

**CABLE & WIRELESS GLOBAL MARKETS
EQUIPMENT LIMITED**

Report and Financial Statements

31 March 2006

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COMPANIES HOUSE

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

To the Company's Ordinary Shareholder

Elective regime

On 5th October 1993 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); and
- 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.

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Director's report

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

Principal activity

The Company's principal activity is to hold network assets, which are used by other Cable & Wireless Group companies.

Review of developments and future prospects

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

Results & dividends

The profit for the year amounts to £403,280 (2005: loss of £806,022). The Directors do not recommend payment of a dividend (2005: £nil).

Directors and their interests

The Directors who held office during the year are as follows:

L Solomon	resigned 29 July 2005
J M Jensen	appointed 29 July 2005
N I Cooper	appointed 16 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 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)
JM 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 shares granted on 13 February 2006 under the Performance Share Plan ('PSP') which will vest on 13 February 2009, (c) which are restricted shares awarded under the Restricted Share Plan ('RSP'), 50% of which will vest on 25 August 2006 and 50% will vest on 25 August 2008 or (d) which are restricted shares awarded under the RSP, 50% of which will vest on 3 March 2007 and 50% will vest on 3 March 2009.

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

Director's report (continued)

Disclosure of information to auditors

The Directors who held office at the date of approval of this 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

A handwritten signature in black ink, appearing to be 'J JENSEN', written over a circular stamp or seal.

J JENSEN

Director

Date: 31 January 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.

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.

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

We have audited the financial statements of Cable & Wireless Global Markets Equipment Limited for the year ended 31 March 2006 which comprises of 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 3, 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 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 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.

Report of the independent auditors, KPMG Audit Plc, to the members of Cable & Wireless Global Markets Equipment 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

31 January 2007

KPMG Audit Plc

*Chartered Accountants
Registered Auditor*

8 Salisbury Square
London
EC4Y 8BB

Profit and loss account*for the year ended 31 March 2006*

	Note	2006 £	2005 £
Turnover	2	416,000	22,000
Operating costs (net)		16,377	(438,868)
Profit/(Loss) on ordinary activities before taxation	4	432,377	(416,868)
Tax on ordinary activities	5	(29,097)	(389,154)
Retained profit/(loss) for the financial year		403,280	(806,022)

All turnover is derived from continuing operations.

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

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

Reconciliation of movements in shareholders' funds*For the year ended 31 March 2006*

	2006 £000	2005 £000
Opening balance	(4,986,973)	(4,180,951)
Loss for the year	403,280	(806,022)
Closing balance	(4,583,693)	(4,986,973)

Balance sheet*at 31 March 2006*

	Note	2006 £	2005 £
Fixed assets			
Tangible fixed assets	6	-	-
Current assets			
Debtors	7	799,348	951,373
Creditors: amounts falling due within one year	8	(5,383,041)	(5,938,346)
Net current liabilities		(4,583,693)	(4,986,973)
Net liabilities		(4,583,693)	(4,986,973)
Capital and reserves			
Called up share capital	9	500,000	500,000
Profit and loss account	10	(5,083,693)	(5,486,973)
Equity shareholder's deficit		(4,583,693)	(4,986,973)

These financial statements were approved by the Board of Directors on
signed on their behalf by:

3 | January 2007 and



J JENSEN
Director

The accompanying notes form an integral part of this statement.

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 financial statements, except as noted below.

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.

The corresponding amounts in these financial statements are restated in accordance with the new policies.

The adoption of the accounting policies mentioned above did not have any impact in the financial statements of Cable & Wireless Global Markets Equipment Limited.

Basis of preparation

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

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £4,583,693 (2005: £4,986,973). 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.

Turnover

Turnover, which excludes value added tax, is accounted for on the accruals basis. Revenue is recognised in the period in which the service is provided.

Tangible fixed assets and depreciation

Depreciation is provided on the difference between the cost of tangible fixed assets and their estimated residual value in equal annual instalments over the estimated useful life of the assets. These lives are:

Plant and equipment 3 or 5 years

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.

Notes to the financial statements (continued)**1. Accounting policies (continued)***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, a copy of which can be obtained from the address in note 12.

2. Turnover

Turnover arises wholly in the United Kingdom and comprises of revenue earned from the use of its assets by fellow 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 in respect of their services to the Company during the year (2005: £nil).

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. Tax on ordinary activities

Analysis of charge (credit) in the period:	2006 £	2005 £
<i>UK Corporation tax</i>		
Current tax on income for the year	-	-
Adjustments in respect of prior periods	-	389,154
	<hr/>	<hr/>
Tax on ordinary activities	-	389,154
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

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

Notes to the financial statements (continued)**5. Tax on ordinary activities (continued)**

	2006 £	2005 £
Profit/(Loss) on ordinary activities before taxation	<u>432,377</u>	<u>(416,686)</u>
Current tax at 30% (2004: 30%)	129,713	(125,060)
Effects of:		
- Depreciation for period in excess of capital allowances		-
- Group relief (received) / surrendered without payment	(129,713)	125,060
- Adjustments in respect of prior periods		389,154
	<u>-</u>	<u>389,154</u>
Total current tax charge / (credit) (see above)	<u>-</u>	<u>389,154</u>

Factors that may affect future tax charges

A deferred tax asset of £1,875,675 (2005: £1,875,675) 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.

6. Tangible fixed assets

	Plant and Equipment £	Total £
Cost		
At 1 April 2005 and at 31 March 2006	<u>7,389,401</u>	<u>7,389,401</u>
Depreciation		
At 1 April 2005 and at 31 March 2006	<u>7,389,401</u>	<u>7,389,401</u>
Net book value		
At 1 April 2005 and at 31 March 2006	<u>-</u>	<u>-</u>

7. Debtors

	2006 £	2005 £
Amounts owed by group undertakings	296,819	435,173
Called up share capital not paid	500,000	500,000
Other debtors	2,529	16,200
	<u>799,348</u>	<u>951,373</u>

Notes to the financial statements *(continued)***8. Creditors: amounts falling due within one year**

	2006 £	2005 £
Amounts due to group undertakings	5,138,043	5,420,091
Accruals and deferred income	244,998	518,255
	<u>5,770,806</u>	<u>5,938,346</u>

9. Called up share capital

	2006 £	2005 £
Authorised:		
5,000,000 ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and paid:		
1,000,000 ordinary shares of £1 each 50p paid	<u>500,000</u>	<u>500,000</u>

Unpaid called up share capital of £500,000 (see note 7) arises since the investment by Cable & Wireless Global Businesses International Sarl comprised £500,000 investment in shares and intercompany loan of £500,000.

10. Reserves

	£
Profit and loss account	
At 1 April 2005	(5,486,973)
Retained loss for the year	403,607
	<u>(5,083,693)</u>
At 31 March 2006	

11. Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related party disclosures" not to disclose details of transactions with undertakings in the Cable and Wireless plc group. Details on the availability of the consolidated financial statements are given in note 12.

12. Ultimate parent company

The Company's immediate holding company is Cable & Wireless Global Businesses International Sarl, registered in Luxembourg. The 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, 7th Floor, The Point, 37 North Wharf Road, London W2 1LA.