

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report
For the period ended **December 31, 2008** or

REPORT

TRANSITION

(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 Extn 451**

Fax number: **(869) 465-1643**

Email address: **jonathan.bass@cw.com**

N/A

(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
Ordinary Shares	33,130,418

SIGNATURES

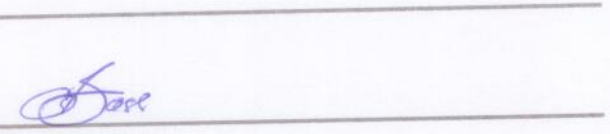
Name of Country Manager

Name of Company Secretary

David Lake

Jonathan Bass





Signature

Signature

16th March, 2009

16th March, 2009

Date

Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. **Financial Statements**

Provide quarterly Financial Statements in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) (Condensed Balance Sheet as of the end of the most recent financial year and just concluded quarter.
- (b) Condensed Statement of Income for the interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) Examples of financial data items to be included in constructing financial statements for various types of businesses are provided in Parts A-D. These items are meant to serve as guidelines only.
- (e) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

❖ *Please find attached copies of the financial statements for the quarter ended 31 December 2008 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 0.89: 1 for the quarter compared to 1.09: 1 for the corresponding period one year ago. The quick ratio was 0.82: 1 compared to 1.01:1 for the similar period. The drop in liquidity was driven mainly by a decrease in cash on hand due to an increase in cash repatriated to head office. The amounts due from group companies have also been set off against payables for the current period whilst this was not the treatment for the comparative period. Despite the decline in liquidity, the company is still 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:-*

Details	EC\$m
<i>Fixed line</i>	<i>0.93</i>
<i>Mobile</i>	<i>1.03</i>
<i>Internet</i>	<i>1.34</i>
<i>Other</i>	<i>0.63</i>
Total	3.93

A significant amount (60%) was spent on internet and mobile. Mobile expenditure related to the continued expansion of the GSM network to satisfy customer growth and improve coverage. In order to further improve internet market penetration, a significant amount was spent to expand the broadband network as well as to develop the capability to

provide WIMAX service. The amount reported under other category includes capital maintenance work on buildings to improve accommodation as well as health and safety. 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, 2008 showed a slight decrease of \$807k moving from \$80m to \$79.2m, when compared with the previous period ended 31st December, 2007. Outpayments and cost of sales also declined by 5%. Operating Cost which moved unfavourably caused operating income to be decline by \$1.1m moving from \$17m in 2007 to \$15.8m in 2008.

❖ **September to December Quarter Discussion**

- *The decrease in total turnover resulted primarily from some challenges faced with the mobile network during the time when revenue is expected to be at its best along with the unfortunate performance in the internet segment. Fixed line revenue also continues on its downward trend.*
- *Outpayments and Cost of Sales reduced by 5%. With the exception of Fixed line international and other Cost of Sales, All other Cost of Sales categories decreased. This in turn caused Gross Income to increase by \$779k to \$39.1m.*
- *Increases in Network cost and licence fees caused Operating Cost to increase by 5%.*

- *Net cash flows generated from operating activities was \$14.5m (2007: \$12.8). Of this, \$5.3 was invested in the purchase of fixed assets and \$8.8m was paid out in dividends.*

❖ ***Business Segment Discussion for the Quarter***

- *Fixed line revenue 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 12%.*
- *The Mobile revenue segment continues to perform favourably resulting in an increase of 6% beyond the corresponding period to September, 2007. Promotions are still being geared to increase usage as well as maintain and increase current market capacity.*
- *Internet line of business experienced moderate growth; some 5% when compared to the corresponding ended September 30th, 2007. This increment was driven primarily by the development of the \$99, 2mg high speed internet package and continued success in computer sales initiative mainly to increase the broadband customer base.*
- *Data revenue declined by 19% in comparison to the period ended September 30th 2007.*

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, 2008

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

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

	<u>Notes</u>	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	86,103	88,290
Intangible assets	6	877	-
Loan receivable from related party		2,715	1,147
Total Non -Current Assets		<u>89,695</u>	<u>89,437</u>
CURRENT ASSETS			
Inventories		2,635	2,911
Accounts receivable and prepayments	7	17,994	20,549
Amounts due from Group companies		2,466	5,352
Cash at bank and in hand	8	6,110	8,893
Total Current Assets		<u>29,205</u>	<u>37,705</u>
Total Assets		<u>118,900</u>	<u>127,142</u>
CAPITAL, RESERVES AND LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	9	33,130	33,130
Share premium account		3,009	3,009
Retained earnings		39,182	45,808
Total Capital and Reserves		<u>75,321</u>	<u>81,947</u>
LONG TERM LIABILITIES			
Provision for liabilities and charges	10	11,009	10,609
CURRENT LIABILITIES			
Trade accounts payable		2,925	7,218
Amounts owed to Group companies		16,349	14,174
Provision for Taxation		3,766	4,429
Other Liabilities	11	5,217	6,333
Accrued liabilities and deferred income		4,313	2,432
Total Current Liabilities		<u>32,570</u>	<u>34,586</u>
TOTAL LIABILITIES AND EQUITY		<u>118,900</u>	<u>127,142</u>



.....
 Mr. David Lake
 Country Manager



.....
 Mr. Jonathan Bass
 Vice President Finance

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

	Share Capital EC\$'000	Share Premium EC\$'000	Retained Earning EC\$'000	Total EC\$'000
Balance as of March 31, 2007	33,130	3,009	40,167	76,307
Prior Year Audit adjustment				
Dividend			(11,600)	(11,600)
Issuance of bonus shares				0
Net Income for the year			14,833	14,833
Prior Year Audit adjustment				
Balance as of March 31, 2008	33,130	3,009	43,400	79,540
Dividend			(12,112)	(12,112)
Net Income for the 9 months ended Dec 31, 2008			7,894	7,894
Balance as of Dec 31, 2008	33,130	3,009	39,182	75,322

The accompanying notes form an integral part of these financial statements

CABLE & WIRELESS ST. KITTS & NEVIS LTD
STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2008

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

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

1. OPERATING COSTS

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

2. EMPLOYEE COST

	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
Salaries and Wages	6,360	6,772
Staff training	140	256
Other staff costs	620	390
	<u>7,119</u>	<u>7,418</u>
Number of employees	121	131

3. NET INTEREST INCOME

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

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

4. TAXATION ON ORDINARY ACTIVITIES

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

The current year tax charge of EC\$4,328K (2007: 4,504) is higher than the standard rate of tax of 35%. (2007:35%) See details below.

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

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

5. TANGIBLE FIXED ASSETS

	Land and Buildings	Plant & Equipment	Motor Vehicles	Projects Under construction	Total
	EC\$000	EC\$000	EC\$000	EC\$000	EC\$000
Costs					
At beginning of year-1 April 2008	24,782	174,125	3,303	10,897	213,107
Additions	116		276	6,697	7,089
Disposals	-	-	(143)	-	(143)
Transfers between items	0	12,499	-	(12,499)	0
At end of year	24,898	186,624	3,436	5,095	220,053
ACCUMULATED DEPRECIATION					
At beginning of year	9,639	113,523	2,543	-	125,705
Charge for the year	479	7,537	372	-	8,388
Charge for impairment			-	-	0
On disposals	-	-	(143)	-	(143)
At year end	10,118	121,060	2,772	-	133,950
NET BOOK VALUE					
At 30 December 2008	14,780	65,564	664	5,095	86,103
At 31 December 2007	15,271	60,367	873	11,779	88,290

The net book value of land and buildings comprises:

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

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

6. INTANGIBLE ASSETS

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

7. ACCOUNTS RECEIVABLES AND PREPAYMENTS

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

8. CASH AT BANK AND CASH IN HAND

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

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

9. SHARE CAPITAL

	<u>Dec-08</u> EC\$000	<u>Dec-07</u> EC\$000
Authorised: 50,000,000 Ordinary shares of EC\$1.00 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid:- 33,130,418 (2007:33,130,418)		
Ordinary shares of EC\$1.00 each	<u>33,130</u>	<u>33,130</u>

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

10. PROVISION FOR LIABILITIES AND CHARGES

	Redundancy	Deferred Taxation	Total
	ECS000	ECS000	ECS000
At 1 April 2008	48	10,961	11,009
Charge/(Credit) for the period	-		-
Credit related to change in tax rate			-
Credit related to accelerated capital allowances			-
At 30 September 2008	<u>48</u>	<u>10,961</u>	<u>11,009</u>

The deferred taxation liability is analysed as follows:-

	<u>Dec-08</u>	<u>Dec-07</u>
	<u>ECS000</u>	<u>ECS000</u>
Accelerated capital allowances	<u>10,961</u>	<u>10,508</u>

11. OTHER LIABILITIES

	<u>Dec-08</u>	<u>Dec-07</u>
	<u>ECS000</u>	<u>ECS000</u>
Customers deposits	1,632	1,860
Social security	305	3
Other creditors	<u>3,280</u>	<u>4,470</u>
	<u>5,217</u>	<u>6,333</u>