

London Hydraulic Power Company

Balance sheet

At 31 March 2006

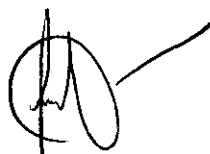
	Note	2006 £'000	2005 £'000
Current assets			
Debtors	3	515	515
Net current assets		<u>515</u>	<u>515</u>
Net assets		<u>515</u>	<u>515</u>
Capital and reserves			
Called up share capital	4	166	166
Profit and loss account		264	264
Other reserves		85	85
Shareholders' funds		<u>515</u>	<u>515</u>

The Directors confirm that:

- (a) for the year ended 31 March 2006 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985 from the requirement to have its accounts audited; and
- (b) members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The Directors acknowledge their responsibilities for (i) ensuring that the Company keeps accounting records which comply with section 221 of the Companies Act 1985, and (ii) preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of section 226 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the Company.

These financial statements were approved by the Board of Directors on 09 January 2007 and signed on its behalf by:



J M JENSEN
Director

The accompanying notes form an integral part of this statement.

THURSDAY



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Directors' report

The Directors present their annual report and financial statements for the year ended 31 March 2006.

Principal activities and review of developments

The Company was dormant within the meaning of Section 249AA of the Companies Act 1985 throughout the year. Accordingly, no profit and loss account has been produced and the Directors have appointed no auditors. The Company is not expected to trade in the foreseeable future.

Directors and their interests

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

J M Jensen	appointed 29 July 2005
N I Cooper	appointed 16 March 2006
L Solomon	appointed 16 September 2004, resigned 29 July 2005
A S Garard	appointed 17 December 2004, resigned 21 March 2006

The Directors have no interest in the shares of the Company nor any disclosable interests in any contracts or arrangements with the Company 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 2005 (or later date of appointment)	Shares acquired or options granted	Shares disposed or options exercised or lapsed	Closing Balance at 31 March 2006	
N I Cooper	570	-	-	570	
	433,944	-	-	433,944	(a)
	108,486	-	-	108,486	(b)
J M Jensen	1,000	-	-	1,000	
	-	116,959	-	116,959	(c)
	-	223,463	-	223,463	(d)

All interests are in fully paid Ordinary Shares, unless marked (a) which are options to purchase Ordinary Shares under the discretionary share option schemes, (b) which are contingent share awards granted on 13 February 2006 under the Performance Share Plan 'PSP' (c) which are restricted shares granted under the Restricted Share Plan ('RSP'), 50% of which vest on 25 August 2006 and 50% vest on 25 August 2008, or (d) which are restricted shares granted under the RSP, 50% of which vest on 3 March 2007 and 50% vest on 3 March 2009.

Full details of the PSP and the RSP are included in the financial statements of the ultimate parent company.

By order of the Board:



H M HANSCOMB
Secretary

Date: