

**Schedule 1**

**FORM ECSRC – K**

**ANNUAL REPORT PURSUANT TO SECTION 98 OF THE SECURITIES ACT OF 2001**

For the financial year ended **March 31<sup>st</sup> 2011**

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Issuer Registration number **002216**

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**Cable & Wireless St. Kitts & Nevis Limited**

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

**St. Kitts & Nevis**

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(Territory of incorporation)

**10 Cayon Street, Basseterre**

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(Address of principal office)

Reporting issuer's: **Jonathan Bass**  
Telephone number (including area code): **869-465-1000 Ext 451**  
Fax number: **869-466-1643**  
Email address: **jonathan.bass@time4lime.com**

(Provide information stipulated in paragraphs 1 to 13 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by Sections 98 of the Securities Act of 2001 during the preceding 12 months

Yes  X

No

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.

<b>CLASS</b>	<b>NUMBER</b>
Ordinary Shares	33,130,418

**SIGNATURES**

Name of Director

Name of Company Secretary

**Mr. David Lake**

**Jonathan Bass**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## **INFORMATION TO BE INCLUDED IN THE REPORT**

### **1. Business.**

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

1. *The company has four main lines of business, namely Mobile, Fixed Line, Broadband and Data. During the year only the Data revenue stream experienced growth. Mobile and broadband revenues along with the legacy product streams i.e. domestic fixed line and international outgoing declined. The reasons for the decline in revenues are provided in section 10 of this report under the caption "Result of Operation".*

### **2. Properties.**

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed off since the beginning of the financial year for which this report is filed.

*Please find list of wholly- owned Properties attached. No Properties were acquired or disposed of.*

### **3. Legal Proceedings.**

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

*Not applicable*

### **4. Submission of Matters to a Vote of Security Holders.**

If any matter was submitted during the financial year 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.

*Annual General Meeting held on 14 September 2011.*

- (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.

*In accordance with Article 122 (a) to (e), the Directors retiring by rotation are Miss Lyra Richards and Mr. Davidson Charles who, being eligible, offered themselves for re-election.*

*In compliance with Articles 112, Mr. Lawrence Mc Naughton and Mr. David Lake were elected to the Board of Directors.*

*Directors who served during the year were: Mr. Lawrence Mc Naughton, Mr. David Lake, Mr. Milton Brady, Mr. Davidson Charles, Mr. Geoff Batstone, Dr. Osbert Liburd, Miss Patricia Walters, and Miss Lyra Richards.*

- (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 a decision was taken otherwise than at a meeting of such security holders.

*Items C thru E are not applicable*

**5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.**

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

*Above not applicable*

**6. Financial Statements and Selected Financial Data.**

Provide audited Financial Statements, Statement of Revenue Reserves, and Changes in Financial Position for the year ended. The relevant financial data items to be used in constructing the financial statements are provided in Parts A-D.

Include the following documents with the financial statement:

- (i) Auditor's report;
- (ii) A balance sheet as of the end of each of the two most recent financial years.
- (iii) Consolidated statements of income, statements of cash flows, and statements of other stockholders' equity for each of the two financial years preceding the date of the most recent audited balance sheet being filed.
- (iv) Financial statements for the most recent financial year.
- (v) Notes to Financial Statements

*Please find attached copies of annual report for period ending 31st March 2011, which provide the above information.*

## **7. Disclosure About 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.

*Risk factors are:-*

- *Loss of market share as a result of competition in Internet, mobile and fixed line services*
- *Loss of market share due to problems with mobile network.*
- *Erosion of fixed line revenues as a result of the change in customer calling patterns, coupled by the emergence of new technology.*
- *Reduction in customers' telecom spends due to the introduction of new taxes such as VAT and increase in electricity costs.*

## **8. 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.

*Above not applicable*

(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*

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

*There are no restrictions*

## **9. 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*

## 10. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Provide a discussion of the results of operation covering aspects such as liquidity, capital resources and results of operations. Discuss reporting issuer's financial condition, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

### (i) Liquidity

Identify any known trends, 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.

*Above not applicable*

### (ii) 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 Schemes 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

*For the financial year ending 31 March 2011 the following are the amounts that were allocated to capital expenditure:-*

<i>Details</i>	<i>EC\$m</i>
<i>Fixed Line</i>	<i>1.545</i>
<i>Mobile</i>	<i>0.120</i>
<i>Internet</i>	<i>2.466</i>
<i>Other</i>	<i>0.869</i>
<i>Total</i>	<i>5.000</i>

*A significant amount, (33%), was spent on fixed line and mobile. Mobile expenditure related to the continued expansion of the GSM network to satisfy customer growth and improve coverage. Fixed line capex was to upgrade and improve fixed line network which also supports broadband network. 49% of capex was spent on the broadband net. The amount reported under other category relates to capex for retail store*

*renovations, time bombs and power. Funds used to finance the above investment were provided by operating activities.*

(ii) 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

- *The emergence of new technologies that offer lower IDD rates, continues to impact revenues from International outgoing revenue. This is evident in the decrease in revenues by 8% when compared to the financial year 09/10.*
- *As a result of the change in customer calling patterns, ( a shift from fixed to fixed calling to mobile to mobile calling), domestic revenue for the 10/11 financial year declined by 11% compared with 09/10. It is expected that fixed line customers will continue to migrate to the more popular mobile network.*
- *Internet revenue decreased by 5% compared with last year mainly as a result of a slight decline in market share due to the reduction in Netspeak market share. However, this is expected to turn around in the next financial year with further upgrade and expansion to the broadband network.*
- *There was a significant increase of 25% in data revenue when compared to 09/10. This was as a result of aggressive and successful marketing strategy deployed by Corporate Sales.*
- *Other revenues decreased by 60% compared with the previous year. This was as a result of a one off capacity sale in the previous year.*
- *Outpayment and cost of sales decreased by 10% in comparison with the previous year .Decline in revenue accounted for this.*
- *Operating cost decreased by 12% when compared with 2009/10. This was as a result of efficiencies from transformation along*



*with a number of cost saving initiatives undertaken during the year.*

**11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.**

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

*Above not applicable*

**12. 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 - K report.

**13. List of Exhibits**

List all exhibits, financial statements, and all other papers and documentation filed with this report.

List of Exhibits

List of wholly owned properties

Financial statement for period ending March 2011