

Company Registration No. 4282219

CABLE & WIRELESS UK FINANCE NO 3

Report and Financial Statements

31 March 2003

Registered Office:
124 Theobalds Road
London
WC1X 8RX



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.

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REPORT AND FINANCIAL STATEMENTS CONTENTS

	Page
Directors' report	2
Profit and loss account	3
Balance sheet	4
Notes to the accounts	5

DIRECTORS' REPORT

The Directors present their annual report and the financial statements for the year ended 31 March 2003.

ACTIVITIES

The principal activity of the Company is the provision of an interest free loan to Cable and Wireless plc. The Company was dormant within the meaning of Section 249AA of the Companies Act 1985 throughout the year.

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:

K K Claydon (resigned 18 July 2003)
 A S Garard (appointed 16 July 2003)
 J O'Neill
 J S Wilson (appointed 16 July 2003)

The Directors have no interest in the shares of the Company nor any disclosable interests in any contracts or arrangements with the Company subsisting at the end of the 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 April 2002	Shares acquired or options granted	Shares disposed or options exercised/lapsed	At 31 March 2003
K K Claydon	16,571	6,519	4,721	18,369
	7,412	39,780	18,762	28,430 (a)
	131,517	91,000	-	222,517 (b)
	10,782	-	10,782	- (c)
	4,524	-	-	4,524 (d)
	36,326	-	-	36,326 (e)
	-	45,400	-	45,400 (f)
J O'Neill	1,822	6,489	-	8,311
	1,549	36,758	11,999	26,308 (a)
	86,304	96,000	-	182,304 (b)
	4,917	-	-	4,917 (d)
	38,235	-	-	38,235 (e)
	-	47,800	-	47,800 (f)

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 1 April 1999 under the C&W Performance Share Plan (PSP) 1999, (d) which are contingent share awards granted on 1 April 2000 under the C&W PSP 2000, (e) which are contingent share awards granted on 27 July 2001 under the C&W PSP 2001 or (f) which are contingent share awards granted on 23 May 2002 under the C&W PSP 2002. Full details of the PSP is included in the financial statements of the ultimate parent company.

By order of the Board of Directors.



H M HANSCOMB
 Assistant Secretary

Date: 21 January 2004

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2003

During the current year or prior period 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 period.

BALANCE SHEET
31 March 2003


	Note	2003 £'000	2002 £'000
CURRENT ASSETS			
Debtors	3	799,457	799,457
NET ASSETS			
		799,457	799,457
CAPITAL AND RESERVES			
Called up share capital	4	3	3
Share premium	5	799,454	799,454
EQUITY SHAREHOLDERS' FUNDS			
		799,457	799,457

The Directors confirm that:

- for the year ended 31 March 2003 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985 from the requirement to have its accounts audited; and
- 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.

The financial statements on pages 3 to 6 were approved by the Board of Directors on 21 January 2004 and signed on their behalf by:



J O'NEILL
Director

NOTES TO THE ACCOUNTS**Period ended 31 March 2003****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 period (2002 – nil). The Directors did not receive any emoluments from the Company during the year (2002 - £nil).

3. DEBTORS

	2003 £'000	2002 £'000
Loans to ultimate parent company	799,457	799,457

The loans to the ultimate parent company earn zero interest.

4. CALLED UP SHARE CAPITAL

	2003 £'000	2002 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
3,002 ordinary shares of £1	3	3

5. RESERVES

	Share premium £'000	Profit and loss account £'000
At 1 April 2002 and 31 March 2003	799,454	-

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.

NOTES TO THE ACCOUNTS

Period ended 31 March 2003

8. POST BALANCE SHEET EVENT

On 10 December 2003 the Company issued 858 ordinary shares of £1 each to Cable and Wireless (Far East) Limited at a premium and the subscription monies of £228,618,882 were loaned interest free to the Company's parent under the terms of an existing loan agreement.

9. 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, 124 Theobalds Road, London WC1X 8RX. No other group accounts include the results of the Company.