

CABLE & WIRELESS ST. KITTS & NEVIS LTD
STATEMENT OF INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2008

	<u>Notes</u>	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Turnover		53,089	52,998
Outpayments and cost of sales		<u>(13,947)</u>	<u>(14,636)</u>
Gross Income		39,141	38,362
Operating costs	1	<u>(27,452)</u>	<u>(26,893)</u>
Operating Income		11,690	11,469
Profit/(Loss) on Disposal		-	24
Net interest and other income	3	157	85
Exceptional Items		<u>(749)</u>	<u>-</u>
Income on ordinary activities before taxation		11,097	11,578
Taxation on ordinary activities	4	<u>(4,328)</u>	<u>(4,504)</u>
Income on ordinary activities after taxation		<u>6,769</u>	<u>7,074</u>

CABLE & WIRELESS ST. KITTS & NEVIS LTD
BALANCE SHEET
AS AT SEPTEMBER 30, 2008

	<u>Notes</u>	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	85,853	88,045
Intangible assets	6	945	-
Loan receivable from related party		<u>8,492</u>	<u>3,846</u>
Total Non -Current Assets		<u>95,290</u>	<u>91,891</u>
CURRENT ASSETS			
Inventories		3,852	2,609
Accounts receivable and prepayments	7	17,949	22,966
Amounts due from Group companies		0	1,299
Cash at bank and in hand	8	<u>5,299</u>	<u>10,544</u>
Total Current Assets		<u>27,100</u>	<u>37,418</u>
Total Assets		<u>122,390</u>	<u>129,309</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		<u>41,336</u>	<u>47,241</u>
Total Capital and Reserves		<u>77,476</u>	<u>83,380</u>
LONG TERM LIABILITIES			
Provision for liabilities and charges	10	<u>11,009</u>	<u>10,769</u>
CURRENT LIABILITIES			
Trade accounts payable		2,763	5,676
Amounts owed to Group companies		16,347	12,879
Provision for Taxation		3,766	5,005
Other Liabilities	11	6,614	6,476
Accrued liabilities and deferred income		<u>4,416</u>	<u>5,124</u>
Total Current Liabilities		<u>33,905</u>	<u>35,160</u>
TOTAL LIABILITIES AND EQUITY		<u>122,390</u>	<u>129,309</u>

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Ms. Patricia Walters
Chief Executive

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Mr. Jonathan Bass
Vice President Finance

CABLE & WIRELESS ST. KITTS & NEVIS LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 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			(8,833)	(8,833)
Net Income for the 6 months ended Sep 30, 2008			6,769	6,769
Balance as of Sep 30, 2008	33,130	3,009	41,336	77,476

The accompanying notes form an integral part of these financial statements

CABLE & WIRELESS ST. KITTS & NEVIS LTD
STATEMENT OF CASH FLOWS
AS AT SEPTEMBER 30 2008

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Cash Flows from operating activities		
Income on ordinary activities before taxation	11,097	11,579
Adjustments for:		
Depreciation expense	5,620	5,484
Loss/(gain) on disposal of property, plant and equipment	-	(24)
Net Interest	157	(85)
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Operating cash flows before working capital changes	16,874	16,954
Decrease/(Increase) in inventories	(857)	(1,058)
(Increase)/decrease in accounts receivable	4,154	(2,275)
Increase/(decrease) in accounts payable and accrued liabilities	2,827	5,200
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Net cash from operations	22,998	18,820
Income taxes paid	(8,613)	(5,996)
Interest received	157	60
Interest Paid	-	(26)
Net cash from operating activities	14,542	12,858
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Cash flows used in investing activities		
Purchase of tangible property, plant and equipment	(5,373)	(4,468)
Proceeds from disposal of tangible property, plant and equipment	-	23
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Net cash used in investing activities	(5,373)	(4,445)
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Cash flows used in financing activity		
Lending (to)/from Group companies	(2,115)	(3,846)
Dividends paid	(8,833)	(3,323)
Net cash used in financing activity	(10,948)	(7,169)
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Net change in cash and cash equivalents	(1,779)	1,244
Net cash and cash equivalents, beginning of year	7,078	9,300
Net cash and cash equivalents, end of year	5,299	10,544
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2008**

1. OPERATING COSTS

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Depreciation of tangible fixed assets	5,620	5,484
Employee costs	4,818	4,315
Licence Fees	2,721	2,058
Utilities	1,080	751
Management Fees	2,199	1,646
Repairs & Maintenance	127	76
Pension costs	368	304
Insurance	281	308
Operating lease rentals	80	73
Auditor's remuneration - current year	133	166
Directors' fees	5	9
Rental of transmission facilities	172	190
Other operating costs	4,229	6,452
	<u>21,832</u>	<u>26,893</u>

2. EMPLOYEE COST

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Salaries and Wages	4,295	3,870
Staff training	130	154
Other staff costs	393	291
	<u>4,818</u>	<u>4,315</u>

Number of employees	126	125
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3. NET INTEREST INCOME

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Interest received	157	85
	<u>157</u>	<u>85</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

4. TAXATION ON ORDINARY ACTIVITIES

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Tax on profits for the year	4,328	4,504
Adjustment in respect to prior year	<u>0</u>	<u>0</u>
	4,328	4,504
Deferred taxation	<u>0</u>	<u>0</u>
	<u>4,328</u>	<u>4,504</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>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Tax at the standard rate of 35% (2007: 35%)	3,884	4,052
Tax effect arising from the following:		
Capital allowances in excess of depreciation		
Tax on non-deductible expenditure	444	452
Adjustment in respect of prior periods		
Current tax charge	<u>4,328</u>	<u>4,504</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 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	3,544	3,936
Disposals	-	-	(143)	-	(143)
Transfers between items	0	4,969	-	(4,969)	0
At end of year	24,898	179,094	3,436	9,472	216,900
ACCUMULATED DEPRECIATION					
At beginning of year	9,639	113,523	2,543	-	125,705
Charge for the year	319	4,926	240	-	5,485
Charge for impairment			-	-	0
On disposals	-	-	(143)	-	(143)
At year end	9,958	118,449	2,640	-	131,047
NET BOOK VALUE					
At 30 September 2008	14,940	60,645	796	9,472	85,853
At 30 September 2007	15,431	58,740	959	12,915	88,045

The net book value of land and buildings comprises:

	Sep-08 EC\$000	Sep-07 EC\$000
Freehold	14,363	14,790
Long leasehold	577	606
Short leasehold		35
	14,940	15,431

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

6. INTANGIBLE ASSETS

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Balance at beginning of year	1,080	-
Acquisition	-	-
Amortisation charges for year	(135)	-
	<u>945</u>	<u>-</u>

7. ACCOUNTS RECEIVABLES AND PREPAYMENTS

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Trade accounts receivables	15,605	19,075
Other receivables	1,939	3,582
Prepayments and accrued income	1,007	1,166
Provision for Bad Debts	(602)	(857)
	<u>17,949</u>	<u>22,966</u>

8. CASH AT BANK AND CASH IN HAND

	<u>Sep-08</u> EC\$000	<u>Sep-07</u> EC\$000
Cash at bank and in hand	3,948	9,295
Short term deposits	1,351	1,249
	<u>5,299</u>	<u>10,544</u>

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

9. SHARE CAPITAL

	<u>Sep-08</u> EC\$000	<u>Sep-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 SEPTEMBER 30, 2008**

10. PROVISION FOR LIABILITIES & CHARGES

	Redundancy	Deferred Taxation	Total
	EC\$000	EC\$000	EC\$000
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	48	10,961	11,009

The deferred taxation liability is analysed as follows:-

	<u>Sep-08</u>	<u>Sep-07</u>
	EC\$000	EC\$000
Accelerated capital allowances	10,961	10,508

11. OTHER LIABILITIES

	<u>Sep-08</u>	<u>Sep-07</u>
	EC\$000	EC\$000
Customers deposits	1,604	1,917
Social security	129	78
Other creditors	4,881	4,481
	6,614	6,476