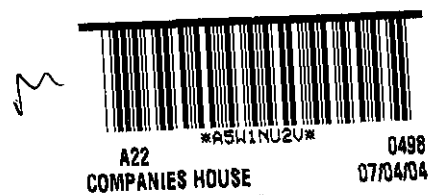


CABLE & WIRELESS GLOBAL BUSINESS SERVICES LIMITED

Report and Financial Statements

31 March 2003

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



To the Company's Ordinary Shareholders

Elective regime

On 18th 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.

Contents

	Page
Directors' report	2
Statement of directors' responsibilities	4
Report of the independent auditors, KPMG Audit Plc, to the members of Cable & Wireless Global Business Services Limited	5
Profit and loss account	6
Balance sheet	7
Reconciliation of movements in shareholder's funds	8
Notes to the financial statements	9

Directors' report for the year ended 31 March 2003

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

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.

Results and dividends

The loss for the year after taxation amounting to £17,568,000 (2002: loss of £5,045,000) has been dealt with in the attached financial statements. The directors do not recommend payment of a dividend (2002: £nil).

As at 31 March 2003 Cable and Wireless plc undertook a review to determine whether there had been a further impairment of its fixed assets and goodwill. In accordance with FRS11, the value in use of each of the Group's income generating units was determined with reference to the Group's five year plan, using a growth rate of 2.5% in the period beyond the Group's five year plan, and a discount rate of 14%. The resulting charge in the company was £13,314,000 (2002: £nil) in respect of fixed assets.

Review of developments and future prospects

No change in the Company's activities is envisaged in the foreseeable future.

Post balance sheet event

Following the restructuring and reorganisation of part of the Cable & Wireless group's activities, amounts due from certain fellow subsidiaries may not be recoverable. Consequently, debtor balances with a carrying value of £3,129,000 have been provided against as at 31 March 2003.

Directors and their interests

The directors who held office during the year and subsequent to the year end are shown below:

K K Claydon	resigned 14 July 2003
J M Bolton	(alternate to K K Claydon), appointment terminated 14 July 2003
B J Alexis	resigned 14 July 2003
R Hoggarth	appointed 14 July 2003
G H Norton	appointed 1 July 2003

Directors' report (continued)**Directors and their interests (continued)**

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 Directors who held office at the end of the financial year had the following beneficial interests in the shares of Cable and Wireless plc:

	At 1 April 2002	Shares acquired or options granted	Shares disposed or options exercised/lapsed	At 31 March 2003	
KK Claydon	16,571	6,519	4,721	18,369	
	7,412	39,780	18,762	28,430	(a)
	131,517	91,000	-	222,517	(b)
	10,782	-	10,782	-	(c)
	4,524	-	-	4,524	(d)
	36,326	-	-	36,326	(e)
	-	45,400	-	45,400	(f)
JM Bolton	1,014	643	-	1,657	
	3,459	21,134	9,457	15,136	(a)
	27,101	15,000	-	42,101	(b)
BJ Alexis	176	1,493	-	1,669	
	31,688	-	-	31,688	(b)

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 contingent share awards granted on 1 April 1999 under the C&W Performance Share Plan (PSP) 1999, (d) which are contingent share awards granted on 1 April 2000 under the C&W PSP 2000, (e) which are contingent share awards granted on 27 July 2001 under the C&W PSP 2001 or (f) which are contingent share awards granted on 23 May 2002 under the C&W PSP 2002. Full details of the PSP are included in the financial statements of the ultimate parent company.

By order of the Board



HM Hanscomb
Assistant Secretary

Date: 31 March 2004

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 and of the profit or loss 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.

Report of the independent auditors, KPMG Audit Plc, to the members of Cable & Wireless Global Business Services Limited

We have audited the financial statements on pages 6 to 13.

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 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 1985. 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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

31 March 2004

Profit and loss account*for the year ended 31 March 2003*

	Note	2003 £'000	2002 £'000
Turnover	2	11,618	11,032
Operating costs before depreciation and exceptional items		(6,380)	(8,786)
Exceptional operating costs	4	(3,489)	-
Operating costs before depreciation		(9,869)	(8,786)
Depreciation before exceptional items		(5,715)	(7,411)
Exceptional depreciation	6	(13,314)	-
Depreciation		(19,029)	(7,411)
Total operating costs		(28,898)	(16,197)
Operating loss		(17,280)	(5,165)
Other interest receivable and similar income	7	-	265
Loss on ordinary activities before taxation	5	(17,280)	(4,900)
Tax on ordinary activities	8	(288)	(145)
Retained loss for the financial year		(17,568)	(5,045)

All turnover and operating profit is derived from continuing activities.

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

Balance sheet*at 31 March 2003*

	Note	2003 £'000	2002 £'000
Fixed assets			
Tangible fixed assets	9	-	15,247
Current assets			
Debtors	10	151,665	381,928
Cash at bank and in hand		8,210	4,384
		<u>159,875</u>	<u>386,312</u>
Creditors: amounts falling due within one year	11	<u>(159,227)</u>	<u>(383,343)</u>
Net current assets		648	2,969
Net assets		<u>648</u>	<u>18,216</u>
Capital and reserves			
Called up share capital	12	5,000	5,000
Profit and loss account		(4,352)	13,216
Equity shareholder's funds		<u>648</u>	<u>18,216</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on **31 March** 2004 and signed on their behalf by:


G H NORTON
Director

Reconciliation of movements in shareholder's funds*for the year ended 31 March 2003*

	2003 £'000	2002 £'000
Retained loss for the financial year	(17,568)	(5,045)
Net reduction in shareholder's funds	(17,568)	(5,045)
Opening shareholder's funds	18,216	23,261
Closing shareholder's funds	648	18,216

Notes to the financial statements

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 except as noted below.

Basis of preparation

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

Turnover

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

Tangible fixed assets and depreciation

Depreciation is provided in equal annual instalments for the cost of tangible fixed assets over the estimated useful life of the assets, namely:

Plant and equipment	3 to 5 years
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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.

Pension costs

The Company operates a number of defined contribution schemes for its employees. The assets of the schemes are held separately from those of the Company in an independently administered fund.

The Company is also a member of a pension scheme operated by the Group and providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme has been accounted for, in these financial statements, as if it were a defined contribution scheme.

The amount charged to the profit and loss account in the year includes the cost of the contributions payable to the above schemes in respect of the current accounting period.

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.

2. Turnover

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

Notes to the financial statements (*continued*)

3. Information regarding directors and employees

The directors did not receive any remuneration from the Company during the year (2002: £nil).

The average number of persons employed by the Company during the year was as follows:

	2003 Number	2002 Number
Average number of employees	25	90

The aggregate payroll costs of these persons were as follows:

	2003 £'000	2002 £'000
Wages and salaries	533	1,842
Social security costs	50	191
Other pension costs	40	223
	623	2,256

4. Exceptional operating costs

	2003 £'000	2002 £'000
Provision for irrecoverable debtor balances	3,129	-
Redundancy costs	360	-
	3,489	-

Following the restructuring and reorganisation of part of the Cable & Wireless group's activities, amounts due from certain fellow subsidiaries may not be recoverable. Consequently, debtor balances with a carrying value of £3,129,000 have been provided against as at 31 March 2003.

On 13 November 2002, Cable and Wireless plc announced a restructuring of its Global business. As a result of this restructuring, £360,000 of redundancy costs were incurred by the Company.

5. Loss on ordinary activities before taxation

	2003 £'000	2002 £'000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Depreciation	5,715	7,411
Impairment of tangible fixed assets (note 6)	13,314	-
Exceptional operating costs (note 4)	3,489	-

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

Notes to the financial statements (*continued*)

6. Impairment of tangible fixed assets

As at 31 March 2003 Cable and Wireless plc undertook a review to determine whether there had been a further impairment of its fixed assets and goodwill. In accordance with FRS11, the value in use of each of the Group's income generating units was determined with reference to the Group's five year plan, using a growth rate of 2.5% in the period beyond the Group's five year plan, and a discount rate of 14%. The resulting charge in the company was £13,314,000 (2002: £nil) in respect of fixed assets.

7. Other interest receivable and similar income

	2003 £'000	2002 £'000
Interest on loan to parent undertaking	-	265

8. Tax on ordinary activities

Analysis of charge in the year:

	2003 £'000	2002 £'000
<i>UK Corporation tax</i>		
Current tax on income for the year	163	(812)
Adjustments in respect of prior periods	125	1,111
Total current tax	288	299
Deferred tax	-	(154)
Tax on profit on ordinary activities	288	145

Factors affecting the tax charge for the current period

The current tax charge is higher (2002: higher) than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below:

	2003 £'000	2002 £'000
Loss on ordinary activities before taxation	(17,280)	(4,900)
Current tax at 30% (2002: 30%)	(5,184)	(1,470)
Effects of:		
- Expenses not deductible for tax purposes	1,269	19
- Depreciation in excess of capital allowances	4,078	639
- Adjustments in respect of prior periods	125	1,111
Total current tax charge (see above)	288	299

Factors that may affect future tax charges

A deferred tax asset of £4,971,320 (2002: £303,113) has not been recognised on timing differences resulting from depreciation in excess of capital allowances as these are not considered recoverable in the foreseeable future.

Notes to the financial statements (continued)

9. Tangible fixed assets

	Plant and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost			
At 1 April 2002	28,433	3,025	31,458
Additions	3,222	560	3,782
Transfers	2,457	(2,457)	-
At 31 March 2003	34,112	1,128	35,240
Depreciation			
At 1 April 2002	16,211	-	16,211
Charge for the period	5,715	-	5,715
Impairment charge (note 6)	12,186	1,128	13,314
At 31 March 2003	34,112	1,128	35,240
Net book value			
At 31 March 2003	-	-	-
At 31 March 2002	12,222	3,025	15,247

Depreciation has not been charged on the cost of assets not yet in service. The impairment charge is explained in note 6.

10. Debtors

	2003 £'000	2002 £'000
Amounts owed by group undertakings	151,642	381,520
Other debtors	23	408
	151,665	381,928

11. Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Trade creditors	14	317
Amounts owed to group undertakings	158,253	382,225
Accruals and deferred income	960	801
	159,227	383,343

Notes to the financial statements (*continued*)

12. Called up share capital

	2003 £'000	2002 £'000
Authorised:		
5,000,002 ordinary shares of £1 each	5,000	5,000
Allotted, called up and fully paid:		
5,000,002 ordinary shares of £1 each	5,000	5,000

13. Reserves

	£'000
Profit and loss account	
At 01 April 2002	13,216
Retained loss for the year	(17,568)
At 31 March 2003	(4,352)

14. Pensions scheme

The Company operates for its employees a number of defined contribution schemes.

The Company is also a member of a pension scheme operated by the Group and providing benefits based on final pensionable pay. Particulars of the actuarial valuations of the group schemes are contained in the accounts of Cable and Wireless plc.

The pension cost charge for the year represents contributions payable by the Company to the above schemes. During the year these contributions amounted to £40,000 (2002: £223,000). No amounts were outstanding at the end of the financial year in respect of this charge.

15. Related party transactions

Under FRS 8 'Related Parties', 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.

16. Ultimate parent company

The Company's holding company is Cable & Wireless Global Businesses International S.a.r.l, registered in Luxembourg, and its 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.