

Cable & Wireless Jamaica Limited

UNAUDITED GROUP RESULTS

PERIOD ENDING 31 DECEMBER 2003

We hereby present the Unaudited Financial Report of Cable & Wireless Jamaica Limited (consolidating its subsidiaries) for the nine-month period ended December 31, 2003.

Trading results

Gross operating revenues for the quarter of J\$5,944,007k were 2 percent up on both the first and second quarters of the current year (J\$5,810,261k and J\$5,841,798k respectively). However gross operating revenues declined 10 percent compared to the same nine-month period prior year as a result of the liberalization of the International Direct Dial business in March 2003.

Net operating revenue margin for the nine months has been maintained at 21 percent, despite increases in termination costs.

Operating expenses have declined by J\$698,818k, or 6 percent, compared to the same nine month period of the prior year. This reflects the company's ongoing focus on cost containment and has been achieved despite the countervailing impacts of inflation in local costs and currency devaluation on foreign currency denominated expenditures.

Finance costs have increased by 25 percent for the nine months compared to the equivalent period in the prior year. This is due to exchange losses arising on operational transactions plus the net exchange losses arising from the period end revaluation of foreign currency assets and liabilities, particularly foreign

currency loans. During the third financial quarter the Jamaica dollar devalued 2 percent against the US dollar and 6 percent against Sterling. For the nine months to 31 December 2003 the corresponding devaluations were 8 percent and 20 percent.

Increases in revenues and reduced operating expenses have been negated by increased finance costs and consequently profit before tax as a percentage of revenues is unchanged from the prior quarter at 9 percent.

The government's withdrawal of tax credits on bonus issues of shares reduces profit attributable to shareholders by increasing the effective tax rate which for the nine month period has moved from 25 percent last year to 36 percent this year.

As a result of the above changes, profit attributable to stockholders for the quarter declined by 6 percent compared to the prior quarter and profit attributable to stockholders for the nine months ended December 31 declined by 46 percent compared to the same period last year. This represents earnings per stock unit of 7.23c (2002: 13.33c).

Positive cash flows from operating activities have increased by 29 percent, or J\$1,069,559k, over the same nine month period as in the prior year. This has allowed the company to effect an 80 percent increase in capital investments to J\$3,697,819k as it invests to improve its competitive position, while still increasing cash resources by more than 36 percent to J\$2,382,447k.

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.
- (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

Gross 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. 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 accounting policies are reflected in these Financial Statements in compliance with IFRS.

(a) Employee benefits

(i) Vacation pay

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

(ii) Defined benefit plan

The group participates in a defined benefit pension plan. The group's net obligation in respect of the plan is calculated by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods, discounted to its present value, less the fair value of plan assets. The discount rate is the yield on long-term government bonds. The obligation is computed by an independent qualified actuary using the projected unit credit method.

Where the calculation results in a benefit to the group, the recognised asset is restricted to the net total of any unrecognized actuarial losses and past service costs and the present value of any reductions in future contributions to the plan.

Actuarial gains and losses are recognised in the income statement over the expected average remaining working lives of the employees participating in the plan, to the extent that any cumulative unrecognized actuarial gain or loss exceeds

10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets. Otherwise, they are not recognised.

(iii) Other post retirement benefits

The group provides post retirement medical and life insurance benefits to its employees. The group's obligation in respect of such benefits is calculated by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods discounted to its present value. The obligation is calculated by an independent qualified actuary using a methodology similar to that for the defined benefit obligation.

(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.

On behalf of the Board

Hon. Patrick Rousseau
Director

Gary Barrow
President

Dated: February 12, 2004

Group Income Statement

	Unaudited 3 months to Dec. 31, 2003 \$000's	(Restated) Unaudited 3 months to Dec. 30, 2002 \$000's	Unaudited 9 months to Dec. 31, 2003 \$000's	(Restated) Unaudited 9 months to Dec. 30, 2002 \$000's
Gross operating revenue	5,944,007	6,442,578	17,596,066	19,591,140
Outpayments	<u>(1,307,658)</u>	<u>(1,286,501)</u>	<u>(3,642,565)</u>	<u>(4,011,406)</u>
Net Operating revenue	4,636,349	5,156,077	13,953,501	15,579,734
Total Operating expenses	<u>(3,724,516)</u>	<u>(3,878,007)</u>	<u>(11,176,934)</u>	<u>(11,875,752)</u>
Profit before net finance costs and taxation	911,833	1,278,070	2,776,567	3,703,982
Net finance costs	<u>(398,024)</u>	<u>(238,731)</u>	<u>(885,744)</u>	<u>(709,026)</u>
Profit before Taxation	513,809	1,039,339	1,890,823	2,994,956
Taxation	<u>(179,300)</u>	<u>(217,997)</u>	<u>(674,579)</u>	<u>(753,889)</u>
Net profit attributable to stockholders	<u>334,509</u>	<u>821,342</u>	<u>1,216,244</u>	<u>2,241,067</u>
Earnings per stock unit is based upon:				
Stock units in issue at				
June 30, 2003 (16,817,439,742)	1.99	4.66	7.23	13.33

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	23,561,280
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	287,449	287,449
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	0	0	0	0	0
Recognition & Measurement	0	0	0	134,367	134,367
Investment Revaluation Gain	0	0	47,595	0	47,595
Balance at March 31, 2002 - restated	14,748,628	460,046	47,595	8,523,757	23,780,026
Restated Net profit after taxation for the year	0	0	0	2,241,067	2,241,067
Dividends	0	0	0	(2,154,434)	(2,154,434)
Bonus issue of shares	1,134,510	0	0	(1,134,510)	0
Reval of Equity Investments	0	0	(14,320)	0	(14,320)
Translation adjustment on consolidation	0	2,687	0	0	2,687
Balance at December 31, 2002 restated	15,883,138	462,733	33,275	7,475,880	23,855,026
Balance at March 31, 2003 - as previously report	15,883,138	470,431	0	6,936,894	23,290,463
Effect of changes in accounting policies upon the adoption of International Financial Reporting standards					
IAS 19 Employee Benefits	0	0	0	(134,747)	(134,747)
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 Gain	0	0	38,368	0	38,368
Balance at March 31, 2003 restated	15,883,138	470,431	38,368	6,855,549	23,247,486
Net profit after taxation for the year	0	0	0	1,216,244	1,216,244
Bonus issue of shares	934,302	0	0	(934,302)	0
Dividends	0	0	0	(1,076,317)	(1,076,317)
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		13,203	0	0	13,203
Balance at December 31, 2003	16,817,440	482,034	0	6,061,174	23,360,648

Group Balance Sheet

	Unaudited As at Dec. 31, 2003 \$000's	(Restated) Unaudited As at Dec. 31, 2002 \$000's	(Restated) Audited As at Mar. 30, 2003 \$000's
NET ASSETS EMPLOYED			
Property Plant & Equipment	37,445,772	34,401,445	36,075,033
Investments	129,673	178,539	183,632
Pension plan assets	1,487,395	1,303,000	1,345,000
Deferred tax asset	318,987	266,122	297,165
Deferred expenditure	47,057	100,816	110,334
	<u>39,429,084</u>	<u>36,249,922</u>	<u>38,011,164</u>

CURRENT ASSETS:

Cash resources	2,382,447	1,451,205	2,785,480
Accounts receivables	3,329,183	3,488,766	2,776,400
Due from related companies	92,795	74,863	102,716
Inventories	719,771	776,199	619,266
Current portion of deferred expenditure	276,089	405,134	413,854
	<u>6,800,285</u>	<u>6,196,167</u>	<u>6,697,716</u>

CURRENT LIABILITIES:

Accounts payable	4,277,206	4,238,630	6,444,549
Current portion of loans	1,652,676	1,356,145	1,570,544
Taxation	2,638,603	2,472,931	2,148,681
Due to ultimate. parent company	6,925,666	1,645,743	4,110,056
Due to related companies	52,310	11,386	48,179
Dividends payable	955,231	2,030,544	0
	<u>16,501,692</u>	<u>11,755,379</u>	<u>14,322,009</u>
NET CURRENT LIABILITIES	<u>(9,701,407)</u>	<u>(5,559,212)</u>	<u>(7,624,293)</u>
	<u>29,727,677</u>	<u>30,690,710</u>	<u>30,386,871</u>

FINANCED BY

Share capital	16,817,440	15,883,138	15,883,138
Capital reserves	482,034	462,733	470,431
Investment revaluation reserve	-	33,275	38,368
Retained earnings	6,061,174	7,475,880	6,855,549
	<u>23,360,648</u>	<u>23,855,026</u>	<u>23,247,486</u>

NON CURRENT LIABILITIES

Long Term Loans	1,899,936	3,523,284	2,994,849
Long Term Loans Related party	528,421	-	500,000
Deferred Taxation	2,977,213	2,483,807	2,786,746
Employee benefit obligations	961,459	828,593	857,790
	<u>6,367,029</u>	<u>6,835,684</u>	<u>7,139,385</u>
	<u>29,727,677</u>	<u>30,690,710</u>	<u>30,386,871</u>

Group Statement of Cash Flows

	Unaudited Dec. 31, 2003 \$000's	(Restated) Unaudited Dec. 31, 2002 \$000's
Cash flows from operating activities		
Net Profit attributable to stockholders'	1,216,244	2,241,067
Items not affecting cash	<u>3,049,363</u>	<u>3,149,987</u>
	4,265,607	5,391,054
Changes in non-cash working capital	498,953	(1,696,053)
Cash provided by operating activities	4,764,560	3,695,001
Cash used by investing activities	(3,697,819)	(2,053,624)
Cash generated before financing activities	1,066,741	1,641,377
Cash used by financing activities	(1,469,774)	(2,823,892)
Decrease in cash resources	(403,033)	(1,182,515)
Cash resources at beginning of period	<u>2,785,480</u>	<u>2,633,720</u>
Cash resources at end of period	<u>2,382,447</u>	<u>1,451,205</u>

Segment Reporting Information

	Three months ended Dec.31, 2003 \$000's	Three months ended Dec.31, 2002 \$000's	Nine months ended Dec.31, 2003 \$000's	Nine months ended Dec. 31, 2002 \$000's
<u>Revenue</u>				
Voice Services	5,058,295	5,517,071	15,185,165	17,181,312
Data Services	620,175	614,196	1,628,406	1,511,284
Other Services	265,537	311,311	782,495	898,544
	<u>5,944,007</u>	<u>6,442,578</u>	<u>17,596,066</u>	<u>19,591,140</u>
<u>Segment Results</u>				
Voice Services	935,216	1,252,212	3,557,353	4,434,083
Data Services	358,241	439,671	909,590	1,017,173
Other Services	97,234	65,174	343,588	163,734
	<u>1,390,691</u>	<u>1,757,057</u>	<u>4,810,531</u>	<u>5,614,990</u>
Unallocated Expenses	(478,858)	(478,987)	(2,033,964)	(1,911,008)
Net Finance Costs	(398,024)	(238,731)	(885,744)	(709,026)
Profit before Taxation	<u>513,809</u>	<u>1,039,339</u>	<u>1,890,823</u>	<u>2,994,956</u>