

Company Registration No 1672832

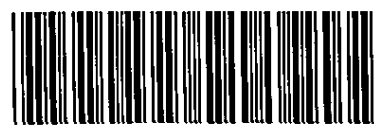
The Eastern Leasing Company Limited

Directors' report and financial statements

31 March 2011

**Registered Office
Waterside House
Longshot Lane
Bracknell
Berkshire
RG12 1XL**

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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2011

Principal activities and review of developments

The principal activity of the Company is to act as an investment holding company. No change in the Company's activities is envisaged in the foreseeable future.

Business review

The loss for the year amounts to £32,848,334 (2010 profit of £9,340)

The Company has met the requirements in the Companies Act 2006 to obtain the exemption from the need to present an enhanced business review.

The Directors consider that the Company has sufficient funding to meet its needs. Accordingly the Directors have prepared the financial statements on a going concern basis.

Dividends

The Directors do not recommend the payment of a dividend (2010 £nil)

Directors of the company

The Directors who held office during the year and subsequent to the year end were

P S Davis

I J Gibson

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

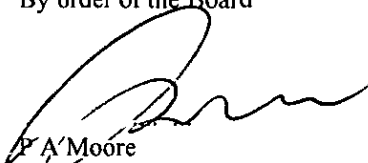
The Eastern Leasing Company Limited
Company Registration No 1672832
Directors' report and financial statements
For the year ended 31 March 2011

Directors' report
(continued)

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the Board



P A Moore
Company secretary
Date 20 July 2011

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

Independent Auditor's Report to the Members of The Eastern Leasing Company Limited

We have audited the financial statements of The Eastern Leasing Company Limited for the year ended 31 March 2011, set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' responsibilities in respect of the Directors' report and the financial statements (set out on page 3), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of The Eastern Leasing Company Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Peter Meehan (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date 20 July 2011

Profit and loss account

For the year ended 31 March 2011

	Note	2011 £	2010 £
Operating expenses	2	-	(15,716)
Amounts written off investments	6	(6,305,000)	-
Amounts provided against loans	3	(26,563,000)	-
Operating loss		(32,868,000)	(15,716)
Interest receivable and similar income	4	19,666	25,056
(Loss)/profit on ordinary activities before taxation		(32,848,334)	9,340
Taxation	5	-	-
(Loss)/profit for the financial year		<u>(32,848,334)</u>	<u>9,340</u>

The results for the period are derived entirely from continuing operations

The company has no recognised gains or losses for the year other than the results above. Accordingly, no separate statement of total recognised gains and losses has been presented.

There is no difference between the reported result and that which would be reported under the historical cost convention.

Reconciliation of movements in shareholders' funds

For the year ended 31 March 2011

	2011 £	2010 £
(Loss)/profit attributable to the members of the company	(32,848,334)	9,340
Net (reduction)/addition to shareholders' funds	(32,848,334)	9,340
Opening shareholders' funds at 1 April	2,533,978	2,524,638
Closing shareholders' (deficit)/funds at 31 March	<u>(30,314,356)</u>	<u>2,533,978</u>

The Eastern Leasing Company Limited
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Directors' report and financial statements
For the year ended 31 March 2011

Balance sheet
as at 31 March 2011

	Note	2011 £	2010 £
Fixed assets			
Investments	6	<u>138,175,000</u>	<u>-</u>
Current assets			
Debtors	7	89,033,284	2,533,978
Creditors amounts falling due within one year	8	<u>(257,522,640)</u>	<u>-</u>
Net current (liabilities)/assets		<u>(168,489,356)</u>	<u>2,533,978</u>
Net (liabilities)/assets		<u>(30,314,356)</u>	<u>2,533,978</u>
Capital and reserves			
Called up share capital	9	1,002	1,002
Share premium account	10	687,496,999	687,496,999
Profit and loss account	10	<u>(717,812,357)</u>	<u>(684,964,023)</u>
Total shareholders' funds		<u>(30,314,356)</u>	<u>2,533,978</u>

These accounts were approved by the Board of Directors on 20 July 2011 and signed on its behalf by



I J Gibson
Director

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The financial statements have been prepared on a going concern basis, notwithstanding net liabilities of £30,314,356 at 31 March 2011. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on page 1.

The Directors have reviewed the financial position of the Company, including the arrangements with Cable & Wireless Worldwide Group undertakings. The Directors have also considered the financial position of the Company's parent Cable & Wireless Worldwide plc and the Cable & Wireless Worldwide Group, including centralised treasury arrangements, the availability of a £300 million loan facility and at 31 March 2011, cash and cash equivalent balances of £266 million.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of Cable & Wireless Worldwide plc, the Company's Directors have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Cable & Wireless Worldwide Group to continue as a going concern. Accordingly they expect that the Company will be able to continue in operational existence for the foreseeable future and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Cash flow statement

Under FRS 1, 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 consolidated cash flow statement is included in the financial statements of Cable & Wireless Worldwide plc in which the Company is consolidated and which are publicly available from the address in note 14.

Fixed asset investments

Investments including investments in subsidiary undertakings are carried at cost less provision for impairment.

Notes to the financial statements

(continued)

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

2 Notes to the profit and loss account

The Directors did not receive any emoluments in respect of their services for this Company during the year (2010 £nil)

The Company had no employees during the year (2010 nil)

In the current year and the prior year, the auditor's remuneration of £3,000 (2010 £2,000) for the audit of these financial statements has been borne by another group company

	2011 £	2010 £
Finance lease and hire purchase interest payable	<u>-</u>	<u>15,716</u>

3 Amounts provided against loans

During the year, as part of a reorganisation exercise, the intercompany loan receivables payable by Cable & Wireless Global Holding Limited were assigned to the Company by its fellow group undertakings. The recoverability of these receivables was reassessed and this has resulted in an impairment of £26,563,000 (2010 £nil)

4 Interest receivable and similar income

	2011 £	2010 £
Interest receivable from group undertakings	<u>19,666</u>	<u>25,056</u>

Notes to the financial statements

(continued)

5 Taxation

Analysis of taxation for the year

	2011 £	2010 £
Current tax		
UK Corporation tax	-	-

Factors affecting current tax charge for the year

The current tax is higher than (2010 - lower than) the standard rate of corporation tax in the UK of 28% (2010 - 28%) The differences are explained below

	2011 £	2010 £
(Loss)/profit on ordinary activities before taxation	(32,848,334)	9,340
Corporation tax at standard rate	(9,197,534)	2,615
Permanent differences	9,203,041	-
Group relief claimed without payment	(5,507)	(2,615)
Current tax for the period	-	-

Factors that may affect future current and total tax charges

There were no recognised or unrecognised deferred tax balances as at 31 March 2011 or 31 March 2010

Notes to the financial statements

(continued)

6 Fixed asset investments

Shares in group undertakings and participating interests

	Subsidiary undertakings £
Cost	
At 1 April 2010	2,462,160,043
Additions	<u>144,480,000</u>
At 31 March 2011	<u>2,606,640,043</u>
Provision for impairment	
At 1 April 2010	2,462,160,043
Charge for the year	<u>6,305,000</u>
At 31 March 2011	<u>2,468,465,043</u>
Net book value	
At 31 March 2011	<u><u>138,175,000</u></u>
At 31 March 2010	<u><u>-</u></u>

During the year, as part of a reorganisation exercise, the Company acquired certain subsidiaries of Cable & Wireless Global Businesses International S a r l and Cable & Wireless Global Holding Limited for a total consideration of £144,480,000. These subsidiaries are now directly held by the Company. The acquisitions were funded through an intercompany loan with its parent company, Cable & Wireless UK Holdings Limited.

The Company carried out a review to determine whether there has been impairment of the carrying values of its fixed asset investments in line with FRS 11 'Impairment of fixed assets and goodwill'. This exercise resulted in a write-down of £6,305,000 (2010: £nil) to reflect identified impairments.

Notes to the financial statements

(continued)

6 Fixed asset investments (continued)

Principal subsidiary undertakings

Details of principal operating subsidiary undertakings are given below

Subsidiary undertaking	Class	Ownership	Country of incorporation	Principal activities
Cable & Wireless Global Holding Limited	Ordinary	100%	England and Wales	Holding company
Cable & Wireless Global Telecommunication Services Limited	Ordinary	100%	England and Wales	Transfer pricing management
Cable & Wireless Global Network Limited	Ordinary	100%	Ireland	Telecommunication services provider
Cable & Wireless Global Limited	Ordinary	100%	Ireland	Telecommunication services provider
Cable & Wireless Americas Operations Inc*	Ordinary	100%	USA	Telecommunication services provider
Apollo Submarine Cable Systems Limited*	Ordinary	60%	England and Wales	Telecommunication services provider
Cable & Wireless Global Business Services Pty Limited	Ordinary	100%	Australia	Telecommunication services provider
Cable & Wireless Global Businesses International S a r l	Ordinary	100%	Luxembourg	Telecommunication services provider

* denotes indirect holding

A full list of all subsidiary undertakings will be included with the ultimate parent company's Annual Return

Notes to the financial statements
(continued)

7 Debtors

	2011 £	2010 £
Amounts falling due within one year:		
Amounts due from group undertakings	<u>89,033,284</u>	<u>2,533,978</u>

The amounts due from group undertakings of £89,033,284 (2010 £2,533,978) bear interest ranges from LIBOR to LIBOR plus 3 50% (2010 LIBOR) The loan and any interest accrued thereon are repayable in full upon 30 days written notice

8 Creditors

	2011 £	2010 £
Amounts falling due within one year		
Amounts due to group undertakings	<u>257,522,640</u>	<u>-</u>

The amounts due to group undertakings are unsecured and bear interest of LIBOR plus 3 50% The loans and any interest accrued thereon become repayable in full on the last day of each borrowing period or immediately upon demand of the lender

9 Share capital

Allotted, called up and fully paid shares

	2011		2010	
	No.	£	No.	£
Ordinary share of £1 00 each	<u>1,002</u>	<u>1,002</u>	<u>1,002</u>	<u>1,002</u>

Notes to the financial statements

(continued)

10 Reserves

	Share premium account £	Profit and loss account £
At 1 April 2010	687,496,999	(684,964,023)
Loss for the year	-	(32,848,334)
At 31 March 2011	<u>687,496,999</u>	<u>(717,812,357)</u>

11 Contingent liabilities

The Company and other fellow group companies, entered into a £300,000,000 multi-currency revolving facility agreement with a consortium of banks. The facility is secured by a fixed charge over shares held in certain subsidiaries including the Company and a floating charge over assets in certain subsidiaries including the assets of the Company. No amounts were drawn down at 31 March 2011 (2010: £nil).

12 Operating lease commitments

As at 31 March 2010, the Company had a secondary period annual 'peppercorn' lease commitment of £15,716 which expired during the year.

The original finance lease arose on the purchase of plant and machinery. The plant and machinery was transferred to another group undertaking at net book value in the year ended 31 March 1998. All related plant and machinery now has £nil net book value. These leases are secured on the assets. Repayment is guaranteed by the ultimate parent, Cable & Wireless Worldwide plc.

13 Related party transactions

Under FRS 8, the Company is exempt from the requirement to disclose transactions with wholly owned entities that are part of the Cable&Wireless Worldwide Group, as all of the Company's voting rights are controlled within the Group. There are no transactions with any other related parties.

Notes to the financial statements

(continued)

14 Ultimate parent company and controlling party

The Company's immediate parent company is Cable & Wireless UK Holdings Limited, a company registered in England and Wales

The Directors regard Cable & Wireless Worldwide plc, a company registered in England and Wales, as the ultimate parent company and controlling party

The smallest and largest group in which the results of the Company are consolidated is that of Cable & Wireless Worldwide plc, the parent company. The consolidated financial statements of Cable & Wireless Worldwide plc may be obtained from the Company Secretary, Cable & Wireless Worldwide plc, Liberty House, 76 Hammersmith Road, London, W14 8UD