

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report
For the period ended **December 31, 2009**

or

TRANSITION

REPORT

(Applicable where there is a change in reporting issuer's financial year)

For the transition period from _____ to _____

Issuer Registration Number: **002216**

Cable & Wireless (St.Kitts & Nevis)Ltd

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

St.Kitts & Nevis

(Territory or jurisdiction of incorporation)

10 Cayon Street, Basseterre

(Address of principal executive Offices)

(Reporting issuer's: **Jonathan Bass**

Telephone number (including area code): **(869)- 465-1000 Ext 451**

Fax number: **(869) 465-1643**

Email address: **jonathan.bass@time4lime.com**

N/A

(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

SIGNATURES

Name of Country Manager

Name of Company Secretary

David Lake

Jonathan Bass

Signature

Signature

16th February, 2010

16th February, 2010

Date

Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. Financial Statements

Provide quarterly Financial Statements 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 quarter.
- (b) Condensed Statement of Income for the 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 interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) Examples of financial data items to be included in constructing financial statements for various types of businesses are provided in Parts A-D. These items are meant to serve as guidelines only.
- (e) 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.

❖ *Please find attached copies of the financial statements for the quarter ended 31 December 2009 which provide the above information.*

2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Discuss reporting issuer's financial condition, changes in financial condition and results of operations during the reporting period. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim quarterly report. The broad areas of discussions should centre

around liquidity, capital resources and results of operations. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

(a) **Liquidity**

Identify any known trends or commitments, demands, events that will result in or that are reasonably likely to result in the reporting 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.

❖ *The current ratio was 1.15:1 for the quarter compared to 0.98: 1 for the corresponding period one year ago. The quick ratio was 1.03: 1 compared to 0.82:1 for the similar period. The increase in liquidity was driven mainly by improved cash collection and reduction in opex spend. The improvement in the current and quick ratios has put the company in a healthy position to settle its short-term commitments.*

(b) **Capital Resources**

Describe the reporting 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. Describe any material trends, favourable or unfavourable in the reporting issuer's capital resources and any expected change in mix. The discussion should consider changes between equity, debt and any off-balance sheet financing arrangements.

❖ *Capital expenditure analysis is shown below:-*

<i>Details</i>	<i>EC\$m</i>
<i>Fixed line</i>	<i>1.63</i>
<i>Mobile</i>	<i>0.31</i>
<i>Internet</i>	<i>0.25</i>
<i>Other</i>	<i>1.55</i>
<i>Total</i>	<i>3.74</i>

A significant amount (50%) was spent on fixed line through service delivery infrastructure. Mobile and Internet expenditure began late December and hence the small balances. The amount reported under other category includes capital maintenance work for addressing a number of critical issues dubbed Time Bombs, Property Rationalization, Power as well as health and safety. Funds used to finance the above investment were provided by operating activities.

(c) **Results of Operation.**

Describe 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 indicate the extent the income was so affected. Describe any known trends or uncertainties that have had or that the reporting issuer reasonably expects will have a material favourable or unfavourable impact on net sales or revenues or income from continuing operations. If the reporting issuer knows of events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), the changes in relationship should be disclosed.

❖ **Executive Summary**

Turnover for the period ended 31st December, 2009 showed a decrease of \$1.8m moving from \$79.2m to \$77.4m, when compared with the previous period ended 31st December, 2008. Outpayments and cost of sales also declined by 11%. Operating Cost moved favourably as a result of decrease in Management fees, Staff Costs and Other Operating Costs causing operating income to increase by \$4.9m moving from \$15.8m in 2008 to \$20.8m in 2009.

❖ **September to December Quarter Discussion**

- *The decrease in total turnover resulted primarily from the continuing global financial downturn which is adversely impacting consumer spending behaviour. Fixed line revenue continues to be affected most by the shift of consumer spend to mobile and the use of VOIP.*
- *Outpayments and Cost of Sales was reduced by 11% over the year. With the exception of fixed line international and other Cost of Sales, all Cost of Sales categories decreased. As a result, Gross Income increased by \$779k to \$39.1M.*
- *Increases in Network cost and licence fees caused Operating Cost to increase by 5%.*
- *Net cash flows generated from operating activities was \$14.7m 2008: \$14.5m). Of this, \$3.1m was invested in the purchase of fixed assets and \$8.2m was paid out in dividends.*

❖ *Business Segment Discussion for the Quarter*

- *Fixed line revenue continues on the path of decline. International call revenues are being eroded by lower international rates in general and VOIP (voice over internet protocol). Fixed line national income continues to be challenged by mobile call substitution and flat rate domestic calling. The reclassification of interconnect revenue to Mobile revenue also reduced Fixed Line revenue stream by over \$2M. Overall the fixed line income trailed revenues generated during the corresponding period by 21%.*
- *The Mobile revenue segment continues to perform favourably resulting in an increase of 5% when compared with the corresponding period to December, 2008. Promotions are still being geared to increase usage as well as maintain existing customers and increase market share.*
- *Internet line of business experienced a moderate decline of just 1% when compared to the corresponding period ended December 2008.*
- *Data revenue increased by 17% in comparison to the period ended December 2008.*

3. Disclosure of 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 and only include factors that are unique to the company. 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.

❖ *Exposure to risk includes the following:*

- *Operational risk resulting from fraud, loss of key people to competitors, product failure, loss of key suppliers and litigation from other Service Providers and Customers.*
- *Financial risk caused by bad debts and foreign exchange loss.*
- *Environmental risk due to competition, changes in regulations, or economic slowdown.*
- *Risk as a threat including loss of market share as a result of competition targeted to the internet, mobile and broadband products.*

The above risks are not material and the probability of their occurrence is quite low.

4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC - Q filed for the quarter in which it first became a reportable event and in subsequent quarterly reports in which there have been material developments. Subsequent Form ECSRC - Q 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.
- (b) 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
- ❖ *Above not applicable*
- (b) Report any working capital restrictions and other limitations upon the payment of dividends.
- ❖ *There are no restrictions*

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 percent 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.
- ❖ *Above not applicable*

- (b) If any material arrears in the payment of dividends has 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.

❖ *Above not applicable*

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

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

- (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.
- (c) A brief description of each other matter voted upon at the meeting and state 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.
- (d) A description of the terms of any settlement between the registrant and any other participant.
- (e) Relevant details of any matter where decision was taken otherwise than at a meeting of such security holders.

❖ *Above items are not applicable*

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 (related to disclosure of material information), with respect to which information is not otherwise called for by this form. 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 - Q report.

CABLE & WIRELESS (ST KITTS & NEVIS) LTD
STATEMENT OF INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2009

	<u>Notes</u>	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
Turnover		77,360	79,216
Outpayments and cost of sales		<u>(18,599)</u>	<u>(20,970)</u>
Gross Income		58,761	58,246
Operating costs	1	<u>(37,921)</u>	<u>(42,374)</u>
Operating Income		20,840	15,872
Profit/(Loss) on Disposal		39	0
Net interest and other income	3	251	254
Exceptional Items		<u>(1,728)</u>	<u>(3,187)</u>
Income on ordinary activities before taxation		19,402	12,940
Taxation on ordinary activities	4	<u>(8,242)</u>	<u>(5,046)</u>
Income on ordinary activities after taxation		<u>11,160</u>	<u>7,894</u>

CABLE & WIRELESS (ST KITTS & NEVIS) LTD
BALANCE SHEET
AS AT DECEMBER 31, 2009

	<u>Notes</u>	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	81,719	86,103
Intangible assets	6	607	877
Total Non -Current Assets		<u>82,326</u>	<u>86,980</u>
CURRENT ASSETS			
Inventories		3,246	2,635
Accounts receivable and prepayments	7	14,428	17,994
Amounts due from Group companies		-	2,466
Cash at bank and in hand	8	13,727	6,110
Total Current Assets		<u>31,400</u>	<u>29,205</u>
Total Assets		<u>113,726</u>	<u>116,185</u>
CAPITAL, RESERVES AND LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	9	33,130	33,130
Share premium account		3,009	3,009
Retained earnings		39,968	39,182
Total Capital and Reserves		<u>76,107</u>	<u>75,321</u>
LONG TERM LIABILITIES			
Provision for liabilities and charges	10	10,421	11,009
CURRENT LIABILITIES			
Trade accounts payable		1,388	2,925
Amounts owed to Group companies		12,916	16,349
Provision for Taxation		2,031	3,766
Other Liabilities	11	5,630	5,217
Accrued liabilities and deferred income		5,233	4,313
Total Current Liabilities		<u>27,199</u>	<u>32,570</u>
TOTAL LIABILITIES AND EQUITY			
SHAREHOLDERS' FUNDS		<u>113,726</u>	<u>118,900</u>

.....
Mr. David Lake
Country Manager

.....
Mr. Jonathan Bass
Vice President, Finance

CABLE & WIRELESS (ST KITTS & NEVIS) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2009

	Share Capital EC\$'000	Share Premium EC\$'000	Retained Earning EC\$'000	Total EC\$'000
Balance as of March 31, 2008	33,130	3,009	43,400	79,539
Prior Year Audit adjustment				
Dividend			(11,596)	(11,596)
Issuance of bonus shares				0
Net Income for the year			8,596	8,596
Prior Year Audit adjustment				
Balance as of March 31, 2009	33,130	3,009	40,400	76,539
Dividend			(11,592)	(11,592)
Net Income for the 9 months ended Dec 31, 2009			11,160	11,160
Balance as of December 31, 2009	33,130	3,009	39,968	76,107

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

CABLE & WIRELESS (ST KITTS & NEVIS) LTD
STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2009

	<u>Dec-09</u> EC\$000
Cash Flows from operating activities	
Income on ordinary activities before taxation	19,402
Adjustments for:	
Depreciation expense	8,507
Loss/(gain) on disposal of property, plant and equipment	(39)
Net Interest Income	<u>(251)</u>
Operating cash flows before working capital changes	27,619
Decrease/(Increase) in inventories	(266)
(Increase)/decrease in accounts receivable	(2,108)
Increase/(decrease) in accounts payable & accrued liabilities	<u>(3,856)</u>
Net cash from operations	21,390
Income taxes paid	(6,875)
Interest received	251
Interest Paid	<u>0</u>
Net cash from operating activities	14,765
Cash flows used in investing activities	
Purchase of tangible property, plant and equipment	(3,552)
Proceeds from disposal of tangible property, plant & equipment	<u>39</u>
Net cash used in investing activities	<u>(3,513)</u>
Cash flows used in financing activity	
Lending (to)/from Group companies	(3,433)
Dividends paid	(11,592)
Increase in short term deposits	<u>7,517</u>
Net cash used in financing activity	<u>(7,508)</u>
Net change in cash and cash equivalents	3,744
Net cash and cash equivalents, beginning of year	<u>9,982</u>
Net cash and cash equivalents, end of year	<u>13,727</u>

Dec-08
EC\$000

12,940

8,591

-

(254)

21,277

362

6,575

(1,117)

27,096

(11,113)

254

-

16,237

(8,755)

-

(8,755)

3,662

(12,112)

1,568

(6,882)

600

8,225

8,825

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2009**

1. OPERATING COSTS

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
Depreciation of tangible fixed assets	8,507	8,591
Employee costs (Note2)	6,508	7,119
Licence Fees	4,151	4,051
Utilities	1,422	1,549
Management Fees	2,494	3,582
Repairs & Maintenance	231	220
Pension costs	361	516
Insurance	538	422
Operating lease rentals	77	126
Auditor's remuneration - current year	174	184
Directors' fees	9	8
Rental of transmission facilities	176	261
Other operating costs	13,273	15,746
	<u>37,921</u>	<u>42,374</u>

2. EMPLOYEE COST

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
Salaries and Wages	5,962	6,360
Staff training	36	140
Other staff costs	510	620
	<u>6,508</u>	<u>7,119</u>
Number of employees	91	121

3. NET INTEREST INCOME

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
Interest received	251	254
	<u>251</u>	<u>254</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2009**

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
4. TAXATION ON ORDINARY ACTIVITIES		
Tax on profits for the year	8,242	5,046
Adjustment in respect to prior year	0	0
	<u>8,242</u>	<u>5,046</u>
Deferred taxation	0	0
	<u>8,242</u>	<u>5,046</u>

The current year tax charge of EC\$8,242 (2008: \$5,046) is higher than the standard rate of tax of 35%. See details below.

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
Tax at the standard rate of 35%	6,791	4,529
<i>Tax effect arising from the following:</i>		
Capital allowances in excess of depreciation	0	0
Tax on non-deductible expenditure	1,451	517
Adjustment in respect of prior periods	0	0
Current tax charge	<u>8,242</u>	<u>5,046</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2009**

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
4. TAXATION ON ORDINARY ACTIVITIES		
Tax on profits for the year	8,242	5,046
Adjustment in respect to prior year	0	0
	<u>8,242</u>	<u>5,046</u>
Deferred taxation	0	0
	<u>8,242</u>	<u>5,046</u>

The current year tax charge of EC\$8,242 (2008: \$5,046) is higher than the standard rate of tax of 35%. See details below.

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
Tax at the standard rate of 35%	6,791	4,529
<i>Tax effect arising from the following:</i>		
Capital allowances in excess of depreciation	0	0
Tax on non-deductible expenditure	1,451	517
Adjustment in respect of prior periods	0	0
Current tax charge	<u>8,242</u>	<u>5,046</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2009**

5. TANGIBLE FIXED ASSETS	Land and Buildings	Plant & Equipment	Motor Vehicles	Projects Under Construction	Total
	EC\$000	EC\$000	EC\$000	EC\$000	EC\$000
Costs					
At beginning of year-1 April 2009	25,142	197,147	3,320	3,543	229,152
Additions				3,553	3,553
Disposals			(268)		(268)
Transfers between items		3,353		(3,353)	0
At end of year	<u>25,142</u>	<u>200,500</u>	<u>3,052</u>	<u>3,743</u>	<u>232,437</u>

ACCUMULATED DEPRECIATION

At beginning of year	10,286	129,875	2,318	-	142,479
Charge for the year	540	7,571	397	-	8,507
Charge for impairment					0
On disposals			(268)		(268)
At year end	<u>10,826</u>	<u>137,446</u>	<u>2,447</u>	<u>-</u>	<u>150,718</u>

NET BOOK VALUE

At 31 December 2009	<u>14,316</u>	<u>63,054</u>	<u>605</u>	<u>3,743</u>	<u>81,719</u>
At 31 December 2008	<u>14,856</u>	<u>67,272</u>	<u>1,002</u>	<u>3,543</u>	<u>86,673</u>

The net book value of land and buildings comprises:

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
Freehold	13,776	14,277
Long leasehold	529	567
Short leasehold	11	12
	<u>14,316</u>	<u>14,856</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2009**

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
6. INTANGIBLE ASSETS		
Balance at beginning of year	810	1,080
Acquisition	-	-
Amortisation charges for year	(203)	(203)
	<u>607</u>	<u>877</u>

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
7. ACCOUNTS RECEIVABLES AND PREPAYMENTS		
Trade accounts receivables	8,449	14,280
Other receivables	2,815	3,801
Prepayments and accrued income	4,506	696
Provision for Bad Debts	(1,342)	(783)
	<u>14,428</u>	<u>17,994</u>

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
8. CASH AT BANK AND CASH IN HAND		
Cash at bank and in hand	3,744	4,759
Short term deposits	9,983	4,066
	<u>13,727</u>	<u>8,825</u>

Short-term deposits earn interest at an average rate of 4% per annum (2008:4%)

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
9. SHARE CAPITAL		
Authorised: 50,000,000 Ordinary shares of EC\$1.00 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid:- 33,130,418 (2008: 33,130,418)		
Ordinary shares of EC\$1.00 each	<u>33,130</u>	<u>33,130</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2009**

10. PROVISION FOR LIABILITIES & CHARGES

	Redundancy EC\$000	Deferred Taxation EC\$000	Total EC\$000
At 1 April 2009	6	10,421	10,427
Charge/(Credit) for the period	(6)		(6)
Credit related to change in tax rate			-
Credit related to accelerated capital allowances			-
At 31 December 2009	<u>-</u>	<u>10,421</u>	<u>10,421</u>

The deferred taxation liability is analysed as follows:-

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
Accelerated capital allowances	<u>10,421</u>	<u>10,961</u>

11. OTHER LIABILITIES

	<u>Dec-09</u> EC\$000	<u>Dec-08</u> EC\$000
Customers deposits	1,725	1,632
Social security	126	305
Other creditors	3,780	3,280
	<u>5,630</u>	<u>5,217</u>