

CABLE & WIRELESS GLOBAL BUSINESS SERVICES LIMITED

Report and Financial Statements

31 March 2006



**Registered Office:
Lakeside House
Cain Road
Bracknell
Berkshire
RG12 1XL**

To the Company's Ordinary Shareholders

Elective regime

On 18 June 1998 the Company passed elective resolutions in accordance with Section 379A of the Companies Act 1985 as amended ("the Act") to dispense with the formalities of

- the laying of accounts before the Company in general meeting (Section 252 of the Act),
- the holding of annual general meetings (Section 366A of the Act),
- the obligation to appoint auditors annually (Section 386 of the Act)

Section 253(2) gives members the right to require the laying of accounts before the Company in the general meeting. To exercise such right, a member must give notice in writing to that effect deposited at the registered office of the Company within 28 days of the day on which the report and financial statements are sent out in accordance with Section 238(1) of the Act.

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Directors' report

The Directors presents their annual report and the audited financial statements for the year ended 31 March 2006

Principal activity

The principal activity of the Company is the provision of management services to certain companies within the Cable & Wireless group. This includes the collection and redistribution of funds relating to fellow subsidiary company billings to customers. The Company transferred its principal trading activity to a fellow group undertaking during 2004.

Results and dividends

The profit for the year after taxation amounting to £3,852,000 (2005 £5,557,000) has been dealt with in the attached financial statements. The Directors do not recommend payment of a dividend (2005 £nil).

Review of developments and future prospects

The Company transferred its principal trading activity to a fellow group undertaking during 2004. The Directors intend to liquidate the company, but not in the foreseeable future. The effect of this is explained in note 1.

Disclosure of information to 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.

Directors

The Directors who held office during the year are shown below.

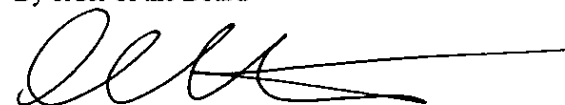
L Solomon	(resigned 29 July 2005)
JM Jensen	(appointed 29 July 2005, resigned 22 June 2007))
N Cooper	(appointed 16 March 2006)
I Gunatilleke	(appointed 22 June 2007)

The Director benefits from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to 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.

By order of the Board



I GUNATILLEKE

Director

Date 15 August 2007

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 then apply them consistently,
- make judgments and 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Cable & Wireless Global Business Services Limited

We have audited the financial statements of Cable & Wireless Global Business Services Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Cable & Wireless Global Business Services Limited (Continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

15 August 2007

Profit and loss account
for the year ended 31 March 2006

	Note	2006 £'000	2005 £'000
Turnover	2	-	29
Cost of sales		(264)	-
Gross profit		(264)	29
Other operating expenses (net)		-	227
Operating (loss)/profit		(264)	256
Other interest receivable and similar income	5	4,116	5,364
Profit on ordinary activities before taxation	4	3,852	5,620
Tax on ordinary activities	6	-	(63)
Retained profit for the financial year		3,852	5,557

All results are derived from discontinued activities

As stated in note 1, the Company is to be liquidated and activities have been discontinued

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

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

Reconciliation of Shareholders Funds

For the year ended 31 March 2006

	2006 £'000	2005 £'000
Retained profit for the financial year	3,852	5,557
Net increase in shareholder's funds	3,852	5,557
Opening shareholder's funds	6,057	500
Closing shareholder's funds	9,909	6,057

Balance sheet
at 31 March 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Investments	7	-	320
		<u>-</u>	<u>320</u>
Current assets			
Debtors	8	108,945	106,458
		<u>108,945</u>	<u>106,458</u>
Creditors, amounts falling due within one year	9	(99,036)	(100,721)
Net current assets		<u>9,909</u>	<u>5,737</u>
Net assets		<u>9,909</u>	<u>6,057</u>
Capital and reserves			
Called up share capital	10	5,000	5,000
Profit and loss account	11	<u>4,909</u>	<u>1,057</u>
Equity shareholder's funds		<u>9,909</u>	<u>6,057</u>

The accompanying notes form an integral part of these statements

The financial statements were approved by the Board of Directors on 15 August 2007 and signed on their behalf by


I GUNATILLEKE
Director

Notes to 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 Company's financial statements

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
- the presentation requirements of FRS 25 'Financial instruments presentation and disclosure', and
- FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

Neither FRS 21 'Events after the balance sheet date' nor FRS 25 'Financial instruments presentation and disclosure' had any material effect as no related transactions or balances are recognised in these financial statements

Basis of preparation

The financial statements have been prepared on a going concern basis. In the previous year they were prepared on a non going concern basis on the assumption that the Company would be liquidated in the year ended 31 March 2006. The Directors are still considering plans to liquidate the Company but this is not expected to occur in the foreseeable future.

As at March 2005 no adjustments were necessary to the amounts at which the remaining net assets were included in the financial statements. There have been no adjustments as at March 2006.

Turnover

Turnover represents the value of goods and services provided to customers during the year after the deduction of value added tax.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date, except as otherwise required by FRS 19. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Cash flow statement

Under FRS 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 consolidated cash flow statement is included in the financial statements of Cable and Wireless plc in which the company is consolidated from the address in note 13.

Notes to the financial statements (continued)**2. Turnover**

All turnover arises in the UK and relates to management fees arising from services provided to other Cable & Wireless Group companies

3. Information regarding Directors and employees

The Company had no employees during the year (2005 nil) The Directors did not receive any remuneration from the Company during the year (2005 £nil)

No Directors' exercised options in the parent Company during the year

4. Profit on ordinary activities before taxation

The auditors' remuneration for the current and preceding financial year was borne by a fellow group company

5. Other interest receivable and similar income

	2006 £'000	2005 £'000
Receivable from group undertakings	4,108	5,364
Net exchange gains	8	-
	<u>4,116</u>	<u>5,364</u>

6. Tax on ordinary activities

Analysis of charge in the year

	2006 £'000	2005 £'000
<i>UK Corporation tax</i>		
Adjustments in respect of prior periods	-	63
Tax on profit on ordinary activities	<u>-</u>	<u>63</u>

Factors affecting the tax charge for the current period

The current tax charge is lower (2005 charge is lower) than the standard rate of corporation tax in the UK of 30% (2005 30%) The differences are explained below

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation	<u>3,852</u>	<u>5,620</u>
Current tax at 30% (2005 30%)	1,156	1,686
Effects of		
- Group relief claimed without payment	(1,156)	(1,686)
- Adjustments in respect of prior periods	<u>-</u>	<u>63</u>
Total current tax charge (see above)	<u>-</u>	<u>63</u>

Notes to the financial statements (continued)

7. Investments

	Shares in group undertakings £'000
<i>Cost</i>	
At beginning of year	320
Disposals	(320)
	<hr/>
At end of year	-
	<hr/>

During the year the Company disposed of its investment in Cable & Wireless Global Business Limited to fellow subsidiary, Cable & Wireless DI Holdings Limited, for a consideration of £320,271

8. Debtors

	2006 £'000	2005 £'000
Amounts owed by group undertakings	108,945	106,453
Other debtors	-	5
	<hr/>	<hr/>
	108,945	106,458
	<hr/>	<hr/>

Of the amounts owed by parent undertakings £92,527,017 (2005 £90,591,551) bears interest of LIBOR minus 0.25%. The loan and any interest accrued thereon becomes repayable in full on the last day of each borrowing period or immediately upon demand of the lender

9 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Amounts owed to group undertakings	99,036	100,721
	<hr/>	<hr/>
	99,036	100,721
	<hr/>	<hr/>

10. Called up share capital

	2006 £'000	2005 £'000
Authorised:		
5,000,002 ordinary shares of £1 each	5,000	5,000
	<hr/>	<hr/>
Allotted, called up and fully paid:		
5,000,002 ordinary shares of £1 each	5,000	5,000
	<hr/>	<hr/>

Notes to the financial statements (continued)**11. Reserves**

	£'000
Profit and loss account	
At 1 April 2005	1,057
Retained profit for the year	3,852
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At 31 March 2006	4,909
	<hr/>

12. Related party transactions

The Company's immediate parent company is Cable & Wireless Global Businesses International S a r l, registered in Luxembourg

Under FRS 8, 'Related Party Transactions' 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 the Group. There are no transactions with any other related parties.

13. Ultimate parent company

The Directors regard Cable and Wireless plc, a company registered in England and Wales, as the ultimate parent company and controlling undertaking.

The largest group in which the results of the Company are consolidated is that of Cable and Wireless plc, the ultimate parent company. The consolidated financial statements of Cable and Wireless plc may be obtained from The Secretary, Cable and Wireless plc, 7th Floor, The Point, 37 North Wharf Road, London W2 1LA. No other group accounts include the results of the Company.