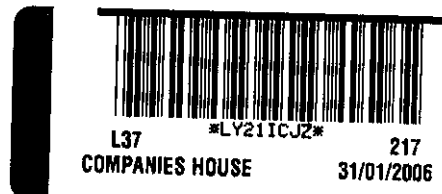


CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

Report and Financial Statements

31 March 2005

Registered Office:
Lakeside House
Cain Road
Bracknell
Berkshire RG12 1 XL



CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

To the Company's Ordinary Shareholders

Elective Regime

On 12 November 1999, 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.

CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

FINANCIAL STATEMENTS 2005

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CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the financial statements for the year ended 31 March 2005.

ACTIVITIES

The Company's principal activity is to act as an investment holding company. The Company was dormant within the meaning of section 249AA of the Companies Act 1985 throughout the year. No change in the Company's activities is envisaged in the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year and subsequent to the year end were:

J S Wilson (appointed 16 July 2003, resigned 21 July 2005)
A S Garard (appointed 16 July 2003)
D J Platt (appointed 8 September 2005)

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 2004 (or later date of appointment) | Shares acquired or options granted | Shares disposed or options exercised | At 31 March 2005 | |
|------------|---|--|--|---------------------|-----|
| A S Garard | 106,236 | 1,326 | - | 107,562 | |
| | 8,576 | - | - | 8,576 | (a) |
| | 500,000 | 612,000 | - | 1,112,000 | (b) |
| | 105,773 | - | - | 105,773 | (e) |
| J S Wilson | 17,893 | - | - | 17,893 | (a) |
| | 500,759 | 185,000 | - | 685,759 | (b) |
| | 43,382 | - | 43,382 | - | (c) |
| | 54,300 | - | - | 54,300 | (d) |

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 contingent share awards granted on 27 July 2001 under the C&W Performance Share Plan (PSP) 2001, (d) which are contingent share awards granted on 23 May 2002 under the C&W PSP 2002 or (e) which are restricted shares which will vest on 1 July 2006. Full details of the PSP are included in the financial statements of the ultimate parent company.

By order of the Board of Directors.



H M HANSCOMB
Secretary

Date: 27 January 2006

CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

PROFIT AND LOSS ACCOUNT For Year Ended 31 March 2005

During the current or prior year the Company did not trade and received no income and incurred no expenditure. Consequently, the Company made neither a profit nor loss or any other recognised gains or losses in the current or prior year.

CABLE & WIRELESS EASTERN HEMISPHERE UK LIMITED

BALANCE SHEET

31 March 2005

| | Note | 2005 £ | 2004 £ |
|-----------------------------------|------|----------------------|----------------------|
| FIXED ASSETS | | | |
| Investments | 3 | <u>1,444,956,882</u> | <u>1,444,956,882</u> |
| NET ASSETS | | <u>1,444,956,882</u> | <u>1,444,956,882</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 4 | 2,205,982 | 2,205,982 |
| Share premium account | 5 | <u>1,442,750,900</u> | <u>1,442,750,900</u> |
| EQUITY SHAREHOLDERS' FUNDS | | <u>1,444,956,882</u> | <u>1,444,956,882</u> |

The Directors confirm that:

- (a) for the year ended 31 March 2005 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985 from the requirement to have its accounts audited; and
- (b) members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The Directors acknowledge their responsibility for (a) ensuring the Company keeps accounting records which comply with section 221 of the Companies Act 1985; and (b) preparing accounts 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 its profit or loss for the financial year, in accordance with the requirements of section 226 of that Act, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

These financial statements on pages 3 to 6 were approved by the Board of Directors on 27 January 2006 and signed on their behalf by:



DJ Platt
Director

NOTES TO THE ACCOUNTS

Year ended 31 March 2005

1. ACCOUNTING POLICIES

Basis of preparation

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

The Company has taken advantage of the exemption to prepare consolidated financial statements under Section 228 of the Companies Act 1985, on the grounds that it is a wholly-owned subsidiary undertaking of Cable and Wireless plc, a company registered within the European Union. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared on the going concern basis. 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.

Fixed asset investments

Fixed asset investments are stated at cost less amounts written off in respect of any impairments.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company had no employees during the year (2004: nil). The Directors did not receive any emoluments from the Company (2004: £nil).

3. INVESTMENTS

| | |
|--|---------------|
| | £ |
| Cost at 1 April 2004 and 31 March 2005 | 1,444,956,882 |

The Company owns 29.41% of the issued capital of Cable & Wireless Eastern Hemisphere BV, a wholly owned Group company incorporated in the Netherlands whose principal activity is to act as an investment holding company.

4. CALLED UP SHARE CAPITAL

| | 2005 £ | 2004 £ |
|--------------------------------------|-----------|-----------|
| Authorised | | |
| 2,205,982 Ordinary shares of £1 each | 2,205,982 | 2,205,982 |
| Allotted, called up and fully paid | | |
| 2,205,982 Ordinary shares of £1 each | 2,205,982 | 2,205,982 |

5. MOVEMENT ON RESERVES

| | |
|---|---------------|
| | £ |
| Share premium at 1 April 2004 and 31 March 2005 | 1,442,750,900 |

6. 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.

NOTES TO THE ACCOUNTS (Cont.)

Year ended 31 March 2005

7. 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.

8. ULTIMATE PARENT COMPANY

The Directors consider that the Company's ultimate parent undertaking and controlling party 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, Lakeside House, Cain Road, Bracknell, RG12 1XL. No other group accounts include the results of the Company.