ANNOUNCEMENT

CABLE AND WIRELESS plc
RESULTS FOR THE YEAR ENDED 31 MARCH 2008

- **Group EBITDA before exceptionals up 23% to £605 million**
- **Europe, Asia & US EBITDA before exceptionals more than doubled to £219 million**
- **International EBITDA before exceptionals up 3% to US$830 million**
- **Total operating profit up £181 million to £284 million**
- **Group profit before income tax and exceptionals up 57% to £308 million**
- **Europe, Asia & US trading cash flow positive in the second half of 2007/08 and expected to be trading cash flow positive for 2008/09**
- **Europe, Asia & US EBITDA guidance for 2008/09 of between £285 million and £295 million. International EBITDA guidance for 2008/09 of between US$895 million and US$910 million. Group EBITDA guidance for 2008/09 in the range of £702 million to £725 million**
- **UK defined benefit pension scheme fully funded following the latest actuarial valuation**
- **Recommended final dividend of 5.0 pence per share, making the recommended full year dividend 7.5 pence per share, an increase of 28%**

CHAIRMAN'S STATEMENT

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

"We introduced two standalone business units to Cable & Wireless in 2006. The new structure has brought increased focus to both businesses and we're pleased to report in 2007/08 we have passed several important milestones.

In the Europe, Asia & US business we have returned to revenue growth with over 40% of revenue now accounted for by IP, data and hosting products. Gross margin is now above 40% and operating costs are below 30% of revenue after cost savings of more than £100 million achieved in the year. As a result, EBITDA more than doubled, and we are now targeting a further increase of 30% to 35% for 2008/09. Most pleasingly of all, we generated trading cash flow for the first time in many years.

In the International business, we have refocused the business on its drivers of value. We have set our strategy and approach and as a result are targeting growth in EBITDA for 2008/09 of 8% to 10% with a margin of 35%. We expect Macau and Panama to continue to deliver with further improvements in Jamaica.

So financially and operationally, Cable & Wireless is demonstrating the necessary momentum for the Board to consider the next steps to deliver further value for shareholders.

Finally, we're delighted to recommend a full year dividend of 7.5 pence per share, an increase of 28% on last year, demonstrating the Board's confidence in the prospects for both business units for 2008/09."

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CONTACTS

CABLE & WIRELESS			
Clare Waters	Director of External Affairs	clare.waters@cw.com	+44 (0)20 7315 4088
Ashley Rayfield	Director, Investor Relations	ashley.rayfield@cw.com	+44 (0)20 7315 4460
Mat Sheppard	Manager, Investor Relations	matthew.sheppard@cw.com	+44 (0)20 7315 6225
Lachlan Johnston	Director of Public Relations	lachlan.johnston@cw.com	+44 (0)7800 021 405
	Press Office		+44 (0)1344 818 888
FINSBURY	Rollo Head / Don Hunter		+44 (0)20 7251 3801

GROUP RESULTS

The Group results presented below should be read in conjunction with the Group's consolidated income statement, balance sheet and cash flow statement and related notes on pages 29 to 35.

	2007/08			2006/07		
	Pre-except-ionals £m	Except-ionals[1] £m	Total £m	Pre-except-ionals £m	Except-ionals[1] £m	Total £m
Revenue	3,152	-	3,152	3,348	-	3,348
Cost of sales	(1,543)	-	(1,543)	(1,750)	-	(1,750)
Gross margin	1,609	-	1,609	1,598	-	1,598
Operating costs (excluding LTIP charge)	(1,004)	(53)	(1,057)	(1,106)	(78)	(1,184)
EBITDA[2]	**605**	**(53)**	**552**	**492**	**(78)**	**414**
LTIP charge	(27)	-	(27)	(27)	-	(27)
Depreciation and amortisation	(299)	(37)	(336)	(273)	(13)	(286)
Net other operating income	5	53	58	11	2	13
Group operating profit/(loss)	**284**	**(37)**	**247**	**203**	**(89)**	**114**
Share of post-tax profit/(loss) of joint ventures and associates	37	-	37	18	(29)	(11)
Total operating profit/(loss)	**321**	**(37)**	**284**	**221**	**(118)**	**103**
Net finance expense	(22)	(10)	(32)	(28)	-	(28)
Gain on sale of non-current assets	1	-	1	-	153	153
Gain on termination of operations	8	6	14	3	18	21
Profit/(loss) before income tax	**308**	**(41)**	**267**	**196**	**53**	**249**
Income tax (expense)/credit	(56)	9	(47)	(44)	1	(43)
Profit/(loss) for the year from continuing operations	**252**	**(32)**	**220**	**152**	**54**	**206**
Profit for the year from discontinued operations	-	-	-	-	28	28
Profit/(loss) for the year	**252**	**(32)**	**220**	**152**	**82**	**234**
Attributable to equity holders of the Company	191	(27)	164	92	82	174
Attributable to minority interests	61	(5)	56	60	-	60
Profit/(loss) for the year	**252**	**(32)**	**220**	**152**	**82**	**234**
Earnings/(loss) per share from continuing operations attributable to equity holders (pence)	7.9p	(1.1)p	6.8p	4.0p	2.3p	6.3p
Earnings/(loss) per share attributable to equity holders (pence)	7.9p	(1.1)p	6.8p	4.0p	3.5p	7.5p
Earnings/(loss) per share excluding LTIP charge (pence)	9.0p	(1.1)p	7.9p	5.1p	3.5p	8.6p
Dividend per share (pence)			7.5p			5.85p
Capital expenditure (£m)			(411)			(403)

[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 pages 6 and 7

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

ANALYSIS OF GROUP RESULTS

The Group's financial performance for the year ended 31 March 2008 and 2008/09 outlook are described on pages 4 to 12 and are discussed in more detail in the International and Europe, Asia & US sections that follow on pages 13 to 19 and 20 to 24 respectively.

The US dollar is the dominant currency for International and we are now reporting International's results in US dollars to give a better reflection of its underlying performance. The average US dollar to sterling exchange rate for 2007/08 was 2.0041 compared to 1.8807 for 2006/07.

The commentary that follows refers to the Group results before exceptional items. For analysis of exceptional items, see pages 6 and 7.

Group results before exceptional items

Revenue
The strategy of Europe, Asia & US is to focus on serving larger customers with higher margin IP services, whilst actively shedding lower margin customers. The fall in Group revenue for the year ended 31 March 2008 to £3,152 million is a direct result of our decision to remove these sub-scale, low margin customers from the network.

During the second half of 2007/08, Group revenue increased by £26 million as strong demand for IP, data and hosting products in Europe, Asia & US led that business back into revenue growth.

During the year, International revenue increased by 7% in US dollar terms as growth in mobile and broadband revenue more than offset declines in fixed line voice revenue. When translated into sterling, International revenue shows a lower increase, £1 million, due to the weakening of the US dollar over the year.

Gross margin
The £11 million increase in Group gross margin to £1,609 million is driven by the improving product mix and initiatives to reduce cost of sales within Europe, Asia & US. As a percentage of revenue, gross margin for the Group increased by three percentage points to 51%.

Operating costs
The decrease in Group operating costs by £102 million to £1,004 million principally reflects the £120 million cost savings achieved in the continuing turnaround of Europe, Asia & US, where operating costs have fallen to 30% of revenue.

International operating costs increased by £12 million to £392 million predominantly due to the increased costs to support the growth in Panama and Macau, increased call centre and administration costs in Jamaica and the additional costs associated with the launch of mobile services in three new markets.

Our operating costs benefited from an IAS 19 net pension credit of £19 million in relation to the main UK defined benefit scheme; £14 million in Europe, Asia & US and £5 million in International compared with £4 million and £3 million respectively for 2006/07. The increase in the net credit is due to an increase in the expected return on the assets of the fund, an increase in the discount rate applied to the fund's liabilities and a reduction in the service charge.

EBITDA
The trends in gross margin and operating costs described above resulted in a 23% improvement in EBITDA of £113 million to £605 million, in line with our EBITDA guidance range of £573 million to £608 million, issued in May 2007.

Long term incentive plan (LTIP) charge
The full year LTIP charge of £27 million is the same as last year which broadly reflects our market capitalisation over the last 12 months. The 2007/08 charge was split between International and Europe, Asia & US as £8 million and £19 million respectively. The total amount recognised in the accounts reflects two years of service out of the four year LTIP period, payments made and the £1.1 billion increase in market capitalisation from 1 April 2006 to 31 March 2008. 10% of that increase goes into the LTIP reward pool after taking into account the equity hurdle rate, the notional interest charge and the cash flows in and out.

Long term incentive plan (LTIP) charge (continued)
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.

Directors' shareholdings
During the year, Richard Lapthorne purchased 500,000 Cable & Wireless shares bringing his total to 3.5 million shares or approximately 13 times his base salary. Tony Rice purchased 500,824 shares, bringing his total to 3.5 million shares or approximately eight times his base salary. John Pluthero purchased 537,932 shares bringing his total to 1.6 million shares or approximately four times his base salary.

Depreciation and amortisation
The depreciation and amortisation charge including the amortisation of acquired intangibles increased by £26 million compared with the prior year to £299 million. This increase reflects the recent level of capital expenditure.

Net other operating income
Net other operating income of £5 million primarily relates to the gain on disposal of fixed assets.

Share of post-tax profit of joint ventures and associates
Our share of post-tax profits of joint ventures and associates increased from £18 million to £37 million. The result reflects an improved performance by TSTT, our joint venture in Trinidad, which contributed a £22 million profit in 2007/08, including the £5 million release of a centrally held provision, compared with a £12 million loss in 2006/07. This increase is partly offset by the loss of income from Batelco, our Bahraini associate sold in January 2007 which contributed £12 million of post-tax profit in 2006/07.

Net finance expense
The £22 million net finance expense for the year ended 31 March 2008 (£28 million expense for 2006/07) comprises finance income of £53 million (£52 million in 2006/07) and finance expense of £75 million (£80 million for 2006/07).

Finance income increased by £1 million due to higher average interest rates partially offset by lower cash balances. Finance expense has decreased by £5 million as a result of reduced interest expense following the repurchase and conversion of our convertible bond in the year and reduced interest in 2007/08 relating to the put option on our Monaco business. This was partially offset by increased interest on the debt in our International business.

Gain on termination of operations
The £8 million gain on termination of operations relates to the activities in Pender, our former insurance operation.

Income tax expense
The effective Group tax rate has decreased to 18% from 22% last year as EBITDA from Europe, Asia & US, which is tax free, rises. The total tax charge of £56 million for continuing operations (£44 million for 2006/07) comprises a credit of £7 million (£10 million for 2006/07) in respect of UK tax and a charge of £63 million (£54 million for 2006/07) for overseas taxes. The increase of £12 million reflects the mix of profits and losses and tax rates across our businesses and the re-estimation and settlement at amounts different to those provided for prior years' current and deferred tax items.

Pensions
A full actuarial valuation of the main UK defined benefit scheme as at 31 March 2007 was completed during the year and we made a cash contribution of £19 million so that the scheme is fully funded on an ongoing basis.

The latest generally adopted mortality tables (PA92) were used for the funding valuation including a minimum annual rate of future improvement in life expectancy. Under these assumptions, the average life expectancy is 88 years for a man aged 60 and 89 years for a woman aged 60.

The IAS 19 surplus for the main UK scheme at 31 March 2008 is £375 million compared with a surplus of £43 million at 31 March 2007 mainly as a result of an increase in the discount rate used to value the scheme's liabilities. We have applied the asset ceiling provisions of IAS 19 and reduced the surplus to nil on the balance sheet. We have unfunded pension liabilities in the UK of £20 million (£22 million at 31 March 2007). Defined benefit schemes operated in a number of our overseas businesses have a net IAS 19 surplus of £6 million (£7 million surplus at 31 March 2007).

Pensions (continued)
We continued to reduce risks in the main UK defined benefit scheme by rebalancing the asset portfolio towards bonds and cash. We also implemented a £900 million swap programme to match the fund's asset returns better to its liabilities. Fund assets are now 24% bonds, 45% equities, 6% property and 25% cash. We are in active discussions regarding options to further de-risk the pension scheme, although these options, including an insurance buyout, are not a precondition for value realisation.

Group exceptional items

				2007/08
	International	Europe, Asia & US	Central	Total
	£m	£m	£m	£m
Operating items:				
Restructuring	(16)	(40)	-	(56)
Gain on Seychelles cash repatriation	14	-	-	14
Charge for legal fees	(11)	-	-	(11)
Jamaica asset write down	(37)	-	-	(37)
Profit on sale and leaseback of properties	-	53	-	53
Exceptional items within total operating profit	**(50)**	**13**	**-**	**(37)**
Non-operating items:				
Loss on repurchasing convertible bonds	-	-	(10)	(10)
Release of unused provisions related to our former insurance operation, Pender	-	-	6	6
Exceptional items below total operating profit	**-**	**-**	**(4)**	**(4)**
Total exceptional items before tax	**(50)**	**13**	**(4)**	**(41)**
Tax on exceptional items	9	-	-	9
Total exceptional items from continuing operations	**(41)**	**13**	**(4)**	**(32)**
Total exceptional items	**(41)**	**13**	**(4)**	**(32)**

In 2007/08, we recognised a £32 million loss in respect of exceptional items.

Restructuring costs totalled £56 million, comprising £40 million relating to redundancies and property rationalisation from the Europe, Asia & US turnaround programme and £16 million in International for redundancies and other restructuring costs as part of the programme to transform our service and brand reputation.

We successfully concluded a transaction to repatriate £24 million that had previously been blocked in the Seychelles due to exchange controls. As a result, International recorded a net gain before taxation of £14 million after the release of provisions held against these funds. As a consequence of this transaction, there was a £5 million tax charge.

In July 2007, we received a claim from our Caribbean competitor, Digicel, which we believe is without foundation and which we are vigorously defending. The claim alleges that Cable & Wireless delayed Digicel's entry into seven Caribbean markets by not providing interconnection between its networks and ours on a timely basis. We strongly reject this allegation. Based on legal advice, we expect to successfully defend the claim, but have recorded a charge of £11 million for the legal and other fees related to our defence.

As part of our year end review of asset carrying values, we wrote down assets in Jamaica by £37 million reflecting the poor recent trading performance of the business and additional competition in the mobile market. A £14 million tax credit was recorded against this charge.

A sale and leaseback transaction was completed for nine freehold properties in Europe, Asia & US in April 2007. The disposal of the properties for £88 million resulted in a profit of £53 million.

Group exceptional items (continued)

During the year, convertible bonds with a par value of £138 million were repurchased for cash of £190 million. This resulted in an accounting loss of £10 million which is the difference between the carrying and fair value of the underlying debt component of the repurchased bonds.

Following progress in resolving historical claims and other risks, we have released £6 million of unused provisions relating to Pender, our former insurance operation.

Group earnings per share

			2007/08
	Pre-exceptionals	**Exceptionals**	**Reported**
	£m	**£m**	**£m**
Profit/(loss) for the year	**252**	**(32)**	**220**
Attributable to equity holders	*191*	*(27)*	*164*
Attributable to minority interests	*61*	*(5)*	*56*
LTIP charge	27	-	27
Profit/(loss) for the year excluding LTIP charge	**279**	**(32)**	**247**
Attributable to equity holders	*218*	*(27)*	*191*
Attributable to minority interests	*61*	*(5)*	*56*
Earnings/(loss) per share from continuing operations attributable to equity holders of the Company during the year (pence)	*7.9p*	*(1.1)p*	*6.8p*
2006/07	*4.0p*	*2.3p*	*6.3p*
Earnings/(loss) per share attributable to equity holders of the Company during the year (pence)	*7.9p*	*(1.1)p*	*6.8p*
2006/07	*4.0p*	*3.5p*	*7.5p*
Earnings/(loss) per share excluding LTIP charge attributable to equity holders of the Company during the year (pence)	*9.0p*	*(1.1)p*	*7.9p*
2006/07	*5.1p*	*3.5p*	*8.6p*

Shares outstanding at year end and weighted average number of shares

	As at 31 March 2008	**As at 31 March 2007**
	'000	**'000**
Number of shares in issue	2,536,623	2,460,484
Shares held in treasury	(45,666)	(74,950)
Shares held by employee share ownership plan trust	(28,068)	(36,793)
Number of shares outstanding	2,462,889	2,348,741
Weighted average number of shares outstanding during the year for the EPS calculation	2,424,390	2,324,305

Dividend
We are recommending a full year dividend of 7.5 pence per share, an increase of 28% over the 2006/07 full year dividend, demonstrating the Board's confidence in the prospects for both business units for 2008/09, as well as progress made in 2007/08. Of this year's proposed dividend of 7.5 pence per share, 2.5 pence per share was paid as an interim dividend on 25 January 2008.

The final dividend of 5.0 pence per share will be paid on 8 August 2008 to ordinary shareholders on the register as at 13 June 2008.

Dividend per share (pence)	2007/08	2006/07	2005/06
Interim	2.50	1.70	1.40
Final	5.00	4.15	3.10
Full year	**7.50**	**5.85**	**4.50**

The scrip dividend scheme will be offered in respect of the final dividend. Those shareholders who have previously elected to join the scheme will automatically have the final dividend sent to them in this form. Shareholders wishing to join the scheme for the final dividend (and all future dividends) should return a completed mandate form to: Equiniti Ltd, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by 11 July 2008. Copies of the mandate form, and the scrip dividend brochure, can be obtained from Equiniti Ltd (formerly Lloyds TSB Registrars). UK callers: 0870 600 3975, overseas callers: +44 (0)121 415 7047 or from our website www.cw.com.

Reconciliation of Group EBITDA to net cash flow before financing

	2007/08[1] £m
EBITDA[2]	605
Exceptional items	(53)
EBITDA less exceptional items	**552**
Movement in exceptional provisions	(8)
Movement in working capital and other provisions	(33)
Income taxes paid	(46)
Investment income	64
Purchase of property, plant, equipment and intangible assets	(405)
Acquisitions and disposals	14
Other income	12
Main UK defined benefit pension scheme cash top-up contribution	(19)
Net cash inflow before financing activities	**131**

[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 inflow before financing activities of £131 million represents inflows of £183 million (US$367 million) in International and £21 million in Central and an outflow of £73 million in Europe, Asia & US. Further details in respect of International and Europe, Asia & US are included on pages 19 and 24 respectively.

The net cash inflow before financing in Central of £21 million represents interest received of £40 million and working capital and other inflows of £9 million, offset by an EBITDA cost of £28 million.

Group cash and debt

Cash and cash equivalents

	As at 31 March 2008 £m	As at 31 March 2007 £m
Europe, Asia & US	19	20
International	114	143
Central	566	885
Group cash and cash equivalents	**699**	**1,048**

Group cash and cash equivalents at 31 March 2008 were £699 million, a decrease of £349 million from 31 March 2007.

During the year, the repurchase of the convertible bonds due in 2010 resulted in a cash outflow of £190 million. Additionally, we paid £34 million repurchasing bonds due in 2019 that had a nominal value of £32 million and paid £138 million for the 2007/08 interim dividend and the final dividend of the 2006/07 year.

The remaining net cash inflow of £13 million relates to cash generated by International and Central partially offset by the outflow in Europe, Asia & US.

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
Europe, Asia & US	14	3	2	-	19
International	45	21	52	11	129
Central	-	-	161	147	308
Group debt as at 31 March 2008	**59**	**24**	**215**	**158**	**456**
Group debt as at 31 March 2007	77	21	265	353	716

Group debt at 31 March 2008 was £456 million, a decrease of £260 million from 31 March 2007.

During the year, the Group repurchased and converted all of the convertible bonds in issue at 31 March 2007 (carrying value of £213 million). We also repurchased bonds due in 2019 with a carrying value of £32 million, reducing the carrying amount of those bonds outstanding to £147 million.

During the year, the improvement in the Group’s cash flows and the progress of the Europe, Asia & US restructuring to date have led both Standard and Poor’s and Moody’s to improve the Group’s credit rating outlook.

Exchange rate movements
Compared with last year, the US and the Jamaican dollar have weakened against sterling by 7% and 12% respectively.

A one US cent change in the US dollar to sterling exchange rate has approximately a £1.6 million impact on a full year's EBITDA of the International business, as approximately 75% of International EBITDA is earned in US dollar denominated or related economies.

A one dollar change in the Jamaican dollar to sterling exchange rate has approximately a £0.2 million impact on a full year's EBITDA of the International business.

We have hedged a proportion of our projected 2008/09 surplus US dollar cash flow arising from International repatriation by way of forward contracts.

	2007/08	2006/07
US$: £		
Average	2.0041	1.8807
Year end	1.9997	1.9631
Jamaican$: £		
Average	139.58	124.72
Year end	142.17	132.74

GROUP OUTLOOK FOR 2008/09

For Group:

- EBITDA in the range of £702 million to £725 million, including a net pension credit related to the main UK defined benefit scheme of £12 million, representing EBITDA growth of 16% to 20%.

Group EBITDA[1] 2008/09

Range:	Low	High
	US$m	US$m
International	895	910
	£m	£m
International @ US$: £ exchange rate of 2.00 : 1.00	447	455
Europe, Asia & US	285	295
Central	(30)	(25)
Group EBITDA	**702**	**725**

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

For International:

- EBITDA in the range of US$895 million to US$910 million (£447 million to £455 million at an average US dollar to sterling exchange rate of 2.00 for the year), including a net pension credit of US$8 million, representing EBITDA growth of 8% to 10%;
- EBITDA margin of approximately 35%;
- Capital expenditure to be approximately 14% of revenue; and
- The percentage tax rate to be in the mid to low twenties.

For Europe, Asia & US:

- EBITDA in the range of £285 million to £295 million, including a net pension credit of £8 million, representing EBITDA growth of 30% to 35%;
- Business is expected to be trading cash flow positive for the full year, although the timings of receipts and payments may mean there is a small trading outflow in the first half of the year;
- Capital expenditure of approximately 10% of revenue; and
- The percentage current tax rate to be effectively nil.

For Central:

- EBITDA cost in the range of £25 million to £30 million.

INTERNATIONAL

Commenting on the results for the year ended 31 March 2008, John Pluthero, Executive Chairman of International, said:
"The last year has been one of real contrasts - the performances of Panama and Macau were little short of spectacular. Jamaica was a disappointment, although in the second half, with new management, we saw a noticeable improvement in its performance.

"For 2008/09, with the new framework we are putting in place to build competitive enterprises throughout the portfolio, I expect much improved EBITDA – both in absolute terms and in the achievement of a 35% EBITDA margin.

"The customers we serve no longer accept "good enough for this market", they demand world class service - we will make sure they get what they want".

Following John Pluthero's appointment as Executive Chairman of International, the business is now managed as four operations, the Caribbean, Panama, Macau and Monaco & Islands, and our disclosures have been adjusted accordingly.

International key performance indicators
As at:

	31 March 2008 ('000)	30 September 2007 ('000)	31 March 2007 ('000)
Total active[1] GSM mobile customers	**6,367**	**5,749**	**5,033**
Subsidiaries	3,359	2,989	2,611
Joint ventures	3,008	2,760	2,422
Total broadband customers	**466**	**439**	**401**
Subsidiaries	434	414	378
Joint ventures	32	25	23
Total fixed line connections	**1,875**	**1,909**	**1,902**
Subsidiaries	1,522	1,551	1,531
Joint ventures	353	358	371

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

Active GSM mobile customers
We had close to 6.4 million customers at the end of 2007/08, an increase of 27% compared with 31 March 2007. We operate in 26 mobile markets and are the market leader in 19.

Our subsidiaries' customer numbers grew 29% to approximately 3.4 million in the year to 31 March 2008, with all our subsidiaries growing their customer numbers.

Panama added 547,000 mobile customers in the year, a 50% increase, to reach over 1.6 million customers. This growth was mainly due to our increased network coverage and capacity provided by the installation of 177 new GSM cell sites, as well as market-leading distribution channels, promotions and provisioning. As a result, we have seen a significant increase in market penetration.

Caribbean customer numbers grew by 12% compared with the prior year to almost 1.3 million due to increased market penetration and market share, and our launch of mobile services in the British Virgin Islands (BVI) in June 2007 where we have won 49% market share from the incumbent in under a year.

In Macau, the 20% increase in customer numbers to 305,000 was largely due to successful promotions and our launch of Macau's first 3G network in June 2007 - by the end of 2007/08, 14% of our customers were using 3G services.

Customer numbers in our joint ventures grew 24% in the year to over three million. This is largely the result of 51% growth in Roshan's customers to more than 1.8 million. This growth was slightly offset by the 11% drop in customer numbers in TSTT to 899,000 following a reassessment of active customers in the first half of this year.

Broadband customers

Our broadband customers increased 16% in the year to 466,000. We are the market leader in 28 of our 34 broadband markets - the increase in our number of markets follows Monaco Telecom's acquisition of Connecteo which provides high speed broadband services to mainly corporate customers in six African countries.

As we improved the speed and quality of our broadband offering across the business, customers traded up to higher value packages. As a result, our subsidiaries' broadband customer numbers increased 15% to 434,000 in the year compared with broadband revenue growth of 26%.

In the Caribbean, customer numbers increased 15% to 187,000 in the year reflecting our improved service quality and network coverage. Customer numbers in Macau grew 17% to 119,000 as we rolled out higher speed services.

In our joint ventures, customer numbers increased by 39% to 32,000 largely driven by migration from dial up to broadband services in TSTT.

Fixed line connections

Our total number of fixed line connections remained relatively steady over the year to 31 March 2008 at around 1.9 million. We provide fixed line services in 34 markets and we are the market leader in 26 of them.

International income statement

	2007/08 US$m	2006/07 US$m	*Change[1] %*
Mobile	883	764	*16%*
Broadband	183	145	*26%*
Domestic voice	541	578	*(6)%*
International voice	282	316	*(11)%*
Enterprise, data and other[2]	573	507	*13%*
Total revenue	**2,462**	**2,310**	***7%***
Cost of sales	(847)	(787)	*(8)%*
Gross margin	**1,615**	**1,523**	*6%*
Operating costs (excluding LTIP charge)	(785)	(715)	*(10)%*
EBITDA[3]	**830**	**808**	***3%***
LTIP charge	(16)	(19)	*16%*
Depreciation and amortisation	(284)	(273)	*(4)%*
Net other operating income	3	5	*(40)%*
Operating profit before joint ventures and associates	**533**	**521**	***2%***
Share of post-tax profit of joint ventures and associates	77	39	*97%*
Operating profit	**610**	**560**	***9%***
Exceptional items	(101)	(55)	*(84)%*
Total operating profit	**509**	**505**	***1%***
Capital expenditure	(381)	(315)	*(21)%*
Headcount (full time equivalents at 31 March)	8,048	7,876	*(2)%*

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

Revenue
Our revenue increased by 7% in the year ended 31 March 2008 to US$2,462 million as we recorded our fourth consecutive half of revenue growth and mobile and broadband contributed over US$1 billion for the first time.

Mobile revenue
Mobile revenue increased by 16% compared with the prior year to US$883 million and now represents 36% of our total revenue.

In the Caribbean, mobile revenue grew by 13% to US$367 million, largely as a result of increased network coverage, improved service quality and the launch of services in BVI. 21% of the growth came from non-voice services such as BlackBerry.

In Panama, mobile revenue increased by 16% to US$268 million due to improvements in our network coverage and distribution channels, and new promotions ahead of the entry of two new mobile competitors expected in the second half of 2008/09.

Monaco & Islands' mobile revenue increased by 25% to US$132 million in the year mainly due to the launch of services in Jersey and the Isle of Man and the introduction of new products and services in Monaco such as prepaid mobile, BlackBerry and other mobile data services.

We also benefited from the US$9 million release of a centrally held accrual relating to prepaid cards.

Broadband revenue
Broadband revenue for the year increased by 26% to US$183 million, with growth in all our businesses, predominantly driven by our customers' demand for higher speed and higher value products.

In the Caribbean, broadband revenue grew by 19% to US$89 million mainly driven by improvements in service quality and increased network coverage. In Macau, broadband revenue grew by 36% to US$38 million as we increased the speed of our offerings across our customer base with the launch of 10 Mbps broadband services to every household and up to 100 Mbps services to businesses.

Panama's broadband revenue increased by 29% to US$36 million in the year, principally from customers trading up to higher value packages, the expansion in our network coverage and the improvement in our entry level offering.

Domestic and international voice revenue
Domestic voice revenue fell by US$37 million to US$541 million. US$29 million of this reduction was in Jamaica relating largely to the poor performance of a prepaid fixed line product which we withdrew from the market in July 2007.

International voice revenue declined by 11% to US$282 million primarily due to pressure on international interconnect pricing in the Caribbean and migration to mobile and broadband. On the upside, Panama's international voice revenue increased 18% to US$40 million primarily driven by the interconnection with new global voice carriers strengthening Panama's position as the hub of telecommunications in Latin America.

Enterprise, data and other revenue
Enterprise, data and other revenue increased by 13% in the year to US$573 million. Panama's enterprise services grew by 41% to US$96 million - US$15 million of this increase was attributable to large enterprise contracts in the first half of 2007/08.

Monaco & Islands' 16% increase in enterprise, data and other revenue to US$268 million was largely driven by growth from Monaco Telecom's international traffic management contracts, such as those with PTK in Kosovo and Roshan in Afghanistan. Following changes to the contract with Roshan, we expect to see a decline in enterprise revenue in Monaco & Islands in 2008/09 and we are working to replace this revenue.

Gross margin
Gross margin increased by US$92 million compared with the prior year to US$1,615 million and our gross margin as a percentage of revenue was unchanged at 66%.

All our businesses grew absolute gross margin with the exception of the Caribbean. The US$50 million fall in Jamaica's gross margin was due to the decline in their domestic voice revenue and increased mobile handset subsidies. Jamaica's performance was partially offset by the US$23 million increase in gross margin across the rest of the Caribbean.

Operating costs

Our operating costs increased by 10% compared with 2006/07 to US$785 million. In the Caribbean, our operating costs grew by US$30 million, of which US$13 million relates to higher call centre and administration costs in Jamaica. The remaining US$17 million predominantly relates to additional support costs as we migrate to new data networks and additional costs following the launch of mobile services in BVI.

Operating costs in Panama as a percentage of revenue were steady at 24%, increasing by US$13 million to US$146 million in support of our rapid revenue growth there.

In Macau, operating cost control continued to be world class at 19% of revenue despite our strong growth. There, our operating costs increased by US$6 million to US$54 million.

Monaco & Islands' 24% increase in operating costs to US$177 million reflects the launch and growth of mobile businesses in Jersey and the Isle of Man and the previously disclosed provision release of US$13 million in Monaco in 2006/07.

We also benefited from a US$11 million net pension credit relating to the main UK defined benefit scheme in 2007/08 compared with a US$6 million net credit in 2006/07.

EBITDA

We grew our EBITDA by 3% compared with 2006/07 to US$830 million representing an EBITDA margin of 34%. Excluding Jamaica, our EBITDA would have increased 12% and our EBITDA margin would have been 37%.

EBITDA of US$830 million is in line with our revised EBITDA guidance range of US$820 million to US$840 million issued in November 2007, but less than our original guidance issued in May 2007 of US$840 million to US$860 million due to the weakness in the performance in Jamaica as highlighted above.

Our EBITDA increased by 9% in the second half of 2007/08 to US$432 million compared to the first half. The US$11 million improvement in Jamaica's EBITDA in the second half of 2007/08 compared with the first half is a sign of the early progress made by the new management team, appointed in August 2007, who are focused on transforming the business. We expect Jamaica's recovery to continue in 2008/09.

We expect EBITDA for 2008/09 to increase by 8% to 10% to between US$895 million and US$910 million and our EBITDA margin to be approximately 35%.

Exceptional items

Our net exceptional costs within operating profit were US$101 million (£50 million) as described on pages 6 and 7.

Capital expenditure and depreciation and amortisation

Capital expenditure for 2007/08 was US$381 million, a 21% increase compared with the prior year and 15% of 2007/08 revenue. This increase over our guidance of 12% to 14% of revenue is due to our US$29 million investment in new mobile spectrum in Panama ahead of the introduction of additional mobile competition. This additional spectrum will increase network capacity, reduce network congestion in key areas and add data functionality. We expect capital expenditure for 2008/09 to be approximately 14% of revenue.

We invested over 80% of our capital expenditure in mobile and broadband, launching 3G services in Macau and expanding our mobile and broadband networks in Panama, Monaco and the Caribbean. We enhanced our submarine cable network by laying a cable into Bermuda from the United States and increased our network capacity and resilience across the Caribbean.

Depreciation and amortisation increased 4% to US$284 million reflecting the increase in capital expenditure in recent years.

Joint ventures and associates – our share

	Effective ownership As at 31 March 2008	Revenue		Post-tax profit	
		2007/08	**2006/07**	**2007/08**	**2006/07**
	%	**US$m**	**US$m**	**US$m**	**US$m**
Trinidad & Tobago (TSTT)	*49*	219	225	44	(23)
Afghanistan (Roshan)	*37*	71	71	3	3
The Maldives (Dhiraagu)	*45*	54	47	24	23
Fiji (Fintel)	*49*	15	14	3	4
Others		16	13	3	10
Total pre-exceptional[1]		**375**	**370**	**77**	**17**
Bahrain (Batelco)	-	-	97	-	22
Total pre-exceptional		**375**	**467**	**77**	**39**
Exceptionals: TSTT		-	-	-	(55)
Total		**375**	**467**	**77**	**(16)**

[1] Excludes Batelco, which was disposed of in January 2007

Our share of the pre-exceptional post-tax profits increased by US$38 million to US$77 million. The result reflects an improved performance by TSTT, our joint venture in Trinidad and Tobago, which contributed a US$44 million profit in 2007/08 (including a US$9 million release of a centrally held provision) compared with a US$23 million loss in 2006/07 as a result of the success of restructuring efforts targeted at improving performance.

Reconciliation of International EBITDA to net cash flow before financing

	2007/08[1] US$m
EBITDA[2]	830
Exceptional items	(27)
EBITDA less exceptionals	**803**
Movement in exceptional provisions	23
Movement in working capital and other provisions	(5)
Income taxes paid	(92)
Purchase of property, plant, equipment and intangible assets	(367)
Investment income	43
Other income	11
Trading cash inflow	**416**
Acquisitions and disposals	(43)
Main UK defined benefit pension scheme cash top-up contribution	(6)
Net cash inflow before financing activities	**367**

[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 a trading cash inflow of US$416 million and net cash inflow of US$367 million before financing activities in 2007/08.

The US$27 million of exceptional items and US$23 million movement in exceptional provisions relate to restructuring and legal costs and the Seychelles cash repatriation.

The movement in working capital and other provisions of US$5 million reflects our continued focus on improving working capital management.

Capital expenditure of US$367 million mainly reflects our continued investment in mobile and broadband. For more detail, see page 17.

Investment income of US$43 million consists of US$30 million of dividends from our joint ventures and US$13 million of interest income.

Other income of US$11 million primarily relates to the repatriation of cash from Seychelles.

Acquisitions and disposals of US$43 million includes the dividends paid to minority shareholders in Monaco, the acquisition of additional equity in our St. Kitts business and Monaco Telecom's acquisition of Connecteo.

We remitted US$243 million to Central in 2007/08. On an operational basis we repatriated US$213 million, 123% of our share of net cash flow generated by subsidiaries after external financing.

EUROPE, ASIA & US

Commenting on the results for the year ended 31 March 2008, John Pluthero, Executive Chairman of Europe, Asia & US said:
"In 2007/08, we concluded the "recovery" phase of our turnaround. The successful conclusion of this phase has seen restoration of revenue growth, our network and operating costs dramatically reduced and our service metrics at an all time high. EBITDA at £219 million has increased by over 160%, we made a tax free operating profit, and in the second half we returned to trading cash generation.

"For 2008/09, there will be more of the same. Our transformation phase is now in full swing, delivering further cost reductions and market-leading service and product offerings."

Following the successful integration of C&W Access into the main enterprise business, the analysis of the Europe, Asia & US key performance indicators, income statement and cash flow reconciliation includes C&W Access, and comparatives have been reclassified accordingly.

Europe, Asia & US key performance indicators

As at:	31 March 2008	30 September 2007	31 March 2007
Number of customers	6,544	6,902	9,992
% IP, data and hosting revenue [1]	42%[2]	38%[2]	34%[2,3]
Gross margin % [1]	41%	41%	38%
Operating costs as a percentage of revenue [1]	29%	31%	33%
EBITDA margin % [1]	12%	10%	6%

[1] Calculated on the basis of six months ended
[2] Including LLU revenue
[3] Excluding WTG and Allnet which were sold in February and April 2007 respectively

We have continued our programme to run off our sub-scale customers and now have just over 6,500 total customers, comprising large enterprises, resellers, carriers and public institutions.

IP, data and hosting revenue as a proportion of total revenue has increased to 42% in the second half of 2007/08 from 34% in the second half of 2006/07, driven by growth from new and existing customers and their migration from legacy products to IP, data and hosting services.

Gross margin as a percentage of revenue has increased to 41% for the second half of 2007/08 from 38% in the second half of 2006/07, reflecting the change in our product mix towards higher margin IP, data and hosting products and activities to reduce cost of sales.

Operating costs as a percentage of revenue decreased to 29% for the second half of 2007/08 from 33% in the equivalent period in 2006/07. We delivered cost savings through renegotiating network maintenance contracts, driving efficiencies in support functions and off-shoring non-customer facing roles.

Our EBITDA as a percentage of revenue has increased to 12% in the six months ended 31 March 2008, double the EBITDA margin for the equivalent period in 2006/07.

Europe, Asia & US income statement

	2007/08 £m	2006/07 £m	*Change[1]* *%*
IP, data and hosting	774	718	*8%*
Legacy products	96	191	*(50)%*
Traditional voice	1,071	1,201	*(11)%*
Consumer broadband	-	29	*nm*
Total revenue	**1,941**	**2,139**	***(9)%***
Cost of sales	(1,138)	(1,351)	*16%*
Gross margin	803	788	*2%*
Operating costs (excluding LTIP charge)	(584)	(704)	*17%*
EBITDA[2]	**219**	**84**	***161%***
LTIP charge	(19)	(17)	*(12)%*
Depreciation and amortisation	(157)	(128)	*(23)%*
Net other operating income	2	8	*(75)%*
Operating profit/(loss) before joint ventures	**45**	**(53)**	***nm***
Share of post-tax loss of joint ventures	(1)	(3)	*67%*
Operating profit/(loss)	**44**	**(56)**	***nm***
Exceptional items	13	(89)	*nm*
Total operating profit/(loss)	**57**	**(145)**	***nm***
Capital expenditure	(221)	(235)	*6%*
Headcount (full time equivalents at 31 March)	5,019	5,528	*9%*

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

Revenue
Revenue in 2007/08 was £1,941 million compared with £2,139 million in 2006/07. This decrease reflects the strategy of Europe, Asia & US to focus on serving larger customers with higher margin IP services, whilst actively removing lower margin customers.

Revenue for the second half of 2007/08 increased by £19 million over the first half to £980 million, as we returned to revenue growth with demand for our IP, data and hosting products outstripping the decline in traditional voice revenue.

IP, data and hosting
We have a full suite of IP, data and hosting products enabled by our next generation network, the 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 of £774 million in 2007/08 increased by 8%, despite the disposal of our web design business (WTG) on 1 February 2007 and our structured cabling business (Allnet) on 2 April 2007, which together contributed £66 million of revenue during 2006/07. The underlying growth rate of these products is therefore 19%. Within this, our hosting revenue grew by 27% to £121 million in 2007/08.

IP, data and hosting as a proportion of revenue has increased to 40% for the year ended 31 March 2008, up from 34%, 31% excluding Allnet and WTG, in the prior year.

In the future, the local loop unbundled (LLU) network will be predominantly used to provide corporate access to support our IP, data and hosting products. We will therefore report this revenue, along with the revenue associated with our wholesale broadband products, within IP, data and hosting. We have revised the revenue split for 2006/07 and 2007/08 accordingly.

Legacy products
Revenue from our legacy products has reduced from £191 million to £96 million over the last 12 months and now represents only 5% of revenue. This decline was expected as customers choose to migrate to more advanced services, such as IP-VPN.

Traditional voice
Traditional voice revenue has declined by 11%, from £1,201 million in 2006/07 to £1,071 million in 2007/08 as we move away from unprofitable routes and low margin traffic and customers migrate to other products such as email and IP voice.

Consumer broadband
In September 2006, we ceased to provide consumer broadband products and moved to a wholesale strategy. Accordingly, we did not generate any consumer broadband revenue in 2007/08, compared with £29 million in 2006/07.

Gross margin
Gross margin increased by £15 million to £803 million, our fourth consecutive half of absolute gross margin growth. Gross margin as a percentage of revenue has increased from 37% to 41%, which reflects the change in our product mix towards IP, data and hosting, and activities to reduce cost of sales.

These activities include improving network utilisation, reducing our reliance on other network operators, and ongoing programmes relating to supplier renegotiations and process efficiencies.

Operating costs
Operating costs have reduced by £120 million compared with 2006/07 to £584 million. This reduction represents an improvement of 17% compared with the prior year, and operating costs now represent 30% of revenue, an improvement of three percentage points.

We delivered cost savings through a number of projects. These included driving efficiencies in support functions, by reducing total year end headcount by 9% and off-shoring some non-customer facing roles, such as finance. We have renegotiated network maintenance contracts, rationalised our network and fibre assets and worked with suppliers to use their services more cost-effectively, reducing operating costs.

Further reductions resulted from the move to a wholesale strategy in the C&W Access business in 2006/07, the subsequent integration of C&W Access into the main enterprise business, and the disposal of our structured cabling and web design businesses.

Operating costs for 2007/08 include a £14 million net credit relating to our defined benefit pension scheme, compared with a £4 million net credit for 2006/07.

EBITDA

EBITDA before exceptionals has more than doubled from £84 million to £219 million, an increase of £135 million. As a percentage of revenue, EBITDA has improved from 4% to 11% with an EBITDA margin of 12% in the second half of 2007/08.

EBITDA of £219 million is above our revised guidance issued in November 2007 of £205 million to £215 million, and significantly better than guidance issued in May 2007 of £165 million to £185 million due to the continuing success of our turnaround plan.

For 2008/09, we expect that our EBITDA will increase by between 30% and 35% to between £285 million and £295 million.

Exceptional items

Net exceptional income within operating profit for 2007/08 was £13 million as described on pages 6 and 7.

Capital expenditure and depreciation and amortisation

Capital expenditure of £221 million is £14 million lower than 2006/07 and represents 11% of revenue. This increase over our guidance of 10% is due to the provisioning of customer contracts that will come through as revenue in due course. We expect capital expenditure for 2008/09 to be approximately 10% of revenue.

44% of the total capital expenditure relates to specific customer contracts compared with 27% for the prior year. This investment in equipment to deliver recently won long-term IP, data and hosting contracts has increased by 54% to £98 million.

Depreciation and amortisation is £157 million for 2007/08 compared with £128 million for the prior year, reflecting the level of capital expenditure in recent years.

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

	H1 2007/08[1] £m	H2 2007/08[1] £m	Full year 2007/08[1] £m
EBITDA[2]	99	120	219
Exceptional items	(11)	(29)	(40)
EBITDA less exceptionals	**88**	**91**	**179**
Movement in exceptional provisions	(21)	5	(16)
Movement in working capital and other provisions	(68)	22	(46)
Income taxes paid	-	-	-
Purchase of property, plant, equipment and intangible assets	(104)	(118)	(222)
Finance and other (expense)/income	(5)	7	2
Trading cash (out)/inflow	**(110)**	**7**	**(103)**
Acquisitions and disposals	92	(46)	46
Main UK defined benefit pension scheme cash top-up contribution	-	(16)	(16)
Net cash outflow before financing activities	**(18)**	**(55)**	**(73)**

[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 £73 million for the year includes a trading cash outflow of £103 million and a £30 million inflow from non-trading items.

The £103 million trading outflow represents a £110 million trading outflow in the first half of 2007/08 followed by a trading cash inflow of £7 million in the second half. This cash generation is a significant milestone as Europe, Asia & US has not generated cash for many years. We anticipate the Europe, Asia & US business will be trading cash flow positive for the full year of 2008/09, although the timing of payments may mean there is a small net trading outflow in the first half of the year.

Exceptional items of £40 million and movement in exceptional provisions of £16 million are largely attributable to restructuring costs including redundancies and property costs.

The movement in working capital and other provisions of £46 million for 2007/08 includes the impact of a £14 million net pension credit. The inflow of £22 million in the second half of 2007/08 reflects our improvement in working capital management.

Cash capital expenditure of £222 million reflects a mix of investments in both customer and infrastructure projects.

Acquisitions and disposals of £46 million predominantly relate to the sale and leaseback transaction completed on 2 April 2007 for £88 million partially offset by a £49 million payment of deferred consideration relating to the acquisition of Energis, payable to their long-term creditors.

The total cost of the turnaround for the Europe, Asia & US enterprise business before it returned to cash generation has been £242 million (excluding £88 million from the sale and leaseback transaction, and C&W Access to the extent it is separately identifiable). This represents a £38 million improvement over the £280 million guidance given at the May 2007 preliminary results.

GROUP RESULTS DETAIL

£m	2007/08				2006/07				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	1,229	1,941	(18)	3,152	1,228	2,139	(19)	3,348	*0%*	*(9)%*	*5%*	*(6)%*
Cost of sales	(423)	(1,138)	18	(1,543)	(418)	(1,351)	19	(1,750)	*(1)%*	*16%*	*(5)%*	*12%*
Gross margin	806	803	-	1,609	810	788	-	1,598	*(0)%*	*2%*	*-*	*1%*
Operating costs	(392)	(584)	(28)	(1,004)	(380)	(704)	(22)	(1,106)	*(3)%*	*17%*	*(27)%*	*9%*
EBITDA[3]	**414**	**219**	**(28)**	**605**	**430**	**84**	**(22)**	**492**	***(4)%***	***161%***	***(27)%***	***23%***
LTIP charge	(8)	(19)	-	(27)	(10)	(17)	-	(27)	20%	(12)%	-	0%
Depreciation & amortisation	(142)	(157)	-	(299)	(145)	(128)	-	(273)	*2%*	*(23)%*	*-*	*(10)%*
Net other operating income	2	2	1	5	2	8	1	11	*0%*	*(75)%*	*0%*	*(55)%*
Operating profit/(loss) before JVs & associates[4]	**266**	**45**	**(27)**	**284**	**277**	**(53)**	**(21)**	**203**	***(4)%***	***nm***	***(29)%***	***40%***
Joint ventures & associates	38	(1)	-	37	21	(3)	-	18	*81%*	*67%*	*-*	*106%*
Total operating profit/ (loss)[4]	**304**	**44**	**(27)**	**321**	**298**	**(56)**	**(21)**	**221**	***2%***	***nm***	***(29)%***	***45%***
Exceptional items	(50)	13	-	(37)	(29)	(89)	-	(118)	*(72)%*	*nm*	*-*	*69%*
Total operating profit/(loss)	**254**	**57**	**(27)**	**284**	**269**	**(145)**	**(21)**	**103**	***(6)%***	***nm***	***(29)%***	***176%***
Capital expenditure	(190)	(221)	-	(411)	(168)	(235)	-	(403)	*(13)%*	*6%*	*-*	*(2)%*
Headcount[5]	8,048	5,019	85	13,152	7,876	5,528	91	13,495	*(2)%*	*9%*	*7%*	*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 charge, net other operating income and exceptional items

[4] Excluding exceptional items

[5] Full time equivalents as at 31 March

INTERNATIONAL RESULTS DETAIL

US$m	Caribbean			Panama			Macau			Monaco & Islands[1]		
	2007/08	2006/07	Change	2007/08	2006/07	Change	2007/08	2006/07	Change	2007/08	2006/07	Change
Mobile	367	325	*13%*	268	231	*16%*	107	102	*5%*	132	106	*25%*
Broadband	89	75	*19%*	36	28	*29%*	38	28	*36%*	20	15	*33%*
Domestic voice	276	310	*(11)%*	177	182	*(3)%*	34	32	*6%*	54	54	*0%*
International voice	133	173	*(23)%*	40	34	*18%*	57	56	*2%*	52	53	*(2)%*
Enterprise, data & other	156	158	*(1)%*	96	68	*41%*	55	51	*8%*	268	232	*16%*
Revenue	**1,021**	**1,041**	***(2)%***	**617**	**543**	***14%***	**291**	**269**	***8%***	**526**	**460**	***14%***
Cost of sales	(310)	(303)	*(2)%*	(217)	(194)	*(12)%*	(113)	(117)	*3%*	(210)	(176)	*(19)%*
Gross margin	**711**	**738**	***(4)%***	**400**	**349**	***15%***	**178**	**152**	***17%***	**316**	**284**	***11%***
Operating costs	(419)	(389)	*(8)%*	(146)	(133)	*(10)%*	(54)	(48)	*(13)%*	(177)	(143)	*(24)%*
EBITDA[2]	**292**	**349**	***(16)%***	**254**	**216**	***18%***	**124**	**104**	***19%***	**139**	**141**	***(1)%***
LTIP charges	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & amortisation	(117)	(120)	*3%*	(75)	(70)	*(7)%*	(34)	(29)	*(17)%*	(52)	(56)	*7%*
Net other operating income/(expense)	2	3	*(33)%*	1	1	*0%*	-	2	*nm*	-	(1)	*nm*
Op profit before JVs & associates[3]	**177**	**232**	***(24)%***	**180**	**147**	***22%***	**90**	**77**	***17%***	**87**	**84**	***4%***
Joint ventures & associates	44	(23)	*nm*	-	-	-	-	-	-	33	62	*(47)%*
Total operating profit[3]	**221**	**209**	***6%***	**180**	**147**	***22%***	**90**	**77**	***17%***	**120**	**146**	***(18)%***
Exceptional items	(89)	(45)	*(98)%*	-	(2)	*nm*	-	-	-	(3)	(3)	*0%*
Total operating profit	**132**	**164**	***(20)%***	**180**	**145**	***24%***	**90**	**77**	***17%***	**117**	**143**	***(18)%***
Capital expenditure	(176)	(144)	*(22)%*	(103)	(59)	*(75)%*	(37)	(35)	*(6)%*	(55)	(59)	*7%*
Headcount[4]	3,936	3,816	*(3)%*	1,891	1,836	*(3)%*	900	927	*3%*	1,167	1,147	*(2)%*

nm represents % change not meaningful

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

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

3 Excluding exceptional items

4 Full time equivalents as at 31 March

INTERNATIONAL RESULTS DETAIL (CONTINUED)

US$m	Elims / Other[1]			TOTAL INTERNATIONAL			Memo: Jamaica		
	2007/08	2006/07	Change	2007/08	2006/07	Change	2007/08	2006/07	Change
Mobile	9	-	*nm*	883	764	*16%*	88	88	*0%*
Broadband	-	(1)	*nm*	183	145	*26%*	29	27	*7%*
Domestic voice	-	-	-	541	578	*(6)%*	121	150	*(19)%*
International voice	-	-	-	282	316	*(11)%*	52	64	*(19)%*
Enterprise, data & other	(2)	(2)	*0%*	573	507	*13%*	39	47	*(17)%*
Revenue	**7**	**(3)**	***nm***	**2,462**	**2,310**	***7%***	**329**	**376**	***(13)%***
Cost of sales	3	3	*0%*	(847)	(787)	*(8)%*	(138)	(135)	*(2)%*
Gross margin	**10**	**-**	***nm***	**1,615**	**1,523**	***6%***	**191**	**241**	***(21)%***
Operating costs	11	(2)	*nm*	(785)	(715)	*(10)%*	(140)	(127)	*(10)%*
EBITDA[2]	**21**	**(2)**	***nm***	**830**	**808**	***3%***	**51**	**114**	***(55)%***
LTIP charges	(16)	(19)	*16%*	(16)	(19)	*16%*	-	-	-
Depreciation & amortisation	(6)	2	*nm*	(284)	(273)	*(4)%*	(38)	(36)	*(6)%*
Net other operating income/(expense)	-	-	-	3	5	*(40)%*	(4)	2	*nm*
Op profit before JVs & associates[3]	**(1)**	**(19)**	***95%***	**533**	**521**	***2%***	**9**	**80**	***(89)%***
Joint ventures & associates	-	-	-	77	39	*97%*	-	-	-
Total operating profit[3]	**(1)**	**(19)**	***95%***	**610**	**560**	***9%***	**9**	**80**	***(89)%***
Exceptional items	(9)	(5)	*(80%)*	(101)	(55)	*(84)%*	(82)	(5)	*nm*
Total operating profit	**(10)**	**(24)**	***58%***	**509**	**505**	***1%***	**(73)**	**75**	***nm***
Capital expenditure	(10)	(18)	*44%*	(381)	(315)	*(21)%*	(88)	(62)	*(42)%*
Headcount[4]	154	150	*(3)%*	8,048	7,876	*(2)%*	1,301	1,351	*4%*

nm represents % change not meaningful

[1] Elims / other includes intra International revenue and cost adjustments, the 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

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

[3] Excluding exceptional items

[4] Full time equivalents as at 31 March

INTERNATIONAL RESULTS DETAIL (CONTINUED)

	GSM ACTIVE MOBILE CUSTOMERS ('000s)			BROADBAND CUSTOMERS ('000s)			FIXED LINE CUSTOMERS ('000s)		
	As at 31 March 2008	**As at 31 March 2007**	**% Change**	**As at 31 March 2008**	**As at 31 March 2007**	**% Change**	**As at 31 March 2008**	**As at 31 March 2007**	**% Change**
Caribbean	1,260	1,125	12%	187	163	15%	696	723	(4)%
Panama	1,638	1,091	50%	99	87	14%	432	422	2%
Macau	305	255	20%	119	102	17%	182	177	3%
Monaco & Islands	156	140	11%	29	26	12%	212	209	1%
Cable & Wireless subsidiaries	**3,359**	**2,611**	**29%**	**434**	**378**	**15%**	**1,522**	**1,531**	**(1)%**
TSTT	899	1,005	(11)%	23	16	44%	304	324	(6)%
Roshan	1,814	1,203	51%	-	-	-	-	-	-
Dhiraagu	242	185	31%	7	5	40%	33	32	3%
Solomon Telekom	21	7	200%	1	1	0%	9	8	13%
Telecom Vanuatu	32	22	45%	1	1	0%	7	7	0%
Cable & Wireless joint ventures	**3,008**	**2,422**	**24%**	**32**	**23**	**39%**	**353**	**371**	**(5)%**
Total Cable & Wireless International	**6,367**	**5,033**	**27%**	**466**	**401**	**16%**	**1,875**	**1,902**	**(1)%**

EXTRACTS FROM THE FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Consolidated income statement

	2007/08			2006/07		
	Pre-exceptional items £m	Exceptional items £m	Total £m	Pre-exceptional items £m	Exceptional items £m	Total £m
Continuing operations						
Revenue	**3,152**	**-**	**3,152**	3,348	-	3,348
Operating costs before depreciation and amortisation	**(2,574)**	**(53)**	**(2,627)**	(2,883)	(78)	(2,961)
Depreciation	**(252)**	**(37)**	**(289)**	(234)	(2)	(236)
Amortisation	**(47)**	**-**	**(47)**	(39)	(11)	(50)
Other operating income	**9**	**53**	**62**	13	13	26
Other operating expenses	**(4)**	**-**	**(4)**	(2)	(11)	(13)
Group operating profit/(loss)	**284**	**(37)**	**247**	**203**	**(89)**	**114**
Share of post-tax profit/(loss) of joint ventures and associates	**37**	**-**	**37**	18	(29)	(11)
Total operating profit/(loss)	**321**	**(37)**	**284**	**221**	**(118)**	**103**
Gains and losses on sale of non-current assets	**1**	**-**	**1**	-	153	153
Gain on termination of operations	**8**	**6**	**14**	3	18	21
Finance income	**53**	**-**	**53**	52	-	52
Finance expense	**(75)**	**(10)**	**(85)**	(80)	-	(80)
Profit/(loss) before income tax	**308**	**(41)**	**267**	**196**	**53**	**249**
Income tax (expense)/credit	**(56)**	**9**	**(47)**	(44)	1	(43)
Profit/(loss) for the year from continuing operations	**252**	**(32)**	**220**	**152**	**54**	**206**
Discontinued operations						
Profit for the year from discontinued operations	**-**	**-**	**-**	-	28	28
Profit/(loss) for the year	**252**	**(32)**	**220**	**152**	**82**	**234**
Attributable to:						
Equity holders of the Company	**191**	**(27)**	**164**	92	82	174
Minority interest	**61**	**(5)**	**56**	60	-	60
	252	**(32)**	**220**	**152**	**82**	**234**
Earnings per share attributable to the equity holders of the Company during the year (pence per share)						
– basic			**6.8p**			7.5p
– diluted			**6.6p**			7.4p
Earnings per share from continuing operations attributable to the equity holders of the Company during the year (pence per share)						
– basic			**6.8p**			6.3p
– diluted			**6.6p**			6.2p
Earnings per share from discontinued operations attributable to the equity holders of the Company during the year (pence per share)						
– basic			**-**			1.2p
– diluted			**-**			1.2p

Further detail on exceptional items is set out on pages 6 and 7

Consolidated balance sheet

	31 March 2008 £m	31 March 2007 £m
ASSETS		
Non-current assets		
Intangible assets	807	745
Property, plant and equipment	1,488	1,465
Investments in joint ventures and associates	142	117
Available for sale financial assets	27	15
Deferred tax asset	26	28
Retirement benefit asset	32	75
Other receivables	60	62
Other non-current assets	-	11
	2,582	**2,518**
Current assets		
Inventories	17	23
Trade and other receivables	856	855
Cash and cash equivalents	699	1,043
	1,572	**1,921**
Non-current assets and disposal groups held for sale	5	52
	1,577	**1,973**
Total assets	**4,159**	**4,491**
LIABILITIES		
Current liabilities		
Trade and other payables	1,219	1,221
Financial liabilities at fair value	59	60
Current tax liabilities	130	122
Loans and obligations under finance leases	59	77
Provisions	92	72
	1,559	**1,552**
Liabilities associated with disposal groups held for sale	-	10
	1,559	**1,562**
Net current assets	**18**	**411**
Non-current liabilities		
Trade and other payables	40	65
Financial liabilities at fair value	73	75
Loans and obligations under finance leases	397	639
Deferred tax liabilities	30	59
Provisions	135	154
Retirement benefit obligations	46	47
	721	**1,039**
Net assets	**1,879**	**1,890**
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	634	615
Share premium	156	56
Reserves	897	1,010
	1,687	**1,681**
Minority interest	192	209
Total equity	**1,879**	**1,890**

Consolidated statement of recognised income and expense

	2007/08 £m	2006/07 £m
Actuarial (losses)/gains in the value of defined benefit retirement plans	(100)	105
Exchange differences on translation of foreign operations	(8)	(172)
Fair value gain on available for sale financial assets	2	-
Tax on items taken directly to or transferred from equity	11	(5)
Amounts included directly in equity	(95)	(72)
Profit for the year	220	234
Total recognised income and expense for the year	**125**	**162**
Attributable to:		
Equity holders of the Company	81	138
Minority interests	44	24
	125	**162**

Consolidated cash flow statement

	2007/08 £m	2006/07 £m
Cash flows from operating activities		
Cash generated from continuing operations	504	299
Cash generated from discontinued operations	-	-
Income taxes paid	(46)	(46)
Net cash from operating activities	**458**	**253**
Cash flows from investing activities		
Continuing operations		
Finance income	49	43
Other income	-	9
Dividends received	15	23
Increase in available for sale assets	(10)	-
Proceeds on disposal of non-current assets held for sale	93	-
Proceeds on disposal of property, plant and equipment	5	15
Purchase of property, plant and equipment	(342)	(338)
Purchase of intangible assets	(63)	(40)
Disposal of credit-linked notes	-	40
Proceeds from disposal of associates	-	256
Acquisition of subsidiaries (net of cash received) and minority interests	(74)	(15)
Net cash from investing activities - continuing operations	**(327)**	**(7)**
Discontinued operations	**-**	**-**
Net cash used in investing activities	**(327)**	**(7)**
Net cash flow before financing activities	**131**	**246**
Cash flows from financing activities		
Continuing operations		
Dividends paid to shareholders	(138)	(83)
Dividends paid to minority interests	(58)	(93)
Repayments of borrowings	(258)	(212)
Interest paid	(49)	(55)
Proceeds from borrowings	12	122
Proceeds on issue of Employee Share Ownership Plan (ESOP) trust shares	6	3
Purchase of ESOP trust shares	(2)	-
Proceeds on issue of ordinary share capital	8	15
Net cash used in financing activities – continuing operations	(479)	(303)
Discontinued operations	**-**	**-**
Net cash used in financing activities	**(479)**	**(303)**
Net decrease in cash and cash equivalents	**(348)**	**(57)**
Cash and cash equivalents at 1 April	1,043	1,127
Exchange gains/(losses) on cash and cash equivalents	4	(22)
Cash and cash equivalents at 31 March	**699**	**1,048**
Less: Cash included in disposal groups held for sale	-	(5)
Net cash and cash equivalents	**699**	**1,043**

Reconciliation of net profit to net cash flow from operating activities

	2007/08 £m	2006/07 £m
Continuing operations		
Profit for the year	**220**	**206**
Adjustments for:		
Tax expense	47	43
Depreciation	289	236
Amortisation	47	50
Gain on termination of operations	(9)	(15)
Gain on sale of non-current assets	(1)	(153)
Net loss on sale of Bulldog brand and retail broadband customer base	-	11
Gain on disposal of property, plant and equipment	(56)	(11)
Finance income	(53)	(52)
Finance expense	85	80
Decrease in provisions	(9)	(28)
Employee benefits	5	41
Defined benefit pension scheme top-up contributions	(19)	-
Defined benefit pension scheme other contributions	(16)	(18)
Share of results after tax of associates and joint ventures	(37)	11
Operating cash flows before working capital changes	**493**	**401**
Changes in working capital **(excluding the effects of acquisitions and disposals of subsidiaries)**		
Decrease in inventories	6	8
(Increase)/decrease in trade and other receivables	(5)	76
Increase/(decrease) in payables	5	(186)
Decrease in other assets	5	-
Cash generated from continuing operations	**504**	**299**
Discontinued operations		
Profit for the year	**-**	**28**
Adjustments for:		
Decrease in provisions and changes in working capital	-	(28)
Cash generated from discontinued operations	**-**	**-**
Cash generated from operations	**504**	**299**

Provisions for liabilities and charges

	Property	Redundancy	Network & asset retirement obligations	Legal and other[1]	Total
	£m	£m	£m	£m	£m
At 31 March 2007	82	7	77	60	226
Current portion	25	7	12	28	72
Non-current portion	57	-	65	32	154
Charged to income statement					
Additional provision	10	35	10	33	88
Amounts used	(19)	(28)	(13)	(15)	(75)
Unused amounts reversed	(6)	(2)	-	(14)	(22)
Discount adjustments	2	-	6	-	8
Exchange adjustments	-	-	1	1	2
At 31 March 2008	**69**	**12**	**81**	**65**	**227**
Current portion	17	12	14	49	92
Non-current portion	52	-	67	16	135
Analysed between:					
Current portion					
International	-	7	7	38	52
Europe, Asia & US	14	5	7	-	26
Central	3	-	-	11	14
Non-current portion					
International	-	-	11	14	25
Europe, Asia & US	51	-	56	-	107
Central	1	-	-	2	3
Total					
International	-	7	18	52	77
Europe, Asia & US	65	5	63	-	133
Central	4	-	-	13	17

[1] Other comprises provisions relating to acquisitions, disposals and discontinued operations of the Group

During 2007/08 provisions increased by £1 million. There was no impact on EBITDA before exceptional items from the movement in provisions.

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.

Property provisions released in the year relate to Europe, Asia & US (£4 million) following the reassessment of its property portfolio and a release in respect of the Group's former US operation (£2 million).

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 year primarily relate to the restructuring in Europe, Asia & US and International. The provision is expected to be used within one year.

Redundancy cost provisions released in the year relate to International (£1 million) and Europe, Asia & US (£1 million).

Network and asset retirement obligations
Provision has been made for the best estimate of the unavoidable costs associated with redundant 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, 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. Amounts utilised in the year relate predominantly to cash expenditure against the unavoidable costs associated with redundant network capacity.

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. The release of unused amounts reflects the resolution of claims and other risks during the year.

Other provisions released in the year include an amount of £6 million in Central following a reassessment of provisions made in respect of Pender and £3 million in Central following the reassessment of provisions relating to disposals made in previous years. In addition, provisions of £1 million and £4 million were released in Europe, Asia & US and International respectively following the resolution of claims.

Minority interests

	Total £m
Balance as at 31 March 2007	209
Share of total recognised income and expenditure for the year	44
Dividends paid	(58)
Disposals	(3)
Balance as at 31 March 2008	**192**

Dividends paid and proposed

	2007/08 £m	**2006/07 £m**
Declared and paid during the year ended 31 March		
Dividends on ordinary shares:		
Final dividend in respect of the prior year	**100**	**71**
Declared and paid during the year ended 31 March		
Dividends on ordinary shares:		
Interim dividend in respect of the current year	**61**	**40**

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).