

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

| | <u>Notes</u> | <u>Jun-08</u> <u>EC\$000</u> | <u>Jun-07</u> <u>EC\$000</u> |
|---|--------------|---------------------------------|---------------------------------|
| Turnover | | 24,548 | 25,715 |
| Outpayments and cost of sales | | <u>(6,001)</u> | <u>(6,948)</u> |
| Gross Income | | 18,546 | 18,767 |
| Operating costs | 1 | <u>(13,815)</u> | <u>(13,707)</u> |
| Operating Income | | 4,731 | 5,060 |
| Net interest and other income | 3 | <u>76</u> | <u>38</u> |
| Income on ordinary activities before taxation | | 4,807 | 5,098 |
| Taxation on ordinary activities | 4 | <u>(1,875)</u> | <u>(1,988)</u> |
| Income on ordinary activities after taxation | | <u>2,932</u> | <u>3,110</u> |

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

| | <u>Notes</u> | <u>Jun-08</u> EC\$000 | <u>Jun-07</u> EC\$000 |
|--|--------------|--------------------------|--------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 86,906 | 85,863 |
| Loan receivable from related party | | 6,439 | 615 |
| Intangible assets | 6 | <u>1,043</u> | <u>-</u> |
| Total Non -Current Assets | | <u>94,388</u> | <u>86,478</u> |
| CURRENT ASSETS | | | |
| Inventories | | 4,305 | 2,416 |
| Accounts receivable and prepayments | 7 | 17,709 | 22,629 |
| Amounts due from Group companies | | 0 | 375 |
| Cash at bank and in hand | 8 | <u>7,538</u> | <u>11,138</u> |
| Total Current Assets | | <u>29,552</u> | <u>36,558</u> |
| Total Assets | | 123,940 | 123,036 |
| 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>49,645</u> | <u>43,277</u> |
| Total Capital and Reserves | | <u>85,785</u> | <u>79,416</u> |
| LONG TERM LIABILITIES | | | |
| Provision for liabilities and charges | 10 | <u>10,780</u> | <u>11,418</u> |
| CURRENT LIABILITIES | | | |
| Trade accounts payable | | 4,017 | 8,309 |
| Amounts owed to Group companies | | 12,674 | 12,356 |
| Provision for income tax | | 1,525 | 5,984 |
| Other Liabilities | 11 | 3,266 | 3,648 |
| Accrued liabilities and deferred income | | <u>5,894</u> | <u>1,906</u> |
| Total Current Liabilities | | <u>27,375</u> | <u>32,202</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>123,940</u> | <u>123,036</u> |

.....
Ms. Patricia Walters
Chief Executive

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

CABLE & WIRELESS ST. KITTS & NEVIS LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 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 | | | | |
| 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 | | | 3,313 | 3,313 |
| Net Income for the 3 months ended June 30, 2008 | | | 2,932 | 2,932 |
| Balance as of June 30, 2008 | 33,130 | 3,009 | 49,645 | 85,785 |

The accompanying notes form an integral part of these financial statements

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

| | <u>Jun-08</u> EC\$000 | <u>Jun-07</u> EC\$000 |
|--|--------------------------|--------------------------|
| Cash Flows from operating activities | | |
| Income on ordinary activities before taxation | 4,807 | 5,098 |
| Adjustments for: | | |
| Depreciation expense | 2,778 | 2,769 |
| Loss/(gain) on disposal of property, plant and equipment | - | - |
| Net Interest | 76 | (38) |
| Operating cash flows before working capital changes | <u>7,661</u> | <u>7,829</u> |
| Decrease/(Increase) in inventories | (1,310) | (865) |
| (Increase)/decrease in accounts receivable | 4,363 | (2,554) |
| Increase/(decrease) in accounts payable and accrued liabilities | <u>(915)</u> | <u>5,490</u> |
| Net cash from operations | 9,799 | 9,900 |
| Income taxes paid | (2,376) | (2,500) |
| Interest received | 76 | 39 |
| Interest Paid | <u>(152)</u> | <u>-</u> |
| Net cash from operating activities | <u>7,347</u> | <u>7,439</u> |
| Cash flows used in investing activities | | |
| Purchase of tangible property, plant and equipment | (3,512) | (2,278) |
| Proceeds from disposal of tangible property, plant and equipment | <u>-</u> | <u>-</u> |
| Net cash used in investing activities | <u>(3,512)</u> | <u>(2,278)</u> |
| Cash flows used in financing activity | | |
| Lending (to)/from Group companies | (62) | - |
| Dividends paid | <u>(3,313)</u> | <u>(3,323)</u> |
| Net cash used in financing activity | <u>(3,375)</u> | <u>(3,323)</u> |
| Net change in cash and cash equivalents | 460 | 1,838 |
| 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>7,538</u> | <u>11,138</u> |

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

1. OPERATING COSTS

| | <u>Jun-08</u> EC\$000 | <u>June-07</u> EC\$000 |
|---------------------------------------|--|---|
| Employee costs | 2,389 | 2,404 |
| Directors' fees | 2 | 5 |
| Pension costs | 185 | 138 |
| Rental of transmission facilities | 345 | 509 |
| Management Fees | 751 | 884 |
| Operating lease rentals | 40 | 40 |
| Other operating costs | 7,281 | 6,798 |
| Depreciation of tangible fixed assets | 2,778 | 2,769 |
| Auditor's remuneration - current year | 92 | 166 |
| Trading foreign exchange losses | (47) | (5) |
| | <u>13,815</u> | <u>13,707</u> |

2. EMPLOYEE COST

| | <u>Jun-08</u> EC\$000 | <u>June-07</u> EC\$000 |
|---------------------|--|---|
| Salaries and Wages | 2,156 | 1,938 |
| Staff training | 72 | 63 |
| Other staff costs | 161 | 403 |
| | <u>2,389</u> | <u>2,404</u> |
| Number of employees | 126 | 125 |

3. NET INTEREST INCOME

| | <u>Jun-08</u> EC\$000 | <u>June-07</u> EC\$000 |
|-------------------|--|---|
| Interest received | 76 | 38 |
| | <u>76</u> | <u>38</u> |

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

4. TAXATION ON ORDINARY ACTIVITIES

| | <u>Jun-08</u> EC\$000 | <u>Jun-07</u> EC\$000 |
|-------------------------------------|--|--|
| Tax on profits for the year | 1,875 | 1,988 |
| Adjustment in respect to prior year | 0 | 0 |
| | 1,875 | 1,988 |
| Deferred taxation | 0 | 0 |
| | 1,875 | 1,988 |

The current year tax charge of EC\$1,875K (2007:1988) is higher than the standard rate of tax of 35%. (2007:35%) See details below.

| | <u>Jun-08</u> EC\$000 | <u>Jun-07</u> EC\$000 |
|--|--|--|
| Tax at the standard rate of 35% (2007: 35%) | 1,683 | 1,784 |
| Tax effect arising from the following: | | |
| Capital allowances in excess of depreciation | | |
| Tax on non-deductible expenditure | 192 | 204 |
| Adjustment in respect of prior periods | | |
| Current tax charge | 1,875 | 1,988 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 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 | - | - | - | 2,215 | 2,215 |
| Disposals | - | - | (143) | - | (143) |
| Transfers between items | 0 | 0 | - | - | 0 |
| At end of year | 24,782 | 174,125 | 3,160 | 13,112 | 215,179 |
| ACCUMULATED DEPRECIATION | | | | | |
| At beginning of year | 9,639 | 113,523 | 2,543 | - | 125,705 |
| Charge for the year | 159 | 2,438 | 114 | - | 2,711 |
| Charge for impairment | - | - | - | - | 0 |
| On disposals | - | - | (143) | - | (143) |
| At year end | 9,798 | 115,961 | 2,514 | 0 | 128,273 |
| NET BOOK VALUE | | | | | |
| At 30 June 2008 | 14,984 | 58,164 | 646 | 13,112 | 86,906 |
| At 30 June 2007 | 15,590 | 61,184 | 1,071 | 8,018 | 85,863 |

The net book value of land and buildings comprises:

| | Jun-08 | June-07 |
|-----------------|----------------|----------------|
| | EC\$000 | EC\$000 |
| Freehold | 14,380 | 14,946 |
| Long leasehold | 577 | 644 |
| Short leasehold | 27 | 0 |
| | 14,984 | 15,590 |

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

6. INTANGIBLE ASSETS

| | <u>Jun-08</u> EC\$000 | <u>June-07</u> EC\$000 |
|-------------------------------|---------------------------------|----------------------------------|
| Balance at beginning of year | 1,080 | - |
| Acquisition | - | - |
| Amortisation charges for year | (37) | |
| | <u>1,043</u> | <u>-</u> |

7. ACCOUNTS RECEIVABLES AND PREPAYMENTS

| | <u>Jun-08</u> EC\$000 | <u>June-07</u> EC\$000 |
|--------------------------------|---------------------------------|----------------------------------|
| Trade accounts receivables | 15,976 | 15,294 |
| Other receivables | 2,750 | 7,080 |
| Prepayments and accrued income | 611 | 1,031 |
| Provision for Bad Debts | (1,630) | (777) |
| | <u>17,709</u> | <u>22,629</u> |

8. CASH AT BANK AND CASH IN HAND

| | <u>Jun-08</u> EC\$000 | <u>June-07</u> EC\$000 |
|--------------------------|---------------------------------|----------------------------------|
| Cash at bank and in hand | 6,187 | 9,839 |
| Short term deposits | 1,351 | 1,299 |
| | <u>7,538</u> | <u>11,138</u> |

Short-term deposits earn interest at an average rate of 4% per annum (2007:3.25%)

9. SHARE CAPITAL

| | <u>Jun-08</u> EC\$000 | <u>June-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 JUNE 30, 2008**

10. PROVISION FOR LIABILITIES AND CHARGES

| | Redundancy | Deferred Taxation | Total |
|--|-------------------|------------------------------|----------------|
| | EC\$000 | EC\$000 | EC\$000 |
| At 1 April 2008 | 46 | 10,734 | 10,780 |
| Adjustment to prior year | | | - |
| Payment | - | | - |
| Charge/(Credit) for the period | - | | - |
| Credit related to change in tax rate | | | - |
| Credit related to accelerated capital allowances | | | - |
| At 30 June 2008 | 46 | 10,734 | 10,780 |

The deferred taxation liability is analysed as follows:-

| | <u>Jun-08</u> | <u>June-07</u> |
|--------------------------------|----------------------|-----------------------|
| | EC\$000 | EC\$000 |
| Accelerated capital allowances | 10,734 | 10,508 |

11. OTHER LIABILITIES

| | <u>Jun-08</u> | <u>June-07</u> |
|--------------------|----------------------|-----------------------|
| | EC\$000 | EC\$000 |
| Customers deposits | 1,571 | 1,923 |
| Social security | 129 | 156 |
| Other creditors | 1,566 | 1,569 |
| | 3,266 | 3,648 |