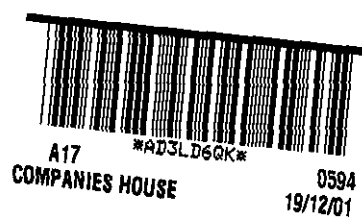


THE EASTERN LEASING COMPANY LIMITED

Report and Financial Statements

31 March 2001

Registered Office:
124 Theobalds Road
London
WC1X 8RX



THE EASTERN LEASING COMPANY LIMITED

To the Company's Ordinary Shareholders

Elective Regime

The Company has 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.

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THE EASTERN LEASING COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS 2001

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THE EASTERN LEASING COMPANY LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2001.

ACTIVITIES

The Company's principal business is the provision of lease and hire-purchase finance for capital projects.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounting to £70,070 (2000 - profit £192,341) has been dealt with in the attached financial statements. The Directors do not recommend payment of a dividend (2000 £nil).

FUTURE PROSPECTS

The Company has remaining a twelve year hire purchase agreement due for completion on the 12 March 2003 with AB LM Ericssons Finans to purchase the Companhia de Telecomunicacoes 3rd Digital Exchange. With effect from the 12 March 1999 and at six monthly periods until the completion date, the Company has an option to purchase the equipment with subsequent sale to Companhia de Telecomunicacoes.

THE EASTERN LEASING COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND THEIR INTERESTS

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 beneficial interests of the Directors in the shares of Cable and Wireless plc are as follows:

	At 1 April 2000	Shares acquired or options granted	Shares disposed or options exercised/lapsed	At 31 March 2001	
K K Claydon	1,937	40,569	40,764	1,742	
	5,337	1,329	1,329	5,337	(a)
	64,622	23,613	29,372	58,863	(b)
	9,674	510	10,184	-	(c)
	6,553	-	-	6,553	(d)
	10,782	-	-	10,782	(e)
	-	4,524	-	4,524	(f)
J M Bolton	-	814	-	814	
	1,241	255	1,496	-	(a)
	2,650	7,245	-	9,895	(b)

The interests of R E Lerwill are shown in the financial statements of the ultimate parent undertaking, Cable and Wireless plc.

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 C&W Long Term Incentive Plan 1997 (LTIP) (notional), (d) which are C&W Long Term Incentive Plan 1998 (notional), (e) which are contingent share awards under the C&W Performance Share Plan (PSP) 1999 granted on 01.04.99 or (f) which are contingent share awards under the C&W Performance Share Plan (PSP) 2000 granted on 01.04.00. Full details of the LTIP and the PSP are included in the financial statements of the ultimate parent company.

KK Claydon held 1,500 Ordinary Shares in Cable & Wireless Communications plc (CWC) at 1 April 2000. On 30 May 2000, these shares were disposed of in accordance with the terms of the acquisition of the Data business of CWC (Dataco) by Cable & Wireless plc and the acquisition of the consumer business of CWC (ConsumerCo) by ntl Incorporated.

By order of the Board of Directors.



JON BOLTON
Secretary

Date: 21 November 2001

STATEMENTS 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 as at the end of the financial year and of the profit or loss of the Company 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 to 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.

**AUDITORS' REPORT TO THE MEMBERS OF THE EASTERN LEASING
COMPANY LIMITED**

We have audited the financial statements on pages 8 to 15.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Directors' report and, as described on page 6, 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. 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.

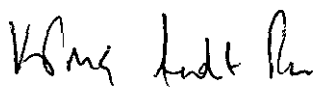
Basis of audit opinion

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

Date: 21 November 2001

THE EASTERN LEASING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2001

	Note	2001 £	2000 £
TURNOVER	2	46,810	46,813
Net operating costs	4	(64,520)	(78,492)
OPERATING LOSS		(17,710)	(31,679)
Interest receivable	5	322,489	306,452
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		304,779	274,773
Tax charge on profit on ordinary activities	6	(234,709)	(82,432)
PROFIT FOR THE FINANCIAL YEAR		70,070	192,341
Retained profit brought forward		2,160,569	1,968,228
Retained profit carried forward		2,230,639	2,160,569

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 has been prepared.

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

All turnover and operating losses derive from continuing operations.

THE EASTERN LEASING COMPANY LIMITED

BALANCE SHEET At 31 March 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Investments	7	2,462,160,043	2,462,160,043
CURRENT ASSETS			
Debtors:- amounts falling due within one year	8	4,768,836	4,528,982
Cash at bank and in hand		1,973	18,018
		4,770,809	4,547,000
CREDITORS: amounts falling due within one year	9	(2,539,172)	(2,385,433)
NET CURRENT ASSETS		2,231,637	2,161,567
TOTAL ASSETS LESS CURRENT LIABILITIES		2,464,391,680	2,464,321,610
NET ASSETS		2,464,391,680	2,464,321,610
CAPITAL AND RESERVES			
Called up share capital	10	1,001	1,001
Share premium account	15	687,496,999	687,496,999
Profit and loss account	15	1,776,893,680	1,776,823,610
EQUITY SHAREHOLDERS' FUNDS	14	2,464,391,680	2,464,321,610

The financial statements on pages 8 to 15 were approved by the Board of Directors on **21 November** 2001 and signed on their behalf by:



K K Claydon
Director

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards and on the historical cost basis. The particular accounting policies adopted are described below.

Accounting for finance leases and hire purchase contracts

Finance charges are allocated to accounting periods so as to give a constant rate of return on the net cash investment in the lease. The total net investment in finance leases and hire purchase contracts included in the balance sheet represents total lease and hire purchase payments receivable net of finance charges relating to future accounting periods.

Investments

Fixed asset investments are stated at cost less amounts written of in respect of permanent diminutions in their value.

Taxation

The charge for taxation is based on the profit and loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

The Company provides for deferred tax only when there is a reasonable probability that the liability will arise in the foreseeable future. Where deferred tax is provided, the liability method is used.

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. TURNOVER

All income originated in the UK from finance leases and hire-purchase contracts.

	2001 £	2000 £
Income from finance leases and similar hire purchase contracts	46,810	46,813

THE EASTERN LEASING COMPANY LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average weekly number of persons employed by the Company on a part time basis was equivalent to less than one full-time member of staff (2000 – less than 1). The staff do not have contracts of employment with the Company, but are seconded from the parent undertaking. Staff costs are borne by the parent undertaking.

The Directors did not receive any emoluments from the Company (2000 - £ nil).

4. NET OPERATING COSTS

	2001 £	2000 £
Finance lease and hire purchase interest payable	83,131	80,992
Other operating costs (Including exchange gains)	(18,611)	(2,500)
	<u>64,520</u>	<u>78,492</u>

5. INTEREST RECEIVABLE

	2001 £	2000 £
Interest receivable on loans to parent undertaking	322,489	306,452
	<u>322,489</u>	<u>306,452</u>

6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
The charge for taxation comprises:		
United Kingdom corporation tax at 30% (2000 - 30%)		
Current year	(91,434)	(82,432)
Prior Year	(143,275)	-
	<u>(234,709)</u>	<u>(82,432)</u>

THE EASTERN LEASING COMPANY LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

7. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiary £
Cost	
At 1 April 2000 and at 31 March 2001	2,462,160,043

Interest in subsidiary:

	Country of incorporation	Type of holding	Percentage shareholding
Cable and Wireless Western Hemisphere Limited	UK	Ordinary shares	84%

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

8. DEBTORS

	2001 £	2000 £
Amounts falling due within one year:		
Net investment in finance leases and hire purchase contracts	1,669	1,669
Amounts owed by parent undertaking	4,705,806	4,502,508
Other debtors	61,361	24,805
	<u>4,768,836</u>	<u>4,528,982</u>
Net investment in finance leases and hire purchase contracts comprises:		
Total lease and hire purchase payments receivable	<u>1,669</u>	<u>1,669</u>

THE EASTERN LEASING COMPANY LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Short term loans from group undertakings		
Net obligation under finance leases and hire purchase contracts	418,934	494,761
Amounts owed to parent undertaking	1,750	1,750
Corporation Tax	2,118,488	1,883,779
Deferred income	-	5,143
	<u>2,539,172</u>	<u>2,385,433</u>
Net obligation under finance leases and hire purchase contracts are repayable as follows:		
Current instalments due	<u>418,934</u>	<u>494,761</u>
	<u>418,934</u>	<u>494,761</u>

10. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised		
1,001 ordinary shares of £1 each	<u>1,001</u>	<u>1,001</u>
Allotted, called up, and fully paid		
1,001 ordinary shares of £1 each	<u>1,001</u>	<u>1,001</u>

11. CASH FLOW STATEMENT

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

12. RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard 8, 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.

13. 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, 124 Theobalds Road, London WC1X 8RX.

THE EASTERN LEASING COMPANY LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

14. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	70,070	192,341
Net increase in equity shareholders' funds	70,070	192,341
Opening equity shareholders' funds	2,464,321,610	2,464,129,269
Closing equity shareholders' funds	2,464,391,680	2,464,321,610

15. SHARE PREMIUM AND RESERVES

	Share premium £	Profit and loss account £
At 1 April 2000	687,496,999	1,776,823,610
Profit for the year retained	-	70,070
At 31 March 2001	687,496,999	1,776,893,680