Cable and Wireless International Finance B.V.

Interim Financial Statements September 30, 2013

Amsterdam, the Netherlands

Cable and Wireless International Finance B.V.
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The Netherlands
Chamber of Commerce: 33.214.341

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1.1 Directors' report

Management hereby presents to the shareholder the unaudited interim financial statements of Cable and Wireless International Finance B.V. ("the Company") for the period April 1, 2013 up to and including September 30, 2013 as required under the Transparency Directive Implementation Act (Transparency Directive).

General

The Company was incorporated on September 28, 1989. The objective of the Company is to act as a finance company.

Activities and results

During the period under review the Company continued its activities with respect to the bonds. These bonds are listed on the London, Hong Kong and Frankfurt stock exchanges and are due for redemption in 2019. The bonds are secured by a guarantee given by the shareholder of the Company, Cable & Wireless Limited. In turn, Cable & Wireless Limited is fully owned by Cable & Wireless Communications Plc, one of the world's leading telecommunications companies.

During the period under review, the Company realized a net profit of USD 147.014 and the equity ratio decreased from 3,21% to 2,98%. The activities of the Company developed in line with expectations.

Future outlook

No material change in activities is contemplated for the coming year. It is expected that the result will be in line with that of the reporting period. Furthermore, management has no current plans which would have a significant influence on expectations concerning future activities, investments, financing, staffing and profitability.

Financial risks

Financial risks arising from the ordinary business activities of the Company consist mainly of default and liquidity risks if Cable & Wireless Limited would not be able to meet its obligations in respect of the loan and the secured bond loan. Management is of the opinion that there is no reason to believe that Cable & Wireless Limited will not be able to meet its obligations in the foreseeable future.

The Company concluded agreements in GBP for both the loans due from shareholder and the bond loan, each in the principal amount of GBP 200.000.000. The loan due from shareholder carries a fixed interest rate of 8,75% per annum whilst the bond loan carries a fixed interest rate of 8,625% per annum. The Company therefore deems the foreign currency and interest risk not significant.

The Company does not enter into derivative financial instruments to protect itself against changes in exchange rates or interest rates. Risks in connection with anticipated significant classes of transactions are not hedged.

1.1 Directors' report

Statement ex Article 5:25d Paragraph 2 sub c Financial Markets Supervision Act ("Wet op het Financieel Toezicht")

To our knowledge,

1. the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Company;

2. the directors' report gives a true and fair view of the position as per 30 September 2013 and the developments during the half-year ended 30 September 2013 of the Company; and

3. the directors' report describes the material risks that the Company is facing.

Amsterdam, November 28, 2013

Managing directors,

C.P. Underwood

Rokin Corporate Services B.V.

ATC Management B.V.

2.1 Balance sheet as at September 30, 2013

(Before result appropriation)

	Note	September 30, 2013		March 31, 2013	
ASSETS		**USD**	**USD**	**USD**	**USD**
Fixed assets					
Financial fixed assets	[1]				
Loans due from shareholder		319.693.095		304.785.126	
Due from shareholder		9.745.921		9.724.122	
			329.439.016		314.509.248
Current assets					
Receivables	[2]				
Due from shareholder		14.455.591		828.128	
Corporate income tax receivable		29.379		42.497	
			14.484.970		870.625
Cash and cash equivalents	[3]		299.805		13.601
			344.223.791		315.393.474

2.1 Balance sheet as at September 30, 2013

(Before result appropriation)

	Note	September 30, 2013		March 31, 2013	
SHAREHOLDER'S EQUITY AND LIABILITIES		**USD**	**USD**	**USD**	**USD**
Shareholder's equity	[4]				
Share capital		982.805		946.783	
Share premium		23.747.102		23.747.102	
Other reserve		(18.014)		18.008	
Accumulated deficit		(14.588.255)		(14.798.113)	
Unappropriated result		147.014		209.858	
			10.270.652		10.123.638
Long term liabilities	[5]				
Bond and subordinated loans		319.693.095		304.785.126	
			319.693.095		304.785.126
Current liabilities	[6]				
Interest payable to bondholders		10.449.679		321.368	
Interest payable to shareholder		3.796.645		116.761	
Accrued expense and other liabilities		13.720		46.581	
			14.260.044		484.710
			344.223.791		315.393.474

2.2 Statement of income for the period April 1, 2013 up to and including September 30, 2013

	Note	01/04/2013 - 30/09/2013		01/04/2012 - 30/09/2012	
		USD	USD	USD	USD
Income	[7]				
Interest income		14.008.372		13.915.382	
Currency exchange results		13.280		-	
Other financial income		907		731	
			14.022.559		13.916.113
Expense	[8]				
Interest expense		(13.786.765)		(13.694.919)	
Currency exchange results		-		(3.178)	
			(13,786.765)		(13.698.097)
Net operating result			235.794		218.016
Management and administration fee		(40.567)		(44.111)	
Tax advisory fee		(9.135)		(3.558)	
Audit fees		-		295	
Bank charges		(531)		(2.007)	
Other operating expenses		(614)		(4.568)	
			(50.847)		(53.949)
Income before taxation			184.947		164.067
Corporate income tax	[9]		(37.933)		(33.479)
Net result			147.014		130.588

2.3 Cash flow statement for the period April 1, 2013 up to and including September 30, 2013

The cash flow statement is prepared according to the indirect method.

	01/04/2013 - 30/09/2013		01/04/2012 - 30/09/2012	
	USD	USD	USD	USD
Net result		147.014		130.588
Adjusted for changes in:				
· Corporate income tax receivable	37.933		33.479	
· Interest payable	13.808.195		13.976.491	
· Accrued expenses and other liabilities	(32.861)		(12.613)	
		13.813.267		13.997.357
Corporate income tax paid		(24.815)		(74.565)
Cash flow from operating activities		13.935.466		14.053.380
Cash flow from investing activities		-		-
Cash flow from financing activities				
Amounts due from shareholders		(13.649.262)		(14.779.878)
Net increase/(decrease) in cash and cash equivalents		286.204		(726.498)
Cash and cash equivalents at April 1		13.601		794.235
Cash and cash equivalents at September 30		299.805		67.737

2.4 Notes to the financial statements

General information

Cable and Wireless International Finance B.V. ("the Company") was incorporated with limited liability under the laws of the Netherlands on September 28, 1989. The registered office of the Company is in Amsterdam, the Netherlands.

The objective of the Company is to act as a finance company.

Base on Article 1, par 1, sub I "Wet toezicht accountantsorganisaties" the Company is considered as an "Organisatie van Openbaar Belang" and following the Royal Decree of July 26, 2008, concerning the implementation of Article 41 of EC directive 2006/43 the Company is required to have an Audit Committee. The Company uses the exemption granted in Article 3 of this Royal Decree which stipulates that the Royal Decree is not applicable for consolidated companies in cases where the parent company (Cable & Wireless Communications Plc) has instituted an Audit Committee, which is the case.

Group structure

The Company is a subsidiary of Cable & Wireless Limited, London, United Kingdom, which owns 100% of the Company's shares. The Company's figures are taken up in the consolidated accounts of Cable & Wireless Communications Plc, London, United Kingdom. The consolidated accounts of Cable & Wireless Communications Plc can be obtained from their website: www.cwc.com.

Related parties

The Company is engaged in the financing of its shareholder out of bond loans secured by its shareholder. The conditions of these loans are all at-arms-length. Please refer to the Notes to the balance sheet items for further details.

The spouse of a director of the ultimate parent company holds bonds issued by the Company with a nominal value at September 30, 2013 of USD 767.280 (GBP 480.000) (March 31, 2013 – USD 731.472 (GBP 480.000)). The interest accrued on these bonds during the six months ended September 30, 2013 was USD 31.978 and USD 34.267 is outstanding as at September 30, 2013 (six months to September 30, 2012 – USD 32.729 all of which remains outstanding as at September 30, 2012).

Two children of a Director of the ultimate parent company hold bonds issued by the Company. These bonds had a nominal value at September 30, 2013 of USD 799.250 (GBP 500.000) (March 31, 2013 – USD 761.950 (GBP 500.000)). The interest accured on those bonds during the six months ended September 30, 2013 was USD 33.310 and USD 35.695 is outstanding as at September 30, 2013 (six months ended September 30, 2012 – USD 34.093 all of which remains outstanding as at September 30, 2012).

Solvency

The Company acts as a group financing company. As such, the Company is economically and organizationally linked to the ultimate parent company, Cable & Wireless Communications Plc. Therefore the solvency of the parent company and that of the group should be considered when assessing the Company's solvency.

Comparison previous year

The accounting principles remained unchanged to the previous year.

2.4 Notes to the financial statements

Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Functional and presentation currency

The functional currency of the ultimate Parent Company, Cable & Wireless Communications Plc, and the majority of trading and financing companies of the Group, of which the Company is a member, is the US Dollar. In respect of the Company, the directors consider the US Dollar to be the functional currency reflecting the economic effects of the underlying transactions, events and conditions for the Company. The Company therefore presents its financial statements in US Dollars. The Company's presentation currency is also the US Dollar.

Basis of preparation

The Company qualifies as a large sized company and the financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The financial statements are prepared under the historical cost convention and presented in US Dollar ("USD"). Assets and liabilities are stated at nominal value, unless otherwise stated. If deemed necessary, a provision is deducted from the nominal amount of accounts receivable.

Payables and receivables

Payables are included at face value. Receivables are included at face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables. Short term payables and receivables are reclassified to long term if it is expected that the amounts will not be repaid or recovered within twelve months after the balance sheet date.

Revenue recognition

Interest income and expense are recognized in the income statement based on accrued amounts. Operating expenses are accounted for in the period in which these are incurred. Losses are accounted for in the year in which they are identified.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at period-end exchange rates. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement. Non-monetary balance sheet items, which are valued at cost and resulting from transactions in foreign currencies, are translated at the rate prevailing on the date of the transaction.

The Company concluded agreements in GBP for both the loans due from shareholder and the bond loan, each in the principal amount of GBP 200.000.000. The loan due from shareholder carries a fixed interest rate of 8,75% per annum whilst the bond loan carries a fixed interest rate of 8,625% per annum. The Company therefore deems the foreign currency risk not significant.

Financial fixed assets

Financial fixed assets are valued at nominal value.

2.4 Notes to the financial statements

Corporate income tax

Permanent and temporary differences may exist between the result before taxation as presented in these financial statements and the fiscal result for corporate income tax purposes. Temporary differences between the reporting for tax purposes and the financial statements are recognized as deferred taxes based on the statutory tax rate expected to exist in the future. Deferred tax assets and liabilities are netted. Net deferred tax assets will be included in the balance sheet if actual recovery is assumed possible by the Company's management.

Estimates

The preparation of the financial statements requires management to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Principles for preparation of the cash flow statement

The cash flow statement is prepared according to the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered highly liquid investments. Cash flows in foreign currencies are translated at the exchange rates prevailing at the date of the transactions.

2.5 Notes to the balance sheet

ASSETS

Fixed assets

Financial fixed assets [1]

Loans due from shareholders	September 30, 2013 USD	March 31, 2013 USD
Opening balance	304.785.126	319.335.782
Foreign exchange	14.907.969	(14.550.656)
Closing balance	319.693.095	304.785.126

The loans due from shareholder relates to a loan due from Cable & Wireless Limited, London, United Kingdom in the amount of GBP 200.000.000 (USD 319.693.095). The loan is fully repayable on March 25, 2019 and carries a fixed interest at 8,75% per annum.

Financial risks arising from the ordinary business activities of the Company consist mainly of default and liquidity risks if Cable & Wireless Limited would not be able to meet its obligations in respect of the loan and the secured bond loan. Management is of the opinion that there is no reason to believe that Cable & Wireless Limited is not able to meet is obligations in the foreseeable future.

The Company concluded agreements in GBP for both the loans due from shareholder and the bond loan, each in the principal amount of GBP 200.000.000. The loan due from shareholder carries a fixed interest rate of 8,75% per annum while the bond loan carries a fixed interest rate of 8,625% per annum. The Company therefore deems the foreign currency and interest risk not significant.

Due from shareholder

The amount due from shareholder can be detailed as follows:

	September 30, 2013 USD	March 31, 2013 USD
Opening balance	9.724.122	8.718.295
Drawn during the period	-	978.963
Repaid during the period	-	(21.000)
Interest for the year	21.799	47.864
Closing balance	9.745.921	9.724.122

The amount due from shareholder relates to a loan due from Cable & Wireless Limited, London, UK, which is unsecured and subject to 3m LIBOR USD. The average interest rate during the period was 0,44810%. Unpaid interest is added to the principal sum.

The loan is lent for a definite period of time, being three months. The loan is classified under Financial fixed assets since it is expected that the loan will not be repaid within one year after the balance sheet date.

The fair value of the loans due from shareholder cannot be determined with sufficient certainty.

2.5 Notes to the balance sheet

Current assets

Receivables [2]

Due from shareholder

The amount due from shareholder can be detailed as follows:

	September 30, 2013	March 31, 2013
	USD	USD
Accrued interest due from Cable & Wireless Limited, London, UK	14.452.792	444.478
Other amounts due from Cable & Wireless Limited, London, UK	2.799	383.650
	14.455.591	828.128

It is expected that the amounts due from Cable & Wireless Limited, London, UK will be repaid within one year after the balance sheet date.

Corporate income tax receivable

	September 30, 2013	March 31, 2013
	USD	USD
Dutch CIT receivable for the period 01/04/11 – 31/03/12	-	44.719
Dutch CIT payable for the period 01/04/12 – 31/03/13	(2.307)	(2.222)
Dutch CIT receivable for the period 01/04/13 – 30/09/13	31.686	-
	29.379	42.497

The latest final Dutch CIT assessment which the Company received was for the year 2011/2012.

Cash and cash equivalents [3]

The cash relates to bank balances and are available on demand.

2.5 Notes to the balance sheet

SHAREHOLDER'S EQUITY AND LIABILITIES

Shareholder's equity [4]

Share capital

The authorized capital amounts to EUR 3.640.000 consisting of 8.000 ordinary shares of EUR 455 each, of which 1.601 shares are issued and paid-up.

In accordance with article 373, section 5, Book 2 of the Dutch Civil Code, the issued and paid-up capital is translated at the period-end rate of EUR 1 = USD 1,3492 (prior year; EUR 1 = USD 1,2997). Gains or losses resulting from this translation are recorded in the Other reserve.

Details of shareholder's equity are as follows:

	September 30, 2013	March 31, 2013
	USD	USD
Share capital		
Opening balance	946.783	970.521
Other reserve movement	36.022	(23.738)
Closing balance	982.805	946.783
Share premium		
Opening balance	23.747.102	23.747.102
Movement during the year	-	-
Closing balance	23.747.102	23.747.102
Other reserve		
Opening balance	18.008	(5.730)
Movement during the year	(36.022)	23.738
Closing balance	(18.014)	18.008
Accumulated deficit		
Opening balance	(14.798.113)	(15.002.590)
Appropriation of result	209.858	204.477
Closing balance	(14.588.255)	(14.798.113)
Unappropriated result		
Opening balance	209.858	204.477
Proposal profit appropriation	147.014	209.858
Appropriation result prior year	(209.858)	(204.477)
Closing balance	147.014	209.858

2.5 Notes to the balance sheet

Long-term liabilities [5]

Bond and subordinated loans

In June 1994 the Company issued GBP 200.000.000 8,625% bonds due in 2019 secured by a guarantee given by Cable & Wireless Limited, which has Cable & Wireless Communications Plc as its ultimate parent company. The proceeds of the bonds were lent to Cable & Wireless Limited. The bonds are listed on the London, Hong Kong and Frankfurt stock exchanges.

The movements in the long-term liabilities can be detailed as follows:

	September 30, 2013	March 31, 2013
	USD	USD
Opening Balance	304.785.126	319.335.782
Foreign exchange	14.907.969	(14.550.656)
Closing Balance	319.693.095	304.785.126

As at September 30, 2013 Cable & Wireless Limited is one of the bond holders for a face amount of GBP 53.300.000.

Movement summary from the date of issuing till September 30, 2013 is as follows:

	Currency	Interest rate	Maturity date	GBP
Issued in 1994	GBP	8,625%	25-3-2019	200.000.000
Repurchased in 2005	GBP	8,625%	25-3-2019	(19.900.000)
Repurchased in 2007	GBP	8,625%	25-3-2019	(1.500.000)
Repurchased in 2008	GBP	8,625%	25-3-2019	(31.900.000)
Sold during 2008/2009	GBP	8,625%	25-3-2019	53.300.000
				200.000.000

The amounts presented as repurchased in the relevant years are stated at par value. Any differences between the par value and market price were expensed by Cable & Wireless Limited.

The market value of the bonds at the balance sheet date amounts to USD 361.227.623 (GBP 225.984.000). As at March 31, 2013 the market value of the bonds amounted to USD 348.064.614 (GBP 228.400.000).

2.5 Notes to the balance sheet

Current liabilities [6]

Interest payable to bond holders

The interest payable to bond holders USD 10.449.679 (GBP 6.537.319) relates to interest due to the holders of the bond loan, which is payable at March 25, 2014.

Interest payable to shareholder

The interest payable to shareholder of USD 3.796.645 (GBP 2.375.181) relates to interest due to the holders of the bond loan, which is payable at March 25, 2014.

Accrued expenses and other liabilities

The accrued expenses and other liabilities can be detailed as follows:

	September 30, 2013	March 31, 2013
	USD	USD
Management fee payable	1.347	4.119
Tax advisory fee payable	12.373	7.863
Audit fee payable	-	34.599
	13.720	46.581

2.6 Notes to the statement of income

Financial income and expense

Income [7]

Interest income

	01/04/2013 - 30/09/2013	01/04/2012 - 30/09/2012
	USD	USD
Interest income group companies	14.008.372	13.915.382

Currency exchange results

	01/04/2013 - 30/09/2013	01/04/2012 - 30/09/2012
	USD	USD
Exchange gain on amounts due from group companies	14.932.708	-
Exchange loss others	(14.919.428)	-
Net exchange gain	13.280	-

Expense [8]

Interest expense

	01/04/2013 - 30/09/2013	01/04/2012 - 30/09/2012
	USD	USD
Interest expense - bonds	13.786.765	13.694.910
Interest expense - banks	-	9
	13.786.765	13.694.919

Currency exchange results

	01/04/2013 - 30/09/2013	01/04/2012 - 30/09/2012
	USD	USD
Exchange loss on amounts due from group companies	-	(4.886.394)
Exchange gain others	-	4.889.572
Net exchange loss	-	(3.178)

2.6 Notes to the statement of income

Corporate income tax [9]

	01/04/2013 - 30/09/2013	01/04/2012 - 30/09/2012
	USD	USD
Charge for the period	37.933	33.479
	37.933	33.479

The Company concluded a tax ruling with the Dutch tax authories on January 28, 2011 wherewith the method of the determination of the taxable result was agreed. This tax ruling will expire on December 31, 2014. This ruling causes a difference between the effective tax rate and the nominal tax rate of 20%/25%.

Audit fee disclosure

The following fees for 2013/2014 have been or will be charged by KPMG to the Company:

	KPMG Accountants 2013/2014	KPMG Network 2013/2014	Total KPMG
	USD	USD	USD
Tax advisory services	-	9.135	9.135
	-	9.135	9.135

Employees and directors

During the period under review the Company did not employ any personnel (previous year: nil). The Company has three statutory directors. The three directors did not receive remuneration during the period under review (previous year: USD 9.932).

3.1 Other information

Post-balance sheet events

Management is not aware of events that took place after balance sheet date that could have a material effect on the financial position of the Company.

Amsterdam, November 28, 2013

Managing directors,

C.P. Underwood

Rokin Corporate Services B.V.

ATC Management B.V.