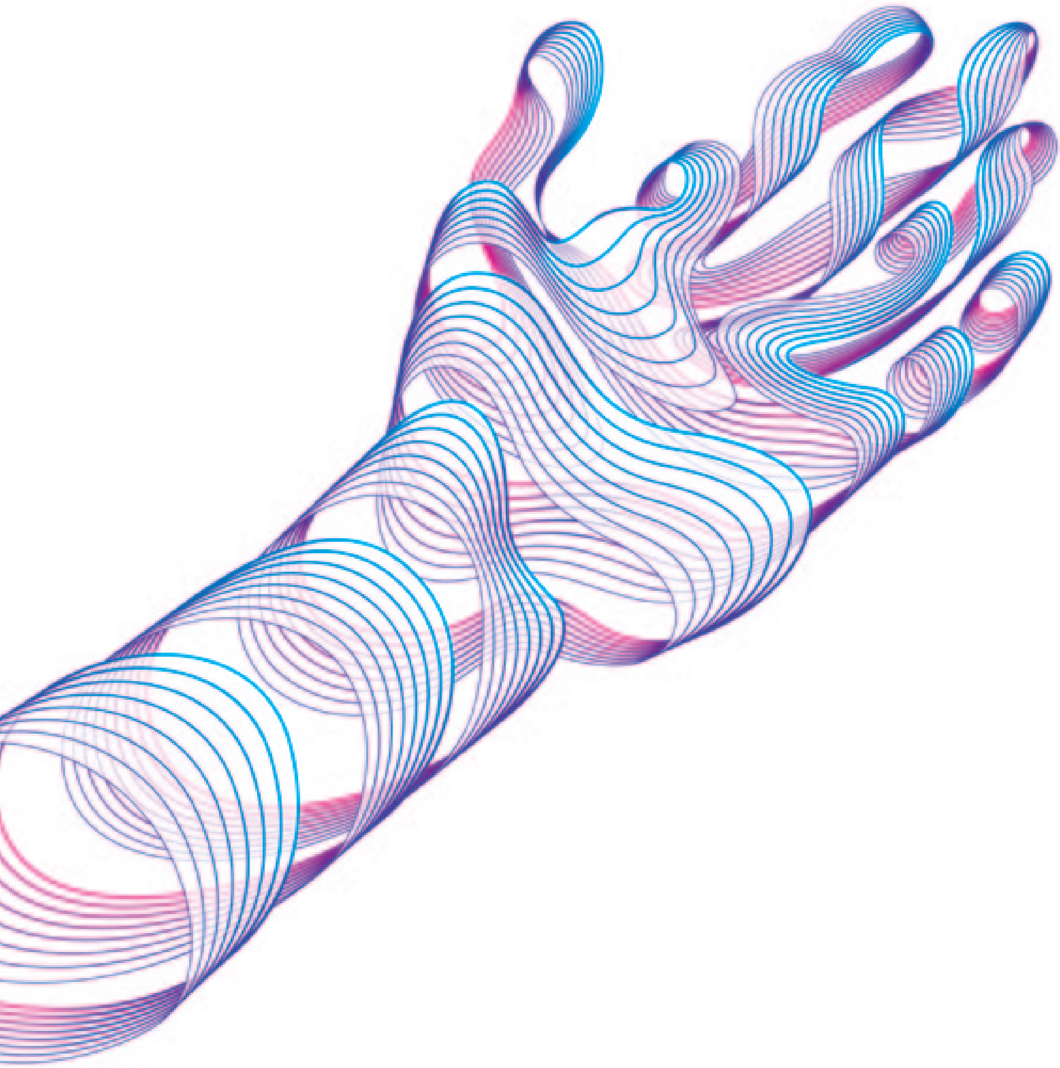
Cable&Wireless Communications

# Today & Tomorrow

Annual review 2009/10



## Contents



EBITDA is defined as earnings before interest, tax, depreciation and amortisation, Long-Term Incentive Plan (LTIP) charge and net other operating income and expense. Unless otherwise stated, EBITDA excludes exceptional items. Exceptional items are material items which derive from individual events that fall within the ordinary activities of the Group that are identified as exceptional items by virtue of their size, nature or incidence. Operating cash flow is defined as pre-exceptional EBITDA less capital expenditure less cash exceptionals.

# Today & Tomorrow

Cable & Wireless Communications is one of the world's leading international communications companies. For more than 140 years we have provided telecommunications services around the world.

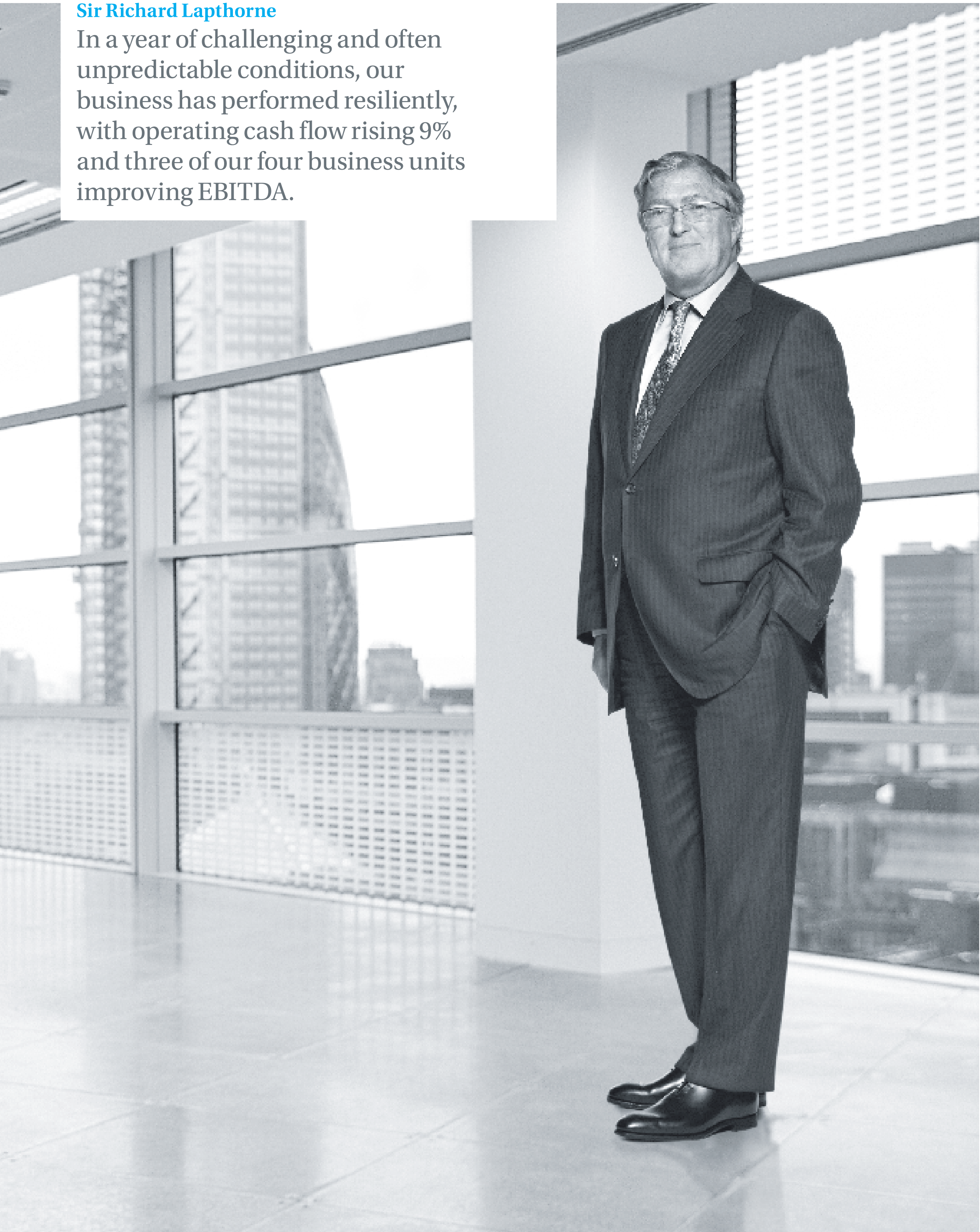
Our four regional business units – the Caribbean, Panama, Macau and Monaco & Islands – provide mobile, broadband, fixed line, enterprise and entertainment services to consumers, corporate customers and governments.

Putting communications at the heart of nations, we aim to bring people together today and develop new markets and offer new services tomorrow.

# Today & Tomorrow
## Chairman's review

**Sir Richard Lapthorne**

In a year of challenging and often unpredictable conditions, our business has performed resiliently, with operating cash flow rising 9% and three of our four business units improving EBITDA.



"The history of Cable & Wireless goes back 140 years. Cable & Wireless Communications will build on its very valuable legacy."

+9%

Increase in operating cash flow

3 out of 4

Business units increased EBITDA

It gives me great pleasure to be introducing the first annual report of Cable & Wireless Communications.

Our 'new' company was created just before the financial year end in March, after the demerger of our sister business, Cable & Wireless Worldwide.

This Annual Review sets out the information we are required to present on Cable & Wireless Communications, however, in some cases to be helpful to shareholders we have shown the results over the full year during which we operated as Cable and Wireless plc before becoming Cable & Wireless Communications.

The demerger was the culmination of a long journey for the Cable & Wireless Group, but one which has delivered outstanding value to shareholders.

At the beginning of 2003, the Company was in a steep decline. The turnaround that has followed has been a victory for prudent management, occasionally unorthodox thinking and the commitment of a team of talented managers. At demerger we were able to launch two stand-alone businesses, producing sustainable profits and cash flows, with balance sheets properly financed to support their needs. The demerger is already bringing greater focus to Cable & Wireless Communications. It has long been a business with high quality assets and a strong earnings and cash flow track record. Over the last four years the business has progressed its earnings and repatriated US$1.6 billion of cash. The results for 2009/10 stand up to this record. Against the backdrop of a sharp downturn in the Caribbean and economic fluctuations across many of our other markets, as well as new competitive pressures, we reported EBITDA of US$866 million and operating cash flow of US$484 million. Our resilient performance is testament to the skill and ingenuity of our employees in each market. I applaud them all.

Shareholders in the former Cable and Wireless plc, who retain their shares in both demerged businesses will receive a 9.50 pence per share dividend for 2009/10, a 12% rise on the prior year. As we announced before the demerger, both businesses are committed to paying attractive ongoing dividends. Cable & Wireless Communications is expected to recommend an US 8 cents per share dividend, or its equivalent in pence for 2010/11.

The history of Cable & Wireless reaches back more than 140 years. Cable & Wireless Communications will build on its very valuable legacy. We have well established, market leading businesses, and significant opportunities to grow.

**Sir Richard Lapthorne, CBE**

# Here & Now
## Chief Executive's review

**Tony Rice**

Our business is positioned in premium growth economies and we are the market leader in most. We offer the full suite of services – fixed, mobile, broadband and enterprise – and aim to bring more new services, particularly data services to our markets, to drive revenue and margins.

**$2.3bn** Revenue

**$866m** EBITDA

**$484m** Operating cash flow

**Q**

Can you describe the performance of the business last year?

**TR:** 2009/10 was a very difficult year for all telecoms companies. I was pleased with our performance in a number of respects. Firstly, we delivered a high quality level of service to our consumer and enterprise customers. Secondly, we met our commitment to partner governments to give them a world class telecommunications capability as a key driver of economic development. Lastly, I was pleased with our financial performance for shareholders. Despite the credit crunch and local factors, such as intensifying competition, three of our four business units grew EBITDA.

**Q**

When will performance in the Caribbean business turn around and how crucial is it to the overall performance of the business?

**TR:** The Caribbean is exposed to tourism, and thus exposed to the global economy. Last year, both tourist numbers and tourist spend were weaker which had a knock-on impact. Tourist numbers appear to be improving this year, but the evidence we see is that visitor spend is still down. But, we have a new management team in place with a grip on the business.

**Q**

The Panama business performed strongly in the face of new mobile competition last year, what do you expect from it this year?

**TR:** Panama did well last year. Our market share held up through the year which was excellent, given the new competition. This year I'm looking for positives from Panama's enterprise business which we expect will improve as the new Government gets into its stride and starts to deliver the public sector projects, in which we're involved. We also launched pay TV, which had a good start in the last three months of the year.

**Q**

What are the future drivers for your business and how are you positioned to take advantage of them?

**TR:** There will be four drivers – product innovation, mobile data, the triple play and the economy.

Product innovation is key. Our customers are looking for it and are prepared to pay for innovative products that enable them to live their lives and manage their businesses better. I am particularly proud of our Social Telecoms capability where we are developing a set of products in the areas of security, health, education and e-government to deliver key telecoms enabled public services.

Mobile data is an interesting situation. The business model is still evolving between the handset providers, the applications houses and the telcos but we're well placed as we cover the telecoms waterfront with sub-sea cables, backhaul, broadband, fixed and mobile. I'm confident that a lot of the value that attaches to mobile data as it grows will come to us.

The next is the triple play. We can bundle our offering and provide it to the consumer at an advantageous price and, in doing so, not just roll out pay TV as a new product but also consolidate our market position in fixed and broadband.

Finally, the economy. Consumer spend on telecoms is a function of disposable income and that's under pressure everywhere around the globe. But we are fortunate to be positioned in markets with premium GDP characteristics.

**Q**

What can we expect from Cable & Wireless Communications in 2010/11 and beyond?

**TR:** The aftershocks of the economic downturn are still impacting most economies and consumer and enterprise spend therein.

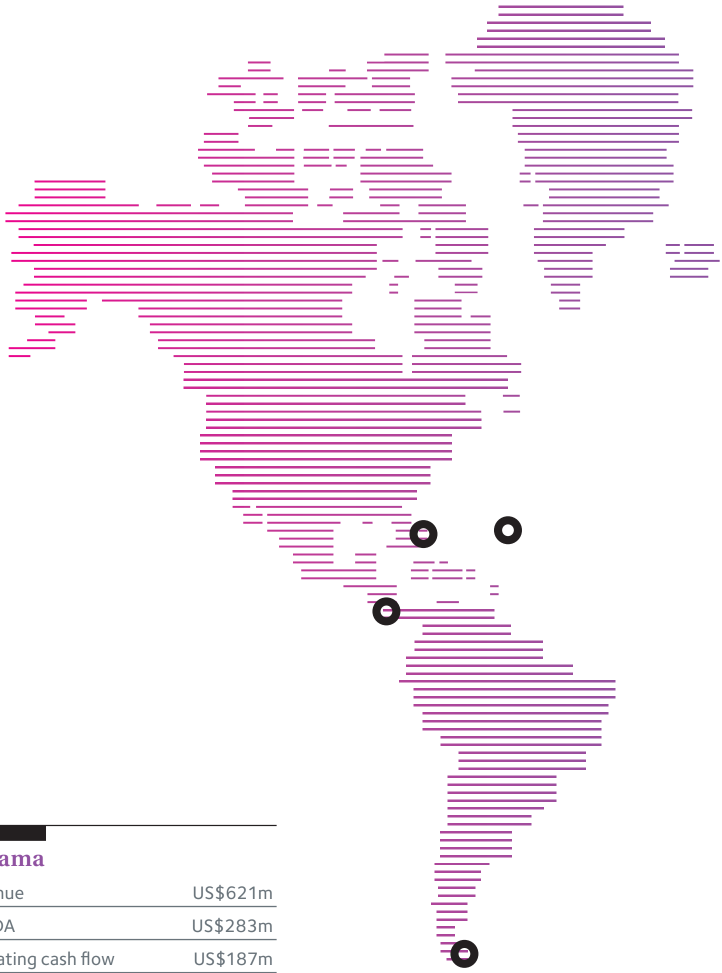
I'm really excited by the prospect of leading into the future what was the original Cable & Wireless business now reinstated to a purely international focus.

I'm looking for Cable & Wireless Communications to progress in 2010/11 in terms of customer delivery but also financial performance.

I'm also looking for greater portfolio momentum in terms of reshaping the portfolio and building on the key areas of growth.

# Today

Cable & Wireless Communications operates in a diverse range of markets across the globe – from high growth emerging economies to some of the most developed markets in the world. We are the market leader in most of the products that we offer and most territories that we serve.



## Caribbean

| | |
|---|---|
| Revenue | US$873m |
| EBITDA | US$270m |
| Operating cash flow | US$110m |

Trading under the LIME brand we serve communities across 13 Caribbean countries, leading the majority of mobile markets and 11 out of 13 broadband markets.

**2.2m**

Mobile customers[1]

## Panama

| | |
|---|---|
| Revenue | US$621m |
| EBITDA | US$283m |
| Operating cash flow | US$187m |

Our Panama business is the market leader in mobile, fixed and broadband in this growing country of 3.4 million people. We are leveraging our market leading network, bundling mobile broadband and pay TV services for our customers.

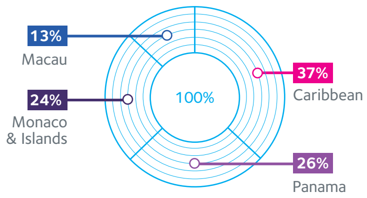
**54%**

Mobile market share

regional operations

## Far & Wide

### Revenue by region




**19**

Market leader in 19 of 27 mobile markets

**25**

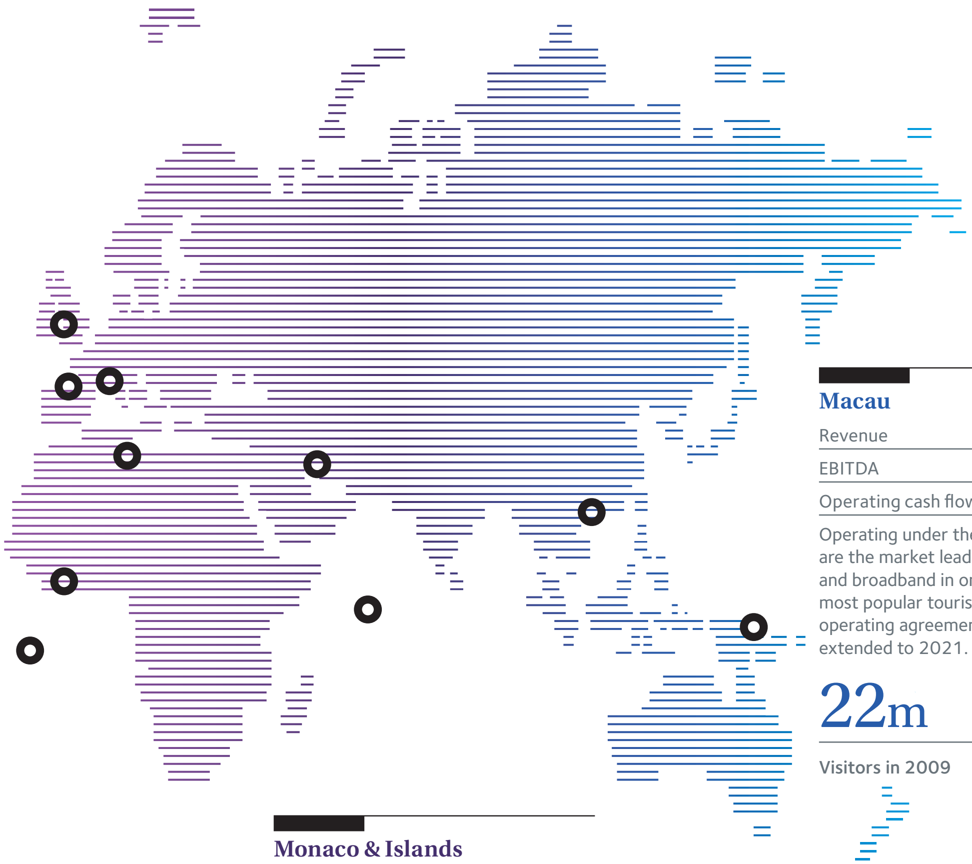
Market leader in 25 of 27 fixed line markets

**9.2m**

Mobile customers[1]

**1.8m**

Fixed line customers



### Macau

| | |
|---|---|
| Revenue | US$316m |
| EBITDA | US$142m |
| Operating cash flow | US$111m |

Operating under the CTM brand, we are the market leader in mobile, fixed and broadband in one of the world's most popular tourist destinations. Our operating agreement has recently been extended to 2021.

**22m**

Visitors in 2009

### Monaco & Islands

| | |
|---|---|
| Revenue | US$552m |
| EBITDA | US$174m |
| Operating cash flow | US$106m |

Offering mobile, fixed and broadband services in the core markets of Monaco, the Maldives and Guernsey, together with selected services in 19 other markets including our joint ventures.

**4.2m**

Mobile customers[1]

1 Including joint ventures

# Tomorrow

Our industry and our markets will be characterised by changing customer demands, competition and new technology. We have a robust starting point and an effective strategy to meet these challenges, grow our business, and deliver returns to shareholders. We will do this by operating our existing business better, introducing new services as our customers demand them and developing our presence around our core regional hubs.

## Our strategy in action

| | What we're doing | How we're doing it |
|---|---|---|
| **Do it better** | ○ Continuous improvement of customer service to attract and retain customers<br>○ Improve margins through operational efficiency and transform our economics | The mantra of 'do it better' applies to all areas of operation and across each of our business units. Providing the best service and best network coverage in a market will provide us with a competitive advantage. A focus on reducing operational spending and keeping capital expenditure in line with business needs will improve margins. Embracing macro level cost saving initiatives, like mobile tower sharing, will help transform the economics of our operations. |
| **Service growth** | **Pay TV**<br>○ Develop pay TV services to offer triple play proposition to customers<br>○ Use triple play to bolster fixed line products and protect against competition from cable operators | Pay TV is the key element in a triple play bundle (fixed line, broadband and TV). Triple play offers will position our businesses as the core provider of 'digital home' services and enhance our existing advantage where we are the leading fixed line operator. |
| | **Mobile data**<br>○ Develop mobile data services for customers on our 3G mobile networks<br>○ Driving subscriber numbers and average revenues per user (ARPU) | Handset development and improved network speeds are creating increasing customer appetite for mobile internet access and value added services. We are well positioned to meet this demand, with existing 3G networks in many territories. |

"As an independent business we have an excellent platform for growth, with full service capability and strong financial metrics to build upon."

— **Tony Rice** Chief Executive

## Our strategy in action

| | What we're doing | How we're doing it |
|---|---|---|
| **Service growth** continued | **Managed services**<br>○ Developing our service capability to serve the needs of enterprise and government customers<br>○ Offering higher value services to customers within, and outside of, existing markets | The managed services market is a significant opportunity for our business units as each has the required capability, and connectivity and relationships to service high demand enterprise and government customers. |
| | **Carrier services**<br>○ Utilising our existing cable networks to offer wholesale services to other carriers<br>○ Capturing new revenues arising from the growing demand for bandwidth | The growing levels of internet traffic are driving global demand for cable capacity. In particular, traffic between North and South America. We have an extensive cable network in the Caribbean and Panama with sufficient capacity to meet this growing demand. |
| **Develop regional hubs** | ○ Create scale by building our business units around regional hubs<br>○ Organic expansion through enterprise capability<br>○ Inorganic expansion where attractive economies of scale and synergies exist | In a geographically diverse business, we seek to exploit and develop our scale on a regional basis. We will develop business units around regional hubs. |

# Business review
# Panama

Our Panama business is the market leader in mobile, fixed line and broadband in this growing country of 3.4 million people. We are also a major provider of services to enterprises and governments. Last year we launched a pay TV service, which we bundle with broadband and fixed line services, providing a triple play offering to customers.

### Performance overview

| | 2009/10 | 2008/09 |
|---|---|---|
| Revenue (US$m) | **621** | 667 |
| Gross margin (%) | **70%** | 66% |
| EBITDA (US$m) | **283** | 276 |
| Capex (US$m) | **(94)** | (83) |
| Mobile customers (k) | **2,460** | 2,337 |
| Mobile ARPU ($) | **12** | 14 |

### Performance

2009/10 was a challenging year for our Panama business, in terms of the economy and increased competition. Delays in a number of planned public service projects weakened revenue, while two new mobile operators also entered the market. Despite this, our EBITDA rose 3% to a record US$283 million, with good performances from our mobile, broadband and carrier segments and tighter cost control through headcount, marketing and utilities efficiencies. This boosted our EBITDA margins from 41% to 46%.

With a market share of 54%, we continue to lead the mobile market. We increased mobile revenue slightly over the period and grew our total active mobile customers from 2.3 million to 2.5 million. We also saw positive signs in the take up of mobile data applications in the year, with customers increasingly choosing smartphone handsets.

Broadband continued to grow strongly, with revenues up 12%, but with only 22% of homes connected to high speed services there is further opportunity.

In managed services, we are a leading supplier to enterprises and governments in the region. In Panama we are helping to improve public health, education and public safety through implementation of communication systems.

### Market

Panama's economy was resilient in 2009, posting GDP growth of 2.4%, although this was lower than the GDP growth of 10.7% in 2008. In telecoms, the new mobile operators invested in marketing. Our mobile business, +Movil, responded with well conceived promotions and initiatives, which were supported by +Movil having the best telecoms customer service metrics in Panama. The market remains competitive, but we have the strongest brand and best coverage.

The new Government began tendering on a number of managed services contracts towards the end of the year, for which we are well positioned.

### Outlook

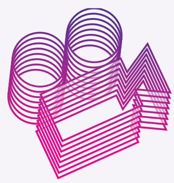
We will continue to compete and defend our market share in mobile and grow our data and managed services businesses. We are committed to improving our customer service and cost control remains a core priority as we improve efficiency and productivity.

**46%**

EBITDA margin – from 41% in 2008/09

**+5%**

Total active mobile customers up 5% from 2.3 million to 2.5 million



### TV & Entertainment

In December 2009 we launched Panama's only 100% digital pay TV service, +TV Digital.

The launch turned the market on its head allowing our business to begin offering triple play services and compete in a different way. To date 12,600 customers have subscribed to +TV Digital and we continue to roll out our network to win more.

# Business review
# Macau

## Our Macau business – operating as CTM – is the only full service operator in its market offering customers mobile, fixed line and broadband as well as enterprise services. It continues to lead the market in providing the highest quality service and driving the development of Macau's communications infrastructure.

### Performance overview

| | 2009/10 | 2008/09 |
|---|---|---|
| Revenue (US$m) | **316** | 302 |
| Gross margin (%) | **60%** | 64% |
| EBITDA (US$m) | **142** | 139 |
| Capex (US$m) | **(31)** | (35) |
| Mobile customers (k) | **387** | 397 |
| Mobile ARPU ($) | **17** | 21 |

### Performance
Our Macau business increased revenue and EBITDA, despite challenging economic conditions. Lower visitor numbers and economic activity impacted the Macau economy in the early part of 2009/10, leading to real GDP growth of just 1.3% for the 2009 year. But strong operational performance and tight cost control – including reducing our operational expenditure ratio from 18% to 16% of revenue – saw Macau's EBITDA rise 2% to a record US$142 million. We also retained our mobile market leadership and successfully migrated the majority of our mobile subscriber base onto our 3G service. Enterprise revenues grew 16% in the year driven by an increase in data and managed services.

We also signed a new fixed line operating agreement with the Government of Macau during the year, extending our tenure for a further ten years to 2021.

**+5%**

CTM revenue increased to US$316 million

**$142m**

EBITDA increased by 2%

### Market
Situated in the high economic growth region in the south east of China, Macau is the largest gaming market in the world. Tourism is a major driver of the economy. Total visitor numbers for the 2009 calendar year were 21.8 million and in 2010 the run rate for monthly visitors is already higher.

Macau has high mobile penetration of 192% and the market is competitive, with three operators able to offer 3G services. We are currently the exclusive provider of both fixed line and broadband services, although we expect competition in these segments in coming years. Our business is well positioned to take advantage of the economic upturn.

### Outlook
The Macau economy has been in recovery from the third quarter of 2009. Investment in Macau should grow during 2010, and forecasts are for stronger GDP growth.

In 2010/11 we aim to strengthen our market leadership in enterprise and data as well as developing our carrier services proposition, positioning ourselves as a regional hub. We aim to consolidate our position in mobile and grow mobile broadband subscribers.

### Speed & Delivery
Embracing our customers 'need for speed', we are installing a fibre to the home broadband network in Macau, capable of delivering broadband at speeds up to 100 megabits per second (Mbps). We are also upgrading our mobile network with HSPA+ technology, which will allow mobile broadband speeds of up to 21Mbps.

# Business review
# Caribbean

## Our business in the Caribbean is the leading full service telecoms provider in the region, serving communities across 13 islands. We operate under the brand LIME – Land line, Internet, Mobile, Entertainment – reflecting the services we provide to people, governments and businesses across the region.

### Performance overview

| | 2009/10 | 2008/09 |
|---|---|---|
| Revenue (US$m) | **873** | 975 |
| Gross margin (%) | **74%** | 74% |
| EBITDA (US$m) | **270** | 337 |
| Capex (US$m) | **(114)** | (150) |
| Mobile customers (k) | **1,271** | 1,254 |
| Mobile ARPU ($) | **21** | 25 |

### Performance

Our Caribbean business was affected by the deep economic recession in the region during 2009/10. Falling tourist numbers and spend hurt the economy and led to increased pricing pressure among mobile operators and weaker revenues in fixed line. Our earnings reflected this downturn with EBITDA falling 20%.

However, we competed well and were successful in maintaining our market positions in most products across the region. We performed well in broadband, increasing subscriber numbers by 6%, while mobile subscriber numbers grew by 1%.

Our One Caribbean transformation programme, which is focused on improving the efficiency and service levels of the business, made encouraging progress as we completed many initiatives.

During the year we also strengthened our senior team significantly, led by the appointment of David Shaw as CEO. We have added strong experience and local market knowledge with senior appointments in our operational, financial, marketing and commercial functions.

### Market

Trading conditions were challenging throughout the year, as GDP declined across the region and unemployment increased. In Jamaica the Government agreed a financial aid package with the International Monetary Fund, and other regional governments considered austerity measures.

The competitive situation across our markets remained relatively stable, although price competition was heightened by the economic conditions.

### Outlook

Overall, we expect the Caribbean economy to remain challenging in 2010 and possibly beyond. The region's recovery is expected to lag behind the US economy by at least 12 months.

We are focused on continuing to improve our processes and positioning the business for the upturn in the region's economies. We have the advantage of the largest fixed line networks in the region and broadband, with low penetration rates, remains a large opportunity in all markets. In the enterprise and government sector, we aim to work with governments on strategic projects in the security, health and education sectors.

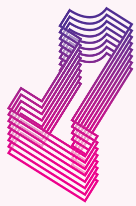
We will also invest in our networks to provide customers the best available coverage.

**1.27m**

**Mobile customers up 1%**

**74%**

**Gross margin maintained**



### Track & Field

Supporting the Caribbean passion for sport, LIME was the presenting sponsor of the 2010 CARIFTA Games, one of the premier track and field events in the Caribbean. Thanks to our sponsorship the Games, which were held in Cayman, were broadcast live to nearly 20 countries across the Caribbean, providing high exposure for the LIME brand.

# Business review
# Monaco & Islands

## Monaco & Islands is a portfolio business operating in 22 separate territories. The portfolio, which is divided into four 'clusters', is balanced between developed and emerging markets. We are the leader in most of our markets.

### Performance overview

| | 2009/10 | 2008/09 |
|---|---|---|
| Revenue (US$m) | **552** | 506 |
| Gross margin (%) | **64%** | 60% |
| EBITDA (US$m) | **174** | 137 |
| Capex (US$m) | **(64)** | (59) |
| Mobile customers (k) | **476** | 153 |
| Mobile ARPU ($) | **50** | 66 |

### Performance

Our Monaco & Islands business benefited from some resilient performances across the portfolio, as well as the acquisition of a controlling stake in our Maldives operation.

The additional 7% stake increased our ownership to 52%, allowing us to consolidate the Maldives results. The consolidation helped Monaco & Islands to a 27% rise in EBITDA and an improved margin of 32%.

Our three largest operations, the Maldives, Monaco and Guernsey all made progress, despite the economic headwinds.

**+9%**

Revenue up 9% to US$552 million

**+27%**

EBITDA up 27% to US$174 million at a margin of 32%

The Maldives business posted a strong performance for the year, maintaining its market shares and growing customers in mobile and broadband. In Monaco our mobile business benefited from our new 3G network, with data usage and revenue growing rapidly. In our CIIMB (Channel Islands, Isle of Man and Bermuda) cluster, we achieved double digit growth in mobile subscribers in the Isle of Man, and in Jersey, while in Guernsey we defended our market share in the face of intense competition. Good progress was made in broadband services, particularly in Guernsey.

### Market

The global recession impacted trading conditions across the portfolio, but our businesses responded strongly.

In the Maldives, tourist arrivals held up in 2009, despite GDP declining 2.8%. The economy is forecast to grow in 2010. In Monaco, the effects of recession were felt across the economy, particularly in tourism. The Channel Islands economies also slowed, particularly Jersey, but are showing signs of modest growth in 2010.

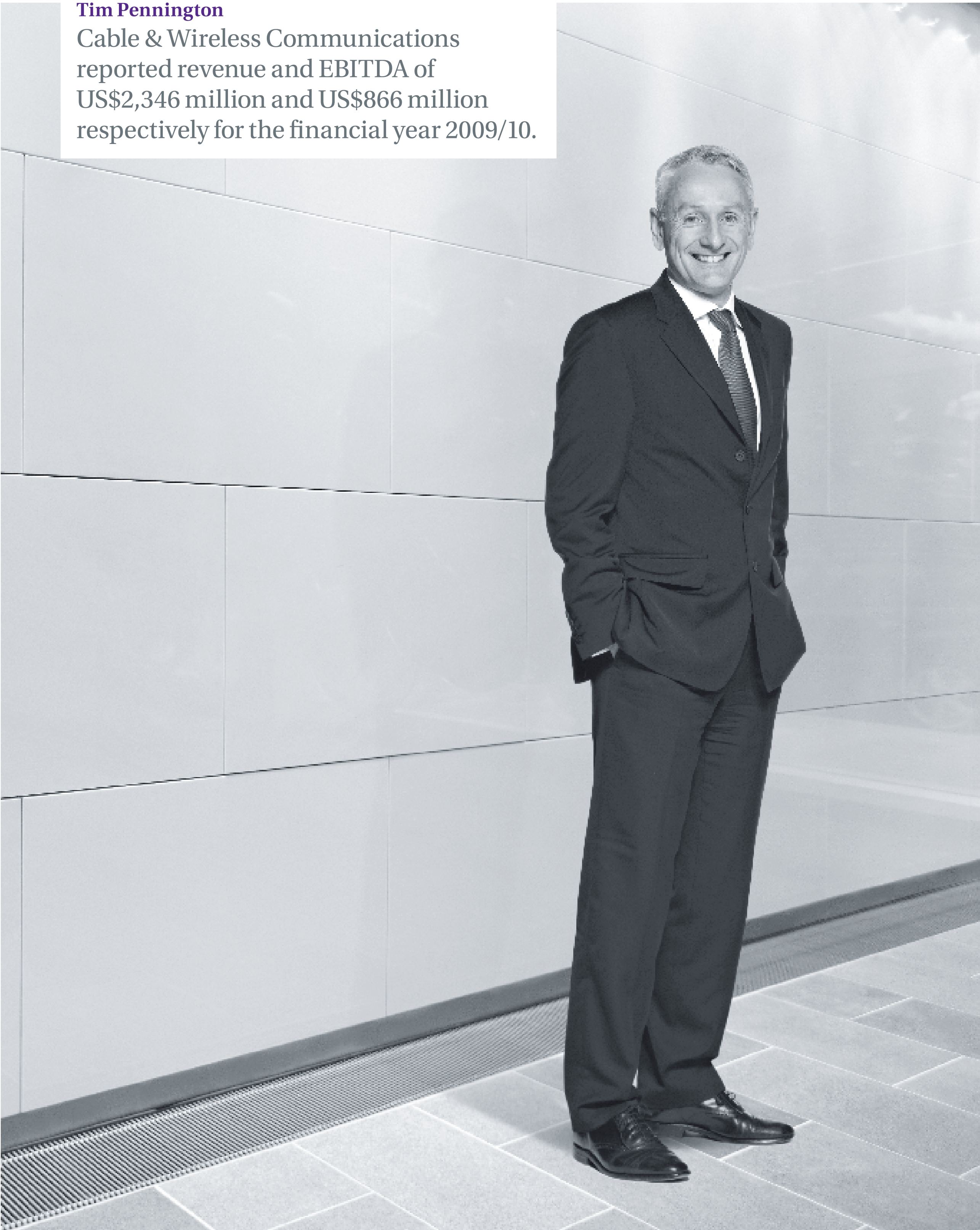
### Outlook

We expect several businesses within the portfolio to benefit as the global economy recovers. At a product level, several of our businesses have lower levels of broadband penetration than more developed markets, offering growth potential. Finally, network improvement and marketing initiatives such as bundled services provide opportunities for growth across all of our products and markets.

### Sponsorship & Marketing

Over Christmas 2009, our consumer business, Sure, sponsored Sure Skate, a group of outdoor ice rinks in the Isle of Man, Jersey and Guernsey. With no permanent ice rinks on any of the islands, over 51,000 people visited Sure Skate, fulfilling our sponsorship ambition to bring communities together.

# Performance & Progress
## Financial review



**Tim Pennington**

Cable & Wireless Communications reported revenue and EBITDA of US$2,346 million and US$866 million respectively for the financial year 2009/10.

"Cable & Wireless Communications has now demerged the Worldwide business and as such my report will focus on the new Cable & Wireless Communications Group."

7.2c

Earnings per share from continuing operations before exceptional items

$453m

Profit before tax and exceptional items

**A number of events had an impact on our business this year, the most material from a Group perspective being the demerger of the Cable & Wireless Worldwide business on 26 March 2010 and our transformation into Cable & Wireless Communications Plc. As a result of the demerger we have changed the reporting currency for the results of Cable & Wireless Communications to US dollars as this reflects the source currency of the majority of our income.**

Subsequent to demerger, Cable & Wireless Worldwide business is no longer part of the Cable & Wireless Communications Group. As such, the results for this business up to the date of demerger, 26 March 2010, have been presented as discontinued operations. Details are provided in the summary consolidated financial statements.

## Group financial performance summary

| | Full year ended 31 March 2010[1] | | | Full year ended 31 March 2009 | | |
|---|---|---|---|---|---|---|
| | Pre-exceptional US$m | Exceptional US$m | Total US$m | Pre-exceptional US$m | Exceptional US$m | Total US$m |
| **Continuing operations** | | | | | | |
| Revenue | 2,346 | – | 2,346 | 2,447 | – | 2,447 |
| **Gross margin** | 1,617 | – | 1,617 | 1,656 | – | 1,656 |
| Operating costs | (751) | (49) | (800) | (785) | (100) | (885) |
| **EBITDA**[2] | 866 | (49) | 817 | 871 | (100) | 771 |
| LTIP charge | (1) | – | (1) | – | – | – |
| Depreciation and amortisation | (348) | – | (348) | (294) | – | (294) |
| Net other operating income/(expense) | 3 | (33) | (30) | (3) | – | (3) |
| Results of joint ventures | 30 | – | 30 | 60 | – | 60 |
| **Total operating profit** | 550 | (82) | 468 | 634 | (100) | 534 |
| Finance income | 23 | 19 | 42 | 46 | – | 46 |
| Finance expense | (119) | (7) | (126) | (107) | (98) | (205) |
| Other non-operating (losses)/gains | (1) | – | (1) | 19 | – | 19 |
| **Profit/(loss) before tax** | 453 | (70) | 383 | 592 | (198) | 394 |
| Income tax | (126) | 6 | (120) | (100) | 12 | (88) |
| **Profit/(loss) for the year** | 327 | (64) | 263 | 492 | (186) | 306 |

1 2009/10 results include the consolidated results for the Maldives from October 2009 after control was obtained.
2 Earnings before interest, tax, depreciation and amortisation, LTIP charge and net other operating income (see note 44 of the consolidated financial statements).

# Financial review

The discussion of the results that follows is, unless otherwise stated, before exceptional items.

The effects of the global recession, especially in the Caribbean, have had a major impact on the results for Cable & Wireless Communications in the 2009/10 financial year. Many of our operations are in tourist dependent economies which saw much lower levels of activity especially during the first half of our financial year. This resulted in low or negative GDP growth in most of our markets and rising levels of unemployment. Action was taken to rein in costs but this was not sufficient to meet a 4% decline in revenue. During the second half of the financial year there were some signs of stabilisation although we remain cautious about the economic environment going into 2010/11 especially in the Caribbean countries in which we operate.

Cable & Wireless Communications reported revenue and EBITDA of US$2,346 million and US$866 million respectively for the financial year 2009/10 in line with the profit forecast contained within the demerger prospectus. In October 2009 we consolidated our Maldives business, which added US$69 million to revenues and US$45 million to EBITDA. Operating profit before exceptional charges at US$550 million reflected lower revenues, higher levels of depreciation and lower joint venture income offset by lower operating costs.

Profit for the year from continuing operations after exceptional items has decreased from US$306 million to US$263 million, primarily driven by the above and higher tax charges. This resulted in basic earnings per share from continuing operations before exceptional items of 7.20 US cents per share (4.9 US cents per share after exceptional items).

At the time of the demerger, we announced that payment of the final dividend for Cable and Wireless plc of 6.34 pence per share would be allocated between Cable & Wireless Communications and Cable & Wireless Worldwide. Consequently, Cable & Wireless Communications is proposing a dividend payment of 3.34 pence per share. For 2010/11, the Board of Cable & Wireless Communications has confirmed that, subject to financial and trading performance, it expects to recommend a dividend of 8.0 US cents per share.

## Review of Regional Operations

### Panama

| | **Year ended 31 March 2010** | Year ended 31 March 2009 | Change % |
|---|---|---|---|
| Revenue (US$m) | **621** | 667 | (7) |
| EBITDA (US$m) | **283** | 276 | 3 |
| Margin (%) | **46** | 41 | |

Panama experienced record EBITDA driven by an increase in gross margin percentage and a 9% reduction in operating costs, offsetting a 7% decline in revenue.

EBITDA was 3% higher than last year at US$283 million and EBITDA margin improved by five percentage points to 46%, slightly higher than the six months to September 2009.

### Macau

| | **Year ended 31 March 2010** | Year ended 31 March 2009 | Change % |
|---|---|---|---|
| Revenue (US$m) | **316** | 302 | 5 |
| EBITDA (US$m) | **142** | 139 | 2 |
| Margin (%) | **45** | 46 | |

Our operation in Macau had its best ever year, increasing EBITDA by 2%, despite economic volatility. Revenue increased by 5% to US$316 million and gross margin at US$191 million was broadly flat with last year.

Operating costs were US$49 million, 8% lower than last year. Our continued cost control plus a reduction in royalty fees related to the fixed line concession reduced operating costs as a percentage of revenue to 16%, from 18% in 2008/09. As a consequence EBITDA increased 2% to US$142 million at a margin of 45%.

### Caribbean

| | Year ended 31 March 2010 | Year ended 31 March 2009 | Change % |
|---|---|---|---|
| Revenue (US$m) | **873** | 975 | (10) |
| EBITDA (US$m) | **270** | 337 | (20) |
| Margin (%) | **31** | 35 | |

Trading in our Caribbean operations proved challenging throughout the year with tourist arrivals down in most of the islands in which we operate, contributing to declining GDP and increasing unemployment. Revenue decreased 10% to US$873 million, with US$46 million of the US$102 million decline due to currency depreciation in Jamaica, but the gross margin percentage was maintained and operating costs of US$376 million were 1% lower than 2008/09. This resulted in a reduction in EBITDA of 20% to US$270 million at a margin of 31%.

### Monaco & Islands

| | Year ended 31 March 2010 | Year ended 31 March 2009 | Change % |
|---|---|---|---|
| Revenue (US$m) | **552** | 506 | 9 |
| EBITDA (US$m) | **174** | 137 | 27 |
| Margin (%) | **32** | 27 | |

In October 2009 we increased our shareholding in our business in the Maldives, Dhiraagu, to 52%. The business has been consolidated since that date. This has added US$69 million to revenue and US$45 million to EBITDA in H2 2009/10.

Revenue increased 9% to US$552 million and gross margin 15% to US$352 million whilst operating costs at US$178 million increased by 6% with the Maldives adding US$13 million. EBITDA at US$174 million is 27% higher than the prior year. Excluding the Maldives, EBITDA was US$129 million which was broadly in line with last year in constant currency.

### Exceptional items

Net exceptional operating charges of US$82 million were incurred during the year, of which US$39 million related to the demerger.

### Capital expenditure

Balance sheet capital expenditure was US$310 million, an 8% reduction from the prior year and 13% of revenue. Our principal investments were customer driven increases in capacity and coverage footprint for our 2G/2.5G GSM mobile networks, our fixed broadband networks and our 3G/3.5G mobile broadband networks. In Panama, we have invested capital to introduce a digital pay TV network, complementing our existing lines of service.

### Cash flow

Cable & Wireless Communications generated an operating cash inflow before exceptionals of US$556 million in 2009/10. Net cash flow included a US$72 million outflow for exceptional items, US$52 million of which related to restructuring charges associated with business transformation (primarily the One Caribbean programme). We also made a contribution to the pension fund of US$43 million of which US$40 million was agreed with the pension Trustees prior to the demerger.

### Net debt

Cable & Wireless Communications net debt was US$664 million at 31 March 2010, compared to US$571 million a year earlier. We entered into new financings and facilities in 2009/10 totalling US$1.1 billion, including three year bank facilities of US$600 million with margins of between 3.25% and 4.00% over LIBOR. These facilities were undrawn at 31 March 2010. In addition, we obtained a US$500 million seven year bond with a margin of 7.75% was placed with investors in Europe and the United States.

During the year, Cable & Wireless Communications repaid its existing US$415 million facility.

# Corporate responsibility

**This report focuses on some of the many corporate responsibility activities that Cable & Wireless Communications has undertaken during the year. Corporate responsibility is defined under four business principles against which our businesses define local priorities.**

## Seek continuous improvement in our environmental performance

Using the same methodology that was applied to last years report, we have made good progress on our efforts to reduce our carbon footprint and business travel. We estimate our carbon footprint to be 116,000 tonnes of $CO_{2e}$ based on our scope 1 and scope 2 greenhouse gas emissions compared with 122,000 tonnes last year. Our electricity consumption reduced from 200 million kWH last year to 170 million kWH this year and our fuel usage is down to 4.6 million litres from 5.4 million litres last year.

Last year Cable and Wireless plc reported that it intended to introduce high definition video conferencing and encourage colleagues to change their travel patterns. These initiatives have contributed to a reduction of 700 tonnes of $CO_{2e}$ from last year's total of 3,200 tonnes of $CO_{2e}$ down to 2,500 tonnes of $CO_{2e}$ this year.

Our Panama business completed a project in July 2009 that uses solar and wind power to generate energy to operate radio base stations. The indigenous community of Piriati in Darién Province is the first to benefit. Their base station is the only one in Panama that uses alternative energy all the time, saving an average of 5,000kW per month.

The Maldives Government is committed to becoming the first carbon neutral country in the world. This initiative was supported by our Maldives business as a main partner of the '350 campaign'. 50% of our network node sites outside Malé, the capital city, use renewable energy which accounts for 10% of power generated at these sites.

In 2008/09 our Macau business launched an online paperless billing service and now 33% of its customers have opted for online billing resulting in paper usage decreasing by 24% since June 2009.

A 'Go Green' billing initiative has been launched by our Caribbean business across the whole region, aimed at reducing the average bill from five pages to two through consolidated or electronic billing.

## Contribute positively to the social and economic development of the communities

We have contributed US$1.7 million directly to community projects over the year. The issues addressed are as wide ranging as the businesses.

Across all our regions there is a growing awareness of the need to protect children online and we have undertaken a number of initiatives this year. The Maldives business launched a parental control service for broadband ADSL users. The company has also joined the GSMA Mobile Alliance against Child Sexual Abuse.

In the Seychelles we organised a series of workshops in support of the country's celebration of World Telecom Day and its theme of 'Protecting Children through Cyberspace'.

We are involved in projects aimed at reducing crime. In Jamaica we now provide land line services at a reduced charge for 16 police stations in rural areas that were previously without a phone service. We also sponsor the Private Sector Organisation of Jamaica's (PSOJ) Crime Stop programme.

A first in Macau is the 'Peng On Tung' calling service launched in partnership with the General Union of Macau Neighbourhood Associations (UGAMM). The service is for elderly people who live alone and connects them to a 24/7 support line.

Many of our regional businesses have established programmes, including apprenticeships, for school children and school leavers.

The Sure Apprentice programme that began in the Isle of Man has been extended to Jersey and Guernsey. In the Maldives, the Dhiraagu Apprenticeship Programme, started in 2008, received another 20 students in January 2009.

In Macau, we gave scholarships to 12 more students, the eighth consecutive year that we have been involved in this initiative.

In Antigua and Barbuda we collaborate with the Ministry of Education to ensure that all students have access to advances in technology. Free internet access is provided to schools in Dominica and the LIME Jamaica Foundation has given away 1,090 computers to 110 schools since 2007, 10% of all the schools on the island.

Cable & Wireless Panama Foundation organised its Web Pages competition for the fourth consecutive year. This, along with the National Oratory Competition, is arranged jointly with the Ministry of Education.

The Caribbean business has continued to invest in training with the launch of a new e-Learning portal on 1 July 2009. This provides access to more than 3,000 courses and is available 24/7 to all employees in the region. By the end of February 800 users had accessed more than 2,500 courses.

### Respect cultures, values and human rights throughout our operations

We continue to develop our ethics programmes. Our new status has led to a full review of our policies and procedures. Over the coming year our London corporate centre will be working to ensure that a risk management structure, incorporating governance and ethics programmes, is operating properly in all regions.

In Panama we have supported the Inter Collegial Championship of Values. Students from different schools in Panama attended an event on the importance of ethical and moral values.

The LIME Jamaica Foundation ran a special summer project of a month's employment for 26 students who learnt the importance of developing good work ethics, teamwork and interpersonal skills as well as the development of competitive spirit. Each student was mentored by a member of our senior management team.

All of our regional businesses emphasise the training, development and employment of nationals rather than expatriates.

### Nurture best practice in our activities

A sustainable procurement questionnaire was distributed to all of our strategic suppliers and sent out to the five top suppliers for each regional business to assess their sustainability practices. Of the environmental impacts identified by suppliers, energy efficiency, packaging and waste are listed as some of the highest, and are shared by many of our regional businesses.

We continued with our Gallup employee engagement survey programme with overall colleague participation at 83% compared to 78% last year.

In 2009 our Panama business was ranked first by the public as being the company that best fulfils the meaning of corporate social responsibility within society in Panama.

Cable & Wireless Communications is a member of the FTSE4Good Index.

# Board of Directors


1
**Sir Richard Lapthorne, CBE NR**
**Chairman, Chairman of the Nominations Committee**
Sir Richard Lapthorne is Chairman of the Company having been Chairman of Cable and Wireless plc since January 2003. Between June 2009 and April 2010, he was Chairman of the McLaren Group. From 1999 to May 2003 Richard was Chairman of Amersham plc (now GE Healthcare) having joined its Board as a Non-executive Director in 1988. He was Finance Director of British Aerospace plc from July 1992 and Vice Chairman from April 1998 until his retirement in 1999. Richard is a Non-executive Director of Tommy's The Baby Charity. He was Non-executive Chairman of New Look Group and Morse plc until November 2007 and February 2008 respectively.

2
**Tony Rice**
**Chief Executive**
Tony Rice is Chief Executive of the Company, having served as Chief Executive for the Cable & Wireless Communications business since November 2008. Prior to this he served as Group Finance Director of Cable and Wireless plc from March 2006 and was a Non-executive Director of the business between 2003 and 2006. Tony was chief executive of Tunstall Holdings Ltd from March 2002 until its sale in September 2005 and he continued as a Non-executive Director of that company until April 2008. Tony was previously Group Treasurer and then Group MD, Commercial Aircraft, of British Aerospace plc. Tony is the Senior Independent Director of Punch Taverns plc and a Non-executive Director of Alexander Mann Solutions.

3
**Tim Pennington**
**Chief Financial Officer**
Tim Pennington is Chief Financial Officer of the Company. Previously he served as the Group Finance Director for Cable and Wireless plc and the Chief Financial Officer for the Cable & Wireless Communications business. Tim also served as an Investor Director on the Cable & Wireless Worldwide Operating Board from November 2008 to January 2010. Previously, Tim was CFO and an Executive Director of Hutchison Telecommunications International Ltd. Tim was also FD of Hutchison 3G (UK) (Hutchison Whampoa's UK mobile business) and has corporate finance experience with HSBC Investment Bank and Samuel Montagu & Co.

4
**Simon Ball ANR**
**Deputy Chairman, Senior Independent Director, Chairman of the Audit Committee**
Simon Ball is a Non-executive Director of the Company, having previously served as a Non-executive Director of Cable and Wireless plc since May 2006. Simon is also the Deputy Chairman, Senior Independent Director and the Chairman of the Audit Committee and a member of the Remuneration and Nominations Committees. Simon was Group FD for 3i Group plc until November 2008, having served on its main board since April 2005. Prior to this, Simon held a series of senior finance and operational roles at Dresdner Kleinwort Benson, served as Group FD for the Robert Fleming Group and was Director General, Finance for the Department for Constitutional Affairs.

5
**George Battersby**
**Executive Director**
George Battersby is an Executive Director of the Company, having served as Executive Director, Human Resources for Cable and Wireless plc since July 2004. Prior to joining Cable and Wireless plc, George was an Executive Director of Amersham plc (now GE Healthcare).


Previously he held senior HR positions in a number of FTSE 100 companies, including at Laporte plc and Fisons plc. George is a Non-executive Director and Chairman of the remuneration committee at Hogg Robinson Group plc and was appointed to the Board of Ofsted on 4 June 2008. He will stand down from the Cable & Wireless Communications Board in July 2010.

### 6
### Nick Cooper
**Corporate Services Director**

Nick Cooper is an Executive Director of the Company. He has served as Corporate Services Director for the Cable & Wireless Communications business since December 2008 and Group General Counsel and Company Secretary for Cable and Wireless plc since January 2006. Nick qualified as a solicitor with London law firm Herbert Smith. He has held in-house positions as company solicitor with Asda and George Clothing and as General Counsel and Company Secretary of The Sage Group Plc and JD Wetherspoon Plc. He was appointed Company Secretary of Energis in 2002 serving in the role until its acquisition by Cable and Wireless plc.

### 7
### Mary Francis ANR
**Chair of the Remuneration Committee**

Mary Francis is a Non-executive Director of the Company, having previously served as a Non-executive Director of Cable and Wireless plc since July 2009. Mary became the Chair of the Remuneration Committee in March 2010. Mary is Senior Independent Director of Centrica plc and a Non-executive Director of Aviva plc. Mary has held a number of positions in the UK Civil Service including Financial Counsellor at the British Embassy in Washington DC, Private Secretary to the Prime Minister and Deputy Private Secretary to the Queen. From 1999 to 2005, Mary was Director General of the Association of British Insurers.

### 8
### Kate Nealon ANR
**Non-executive Director**

Kate Nealon is a Non-executive Director of the Company, having previously served as a Non-executive Director of Cable and Wireless plc since January 2005. Kate is also a member of the Audit, Remuneration and Nominations Committees. Kate was Group Head of Legal and Compliance at Standard Chartered plc until 2004, having previously practised international banking and regulatory law in New York. Kate is a Non-executive Director of Shire plc, a senior associate of the Judge Business School at Cambridge University and a member of the advisory council of the Institute of Business Ethics. She was also a Non-executive Director of HBOS plc until 16 January 2009.

### 9
### Kasper Rorsted ANR
**Non-executive Director**

Kasper Rorsted is a Non-executive Director of the Company, having previously served as a Non-executive Director of Cable and Wireless plc since May 2003. Kasper is a member of the Audit, Remuneration and Nominations Committees. Kasper is Chief Executive Officer of Henkel KGaA, Germany. Prior to joining Henkel in April 2005, Kasper was Senior Vice President and General Manager, EMEA for Hewlett Packard and held various senior management positions with Compaq. Kasper was appointed as a Non-executive Director of Danfoss A/S, Denmark on 24 April 2009 and was a Non-executive Director of Ecolab, Inc. USA until July 2008.

# Independent auditor's statement to the members of Cable & Wireless Communications Plc

We have examined the summary financial statement for the year ended 31 March 2010 which comprises the Summary consolidated income statement, Summary consolidated statement of financial position, Summary consolidated cash flow statement, Summary Directors' Report and Summary Directors' Remuneration Report set out on pages 26 to 27.

This statement is made solely to the Company's members, as a body, in accordance with section 428 of the Companies Act 2006. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in such a statement 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 work, for this statement, or for the opinions we have formed.

## Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the summarised annual report in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summarised annual report with the full annual financial statements, the Directors' report and the Directors' remuneration report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

## Basis of opinion

We conducted our work in accordance with Bulletin 2008/3 'The auditor's statement on the summary financial statement in the United Kingdom' issued by the Auditing Practices Board. Our report on the Group's full annual financial statements describes the basis of our audit opinion on those financial statements, the Directors' report and the Directors' remuneration report.

## Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements, the Directors' report and the Directors' remuneration report of Cable & Wireless Communications Plc for the year ended 31 March 2010 and complies with the applicable requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We have not considered the effects of any events between the date on which we signed our report on the full annual financial statements (27 May 2010) and the date of this statement.

**Peter Meehan (Senior Statutory Auditor)**
**for and on behalf of KPMG Audit Plc,**
**Statutory Auditor**
Chartered Accountants
8 Salisbury Square
London EC4Y 8BB

26 May 2010

# Summary consolidated income statement

## for the year ended 31 March 2010

| | 2009/10 | | | 2008/09* | | |
|---|---|---|---|---|---|---|
| | Pre-exceptional items US$m | Exceptional items[1] US$m | Total US$m | Pre-exceptional items US$m | Exceptional items[1] US$m | Total US$m |
| **Continuing operations** | | | | | | |
| Revenue | 2,346 | – | 2,346 | 2,447 | – | 2,447 |
| Operating costs before depreciation and amortisation | (1,481) | (49) | (1,530) | (1,576) | (100) | (1,676) |
| Depreciation | (295) | – | (295) | (250) | – | (250) |
| Amortisation | (53) | – | (53) | (44) | – | (44) |
| Other operating income | 4 | – | 4 | 3 | – | 3 |
| Other operating expense | (1) | (33) | (34) | (6) | – | (6) |
| **Group operating profit/(loss)** | 520 | (82) | 438 | 574 | (100) | 474 |
| Share of post-tax profit of joint ventures | 30 | – | 30 | 60 | – | 60 |
| **Total operating profit/(loss)** | 550 | (82) | 468 | 634 | (100) | 534 |
| Gains on sale of non-current assets | – | – | – | 14 | – | 14 |
| Losses and gains on termination of operations | (1) | – | (1) | 5 | – | 5 |
| Finance income | 23 | 19 | 42 | 46 | – | 46 |
| Finance expense | (119) | (7) | (126) | (107) | (98) | (205) |
| **Profit/(loss) before income tax** | 453 | (70) | 383 | 592 | (198) | 394 |
| Income tax (expense)/credit | (126) | 6 | (120) | (100) | 12 | (88) |
| **Profit/(loss) for the year from continuing operations** | 327 | (64) | 263 | 492 | (186) | 306 |
| **Discontinued operations** | | | | | | |
| Profit/(loss) for the year from discontinued operations | 302 | (122) | 180 | 225 | (134) | 91 |
| **Profit/(loss) for the year** | 629 | (186) | 443 | 717 | (320) | 397 |
| **Profit/(loss) attributable to:** | | | | | | |
| Owners of the parent | 486 | (182) | 304 | 566 | (315) | 251 |
| Non-controlling interests | 143 | (4) | 139 | 151 | (5) | 146 |
| | 629 | (186) | 443 | 717 | (320) | 397 |
| **Earnings per share attributable to the owners of the parent during the year (cents per share)** | | | | | | |
| – basic | | | 11.9c | | | 10.1c |
| – diluted | | | 11.8c | | | 10.0c |
| **Earnings per share from continuing operations attributable to the owners of the parent during the year (cents per share)** | | | | | | |
| – basic | | | 4.9c | | | 6.4c |
| – diluted | | | 4.8c | | | 6.4c |

*Following the demerger of the Cable & Wireless Worldwide Group on 26 March 2010, the results of this business have been presented in discontinued operations.

1 Exceptional items are material items which derive from individual events that fall within the ordinary activities of the Group that are identified as exceptional by virtue of their size, nature or incidence. The items are explained in the Annual Report.

Dividends paid during the year were US$355 million (2008/09 – US$341 million).

# Summary consolidated statement of financial position

as at 31 March 2010

| | 31 March 2010 US$m | 31 March 2009 US$m |
|---|---|---|
| **Assets** | | |
| Non-current assets | **2,495** | 5,292 |
| Current assets | **1,178** | 2,234 |
| Non-current assets held for sale | **3** | 1 |
| **Total assets** | **3,676** | 7,527 |
| **Liabilities** | | |
| Non-current liabilities | **1,667** | 1,871 |
| Current liabilities | **1,148** | 2,691 |
| **Total liabilities** | **2,815** | 4,562 |
| **Net current assets/(liabilities)** | **33** | (456) |
| **Net assets** | **861** | 2,965 |
| **Equity attributable to the owners of the parent** | | |
| Share capital | **131** | 129 |
| Share premium | **62** | 1,889 |
| Reserves | **221** | 632 |
| | **414** | 2,650 |
| **Non-controlling interests** | **447** | 315 |
| **Total equity** | **861** | 2,965 |

The summary consolidated income statement, the summary consolidated statement of financial position and the summary consolidated statement of cash flows were approved by the Board of Directors on 26 May 2010 and signed on its behalf by:

**Sir Richard Lapthorne**
Chairman

**Tim Pennington**
Chief Financial Officer

# Summary consolidated statement of cash flows
## for the year ended 31 March 2010

| | 2009/10 US$m | 2008/09* US$m |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash generated from continuing operations | **676** | 751 |
| Cash generated from discontinued operations | **382** | 426 |
| Income taxes paid | **(110)** | (115) |
| **Net cash from operating activities** | **948** | 1,062 |
| **Cash flows from investing activities** | | |
| Net cash used in continuing operations | **(212)** | (314) |
| Discontinued operations | **(394)** | (999) |
| **Net cash used in investing activities** | **(606)** | (1,313) |
| **Cash flows from financing activities** | | |
| Net cash used in continuing operations | **(443)** | (39) |
| Discontinued operations | **142** | (53) |
| **Net cash used in financing activities** | **(301)** | (92) |
| **Net decrease in cash and cash equivalents:** | | |
| From continuing operations | **(89)** | 283 |
| From discontinued operations | **130** | (626) |
| Less: cash held by the Cable & Wireless Worldwide Group at demerger | **(288)** | – |
| **Net decrease in cash and cash equivalents** | **(247)** | (343) |
| Cash and cash equivalents at 1 April | **790** | 1,398 |
| Exchange gains/(losses) on cash and cash equivalents | **30** | (265) |
| **Cash and cash equivalents at 31 March** | **573** | 790 |

*Following the demerger of the Cable & Wireless Worldwide Group on 26 March 2010, the results of this business have been presented in discontinued operations.

# Summary remuneration report

## Remuneration philosophy

Our overall aim is to ensure that our remuneration encourages, reinforces and rewards the delivery of outstanding shareholder value. This is underpinned by the following guiding principles:

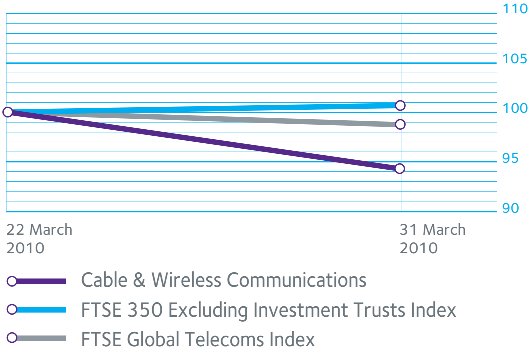
- Our overall philosophy is focused on a lower risk and reward structure than the previous Cable and Wireless plc arrangements whilst maintaining an overall alignment with the interests of shareholders
- Executive Directors will be encouraged to maintain a significant investment in the shares of the Company to align their interests with shareholder value
- Incentives will be set with stretching targets and will provide for below market levels of reward for below median performance and levels of reward in the top quartile of the market for exceptional performance
- Remuneration packages will be regularly monitored by independent analysis against a comparator group of companies (ie. FTSE 51-150 companies)
- Base salaries and benefits will normally be set at the mid market level, with some flexibility to reflect executives' experience and expertise
- An appropriate mix of short and long term incentives will be offered so that Directors are incentivised to maximise performance
- All aspects of remuneration for the Directors and selected senior executives will be approved by the Committee
- The Committee will approve all LTIP and share awards
- The Committee will review the levels, structure and philosophy of remuneration on an annual basis
- The Committee will consider the pay and employment conditions of other employees in the Group whilst determining the Executive Directors' remuneration to ensure that the remuneration structure for Directors is consistent with that of other senior executives whilst also recognising their greater Group responsibilities
- The Committee will design remuneration structures and performance targets with regard to environmental, social and governance (ESG) matters
- In 2010, the Committee will consider implementing specific recommendations of the Walker Review's recommendations on remuneration, focusing on risk and management controls. Further, the Committee will continue to review the remuneration of key individuals that have the largest direct impact on the business' risk profile.

Overall the Committee is satisfied that remuneration policy will promote the long-term success of the Group and that the incentive structure and objectives do not encourage excessive risk taking.

## Performance graphs

The following graph shows (as required by statute) the change in value of a £100 holding in Cable & Wireless Communications Plc ordinary shares over the period from 22 March 2010 to 31 March 2010 against the FTSE Global Telecoms Sector Index (FTSE GTSI) and against a broad equity market index. The Committee believes the FSTE 350 is the most appropriate index as the business is currently positioned at the middle point of this index.

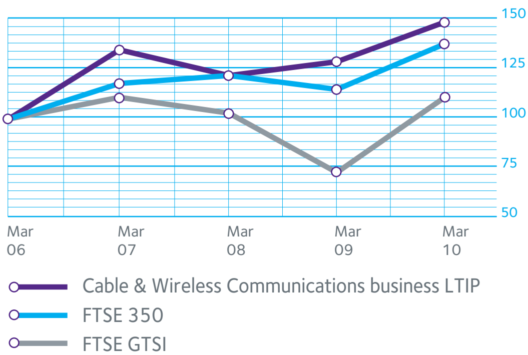
### Total shareholder return
### Value in £ from 22 March 2010 to 31 March 2010




This graph shows the value, by 31 March 2010, of £100 invested in Cable & Wireless Communications Plc at start of trading on 22 March 2010 (the date shares in Cable & Wireless Communications Plc were admitted to the Official List) compared with the value of £100 invested in the FTSE 350 Excluding Investment Trusts Index and £100 invested in the FTSE Global Telecoms Index. As at the start of trading on 26 March 2010, the value of the demerged entity Cable & Wireless Worldwide has been assumed to be reinvested in Cable & Wireless Communications' shares.

A similar graph over a four year period has also been presented as the Committee believes this is more meaningful and relevant to our incentive plans. In this case the total shareholder return for the Cable & Wireless Communications business has been based on the calculations made for the LTIP.

### Cable & Wireless Communications business value compared to FTSE 350 and FTSE GTSI



## Directors' remuneration

The remuneration for Directors of Cable & Wireless Communications Plc for the year from 1 April 2009 to 31 March 2010 has been presented using amounts paid to Directors in respect of services to Cable and Wireless plc until the Scheme of Arrangement on 19 March 2010 and amounts paid to Directors for services to Cable & Wireless Communications Plc after this date.

### For the non-statutory period 1 April 2009 to 31 March 2010

| | Salaries and fees US$ | Bonuses US$ | Benefits in kind[3] US$ | Pension cash allowance[4] US$ | **Total 2009/10 US$** | Total 2008/09 US$ |
|---|---|---|---|---|---|---|
| **Chairman** | | | | | | |
| Sir Richard Lapthorne, CBE | 613,894 | – | 245,857 | – | **859,751** | 798,004 |
| **Executive Directors** | | | | | | |
| George Battersby | 667,968 | – | 5,695 | 166,992 | **840,655** | 1,428,420 |
| Nick Cooper (from 19 March 2010)[2] | 17,593 | 79,520 | 133 | – | **97,246** | – |
| Tim Pennington (from 11 November 2008) | 636,160 | 159,040 | 6,692 | 159,040 | **960,932** | 629,507 |
| Tony Rice | 954,240 | – | 61,175 | 238,560 | **1,253,975** | 2,114,743 |
| **Non-executive Directors** | | | | | | |
| Simon Ball | 262,416 | – | 2,110 | – | **264,526** | 188,743 |
| Mary Francis (since 1 July 2009) | 77,532 | – | 601 | – | **78,133** | – |
| Kate Nealon | 135,184 | – | 3,663 | – | **138,847** | 155,046 |
| Kasper Rorsted | 143,136 | – | 3,744 | – | **146,880** | 175,144 |
| **Total** | 3,508,123 | 238,560 | 329,670 | 564,592 | **4,640,945** | 5,489,607 |

1 The aggregate emoluments of the Directors which include employer pension contributions were US$4,640,945 (2008/09 – US$5,489,607). Continuing costs for salaries/fees for the Board in 2010/11 will be US$2,656,000 (salaries/fees for 2009/10 were US$3,508,123).
2 Nick Cooper was not a Director of Cable and Wireless plc. Therefore the remuneration presented relates only to his period of service to the Group as a Director of Cable & Wireless Communications Plc (from 19 March 2010). The bonus payment applies to the full year and was paid in March 2010.
3 'Benefits in kind' include Company provided life assurance, professional advice, chauffeur travel and the reimbursement of costs associated with accommodation and relocation.
4 Company pension contributions in 2009/10 have been paid to the Directors as an annual cash allowance. An amount of US$24 million (2008/09 – US$19 million) is included in the provisions to cover the cost of former Directors' pension entitlements.

## Remuneration of Directors for the statutory period from incorporation on 19 January 2010 to 31 March 2010.

The Directors of Cable & Wireless Communications Plc were appointed to the Board on 25 January 2010. However, their statutory remuneration relates to the 13 day period from the Scheme of Arrangement on 19 March 2010 to 31 March 2010 as prior to this date the Directors service did not relate to Cable & Wireless Communications Plc. The aggregate amount of remuneration for the statutory period, including employer pension contributions, paid to Directors of Cable & Wireless Communications Plc was US$412,452. At 31 March 2010, the Executive Directors have 16,032,892 Cable & Wireless Communications Plc shares receivable under share awards. In addition, under the Long-Term Incentive Award Tony Rice was paid US$1,622,356 in March 2010. The qualifying period end date for these units is 31 March 2011.

# Summary Directors' report

## Principal activities

**Cable & Wireless Communications is one of the world's leading international communications companies. It operates through four regional business units being the Caribbean, Panama, Macau and Monaco & Islands, providing mobile, broadband, fixed line, enterprise and entertainment services to consumers, corporate customers and governments.**

## Dividends

The Directors recommend a final dividend of 3.34 pence per ordinary share payable on 12 August 2010 to ordinary shareholders on the register at the close of business on 11 June 2010. The final dividend of 3.00 pence per share recommended by Cable & Wireless Worldwide plc and the interim dividend of 3.16 pence per ordinary share paid on 22 January 2010 by Cable and Wireless plc results in a total dividend payable to shareholders of Cable and Wireless plc (assuming they have retained the shares in the Company and Cable & Wireless Worldwide plc they received persuant to the demerger) of 9.50 pence per ordinary share for the year ended 31 March 2010.

## Directors

The names and biographical details of the Directors are set out on pages 20 to 21. All of these Directors were appointed to the Board of the Company on 25 January 2010, having previously been in office on the Board of Cable and Wireless plc throughout the year apart from Mary Francis who joined the Board of Cable and Wireless plc as a Non-executive Director on 1 July 2009 and Nick Cooper who joined the Company's Board on 25 January 2010 as an Executive Director.

## Ethics

Cable & Wireless Communications is committed to sound business conduct in all the relationships it has with key stakeholders (shareholders, employees, customers, business partners and suppliers), governments and regulators, communities and society, and the environment. The Group's ethics policy applies to all Cable & Wireless Communications companies and employees. Where Cable & Wireless Communications operates in conjunction with business partners, third parties or in joint venture arrangements where it does not have management control, it aims to promote the application of this policy. The Group seeks to conduct its operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees. The Group respects the legitimate interests of all those with whom it has relationships.

## Full annual report

This Annual Review and Summary Financial Statement is only a summary of information derived from the Company's Annual Report and Financial Statements. It does not contain the full text of the Directors' Report or Directors' Remuneration Report but information derived from those reports and does not contain sufficient information to allow as full an understanding of the Company's results, state of affairs and its policies and arrangements on Directors' remuneration as would be provided by the full Annual Report and Accounts. Copies of the Annual Report can be obtained free of charge from our website www.cwc.com or by contacting the Company Secretary using the details provided on page 29. Shareholders and other entitled persons who have elected to receive this Annual Review can elect to receive the full Annual Report for all future financial years using the details provided on page 29. The auditor's report on the annual accounts and the auditable sections of the Directors' Remuneration Report was unqualified; contained no statement under section 498 of the Companies Act 2006; and contained no qualification in respect of the consistency of the Directors' Report and the financial statements.

## Internal control and risk management

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness on a continual basis. The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits.

The Group operates a risk management process, under which the regional businesses identify the key risks to their plans, their likelihood and impact and the actions being taken to manage those risks. The risk register is presented to the Audit Committee on a rolling 12 month basis.

The Executive Directors report to the Board, on behalf of management, significant changes in the Group's business and the external environment in which it operates. In addition, they provide the Board with monthly financial information, which includes key risk and performance indicators. The Group's key internal control and monitoring procedures include the following: Financial reporting; Investment appraisal; Monitoring systems; Financial controls.

## Going concern

After reviewing budgets and other longer term plans and making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# Useful shareholder information

## Registrar

If you have any queries regarding your shareholding in Cable & Wireless Communications Plc, please contact:

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone 0871 384 2104* (UK shareholders)
+44 (0)121 415 7047 (overseas shareholders)
Shareholders can view up-to-date information about their shareholding at www.shareview.co.uk.

## Company Secretary and Registered Office

Clare Underwood
3rd Floor, 26 Red Lion Square
London WC1R 4HQ
Telephone +44 (0)20 7315 4000

## 2010 Financial calendar

| | |
|---|---|
| Ex-dividend date | 9 June 2010 |
| Record date | 11 June 2010 |
| Last date for election to join scrip dividend | 19 July 2010 |
| Annual General Meeting | 21 July 2010 |
| Payment of final dividend | 12 August 2010 |
| Announcement of interim results for 2009/10 | 4 November 2010 |

## Dividends

Cable & Wireless Communications Plc proposes to offer a scrip dividend scheme in respect of the final dividend and future dividends subject to shareholder approval at the Annual General Meeting on 21 July 2010. Shareholders who hold shares in certificated form and who had elected to join the Cable and Wireless plc scrip dividend scheme will automatically be transferred to the Company scheme (if approved) and have their final dividend sent to them in this form. Shareholders who hold their shares through CREST will need to submit a new CREST Election Dividend Input Message. Shareholders wishing to join the scrip dividend scheme should return a completed mandate form to the Registrar, Equiniti, by 19 July 2010. Copies of the mandate form, and the scrip dividend brochure, can be obtained either from Equiniti or from our website (www.cwc.com).

Shareholders whose dividends are paid directly into a bank account will receive one consolidated tax voucher each year sent in January at the time that the interim dividend is paid. If you would prefer to receive a tax voucher with each dividend, please contact our shareholder helpline on 0871 384 2104*.

Shareholders who wish to be paid by direct bank transfer should contact Equiniti on 0871 384 2104*.

## Electronic communication

Together with Equiniti, Cable & Wireless Communications Plc is able to offer shareholders the option to manage their shareholding online and receiving communications online as an alternative to receiving documents through the post. To make use of this facility, please register at www.shareview.co.uk.

## Unsolicited mail

Company law allows people unconnected with the Company to obtain a copy of our share register. As a consequence, shareholders may receive unsolicited mail, including mail from unauthorised investment firms. For more information on unauthorised investment firms targeting UK investors, you should visit the website of the Financial Services Authority (www.moneymadeclear.fsa.gov.uk/guides/staying_safe/staying_safe_against_scams).

If you wish to limit the amount of unsolicited mail you receive, please contact:
The Mailing Preference Service
DMA House, 70 Margaret Street
London W1W 8SS
Telephone 0845 703 4599
Online www.mpsonline.org.uk

## ShareGift

If you have a small number of shares whose value makes them uneconomic to sell, you may wish to consider donating them to charity. ShareGift is a registered charity (no. 1052686) which collects and sells unwanted shares and uses the proceeds to support a wide range of UK charities. Further information about ShareGift and the charities it supports is available at www.ShareGift.org or by contacting them at:

17 Carlton House Terrace
London SW1Y 5AH
Telephone +44 (0)20 7930 3737

*Calls to this number are charged at 8 pence per minute from a BT landline. Other telephone providers' charges may vary.

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