

Cable & Wireless Jamaica Limited

Notes to the Unaudited Interim Financial Report

We hereby present the Interim Financial Report of Cable & Wireless Jamaica, Limited (consolidating its subsidiaries) for the 6 months ended, and as at, September 30, 2002.

- 1 The same accounting policies and methods of computation are followed as those used for the March 31, 2002 audited financial statements.
- 2 Operating revenue represents amounts, excluding general consumption tax, for the provision of domestic and international, mobile and fixed line telecommunications voice and data services less outpayments. In accordance with normal practice in the telecommunications industry, estimates are included to provide for that portion of revenue which connecting carriers have not yet reported.
- 3 The calculation of earnings for stockholders' funds per stock unit is arrived at, by dividing profit after taxation and stockholders' funds by 14,748,628,000 stock units of 100 Jamaican cents each. The 2001 figure has been restated to reflect the bonus issue made in November 2001.
- 4 An interim ordinary dividend of 4 Jamaican cents (gross) per stock unit was paid on August 9, 2002, to stockholders on the record at the close of business on June 26, 2002,
- 5 The directors have recommended, for the approval of stockholders, at the 2002 Annual General Meeting:

- An increase of J\$1,100,000,000 in the authorised share capital by the creation of 1,100,000,000 ordinary shares of J\$1 each, such shares to rank pari passu in all respects with the existing ordinary stock units of the company;
 - Capitalisation of the sum of J\$1,134,509,874 fully out of the profits of the company for the year ended March 31, 2002, to be applied in paying up in full 1,134,509,874 unissued shares of the company; to be allotted, as fully paid up shares, converted into stock units at the time of issue of the company, to members of the company in the ratio of 1 (one) share for every 13 (thirteen) units held at the close of the books of the company on December 6, 2002.
- 6 There are significant seasonal variations in the Group's activities, therefore, the results for any period are not necessarily indicative of the final results for the whole year.
- 7 The second quarter results demonstrate that the company is continuing to reposition itself to compete in the fully liberalised market from March 2003. Revenue growth was achieved from diversifying the product portfolio, connecting to other domestic operators and investing heavily in sales and service improvements.

Programmes to rationalize key business processes, reduce costs and improve operating efficiency are being accelerated to counteract the adverse effect on margins of the change in revenue mix.

- 8 This interim financial report is in compliance with the Institute of Chartered Accountants of Jamaica's Statement of Standard Accounting Practice, Interim Financial Reporting and the Jamaica Stock Exchange Regulations, wherever applicable.

On behalf of the Board

P. H. O. Rousseau, OJ
Director

G. Barrow
President

November 14, 2002

CABLE & WIRELESS JAMAICA LIMITED

6 MONTHS INTERIM FINANCIAL REPORT

September 30,2002

Group Income Statement

	Unaudited 3 months to 30/09/02 \$'000's	(Restated) Unaudited 3 months to 30/09/01 \$'000's	Unaudited 6 months to 30/09/02 \$'000's	(Restated) Unaudited 6 months to 30/09/01 \$'000's
Gross operating revenue	6,516,620	3,714,836	13,148,562	10,924,351
Outpayments	(1,385,056)	(687,288)	(2,724,905)	(1,187,705)
Operating revenue	5,131,564	5,027,548	10,423,657	9,736,646
Total Operating expenses	(3,607,184)	(3,606,595)	(7,638,110)	(6,919,051)
Profit before net finance costs and taxation	1,524,380	1,420,953	2,785,547	2,817,595
Net finance costs	(194,932)	(202,537)	(475,605)	(277,469)
Proffit before taxation	1,329,448	1,218,416	2,309,942	2,540,136
Taxation	(283,588)	(225,594)	(535,892)	(730,826)
Net Profit Attributable to Stockholders	1,045,860	992,822	1,774,050	1,809,310
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Earnings per Stock unit of \$1.00

Earnings per stock unit based upon:	<u>7.09c</u>	<u>6.73c</u>	<u>12.03c</u>	<u>12.27c</u>
Stock units in issue at end of year (14,748,628,364)				
Stock units adjusted for the bonus issue				

(15,883,138,238)				
Proposed for the 2002 Annual General Meeting	<u>6.58c</u>	<u>6.25c</u>	<u>11.20c</u>	<u>11.39c</u>

CABLE & WIRELESS JAMAICA LIMITED

6 MONTHS INTERIM FINANCIAL REPORT

Consolidated Balance Sheets as at 30 September

	Unaudited As at <u>September 30, 2002</u> \$000's	(Restated) Unaudited As at <u>September 30, 2001</u> \$000's	Audited As at <u>March 31, 2002</u> \$000's
Current Assets:			
Cash resources	2,021,120	2,158,424	2,961,160
Accounts receivables	3,924,288	3,578,083	3,583,518
Due from related companies	63,633	33,236	52,839
Inventories	872,819	570,282	695,705
Current portion of deferred expenditure	1,516,437	1,330,857	1,106,613
	<u>8,398,297</u>	<u>7,670,882</u>	<u>8,401,835</u>
Current Liabilities:			
Bank Overdraft, unsecured	257,124	210,505	24,754
Accounts payable	5,123,378	5,760,788	6,520,762
Current portion of loans	1,911,725	3,259,147	2,544,782
Taxation	2,188,587	512,255	1,489,597
Due to ultimate parent company	2,004,656	628,746	1,905,392
Due to related companies	50,145	23,893	50,115

Dividends proposed	2,048,242	1,640,375	2,154,434
	<u>13,583,857</u>	<u>12,035,709</u>	<u>14,689,836</u>
Net current liabilities	(5,185,560)	(4,364,827)	(6,288,001)
Fixed Assets	36,029,334	37,165,672	36,217,471
Investments	145,264	145,413	145,264
Deferred expenditure	200,743	214,660	161,266
Loans	(3,568,712)	(5,268,222)	(4,227,590)
Deferred taxation	<u>(2,284,032)</u>	<u>(3,465,135)</u>	<u>(2,447,130)</u>
NET ASSETS	<u>25,337,037</u>	<u>24,427,561</u>	<u>23,561,280</u>
	=====	=====	=====
STOCKHOLDERS EQUITY			
Share capital	14,748,628	12,782,144	14,748,628
Capital reserves	2,225,246	2,348,811	2,223,539
Retained earnings	8,363,163	9,296,606	6,589,113
	<u>25,337,037</u>	<u>24,427,561</u>	<u>23,561,280</u>
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CABLE & WIRELESS JAMAICA LIMITED

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - UNAUDITED

6 Months ended September 30, 2002

	Share Capital \$000's	Capital Reserves \$000's	Retained Earnings \$000's	Total \$000's
Balance at March 31, 2002 - Audited	14,748,628	2,223,539	6,589,113	23,561,280
Net profit for the period	0	0	1,774,050	1,774,050

Translation gains	0	1,707	0	1,707
Balance at September 30, 2002	<u>14,748,628</u>	<u>2,225,246</u>	<u>8,363,163</u>	<u>25,337,037</u>
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CABLE & WIRELESS JAMAICA LIMITED

GROUP STATEMENT OF CASH FLOWS - UNAUDITED

6 months ended September 30, 2002

	September 30, 2002	(Restated) September 30, 2001
	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Profit	1,774,050	1,809,310
Items not affecting Cash	<u>2,162,566</u>	<u>2,304,013</u>
	3,936,616	4,113,323
Changes in non-cash working capital	<u>(1,125,778)</u>	<u>(1,909,332)</u>
Cash provided by operating activities	2,810,838	2,203,991
Cash (used) / provided by investing activities	<u>(2,325,559)</u>	<u>(3,465,784)</u>
Cash generated before financing activities	485,279	(1,261,793)
Cash (used) / provided from financing activities	<u>(1,425,319)</u>	<u>385,195</u>
(Decrease) / Increase in cash and short term deposits	(940,040)	(876,598)
Cash and short-term deposits at beginning of period-		
audited	<u>2,961,160</u>	<u>3,035,022</u>
Cash and short-term deposits at end of period	2,021,120	2,158,424
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