

Cable & Wireless Jamaica Limited
Unaudited Condensed Consolidated Interim Financial Statements
For the Quarter ended December 31, 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 third quarter ended December 31, 2014.

Q3 Financial Summary:

For the third quarter, the Company is reporting revenues of J\$5,627m, operating profit of J\$690m and a net loss for the quarter of J\$1,895m.

Q3 Highlights - compared to Q3 prior year:

- Total revenue up 14%
- Mobile subscriber base up 18%
- Mobile revenue up 27%
- Broadband subscriber base up 10%
- Broadband revenue up 14%
- EBITDA up 41%

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

"Our results for the nine months ended December 31, 2014 benefited from an excellent Christmas campaign and selling season where the Huawei Y330 smart phone was the run away sales champion. This maintained our steadily improving trend of both financial and customer service performance across virtually all lines of business. Our mobile business continued to lead the way with our customer base growing by 18% to 813K subscribers and mobile revenue growing by 34% on a year to date basis. Mobile data adoption rates by existing and new pre-paid subscribers are extremely encouraging and along with the success of the very affordable Huawei Y330 data handset and expanded island-wide 4G coverage, will continue to drive future mobile revenue growth."

"Our Fixed Voice market share at the end of December maintained its nearly 3% increase over our share at the end of the prior year's comparative period. This resulted in an overall 7% increase year over year in combined National and International gross margins, which primarily benefited from a strong seasonal increase in international traffic. Our flagship Browse & Talk product also did very well during the Christmas quarter resulting in a 17% and 10% increase in revenue and subscribers respectively. Our often stated ambition to provide internet access to Jamaicans everywhere was given a real boost at the end of the quarter with the conclusion of the Dekal Super Wifi acquisition by a CWC Group company, which will facilitate expanded access to fixed and mobile broadband service in rural Jamaica. We welcome the Super Wifi subscribers to the LIME family and assure them, and all the new subscribers to come, that they will continue to be delighted by their customer service experience."

"The Enterprise, SME and Government segment returned flat year to date revenues when compared to the same prior year period. This is a creditable performance we believe in an economic environment that is showing very little growth. We believe that our continued focus on the SME segment and the addition of new tailored products will drive future growth in this line of business in addition to concluding transactions that are currently working their way through our extended Government pipeline."

"Our overall commercial performance yielded an encouraging 103% increase in EBITDA compared to the same prior year nine month period and suggests that our operating model continues to steadily improve. Our formula for consistently improving our financial performance will remain focused on providing customer service excellence, expanding access to fixed and wireless data networks and challenging our colleagues to be even more efficient than they have been in the past. "

Third Quarter Financial and Operating Results- compared to prior year's third quarter:

Revenues increased by 14% quarter on quarter, influenced by the growth of Mobile subscribers by 18%, in turn driving mobile revenue growth of 27%. The Broadband segment experienced revenue growth of 14% due to the positive performance of the Browse & Talk product.

Gross Margin improved by 9% quarter on quarter, due to the growth in our Mobile and Broadband subscriber base. Mobile services increased by 23% and Broadband by 11%, as a result of the increase in revenues.

Total Operating Expenses decreased by 1% quarter on quarter, due to the reduction in employee related expenses by 17%, partially offset by an increase in Advertising and Marketing initiatives by 14%. The reduction in employee related expenses is as a result of our operational efficiency programmes. The increase in Advertising and Marketing expenses was targeted towards subscriber acquisition over the Christmas trading period.

Operating exceptional items relate to employee restructuring and legal costs.

Investment in the renewal of Spectrum Licenses and programmed capital expenditure has resulted in additional **financing cost** from related party loans.

The **net loss attributable to shareholders** for the period was reported at J\$1,895m.

Digicel (Jamaica) Limited litigation

Cable & Wireless Jamaica and Digicel Jamaica entered into a confidential settlement agreement in relation to outstanding consolidated legal claims relating to interconnection charges.

Proposed Agreement to Merge Cable & Wireless Communications (CWC) and Columbus International Inc.

Cable & Wireless Communications Plc (CWC) announced on November 6, 2014, that it has reached a conditional agreement to acquire Columbus International Inc. The proposed acquisition, valued at US\$3.025bn will enable the combined company to significantly accelerate its growth strategy, improve service delivery to customers in the region, offer customers a comprehensive portfolio of high-quality products and services, and strengthen its position against larger competitors. The increased scale and capabilities of the combined company will provide the technical platform and financial capacity to help enable CWC to drive greater innovation and expand its geographical footprint. All the required approvals for the acquisition in Jamaica have been obtained, however, completion of the transaction is conditional upon the satisfaction of certain precedent conditions specified in the transaction documents.

On behalf of the Board



Mr. Chris Dehring
Director



Dr. Carolyn Hayle
Director

Cable & Wireless Jamaica Limited
Condensed Consolidated Interim Income Statement
For the period ended December 31, 2014

	3 months to Dec 31, 2014 \$m	3 months to Dec 31, 2013 \$m	9 months to Dec 31, 2014 \$m	9 months to Dec 31, 2013 \$m
Revenue	5,627	4,939	15,528	13,724
Operating costs before depreciation and amortisation	(4,344)	(4,027)	(12,589)	(12,274)
Depreciation	(438)	(322)	(1,118)	(981)
Amortisation	(160)	(96)	(489)	(295)
Other operating income	5	2	5	143
Operating profit before exceptional items	690	496	1,337	317
Operating exceptional items	(1,517)	(120)	(1,517)	(125)
Operating (loss)/profit after exceptional items	(827)	376	(180)	192
Finance income	18	18	52	58
Finance expense	(1,075)	(691)	(3,056)	(1,940)
Loss before income tax	(1,884)	(297)	(3,184)	(1,690)
Income tax expense	(11)	(19)	(33)	(57)
Loss for the period	(1,895)	(316)	(3,217)	(1,747)
Loss per share (cents per share)	(11.3)	(1.9)	(19.1)	(10.4)
Reconciliation of Operating Profit to EBITDA				
Operating profit before exceptional items	690	496	1,337	317
Add back: Depreciation and amortisation	598	418	1,607	1,276
Less: Other operating income	(5)	(2)	(5)	(143)
EBITDA	1,283	912	2,939	1,450

The notes on pages 7 to 9 are an integral part of these condensed consolidated interim financial statements.

Cable & Wireless Jamaica Limited
Condensed Consolidated Interim Statement of Comprehensive Income
For the period ended December 31, 2014

	3 months to Dec 31, 2014 \$m	3 months to Dec 31, 2013 \$m	9 months to Dec 31, 2014 \$m	9 months to Dec 31, 2013 \$m
Loss for the period	(1,895)	(316)	(3,217)	(1,747)
Other comprehensive (loss)/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	-	(20)	-	(20)
Exchange differences on translation of foreign operations	14	8	60	56
Other comprehensive income/(loss) for the period	14	(12)	60	36
Total comprehensive loss for the period	(1,881)	(328)	(3,157)	(1,711)

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Cable & Wireless Jamaica Limited
Condensed Consolidated Interim Statement of Financial Position
As at December 31, 2014

	Dec 31, 2014	March 31, 2014	Dec 31, 2013
	\$m	\$m	\$m
Assets			
Non-current assets			
Intangible assets	853	1,104	574
Property, plant and equipment	13,858	10,905	10,248
Loan receivable	725	724	725
Prepayments	1,534	1,534	-
Retirement benefits assets	2,139	2,088	2,779
	19,109	16,355	14,326
Current assets			
Trade and other receivables	7,737	6,361	8,417
Inventories	509	316	286
Cash and cash equivalents	689	504	590
Deferred expenditure	51	76	28
	8,986	7,257	9,321
Total assets	28,095	23,612	23,647
Liabilities			
Current liabilities			
Trade and other payables	9,054	9,681	9,149
Borrowings	160	415	151
Provisions	1,398	794	-
	10,612	10,890	9,300
Non-current liabilities			
Deferred income	208	223	228
Borrowings	308	308	294
Provisions	1,345	1,254	1,244
Due to related parties	42,605	34,763	33,976
	44,466	36,548	35,742
Net liabilities	(26,983)	(23,826)	(21,395)
Equity			
Capital and reserves attributable to the stockholders			
Share capital	16,817	16,817	16,817
Reserves	(43,800)	(40,643)	(38,212)
Total equity	(26,983)	(23,826)	(21,395)

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Mr. Chris Dehring
Director


Dr. Carolyn Hayle
Director

Cable & Wireless Jamaica Limited
Condensed Consolidated Interim Statement of Changes in Equity
For the nine months ended December 31, 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	-	-	-	-	(1,747)	(1,747)
Net actuarial loss recognised	-	-	-	-	(20)	(20)
Exchange differences on translation of foreign operations	-	56	-	-	-	56
Total comprehensive income/(loss) for the period	-	56	-	-	(1,767)	(1,711)
Balances at December 31, 2013	16,817	423	21	1,833	(40,489)	(21,395)
Balances at April 1, 2014	16,817	477	21	1,392	(42,533)	(23,826)
Loss for the period	-	-	-	-	(3,217)	(3,217)
Exchange differences on translation of foreign operations	-	60	-	-	-	60
Total comprehensive income/(loss) for the period	-	60	-	-	(3,217)	(3,157)
Balances at December 31, 2014	16,817	537	21	1,392	(45,750)	(26,983)

Cable & Wireless Jamaica Limited
Condensed Consolidated Interim Statement of Cash Flows
For the nine months ended December 31, 2014

	Dec 31, 2014	Dec 31, 2013
	\$m	\$m
Loss for the period	(3,217)	(1,747)
Adjustments for:		
Tax expense	33	57
Depreciation	1,118	981
Amortisation	489	295
Unrealised translation losses on loan	21	18
Gain on disposal of property, plant and equipment	(5)	(143)
Interest income	(52)	(58)
Interest expense	3,035	1,898
Site restoration provision	78	54
Employee benefits	(51)	(49)
Operating cash flows before working capital changes	1,449	1,306
Changes in working capital		
Increase/(decrease) in provisions	694	(2,457)
(Increase) in inventories	(193)	(77)
(Increase) in trade and other receivables	(1,443)	(2,218)
(Increase) in related companies' balances	(2,040)	(1,294)
Increase in trade and other payables	1,558	1,063
Cash provided/(used) in operations	25	(3,677)

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Cable & Wireless Jamaica Limited
Condensed Consolidated Interim Statement of Cash Flows
For the nine months ended December 31, 2014

	Dec 31, 2014	Dec 31, 2013
	\$m	\$m
Cash flows from operating activities		
Cash provided/(used) in operations	25	(3,677)
Income taxes paid	(50)	(59)
Net cash used in operating activities	(25)	(3,736)
Cash flows from investing activities		
Finance income	52	58
Proceeds on disposal of property, plant and equipment	700	348
Deferred income	(15)	(16)
Purchase of property, plant and equipment	(5,051)	(1,216)
Proceeds from finance leases	-	24
Net cash used in investing activities	(4,314)	(802)
Net cash flow before financing activities	(4,339)	(4,538)
Cash flows from financing activities		
Repayments of borrowings	(256)	(1)
Interest costs	(3,035)	(1,898)
Due to related parties	7,842	6,078
Net cash from financing activities	4,551	4,179
Net increase/(decrease) in cash and cash equivalents	212	(359)
Cash and cash equivalents at beginning of period	504	761
Exchange losses on cash and cash equivalents	(27)	56
CASH AND CASH EQUIVALENTS AT END OF PERIOD	689	458
Cash and cash equivalents		
Comprise of:		
Cash and cash equivalents	689	590
Borrowings - bank overdraft	-	(132)
	689	458

The notes on pages 7 to 9 are an integral part of these condensed consolidated interim financial statements.

Cable & Wireless Jamaica Limited
Notes to the Condensed Consolidated Interim Financial Statements
December 31, 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 condensed consolidated interim financial statements of Cable & Wireless Jamaica Limited as at, and for the nine months ended December 31, 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 condensed 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 condensed 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 condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at, and for the year ended March 31, 2014, with the exception of new and revised accounting standards and interpretations effective from April 1, 2014 and the specific requirements of IAS 34, *Interim Financial Reporting*.

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.

(b) Use of estimates and judgements

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 reporting 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, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Cable & Wireless Jamaica Limited
Notes to the Condensed Consolidated Interim Financial Statements
December 31, 2014

4. Provisions (continued)

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.

(e) Exceptional items

Exceptional items are material items within profit or loss that derive from individual non-recurring events that are identified as exceptional items by virtue of their size, nature or incidence.

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. The balances due to related parties are as outlined below:

	Dec 31, 2014	March 31, 2014	Dec 31, 2013
Due to related parties:	\$m	\$m	\$m
Cable & Wireless Jamaica Finance (Cayman) Limited			
Principal	39,909	31,604	32,221
Accrued interest	2,696	3,159	1,755
	42,605	34,763	33,976

Cable & Wireless Jamaica Limited
Notes to the Condensed Consolidated Interim Financial Statements
December 31, 2014

This represents the amount drawn on a \$45 billion 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 10.028% per annum.

6. Operating costs

Detailed below are the key expense items charged in arriving at our operating profit. Outpayments are 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.

	9 months to Dec 31, 2014			9 months to Dec 31, 2013		
	Pre - exceptional \$m	Exceptional items \$m	Total \$m	Pre - exceptional \$m	Exceptional items \$m	Total \$m
Outpayments and direct costs	4,431	-	4,431	4,145	-	4,145
Employee and other staff expenses	2,265	119	2,384	2,762	125	2,887
Administrative, marketing and selling expenses	5,893	-	5,893	5,367	-	5,367
Legal costs	-	1,398	1,398	-	-	-
Operating costs before depreciation and amortisation	12,589	1,517	14,106	12,274	125	12,399
Depreciation of property, plant and equipment	1,118	-	1,118	981	-	981
Amortisation of intangible assets	489	-	489	295	-	295
Operating costs	14,196	1,517	15,713	13,550	125	13,675

Exceptional items comprise of restructuring costs for employee termination and other staff benefits of \$119 million (9 months ended December 31, 2013: \$125 million).

The exceptional legal costs relate to the cost of the Cable & Wireless Jamaica and Digicel Jamaica legal claims.

7. Loss per stock unit

The calculation of loss per stock unit is based on 16,817,439,740 (March 31, 2014 and December 31, 2013: 16,817,439,740) issued and fully paid ordinary stock units.

8. Subsequent events

Cable & Wireless Jamaica and Digicel Jamaica entered into a confidential settlement agreement in relation to outstanding consolidated legal claims relating to interconnection charges.