

**Schedule 3  
FORM ECSRC - Q**

**Quarterly Report**

For the period ended **September 30, 2008**

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 Extn 451**

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

Email address: **jonathan.bass@cw.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 Director

Name of Country Manager

O. Liburd

David Lake



Signature

Signature

19th November, 2008

19<sup>th</sup> November, 2008

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 30 September 2008 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 0.8: 1 for the quarter compared to 1.01: 1 for the corresponding period one year ago. The quick ratio was 0.69: 1 compared to 0.99:1 for the similar period. The drop in liquidity was driven mainly by a decrease in cash on hand due to an increase in cash repatriated to head office. The amounts due from group companies have also been set off against payables for the current period whilst this was not the treatment for the comparative period. Despite the decline in liquidity, the company is still 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:-*

<b>Details</b>	<b>EC\$m</b>
<i>Fixed line</i>	<i>0.93</i>
<i>Mobile</i>	<i>1.03</i>
<i>Internet</i>	<i>1.34</i>
<i>Other</i>	<i>0.63</i>
<b>Total</b>	<b>3.93</b>

*A significant amount (60%) was spent on internet and mobile. Mobile expenditure related to the continued expansion of the GSM network to satisfy customer growth and improve coverage. In order to further*

*improve internet market penetration, a significant amount was spent to expand the broadband network as well as to develop the capability to provide WIMAX service. The amount reported under other category includes capital maintenance work on buildings to improve accommodation 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 30th September, 2008 showed a slight improvement by \$91k to \$53m, when compared with the previous period ended 30th September, 2007. Outpayments and cost of sales also moved in a favourable direction showing a decline of \$779k or 2%. As a result Gross income showed a growth of 2%. Operating income also showed improved performance of \$221k despite the adverse performance of Operating cost which increased by 2% in comparison with the previous period ended September 2007.*

**❖ April to September Quarter Discussion**

- The increase in Total turnover resulted primarily from the impressive performance of mobile and broadband revenues. Both revenue streams increased by 5% when compared with the previous year. The policy for recognition of directory revenue was changed during the current period which caused other revenue to triple over that of the previous period.*
- Outpayments and Cost of Sales reduced by 5%. With the exception of Fixed line international and other Cost of Sales, All other Cost of*

*Sales categories decreased. This in turn caused Gross Income to increase by \$779k to \$39.1m.*

- *Increases in Network cost and licence fees caused Operating Cost to increase by 2%.*
- *Net cash flows generated from operating activities was \$14.5m (2007: \$12.8). Of this, \$5.3 was invested in the purchase of fixed assets and \$8.8m 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 the prevalence of VOIP (voice over internet protocol). Fixed line national income is being challenged by mobile call substitution and flat rate domestic calling. Overall the fixed line income trailed revenues generated during the corresponding period by 12%.*
- *The Mobile revenue segment continues to perform favourably resulting in an increase of 6% beyond the corresponding period to September, 2007. Promotions are still being geared to increase usage as well as maintain and/or increase market share.*
- *Internet line of business experienced moderate growth; some 5% when compared to the corresponding period ended September 30th, 2007. This increment was driven primarily by the introduction of a 2megabit high speed internet package at the same price of \$99 that was previously charged for a much lower bandwidth, and continued success in computer sales initiative, mainly to increase the broadband customer base.*
- *Data revenue declined by 19% in comparison to the period ended September 30<sup>th</sup> 2007.*

### 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.*

*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.**

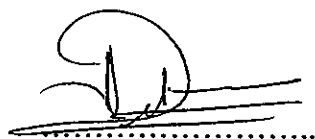
The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC - MC report (related to disclosure of material information), with respect to which information is not otherwise called for by this form. If disclosure of such information is made under 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 SEPTEMBER 30, 2008**

	<u>Notes</u>	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Turnover		53,089	52,998
Outpayments and cost of sales		<u>(13,947)</u>	<u>(14,636)</u>
Gross Income		39,141	38,362
Operating costs	1	<u>(27,452)</u>	<u>(26,893)</u>
Operating Income		11,690	11,469
Profit/(Loss) on Disposal		-	24
Net interest and other income	3	157	85
Exceptional Items		<u>(749)</u>	<u>-</u>
Income on ordinary activities before taxation		11,097	11,578
Taxation on ordinary activities	4	<u>(4,328)</u>	<u>(4,504)</u>
Income on ordinary activities after taxation		<u>6,769</u>	<u>7,074</u>

**CABLE & WIRELESS ST. KITTS & NEVIS LTD**  
**BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2008**

	<u>Notes</u>	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	85,853	88,045
Intangible assets	6	945	-
Loan receivable from related party		8,492	3,846
<b>Total Non -Current Assets</b>		<u>95,290</u>	<u>91,891</u>
<b>CURRENT ASSETS</b>			
Inventories		3,852	2,609
Accounts receivable and prepayments	7	17,949	22,966
Amounts due from Group companies		0	1,299
Cash at bank and in hand	8	5,299	10,544
<b>Total Current Assets</b>		<u>27,100</u>	<u>37,418</u>
<b>Total Assets</b>		<u>122,390</u>	<u>129,309</u>
<b>CAPITAL, RESERVES AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	33,130	33,130
Share premium account		3,009	3,009
Retained earnings		41,336	47,241
<b>Total Capital and Reserves</b>		<u>77,476</u>	<u>83,380</u>
<b>LONG TERM LIABILITIES</b>			
Provision for liabilities and charges	10	11,009	10,769
<b>CURRENT LIABILITIES</b>			
Trade accounts payable		2,763	5,676
Amounts owed to Group companies		16,347	12,879
Provision for Taxation		3,766	5,005
Other Liabilities	11	6,614	6,476
Accrued liabilities and deferred income		4,416	5,124
<b>Total Current Liabilities</b>		<u>33,905</u>	<u>35,160</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>122,390</u>	<u>129,309</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 SEPTEMBER 30, 2008**

	<b>Share Capital ECS'000</b>	<b>Share Premium ECS'000</b>	<b>Retained Earning ECS'000</b>	<b>Total ECS'000</b>
<b>Balance as of March 31, 2007</b>	33,130	3,009	40,167	76,307
Prior Year Audit adjustment				
Dividend			(11,600)	(11,600)
Issuance of bonus shares				0
Net Income for the year			14,833	14,833
Prior Year Audit adjustment				
<b>Balance as of March 31, 2008</b>	<b>33,130</b>	<b>3,009</b>	<b>43,400</b>	<b>79,540</b>
Dividend			(8,833)	(8,833)
Net Income for the 6 months ended Sep 30, 2008			6,769	6,769
<b>Balance as of Sep 30, 2008</b>	<b>33,130</b>	<b>3,009</b>	<b>41,336</b>	<b>77,476</b>

The accompanying notes form an integral part of these financial statements

**CABLE & WIRELESS ST. KITTS & NEVIS LTD**  
**STATEMENT OF CASH FLOWS**  
**AS AT SEPTEMBER 30 2008**

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
<b>Cash Flows from operating activities</b>		
Income on ordinary activities before taxation	11,097	11,579
<b>Adjustments for:</b>		
Depreciation expense	5,620	5,484
Loss/(gain) on disposal of property, plant and equipment	-	(24)
Net Interest	157	(85)
	<hr/>	<hr/>
<b>Operating cash flows before working capital changes</b>	16,874	16,954
Decrease/(Increase) in inventories	(857)	(1,058)
(Increase)/decrease in accounts receivable	4,154	(2,275)
Increase/(decrease) in accounts payable and accrued liabilities	2,827	5,200
	<hr/>	<hr/>
<b>Net cash from operations</b>	22,998	18,820
Income taxes paid	(8,613)	(5,996)
Interest received	157	60
Interest Paid	-	(26)
<b>Net cash from operating activities</b>	14,542	12,858
	<hr/>	<hr/>
<b>Cash flows used in investing activities</b>		
Purchase of tangible property, plant and equipment	(5,373)	(4,468)
Proceeds from disposal of tangible property, plant and equipment	-	23
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	(5,373)	(4,445)
	<hr/>	<hr/>
<b>Cash flows used in financing activity</b>		
Lending (to)/from Group companies	(2,115)	(3,846)
Dividends paid	(8,833)	(3,323)
<b>Net cash used in financing activity</b>	(10,948)	(7,169)
	<hr/>	<hr/>
<b>Net change in cash and cash equivalents</b>	(1,779)	1,244
Net cash and cash equivalents, beginning of year	7,078	9,300
<b>Net cash and cash equivalents, end of year</b>	5,299	10,544

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2008**

**1. OPERATING COSTS**

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Depreciation of tangible fixed assets	5,620	5,484
Employee costs	4,818	4,315
Licence Fees	2,721	2,058
Utilities	1,080	751
Management Fees	2,199	1,646
Repairs & Maintenance	127	76
Pension costs	368	304
Insurance	281	308
Operating lease rentals	80	73
Auditor's remuneration - current year	133	166
Directors' fees	5	9
Rental of transmission facilities	172	190
Other operating costs	4,229	6,452
	<u>21,832</u>	<u>26,893</u>

**2. EMPLOYEE COST**

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Salaries and Wages	4,295	3,870
Staff training	130	154
Other staff costs	393	291
	<u>4,818</u>	<u>4,315</u>
Number of employees	126	125

**3. NET INTEREST INCOME**

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Interest received	157	85
	<u>157</u>	<u>85</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

**4. TAXATION ON ORDINARY ACTIVITIES**

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Tax on profits for the year	4,328	4,504
Adjustment in respect to prior year	<u>0</u>	<u>0</u>
	4,328	4,504
Deferred taxation	<u>0</u>	<u>0</u>
	<u>4,328</u>	<u>4,504</u>

The current year tax charge of EC\$4,328K (2007: 4,504) is higher than the standard rate of tax of 35%. (2007:35%) See details below.

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Tax at the standard rate of 35% (2007: 35%)	3,884	4,052
Tax effect arising from the following:		
Capital allowances in excess of depreciation		
Tax on non-deductible expenditure	444	452
Adjustment in respect of prior periods		
Current tax charge	<u>4,328</u>	<u>4,504</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

**5. TANGIBLE FIXED ASSETS**

	<b>Land and Buildings</b>	<b>Plant &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Projects Under construction</b>	<b>Total</b>
	<b>EC\$000</b>	<b>EC\$000</b>	<b>EC\$000</b>	<b>EC\$000</b>	<b>EC\$000</b>
<b>Costs</b>					
At beginning of year-1 April 2008	24,782	174,125	3,303	10,897	213,107
Additions	116		276	3,544	3,936
Disposals	-	-	(143)	-	(143)
Transfers between items	0	4,969	-	(4,969)	0
At end of year	<b>24,898</b>	<b>179,094</b>	<b>3,436</b>	<b>9,472</b>	<b>216,900</b>
<b>ACCUMULATED DEPRECIATION</b>					
At beginning of year	9,639	113,523	2,543	-	125,705
Charge for the year	319	4,926	240	-	5,485
Charge for impairment			-	-	0
On disposals	-	-	(143)	-	(143)
At year end	<b>9,958</b>	<b>118,449</b>	<b>2,640</b>	<b>-</b>	<b>131,047</b>
<b>NET BOOK VALUE</b>					
<b>At 30 September 2008</b>	<b>14,940</b>	<b>60,645</b>	<b>796</b>	<b>9,472</b>	<b>85,853</b>
At 30 September 2007	15,431	58,740	959	12,915	88,045

The net book value of land and buildings comprises:

	<b>Sep-08 EC\$000</b>	<b>Sep-07 EC\$000</b>
Freehold	14,363	14,790
Long leasehold	577	606
Short leasehold		35
	<b>14,940</b>	<b>15,431</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

**6. INTANGIBLE ASSETS**

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Balance at beginning of year	1,080	-
Acquisition	-	-
Amortisation charges for year	(135)	
	<u>945</u>	<u>-</u>

**7. ACCOUNTS RECEIVABLES AND PREPAYMENTS**

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Trade accounts receivables	15,605	19,075
Other receivables	1,939	3,582
Prepayments and accrued income	1,007	1,166
Provision for Bad Debts	(602)	(857)
	<u>17,949</u>	<u>22,966</u>

**8. CASH AT BANK AND CASH IN HAND**

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Cash at bank and in hand	3,948	9,295
Short term deposits	1,351	1,249
	<u>5,299</u>	<u>10,544</u>

Short-term deposits earn interest at an average rate of 4% per annum (2007:4%)

**9. SHARE CAPITAL**

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
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 (2007:33,130,418)		
Ordinary shares of EC\$1.00 each	<u>33,130</u>	<u>33,130</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

**10. PROVISION FOR LIABILITIES AND CHARGES**

	<b>Redundancy</b>	<b>Deferred Taxation</b>	<b>Total</b>
	<b>EC\$000</b>	<b>EC\$000</b>	<b>EC\$000</b>
At 1 April 2008	48	10,961	11,009
Charge/(Credit) for the period	-		-
Credit related to change in tax rate			-
Credit related to accelerated capital allowances			-
At 30 September 2008	<b>48</b>	<b>10,961</b>	<b>11,009</b>

The deferred taxation liability is analysed as follows:-

	<u>Sep-08</u>	<u>Sep-07</u>
	<b>EC\$000</b>	<b>EC\$000</b>
Accelerated capital allowances	<b>10,961</b>	10,508

**11. OTHER LIABILITIES**

	<u>Sep-08</u>	<u>Sep-07</u>
	<b>EC\$000</b>	<b>EC\$000</b>
Customers deposits	1,604	1,917
Social security	129	78
Other creditors	4,881	4,481
	<b>6,614</b>	<b>6,476</b>