

6

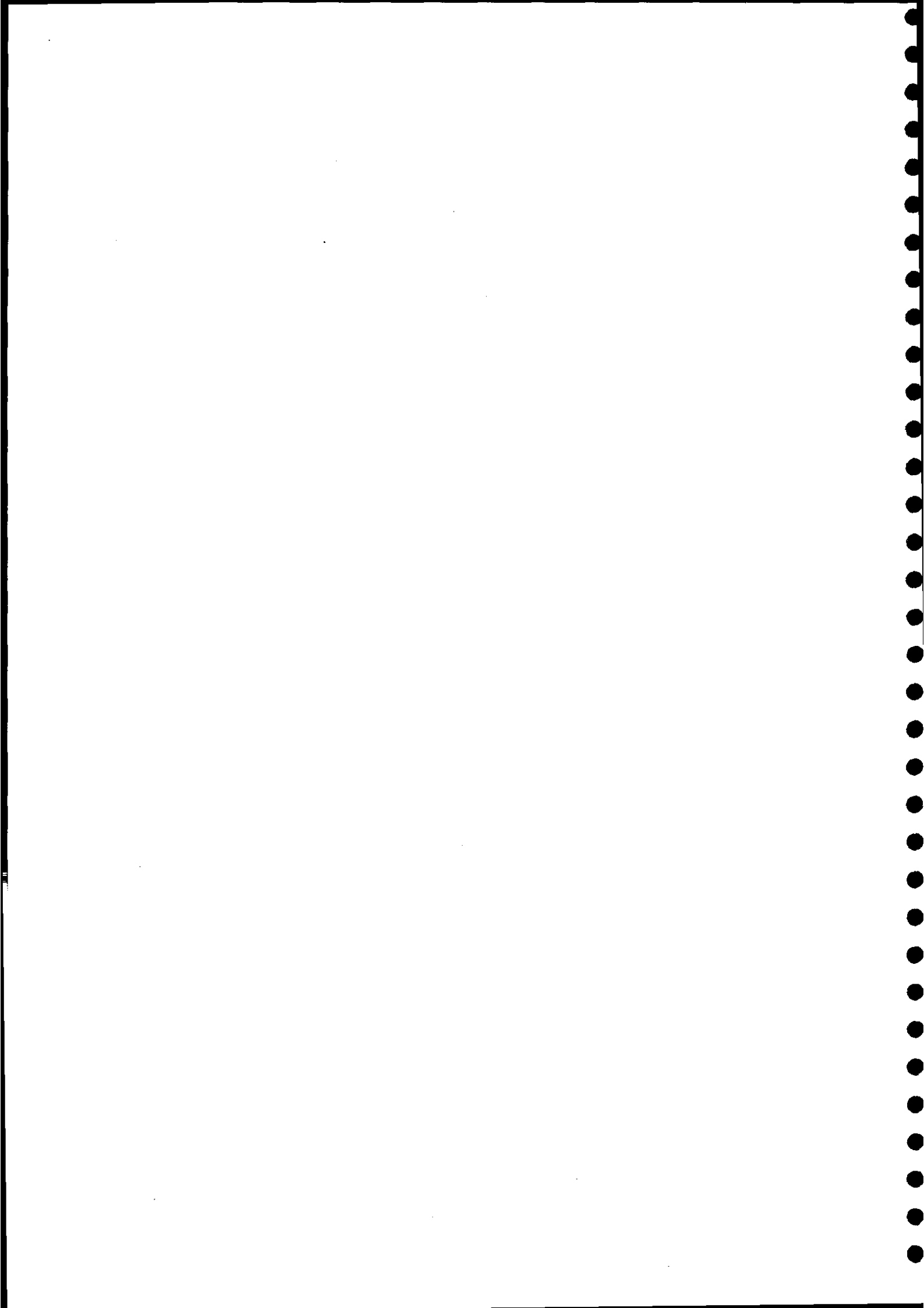
CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

Report and Financial Statements

31 March 2000

**Registered Office:
124 Theobalds Road
London
WC1X 8RX**





CABLE AND WIRELESS EASTERN HEMISPHERE UK LIMITED

To the Company's Ordinary Shareholders

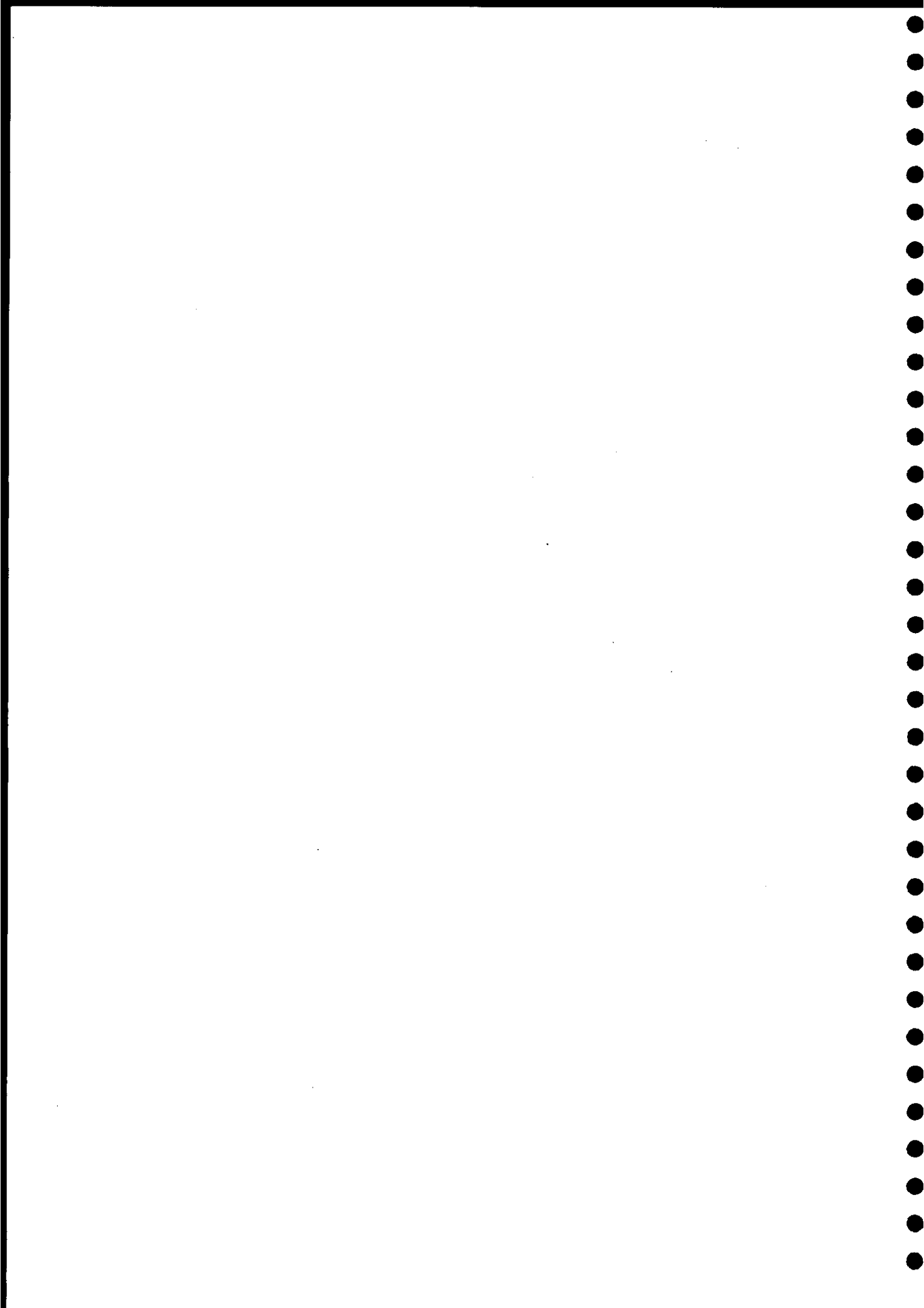
Elective Regime

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.

Registered Office:
124 Theobalds Road
London
WC1X 8RX



CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

REPORT AND FINANCIAL STATEMENTS

CONTENTS

	Page
Directors' Report	2
Statement of Directors' Responsibilities	5
Auditors' Reports	6
Profit and Loss Account	7
Balance Sheet	8
Notes to the Accounts	9

CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2000.

ACTIVITIES

The company was incorporated on 1 April 1999. Its principal activity is to act as an investment holding company.

RESULTS AND DIVIDENDS

The result for the year amounted to £nil and has been dealt with in the attached financial statements. The Directors do not recommend payment of a dividend.

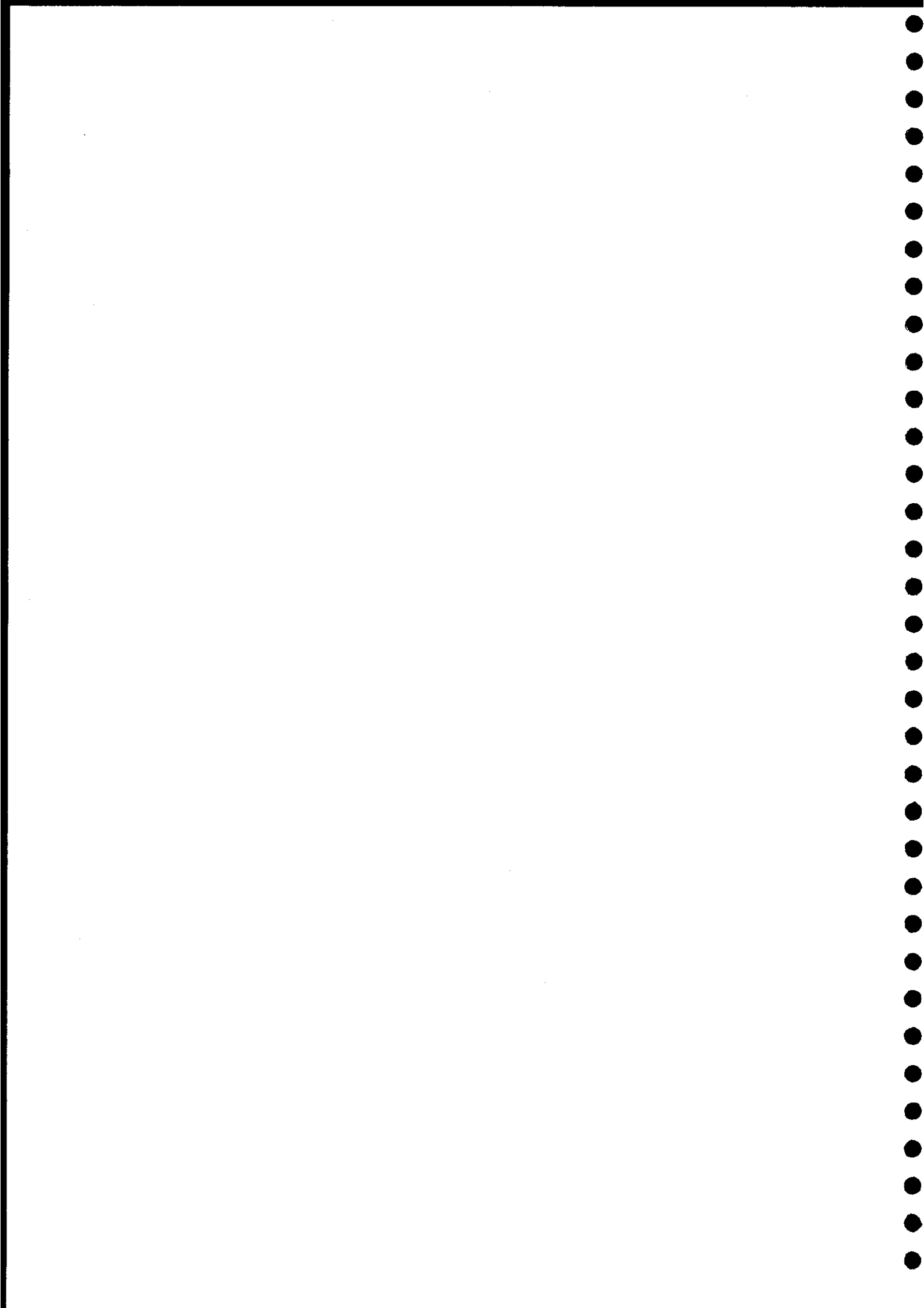
FUTURE PROSPECTS

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

YEAR 2000 READINESS

To address the risks associated with the much publicised 'millennium bug' or inability of computer systems to cope with the new century date change and leap year, the Cable & Wireless Millennium Programme was established in June 1996. This comprehensive, global programme required all of the Group's systems and network element tests to conform to the requirements for the year 2000 functionality and performance, as set out by The British Standards Institution (BSI) in PD 2000-01.

All Cable & Wireless businesses participating in the programme reported their major services to be unaffected by the millennium transition and the leap year.



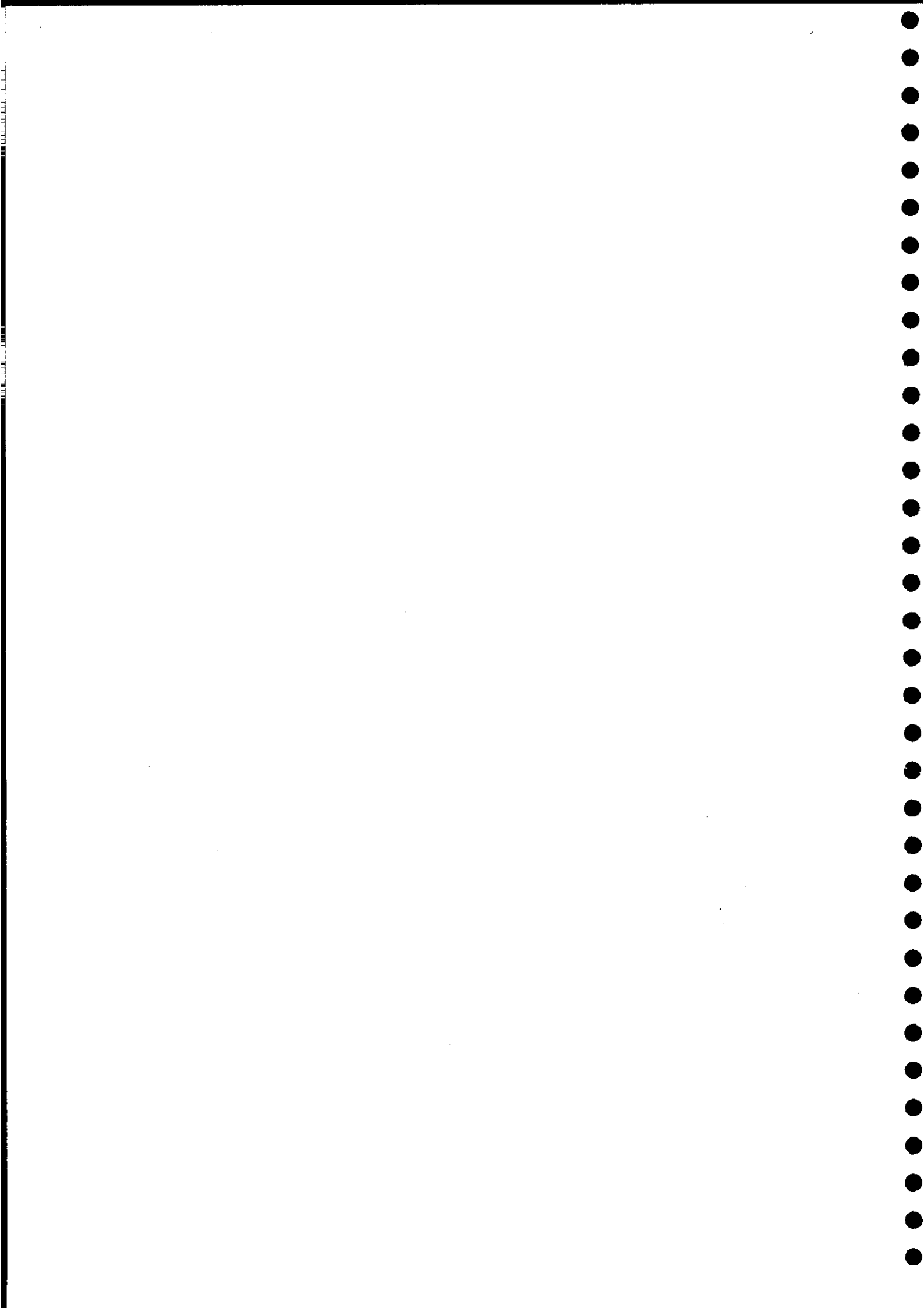
CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The Directors who held office at the end of the year, together with their interests and the interests of their families in the ordinary shares of Cable and Wireless plc, are shown below.

	At 1 April 1999 (or later date of appointment)	Shares acquired or options granted	Shares disposed or options exercised	At 31 March 2000	
K K Claydon	4,875	7,622	(10,560)	1,937	
	5,337	-	-	5,337	(a)
	51,372	13,250	-	64,622	(b)
	9,674	-	-	9,674	(c)
	6,553	-	-	6,553	(d)
	9,674	-	(9,674)	-	(e)
	-	10,782	-	10,782	(f)
J M Bolton	538	703	-	1,241	(a)
	2,650	-	-	2,650	(b)
G L Robertson	2,000	-	-	2,000	
	-	3,700	-	3,700	(a)
	-	26,066	-	26,066	(b)
	5,010	-	-	5,010	(e)
	-	12,514	-	12,541	(f)
B J Alexis	1,549	-	-	1,549	(a)
	3,250	-	-	3,250	(b)



CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

DIRECTORS' REPORT

Alnery Incorporation No 1 Limited was appointed a director on 1 April 1999 and resigned on 28 May 1999.

Alnery Incorporation No 2 Limited was appointed a director on 1 April 1999 and resigned on 28 May 1999.

Mr J D Fitz was appointed a director on 28 May 1999 and resigned on 4 January 2000.

Mr R E Lerwill was appointed a director on 28 May 1999, and his interests are shown in the financial statements of the ultimate parent undertaking, Cable and Wireless Plc.

Mr K K Claydon was appointed as a director on 28 May 1999.

Mr B J Alexis was appointed as a director on 4 January 2000.

Mr G L Robertson was appointed as a director on 28 May 1999 and resigned on 13 July 2000.

Mr J M Bolton was appointed as alternate director to Mr K K Claydon on 8 July 1999.

Following the end of the financial year, Ms L Breen was appointed a director on 13 July 2000.

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, (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 (LTIP) (notional) (e) which are C&W Long Term Incentive Plan Transitional Scheme 1999 (LTIPTS99) (notional) (f) which are Cable & Wireless Performance Share Plan (PSP). Full details of the LTIPTS99, LTIP and the PSP are included in the financial statements of the ultimate parent company.

Mr K K Claydon held 10,000 Cable & Wireless Communications plc shares on 1st April 1999. He sold 8,500 shares during the year, and his holding as at 31 March 2000 was 1,500 shares.

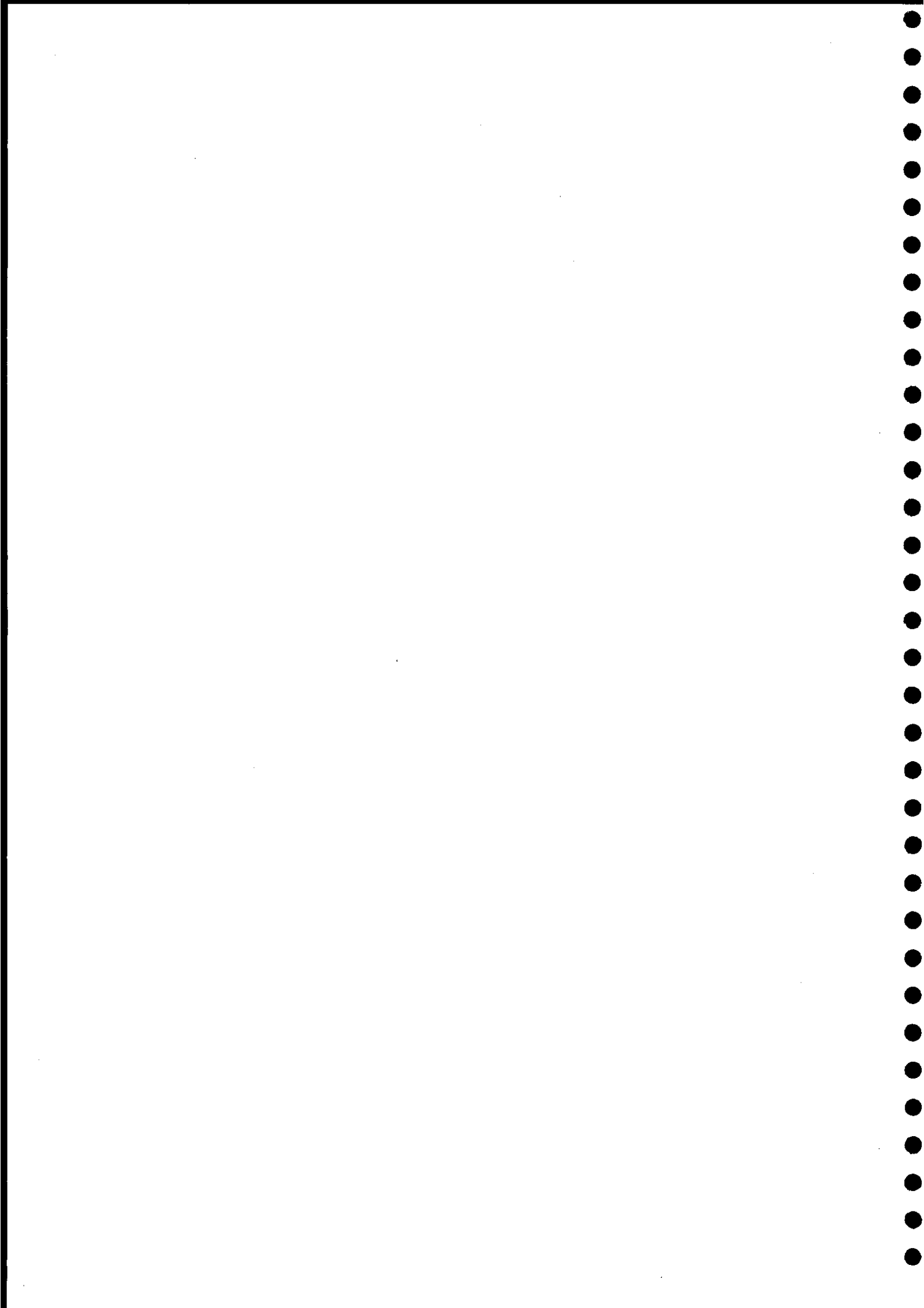
By order of the Board of Directors.



JM BOLTON

Secretary

Date: 2/1/01

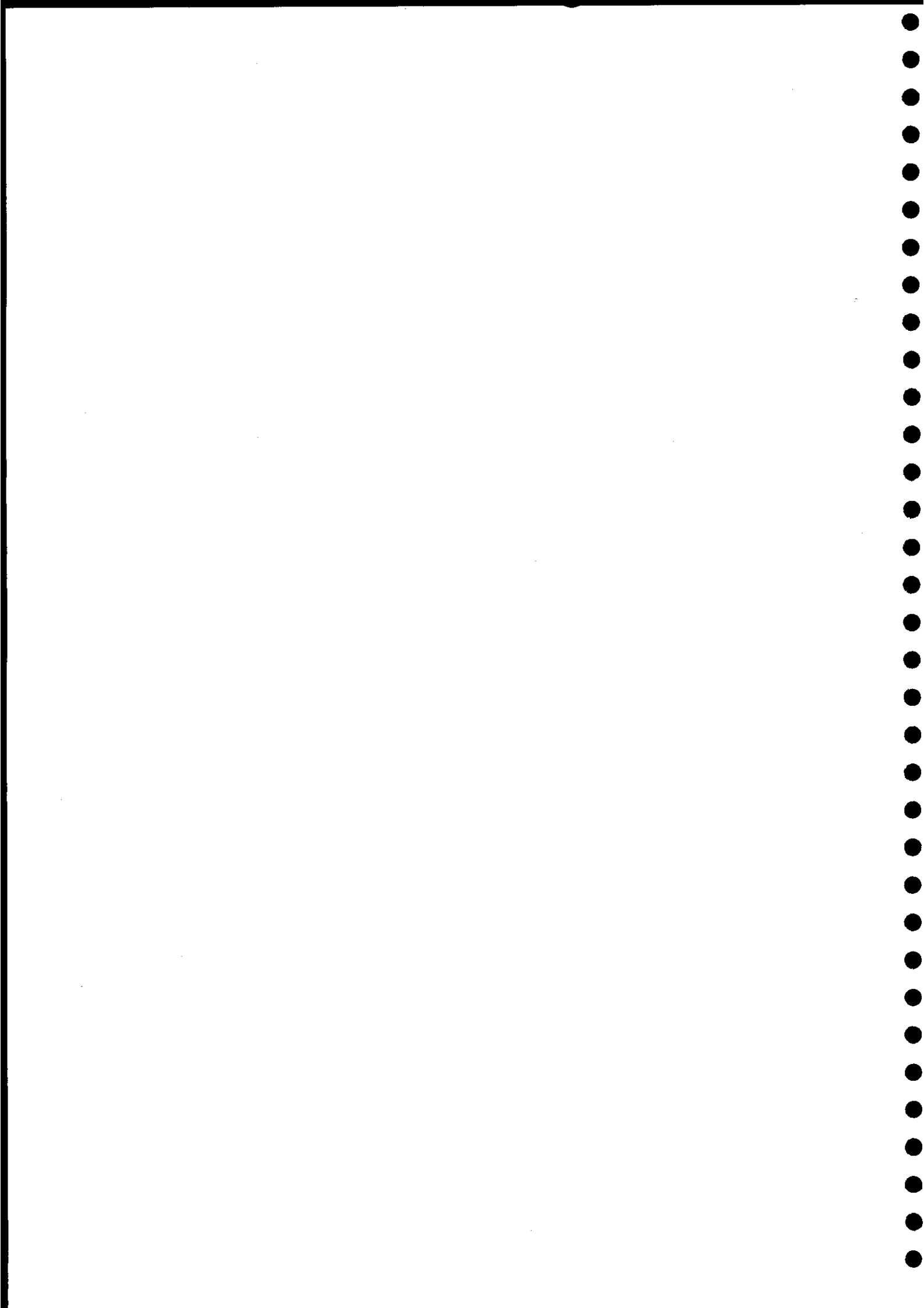


STATEMENT OF DIRECTORS' RESPONSIBILITIES

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;
- 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 CABLE AND WIRELESS
EASTERN HEMISPHERE UK LIMITED**

We have audited the financial statements on pages 7 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, 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.

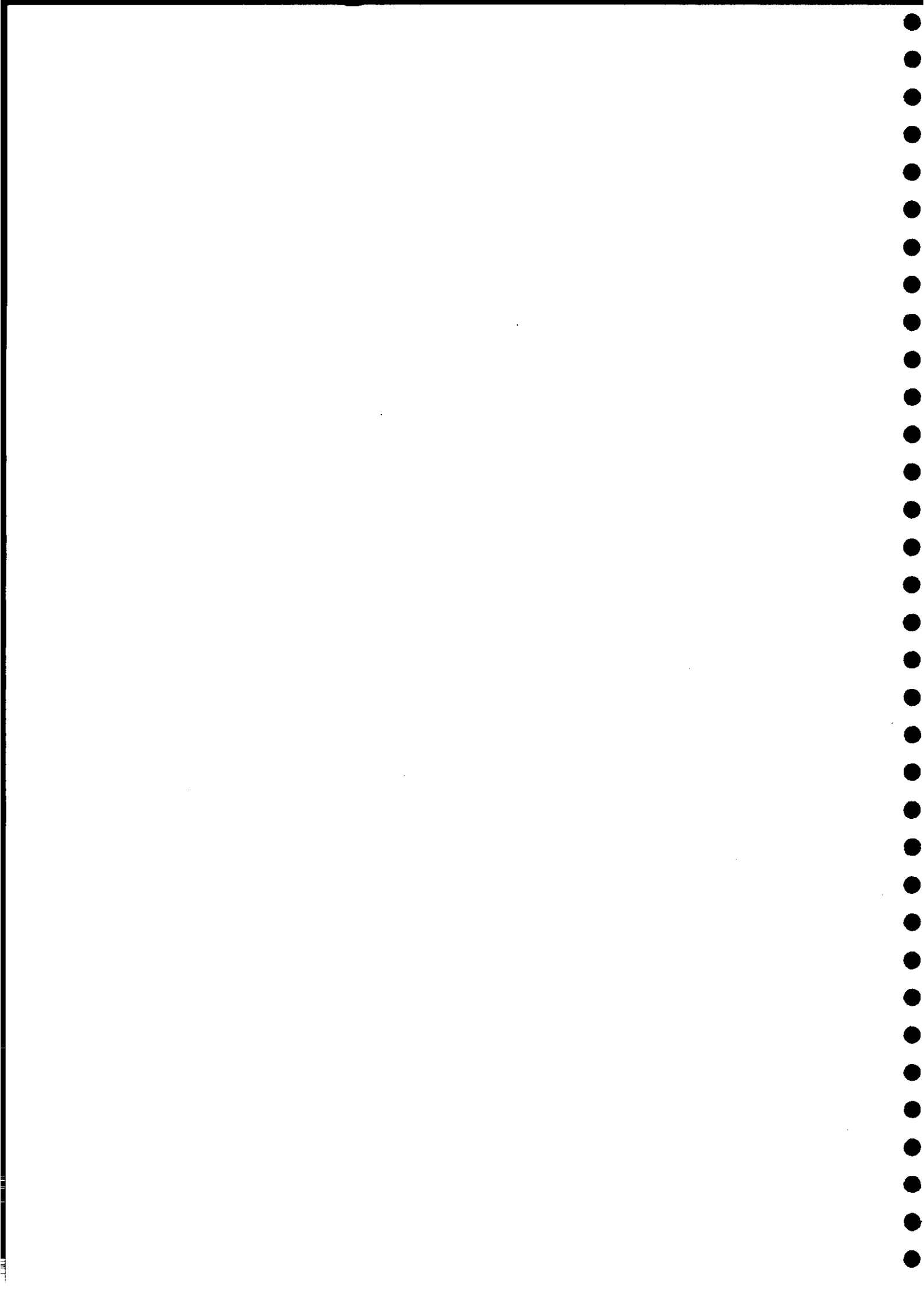
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2000 and of its result 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: 2 / 1 / 01



CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

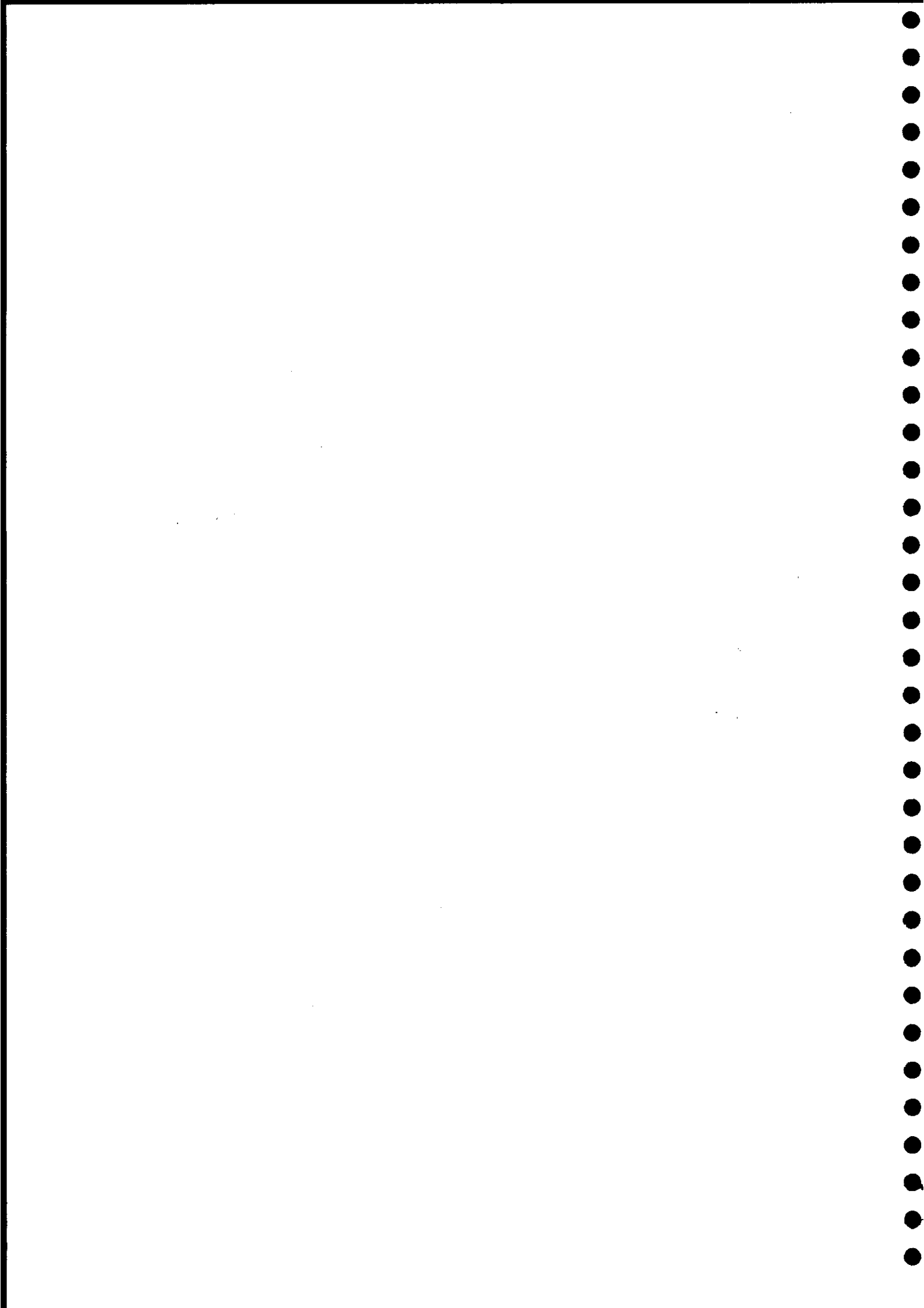
PROFIT AND LOSS ACCOUNT

Year ended 31 March 2000

	Note	2000 £
Interest receivable and similar income		-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<hr/>
Tax (charge)/credit on profit/(loss) on ordinary activities	3	-
PROFIT FOR THE FINANCIAL YEAR		<hr/>
Retained loss brought forward		-
Retained profit/(loss) carried forward		<hr/> <hr/>

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

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 & WIRELESS EASTERN HEMISPHERE UK LIMITED

BALANCE SHEET 31 March 2000

	Note	2000 £
FIXED ASSETS		
Investments	4	1,442,751,000
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,442,751,000</u>
CAPITAL AND RESERVES		
Called up share capital	5	100
Share premium account	6	1,442,750,900
Profit and loss account	6	-
EQUITY SHAREHOLDERS' FUNDS		<u>1,442,751,000</u>

These financial statements on pages 7 to 10 were approved by the Board of Directors on 2nd Jan 2001 and signed on their behalf by:



K K CLAYDON
Director

Date: 02/01/01

CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Consolidated financial statements

The Company has taken advantage of Section 228 of the Companies Act 1985 and has not prepared consolidated financial statements, on the grounds that it is a wholly-owned subsidiary undertaking of Cable and Wireless plc, a company registered within the European Union.

2. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITORS

The Company had no employees during the year. The Directors did not receive any emoluments from the Company. The auditors remuneration for the year was borne by the parent company.

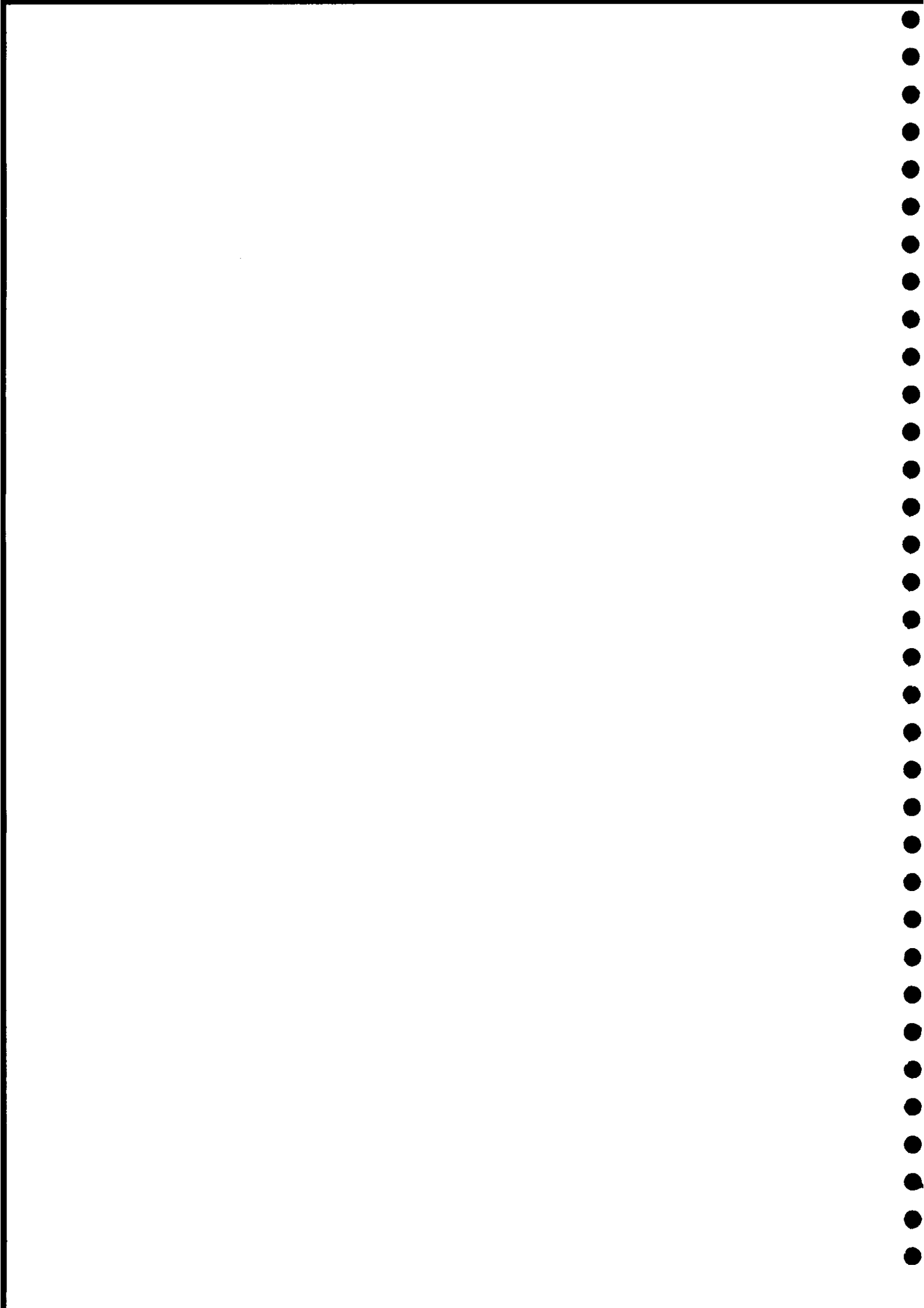
3. TAX CHARGE ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2000 £
The charge/(credit) for taxation comprises:	
United Kingdom corporation tax at 30% (1999 - 31%)	
Current year	-
Adjustment in respect of prior year	-
	<hr/>
	-
	<hr/>

4. INVESTMENTS

	£
Cost	
At 1 April 1999	-
Additions	1,442,751,000
Disposals	-
At 31 March 2000	<hr/>
	1,442,751,000
	<hr/>

Cable & Wireless Eastern Hemisphere UK Limited owns 29.41% of the issued capital of Cable & Wireless Eastern Hemisphere BV, a company incorporated in Holland.



CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 March 2000

5. CALLED UP SHARE CAPITAL

	2000 £
Authorised 100 ordinary shares of £1 each	100
Allotted, called up and fully paid 100 ordinary shares of £1 each	100

During the period, 100 ordinary shares of £1 each were issued for total consideration of £1,442,751,000 cash in Order to provide capital for the company.

6. RESERVES

	Share premium £	Profit and loss account £
At 1 April 1999	-	-
Profit for the year retained	-	-
Shares issued	1,442,750,900	-
At 31 March 2000	1,442,750,900	-

7. 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.

8. 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.

9. 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.