	-	-	14
Total comprehensive income/(expense) for the period	-	14	-	-	(712)	(698)
Balances at June 30, 2014	16,817	491	21	1,392	(43,245)	(24,524)

Cable & Wireless Jamaica Limited
Consolidated Statement of Cash Flows
Quarter ended June 30, 2014

	June 30, 2014	Restated* June 30, 2013
	\$m	\$m
Loss for the year	(712)	(804)
Adjustments for:		
Tax expense	9	19
Depreciation and amortisation	338	333
Amortisation	168	103
Unrealised translation losses on loan	25	210
Gain on disposal of property, plant and equipment	-	(130)
Finance income	(17)	(21)
Finance expense	918	584
Site restoration provision	19	515
Employee benefits	(16)	(38)
Operating cash flows before working capital changes	732	771
Changes in working capital		
(Decrease) in provisions	(303)	(2,457)
(Increase) in inventories	(85)	(216)
(Increase) in trade and other receivables	(1,151)	(990)
(Increase) in related companies' balances	(2,040)	(16)
Increase in trade and other payables	2,608	281
Cash used in operations	(239)	(2,627)

*For information on IAS 19 (Revised), *Employee Benefits* restatement see note 4.

Cable & Wireless Jamaica Limited
Consolidated Statement of Cash Flows
Quarter ended June 30, 2014

	June 30, 2014	Restated* June 30, 2013
	\$m	\$m
Cash flows from operating activities		
Cash generated	(239)	(2,627)
Income taxes paid	(33)	(20)
Net cash (used in) operating activities	(272)	(2,647)
Cash flows from investing activities		
Finance income	17	21
Proceeds on disposal of property, plant and equipment	700	274
Deferred income	(5)	(3)
Purchase of property, plant and equipment	(1,465)	(420)
Proceeds from finance leases	-	(19)
Net cash used in investing activities	(753)	(147)
Net cash flow before financing activities	(1,025)	(2,794)
Cash flows from financing activities		
Proceeds from borrowings	128	40
Finance costs	(918)	(584)
Due to related parties	1,618	2,870
Net cash from financing activities	828	2,326
Net (decrease) in cash and cash equivalents	(197)	(468)
Cash and cash equivalents at beginning of period	504	762
Exchange losses on cash and cash equivalent	14	33
CASH AND CASH EQUIVALENTS AT END OF PERIOD	321	327
Cash and cash equivalents		
Comprise of:		
Cash and cash equivalents	321	527
Borrowings - bank overdraft	-	(200)
	321	327

*For information on IAS 19 (Revised), *Employee Benefits* restatement see note 4.

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
June 30, 2014

1. Reporting entity

Cable & Wireless Jamaica Limited (the “Company”) is incorporated and domiciled in Jamaica and its ordinary stock units are listed on the Jamaica Stock Exchange. The Company’s registered office is located at 2-6 Carlton Crescent, Kingston 10, Jamaica, West Indies.

The interim consolidated financial statements of Cable & Wireless Jamaica Limited as at and for the quarter ended June 30, 2014 comprises the Company and its subsidiaries (together referred to as “the Group”). The consolidated financial statements of the Group as at and for the year ended March 31, 2014 are available upon request from the Company’s registered office.

2. Statement of compliance

These consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended March 31, 2014.

3. Basis of preparation

These consolidated interim financial statements are presented in Jamaica dollars (J\$), which is the functional currency of the Company.

4. Significant accounting policies and principles

The accounting policies applied by the Group in these interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended March 31, 2014, with the exception of new and revised accounting standards and interpretations effective from April 1, 2013 and the specific requirements of IAS 34, *Interim Financial Reporting*.

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

As a result, the Group recorded a decrease in operating expense and an increase in EBITDA of J\$22 million for the three months ended June 30, 2013. Corresponding movements have been recognised within other comprehensive income.

Income tax expense in the interim period is based on our best estimate of the weighted average annual income tax rate expected for the full financial year.

(a) Seasonality and cyclicity

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

4. Significant accounting policies and principles (continued)

(b) Use of estimates and judgments

The preparation of the financial statements to conform to International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the statement of financial position date, and the income and expense for the period then ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year of the revision and future years, where applicable. Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year were the same as those that applied to the consolidated financial statements as at and for the year ended March 31, 2014.

(c) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

Site restoration:

The Group has contractual obligations to dismantle and restore leased cell sites at the end of agreed periods. A provision for site restoration is recognised at the commencement of the lease and revised annually. Where it is likely that time-value of money is significant to calculating the estimated site restoration cost, the risk-free rate is used to determine obligation and the underlying cash flows to adjust for the risks specific to the obligation.

Site restoration obligation is estimated at the present value of the future expected restoration cost based on the timing and current prices of goods and services. Changes to technology, regulations, prices of necessary goods and services and realisable values of the Company's products, may affect the timing and scope of retirement activities and may substantially alter the decommissioning liabilities and future operating costs.

(d) Employee benefits

Employee benefits, comprising pensions and other post-employment assets and obligations included in these interim financial statements, have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion.

The actuarial valuations were conducted in accordance with IAS 19 at year end, and the financial statements reflect the Company's post-employment benefits, assets and obligations as computed by the actuary.

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
June 30, 2014

5. Related parties

The nature of the related party transactions of the Group has not changed from those described in the Group's consolidated financial statements for the year ended March 31, 2014. There were movements in the amounts due to related parties as outlined below:

Due to related parties:	June 30, 2014	March 31, 2014	June 30, 2013
	\$m	\$m	\$m
Cable & Wireless Jamaica Finance (Cayman) Limited			
Principal	35,582	31,604	30,334
Accrued interest	799	3,159	438
	36,381	34,763	30,772

This represents the amount drawn on a \$35 billion uncommitted revolving facility with Cable & Wireless Jamaica Finance (Cayman) Limited. The loan has no fixed repayment term. Interest is charged at 100 basis points above the weighted average yield rate applicable to the six month Bank of Jamaica Treasury Bill Tender ('WATBY'). The interest rate is reviewed semi-annually on May 11 and November 11. The rate is currently 10.02853% per annum.

6. Operating costs

Detailed below are the key expense items charged 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.

	Quarter to			Quarter to			Restated*		
	June 30, 2014			March 31, 2014			June 30, 2013		
	Pre - exceptional \$m	Exceptional items \$m	Total \$m	Pre - exceptional \$m	Exceptional items \$m	Total \$m	Pre - exceptional \$m	Exceptional items \$m	Total \$m
Outpayments and direct costs	1,360	-	1,360	1,162	-	1,162	1,573	-	1,573
Employee and other staff expenses	786	-	786	713	1,339	2,052	911	5	916
Administrative, marketing and selling expenses	1,918	-	1,918	1,516	-	1,516	1,768	-	1,768
Operating costs before depreciation and amortisation	4,064	-	4,064	3,391	1,339	4,730	4,252	5	4,257
Depreciation of property, plant and equipment	338	-	338	606	-	606	333	-	333
Amortisation of intangible assets	168	-	168	146	-	146	103	-	103
Operating costs	4,570	-	4,570	4,143	1,339	5,482	4,688	5	4,693

*For information on IAS 19 (Revised), *Employee Benefits* restatement see note 4.

Cable & Wireless Jamaica Limited
Notes to the Interim Consolidated Financial Statements
June 30, 2014

7. Loss per stock unit

The calculation of loss per stock unit is based on 16,817,439,740 (June 30, 2013: 16,817,439,740) issued and fully paid ordinary stock units.