

Cable & Wireless Jamaica Limited

UNAUDITED GROUP RESULTS

FOR THE THREE MONTHS ENDED JUNE 30, 2004

We hereby present the Unaudited Consolidated Financial Statements for Cable & Wireless Jamaica Limited and its subsidiaries for the quarter ended June 30, 2004.

Operating profit rose by 13% compared to the same quarter last year and by 69% compared to the quarter ended March 31, 2004 (excluding the impairment charges in that quarter), while Net profit attributable to shareholders rose by 31 % year on year.

This also translated into improvements in Net cashflow from operating activities, which increased by 38% from prior year and by 49% from the prior quarter.

This reflects the benefit of the company's recent and ongoing transformational initiatives including the migration of several business offices to third party Full Service Centers, the rationalization of our vehicle fleet and property portfolio, the fixed asset impairment and the reduced staff complement. As a result Operating expenses excluding depreciation have already reduced by 7% year on year from J\$2,186,791k to J\$2,023,861k and are still falling despite double digit inflation and a weakened J\$.

Depreciation of property, plant and equipment reduced by 21 % from J\$718,945k to J\$571,475k.

Other expenses also fell by 43% compared to the same quarter last year, primarily due to reduced exchange losses on foreign currency denominated loans reflecting the recent, relative stabilization of the J\$ against the US\$.

Revenues declined by 4% compared to both the same quarter last year and when compared to the quarter ended March 31, 2004. However, the reduction in Gross margin was only 3% compared to the prior year and 2% compared to prior quarter due to lower handset subsidies. During the last six months the company has successfully completed a rapid build-out of the GSM network achieving 487 cell sites by June 30, 2004. This has dramatically increased the network coverage, capacity and quality. From a customer perspective in terms of call clarity, call completion and absence of dropped calls there is now no better network in Jamaica. At the same time we have rebranded the mobile business under the bMobile banner, a strategy that has proved successful in Cable & Wireless territories elsewhere in the Caribbean. Other current or imminent initiatives in both the mobile and fixed line businesses include a number of new product launches, the roll-out of new store formats, increased promotional activity and selective new hires to key positions. We are confident that the combination of these initiatives will have a positive effect on future revenues.

These Unaudited Consolidated Financial Statements have been prepared in accordance with and comply with standards issued by the International Accounting Standards Board. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent audited annual financial statements.

On behalf of the Board

Hon. Patrick Rousseau
Director

Gary Barrow
President

Group Income Statement

\$000's

	3 months to Jun 30, 2003	3 months to Mar 31, 2004	3 months to Jun 30, 2004
Revenue	5,841,798	5,867,079	5,598,652

Outpayments	(1,248,816)	(1,243,807)	(1,275,097)
Other cost of sales	(429,211)	(527,271)	(302,446)
Total costs of sales	(1,678,027)	(1,771,078)	(1,577,543)
Gross margin	4,163,771	4,096,001	4,021,109
Employee expenses	(789,355)	(1,403,726)	(734,223)
Administrative, marketing and selling expenses	(1,397,436)	(1,050,302)	(1,289,638)
Depreciation	(718,945)	(797,935)	(571,475)
Total operating expenses	(2,905,736)	(3,251,963)	(2,595,336)
Operating profit before impairment	1,258,035	844,038	1,425,773
Impairment	0	(11,063,904)	0
Operating (loss) / profit	1,258,035	(10,219,866)	1,425,773
Net finance costs	(360,230)	77,183	(189,984)
Other	6,124	56,782	(12,939)
Total other income / (expenses)	(354,106)	133,965	(202,923)
(Loss) / profit before taxation	903,929	(10,085,901)	1,222,850
Taxation	(297,952)	3,488,601	(431,344)
Net (loss) / profit attributable to stockholders	605,977	(6,597,300)	791,506
(Loss) / earnings per share	3.60	(39.23)	4.71

Group Balance Sheet

\$000's

	Jun 30, 2003	Mar 31, 2004	Jun 30, 2004
Property, plant & equipment	36,262,633	25,597,540	25,802,568
Investments	367,978	316,011	316,011
Deferred expenditure	112,635	30,208	44,535
Deferred tax asset	0	458,937	458,937
Employee benefits assets	1,780,750	2,119,000	2,264,861
Total non-current assets	38,523,996	28,521,696	28,886,912
Cash and cash equivalents	2,552,128	2,434,912	2,314,494
Accounts receivable	2,900,914	3,572,567	3,594,191
Due from related companies	114,768	85,605	157,257
Inventories	451,107	657,019	449,837
Current portion of deferred expenditure	428,627	221,981	202,687
Total current assets	6,447,544	6,972,084	6,718,466
TOTAL ASSETS	44,971,540	35,493,780	35,605,378
Share capital	16,817,440	16,817,440	16,817,440
Reserves	702,092	756,366	756,274
Accumulated (deficit) / profit	6,644,774	(506,187)	285,319
TOTAL EQUITY	24,164,306	17,067,619	17,859,033
Bank overdraft, unsecured	0	323,661	336,029
Accounts payable	5,347,734	5,007,565	4,035,145
Current portion of loans	1,657,220	1,824,337	1,351,127
Taxation	2,356,133	2,295,503	2,619,011
Due to ultimate parent company	4,974,982	6,457,239	7,097,191
Due to related companies	50,402	82,613	7,673

Total current liabilities	14,386,471	15,990,918	15,446,176
Loans	2,759,460	1,441,477	1,172,110
Deferred tax liability	2,769,520	0	107,836
Employee benefits obligations	891,783	993,766	1,020,223
Total non-current liabilities	6,420,763	2,435,243	2,300,169
TOTAL LIABILITIES	20,807,234	18,426,161	17,746,345
TOTAL EQUITY & LIABILITIES	44,971,540	35,493,780	35,605,378

Group Statement of Cashflows

\$000's

	3 months to June 30, 2003	3 months to Mar 31,2004	3 months to June 30, 2004
Net (loss) attributable to stockholders	605,977	(6,597,300)	791,506
Employee benefits	(78,756)	(276,099)	(119,404)
Depreciation	718,945	797,935	571,475
Provision for impairment	0	11,063,904	0
Gain on disposal of property, plant & equipment	(6,228)	(28,435)	12,522
Gain on disposal of investment	0	0	0
Loss on fixed asset retirement and adjustment	0	(27,486)	0
Amortisation of deferred expenditure	0	100,333	79,826
Unrealised translation losses on loans	244,674	7,516	3,327
Deferred taxation	74,488	(3,556,189)	107,836

Total adjustments for non-cash items	953,123	8,081,479	655,582
Operating cashflow before working capital movements	1,559,100	1,484,179	1,447,088
(Increase) / decrease in current assets			
Accounts receivable	(124,514)	(243,384)	(21,624)
Due from related companies	(12,052)	7,190	(71,652)
Inventories	168,159	62,752	207,182
Increase / (decrease) in current liabilities			
Accounts payable	(1,096,815)	730,359	(972,420)
Taxation	207,452	(109,524)	323,508
Due to ultimate parent company	364,926	(968,427)	639,952
Due to related companies	2,223	30,303	(74,940)
Total movements in working capital	(490,621)	(490,731)	30,006
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,068,479	993,448	1,477,094
Unrealised translation adjustment on consolidation	10,547	383	(92)
Acquisition of property, plant and equipment, net	(908,054)	(72,097)	792,600
Proceeds from disposals of investments	0	0	0
Proceeds from disposals of property, plant and equipm	6,137	114,410	12,938
Deferred expenditure incurred	(17,074)	(29,965)	(84,793)
NET CASH USED BY INVESTING ACTIVITIES	(908,444)	12,731	864,547
Net cash generated before finan cing activities	160,035	1,006,179	612,547
Loans repaid	(393,387)	(320,735)	(745,333)
Dividends paid	0	(955,231)	0
NET CASH USED BY FINANCING ACTIVITIES	(393,387)	(1,275,966)	(745,333)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(233,352)	(269,787)	(132,786)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,785,480	2,381,038	2,111,251
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,552,128	2,111,251	1,978,465

Group Statement of Changes in Shareholders' Equity

\$000's

	Share capital	Reserves	Retained earnings	Total equity
Balance at April 1, 2003 - as restated	15,883,138	634,691	6,973,099	23,490,928
Net profit after tax for the period			605,977	605,977
Dividends			0	0
Bonus issue of shares	934,302		(934,302)	0
Translation adjustment on consolidation		10,547		10,547
Transfer to capital reserves		0		0
Reversal of JDI asset revaluation		(1,600)		(1,600)
Investment revaluation gains		58,454		58,454
Balance at June 30, 2003 - as restated	16,817,440	702,092	6,644,774	24,164,306
Balance at January 1, 2004	16,817,440	668,372	6,579,829	24,065,641
Net profit after tax for the period	0	0	(6,597,300)	6,597,300
Dividends	0	0	(401,105)	(401,105)
Bonus issue of shares	0	0	0	0
Translation adjustment on consolidation	0	383	0	383
Transfer to capital reserves	0	87,611	(87,611)	0
Reversal of JDI asset revaluation	0	0	0	0
Investment revaluation gains	0	0	0	0
Balance at March 31, 2004	16,817,440	756,366	(506,187)	17,067,619
Balance at April 1, 2004	16,817,440	756,366	(506,187)	17,067,619
Net profit after tax for the period			791,506	791,506

Dividends			0	0
Bonus issue of shares	0		0	0
Translation adjustment on consolidation		(92)		(92)
Transfer to capital reserves		0	0	0
Reversal of JDI asset revaluation		0		0
Investment revaluation gains		0		0
Balance at June 30, 2004	16,817,440	756,274	285,319	17,859,033

Segmental Analysis

\$000's

	3 months to Jun 30,2003	3 months to Mar 31,2004	3 months to Jun 30,2004
Fixed lines	3,937,665	3,983,609	3,764,734
Mobile	1,299,539	1,179,774	1,167,338
Other	604,594	703,696	666,580
Total Turnover	5,841,798	5,867,079	5,598,652
Fixed lines	988,204	949,584	642,397
Mobile	590,849	601,999	548,772
Other	(321,018)	(707,544)	234,604
Segment results before impairment	1,258,035	844,038	1,425,773
Fixed lines	0	(5,395,281)	0
Mobile	0	(4,974,655)	0
Other	0	(693,968)	0
Impairment	0	(11,063,904)	0

Fixed lines	988,204	(4,445,697)	642,397
Mobile	590,849	(4,372,656)	548,772
Other	321,018	(1,401,512)	234,604
Segment results	1,258,035	(10,219,866)	1,425,773
Fixed lines	23,084,669	17,094,359	16,593,828
Mobile	10,153,211	5,658,580	5,576,797
Other	6,270,632	7,020,992	7,251,830
Segment assets	39,508,512	29,773,931	29,422,455
Unallocated assets	5,463,028	5,260,912	6,182,923
Total assets	44,971,540	35,034,843	35,605,378
Fixed lines	2,868,636	2,897,842	2,661,004
Mobile	5,648,750	4,152,479	3,156,248
Other	1,297,430	530,548	856,639
Segment liabilities	9,814,816	7,580,869	6,673,891
Unallocated liabilities	10,992,418	10,845,292	11,072,454
Total liabilities	20,807,234	18,426,161	17,746,345
Fixed lines	283,736	481,686	247,763
Mobile	559,596	2,968,635	488,650
Other	64,722	194,915	56,187
Additions to property, plant and equipment	908,054	3,645,236	792,600
Fixed lines	442,480	1,845,501	352,806
Mobile	97,994	408,716	78,135
Other	178,471	708,668	140,533
Depreciation and amortisation	718,945	2,962,885	571,474
Other non-cash items	2,769,520	458,937	458,937
