

**Schedule 2  
FORM ECSRC – OR**

(Select One)

**QUARTERLY FINANCIAL REPORT** for the period ended December 2016  
Pursuant to Section 98(2) of the Securities Act, 2001

**OR**

**TRANSITION REPORT**  
for the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Pursuant to Section 98(2) of the Securities Act, 2001  
*(Applicable where there is a change in reporting issuer's financial year)*

Issuer Registration Number: \_\_\_\_\_

C&W181297KN002216

(Exact name of reporting issuer as specified in its charter)

**Cable & Wireless St.Kitts and Nevis Limited**

(Territory or jurisdiction of incorporation)

**St.Kitts & Nevis**

(Address of principal executive Offices)

(Reporting issuer's: Michael Davis

Telephone number (including area code): 869-465 3707

Fax number: 869-465 1643

Email address: michael.h.davis@lime.com

\_\_\_\_\_  
(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. \_\_\_\_\_

CLASS	NUMBER
Ordinary Shares	33,130.418

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**SIGNATURES**

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

DAVID LAKE



Signature

31 / 01 / 2017

Date

Name of Director:

DR ROBERT LIBURD



Signature

31-1-2017

Date

Name of Chief Financial Officer:

Michael Davis



Signature

31/1/2017

Date

## INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

### 1. **Financial Statements**

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

*See financial statements attached.*

### 2. **Management's Discussion and Analysis of Financial Condition and Results of Operation.**

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses.

It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

#### *General Discussion and Analysis of Financial Condition*

During the period October to December 2016, the company saw its fair share of challenges, which we were able to overcome with innovation, foresight and new initiatives undertaken by our dedicated team of directors, managers and employees.

Our revenues increased by 4% compared with the same period last year. Aggressive marketing, uptake in new mobile combo plans were the drivers of this increase and the deployment of projects for the upgrade for both mobile and broadband services.

Direct costs (Out payments) declined by 17% compared to the prior period driven by reduced SAC and changed in product mix.

Operating costs rose by 14% compared to the previous year. This increase was the result of the technicians being brought back in house, the rise in vehicle costs to accommodate increase in staff and the increase in contractors' costs to assist with the resolution of faults and installations and increase in bad debt expense due to delinquency.

Capital Expenditure for the period was \$0.76m.

The reported profit after tax for the period was impacted by a prior month adjustment to Corporation tax which resulted in a understatement of profits reports for the period though no impact year to date.

#### Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.

- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.

*Not applicable*

- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.

*Not applicable*

- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

*Not applicable*

#### *Discussion of Liquidity and Capital Resources*

The current ratio for the period 2.00 compared to 1:41 of the previous year. The quick ratio was 1:99 for the current period compared to 1:29 for the previous year.

The capital expenditure was \$0.76m for the period ended which was used to fund system upgrades to the mobile and broadband network to address the congestion issues that started to impact customer experience.

## Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

*Not applicable*

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

## Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

*Overview of Results of Operations*

**Cable & Wireless St Kitts & Nevis Limited**  
**Statement of Profit/(Loss)**  
**For the period Oct 1 to Dec 31 2016**  
**(Expressed in thousands of Eastern Caribbean Dollars)**

	2016 Unaudited Results Oct-Dec	2015 Unaudited Results Oct-Dec	2016 Audited Results Mar	2015 Audited Results Mar
Revenue	20,821	20,092	81,303	77,628
Outpayments	(3,130)	(3,753)		
Operating costs	(9,166)	(8,027)	(45,834)	(48,737)
Depreciation & Amortization	(2,309)	(2,183)	(9,037)	(8,901)
(Gain)/Loss on disposal of property, plant and equipment				
Other operating expense		(41)		
<b>Operating profit before exceptional items</b>	<b>6,216</b>	<b>6,088</b>	<b>26,432</b>	<b>19,990</b>
Impairment				(542)
Operating exceptional items	-	(1,670)	(1,811)	(3,586)
<b>Operating loss after exceptional items</b>	<b>6,216</b>	<b>4,418</b>	<b>24,621</b>	<b>17,969</b>
Finance income	27	8	65	310
Finance expense	(20)	(29)	(459)	(92)
Other income	-			-
Foreign exchange loss				
<b>Profit/(Loss) before income tax</b>	<b>6,223</b>	<b>4,397</b>	<b>24,227</b>	<b>18,187</b>
Income tax charge	(7,189)	(1,583)	(15,401)	(6,218)
<b>Profit/(Loss) for the year</b>	<b>(966)</b>	<b>2,814</b>	<b>8,826</b>	<b>11,969</b>



*Overview of Results of Operations*

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# Cable & Wireless St Kitts & Nevis Limited

## Statement of Financial Position As at 31 December 2016

(Expressed in thousands of Eastern Caribbean Dollars)

	2016 Unaudited Results Dec	2016 Unaudited Results Mar
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	310	414
Property, plant and equipment	81,213	82,821
Other non-current Assets	1,021	1,181
	<b>82,544</b>	<b>84,416</b>
<b>Current assets</b>		
Trade and other receivables	13,362	12,752
Inventories	351	2,846
Cash and cash equivalents	1,172	1,904
Due from related parties	27,383	15,353
	<b>42,268</b>	<b>32,855</b>
<b>Total assets</b>	<b>124,812</b>	<b>117,271</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	9,736	13,272
Due to related parties	8,914	6,905
Deferred Income	267	768
Tax Liability	2,059	1,730
Bank overdraft	134	37
Provisions	1	517
	<b>21,111</b>	<b>23,229</b>
<b>Non-current liabilities</b>		
Deferred income	410	470
Provisions	2,099	3,777
Deferred tax liability	6,241	5,191
Retirement benefit obligation	-	-
Other non-current liabilities	-	-
	<b>8,750</b>	<b>9,438</b>
<b>Net liabilities</b>	<b>94,951</b>	<b>84,604</b>
<b>Equity</b>		
Share capital	33,130	33,130
Share premium	3,009	3,009
Reserves	58,812	48,465
<b>Total equity</b>	<b>94,951</b>	<b>84,604</b>

- Revenue increased by 4% despite continuing declining trend on fixed voice usage in light of the various VOIP options available to customers to make international calls.
- Operating costs increased compared to the previous year. The result of this was owing to the technicians returning as staff, the increase in contractors to assist with customer faults and installations and the increase in vehicle costs to accommodate additional staff.
- Despite the increase in operating costs, operating profit increased by 3% compared to the same period last year.

**Cable & Wireless St Kitts & Nevis Limited**

Statement of Cashflows	2016	2015	2016	2015
	Unaudited Results	Unaudited Results	Audited Results	Audited Results
	Oct-Dec	Oct-Dec	Mar	Mar
<b>For the period 1 Oct to 31 Dec 2016</b>				
Cash flows from Operating Activities:				
Ptofit/(Loss) before Income Tax	6223	4397	24227	18187
Adjustments before working capital changes:				
Depreciation	2309	2183	8910	9337
Amortisation			127	106
Gain/(Loss) on disposal of property, plant and equipment			0	27
Finance income	-27	-8	-65	-310
Finance expense	20	29	459	92
<b>Operating cash flows before working capital changes</b>	<b>8525</b>	<b>6601</b>	<b>33658</b>	<b>27439</b>
Movement in trade and other receivables	-2193	-653	-231	-4084
Movement in inventories	-107	-1098	-1277	-131
Movement in prepayments non-current	4	4	161	
Movement in due from related party balances	667	-521	3262	
Movement in due to related party balances	5670	-3	1332	
Movement in trade and other payables	-5160	-934	-912	6239
Movement in deferred revenue	-11	-8	-126	-128
Movement in provisions and other operating activities	-14	-14	247	-759
<b>Cash generated from operations</b>	<b>7381</b>	<b>3374</b>	<b>36114</b>	<b>28576</b>
Interest paid	-20	-29	-459	-92
Interest received	27	8	65	310
Group relief on income taxes				
Taxes paid	-1658	-10086	-15038	-9939
<b>Net cash provided by operating activities</b>	<b>5730</b>	<b>-6733</b>	<b>20682</b>	<b>18855</b>
Cash flows from investing Activities:				
Acquisition of property, plant and equipment	-763	-5113	-19890	-17413
<b>Net cash used in investing activities</b>	<b>-763</b>	<b>-5113</b>	<b>-19890</b>	<b>-17413</b>
Net cashflow before financing	<b>4967</b>	<b>-11846</b>	<b>792</b>	<b>1442</b>
Cash flow from Financing Activities				
Loan payable - related party	-1358	5640		
Loan receivable - related party	-78	1036		
Repayment of short term loan other payments	-2610	0		
Dividends paid			0	-1514
Other financing activities	0	0		
<b>Net cash used in financing activities</b>	<b>-4046</b>	<b>6676</b>	<b>0</b>	<b>-1514</b>
Net increase in cash and cash equivalents	921	-5170	792	-72
Cash and cash equivalents at beginning of year	<b>1904</b>	<b>274</b>	<b>1075</b>	<b>1147</b>
Cash and cash equivalents at the end of year	<b>2825</b>	<b>-4896</b>	<b>1867</b>	<b>1075</b>

### **3. Disclosure about Risk Factors.**

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

*Not applicable*

#### 4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

*Not applicable*

#### 5. Changes in Securities and Use of Proceeds.

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

*Not applicable*

(a) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

\_\_\_\_\_

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

\_\_\_\_\_

- Name and address of underwriter(s)

\_\_\_\_\_

\_\_\_\_\_

- Amount of expenses incurred in connection with the offer \_\_\_\_\_

- Net proceeds of the issue and a schedule of its use

\_\_\_\_\_

\_\_\_\_\_

- Payments to associated persons and the purpose for such payments

\_\_\_\_\_

\_\_\_\_\_

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

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**6. Defaults upon Senior Securities.**

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

*Not applicable*

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

**7. Submission of Matters to a Vote of Security Holders.**

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

*Not applicable*

- (a) The date of the meeting and whether it was an annual or special meeting.



- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

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- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

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- (d) A description of the terms of any settlement between the registrant and any other participant.

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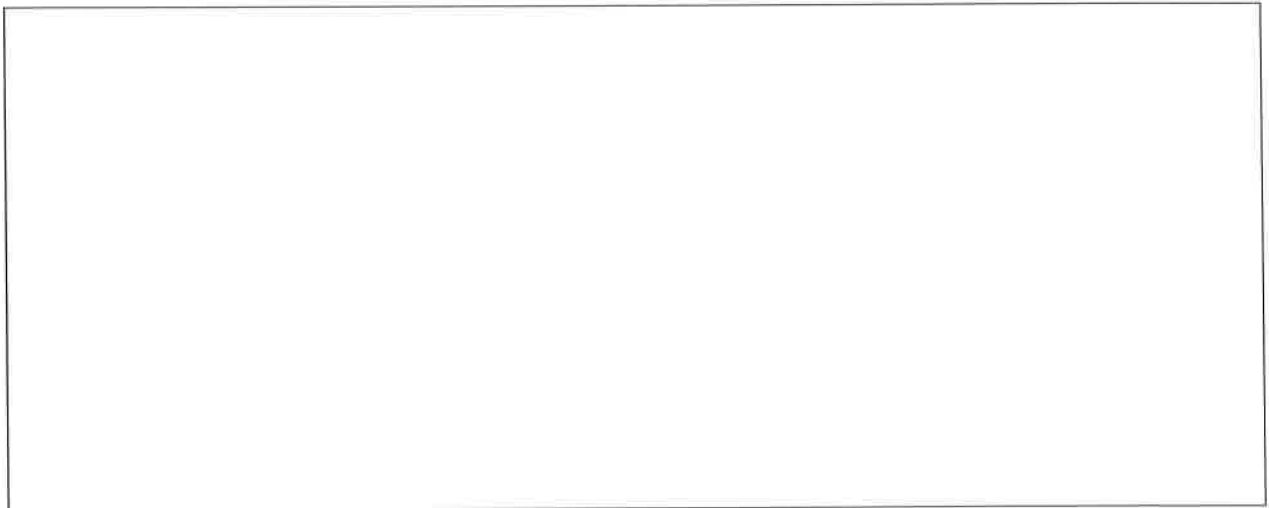
- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

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**8. Other Information.**

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

*Not applicable*

A large empty rectangular box with a thin black border, intended for the reporting issuer to provide additional information not covered by the standard report categories.