

CABLE & WIRELESS ST. KITTS & NEVIS LTD
STATEMENT OF INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2008

	<u>Notes</u>	<u>Dec-08</u> <u>EC\$000</u>	<u>Dec-07</u> <u>EC\$000</u>
Turnover		79,216	80,023
Outpayments and cost of sales		<u>(20,970)</u>	<u>(22,049)</u>
Gross Income		58,246	57,973
Operating costs	1	<u>(42,374)</u>	<u>(40,962)</u>
Operating Income		15,872	17,011
Profit/(Loss) on Disposal		-	26
Net interest and other income	3	254	146
Exceptional Items		<u>(3,187)</u>	<u>-</u>
Income on ordinary activities before taxation		12,940	17,183
Taxation on ordinary activities	4	<u>(5,046)</u>	<u>(6,660)</u>
Income on ordinary activities after taxation		<u>7,894</u>	<u>10,523</u>

CABLE & WIRELESS ST. KITTS & NEVIS LTD
BALANCE SHEET
AS AT DECEMBER 31, 2008

	<u>Notes</u>	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	86,103	88,290
Intangible assets	6	877	-
Loan receivable from related party		<u>2,715</u>	<u>1,147</u>
Total Non -Current Assets		<u>89,695</u>	<u>89,437</u>
CURRENT ASSETS			
Inventories		2,635	2,911
Accounts receivable and prepayments	7	17,994	20,549
Amounts due from Group companies		2,466	5,352
Cash at bank and in hand	8	<u>6,110</u>	<u>8,893</u>
Total Current Assets		<u>29,205</u>	<u>37,705</u>
Total Assets		<u>118,900</u>	<u>127,142</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		<u>39,182</u>	<u>45,808</u>
Total Capital and Reserves		<u>75,321</u>	<u>81,947</u>
LONG TERM LIABILITIES			
Provision for liabilities and charges	10	<u>11,009</u>	<u>10,609</u>
CURRENT LIABILITIES			
Trade accounts payable		2,925	7,218
Amounts owed to Group companies		16,349	14,174
Provision for Taxation		3,766	4,429
Other Liabilities	11	5,217	6,333
Accrued liabilities and deferred income		<u>4,313</u>	<u>2,432</u>
Total Current Liabilities		<u>32,570</u>	<u>34,586</u>
TOTAL LIABILITIES AND EQUITY		<u>118,900</u>	<u>127,142</u>

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Mr. David Lake
Country Manager

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Mr. Jonathan Bass
Vice President Finance

CABLE & WIRELESS ST. KITTS & NEVIS LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2008

	Share Capital EC\$'000	Share Premium EC\$'000	Retained Earning EC\$'000	Total EC\$'000
Balance as of March 31, 2007	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				
Balance as of March 31, 2008	33,130	3,009	43,400	79,540
Dividend			(12,112)	(12,112)
Net Income for the 9 months ended Dec 31, 2008			7,894	7,894
Balance as of Dec 31, 2008	33,130	3,009	39,182	75,322

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, 2008

	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
Cash Flows from operating activities		
Income on ordinary activities before taxation	12,940	17,183
Adjustments for:		
Depreciation expense	8,591	8,287
Loss/(gain) on disposal of property, plant and equipment	-	(26)
Net Interest Income	<u>(254)</u>	<u>(146)</u>
Operating cash flows before working capital changes	21,277	25,298
Decrease/(Increase) in inventories	362	(901)
(Increase)/decrease in accounts receivable	6,575	(6,546)
Increase/(decrease) in accounts payable and accrued liabilities	<u>(1,117)</u>	<u>7,057</u>
Net cash from operations	27,096	24,908
Income taxes paid	(11,113)	(8,496)
Interest received	254	186
Interest Paid	-	(40)
Net cash from operating activities	<u>16,237</u>	<u>16,558</u>
Cash flows used in investing activities		
Purchase of tangible property, plant and equipment	(8,755)	(8,796)
Proceeds from disposal of tangible property, plant and equipment	<u>-</u>	<u>26</u>
Net cash used in investing activities	<u>(8,755)</u>	<u>(8,770)</u>
Cash flows used in financing activity		
Lending (to)/from Group companies	3,662	0
Dividends paid	<u>(12,112)</u>	<u>(8,195)</u>
Net cash used in financing activity	<u>(8,450)</u>	<u>(8,195)</u>
Net change in cash and cash equivalents	(968)	(407)
Net cash and cash equivalents, beginning of year	<u>7,078</u>	<u>9,300</u>
Net cash and cash equivalents, end of year	<u>6,110</u>	<u>8,893</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2008**

1. OPERATING COSTS

	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
Depreciation of tangible fixed assets	8,591	8,287
Employee costs	7,119	7,418
Licence Fees	4,051	3,121
Utilities	1,549	1,311
Management Fees	3,582	2,765
Repairs & Maintenance	220	96
Pension costs	516	512
Insurance	422	462
Operating lease rentals	126	111
Auditor's remuneration - current year	184	166
Directors' fees	8	9
Rental of transmission facilities	261	261
Other operating costs	15,746	8,156
	<u>42,374</u>	<u>32,675</u>

2. EMPLOYEE COST

	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
Salaries and Wages	6,360	6,772
Staff training	140	256
Other staff costs	620	390
	<u>7,119</u>	<u>7,418</u>

Number of employees	121	131
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3. NET INTEREST INCOME

	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
Interest received	254	146
	<u>254</u>	<u>146</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2008**

4. TAXATION ON ORDINARY ACTIVITIES

	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
Tax on profits for the year	5,046	6,660
Adjustment in respect to prior year	0	0
	5,046	6,660
Deferred taxation	0	0
	5,046	6,660

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>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
Tax at the standard rate of 35% (2007: 35%)	4,529	6,014
Tax effect arising from the following:		
Capital allowances in excess of depreciation		
Tax on non-deductible expenditure	517	646
Adjustment in respect of prior periods		
Current tax charge	5,046	6,660

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2008**

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 2008	24,782	174,125	3,303	10,897	213,107
Additions	116		276	6,697	7,089
Disposals	-	-	(143)	-	(143)
Transfers between items	0	12,499	-	(12,499)	0
At end of year	24,898	186,624	3,436	5,095	220,053
ACCUMULATED DEPRECIATION					
At beginning of year	9,639	113,523	2,543	-	125,705
Charge for the year	479	7,537	372	-	8,388
Charge for impairment			-	-	0
On disposals	-	-	(143)	-	(143)
At year end	10,118	121,060	2,772	-	133,950
NET BOOK VALUE					
At 30 December 2008	14,780	65,564	664	5,095	86,103
At 31 December 2007	15,271	60,367	873	11,779	88,290

The net book value of land and buildings comprises:

	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
Freehold	14,213	14,648
Long leasehold	567	591
Short leasehold		32
	<u>14,780</u>	<u>15,271</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2008**

6. INTANGIBLE ASSETS

	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
Balance at beginning of year	1,080	-
Acquisition	-	-
Amortisation charges for year	(203)	-
	<u>877</u>	<u>-</u>

7. ACCOUNTS RECEIVABLES AND PREPAYMENTS

	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
Trade accounts receivables	14,280	17,570
Other receivables	3,801	2,789
Prepayments and accrued income	696	1,013
Provision for Bad Debts	(783)	(823)
	<u>17,994</u>	<u>20,549</u>

8. CASH AT BANK AND CASH IN HAND

	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
Cash at bank and in hand	4,759	7,594
Short term deposits	1,351	1,299
	<u>6,110</u>	<u>8,893</u>

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

9. SHARE CAPITAL

	<u>Dec-08</u> EC\$000	<u>Dec-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 DECEMBER 31, 2008**

10. PROVISION FOR LIABILITIES AND CHARGES

	Redundancy	Deferred Taxation	Total
	EC\$000	EC\$000	EC\$000
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	48	10,961	11,009

The deferred taxation liability is analysed as follows:-

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

11. OTHER LIABILITIES

	<u>Dec-08</u>	<u>Dec-07</u>
	EC\$000	EC\$000
Customers deposits	1,632	1,860
Social security	305	3
Other creditors	3,280	4,470
	5,217	6,333