

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report
For the period ended **December 31, 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)

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 Director


Name of Company Secretary

Mr. David Lake

Mr. Jonathan Bass



Signature



Signature

25-9-12
Date

25-9-12
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 31 December 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 0.96: 1 for the quarter compared to 1.02: 1 for the corresponding period one year ago. The quick ratio was 0.88:1 compared to 0.94:1 of the similar period last year. The decrease in liquidity was driven mainly by a decrease in cash. However, the company continues to be 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:-*

Just about 85% of the \$5.5m spent on capital expenditure has been invested to upgrade the mobile networks. Most of funds used to finance the above investment were provided by operating activities.

(c) **Results of Operation.**

Describe any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and in each case indicate the extent the income was so affected. Describe any known trends or uncertainties that have had or that the reporting issuer reasonably expects will have a material favourable or unfavourable impact on net sales or revenues or income from continuing operations. If the reporting issuer knows of events that will cause a material change in the relationship

between costs and revenues (such as price increases, costs of labour or materials), the changes in relationship should be disclosed.

❖ Executive Summary

Turnover for the period ended 31st December, 2011 was \$59.7m. This represents a decrease of 16% when compared to the previous period ended 31st December, 2010. Outpayments and Cost of Sales decreased by 31% to \$11.4m. Gross income decreased by 9% to \$48.2m. Operating income decreased by 29% to \$9.8m.

❖ September to December Quarter Discussion

• *The decrease in total turnover resulted primarily from a decline in Fixed Line and Mobile revenues. The global financial downturn and the poor state of our mobile network contributed to this decline. However, Data revenue increased due to growth in the market .*

- *Outpayments and cost of sales experienced a corresponding decline as in the case of turnover. This was driven primarily by lower overall cost of sales resulting from the decline in revenue.*
- *Gross Margin decreased by 9% as a result of lower Revenue. However, this was mitigated by lower Cost of Sales.*
- *Operating costs decreased by 5%. This was driven mainly by decreases in license fees and rental transmission.*
- *Operating income decreased by 29% to \$9.8m. This result was primarily driven by a reduction in turnover.*
- *Net cash flows generated from operating activities was \$12.3m (2010: \$19.4). \$5.5m 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 the launch of VOIP (voice over internet protocol). Fixed line national income is being challenged by mobile call substitution and the introduction of flat rate domestic calling. Overall the fixed line income trailed revenues generated during the corresponding period by 15%.*
- *The Mobile segment experienced a significant decrease compared with the corresponding period from April 01 to September, 2010.*

Challenges with our mobile network were mainly responsible for this decline in revenue. Our old Nortel mobile network is being replaced by a new Ericson switch. Work is expected to be completed in February 2012 and promotions are being geared to increase usage and revenue when the project is completed.

- *Internet line of business experienced marginal decline of 5% compared to December, 2010. This reduction was a result of a slight loss in our market share.*
- *Data revenues showed a slight decrease of 6% due to a reduction in rates of some data services.*

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 DECEMBER 31, 2011

	<u>Notes</u>	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Turnover		59,686	70,885
Outpayments and cost of sales		<u>(11,424)</u>	<u>(16,535)</u>
Gross Income		48,262	54,351
Operating costs	1	<u>(38,431)</u>	<u>(40,601)</u>
Operating Income		9,831	13,750
Profit/(Loss) on Disposal		0	21
Other Income/(Expense)		(5)	(303)
Net Interest	3	51	(32)
Exceptional Items		<u>(1,019)</u>	<u>0</u>
Income on ordinary activities before taxation		8,858	13,436
Taxation on ordinary activities	4	<u>(3,755)</u>	<u>(6,466)</u>
Income on ordinary activities after taxation		<u>5,103</u>	<u>6,970</u>

CABLE & WIRELESS (ST KITTS & NEVIS) LTD
BALANCE SHEET
AS AT DECEMBER 31, 2011

	<u>Notes</u>	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	76,667	78,537
Intangible assets	6	66	337
Loan receivable from related party		2,350	1,870
Total Non -Current Assets		<u>79,083</u>	<u>80,744</u>
CURRENT ASSETS			
Inventories		1,621	1,921
Accounts receivable and prepayments	7	18,757	19,332
Amounts due from Group companies			-
Cash at bank and in hand	8	(490)	3,952
Total Current Assets		<u>19,888</u>	<u>25,204</u>
Total Assets		<u>98,971</u>	<u>105,948</u>
CAPITAL, RESERVES AND LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	9	33,130	33,130
Share premium account		3,009	3,009
Retained earnings		32,816	35,009
Total Capital and Reserves		<u>68,956</u>	<u>71,149</u>
LONG TERM LIABILITIES			
Provision for liabilities and charges	10	9,294	10,024
CURRENT LIABILITIES			
Trade accounts payable		3,528	1,467
Amounts owed to Group companies		5,705	7,157
Provision for Taxation		(349)	2,664
Other Liabilities	11	6,668	8,986
Accrued liabilities and deferred income		5,169	4,502
Total Current Liabilities		<u>20,721</u>	<u>24,775</u>
TOTAL LIABILITIES AND EQUITY			
SHAREHOLDERS' FUNDS		<u>98,971</u>	<u>105,948</u>



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 DECEMBER 31, 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
Prior Year Audit adjustment	0	0	0	0
Dividend	0	0	(11,596)	(11,596)
Issuance of bonus shares	0	0	0	0
Net Income for the year	0	0	11,270	11,270
Prior Year Audit adjustment				
Balance as of March 31, 2011	33,130	3,009	39,309	75,448
Dividend	0	0	(11,596)	(11,596)
Net Income for the 9 months ended Dec 31, 2011	0	0	5,103	5,103
Prior Year Audit adjustment	0	0	0	0
Balance as of December 31, 2011	33,130	3,009	32,816	68,955

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

CABLE & WIRELESS (ST KITTS & NEVIS) LTD
STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2011

	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Cash Flows from operating activities		
Income on ordinary activities before taxation	8,858	13,436
Adjustments for:		
Depreciation expense	7,681	7,575
Loss/(gain) on disposal of property, plant and equipment	0	(21)
Net Interest & Other Income/Expense	(46)	335
Operating cash flows before working capital changes	<u>16,493</u>	<u>21,325</u>
Decrease/(Increase) in inventories	(666)	457
(Increase)/decrease in accounts receivable	(6,828)	(6,978)
Increase/(decrease) in accounts payable & accrued liabilities	3,316	4,684
Net cash from operations	<u>12,315</u>	<u>19,488</u>
Income taxes paid	(5,594)	(10,119)
Interest received	65	41
Interest Paid	(12)	(376)
Net cash from operating activities	<u>6,774</u>	<u>9,034</u>
Cash flows used in investing activities		
Purchase of tangible property, plant and equipment	(5,514)	(3,476)
Proceeds from disposal of tangible property, plant & equipment	0	21
Net cash used in investing activities	<u>(5,514)</u>	<u>(3,455)</u>
Cash flows used in financing activity		
Lending (to)/from Group companies	5,894	6,225
Dividends paid	(11,596)	(11,596)
Increase/Decrease in short term deposits	0	0
Net cash used in financing activity	<u>(5,702)</u>	<u>(5,371)</u>
Net change in cash and cash equivalents	<u>(4,442)</u>	<u>208</u>
Net cash and cash equivalents, beginning of year	3,952	3,744
Net cash and cash equivalents, end of year	<u>(490)</u>	<u>3,952</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2011

1. OPERATING COSTS

	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Depreciation of tangible fixed assets	7,681	7,575
Employee costs (Note2)	5,384	6,173
Licence Fees	3,163	3,643
Utilities	1,908	1,329
Management Fees	480	1,073
Repairs & Maintenance	285	289
Pension costs	456	358
Insurance	451	451
Operating lease rentals	348	341
Auditor's remuneration - current year	158	158
Directors' fees	9	9
Rental of transmission facilities	270	779
Other operating costs	17,838	18,423
	<u>38,431</u>	<u>40,601</u>

2. EMPLOYEE COST

	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Salaries and Wages	5,032	5,520
Staff training	18	44
Other staff costs	334	610
	<u>5,384</u>	<u>6,173</u>
Number of employees	94	94

3. NET INTEREST INCOME

	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Interest expense	-12	
Interest received	63	-32
	<u>51</u>	<u>(32)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2011

	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
4. TAXATION ON ORDINARY ACTIVITIES		
Tax on profits for the year	3,755	6,466
Adjustment in respect to prior year	0	0
	<hr/> 3,755	<hr/> 6,466
Deferred taxation	0	0
	<hr/> 3,755	<hr/> 6,466

The current year tax charge of EC\$6,466 (2009: \$8,242) is higher than the standard rate of tax of 35%. See details below.

	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Tax at the standard rate of 35%	3,100	4,703
<i>Tax effect arising from the following:</i>		
Capital allowances in excess of depreciation	0	0
Tax on non-deductible expenditure	655	1,764
Adjustment in respect of prior periods	0	0
Current tax charge	<hr/> 3,755	<hr/> 6,466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2011

5. TANGIBLE FIXED ASSETS	Land and Buildings	Plant & Equipment	Motor Vehicles	Projects Under Construction	Total
	EC\$000	EC\$000	EC\$000	EC\$000	EC\$000
Costs					
At beginning of year-1 April 2011	25,543	171,389	2,770	3,074	202,776
Additions	0	0	0	5,514	5,514
Disposals	0	0	0	0	-
Transfers between items	0	2,586	0	(2,586)	-
At 31 December 2011	<u>25,543</u>	<u>173,975</u>	<u>2,770</u>	<u>6,002</u>	<u>208,290</u>

ACCUMULATED DEPRECIATION

At beginning of year	11,578	110,478	2,227	0	124,283
Charge for the year	486	6,953	241	0	7,680
Charge for impairment	0	0	0	0	-
On disposals	0		(340)	0	(340)
At year end	<u>12,064</u>	<u>117,431</u>	<u>2,128</u>	<u>-</u>	<u>131,623</u>

NET BOOK VALUE

At 31 December 2011	<u>13,479</u>	<u>56,544</u>	<u>642</u>	<u>6,002</u>	<u>76,667</u>
At 01 April 2011	<u>13,965</u>	<u>60,911</u>	<u>543</u>	<u>3,074</u>	<u>78,493</u>

The net book value of land and buildings comprises:

	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Freehold	13,025	13,776
Long leasehold	894	529
Short leasehold	0	11
	<u>13,919</u>	<u>14,316</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2011**

6. INTANGIBLE ASSETS	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Balance at beginning of year	1,192	1,192
Acquisition	-	-
Amortisation charges for year	(1,126)	(855)
	<u>66</u>	<u>337</u>
7. ACCOUNTS RECEIVABLES AND PREPAYMENTS	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Trade accounts receivables	15,818	9,969
Other receivables	1,218	5,873
Prepayments and accrued income	3,254	4,607
Provision for Bad Debts	(1,533)	(1,116)
	<u>18,757</u>	<u>19,332</u>
8. CASH AT BANK AND CASH IN HAND	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Cash at bank and in hand	-490	3,952
Short term deposits	0	0
	<u>-490</u>	<u>3,952</u>
9. SHARE CAPITAL	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Authorised: 50,000,000 Ordinary shares of EC\$1.00 each	<u>50,000</u>	50,000
Allotted, called up and fully paid:- 33,130,418 (2008: 33,130,418)		
Ordinary shares of EC\$1.00 each	<u>33,130</u>	33,130

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2011**

10. PROVISION FOR LIABILITIES & CHARGES

	Redundancy EC\$000	Deferred Taxation EC\$000	Total EC\$000
At 1 April 2011	1	9,290	9,291
Charge/(Credit) for the period	0	3	3
Credit related to change in tax rate	0	0	0
Credit related to accelerated capital allowances	0	0	0
At 31 December 2011	<u>1</u>	<u>9,293</u>	<u>9,294</u>

The deferred taxation liability is analysed as follows:-

	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Accelerated capital allowances	<u>9,293</u>	<u>10,023</u>

11. OTHER LIABILITIES

	<u>Dec-11</u> EC\$000	<u>Dec-10</u> EC\$000
Customers deposits	1,874	1,792
Other Taxes & Social Security	148	135
Other creditors	4,646	7,059
	<u>6,668</u>	<u>8,986</u>