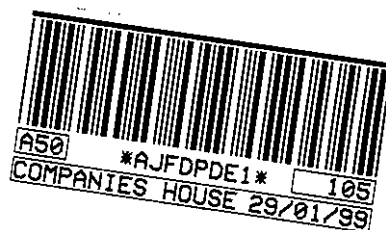


**VIDEOTRON CABLE COMMUNICATIONS
LIMITED**

Report and Accounts

31 March 1998



VIDEOTRON CABLE COMMUNICATIONS LIMITED

REPORT AND ACCOUNTS 1998

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of Directors' responsibilities	4
Auditors' report	5
Balance sheet	6
Notes to the accounts	7

VIDEOTRON CABLE COMMUNICATIONS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Wallace
N Mearing-Smith
R Drolet

SECRETARY

R Drolet

REGISTERED OFFICE

Caxton Way
Watford Business Park
Watford
Hertfordshire
WD1 8XH

AUDITORS

Arthur Andersen
1 Surrey Street
London
WC2R 2PS

VIDEOTRON CABLE COMMUNICATIONS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited accounts for the year ended 31 March 1998.

PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENTS

The Company did not trade during the year and will remain dormant for the foreseeable future.

RESULT AND DIVIDENDS

The Company has made neither a profit nor loss for the year ended 31 March 1998 (7 months ended 31 March 1997: £nil).

The Directors do not recommend the payment of a dividend (1997: £nil).

DIRECTORS AND THEIR INTERESTS

The Directors currently serving or who held office during the year were as follows:

R Drolet
D Somers (appointed 8 January 1997; resigned 9 May 1997)
P Howell-Davies (appointed 9 May 1997; resigned 2 June 1997)
G Wallace (appointed 2 June 1997)
N Mearing-Smith (appointed 2 June 1997)

Where the Directors held any interest in the shares of Cable and Wireless plc or Cable & Wireless Communications plc, such interest is disclosed in the accounts of Cable & Wireless Communications plc, except as stated below:

Ordinary shares of Cable & Wireless Communications plc:

	At 1 January 1997 (or later date of appointment)	Shares acquired	Shares disposed	At 31 March 1998
N Mearing-Smith	153,949	-	-	153,949

Options to subscribe for ordinary shares in Cable & Wireless Communications plc:

	At 1 January 1997 (or later date of appointment)	Granted Number	Exercised Number	At 31 March 1998	Exercise Price	Date from which exercisable	Expiry Date
R Drolet	57,542	-	-	57,542	\$4.583	1/5/97	2/7/03

EMPLOYEES

The Company has no employees. Most Group employees are employed by a fellow Group Company, Cable & Wireless Communications plc.

DIRECTORS' REPORT

YEAR 2000

The matters relating to the impact of the Year 2000 issue on the reporting systems and operations of the Company are set out on page 23 of the 1998 Annual Report and Accounts of Cable & Wireless Communications plc.

AUDITORS

On 7 July 1998, Deloitte & Touche resigned and Arthur Andersen were appointed as auditors.

Approved by the Board of Directors
and signed on its behalf by:



R Drolet

Secretary

22 January 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for the financial year:

The Directors are responsible for ensuring that in preparing the accounts, the Company has:

- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards, subject to any explanations and material departures disclosed in the notes to the accounts; and
- prepared the accounts 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 the financial position of the Company which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF VIDEOTRON CABLE COMMUNICATIONS LIMITED

We have audited the accounts on pages 6 and 7 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of Directors and Auditors

As described on page 4, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

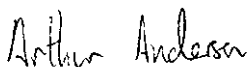
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31 March 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London
WC2R 2PS

22 January 1999

VIDEOTRON CABLE COMMUNICATIONS LIMITED

BALANCE SHEET 31 March 1998

	Note	31 March 1998 £	31 March 1997 £
CURRENT ASSETS			
Due from parent company		<u>2</u>	<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	3	<u>2</u>	<u>2</u>
EQUITY SHAREHOLDERS' FUNDS		<u>2</u>	<u>2</u>

The Company was dormant throughout the period.

This balance sheet was approved by the Board of Directors on 22 January 1999 and signed on its behalf by:



R Drolet

Director

The accompanying notes form an integral part of this statement.

VIDEOTRON CABLE COMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 1998

1. STATEMENT OF ACCOUNTING POLICY

The accounts are prepared in accordance with applicable Accounting Standards in the United Kingdom and on the historical cost basis.

2. REMUNERATION OF DIRECTORS

The Directors did not receive any remuneration during the year (period ended 31 March 1997 - £309,205). Included in the 1997 amount is £30,000 paid as compensation to a director for loss of office.

3. SHARE CAPITAL

	31 March 1998 £	31 March 1997 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

4. TRADING RESULTS

The Company has not traded since incorporation, and has made neither profit nor loss nor any other recognised gain or loss during the year ended 31 March 1998 or the 7 months ended 31 March 1997 and accordingly no profit and loss account has been presented.

Auditors' remuneration has been borne by a fellow subsidiary Company.

5. ULTIMATE PARENT COMPANY AND CONTROLLING UNDERTAKING

The Directors regard Cable and Wireless plc, a Company registered in England and Wales, as the ultimate parent Company and controlling undertaking.

The largest Group in which the results of the Company are consolidated is that of which Cable and Wireless plc is the parent Company. The consolidated accounts of Cable and Wireless plc may be obtained from 124 Theobalds Road, London, WC1X 8RX.

The smallest Group in which the results of the Company are consolidated is that of which Cable & Wireless Communications plc is the parent Company. The consolidated accounts of Cable & Wireless Communications plc may be obtained from Caxton Way, Watford Business Park, Watford, Hertfordshire, WD1 8XH.