

Cable & Wireless Jamaica Limited

Unaudited Group Results for the

Six months ended September 30, 2003

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

Trading results

Gross operating revenues of J\$5,810,261k were comparable to those in the first quarter ending June 30 (J\$5841,798k), showing that revenues have stabilized following the structural re-adjustment associated with the liberalization of the International Direct Dial business in March 2003. However gross operating revenues declined 11% compared to the same six-month period last year as a result of this liberalization.

Operating expenses for the three months ended September 30 included costs associated with the GSM launch and a significant redundancy exercise, which together totaled more than J\$600,000k.

Finance costs, which includes 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, have reduced for the three months to September 30 compared to prior year. This is due to both reduced exchange losses and lower borrowings. The finance costs for the latest quarter are also less than half of the amount for the first quarter of the year.

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 un-issued 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.

Following the government's withdrawal of tax credits on bonus issues of shares, the company no longer receives this benefit. This acts to increase the effective tax rate and reduce profit attributable to shareholders compared to prior years.

As a result of the above changes, profit attributable to stockholders declined by 38% in the six months ended September 30 compared to the same period last year. This represents earnings per stock unit of 5.24c (2002: 8.44c).

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 the net pension surplus arising at the reporting dates. It is anticipated that this surplus will be recognised by the quarter ending December 31, 2003

(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.

(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) **Dividend**

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

(f) **Customer acquisition costs**

Customer acquisition costs, such as mobile handset subsidies and commissions paid to 3rd party dealers, are expensed in the period in which they are incurred.

(g) **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.

behalf of th Board

Hon. Patrick Rousseau
Director

G. Barrow
President

Dated: November 3, 2003

GROUP INCOME STATEMENT

	Unaudited 3 months to 30-Sep-03 \$000's	(Restated) Unaudited 3 months to 30-Sep-02 \$000's	Unaudited 6 months to 30-Sep-03 \$000's	(Restated) Unaudited 6 months to 30-Sep-02 \$000's
Gross operating revenue	5,810,261	6,516,620	11,652,059	13,148,562
Outpayments	<u>(1,086,091)</u>	<u>(1,385,056)</u>	<u>(2,334,907)</u>	<u>(2,724,905)</u>
Net Operating revenue	4,724,170	5,131,564	9,317,152	10,423,657
Total Operating expenses	<u>(4,044,839)</u>	<u>(3,622,858)</u>	<u>(7,452,418)</u>	<u>(7,997,745)</u>
Profit before net finance costs and taxation	679,331	1,508,706	1,864,734	2,425,912
Net finance costs	<u>(127,490)</u>	<u>(193,513)</u>	<u>(487,720)</u>	<u>(470,295)</u>
Profit before Taxation	551,841	1,315,193	1,377,014	1,955,617
Taxation	<u>(197,327)</u>	<u>(283,588)</u>	<u>(493,279)</u>	<u>(535,892)</u>
Net profit attributable to stockholders	354,514 =====	1,031,605 =====	881,735 =====	1,419,725 =====

Earnings per stock unit is based upon:

Stock units in issue at June 30, 2003 (16,817,439,742)	2.11	6.13	5.24	8.44
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Group Balance Sheet

	Unaudited As at September 30, 2003 \$000's	(Restated) Unaudited As at September 30, 2002 \$000's	Restated) As at March 31, 2003 \$000's
Current Assets:			
Cash resources	2,161,001	1,763,996	2,785,480
Accounts receivables	3,196,635	3,924,288	2,776,400
Due from related companies	146,755	63,633	102,716
Inventories	781,938	872,819	619,266
Current portion of deferred expenditure	336,414	468,620	413,854
	<u>6,622,743</u>	<u>7,093,356</u>	<u>6,697,716</u>
Current Liabilities:			
Accounts payable	5,089,188	5,228,958	6,444,549
Current portion of loans	1,612,641	1,911,725	1,570,544
Taxation	2,504,128	2,188,587	2,148,681
Due to ultimate parent company	5,801,732	2,004,656	4,610,056
Due to related companies	51,690	50,145	48,179
Dividends payable	551,612	483,755	0
	<u>15,610,991</u>	<u>11,867,826</u>	<u>14,822,009</u>
Net current liabilities	(8,988,248)	(4,774,470)	(8,124,293)
Fixed assets	36,610,272	34,336,097	36,075,033
Investments	131,661	180,253	183,632

Deferred expenditure	86,081	137,776	110,334
Loans	(2,286,311)	(3,432,719)	(2,994,849)
Deferred taxation	<u>(2,613,401)</u>	<u>(2,284,032)</u>	<u>(2,489,581)</u>
NET ASSETS	<u>22,940,054</u>	<u>24,162,905</u>	<u>22,760,276</u>
	=====	=====	=====
STOCKHOLDERS' EQUITY			
Share capital	16,817,440	14,748,628	15,883,138
Capital reserves	479,540	461,753	470,431
Investment revaluation reserve	-	34,989	38,368
Retained earnings	<u>5,643,074</u>	<u>8,917,535</u>	<u>6,368,339</u>
	<u>22,940,054</u>	<u>24,162,905</u>	<u>22,760,276</u>
	=====	=====	=====

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	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	23,561,28
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
	0	0	0	134,367	134,367
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	1,419,725	1,419,725
Dividends	0	0	0	(589,947)	(589,947)
Reval. of Equity Investments	0	0	(12,606)	0	(12,606)
Translation adjustment on consolidation	0	1,707	0	0	1,707
Balance at September 30, 2002 restated	14,748,628	461,753	34,989	8,917,535	24,162,905
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Balance at March 31, 2003 - as previously reported	15,883,138	470,431	0	61,500,894	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	881,735	881,735
Bonus issue of shares	934,302	0	0	(934,302)	0
Dividends	0	0	0	(672,698)	(672,698)
Reversal of fixed asset revaluation	0	(1,600)	0	0	(1,600)
Revaluation of Equity Investments	0	0	20,086	0	20,086
Disposal of investment in NSS	0	0	(58,454)	0	(58,454)
Translation adjustment on consolidation	0	10,709	0	0	10,709
Balance at September 30, 2003	16,817,440	479,540	0	5,643,074	22,940,054

Group Statement of Cash Flows

	Unaudited September 30, 2003 \$000's	(Restated) Unaudited September 30, 2002 \$000's
Cash flows from operating activities		
Net Profit attributable to stockholders'	881,735	1,419,725
Items not affecting cash	<u>2,082,168</u> 2,963,903	<u>2,092,309</u> 3,512,034
Changes in non-cash working capital	<u>(431,673)</u>	<u>(1,113,309)</u>
Cash provided by operating activities	2,532,230	2,398,725
Cash used by investing activities	<u>(2,099,763)</u>	<u>(1,913,444)</u>
Cash generated before financing activities	432,467	485,281
Cash used by financing activities	<u>(1,056,946)</u>	<u>(1,657,691)</u>
Decrease in cash resources	(624,479)	(1,172,410)
Cash resources at beginning of period	<u>2,785,480</u>	<u>2,936,406</u>
Cash resources at end of period	<u>2,161,001</u> =====	<u>1,763,996</u> =====

Segment Reporting Information

	Three months 30/09/03 \$'000	Three months 30/09/02 \$'000	Six months 30/09/03 \$'000	Six months 30/09/02 \$'000
Revenue				
Voice Services	5,024,687	3,842,869	10,126,870	11,664,241
Data Services	549,923	378,448	1,008,231	897,088
Other Services	235,651	295,303	516,958	587,233
	<u>5,810,261</u>	<u>6,516,620</u>	<u>11,652,059</u>	<u>13,148,562</u>
	=====	=====	=====	=====
Segment Results				
Voice Services	979,447	1,808,249	2,622,137	3,181,872
Data Services	265,878	340,547	551,348	577,502
Other Services	105,389	(7,045)	246,354	98,559
	<u>1,350,715</u>	<u>2,141,751</u>	<u>3,419,840</u>	<u>3,857,933</u>
	=====	=====	=====	=====
Unallocated. Expenses	(671,384)	(633,045)	(1,555,106)	(1,432,021)
Net Finance Costs	(127,490)	(193,513)	(487,720)	(470,295)
Profit before Taxation	<u>551,841</u>	<u>1,315,193</u>	<u>1,377,014</u>	<u>1,955,617</u>
	=====	=====	=====	=====
