

Unaudited Condensed Consolidated Income Statement

For the six months ended June 30, 2002

(Amounts expressed in millions of Hong Kong dollars except for (loss)/earnings per share)

The board of directors is pleased to present the interim financial report which comprises the condensed consolidated income statement, consolidated statement of changes in equity and condensed consolidated cash flow statement of PCCW Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the six months ended June 30, 2002 and the condensed consolidated balance sheet of the Group as at June 30, 2002, all of which are unaudited, together with the comparative figures in 2001. The interim financial report has been reviewed by the Company's audit committee and, in accordance with Statement of Auditing Standard 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants (the "HKSA"), by the Company's auditors.

	Note	Six months ended	
		June 30, 2002	June 30, 2001
Turnover	3	10,203	11,312
Operating profit before net (losses)/gains on investments		2,724	2,623
(Losses)/Gains on investments, net		(124)	247
Profit from operations	3	2,600	2,870
Finance costs, net		(1,074)	(1,769)
Share of results of jointly controlled companies		292	290
Share of results of associates		63	91
Share of results of unconsolidated subsidiaries		-	152
Loss on disposal of the interest in Regional Wireless Company ("RWC")	4	(1,809)	-
Profit before taxation	5	72	1,634
Taxation	6	(834)	(752)
(Loss)/Profit after taxation		(762)	882
Minority interests		49	53
(Loss)/Profit for the period attributable to shareholders		(713)	935
Basic (loss)/earnings per share	8	(3.11 cents)	4.22 cents
Diluted earnings per share	8	N/A	4.05 cents
EBITDA	9	4,131	3,911