

Cable & Wireless Jamaica Limited 1999

UNAUDITED GROUP RESULTS

Cable & Wireless Jamaica Limited
For the six months ended 30 September 1999

- Agreement signed with Government allowing phased introduction of competition
- New licences to be issued to Cable & Wireless Jamaica Limited
- Strong regulatory framework to be put in place
- Greater certainty in operating environment, including discontinuation of VSAT litigation
- Additional investment in developing Jamaica's informatics sector
- Strong Government support against ongoing activities of by-pass operators.

President and CEO Errald Miller said:

" I am delighted to be able to report the signing of an agreement between the Government and Cable & Wireless Jamaica which, subject to the passing of a new Telecommunications Act by Parliament, will establish a modern legal and regulatory framework for a liberalised telecommunications industry in Jamaica leading us into the twenty-first century. The agreement removes many of the uncertainties affecting the Company's operating environment, and provides a platform for the future growth of Cable & Wireless Jamaica and of the telecommunications industry in Jamaica as a whole."

Financial Performance

Gross operating revenue for the six months ended 30 September 1999 increased by 6% over the same period last year to J\$8,808.9 million and net profit attributable to stockholders for the six months ended 30 September 1999 increased by 7% compared with the same period last year to J\$1,609.1 million.

The modest growth in gross operating revenue (compared with the 18% growth in customer base over the same period) reflects the continuing impact on incoming international call revenues of by-pass of the Company's international facilities by unauthorised operators. The Company continues to take action, in conjunction with the Minister of Commerce and Technology (the "Minister") to reduce the impact of by-pass. Cable & Wireless Jamaica's incoming international revenues are also, to a lesser extent, being impacted by a reduction in settlement rates payable by U.S. carriers. Reduced international settlement rates have been filed with the Federal Communications Commission and are expected to be effective from 1st July 1999. The effects of by-pass and lower settlement rates are, however, being partially mitigated by the favourable impact of the new telecommunications rates which were introduced on 1st September 1999.

The growth in net profit attributable to stockholders principally reflects the modest growth in operating revenues, a J\$479 million redundancy programme which was substantially implemented during the three months ended 30 June 1999 and continued tight cost controls.

In the six months ended 30 September 1999, the Company invested some J\$1,447 million to expand its telecommunications network. This investment supports the net addition of approximately 59,000 new customers (including 35,000 new mobile users) bringing the total to some 608,000 including 114,000 mobile users. This includes the addition of approximately 11,400 new customers in rural communities.

Business Review

On 30 September 1999, the Company signed Heads of Agreement with the Government which, subject to the passing of a new Telecommunications Act by Parliament, will result in the phased liberalisation of the Jamaican telecommunications market over a three year period commencing when the new Act comes into effect. Under the terms of the agreement, the Company has discontinued its litigation in relation to the issuance by the Minister of licences to certain VSAT operators.

Under the Heads of Agreement, Cable & Wireless Jamaica has agreed to instal 217,000 new lines (gross)

in the three years after the new Telecommunications Act comes into effect, of which 100,000 lines (gross) will be installed in the first year. The Company has also agreed to contribute J\$16 million per annum for three years towards scholarships at the Caribbean Institute of Technology and will invest in the development of the informatics sector in Jamaica. The agreement also paves the way for lowering the cost to its customers of making international calls.

Unaudited Group Results

For the Six Months ended September 30, 1999

THREE MONTHS ENDED 30th September			THREE MONTHS ENDED 30th September	
1999	1998		1999	1998
J\$'000	J\$'000		J\$'000	J\$'000
4,630,149	4,315,753	Gross operating revenue	8,808,930	8,276,452
1,663,343	1,342,423	Profit before taxation	2,487,918	2,468,726
682,771	492,259	Taxation	878,844	949,646
1,070,572	850,164	Net profit attributable to stockholders	1,609,074	1,509,079
11.55¢	9.17¢	Earnings per stock unit	17.36¢	16.28¢

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 Ltd (JD1). 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\$479 million (1998:J\$127 million).
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