

Cable & Wireless Jamaica Limited

UNAUDITED GROUP RESULTS

FOR THE THREE MONTHS, ENDED JUNE 30, 2003

Chairman's Report

We hereby present the Unaudited Financial Report of Cable & Wireless Jamaica Limited (consolidating its subsidiaries) for the three-month period ended June 30, 2003.

Trading results

In the quarter ended June 30, 2003, Cable & Wireless Jamaica grew profit attributable to stockholders by 36%, compared to the same period last year. This represents earnings per stock unit of 3.13c (2002: 2.31c)

This growth was a result of the implementation of programmes to rationalize key business processes and improve operating efficiency, as part of an ongoing transformation exercise. The benefit of these programmes, as well as lower cost of acquisition of customers, led to operating expenses being 22% lower than the corresponding period last year. Outpayments to other carriers also fell by 7% following the full liberalization of the international voice market from March 1, 2003. These improvements more than offset the reduction in gross revenue, due mainly to the loss of international traffic to new carriers. Bypass continues to be a challenge and the company will continue its efforts, through the duly authorised

bodies, to tackle this problem.

The increase in finance cost relates to exchange losses arising on operational transactions during the year, plus unrealised exchange losses arising from a revaluation of foreign currency loans at the period end.

Consequent on the approval of the stockholders at an Extraordinary General Meeting held on May 22, 2003 the sum of J\$934,302,208 was capitalised, fully out of the profits of the company for the year ended March 31, 2003, and applied in paying up in full 934,302,208 unissued shares of the company. These were issued as fully paid stock units, to members of the company in the ratio of 1 (one) share for every 17 (seventeen) units held at the close of the books of the company on May 30, 2003.

Cable & Wireless Jamaica adopted International Financial Reporting Standards (IFRS) formerly International Accounting Standards, on April 1, 2003. The financial effect of this adoption is reported in the Group's Statement of Changes in Equity.

Notes to the Unaudited Interim Financial Report

1. Basis of Presentation

- (a) These consolidated Financial Statements have been prepared in accordance with and comply with standards issued by the International Accounting Standards Board with the exception of IAS 19- Employee Benefits in relation to the treatment of any net pension obligation or surplus arising at the reporting dates.
- (b) Effective April 1, 2003, the company adopted International Financial Reporting Standards (IFRS). For comparative purposes, the previous year results have been restated in compliance with IFRS.

2. Gross Operating Revenue

Operating revenue represents amounts, excluding general consumption tax, for the provision of domestic and international, mobile and fixed line voice, data and other telecommunication 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. Earnings Per Stock Unit

The calculation of earnings per stock unit is' arrived at by dividing profit attributable to stockholders by 16,817,439,742 stock units of 100 Jamaican cents each. The 2002 figure has been restated to reflect the bonus issue made in May 2003.

4. Significant accounting policies and basis of disclosure

The following new accounting policies have been reflected in these Financial Statements in compliance with IFRS. All other accounting policies are materially consistent with those applied in the preparation of the last audited financial statements.

(a) Employee benefits

Provision is made for the estimated liability for annual vacation leave in respect of services rendered by employees up to the balance sheet date.

(b) Investments

Investments are initially recognised at cost and classified at the time of purchase in accordance with IFRS. Available for sale investments are subsequently re-measured at fair value.

On adoption, the difference between the original carrying amount and the fair value of the investment was credited to the Investment Revaluation Reserve. Gains and losses arising from subsequent changes in fair value are recognised in the Investment Revaluation Reserve.

(c) Financial Liabilities

Interest-free loans are re-measured at the present value of future payments discounted

using the market rate of interest for similar loans. The effective interest method is used to compute the economic benefit of the free interest over the term of the loan.

(d) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation less any impairment losses.

(e) Dividends

Dividends are recognised as a liability in the period that they are declared by the stockholders.

(f) Segment Reporting

The Group is organised into three main business segments:

Voice Services

This comprises national and international voice services, sale of calling cards, line rental and operator assisted services.

Data & Internet Protocol (IP)

This includes the provision of domestic and international leased circuits, frame relay, dial-up and dedicated internet access services as well as other IP bandwidth services.

Other

This comprises the sale and rental of customer premises equipment (CPE) and advertising services rendered through the provision of telephone directories.

On behalf of the Board

Hon. Patrick Rousseau
Director

G. Barrow
President

GROUP INCOME STATEMENT

	Unaudited 3 months to 30-Jun-03 \$000's	(Restated) Unaudited 3 months to 30-Jun-02 \$000's
Gross operating revenue	5,841,798	6,631,942
Outpayments	<u>(1,248,816)</u>	<u>(1,339,849)</u>
Net Operating revenue	4,592,982	5,292,093
Total Operating expenses	<u>(3,407,379)</u>	<u>(4,374,887)</u>
Profit before net finance costs and taxation	1,185,403	917,206
Net finance costs	<u>(360,230)</u>	<u>(276,782)</u>
Profit before Taxation	825,173	640,424
Taxation	<u>(297,952)</u>	<u>(252,304)</u>
Net profit attributable to stockholders	527,221 =====	388,120 =====
 Earnings per stock unit is based upon:		
Stock units in issue at June 30, 2003 (16,817,439,742) (in cents)	3.13	2.31

Group Balance Sheet

	As at June 30, 2003 \$000's	(Restated) Unaudited As at June 30, 2002 \$000's	(Restated) Unaudited As at March 31, 2003 \$000's
Current Assets:			
Cash resources	2,552,128	2,857,690	2,785,480
Accounts receivables	2,900,914	3,810,638	2,776,400
Due from related companies	114,768	51,661	102,716
Inventories	451,107	439,767	619,266
Current portion of deferred expenditure	428,627	502,139	413,854
	<u>6,447,544</u>	<u>7,661,895</u>	<u>6,697,716</u>
Current Liabilities:			
Accounts payable	5,347,734	5,704,636	6,444,549
Current portion of loans	1,657,220	2,610,750	1,570,544
Taxation	2,356,133	1,664,269	2,148,681
Due to ultimate parent company	4,974,982	2,417,982	4,610,056
Due to related companies	50,402	60,005	48,179
	<u>14,386,471</u>	<u>12,457,642</u>	<u>14,822,009</u>
Net current liabilities	(7,938,927)	(4,795,747)	(8,124,293)
Fixed assets	36,262,633	34,525,173	36,075,033
Investments	203,718	183,698	183,632
Deferred expenditure	112,635	156,642	110,334
Loans	(2,364,069)	(2,524,762)	(2,489,581)
NET ASSETS	<u>(23,316,530)</u>	<u>(23,723,955)</u>	<u>(22,760,276)</u>
STOCKHOLDERS' EQUITY			
Share capital	16,817,440	14,748,628	15,883,138

Capital reserves	479,378	461,016	470,431
Investment revaluation reserve	58,434	38,434	38,368
Retained earnings	5,961,258	8,475,877	6,368,339
	<u>23,316,530</u>	<u>23,723,955</u>	<u>22,760,276</u>
	=====	=====	=====

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - UNAUDITED

	Share capital \$000's	Capital reserves \$000's	Investment Revaluation Reserve \$000's	Retained earnings \$000's	Total \$000's
Balance at March 31, 2002					
as previously reported	14,748,628	2,223,539	0	6,589,113	23,561,280
Prior period adjustments	-	(1,763,493)	-	-	(1,763,493)
Effect of changes in accounting policies upon the adoption of International Financial Reporting Standards					
IAS 19 Employee Benefits	0	0	0	(148,551)	(148,551)
IAS 10 Dividends	0	0	0	2,154,434	2,154,434
IAS 38 Intangible Assets	0	0	0	(641,606)	(641,606)
IAS 39 Financial Instruments Recognition & Measurement	0	0	0	0	0
Investment Revaluation Gains	0	0	47,595	0	47,595
Balance at March 31, 2002 restated	14,748,628	460,046	47,595	8,087,757	23,344,026
Restated Net profit after taxation for the year	0	0	0	388,120	388,120

Reval of Equity Investments	0	0	(9,161)	0	(9,161)
Translation adjustment on consolidation	0	970	0	0	970
Balance at June 30, 2002 restated	14,748,628	461,016	38,434	8,475,877	23,723,955
=====					
Balance at March 31, 2003 - as previously reported	15,883,138	470,431	0	6,500,894	22,854,463
Effect of changes in accounting policies upon the adoption of International Financial Reporting Standards					
IAS 19 Employee Benefits	0	0	0	(185,957)	(185,957)
IAS 10 Dividends	0	0	0	1,038,945	1,038,945
IAS 38 Intangible Assets	0	0	0	(1,137,271)	(1,137,271)
IAS 39 Financial Instruments Recognition & Measurement	0	0	0	151,728	151,728
Investment Revaluation Gains	0	0	38,368	0	38,368
Balance at March 31, 2003 restated	15,883,138	470,431	38,368	6,368,339	22,760,276
Net profit after taxation for the year	0	0	0	527,221	527,221
Bonus issue of shares	934,302	0	0	(934,302)	0
Reversal of P & M Revaluation in subsidiary	0	(1,600)	0	0	(1,600)
Revaluation of Equity Investments	0	0	20,086	0	20,086
Translation adjustment on consolidation	0	10,547	0	0	10,547
Balance at June 30, 2003	16,817,440	479,378	58,454	5,961,258	23,316,530
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SEGMENT REPORTING INFORMATION

	Three months ended June 30, 2002 \$'000	Three months ended June 30, 2002 \$'000
Revenue		
Voice Services	5,102,183	5,821,372
Data Services	458,308	518,640
Other Services	281,307	291,930
	<u>5,841,798</u>	<u>6,631,942</u>
	=====	=====
Segment Results		
Voice Services	1,642,690	1,373,623
Data Services	285,470	236,955
Other Services	140,965	105,604
	<u>2,069,125</u>	<u>1,716,182</u>
	=====	=====
Unaflocated Expenses	(883,722)	(798,976)
Net Finance Costs	(360,230)	(276,782)
Profit before Taxation	<u>825,173</u>	<u>640,424</u>
	=====	=====

GROUP STATEMENT OF CASH FLOWS

	Unaudited June 30, 2003 \$000's	(Restated) Unaudited June 30, 2002 \$000's
Cash flows from operating activities		
Net Profit attributable to stockholders'	527,221	388,120
Items not affecting cash	<u>1,042,530</u>	<u>966,884</u>
	1,569,751	1,355,004
Changes in non-cash working capital	<u>(490,621)</u>	<u>(235,529)</u>
Cash provided by operating activities	1,079,130	1,119,475
Cash used by investing activities	<u>(919,095)</u>	<u>(820,287)</u>
Cash generated before financing activities	160,035	299,188
Cash used by financing activities	<u>(393,387)</u>	<u>(377,904)</u>
Decrease in cash resources	(233,352)	(78,716)
Cash resources at beginning of period	<u>2,785,480</u>	<u>2,936,406</u>
Cash resources at end of period	<u>2,552,128</u>	<u>2,857,690</u>
