

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report For the period ended **December 31, 2007**
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 Chief Executive Officer/Director

Name of Company Secretary

P. Walters

Jonathan Bass

Signature

Signature

7th March, 2008

7th March,2007

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 31st December, 2007 which provide the above information.*

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 1.09 : 1 for the quarter compared to 1.18 : 1 for the corresponding period one year ago. The quick ratio was 1 compared to 1.05:1 for the similar period. The drop in liquidity was driven mainly by an increase in amounts owed to Group Companies and higher current liabilities in general. 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:-*

<i>Details</i>	<i>EC\$m</i>
<i>Fixed line</i>	<i>3.6</i>
<i>Mobile</i>	<i>1.2</i>
<i>Internet</i>	<i>2.6</i>
<i>International Capacity</i>	<i>1.0</i>
<i>Other</i>	<i>0.4</i>
<i>Total</i>	<i>8.8</i>

A significant amount was spent on fixed line; primarily to relocate the line plant as a result of extensive road renovations in Nevis. To satisfy the increasing needs of the mobile market, the company increased its capital expenditure for the purpose of expanding the GSM network. In order to further improve internet market penetration, a significant amount was spent to expand the broadband network. The amount allocated to International Capacity was mainly for upgrading the ECFS (Eastern Caribbean Fibre System) and the purchase of capacity on GCN (Global Crossing Network) transmission facility. The amount reported under other category includes capital maintenance projects such as computers, tools, vehicles and fencing. 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, 2007 showed a slight increase of 1% to \$80.0m, when compared to the previous period ended 31st December, 2006. Outpayments and cost of sales went up by 2% to \$22m, But the gross income remained flat at \$58m. Operating income dropped by 8% to \$17m.

❖ **October to December Quarter Discussion**

- *The increase in Total turnover was driven primarily by double-digit increases in Mobile (10%) and Internet (19%) products respectively, offset by lower results in Fixed line International revenues and Fixed line National income.*

- *Outpayments and cost of sales were 3% ahead of the corresponding period ended December, 2006. This was as a result of higher internet cost of sales, offset by lower interconnect costs for calls terminating on other Service Providers' network and outpayments to other administrations for international calls made from mobile phones.*
- *Gross income remained flat at \$58m when compared to the matching period of December, 2006, despite higher cost of sales.*
- *Operating income dropped 8% to \$17m. This result was primarily driven by higher cost of sales and depreciation & impairment costs in excess of the previous period ended December, 2006.*
- *Net cash flow provided by operating activities was \$20.4 compared to (\$1m) used for the period ended December, 2006. This was primarily due to increased use of funds provided by current creditors . Out of the funds generated from operating activities \$8.8m (2006: \$5.9) was invested in the purchase of fixed assets and \$8.2m (2006:\$11m) was paid out in dividends.*

❖ ***Business Segment Discussion for the Quarter***

- *As expected, income from the fixed line stream continues on the path of decline. International call revenues are being eroded by lower international rates in general and the launch of VOIP (voice over internet protocol). Fixed line national income is being challenged by mobile call substitution and the introduction of flat rate domestic calling. Overall the fixed line income trailed revenues generated during the corresponding period by 11%.*
- *The Mobile segment is still on the growth path of the product life cycle, advancing 10% beyond the corresponding period to December, 2006. Performance was driven by innovative marketing and promotional strategies.*
- *Internet line of business experienced significant growth; some 19% when compared to December, 2006. Such strong performance was driven primarily by the development of the \$99, 2mg high speed internet package and continued success in computer sales initiative mainly to increase the broadband customer base.*
- *Data revenues showed a slight increase of 2% to \$8.6m, although customer numbers stepped up slightly but not without a drop in price.*

- *Other revenues remained static at \$0.9m.*

2. 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.

3. 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*

4. 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*

5. 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*

6. 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*

7. 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, 2007

	<u>Notes</u>	<u>Dec-07</u> EC\$000	<u>Dec-06</u> EC\$000
Turnover		80,023	79,304
Outpayments and cost of sales		(22,049)	(21,505)
Gross Income		57,973	57,799
Operating costs	1	(40,962)	(39,424)
Operating Income		17,011	18,375
Profit/(Loss) on Disposal		26	
Net interest and other income	3	146	(170)
Income on ordinary activities before taxation		17,183	18,205
Taxation on ordinary activities	4	(6,660)	(7,100)
Income on ordinary activities after taxation		10,523	11,105

**CABLE & WIRELESS ST. KITTS & NEVIS LTD
BALANCE SHEET**

FOR THE PERIOD ENDED DECEMBER 31, 2007

	<u>Notes</u>	<u>Dec-07</u> EC\$000	<u>Dec-06</u> EC\$000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	88,290	89,887
Loan receivable from related party		-	938
Intangible assets	6	1,147	-
Total Non -Current Assets		89,437	90,825
CURRENT ASSETS			
Inventories		2,911	3,255
Accounts receivable and prepayments	7	20,549	18,293
Amounts due from Group companies		5,352	320
Cash at bank and in hand	8	8,893	8,179
Total Current Assets		37,705	30,047
Total Assets		127,142	120,872
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		45,808	47,910
Total Capital and Reserves		81,947	84,049
LONG TERM LIABILITIES			
Provision for liabilities and charges	10	10,609	11381
CURRENT LIABILITIES			
Trade accounts payable		7,218	5,251
Amounts owed to Group companies		14,174	3,858
Provision for income tax		4,429	(2,001)
Other Liabilities	11	6,333	4,623
Accrued liabilities and deferred income		2,432	3,492
Loan Payable to Group companies		-	10,219
Dividends payable		-	-
Total Current Liabilities		34,586	25,442
TOTAL LIABILITIES AND EQUITY		127,142	120,872
SHAREHOLDERS' FUNDS			

.....
Ms. Patricia Walters
Chief Executive

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

**CABLE & WIRELESS ST. KITTS & NEVIS
LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2007**

	Share Capital EC\$'000	Share Premium EC\$'000	Retained Earning EC\$'000	Total EC\$'000
Balance as of March 31, 2006	33,130	3,009	38,689	74,828
Dividend			(11,039)	(11,039)
Issuance of bonus shares				0
Net Income for the year			12,517	12,517
Balance as of March 31, 2007	33,130	3,009	40,167	76,306
Dividend			(4,882)	(4,882)
Net Income for the 9 months ended December 31, 2007			10,523	10,523
Balance as of December 31, 2007	33,130	3,009	45,808	81,947

The accompanying notes form an integral part of these financial statements

**CABLE & WIRELESS ST. KITTS & NEVIS LTD
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2007**

	<u>Dec-07</u> EC\$000	<u>Dec-06</u> EC\$000
Cash Flows from operating activities		
Income on ordinary activities before taxation	17,183	18,205
Adjustments for:		
Depreciation expense	8,287	6,228
Loss/(gain) on disposal of property, plant and equipment	(26)	325
Net Interest	(146)	170
Operating cash flows before working capital changes	25,298	24,928
Decrease/(Increase) in inventories	(901)	(2,364)
(Increase)/decrease in accounts receivable	(6,546)	644
Increase/(decrease) in accounts payable and accrued liabilities	7,057	(12,724)
Net cash from operations	24,908	10,484
Income taxes paid	(8,496)	(11,332)
Interest received	186	221
Interest Paid	(40)	(391)
Net cash from operating activities	16,558	(1,018)
Cash flows used in investing activities		
Purchase of tangible property, plant and equipment	(8,796)	(5,932)
Proceeds from disposal of tangible property, plant and equipment	26	19
Net cash used in investing activities	(8,770)	(5,913)
Cash flows used in financing activity		
Lending (to)/from Group companies	0	10,219
Dividends paid	(8,195)	(11,043)
Net cash used in financing activity	(8,195)	(824)
Net change in cash and cash equivalents	(407)	(7,755)
Net cash and cash equivalents, beginning of year	9,300	15,934
Net cash and cash equivalents, end of year	8,893	8,179

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2007**

1. OPERATING COSTS

	<u>Dec-07</u> EC\$000	<u>Dec-06</u> EC\$000
Employee costs	7,660	7,581
Directors' fees	9	20
Pension costs	512	472
Rental of transmission facilities	1,758	1,440
Management Fees	2,765	1,865
Operating lease rentals	438	
Other operating costs	19,388	20,964
Depreciation of tangible fixed assets	8,287	6,228
Exceptional items	-	-
Auditor's remuneration - current year	166	-
Trading foreign exchange losses	6	529
Profit on sale of fixed assets	(26)	325
	<u>40,962</u>	<u>39,424</u>

2. EMPLOYEE COST

	<u>Dec-07</u> EC\$000	<u>Dec-06</u> EC\$000
Salaries and Wages	6,419	6,500
Staff training	256	242
Other staff costs	1,495	1,310
	<u>8,170</u>	<u>8,052</u>

Number of employees	131	125
---------------------	------------	------------

3. NET INTEREST INCOME

	<u>Dec-07</u> EC\$000	<u>Dec-06</u> EC\$000
Interest paid	(40)	(391)
Interest received	186	221
	<u>146</u>	<u>(170)</u>

4. TAXATION ON ORDINARY ACTIVITIES

	Dec-07	Dec-06
	EC\$000	EC\$000
Tax on profits for the year	6,660	8,444
Adjustment in respect to prior year	0	0
	6,660	8,444
Deferred taxation	0	0
	6,660	8,444

The current year tax charge of EC\$6,660K is higher (2006:higher) than the standard rate of tax of 35%. (2006:35%) See details below.

	Dec-07	Dec-06
	EC\$000	EC\$000
Tax at the standard rate of 35% (2006: 35%)	6,014	6,372
Tax effect arising from the following:		
Capital allowances in excess of depreciation		
Tax on non-deductible expenditure	646	728
Adjustment in respect of prior periods		
Current tax charge	6,660	7,100

5. TANGIBLE FIXED ASSETS

	Land and Buildings	Plant	Motor Vehicles	Projects Under construction	Total
	EC\$000	EC\$000	EC\$000	EC\$000	EC\$000
Costs					
At beginning of year-1 April 2007	24,819	180,154	3,648	7,619	216,240
Additions	-		-	8,841	8,841
Disposals	(68)	(4,824)	(316)		(5,208)
Transfers between items	0	4,648	33	(4,681)	0
At end of year	<u>24,751</u>	<u>179,978</u>	<u>3,365</u>	<u>11,779</u>	<u>219,873</u>

ACCUMULATED DEPRECIATION

At beginning of year	9,070	116,969	2,465		128,504
Charge for the year	478	7,466	343		8,287
Charge for impairment					0
On disposals	<u>(68)</u>	<u>(4,824)</u>	<u>(316)</u>		<u>(5,208)</u>
At year end	<u>9,480</u>	<u>119,611</u>	<u>2,492</u>	0	<u>131,583</u>

NET BOOK VALUE

At 31st December 2007	<u>15,271</u>	<u>60,367</u>	<u>873</u>	<u>11,779</u>	<u>88,290</u>
At 31st December 2006	<u>15,512</u>	<u>54,355</u>	<u>1,296</u>	<u>18,724</u>	<u>89,887</u>

The net book value of land and buildings comprises:

	<u>Dec-07</u>	<u>Dec-06</u>
	EC\$000	EC\$000
Freehold	14,648	14,891
Long leasehold	591	621
Short leasehold	32	0
	<u>15,271</u>	<u>15,512</u>

6. INTANGIBLE ASSETS

Intangible assets represent the marketing rights acquired by the company during the year ended March 31st, 2007. The marketing rights will be amortised over a period of 5 years commencing April 1st, 2007.

7. ACCOUNTS RECEIVABLES AND PREPAYMENTS

	Dec-07	<u>Dec-06</u>
	EC\$000	EC\$000
Trade accounts receivables	16,747	13,856
Other receivables	2,789	1,763
Current portion of loan receivable from related party	-	322
Prepayments and accrued income	1,013	2,352
	20,549	18,293

8. CASH AT BANK AND CASH IN HAND

	Dec-07	<u>Dec-06</u>
	EC\$000	EC\$000
Cash at bank and in hand	7,594	6,930
Short term deposits	1,299	1,249
	8,893	8,179

Short-term deposits earn interest at an average rate of 4% per annum (2006:3.25%)

9. SHARE CAPITAL

	Dec-07	<u>Dec-06</u>
	EC\$000	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 (2006:33,130,418)		
Ordinary shares of EC\$1.00 each	33,130	33,130

10. PROVISION FOR LIABILITIES AND CHARGES

	Redundancy	Deferred Taxation	Total
	EC\$000	EC\$000	EC\$000
At 1 April 2007	910	10,508	11,418
Adjustment to prior year			0
Payment	0		0
Charge/(Credit) for the period	(809)		(809)
Credit related to change in tax rate			0
Credit related to accelerated capital allowances			0
At 31 December 2007	101	10,508	10,609

The deferred taxation liability is analysed as follows:-

	<u>Dec-07</u>	<u>Dec-06</u>
	EC\$000	EC\$000
Accelerated capital allowances	10,508	11,381

11. OTHER LIABILITIES

	<u>Dec-07</u>	<u>Dec-06</u>
	EC\$000	EC\$000
Customers deposits	1,860	1,867
Social security	3	56
Other creditors	4,470	2,700
	6,333	4,623