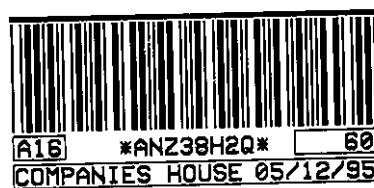


CABLE AND WIRELESS (INVESTMENTS) LIMITED

REPORTS AND ACCOUNTS 1995

Registered Number 244080 England



CABLE AND WIRELESS (INVESTMENTS) LIMITED

BOARD OF DIRECTORS

Directors

R.J.Olsen

K.K.Claydon

J.N.Gillespie

R.A.H.Wainright-Lee

Secretary

K.K.Claydon

REGISTERED OFFICE

124 THEOBALDS ROAD, LONDON WC1X 8RX

## CABLE AND WIRELESS (INVESTMENTS) LIMITED

### REPORT OF THE DIRECTORS

The Directors submit their Annual Report together with the audited accounts of the Company for the year ended 31 March, 1995.

#### PRINCIPAL ACTIVITIES

The principal activity of the Company is acting as an investment company.

#### REVIEW OF DEVELOPMENTS

The Company continued its role as an investment company, establishing the Cable and Wireless Group Investment in a Joint Venture with Schlumberger Ltd. that will market global customised communications solutions. The Company also acquired the Group Investment in Switzerland .

#### RESULTS AND DIVIDENDS

The loss for the year amounted to £193,000. The Directors do not recommend payment of a dividend.

#### DIRECTORS

The following served as Directors during the year under review:

K.K.Claydon

R.J.Olsen

J.N.Gillespie, appointed on 14 February 1995

R.A.H.Wainright-Lee, appointed on 14 February 1995

J.K.Phillips, resigned on 16 January 1995

#### DISCLOSABLE INTERESTS

The interests of the Directors and their families in the shares of Cable and Wireless plc are shown below:

	Opening Balance at 1 April, 1994 (or later date of appointment)	Shares Acquired or Options Granted	Shares Disposed or Options Exercised	Closing Balance at 31 March, 1995
K.K.Claydon	95	2	-	97
	11,584(a)	-	-	11,584(a)
	73,420(b)	-	-	73,420(b)
R.J.Olsen	56,853	2,791	-	59,644
	8,274(a)	1,009	1,588	7,695(a)
	271,502(b)	106,000	-	377,502(b)

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## REPORT OF THE DIRECTORS (CONTINUED)

### DISCLOSABLE INTERESTS (CONTINUED)

	Opening Balance at 1 April, 1994 (or later date of appointment)	Shares Acquired or Options Granted	Shares Disposed or Options Exercised	Closing Balance at 31 March, 1995
J.N.Gillespie (appointed,14 February,1995)	4,838(a)	-	-	4,838(a)
R.A.H.Wainright-Lee (appointed,14 February,1995)	2,852(a) 57,746(b)	- -	- -	2,852(a) 57,746(b)

All interests are in fully paid ordinary shares,unless marked (a) which are options to purchase ordinary shares under the Savings Related Option Scheme for Employees or (b) which are options to purchase ordinary shares under the discretionary share option schemes.

### AUDITORS

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting .

By Order of the Board of Directors



K.K.Claydon.

Secretary

124 Theobalds Road

London WC1X 8RX

10 November 1995

## CABLE AND WIRELESS (INVESTMENTS) LIMITED

### DIRECTORS' RESPONSIBILITIES

in respect of the preparation of financial statements

Company law requires the Directors to prepare financial statements for each financial reporting period 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.

## CABLE AND WIRELESS (INVESTMENTS) LIMITED

### AUDITORS' REPORT TO THE MEMBERS OF CABLE AND WIRELESS (INVESTMENTS) LIMITED

We have audited the financial statements on pages 7 to 14.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 5, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### BASIS OF 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 affairs of the Company as at 31 March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG  
Chartered Accountants  
Registered Auditors  
London

10 November 1995

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## PROFIT AND LOSS ACCOUNT

For the Year Ended 31 March

	Note	1995 £'000	1994 £'000
Turnover	2	24	366
Operating costs	3	<u>(649)</u>	<u>(11,524)</u>
Operating loss		(625)	(11,158)
Exceptional items			
Surplus on sale of investments	4	-	5,222
Net interest and other similar income	5	<u>502</u>	<u>9</u>
Loss on ordinary activities before taxation		(123)	(5,927)
Taxation	7	<u>(70)</u>	<u>(122)</u>
Retained loss for the year	12	<u><u>(193)</u></u>	<u><u>(6,049)</u></u>

There are no recognised gains or losses other than the loss for the year and the loss for the previous year.

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

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## BALANCE SHEET

At 31 March

	Note	1995 £'000	1994 £'000
<b>Fixed assets</b>			
Investments	8	<u>183,460</u>	<u>156,007</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	3,882	2,857
Debtors: amounts falling due after more than one year	9	<u>1,958</u>	<u>1,775</u>
		<u>5,840</u>	<u>4,632</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	<u>114,941</u>	<u>87,087</u>
Net current liabilities		<u>(109,101)</u>	<u>(82,455)</u>
Total assets less current liabilities		74,359	73,552
Creditors: amounts falling due after more than one year	10	<u>4,101</u>	<u>3,101</u>
Net assets		<u><u>70,258</u></u>	<u><u>70,451</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	23,238	23,238
Share premium account	12	23,212	23,212
Profit and loss account	12	<u>23,808</u>	<u>24,001</u>
Total shareholders' funds		<u><u>70,258</u></u>	<u><u>70,451</u></u>

The accounts on pages 7 to 14 were approved by the Board of Directors and signed on their behalf by:



K.K. Claydon  
Director

10 November 1995



# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £'000	1994 £'000
Loss for the financial year	(193)	(6,049)
Net decrease in shareholders' funds	<u>(193)</u>	<u>(6,049)</u>
Opening shareholders' funds	<u>70,451</u>	<u>76,500</u>
Closing shareholders' funds	<u><u>70,258</u></u>	<u><u>70,451</u></u>

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

The principal accounting policies of the Cable and Wireless (Investments) Limited are summarised below:

(a) Basis of accounting

The accounts have been prepared in accordance with applicable Accounting Standards on the historical cost basis.

(b) Fixed Asset Investments

Fixed asset investments are stated at cost less amounts written off.

(c) Deferred taxation

The Company does not provide for deferred taxation unless there is a reasonable probability that the liability will arise in the foreseeable future. Where deferred tax is provided, the liability method is used.

(d) Foreign currencies

Assets, liabilities and operating results in foreign currencies are translated into sterling on the following bases:

i) Tangible fixed asset investments at rates ruling when purchased.

ii) Operating results at average rates ruling during the year.

iii) All other foreign currency assets and liabilities are translated at rates ruling at 31 March and all other exchange differences are dealt with through the profit and loss account.

### 2. TURNOVER

Turnover arises from the Company's interests in its subsidiaries, associated companies and other investments

### 3. OPERATING COSTS

	1995 £'000	1994 £'000
Other operating costs	646	11,521
Auditors' remuneration-Audit work	3	3
	<u>649</u>	<u>11,524</u>

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 4. EXCEPTIONAL ITEMS

	1995 £'000	1994 £'000
Profit on sale of investments in France	<u>-</u>	<u>5,222</u>

There is no tax associated with the exceptional item as the gain is covered by capital losses brought forward.

### 5. NET INTEREST AND OTHER SIMILAR INCOME

	1995 £'000	1994 £'000
Interest received from group undertakings	502	-
Other Income	<u>-</u>	<u>9</u>
	<u>502</u>	<u>9</u>

### 6. DIRECTORS AND EMPLOYEES

The Company had no employees during the year (1994 - nil). The Directors did not receive any emoluments from the Company (1994 - nil).

### 7. TAXATION

	1995 £'000	1994 £'000
The charge for taxation based on the results for the year, comprises:		
UK Corporation tax - 33% (1994 - 33%)	<u>70</u>	<u>122</u>
	<u>70</u>	<u>122</u>

If deferred taxation had been fully provided under the liability method in 1995, there would have been no change in the taxation charge (1994 - nil).

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 8. FIXED ASSET INVESTMENTS

	Subsidiary Undertakin	Associated Undertakings	Other Investments	TOTAL
	Shares	Shares	Loans	Shares
COST	£'000	£'000	£'000	£'000
At 1 April, 1994	11,809	163,549	464	1,623
Additions	5,226	13,616	8,833	
Disposals	-	-	(222)	(49)
At 31 March, 1995	17,035	177,165	9,075	1,574

### AMOUNTS WRITTEN OFF

At 1 April, 1994	3,695	16,120		1,623
Amounts written back during year	-	-		(49)
At 31 March, 1995	3,695	16,120		1,574

### NET BOOK VALUE

At 31 March, 1995	13,340	161,045	9,075	-
At 31 March, 1994	8,114	147,429	464	-

Subsidiary and associated undertakings, the holdings in which consist of ordinary shares, are as follows:

Company	Country of incorporation	%
Atack Fire (Robots) Ltd.	England	100
Cable and Wireless Business Networks Ltd.	England	100
Cable and Wireless Europe Ltd.	England	100
Cable and Wireless (India) Ltd.	England	100
Cable and Wireless Flightlink Ltd	England	100
Dictograph Telephones Ltd.	England	100
Cable and Wireless Ltd	Ireland	100
Cable and Wireless Acquisitions Inc.	U.S.A.	100
Cable and Wireless Switzerland AG.	Switzerland	100
Sakhalin Telecom Mobile Company	Russia	59
TR Services Ltd.	Canada	100

In the opinion of the Directors of the Company the aggregate value of the assets of the Company consisting of shares in, or amounts owing (whether on account of a loan or otherwise ) from, the Company's subsidiary undertakings is not less than the aggregate of the amount at which those assets are stated or included in the balance sheet.

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 8. FIXED ASSET INVESTMENTS (CONTINUED)

#### Associate Undertakings

Company	Country of incorporation	%
Cable and Wireless Services Pty. Ltd.	Australia	50.0
Omnes (UK) Ltd	England	50.0
Omnes Holdings Ltd	Bermuda	50.0
Omnes BV	Netherlands	50.0
Optus Communications Pty. Ltd.	Australia	24.5
Prairie Systems Inc.	USA	30.0
Sakhalin City Telephone Company	Russia	34.6
Spacecom Corporation Ltd.	USA	32.0

The major proportion of the investment in associated undertakings is represented by a 24.5% holding of ordinary shares in Optus Communications Pty Ltd. Optus Communications Pty Ltd is incorporated in Australia and operates as a provider of telecommunications services. The company's attributable share of the net assets of Optus Communications Pty Ltd, calculated by using the equity method of accounting amounts to £145,719,000.

The Company is exempt from the requirement to prepare group accounts under Section 228 of the Companies Act 1985, being a wholly owned subsidiary undertaking of Cable and Wireless plc, a company registered in England & Wales.

### 9. DEBTORS

	1995 £'000	1994 £'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	137	137
Amounts owed by associated undertakings	153	154
Other debtors	1,404	351
Corporation tax	2,188	2,215
	<u>3,882</u>	<u>2,857</u>
Amounts falling due after more than one year		
Other debtors	1,958	1,775
	<u>5,840</u>	<u>4,632</u>

# CABLE AND WIRELESS (INVESTMENTS) LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 10. CREDITORS

	1995 £'000	1994 £'000
Amounts falling due within one year		
Amounts owed to subsidiary undertakings	30	30
Amounts owed to holding company	114,897	86,709
Other creditors	14	348
	<u>114,941</u>	<u>87,087</u>
Amounts falling due after more than one year		
Amount owed to subsidiary undertakings	4,101	3,101
	<u>119,042</u>	<u>90,188</u>

### 11. CALLED UP SHARE CAPITAL

	1995 £'000	1994 £'000
Authorised:		
120,000,000 Ordinary shares of 25p each	<u>30,000</u>	<u>30,000</u>
Allotted, called up and fully paid:		
92,953,261 Ordinary shares of 25p each	<u>23,238</u>	<u>23,238</u>

### 12. RESERVES

	Share premium account £'000	Profit and loss account £'000
At 1 April, 1994	23,212	24,001
Loss for the financial year	-	(193)
At 31 March, 1995	<u>23,212</u>	<u>23,808</u>

### 13. CASH FLOW STATEMENT

Under Financial Reporting Standard 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 cash flow statement is included in the financial statements of Cable and Wireless plc.

### 14. CONTINGENT LIABILITIES

The Company has guaranteed overdraft, loan and other credit arrangements of certain of its subsidiary undertakings up to a maximum of £670,931 (1994 - £728,615).

### 15. HOLDING 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 accounts can be obtained from The Secretary, Cable and Wireless plc, 124 Theobalds Road, London WC1X 8RX.