

**Cable and Wireless International  
Finance B.V.  
Annual Report 2010/2011  
Amsterdam, The Netherlands**

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

# ***Cable and Wireless International Finance B.V., Amsterdam Annual Report 2010/2011***

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# ***Cable and Wireless International Finance B.V., Amsterdam Annual Report 2010/2011***

## **1 Directors' report**

### **1.1 Directors' report**

Management hereby presents to the shareholder the financial statements of Cable and Wireless International Finance B.V. ("the Company") for the period April 1, 2010 up to and including March 31, 2011.

#### **1.1.1 General**

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

#### **1.1.2 Activities and results**

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

As a result of the Group reorganisation, the functional currency of the new 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, changed to US dollars in the prior year. 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 has therefore presented its financial statements in US Dollars.

During the year under review, the Company realized a net profit of USD 797.357 and the equity ratio increased from 2,90% to 2,94%. The activities of the Company developed in line with expectations.

Furthermore, during the year under review Mr. R. Burge resigned as managing director and Mr. A.J. Parkinson was appointed as managing director on August 2, 2010.

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**1.1.3 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 is not aware of events that have occurred since the balance sheet date that could have a significant influence on expectations concerning future activities, investments, financing, staffing and profitability.

**1.1.4 Financial risks**

The Company's objectives and policies regarding risk management in respect of the use of financial instruments are described in note 2.4 to the financial statements.

Exposures to risks associated with financial instruments are disclosed in note 2.5.1 to the financial statements.

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.

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

To our knowledge,

1. the financial statements give a true and fair view of the assets, liabilities, financial position and profit of Cable and Wireless International Finance B.V.;

2. the directors' report gives a true and fair view of the position as per 31 March 2011 and the developments during the financial year 2010/2011 of Cable and Wireless International Finance B.V.; and

3. the directors' report describes the material risks that Cable and Wireless International Finance B.V. is facing.

Amsterdam, July 14, 2011

Managing directors,

A.J. Parkinson

Rokin Corporate Services B.V.

ATC Management B.V.

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**2 Financial statements**

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**2.1 Balance sheet as at March 31, 2011 (before appropriation of result)**

	<u>Notes</u>	<u>March 31, 2011</u>		<u>Restated *) March 31, 2010</u>	
		USD	USD	USD	USD
<b>ASSETS</b>					
<b>Financial fixed assets</b>	2.5.1				
Loans due from shareholder			320.204.931		297.680.000
<b>Current assets</b>	2.5.2				
Due from shareholder		9.560.099		8.561.637	
Corporate income tax receivable		121.467		80.466	
Cash and cash equivalents		551.467		754.899	
			<u>10.233.033</u>		<u>9.397.002</u>
			<u>330.437.964</u>		<u>307.077.002</u>

\*) As of April 1, 2010 the Company changed its presentation currency from GBP to USD. As such the balance sheet as at March 31, 2010 has been restated from GBP to USD for comparison purposes.

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	<u>Notes</u>	<u>March 31, 2011</u>		<u>Restated *) March 31, 2010</u>	
		USD	USD	USD	USD
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>					
<b>Shareholder's equity</b>	2.5.3				
Share capital		1.027.585		964.791	
Share premium		23.747.102		23.747.102	
Other reserve		(62.794)		-	
Accumulated deficit		(15.799.947)		(15.954.574)	
Unappropriated result		797.357		154.627	
			9.709.303		8.911.946
<b>Long-term liabilities</b>	2.5.4		320.204.931		297.680.000
<b>Current liabilities</b>	2.5.5				
Interest payable		460.295		427.915	
Accrued expenses and other liabilities		63.435		57.141	
			523.730		485.056
			<u>330.437.964</u>		<u>307.077.002</u>

\*) As of April 1, 2010 the Company changed its presentation currency from GBP to USD. As such the balance sheet as at March 31, 2010 has been restated from GBP to USD for comparison purposes.



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**2.2 Statement of income for the year April 1, 2010 up to and including March 31, 2011**

	<u>Notes</u>	<u>01/04/10 - 31/03/11</u>		<u>Restated *) 01/04/09 - 31/03/10</u>	
		<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
<b>Income</b>					
Interest income	2.5.6	28.203.843		27.897.513	
Other financial income		29.829		-	
Currency exchange results	2.5.8	521.288		-	
			28.754.960		27.897.513
<b>Expense</b>					
Interest expense	2.5.7	(27.735.595)		(27.438.640)	
Other financial expenses		-		(32.344)	
Currency exchange results	2.5.8	-		(5.014)	
			(27.735.595)		(27.475.998)
<b>Net operating result</b>			1.019.365		421.515
Management and administration fee		(77.751)		(54.047)	
Tax advisory fee	2.5.9	(53.868)		(44.950)	
Audit fees	2.5.9	(43.626)		(33.448)	
Bank charges		(4.806)		(4.173)	
Other operating expenses		(9.779)		(9.366)	
			(189.830)		(145.984)
<b>Income before taxation</b>			829.535		275.531
Corporate income tax	2.5.10		(32.178)		(120.904)
<b>Net result</b>			<u>797.357</u>		<u>154.627</u>

\*) As of April 1, 2010 the Company changed its presentation currency from GBP to USD. As such the profit and loss account for the 12-month period ended March 31, 2010 has been restated from GBP to USD for comparison purposes.

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**2.3 Cash flow statement for the year April 1, 2010 up to and including March 31, 2011**

	01/04/10 - 31/03/11		Restated 01/04/09 - 31/03/10	
	USD	USD	USD	USD
Net result		797.357		154.627
Adjusted for changes in:				
· Amounts due from shareholder	(998.462)		490.680	
· Corporate income tax receivable	16.997		66.932	
· Interest payable	32.380		-	
· Accrued expenses and other liabilities	6.294		(9.100)	
· Other	-		(9.917)	
		(942.791)		538.595
<b>Corporate income tax paid</b>		(57.998)		(167.653)
<b>Cash flow from operating activities</b>		(203.432)		525.569
<b>Cash flow from investing activities</b>		-		-
<b>Cash flow from financing activities</b>		-		-
<b>Net (decrease)/increase in cash and cash equivalents</b>		(203.432)		525.569
Cash and cash equivalents at April 1, 2010		754.899		229.330
Cash and cash equivalents at March 31, 2011		551.467		754.899

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

\*) As of April 1, 2010 the Company changed its presentation currency from GBP to USD. As such the cash flow statement for the 12-month period ended March 31, 2010 has been restated from GBP to USD for comparison purposes.

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## **2.4 General notes to the financial statements**

### **2.4.1 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.

### **2.4.2 Group structure**

In 2006 Cable and Wireless plc internally re-structured into two standalone divisions - Cable & Wireless International (since then renamed to Cable & Wireless Communications Plc) and Cable & Wireless Europe, Asia & US (EAUS), (since then renamed to Cable & Wireless Worldwide plc).

In November 2009, the Cable and Wireless plc Board announced its intention to separate the Cable & Wireless Communications Group and the Cable & Wireless Worldwide Group, reflecting its belief that the businesses had reached a position where they would deliver increased value as separately listed companies. On March 26, 2010 the Cable & Wireless Worldwide business was demerged from the Cable & Wireless Communications Group and was listed as a public company on the London Stock Exchange as Cable & Wireless Worldwide plc.

Since December 14, 2009 the Company is a subsidiary of Cable & Wireless Limited (formerly named: Cable and Wireless plc), London, United Kingdom, which owns 100% of the Company's shares as from that date. 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](http://www.cwc.com).

### **2.4.3 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 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 included when assessing the Company's solvency.

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**2.4.4 Accounting policies**

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

**Functional and presentation currency**

As a result of the Group reorganisation, the functional currency of the new 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, changed to US dollars in the prior year. 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 has therefore presented its financial statements in US Dollars.

As of April 1, 2010 the Company changed its presentation currency from GBP to USD. The comparative figures as of and for the year ended March 31, 2010 have been restated from GBP to USD for comparison purposes. The accounting principles remained unchanged compared to the previous year.

The change in presentation currency has been treated as a change in accounting principle. As such all exchange differences resulting from the change in presentation currency are directly recorded in equity as a change in accounting principle. The exchange differences are the result of:

- translating income and expense in the comparative figures at the average rates of exchange;
- translating the opening net assets at March 31, 2010 year-end exchange rates.

See also note 2.5.3 Shareholder's equity.

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**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.

**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 year-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. The Company therefore deems the foreign currency exchange risk not significant.

**Financial fixed assets**

Financial fixed assets are valued at nominal value.

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**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.

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**2.5 Notes to the balance sheet and the statement of income**

**2.5.1 Fixed assets**

**Loans due from shareholder**

The movements in the loans due from shareholder can be detailed as follows:

	<b>March 31, 2011</b>	<b>March 31, 2010</b>
	<b>USD</b>	<b>USD</b>
<b>Opening Balance</b>	297.680.000	289.960.000
Drawn during the year	-	-
Foreign exchange	22.524.931	7.720.000
<b>Closing Balance</b>	<b>320.204.931</b>	<b>297.680.000</b>

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 320.204.931). 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 Cable and Wireless International Finance B.V. 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 its obligations in the foreseeable future.

The Company concluded agreements with a fixed interest rate for both the loans due from shareholder and the bond loan. The Company therefore deems the interest rate risk not significant.

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**2.5.2 Current assets**

**Due from shareholder**

The amount due from shareholder can be detailed as follows:

	<b>March 31, 2011</b>	<b>March 31, 2010</b>
	<b>USD</b>	<b>USD</b>
Short term loan due from Cable & Wireless Limited, London, UK	8.690.074	8.147.896
Accrued interest due from Cable & Wireless Limited, London, UK	466.966	440.903
Other amounts due to/from Cable & Wireless Limited, London, UK	403.059	(27.162)
	<u>9.560.099</u>	<u>8.561.637</u>

It is expected that the amounts will be repaid within one year after the balance sheet date.

**Corporate income tax receivable**

	<b>March 31, 2011</b>	<b>March 31, 2010</b>
	<b>USD</b>	<b>USD</b>
Dutch CIT receivable/(due) for the period 01/04/09 – 31/03/10	(7.916)	80.466
Dutch CIT receivable for the period 01/04/10 – 31/03/11	129.383	-
	<u>121.467</u>	<u>80.466</u>

The latest final Dutch CIT assessment which the Company received was for the year 2008/2009.

**Cash and cash equivalents**

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



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**2.5.3 Shareholder's equity**

**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 year-end rate of EUR 1 = USD 1,4106 (prior year; EUR 1 = USD 1,3244). Gains or losses resulting from this translation are recorded in the Other reserve.

**Share premium**

There were no movements in the share premium during the year under review.

Details of shareholder's equity are as follows:

		Share capital	Share premium	Accumulated deficit	Other reserve	Unappro- priated Result	Total
Balance as at March 31, 2010	GBP	648.207	15.954.786	(10.545.937)	(166.679)	97.225	5.987.602
Balance as at March 31, 2010	USD	964.791	23.747.102	(15.696.572)	(248.085)	144.710	8.911.946
Change in accounting principle	USD	-	-	(258.002)	248.085	9.917	-
Balance as at March 31, 2010 restated	USD	964.791	23.747.102	(15.954.574)	-	154.627	8.911.946
Balance as at April 1, 2010	USD	964.791	23.747.102	(15.954.574)	-	154.627	8.911.946
Appropriation of result	USD	-	-	154.627	-	(154.627)	-
Other reserve	USD	62.794	-	-	(62.794)	-	-
Result for the year	USD	-	-	-	-	797.357	797.357
Balance as at March 31, 2011	USD	1.027.585	23.747.102	(15.799.947)	(62.794)	797.357	9.709.303

The amounts which were reclassified following the change in accounting principle are detailed on the next page.

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**Change in accounting principle**

The amounts recorded in equity as change in accounting principle consists of the following:

			<b>USD</b>
Release Other reserve on change of presentation currency from GBP to USD			248.085
Translation of income and expense in the comparative figures at the average rates of exchange			
	<b>GBP</b>	<b>USD</b>	
Unappropriated result for the year ended March 31, 2010 at the year-end rate of GBP 1 = USD 1,4884	97.225	144.710	
Unappropriated result for the year ended March 31, 2010 at the average rates of exchange of GBP 1 = USD 1,5904	97.225	<u>154.627</u>	
		9.917	9.917
			<u><b>258.002</b></u>

**2.5.4 Long-term liabilities**

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:

	<b>March 31, 2011</b>	<b>March 31, 2010</b>
	<b>USD</b>	<b>USD</b>
<b>Opening Balance</b>	297.680.000	289.960.000
Drawn during the year	-	-
Foreign exchange	22.524.931	7.720.000
<b>Closing Balance</b>	<u>320.204.931</u>	<u>297.680.000</u>

As at March 31, 2011 Cable & Wireless Limited is one of the bond holders for a face amount of GBP 53.300.000 as a result of past market repurchases.

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Movement summary from the date of issuing till March 31, 2011 is as follows:

	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>GBP</u>
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
				<u>200.000.000</u>

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 337.816.202 (GBP 211.000.000). As at March 31, 2010 the market value of the bonds amounted to USD 307.384.368 (GBP 206.520.000).

**2.5.5 Current liabilities**

**Interest payable**

The interest payable relates to interest due to the holders of the bond loan, which is payable at March 31, 2011. As at March 31, 2011 an amount of USD 122.669 (GBP 76.619) is included in the interest payable is due to Cable & Wireless Limited.

**Accrued expenses and other liabilities**

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

	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	<u>USD</u>	<u>USD</u>
Management and accounting fee payable	-	7.100
Tax advisory fee payable	25.093	14.306
Audit fee payable	36.931	34.674
Other accrued expenses	1.411	1.061
	<u>63.435</u>	<u>57.141</u>

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**2.5.6 Interest income**

The interest income can be detailed as follows:

	<b>2010/2011</b>	<b>2009/2010</b>
	<b>USD</b>	<b>USD</b>
Interest income group companies	28.202.588	27.897.496
Interest income banks	-	17
Other interest income	1.255	-
	<b>28.203.843</b>	<b>27.897.513</b>

**2.5.7 Interest expense**

The interest expense can be detailed as follows:

	<b>2010/2011</b>	<b>2009/2010</b>
	<b>USD</b>	<b>USD</b>
Interest expense - bonds	27.735.580	27.434.400
Interest expense - group companies	-	191
Interest expense - banks	15	366
Other interest	-	3.683
	<b>27.735.595</b>	<b>27.438.640</b>

**2.5.8 Currency exchange results**

The currency exchange results can be detailed as follows:

	<b>2010/2011</b>	<b>2010/2011</b>
	<b>USD</b>	<b>USD</b>
Exchange gain/(loss) on amounts due from group companies	23.027.461	(70)
Exchange gain/(loss) others	(22.506.173)	(4.944)
Net exchange gain/(loss)	<b>521.288</b>	<b>(5.014)</b>

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**2.5.9 Audit fee disclosure**

The following fees for 2010/2011 have been or will be charged by KPMG to the Company:

	<b>KPMG Accountants 2010/2011 USD</b>	<b>KPMG network 2010/2011 USD</b>	<b>Total KPMG USD</b>
Statutory audit of annual accounts	43.626	-	43.626
Tax advisory services	-	53.868	53.868
	<u>43.626</u>	<u>53.868</u>	<u>97.494</u>

**2.5.10 Corporate income tax**

The tax charge for the year can be detailed as follows:

	<b>2010/2011 USD</b>	<b>2010/2011 USD</b>
Charge for the year	32.178	63.304
Underprovision previous years	-	57.600
	<u>32.178</u>	<u>120.904</u>

For the 2010/2011 accounting period the Company is required to file its Dutch Corporate Income Tax return in the British pound (GBP) currency therefore the CIT tax charge is calculated on a GBP taxable result. Based on the underlying preliminary GBP fiscal figures the Company realized a lower fiscal profit compared with the previous accounting year due to the increase of exchange losses on its finance activities. As from April 1, 2011 the Company's fiscal functional currency is USD.

The Company concluded a tax ruling with the Dutch tax authorities 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%.

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**2.5.11 Employees and Directors**

During the year under review the Company did not employ any personnel (previous year: nil). The Company has three statutory directors. Two directors received a total remuneration of USD 9.434 in that capacity (previous year: USD 9.916).

Amsterdam, July 14, 2011

Managing directors,

A.J. Parkinson

Rokin Corporate services B.V.

ATC Management B.V.

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## **3 Other information**

### **3.1 Appropriation of result**

In accordance with article 23 of the Articles of Association, the profit for the year is at the disposal of the Annual Meeting of Shareholders.

Management proposes to credit the profit for the year to the accumulated deficit brought forward from the previous accounting period.

### **3.2 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.

### **3.3 Audit of the financial statements**

The Company qualifies as a large sized company. Therefore, based on Part 9 of Book 2 of the Dutch Civil Code, the Company is required to have its financial statements audited.

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**4 Auditor's Report**





## **Independent auditor's report**

To: The General Meeting of Shareholders Cable and Wireless International Finance B.V.

### **Report on the financial statements**

We have audited the accompanying financial statements for the year ended 31 March 2011 of Cable and Wireless International Finance B.V., Amsterdam, which comprise the balance sheet as at 31 March 2011, the statement of income and cash flow statement for the year then ended and notes, comprising a summary of the accounting policies and other explanatory information.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Cable and Wireless International Finance B.V. as at 31 March 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

## **Report on other legal and regulatory requirements**

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 14 July 2011

KPMG ACCOUNTANTS N.V.

R.W. van Dijk RA