

Annual Report ²⁰11

Cable & Wireless St. Kitts & Nevis Limited

LIME



INSIDE FRONT COVER

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Notice of Annual Meeting of Shareholders



Jonathan Bass
Company Secretary

NOTICE IS HEREBY GIVEN that the Twenty-sixth Annual General Meeting of the Shareholders of Cable & Wireless St. Kitts & Nevis Limited, ('the Company') will be held at the St. Kitts Marriott Resort Conference Room on Thursday, 25th August, 2011 at 5:00 p. m. Shareholders in Nevis can use our Teleconferencing facility at Ramsbury to view and participate in the meeting.

AGENDA

The following Ordinary Business

1. To confirm receipt of notification of the Twenty-sixth Annual General Meeting
2. To confirm and approve the minutes of the Twenty-fifth Annual General Meeting.
3. To receive and, if thought fit, accept the reports of the Directors and Auditors and the financial statements for the year ended 31 March 2011.
4. To re-appoint Auditors for the ensuing year and to authorise the Directors to fix the Auditors remuneration.
5. To re-elect to the Board of Directors, in accordance with Articles 122 (a) to (e), Mr. Davidson Charles and Miss Lyra Richards who having retired by rotation, and being eligible, offer themselves for re-election.
6. To elect to the Board of Directors, in compliance with Article 112 of the Articles of Association Mr. David Lake and Mr. Lawrence McNaughton.

BY ORDER OF THE BOARD OF DIRECTORS



Jonathan Bass
Company Secretary
Dated 26th day of July 2011

Company Information

DIRECTORS, MANAGEMENT & ADVISORS IN OFFICE AT 31ST MARCH 2011

CHAIRMAN

Mr. Lawrence McNaughton B.Sc., E.E. (Hons), Ms. Eng., Dip Mgmt

DIRECTORS

Ms. Patricia Walters B.A. (Hons), FCCA
Mr. David Lake B.Sc. (Hons), M.Sc. (Eng.)
Mr. Davidson Charles B.A., CA
Dr. Osbert Liburd B.A., Ph.D.
Ms. Lyra Richards

MANAGEMENT EXECUTIVES AND OFFICERS

Mr. David Lake B.Sc. (Hons), M.Sc. (Eng.)
General Manager

Mr. Jonathan Bass B.A. (Hons) CPA, ICAEC
Financial Controller Leewards & Company Secretary

Mrs. Karen Blackett B.Sc. (Hons)
Manager Human Resources

Mrs. Bibiana Henry B.A. (Hons)
Head of Corporate Sales & Service

Mrs. Derry-Anne Reid B.Sc. (Hons) ACCA, CA
Manager Finance

Ms. Diane Browne B.A.
Manager Consumer Sales & Customer Care

Mrs. Earla Clarke-Allen B.Sc. (Hons)
Manager Service Delivery

Mrs. Laverne Caines B.Sc. (Hons), PA
Manager, Corporate Communications

Mr. Lionel Evans
Manager, Technology Operations

Mr. Jerome Rawlins
Senior Manager, Sales & Service Delivery Nevis

ADVISORS

KPMG Eastern Caribbean
Auditors

Kelsick, Wilkin & Ferdinand
Solicitors

Eastern Caribbean Central Securities Registry (ECCSR)
Registrars

REGISTERED OFFICE

**Cayon Street,
Basseterre,
St. Kitts,
West Indies**

Board of Directors



LAWRENCE McNAUGHTON
Chairman

Lawrence McNaughton was appointed Managing Director Windward Islands on July 1st 2010. He joined Cable & Wireless Jamaica in 1980 and has held various positions during his 31 years service with the Company, the most recent being EVP Carrier Services (Caribbean) from 2004 to 2009. As the Managing Director of the Windward Islands, inclusive of BVI and St Kitts since January 2011, he has responsibility for LIME's local businesses across much of the Eastern Caribbean. This involves full accountability for the respective businesses' P&L and Government and Regulator relations. Lawrence holds a Bachelors Degree (summa cum laude) and a Masters Degree in Electrical Engineering, both from Howard University (Washington DC) and a Post Graduate Diploma in Management from Henley Management College in the UK. Lawrence was a member of the Government of Jamaica's task force on Information and Communications Technology (ICT) for its 2030 vision. Lawrence has been a member of the Board of directors for C&W St Kitts & Nevis since 2004 and Board Chairman since March 2008. Lawrence has sat on the Board of CANTO since 2010.



PATRICIA WALTERS
Director

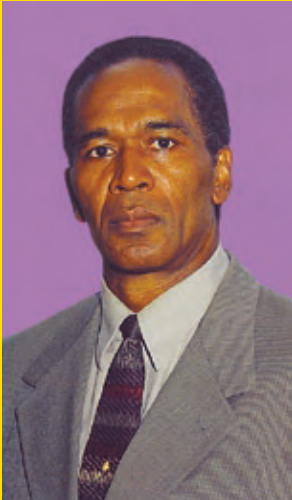
Patricia Walters has been a member of the Board of Directors for C&W St Kitts & Nevis since 2004. Ms. Walters is currently the Customer Operations Integration Lead for the recently acquired Bahamas Telecommunications Company Limited, a position which she holds from November 2010. Ms. Walters is a Fellow of the Association of Certified Chartered Accountants, a graduate of the University of Humberside in the UK, and is also a Melvyn Jones Fellow of the Lions International Service Club. Prior to working at Cable & Wireless, Ms. Walters worked in the retail and shipping industries. She started with Cable & Wireless in the United Kingdom and then held positions of Financial Controller, Director and Company Secretary, Cable & Wireless Cayman Islands, Financial Controller, Cable & Wireless (St. Kitts and Nevis) Ltd, Chief Financial Officer at the Telecommunication Services of Trinidad and Tobago (TSTT), Chief Executive of Cable and Wireless (St. Kitts & Nevis) Ltd and former Executive Vice President Customer Operations, LIME.



DAVID LAKE
Director

David Lake became the latest Director of C&W St. Kitts & Nevis in March 2011. Mr. Lake graduated with honours from the University of the West Indies with a Bachelor of Science Degree in Engineering. Upon graduating he worked at the St. Kitts Bottling Company Limited where he distinguished himself as an innovative Plant Manager. While there he took a sabbatical to pursue a Masters Degree in Engineering at the University of Birmingham, UK. In April 1999 Mr. Lake joined Cable & Wireless (St. Kitts & Nevis) Ltd as Head of Customer Services. He was quickly transferred to the role of Vice President of Mobile, Consumer Sales and Marketing. Following a successful tenure in that role, Mr. Lake was promoted to Country Manager of Cable and Wireless (St. Kitts & Nevis) Ltd (now trading as LIME) in November 2008. David Lake is the current Vice President of the St Kitts-Nevis Chamber of Industry and Commerce and a Member of the Council of Management for the Brimstone Hill Fortress National Park Society.





DR. OSBERT LIBURD

Director

Dr. Liburd joined the Cable & Wireless (St. Kitts and Nevis) Ltd. Board of Directors in December 2007. Dr. Osbert Liburd served as Chairman of the Board of Cable & Wireless (St. Kitts & Nevis) from October 2000 to January 2005. He is an experienced International Scientist and has conducted research in Africa, the USA and the Caribbean. He holds a B.A in Biology from the UVI and a Masters and PH.D in Plant Pathology from Cornell University, USA. He served as a Senior Diplomat as St. Kitts and Nevis' Ambassador to the United States and Permanent Representative to the Organisation of American States (OAS) from 1995 to 2000. Earlier in his professional career he served as Team Leader, Caribbean Agriculture Research and Development Institute (CARDI) and Director of Agricultural Services and Rural Development, Agricultural Missions, USA.



LYRA RICHARDS

Director

Ms. Richards joined the Cable & Wireless (St.Kitts and Nevis) Ltd. Board of Directors in December 2007. Ms. Lyra Richards has been in the Banking sector from 1968 to present. She worked at Barclays Bank, (DCO, PLC and International Ltd.) from 1968 to 1994. During her tenure at Barclays Bank she had a two year stint in Barbados where she worked as a Training Instructor. She also worked for two years in St. Lucia as Manager of the Soufriere Branch. She holds a diploma in Financial Services Management and has been exposed to numerous banking courses throughout her banking career. Ms. Richards served on Government Boards and has been involved in various community activities. She served as President and Treasurer of the Nevis Historical and Conservation Society, President of the Nevis Dramatic and Cultural Society (NEDACS) and a founding member of Culturama, Nevis' summer festival. She was given the opportunity to represent the Methodist Church at the Leeward Islands District and the MCCA Connectional Conferences. She held the post of Treasurer of the World Federation of Methodist and Uniting Church Women (WFMUCW) for the quinquennium 2006 to 2011. As an officer, she travelled to a number of countries around the globe, always proud to carry the national flag of St. Kitts. & Nevis.



DAVIDSON CHARLES

Director

Davidson Charles was appointed as a member of the Board of Directors of St. Kitts & Nevis in December 2009. He is no stranger to the Board having acted as an alternate director to the Board of Directors since 2003. He is currently General Manager of Cable & Wireless Antigua and Barbuda. Mr. Charles has led the Cable & Wireless (LIME) Antigua business since 2003. Previously he served as Managing Director of Leewards Islands which included Turks and Caicos and British Virgin Islands and Chief Financial Officer for Leewards and Antigua. In 1986 he became a member of the Canadian Institute of Chartered Accountants and holds dual Bachelor degrees in Arts and Commerce from St. Mary's University in Halifax, Nova Scotia. Prior to joining Cable & Wireless Mr Charles spent ten years in the auditing and accountancy profession with KPMG and Pricewaterhouse. He is also a Director of CANTO Ltd. a regional telecommunications nonprofit organization and Assistant Treasure of the Diocese of Northeastern Caribbean and Aruba.

Chairman's Report

Gross turnover was \$92.8m as compared with 102.4m in the previous year. However, net profit after tax increased marginally from \$10.8m in the previous year to \$11.3m for the year under review.





Mr. Lawrence McNaughton
Chairman

Through persistently tough economic conditions, exacerbated by the introduction of VAT at a rate of 17%, followed by increases in electricity rates at 85%, your Company was able to hold the sails steady and navigate through the storms. These realities would have adversely impacted the cost of living, resulting in reduced disposable income for regular living expenses including tele-comms goods and services.

Against this economic headwind, your Company delivered reasonable results and the management team deserves to be highly commended for their stewardship and tenacity. Gross turnover was \$92.8m as compared with \$102.4m in the previous year. However, net profit after tax increased marginally from \$10.8m in the previous year to \$11.3m for the year under review. The full year results were reflective of all the challenges experienced during the fiscal period.

Economic and other challenges aside, your Company saw the need for continued investment in both infrastructure and human resources. Our mobile network, though still not at its optimum, due largely to explosive usage of our various voice and data products and services, continued to receive our attention. Capacity at the Bayfords site was increased and radios were added across the network.

Investment on the immediate horizon, coupled with our G-volution programme, should deliver a first class mobile network capable of enhancing the mobile lifestyle and experience of shareholders and customers alike. While you our shareholders and customers continue to be extremely patient, we want to publicly express our appreciation for your unwavering loyalty in these difficult times.

On the broadband side, the completion of the 8Meg HVHD project is poised to deliver further service and commercial opportunities to our customers in Jones Estate and Ramsbury in Nevis and Frigate Bay and Bird Rock in St. Kitts, and will further consolidate our internet leadership position.

Significant investment was also made on the people side, as we prepared our human resources to continue our mission to deliver world-class service. To this end a number of our technicians and other colleagues benefitted from an array of training skills that would place them in good stead to more efficiently serve our customers.

The tremendous effort exerted to ensure the profitability of your Company during the period under review has ensured the preservation of shareholder value. In light of this, the Board of Directors has decided to maintain the dividend at 35 cents per

share in line with the previous year.

Even in the midst of fiscal challenges, we maintained our focus on key community outreach programmes, investing over EC\$1M in the review period. The cumulative impact of this social investment helped several communities to deliver cultural festivals; budding sportsmen to sharpen their prowess in their respective disciplines; forty parents to educate their children worry-free through our comprehensive scholarship programme and a number of principals in the primary schools to access information via free internet in their schools.

Faced with new realities and uncharted waters we did not hang back. Surging ever forward, we focused on our key business customers and consumer segments, and endeavoured to hold cost down through a number of cost saving initiatives. We do not expect the challenges to relent, but we will with even greater resolve work to maintain a high-value Company.

I owe a debt of gratitude to my fellow Directors, management and staff for their resolute commitment to our Company. Above all, I thank our shareholders and customers for remaining loyal to our Company through this most difficult period. Rest assured that we do not take your custom for granted. We pledge our continued commitment to the growth and development of our proud Company as facilitated by your continued support and loyalty.

Lawrence McNaughton
Chairman



Above: Aerial view of customers at LIME Pon de Suga Mas

Below: GM David Lake presents the trophy to State Scholar Joanne Flemming while PM Douglas looks on.



General Manager's Report

Despite the effects of the global economic conditions of 2010 our management and staff continued to offer great value with the products and services that we provided our customers.



Mr. David Lake
General Manager

GREETINGS

After a year of unprecedented challenges, I am pleased to report that with the support of the Board of Directors, Management Team and the entire LIME organization we were able to deliver solid results under trying circumstances. The numbers which we have achieved are a clear indication of the tremendous talents of a very dedicated and competent group of colleagues with whom I am proud and happy to work.

FINANCIAL PERFORMANCE

Challenged to conduct a profitable full service telecommunication enterprise against the odds of a global economic downturn, a decrease in tourist arrivals to the Caribbean, mixed with increases in the cost of electricity and other living expenses, your company was able to return respectable financial results for fiscal 2010-11. Though Gross Revenue was down 9%, prudent management of Cost of Sales (10% favourable) and Operating Cost (12% favourable) enabled us to deliver Operating Profit that was equal to that of prior year.

Overall Profit for the Year increased marginally from EC\$10.8M to EC\$11.4M. These results were the outcome of dedicated resolve and effort of a committed team of Colleagues at LIME St. Kitts and Nevis. This same determination exhibited by colleagues has been carried forward into this new financial year especially given the economic backdrop against which we work.

INFRASTRUCTURE DEVELOPMENT

Investment in infrastructure was critical to ensuring the efficient delivery of service. The completion of our 8 Meg Broadband project enabled the full installation and commissioning of broadband sites in key residential and commercial areas throughout St. Kitts and Nevis.

Work was done on the mobile network including the installation of new sites and increased capacity in an effort to address heavy traffic areas. Customers could look forward to an increase in the scope of this work, which is part of a Regional US\$50 million Mobile Network upgrade, to deliver new services and improved performance in the near future.

General upgrades in the Fixed Line outside plant were pursued throughout the year as part of our ongoing network sustaining projects. These include rollout of fixed line infrastructure in new commercial and housing developments.

All of this work was spearheaded by our newly appointed Head of Service Support and Delivery (SSD), Lionel Evans, who was recently promoted to lead this very important area of the

business.

OUR CUSTOMERS

Our customers enjoyed an array of cost-saving initiatives tailored to give maximum value for money. In particular, our Talk 24 offer has been very popular and praised by our customers as a real “value add”.

With over \$100K in cash and prizes, a wide cross section of our customers shared in the prize pot of the *100 days of Summer* promotion winning cool gadgets of iPods and iPads, book vouchers in time for back to school and even free mobile minutes.

More customers were again rewarded for their loyalty in the much-anticipated Christmas promotion tagged “Live Free”. The reality of free living started in the New Year when a very lucky customer was presented with the main prize of the promotion which entitled her to a mortgage payment for one full year among many other impressive prizes.

Every customer was deemed a winner in Christmas with the introduction of Wacky Wednesdays. Over this six week window customers took advantage of Bonus TopUp, discounted handsets and a Text happy hour.

On the service side our operational figure of merit, which measures the efficiency with which we install and repair services, continued to improve ending the year above 90%. Our customer satisfaction score, which is determined by customer feedback from service installations and fault repairs, remains a key focus for us as we strive to provide our customers with a superlative customer experience.

OUR SHAREHOLDERS

During the year 39,644 units of ordinary shares in Cable and Wireless St. Kitts Ltd (CWKN) traded on the Eastern Caribbean Securities Exchange (ECSE). There was a total of 54 trades by investors at prices ranging between \$5.50 and \$6.00 per share. The total value of all the trades occurring in year was \$198,551.

By comparison, this performance was lower than the previous year, when shareholders traded a total 65,397 units in 58 transactions with a total traded value of \$393,937. This decline was comparable to an overall fall in market performance experienced by equities listed on the ECSE. The traded price per share in the previous year ranged between \$5.00 and \$6.75 per share.

In the current year, CWKN remained an actively traded security, with trades occurring in each month. The most active months



were December and March, which each recorded nine transactions. CWKN trades accounted for 12.5% of total trades in equities listed on the ECSE during the year, a slight decline in its contribution of 12.9% the previous year.

OUR COLLEAGUES

Demonstrating that we can deliver at the highest level, our local Corporate Sales Team, led by Head of Corporate Sales Bibiana Henry, won Gold from among our thirteen businesses on its over achievement of targets. This accomplishment attracted commendations from across the Caribbean and set the bar for future accomplishments.

Exceptional individual performances by SME Account Manager Rigel Warner and Retail Sales Associate Glenda Guishard placed them at the top of their respective Regional leaderboards. Glenda won the Retail Sales LIME Challenge from a field of 13 LIME businesses, achieving nearly 300% of her Sales target; Rigel achieved top sales of Mitel 1000 systems to small business customers.

Celebrations of another kind were to acknowledge the efforts of our Local Incident Management Team (LIMT), championed by our Coordinator of LIMT Derry-Anne Reid, and ably assisted by Lionel Evans, Desmond Frank and their team of active members. Their hard work and attention to detail ensured the safety of our colleagues and our assets during last year's active hurricane season.

Staying abreast of technology, our SSD Technicians received training in various areas of installation and repair, including the use of sophisticated diagnostic tools and the latest customer premises switches.

SOCIAL RESPONSIVENESS

As an active corporate citizen LIME remained an exemplar in the area of social involvement. Our vision is 'To be a Community Partner in education, culture and youth development'. In a few

years we would be celebrating two decades of sponsorship of the Summer Soccer School of Excellence – a two week programme that hones the skills of our young footballers. The success of a grassroots programme such as this over such a long period is due in no small part to our ongoing contribution.

Challenged as we are with crime among the youth population, our social outreach programmes have of necessity focused on activities that promote good morals and build strong character through sport. It was for this reason that we stepped up to the plate and sponsored the St. Kitts Amateur Basket Ball Association when the league was without a sponsor during the last season. We firmly believe that providing positive avenues for youth involvement give us a strong chance for developing productive adult citizens.

LOOKING AHEAD

By the time I report to you next year I would be happy to share the news of our mobile network upgrades, which are currently underway. Our plans call for extensive work to improve network capacity, coverage and quality. Customers could look forward to a suite of new services that our new mobile network will deliver.

ACKNOWLEDGEMENTS

The achievements of the year under review belong to a dedicated team of colleagues who I have the privilege to lead. They worked unstintingly during unprecedented difficult times and gave a yeoman's contribution. I offer the highest praise of commendation and thanks to all members of the team, their efforts combined to deliver results of which we could all be proud.



David Lake
General Manager



Above: GM David Lake teams up with child from the Children's Home during a makeover of the Home's Dining Room.



Above: Costumes at the launch of the LIME-sponsored Children's Carnival
Below: Masqueraders at LIME Carnival Launch



LIME

Corporate Social Responsibility

Education, sports and community development dominated our corporate social investment in furtherance of our social agenda in St. Kitts & Nevis.



LIME

Education, sports and community development dominated our corporate social investment in furtherance of our social agenda in St. Kitts & Nevis.

EDUCATION

Free internet in the Principals' office of eleven primary schools and the assignment of managers to a number of schools reinvigorated our 5 year *Adopt A School* programme. Managers were also more actively in touch with the schools since the new school year, participating in a number of events from Read-a-thon to Sports Day.

Our sponsorship of the Academic Excellence Awards came of age with the twenty-first year of support this year. Guests stood to their feet in applause of the sterling contribution made to this marquis event in education in St. Kitts & Nevis.

Six new students were proudly welcomed to our scholarship rank as they embarked on their journey of secondary education. Known to be the most comprehensive locally, these scholarships bring considerable relief to the parents through the provision of text books, uniforms and the payment of exam fees.

The communications capability of the Guidance Counselors' Network was enhanced with a donation of a dozen phone and top up credits. An integral part of the education fraternity, your company was pleased to accede to the request of the Counselors.

SPORTS

In a proud display of athletic prowess, young people representing high schools from across the Federation *brought their game* to the Stadium in two days of competition made possible by financial support of your company. The Interschool Athletics Competition is a showcase of the islands' finest talents in athletics and serve as a spring board for the LIME-sponsored Carifta games later on in the year.

Friendly rivalry in regional athletics also came to the fore in the Caribbean Union of Teachers Track and Field Games which received major support from your company. In appreciation of our all inclusive sponsorship we were presented with a plaque during the opening ceremony.

COMMUNITY DEVELOPMENT

Your company has leveraged its reach as a social institution in communities across St. Kitts & Nevis many times over. Our *Make a Wish for the Elderly* project now in its sixth year, is a classic case of social outreach. Drawing on the nominations of our customers, we honour the requests for food baskets, personal hygiene items, flowers and fruit baskets and team up with Rotarians to deliver these gifts to dozens of senior citizens across the Federation.

Assistance in the community was not limited to dollars and cents. Colleagues provided sweat equity in a beautification project that transformed the gardens and the dining room of the St. Christopher Children's Home. The residents and administrative staff overjoyed by the makeover of their institution joined us for fun and games when the project was completed.

Wider demonstration of community support was seen from the presentation of phones to our Fire and Rescue Services to monetary sponsorship of the commemorative events to mark the 50th anniversary of ZIZ Radio to sponsorship of the Open Day of the Agriculture Department.

The highlight of our community-related endorsements continue to be our platinum sponsorship of the main cultural events in the Music Festival, Carnival and Culturama. Seen as important components of our heritage, these activities also generate significant economic activities.

We value the input and perspective of our many social stakeholders, as we work to transform our communities and engender national pride. We are confident that this partnership will keep us on course to continued national development for many years to come.

Directors' Report

The Directors of Cable & Wireless St. Kitts & Nevis Limited are pleased to present their Twenty-Sixth Annual Report, together with the audited financial statements of the Company for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

Cable & Wireless St Kitts & Nevis Limited supplies telecommunications services and facilities to the federation of St Kitts & Nevis. The Company's main business is the provision and operation of the public telecommunication services of the Federation of St Kitts & Nevis under an agreement dated 07 April 2001, which replaced a 25 year franchise granted by Government that would have expired on 30 November 2015. Following this agreement, the Company applied for new licenses and was granted non-exclusive licenses that will expire in 7 years.

RESULTS AND DIVIDENDS

	2011 EC\$'000	2010 EC\$'000
Profit for the year after taxation	11,270	10,831
Added: Retained earnings brought forward	39,635	40,400
Amount available for distribution	50,905	51,231
It is recommended that this be dealt with as follows:		
Dividends: Interim Paid (10 cents per share)	(3,313)	(3,313)
Final Proposed (25 cents per share)	(8,283)	(8,283)
Total	(11,596)	(11,596)
Retained earnings carried forward	39,309	39,635

DIRECTORS

In November 2010 and February 2011 Mr. Lawrence McNaughton and Mr. Milton Brady respectively tendered their resignation from the Board. In December 2010 Mr. David Lake was appointed to Board and in March 2011 Mr. Lawrence McNaughton was re-appointed to the Board.

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.

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

AUDITORS

Pursuant to the Company's Articles, the retiring auditors are KPMG Eastern Caribbean plc. A resolution proposing the reappointment of KPMG Eastern Caribbean plc will be put before the next Annual General Meeting on 25th August 2011.

APPRECIATION

The Directors wish to express their sincere thanks and gratitude to all who have contributed to the continuing success of the Company over the past year, in particular to the loyal and dedicated employees and their families. The Directors also wish to convey their gratitude to those employees who have left the Company during the year for their years of service and support and wish them the very best for the future.

BY ORDER OF THE BOARD OF DIRECTORS



Mr. Lawrence McNaughton
Chairman



Mr. Jonathan Bass
Financial Controller, Leewards & Company Secretary

Dated: 26 July 2011

Cayon Street
Basseterre
St Kitts
West Indies

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgments and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (d) prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy, at any time the financial position of the Company and to enable them to ensure that the financial statements comply with Generally Accepted Accounting Standards as required by s. 104(2) of the St Kitts & Nevis Companies Act 1996 which states the following:

"The accounts shall be prepared in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the company for the period and of the state of the company's affairs at the end of the period and comply with any other requirements of this Act."

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



LIME

Financial Review

Gross revenue of \$92.8m was \$9.6m or 9% lower than the year 2009/10. However, profit after tax of \$11.3m, was marginally higher than the previous year. This was mainly as a result of a number of cost saving initiatives undertaken during the year.



Jonathan Bass
Financial Controller Leewards &
Company Secretary

INTRODUCTION

The continuation of the global recession coupled with the effects of the introduction of the value added tax had an adverse impact on the company's turnover for the year under review. Gross revenue of \$92.8m was \$9.6m or 9% lower than the year 2009/10. However, profit after tax of \$11.3m, was marginally higher than the previous year. This was mainly as a result of efficiencies from transformation along with a number of cost saving initiatives undertaken during the year.

A review of the financial highlights for the year ended 31 March 2011 is provided below.

TURNOVER

The mobile environment remains very aggressive and competitive. In the financial year, mobile revenue decreased by 9% when compared with 2009/10. A decline in prepaid revenue resulting from the implementation of VAT and ongoing challenges that are being encountered with our mobile network accounted for the decrease in mobile revenue. However, the Company has committed to expending significant resources to upgrade and improve the performance of our network within the upcoming months.

Internet revenue saw a decrease of \$536k or 5% over the previous year. The reduction in our Netspeak market resulting from customers using cheaper alternative options for making IDD calls was mainly responsible for the decline in internet revenue.

Data experienced an increase of 25% over last year. This growth was as a result of an aggressive and successful marketing strategy that was deployed by our Corporate Sales team.

International revenue from incoming calls decreased by \$1.1m or 13% when compared with the previous year. This was mainly as a result of a decline in stay over tourist arrivals and the increasing use of VOIP devices to make international calls.

Domestic fixed line revenue continues to decline. In the financial year under review, revenue decreased by 11% when compared with 2009/2010. The movement in fixed line customers to mobile is continuing. This was evident by the 32% decline in the fixed to mobile revenue stream when compared with the previous year.

International outgoing revenue dropped by 8% when compared with the previous year. This decline is expected in future as competition from emerging technologies with lower IDD rates continues.

Other revenues decreased significantly by 60% compared with the last year. This was as a result of a one off capacity sale in the previous year.

OUTPAYMENTS

Total outpayments and cost of sales decreased by \$2.4m (10%) in comparison with the previous year. Less sales promotions along with the overall decline in revenues contributed to the lower outpayments and cost of sales.

OPERATING COSTS

Total operating costs decreased by \$6.9m (12%) compared with 2009/2010. With the exception of management fees, network cost, operating leases and auditor's fees, all of the other items of cost decreased significantly when compared with the previous year.

CAPITAL EXPENDITURE

Capital expenditure for the year was \$5.0m compared to \$7.5m in the previous year, a decrease of \$2.5m (33%). Most of this capex was invested to upgrade our line plant and expand our broadband network.

TAXATION

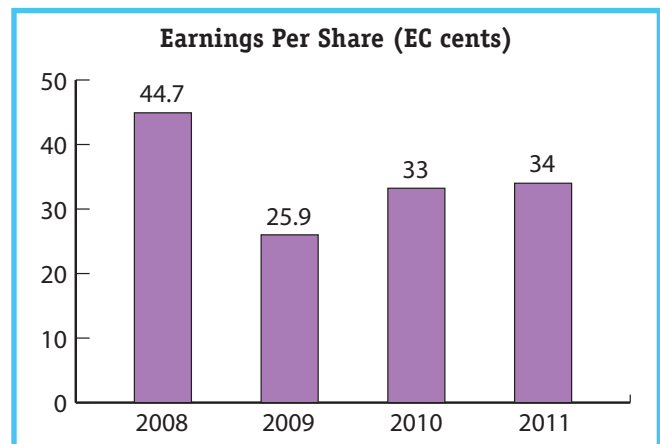
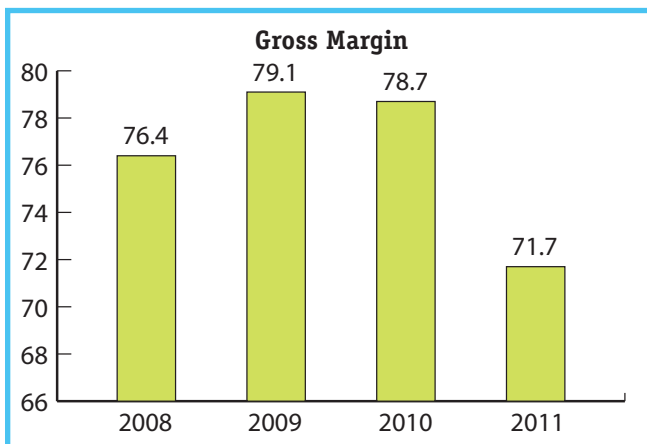
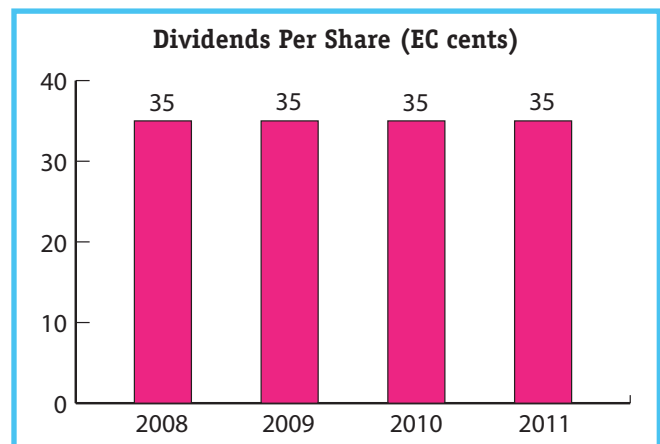
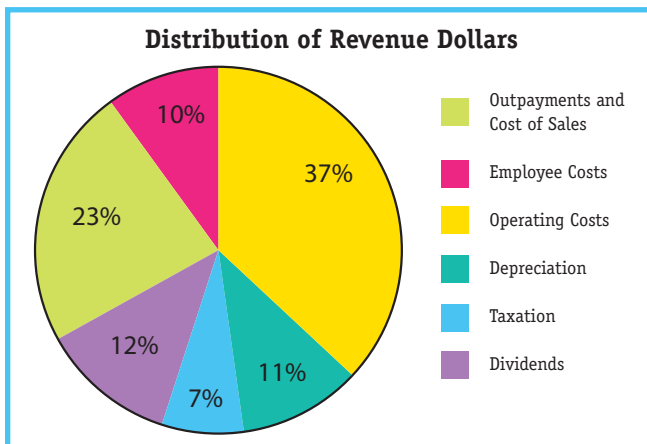
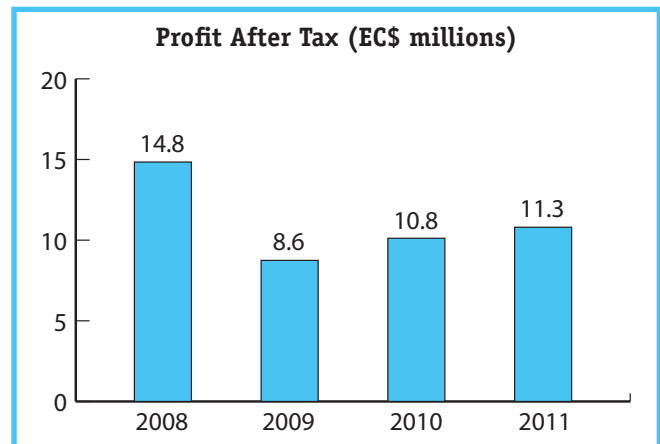
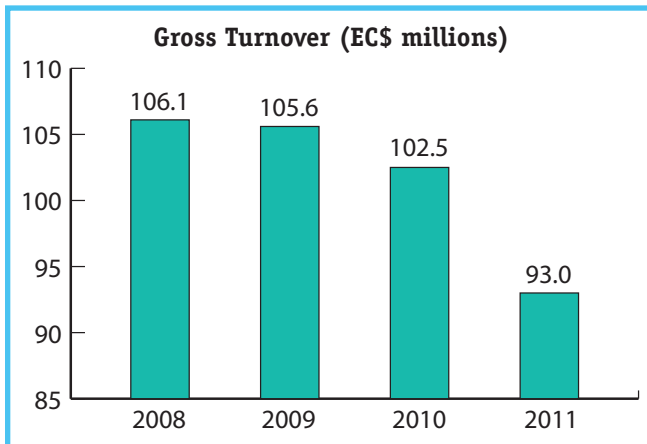
Corporation tax for the year was \$6.8m compared with \$8.4m in 2009/10. Lower profit before tax and lower non taxable items accounted for this.

PROFIT

Income on ordinary activities after taxation of \$11.3m was \$0.4m higher than the previous year. This was mainly as a result of the decrease in cost of sales and operating costs.

Mr. Jonathan Bass
Financial Controller Leewards & Company Secretary

FINANCIAL HIGHLIGHTS





LIME

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**REPORT OF THE INDEPENDENT AUDITORS
TO THE SHAREHOLDERS OF CABLE & WIRELESS ST. KITTS & NEVIS LIMITED**

We have audited the accompanying financial statements of Cable & Wireless St. Kitts & Nevis Limited, which comprise the statement of financial position as at March 31, 2011, and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present give a true and fair view of the financial position of the Company as at March 31, 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants
Antigua and Barbuda

Date: July 29, 2011

KPMG Eastern Caribbean, a partnership registered in Anguilla, Antigua & Barbuda, St. Lucia and St. Vincent and the Grenadines, and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Financial Statements

FOR THE YEAR ENDED MARCH 31, 2011
(With comparative figures for 2010)



Statement of Comprehensive Income

For the year ended March 31, 2011
 With comparative figures for 2010
 (Expressed in Eastern Caribbean Dollars)

	Notes	2011 EC\$'000	2010 EC\$'000
Gross Revenue	4	92,858	102,469
Out-payments and cost of sales		(21,264)	(23,715)
Net revenues		71,594	78,754
Operating costs	5	(53,166)	(60,123)
Operating profit		18,428	18,631
Other (expenses)/income		(126)	275
Finance (expenses)/income	7	(212)	295
Income before taxation		18,090	19,201
Income tax expense	8	(6,820)	(8,370)
Profit for the year		11,270	10,831
Total comprehensive income for the year		11,270	10,831
Total Comprehensive Income attributable to:			
Owners of the Company		8,678	8,340
Non-controlling interests		2,592	2,491
		11,270	10,831

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

Statement of Financial Position

For the year ended March 31, 2011
 With comparative figures for March 31, 2010
 (Expressed in Eastern Caribbean Dollars)

	Notes	2011 EC\$'000	2010 EC\$'000
ASSETS			
Property, plant and equipment	9	78,466	82,433
Intangible assets	10	263	540
		<u>78,729</u>	<u>82,973</u>
Total Non-current Assets			
CURRENT ASSETS			
Inventories	11	919	2,131
Trade and other receivables	12	12,958	10,806
Amounts due from group companies	13	932	9,766
Current Tax Assets		1,818	-
Cash at bank and in hand	14	10,929	6,271
		<u>27,556</u>	<u>28,974</u>
Total Current Assets			
TOTAL ASSETS		<u>106,285</u>	<u>111,947</u>
SHAREHOLDER'S EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	15	33,130	33,130
Share premium account		3,009	3,009
Retained earnings		39,309	39,635
		<u>75,448</u>	<u>75,774</u>
Total Shareholders' Equity			
NON-CURRENT LIABILITIES			
Provision for liabilities and charges	16	9,290	10,026
Asset Retirement Obligation	21	1,304	-
		<u>10,595</u>	<u>10,026</u>
Total Non-Current Liabilities			
CURRENT LIABILITIES			
Trade creditors		654	991
Amounts owed to group companies	13	8,507	14,387
Provision for taxation		1,298	895
Other creditors	17	5,222	4,689
Accrued liabilities and deferred income		4,562	5,185
		<u>20,243</u>	<u>26,147</u>
Total Current Liabilities			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>106,285</u>	<u>111,947</u>

The Financial Statements set out on pages 25 to 42 were approved by the directors on July 26th, 2011 and signed on their behalf by:



Lawrence McNaughton
 Director



Patricia Walters
 Director

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

Statement of Changes in Equity

For the year ended March 31, 2011
 With comparative figures for 2010
 (Expressed in Eastern Caribbean Dollars)

	Stated capital EC\$'000	Share Premium EC\$'000	Retained Earning EC\$'000	Total EC\$'000
Balance at March 31, 2009	33,130	3,009	40,400	76,539
Dividend	-	-	(11,596)	(11,596)
Net profit for the year	-	-	10,831	10,831
Balance at March 31, 2010	33,130	3,009	39,635	75,774
Dividend	-	-	(11,596)	(11,596)
Net profit for the year	-	-	11,270	11,270
Balance at March 31, 2011	33,130	3,009	39,309	75,448

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

Statement of Cash Flows

For the year ended March 31, 2011
 With comparative figures for 2010
 (Expressed in Eastern Caribbean Dollars)

	2011 EC\$'000	2010 EC\$'000
Cash flows from operating activities		
Income before taxation	18,090	19,201
Adjustments for:		
Depreciation	9,801	11,161
Amortization	278	270
Net interest	212	(295)
Gain on disposal of property, plant and equipment	121	(275)
Operating cash flows before working capital changes	28,502	30,062
Change in inventories	1,212	849
Change in trade and other receivables	(2,152)	763
Change in amounts due from group companies – net	2,970	(1,085)
Change in creditors	(427)	(5,645)
Net cash from operations	30,105	24,944
Interest paid	(212)	(7,953)
Income taxes (paid) & recovered	(8,763)	295
Net cash from operating activities	21,130	17,286
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment	131	275
Purchase of property, plant and equipment	(5,007)	(6,921)
Net cash used in investing activities	(4,876)	(6,646)
Cash flows from financing activities		
Dividend paid	(11,596)	(11,596)
Net cash used in financing activities	(11,596)	(11,596)
Net change in cash and cash equivalents	4,658	(956)
Net cash and cash equivalents at the end of the year	6,271	7,227
Net cash and cash equivalents at the end of the year	10,929	6,271

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

Notes to the Financial Statements

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

1. LEGAL STATUS

Cable & Wireless St. Kitts & Nevis Limited is registered under the laws of the Federation of St. Kitts & Nevis. The Company is a subsidiary of Cable & Wireless (West Indies) Limited which owns 77% (77% – 2009) of the issued and outstanding shares. The Company's registered office is Basseterre, St. Kitts. The ultimate parent company is Cable & Wireless Communications Plc, a company incorporated in the United Kingdom. The annual report and accounts of Cable & Wireless Communications Plc are available at 3rd Floor, 26 Red Lion Square, London, WC1R 4HQ, United Kingdom. The Company provides telecommunication services in mobile, fixed line, data and internet.

On 19th March, 2010, the Cable & Wireless Group effected a group reorganisation whereby Cable & Wireless Communications Plc was inserted as a new holding company for the Cable & Wireless Group via a Scheme of Agreement. Cable & Wireless Communications Plc therefore replaced Cable & Wireless Plc (now Cable & Wireless Limited) as the parent company of the Cable & Wireless Group at this date. On 22nd March 2010, the entire ordinary share capital of Cable & Wireless Plc was cancelled and shareholders were given one ordinary share and one B share of Cable & Wireless Communications Plc for every share of Cable & Wireless Plc held on that date. At this time, the Cable & Wireless Group was renamed the Cable & Wireless Communications Group. Cable & Wireless Communications group companies are referred to in these financial statements as "related companies".

On January 31, 2008, the Company was listed in the Eastern Caribbean Securities Exchange.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) and comply with the provisions of the St. Kitts & Nevis Companies Act 1996.

(b) Basis of Preparation

The financial statements have been prepared on the historical cost basis.

(c) Functional and Presentation Currency

These financial statements are presented in Eastern Caribbean Dollars and the measurement basis used is historical cost.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods presented. Actual amounts could differ from estimates made by management.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(e) Changes in Accounting Policies and Disclosures

Certain new IFRSs and interpretations of and amendments to, existing standards, which were in issue and were relevant to the Company, came into effect for the current financial year. None of these pronouncements had a material effect on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition

Gross turnover represents the amounts receivable in respect of telecommunication services and equipment provided to customers and is accounted for on the accruals basis. In respect of services invoiced in advance, amounts are deferred until provision of the service. Amounts payable by and to telecommunications operators of national and international networks are recognized as services are provided. Charges are negotiated separately and are subject to continuous review.

Turnover from sales of telecommunication equipment is recognized upon delivery to the customer. Turnover from the provision of other services is recognized evenly over the periods in which the service is provided.

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES continued

(b) Property, Plant, Equipment and Depreciation

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy f).

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(ii) Subsequent costs

The Company recognises in the carrying amount of the item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. The costs of repairs and replacements of a routine nature are charged in the statement of income whilst those expenditures that improves or extent useful life of the asset are capitalised.

(iii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The annual rates for the current and comprehensive periods are determined as follows:

Freehold land and buildings	40 years
Leasehold land and buildings	40 years or term of lease if less
Plant	5 to 20 years
Motor vehicles	4 years

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(d) Debtors

Accounts receivable and other receivables are stated at their cost less provision for doubtful debts.

(e) Inventories

The cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventory and bringing them to their existing location and condition.

Inventories of equipment held for use in the maintenance and expansion of the Company's telecommunication systems are stated at cost, including appropriate overheads, less provision for deterioration and obsolescence. Inventories held for resale are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and selling expenses.

(f) Impairment of Non-Financial Assets

The carrying amounts of the Company's property, plant and equipment are reviewed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of property, plant and equipment is the greater of their net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES continued

g) Intangible Assets

Intangible assets are stated at cost less accumulated amortization and any impairment in value. The Company amortises the intangible assets using the straight-line method over a period of five years based on the agreement.

h) Accounts Payables and Accruals

Accounts payable and accrued liabilities are stated at cost.

i) Foreign Currency Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Eastern Caribbean dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of financial position. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Eastern Caribbean dollars at foreign exchange rates ruling at the dates the fair value was determined.

j) Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

(i) Financial Assets

The Company classifies its financial instruments as "loans and receivables" depending on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date. At the reporting date, financial assets include debtors and prepayments due with one year, amounts due from group companies, and cash in hand and at bank.

(ii) Financial Liabilities

The Company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, trade creditors, amounts owed to group companies, tax payables, other creditors, and accruals and deferred income were classified as financial liabilities.

k) Related Parties

A party is related to the Company, if:

- (i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the Company that gives it significant influence over the Company; or has joint control over the Company;
- (ii) the party is an associate of the Company;
- (iii) the party is a joint venture in which the Company is a venturer;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is the Company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any company that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES continued

l) Borrowing Costs

Borrowing costs are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, borrowing costs are stated at amortized cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowing on an effective interest basis.

m) Income Tax

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the balance sheet liability method and providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

n) Pension

The Company is a member of the Cable & Wireless Communication Limited pension scheme, a defined benefit scheme. However, as permitted by International Accounting Standards (IAS) 19, the Company is exempt from accounting for the pension scheme as a defined benefit scheme within the financial statements as the Company is unable to identify its share of the underlying assets and liabilities from those of the other participating employers within the group defined benefit scheme. Therefore the Company has treated the pension scheme as if it was a defined contribution scheme and therefore the contributions payable to the scheme for the year are shown as costs within the statement of income (2011 – \$406K, 2010 – \$472K).

o) Leases

Leases of assets under which all the risk and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the leases.

4. TURNOVER

Turnover represents amounts derived from international and domestic telecommunications products and services. All revenue streams and operating income are derived entirely from continuing operations.

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

5. OPERATING COSTS

	2011 EC\$'000	2010 EC\$'000
Depreciation of tangible fixed assets	9,801	11,161
Employee costs	7,827	7,984
License Fees	4,858	5,355
Utilities	1,857	1,998
Management Fees	7,976	7,178
Repairs & Maintenance	1,294	2,140
Pension costs	406	472
Insurance	601	698
Operating lease rentals	461	453
Auditor's remuneration – current year	142	125
Directors' fees	12	12
Transformation & Restructuring Costs	–	1,929
Branding Fee	894	937
Network	3,815	2,906
Other operating costs*	13,222	16,774
	53,166	60,123

*Other operating costs include cost such as marketing, shared services re-charges and other related operating costs. The Directors are of the view that these costs are of a sensitive nature and that providing a detailed analysis of them to the public will be detrimental to the interest of the Company.

All of the Company's staff are members of Cable and Wireless Communications Plc pension plans. Particulars of the actuarial valuations of the Group's plans are contained in the accounts of Cable and Wireless Communications Plc.

No amounts were paid to Directors under defined contribution or defined benefit pension plans.

6. EMPLOYEE COSTS

	2011 EC\$'000	2010 EC\$'000
Salary and Wages	5,521	6,379
Statutory payroll deductions	561	682
Staff training	193	180
Other staff cost	1,552	743
	7,827	7,984
Number of employees	94	90

7. NET FINANCE (EXPENSE) INCOME

	2011 EC\$'000	2010 EC\$'000
Interest received	(212)	295
	(212)	295

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

8. TAXATION ON ORDINARY ACTIVITIES

	2011 EC\$'000	2010 EC\$'000
Tax on profits for the year	7,553	8,767
Change in deferred taxation	(733)	(397)
	6,820	8,370

The current year tax charge of EC\$7,553 (2010: \$8,767) is higher than the standard rate of tax of 35%. See details below.

	2011 EC\$'000	2010 EC\$'000
Income before income tax	18,090	19,201
Tax at the standard rate of 35% (2010: 35%)		
Tax effect/(benefit) arising from the following:	6,332	6,720
Capital allowances in excess of depreciation	-	-
Tax on non-deductible expenditure	1,222	2,047
Taxation on ordinary activities	7,554	8,767

9. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings EC\$'000	Plant & Equipment EC\$'000	Motor Vehicles EC\$'000	Projects Under Construction EC\$'000	Total EC\$'000
COST					
At April 1, 2010	25,142	201,047	3,052	6,564	235,805
Additions	-	-	-	5,007	5,007
Adjustments	-	1,185	-	-	1,185
Disposals	-	(38,598)	(650)	-	(39,248)
Transfers	401	7,755	368	(8,524)	-
At March 31, 2011	25,543	171,389	2,770	3,047	202,749
ACCUMULATED DEPRECIATION					
At beginning of year – 1 April 2010	10,934	139,882	2,556	-	153,372
Charge for year	644	8,836	321	-	9,801
Charge for impairment	-	-	-	-	-
On disposals	-	(38,240)	(650)	-	(38,890)
At March 31, 2011	11,578	110,478	2,227	-	124,283
NET BOOK VALUE					
At March 31, 2011	13,965	60,911	543	3,047	78,466
At March 31, 2010	14,208	61,165	496	6,564	82,433

The net book value of land and buildings comprises:

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

9. PROPERTY, PLANT AND EQUIPMENT continued

	MAR-11 EC\$'000	MAR-10 EC\$'000
Freehold	13,686	13,881
Leasehold	279	327
	13,965	14,208

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.

	2010 EC\$'000	2010 EC\$'000
Balance, April 1, 2010	1,192	1,192
Accumulated Amortization charges	(929)	(652)
Balance, March 31, 2011	263	540

11. INVENTORIES

	2011 EC\$'000	2010 EC\$'000
Merchandise inventories at net realisable value	351	483
Other materials and supplies at net realisable value	987	1,930
Provision	(419)	(282)
	919	2,131

12. DEBTORS AND PREPAYMENTS DUE WITHIN ONE YEAR

	2011 EC\$'000	2010 EC\$'000
Trade debtors	12,199	10,702
Other debtors	1,272	1,210
Prepayments	488	101
	13,959	12,013
Less Provision	(1,001)	(1,207)
	12,958	10,806

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

13. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(i) Amount due from related Parties

	2011 EC\$'000	2010 EC\$'000
Amount due from Cable & Wireless United Kingdom	–	8,095
Amount due from other subsidiaries of Cable & Wireless Communications Plc	932	1,671
	932	9,766

(ii) Amount due to related parties

Amount due to Cable & Wireless Barbados Ltd.	1,184	287
Amount due to Cable & Wireless Communications Plc	64	284
Amount due to CWI Caribbean Ltd	636	4,593
Amount due to Cable & Wireless West Indies Ltd	–	6,132
Amount due to Cable & Wireless Regional Headquarters	6,456	–
Amount due to other subsidiaries of Cable & Wireless Communications Plc	167	3,091
	8,507	14,387

(iii) Amounts receivable from or payable to Cable & Wireless Group companies, included in turnover or outpayments to other telecommunications administrations, are as follows:

	2011 EC\$'000	2010 EC\$'000
Included in turnover	2,763	3,277
Included in outpayments	2,673	3,635

(iv) Payment is also made to a Group company for the provision of other services including:

	2011 EC\$'000	2010 EC\$'000
Management fees	7,976	7,178
Directors' fees	12	12
	7,988	7,190

(v) Key Management

	2011 EC\$'000	2010 EC\$'000
Wages and salaries	1,457	1,540
Bonus	–	186
Statutory contributions	138	138
Pension	109	116
	1,704	1,980

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

14. CASH AT BANK AND IN HAND

	2011 EC\$'000	2010 EC\$'000
Cash in bank and in hand	822	6,271
Short term deposits	10,107	-
	10,929	6,271

Short-term deposits include a balance of EC\$3,764,530 with interest accruing at 8% per annum and a balance of US\$2,350,135 with interest accruing at 3% per annum.

15. SHARE CAPITAL

	2011 EC\$'000	2010 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 Ordinary Shares of EC\$1.00 each	33,130	33,130

The Company is 77% owned by Cable & Wireless (West Indies) Limited. The remaining 23% is held by other minor stockholders (members of the Public).

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Redundancy EC\$'000	Deferred Taxation EC\$'000	Total EC\$'000
At 31 March 2010	3	10,023	10,026
Charge/(credit) for the period	(2)	-	(2)
Credit related to accelerated capital allowance	-	(733)	(733)
At 31 March 2011	1	9,290	9,291

The deferred taxation liability is analysed as follows:

	2011 EC\$'000	2010 EC\$'000
Accelerated capital allowances	9,290	10,026

17. OTHER CREDITORS

	2011 EC\$'000	2010 EC\$'000
Customers' deposits	1,834	1,678
Social Security	114	126
Other creditors	3,274	2,885
	5,222	4,689

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

18. LEASE COMMITMENTS

At the year-end, operating lease commitments payable in the following year, analysed according to the period in which each lease expires, were as follows:

	2011 EC\$'000	2010 EC\$'000
Land and building – expiring within one year	48	48
	48	48

19. DIVIDENDS

In the previous year the Directors declared and paid an interim dividend of EC\$0.10 per share (EC\$3,313,000) in September, 2009. The final dividend for the 2010 financial year which was declared on May 15, 2010 of EC\$0.25 per share (EC\$8,282,500) was paid in June 2010.

In December 2010, the Directors declared and paid an interim dividend of EC\$0.10 per share amounting EC\$3,313,000 based on the financial performance of the Company for the six (6) months ended September 30, 2010. On 16th June, 2011, a final dividend of EC\$0.25 per share (EC\$8,282,500) was declared by the Directors.

20. FINANCIAL INSTRUMENTS

(a) Financial Risk Factors:

The Company's activities expose it to a variety of financial risks, including the effects of changes in debt market prices, foreign currency exchange rates and interest rates. Management seeks to minimise potential adverse effects on the financial performance of the Company by applying procedures to identify, evaluate and manage these risks.

(i) Currency Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not generally engage in currency hedges, and rather aims to have financial liabilities denominated in local currencies in order to avoid currency risk.

The Company's exposure to foreign currency risk in the respective currencies at year end was as follows:

	2011 GB£ (£'000)	2010 GB£ (£'000)
Amounts due from group companies	42	188
Amounts due to group companies	(6,520)	(1,538)
Gross exposure	(6,478)	(1,350)

Exchange rates of 1 unit of the relevant foreign currencies to the Eastern Caribbean dollar at year end were as follows:

	GB£ (£'000)
At March 31, 2011	0.228
At March 31, 2010	0.240

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

20. FINANCIAL INSTRUMENTS continued

Currency Risk Sensitivity Analysis:

A five (5%) percent weakening of the Eastern Caribbean dollar against the following currencies at March 31, 2011 would have decreased profit and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010.

	2011		2010	
	Profit (\$'000)	Equity (\$'000)	Profit (\$'000)	Equity (\$'000)
GB£	(323)	(323)	(68)	(68)

A five (5%) percent strengthening of the Eastern Caribbean dollar against the above currencies at March 31, 2011 and 2010 would have had an opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(ii) Price Risk:

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market. The Company has no significant exposure to such risks.

(iii) Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk attaching to receivables as the Company has a large and diverse customer base, with no significant balances arising from any single economic or business sector, or any single entity or group of entities.

(iii) Credit Risk:

The Company has policies in place to ensure that sales are made to customers with an appropriate credit rating. Accounts receivables are shown net of provision for impairment. Cash and cash equivalents are held with substantial financial institutions, which present minimal risk of default.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2011 EC\$'000	2010 EC\$'000
Debtors and prepayments	13,032	10,806
Amounts due from group companies	11,131	9,766
Cash and cash equivalents	822	6,271
	24,985	26,843

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The management of the Company aims at maintaining flexibility in funding by monitoring budgeting commitments and by keeping committed lines of credit available, and by monitoring the timing of its cash flows.

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

20. FINANCIAL INSTRUMENTS continued

(v) *Interest Rate Risk:*

Interest rate risk is the risk that the value of a financial instruments will fluctuate due to change in market interest rates. The table below summarises the Company's exposure to interest rate risks. Included in the table are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2011					
	Immediately rate sensitive (\$'000)	1 to 3 months (\$'000)	3 to 12 months (\$'000)	Greater than 12 months (\$'000)	Non-rate sensitive (\$'000)	Total (\$'000)
Financial Assets						
Debtors and prepayments	-	-	-	-	12,958	12,958
Amounts due from group companies	-	-	-	-	972	972
Cash at bank and in hand	10,929	-	-	-	-	10,929
Financial Liabilities						
Payables	-	-	-	-	(11,775)	(11,775)
Amount due to group companies	-	-	-	-	(8,507)	(8,507)
Total interest rate sensitivity gap	10,929	-	-	-	(6,352)	4,577
Cumulative gap	10,929	10,929	10,929	10,929	4,577	-
	2010					
	Immediately rate sensitive (\$'000)	1 to 3 months (\$'000)	3 to 12 months (\$'000)	Greater than 12 months (\$'000)	Non-rate sensitive (\$'000)	Total (\$'000)
Financial Assets						
Debtors and prepayments	-	-	-	-	10,806	10,806
Amounts due from group companies	-	-	-	-	9,766	9,766
Cash at bank and in hand	6,271	-	-	-	-	6,271
Financial Liabilities						
Payables	-	-	-	-	(11,761)	(11,761)
Amount due to group companies	-	-	-	-	(14,387)	(14,387)
Total interest rate sensitivity gap	6,271	-	-	-	(5,576)	695
Cumulative gap	6,271	6,271	6,271	6,271	695	-

Interest rate Sensitivity:

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets or liabilities at fair value through the statement of income. Therefore, a change in interest rates at the reporting date would not affect the income recognised for the year.

Notes to the Financial Statements

For the year ended March 31, 2011 (Expressed in Eastern Caribbean Dollars)

20. FINANCIAL INSTRUMENTS continued

Cash flow sensitivity Analysis for Variable Rate Instruments:

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the the same basis for 2009.

	2011		2010	
	Effect on profit 100bp increase	Effect on profit 100bp decrease	Effect on profit 100bp increase	Effect on profit 100bp decrease
Variable rate instruments	-	-	-	-

(b) Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Company. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- (i) The fair value of liquid assets and other assets maturing within one (1) year is assumed to approximate their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- (ii) The fair value of variable-rate financial instruments is assumed to approximate their carrying amounts.

21. ASSETS RETIREMENT OBLIGATIONS

The Company has obligations to dismantle and remove cell sites and restore the properties on which they were located at the end of the lease period. The estimated costs of dismantling and removing these assets and restoring the sites are included in the costs of property, plant and equipment. A related provision for sites restoration is recognised at the commencement of the lease and revised annually. The obligations are estimated at the present value of the future expected restoration cost based on the timing and current prices of goods and services. At the balance sheet date the obligations amounted to \$1,304,000 (2010: \$NIL).

22. COMPARATIVES

Certain figures for 2010 have been reclassified to conform with the current year's presentation.

Notes

Notes



Proxy Form

I/We.....

.....

of.....

being a shareholder of Cable & Wireless St. Kitts & Nevis Limited hereby appoint

.....
of

.....

As my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the said Company to be held on Thursday, 25th August 2011 and any adjournment thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

Dated thisday of 2011
(Please insert date)

Signature of Shareholder.....

NOTES

1. A person appointed by proxy need not be a shareholder.
2. In the case of a shareholder who is a body corporate or association, votes at meetings of shareholders may be given by an individual authorised by a resolution of the directors or governing body of that body corporate to represent it at meetings of shareholders of the Company.
3. A proxy must be executed in writing by the shareholder or his attorney authorised in writing.
4. Proxy appointments are required to be deposited at the registered office of the Company not less than 24 hours before the time fixed for holding the meeting or adjourned meeting.

INSIDE BACK COVER

Cable & Wireless St. Kitts & Nevis Limited
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Basseterre,
St. Kitts,
West Indies
www.lime.com

