

Annual Report

Cable & Wireless St. Kitts & Nevis Limited



2012

LIME. For living. Everyday.



Date: 19th December 2011
LIME
St. Kitts -Nevis
Pay to the order of
Rosalyn Williams

Lifetime of Internet

van

INSIDE FRONT COVER

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Notice of Annual General Meeting of Shareholders

COMPANY NO: 002216



Valerie Williams
Company Secretary

NOTICE IS HEREBY GIVEN that the Twenty-seventh Annual General Meeting of the Shareholders of Cable & Wireless St. Kitts & Nevis Limited, ('the Company') will be held at the St. Kitts Marriott Resort Conference Room on Thursday, 6th December, 2012 at 5.00 p.m. Shareholders in Nevis can use the Teleconferencing facility at Ramsbury to view and participate in the meeting.

AGENDA

1. To read the minutes of the Twenty-sixth Annual General Meeting.
2. To receive and, if thought fit, accept the reports of the Directors and Auditors and the financial statements for the year ended 31st March 2012.
3. To re-appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration.
4. To re-elect to the Board of Directors, in accordance with Articles 122(a) to (e), Mr. Lawrence McNaughton and Dr. Osbert Liburd who retire at the end of the Annual General Meeting, but being eligible, offer themselves for re-election.

By order of the Board of Directors

Val Williams

Valerie A. Williams
Company Secretary
6th September 2012

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*Cell Tower being
constructed for the
G-Volution project*

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Chairman's Report

This year we sought to improve our level of service in a number of areas. Of interest to all stakeholders would have been the continuing improvement in our mobile coverage as a result of our previously announced G-Volution project which upgraded our network as well as the installation of more cell sites.



Lawrence McNaughton
Chairman

It has been a year in which many countries like ours are still experiencing the impact of the recession. This year we saw the implementation of the Value Added Tax (VAT) followed by the increases in electricity rates and social services levy which impacted the level of disposable income of our customers.

With the foregoing, we registered a significantly reduced operating profit and a marginal net loss after tax. It should be noted however that this position would have been largely due to the write down of our old mobile assets of approximately nine million Eastern Caribbean dollars. This overall position is reflected in our payout of total dividend per share of twenty cents versus thirty five cents in prior years.

Despite the challenges, the Company has recorded a number of positive achievements during the period under review.

This year we sought to improve our level of service in a number of areas. Of interest to all stakeholders would have been the continuing improvement in our mobile coverage as a result of our previously announced G-Volution project which upgraded our network as well as the installation of more cell sites. This has been an area of constant concern and though the improvement was long awaited, the end result is that there is a much improved service on our network. There is still more to do as some customers in certain areas are still experiencing problems but we have come a long way from the position we were in a year ago and as a result there are more customers using our network.

Upgrades were also completed to improve and expand our broadband coverage and as a result some areas that had marginal service now have access to higher speeds whilst others in other communities can now access broadband speeds of up to 8 megs.

The Corporate Sales team has worked hard and provided solutions to many corporate customers. New mobile plans and upgrades were offered and accepted and in the Small Medium Enterprise sphere (SME's) many small legacy systems were replaced by the more modern IP PBX systems. The team will continue its hard work to generate new business and offer solutions to meet the needs of our clients.

Another great success was that the Company won the contract to provide services under the Edunet Project. This win enabled the Company to provide a wireless network to several schools in the Federation to support the Government's 1-2-1 Laptop programme.

There were a number of successful promotions held during the period both at a regional and local level. The regional Rihanna concert was a tremendous success and a number of customers won an all-expense paid trip to Barbados to witness the event. Other promotions during the year included the one at Christmas, the FlipTop computer offer, a number of in-store promotions such as a VAT free day and a chance to win \$500 in credit, if a bill was paid in full.

In terms of new products, the launch of the Apple iPhone 4s in February 2012 was well received by customers and the demand for the product continues to be high, as customers are impressed with the many features offered.

During the year, most of the Service Delivery Technicians completed the Customer Service Training Course and we are sure that this will enable them to deliver an improved service to our customers. Colleagues were also able to pursue online training programmes offered by LIME University. This online training facility offers hundreds of courses ranging from the use of telecommunications equipment to entry level finance for non-finance personnel.

It has been a tough year but we have made improvements in several areas and the Board would like to thank the Management team and colleagues for their hard work and dedication in ensuring that we maintained a viable business. We look forward to the support of all our stakeholders in the coming year as we strive to improve in all aspects of our service.

Lawrence McNaughton
Chairman



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LIME

*One of the
children playing
at Skool Aid Back
to School Fair*



General Manager's Report

Notwithstanding the fact that the year under review was a particularly difficult one for company and customer alike, LIME delivered against tremendous odds to remain the telecommunications provider of choice in St. Kitts and Nevis.



David Lake
General Manager

During the financial year 2011-2012, Cable and Wireless St. Kitts and Nevis trading as 'LIME', like many other local companies, saw its fair share of challenges, which we were able to overcome with innovation, foresight and new initiatives undertaken by a very competent and dedicated team of directors, managers and employees. In this respect we have much to be proud of. It brings me great pleasure to share with you the many ways in which we met and rose above the challenges introduced by a faltering global economy. Notwithstanding the fact that the year under review was a particularly difficult one for the Company and the customer alike, LIME delivered against tremendous odds to remain the telecommunications provider of choice in St. Kitts and Nevis.

Quality of Service

Over the years, LIME St. Kitts-Nevis has established an impeccable record of putting customers' needs at the front and centre of all that we do; 2011-2012 was no exception. We heard the call made by our customers for improved quality of service and we answered it. In this regard, we embarked on a series of upgrades that not only vastly improved the overall quality of service but also made ours the 'faster smarter network' in the Federation, for Mobile, Broadband and Fixed Line services. To achieve this impressive feat we invested almost US\$4 million in approximately 50 Ericsson cell sites on both islands. This step saw a change in the quality of **Mobile service and a significant improvement in coverage across the entire market.** The network upgrade included the addition of seven (7) new cell sites, which were commissioned in time for the Christmas season. **Significant investment was also made in our Broadband plant with the installation of new nodes in new and under-served areas of the market.** These and other network advancements are an integral part of our strategy to remain the telecommunications technology leader of St. Kitts and Nevis.

Cost of Service

As impressive as improved quality of service was, we did not stop there. In 2011-2012 we also directly addressed customers' growing financial needs by instituting a significant price cut in our landline rates. Beginning in October 2011, customers started paying one flat per-minute rate for calls to other landlines and local mobile phones, all day, every day. The rate change was in keeping with the Price Cap agreement covering the Eastern Caribbean Telecommunications Authority (ECTEL) jurisdiction, which includes St Kitts and Nevis. Our customers now benefit from substantial cost savings as LIME is still the least expensive way to make a telephone call to a Fixed Line or Mobile phone in the Federation.

LIME Values

In accordance with our LIME values, we continued to look for ways in which we could further transform our organization to better serve our customers, provide for our colleagues and deliver profitability for our shareholders. It is this goal that drives us onward and upward in our quest to build a business that supplies only the highest quality of goods and services to all of the customers we serve.

In addition to providing our valued customers with unmatched telecommunications services we also endeavour to maintain our position as the leader in community outreach initiatives. We continued our strong support for the communities we serve, keeping intact our long established reputation of demonstrating outstanding social responsibility in St. Kitts and Nevis. Giving back is something that we do best and 2011-2012 was a banner year. LIME remained the primary sponsor for the three biggest national and cultural events, namely the St. Kitts Music Festival, the St. Kitts-Nevis National Carnival and Culturama. We also sponsored several camps which focused on our youth, including the St. Kitts-Nevis Fire and Rescue Services annual summer camp and the LIME Summer Soccer School of Excellence.

To further underscore our commitment to our youth, LIME held one of the biggest community outreach events to ever take place in our Federation. To give parents, guardians and students a great start to the new school year, we staged "Skool Aid", a massive, free Back to School Fair, at our Sports Club Grounds. The all-day expo provided a "one-stop shop" for a wide cross-section of back-to-schoolers. This was just one of the many ways in which we touched the lives of our extraordinary people and showed that we truly care about the communities that we serve.

Creating Our Future

As LIME continues to grow as the only full service telecommunications provider in our twin island Federation, we are committed to maintaining the most up to date technology, delivering superior customer service and providing the necessary telecommunication tools that would enable our Government, Corporate and Residential customers to strive and grow.

I must commend my colleagues for their hard work and dedication to duty, that manifested itself in numerous ways during another tough but successful year. I am fortunate to have this cadre of bright talented colleagues that are the driving force behind the success of our Company. It is their indomitable spirit that inspires me day after day to face the challenges of the year ahead, and avail ourselves of the opportunities that I am certain would litter the way. And with the help of God and support of you, our shareholders, I am certain we shall win!

David Lake
General Manager



Above: GM David Lake presenting Claudina Riley with a fruit basket (Make a Wish for the Elderly)

Below: 10th Anniversary Safety Camp held by the Fire and Rescue Department.



AM



***Back to
school dental
cleaning being done
at Skool Aid Fair***

TIME



Corporate Social Responsibility

Commitment is what transforms a promise into reality. It is the words that speak boldly of your intentions and the actions which speak louder than the words. It is coming through time after time after time, year after year after year. Commitment is the stuff character is made of; the power to change the face of things. It is the daily triumph of integrity...

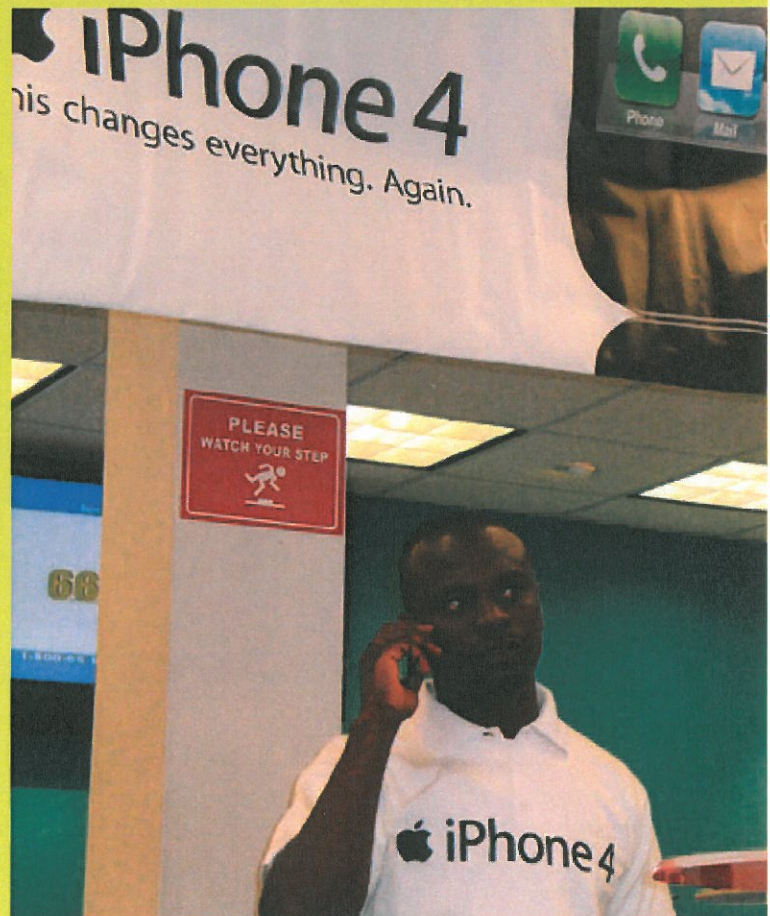
Anon



Above: Back to school haircuts being done at Skool Aid Fair.

Below left: Grand Master Band at the Skool Aid, Back to School Fair.

Below right: Coldwell Francis, iPhone expert giving a demo at the launch of the iPhone 4.



True to our promise, LIME, the Caribbean's leading telecommunications company, is always striving to build, connect and serve our communities. In keeping with this mantra, LIME St. Kitts and Nevis made tremendous strides to enhance the cultural, social and economic well-being of our twin island paradise and its citizens. To this end, we joined forces with a number of civil organizations and Government in some highly impactful community outreach initiatives in fiscal year 2011-12.

During the year under review we endeavoured to promote positivity and growth among our youth, which we consider to be our nation's biggest asset. With this in mind, we leaped at the opportunity to support several initiatives that sought to involve children and young adults in the community. The most notable of these included:

- The sponsorship of an annual summer camp organized by the St. Kitts & Nevis Fire and Rescue Services which boasted a significant enrolment of children from both St. Kitts and Nevis. The children proudly sported LIME T-shirts while they participated in their daily training sessions.
- Our on-going sponsorship of the LIME Summer Soccer School of Excellence Camp which celebrated eighteen years of youth soccer development this year, benefitted from an impressive participation by 60 eager boys and girls. Over the course of its existence, over 650 young people have received coaching in the rudiments of the game, and LIME is honoured to be a part of this.
- In recognition of the best and brightest students in our Federation, LIME sponsored the 21st annual Academic Excellence Awards Ceremony. We used this occasion to show our young scholars that their hard work in the realm of academia did not go unnoticed and to demonstrate that we are wholeheartedly committed to the educational advancement of Kittitians and Nevisians.
- LIME's biggest community outreach event was in the form of "Skool Aid", a massive free Back to School Fair, held at our Sports Club Grounds in September. The all-day expo provided a "one-stop shop" for a wide-cross section of back to school needs which gave parents, guardians and students a great start to the new school year.

LIME recognizes that the elderly play an important role in society, and to show how much we respect and praise their contribution to overall societal development we established the "Make a Wish for the Elderly." Through this programme, a team of LIME staff led by General Manager, David Lake visited numerous local communities distributing gift baskets to well deserving elderly persons as small tokens of appreciation to those who over their lifetime had given so much, but now have so little.

In addition to providing our valued customers with unmatched

communication services and outstanding community outreach initiatives, we also provided our citizens with world class entertainment, as the 'E' in LIME indicates. To bolster this commitment, we have contributed to several national and community festivals. One such fiesta to which we contribute as premier sponsor is the National Carnival. Last year our national carnival celebrated 40 years of mas and splendour, and LIME was proud to be involved in every moment of it.

Further to LIME's commitment to providing positive, quality entertainment as well as to boost our tourism product, LIME signed on as platinum sponsor of the St. Kitts Music Festival for the 16th sweet year in a row. This event held at the end of June each year, is one of the most highly anticipated national events and is highly-regarded as one of the best festivals in the Caribbean.

LIME once again showed its commitment to improve the communities around the island when the LIME Community Renewal Project was launched. This initiative consisted of a series of projects designed to support local communities in environmental and other developmental activities. The first of these was done on International Earth Day, in the form of a beach clean-up at Parson's Village. The clean-up included LIME's General Manager David Lake along with other members of staff and residents of Parson's Village including National Carnival Queen Kalia Huggins. Another area that was part of this project was the Fig Tree Village beach front.

LIME has always been a part of projects where we are afforded the opportunity to give back to communities in the most meaningful way. Our Adopt-A-School programme, sponsorship of the Academic Excellence Awards, and the High School Scholarship Programme, where six new students are welcomed to their scholarship ranks every year, are just some of our many social initiatives implemented during the year under review.



Above: Imelda winning \$1000 by texting to win.

Below: Sylvester Thomas winning a Lifetime of Internet service.



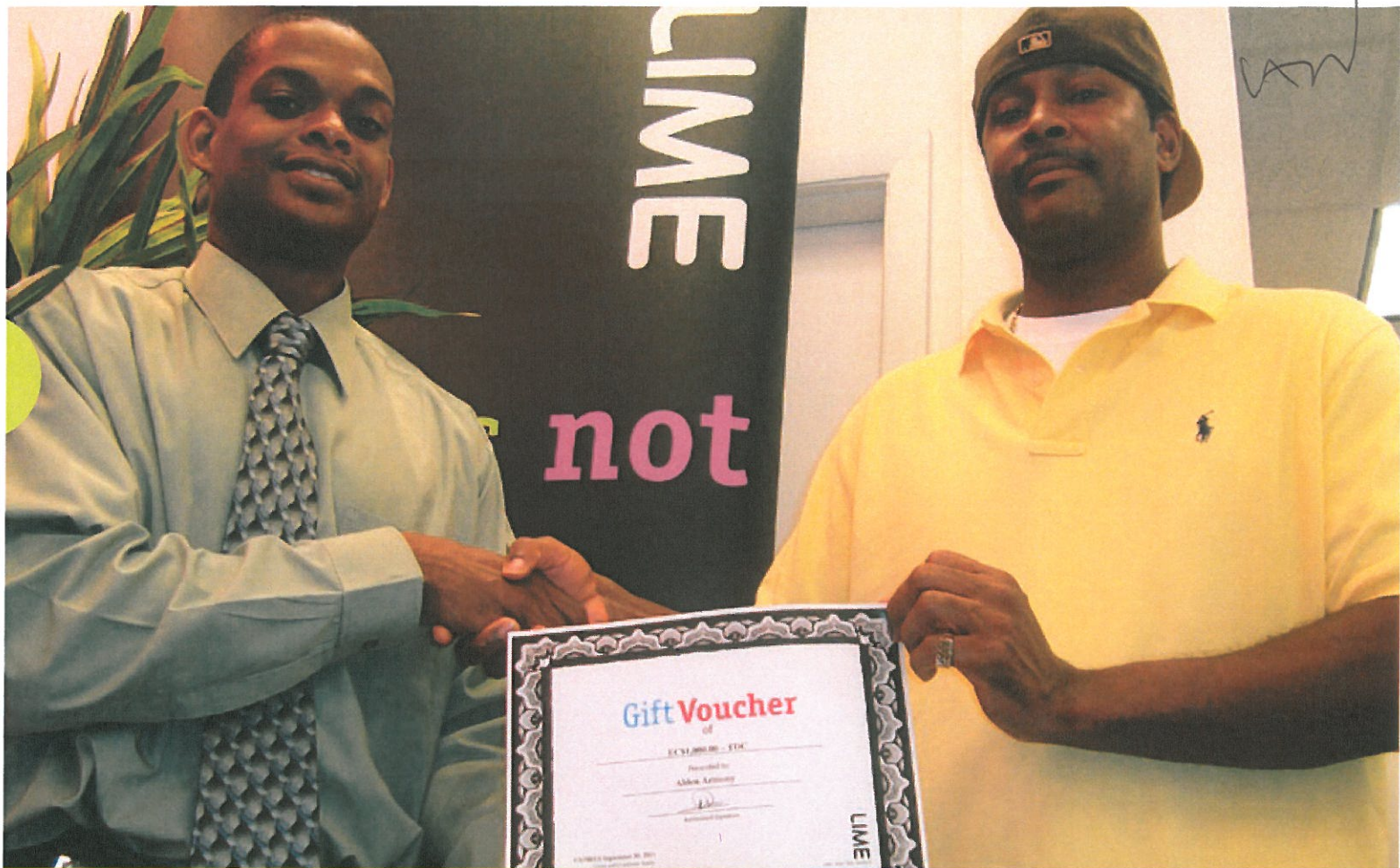
LIME



Above: Wycliffe Morris and his colleagues before he travelled to Barbados to see Rihanna in concert.

Below: Roslyn Williams, another Lifetime winner of Internet service.





Above: Alden Amory winning \$1000 voucher by texting to win for Father's Day.

Below: Customers purchasing handsets at the CEO's Road Show.





Financial Review

During the period we invested in a new state of the art Ericsson EDGE Mobile network, the installation of which was completed in February 2012.

Introduction

Gross revenue for the year under review was \$80.5m, 13% lower than the prior year. As a result of the revenue performance and exceptional expenses, the Company reported Net Loss after Tax of \$0.7m compared to the \$11.3M in previous reporting period.

During the period we invested in a new state of the art Ericsson EDGE Mobile network, the installation of which was completed in February 2012. Prior to that, the prolonged mobile network issues that we experienced adversely affected our Mobile service. This resulted in significant loss of revenue from Mobile. The impairment suffered as a result of the decommissioning of the Nortel Mobile network further impacted our profit after tax.

Our ability to drive sales and deliver on the numbers was in no way helped by the issues outlined above. Operating in a hypo competitive market under tough economic conditions made achieving our financial targets very rough going. These challenges were exacerbated by the introduction of a new tax (17% VAT) and a 25% rise in Social Services Levy, the effects of which were felt during the period under review. These contributed to significant downward pressure on consumer spending as a result of the commensurate rise in the cost of living.

A review of the financial highlights for the year ended 31 March 2012 is provided below.

Turnover

The mobile environment was exceptionally aggressive and competitive during the period under review. Consequently, mobile revenue decreased by 17% when compared with 2010/11. Trends in communication patterns away from calls and text messaging to cheaper data products also impacted the margins from Mobile services. However, during the last two quarters of the fiscal, the Company replaced the network infrastructure from which mobile services were being supported so that service quality and delivery were improved.

Other revenues increased significantly by \$1.1m or 33% compared with the last year. Aggressive marketing and sales of new systems by the Corporate Sales team were the main drivers for this increase.

Internet revenue saw a decrease of 4% over the previous year. The reduction in our Netspeak market resulting from customers using cheaper alternative options for making IDD calls contributed to this effect. In order to retain or market share in Residential Broadband, the Company aggressively offered Internet promotions and discounts to customers who would have disconnected their services based on the challenges they experienced with budgetary constraints.

International call revenue decreased by 15% compared to the previous year. This was mainly as a result of a decline in stay over tourist arrivals and the increasing use of VOIP devices to make international calls.

Domestic fixed line revenue continued to decline. In the financial year under review, revenue decreased by 13% when compared with 2010/2011. The movement in fixed line customers to mobile continued as evidence of cannibalization became more and more apparent.

Outpayments

Total outpayments and cost of sales were favourable by \$4.3m (20%) compared to the previous year. This favourable result was mainly attributable to the overall decline in sales.

Operating Costs

Total operating costs increased by \$10m (19%) compared with 2010/2011. During the period of review, there was an extraordinary accelerated depreciation on Mobile equipment of \$9M based on the replacement of the old Nortel infrastructure. Increase in electricity rates and the commissioning of additional cell sites resulted in a 41% increase in this operating charge despite aggressive power conservation initiatives deployed by our technical teams. Strategic decisions by the Company to reduce the future operating costs base of the business led to a restructuring cost of \$2.2m. However, there were significant savings noted in Employee costs, Network costs and License Fees when compared with the previous year.

Capital Expenditure

Capital expenditure for the year was \$13.7m compared to \$5.0m in the previous year, an increase of \$8.7m (174%). The majority of this capital investment was directed to the replacement of the mobile infrastructure.

Taxation

Corporation tax for the year was \$1.0m compared with \$6.8m in 2010/2011. Lower Profits before tax and Deferred tax adjustment arising from increased Capital Allowances contributed to this decline.

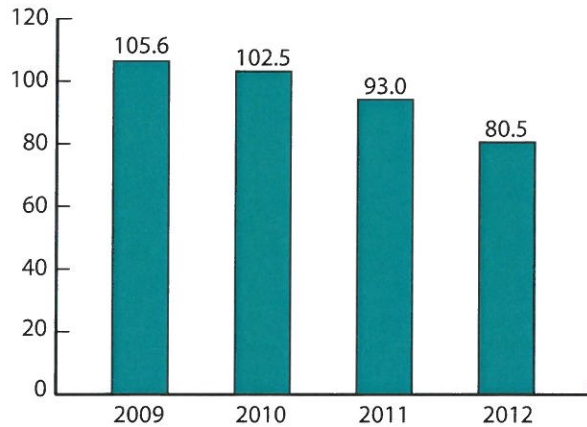
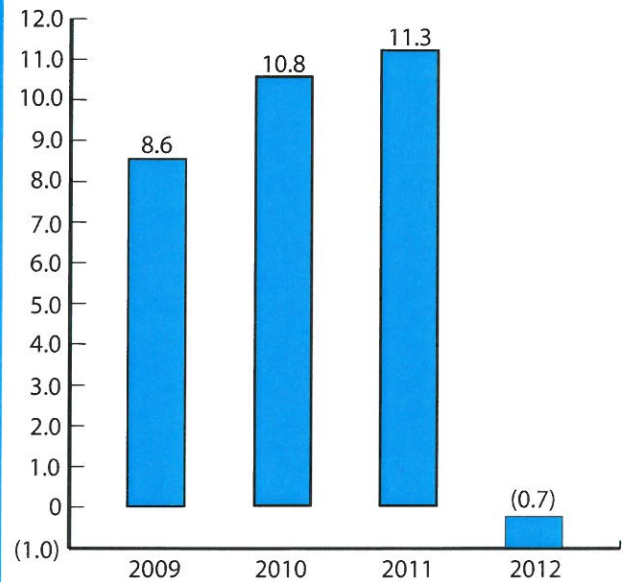
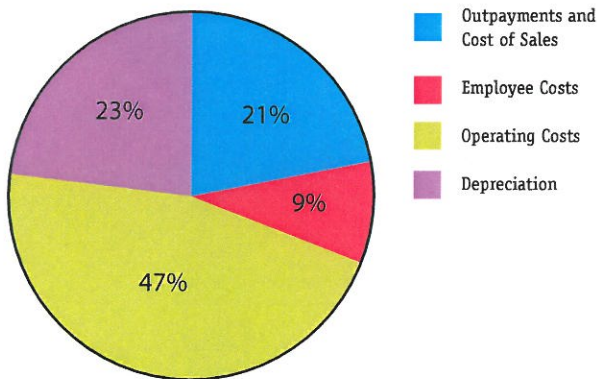
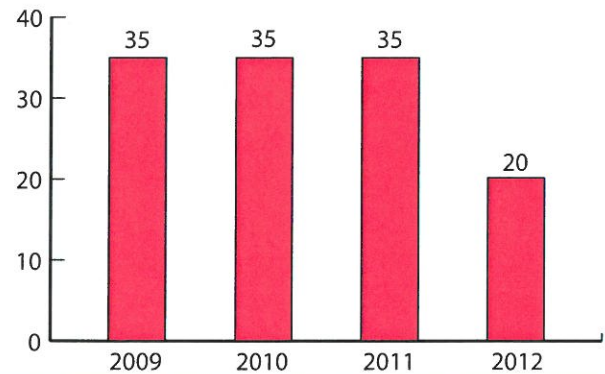
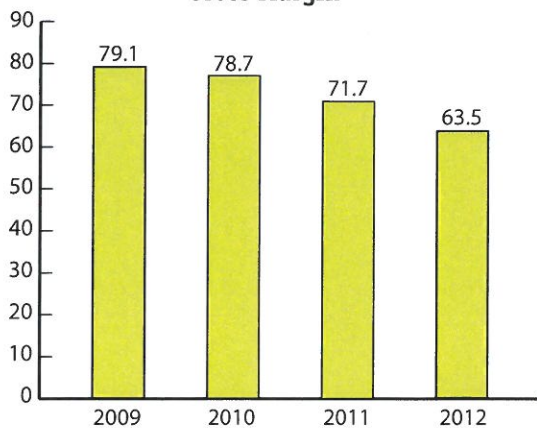
Profit

There was a Net loss on ordinary activities after taxation of \$0.7m which was \$12.0m lower than the previous year. This was mainly as a result of the accelerated depreciation, restructuring costs and increases in other operating expenses.

Earnings per Share

The Earnings per Share for the period under review was translated into a negative 2 cents per share from a positive 34 cents per share in 2010/2011. The negative position is not considered to be the normal performance of the business based on the exceptional write off of Mobile Assets and we anticipate that our EPS for future periods shall return to a positive performance.

Prepared by: Derry Anne Reid, Finance Manager

FINANCIAL HIGHLIGHTS**Gross Turnover (EC\$ millions)****Profit/(Loss) After Tax (EC\$ millions)****Distribution of Revenue Dollars****Dividends Per Share (EC cents)****Gross Margin**

Report of the Directors

The Directors of Cable & Wireless St Kitts & Nevis Limited are pleased to present their report to the Twenty-seventh Annual General Meeting of Shareholders, together with the audited Financial Statements of the Company for the financial year ended 31st March 2012.

Principal Activities

Cable & Wireless St Kitts & Nevis Limited supplies telecommunications services and facilities to the Federation of St Kitts and Nevis. The Company's main business is the provision and operation of public telecommunication services in the Federation of St Kitts and Nevis under a 15-year agreement dated 07 April 2001, which replaced a 25 year franchise granted by Government that would have expired on 30 November 2015. The new 15-year agreement, which grants the Company new non-exclusive licenses, will expire in 4 years.

Results and Dividends

	2012 EC\$'000	2011 EC\$'000
Profit for the year after taxation	(727)	11,270
Added: Retained earnings brought forward	39,309	39,635
Amount available for distribution	38,582	50,905
It is recommended that this be dealt with as follows:		
Dividends: Final Paid for previous Fiscal (25 cents per share)	(8,283)	(8,238)
Interim Paid (10 cents per share)	(3,313)	(3,313)
Total	(11,596)	(11,596)
Retained earnings carried forward	26,986	39,309

Directors

In accordance with Article 122 (a) to (e), the Directors retiring by rotation are Mr. Lawrence McNaughton and Dr. Osbert Liburd who, being eligible, offered themselves for re-election.

Directors who served during the year were: Mr. Lawrence McNaughton, Mr. David Lake, Mr. Davidson Charles, Dr. Osbert Liburd, Miss Patricia Walters, and Miss Lyra Richards.

Auditors

Pursuant to the Company's Articles, the retiring auditors are KPMG Eastern Caribbean. A resolution proposing the reappointment of KPMG Eastern Caribbean will be put before the next Annual General Meeting on Thursday 6th December 2012.

Appreciation

The Directors wish to express their sincere thanks and gratitude to all who have contributed to the continuing success of the company over the past year, in particular to the loyal and dedicated employees and their families. The Directors also wish to convey their gratitude to those employees who have left the company during the year for their years of service and support and wish them the very best for the future.

By order of the Board of Directors

Mr. Lawrence McNaughton
Chairman

Ms Patricia Walters
Director

Dated: 6th September 2012

Cayon Street
Basseterre
St Kitts
West Indies

Directors' responsibilities in respect of the preparation of financial statements

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgments and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (d) prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy, at any time the financial position of the company and to enable them to ensure that the financial statements comply with Generally Accepted Accounting Standards as required by s. 104(2) of the St Kitts and Nevis Companies Act 1996 which states the following:

"The accounts shall be prepared in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the company for the period and of the state of the company's affairs at the end of the period and comply with any other requirements of this Act."

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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St. Vincent and the Grenadines

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REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF CABLE & WIRELESS ST. KITTS & NEVIS LIMITED

We have audited the accompanying financial statements of Cable & Wireless St. Kitts & Nevis Limited, which comprise the statement of financial position as at March 31, 2012, and the statements of comprehensive loss, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

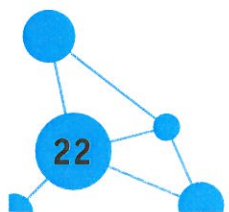
In our opinion, the financial statements present fairly in all material respects the financial position of the Company as at March 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants
September 21, 2012
Antigua and Barbuda

KPMG Eastern Caribbean, a partnership registered in Anguilla, Antigua & Barbuda, St. Lucia and St. Vincent and the Grenadines, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

Brian A. Glasgow
Reuben M. Jones
Frank V. Mayers

Cleveland S. Seaforth
Claudel V. V. Romney



WZN

Financial Statements

Statement of Comprehensive Loss

for the year ended 31st March, 2012 (With comparative figures for 2011)

	Notes	2012 EC\$'000	2011 EC\$'000
Gross Revenue	4	80,470	92,858
Out-payments and cost of sales		(16,944)	(21,264)
Net revenues		63,526	71,594
Operating costs	5	(63,181)	(53,166)
Operating profit		345	18,428
Other income/(expenses)		39	(126)
Finance expense	7	(87)	(212)
Income before taxation		297	18,090
Income tax expense	8	(1,024)	(6,820)
(Loss)/profit for the year		(727)	11,270
Total comprehensive loss for the year		(727)	11,270
Total comprehensive loss attributable to:			
Owners of the Company		(560)	8,678
Non-controlling interests		(167)	2,592
		(727)	11,270


The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

for the year ended 31st March, 2012 (With comparative figures for 2011)

	Notes	2012 EC\$'000	2011 EC\$'000
ASSETS			
Property, plant and equipment	9	72,059	78,466
Intangible assets	10	–	263
Other non-current Assets	22	1,713	–
		73,772	78,729
Total Non-current Assets			
CURRENT ASSETS			
Inventories	12	1,112	919
Trade and other receivables	13	13,905	42,958
Amounts due from group companies	11	945	932
Income tax refundable		4,246	1,818
Other current asset	22	88	–
Cash at bank and in hand	14	1,619	10,929
Total Current Assets		21,915	27,556
TOTAL ASSETS		95,687	106,285
SHAREHOLDER'S EQUITY AND LIABILITIES CAPITAL AND RESERVES			
CAPITAL AND RESERVES			
Called up share capital	15	33,130	33,130
Share premium account		3,009	3,009
Retained earnings		26,986	39,309
		63,125	75,448
NON-CURRENT LIABILITIES			
Provision for liabilities and charges	16	6,534	9,290
Asset Retirement Obligation	21	1,434	1,304
		7,968	10,594
Total Non-Current Liabilities			
CURRENT LIABILITIES			
Trade creditors		2,101	654
Amounts owed to group companies	11	11,482	8,507
Provision for taxation		2,329	1,298
Other creditors	17	3,476	5,222
Accrued liabilities and deferred income		5,206	4,562
Total Current Liabilities		24,594	20,243
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		95,687	106,285

The financial statements were approved by the Board on 6th September 2012 and signed on its behalf by:


Lawrence McNaughton
Chairman


Patricia Walters
Director

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

for the year ended 31st March, 2012 (With comparative figures for 2011)

	Stated capital EC\$'000	Share Premium EC\$'000	Retained Earning EC\$'000	Total EC\$'000
Balance at March 31, 2010	33,130	3,009	39,635	75,774
Dividend	-	-	(11,596)	(11,596)
Net profit for the year	-	-	11,270	11,270
Balance at March 31, 2011	33,130	3,009	39,309	75,448
Dividend	-	-	(11,596)	(11,596)
Net loss for the year	-	-	(727)	(727)
Balance at March 31, 2012	33,130	3,009	26,986	63,125

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31st March, 2012 (With comparative figures for 2011)

	2012 EC\$'000	2011 EC\$'000
Cash flows from operating activities		
Income before taxation	297	18,090
Adjustments for:		
Depreciation	18,848	9,801
Amortization	263	278
Amortization of asset retirement obligation	130	212
Net interest	87	-
Gain on disposal of property, plant and equipment	(39)	121
Operating cash flows before working capital changes	19,586	28,502
Change in inventories	(193)	1,212
Change in other assets	(444)	-
Change in trade and other receivables	(1,007)	(2,152)
Change in amounts due from group companies – net	2,962	2,970
Change in provisions	285	-
Change in creditors	345	(427)
Net cash from operations	21,534	30,105
Interest paid	(87)	(212)
Income taxes paid & recovered	(5,462)	(8,763)
Net cash from operating activities	15,985	21,130
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment	39	131
Purchase of property, plant and equipment	(13,738)	(5,007)
Net cash used in investing activities	(13,699)	(4,876)
Cash flows from financing activities		
Dividend paid	(11,596)	(11,596)
Net cash used in financing activities	(11,596)	(11,596)
Net change in cash and cash equivalents	(9,310)	4,658
Net cash and cash equivalents at the beginning of year	10,929	6,271
Net cash and cash equivalents at the end of year	1,619	10,929
Represented by:		
Cash in hand and at bank	1,619	822
Short-term deposits	-	10,107
	1,619	10,929

The accompanying notes form an integral part of these financial statements.

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Notes to the Financial Statements



Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

1. Legal status

Cable & Wireless St. Kitts & Nevis Limited is registered under the laws of the Federation of St. Kitts & Nevis. The Company is a subsidiary of Cable & Wireless (West Indies) Limited which owns 77% (77% – 2011) of the issued and outstanding shares. The Company's registered office is Basseterre, St. Kitts. The ultimate parent company is Cable & Wireless Communications Plc, a company incorporated in the United Kingdom. The annual report and accounts of Cable & Wireless Communications Plc are available at 3rd Floor, 26 Red Lion Square, London, WC1R 4HQ, United Kingdom. The Company provides telecommunication services in mobile, fixed line, data and internet.

On 19th March, 2010, the Cable & Wireless Group effected a group reorganisation whereby Cable & Wireless Communications Plc was inserted as a new holding company for the Cable & Wireless Group via a Scheme of Agreement. Cable & Wireless Communications Plc therefore replaced Cable & Wireless Plc (now Cable & Wireless Limited) as the parent company of the Cable & Wireless Group at this date. On 22nd March 2010, the entire ordinary share capital of Cable & Wireless Plc was cancelled and shareholders were given one ordinary share and one B share of Cable & Wireless Communications Plc for every share of Cable & Wireless Plc held on that date. At this time, the Cable & Wireless Group was renamed the Cable & Wireless Communications Group. Cable & Wireless Communications group companies are referred to in these financial statements as "related companies".

On January 31, 2008, the Company was listed in the Eastern Caribbean Securities Exchange.

Cable & Wireless St Kitts & Nevis Limited supplies telecommunications services and facilities to the federation of St Kitts and Nevis. The Company's main business is the provision and operation of public telecommunication services in the Federation of St Kitts and Nevis under a 15-year agreement dated 07 April 2001, which replaced a 25 year franchise granted by Government that would have expired on 30 November 2015. The new 15-year agreement, which grants the Company new non-exclusive licenses, will expire in 4 years.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) and comply with the provisions of the St. Kitts & Nevis Companies Act 1996.

The financial statements were approved for issue by the directors on September 6, 2012.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

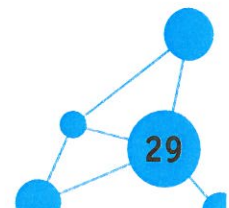
These financial statements are denominated in Eastern Caribbean Dollars and the measurement basis used is historical cost.

(d) Use of estimates and judgements

The preparation of non-consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgements, estimates and assumptions that affect the application of reporting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the statement of financial position date and the income and expenses for the year then ended. Actual amounts could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In particular, significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect in the amounts recognized in the financial statements are as follows:

1. Trade receivables impairment allowance
2. Estimated useful lives on property, plant and equipment
3. Provision for inventory obsolescence
4. Determination for fair values of financial instruments





Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

2. Basis of preparation (continued)

(e) New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended March 31, 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the company, except for IFRS 9 Financial Instruments, which becomes mandatory for the periods beginning January 1, 2013 and could change the classification and measurement of financial assets.

The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

3. Significant accounting policies

(a) Revenue recognition

Gross turnover represents the amounts receivable in respect of telecommunication services and equipment provided to customers and is accounted for on the accruals basis. In respect of services invoiced in advance, amounts are deferred until provision of the service. Amounts payable by and to telecommunications operators of national and international networks are recognized as services are provided. Charges are negotiated separately and are subject to continuous review.

Turnover from sales of telecommunication equipment is recognized upon delivery to the customer. Turnover from the provision of other services is recognized evenly over the periods in which the service is provided.

(b) Property, plant, equipment and depreciation

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy f).

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(ii) Subsequent costs

The Company recognises in the carrying amount of the item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. The costs of repairs and replacements of a routine nature are charged in the statement of income whilst those expenditures that improves or extent useful life of the asset are capitalised.

(iii) Depreciation

Depreciation is charged to the statement of comprehensive income on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The annual rates for the current and comprehensive periods are determined as follows:

Freehold land and buildings	40 years
Leasehold land and buildings	40 years or term of lease if less
Plant and equipment	5 to 20 years
Motor vehicles and other assets	4 years

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(d) Debtors

Accounts receivable and other receivables are stated at their cost less provision for doubtful debts.

Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

3. Significant accounting policies (continued)

(e) Inventories

The cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventory and bringing them to their existing location and condition.

Inventories of equipment held for use in the maintenance and expansion of the Company's telecommunication systems are stated at cost, including appropriate overheads, less provision for deterioration and obsolescence. Inventories held for resale are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and selling expenses.

(f) Impairment

(i) Financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the non-consolidated statement of comprehensive income.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

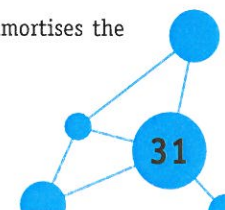
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g) Intangible assets

Intangible assets are stated at cost less accumulated amortization and any impairment in value. The Company amortises the intangible assets using the straight-line method over a period of five years based on the agreement.



Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

3. Significant accounting policies (continued)

h) Accounts payables and accruals

Accounts payable and accrued liabilities are stated at cost.

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Eastern Caribbean dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of financial position. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Eastern Caribbean dollars at foreign exchange rates ruling at the dates the fair value was determined.

j) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

(i) Financial assets

The Company classifies its financial instruments as "loans and receivables" depending on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date. At the reporting date, financial assets include debtors and prepayments due with one year, amounts due from group companies, and cash in hand and at bank.

(ii) Financial liabilities

The Company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, trade creditors, amounts owed to group companies, tax payables, other creditors, and accruals and deferred income were classified as financial liabilities.

k) Related parties

A party is related to the Company, if:

- (i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the Company that gives it significant influence over the Company; or has joint control over the Company;
- (ii) the party is an associate of the Company;
- (iii) the party is a joint venture in which the Company is a venturer;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or;
- (vi) the party is the Company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any company that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

3. Significant accounting policies (continued)

l) Borrowing costs

Borrowing costs are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, borrowing costs are stated at amortized cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowing on an effective interest basis.

m) Income tax

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the balance sheet liability method and providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

n) Pension

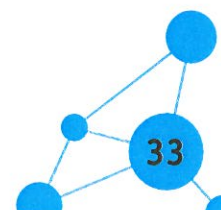
The Company is a member of the Cable & Wireless Communication Limited pension scheme, a defined benefit scheme. However, as permitted by International Accounting Standards (IAS) 19, the Company is exempt from accounting for the pension scheme as a defined benefit scheme within the financial statements as the Company is unable to identify its share of the underlying assets and liabilities from those of the other participating employers within the group defined benefit scheme. Therefore the Company has treated the pension scheme as if it was a defined contribution scheme and therefore the contributions payable to the scheme for the year are shown as costs within the statement of income (2012 – \$393K, 2011 – \$406K).

o) Leases

Leases of assets under which all the risk and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the leases.

4. Turnover

Turnover represents amounts derived from international and domestic telecommunications products and services. All revenue streams and operating income are derived entirely from continuing operations.



Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

5. Operating costs

	2012 EC\$'000	2011 EC\$'000
Depreciation of tangible fixed assets	18,714	9,801
Employee costs	6,837	7,827
License Fees	4,177	4,858
Utilities	2,623	1,857
Management Fees	8,080	7,976
Repairs & Maintenance	1,485	1,294
Pension costs	393	406
Insurance	609	601
Operating lease rentals	510	461
Auditor's remuneration – current year	142	142
Directors' fees	12	12
Transformation & Restructuring Costs	2,170	–
Branding Fee	2,992	894
Network	1,336	3,815
Other operating costs*	13,101	13,222
	63,181	53,166

*Other operating costs include cost such as marketing, shared services re-charges and other related operating costs.

Some of the Company's staff are members of Cable and Wireless Communications Plc pension schemes. Particulars of the actuarial valuations of the Group's schemes are contained in the accounts of Cable and Wireless Communications Plc.

No amounts were paid to Directors under defined contribution or defined benefit pension schemes.

Other operating costs comprised mainly of recharges and marketing costs. The Directors are of the view that these costs are of a sensitive nature and that providing a detailed analysis of them to the public will be detrimental to the interest of the Company.

6. Employee cost

	2012 EC\$'000	2011 EC\$'000
Salary and wages	5,526	5,521
Statutory payroll deductions	539	561
Staff training	161	193
Other staff cost	611	1,552
	6,837	7,827
Number of employees	99	94

7. Net interest expense

	2012 EC\$'000	2011 EC\$'000
Interest expense	(87)	(212)

Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

8. Taxation on ordinary activities

	2012 EC\$'000	2011 EC\$'000
Tax on profits for the year	4,065	7,553
Change in deferred taxation	(3,041)	(733)
	<u>1,024</u>	<u>6,820</u>

The current year tax charge of EC\$4,065 (2011: \$7,553) is higher than the standard rate of tax of 35%. See details below.

	2012 EC\$'000	2011 EC\$'000
Income before income tax	297	18,090
Tax at the standard rate of 35% (2011: 35%)	104	6,332
Tax effect/(benefit) arising from the following:		
Capital allowances in excess of depreciation	3,291	-
Tax on non-deductible expenditure	670	1,221
	<u>4,065</u>	<u>7,553</u>

9. Property, plant and equipment

	Land & Buildings EC\$'000	Plant & Equipment EC\$'000	Motor Vehicles & other Assets EC\$'000	Projects Under Construction EC\$'000	Total EC\$'000
Cost					
At April 1, 2011	25,543	171,389	2,770	3,047	202,749
Additions	-	-	-	13,738	13,738
Adjustments	23,842	(45,070)	8,667	-	(12,561)
Disposals	-	(21,508)	(258)	-	(21,766)
Transfers	191	13,093	623	(13,907)	-
At March 31, 2012	49,576	117,904	11,802	2,878	182,160
Accumulated Depreciation					
At beginning of year - 1 April 2011	11,578	110,478	2,227	-	124,283
Charge for the year	2,487	6,537	832	-	9,856
Adjustment	13,640	(33,025)	6,803	-	(12,582)
Accelerated Depreciation	-	8,992	-	-	8,992
On disposals	-	(20,190)	(258)	-	(20,448)
At March 31, 2012	27,705	72,792	9,604	-	110,101
Net book value					
At March 31, 2011	13,965	60,911	543	3,047	78,466
At March 31, 2012	21,871	45,112	2,198	2,878	72,059

As a result of a Network Modernization project, the Company re-evaluated its estimate of the useful economic life on its mobile equipment which will no longer be in use once the project is finalized. As such for the current financial year ending 31 March 2012, the Company has accounted for US\$3,330,532 (EC\$8,992,432) in accelerated depreciation charges.

Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

9. Property, plant and equipment (continued)

The net book value of land and buildings comprise:

	2012 EC\$'000	2011 EC\$'000
Freehold	21,016	13,686
Leasehold	855	279
	21,871	13,965

10. Intangible assets

Intangible assets represent the marketing rights acquired by the Company during the year. The marketing rights are amortised over a period of 5 years beginning April 1, 2007.

	2012 EC\$'000	2011 EC\$'000
Balance, April 1, 2011	1,192	1,192
Accumulated Amortization charges	(1,192)	(929)
Balance, March 31, 2012	-	263

11. Related parties and related party transactions

(i) Amount due from group Companies

	2012 EC\$'000	2011 EC\$'000
Amount due from other subsidiaries of Cable & Wireless Communications Plc	945	932
	945	932

(ii) Amount due to group Companies

	2012 EC\$'000	2011 EC\$'000
Revolver Loan payable to CWI Caribbean	4,449	-
Loan payable to Cable and Wireless Regional Headquarters	4,193	6,456
Amount due to Cable & Wireless Barbados	262	1,184
Amount due to Cable and Wireless Communications Plc	64	64
Amount due to CWI Caribbean Ltd.	1,797	636
Amount due to other subsidiaries of Cable & Wireless Communications Plc	717	167
	11,482	8,507

(iii) Amounts receivable from or payable to Cable & Wireless Group companies, included in turnover or outpayments to other telecommunications administrations, are as follows:

	2012 EC\$'000	2011 EC\$'000
Included in turnover	2,712	2,763
Included in outpayments	1,582	2,673

Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

11. Related parties and related party transactions (continued)

(iv) Payment is also made to a Group company for the provision of other services including:

	2012 EC\$'000	2011 EC\$'000
Management fees	8,080	7,976
Directors' fees	12	12
	8,092	7,988

(v) Key Management

	2012 EC\$'000	2011 EC\$'000
Wages and salaries	1,487	1,457
Statutory contributions	233	138
Pension	112	109
	1,832	1,704

12. Inventories

	2012 EC\$'000	2011 EC\$'000
Merchandise inventories at cost	349	351
Other materials and supplies at cost	763	568
	1,112	919

13. Debtors and prepayments due within one year

	2012 EC\$'000	2011 EC\$'000
Trade accounts receivable	15,119	12,199
Other receivables	423	1,272
Prepayments and accrued income	50	488
	15,592	13,959
Less Provision	(1,687)	(1,001)
	13,905	12,958

14. Cash at bank and cash in hand

	2012 EC\$'000	2011 EC\$'000
Cash at bank and in hand	1,619	822
Short term Deposits	–	10,107
	1,619	10,929

Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

15. Share capital

	2012 EC\$'000	2011 EC\$'000
Authorised:		
50,000,000 Ordinary Shares of EC\$1.00 each	50,000	50,000
Allotted, called up and fully paid:		
33,130,418 Ordinary Shares of EC\$1.00 each	33,130	33,130

The Company is 77% owned by Cable & Wireless (West Indies) Limited. The remaining 23% is held by other minor stockholders (members of the Public).

16. Provisions for liabilities and charges

	Redundancy EC\$'000	Deferred Taxation EC\$'000	Total EC\$'000
At 31 March 2011	1	9,290	9,291
Charge/(credit) for the period	284	–	284
Credit related to accelerated capital allowance	–	(3,041)	(3,041)
At 31 March 2012	285	6,249	6,534

The deferred taxation liability is analysed as follows:

	2012 EC\$'000	2011 EC\$'000
Accelerated capital allowances	6,249	9,290

17. Other creditors

	2012 EC\$'000	2011 EC\$'000
Customers' deposits	1,902	1,834
Social Security	112	114
Other creditors	1,462	3,274
	3,476	5,222

18. Lease commitments

At the year-end, operating lease commitments payable in the following year, analysed according to the period in which each lease expires, were as follows:

	2012 EC\$'000	2011 EC\$'000
Land and buildings – expiring within one year	317	48
	317	48

Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

19. Dividends

In the previous year the Directors declared and paid an interim dividend of EC\$0.10 per share (EC\$3,313,000) in December, 2010. The final dividend for the 2011 financial year which was declared on June 16, 2011 of EC\$0.25 per share (EC\$8,282,500) was paid in June 2011.

In December 2011, the Directors declared and paid an interim dividend of EC\$0.10 per share amounting EC\$3,313,000 based on the financial performance of the Company for the six (6) months ended September 30, 2011. On 18th June, 2012, a final dividend of EC\$0.10 per share (EC\$3,313,000) was declared by the Directors.

20. Financial instruments

(a) Financial Risk Factors:

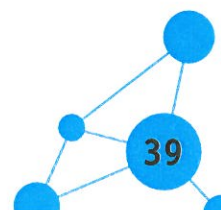
The Company's activities expose it to a variety of financial risks, including the effects of changes in debt market prices, foreign currency exchange rates and interest rates. Management seeks to minimise potential adverse effects on the financial performance of the Company by applying procedures to identify, evaluate and manage these risks.

(i) Currency Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not generally engage in currency hedges, and rather aims to have financial liabilities denominated in local currencies in order to avoid currency risk.

The Company's exposure to foreign currency risk in the respective currencies at year end was as follows:

	2012 GB£ (£'000)
Amounts due from group companies	-
Amounts due to group companies	(4,257)
Gross exposure	(4,257)
	2011 GB£ (£'000)
Amounts due from group companies	42
Amounts due to group companies	(6,520)
Gross exposure	(6,478)



Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

20. Financial instruments (continued)

(a) Financial Risk Factors: (continued)

(i) Currency Risk: (continued)

Exchange rates of 1 unit of the relevant foreign currencies to the Eastern Caribbean dollar at year end were as follows:

	GB£ (£'000)
At March 31, 2012	0.232
At March 31, 2011	0.228

Currency Risk Sensitivity Analysis:

A five (5%) percent weakening of the Eastern Caribbean dollar against the following currencies at March 31, 2012 would have decreased profit and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

	2012		2011	
	Profit (\$'000)	Equity (\$'000)	Profit (\$'000)	Equity (\$'000)
GB£	(63)	(63)	(323)	(323)

A five (5%) percent strengthening of the Eastern Caribbean dollar against the above currencies at March 31, 2012 and 2011 would have had an opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(ii) Price Risk:

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market. The Company has no significant exposure to such risks.

(iii) Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk attaching to receivables as the Company has a large and diverse customer base, with no significant balances arising from any single economic or business sector, or any single entity or group of entities.

The Company has policies in place to ensure that sales are made to customers with an appropriate credit rating. Accounts receivables are shown net of provision for impairment. Cash and cash equivalents are held with substantial financial institutions, which present minimal risk of default.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2012 EC\$'000	2011 EC\$'000
Debtors and prepayments	13,905	13,032
Amounts due from group companies	945	11,131
Cash and cash equivalents	1,619	822
	16,469	24,985

Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

20. Financial instruments (continued)

(a) Financial Risk Factors: (continued)

(iv) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The management of the Company aims at maintaining flexibility in funding by monitoring budgeting commitments and by keeping committed lines of credit available, and by monitoring the timing of its cash flows.

(v) Interest Rate Risk:

Interest rate risk is the risk that the value of a financial instruments will fluctuate due to change in market interest rates. The table below summarises the Company's exposure to interest rate risks. Included in the table are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2012					
	Immediately rate sensitive (\$'000)	1 to 3 months (\$'000)	3 to 12 months (\$'000)	Greater than 12 months (\$'000)	Non-rate sensitive (\$'000)	Total (\$'000)
Financial Assets						
Debtors and prepayments	-	-	-	-	13,905	13,905
Amounts due from group companies	-	-	-	-	945	945
Cash at bank and in hand	1,619	-	-	-	-	1,619
Financial Liabilities						
Payables	-	-	-	-	(10,784)	(10,784)
Amount due to group companies	-	-	-	-	(11,482)	(11,482)
Total interest rate sensitivity gap	1,619	-	-	-	(7,416)	(5,797)
Cumulative gap	1,619	1,619	1,619	1,619	(5,797)	-

	2011					
	Immediately rate sensitive (\$'000)	1 to 3 months (\$'000)	3 to 12 months (\$'000)	Greater than 12 months (\$'000)	Non-rate sensitive (\$'000)	Total (\$'000)
Financial Assets						
Debtors and prepayments	-	-	-	-	12,958	12,958
Amounts due from group companies	-	-	-	-	972	972
Cash at bank and in hand	10,929	-	-	-	-	10,929
Financial Liabilities						
Payables	-	-	-	-	(11,775)	(11,775)
Amount due to group companies	-	-	-	-	(8,507)	(8,507)
Total interest rate sensitivity gap	10,929	-	-	-	(6,352)	(4,577)
Cumulative gap	10,929	10,929	10,929	10,929	4,577	-

Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

20. Financial instruments (continued)

(a) Financial Risk Factors: (continued)

Interest rate Sensitivity:

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets or liabilities at fair value through the statement of income. Therefore, a change in interest rates at the reporting date would not affect the income recognised for the year.

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

Cash flow Sensitivity Analysis for Variable Rate Instruments:

	2012		2011	
	Effect on profit 100bp increase	100bp decrease	Effect on profit 100bp increase	100bp decrease
Variable rate instruments	-	-	-	-

(b) Fair Values of Financial Instruments:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Company. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- The fair value of liquid assets and other assets maturing within one (1) year is assumed to approximate their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- The fair value of variable-rate financial instruments is assumed to approximate their carrying amounts.

21. Assets retirement obligations

The Company has obligations to dismantle and remove cell sites and restore the properties on which they were located at the end of the lease period. The estimated costs of dismantling and removing these assets and restoring the sites are included in the costs of property, plant and equipment. A related provision for sites restoration is recognised at the commencement of the lease and revised annually. The obligations are estimated at the present value of the future expected restoration cost based on the timing and current prices of goods and services. At the balance sheet date the obligations amounted to \$1,434,000 (2011: \$1,304,000).

Notes to the Financial Statements

for the year ended 31st March, 2012 (With comparative figures for 2011)

22. Other non-current assets

Deferred capacity expense

Non-current portion	2012 EC\$'000	2011 EC\$'000
Transfer from property, plant and equipment – previous year	1,324	-
Acquisitions during the current year	389	-
	<u>1,713</u>	<u>-</u>
Current portion	2012 EC\$'000	2011 EC\$'000
Transfer from property, plant and equipment – previous year	134	-
Acquisitions during the current year	28	-
Written – off in the current year	(74)	-
	<u>88</u>	<u>-</u>

During the financial year ended March 31, 2012, the Company entered into a prepaid operating lease arrangement with Southern Caribbean Fibre. The arrangement allows the Company to transmit its network/data traffic over the Global Caribbean Network (GCN) from Barbados up to the United States. In compliance with IAS 17 Leases, the Company was required to re-assess the classification of capacity circuits previously acquired from Southern Caribbean Fibre which are also governed by this arrangement. The re-assessment resulted in a transfer of US\$540,000 from International Submarine Cable at net book value to operating prepayment split between current and non-current.

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Board of Directors



LAWRENCE McNAUGHTON
Chairman

Lawrence McNaughton was appointed Managing Director Windward Islands on July 1st 2010. He joined Cable & Wireless Jamaica in 1980 and has held various positions during his 32 years service with the Company, the most recent being EVP Carrier Services (Caribbean) from 2004 to 2009. As the Managing Director of the Windward Islands, inclusive of BVI and St Kitts since January 2011, he has responsibility for LIME's local businesses across much of the Eastern Caribbean. This involves full accountability for the respective businesses' P&L and Government and Regulator relations. Lawrence holds a Bachelors Degree (summa cum laude) and a Masters Degree in Electrical Engineering, both from Howard University (Washington DC) and a Post Graduate Diploma in Management from Henley Management College in the UK. Lawrence was a member of the Government of Jamaica's task force on Information and Communications Technology (ICT) for its 2030 vision. Lawrence has been a member of the Board of directors for C&W St Kitts & Nevis since 2004 and Board Chairman since March 2008. Lawrence has sat on the Board of CANTO since 2010.



PATRICIA WALTERS
Director

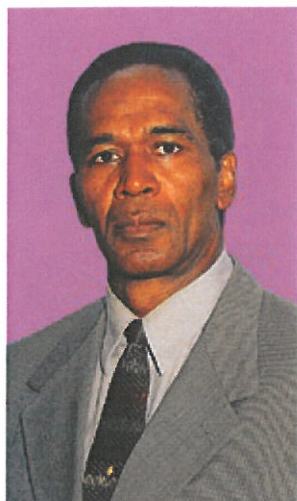
Patricia Walters has been a member of the Board of Directors for C&W St Kitts & Nevis since 2004. Ms. Walters is currently the Customer Operations Integration Lead for the recently acquired Bahamas Telecommunications Company Limited, a position which she has held from November 2010. Ms. Walters is a Fellow of the Association of Certified Chartered Accountants, a graduate of the University of Humberside in the UK, and is also a Melvyn Jones Fellow of the Lions International Service Club. Prior to working at Cable & Wireless, Ms. Walters worked in the retail and shipping industries. She started with Cable & Wireless in the United Kingdom and then held positions of Financial Controller, Director and Company Secretary, Cable & Wireless Cayman Islands, Financial Controller, Cable & Wireless (St. Kitts and Nevis) Ltd, Chief Financial Officer at the Telecommunication Services of Trinidad and Tobago (TSTT), Chief Executive of Cable and Wireless (St. Kitts & Nevis) Ltd and former Executive Vice President Customer Operations, LIME.



DAVID LAKE
Director

David Lake is the General Manager and has been a member of the Board since March 2011. Mr. Lake graduated with honours from the University of the West Indies with a Bachelor of Science Degree in Engineering. Upon graduating he worked at the St. Kitts Bottling Company Limited where he distinguished himself as an innovative Plant Manager. While there he took a sabbatical to pursue a Masters Degree in Engineering at the University of Birmingham, UK. In April 1999 Mr. Lake joined Cable & Wireless (St. Kitts & Nevis) Ltd as Head of Customer Services. He was quickly transferred to the role of Vice President of Mobile, Consumer Sales and Marketing. Following a successful tenure in that role, Mr. Lake was promoted to Country Manager of Cable and Wireless (St. Kitts & Nevis) Ltd (now trading as LIME) in November 2008. David Lake is the President of the St Kitts-Nevis Chamber of Industry and Commerce and a Member of the Council of Management for the Brimstone Hill Fortress National Park Society.

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DR. OSBERT LIBURD

Director

Dr. Liburd joined the Cable & Wireless (St. Kitts and Nevis) Ltd. Board of Directors in December 2007. Dr. Osbert Liburd served as Chairman of the Board of Cable & Wireless (St. Kitts & Nevis) from October 2000 to January 2005. He is an experienced International Scientist and has conducted research in Africa, the USA and the Caribbean. He holds a B.A in Biology from the UVI and a Masters and PH.D in Plant Pathology from Cornell University, USA. He served as a Senior Diplomat as St. Kitts and Nevis' Ambassador to the United States and Permanent Representative to the Organisation of American States (OAS) from 1995 to 2000. Earlier in his professional career he served as Team Leader, Caribbean Agriculture Research and Development Institute (CARDI) and Director of Agricultural Services and Rural Development, Agricultural Missions, USA.



LYRA RICHARDS

Director

Ms. Richards joined the Cable & Wireless (St. Kitts and Nevis) Ltd. Board of Directors in December 2007. Ms. Lyra Richards has been in the Banking sector from 1968 to present. She worked at Barclays Bank, (DCO, PLC and International Ltd.) from 1968 to 1994. During her tenure at Barclays Bank she had a two year stint in Barbados where she worked as a Training Instructor. She also worked for two years in St. Lucia as Manager of the Soufriere Branch. She holds a diploma in Financial Services Management and has been exposed to numerous banking courses throughout her banking career. Ms. Richards served on Government Boards and has been involved in various community activities. She served as President and Treasurer of the Nevis Historical and Conservation Society, President of the Nevis Dramatic and Cultural Society (NEDACS) and a founding member of Culturama, Nevis' summer festival. She was given the opportunity to represent the Methodist Church at the Leeward Islands District and the MCCA Connectional Conferences. She held the post of Treasurer of the World Federation of Methodist and Uniting Church Women (WFMUCW) for the quinquennium 2006 to 2011. As an officer, she travelled to a number of countries around the globe, always proud to carry the national flag of St. Kitts. & Nevis.



DAVIDSON CHARLES

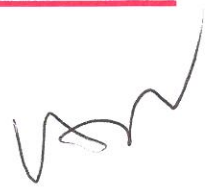
Director

Davidson Charles was appointed as a member of the Board of Directors of St. Kitts & Nevis in December 2009. He is no stranger to the Board having acted as an alternate director to the Board of Directors since 2003. He is currently General Manager of Cable & Wireless Antigua and Barbuda. Mr. Charles has led the Cable & Wireless (LIME) Antigua business since 2003. Previously he served as Managing Director of Leeward Islands which included Turks and Caicos and British Virgin Islands and Chief Financial Officer for Leewards and Antigua. In 1986 he became a member of the Canadian Institute of Chartered Accountants and holds dual Bachelor degrees in Arts and Commerce from St. Mary's University in Halifax, Nova Scotia. Prior to joining Cable & Wireless Mr Charles spent ten years in the auditing and accountancy profession with KPMG and Pricewaterhouse. He is also a Director of CANTO Ltd. a regional telecommunications nonprofit organization and Assistant Treasure of the Diocese of Northeastern Caribbean and Aruba.

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Company Information

Directors, Management & Advisors



CHAIRMAN

Mr. Lawrence McNaughton B.Sc., E.E. (Hons), Ms. Eng., Dip Mgmt

DIRECTORS

Ms Patricia Walters B.A. (Hons), FCCA

Mr. David Lake B.Sc. (Hons), M.Sc. (Eng.)

Mr. Davidson Charles B.A., ICA

Dr. Osbert Liburd B.A., Ph.D.

Ms. Lyra Richards

MANAGEMENT EXECUTIVES AND OFFICERS

Mr. David Lake B.Sc. (Hons), M.Sc. (Eng.)
General Manager

Ms. Valerie Williams ACIS, ARM
Company Secretary

Mrs. Karen Blackett B.Sc. (Hons)
Manager Human Resources

Mrs. Bibiana Henry, B.A. (Hons)
Head of Corporate Sales & Service

Ms. Diane Browne B.A.
Manager Retail & Customer Care

Mr. Darien Belle B.A., MBA
Manager Marketing & Acting Corporate Communications

Mr. Lionel Evans
Head of Service Support Delivery

Mrs. Claudette Walwyn B.Sc.
Manager Retail & Customer Care (Nevis)

Mr. Clyde Richardson MBA
Project Manager

ADVISORS

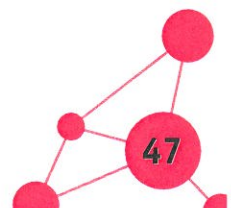
Auditors
KPMG Eastern Caribbean

Solicitors
Kelsick, Wilkin & Ferdinand

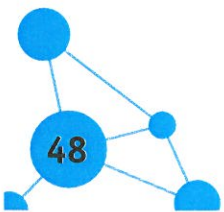
Registrars
Eastern Caribbean Central Securities Registry (ECCSR)

REGISTERED OFFICE

Cayon Street, Basseterre, St. Kitts, West Indies



WZ



Proxy Form

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED

I/We the undersigned

of

being a shareholder of Cable & Wireless St. Kitts & Nevis Limited hereby appoint

..... of

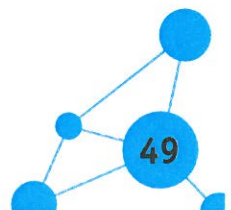
As my/our proxy to vote for me/us and on my/our behalf at the Twenty-seventh Annual General Meeting of the shareholders of the said Company to be held on Thursday, 6th December 2012 or at any adjournment thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

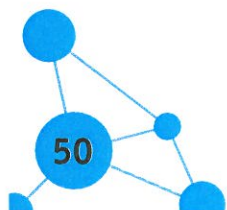
Dated this day of 2012
(Please insert date)

Signature of Shareholder.....

NOTES

1. A person appointed by proxy need not be a shareholder.
2. In the case of a shareholder who is a body corporate or association, votes at meetings of Company.
3. A proxy must be executed in writing by the shareholder or his/her attorney authorised in writing.
4. Proxy appointments are required to be deposited at the registered office of the Company not less than 24 hours before the time fixed for holding the meeting or adjourned meeting.





INSIDE BACK COVER

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Cable & Wireless St. Kitts & Nevis Limited
Basseterre,
St. Kitts,

www.lime.com