

**Schedule 3  
FORM ECSRC - Q**

**(Select One)**

Quarterly Report  
For the period ended **30th September 2007**  
or

TRANSITION

REPORT

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**(Applicable where there is a change in reporting issuer's financial year)**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Issuer Registration Number: **002216**

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**Cable & Wireless (St.Kitts & Nevis )Ltd**

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(Exact name of reporting issuer as specified in its charter)

**St.Kitts & Nevis**

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(Territory or jurisdiction of incorporation )

**10 Cayon Street, Basseterre**

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(Address of principal executive Offices)

(Reporting issuer's: **Jonathan Bass**

Telephone number (including area code): **(869)- 465-1000 Extn 451**

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

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

N/A

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

(Provide information stipulated in paragraphs 1 to 8 hereunder)

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

<b>CLASS</b>	<b>NUMBER</b>
Ordinary Shares	33,130,418

**SIGNATURES**

Name of Chief Executive Officer/Director

Name of Company Secretary

P. Walters

Jonathan Bass

\_\_\_\_\_

\_\_\_\_\_

Signature

Signature

27<sup>th</sup> November, 2007

27<sup>th</sup> November, 2007

Date

Date

## INFORMATION TO BE INCLUDED IN THE REPORT

### 1. Financial Statements

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

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

❖ *Please find attached copies of the financial statements for the quarter ended 30th September, 2007 which provide the above information.*

### 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Discuss reporting issuer's financial condition, changes in financial condition and results of operations during the reporting period. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim quarterly report. The broad areas of discussions should centre

around liquidity, capital resources and results of operations. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

(a) **Liquidity**

Identify any known trends or commitments, demands, events that will result in or that are reasonably likely to result in the reporting issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.

❖ *The current ratio was 1.06 : 1 for the quarter compared to 1.35 : 1 for the corresponding period one year ago. The quick ratio was just under 1 compared to 1.24:1 for the similar period. The drop in liquidity was driven mainly by an increase in the provision for tax and higher current liabilities in general. Despite the decline in liquidity, the company is still in a healthy position to settle its short-term commitments.*

(b) **Capital Resources**

Describe the reporting issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments. Describe any material trends, favourable or unfavourable in the reporting issuer's capital resources and any expected change in mix. The discussion should consider changes between equity, debt and any off-balance sheet financing arrangements.

❖ *Capital expenditure analysis is shown below:-*

<i>Details</i>	<i>EC\$m</i>
<i>Fixed line</i>	<i>3.4</i>
<i>Mobile</i>	<i>0.2</i>
<i>Internet</i>	<i>2.0</i>
<i>Other</i>	<i>0.2</i>
<b><i>Total</i></b>	<b><i>5.8</i></b>

*A significant amount was spent on fixed lin; primarily to relocate the line plant as a result of extensive road renovations in Nevis. In order to further improve the internet market penetration, the Company increased its investment in the broadband network. The funds used were internally generated.*

(c) **Results of Operation.**

Describe any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and in each case indicate the extent the income was so affected. Describe any known trends or uncertainties that have had or that the reporting issuer reasonably expects will have a material favourable or unfavourable impact on net sales or revenues or income from continuing operations. If the reporting issuer knows of events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), the changes in relationship should be disclosed.

❖ **Executive Summary**

*Turnover for the quarter to 30<sup>th</sup> September, 2007 decreased less than 1% to \$53.0 when compared to the previous period ended 30<sup>th</sup> September, 2006. Gross income fell slightly from \$38.9m to 38.4m. Outpayments and cost of sales went up by 2% to \$14.6. Operating income remained static at \$11.5 despite the drop in turnover and the rise in outpayments and cost of sales.*

❖ **July to September Quarter Discussion**

- *Total turnover was driven primarily by strong performance by the mobile segment and a double digit increase in internet sales, offset by expected lower revenues from the fixed line segment.*
- *Outpayments and cost of sales were 2% ahead of the corresponding period ended September, 2006. This was driven mainly by additional interconnect fees for calls terminating on other Service Providers' network and outpayments to other administrations for international calls made from mobile phones.*
- *Gross income dropped by less than 2% to \$38.4m when compared to the matching period of September, 2006; mainly because total revenues were lower. Higher outpayments and cost of sales also contributed to the gross income position.*
- *Operating income remained static at \$11.5m.*
- *Net cash flow provided by operating activities was \$13.2 during the quarter, compared to (\$6.2m) used for the period ended September, 2006. This was primarily due to increased use of funds*

*provided by current creditors , offset by additional investment in inventories to satisfy customer demand and allowing customers more time to settle accounts due to competition.*

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

- *As expected, income from the fixed line stream continues on the path of decline. International call revenues are being eroded by lower international rates in general and the launch of VOIP (voice over internet protocol). Fixed line national income is being challenged by mobile call substitution and the introduction of flat rate domestic calling. Overall the fixed line income trailed revenues generated during the corresponding period by 12%.*
- *The mobile segment is still on the growth path of the product life cycle, advancing 9% beyond the corresponding period to September, 2006. Performance was driven by innovative marketing and promotional strategies.*
- *Internet line of business experienced significant growth; some 19% when compared to September 2006. Such strong performance was driven primarily by the development of the \$99, 2mg high speed internet package and continued success in the laptop sales initiative.*
- *Data revenues remained static at \$2.5m, although customer numbers stepped up slightly but not without a drop in price.*
- *Other revenues dropped 17% behind the previous period ended September, 2006, mainly because reported directory revenues were 48% lower.*

### **3. Disclosure of Risk Factors.**

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements and only include factors that are unique to the company. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

❖ *Exposure to risk includes the following:*

- *Operational risk resulting from fraud, loss of key people to competitors, product failure, loss of key suppliers and litigation from other Service Providers and Customers.*
- *Financial risk caused by bad debts and foreign exchange loss.*
- *Environmental risk due to competition, changes in regulations, or economic slowdown.*
- *Risk as a threat including loss of market share as a result of competition targeted to the internet, mobile and broadband products.*

*The above risks are not material and the probability of their occurrence is quite low.*

### **4. Legal Proceedings.**

A legal proceeding need only be reported in the ECSRC - Q filed for the quarter in which it first became a reportable event and in subsequent quarterly reports in which there have been material developments. Subsequent Form ECSRC - Q filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

❖ *Not applicable*

**5. Changes in Securities and Use of Proceeds.**

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.
- (b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:
- Offer opening date (provide explanation if different from date disclosed in the registration statement)
  - Offer closing date (provide explanation if different from date disclosed in the registration statement)
  - Name and address of underwriter(s)
  - Amount of expenses incurred in connection with the offer
  - Net proceeds of the issue and a schedule of its use
  - Payments to associated persons and the purpose for such payments
- ❖ *Above not applicable*
- (b) Report any working capital restrictions and other limitations upon the payment of dividends.
- ❖ *There are no restrictions*

**6. Defaults Upon Senior Securities.**

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 percent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.
- ❖ *Above not applicable*
- (b) If any material arrears in the payment of dividends has occurred or if there has been any other material delinquency not satisfied within 30 days, give

the title of the class and state the amount and nature of the arrears or delinquency.

❖ *Above not applicable*

**7. Submission of Matters to a Vote of Security Holders.**

If any matter was submitted during the period covered by this report to a vote of security holders, through the solicitation of proxies or otherwise, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.
- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.
- (c) A brief description of each other matter voted upon at the meeting and state the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.
- (d) A description of the terms of any settlement between the registrant and any other participant.
- (e) Relevant details of any matter where decision was taken otherwise than at a meeting of such security holders.

❖ *Above items are not applicable*

**8. Other Information.**

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC - MC report (related to disclosure of material information), with respect to which information is not otherwise called for by this form. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC - MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC - Q report.

**CABLE & WIRELESS ST. KITTS & NEVIS  
LTD  
STATEMENT OF INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

	<u>Notes</u>	<u>Sep-07</u> EC\$000	<u>Sep-06</u> EC\$000
Turnover		<b>52,998</b>	53,254
Outpayments and cost of sales		<b>(14,636)</b>	(14,288)
Gross Income		<b>38,362</b>	38,966
Operating costs	1	<b>(26,893)</b>	(27,489)
Operating Income		<b>11,469</b>	11,477
Profit/(Loss) on Disposal		<b>24</b>	
Net interest and other income	2	<b>85</b>	(104)
Income on ordinary activities before taxation		<b>11,579</b>	11,373
Taxation on ordinary activities	3	<b>(4,504)</b>	(4,435)
Income on ordinary activities after taxation		<b>7,074</b>	6,938

**CABLE & WIRELESS ST. KITTS & NEVIS LTD**  
**BALANCE SHEET**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	<u>Notes</u>	<u>Sep-07</u> EC\$000	<u>Sep-06</u> EC\$000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	<b>88,045</b>	89,201
Loan receivable from related party		<b>3,846</b>	615
<b>Total Non -Current Assets</b>		<b>91,891</b>	89,816
<b>CURRENT ASSETS</b>			
Inventories		<b>2,609</b>	2,820
Accounts receivable and prepayments	5	<b>22,966</b>	19,838
Amounts due from Group companies		<b>1,299</b>	516
Cash at bank and in hand	6	<b>10,544</b>	12,451
<b>Total Current Assets</b>		<b>37,418</b>	35,625
<b>Total Assets</b>		<b>129,309</b>	125,441
<b>CAPITAL, RESERVES AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	<b>33,130</b>	33,130
Share premium account		<b>3,009</b>	3,009
Retained earnings		<b>47,241</b>	51,473
<b>Total Capital and Reserves</b>		<b>83,380</b>	87,612
<b>LONG TERM LIABILITIES</b>			
Provision for liabilities and charges	8	<b>10,769</b>	11387
<b>CURRENT LIABILITIES</b>			
Trade accounts payable		<b>5,676</b>	4,827
Amounts owed to Group companies		<b>12,879</b>	439
Provision for income tax		<b>5,005</b>	(486)
Other Liabilities	9	<b>6,476</b>	7,696
Accrued liabilities and deferred income		<b>5,124</b>	4,162
Loan Payable to Group companies		<b>-</b>	9,804
Dividends payable		<b>-</b>	-
<b>Total Current Liabilities</b>		<b>35,160</b>	26,442
<b>TOTAL LIABILITIES AND EQUITY SHAREHOLDERS' FUNDS</b>		<b>129,309</b>	125,441

**CABLE & WIRELESS ST. KITTS & NEVIS LTD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	<u>Sep-07</u> EC\$000	<u>Sep-06</u> EC\$000
<b>Cash Flows from operating activities</b>		
Income on ordinary activities before taxation	11,579	11,373
<b>Adjustments for:</b>		
Depreciation expense	5,484	5,156
Loss/(gain) on disposal of property, plant and equipment	(24)	(86)
Net Interest	(85)	104
<b>Operating cash flows before working capital changes</b>	<b>16,953</b>	16,547
Decrease/(Increase) in inventories	(1,058)	(1,929)
(Increase)/decrease in accounts receivable	(2,275)	(774)
Increase in accounts payable and accrued liabilities	5,200	(12,818)
<b>Net cash from operations</b>	<b>18,820</b>	1,026
Income taxes paid	(5,996)	(7,154)
Interest received	60	142
Interest Paid	(26)	(246)
<b>Net cash from operating activities</b>	<b>12,858</b>	(6,232)
<b>Cash flows used in investing activities</b>		
Purchase of tangible property, plant and equipment	(4,468)	(3,830)
Proceeds from disposal of tangible property, plant and equipment	23	89
<b>Net cash used in investing activities</b>	<b>(4,445)</b>	(3,741)
<b>Cash flows used in financing activity</b>		
<b>Lending (to)/from Group companies</b>	<b>(3,846)</b>	9,804
Dividends paid	(3,323)	(3,313)
<b>Net cash used in financing activity</b>	<b>(7,169)</b>	6,491
<b>Net change in cash and cash equivalents</b>	<b>1,244</b>	(3,482)
Net cash and cash equivalents, beginning of year	9,300	15,934
<b>Net cash and cash equivalents, end of year</b>	<b>10,544</b>	12,452

**CABLE & WIRELESS ST. KITTS & NEVIS LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30**  
**2007**

	<b>Share Capital EC\$'000</b>	<b>Share Premium EC\$'000</b>	<b>Retained Earning EC\$'000</b>	<b>Total EC\$'000</b>
<b>Balance as of March 31, 2006</b>	33,130	3,009	38,689	74,828
Dividend			(11,039)	(11,039)
Issuance of bonus shares				0
Net Income for the year			12,517	12,517
<b>Balance as of March 31, 2007</b>	<b>33,130</b>	<b>3,009</b>	<b>40,167</b>	<b>76,306</b>
Dividend				0
Net Income for the 6 months ended September 30 2007			7,074	7,074
<b>Balance as of September 30, 2007</b>	<b>33,130</b>	<b>3,009</b>	<b>47,241</b>	<b>83,380</b>

The accompanying notes form an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER  
2007**

**1. OPERATING COSTS**

	<u>Sep-07</u> EC\$000	<u>Sep-06</u> EC\$000
Employee costs	4,779	5,047
Directors' fees	9	14
Pension costs	304	315
Rental of transmission facilities	804	966
Management Fees	1,646	1,296
Operating lease rentals	269	254
Other operating costs	12,806	14,528
Depreciation of tangible fixed assets	5,484	5,156
Exceptional items	-	-
Auditor's remuneration - current year	166	0
Trading foreign exchange losses	3	-
Profit on sale of fixed assets	24	(86)
	<u>26,293</u>	<u>27,489</u>

**EMPLOYEE COST**

	<u>Sep-07</u> EC\$000	<u>Sep-06</u> EC\$000
Salaries and Wages	3,870	4,304
Staff training	154	178
Other staff costs	756	880
	<u>4,779</u>	<u>5,362</u>

**2. NET INTEREST INCOME**

	<u>Sep-07</u> EC\$000	<u>Sep-06</u> EC\$000
Interest paid	0	(246)
Interest received	85	142
	<u>85</u>	<u>(104)</u>

### 3. TAXATION ON ORDINARY ACTIVITIES

	<u>Sep-07</u> EC\$000	<u>Sep-06</u> EC\$000
Tax on profits for the year	4,504	4,435
Adjustment in respect to prior year	0	0
	<hr/> 4,504	<hr/> 4,435
Deferred taxation	0	0
	<hr/> 4,504	<hr/> 4,435

The current year tax charge of EC\$4,435K is higher (2005:higher) than the standard rate of tax of 35%. (2005:35%) See details below.

	<u>Sep-07</u> EC\$000	<u>Sep-06</u> EC\$000
Tax at the standard rate of 35% (2005: 35%)	4,053	3,981
Tax effect arising from the following:		
Capital allowances in excess of depreciation		
Tax on non-deductible expenditure	452	455
Adjustment in respect of prior periods		
Current tax charge	<hr/> 4,504	<hr/> 4,435

#### 4. TANGIBLE FIXED ASSETS

	<b>Land and Buildings</b>	<b>Plant</b>	<b>Motor Vehicles</b>	<b>Projects Under construction</b>	<b>Total</b>
	<b>EC\$000</b>	<b>EC\$000</b>	<b>EC\$000</b>	<b>EC\$000</b>	<b>EC\$000</b>
<b>Costs</b>					
At beginning of year-1 April 2007	24,819	180,154	3,648	7,619	216,240
Additions	-		-	5,793	5,793
Disposals			0		0
Transfers between items	0	497	0	(497)	0
At end of year	<u>24,819</u>	<u>180,651</u>	<u>3,648</u>	<u>12,915</u>	<u>222,033</u>

#### ACCUMULATED DEPRECIATION

At beginning of year	9,070	116,969	2,465		128,504
Charge for the year	318	4,942	224		5,484
Charge for impairment					0
On disposals					0
At year end	<u>9,388</u>	<u>121,911</u>	<u>2,689</u>	<u>0</u>	<u>133,988</u>

#### NET BOOK VALUE

At 30 September 2007	<u><b>15,431</b></u>	<u><b>58,740</b></u>	<u><b>959</b></u>	<u><b>12,915</b></u>	<u><b>88,045</b></u>
At 30 September 2006	<u>15,659</u>	<u>57,009</u>	<u>1,444</u>	<u>15,089</u>	<u>89,201</u>

The net book value of land and buildings comprises:

	<u><b>Sep-07</b></u>	<u>Sep-06</u>
	<b>EC\$000</b>	EC\$000
Freehold	<b>14,790</b>	15,030
Long leasehold	<b>606</b>	629
Short leasehold	<b>35</b>	0
	<u><b>15,431</b></u>	<u>15,659</u>

## 5. ACCOUNTS RECEIVABLES AND PREPAYMENTS

	<b>Sep-07</b>	<u>Sep-06</u>
	<b>EC\$000</b>	EC\$000
Trade accounts receivables	<b>18,218</b>	14,857
Other receivables	<b>3,582</b>	1,921
Current portion of loan receivable from related party	-	644
Prepayments and accrued income	<b>1,166</b>	2,416
	<b>22,966</b>	19,838

## 6. CASH AT BANK AND CASH IN HAND

	<u>Sep-07</u>	<u>Sep-06</u>
	<b>EC\$000</b>	EC\$000
Cash at bank and in hand	<b>9,295</b>	<b>8,830</b>
Short term deposits	<b>1,249</b>	<b>3,621</b>
	<b>10,544</b>	<b>12,451</b>

Short-term deposits earn interest at an average rate of 4% per annum (2006:3.25%)

## 7. SHARE CAPITAL

	<u>Sep-07</u>	<u>Sep-06</u>
	<b>EC\$000</b>	EC\$000
Authorised: 50,000,000 Ordinary shares of EC\$1.00 each	<b>50,000</b>	50,000
Allotted, called up and fully paid:- 33,130,418 (2005:27,608,682)		
Ordinary shares of EC\$1.00 each	<b>33,130</b>	33,130

## 8. PROVISION FOR LIABILITIES AND CHARGES

	Redundancy	Deferred Taxation	Total
	EC\$000	EC\$000	EC\$000
At 1 April 2007	910	10,508	11,418
Adjustment to prior year			0
Payment	0		0
Charge/(Credit) for the period	(649)		(649)
Credit related to change in tax rate			0
Credit related to accelerated capital allowances			0
At 30 September 2007	261	10,508	10,769

The deferred taxation liability is analysed as follows:-

	<u>Sep-07</u> EC\$000	<u>Sep-06</u> EC\$000
Accelerated capital allowances	<b>10,508</b>	13,326

## 9. OTHER LIABILITIES

	<u>Sep-07</u> EC\$000	<u>Sep-06</u> EC\$000
Customers deposits	(1,917)	(1,863)
Social security	(78)	(193)
Other creditors	(4,481)	(5,640)
	(6,476)	(7,696)