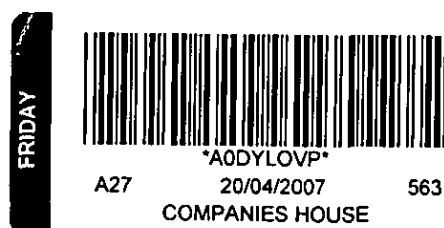


**CABLE AND WIRELESS (INVESTMENTS) LIMITED**

**Report and Financial Statements**

**31 March 2006**



**Registered Office**  
7<sup>th</sup> Floor,  
The Point,  
37 North Wharf Road,  
London W2 1LA

# **CABLE AND WIRELESS (INVESTMENTS) LIMITED**

## **To the Company's Ordinary Shareholders**

### **Elective Regime**

On 8 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 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.

# **CABLE AND WIRELESS (INVESTMENTS) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

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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 2006

### **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 profit for the year after taxation amounting to £19,374,000 (2005 – £395,000) has been dealt with in the attached financial statements. The Directors do not recommend payment of a dividend (2005 – £nil)

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## DIRECTORS REPORT

### DIRECTORS AND THEIR INTERESTS

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

A S Garard (resigned 21 March 2006)  
 J S Wilson (resigned 21 July 2005)  
 D J Platt (appointed 8 September 2005)  
 N I Cooper (appointed 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 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 2005 (or date of appointment if later)	Shares acquired or options granted	Shares disposed or options exercised/lapsed	At 31 March 2006
N I Cooper	570	-	-	570
	433,944	-	-	433,944 (b)
	108,486	-	-	108,486 (c)
D J Platt	17,196	144	-	17,340
	8,881	-	-	8,881 (a)
	383,767	-	-	383,767 (b)
	56,855	-	-	56,855 (d)
	24,376	270	-	24,646 (e)

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 13 February 2006 under the Performance Share Plan (d) which are restricted shares which will vest 50% on 25 August 2006 and the remaining 50% on 25 August 2008 or (e) which are Deferred Short Term Incentive Plan matching awards which will vest on the third anniversary of the date of grant

By order of the Board of Directors



H M HANSCOMB

Secretary

Date 05 APRIL 2007

# **CABLE AND WIRELESS (INVESTMENTS) LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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.

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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABLE AND WIRELESS (INVESTMENTS) LIMITED**

We have audited the financial statements of Cable and Wireless (Investments) Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet 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**

As described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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. We also 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.

## **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*

Date: *18 April 2007*

*Chartered Accountants  
Registered Auditor  
London*

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 March 2006

	Note	2006 £000	2005 £000
Gain on sale of investments	3	19,374	-
Net interest and other similar income	4	<u>-</u>	<u>395</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		19,374	395
Tax charge on profit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		19,374	395
 <b>Retained loss brought forward</b>		<u>(803,882)</u>	<u>(804,277)</u>
<b>Retained loss carried forward</b>		<u>(784,508)</u>	<u>(803,882)</u>

There are no recognised gains or losses for the current and prior year other than those presented in the profit and loss account. Accordingly, no statement of recognised gains and losses has been prepared.



# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## BALANCE SHEET As at 31 March 2006

	Note	2006 £000	2005 £000
<b>FIXED ASSETS</b>			
Investments	6	<u>2,454,416</u>	<u>2,456,034</u>
<b>CURRENT ASSETS</b>			
Debtors	7	13,588	14,502
<b>CREDITORS:</b>			
Amounts falling due within one year	8	<u>(2,160,549)</u>	<u>(2,182,455)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,146,961)</u>	<u>(2,167,953)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>307,455</u>	<u>288,081</u>
<b>NET ASSETS</b>		<u>307,455</u>	<u>288,081</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	270,329	270,329
Share premium account	11	821,634	821,634
Profit and loss account	11	<u>(784,508)</u>	<u>(803,882)</u>
<b>EQUITY SHAREHOLDER'S FUNDS</b>	10	<u>307,455</u>	<u>288,081</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 04 APRIL 2007 and signed on their behalf by



**D J PLATT**  
Director

# **CABLE AND WIRELESS (INVESTMENTS) LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 March 2006**

### **1. ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements are prepared in accordance with applicable accounting standards and on the historical cost basis

The financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of £2,146,961. The Directors have reviewed the financial position of the Company, including the arrangements with group undertakings, and believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

The Company has taken advantage of the exemption to prepare consolidated financial statements under Section 228 of the Companies Act 1985, on the grounds that it is a wholly-owned subsidiary undertaking of Cable and Wireless plc, a company registered within the European Union. These financial statements present information about the Company as an individual undertaking and not about its group.

#### **Investments**

Fixed asset investments are stated at cost less amounts written off in respect of any impairment.

#### **Tax**

The charge for tax is based on the result for the year and takes into account tax deferred due to timing differences between the treatment of certain items for tax and accounting purposes.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that 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.

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

#### **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, EMPLOYEES AND AUDITORS**

The Company had no employees during the year (2005 – nil). The Directors did not receive any emoluments from the Company (2005 – £ nil). The auditors' remuneration for the year and previous year was borne by the parent company.

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 March 2006

### 3. GAIN ON SALE OF INVESTMENT

	2006 £000	2005 £000
Gain on Sale of Investment in Sakhalin Telecom Mobile Limited	19,374	-
	<u>19,374</u>	<u>-</u>

Sakhalin Telecom Mobile Limited was disposed on 13 July 2005 for £21m

### 4. NET INTEREST AND OTHER SIMILAR INCOME

	2006 £000	2005 £000
Dividend income	-	395
	<u>-</u>	<u>395</u>

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Tax reconciliation to UK statutory rate

	2006 %	2005 %
Tax on pre-tax profit at 30%	30	30
Effects of		
Adjustment to permanent differences	(30)	-
Group Relief Claimed without payment	-	(30)
	<u>-</u>	<u>-</u>

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 March 2006

### 6. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £000
Net Book Value At 1 April 2005	2,456,034
Disposed in the year	(1,618)
Net book value At 31 March 2006	2,454,416

The principal undertakings, in which the Company's interest consist of ordinary shares, were as follows

Undertaking	Country of incorporation	Principal activity	Class of share	Percentage of ownership (direct)
Cable Acquisitions Inc	USA	Holding Company	Ordinary	100%
Cable and Wireless (Far East) Limited	Hong Kong	Holding Company	Ordinary	100%
Cable & Wireless (Gibraltar) Limited*	Gibraltar	Non Trading	Ordinary	100%
Cable & Wireless (Singapore) Pte Limited	Singapore	Investment Company	Ordinary	100%
Cable & Wireless Eastern Hemisphere UK Ltd	England	Investment Company	Ordinary	100%
Cable & Wireless Pty Limited*	Australia	Dormant	Ordinary	50%
Cable & Wireless Canada Inc	Canada	Dormant	Ordinary	100%

\*Cable & Wireless (Gibraltar) Limited was placed into liquidation on 27 April 2006 and Cable & Wireless Pty Limited was dissolved on 20 August 2005

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 March 2006

### 7. DEBTORS

	2006 £000	2005 £000
Amounts owed by group undertakings		
Subsidiary undertakings	-	2,760
Group undertakings	1,000	1,000
Parent undertakings	12,588	13,502
	<hr/> 13,588	<hr/> 17,262
Amounts provided against	-	(2,760)
	<hr/> 13,588	<hr/> 14,502

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £000	2005 £000
Amounts owed to group undertakings		
Group undertakings	2,160,549	2,182,455
	<hr/> 2,160,549	<hr/> 2,182,455

### 9. CALLED UP SHARE CAPITAL

	2006 £000	2005 £000
Authorised		
2,000,000,000 ordinary shares of 25p each	500,000	500,000
	<hr/> 500,000	<hr/> 500,000
Allotted, called up, and fully paid		
1,081,318,594 ordinary shares of 25p each	270,329	270,329
	<hr/> 270,329	<hr/> 270,329

### 10. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2006 £000	2005 £000
Profit for the financial year	19,374	395
	<hr/> 19,374	<hr/> 395
Net increase in equity shareholders' funds	19,374	395
Opening equity shareholders' funds	288,081	287,686
	<hr/> 288,081	<hr/> 287,686
Closing equity shareholders' funds	307,455	288,081
	<hr/> 307,455	<hr/> 288,081

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 March 2006

### 11. MOVEMENT ON RESERVES

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 2005	821,634	(803,882)	17,752
Profit for the year	-	19,374	19,374
At 31 March 2006	821,634	(784,508)	37,126

### 12. 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 14.

### 13. RELATED PARTY TRANSACTIONS

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 that group. There are no material transactions with any other related parties.

### 14. 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, 7<sup>th</sup> Floor, The Point, 37 North Wharf Road, London W2 1LA.