

Cable & Wireless Jamaica Limited

Unaudited Group Results

For the three months ended 30 June 1999

	THREE MONTHS ENDED 30th June
	1999 J\$'000
Gross operating revenue	<u>4,128,781</u>
Profit before taxation	834,575
Taxation	<u>296,073</u>
Net profit attributable to stockholders	<u>538,502</u>
Earnings per stock unit	<u>5.81c</u>

Note:

- 1) Gross operating revenue represents amounts excluding GCT accruing to the company for the provision of domestic and international telecommunications services.
- 2) Earnings per stock unit for 1998 have been restated to reflect the 'one-for-five' bonus issue on December 10, 1998.
- 3) On April 29, 1999, the company agreed to acquire an additional 70% of the issued ordinary shares of its associated company, Jamaica Digiport International

Limited (JDI). These unaudited group results incorporate the results of JDI for the period since that date.

- 4) Profit before taxation has been arrived at after incurring redundancy costs of J\$462 million (1998: J\$67 million).

Unaudited Group Results

- Customers increased by 31,000
- Revenues significantly eroded by activities of by-pass operators
- Strong focus on cost control with redundancy programme implemented
- New rates to be introduced on 1st September 1999
- Acquisition of additional 70% shareholding in Jamaica Digiport International

President and CEO Errald Miller said:

"The last three months have been particularly challenging for Cable & Wireless Jamaica. We have achieved strong growth in our customer base but by-pass of our international facilities by unauthorised operators has had a significant adverse impact on our results. The Company has taken action to reduce the impact of by-pass, including reporting the matter to the Minister of Commerce and Technology. Meanwhile, the Company continues to control costs tightly and to focus on customer service."

Financial performance

Gross operating revenue for the three months ended 30 June 1999 increased by 4% over the same period last year to J\$4,129 million and net profit attributable to stockholders for the three months ended 30 June 1999 declined by 18% compared with the same period last year to J\$539 million.

The modest growth in gross operating revenue (compared with the 17% growth in customer base over the same period) reflects the impact on incoming international call revenues of by-pass of the Company's international facilities by unauthorised operators.

The net profit attributable to stockholders was adversely affected by both the by-pass referred to above and a J\$462 million redundancy programme implemented during the three months ended 30 June 1999.

In the three months ended 30 June 1999, the Company invested some J\$731 million to expand its telecommunications network. This investment supports the net addition of approximately 31,000 new customers (including 20,000 new mobile users) bringing the total to some 580,000 including 99,000 mobile users. This includes the addition of approximately 3,800 new customers in rural communities.

Business review

On 29 April 1999, the Company agreed to acquire the 70% of shares in Jamaica Digiport International Limited ("JDI") it does not already own from AT&T Communications Services International Inc. and Cable and Wireless plc. On completion, which is expected to take place shortly, JDI will become a wholly-owned subsidiary of Cable & Wireless Jamaica. The unaudited group results incorporate the results of JDI since 29 April 1999.

On 31 May 1999, the Company applied to the Minister of Commerce and Technology (the "Minister") for new rates for certain telecommunications services. The Minister proposed a variation to the rates which the Company accepted on 2 July 1999. The new rates, which include reductions in outgoing international call charges to most destinations, the introduction of new time bands and a low user package, and an increase in standard rates for line rental charges, will be implemented on 1 September 1999.