

**CABLE & WIRELESS US INVESTMENTS LIMITED**

**Report and Financial Statements**

**Year Ended 31 December 2004**

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



## **CABLE & WIRELESS US INVESTMENTS LIMITED**

### **To the Company's Ordinary Shareholders**

#### **Elective Regime**

On 22 September 2000, 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 US INVESTMENTS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

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# CABLE & WIRELESS US INVESTMENTS LIMITED

## DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2004.

### ACTIVITIES

The Company's principal activity is to act as an investment holding company.

### RESULTS AND DIVIDENDS

The result for the year amounted to £nil (period ended 31 December 2003: loss of £10,800,000) and has been dealt with in the attached financial statements. The Directors do not recommend payment of a dividend (period ended 31 December 2003: £nil).

### FUTURE PROSPECTS

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

### DIRECTORS AND THEIR INTERESTS

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

I J Gibson  
 J S Wilson (resigned 21 July 2005)  
 A S Garard  
 J O'Neill (resigned 24 March 2004)  
 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 period. 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 January 2004	Shares acquired or options granted	Shares disposed or options exercised	At 31 December 2004	
I J Gibson	6,888	115	-	7,003	
	33,608	-	-	33,608	(a)
	328,095	144,000	5,850	466,245	(b)
	34,706	-	34,706	-	(c)
	44,300	-	-	44,300	(d)
A S Garard	105,964	1,281	-	107,245	
	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)

# CABLE & WIRELESS US INVESTMENTS LIMITED

## DIRECTORS' REPORT (Cont.)

### DIRECTORS AND THEIR INTERESTS (Cont.)

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.



**L DAVIDSON**  
Assistant Secretary

Date: 25/10/05

## **CABLE & WIRELESS US INVESTMENTS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the Directors to prepare financial statements for each financial period which 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 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; 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 which disclose, with reasonable accuracy at any time, the financial position of the Company and 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.

# CABLE & WIRELESS US INVESTMENTS LIMITED

## REPORT OF THE INDEPENDENT AUDITORS, KPMG AUDIT PLC, TO THE MEMBERS OF CABLE & WIRELESS US INVESTMENTS LIMITED

We have audited the financial statements on pages 6 to 11.

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

The Directors are responsible for preparing the Directors' report and, as described on page 4, 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 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 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 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*  
KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

Date: 26 October 2005

8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

# CABLE & WIRELESS US INVESTMENTS LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2004

		Year to 31 December 2004 £	9 Months to 31 December 2003 £
	Note		
<b>RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		-	-
Tax charge on result/(loss) on ordinary activities	3	-	(10,800,000)
<b>RESULT/(LOSS) FOR THE FINANCIAL YEAR /PERIOD</b>		-	(10,800,000)



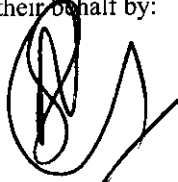
# CABLE & WIRELESS US INVESTMENTS LIMITED

## BALANCE SHEET

As at 31 December 2004

	Note	31 December 2004 £	31 December 2003 £
<b>FIXED ASSETS</b>			
Investments	4	2,051,357,501	2,051,357,501
<b>CURRENT ASSETS</b>			
Debtors	5	65,053,922	65,053,922
<b>NET ASSETS</b>		<u>2,116,411,423</u>	<u>2,116,411,423</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	1,100	1,100
Share premium account	7	1,999,998,900	1,999,998,900
Revaluation reserve	7	104,872,271	104,872,271
Profit and loss account	7	11,539,152	11,539,152
<b>EQUITY SHAREHOLDER'S FUNDS</b>		<u>2,116,411,423</u>	<u>2,116,411,423</u>

The financial statements on pages 6 to 11 were approved by the Board of Directors on 25 OCTOBER 2005 and signed on their behalf by:



A S Garard  
Director

# CABLE & WIRELESS US INVESTMENTS LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Year to 31 December 2004 £	9 Months to 31 December 2003 £
Result/(loss) for the financial year/period	-	(10,800,000)
Total recognised gains and losses relating to the year/period	<u>-</u>	<u>(10,800,000)</u>

## RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS Year ended 31 December 2004

	Year to 31 December 2004 £	9 Months to 31 December 2003 £
Result/(loss) for the financial year/period	-	(10,800,000)
Net change/(decrease) in equity shareholder's funds	-	(10,800,000)
Opening equity shareholder's funds	2,116,411,423	2,127,211,423
Closing equity shareholder's funds	<u>2,116,411,423</u>	<u>2,116,411,423</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2004**

**1. ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements are prepared in accordance with applicable accounting standards and on the historical cost basis, modified to include the revaluation of investments, which are stated at market value.

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.

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.

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Foreign currency assets and liabilities are translated at the period end rates and any exchange difference arising are dealt with through the profit and loss account.

The foreign exchange gains and losses on the revaluation of the cross currency swap taken out to hedge the overseas fixed asset investment are taken to reserves to offset against the exchange differences arising on the retranslation of the fixed asset investment.

All other exchange differences are dealt with through the profit and loss account.

**Tax**

The charge for tax is based on the result for the year and takes into account tax deferred due to timing differences between the treatment of certain items for tax and accounting purposes.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that 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.

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

**2. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITORS' REMUNERATION**

The Company had no employees during the year (period ended 31 December 2003: nil). The Directors did not receive any emoluments from the Company (period ended 31 December 2003: £nil). The auditors' remuneration was borne by the parent company for the current year and prior period.

# CABLE & WIRELESS US INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 3. TAX CHARGE ON RESULT/(LOSS) ON ORDINARY ACTIVITIES

	Year to 31 December 2004 £	9 Months to 31 December 2003 £
The tax charge comprises:		
United Kingdom corporation tax at 30%		
Prior Year adjustments	-	(10,800,000)

Reconciliation of the Company's current tax to the United Kingdom statutory rate:

	Year to 31 December 2004 £	9 Months to 31 December 2003 £
Tax adjustments in respect of prior years	-	(10,800,000)
Current tax	-	(10,800,000)

### 4. INVESTMENT IN SUBSIDIARY

	Year to 31 December 2004 £	9 Months to 31 December 2003 £
Opening and Closing Net realisable value	2,051,357,501	2,051,357,501

Details of the investment in the subsidiary are outlined as follows:

Name of Subsidiary	Country of incorporation	Holding	Nature of Business
US Financial Investments LLC	USA	100% Ordinary shares	Financing

### 5. DEBTOR

	31 December 2004 £	31 December 2003 £
Amounts owed from parent undertaking	65,053,922	65,053,922

# CABLE & WIRELESS US INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2004

### 6. CALLED UP SHARE CAPITAL

	31 December 2004 £	31 December 2003 £
Authorised 100,000,000 ordinary shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>
Allotted, called up and fully paid 1,100 ordinary shares of £1 each	<u>1,100</u>	<u>1,100</u>

### 7. MOVEMENT ON RESERVES

	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January and 31 December 2004	<u>1,999,998,900</u>	<u>104,872,271</u>	<u>11,539,152</u>	<u>2,116,410,323</u>

### 8. 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.

### 9. 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.

### 10. 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, Berkshire, RG12 1XL. No other group accounts include the results of the Company.