

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report
For the period ended **June 30, 2011**

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@lime.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 General Manager

Name of Company Secretary

David Lake

Jonathan Bass

Signature

Signature

7th October, 201

7th October, 2011

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 June 2011 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 1.31: 1 for the quarter compared to 0.84: 1 for the corresponding period one year ago. The quick ratio was 1.20: 1 compared to 0.70: 1 for the similar period. The rise in liquidity was driven mainly by reduction in amounts owed to Group companies and the increase in receivables. The company remains 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>0</i>
<i>Mobile</i>	<i>0.218</i>
<i>Internet</i>	<i>0.000</i>
<i>Other</i>	<i>0.000</i>
<i>Total</i>	<i>0.218</i>

For the year to date, most of the capital expenditure was invested in the Internet and Mobile networks. Plans are afoot to spent a significant sum of money to upgrade and improve our mobile network in the upcoming months.

(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 June, 2011 was \$20.7m. This represents a decrease of 11% when compared to the previous period ended 30th June, 2010. Outpayments and Cost of Sales also decreased by 30% to \$3.3m. Gross income decreased to \$17.4m which is 10% lower than June 2010. Operating income increased slightly by 5% to \$4.9m.

❖ **April to June Quarter Discussion**

- *There was a general decrease in total turnover across all lines of the business. Fixed Line revenue, both national and international (decreased by 8% and 27% respectively. Mobile revenue went down by 10% and Internet and Data by 4% and 6%. The global financial downturn contributed to this decline in this revenue stream.*
- *Outpayments and cost of sales experienced a corresponding decline as in the case of turnover.*
- *Gross Margin decreased as a result of lower revenue.*
- *Operating costs decreased by 10% due to lower costs for repairs, and other operating costs from the ongoing transformation programme.*
- *Operating income increased by 5% to \$4.9m. This result was primarily driven by the decrease in operating costs.*

- *Net cash flows generated from operating activities was \$5.3m (2010:\$2.9m). \$0.2m was invested in the purchase of fixed assets and \$8.3m 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 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 17%.*
- *The Mobile segment experienced a decrease of 10% when compared to June 2010. A number of issues contributed to this fall in revenue, namely network issues, loss in market share and a general reduction in consumer spending which has been affected by VAT, increased utility rates and the like.*
- *Internet line of business experienced slight decline of 4% compared to June, 2010.*
- *Data revenues showed a decrease of 6% due to **.*

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 June 30, 2011 (with comparative figures for 2010)

	<u>Notes</u>	<u>2011</u> EC\$ '000	<u>2010</u> EC\$'000
Turnover		20,763	23,317
Outpayments and cost of sales		<u>(3,322)</u>	<u>(4,773)</u>
Gross Income		17,440	18,544
Operating costs	5	<u>(12,469)</u>	<u>(13,827)</u>
Operating Income		4,971	4,717
Other (expenses)/income		0	22
Net interest and other income	7	<u>44</u>	<u>1</u>
Income on ordinary activities before taxation		5,015	4,741
Taxation on ordinary activities	8	<u>(2,078)</u>	<u>(1,896)</u>
Income on ordinary activities after taxation		<u>2,938</u>	<u>2,845</u>

CABLE & WIRELESS (ST KITTS & NEVIS) LTD
BALANCE SHEET
As at June 30, 2011 (with comparative figures for 2010)

	<u>Notes</u>	<u>2011</u> EC\$'000	<u>2010</u> EC\$'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	76,287	81,350
Intangible assets	10	197	472
Intercompany Loans Receivable		1,601	4,893
Total Non Current Assets		78,085	86,715
CURRENT ASSETS			
Inventories		1,395	3,065
Debtors and prepayments due within 1 year		10,008	8,048
Amounts due from group companies		1,498	0
Accrued Income & Other Receivables		3,018	4,586
Cash at bank and in hand		1,061	3,339
Total Current Assets		16,980	19,038
Total Assets		95,064	105,754
AND RESERVES			
CAPITAL AND RESERVES			
Called up share capital		33,130	33,130
Share premium account		3,009	3,009
Retained earnings		33,963	36,349
Total Stockholder's Equity		70,103	72,489
LONG TERM LIABILITIES			
Provision for liabilities and charges		9,294	10,024
Loans Payable		1,420	0
Asset Retirement Obligation		1,304	0
		12,017	10,024
CURRENT LIABILITIES			
Trade creditors		1,291	1,392
Amounts owed to Group companies		2,026	11,660
Provision for Taxation		(242)	290
Other creditors		3,278	4,792
Accrued liabilities and deferred income		6,590	4,474
Total Current Liabilities		12,943	22,608
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		95,064	105,121

.....
Mr. David Lake
General Manager

.....
Mr. Jonathan Bass
Company Secretary

CABLE & WIRELESS (ST KITTS & NEVIS) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2011

	Share Capital EC\$'000	Share Premium EC\$'000	Retained Earning EC\$'000	Total EC\$'000
Balance as of March 31, 2010	33,130	3,009	39,635	75,774
Dividend	-	-	(11,596)	(11,596)
Issuance of bonus shares	-	-	-	-
Net Income for the year	-	-	11,270	11,270
Prior Year Audit adjustment	-	-	-	-
Balance as of March 31, 2011	33,130	3,009	39,309	75,449
Dividend	-	-	(8,283)	(8,283)
Issuance of bonus shares	-	-	-	-
Net Income for the year	-	-	2,938	2,938
Prior Year Audit adjustment	-	-	-	-
Balance as of June 30, 2011	33,130	3,009	33,963	70,104

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

CABLE & WIRELESS (ST KITTS & NEVIS) LTD
STATEMENT OF CASH FLOWS
AS AT JUNE 30, 2011

	<u>2011</u> EC\$'000	<u>2010</u> EC\$'000
Cash Flows from operating activities		
Income on ordinary activities before taxation	5,015	4,741
Adjustments for:		
Depreciation expense	2,458	2,498
Loss/(gain) on disposal of property, plant and equipment	0	(22)
Net Interest Income	(44)	(1)
Amortisation of intangible assets	99	68
Operating cash flows before working capital changes	<u>7,528</u>	<u>7,283</u>
Change in inventories	(440)	151
Change in debtors	767	6,512
Change in amounts due from group companies - net	(444)	(5,492)
Change in creditors	(205)	(2,846)
Net cash from operations	<u>7,206</u>	<u>5,608</u>
Income taxes paid	(1,910)	(2,662)
Interest received	44	1
Interest paid	0	-
Net cash from operating activities	<u>5,340</u>	<u>2,948</u>
Cash flows used in investing activities		
Purchase of tangible property, plant and equipment	(218)	(2,301)
Proceeds from disposal of tangible property, plant & equipment	0	22
Cash received from loans proceeds/lending to other group comp.	3,471	4,015
Net cash used in investing activities	<u>3,254</u>	<u>1,736</u>
Cash flows used in financing activity		
Dividends paid	(8,283)	(8,283)
Net cash used in financing activity	<u>(8,283)</u>	<u>(8,283)</u>
Net change in cash and cash equivalents	311	(3,599)
Net cash and cash equivalents, beginning of year	<u>750</u>	<u>6,938</u>
Net cash and cash equivalents, end of year	<u>1,061</u>	<u>3,339</u>

NOTES TO THE FINANCIAL STATEMENTS
for the period ended June 30, 2011 (with comparative figures for 2010)

5. OPERATING COSTS

	<u>2011</u> EC\$'000	<u>2010</u> EC\$'000
Depreciation of Fixed Assets	2,557	2,566
Employee costs	2,164	2,210
Licence Fees	1,102	1,179
Utilities	602	489
Management & Royalty Fees	4,296	4,506
Repairs & Maintenance	139	352
Pension costs	120	115
Insurance	147	146
Operating Lease Rentals	103	123
Auditor's Remuneration - current year	186	53
Directors' Fees	1	3
Transformation & Restructuring Costs (Exceptional items)	(21)	-
Network	328	545
Other operating costs*	744	1,541
	<u>12,469</u>	<u>13,827</u>

6. EMPLOYEE COST

	<u>2011</u> EC\$'000	<u>2010</u> EC\$'000
Salaries and Wages	1,617	1,707
Staff training	2	4
Other staff costs	545	499
	<u>2,164</u>	<u>2,210</u>
Number of employees	<u>96</u>	<u>90</u>

7. NET INTEREST INCOME & OTHER INCOME

	<u>2011</u> EC\$'000	<u>2010</u> EC\$'000
Profit on Disposal	0	22
Interest received	44	1
	<u>44</u>	<u>23</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Quarter ended June 30, 2011 (with comparative figures for 2010)

	<u>2011</u> EC\$'000	<u>2010</u> EC\$'000
8. TAXATION ON ORDINARY ACTIVITIES		
Tax on profits for the year	2,078	1,896
Change in deferred taxation		-
	<u>2,078</u>	<u>1,896</u>

The current year tax charge of EC\$2,078 (2010: \$1,896) is higher than the standard rate of tax of 35%. See details below.

	<u>2011</u> EC\$'000	<u>2010</u> EC\$'000
Income before income tax	5,015	4,741
Tax at the standard rate of 35% (2010: 35%)	1,755	1,659
Tax effect/(benefit) arising from the following:		
Capital allowances in excess of depreciation	-	-
Tax on non-deductible expenditure	322	237
Taxation on ordinary activities	<u>2,078</u>	<u>1,896</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Quarter ended June 30, 2011 (with comparative figures for 2010)

9. 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 01 April 2011	25,998	171,389	2,770	3,047	203,204
Additions	-	-	-	(84)	(84)
Disposals	-	-	-	-	0
Transfers between items	-	1	45	(39)	7.00
At 30 June 2011	<u>25,998</u>	<u>171,390</u>	<u>2,815</u>	<u>2,924</u>	<u>203,127</u>

ACCUMULATED DEPRECIATION

At 01 April 2011	11,578	110,478	2,227	-	124,283
Charge for the year	620	1,730	207	-	2,557
Charge for impairment	-	-	-	-	-
On disposals	-	-	-	-	0
At 30 June 2011	<u>12,198</u>	<u>112,208</u>	<u>2,434</u>	<u>-</u>	<u>126,840</u>

NET BOOK VALUE

At 30 June 2011	<u>13,800</u>	<u>59,182</u>	<u>381</u>	<u>2,924</u>	<u>76,287</u>
At 01 April 2011	<u>14,420</u>	<u>60,911</u>	<u>543</u>	<u>3,047</u>	<u>78,921</u>

The net book value of land and buildings comprises:

	<u>Jun-11</u>	<u>Jun-10</u>
	EC\$000	EC\$000
Freehold	13,686	13,522
Long leasehold	279	517
Short leasehold		7
	<u>13,965</u>	<u>14,046</u>

10. INTANGIBLE ASSETS

Intangible assets represent the marketing rights acquired by the Company during the year. The marketing rights are amortised over a period of 5 years beginning April 1, 2007

	<u>2011</u>	<u>2010</u>
	EC\$'000	EC\$'000
Balance, April 1, 2011	1,192	1,192
Amortisation charges for year	(995)	(720)
Balance, June 30, 2011	<u>197</u>	<u>472</u>