

**Schedule 2
FORM ECSRC – OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended March 31, 2019
Pursuant to Section 98(2) of the Securities Act, 2001

OR

TRANSITION REPORT
for the transition period from _____ to _____
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

Issuer Registration Number: _____

C&W18129KN002216

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

Cable & Wireless St.Kitts and & Nevis Limited

(Territory or jurisdiction of incorporation)

St.Kitts & Nevis

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): 869-467-3707

Fax number: _____

Email address: michael.h.davis@cwc.com

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

(Provide information stipulated in paragraphs 1 to 8 hereunder)

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

CLASS	NUMBER
Ordinary Shares	33,130,418


SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

David Lake



Signature

5 / 07 / 2019

Date

Name of Director:

Osbert Liburd



Signature

5-7-2019

Date

Name of Chief Financial Officer:

Michael H. Davis

5/7/2019

Signature



Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. **Financial Statements**

Provide Financial Statements for the period being reported 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 reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with 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 just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) 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.

2. **Management's Discussion and Analysis of Financial Condition and Results of Operation.**

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures

taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

Revenue remained relatively flat year on year with growth of 7% being reflected on consumer fixed services. The B2B operations achieved a 5% year on year growth in revenue with growth being achieved on all lines of business. Consumer mobile declined by 9% with reduction being reflected on both prepaid and postpaid. The declining mobile performance is indicative of the change in customer behavior as they gravitate away from voice to other VOIP services such as whatsapp etc. The declining customer revenue from mobile voice is indicative of this fact. On the flipped side, we have seen growth in fixed data resulting from our investments to upgrade our broadband infrastructure while introducing IPTV to the market in 2017.

We have through prudent cost management and reduction in outpayment as a result of the declining mobile usage, been able to achieve a 21% reduction in direct cost, while indirect operating cost remained flat year on year.

The future of telecommunications appears to be bright and ready for the taking, considering the constant advances in technology. As a result, the management team is very optimistic about the performance of the upcoming months.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the 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.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The 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.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

The Company utilizes Regional CWC Treasury to manage our liquidity in order to meet our financial obligations regarding the servicing and repayment of third-party debt and strategic initiatives.

At 31 March 2019, the Company had cash and cash equivalents of \$2.03m. These amounts are highly liquid and are a significant component of the Company's overall liquidity and capital resources. Liquidity forecasts are produced on a regular basis to ensure the utilization of current facilities is optimized, to ensure covenant compliance and that medium-term liquidity is maintained for the purpose of identifying long-term strategic funding requirements.

Year to date capital expenditure was \$1.4m. The Capital expenditure cost was driven by investments in expanding and upgrading the fixed network footprint and also mobile investment.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

As at March 31, 2019 there were no off balance sheet arrangements.

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) 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, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

Revenue remained flat compared to Q1 of the previous year.

Mobile revenue performance declined compared to last year's quarter. The decline was driven by decline in voice revenue which is mainly due to the increase in customer uptake of the mobile data and increased utilization of alternatives such as whatsapp.

While our IPTV product is still relatively new to the market, we have seen good uptake of the product mainly by current broadband subscribers. Our efforts to continue to promote and improve the fixed service products has resulted in year on year growth of 5% for residential fixed services.

Managed Services also performed well and did so by 10% compared to the same period of the previous year with an increase in sales for Data Solutions.

Direct costs decreased by 21% compared to the previous comparative period. This decrease was driven by the decline in Mobile usage.

Operating costs also remained flat. The company has implemented cost saving initiatives to ensure that costs take a downward movement.

3. Disclosure about 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. 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.

As we operate in a hurricane zone, we are susceptible to damage from major weather systems, such as Hurricanes Irma and Maria that impacted the islands of BVI, Dominica, Anguilla and Turks & Caicos in 2017. To mitigate this, we perform regular risk assessments. In addition, we invest in standby power plants to mitigate certain risks associated with these types of natural disasters.

Other business risks such as liquidity and those associated with suppliers are mitigated by leveraging our parent company's purchasing power. Key supplier relationships are actively managed.

We have not seen a change in any risk factor during the year and do not foresee an imminent risk to our operations for the foreseeable future other than the risk natural disasters pose to our business and customers, which is outside of our control.

4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR 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.

Not applicable

(a) 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)

not applicable

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

not applicable

- Name and address of underwriter(s)

not applicable

- Amount of expenses incurred in connection with the offer

- Net proceeds of the issue and a schedule of its use

not applicable

- Payments to associated persons and the purpose for such payments

not applicable

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

Not applicable

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 per cent 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.

Not applicable

- (b) If any material arrears in the payment of dividends have 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.

Not applicable

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

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

- (a) The date of the meeting and whether it was an annual or special meeting.

Not applicable

- (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.

Not applicable

- (c) A brief description of each other matter voted upon at the meeting and a statement of 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.

Not applicable

- (d) A description of the terms of any settlement between the registrant and any other participant.

Not applicable

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

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 (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. 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 – OR report.

Not applicable

Cable & Wireless (St. Kitts & Nevis) Limited
Statement of Profit or Loss and Other Comprehensive Income
For the period ended March 31, 2019
(Expressed in thousands of XCD)

	2019 Unaudited Results Jan - Mar	2018 Unaudited Results Jan - Mar
Revenue	20,344	20,375
Operating costs before depreciation and amortisation	(10,452)	(10,879)
Depreciation	(2,034)	(2,128)
Amortisation	(11)	(21)
Operating profit before exceptional items	7,847	7,347
Operating exceptional items	(23)	(86)
Operating profit after exceptional items	7,824	7,261
Finance income	425	18
Finance expense	(373)	(70)
Profit before income tax	7,876	7,209
Income tax expense	(3,090)	(2,512)
Profit for the year being total comprehensive income for the year	4,786	4,697

Cable & Wireless (St. Kitts & Nevis) Limited
Statement of Financial Position
As At March 31, 2019

(Expressed in thousands of XCD)

	2019	2018
	Unaudited Results Mar	Unaudited Results Mar
Assets		
Non-current assets		
Intangible assets	126	183
Property, plant And equipment	77,374	81,503
Prepayments	632	884
	78,132	82,570
Current assets		
Trade and other receivables	11,291	13,348
Inventories	414	893
Cash and cash equivalents	2,034	1,796
Due from related parties	75,041	47,032
	88,780	63,069
Total assets	166,912	145,639
Liabilities		
Current liabilities		
Trade and other payables	18,444	15,933
Due to related parties	7,757	5,843
	26,201	21,776
Non-current liabilities		
Provisions non-current	2,494	2,675
Deferred tax liability	5,596	6,138
	8,090	8,813
Net Assets	132,621	115,050
Equity		
Share capital	33,130	33,130
Share premium	3,009	3,009
Revaluation Reserve	103	189
Reserves	96,379	78,722
Total equity	132,621	115,050

Cable & Wireless (St. Kitts & Nevis) Limited
Statement of Cash Flows
For the period ended March 31, 2019
(Expressed in thousands of XCD)

	2019	2018
	Unaudited Results Jan - Mar	Unaudited Results Jan - Mar
Cash flow from operating activities		
Profit before Income tax for the year	7,876	7,209
Adjustments for:		
Depreciation	2,034	2,128
Amortization	11	21
Finance Income	(425)	(18)
Finance Expense	373	70
Operating cash flows before working capital changes	9,869	9,410
Changes in working capital		
Increase in inventories	461	10
Increase/(decrease) in trade and other receivables	2,476	(986)
Increase/(decrease) in prepayments non-current	93	(14)
Decrease in due from related party balances	(9,414)	(3,970)
Decrease in due to related party balances	(2,622)	(805)
Increase in trade and other payables	2,444	622
Increase in provisions and other operating activities	395	183
Cash generated from operations	3,702	4,450
Interest paid	(373)	(70)
Interest received	425	18
Income tax paid	(2,250)	(3,897)
Net cash from operating activities	1,504	501
Cashflows from investing activities		
Purchase of property, plant and equipment	(1,359)	(1,700)
Net cash used in investing activities	(1,359)	(1,700)
Cash flows from financing activities		
Dividends paid	-	-
Net cash used in financing activities	-	-
Net increase/(Decrease) in cash and cash equivalents	145	(1,199)
Cash and cash equivalents at beginning of the period	1,889	2,995
Cash and cash equivalents at the end of the period	2,034	1,796