

**Cable & Wireless Jamaica Limited**  
**Audited Consolidated Financial Information**  
**For The Nine Months Ended December 31, 2016**

Kingston, Jamaica, February 24, 2017, The Board of Directors of Cable & Wireless Jamaica Limited (the "Company") hereby releases the audited consolidated interim results of the Company, Jamaica Digiport International Limited, Digital Media & Entertainment Limited and other subsidiaries (collectively referred to as the "Group"), for the nine months ended December 31, 2016.

**Operating and financial highlights - compared to prior year:**

- Total revenue up 12%
- Mobile subscriber base up 9%
- Mobile revenue up 25%
- Operating profit up 21%

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

*"I'm pleased to report that the nine months ended December 31, 2016 continued to yield positive and consistently improving results. Revenues were up 12% year-on-year, primarily driven by a 25% growth in overall Mobile revenues. Our Mobile business performance continues to reflect its increasing importance to our company and our economy with a 9% year-on-year increase in total Mobile subscribers, a 24% year-on-year increase in Mobile data subscribers and a 46% year-on-year increase in Mobile data revenues. The simple, affordable Mobile voice and data propositions we're providing to the market continue to win over more and more subscribers every year.*

*Broadband revenues decreased primarily due to lower revenue per residential and business subscriber. We managed to reduce churn compared to the prior year and our subscriber base remained flat, however, the discounting that occurred particularly in the B2B small and medium sector resulted in an 8% reduction in overall revenue. Our Fixed Voice business yielded a 4% increase in total revenue paced by a 63% increase in international revenue, while national revenue fell by 19%. The first phase of our highly successful broadband expansion program was concluded during the final quarter of 2016 and will continue into 2017 with an additional 220 communities across 13 parishes or 60,000 homes benefitting from access to high speed internet capacity.*

*The C&W Business ("B2B") segment grew revenues by 1% over the corresponding period for the prior year with growth coming mainly in mobile services and data transport services. This segment of our business has now completed the transition from an almost total reliance on non-recurring equipment sales revenue to a more managed services monthly recurring revenue model, which will result in much lower churn and strong future revenue growth.*

*We want to thank our loyal customer base and all of our new customers for the confidence they've shown in our products and services this year. Our dedicated staff and I will continue to put our customers at the centre of everything we do by providing them with the best value for money; the best experience we can create while ensuring that our business model remains optimally structured to meet their constantly evolving demands."*

**Financial and Operating Results - compared to the prior year:**

**Revenues** increased by J\$2,005m or 12% year-on-year, primarily driven by a 9% growth in Mobile subscribers, which in turn drove Mobile revenue growth of 25%.

**Operating Costs before Depreciation and Amortisation** increased by J\$1,824m or 15% year-on-year, largely due to a 23% increase in outpayments and direct costs and a 12% increase in administration, marketing and selling expenses.

**Operating Profit** increased J\$492m or 21% year-on-year, primarily due to an increase in revenue and a release of a network restructuring provision of J\$315m, partially offset by higher depreciation expense.


The **net loss attributable to shareholders** for the period was J\$1,562m.

***Change of Year End Date:***

The Board of the Company has resolved to change the accounting reference date from March 31 to December 31. This change to the Company's financial year end will be coterminous with that of Liberty Global plc to achieve uniformity throughout the group. The relevant applications have been approved by the Tax Administration of Jamaica.

On behalf of the Board

  
Mr. John Bell  
Director

  
Dr. Carolyn Hayle  
Director

Consolidated Financial Statements of

**Cable & Wireless Jamaica Limited**

31 December 2016

Consolidated Financial Statements of  
**Cable & Wireless Jamaica Limited**  
31 December 2016

## Table of Contents

	<b>Page(s)</b>
Directors, senior management, officers and advisors	2
Independent auditors' report	3-9
Income statements	10
Statements of comprehensive income	11
Statements of financial position	12
Statements of changes in equity	13-14
Statements of cash flows	15-16
Notes to the financial statements	17-57

# Cable & Wireless Jamaica Limited

31 December 2016

## Directors, Senior Management, Officers and Advisors

### Directors

Mr. Mark Kerr-Jarrett J.P.	Chairman
Mr. Garfield Sinclair	
Mr. John L. M. Bell	
Dr. Carolyn Hayle	
Ms. Michelle English	
Ms. Rochelle Cameron	Company Secretary

### Senior Management and Officers

Garfield Sinclair	Chief Executive Officer
Ian Cleverly	Chief Financial Officer
Donovan White	Vice President, C&W Business
Rajesh Paul	Commercial Director
Stephen Price	Senior Director, Retail Distributions & Operations
Ronnie Thompson	Senior Director, Customer Experience
Carlo Redwood	Vice President, Marketing
Rochelle Cameron	Vice President, Legal & Regulatory
Carlton Baxter	Vice President, Technology
Suzzette Harriott	Senior Human Resources Business Partner
Kayon Wallace	Director, Corporate Communications & Stakeholder Relations

### Advisors

KPMG	Auditors
The Bank of Nova Scotia Ja. Ltd. National Commercial Bank Ja. Ltd. Citibank N.A.	Principal Bankers
Myers Fletcher & Gordon Grant Stewart Phillips & Company	Attorneys-at-Law

### Registered Office

2-6 Carlton Crescent  
Kingston 10, Jamaica  
Telephone: 926-9700  
Fax No. 968-9696  
Website: [www.discoverflow.com](http://www.discoverflow.com)



KPMG  
Chartered Accountants  
P.O. Box 76  
6 Duke Street  
Kingston  
Jamaica, W.I.  
+1 (876) 922-6640  
firmmail@kpmg.com.jm

## INDEPENDENT AUDITORS' REPORT

To the Members of  
CABLE & WIRELESS JAMAICA LIMITED

### **Report on the Audit of the Financial Statements**

#### *Opinion*

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 10 to 57, comprising the Group's and Company's statements of financial position as at December 31, 2016, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2016, and of the Group's and Company's financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## INDEPENDENT AUDITORS' REPORT

To the Members of  
CABLE & WIRELESS JAMAICA LIMITED

### **Report on the Audit of the Financial Statements (continued)**

#### *Material Uncertainty Related to Going Concern*

We draw attention to note 2.1 of the financial statements, which indicates accumulated losses of \$48,807 million (31 March 2016: \$47,859 million) and \$49,252 million (31 March 2016: \$48,303 million) for the Group and the Company, respectively, and stockholders' net deficits of \$29,890 million (31 March 2016: \$28,138 million) and \$31,010 million (31 March 2016: \$29,179 million) respectively, as at the reporting date. This indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Until the Group is able to sustain profitable operations, it remains dependent on its ultimate parent for continued financial support. The directors have received a letter from Cable & Wireless Communications Limited, indicating that it has the intent and ability to provide financial support to the Group for the foreseeable future. Our opinion is not modified in respect of this matter.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* paragraphs, we have determined the matters described below to be the key audit matters to be communicated in our report:

#### *1 Valuation of property, plant and equipment and intangible assets*

##### **The key audit matter**

There is a significant risk that the carrying value of the Group's investment in property, plant and equipment may not be recoverable because of technological change, the competitive and regulatory environment, and challenging economic conditions that affect the Group's ability to generate cash inflows from the number of customers or the rates charged to those customers.

##### **How the matter was addressed in our audit**

Our audit procedures in response to this matter, included, among others:

- Involving our own specialist to assess the controls over approval and execution of capital expenditure projects, and the appropriate commissioning and transfer of assets when they are ready for intended use by management. This involved interviews with officers of the Group responsible for managing the projects and inspecting a sample of documentation related to selected projects;



## INDEPENDENT AUDITORS' REPORT

To the Members of  
CABLE & WIRELESS JAMAICA LIMITED

### Report on the Audit of the Financial Statements (continued)

#### Key Audit Matters (continued)

##### 1 Valuation of property, plant and equipment and intangible assets (continued)

###### **The key audit matter**

There is a significant risk that the carrying value of the Group's investment in property, plant and equipment may not be recoverable because of technological change, the competitive and regulatory environment, and challenging economic conditions that affect the Group's ability to generate cash inflows from the number of customers or the rates charged to those customers.

###### **How the matter was addressed in our audit**

- Enquiring of management whether there were indicators that the relevant assets may be impaired or that the estimated useful lives were not appropriate, in light of the management's plans for the business, the state and performance of the assets, changes in technology and other external factors that might adversely affect the Group's ability to generate cash inflows from the assets;
- Inspecting documentary evidence related to management's assessment of assets for evidence of impairment concerns; and
- Physically inspecting a sample of assets to assess whether the condition and use of the assets suggest that they are impaired. Our sample was primarily selected on the basis of monetary value.

##### 2 Recoverability of debtor balances

###### **The key audit matter**

The Group has significant overdue balances with corporate, government and residential customers. There is significant judgement involved in determining the levels of allowance for impairment on these balances, because of the uncertainty involved in estimating the timing and amount of future collections.

###### **How the matter was addressed in our audit**

Our procedures in this area included:

- Testing the manual and automated controls over recording and ageing receivables. Our testing of automated controls involved using our own Information Technology Audit specialists to test the design, implementation and operating effectiveness of automated controls;





## INDEPENDENT AUDITORS' REPORT

To the Members of  
CABLE & WIRELESS JAMAICA LIMITED

### **Report on the Audit of the Financial Statements (continued)**

*Key Audit Matters (continued)*

#### *2 Recoverability of debtor balances (continued)*

##### **The key audit matter**

The Group has significant overdue balances with corporate, government and residential customers. There is significant judgement involved in determining the levels of allowance for impairment on these balances, because of the uncertainty involved in estimating the timing and amount of future collections.

##### **How the matter was addressed in our audit**

- Testing subsequent receipts for significant accounts and customer groups identified as overdue; and
- Assessing the Group's allowance rates by testing historical collection data for Residential and Government customers with balances with overdue amounts, and verifying that the impairment allowances used by management reflected the empirical patterns observed from the collections data.

##### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to The Board of Directors.

##### *Responsibility of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS 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.



INDEPENDENT AUDITORS' REPORT

To the Members of  
CABLE & WIRELESS JAMAICA LIMITED

**Report on the Financial Statements (continued)**

*Responsibility of Management and Those Charged with Governance for the Financial Statements (continued)*

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 8-9, forms part of our auditors' report.

***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.

The engagement partner on the audit resulting in this independent auditors' report is Nigel Chambers.

Chartered Accountants  
Kingston, Jamaica

February 27, 2017



## INDEPENDENT AUDITORS' REPORT

To the Members of  
CABLE & WIRELESS JAMAICA LIMITED

### ***Appendix to the Independent Auditors' report***

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITORS' REPORT

To the Members of  
CABLE & WIRELESS JAMAICA LIMITED

***Appendix to the Independent Auditors' report (continued)***

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Cable & Wireless Jamaica Limited  
Income statements  
for the nine months ended 31 December 2016  
(with comparatives for the year ended 31 March 2016)

	Notes	Group		Company	
		9 months ended 31 Dec 2016 \$m	Year ended 31 Mar 2016 \$m	9 months ended 31 Dec 2016 \$m	Year ended 31 Mar 2016 \$m
Revenue	4	19,226	23,034	19,197	22,998
Operating costs before depreciation and amortisation	6(a)	(14,314)	(15,799)	(14,288)	(15,768)
Depreciation	11	( 2,055)	( 2,301)	( 2,055)	( 2,232)
Amortisation	10	( 840)	( 1,101)	( 840)	( 1,101)
Other operating income/(expense)		641	( 7)	641	( 7)
<b>Operating profit before exceptional items</b>		<b>2,658</b>	3,826	<b>2,655</b>	3,890
Operating exceptional items	6(a)	233	1,135	233	1,135
<b>Operating profit after exceptional items</b>		<b>2,891</b>	4,961	<b>2,888</b>	5,025
Finance income	7	45	145	45	145
Finance expense	7	( 4,352)	( 3,908)	( 4,354)	( 3,912)
<b>(Loss)/profit before income tax</b>		<b>( 1,416)</b>	1,198	<b>( 1,421)</b>	1,258
Income tax expense	8	( 146)	( 33)	( 142)	( 33)
<b>(Loss)/profit for the period</b>		<b>( 1,562)</b>	1,165	<b>( 1,563)</b>	1,225
(Loss)/earnings per stock unit (cents)	9	( 9.3)	6.9		

The notes on pages 17 to 57 are an integral part of these financial statements.

Cable & Wireless Jamaica Limited  
 Statements of comprehensive income  
 for the nine months ended 31 December 2016  
 (with comparatives for the year ended 31 March 2016)

	Group		Company	
	9 months ended 31 Dec 2016 \$m	Year ended 31 Mar 2016 \$m	9 months ended 31 Dec 2016 \$m	Year ended 31 Mar 2016 \$m
<b>(Loss)/profit for the period</b>	<b>(1,562)</b>	1,165	<b>(1,563)</b>	1,225
<b>Other comprehensive (loss)/income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial (losses)/gains in the value of defined benefit retirement plans	( 268)	3,409	( 268)	3,409
<b>Items that are or may be reclassified to profit or loss</b>				
Exchange differences on translation of subsidiary	78	64	-	-
<b>Other comprehensive (loss)/income for the period</b>	<b>( 190)</b>	3,473	<b>( 268)</b>	3,409
<b>Total comprehensive (loss)/income for the period</b>	<b>(1,752)</b>	4,638	<b>(1,831)</b>	4,634

The notes on pages 17 to 57 are an integral part of these financial statements.

**Cable & Wireless Jamaica Limited**  
**Statements of financial position**  
**as at 31 December 2016**  
(with comparatives as at 31 March 2016)

	Notes	Group		Company	
		31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible assets	10	5,614	6,806	5,614	6,806
Property, plant and equipment	11	20,086	18,650	20,082	18,647
Investments in subsidiaries	12	-	-	133	133
Other receivables	13	1,518	1,048	1,518	1,048
Retirement benefit assets	20	2,106	3,429	2,106	3,429
		<b>29,324</b>	<b>29,933</b>	<b>29,453</b>	<b>30,063</b>
<b>Current assets</b>					
Trade and other receivables	13	7,700	5,201	7,655	5,202
Inventories	14	645	801	645	801
Cash and cash equivalents	15	1,451	481	1,366	417
		<b>9,796</b>	<b>6,483</b>	<b>9,666</b>	<b>6,420</b>
<b>Total assets</b>		<b>39,120</b>	<b>36,416</b>	<b>39,119</b>	<b>36,483</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	16	8,832	9,178	8,766	9,159
Current portion of long term liabilities and overdrafts	17	512	79	485	79
Provisions	19	-	6	-	6
		<b>9,344</b>	<b>9,263</b>	<b>9,251</b>	<b>9,244</b>
<b>Non-current liabilities</b>					
Trade and other payables	16	196	2,527	196	2,527
Long term liabilities	17	2,587	322	2,587	322
Provisions	19	1,533	1,853	1,509	1,822
Due to related parties	25(d)	55,350	50,589	56,586	51,747
		<b>59,666</b>	<b>55,291</b>	<b>60,878</b>	<b>56,418</b>
<b>Net liabilities</b>		<b>(29,890)</b>	<b>(28,138)</b>	<b>(31,010)</b>	<b>(29,179)</b>
<b>Net deficit</b>					
<b>Capital and reserves attributable to the stockholders</b>					
Share capital	21	16,817	16,817	16,817	16,817
Reserves		(46,707)	(44,955)	(47,827)	(45,996)
<b>Net deficit</b>		<b>(29,890)</b>	<b>(28,138)</b>	<b>(31,010)</b>	<b>(29,179)</b>

These financial statements were approved by the Board of Directors on 27 February 2017 and signed on its behalf by:

  
Mr. John L.M. Bell  
Director

  
Dr. Carolyn Hayle  
Director

The notes on pages 17 to 57 are an integral part of these financial statements.

**Cable & Wireless Jamaica Limited**  
**Statements of changes in equity**  
**for the nine months ended 31 December 2016**  
(with comparatives for the year ended 31 March 2016)

Group	Reserves					Accumulated deficit \$m	Net deficit \$m
	Share capital \$m	Foreign currency translation \$m	Share-based payment reserve \$m	Employee benefits reserve \$m			
<b>Balances at 1 April 2015</b>	16,817	533	21	1,242	(51,389)	(32,776)	
Profit for the year	-	-	-	-	1,165	1,165	
Net actuarial gains recognised	-	-	-	-	3,409	3,409	
Exchange differences on translation of foreign operations	-	64	-	-	-	64	
<b>Total comprehensive income for the year</b>	-	64	-	-	4,574	4,638	
Transfers to accumulated deficit	-	-	-	1,044	( 1,044)	-	
<b>Balances at 31 March 2016</b>	16,817	597	21	2,286	(47,859)	(28,138)	
Loss for the period	-	-	-	-	( 1,562)	( 1,562)	
Net actuarial losses recognised	-	-	-	-	( 268)	( 268)	
Exchange differences on translation of foreign operations	-	78	-	-	-	78	
<b>Total comprehensive loss for the period</b>	-	78	-	-	( 1,830)	( 1,752)	
Transfers to accumulated deficit	-	-	-	( 882)	882	-	
<b>Balances at 31 December 2016</b>	<b>16,817</b>	<b>675</b>	<b>21</b>	<b>1,404</b>	<b>(48,807)</b>	<b>(29,890)</b>	

The notes on pages 17 to 57 are an integral part of these financial statements.



Cable & Wireless Jamaica Limited  
 Statements of changes in equity  
 for the nine months ended 31 December 2016  
 (with comparatives for the year ended 31 March 2016)

Company	Reserves				Net deficit \$m
	Share capital \$m	Share-based payment reserve \$m	Employee benefits reserve \$m	Accumulated deficit \$m	
Balance at April 1 2015	16,817	21	1,242	(51,893)	(33,813)
Profit for the year	-	-	-	1,225	1,225
Net actuarial gains recognised	-	-	-	3,409	3,409
<b>Total comprehensive income for the year</b>	-	-	-	4,634	4,634
Transfers to accumulated deficit	-	-	1,044	( 1,044)	-
<b>Balances at 31 March 2016</b>	16,817	21	2,286	(48,303)	(29,179)
Loss for the period	-	-	-	( 1,563)	( 1,563)
Net actuarial losses recognised	-	-	-	( 268)	( 268)
<b>Total comprehensive loss for the period</b>	-	-	-	(1,831)	(1,831)
Transfers to accumulated deficit	-	-	( 882)	882	-
<b>Balances at 31 December 2016</b>	<b>16,817</b>	<b>21</b>	<b>1,404</b>	<b>(49,252)</b>	<b>(31,010)</b>

The notes on pages 17 to 57 are an integral part of these financial statements.

**Cable & Wireless Jamaica Limited**  
**Statements of cash flows**  
**for the nine months ended 31 December 2016**  
(with comparatives for the year ended 31 March 2016)

	Notes	Group		Company	
		9 months ended 31 Dec 2016 \$m	Year ended 31 Mar 2016 \$m	9 months ended 31 Dec 2016 \$m	Year ended 31 Mar 2016 \$m
<b>(Loss)/profit for the period</b>		<b>(1,562)</b>	1,165	<b>(1,563)</b>	1,225
Adjustments for:					
Tax expense	8	<b>146</b>	33	<b>142</b>	33
Depreciation	11	<b>2,055</b>	2,301	<b>2,055</b>	2,232
Amortisation	10	<b>840</b>	1,101	<b>840</b>	1,101
Impairment reversal on property, plant and equipment	11	-	(3,404)	-	(3,404)
Pension refund		<b>1,201</b>	1,899	<b>1,201</b>	1,899
(Gain)/loss on disposal of property, plant and equipment		<b>( 641)</b>	6	<b>( 641)</b>	6
Finance income	7	<b>( 45)</b>	( 145)	<b>( 45)</b>	( 145)
Finance expense	7	<b>4,352</b>	3,908	<b>4,354</b>	3,912
Exchange differences on translation of foreign operations		<b>78</b>	64	-	-
Site restoration provision		<b>45</b>	66	<b>54</b>	63
Employee benefits	6(b),20(b)	<b>( 146)</b>	( 56)	<b>( 146)</b>	( 56)
<b>Operating cash flows before working capital changes</b>		<b>6,323</b>	6,938	<b>6,251</b>	6,866
<b>Changes in working capital</b>					
Decrease in provisions		<b>( 326)</b>	(1,251)	<b>( 373)</b>	(1,313)
Increase in inventories		<b>( 46)</b>	( 336)	<b>( 46)</b>	( 336)
(Increase)/decrease in trade and other receivables		<b>(4,998)</b>	3,248	<b>(5,546)</b>	3,243
Decrease/(increase) in related companies' balances		<b>1,630</b>	( 71)	<b>1,672</b>	( 69)
Decrease in trade and other payables		<b>( 104)</b>	(3,303)	<b>( 151)</b>	(3,301)
<b>Cash generated from operations</b>		<b>2,479</b>	5,225	<b>1,807</b>	5,090

The notes on pages 17 to 57 are an integral part of these financial statements.

Cable & Wireless Jamaica Limited  
 Statements of cash flows (Continued)  
 for the nine months ended 31 December 2016  
 (with comparatives for the year ended 31 March 2016)

	Notes	Group		Company	
		9 months ended 31 Dec 2016 \$m	12 months ended 31 Mar 2016 \$m	9 months ended 31 Dec 2016 \$m	12 months ended 31 Mar 2016 \$m
<b>Net cash from operating activities</b>		<b>2,479</b>	5,225	<b>1,807</b>	5,090
<b>Cash flows from investing activities</b>					
Interest received		56	140	56	140
Purchase of licence		-	1,252	-	1,252
Deferred income		(1,801)	782	(2,331)	848
Purchase of property, plant and equipment	11	(3,609)	(8,808)	(3,608)	(8,810)
Proceeds from sale of property, plant and equipment		738	-	738	-
<b>Net cash used in investing activities</b>		<b>(4,616)</b>	(6,634)	<b>(5,145)</b>	(6,570)
<b>Net cash flow before financing activities</b>		<b>(2,137)</b>	(1,409)	<b>(3,338)</b>	(1,480)
<b>Cash flows from financing activities</b>					
Long term liabilities, net		2,580	124	3,159	32
Finance costs		(4,348)	(4,057)	(3,798)	(4,057)
Due to related parties		4,761	5,034	4,839	5,238
<b>Net cash from financing activities</b>		<b>2,993</b>	1,158	<b>4,200</b>	1,213
Net increase/(decrease) in cash and cash equivalents		856	( 251)	862	( 267)
Cash and cash equivalents at beginning of period		424	732	368	684
<b>Cash resources</b>		<b>1,280</b>	424	<b>1,222</b>	360
<b>Comprising:</b>					
Cash and cash equivalents	15	1,451	481	1,366	417
Overdrafts	17	( 171)	( 57)	( 144)	( 57)
<b>Cash resources</b>		<b>1,280</b>	424	<b>1,222</b>	360

The notes on pages 17 to 57 are an integral part of these financial statements.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 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 are collectively referred to herein as "the Group".

The Company is a 77% owned subsidiary of CWC CALA Holdings Limited, incorporated in Barbados. The parent company is Cable & Wireless Communications Limited (formerly Plc) and the ultimate parent company is Liberty Global Plc ("Liberty Global"), both incorporated in England. Another subsidiary of Cable & Wireless Communications Limited holds an additional 5% of the issued ordinary stock units of the Company.

The principal activity of the Group is the provision of domestic and international telecommunications services under various operating licences granted on March 14, 2000, under the Telecommunications Act of Jamaica. The Group trades under the name "FLOW" along with a fellow subsidiary of Cable & Wireless Communications Limited.

On May 16, 2016, Liberty Global announced that it had completed its acquisition of Cable & Wireless Communications Plc in a transaction valued at approximately USD7.4 billion on an enterprise value basis.

The financial reporting period for the Group and Company was changed from 31 March to 31 December to coincide with the reporting date for Liberty Global.

### 2 Summary of significant accounting policies

#### 2.1 Basis of preparation

The financial statements of Cable & Wireless Jamaica Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and 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 (\$) rounded to the nearest million. They have been prepared on the historical cost basis.

Management has prepared the financial statements on the going concern basis. However, the Group and the Company had accumulated losses of \$48,807 million (31 March 2016: \$47,859 million) and \$49,252 million (31 March 2016: \$48,303 million), respectively, and stockholder's net deficits of \$29,890 million (31 March 2016: \$28,138 million) and \$31,010 million (31 March 2016: \$29,179 million), respectively, as at the reporting date. As a result of the accumulated losses, uncertainty exists about the Group's continuation as a going concern. Until such time as the Group is able to sustain profitable operations, it remains dependent on Cable & Wireless Communications Limited, its parent, for continued financial support. The Directors have received a letter from Cable & Wireless Communications Limited 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.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

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

#### 2.1 Basis of preparation (continued)

##### Basis of consolidation

The consolidated financial statements comprise a consolidation of the accounts of the Company and its subsidiaries prepared for the nine months ended 31 December 2016, with comparatives for the year ended 31 March 2016.

##### 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, exposure to variable returns from the investee and a link between the power the Group has and the variability of returns. 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.

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

Certain new standards and amendments to IFRS during the period ended 31 December 2016. None of these amendments had a material impact on the Group's financial statements.

At the reporting date, certain new standards, interpretations and amendments have been issued, which were not yet in effect and which the Group had not adopted these early. Those relevant to the Group are as follows:

Title	Effective date	Description and impact on the Group
IAS 7, <i>Statement of Cash Flows</i>	Annual periods beginning on or after 1 January 2017	Requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.
IAS 12, <i>Income Taxes</i>	Annual periods beginning on or after 1 January 2017	Clarifies the following: <ol style="list-style-type: none"><li>The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.</li><li>Deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.</li></ol>

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

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

#### 2.2 Application of recently issued International Financial Reporting Standards (continued)

Title	Effective date	Description and impact on the Group
IAS 12, <i>Income Taxes</i> (continued)	Annual periods beginning on or after 1 January 2017 (continued)	<p>Clarifies the following (continued):</p> <p>iii) Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.</p> <p>iv) An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.</p> <p>v) Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.</p>
IFRS 15 <i>Revenue from Contracts with Customers</i>	Annual periods beginning on or after 1 January 2017 with early adoption permitted	<p>Establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 <i>Revenue</i>, IAS 11 <i>Construction Contracts</i> and IFRIC 13 <i>Customer Loyalty Programmes</i>.</p> <p>The Group is still assessing the impact of IFRS 15 but the new standard could have significant impact on customer acquisition costs and large managed services contracts.</p>

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

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

#### 2.2 Application of recently issued International Financial Reporting Standards (continued)

Title	Effective date	Description and impact on the Group
IFRS 9, <i>Financial Instruments</i>	Annual periods beginning on or after 1 January 2018	Replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.
IFRS 16 <i>Leases</i>	Annual periods beginning on or after 1 January 2019	Eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessees will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months period ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 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 components are measured using the currency of the primary economic environment in which the component operates (the functional currency). The Company's functional currency is the Jamaica dollar (JMD).

##### b) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. 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 in profit or loss.

##### c) Foreign operations

The results and financial position of all Group entities that have functional currencies 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.

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.

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

	31 Dec 2016	31 Mar 2016
<b>JMD:GBP</b>		
Average	167.15	176.93
Period/Year end	160.53	170.92
<b>JMD:USD</b>		
Average	126.64	117.73
Period/Year end	129.26	121.09

#### 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.



# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

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

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

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.

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:

	Useful lives
Cables and transmission equipment	up to 20 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. Assets are tested for impairment on an annual basis (see note 2.7).

#### 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 or extend the benefits of computer software programs beyond their original specifications and lives are recognised as capital improvements 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.

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 from the date that they are available for their intended use by management. Other intangible assets are stated at cost less amortisation.

	Useful lives
Software	3 to 5 years
Licences	Up to 25 years or the licence term if less

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

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

#### 2.6 Financial instruments

##### **Financial assets**

The Group classifies its financial assets into the following categories: cash and cash equivalents; trade and other receivables; financial assets at fair value through profit or loss and available-for-sale financial assets. The classification depends on the purpose for which the assets are held. The Group does not currently classify any investments as held-to-maturity.

Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each 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, cash 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 fair 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 fair value of the amount due from the customer and subsequently at the amounts considered recoverable (amortised cost).

##### **Financial liabilities**

The Group classifies its financial liabilities into the following categories: trade and other payables; borrowings; and financial liabilities at fair value.

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

##### **Long term liabilities**

Borrowings are recognised initially at fair value net of directly attributable transaction costs 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.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

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

#### 2.7 Impairment of assets (continued)

##### **Non-financial assets**

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 its recoverable amount, 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. We consider the carrying value of other assets at least annually. If there are impairment triggers that indicate an impairment of assets, we perform an impairment review during the period. See note 11 for details on impairment loss incurred during the period.

#### 2.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is the amount 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. Impairment allowance 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 the Group's leases have been assessed to be operating leases. Payments made under operating leases, net of lease incentives or premiums received, are charged through the income statement on the straight-line basis over the period of the lease.

#### 2.11 Employee benefits

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 the income statement.

##### **Defined benefit asset**

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement based 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 the 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 through profit or loss.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

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

#### 2.11 Employee benefits (continued)

##### Defined benefit asset (continued)

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 in 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 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 period comprises current and deferred tax. Tax is recognised through profit or loss except to the extent that it relates to items recognised in other comprehensive income; in which case, it is also recognised in other comprehensive income.

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

Deferred tax is provided 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.

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, 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. A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, 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 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.

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.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016 (with comparatives for the year ended 31 March 2016)

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

#### 2.14 Revenue recognition (continued)

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 recognised 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 engaged 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.

#### 2.15 Exceptional items

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

#### 2.16 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale, rather than continuing use, are classified as held-for-sale. Assets held-for-sale are measured at the lower of their carrying amount and fair values less cost to sell.

Impairment losses on initial reclassification as held-for-sale and subsequent gains and losses on re-measurement are recognised in the income statement. Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 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 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

Management assesses property, plant and equipment and intangible assets 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;
- Acquisition and merger activity;
- 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, Management tests goodwill and other intangible assets with an indefinite life at least annually for impairment.

The identification of impairment triggers is a key judgement. Where an impairment review is required, the Group generally determines recoverable amount based on value in use. The key estimates used in calculating value in use are the discount rate, revenue growth, operating cost margin and capital expenditure. Estimates are based on extrapolated approved three-year business plans.

#### 3.2 Impairment of receivables

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 the Group's 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.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

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

#### 3.5 Tax (continued)

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 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.

#### 3.6 Pensions

The asset recognised in the statement of financial position in respect of the defined benefit pension plan 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 20 and are estimates chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice. 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	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
Sales of telecommunications services and related operations	18,431	21,946	18,402	21,914
Sales of telecommunications equipment and accessories	795	1,088	795	1,084
<b>Total revenue</b>	<b>19,226</b>	<b>23,034</b>	<b>19,197</b>	<b>22,998</b>

### 5 Segment information

The Group is a local telecommunications service provider offering mobile, broadband, video, fixed line and managed services to residential and business customers in Jamaica. 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 Flow 3G/HSPA+. Broadband, data and other services consist of broadband (ADSL), Metro Ethernet (fibre 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 Group are considered as one operating segment.

Financial information related to the operating segment results for the period ending 31 December 2016, 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.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 5 Segment information (continued)

Details of the segment assets and liabilities for the period ended 31 December 2016 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.

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

#### Revenue

The revenue from external customers are analysed by product below.

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
Mobile	9,754	10,614	9,754	10,614
Broadband and video	2,065	2,974	2,065	2,974
Fixed voice	5,081	6,635	5,079	6,359
Managed services and other	2,326	3,081	2,299	3,051
<b>Total revenue</b>	<b>19,226</b>	<b>23,034</b>	<b>19,197</b>	<b>22,998</b>

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

#### 6(a) Operating costs

Detailed below are the key expense items charged or (credited) in arriving at our operating profit. Out payments to other operators arise 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.

Group	31 Dec 2016			31 Mar 2016		
	Pre-exceptional	Exceptional items	Total \$m	Pre-exceptional	Exceptional items	Total \$m
Outpayments and direct costs	5,810	-	5,810	5,947	-	5,947
Employee and other staff expenses	1,870	82	1,952	2,437	1,520	3,957
Other administrative expenses	4,403	-	4,403	4,479	693	5,172
Network costs	846	(315)	531	1,000	25	1,025
Property and utility costs	1,385	-	1,385	1,936	31	1,967



# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016 (with comparatives for the year ended 31 March 2016)

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

#### 6(a) Operating costs (continued)

Group (continued)	31 Dec 2016			31 Mar 2016		
	Pre-exceptional	Exceptional items	Total \$m	Pre-exceptional	Exceptional items	Total \$m
Operating costs before depreciation and amortisation	14,314	(233)	14,081	15,799	2,269	18,068
Depreciation of property, plant and equipment	2,055	-	2,055	2,301	-	2,301
(Reversal of) impairment of property, plant and equipment [note 11]	-	-	-	-	(3,404)	( 3,404)
Amortisation of intangible assets	840	-	840	1,101	-	1,101
<b>Operating costs</b>	<b>17,209</b>	<b>(233)</b>	<b>16,976</b>	<b>19,201</b>	<b>(1,135)</b>	<b>18,066</b>

Company	31 Dec 2016			31 Mar 2016		
	Pre-exceptional	Exceptional items	Total \$m	Pre-exceptional	Exceptional items	Total \$m
Outpayments and direct costs	5,807	-	5,807	5,945	-	5,945
Employee and other staff expenses	1,870	82	1,952	2,437	1,520	3,957
Other administrative expenses	4,398	-	4,398	4,473	693	5,166
Network costs	846	(315)	531	1,000	25	1,025
Property and utility costs	1,367	-	1,367	1,913	31	1,944
Operating costs before depreciation and amortisation	14,288	(233)	14,055	15,768	2,269	18,037
Depreciation of property, plant and equipment	2,055	-	2,055	2,232	-	2,232
(Reversal of) impairment of property, plant and equipment [note 11]	-	-	-	-	(3,404)	( 3,404)
Amortisation of intangible assets	840	-	840	1,101	-	1,101
<b>Operating costs</b>	<b>17,183</b>	<b>(233)</b>	<b>16,950</b>	<b>19,101</b>	<b>(1,135)</b>	<b>17,966</b>

Exceptional items include costs and credits related to the Group's restructuring activities, including employee termination and contract settlements as well as costs relating to the settlement of material legal disputes, which are non-recurring and material.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

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

#### 6(b) Employee and other staff expenses

Accounting policy detailed in note 2.11.

The employee and other staff expenses are set out below:

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
Wages and salaries	1,083	1,678	1,083	1,678
Social security costs	141	202	141	202
Other benefits and allowances	940	910	940	910
Pension credits – employee benefits	( 146)	( 56)	( 146)	( 56)
	<b>2,018</b>	<b>2,734</b>	<b>2,018</b>	<b>2,734</b>
Less: Staff costs capitalised	( 148)	( 297)	( 148)	( 297)
<b>Staff costs</b>	<b>1,870</b>	<b>2,437</b>	<b>1,870</b>	<b>2,437</b>
Exceptional employee and other staff expenses	82	1,520	82	1,520
<b>Total staff costs</b>	<b>1,952</b>	<b>3,957</b>	<b>1,952</b>	<b>3,957</b>

#### 6(c) Directors' and key management remuneration

Key management represents 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 as follows:

Group and Company	31 Dec 2016 \$m	31 Mar 2016 \$m
Directors' emoluments:		
Fees	3	3
Salaries and other short-term employment benefits	63	145
<b>Total Directors' remuneration</b>	<b>66</b>	<b>148</b>
Other key management personnel – short-term employment benefits	106	90
<b>Total key management remuneration</b>	<b>172</b>	<b>238</b>

#### 6(d) Auditor's remuneration

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
Audit services	66	53	65	52

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

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

Finance income is mainly comprised of interest received from 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	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
<b>Finance income</b>				
Interest on cash and deposits	45	145	45	145
<b>Finance expense</b>				
Interest on bank loans	224	14	224	14
Interest on related party loans	3,525	3,652	3,525	3,652
Unwinding of discounts on provisions	45	61	54	63
Foreign exchange losses	558	181	551	183
<b>Total finance expense</b>	<b>4,352</b>	<b>3,908</b>	<b>4,354</b>	<b>3,912</b>

### 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 period 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 the profit/(loss) before tax to the tax charge is also provided.

Accounting policy detailed in note 2.12.

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
<b>Current tax charge</b>				
Jamaica tax at 33½ % & 25%	119	-	115	-
Withholding tax on management fees earned	27	33	27	33
<b>Total current tax charge</b>	<b>146</b>	<b>33</b>	<b>142</b>	<b>33</b>
<b>Deferred tax (credit)/charge</b>				
Tax losses	55	(953)	55	(966)
Origination and reversal of temporary differences	( 55)	953	( 55)	966
<b>Total deferred tax charge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total income tax charge</b>	<b>146</b>	<b>33</b>	<b>142</b>	<b>33</b>

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 8 Income tax expense (continued)

The Group's tax charge differs from the expected charge at the Jamaica statutory tax rate as follows:

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
<b>Profit/(loss) before income tax and exceptional charges</b>	<b>(1,649)</b>	63	<b>(1,654)</b>	123
Exceptional charges	<b>233</b>	1,135	<b>233</b>	1,135
<b>Profit/(loss) before income tax</b>	<b>(1,416)</b>	1,198	<b>(1,421)</b>	1,258
Income tax credit at Jamaican statutory tax rate: 33½ % & 25%	<b>( 471)</b>	405	<b>( 474)</b>	419
Effect of capital allowances on non-current assets	<b>796</b>	(1,256)	<b>795</b>	(1,270)
Effect of Caricom income	<b>( 45)</b>	( 85)	<b>( 45)</b>	( 85)
Disallowed expenses and other capital adjustments net	<b>( 805)</b>	(1,054)	<b>( 805)</b>	(1,054)
Effect of changes in unrecognised deferred tax assets	<b>671</b>	2,023	<b>671</b>	2,023
<b>Total income tax charge</b>	<b>146</b>	33	<b>142</b>	33

At 31 December 2016 taxation losses, subject to agreement by the Commissioner General, Tax Administration Jamaica, available for relief against future taxable profits, amounted to approximately \$45 billion (31 March 2016: \$46 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)/earnings per share

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

Basic earnings per ordinary share is based on the loss for the period attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding as follows:

Group	31 Dec 2016 \$m	31 Mar 2016 \$m
(Loss)/profit for the financial period/year attributable to stockholders	<b>(1,562)</b>	1,165
Weighted average number of ordinary shares in issue (millions)	<b>16,817</b>	16,817
(Loss)/earnings per stock unit (cents)	<b>(9.3)</b>	6.9

### 10 Intangible assets

The following section shows the intangible assets used by the Group to generate revenues and profits.

These assets include licenses, software 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 fair value of the consideration that the Group has paid.

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

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016 (with comparatives for the year ended 31 March 2016)

### 10 Intangible assets (continued)

Accounting policy detailed in note 2.5

Group and Company	Computer Software & Licence \$m
<b>Cost</b>	
At 1 April 2015	10,142
Transfer from property, plant and equipment	3,208
At 31 March 2016	13,350
Transfer from property, plant and equipment	223
Adjustments	( 575)
<b>At 31 December 2016</b>	<b>12,998</b>
<b>Amortisation and impairment</b>	
At 1 April 2015	5,443
Charge for the year	1,101
At 31 March 2016	6,544
Charge for the period	840
<b>At 31 December 2016</b>	<b>7,384</b>
<b>Net book value</b>	
<b>At 31 December 2016</b>	<b>5,614</b>
<b>At 31 March 2016</b>	<b>6,806</b>

### 11 Property, plant and equipment

The following section shows the physical assets used by the Group 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 expects the asset to be used (useful economic life). If there has been a technological change or decline in business performance management reviews 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 impairment charge is made against profit or loss.

Additions during the period include interest and own work capitalised during the construction of certain assets of \$148 million (31 March 2016: \$297 million) for the Group and Company.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 11 Property, plant and equipment (continued)

#### Accounting policy detailed in note 2.5

Group	Freehold land and buildings \$m	Plant and machinery \$m	Cables & transmission equipment \$m	Office equipment and computers \$m	Equipment held for use \$m	Assets under construction \$m	Total \$m
<b>Cost</b>							
<b>At 1 April 2015</b>	15,547	52,757	10,437	3,527	-	566	82,834
Additions	-	-	-	-	-	8,808	8,808
Disposals	-	-	-	( 10)	-	-	( 10)
Transfers to intangible assets	-	-	-	-	-	(3,208)	( 3,208)
Transfers between categories	164	4,135	323	97	-	(4,719)	-
Reclassification from assets held for sale	654	-	1,595	-	-	-	2,249
<b>At 31 March 2016</b>	<b>16,365</b>	<b>56,892</b>	<b>12,355</b>	<b>3,614</b>	<b>-</b>	<b>1,447</b>	<b>90,673</b>
Additions	-	-	-	-	-	3,609	3,609
Disposals	( 207)	( 12)	-	( 1)	-	-	( 220)
Transfers to intangible assets	-	-	-	-	-	( 223)	( 223)
Transfers between categories	294	2,995	440	278	-	(4,007)	-
Transfers from inventory	-	-	-	-	202	-	202
<b>At 31 December 2016</b>	<b>16,452</b>	<b>59,875</b>	<b>12,795</b>	<b>3,891</b>	<b>202</b>	<b>826</b>	<b>94,041</b>
<b>Depreciation</b>							
<b>At 31 March 2015</b>	<b>11,089</b>	<b>49,426</b>	<b>8,573</b>	<b>2,881</b>	<b>-</b>	<b>-</b>	<b>71,969</b>
Charge for the year	608	1,250	291	152	-	-	2,301
Impairment	-	( 3,404)	-	-	-	-	( 3,404)
Reclassification from assets held for sale	213	-	948	-	-	-	1,161
Disposals	-	-	-	( 4)	-	-	( 4)
<b>At 31 March 2016</b>	<b>11,910</b>	<b>47,272</b>	<b>9,812</b>	<b>3,029</b>	<b>-</b>	<b>-</b>	<b>72,023</b>
Charge for the period	477	1,198	232	148	-	-	2,055
Disposals	( 111)	( 11)	-	( 1)	-	-	( 123)
<b>At 31 December 2016</b>	<b>12,276</b>	<b>48,459</b>	<b>10,044</b>	<b>3,176</b>	<b>-</b>	<b>-</b>	<b>73,955</b>
<b>Net book value</b>							
<b>At 31 December 2016</b>	<b>4,176</b>	<b>11,416</b>	<b>2,751</b>	<b>715</b>	<b>202</b>	<b>826</b>	<b>20,086</b>
<b>At 31 March 2016</b>	<b>4,455</b>	<b>9,620</b>	<b>2,543</b>	<b>585</b>	<b>-</b>	<b>1,447</b>	<b>18,650</b>

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 11 Property, plant and equipment (continued)

Company	Freehold land and buildings \$m	Plant and machinery \$m	Cables & transmission equipment \$m	Office equipment and computers \$m	Equipment held for use \$m	Assets under construction \$m	Total \$m
<b>Cost</b>							
<b>At 1 April 2015</b>	15,506	50,068	9,428	3,289	-	1,256	79,547
Additions	-	-	-	-	-	8,810	8,810
Disposals	-	-	-	( 10)	-	-	( 10)
Transfers to intangible assets	-	-	-	-	-	(3,208)	( 3,208)
Transfers between categories	164	4,066	323	97	-	(4,650)	-
Reclassification to assets held for sale	654	-	1,595	-	-	-	2,249
<b>At 31 March 2016</b>	<b>16,324</b>	<b>54,134</b>	<b>11,346</b>	<b>3,376</b>	<b>-</b>	<b>2,208</b>	<b>87,388</b>
Additions	-	-	-	-	-	3,608	3,608
Disposals	( 207)	( 12)	-	( 1)	-	-	( 220)
Transfers to intangible assets	-	-	-	-	-	( 223)	( 223)
Transfers between categories	294	2,995	440	278	-	(4,007)	-
Transfers from inventory	-	-	-	-	202	-	202
<b>At 31 December 2016</b>	<b>16,411</b>	<b>57,117</b>	<b>11,786</b>	<b>3,653</b>	<b>202</b>	<b>1,586</b>	<b>90,755</b>
<b>Depreciation</b>							
<b>At 31 March 2015</b>	11,049	46,507	8,349	2,851	-	-	68,756
Charge for the year	608	1,181	291	152	-	-	2,232
Impairment reversal	-	( 3,404)	-	-	-	-	( 3,404)
Reclassification from assets held for sale	213	-	948	-	-	-	1,161
Disposals	-	-	-	( 4)	-	-	( 4)
<b>At 31 March 2016</b>	<b>11,870</b>	<b>44,284</b>	<b>9,588</b>	<b>2,999</b>	<b>-</b>	<b>-</b>	<b>68,741</b>
Charge for the period	477	1,198	232	148	-	-	2,055
Disposals	( 111)	( 11)	-	( 1)	-	-	( 123)
<b>At 31 December 2016</b>	<b>12,236</b>	<b>45,471</b>	<b>9,820</b>	<b>3,146</b>	<b>-</b>	<b>-</b>	<b>70,673</b>
<b>Net book value</b>							
<b>At 31 December 2016</b>	<b>4,175</b>	<b>11,646</b>	<b>1,966</b>	<b>507</b>	<b>202</b>	<b>1,586</b>	<b>20,082</b>
<b>At 31 March 2016</b>	<b>4,454</b>	<b>9,850</b>	<b>1,758</b>	<b>377</b>	<b>-</b>	<b>2,208</b>	<b>18,647</b>

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 11 Property, plant and equipment (continued)

Freehold land and buildings for the Group and the Company include land aggregating \$65.6 million (31 March 2016: \$69.5 million) at historical cost.

#### Impairment and reversal

During the year ended 31 March, 2016, management re-evaluated its planned timing of network integration associated with the acquisition by Cable & Wireless Communications Limited of Columbus Communications, Inc. Consequently, management made a decision to reverse \$3,404 million of total impairment charge recognised in 31 March 2015 and to depreciate these assets on an accelerated basis over an average of four (4) years.

### 12 Subsidiaries

The Group includes the following wholly-owned subsidiaries of the Company:

	Ownership of ordinary shares %	Country of incorporation	Area of operation
<b>Subsidiaries</b>			
Digital Media & Entertainment Limited	100	Jamaica	Jamaica
Jamaica Digiport International Limited	100	Jamaica	Jamaica
Caribbean Landing Company Limited	100	Jamaica	Jamaica

### 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 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
Gross trade receivables	3,562	2,728	3,532	2,717
Impairment allowance	( 517)	( 585)	( 516)	( 584)
<b>Net trade receivables</b>	<b>3,045</b>	2,143	<b>3,016</b>	2,133
Other receivables	123	376	52	376
Prepayments and accrued income	938	1,103	937	1,103
Taxation and social security receivables	112	115	107	107
Due from related companies (note 25(b)(ii))	3,482	1,464	3,543	1,483
<b>Trade and other receivables – current</b>	<b>7,700</b>	5,201	<b>7,655</b>	5,202



# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 13 Trade and other receivables (continued)

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
Loan receivable	1,283	724	1,283	724
Other receivables	235	324	235	324
<b>Other receivables – non-current</b>	<b>1,518</b>	1,048	<b>1,518</b>	1,048
<b>Total trade and other receivables</b>	<b>9,218</b>	6,249	<b>9,173</b>	6,250

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

Concentrations of credit risk with respect to trade receivables are small, as the Group's 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 and 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. During the period, there was continued economic weakness in the market in which the Group operates. 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' and current 'other receivables' that are not impaired is as follows (excludes prepayments and accrued income and taxation and social security):

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
Not yet due	1,396	1,209	1,386	1,202
Overdue 30 days or less	454	291	435	289
Overdue 31 to 60 days	158	137	158	137
Overdue 61 to 90 days	601	169	601	169
Overdue 181 days or more	436	337	436	336
<b>Net trade receivables - current</b>	<b>3,045</b>	2,143	<b>3,016</b>	2,133

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 13 Trade and other receivables (continued)

Based on historical 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 period is as follows:

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
At beginning of the period	585	684	584	682
Bad debts written off	(409)	(328)	(408)	(328)
Increase in allowance	192	229	191	230
Adjustment for change in allowance rates	149	-	149	-
<b>At end of period</b>	<b>517</b>	<b>585</b>	<b>516</b>	<b>584</b>

Management periodically evaluates trade receivables balances and establishes an allowance for doubtful accounts based on estimates and assumptions. During the year, the Group revised the model used in estimating the allowance for doubtful accounts. The change in the estimate resulted in an additional allowance of \$149 million.

In the Group's operations it is customary to collect security deposits from customers as collateral, which 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 \$645 million (31 March 2016: \$801 million) are presented net, after recording an allowance of \$86 million (31 March 2016: \$120 million) made against slow moving or obsolete items.

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

### 15 Cash and cash equivalents

The majority of the Group's cash resources are held in banks.

**Accounting policy detailed in note 2.6.**

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
Cash at bank and in hand	955	364	870	301
Short-term bank deposits	496	117	496	116
<b>Cash and cash equivalents</b>	<b>1,451</b>	<b>481</b>	<b>1,366</b>	<b>417</b>

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

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 16 Trade and other payables

Our trade and other payables mainly consist of amounts we owe to our suppliers that have been invoiced or accrued. They also include deferred revenue which represents 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 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
Trade payables	1,126	1,180	1,113	1,147
Customer deposits	311	326	285	302
Other tax and employee costs	1,281	900	1,281	954
Accruals	3,199	3,698	3,174	3,681
Deferred income	619	526	619	526
Loan payable to related companies (note 25(d))	-	560	-	560
Due to related companies (note 25(c))	1,534	1,146	1,534	1,146
Other payables	762	842	760	843
<b>Trade and other payables – current</b>	<b>8,832</b>	<b>9,178</b>	<b>8,766</b>	<b>9,159</b>
Deferred income	177	189	177	189
Accruals	19	2,338	19	2,338
<b>Trade and other payables – non-current</b>	<b>196</b>	<b>2,527</b>	<b>196</b>	<b>2,527</b>
<b>Total trade and other payables</b>	<b>9,028</b>	<b>11,705</b>	<b>8,962</b>	<b>11,686</b>

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 the current portion 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 cards and global directory revenue.

##### Non-current

Capacity owned by the Company on the Fibralink Cable System is by way of an Indefeasible Right of Use (IRU). The Company is a consortium member of 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.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements

### for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

#### 17 Long term liabilities

The Group's and Company's sources of borrowing for funding and liquidity purposes come from related party loans and facilities and bank loans and other financing arrangements. Our key borrowings at 31 December 2016 consist of related party loans, bank loans and other financing arrangement.

Accounting policy detailed in note 2.6.

Group	31 December 2016					31 March 2016		
	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%	363	520	3.30%	344	498
Spectrum Management Authority Jamaica	Floating	Unsecured	3.26%	2,565	2,565	-	-	-
<b>Total long term liabilities</b>				<b>2,928</b>	<b>2,928</b>		<b>344</b>	<b>555</b>
<b>Less: Non-current portion</b>				<b>(2,587)</b>	<b>-</b>		<b>322</b>	
<b>Current portion</b>				<b>341</b>	<b>341</b>		<b>79</b>	<b>79</b>
Overdrafts	Floating	Unsecured	9.99%	171	171		-	-
<b>Current portion and overdrafts</b>				<b>512</b>	<b>512</b>		<b>79</b>	<b>79</b>

Company	31 December 2016					31 March 2016		
	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%	363	520	3.30%	344	498
Spectrum Management Authority Jamaica	Floating	Secured	3.26%	2,565	2,565	-	-	-
<b>Total long term liabilities</b>				<b>2,928</b>	<b>3,229</b>		<b>344</b>	<b>525</b>
<b>Less: Non-current portion</b>				<b>(2,587)</b>	<b>-</b>		<b>(322)</b>	
<b>Current portion</b>				<b>341</b>	<b>-</b>		<b>22</b>	
Overdrafts	Floating	Unsecured	9.99%	144	144	9.99%	57	57
<b>Current portion and overdrafts</b>				<b>485</b>	<b>-</b>		<b>79</b>	

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

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).

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 17 Long term liabilities (continued)

Group and Company	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
<b>Long term liabilities</b>				
Due in less than one year	341	22	341	22
Due in more than one year but not more than two years	380	22	380	22
Due in more than two years but not more than five years	1,140	66	1,140	66
Due in more than five years	1,224	386	1,224	386
	<b>3,085</b>	496	<b>3,085</b>	496
Less: future finance charges	( 157)	(152)	( 157)	(152)
<b>Total long term liabilities</b>	<b>2,928</b>	344	<b>2,928</b>	344

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

### 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	Capital allowances on non-current assets \$m	Tax losses \$m	Pensions \$m	Other \$m	Financial position offset \$m	Net \$m
Deferred tax assets	-	14,428	-	-	(14,428)	-
Deferred tax liabilities	(1,173)	-	( 621)	(1,083)	2,877	-
At 1 April 2015	(1,173)	14,428	( 621)	(1,083)	(11,551)	-
(Charge)/credit to profit or loss	( 146)	953	( 19)	2,358	( 3,146)	-
Tax charged to other comprehensive income	-	( 381)	130	-	251	-
<b>At 31 March 2016</b>	<b>(1,319)</b>	<b>15,000</b>	<b>( 510)</b>	<b>1,275</b>	<b>(14,446)</b>	-
Deferred tax assets	-	15,000	-	1,275	(16,275)	-
Deferred tax liabilities	(1,319)	-	( 510)	-	1,829	-
At 1 April 2016	(1,319)	15,000	( 510)	1,275	(14,446)	-
(Charge)/credit to profit or loss	(2,143)	( 55)	( 582)	( 103)	2,883	-
Tax charged to other comprehensive income	-	-	( 104)	-	104	-
<b>At 31 December 2016</b>	<b>(3,462)</b>	<b>14,945</b>	<b>(1,196)</b>	<b>1,172</b>	<b>(11,459)</b>	-

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 18 Deferred tax (continued)

Tax losses are not subject to expiration but may only be utilised to the extent of 50% of each year's taxable profits.

Company	Capital allowances on non-current assets \$m	Tax losses \$m	Pensions \$m	Other \$m	Financial position offset \$m	Net \$m
Deferred tax assets	-	14,378	-	-	(14,378)	-
Deferred tax liabilities	(1,171)	-	( 621)	(1,083)	2,875	-
At 1 April 2015	(1,171)	14,378	( 621)	(1,083)	(11,503)	-
(Charge)/credit to profit or loss	( 146)	966	( 19)	2,358	( 3,159)	-
Tax charged to other comprehensive income	-	( 381)	130	-	251	-
<b>At 31 March 2016</b>	<b>(1,317)</b>	<b>14,963</b>	<b>( 510)</b>	<b>1,275</b>	<b>(14,411)</b>	<b>-</b>
Deferred tax assets	-	14,963	-	1,275	(16,238)	-
Deferred tax liabilities	(1,317)	-	( 510)	-	1,827	-
At 1 April 2016	(1,317)	14,963	( 510)	1,275	(14,411)	-
(Charge)/credit to profit or loss	(2,145)	( 55)	( 582)	( 103)	2,885	-
Tax charged to other comprehensive income	-	-	( 104)	-	104	-
<b>At 31 December 2016</b>	<b>(3,462)</b>	<b>14,908</b>	<b>(1,196)</b>	<b>1,172</b>	<b>(11,422)</b>	<b>-</b>

### 19 Provisions

Accounting policy detailed in note 2.13.

	31 December 2016					
	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 2016	60	1,799	1,859	60	1,768	1,828
Amounts used	(60)	( 221)	( 281)	(60)	( 205)	( 265)
Unwinding of discount (interest cost)	-	( 45)	( 45)	-	( 54)	( 54)
<b>Non-current</b>	<b>-</b>	<b>1,533</b>	<b>1,533</b>	<b>-</b>	<b>1,509</b>	<b>1,509</b>

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016 (with comparatives for the year ended 31 March 2016)

### 19 Provisions (continued)

	31 March 2016							
	Group				Company			
	Redundancy costs \$m	Network and asset retirement obligations \$m	Legal and other \$m	Total \$m	Redundancy costs \$m	Network and asset retirement obligations \$m	Legal and other \$m	Total \$m
At 1 April 2015	1,099	1,466	545	3,110	1,099	1,434	545	3,078
Additional provisions	-	267	-	267	-	271	-	271
Amounts used	(1,039)	-	(545)	(1,584)	(1,039)	-	(545)	(1,584)
Unwinding of discount (interest cost)	-	66	-	66	-	63	-	63
<b>Total</b>	<b>60</b>	<b>1,799</b>	<b>-</b>	<b>1,859</b>	<b>60</b>	<b>1,768</b>	<b>-</b>	<b>1,828</b>
<b>Provisions – current</b>	<b>60</b>	<b>( 54)</b>	<b>-</b>	<b>6</b>	<b>60</b>	<b>( 54)</b>	<b>-</b>	<b>6</b>
<b>Provisions – non-current</b>	<b>-</b>	<b>1,853</b>	<b>-</b>	<b>1,853</b>	<b>-</b>	<b>1,822</b>	<b>-</b>	<b>1,822</b>

#### 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.

#### Asset retirement obligations

Provision has 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 assets on which the obligation arises.

#### Legal and other

Legal and other provisions include amounts relating to specific legal claims against the Group, together with amounts in respect of certain employee benefits and sales taxes. The timing of the utilisation of the provision is uncertain and is largely outside the Group's control, for example, where matters are contingent upon litigation. Legal proceedings are further discussed in note 24.

### 20 Retirement benefit assets

#### Accounting policy detailed in note 2.11.

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 the value of the defined benefit liabilities.

The defined benefit scheme is recorded at the present value of the future economic benefits available in the form of a cash refund or a reduction in future contributions, which is lower than the actual surplus in the plan. Any adjustment to the surplus (net of interest) is recorded in other comprehensive income. The maximum economic benefit was determined by reference to the reductions in future contributions available to the Group.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 20 Retirement benefit assets (continued)

Effective 16 February 2016, the Trustees of the Scheme approved a proposal by the Company to distribute \$3,798 million of unrecognised surplus equally to the Company and the members of the scheme. The effect of remeasuring the pension asset to recognise the proposed use of the surplus was recognised in other comprehensive income [see note (c)] and the past service cost of the increase in benefits to employees was recognised in profit for the year as an exceptional item [see notes 20(b) and 6(b)].

The best estimate of contributions to the schemes for 2017 is \$111 million for employer contributions and \$129 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 December 2016 by the qualified independent actuary, Rambarran & Associates Limited.

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

	31 Dec 2016	31 Mar 2016
	Assumption %	Assumption %
<b>Significant actuarial assumptions</b>		
Discount rate – JMD	9.0	9.0
– USD	5.0	5.0
CPI inflation assumption	6.0	5.5
Salary increases	6.0	5.5

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

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

The 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 reporting date of equity shares 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 asset, and contribution requirements are heavily dependent upon the return on the assets held by the scheme;
- Longevity: The cost to the Group of the pensions promised to members is dependent upon the expected term of these payments;
- Inflation rate risk: The pension promises are, in the main, linked to inflation, and higher inflation will lead to higher liabilities.

The above risks have been mitigated for all of the scheme's liabilities through the purchase of insurance policies, the payments from which exactly match the promises made to employees. Therefore, the Group has no material net exposure to changes in the discount rate or changes in life expectancy.



# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016 (with comparatives for the year ended 31 March 2016)

### 20 Retirement benefit assets (continued)

#### 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 defined benefit 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.

#### (a) Assets and liabilities

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

Group and Company	31 Dec 2016 \$m	31 Mar 2016 \$m
Fair value of plan assets	22,417	21,043
Present value of funded obligations	(19,943)	(17,614)
Excess of assets of funded obligations	2,474	3,429
Effect of asset ceiling	( 368)	-
<b>Net asset</b>	<b>2,106</b>	<b>3,429</b>

#### (b) The amounts recognised in the income statement were as follows:

Group and Company	31 Dec 2016 \$m	31 Mar 2016 \$m
Current service cost	( 81)	( 116)
Interest on net obligations	( 837)	( 883)
Interest cost on asset ceiling	-	( 283)
Interest income on plan assets	1,064	1,338
<b>Net credit</b>	<b>146</b>	<b>56</b>
<b>Exceptional item- members' benefit improvement</b>	<b>-</b>	<b>(1,889)</b>

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 20 Retirement benefit assets (continued)

(c) Amounts recognised in other comprehensive (loss)/income were as follows:

Group and Company	31 Dec 2016 \$m	31 Mar 2016 \$m
Change in financial assumptions	-	( 3)
Change in experience adjustments	(268)	( 386)
Remeasurements attributable to:		
Members' benefit improvement	-	1,899
Refund due to the employer	-	1,899
<b>Net (charge)/credit</b>	<b>( 268)</b>	<b>3,409</b>

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

Group and Company	31 Dec 2016 \$m	31 Mar 2016 \$m
Net asset at 1 April	3,429	1,863
Net credit recognised in the income statement	146	56
Exceptional item – members' benefit improvement	-	(1,899)
Employer contributions refund	(1,201)	-
Net (expense)/credit recognised in other comprehensive income	( 268)	3,409
<b>Net asset</b>	<b>2,106</b>	<b>3,429</b>

(e) Changes in the present value of defined benefit pension obligations:

Group and Company	31 Dec 2016 \$m	31 Mar 2016 \$m
At beginning of period	17,614	13,296
Current service cost	81	116
Exceptional item - to members' benefit improvements	-	1,899
Interest on net obligations	837	883
Annuities purchased during the year	51	42
Remeasurements:		
Actuarial loss from changes in financial assumptions	-	950
Actuarial loss from experience adjustments	1,828	935
Employee contributions	95	133
Benefits paid	( 563)	( 640)
<b>At end of period</b>	<b>19,943</b>	<b>17,614</b>

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 20 Retirement benefit assets (continued)

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

Group and Company	31 Dec 2016 \$m	31 Mar 2016 \$m
At beginning of period	21,043	18,139
Interest income on plan assets	1,064	1,338
Annuities purchased during the year	51	42
Re-measurements:		
Actuarial gain from changes in financial assumptions	-	947
Actuarial gain from experience on adjustments	1,928	1,084
Employee contributions	95	133
Employer contributions refund	( 1,201)	-
Benefits paid	( 563)	( 640)
<b>At end of period</b>	<b>22,417</b>	<b>21,043</b>

(f) Changes in the fair value of defined benefit assets are as follows (continued):

Plan assets comprise:

Group and Company	31 Dec 2016 \$m	31 Mar 2016 \$m
– Annuity policies	13,691	11,600
– Quoted equities	811	1,572
– Quoted bonds and gilts	1,896	1,950
– Property	4,799	4,759
– Cash and cash equivalents	1,178	1,127
– Other quoted securities	42	35
<b>At end of period</b>	<b>22,417</b>	<b>21,043</b>

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

Group and Company	31 Dec 2016 \$m	31 Mar 2016 \$m
At beginning of period	-	(2,980)
Interest cost on asset ceiling	-	( 283)
Change in effect of asset ceiling - loss	( 368)	( 535)
Exceptional item - to members' benefit improvements	-	1,899
Refund due to the employer	-	1,899
<b>At end of period</b>	<b>( 368)</b>	<b>-</b>

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 21 Share capital

Called up share capital is the number of shares in issue at no par value. There was no movement in share capital in the period. 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.**

Group and Company	Number of shares (000)	31 Dec 2016 \$m	31 Mar 2016 \$m
Issued, called-up and fully paid shares at no par value	16,817,440	16,817	16,817

### Capital management

The Group defines capital as equity and borrowings (note 17). 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 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 26.

### 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 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 property, plant and equipment. The amounts below are the minimum we are committed to pay.

Capital commitments at the end of the financial period for the Group and Company relating to the purchase of plant and equipment of \$1,034 million (March 31, 2016: \$1,876 million).

In addition, the Group has a number of operating commitments arising in the ordinary course of its 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.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016 (with comparatives for the year ended 31 March 2016)

### 22 Commitments, guarantees and contingent liabilities

#### Commitments (continued)

The aggregate future minimum lease payments under operating leases are:

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
No later than one year	172	137	155	115
Later than one year but not later than five years	336	398	336	398
Later than five years	97	143	97	143
<b>Total minimum operating lease payments</b>	<b>605</b>	<b>678</b>	<b>588</b>	<b>656</b>

### 23 Licences and operating agreements

The Group holds licences 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 experience indicates this is the most likely outcome.

The operating licenses 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 Zone Carrier (Jamaica Digiport International Limited) Licence; and
- Free Zone service Provider (Jamaica Digiport International Limited) Licence.

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.

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.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 25 Related party transactions

The related parties identified by Management include joint ventures, associated undertakings, investees 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.

#### (a) Transactions with related parties charged/(credited) for the period:

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
Cable & Wireless Communications Limited Management and branding fees	1,238	956	1,238	956
CWI Caribbean Limited and Cable & Wireless Jamaica Finance (Cayman) Limited Interest expense	3,525	3,651	3,525	3,651
Other related companies Management and operational recharges	( 432)	( 545)	( 432)	( 545)
Management fee revenue, net	( 254)	( 384)	( 254)	( 384)

#### (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.

	Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m
Gross	657	657
Allowance for impairment	(657)	(657)
<b>Net carrying amount</b>	-	-

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 25 Related party transactions (continued)

#### (b) Receivables from related parties

##### (ii) Due from related companies

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
Cable & Wireless Barbados Limited	1,065	765	1,065	765
Cable & Wireless Cayman Limited	279	53	279	53
Columbus Communications Jamaica Limited	1,376	357	1,376	357
Other	762	289	823	308
<b>Due from related companies</b>	<b>3,482</b>	<b>1,464</b>	<b>3,543</b>	<b>1,483</b>

#### (c) Due to related companies

Group and Company	31 Dec 2016 \$m	31 Mar 2016 \$m
	CWI Caribbean Limited	755
Other	779	787
<b>Due to related companies</b>	<b>1,534</b>	<b>1,146</b>

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.

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

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 25. Related party transactions (continued)

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

Group and Company	31 Dec 2016 \$m	31 Mar 2016 \$m
CWI Caribbean Limited <i>Short term</i>		
Principal	-	508
Interest	-	52
<b>Loans payable to related companies</b>	<b>-</b>	<b>560</b>

This is a short term revolving facility granted by CWI Caribbean Limited on 26 May 2010 with a credit limit of US\$25 million. Interest is charged on the net daily loan balances at the average 1-month LIBOR plus 300 basis points. The rate was 3.6237% per annum as at 31 March, 2016.

	Group		Company	
	31 Dec 2016 \$m	31 Mar 2016 \$m	31 Dec 2016 \$m	31 Mar 2016 \$m
Cable & Wireless Jamaica Finance (Cayman) Limited <i>Long term</i>				
Principal	<b>51,924</b>	46,989	<b>51,924</b>	46,989
Interest	<b>3,426</b>	3,600	<b>3,426</b>	3,600
Loans from subsidiary	-	-	<b>1,236</b>	1,158
<b>Loans payable to related companies</b>	<b>55,350</b>	50,589	<b>56,586</b>	51,747

This represents the amount drawn on a revolving facility with Cable & Wireless Jamaica Finance (Cayman) Limited, with a credit limit of \$60 billion (31 March 2016: \$60 billion). The loan has no fixed repayment term. Interest is charged at 2.79 percentage points (31 March 2016: 2.79 percentage 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 reviewed semi-annually on May 11 and November 11. The rate was 8.61844% per annum at 31 December 2016.

#### Loans 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 (31 March 2016: US\$9.5 million).

### 26 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.



# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016 (with comparatives for the year ended 31 March 2016)

### 26 Financial risk management (continued)

#### Treasury policy

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.

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 policy falls under the Cable & Wireless Communications Group overall risk management programme, which seeks to minimise potential adverse effects on the Group's financial performance.

To the extent that the Group undertakes treasury transactions, these are governed by Group policies and delegated authorities. Material positions are monitored by Group Treasury and the Jamaica Regional Treasury Centre. Where appropriate, transactions are reported to the Board. The Company is required to report details of its cash and debt positions to Group and Regional Treasury on a monthly basis.

The key responsibilities of Group and Regional Treasury include funding, investment of surplus cash and the management of interest rate and foreign currency risk. The majority of the Group's cash resources (including facilities) and borrowings are managed centrally.

#### 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-Jamaican dollar currency payments and reported profits of its foreign currency denominated subsidiary. See note 2.3 for key exchange rates used.

A reasonably possible strengthening/(weakening) of the Jamaican dollar against the United States dollar at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Group				Company			
	31 Dec 2016 \$m		31 Mar 2016 \$m		31 Dec 2016 \$m		31 Mar 2016 \$m	
	1% Strengthening	6% Weakening	1% Strengthening	10% Weakening	1% Strengthening	6% Weakening	1% Strengthening	10% Weakening
Effect on profit or loss	20	(120)	16	(93)	31	(185)	27	(160)

This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis was performed on the same basis for 31 March 2016.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 26 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.

Group	31 Dec 2016				31 Mar 2016			
	Fixed rate financial liabilities \$m	Variable rate financial liabilities \$m	Non-interest bearing financial liabilities \$m	Total \$m	Fixed rate financial liabilities \$m	Variable rate financial liabilities \$m	Non-interest bearing financial liabilities \$m	Total \$m
	794	51,924	7,226	59,944	703	47,497	9,541	57,741

Company	31 Dec 2016				31 Mar 2016			
	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
	792	51,924	7,189	59,905	703	47,497	9,523	57,723

Interest bearing financial liabilities comprise 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 100 (31 March 2016: 100 increase/ decrease) basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by \$519 million (31 March 2016: \$475 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 31 March 2016.

#### Credit risk

Cash deposits and similar financial instruments give rise to credit risk, which represents the loss that would be recognised if a counterparty failed to perform as contracted. The carrying amount of the financial assets of the Group represents the maximum credit exposure of the Group. Management seeks to reduce credit risk on cash and investments by ensuring the counterparties to all but a small proportion of the Group's financial instruments are the core relationship banks. These banks are awarded a maximum credit limit based on ratings by Standard & Poor's and Moody's, the level of the banks' credit default swap (CDS) and its associated level of tier one capital. The credit limit assigned to counterparties is monitored on a continuing basis.

The Group's Treasury policy approved by the Board contain limits on exposure and prescribes the types of instrument used for investment of funds. Credit risk on receivables is discussed in note 13.

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 26 Financial risk management (continued)

	Group		Company	
	31 Dec 2016 \$m	31 March 2016 \$m	31 Dec 2016 \$m	31 March 2016 \$m
Cash and cash equivalents	1,451	481	1,366	417
Accounts receivable	4,218	3,737	4,112	5,202
Due from related companies and subsidiaries	3,482	1,464	3,543	1,483
Other receivables	1,518	1,048	1,518	1,048
<b>Total credit exposure</b>	<b>10,669</b>	<b>6,730</b>	<b>10,539</b>	<b>8,150</b>

#### Liquidity risk

CWC 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 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, to ensure that medium-term liquidity is maintained and for the purpose of identifying long-term strategic funding requirements. Management also regularly assesses the balance of capital and debt funding of the Group.

Approximately 34% of the Group's cash is invested in short-term bank deposits and money market funds (31 March 2016: 24%).

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

Group	31 December 2016					
	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	171	171	171	-	-	-
Accounts payable	6,698	6,698	6,698	-	-	-
Due to related parties	1,534	1,534	1,534	-	-	-
Due to other group companies – long term	55,350	72,480	3,426	3,426	10,278	55,350
Spectrum Management Authority Jamaica	2,565	2,999	356	356	1,068	1,219
Long-term loan	363	473	24	24	72	353
	<b>66,681</b>	<b>84,355</b>	<b>12,209</b>	<b>3,806</b>	<b>11,418</b>	<b>56,922</b>

# Cable & Wireless Jamaica Limited

## Notes to the financial statements for the nine months ended 31 December 2016

(with comparatives for the year ended 31 March 2016)

### 26 Financial risk management (continued)

#### Liquidity risk (continued)

Group	31 March 2016					
	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	57	57	57	-	-	-
Accounts payable	9,284	9,284	9,284	-	-	-
Due to other group companies – current	560	560	560	-	-	-
Due to related parties	1,146	1,146	1,146	-	-	-
Due to other group companies – long term	50,589	68,589	3,600	3,600	10,800	50,589
Current portion of provisions	6	6	6	-	-	-
Long-term loan	344	498	22	22	66	388
	<b>61,986</b>	<b>80,140</b>	<b>14,675</b>	<b>3,622</b>	<b>10,866</b>	<b>50,977</b>

Company	31 December 2016					
	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	144	144	144	-	-	-
Accounts payable	6,632	6,632	6,632	-	-	-
Due to related parties	1,534	1,534	1,534	-	-	-
Due to other group companies – long term	56,586	72,480	3,426	3,426	10,278	55,350
Spectrum Management Authority Jamaica	2,565	2,999	356	356	1,068	1,219
Long-term loan	363	473	24	24	72	353
	<b>67,824</b>	<b>84,262</b>	<b>12,116</b>	<b>3,806</b>	<b>11,418</b>	<b>56,922</b>

Company	31 March 2016					
	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	57	57	57	-	-	-
Accounts payable	9,265	9,265	9,265	-	-	-
Due to other group companies – current	560	560	560	-	-	-
Due to related parties	1,146	1,146	1,146	-	-	-
Due to other group companies – long term	50,589	68,589	3,600	3,600	10,800	50,589
Current portion of provisions	6	6	6	-	-	-
Long-term loan	344	498	22	22	66	388
	<b>61,967</b>	<b>80,121</b>	<b>14,656</b>	<b>3,622</b>	<b>10,866</b>	<b>50,977</b>

CABLE & WIRELESS JAMAICA LIMITED

LIST OF SHAREHOLDERS  
AS AT 31 DECEMBER 2016

10 LARGEST SHAREHOLDERS			
SHAREHOLDERS	SHAREHOLDING	% HOLDING	
CWC CALA HOLDINGS LIMITED	12,971,777,982	77.13	
KELFENORA LIMITED	818,523,212	4.87	
CARL MARKS AND COMPANY INC.	156,889,759	0.93	
SAGICOR POOLED EQUITY FUND	131,923,428	0.78	
TRADING A/C - NATIONAL INSURANCE FUND	96,273,768	0.57	
MAYBERRY WEST INDIAS LIMITED	94,800,880	0.56	
JGSD TRUSTEE SERVICES LTD.-SIGMA OPTIMA	78,702,083	0.47	
AUSTIN BROWN	65,009,702	0.39	
CASA CORPORATION LTD	63,661,056	0.38	
PETER FORDE	60,117,493	0.36	
<b>TOTAL</b>	<b>14,537,679,363</b>	<b>86.44</b>	

DIRECTORS' HOLDINGS  
AS AT 31 DECEMBER 2016

DIRECTORS	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
BELL, JOHN	Nil		
ENGLISH, MICHELLE	Nil		
HAYLE, CAROLYN	37,005		
KERR, JARRETT, MARK NEWTON	Nil		
SINCLAIR, GARFIELD HUGH	Nil	PLATOON LIMITED	4,021,000

SENIOR MANAGEMENT HOLDINGS

AS AT 31 DECEMBER 2016

SENIOR MANAGERS AND CONNECTED PARTIES	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
BAXTER, CARLTON	Nil		
CAMERON, ROCHELLE CHERISA BUNMI	39,800		
CLEVERLY, IAN	Nil		
HARRIOTT, SUZETTE	Nil	RIMJHM, PAUL	4,113,392
PAUL, RAJESH	Nil	STEPHEN PATRICK PRICE/GRACE IMANI DUNCAN	139,596
PRICE, STEPHEN PATRICK DAVID	Nil		
REDWOOD, CARLO	Nil		
THOMPSON, RONNIE	2,174		
WALLACE, KAYON	Nil		
WHITE, DONOVAN	Nil		
<b>TOTAL NUMBER OF SHAREHOLDERS - 24,231</b>			