

CASE STUDY

Arawak Cable Company

Arawak Cable Company is the only provider of satellite and cable television services in its assigned rural Jamaica zone with a potential of 3000 subscribers. The management team is well-known to the community and enjoys support from residents. Arawak Cable has struggled to cope with the effects of currency devaluation and theft of its cable services. The company is progressing with conversion to digital technology. Management believes that concessions from the Government are needed to assist cable operators to re-tool for greater efficiency and provision of value-added products such as the Internet and Video-on-demand. In 2008, Arawak Cable secured a bank loan to upgrade its equipment. Like other small cable operators throughout Jamaica, Arawak Cable faces the challenge of sustaining profitability and keeping pace with advances in technology.

Arawak Cable Company (J\$ Million unless stated otherwise)

	2004	2006	2008	2010
Revenue	5.01	8.69	15.07	22.37
Gross Profit	3.29	6.12	5.94	15.05
Salaries & wages	1.69	2.46	2.87	3.92
Utilities	0.89	1.35	2.32	3.28
Motor vehicle expenses	0.48	0.67	1.15	1.74
Fees & Licenses	0.04	0.45	0.75	1.11
Net Profit	(0.71)	(0.48)	(3.15)	3.14
Net Working Capital	(2.37)	(2.21)	(0.93)	(0.17)
Total Assets	2.98	2.50	4.66	8.84
Shareholders' Equity	(0.53)	(1.08)	(3.88)	0.59
Number of employees	4	6	6	8
Number of subscribers	495	602	690	794
Exchange Rate (J\$:US\$)	61.90	66.01	72.90	87.40
Jamaica GDP Growth	1.2%	2.9%	(0.8%)	(1.4%)