

CABLE AND WIRELESS (INVESTMENTS) LIMITED



Report and Financial Statements

31 March 2001

**Registered Office:
124 Theobalds Road
London
WC1X 8RX**

CABLE AND WIRELESS (INVESTMENTS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2001

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CABLE AND WIRELESS (INVESTMENTS) LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2001.

ACTIVITIES

The principal activity of the Company is acting as an investment company.

FUTURE PROSPECTS

The Company is expected to continue to act as an investment company for the foreseeable future.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounting to £2,583,000 (*2000: profit £651,000*) has been dealt with in the attached financial statements. The Directors do not recommend payment of a dividend (*2000: £nil*).

CABLE AND WIRELESS (INVESTMENTS) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The Directors have no interest in the shares of the Company nor any disclosable interests in any contracts or arrangements with the Company either subsisting at the end of the financial year or entered into since the end of the previous financial year. The beneficial interest of the Directors in the shares of Cable and Wireless plc are as follows:

	At 1 April 2000	Shares acquired or options granted	Shares disposed or options exercised/lapsed	At 31 March 2001	
KK Claydon	1,937	40,569	40,764	1,742	
	5,337	1,329	1,329	5,337	(a)
	64,622	23,613	29,372	58,863	(b)
	9,674	510	10,184	-	(c)
	6,553	-	-	6,553	(d)
	10,782	-	-	10,782	(e)
	-	4,524	-	4,524	(f)
JM Bolton	-	814	-	814	
	1,242	254	1,496	-	(a)
	2,650	7,245	-	9,895	(b)

The interests of RE Lerwill are shown in the financial statements of the ultimate parent undertaking, Cable and Wireless plc.

All interests are in fully paid Ordinary Shares, unless marked (a) which are options to purchase Ordinary Shares under the C&W Employee Savings Related Share Option Scheme, (b) which are options to purchase Ordinary Shares under the discretionary share option schemes, (c) which are C&W Long Term Incentive Plan 1997 (LTIP) (notional), (d) which are C&W Long Term Incentive Plan 1998 (notional), (e) which are contingent share awards under the C&W Performance Share Plan (PSP) 1999 granted on 01.04.99 or (f) which are contingent share awards under the C&W Performance Share Plan (PSP) 2000 granted on 01.04.00. Full details of the LTIP and the PSP are included in the financial statements of the ultimate parent company.

KK Claydon held 1,500 Ordinary Shares in Cable & Wireless Communications plc (CWC) at 1 April 2000. On 30 May 2000, these shares were disposed of in accordance with the terms of the acquisition of the data business of CWC (Dataco) by Cable and Wireless plc and the acquisition of the consumer business of CWC (ConsumerCo) by ntl Incorporated.

By order of the Board of Directors.



JM BOLTON
Secretary

Date: 24 January, 2002

CABLE AND WIRELESS (INVESTMENTS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the 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 which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**AUDITORS' REPORT TO THE MEMBERS OF CABLE AND WIRELESS
(INVESTMENTS) LIMITED**

We have audited the financial statements on pages 6 to 11.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Wm Audit Ltd

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Date: *16 January 2002*

CABLE AND WIRELESS (INVESTMENTS) LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2001

	Note	2001 £000	2000 £000
Operating costs	3	(289)	-
OPERATING (LOSS)/RESULT		(289)	-
(LOSS)/RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		(289)	-
Tax (charge)/credit on (loss)/result on ordinary activities	4	(2,294)	651
LOSS/PROFIT FOR THE FINANCIAL YEAR		(2,583)	651
Retained profit brought forward		155,624	154,973
Retained profit carried forward		153,041	155,624

There are no recognised gains or losses other than the loss for the year and the profit in the previous year. Accordingly no statement of recognised gains and losses has been prepared.

There is no material difference between the Company's results as reported and on an historical cost basis. Accordingly no note of historical cost profits and losses has been prepared.

CABLE AND WIRELESS (INVESTMENTS) LIMITED

BALANCE SHEET At 31 March 2001

	Note	2001 £000	2000 £000
FIXED ASSETS			
Investments	5	<u>1,462,640</u>	<u>1,462,929</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	7,753	3,455
CREDITORS: amounts falling due within one year	7	<u>(1,256,210)</u>	<u>(1,249,618)</u>
NET CURRENT LIABILITIES		<u>(1,248,457)</u>	<u>(1,246,163)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>214,183</u>	<u>216,766</u>
NET ASSETS		<u>214,183</u>	<u>216,766</u>
CAPITAL AND RESERVES			
Called up share capital	8	37,930	37,930
Share premium account		23,212	23,212
Profit and loss account		<u>153,041</u>	<u>155,624</u>
EQUITY SHAREHOLDER'S FUNDS	9	<u>214,183</u>	<u>216,766</u>

The financial statements on pages 6 to 11 were approved by the Board of Directors on 24 January 2002 and signed on their behalf by:



KK CLAYDON
Director

CABLE AND WIRELESS (INVESTMENTS) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

Fixed asset investments are stated at cost less provision for any impairment in value.

Deferred taxation

The Company provides for deferred tax only when there is a reasonable probability that the liability will arise in the foreseeable future. Where deferred tax is provided, the liability method is used.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or, where exchange rates do not fluctuate significantly, an average rate for the period is used as an approximation. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company had no employees during the year (2000 - nil). The Directors did not receive any emoluments from the Company (2000 - £nil).

3. OPERATING COSTS

	2001 £000	2000 £000
Write down of investment (see note 5)	(289)	-
	<u>(289)</u>	<u>-</u>

4. TAX ON LOSS \ RESULT ON ORDINARY ACTIVITIES

	2001 £000	2000 £000
The charge for taxation comprises:		
United Kingdom corporation tax at 30% (2000 - 30%)		
Current year	-	-
Adjustment in respect of prior year	2,294	(651)
	<u>2,294</u>	<u>(651)</u>

If deferred taxation had been fully provided under the liability method in 2001, there would have been no change in the taxation charge (2000 - £nil).

CABLE AND WIRELESS (INVESTMENTS) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 March 2001

5. FIXED ASSET INVESTMENTS

	Subsidiary Undertakings	Associated Undertakings		Total
	Shares	Shares	Loans	
Cost	£000	£000	£000	£000
At 1 April 2000	1,462,640	289	-	1,462,929
Write down of investment	-	(289)	-	-
At 31 March 2001	1,462,640	-	-	1,462,640

Subsidiary and associated undertakings, the holdings in which consist of ordinary shares, are as follows:

Subsidiary Undertakings

Company	Country of Incorporation	%
Cable Acquisitions Inc.	USA	100
Sakhalin Telecom Mobile Ltd	Russia	61.4
Cable & Wireless Canada Inc	Canada	100
Cable & Wireless (Gibraltar) Ltd	Gibraltar	100
Cable & Wireless Eastern Hemisphere UK Ltd	England	100
Cable & Wireless (Singapore)Pte Ltd	Singapore	100

Associated Undertakings

Company	Country of Incorporation	%
Cable and Wireless Services Pty. Ltd	Australia	50.0

During the year, the Company wrote off its investment of £289,000 in Sakhalinvyas, an associate undertaking incorporated in Russia.

In the opinion of the Directors of the Company the aggregate value of the assets of the Company consisting of shares, in, or amounts owing from, the Company's subsidiary undertakings is not less than the aggregate of the amount at which those assets are stated or included in the balance sheet.

The Company is exempt from the requirement to prepare group accounts under Section 228 of the Companies Act 1985, being a wholly owned subsidiary of Cable and Wireless plc, a company registered in England & Wales.

CABLE AND WIRELESS (INVESTMENTS) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 March 2001

6. DEBTORS

	2001 £000	2000 £000
Amounts owed by subsidiary undertakings	3,501	3,455
Corporation tax	4,252	-
	<u>7,753</u>	<u>3,455</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £000	2000 £000
Amounts owed to group undertakings:		
Subsidiary undertakings	500	500
Parent undertaking	1,255,710	1,246,379
Corporation tax	-	2,739
	<u>1,256,210</u>	<u>1,249,618</u>

8. CALLED UP SHARE CAPITAL

	2001 £000	2000 £000
Authorised		
180,000,000 ordinary shares of 25p each	45,000	45,000
Allotted, called up, and fully paid		
151,720,989 ordinary shares of 25p each	<u>37,930</u>	<u>37,930</u>

9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2001 £000	2000 £000
(Loss)/profit for the financial year	(2,583)	651
Net (decrease)/increase in equity shareholder's funds	<u>(2,583)</u>	<u>651</u>
Opening equity shareholder's funds	216,766	216,115
Closing equity shareholder's funds	<u>214,183</u>	<u>216,766</u>

10. CASH FLOW STATEMENT

Under Financial Reporting Standard 1 (revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking. A cash flow statement is included in the financial statements of Cable and Wireless plc.

CABLE AND WIRELESS (INVESTMENTS) LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 March 2001**

11. POST BALANCE SHEET EVENTS

On 2nd April 2001, the Company borrowed £928,649,988 from Cable and Wireless plc to purchase 100% of the issued share capital of Cable and Wireless (Far East) Limited from Cable & Wireless Eastern Hemisphere B.V.

On 3rd May 2001, the Company issued a further 8,823,528 shares to Cable and Wireless plc in return for 29.41% of that company's interest in PI.SE Aktiebolag, a wholly owned Group company incorporated in Sweden. On the same day, the Company transferred its interest in PI.SE Aktiebolag to its subsidiary, Cable & Wireless Eastern Hemisphere UK Limited and received 2,205,882 additional shares in that company in return.

On 22nd June 2001, the Company increased its authorised share capital to £500,000,000 and issued a further 920,772,077 shares of £0.25 each to its parent, Cable and Wireless plc. On the same day, the Company subscribed for an additional 253,905,202 Ordinary Shares of HK\$10.00 in Cable and Wireless (Far East) Limited for an aggregate cash consideration of HK\$2,539,052,020.

On 30th August 2001 the Company issued 1,000 Ordinary Shares of £0.25 each to Cable and Wireless plc for consideration of £181,679,844 (being the right to receive 75,922,640 US\$ Singapore Telecom Bonds and 341,532,343 Unsecured Notes issued by Singapore Telecom). On the same day, the Company subscribed for an additional 1,000 Ordinary Shares of HK\$10.00 in Cable and Wireless (Far East) Limited for an aggregate cash consideration of HK\$2,052,260,104.

On 6th September 2001 the Company issued a further 1,000 Ordinary Shares of £0.25 each to Cable and Wireless plc for consideration of £616,742,269 (being the value of the Unsecured Notes transferred to the Company by Cable and Wireless plc). On the same day, the Company subscribed for an additional 1,000 Ordinary Shares of HK\$10.00 in Cable and Wireless (Far East) Limited for an aggregate cash consideration of HK\$7,010,509,156.

12. RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose transactions with entities that are part of the Cable & Wireless group, or investees of the group qualifying as related parties, as all of the Company's voting rights are controlled within that group. There are no material transactions with any other related parties.

13. ULTIMATE PARENT COMPANY

The Company's holding company and ultimate parent company is Cable and Wireless plc registered in England and Wales. A copy of Cable and Wireless plc's published consolidated financial statements can be obtained from The Secretary, Cable and Wireless plc, 124 Theobalds Road, London WC1X 8RX.