ANNOUNCEMENT

CABLE AND WIRELESS plc INTERIM MANAGEMENT REPORT RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

- **Group revenue up 5% to £1.6 billion, Europe, Asia & US up 4% and International up 5%**
- **Group EBITDA before exceptionals up 26% to £357 million. Europe, Asia & US EBITDA up 43% to £142 million and International EBITDA up 13% to US$448 million**
- **Europe, Asia & US positive trading cash flow in the first half of 2008/09, and expected to remain positive for the full year**
- **Europe, Asia & US acquired Thus on 1 October 2008. Targeted annual EBITDA and capital expenditure synergies of £82 million by 2011/12. Total integration costs of £78 million**
- **2008/09 Group EBITDA guidance increased to at least £780 million at an exchange rate of US$1.88 to £1.00 (£751 million at US$2.00 to £1.00). Europe, Asia & US guidance increased to at least £325 million following the acquisition of Thus and improved trading of the existing business. International guidance increased to at least US$910 million**
- **Group post-tax profit before exceptionals up 72% to £175 million**
- **Earnings per share before exceptionals and LTIP up 44% to 6.2 pence**
- **Interim dividend of 2.83 pence per share, an increase of 13%**

CHAIRMAN'S STATEMENT

Commenting on the results, Richard Lapthorne, Chairman of Cable and Wireless plc, said:

"Our two businesses have performed well during the first half. Europe, Asia & US has continued to grow its revenue and even more importantly its order book. The contracts the business is winning are at good margins and are long-term. The EBITDA margin in the Europe, Asia & US business continues to expand and now stands at 14%, up at least two percentage points in each of the last four half years.

"International has just produced one of its best results in a long time. Revenue grew by 5%, with our cost management helping to fuel growth in EBITDA of 13% with a 35% margin. International's focus on building value by improving the customer experience should stand us in good stead.

"We've seen no effect from the broader economic slowdown in the first half. Indeed we continue to trade strongly and have raised EBITDA guidance for the full year accordingly. We're not complacent but we are well prepared – the businesses have well developed cost reduction plans that will ensure that they will continue their progress.

"Whilst our trading position is in good health, the same cannot be said of the financial markets which are extremely volatile and which currently provide no basis for proper financial planning. Consequently, we have postponed a final decision on value realisation until we can foresee a sustained period of normality returning to the financial markets.

"We're increasing the interim dividend by 13% to 2.83 pence per share. This reflects our confidence in the sustainable prospects for both businesses together with our growing visibility of the cash generation potential of Europe, Asia & US as it continues to deliver its strategic plans and objectives. We're confident about our outlook – consequently we've raised EBITDA guidance and the interim dividend."

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GROUP RESULTS

The Group results presented below should be read in conjunction with the Group's condensed consolidated income statement, balance sheet, cash flow statement, statement of recognised income and expense and related notes on pages 26 to 35.

	For the six months ended 30 September 2008			For the six months ended 30 September 2007		
	Pre-exceptionals £m	Exceptionals[1] £m	Total £m	Pre-exceptionals £m	Exceptionals[1] £m	Total £m
Revenue	1,646	-	1,646	1,563	-	1,563
Cost of sales	(795)	-	(795)	(766)	-	(766)
Gross margin	851	-	851	797	-	797
Operating costs (excluding LTIP charge)	(494)	(49)	(543)	(513)	(8)	(521)
EBITDA[2]	**357**	**(49)**	**308**	**284**	**(8)**	**276**
LTIP charge	(10)	-	(10)	(30)	-	(30)
Depreciation and amortisation	(165)	-	(165)	(137)	-	(137)
Net other operating income	2	-	2	3	53	56
Group operating profit/(loss)	**184**	**(49)**	**135**	**120**	**45**	**165**
Share of post-tax profit of joint ventures	18	-	18	18	-	18
Total operating profit/(loss)	**202**	**(49)**	**153**	**138**	**45**	**183**
Net finance expense	(13)	(12)	(25)	(12)	(10)	(22)
Gain on sale of non-current assets	-	-	-	2	-	2
Gain on termination of operations	1	-	1	3	-	3
Profit/(loss) before income tax	**190**	**(61)**	**129**	**131**	**35**	**166**
Income tax (expense)/credit	(15)	1	(14)	(29)	(5)	(34)
Profit/(loss) for the period from continuing operations	**175**	**(60)**	**115**	**102**	**30**	**132**
Profit for the period from discontinued operations	-	-	-	2	-	2
Profit/(loss) for the period	**175**	**(60)**	**115**	**104**	**30**	**134**
Attributable to equity holders of the Company	143	(60)	83	74	30	104
Attributable to minority interests	32	-	32	30	-	30
Profit/(loss) for the period	**175**	**(60)**	**115**	**104**	**30**	**134**
Earnings/(loss) per share attributable to equity holders (pence)	5.8p	(2.4)p	3.4p	3.1p	1.2p	4.3p
Earnings/(loss) per share excluding LTIP charge (pence)	6.2p	(2.4)p	3.8p	4.3p	1.2p	5.5p
Dividend per share (pence)			2.83p			2.50p
Capital expenditure (£m)			(187)			(173)

[1] Exceptionals comprise items considered exceptional by virtue of their size, nature or incidence and include restructuring and impairment charges, the recognition and releases of certain provisions and certain profits and losses on disposal of non-current assets. For further details on exceptionals, refer to page 6

[2] Earnings before interest, tax, depreciation and amortisation, Long Term Incentive Plan (LTIP) charge and net other operating income

GROUP RESULTS (CONTINUED)

The Group's financial performance and 2008/09 outlook are described on pages 4 to 10 and are discussed in more detail in the International and Europe, Asia & US sections that follow on pages 11 to 16 and 17 to 21 respectively. The results and supporting commentary compare performance for the six months 1 April to 30 September 2008 to the corresponding six months in 2007.

The commentary that follows refers to the Group results before exceptional items. For analysis of exceptional items, see page 6.

Group results before exceptional items

Revenue

Group revenue grew by 5% (£83 million) to £1,646 million driven by revenue growth in both Europe, Asia & US and International.

Strong demand for our IP, data and hosting products drove a 4% increase in Europe, Asia & US revenue to £1,003 million, the second successive half of revenue growth.

The growth in demand for our mobile, broadband and enterprise products fuelled a 7% increase in International revenue in sterling terms to £649 million.

Gross margin

The 7% (£54 million) increase in Group gross margin to £851 million was driven by the growth and improving profitability of International's revenue and the Europe, Asia & US strategy of focusing on higher margin IP, data and hosting products. As a percentage of revenue, gross margin for the Group improved by one percentage point to 52% compared with the first half of 2007/08.

Operating costs

We reduced Group operating costs by £19 million to £494 million. They now represent 30% of revenue, a fall of three percentage points from the equivalent period in 2007/08.

The reduction in operating costs reflects the £27 million cost savings achieved from the continuing turnaround of Europe, Asia & US, where operating costs have fallen to 27% of revenue.

In sterling terms, International operating costs increased by 5% to £208 million predominantly due to increased investment in Panama as the business prepares for two additional mobile competitors in the second half of 2008/09.

In the first half of 2008/09, our operating costs benefited from an IAS 19 net pension credit of £7 million (£10 million for the first half of 2007/08) in relation to the main UK defined benefit scheme.

EBITDA

The 26% improvement in Group EBITDA of £73 million to £357 million reflects the £54 million improvement in Group gross margin and the £19 million reduction in Group operating costs described above, and includes approximately £5 million from favourable exchange rate movements in the period.

Group EBITDA margin has improved by four percentage points to 22% of revenue following both businesses' focus on cost efficiency.

Long term incentive plan (LTIP) charge

The £10 million LTIP charge for the period consists of a charge of £13 million for Europe, Asia & US and a credit of £3 million for International. In the light of current market conditions and as permitted by the scheme's rules, the total reward pool has been calculated by reference to the average share price for October 2008 rather than September 2008 reflecting a more up to date view of the plan. The total amount recognised in the accounts to date of £64 million reflects a proportion of the expected reward pool under the LTIP, after taking into account two and a half years of service out of the four year LTIP period, payments made and the £900 million increase in market capitalisation from 1 April 2006 to 31 October 2008 (at an average share price for October 2008 of 137 pence).

The reward pool represents 10% of the increase in each business' value after taking into account the accumulated interest arising from the equity hurdle rate, the interest charge on each business' notional balance sheet and the cash funding and repatriation between each business and Central.

The LTIP accrual does not represent a committed amount to participants in the plan as the eventual payout is dependent on performance over the life of the plan and in accordance with its rules.

Depreciation and amortisation
The depreciation and amortisation charge of £165 million increased by £28 million compared with the equivalent period of 2007/08. This increase reflects the recent level of capital expenditure by both businesses.

Net finance expense
The £13 million net finance expense for the six months ended 30 September 2008 (£12 million expense for the first half of 2007/08) comprises finance income of £20 million (£32 million for the first half of 2007/08) and finance expense of £33 million (£44 million for the first half of 2007/08).

Finance income decreased by £12 million due to lower average cash balances and lower interest rates. Finance expense decreased by £11 million primarily because of the repurchase and conversion of the convertible bonds during 2007/08.

Income tax expense
The total tax charge of £15 million (£29 million for the first half of 2007/08) comprises a credit of £12 million (£7 million for the first half of 2007/08) in respect of UK deferred tax and a charge of £27 million (£36 million for the first half of 2007/08) for current and deferred overseas tax. The overseas tax charge includes an £18 million credit in respect of the re-estimation and settlement of liabilities for prior years' tax items at amounts different to those provided for. The effective tax rate for the period has also been affected by the mix of profits and losses and tax rates across our businesses.

Excluding credits relating to UK deferred tax and prior period overseas tax items, we anticipate that the full year cash tax charge will be in line with percentage tax rate guidance provided for continuing operations of the business, mid to low twenties for International and effectively nil in Europe, Asia & US.

Pensions
A full actuarial valuation of the main UK defined benefit scheme as at 31 March 2007 was completed during 2007/08 and, following a cash contribution of £19 million, the scheme was fully funded on an ongoing basis.

During the first half of 2008/09, the Pension Trustees of the main UK defined benefit scheme agreed a buy-in of the pensioner element of the scheme with Prudential UK. The buy-in involved the purchase of a bulk annuity policy by the scheme under which Prudential assumed responsibility for the benefits payable to the scheme's c.5,000 pensioners with effect from 1 August 2008. This annuity policy effectively matches the pensioner liabilities, thereby removing all risks relating to the pensioner element of the scheme and reducing the scheme's exposure to liabilities by 50%, or approximately £1 billion, based on the latest actuarial valuation. The pensioner liabilities and the matching annuity policy remain within the scheme. The premium for the annuity policy was just over £1 billion which the scheme settled with a combination of assets and an additional contribution of £10 million in cash.

The IAS 19 surplus for the main UK scheme at 30 September 2008 is £208 million compared with a surplus of £375 million as at 31 March 2008 (and a £211 million surplus as at 30 September 2007). The decrease in the surplus is mainly a result of a decrease in the value of assets in the fund partially offset by a higher discount rate which reduces liabilities. We have applied the asset ceiling provisions of IAS 19 and reduced the surplus to nil on the balance sheet (£nil as at 31 March 2008). We have unfunded pension liabilities in the UK of £19 million (£20 million as at 31 March 2008). Defined benefit schemes operated in a number of our overseas businesses have an IAS 19 net deficit of £1 million (£6 million net surplus as at 31 March 2008).

Group exceptional items

For the six months ended 30 September 2008	International £m	Europe, Asia & US £m	Central £m	Total £m
Operating items:				
Restructuring	(10)	(33)	-	(43)
Onerous property lease obligation	-	-	(6)	(6)
Exceptional items within total operating profit	**(10)**	**(33)**	**(6)**	**(49)**
Non-operating items:				
Unrealised losses on foreign exchange contracts	-	-	(12)	(12)
Exceptional items below total operating profit	**-**	**-**	**(12)**	**(12)**
Total exceptional items before tax	**(10)**	**(33)**	**(18)**	**(61)**
Tax credit on exceptional items	1	-	-	1
Total exceptional items from continuing operations	**(9)**	**(33)**	**(18)**	**(60)**
Total exceptional items	**(9)**	**(33)**	**(18)**	**(60)**

Total exceptional costs for the Group in the first half of 2008/09 were £60 million, including a tax credit on exceptional items within International of £1 million.

The programmes to accelerate the transformation of service and brand reputation in International continued during the period. This includes redundancies and other costs associated with our 'One Caribbean' transformation programme. As a result, an exceptional restructuring charge of £10 million was recognised including £7 million for redundancy costs.

Restructuring costs totalling £33 million were incurred in relation to the turnaround programme in Europe, Asia & US. These costs comprised network costs mainly relating to site closures, property costs, redundancy and other costs.

During the period, Central recognised a one-off charge of £6 million in relation to an onerous property lease.

As required by IFRS, the Group recognised an exceptional finance expense of £12 million in relation to notional fair value movements on foreign exchange forward and related contracts. These movements are a result of the recent volatility in currency markets. These contracts reduce the risk on future forecast cash repatriation from foreign operations and future drawdowns on the Group's US$415 million bank facility.

Dividend

We are declaring an interim dividend of 2.83 pence per share, which represents an increase of 13% over the prior year's interim dividend and a doubling of the interim dividend since the start of the turnaround of Europe, Asia & US in 2005/06. This reflects our confidence in the strength of our two businesses.

The interim dividend of 2.83 pence per share will be paid on 23 January 2009 to ordinary shareholders on the register as at 21 November 2008.

The scrip dividend scheme will be offered in respect of the interim dividend. Those shareholders who have previously elected to join the scheme will automatically have the interim dividend sent to them in this form. Shareholders wishing to join the scheme for the interim dividend (and all future dividends) should return a completed mandate form to: Equiniti Ltd, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by 24 December 2008. Copies of the mandate form and the scrip dividend brochure can be obtained from Equiniti Ltd. UK callers: 0871 384 2104, overseas callers: +44 (0)121 415 7047 or from our website www.cw.com.

Reconciliation of Group EBITDA to net cash flow before financing

	For the six months ended 30 September 2008[1] £m
EBITDA[2]	357
Exceptional items	(49)
EBITDA less exceptional items	**308**
Movement in exceptional provisions	1
Movement in working capital and other provisions	(38)
Income taxes paid	(29)
Investment income	26
Purchase of property, plant, equipment and intangible assets	(195)
Other income	6
Trading cash inflow	**79**
Acquisitions and disposals	(101)
Contribution to pension buy-in	(10)
Net cash outflow before financing activities	**(32)**

[1] Based on our management accounts
[2] Earnings before interest, tax, depreciation and amortisation, LTIP charge, net other operating income and exceptional items

The Group net cash outflow before financing activities of £32 million represents inflows of £77 million (US$151 million) in International and outflows of £97 million in Europe, Asia & US and £12 million in Central. The £97 million outflow in Europe, Asia & US includes a £99 million outflow in relation to the purchase of 29.9% of the issued share capital of Thus Group plc on 30 June 2008 and an £8 million outflow relating to the pension buy-in annuity policy of the main UK defined benefit pension scheme. Europe, Asia & US generated positive trading cash flow of £10 million in the first half of 2008/09. Further details in respect of International and Europe, Asia & US are included on pages 16 and 21 respectively.

The net cash outflow before financing in Central of £12 million predominantly relates to the EBITDA and working capital outflows within Central, offset by interest income.

Group cash and debt

Cash and cash equivalents

	As at 30 September 2008 £m	As at 31 March 2008 £m	As at 30 September 2007 £m
International	104	114	145
Europe, Asia & US	27	19	33
Central	454	566	579
Group cash and cash equivalents	**585**	**699**	**757**

Group cash and cash equivalents is £585 million, a decrease of £114 million from 31 March 2008 and of £172 million from 30 September 2007.

In the six month period ended 30 September 2008, the purchase of 29.9% of the share capital of Thus Group plc resulted in a cash outflow of £99 million. In addition, we paid £92 million in respect of the final dividend for the 2007/08 year and we repaid £28 million of loans in our Jamaica business. These payments were partially offset by the drawdown of £81 million from bank facilities and the effect of movements in exchange rates when translating non-sterling cash balances into sterling.

During October 2008, we paid an additional £193 million for a further 58.4% of the share capital of Thus, as well as £113 million to refinance Thus' debt and other related costs. A further £37 million will be paid in the remainder of 2008/09 to the remaining shareholders of Thus as we complete ownership of 100% of the share capital. After making those payments we expect to have cash and committed facilities of approximately £300 million. Based on our Group EBITDA guidance of £780 million, we will have gross debt of less than 0.7x EBITDA, with the majority of that debt not due to mature until at least 2012.

Debt

	Due in less than 1 year £m	Due in more than 1 but less than 2 years £m	Due in more than 2 but not more than 5 years £m	Due in more than 5 years £m	Total £m
International	58	15	37	7	117
Europe, Asia & US	17	5	2	-	24
Central	-	-	243	147	390
Group debt as at 30 September 2008	**75**	**20**	**282**	**154**	**531**
Group debt as at 31 March 2008	**59**	**24**	**215**	**158**	**456**
Group debt as at 30 September 2007	**46**	**29**	**220**	**163**	**458**

Group debt at 30 September 2008 was £531 million, an increase of £75 million from 31 March 2008.

During the period, Central arranged a three year bank facility of US$415 million (£225 million). As at 30 September 2008, US$150 million (£81 million) of this facility had been drawn down. In the period, we repaid loans in our Jamaican business of £28 million. The impact of this repayment was partially offset by the effect of movements in exchange rates when translating non-sterling debt balances into sterling.

Exchange rate movements

Compared with the same period last year, both the US dollar and the Euro have strengthened against sterling by 2% and 14% respectively. The Jamaican dollar has weakened against sterling by 3% compared with the same period last year.

A one US cent change in the US$:£ exchange rate has approximately a £2.4 million impact on the reported full year EBITDA of the International business.

We have hedged a proportion of our 2008/09 and 2009/10 surplus US dollar cash flow arising from forecast International repatriation and drawdowns on the Group's US$415 million bank facility by way of forward contracts.

	For six months ended 30 September 2008	For six months ended 31 March 2008	For six months ended 30 September 2007
US$: £			
Average	1.9613	2.0162	1.9921
Period end	1.8471	1.9997	2.0206

VALUE REALISATION

Over the last six months, the Board has considered the next steps to deliver further value for shareholders. Having considered its value realisation options, the Board favoured demerger of Europe, Asia & US from the existing Cable & Wireless Group to create two new listed companies.

However, following the recent unprecedented financial market turmoil and volatility, the Board has decided to postpone making a final decision. The Board believes that in these markets retaining the current Group structure provides the best value to shareholders, given the strength of a single combined balance sheet and the defensive qualities of our large and diverse businesses.

Nonetheless, the Board remains firmly committed to value realisation and is satisfied that the necessary work can be rapidly completed once markets are stable and functioning properly. In the meantime, we will continue to build value in both businesses, which have been operationally separated since 1 April 2006.

MANAGEMENT CHANGES

In preparation for future value realisation, Cable & Wireless today announces changes to the management of the business, effective from 11 November 2008:

- John Pluthero will continue as Executive Chairman of Europe, Asia & US, but will step down as Executive Chairman of International having successfully refocused the business on service, brand and efficiency;
- Tony Rice (currently Group Finance Director) will be appointed Chief Executive Officer of International, reporting to Richard Lapthorne, Chairman of Cable and Wireless plc; and
- Tim Pennington will be appointed Group Finance Director, reporting to Richard Lapthorne, and join the Cable and Wireless plc Board. Tim will also continue in his role as Chief Financial Officer of Cable & Wireless International, reporting to Tony Rice.

Cable & Wireless will continue to be organised as two separate businesses – Europe, Asia & US and International, with a small Central team as portfolio manager. Simon Ball, Non-executive Director of Cable and Wireless plc, will also join the Operating Boards of Europe, Asia & US and International as Non-executive Investor Director.

Commenting on these changes, Richard Lapthorne, Chairman of Cable and Wireless plc said:

"Since John took on the additional role in International he has achieved much more than I could have expected in just twelve months. In particular, he has introduced pace into the rate of change, refocused the businesses on to service and launched major programmes to improve efficiency.

"In taking over the leadership of International, Tony brings detailed knowledge of the business and its current initiatives and is particularly well placed to continue the pressure on change and performance. Similarly, Tim's expertise as a public company Finance Director, with first hand experience in telecoms, will further strengthen our executive team."

GROUP OUTLOOK FOR 2008/09

Our revised guidance for 2008/09 is for Group EBITDA to be at least £780 million at an exchange rate of US$1.88 to £1.00 (£751 million at US$2.00 to £1.00). Excluding Thus, we now see ourselves at the top end of the range in Europe, Asia & US and International. Including Thus and the associated synergies adds a further £30 million of EBITDA in the second half.

Group EBITDA[1] guidance for 2008/09

As at	May 2008		November 2008
	Low	High	At least
	US$m	US$m	US$m
International	895	910	910
	£m	£m	£m
International @ US$: £ exchange rate of 2.00 : 1.00	447	455	455
Impact of moving average US$: £ exchange rate to 1.88 : 1.00	29	29	29
International @ US$: £ exchange rate of 1.88 : 1.00	476	484	484
Europe, Asia & US	285	295	295
Consolidation of Thus' EBITDA from 1 October 2008	n/a	n/a	23
EBITDA synergies from Thus acquisition	n/a	n/a	7
Total Europe, Asia & US	285	295	325
Central	(30)	(25)	(29)
Group EBITDA	**731**	**754**	**780**

[1] Earnings before interest, tax, depreciation and amortisation, LTIP charge, net other operating income/expense and exceptional items

For International:

- EBITDA at least US$910 million representing EBITDA growth of at least 10%;
- EBITDA margin of approximately 35%;
- Capital expenditure to be under 14% of revenue;
- 2008/09 exceptional costs for the One Caribbean programme to be approximately US$40 million; and
- The percentage current tax rate to be in the mid to low twenties.

For Europe, Asia & US:

- EBITDA at least £325 million, comprising £295 million from the existing Europe, Asia & US business, approximately £23 million from the consolidation of Thus Group plc effective 1 October 2008 and approximately £7 million of synergies from the acquisition of Thus;
- The combined Europe, Asia & US and Thus business will be trading cash flow positive in 2008/09 including exceptional costs;
- 2008/09 exceptional costs from the integration of Thus of approximately £39 million;
- Capital expenditure to be approximately 10% of revenue; and
- The percentage current tax rate to be effectively nil.

For Central:

- EBITDA cost to be no more than £29 million.

INTERNATIONAL

International is managed as four operations, the Caribbean, Panama, Macau and Monaco & Islands.

Highlights:
We produced a strong performance in the first half of 2008/09 a result of revenue growth and firm cost management:

- Total revenue increased by 5% to US$1,273 million, with growth in mobile, broadband and enterprise
- Gross margin grew to US$857 million, rising from 66% to 67% of revenue
- Operating costs as a percentage of revenue improved by one percentage point to 32%
- EBITDA increased by 13% to US$448 million and now represents 35% of revenue
- Full year 2008/09 guidance increased from a range of between US$895 million and US$910 million to at least US$910 million

Commenting on the results, John Pluthero, Executive Chairman of International, said:

"The first half was one of the best in International's recent history – we've grown our revenue, we've improved our cost position noticeably and EBITDA is up by 13% as a result.

"Our focus on the real drivers of financial performance - service, brand and efficiency - has started well but we've still much further to go. The prize is substantial. In particular the 'One Caribbean' programme, which we kicked off in May, is already delivering improvements in key aspects of our business. This agenda is particularly suited to any difficult trading conditions we may experience.

"We're ahead of where we expected to be which gives us real confidence for the second half."

International income statement
For six months ended:

	30 September 2008 US$m	30 September 2007 US$m	*Change*[1] *%*
Mobile	467	436	*7%*
Broadband	100	88	*14%*
Domestic voice	276	272	*1%*
International voice	134	142	*(6)%*
Enterprise, data and other[2]	296	273	*8%*
Revenue	**1,273**	**1,211**	***5%***
Cost of sales	(416)	(416)	*0%*
Gross margin	**857**	**795**	***8%***
Operating costs (excluding LTIP charge)	(409)	(397)	*(3)%*
EBITDA[3]	**448**	**398**	***13%***
LTIP credit/(charge)	5	(18)	*nm*
Depreciation and amortisation	(151)	(135)	*(12)%*
Net other operating income	1	6	*(83)%*
Operating profit before joint ventures	**303**	**251**	***21%***
Share of post-tax profit of joint ventures	36	38	*(5)%*
Operating profit	**339**	**289**	***17%***
Exceptional items	(20)	6	*nm*
Total operating profit	**319**	**295**	***8%***
Capital expenditure	(155)	(161)	*4%*
Headcount (full time equivalents at 30 September)	7,781	7,860	*1%*

[1] Positive percentages represent improvement
[2] Includes corporate solutions, international management contracts, internet hosting, leased circuits, legacy data services, directory services, equipment rentals, television services and dial up internet
[3] Earnings before interest, tax, depreciation and amortisation, LTIP charge, net other operating income and exceptional items

International key performance indicators
As at:

	30 September 2008 ('000)	31 March 2008 ('000)	30 September 2007 ('000)
Total active[1] **GSM mobile customers**	**7,139**	**6,367**	**5,749**
Subsidiaries	3,564	3,359	2,989
Joint ventures	3,575	3,008	2,760
Total broadband customers	**512**	**466**	**439**
Subsidiaries	457	434	414
Joint ventures	55	32	25
Total fixed line customers	**1,872**	**1,875**	**1,909**
Subsidiaries	1,509	1,522	1,551
Joint ventures	363	353	358

[1] An active customer is defined as one having performed a revenue-generating event in the previous 60 days

Caribbean
Our Caribbean business operates in 13 countries and in the first half of 2008/09 we maintained our existing market leadership positions in mobile, broadband and fixed line, growing EBITDA by 19%.

Performance in Jamaica has improved, representing progress on the transformation plan we put in place in August 2007. In particular Jamaica has shifted its focus to gross margin generation rather than revenue and withdrawn several uneconomic customer propositions, growing its gross margin by 13% and its EBITDA by 60%.

During the summer, we launched our 'One Caribbean' transformation programme to create the only regional, full service telecoms provider in the Caribbean, with pan-island customer propositions and a single organisation structure. Our first regional initiative, Home Rate Roaming, was launched in August 2008, allowing our customers to make calls within all our Caribbean markets without paying roaming charges.

Caribbean revenue increased by 1% to US$505 million as growth in the rest of the Caribbean was largely offset by the expected decline in Jamaica's revenue described above.

Gross margin grew strongly by US$25 million to US$375 million. Gross margin now represents 74% of revenue, an increase of four percentage points on the same period last year. This growth was mainly driven by Jamaica where gross margin rose ten percentage points to 66% of revenue and lower mobile customer acquisition costs elsewhere in the Caribbean.

Operating costs fell by US$1 million to US$213 million. These costs are expected to fall further as the 'One Caribbean' programme takes effect. We have reduced headcount across the region by 200 since March 2008 and we expect headcount to be reduced to 2,500 for the Caribbean business once the transformation programme is complete.

EBITDA in the Caribbean grew by US$26 million to US$162 million in the first half of 2008/09 compared with the same period of 2007/08. Jamaica accounted for US$12 million of this growth.

Panama
Our business in Panama is the market leader in mobile, broadband and fixed line services. In the period, revenue increased by 9% and EBITDA by 5% compared with the same period last year.

Revenue increased by US$27 million to US$337 million, mainly driven by mobile and enterprise, data and other. Mobile revenue grew by US$14 million to US$146 million as we expanded our network to cover 95% of the population, opened 50 new distribution outlets and remodelled 30% of our retail stores. Our mobile customers rose by nearly 40% compared with a year ago to 1.8 million as mobile market penetration increased to over 100%.

Enterprise, data and other revenue grew by US$12 million to US$65 million, largely due to the roll out of a number of large government contracts, particularly for video surveillance and e-learning.

Gross margin grew by US$20 million to US$220 million from higher revenue and, as a percentage of revenue was steady at 65%.

Investment in our brand, mobile network, sales and propositions ahead of the entry of new mobile operators, and costs in meeting our universal service obligation, resulted in a US$14 million increase in operating costs to US$86 million. Operating costs represent 26% of revenue. Of the US$14 million increase, US$5 million were non-recurring operating cost investments in the Somos + brand campaign and other preparatory costs.

As a result of the above, our EBITDA grew by US$6 million to US$134 million, representing 40% of revenue.

Macau
During the first half, revenue increased by 16% and EBITDA by 17%. Our business in Macau, CTM, has continued to deliver world class financial performance in a highly competitive market. Regarding the Macau concession agreement, the Macanese government is intending to allow CTM to operate all existing services beyond 2011. All key principles of that extension have been agreed with the government and the task now is to document and detail these principles.

Revenue increased by US$22 million compared with the same period last year to US$159 million, driven largely by mobile and broadband. Mobile revenue grew by US$12 million to US$63 million, mainly due to the 17% increase in mobile customers driving higher traffic and inbound roaming calls. 22% of our mobile customers now use our 3G service, up from 14% six months ago. Broadband revenue grew by US$4 million to US$21 million as a result of the continued take up of our high speed services, in particular by business customers.

As a result of another strong half of revenue growth, gross margin increased by US$12 million to US$97 million.

Operating costs for the half were US$29 million. Our continuing cost control reduced operating costs as a percentage of revenue to 18% compared with 20% in the same period of 2007/08.

This firm cost management combined with strong revenue growth drove EBITDA up by US$10 million to US$68 million or 43% of revenue, up from 42% for the same period of 2007/08.

Monaco & Islands
Monaco & Islands includes Monaco, the Channel Islands and Isle of Man, Seychelles, Bermuda and the South Atlantic region. We provide a full range of services in the majority of these markets and are typically the market leader. During the first half, revenue rose by 6% and EBITDA by 10%.

Revenue grew by US$16 million to US$275 million, driven primarily by growth in mobile and enterprise, data and other revenue. Mobile revenue grew by US$9 million to US$75 million, largely driven by the inclusion of a full six months of results from the Isle of Man and increased roaming revenue in Monaco and the Channel Islands. Enterprise, data and other revenue increased by US$7 million to US$136 million mainly driven by the inclusion of Connecteo's results and growth in demand from corporate customers.

Gross margin grew by US$10 million in the half to US$166 million and was maintained at 60% of revenue.

Operating costs were US$92 million, and as a percentage of revenue they dropped by one percentage point to 33%.

As a result of the above factors, EBITDA increased by US$7 million to US$74 million compared with the six months ended 30 September 2007.

Exceptional items
We recorded an exceptional charge of US$20 million in the six months ended 30 September 2008, relating to our continuing programme to transform our service and brand reputation. This includes redundancies and other costs associated with our 'One Caribbean' transformation programme. For 2008/09 and 2009/10, we expect exceptional costs associated with the 'One Caribbean' programme to total approximately US$80 million.

Capital expenditure and depreciation and amortisation
Capital expenditure in the half was US$155 million, 4% lower than the same period last year and represents 12% of revenue. Our investment was focused on upgrading and expanding our networks to enable improved service offerings in our strategic areas of mobile, broadband and enterprise services. We now expect capital expenditure to be under 14% of our revenue for the full year 2008/09.

Depreciation and amortisation increased by 12% (US$16 million) to US$151 million in the first half of 2008/09 compared with the same period of the prior year, due to the increase in our capital expenditure in recent years.

Joint ventures – our share

	Effective ownership	Revenue		Post-tax profit	
	As at 30 September 2008	For six months ended 30 September 2008	For six months ended 30 September 2007	For six months ended 30 September 2008	For six months ended 30 September 2007
	%	US$m	US$m	US$m	US$m
Trinidad & Tobago (TSTT)	*49*	120	102	20	19
Afghanistan (Roshan)	*37*	26	40	-	4
The Maldives (Dhiraagu)	*45*	29	25	12	11
Fiji (Fintel)	*49*	7	7	2	2
Others		10	7	2	2
Total		**192**	**181**	**36**	**38**

Our share of the post-tax profits of our joint ventures for the six months ended 30 September 2008 was US$36 million compared with US$38 million in the same period of the prior year. This decrease was driven by the performance of our joint venture in Afghanistan where the business faced increased levels of competition.

Mobile customer numbers in our joint ventures grew by 815,000 to 3.6 million in the half compared with the same period of 2007/08. This growth was driven by Roshan where customers increased by 723,000 to 2.3 million. Broadband customers increased by 30,000 to 55,000, mainly driven by the migration of TSTT's customers from dial up services.

Outlook

The leading indicators across our product sets are healthy, with mobile, broadband and enterprise revenue continuing to grow, while fixed line is holding up well. We remain vigilant on the macroeconomic indicators and any potential impact on our business.

We expect International's strong defensive characteristics to come to the fore in the coming months. International is strongly cash generative and the diversity of our portfolio in terms of geographic spread, product revenue and customer segments means that we are positioned to continue to perform well notwithstanding the difficult economic backdrop.

Our focus on service, brand and efficiency has been introduced at just the right time – it offers our customers a better deal, protecting revenue whilst allowing us to cut our costs and improve cash generation further. This programme will continue to bear fruit over the next two years.

Taking these factors into account and given our current run rate, we now expect that our EBITDA for 2008/09 will be not less than US$910 million.

Reconciliation of International EBITDA to net cash flow before financing

	For six months ended 30 September 2008[1] US$m
EBITDA[2]	448
Exceptional items	(20)
EBITDA less exceptionals	**428**
Movement in exceptional provisions	(10)
Movement in working capital and other provisions	(59)
Income taxes paid	(57)
Purchase of property, plant, equipment and intangible assets	(169)
Investment income	28
Trading cash inflow	**161**
Acquisitions and disposals	(6)
Contribution to pension buy-in	(4)
Net cash inflow before financing activities	**151**

[1] Based on our management accounts
[2] Earnings before interest, tax, depreciation and amortisation, LTIP charge, net other operating income and exceptional items

We generated US$151 million of net cash inflow before financing activities in the first half of 2008/09. This consisted of a US$161 million trading cash inflow, partially offset by a US$10 million outflow relating to non-trading activities.

The US$30 million outflows relating to exceptional items and provisions relate largely to restructuring charges associated with the transformation of the business.

We reported an outflow of US$59 million relating to the movement in working capital and other provisions. This was primarily caused by the increase in revenue, the pension credits and the timing of receipts and payments.

We paid US$57 million of income tax in the six months ended 30 September 2008 and invested US$169 million in capital expenditure. For more detail on capital expenditure, see page 14.

Investment income of US$28 million includes US$23 million of dividends received from joint ventures and US$4 million interest from third parties.

Acquisitions and disposals of US$6 million primarily relates to dividends paid to minority interests in Monaco Telecom.

We paid US$4 million in respect of the pension buy-in for the main UK defined benefit pension scheme.

EUROPE, ASIA & US

The results of Europe, Asia & US for the six months ended 30 September 2008 do not include the results of Thus Group plc, which was acquired on 1 October 2008.

Highlights:
The results of Europe, Asia & US demonstrate another excellent half:

- Revenue growth of 4%, with IP, data and hosting representing 43% of revenue
- EBITDA grew by 43% to £142 million, representing 14% of revenue
- Trading cash flow continues to be positive at £10 million for the period
- On 1 October 2008, we acquired Thus Group plc with total expected annual EBITDA and capital expenditure synergies of £82 million by 2011/12 and total integration costs of £78 million
- 2008/09 full year EBITDA guidance raised from a range of between £285 million and £295 million to at least £325 million following the improved trading performance of Europe, Asia & US and the consolidation of Thus from 1 October 2008

Commenting on the results, John Pluthero, Executive Chairman of Europe, Asia & US said:

“We delivered revenue growth of 4%, a 43% increase in EBITDA and again generated cash.

“Our first half results show no signs of recession, indeed our leading indicators are healthy. The work we’ve done over the past two years has positioned us well for any type of downturn – we have a high proportion of long-term contracted revenue, a powerful product portfolio and a large market to shoot for. On top of which we still have costs to take out of the business and the synergy benefits of the Thus acquisition. Consequently, we’re increasing guidance.

“We acquired Thus on 1 October and integration is moving ahead at speed – we’ll see some of the early benefits of that work in the second half, with much more to come next year.”

Europe, Asia & US income statement
For six months ended:

	30 September 2008 £m	30 September 2007 £m	*Change[1] %*
IP, data and hosting	427	364	*17%*
Traditional voice	530	549	*(3)%*
Legacy products	46	48	*(4)%*
Revenue	**1,003**	**961**	***4%***
Cost of sales	(589)	(563)	*(5)%*
Gross margin	**414**	**398**	***4%***
Operating costs (excluding LTIP charge)	(272)	(299)	*9%*
EBITDA[2]	**142**	**99**	***43%***
LTIP charge	(13)	(21)	*38%*
Depreciation and amortisation	(88)	(69)	*(28)%*
Net other operating income	2	-	*nm*
Operating profit before joint ventures	**43**	**9**	***nm***
Share of post-tax loss of joint ventures	-	(1)	*nm*
Operating profit	**43**	**8**	***nm***
Exceptional items	(33)	42	*nm*
Total operating profit	**10**	**50**	***(80)%***
Capital expenditure	(108)	(93)	*(16)%*
Headcount (full time equivalents at 30 September)	4,981	5,343	*7%*

nm represents % change not meaningful
[1] Positive percentages represent improvement
[2] Earnings before interest, tax, depreciation and amortisation, LTIP charge, net other operating income and exceptional items

Europe, Asia & US key performance indicators

Calculated on basis of six months ended	30 September 2008	31 March 2008	30 September 2007
% IP, data and hosting revenue	43%	42%	38%
Gross margin %	41%	41%	41%
Operating costs as a percentage of revenue	27%	29%	31%
EBITDA margin %	14%	12%	10%

Revenue
Strong demand for our IP, data and hosting products continues to drive our revenue growth, with revenue in the first half of 2008/09 increasing by 4% to £1,003 million compared with the first half of 2007/08 - the second successive half of revenue growth.

Since the start of 2008/09, we've added a number of significant contracts to our order book demonstrating not just the success of our "go to market" activities but our passion for service as well.

A selection of these customers includes:

- Lloyds TSB Asset Finance – supplying a new wide area network based on our Multi Service Platform, together with a new contact centre estate and IP telephony to all users;
- The Environment Agency – a three year multi-million pound contract to deliver a managed network service using our next generation Multi Service Platform;
- National Policing Improvement Agency – a three year framework agreement for an integrated, managed mobile information solution for use by police forces across the UK;
- NHS Mail – expanding the hosting work we do with the National Health Service to include the rollout of Microsoft Exchange 2007;
- Aviva – a new six year contract worth c.£300 million to provide a full communications suite, including voice, data, local and wide area networks and international services, to Aviva's 35,000 staff based in the UK and India; and
- BSkyB – extending an existing contract to continue to carry all inbound customer calls into BSkyB's call centres in the UK.

A large proportion of our contracts are long-term, typically three to five years, which gives added security to our future revenue streams. In the first half, 46% of our contract signings were for a three year period or more.

IP, data and hosting
We have a full suite of IP, data and hosting products enabled by our Multi Service Platform. This product set includes market-leading services and applications, such as fixed mobile convergence, digital marketing and next generation video conferencing.

IP, data and hosting revenue grew by 17% to £427 million in the first half of 2008/09 compared with £364 million in the equivalent period last year.

IP, data and hosting revenue as a proportion of total revenue is 43% in the first half of 2008/09, up from 38% in the equivalent period of 2007/08. The proportion of our revenue comprising IP, data and hosting has virtually doubled since the first half of 2005/06.

Traditional voice
Traditional voice revenue has declined by £19 million to £530 million in the first half of 2008/09 as we continue to move away from unprofitable routes and low margin traffic and customers migrate to IP, data and hosting.

Legacy products
Revenue from our legacy products of £46 million in the first half of 2008/09 declined by £2 million and continues to represent only 4% of revenue.

Gross margin
Gross margin increased by £16 million to £414 million in line with revenue growth. Gross margin as a percentage of revenue was maintained at 41%.

Operating costs
Operating costs were reduced by £27 million compared with the first half of 2007/08 to £272 million. This reduction represents an improvement of 9% and operating costs now represent 27% of revenue, an improvement of four percentage points.

We delivered cost savings through a number of projects. These included renegotiating network maintenance contracts, rationalising our network and working with colleagues and suppliers to align cost to productivity improvements.

EBITDA
EBITDA before exceptionals increased by £43 million from £99 million in the first half of 2007/08 to £142 million, an increase of 43%. We have improved our EBITDA margin by four percentage points to 14% compared to the first half of 2007/08.

Exceptional items
Net exceptional expense within operating profit for the first half of 2008/09 was £33 million, compared with net exceptional income of £42 million in the equivalent period in 2007/08. The £33 million net exceptional expense is described in further detail on page 6.

Capital expenditure and depreciation and amortisation
Capital expenditure of £108 million is £15 million higher than the first half of 2007/08 and represents 11% of revenue. This increase over our guidance of 10% is due to timing and we expect to meet our guidance for full year capital expenditure to be 10% of revenue. In the first half of 2008/09, capital expenditure relating to specific customer contracts was £47 million, 44% of our total capital expenditure.

Depreciation and amortisation is £88 million for the first half of 2008/09 compared with £69 million in the equivalent period of 2007/08, reflecting the level of capital expenditure in recent years.

Acquisition of Thus
On 30 June 2008, we announced that we had made a cash offer for Thus Group plc at a price of 180 pence per share and that we had purchased 29.9% of the issued share capital for a total cost of £99 million. On 1 October 2008, we announced we had acceptances for a further 58.4% of the issued share capital of Thus, thereby obtaining control of the business. Having subsequently achieved acceptances of over 90%, the remaining 11.7% of the issued share capital will be acquired over the remainder of 2008/09.

We currently expect full run rate synergies of £82 million by 2011/12 comprising £70 million of EBITDA synergies and £12 million of capital expenditure synergies. We expect to achieve £7 million of EBITDA synergies in 2008/09 and at least half of the £82 million of synergies in 2009/10. We expect the cost to realise these full run rate synergies to be £78 million, with £39 million incurred in 2008/09 and the remaining £39 million over the subsequent three years.

Of Thus' 2,300 corporate customers, 600 representing £370 million of annualised revenue will be integrated into the enterprise business and the remaining 1,700 representing £180 million of annualised revenue will be combined with Europe, Asia & US' corporate customers with up to approximately 500 employees to form the mid-market business. The mid-market business will purchase network capability as a single enterprise customer from Europe, Asia & US. The mid-market business will take advantage of Europe, Asia & US' superior network economics to deliver better returns from this £5.5 billion mid-market sector.

Outlook
In the first half of 2008/09 we saw no signs of recession in our business. Our leading indicators are healthy – September was a record month for sales – with a strong pipeline and work in progress.

Europe, Asia & US is well positioned to continue its progress. We have:
- A high proportion of long-term contracted revenue;
- Powerful customer propositions for this environment which can reduce costs and improve efficiency;
- Low market share which will allow us to grow even if the market doesn't; and
- The opportunity to reduce costs still further.

Following our improved trading performance and the consolidation of Thus from 1 October 2008, we now anticipate that our EBITDA for the full year 2008/09 will be at least £325 million as follows:

EBITDA[1] guidance for 2008/09 £m	**May 2008**		**November 2008**
	Low	**High**	**At least**
Europe, Asia & US	285	295	295
Consolidation of Thus' EBITDA from 1 October 2008	n/a	n/a	23
EBITDA synergies from Thus acquisition	n/a	n/a	7
2008/09 Europe, Asia & US guidance	**285**	**295**	**325**

[1] Earnings before interest, tax, depreciation and amortisation, LTIP charge, net other operating income and exceptional items

Reconciliation of Europe, Asia & US EBITDA to net cash flow before financing

	For six months ended 30 September 2008[1] £m
EBITDA[2]	142
Exceptional items	(33)
EBITDA less exceptionals	**109**
Movement in exceptional provisions	1
Movement in working capital and other provisions	2
Finance and other income	7
Purchase of property, plant, equipment and intangible assets	(109)
Trading cash inflow	**10**
Acquisitions and disposals	(99)
Contribution to pension buy-in	(8)
Net cash outflow before financing activities	**(97)**

[1] Based on our management accounts
[2] Earnings before interest, tax, depreciation and amortisation, LTIP charge, net other operating income and exceptional items

Our net cash outflow of £97 million for the period includes a trading cash inflow of £10 million, a £99 million outflow in respect of the acquisition of Thus and an £8 million outflow in respect of the pension buy-in for the main UK defined benefit scheme.

Exceptional items and the movement in exceptional provisions of £32 million are largely attributable to restructuring costs including redundancies and property costs.

Cash capital expenditure of £109 million reflects a mix of investments in both customer and infrastructure projects. For more detail on our capital expenditure, refer to page 20.

GROUP RESULTS DETAIL

Six months ended 30 September 2008 compared with six months ended 30 September 2007

£m	For six months ended 30 September 2008 (H1 08/09)				For six months ended 30 September 2007 (H1 07/08)				Change[1]			
	International	Europe, Asia & US	Central[2]	Group Total	International	Europe, Asia & US	Central	Group Total	International	Europe, Asia & US	Central	Group Total
Revenue	649	1,003	(6)	1,646	608	961	(6)	1,563	*7%*	*4%*	*0%*	*5%*
Cost of sales	(212)	(589)	6	(795)	(209)	(563)	6	(766)	*(1)%*	*(5)%*	*0%*	*(4)%*
Gross margin	**437**	**414**	**-**	**851**	**399**	**398**	**-**	**797**	***10%***	***4%***	***-***	***7%***
Operating costs	(208)	(272)	(14)	(494)	(199)	(299)	(15)	(513)	*(5)%*	*9%*	*7%*	*4%*
EBITDA[3]	**229**	**142**	**(14)**	**357**	**200**	**99**	**(15)**	**284**	***15%***	***43%***	***7%***	***26%***
LTIP credit/(charge)	3	(13)	-	(10)	(9)	(21)	-	(30)	*nm*	38%	-	67%
Depreciation & amortisation	(77)	(88)	-	(165)	(68)	(69)	-	(137)	*(13)%*	*(28)%*	-	*(20)%*
Net other operating income	-	2	-	2	3	-	-	3	*nm*	*nm*	-	*(33)%*
Operating profit/(loss) before joint ventures[4]	**155**	**43**	**(14)**	**184**	**126**	**9**	**(15)**	**120**	***23%***	***nm***	***7%***	***53%***
Joint ventures	18	-	-	18	19	(1)	-	18	*(5)%*	*nm*	-	*0%*
Total operating profit/ (loss)[4]	**173**	**43**	**(14)**	**202**	**145**	**8**	**(15)**	**138**	***19%***	***nm***	***7%***	***46%***
Exceptional items	(10)	(33)	(6)	(49)	3	42	-	45	*nm*	*nm*	*nm*	*nm*
Total operating profit/(loss)	**163**	**10**	**(20)**	**153**	**148**	**50**	**(15)**	**183**	***10%***	***(80)%***	***(33)%***	***(16)%***
Capital expenditure	(79)	(108)	-	(187)	(80)	(93)	-	(173)	*1%*	*(16)%*	-	*(8)%*
Headcount[5]	7,781	4,981	87	12,849	7,860	5,343	86	13,289	*1%*	*7%*	*(1)%*	*3%*

nm represents % change not meaningful

[1] Positive percentages represent improvement

[2] "Central" comprises the corporate centre and intra-group eliminations between the businesses

[3] Earnings before interest, tax, depreciation and amortisation, LTIP credit/charge, net other operating income and exceptional items

[4] Excluding exceptional items

[5] Full time equivalents as at 30 September

INTERNATIONAL RESULTS DETAIL

Six months ended 30 September 2008 compared with six months ended 30 September 2007

US$m	Caribbean			Panama			Macau			Monaco & Islands[2]		
	H1 08/09	**H1 07/08**	**Change[1]**	**H1 08/09**	**H1 07/08**	**Change[1]**	**H1 08/09**	**H1 07/08**	**Change[1]**	**H1 08/09**	**H1 07/08**	**Change[1]**
Mobile	183	182	*1%*	146	132	*11%*	63	51	*24%*	75	66	*14%*
Broadband	47	44	*7%*	20	17	*18%*	21	17	*24%*	12	10	*20%*
Domestic voice	147	139	*6%*	85	89	*(4)%*	17	17	*0%*	27	27	*0%*
International voice	59	69	*(14)%*	21	19	*11%*	31	28	*11%*	25	27	*(7)%*
Enterprise, data & other	69	68	*1%*	65	53	*23%*	27	24	*13%*	136	129	*5%*
Revenue	**505**	**502**	***1%***	**337**	**310**	***9%***	**159**	**137**	***16%***	**275**	**259**	***6%***
Cost of sales	(130)	(152)	*14%*	(117)	(110)	*(6)%*	(62)	(52)	*(19)%*	(109)	(103)	*(6)%*
Gross margin	**375**	**350**	***7%***	**220**	**200**	***10%***	**97**	**85**	***14%***	**166**	**156**	***6%***
Operating costs	(213)	(214)	*0%*	(86)	(72)	*(19)%*	(29)	(27)	*(7)%*	(92)	(89)	*(3)%*
EBITDA[3]	**162**	**136**	***19%***	**134**	**128**	***5%***	**68**	**58**	***17%***	**74**	**67**	***10%***
LTIP credit/(charge)	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & amortisation	(59)	(52)	*(13)%*	(41)	(38)	*(8)%*	(19)	(17)	*(12)%*	(30)	(26)	*(15)%*
Net other operating income/(expense)	-	5	*nm*	1	1	*0%*	-	-	-	-	-	-
Operating profit before joint ventures[4]	**103**	**89**	***16%***	**94**	**91**	***3%***	**49**	**41**	***20%***	**44**	**41**	***7%***
Joint ventures	20	19	*5%*	-	-	-	-	-	-	16	19	*(16)%*
Total operating profit[4]	**123**	**108**	***14%***	**94**	**91**	***3%***	**49**	**41**	***20%***	**60**	**60**	***0%***
Exceptional items	(12)	-	*nm*	-	-	-	-	-	-	(1)	-	*nm*
Total operating profit	**111**	**108**	***3%***	**94**	**91**	***3%***	**49**	**41**	***20%***	**59**	**60**	***(2)%***
Capital expenditure	(78)	(75)	*(4)%*	(33)	(31)	*(6)%*	(15)	(21)	*29%*	(25)	(27)	*7%*
Headcount[5]	3,736	3,717	*(1)%*	1,931	1,893	*(2)%*	915	927	*1%*	1,084	1,175	*8%*

nm represents % change not meaningful

[1] Positive percentages represent improvement

[2] Islands comprises operations in Bermuda, the Channel Islands, Isle of Man and the Indian, Atlantic and Pacific Oceans

[3] Earnings before interest, tax, depreciation and amortisation, LTIP credit/charge, net other operating income/expense and exceptional items

[4] Excluding exceptional items

[5] Full time equivalents as at 30 September

INTERNATIONAL RESULTS DETAIL (CONTINUED)

Six months ended 30 September 2008 compared with six months ended 30 September 2007

US$m	Elims / Other[2]			TOTAL INTERNATIONAL			Memo: Jamaica		
	H1 08/09	H1 07/08	Change[1]	H1 08/09	H1 07/08	Change[1]	H1 08/09	H1 07/08	Change[1]
Mobile	-	5	*nm*	467	436	*7%*	38	46	*(17)%*
Broadband	-	-	-	100	88	*14%*	14	15	*(7)%*
Domestic voice	-	-	-	276	272	*1%*	68	61	*11%*
International voice	(2)	(1)	*(100)%*	134	142	*(6)%*	24	26	*(8)%*
Enterprise, data & other	(1)	(1)	*0%*	296	273	*8%*	14	16	*(13)%*
Revenue	**(3)**	**3**	***nm***	**1,273**	**1,211**	***5%***	**158**	**164**	***(4)%***
Cost of sales	2	1	*100%*	(416)	(416)	*0%*	(54)	(72)	*25%*
Gross margin	**(1)**	**4**	***nm***	**857**	**795**	***8%***	**104**	**92**	***13%***
Operating costs	11	5	*nm*	(409)	(397)	*(3)%*	(72)	(72)	*0%*
EBITDA[3]	**10**	**9**	***11%***	**448**	**398**	***13%***	**32**	**20**	***60%***
LTIP credit/(charge)	5	(18)	*nm*	5	(18)	*nm*	-	-	-
Depreciation & amortisation	(2)	(2)	*0%*	(151)	(135)	*(12)%*	(17)	(17)	*0%*
Net other operating income/(expense)	-	-	-	1	6	*(83)%*	-	(1)	*nm*
Operating profit before joint ventures[4]	**13**	**(11)**	***nm***	**303**	**251**	***21%***	**15**	**2**	***nm***
Joint ventures	-	-	-	36	38	*(5)%*	-	-	-
Total operating profit[4]	**13**	**(11)**	***nm***	**339**	**289**	***17%***	**15**	**2**	***nm***
Exceptional items	(7)	6	*nm*	(20)	6	*nm*	(5)	-	*nm*
Total operating profit	**6**	**(5)**	***nm***	**319**	**295**	***8%***	**10**	**2**	***nm***
Capital expenditure	(4)	(7)	*43%*	(155)	(161)	*4%*	(33)	(42)	*21%*
Headcount[5]	115	148	*22%*	7,781	7,860	*1%*	1,203	1,302	*8%*

nm represents % change not meaningful

[1] Positive percentages represent improvement

[2] Elims / other includes intra International revenue and cost adjustments, the recognition and release of centrally held accruals, net pension credit, LTIP charges and central capital expenditure. The operating costs of the London head office are recharged to the businesses. Headcount numbers are shown as a memo item

[3] Earnings before interest, tax, depreciation and amortisation, LTIP credit/charge, net other operating income/expense and exceptional items

[4] Excluding exceptional items

[5] Full time equivalents as at 30 September

INTERNATIONAL RESULTS DETAIL (CONTINUED)

	GSM ACTIVE[2] MOBILE CUSTOMERS ('000s)			BROADBAND CUSTOMERS ('000s)			FIXED LINE CUSTOMERS ('000s)		
	As at 30 September 2008	**As at 30 September 2007**	**Change[1]**	**As at 30 September 2008**	**As at 30 September 2007**	**Change[1]**	**As at 30 September 2008**	**As at 30 September 2007**	**Change[1]**
Caribbean	1,265	1,248	1%	191	180	6%	687	735	(7)%
Panama	1,805	1,304	38%	110	95	16%	426	427	(0)%
Macau	328	281	17%	125	112	12%	182	179	2%
Monaco & Islands	166	156	6%	31	27	15%	214	210	2%
Cable & Wireless International subsidiaries	**3,564**	**2,989**	**19%**	**457**	**414**	**10%**	**1,509**	**1,551**	**(3)%**
TSTT	899	900	(0)%	43	17	nm	313	310	1%
Roshan	2,340	1,617	45%	-	-	-	-	-	-
Dhiraagu	281	206	36%	10	6	67%	33	32	3%
Solomon Telekom	27	13	nm	1	1	0%	10	9	11%
Telecom Vanuatu	28	24	17%	1	1	0%	7	7	0%
Cable & Wireless International joint ventures	**3,575**	**2,760**	**30%**	**55**	**25**	**nm**	**363**	**358**	**1%**
Total Cable & Wireless International	**7,139**	**5,749**	**24%**	**512**	**439**	**17%**	**1,872**	**1,909**	**(2)%**

nm represents % change not meaningful

[1] Positive percentages represent improvement

[2] An active customer is defined as one having performed a revenue-generating event in the previous 60 days

HALF YEAR FINANCIAL REPORT

Condensed consolidated interim income statement

	For the six months ended 30 September 2008			For the six months ended 30 September 2007		
	Pre-exceptional items £m	Exceptional items £m	Total £m	Pre-exceptional items £m	Exceptional items £m	Total £m
Continuing operations						
Revenue	**1,646**	**-**	**1,646**	1,563	-	1,563
Operating costs before depreciation and amortisation	**(1,299)**	**(49)**	**(1,348)**	(1,309)	(8)	(1,317)
Depreciation	**(136)**	**-**	**(136)**	(116)	-	(116)
Amortisation	**(29)**	**-**	**(29)**	(21)	-	(21)
Other operating income	**2**	**-**	**2**	5	53	58
Other operating expenses	**-**	**-**	**-**	(2)	-	(2)
Group operating profit/(loss)	**184**	**(49)**	**135**	120	45	165
Share of post-tax profit of joint ventures	**18**	**-**	**18**	18	-	18
Total operating profit/(loss)	**202**	**(49)**	**153**	138	45	183
Gains and losses on sale of non-current assets	**-**	**-**	**-**	2	-	2
Gain on termination of operations	**1**	**-**	**1**	3	-	3
Finance income	**20**	**-**	**20**	32	-	32
Finance expense	**(33)**	**(12)**	**(45)**	(44)	(10)	(54)
Profit/(loss) before income tax	**190**	**(61)**	**129**	131	35	166
Income tax (expense)/credit	**(15)**	**1**	**(14)**	(29)	(5)	(34)
Profit/(loss) for the period from continuing operations	**175**	**(60)**	**115**	102	30	132
Discontinued operations						
Profit for the period from discontinued operations	**-**	**-**	**-**	2	-	2
Profit/(loss) for the period	**175**	**(60)**	**115**	104	30	134
Attributable to:						
Equity holders of the Company	**143**	**(60)**	**83**	74	30	104
Minority interests	**32**	**-**	**32**	30	-	30
	175	**(60)**	**115**	104	30	134
Earnings per share attributable to the equity holders of the Company during the period (pence)						
– basic			**3.4p**			4.3p
– diluted			**3.3p**			4.2p
Earnings per share from continuing operations attributable to the equity holders of the Company during the period (pence)						
– basic			**3.4p**			4.2p
– diluted			**3.3p**			4.1p
Earnings per share from discontinued operations attributable to the equity holders of the Company during the period (pence)						
– basic			**0.0p**			0.1p
– diluted			**0.0p**			0.1p

The notes on pages 31 to 35 are an integral part of these financial statements

Further detail on exceptional items is set out in note 7

Condensed consolidated interim balance sheet

	30 September 2008 £m	31 March 2008 £m	30 September 2007 £m
ASSETS			
Non-current assets			
Intangible assets	811	807	805
Property, plant and equipment	1,590	1,488	1,463
Investments in joint ventures	170	142	129
Available for sale financial assets	28	27	16
Deferred tax asset	38	26	30
Retirement benefit asset	30	32	242
Other receivables	92	60	56
Other non-current assets	3	-	-
	2,762	**2,582**	**2,741**
Current assets			
Inventories	25	17	19
Available for sale financial assets	99	-	-
Trade and other receivables	916	856	971
Cash and cash equivalents	585	699	757
	1,625	**1,572**	**1,747**
Non-current assets held for sale	2	5	6
	1,627	**1,577**	**1,753**
Total assets	**4,389**	**4,159**	**4,494**
LIABILITIES			
Current liabilities			
Trade and other payables	1,320	1,219	1,285
Financial liabilities at fair value	12	59	74
Current tax liabilities	126	130	140
Loans and obligations under finance leases	75	59	46
Provisions	106	92	51
	1,639	**1,559**	**1,596**
Net current assets	**(12)**	**18**	**157**
Non-current liabilities			
Trade and other payables	12	40	75
Financial liabilities at fair value	140	73	93
Loans and obligations under finance leases	456	397	412
Deferred tax liabilities	28	30	47
Provisions	134	135	164
Retirement benefit obligations	49	46	47
	819	**721**	**838**
Net assets	**1,931**	**1,879**	**2,060**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	640	634	630
Share premium	183	156	139
Reserves	902	897	1,092
	1,725	**1,687**	**1,861**
Minority interests	206	192	199
Total equity	**1,931**	**1,879**	**2,060**

The notes on pages 31 to 35 are an integral part of these financial statements

Condensed consolidated interim statement of recognised income and expense

	For the six months ended 30 September 2008 £m	For the six months ended 30 September 2007 £m
Actuarial (losses)/gains in the value of defined benefit retirement plans	(33)	150
Exchange differences on translation of foreign operations	82	(36)
Tax on items in equity	2	-
Net income and expense recognised directly in equity	**51**	**114**
Profit for the period	115	134
Total recognised income and expense for the period	**166**	**248**
Attributable to:		
Equity holders of the Company	121	225
Minority interests	45	23
	166	**248**

The notes on pages 31 to 35 are an integral part of these financial statements

Condensed consolidated interim cash flow statement

	For the six months ended 30 September 2008	For the six months ended 30 September 2007
	£m	£m
Cash flows from operating activities		
Cash generated from continuing operations	264	184
Cash generated from discontinued operations	-	-
Income taxes paid	(31)	(15)
Net cash from operating activities	**233**	**169**
Cash flows from investing activities		
Finance income	14	26
Other income	1	-
Dividends received	12	6
Decrease in available for sale assets	1	-
Proceeds on disposal of assets held for sale	-	92
Proceeds on disposal of property, plant and equipment	2	2
Purchase of property, plant and equipment	(184)	(173)
Purchase of intangible assets	(11)	(16)
Purchase of investments	(100)	-
Disposal of subsidiaries and minority interests	2	-
Acquisition of subsidiaries (net of cash received)	(2)	(13)
Net cash from investing activities - continuing operations	**(265)**	**(76)**
Discontinued operations	**-**	**-**
Net cash flow before financing activities	**(32)**	**93**
Cash flows from financing activities		
Continuing operations		
Dividends paid to minority interests	(34)	(30)
Dividends paid to shareholders	(92)	(95)
Repayments of borrowings	(42)	(247)
Interest paid	(22)	(25)
Proceeds from borrowings	98	12
Proceeds on issue of treasury shares	1	5
Purchase of treasury shares	(1)	(2)
Proceeds on issue of ordinary share capital	2	5
Net cash used in financing activities – continuing operations	(90)	(377)
Discontinued operations	**-**	**-**
Net cash used in financing activities	**(90)**	**(377)**
Net decrease in cash and cash equivalents	**(122)**	**(284)**
Cash and cash equivalents at the beginning of the period	699	1,043
Exchange gains/(losses) on cash and cash equivalents	8	(2)
Cash and cash equivalents at the end of the period	**585**	**757**

The notes on pages 31 to 35 are an integral part of these financial statements

Reconciliation of net profit to net cash flow from operating activities

	For the six months ended 30 September 2008 £m	For the six months ended 30 September 2007 £m
Continuing operations		
Profit for the period	**115**	**132**
Adjustments for:		
Tax expense	14	34
Depreciation	136	116
Amortisation	29	21
Other income	(1)	-
Gain on disposal of property, plant and equipment	(1)	(53)
Gain on sale of non-current assets	-	(1)
Finance income	(20)	(32)
Finance expense	45	54
Increase/(decrease) in provisions	7	(10)
Employee benefits	1	29
Defined benefit pension scheme buy-in contribution	(10)	-
Defined benefit pension scheme other contributions	(7)	(6)
Share of post-tax results of joint ventures	(18)	(18)
Operating cash flows before working capital changes	**290**	**266**
Changes in working capital (excluding the effects of acquisitions and disposals of subsidiaries)		
(Increase)/decrease in inventories	(8)	4
Increase in trade and other receivables	(94)	(110)
Increase in payables	76	19
Decrease in other assets	-	5
Cash generated from continuing operations	**264**	**184**
Discontinued operations		
Profit for the period	**-**	**2**
Adjustments for:		
Decrease in provisions and changes in working capital	-	(2)
Cash generated from discontinued operations	**-**	**-**
Cash generated from operations	**264**	**184**

Notes to the condensed financial statements

1. Reporting entity
Cable and Wireless plc (the Company) is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Group as at and for the six months ended 30 September 2008 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in joint venture entities.

The consolidated financial statements of the Group as at and for the year ended 31 March 2008 are available upon request from the Company's registered office at 3rd Floor, 26 Red Lion Square, London WC1R 4HQ or at www.cw.com.

2. Statement of compliance
These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2008.

The comparative figures for the financial year ended 31 March 2008 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

The condensed consolidated interim financial statements were approved by the Board of Directors on 7 November 2008.

3. Significant accounting policies
The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2008.

Income tax expense in the interim period is based on our best estimate of the weighted average annual income tax rate expected for the full financial year.

4. Seasonality and cyclicality
There is no significant seasonality or cyclicality affecting the interim results of the operations.

5. Estimates
The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2008.

The LTIP accrual has, as permitted by the scheme's rules, been calculated with reference to the average market capitalisation for October instead of September, the month following the period end. This gives a more up to date view of the expected payout under the plan in the light of the current market conditions. It had the effect of lowering the accrual for the expected LTIP reward pool.

6. Segment information
Cable & Wireless is an international telecommunications service provider. During the six months ended 30 September 2008, Cable & Wireless operated two business segments – International and Europe, Asia & US.

The International business operates integrated telecommunications companies in 39 countries offering mobile, broadband and domestic and international fixed line services to residential and business customers. It has principal operations in the Caribbean, Panama, Macau, Monaco and the Channel Islands.

The Europe, Asia & US business provides enterprise and carrier solutions to the largest users of telecoms services across the UK, US, continental Europe and Asia.

Continuing operations

The business segment results for the six months ended 30 September 2008 are presented below:

£m	International	Europe, Asia & US	Other[1] and eliminations	Total
Revenue	649	1,003	(6)	1,646
Pre-exceptional operating costs	(494)	(960)	(8)	(1,462)
Exceptional operating items	(10)	(33)	(6)	(49)
Operating profit/(loss)	145	10	(20)	135
Share of post-tax profit of joint ventures	18	-	-	18
Total operating profit/(loss)	163	10	(20)	153
Other income				1
Net finance expense				(25)
Profit before income tax				129
Tax				(14)
Profit for the period from continuing operations				115

The business segment results for the six months ended 30 September 2007 are presented below:

£m	International	Europe, Asia & US	Other[1] and eliminations	Total
Revenue	608	961	(6)	1,563
Pre-exceptional operating costs	(482)	(952)	(9)	(1,443)
Exceptional operating items	3	42	-	45
Operating profit/(loss)	129	51	(15)	165
Share of post-tax profit/(loss) of joint ventures	19	(1)	-	18
Total operating profit/(loss)	148	50	(15)	183
Other income				5
Net finance expense				(22)
Profit before income tax				166
Tax				(34)
Profit for the period from continuing operations				132

[1] Other includes Central expenses

7. Exceptional items

£60 million of exceptional items were recognised during the period.

The programmes to accelerate the transformation of service and brand reputation in International continued during the period. This includes redundancies and other costs associated with the 'One Caribbean' transformation programme. As a result, an exceptional restructuring charge of £10 million was recognised including £7 million for redundancy costs. An exceptional tax credit of £1 million was recognised in relation to these amounts.

Restructuring costs totalling £33 million were incurred in relation to the turnaround programme in Europe, Asia & US. These costs comprised network costs mainly relating to site closures, property costs, redundancy and other costs.

During the period, Central recognised a one-off charge of £6 million in relation to an onerous property lease.

As required by IFRS, the Group recognised an exceptional finance expense of £12 million in relation to notional fair value movements on foreign exchange forward and related contracts. These movements are a result of the recent volatility in currency markets. These contracts reduce the risk on future forecast cash repatriation from foreign operations and future drawdowns on the Group's US$415 million bank facility.

8. Acquisition of Thus

On 30 June 2008, we announced that we had made a cash offer for Thus Group plc at a price of 180 pence per share and that we had purchased 54,726,677 shares, representing 29.9% of the issued

share capital for a total cost of £99 million.   On 1 October 2008, we acquired control over a further 58.4% (106,802,962 shares) of the issued share capital of Thus Group plc for £193 million, obtaining control of the business, and paid £113 million to refinance Thus' debt and other related costs. A further £37 million will be paid to the remaining Thus shareholders as we complete ownership of 100% of the share capital.

As the transaction completed after 30 September 2008, the acquisition balance sheet has not yet been determined. As such, it is impractical to disclose amounts to be recognised at the acquisition date or their carrying amounts immediately before the acquisition. The results of this exercise will be disclosed in the 2008/09 Annual Report.

9. Provisions for liabilities and charges

The table below represents the movements in significant classes of provisions during the six month period ended 30 September 2008:

	Property	Redundancy	Network & asset retirement obligations	Legal and other[1]	Total
	£m	£m	£m	£m	£m
At 31 March 2008	69	12	81	65	227
Current portion	17	12	14	49	92
Non-current portion	52	-	67	16	135
Charged to income statement					
Acquisition	-	-	1	-	1
Additional provision	21	15	16	11	63
Amounts used	(8)	(18)	(6)	(12)	(44)
Unused amounts reversed	(7)	(1)	(2)	(2)	(12)
Discount	1	-	2	-	3
Disposal	-	-	(1)	-	(1)
Exchange	1	-	1	1	3
At 30 September 2008	**77**	**8**	**92**	**63**	**240**
Current portion	21	8	21	56	106
Non-current portion	56	-	71	7	134
Analysed between:					
Current portion					
International	-	6	8	45	59
Europe, Asia & US	17	2	13	-	32
Central	4	-	-	11	15
Non-current portion					
International	-	-	11	4	15
Europe, Asia & US	51	-	60	-	111
Central	5	-	-	3	8
Total					
International	-	6	19	49	74
Europe, Asia & US	68	2	73	-	143
Central	9	-	-	14	23

[1] Other comprises provisions relating to acquisitions, disposals, legal claims, claims against the Group's former insurance operation and discontinued operations of the Group.

During the first half of 2008/09 provisions increased by £13 million. There was a net £1 million charge to International's EBITDA before exceptional items from the movement in provisions. There is no net charge to EBITDA before exceptional items from the movement in provisions in Europe, Asia & US and Central.

Property

Provision has been made for the lower of the best estimate of the unavoidable lease payments or cost of exit in respect of vacant properties. Unavoidable lease payments represent the difference between the rentals due and any income expected to be derived from the vacant properties being sub-let. The provision is expected to be used over the shorter of the period to exit and the lease contract life.

Redundancy
Provision has been made for the total employee related costs of redundancies announced prior to the reporting date. Amounts provided for and spent in the period relate to the restructuring programmes in Europe, Asia & US and International. The provision is expected to be used within one year.

Network and asset retirement obligations
Provision has been made for the best estimate of the unavoidable costs associated with redundant leased network capacity. The provision is expected to be used over the shorter of the period to exit and the lease contract life.

Provision has also been made for the best estimate of the asset retirement obligation associated with office sites, technical sites and domestic and sub-sea cabling. This provision is expected to be used at the end of the life of the related asset on which the obligation arises.

Other
Other provisions include amounts relating to specific legal claims against the Group, the disposal of the previously discontinued US businesses, amounts relating to specific claims held against the Group's former insurance operation, Pender, and amounts relating to acquisitions and disposals of Group companies and investments.

10. Intangible assets
During the period, a further £8 million of goodwill was recognised in relation to Monaco Telecom. This increase related to a change in the fair value of the put option held by the Principality of Monaco.

11. Property, plant and equipment
During the period, £177 million of property, plant and equipment was acquired. There were no significant disposals of property, plant and equipment. The Group's capital commitments at 30 September 2008 were £110 million (30 September 2007: £118 million).

12. Weighted average number of ordinary shares
The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share was as follows:

Amounts are in thousands	Six months ended 30 September 2008	Six months ended 30 September 2007
Basic weighted average number of ordinary shares	2,473,640	2,399,002
Diluted weighted average number of ordinary shares	2,503,508	2,447,079

The number of ordinary shares in issue as at 30 September 2008 (excluding 66,515,969 of treasury shares) was 2,493,077,334.

13. Reserves
The movements in share capital, share premium and other reserves during the period were:

	Share capital £m	Share premium £m	Other £m	Retained earnings £m	Total £m
Balance at 1 April 2008	634	156	1,531	(634)	1,687
Shares allotted under share options scheme	1	1	(2)	2	2
Shares allotted under scrip dividends	5	26	(31)	31	31
Own shares purchased	-	-	-	(1)	(1)
Cash received in respect of employees' share schemes	-	-	-	1	1
Foreign currency translation reserves	-	-	67	-	67
Actuarial losses recognised	-	-	-	(31)	(31)
Share based payment costs	-	-	-	6	6
Disposal of shares to minority interests	-	-	1	-	1
Tax on items in equity	-	-	-	2	2
Dividends	-	-	-	(123)	(123)
Profit for the period	-	-	-	83	83
Balance at 30 September 2008	640	183	1,566	(664)	1,725

14. Dividends paid and proposed
The interim dividend proposed for the six month period ended 30 September 2008 was £72 million (2.83 pence per share). The proposed dividend was approved by the Board of Directors on 7 November 2008. The interim dividend paid for the corresponding six month period ended 30 September 2007 was £61 million (2.50 pence per share).

The final dividend paid on 8 August 2008 for the full year ended 31 March 2008 was £123 million (5.00 pence per share). The final dividend paid on 10 August 2007 for the corresponding full year ended 31 March 2007 was £100 million (4.15 pence per share).

15. Pensions
The IAS 19 surplus for the main UK defined benefit scheme at 30 September 2008 is £208 million compared with a surplus of £375 million at 31 March 2008 (and a £211 million surplus at 30 September 2007). The decrease in the surplus is mainly a result of a decrease in the value of assets in the fund partially offset by a higher discount rate which reduces liabilities. As a result of applying the asset ceiling provisions of IAS 19, the surplus for the main UK scheme was £nil (31 March 2008 - £nil).

We have unfunded pension liabilities in the UK of £19 million (£20 million at 31 March 2008). Defined benefit schemes operated in certain of our overseas businesses have an IAS 19 net deficit of £1 million (£6 million net surplus at 31 March 2008).

16. Debt
During the period, the Group arranged a three year bank facility of US$415 million. At 30 September 2008, US$150 million (£81 million) of this facility had been drawn down. Further, we repaid loans in our Jamaican business of £28 million.

17. Related parties
The nature of related parties as disclosed in the consolidated financial statements for the Group as at and for the year ended 31 March 2008 has not changed. There have been no significant related party transactions in the six month period ended 30 September 2008.

18. Contingent liabilities
There have been no significant changes to the contingent liabilities reported at 31 March 2008.

19. Discontinued operations
Discontinued operations represent those businesses discontinued or disposed of. During the period, there was a net profit of £nil from discontinued operations.

20. Subsequent events
Other than the acquisition of Thus (see note 8), there have been no material subsequent events between 30 September 2008 and the approval of these statements by the Board.

RISKS TO OUR FUTURE SUCCESS

As with any business, there are a number of potential risks to our future success. These risks and our plans to mitigate them are outlined in further detail in the consolidated financial statements of the Group as at and for the year ended 31 March 2008 (pages 41 to 42 of the Annual Report). A summary of those risks is as follows:

Risks relating to the Group

- The Group's organisational structure and incentive schemes;
- Transformation programmes;
- Changes in the value of the main UK defined benefit pension scheme;
- Litigation;
- Exchange rate movements; and
- Estimates and judgements used in preparing the Group's financial statements.

Risks relating to International

- New competition in Jamaica and Panama;
- Natural disasters and severe weather;
- Renewal of regulatory licences and concessions;
- Industrial action;
- The finite labour pool in some countries; and
- Performance of joint ventures.

Risks relating to Europe, Asia & US

- Control of outsourced operations;
- Networks and IT systems;
- Security breaches relating to customer data passing through Cable & Wireless networks;
- Regulations in overseas locations; and
- Economic downturn.

Further, in the six months ended 30 September 2008, the Group identified two additional risks being:

- The integration of Thus into the Europe, Asia & US business may distract management from its current strategy. Further, the benefits of synergies expected from the integration may be different to those anticipated. In managing the risks relating to the integration of Thus, robust plans have been formulated and are managed by a dedicated project team. This team involves senior management of both Cable & Wireless and Thus; and
- The current volatility in the financial markets may affect customers' ability to settle receivables due to the Group and the Group's access to external funding. The Group is actively managing customer receivables and credit limits to minimise any material exposures. The Group has also put in place credit facilities that may be drawn down should the need arise.

INDEPENDENT REVIEW REPORT TO CABLE AND WIRELESS PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 which comprises condensed consolidated income statement, condensed consolidated balance sheet, condensed consolidated statement of recognised income and expense, condensed consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

KPMG Audit Plc
Chartered Accountants
Registered Auditor, London

7 November 2008

RESPONSIBILITY STATEMENT

This interim management report is the responsibility of, and has been approved by, the Directors of Cable and Wireless plc. Accordingly, the Directors confirm that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;
- The interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Cable and Wireless plc are listed in the Cable and Wireless plc Annual Report of 21 May 2008. A list of current Directors is also maintained on the Cable and Wireless plc website: www.cw.com

By order of the Board

Richard Lapthorne
Chairman

Tony Rice
Group Finance Director and
Joint Group Managing Director, Central

7 November 2008

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Cable & Wireless' plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. A summary of some of the potential risks faced by Cable & Wireless is set out in the Company's most recent Annual Report.

Forward-looking statements speak only as of the date they are made and Cable & Wireless undertakes no obligation to revise or update any forward-looking statement contained within this announcement, or any other forward-looking statements it may make, regardless of whether those statements are affected as a result of new information, future events or otherwise (except as required by the UK Listing Authority, the London Stock Exchange, the City Code on Takeovers and Mergers or by law).