Landline | Internet | Mobile | Entertainment

LIME

Destination
A Better Place

2009 Annual Report

Cable & Wireless St. Kitts & Nevis Limited

Contents

Destination

When Cable & Wireless became LIME, we began the process that would take us to an exciting new destination…

Using our international reach, we bring the best technologies to the region, tailoring these to local needs and delivering them through an effortless, highly personal service.

We apply powerful ideas to make tomorrow…

A Better Place

How we'll reach our **Destination**

Our new values will help us reach a better place

Imaginative

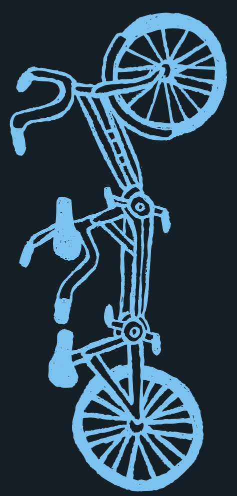
We're full of ideas, and we're always looking for better ways to do things.

positive

We are inherently optimistic, and a force for good.

In touch

We stay in touch with the real world – and we understand our customers' needs.



Confident

We see ourselves as a true leader, self-confident and visionary.

Reaching a Better Place

To get to a better place, we created a manifesto that covers where we want to be, and how we plan to get there.

Making it Better for our Customers

Where do we want to be?
At a point where no one will go more than one day without the ability to communicate with friends, family, colleagues and loved ones, no matter where they are, even during times of national crisis.

How are we getting there?
We already have in place the infrastructure that supports our emergency services. In times of national crisis, we'll work around the clock to try to restore at least one of our services within 24 hours, keeping Caribbean people in touch and Caribbean businesses running.

Where do we want to be?
At a stage where we respond within one minute to every call to our contact centres.

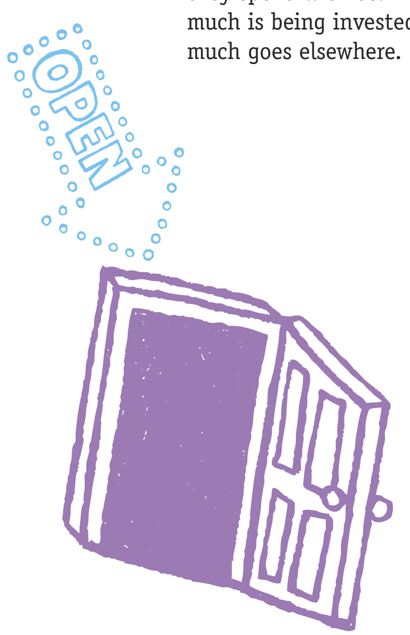
How are we getting there?
We're taking our market-leading contact centre performance to world-class levels by putting in place all the measures necessary to ensure every customer call is answered within a minute of reaching the contact centre.

Where do we want to be?
In a place where our customers are treated like friends, not adversaries.

How are we getting there?
We're investing in training and tools that help LIME colleagues treat customers like real people, not sales opportunities, always focusing on what's right for the customer instead of what's profitable for us. We're focusing product development on technologies that enhance or simplify our customers' busy lives.

Where do we want to be?
Where we are absolutely transparent in the management of our finances.

How are we getting there?
We're publishing our financial results so that every Caribbean person can see how we're using the money they spend with us. We're showing how much is being spent on developing a world-class network, how much is being invested into communities, how much profit is going to Caribbean shareholders, and how much goes elsewhere.



Making it Better in our Communities

Where do we want to be?
In the position of holding a LIME Kindness Day every year.

How are we getting there?
We're working with colleagues to identify worthy causes, to which every LIME colleague will dedicate one working day.

Where do we want to be?
Every year, we want to invest in major carnivals, which celebrate culture, music, dance and "Caribbeaness".

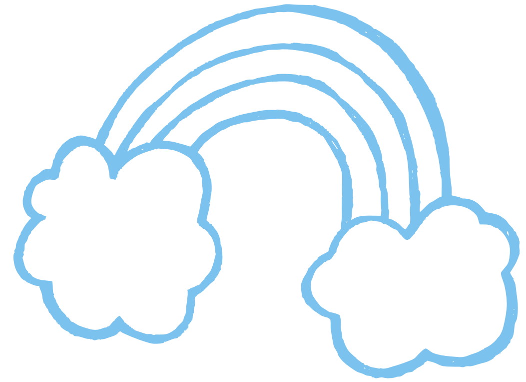
How are we getting there?
We'll not only continue to invest, but will increase what we invest into Carnivals, Jazz festivals and other events. We'll also provide support in-kind and be a fully involved participant in any event we're involved with, and we'll invite customers, colleagues and community leaders to join us in making the events a success.

Where do we want to be?
At the point where every child in every market has connection to a world of education via computer and Internet access.

How are we getting there?
We're working on creating a safe environment either at or after school in which every Caribbean child can have access to a computer with an Internet connection. This will help to raise the standard of our children's education, so that they can ultimately compete, first academically and then professionally at international levels.

Where do we want to be?
At a stage where we offer access to Broadband and teaching resources for every primary school in every market in which we operate.

How are we getting there?
We're working on making this a reality. We're also planning to work with educational bodies to develop online learning and teaching resources so that teachers can plan and deliver lessons, pupils can learn more and learn faster, and children preparing for exams can have access to revision schedules and learning logs.



Making it Better for our Colleagues

Where do we want to be?
Creating roles and opportunities for people of the Caribbean foremost.

How are we getting there?
Wherever a Caribbean resident can provide the same skills and expertise as a non-Caribbean person, we're giving them first priority on employment and promotion opportunities. We're employing fewer expatriate colleagues and making it a priority to fill senior management positions with people who live in the Caribbean and understand our communities.

Where do we want to be?
Offering five days of training or development every year for every colleague.

How are we getting there?
In recognition that highly skilled employees are integral to our customer service promise, we're providing training through external courses, on-the-job training, attendance at seminars and workshops, work shadowing, and internal initiatives. We aim to ensure that LIME is recognized as a world-class development organization, shaping the future business leaders of the Caribbean and beyond.

Where do we want to be?
At the point where every LIME colleague has their own personal development plan.

How are we getting there?
We're creating plans with our colleagues that provide clear direction on how they can develop their careers, receive promotions and move into positions of higher authority. Time will be given to colleagues to develop plans, and the plans will be discussed and updated at least four times every year.

Where do we want to be?
Recognising each LIME colleague's contribution in style!

How are we getting there?
We're introducing a pan-Caribbean colleague recognition scheme culminating in an annual recognition event rivaling any award given by any company worldwide.

Making it Better in the Caribbean

Where do we want to be?
At the centre of recovery efforts during times of national emergency.

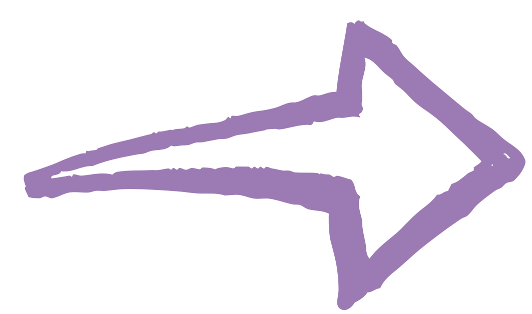
How are we getting there?
We're planning not only to keep the lines of communication open, but to have every one of our colleagues pitch in to help emergency efforts, everything from providing water and food to helping those who have lost their homes.

Where do we want to be?
Making Caribbean suppliers the first choice for all the products and services we use.

How are we getting there?
We've put in place a Caribbean first sourcing policy so that there's continued employment and economic development in the region, as well as reinvestment in the Caribbean of the millions of dollars we spend with suppliers each year. We also plan to partner with Caribbean businesses wherever possible to deliver the "managed and professional services" we'll provide to our corporate customers.

Where do we want to be?
At the point where we've reduced our paper wastage by 15% and doubled our recycling volumes every year.

How are we getting there?
We've just launched our LIME Green campaign, which educates Caribbean people on global and local environmental issues. We're taking action to reduce our carbon footprint internally – and working on providing incentives for our customers to contribute. We plan to recycle old telephones and directories, and we're encouraging customers to switch to paperless billing via our Automatic Payment programme and by giving them access to their accounts via their Internet service at home or at Internet points in-store. On Earth Day, April 22, 2009 we held tree-planting events across the region to encourage people to get on board.



Notice of Annual General Meeting

Notice is hereby given that the Twenty-fourth 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, 6th August 2009 at 5:00 pm.

AGENDA

The following Ordinary Business

1. To confirm receipt of notification of the Twenty-fourth Annual General Meeting.
2. To confirm and approve the minutes of the Twenty-third 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 2009.
4. To re-appoint Auditors for the ensuing year and to authorize the Directors to fix the Auditors remuneration.
5. To re-elect to the Board of Directors, in accordance with Articles 122(a) to (e), Dr. Osbert Liburd and Miss Lyra Richards who having retired by rotation, and being eligible, offer themselves for re-election.

BY ORDER OF THE BOARD OF DIRECTORS

Jonathan Bass
COMPANY SECRETARY
9th July 2009

Company Information

CHAIRMAN

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

DIRECTORS

Mr. Geoff Batstone B.A. (Hons), L.L.B.

Ms Patricia Walters B.A. (Hons), FCCA

Dr. Osbert Liburd B.A., PhD.

Ms. Lyra Richards

MANAGEMENT EXECUTIVES AND OFFICERS

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

Mr. Jonathan Bass B.A. (Hons) CPA,
Vice President Finance & Corporate Affairs

Mr. Curtis A Martin
Vice President Human Resources Leewards

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

Mr. Terrence Crossman, B.A. (Hons), MBA
Head of Sales & Service Residential

Mrs. Laverne Caines B.Sc, PA
Vice President Corporate Communications & Marketing

Mr. Lionel Evans
Manager, Technology Operations

Mr. Jerome Rawlins
Senior Manager, Service Delivery Nevis

ADVISORS

Auditors
KPMG Eastern Caribbean

Solicitors
Kelsick, Wilkin & Ferdinand

Registrars
Eastern Caribbean Central Securities Registry (ECCSR)

REGISTERED OFFICE

Canyon Street, Basseterre, St. Kitts, West Indies

Board of Directors

LAWRENCE McNAUGHTON
Chairman

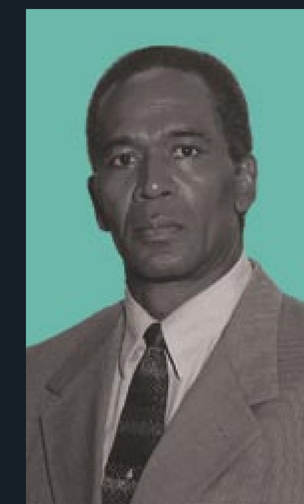
Lawrence McNaughton has been a member of the Board of Directors for C&W St Kitts & Nevis since 2004 and was appointed as Chairman of the Board in March 2008. He joined Cable & Wireless Jamaica in 1980 and has held various positions during his 28 years service with the Company. As the Executive Vice President of Carrier Services, he has responsibility for C&W's Carrier & Whole-sale Business across the Caribbean. This involves participation in the development of regulatory strategy and account management of international carrier partners such as AT&T, Sprint and British Telecom, as well as managing the domestic carrier interconnect and wholesale data and IP services for the region. 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. He is a member of the University of Technology's Engineering Advisory Board in Jamaica and a member of the Private Sector Organization of Jamaica's standing committee on National Security. Lawrence is also a member of the Government of Jamaica's task force on Information and Communications Technology (ICT) for its 2030 vision.

PATRICIA WALTERS
Director

Patricia Walters has been a member of the Board of Directors for C&W St. Kitts & Nevis since 2004. Miss Walters who is the Executive Vice President, Customer Operations, LIME, is responsible for Customer Operations in the Caribbean region, a position which she holds from October 2008. Patricia Walters is a highly experienced individual with almost 20 years in the telecommunications industry. Ms Walters is a member 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) and former Chief Executive of Cable and Wireless (St. Kitts and Nevis) Ltd.

GEOFF BATSTONE
Director

Geoff Batstone was appointed as a Director to the Cable & Wireless (St.Kitts & Nevis)Ltd. Board in June 2006. He is a Lawyer by profession and is currently the Associate Director, Legal and Regulatory for CWI Group based in London. In this role he is responsible for coordinating the regulatory work of CWI's various worldwide business units. He has held several legal and regulatory positions within Cable & Wireless since joining the Company in May of 2001, including a pan-Caribbean role advising the wholesale unit of Cable & Wireless on various matters includ-ing interconnection with new entrant Providers. Prior to joining Cable & Wireless, Mr Batstone was Legal Counsel to the Canadian Radio-television and Telecommunications Commission, the telecommunications and broadcasting regulatory body for Canada where he worked on a number of significant regulatory proceedings including the liberalization of telecommunications markets and retail price regulation Mr Batstone holds a Bachelor of Arts (Honours) degree from Queen's University, Kingston, Ontario, Canada, as well as a Bachelor of Laws degree from the University of New Brunswick in Fredericton, New Brunswick, Canada and was the recipient of several awards for academic achievement.



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.

MS 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 Int'l Ltd (now First Caribbean Bank) 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 has been an Employee of the Bank of Nevis Ltd from 1994 to 2000 and of Bank of Nevis Int'l Ltd from 2000 to present, where she is currently the Acting Manager. She holds a diploma in Financial Services Management and has been exposed to numerous Banking courses throughout her banking career. She has served on various Government Boards and Committees, has been involved in various Community activities including past President and Treasurer of the Nevis Historical and Conser-vation Society, past President of the Nevis Dramatic and Cultural Society and a founding member of Culturama.

Chairman's Report

I am delighted to report to you on the performance of your company and highlight some of the main activities that have punctuated the last 12 months. Our gross revenue of 105.6 million was marginally lower than that of the previous year. Growth in mobile, broadband and other revenues have minimized the impact of the decline in the traditional fixed line business. The net profit after tax was $8.6 million which was 42% lower than the 2007/08 results. One off exceptional costs associated with our transformation were mainly responsible for this decline. Not withstanding this, I am pleased to inform you that the Directors have decided to maintain the same dividend payment of EC$0.35 per share to its shareholders as was paid in 2007/08.

February marked the first year of trading of our shares on the Eastern Caribbean Securities Exchange (ECSE). Many of you witnessed that momentous occasion when our trading symbol was unveiled to signal the start of business on the ECSE over a year ago. Since then our stock has performed in a robust fashion trading consistently at EC$6.50.

Much of the success of our company – the Federation's only full service telecommunications provider – over the last financial year must be attributed to the commitment of our colleagues. Several of them have left the company over the last several months as part of the re-organisation of the business. I wish to record our sincerest appreciation to those colleagues whose combined hard work and dedication contributed significantly to the growth and development of our company over the years. I ask that you permit me to make special mention of Sheila DeSilva, who gave over three decades of dedicated service to our company.

Our business in St. Kitts and Nevis like the other 12 businesses across the region has undergone significant change as part of our transformation to the One Caribbean model which included the rebranding to LIME at the end of October, 2008. This model is transforming our brand into a single pan Caribbean operation bringing with it benefits and opportunities that will redound to the benefit of our colleagues and shareholders alike. Our own Mr David Lake has been appointed Country Manager to lead the local team, while our former Chief Executive, Patricia Walters took up the position of Executive Vice President of Customer Services for the region. Former VP of Customer Services, Robert Williams has also joined the regional Customer Services team, working directly with Ms Walters.

Through the hard work of this team, it has already become evident that the Customer Service Focus is taking shape and our business has seen improved Figure Of Merit scores. The newly-created One Caribbean Call Centre has begun bearing fruits with much improved service at reduced cost.

We take this opportunity to offer our congratulations to our colleagues on their new roles while wishing them success as they plan and implement strategies to raise the bar on customer service. I am confident that we will see even more positive effects of the customer services initiatives in St. Kitts & Nevis as Ms Walters leads the charge to step up our customer service experience region-wide.

Although there were many high points during the year, St. Kitts and Nevis were not spared the negative effects of the global economic crisis. The general economy of the Federation was negatively impacted with resultant challenges for out company given the reduction in visitors to the island and the closure and contraction of some businesses.

In this difficult situation, Our Account Managers have been even more creative and have been proactively reaching out to our corporate customers, and working closely with them to determine ways in which they can maximize their telecommunications spend without compromising the quality of service.

Mr. Lawrence Mc Naughton
Chairman

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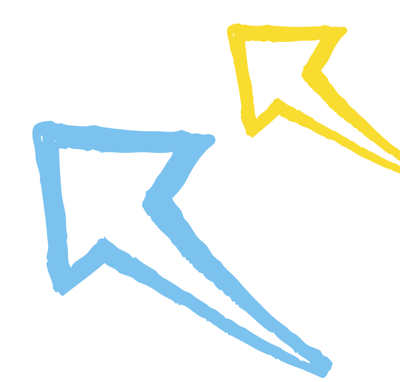
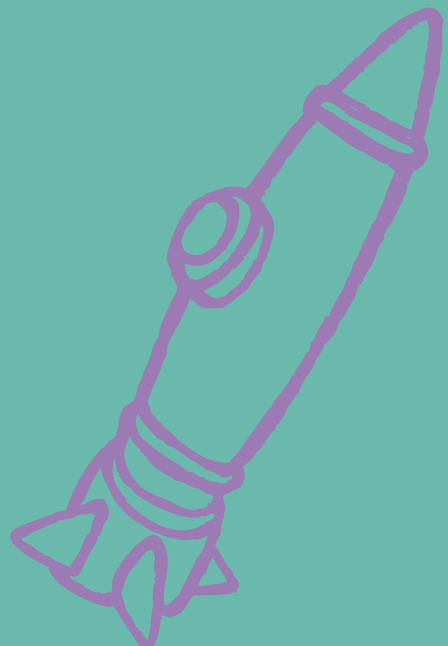




Country Manager's Report

GREETINGS

This has been a whirlwind year of challenges, opportunities and changes, but I am delighted to report that your Company has weathered the storm and has delivered encouraging results for the year ended March 31st, 2009.

In an occurrence not often seen, two Senior Managers presided over the first and second halves of the year, so I have the distinct honour of crediting my predecessor Ms Patricia Walters with the leadership that so ably set the tone. The baton was passed to me in October by the former Chief Executive as she stepped up to the new role of championing the cause of all customers across the region as Executive Vice President of Customer Operations. This move was occasioned by a major organizational shift which included the rebranding of our company to LIME – Landline, Internet, Mobile and Entertainment.

FINANCIAL PERFORMANCE

The challenges of the previous year did not abate, but rather were exacerbated by the global financial turmoil that unfolded during the later half of the year. Notwithstanding the exigent economic environment, however, your Company was able to stay on course through operational efficiency gains and other productivity improvement changes over the year under review.

Despite these challenges, we were still able to hold the line on Revenues in FY08/09 compared to FY07/08, helped by nominal Year-on-Year growth in Mobile, Fixed Domestic, Broadband and Other Revenue streams.

Gross Margin for the year grew by EC $2.8 million over Prior Year, mainly as a result of the growth in Broadband and Mobile Gross Margins, led by reductions in handset subsidies, which resulted in a net Cost of Sales improvement of $1.3M over FY07/08 or 5% efficiency increase above plan.

INVESTMENT IN INFRASTRUCTURE

Increased customer demand for broadband and mobile services necessitated significant capital expenditure during the financial year. A total of EC $2.2 million was invested in our Broadband Network, geared towards delivering high class voice and data services using a single technology. This was facilitated by the deployment of Multiple Access Nodes (called MSANs) to improve the performance of the network in key locations, including Brighton Estate, Tabernacle, Newton Ground/Sandy Point, and Butlers and Jones Estates in Nevis. This would result in a more stable and reliable Internet service to our customers.

To accommodate mobile subscriber growth and improve mobile coverage, an investment of EC $1.7 million was made in the Mobile Network. The core part of investment was spent on optimising the mobile network to provide better quality of service (a cleaner, clearer network). The remainder of the capital expenditure was dedicated to network build-out and capacity enhancement, including:

- New site at Dewars Estate
- Expansion of the main site at Cayon Street, Basseterre
- New site at Prospect in Nevis
- Additional capacity throughout the Federation.

In a market where competition in mobile and broadband was fierce, every effort was made to ensure that we met or exceeded customer demand while forecasting to meet anticipated growth in key market segments. To this end our team successfully installed, tested and commissioned two Alvarion Breeze MAX Modular (WI-MAX) Base Stations with second order diversity and redundancy covering the city of Basseterre and its environs as well as the Frigate Bay community. The successful implementation of this project has provided a varied range of business opportunities and partnerships which should provide additional revenue streams going forward.

Plagued by intermittent mobile outages over the latter part of the year, a Frequency Retune and Optimization project was undertaken in February and March, to improve the 850/1900 MHz GSM mobile network. The project has improved the stability of network, especially during peak periods, much to the delight of many of our customers, who have grown accustomed to the high quality mobile service that we provide.

The company has weathered the storm and has delivered encouraging results for the year ended March 31st, 2009.

OUR CUSTOMERS

We continue to work steadfastly towards the realisation of major improvements in customer service and are happy to report that significant gains have been realised as a result of our efforts. This progress was bourne out by from our Figure of Merit (FOM) scores as reported by our recently established Performance Portal – a fifteen point measurement tool used to monitor our Operational Efficiency and Customer Experience. We were able to increase our scores by 15 percentage points to almost 90% at the end of the year. This is the result of significant gains made in the time it takes to install and repair Fixed Lines and Broadband services. Our average provisioning and restoration times were literally cut by half once this new tracking tool was introduced.

Improvements were also made in our Call Center operations, with a 22 percentage point increase in the overall Call Center score being amongst the most noteworthy achievements for our customers.

OUR SHAREHOLDERS

It has been one full year since our customers have started to trade on the Eastern Caribbean Securities Exchange following the listing of our Company in January 2008. And against the backdrop of sliding global share prices, we are happy to report that our share price remained constant at EC$6.50, which underscores the confidence that our shareholders have in our Company. We wish to thank you our many shareholders for your faith in us during these trying times.

OUR EMPLOYEES

Our participation in the Gallup Q12 Employee Engagement Programme this year reached a record 91%, the second highest in the Caribbean. The Gallup survey is used to measure employee satisfaction and is conducted twice yearly.

With the tremendous success of the first formal Staff Awards and Recognition event, staff eagerly anticipated the second, which took place during the first quarter of the year. This event was testimony to the importance placed by Management on staff recognition and reward. Among the notable awardees were Sheila DeSilva – Chairman and Board of Directors Award, Lionel Evans – Manager of the Year, Sharyon Thomas – Employee of the Year, and yours truly – Executive of the Year.

Celebrations aside, this was also a year of staff changes as well. As we moved towards the creation of a single Pan Caribbean business in the region, our local staff complement was reduced from 128 to 102. The coming into being of a Pan Caribbean structure, however, has also created opportunities for a few of our local staff to move into regional roles, whilst continuing to contribute to the growth and sustainability of our business at another level. Please permit me to here extend congratulations to our former Chief Executive, Pat Walters and former VP of Customer Services Robert Williams in this regard. Ms Walters continues to serve you in her continued capacity as a Director on your Board.

We also take the opportunity to extend sincere appreciation to our colleagues who have left the organisation, for the solid foundation that they helped to lay. We will only make them proud by continuing to build on the solid platform which they have established. And again I wish to pause here to express my heartfelt gratitude and that of the Board to Sheila DeSilva for her yore man's service as Company Secretary.

SOCIAL RESPONSIVENESS

Our corporate social responsibility was once again demonstrated last year when we joined in the celebration of our milestone Silver Jubilee of Independence. Every child of school age in St. Kitts & Nevis was treated to an Independence memento from the Company to mark this historic achievement. Sponsorship was also extended to the Department of Agriculture to assist with the mounting of its Agriculture Exhibition for Independence. Other beneficiaries of our corporate sponsorship were active in the areas of sports, culture and education.

LOOKING AHEAD

Having made our commitment in writing to you our shareholders and other stakeholders with the launch of our new LIME brand, we will be expected to fulfil those manifesto promises. It is not very often that a corporate entity states its promises in writing so we urge you to ensure that we make good on all that we promise – from investing in our communities to leading in recovery efforts during times of national emergency. We are determined to make your interaction with us business not as usual and will do this through continuous training of all of our staff, from the front line to the back office and up to the head office.

We recognise that we also have work to do as we prepare to deliver a reliable and consistent broadband experience across the Federation, and in this regard I am delighted to report that we are almost there, but the work continues through increases in access capacity on the ground and transit capacity going off island.

Although we are not there yet, there is some light at the end of the tunnel with improvements in our Call Center experience and shortening of times to install service and repair faults. Our commitment to you our shareholders and customers is to continue to work unceasingly to deliver the high quality of service we have promised. And encouraged by the improvements we have seen to date, we shall not rest until all of our scores and indicators tell us that you are satisfied with our performance.

ACKNOWLEDGEMENTS

The success of this year belongs to the combined efforts of all staff – those who have moved on and those who are still pushing ahead. I wish also to thank our Board of Directors, whose vision and guidance ensured that we maintained the course we set and delivered the best results we could.

I remain your eternal optimist, steadfast in my belief that though the road ahead might be rugged, I am confident in the ability of our team to keep the wheels on track.

David Lake
Country Manager

Go green with us.

Go Green with us.

As a leader in the communications industry, we feel a huge responsibility to advance environmental and sustainable thinking across the region. That's why we started LIME Green – it's one of many ways we're making the Caribbean a better place. By encouraging paperless statements, cutting back on energy usage, organising tree planting events, beach clean-ups and other community awareness activities we hope to set a good example and make a difference where we can. As part of our Go Green initiative we have introduced our Automatic Payment Programme, which allows customers to sign up for automatic payments via their bank account or credit card. This saves them from driving to a store to pay their bills. Soon we will be enhancing our e-billing. Customers will not only be able to view and pay their bills online, but by signing up for the service they will opt out of receiving paper bills and therefore do their part in helping the environment.

For Earth Day, April 22, 2009, we held a series of tree planting initiatives across the region and had experts explain ways in which communities and individuals could get involved to reduce their carbon footprint.

We are also reducing the amount of printed material we produce each year, and in the next few months plan to introduce in our stores, biodegradable retail bags.

For facts and tips on how to Go Green, visit: www.time4lime.com/green

Country Manageer, David Lake, is flanked ob his right by Agiel Browne, 2008 State Scholar and on his left by Azard Gumbs, Runner up scholar, at the LIME - sponsored Academic Excellence

Country Manager David Lake in his first photo op with local nedia immediately following Media Launch of LIME

Corporate Social Responsibility

Our Portfolio of Social Partners run the gamut from educational institutions to service organisations. We continue to work closely with the schools across the Federation, supporting a number of endeavours through our Adopt a School project. Outside of the schools, we work closely with a number of non government organisations providing sponsorship for a number of after-school and community activities.

In keeping our commitment to provide easy and affordable access for our people to the new information-driven, digital world, we invested EC $2.2 millions to expand our broadband network. This investment has enhanced the delivery of high class voice and data services using a single technology. This was facilitated mainly by the deployment of MSANs that improved the existing network in key locations. The result has been a more stable and reliable internet service to our customers in Brighton, Tabernacle, Newton Ground, Keys and Sandy Point. In Nevis, similar improvements in Internet service have been enjoyed by our customers in Butlers and Jones' Estate.

In mobile our core investment in the network was centered on improving the level of coverage and Service quality of the EC $1.7 million spent in this area, a significant portion was allocated to the optimizing of the network to provide better quality of service – simply put, – a cleaner, clearer network. In the past, expenditure was normally focused on network build out, though not the main focus this year, we installed a New Site at Dewars and Prospects, expanded the main site at Cayon Street, Basseterre and added additional capacity throughout both islands.

Although not a telecommunications technology, we have been observing with keen interest, the unfolding of the geothermal project in Nevis and its prospects for both islands. We salute those leading this historic initiative and pledge our support from the standpoint of the telecoms services needed to facilitate it.

The year ahead appears set to be a mix of challenge and excitement. As we weather the economic crisis together with our customers, we know that there will be heightened expectations for telecommunications solutions that offer even more value. Already our teams are busy working to create packages that could result in savings to many of our stakeholders, and we encourage you to take full advantage as they are rolled out.

And as we go forward into the years ahead, we will continue to make targeted investments in our networks and our colleagues to further enhance our competitive position and to secure the continued viability of our company.

We look forward to strengthening the existing partnerships with our shareholders, customers and colleagues as we work together to achieve a win win situation for all.

Memeber of the local media presented with goody bag at media launch of LIME

Colleagues listen to the presentation during the LIME colleague launch

Financial Review

JONATHAN BASS
Vice President
Finance & Corporate
Affairs

INTRODUCTION

Despite the global financial downturn, the Company achieved gross revenue of $105.6m which was in line with that of the previous year. However, profit before tax was $17.4m, a decrease of $8.4m (33%) when compared with 2007/08.

A review of the financial highlights for the year ended 31 March 2009 is provided below.

TURNOVER

Our mobile revenue continues to increase in a very aggressive and competitive mobile environment. For the year 2008/09, mobile revenue increased by 4% when compared with the previous year.

Total internet revenue increased marginally by 1%. The 12% increase in Broadband revenue over last year, was mainly responsible for the growth in internet revenue.

The Company experienced a 6% decline in Data revenue when compared with the previous year. This was as a result of a reduction in DIA rates across the Region.

International revenue from incoming calls decreased by $0.9m compared to the previous year. The increase in the use of internet based technology for international call services accounted for the decline in this revenue stream.

Domestic fixed line revenue decreased by 4% when compared with last year. The continued shift in handset usage from fixed to mobile is having an adverse impact on fixed line revenue.

The declining trend in fixed international outgoing revenue continued during the year under review. Revenue fell by 24% and is expected to decline in the future as a result of reduction in international outgoing rates and the growing use of new technology which offers very low rates for making IDD calls.

Other revenues increased by 83% compared with last year. This increase was as a result of new in transit traffic generated during the year.

OUTPAYMENTS AND COST OF SALES

In comparison with the previous year, total outpayments and cost of sales decreased by $3.2m (11%). A reduction in offers of large subsidies on handsets and computers which resulted in lower overall sales of these items accounted for this decrease.

OPERATING COSTS

Total operating costs increased by $9.5m (18%) compared with last year. Transformation and restructuring costs of $5.9m were mainly responsible for this. Other key items that impacted the overall operating costs for the financial year ended 31 March 2009 were as follows:

- Utilities increased by 31% due to further expansion and upgrade of our networks.
- Government License fees increased by $0.8m as a result of the increase in spectrum fees.
- Management fees increased by $2.9m. No rebate on these fees was received during the year as in the case of the previous year.

CAPITAL EXPENDITURE

Capital expenditure for the year was $10.6m compared with $12.8m in the previous year, a decrease of $2.3m. A significant portion of the capital expenditure for the year under review was used for the expansion and upgrade of our line plant, GSM and Broadband networks.

TAXATION

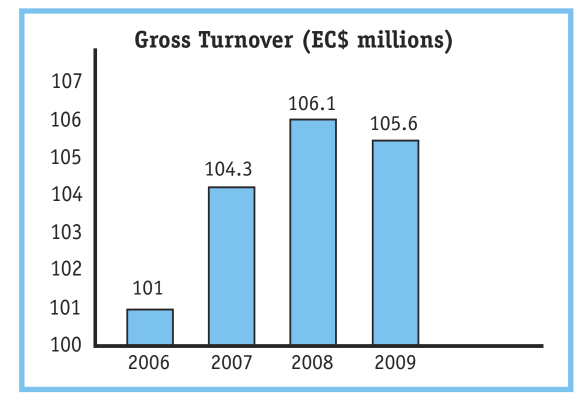
Corporation tax for the year was $8.9m compared with 2007/08 figure of $11m. The decrease in the taxable profits was the main reason for the reduction in the tax charge.

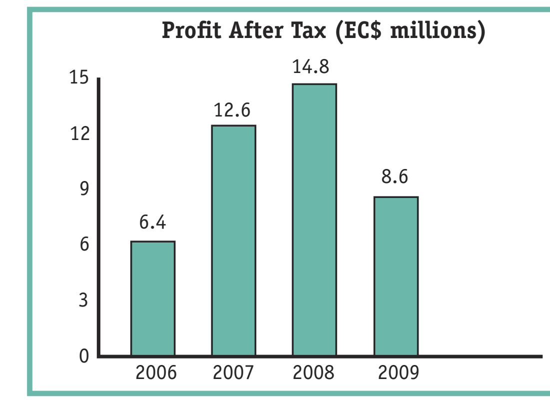
PROFIT

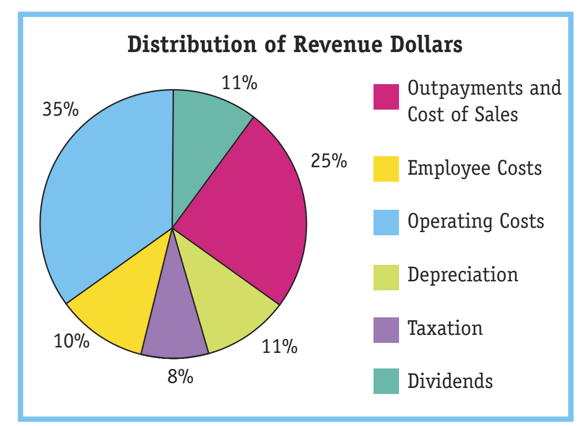
Income on ordinary activities after taxation of $8.6m was $6.2 lower than the previous year. The increase in operating costs was mainly responsible for the reduction in profitability.

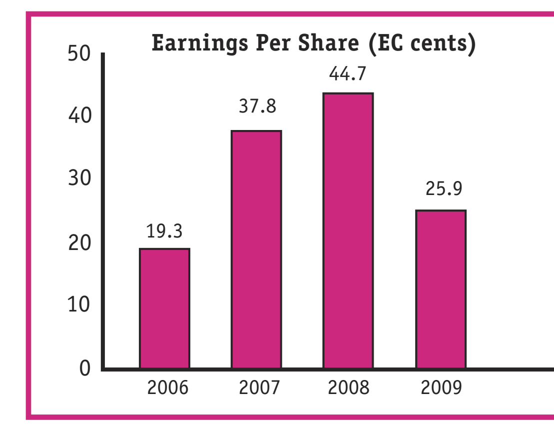
Mr. Jonathan Bass
Vice President Finance & Corporate Affairs

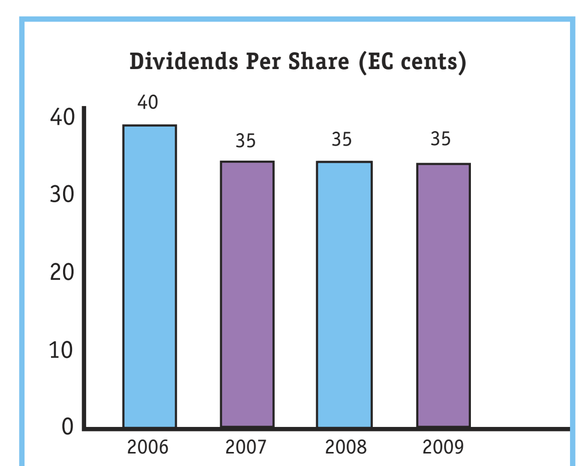
FINANCIAL HIGHLIGHTS

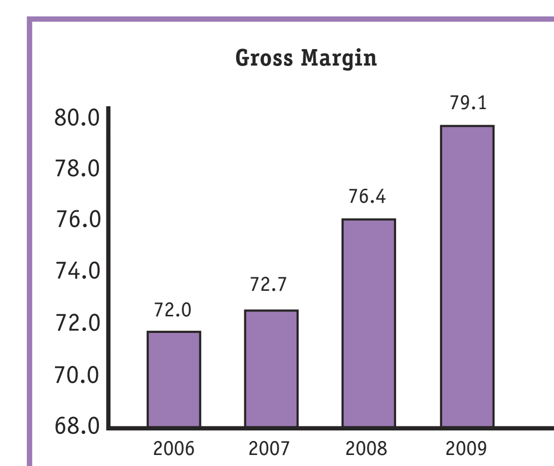












Directors' Report

The Directors of Cable & Wireless St Kitts & Nevis Ltd are pleased to present their twenty-fourth annual report together with the audited Financial Statements of the Company for the financial year ended 31 March 2009.

PRINCIPAL ACTIVITIES

Cable & Wireless St. Kitts and Nevis Limited supplies telecommunications services and facilities to the Federation of St. Kitts and Nevis. The Company's main business is the provision and operation of the public telecommunication services of the Federation of St. Kitts and Nevis under an Agreement dated 7 April 2001, which replaced a 25 year franchise granted by the 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 9 years.

RESULTS AND DIVIDENDS

	2009 EC$000	2008 EC$000
Profit for the year after taxation	**8,596**	14,833
Added: Retained earnings brought forward	**43,400**	40,167
Amount available for distribution	**51,996**	55,000
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)**	(8,287)
Total	**(11,596)**	(11,595)
Retained earnings carried forward	**40,400**	43,400

DIRECTORS

During the year, Mr. Bernard Buckley who was appointed to the Board in September resigned from the Board in December 2009.

In accordance with Article 122(a) to (e), the Directors retiring by rotation are Dr. Osbert Liburd and Miss Lyra Richards who, being eligible, offer themselves for re-election.

Directors who served during the year were, Mr. Lawrence McNaughton, Mr. Geoff Batstone, Mr. Bernard Buckley, 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 6 August 2009.

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 Mc Naughton
Chairman

Mr. Jonathan Bass
Vice President Finance & Corporate Affairs • Company Secretary

Dated: 17 June 2009

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 of 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 judgements 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 and 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.

Financial Statements

KPMG

KPMG Eastern Caribbean

The Financial Service Centre
Kingstown Park
P.O Box 561
Kingstown
St. Vincent and the Grenadines

Telephone (784) 456-2669
(784) 456-1644
Fax (784) 456-1576
Email kpmg@kpmg.vc

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

We have audited the accompanying financial statements of Cable and Wireless St. Kitts and Nevis Limited which comprise the balance sheet as at March 31, 2009 and the statement of 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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, the auditor considers 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 fairly, in all material respects, the financial position of the Company as at March 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
Antigua and Barbuda

15 June 2009

Statement of Income

for the year ended March 31, 2009 (With comparative figures for 2008)

	Notes	2009 EC$'000	2008 EC$'000
Turnover	4	**105,625**	106,100
Outpayments and cost of sales		**(26,443)**	(29,693)
Gross income		**79,182**	76,407
Operating costs	5	**(60,912)**	(51,416)
Operating income		**18,270**	24,991
Other (expenses)/income		**(1,013)**	517
Net interest income	7	**197**	341
Income on ordinary activities before taxation		**17,454**	25,849
Taxation on ordinary activities	8	**(8,858)**	(11,016)
Income on ordinary activities after taxation		**8,596**	14,833

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

Balance Sheet

for the year ended March 31, 2009 (With comparative figures for 2008)

	Notes	2009 EC$'000	2008 EC$'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**86,673**	87,402
Intangible assets	10	**810**	1,080
Total Non-current Assets		**87,483**	88,482
CURRENT ASSETS			
Inventories	12	**2,980**	2,902
Debtors and prepayments due within 1 year	13	**13,074**	19,120
Amounts due from group companies	11	**9,482**	13,901
Cash at bank and in hand	14	**7,227**	7,078
Total Current Assets		**32,763**	43,001
TOTAL ASSETS		**120,246**	131,483
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		**40,400**	43,400
Total Stockholder's Equity		**76,539**	79,539
LONG TERM LIABILITIES			
Provision for liabilities and charges	16	**10,426**	11,009
CURRENT LIABILITIES			
Trade creditors		**3,408**	7,235
Amounts owed to group companies	11	**16,693**	16,049
Taxation		**78**	3,862
Other creditors	17	**5,867**	5,189
Accruals and deferred income		**7,235**	5,287
Dividends payable		**–**	3,313
Total Current Liabilities		**33,281**	40,935
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**120,246**	131,483

The financial statements set out on pages 32 to 51 were approved by the Directors of Cable and Wireless St. Kitts and Nevis Limited and signed 17 June 2009 on their behalf by:

Lawrence Mc Naughton
Chairman

Patricia Walters
Director

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

Statement of Changes in Equity

for the year ended March 31, 2009 (With comparative figures for 2008)

	Share Capital EC$'000	Share Premium EC$'000	Retained Earnings EC$'000	Total EC$'000
Balances at March 31, 2007	33,130	3,009	40,167	76,306
Dividend	–	–	(11,600)	(11,600)
Net income for the year	–	–	14,833	14,833
Balances at March 31, 2008	33,130	3,009	43,400	79,539
Dividends	–	–	(11,596)	(11,596)
Net income for the year	–	–	8,596	8,596
Balance at March 31, 2009	**33,130**	**3,009**	**40,400**	**76,539**

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

Statement of Cash Flows

for the year ended March 31, 2009 (With comparative figures for 2008)

	2009 EC$'000	2008 EC$'000
Cash flows from operating activities		
Income on ordinary activities before taxation	**17,454**	25,849
Adjustments for:		
Depreciation expense	**11,281**	11,824
Loss on disposal of property, plant and equipment	**–**	99
Net interest	**(197)**	(341)
Amortisation of intangible assets	**270**	112
Operating cash flows before working capital changes	**28,808**	37,543
Change in inventories	**(78)**	(892)
Change in debtors	**6,046**	(921)
Change in amounts due from group companies – net	**5,063**	(5,350)
Change in creditors	**(1,243)**	2,274
Net cash from operations	**38,596**	32,654
Income taxes paid	**(13,183)**	(12,965)
Interest received	**197**	341
Interest paid	**–**	–
Net cash from operating activities	**25,610**	20,030
Cash flows used in investing activities		
Purchase of tangible property, plant and equipment	**(10,552)**	(11,643)
Proceeds from disposal of tangible property, plant and equipment	**–**	54
Cash received from loans proceeds	**–**	937
Net cash used in investing activities	**(10,552)**	(10,652)
Cash flows used in financing activity		
Dividends paid	**(14,909)**	(11,600)
Net cash used in financing activity	**(14,909)**	(11,600)
Net change in cash and cash equivalents	**149**	(2,222)
Net cash and cash equivalents, beginning of year	**7,078**	9,300
Net cash and cash equivalents, end of year	**7,227**	7,078

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

Notes to the Financial Statements

for the year ended March 31, 2009

1. LEGAL STATUS

Cable and Wireless St. Kitts and Nevis Limited is registered under the laws of the Federation of St. Kitts and Nevis. The Company is a subsidiary of Cable and Wireless (West Indies) Limited which owns 77% (82% – 2008) of the issued and outstanding shares. The Company's registered office is Basseterrre, St. Kitts. The ultimate parent company is Cable and Wireless Plc., a company incorporated in the United Kingdom. The annual report and accounts of Cable and Wireless 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 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 and 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 denominated in Eastern Caribbean Dollars and the measurement basis used is historical cost.

d) Use of Estimates and Judgments
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 assets and contingent liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods presented. Actual results 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 estimate is revised and in any future periods affected.

e) Standards, Interpretations and Amendments to Existing Standards Effective for Future Reporting Periods
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at the balance sheet date, and which the Company has not adopted early. The Company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following amendments may be relevant to its operations, and has concluded as follows:

IAS 1 (Revised 2007) – Presentation of Financial Statements, requires the presentation of all non-owners changes in equity in one or two statements: either in a single statement of comprehensive income, or in a statement of income and in a statement of comprehensive income. The standard becomes mandatory for the Company's 2010 financial statements and is not expected to have any significant impact on the financial statements.

IAS 23, Revised – Borrowing Costs (effective for annual periods beginning on or after January 1, 2009) removes the option of immediately recognising all borrowing costs as an expense. The standard requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. This is not expected to have an impact on the Company's 2010 financial statements, having regard to existing financing arrangements.

Amendments to IAS 32, Financial Instruments: Presentation and IAS 1, Presentation of Financial Statements are effective for annual periods beginning on or after January 1, 2009. The amendments allow certain instruments that would normally be

Notes to the Financial Statements

for the year ended March 31, 2009

2. BASIS OF PREPARATION continued

e) Standards, Interpretations and Amendments to Existing Standards Effective for Future Reporting Periods continued:
classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification. Adoption of this amendment in the Company's 2010 financial statements is not expected to have a material effect.

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 recognised as services are provided. Charges are negotiated separately and are subject to continuous review.

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

b) Property, Plant and 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 an 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 to the statement of income whilst those expenditures that improves or extent useful life of the asset are capitalised.

(iii) Depreciation
Depreciation is charged to the income statement 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 comparative 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.

Notes to the Financial Statements

for the year ended March 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES continued

e) Inventories continued
Inventories of equipment held for use in the maintenance and expansion of the Unit'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 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.

g) Intangible Assets
Intangible assets are stated at cost less accumulated amortisation and any impairment in value. The Company amortises the intangible assets using the straight-line method over a period of five years.

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 balance sheet 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 income statement. 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 balance sheet date, financial assets include debtors and prepayments due within 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 balance sheet date, trade accounts payable, amounts owed to group companies, other liabilities, and accruals and deferred income were classified as financial liabilities.

Notes to the Financial Statements

for the year ended March 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES continued

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.

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

m) Income Tax
Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the statement of loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the balance sheet 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 realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

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

n) Pension
The Company is a member of the Cable and Wireless plc 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 (2009 – $572K, 2008 – $650K).

Notes to the Financial Statements

for the year ended March 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES continued

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 lease are charged to the statement of loss 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 derive entirely from continuing operations.

5. OPERATING COSTS

	2009 EC$'000	2008 EC$'000
Depreciation of tangible property, plant and equipment	**11,281**	11,936
Employee costs	**10,932**	10,779
License fees	**4,404**	3,612
Utilities	**2,295**	1,750
Management fees	**4,995**	2,080
Repairs and maintenance	**2,739**	1,128
Pension costs	**571**	650
Insurance	**667**	248
Operating lease rentals	**170**	158
Auditor's remuneration – current year	**150**	135
Directors' fees	**10**	12
Transformation cost and restructuring costs	**5,860**	–
Branding fees	**1,208**	1,471
Network cost	**3,990**	3,796
Other operating costs	**11,640**	13,661
	60,912	51,416

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

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

Other operating costs comprised mainly of recharges and marketing 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.

6. EMPLOYEE COSTS

	2009 EC$'000	2008 EC$'000
Salaries and wages	**9,048**	8,858
Statutory payroll deductions	**717**	1,068
Staff training	**154**	294
Other staff costs	**1,013**	559
	10,932	10,779
Number of employees	**102**	128

Notes to the Financial Statements

for the year ended March 31, 2009

7. NET INTEREST

	2009 EC$'000	2008 EC$'000
Interest received	**197**	341
	197	341

8. TAXATION ON ORDINARY ACTIVITIES

	2009 EC$'000	2008 EC$'000
Tax on profits for the year	**9,399**	10,563
Change in deferred taxation	**(541)**	453
	8,858	11,016

The current year tax charge of EC$9,399 (2008: EC$10,563) is higher than the standard rate tax charge, since the effective tax rate is higher than the standard tax rate of 35%. (2008:35%) See details below:

	2009 EC$'000	2008 EC$'000
Income before income tax	**17,454**	25,849
Tax at the standard rate of 35% (2007:35%)	**6,109**	9,047
Tax effect/(benefit) arising from the following:		
Capital allowances in excess of depreciation	**–**	125
Tax on non-deductible expenditure	**3,290**	1,391
Taxation on ordinary activities	**9,399**	10,563

Notes to the Financial Statements

for the year ended March 31, 2009

9. TANGIBLE FIXED ASSETS

	Land and Buildings EC$'000	Plant EC$'000	Motor Vehicles EC$'000	Projects Under Construction EC$'000	Total EC$'000
COST					
At March 31, 2007	24,819	180,154	3,648	7,619	**216,240**
Additions	31	–	–	11,612	**11,643**
Transfers between items	–	8,146	34	(8,180)	**–**
Disposals	(68)	(7,973)	(379)	(153)	**(8,573)**
At March 31, 2008	24,782	180,327	3,303	10,898	**219,310**
Additions	360	–	727	9,465	**10,552**
Transfers between items	–	16,820	(710)	(16,820)	**(710)**
Disposals					
At March 31, 2009	25,142	197,147	3,320	3,543	**229,152**
ACCUMULATED DEPRECIATION					
At March 31, 2007	9,070	116,969	2,465	–	**128,504**
Charge for the year	637	10,731	456	–	**11,824**
Eliminated on disposal	(68)	(7,973)	(379)	–	**(8,420)**
At March 31, 2008	9,639	119,727	2,542	–	**131,908**
Charge for the year	647	10,148	486	–	**11,281**
Eliminated on disposal	–	–	(710)	–	**(710)**
At March 31, 2009	10,286	129,875	2,318	–	**142,479**
NET BOOK VALUE					
At March 31, 2009	**14,856**	**67,272**	**1,002**	**3,543**	**86,673**
At March 31, 2008	**15,143**	**60,600**	**761**	**10,898**	**87,402**

The net book value of land and buildings comprises:

	2009 EC$'000	2008 EC$'000
Freehold	**14,282**	14,560
Long leasehold	**574**	583
	14,856	15,143

Notes to the Financial Statements

for the year ended March 31, 2009

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.

	2009 EC$'000	2008 EC$'000
Balance, April 1, 2007	**1,080**	1,192
Amortisation charges for the year	**(270)**	(112)
Balance, March 31, 2009	**810**	1,080

11. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(i) Amount due from related Parties

	2009 EC$'000	2008 EC$'000
Amount due from Cable and Wireless International HQ Ltd	**6,409**	6,377
Amount due from other subsidiaries of Cable and Wireless PLC	**3,073**	7,524
	9,482	13,901

(ii) Amount due to related Parties

	2009 EC$'000	2008 EC$'000
Amount due to Cable and Wireless UK	**696**	–
Amount due to Cable and Wireless Barbados	**3,593**	232
Amount due to Cable and Wireless PLC	**2,351**	726
Amount due to other fellow subsidiaries of Cable and Wireless PLC	**10,053**	15,091
	16,693	16,049

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

	2009 EC$'000	2008 EC$'000
Included in turnover	**2,485**	2,566
Included in outpayments	**3,777**	3,701

Notes to the Financial Statements

for the year ended March 31, 2009

11. RELATED PARTIES AND RELATED PARTY TRANSACTIONS continued

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

	2009 EC$'000	2008 EC$'000
Management fees	**4,995**	2,080
Directors' fees	**10**	11

(v) Key Management

	2009 EC$'000)	2008 EC$'000
Wages and salaries	**1,541**	1,771
Bonus	**352**	435
Statutory contributions	**138**	177
Pension	**116**	133
	2,147	2,516

12. INVENTORIES

	2009 EC$'000	2008 EC$'000
Merchandise inventories at net realisable value	**491**	510
Other materials and supplies at net realisable value	**2,489**	2,392
	2,980	2,902

13. DEBTORS AND PREPAYMENTS DUE WITHIN ONE YEAR

	2009 EC$'000	2008 EC$'000
Trade debtors	**10,661**	15,490
Other debtors	**2,292**	3,268
Prepayments and accrued income	**121**	362
	13,074	19,120

14. CASH AT BANK AND CASH IN HAND

	2009 EC$'000	2008 EC$'000
Cash at bank and in hand	**5,876**	5,779
Short term deposits	**1,351**	1,299
	7,227	7,078

Short-term deposits earn interest at an average rate of 4% per annum (2008:4%).

Notes to the Financial Statements

for the year ended March 31, 2009

15. SHARE CAPITAL

	2009 EC$'000	2008 EC$'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 (2008: 82%). 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 2009	48	10,961	**11,009**
Charge/(credit) for the period	(42)	–	**(42)**
Credit related to accelerated capital allowance	–	(541)	**(541)**
At 31 March 2009	6	10,420	**10,426**

The deferred taxation liability is analysed as follows: -

	2009 EC$'000	2008 EC$'000
Accelerated capital allowances	**10,420**	10,961

17. OTHER CREDITORS

	2009 EC$'000	2008 EC$'000
Customers' deposits	**1,644**	1,600
Social Security	**310**	294
Other creditors	**3,913**	3,295
	5,867	5,189

18. LEASE COMMITTMENTS

Notes to the Financial Statements

for the year ended March 31, 2009

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:

	2009 EC$'000	2008 EC$'000
Land and buildings – expiring within one year	**156**	156
	156	156

19. DIVIDENDS

In the previous year the Directors declared and paid an interim dividend of EC$0.10 per share (EC$3,313,000) and a final dividend of EC$0.25 per share (EC$8,282,500).

On September 26, 2008, the Directors declared an interim dividend of EC$0.10 per share (EC$3,313,000) based on the financial performance of the Company for the five (5) months ended August 31, 2008. This was paid in September 2008. On May 15, 2009 a final dividend of EC$0.25 per share (EC$8,282,500) was declared by the Directors for the year ended 31 March 2009.

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:

	2009	
	US$ ($000)	GB£ (£000)
Amounts due from group companies	2,275	452
Cash and cash equivalents	612	-
Amounts due to group companies	(2,540)	(1,932)
Gross exposure	**347**	**(1,480)**

Notes to the Financial Statements

for the year ended March 31, 2009

20. FINANCIAL INSTRUMENTS continued

(a) Financial Risk Factors continued:

(i) Currency Risk continued:

	2008	
	US$ ($000)	GB£ (£000)
Amounts due from group companies	1,534	467
Cash and cash equivalents	211	–
Amounts due to group companies	(352)	(255)
Gross exposure	**1,393**	**212**

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

	US$ ($000)	GB£ (£000)
At March 31, 2009	0.370	0.257
At March 31, 2008	0.370	0.192

Currency Risk Sensitivity Analysis:
A five (5%) percent weakening of the Eastern Caribbean dollar against the following currencies at March 31, 2009 would have increased/(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 2008.

	2009		2008	
	Profit ($000)	Equity ($000)	Profit ($000)	Equity ($000)
US$	**17**	**17**	70	70
GB£	**(74)**	**(74)**	11	11

A five (5%) percent strengthening of the Eastern Caribbean dollar against the above currencies at March 31, 2009 and 2008 would have had an equal but 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.

Notes to the Financial Statements

for the year ended March 31, 2009

20. FINANCIAL INSTRUMENTS continued

(a) Financial Risk Factors continued:

(iii) Credit Risk continued:

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	
	2009 ($000)	2008 ($000)
Debtors and prepayments	**13,074**	19,120
Amounts due from group companies	**9,482**	13,901
Cash and cash equivalents	**7,277**	7,078
	29,833	40,099

(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.

(v) Interest Rate Risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes 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.

Notes to the Financial Statements

for the year ended March 31, 2009

20. FINANCIAL INSTRUMENTS continued

(a) Financial Risk Factors continued:

(v) Interest Rate Risk continued:

2009

	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	–	–	–	–	13,074	13,074
Amounts due from group companies	–	–	–	–	9,482	9,482
Cash at bank and in hand	7,227	–	–	–	–	7,227
Financial Liabilities						
Payables	–	–	–	–	(16,588)	(16,588)
Amount due to group companies	–	–	–	–	(16,693)	(16,693)
Total interest rate sensitivity gap	–	–	–	–	(10,725)	(3,498)
Cumulative gap	**7,227**	**7,227**	**7,227**	**7,227**	**(3,498)**	**–**

Notes to the Financial Statements

for the year ended March 31, 2009

20. FINANCIAL INSTRUMENTS continued

(a) Financial Risk Factors continued:

(v) Interest Rate Risk continued:

2008

	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	–	–	–	–	19,120	19,120
Amounts due from group companies	–	–	–	–	13,901	13,901
Cash at bank and in hand	7,078	–	–	–	–	7,078
Financial Liabilities						
Payables	–	–	–	–	(21,573)	(21,573)
Amount due to group companies	–	–	–	–	(16,049)	(16,049)
Total interest rate sensitivity gap	7,078	–	–	–	(4,601)	2,477
Cumulative gap	**7,078**	**7,078**	**7,078**	**7,078**	**2,477**	**–**

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.

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 same basis for 2008.

Notes to the Financial Statements

for the year ended March 31, 2009

20. FINANCIAL INSTRUMENTS continued

(a) Financial Risk Factors continued:

(v) Interest Rate Risk continued:
Cash flow Sensitivity Analysis for Variable Rate Instruments continued:

	2009 Effect on profit		2008 Effect on profit	
	100bp Increase	100bp decrease	100bp increase	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; and

(iii) The fair value of hire-purchase receivables is determined by discounting the expected cash inflows using the market rate of interest for similar instruments.

Notes

Proxy Form

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED

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, 6 August 2009 and at 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 this ....day of 2009

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.

Cable & Wireless St. Kitts and Nevis Limited
Basseterre, St. Kitts

www.time4lime.com