

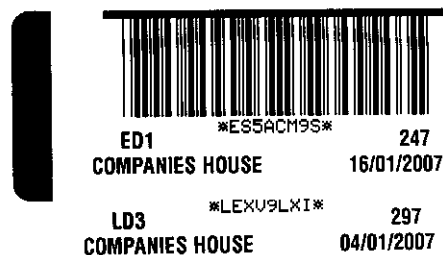
**CABLE & WIRELESS UK FINANCE NO 3**

**Report and Financial Statements**

**Year ended 31 December 2005**

**Registered Office:**

7<sup>th</sup> Floor,  
The Point,  
37 North Wharf Road,  
London W2 1LA



## **CABLE & WIRELESS UK FINANCE NO 3 LIMITED**

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

#### **Elective Regime**

On 27 August 2002, 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.

**REPORT AND FINANCIAL STATEMENTS 2005**

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**DIRECTORS' REPORT**

The Directors present their annual report and the financial statements for the year to 31 December 2005.

**ACTIVITIES**

The principal activity of the Company is the provision of an interest free loan to Cable and Wireless plc. During the current year and prior year the Company did not trade and received no income and incurred no expenditure.

**FUTURE PROSPECTS**

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

**DIRECTORS AND THEIR INTERESTS**

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

A S Garard (resigned 21 March 2006)  
 J S Wilson (resigned 21 July 2005)  
 D J Platt (appointed 8 September 2005)  
 N I Cooper (appointed 21 March 2006)

The Directors have neither 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:

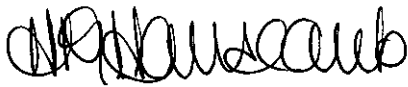
	At 1 January 2005 (or date of appointment if later)	Shares acquired or options granted	Shares disposed or options exercised/lapsed	At 31 December 2005	
A S Garard	107,245	1,225	-	108,470	
	8,576	-	-	8,576	(a)
	1,112,000	428,849	-	1,540,849	(b)
	105,773	-	-	105,773	(c)
	-	107,212	-	107,212	
D J Platt	17,196	-	-	17,196	
	8,881	-	-	8,881	(a)
	383,767	-	-	383,767	(b)
	56,855	-	-	56,855	(c)
	24,376	-	-	24,376	(e)

**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 restricted shares which will vest on 1 July 2006, (d) which are contingent share awards granted on 25 August 2005 under the C&W Performance Share Plan or (e) which are Deferred Short Term Incentive Plan matching awards which will vest on the third anniversary of the date of grant. Full details of the Performance Share Plan are included in the financial statements of the ultimate parent company.

By order of the Board of Directors.



**H M HANSCOMB**  
Secretary

Date: 3 January 2007

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

**PROFIT AND LOSS ACCOUNT**

**Year ended 31 December 2005**

During the current year and 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 year or prior year.

**PROFIT AND LOSS ACCOUNT****Year ended 31 December 2005**

	Note	31 December 2005 £000	31 December 2004 £000
<b>CURRENT ASSETS</b>			
Debtors	3	1,028,076	1,028,076
<b>NET ASSETS</b>		<u>1,028,076</u>	<u>1,028,076</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	4	4
Share premium	5	1,028,072	1,028,072
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>1,028,076</u>	<u>1,028,076</u>

The Director confirm that for the year ended 31 December 2005:

- (a) 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 the Act, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as possible to the Company.

The financial statements on pages 5 to 8 were approved by the Board of Directors on 3 January 2007 and signed on their behalf by:



**DJ PLATT**  
Director

**NOTES TO THE ACCOUNTS****Year to 31 December 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 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.

**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 during the year (2004 – £nil).

**3. DEBTORS**

	31 December 2005 £000	31 December 2004 £000
Loans to ultimate parent company	1,028,076	1,028,076

The loans to the ultimate parent company are non-interest bearing.

**4. CALLED UP SHARE CAPITAL**

	31 December 2005 £000	31 December 2004 £000
Authorised 100,000 ordinary shares of £1 each	100	100
Allotted, called up and fully paid 4,000 ordinary shares of £1	4	4

**5. RESERVES**

	Share premium £	Profit and loss account £	Total £
At 1 January and 31 December 2005	1,028,072	-	1,028,072

**NOTES TO THE ACCOUNTS (cont.)**  
**Year to 31 December 2005**

**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.

**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, 7<sup>th</sup> Floor, The Point, 37 North Wharf Road, London W2 1LA. No other group accounts include the results of the Company.