

Company registration no. CD-207737

Sable International Finance Limited

**Directors' report and non-statutory financial
statements**

For the year ended 31 March 2015

Registered Office:
Collas Crill & Card Corporate Services Limited
Zephyr House, 122 Mary Street
PO Box 709
Grand Cayman
KY1-1107
Cayman Islands

Sable International Finance Limited
Directors' report and non-statutory financial statements
For the year ended 31 March 2015

Contents

| | |
|---|---|
| Directors' report | 1 |
| Statement of Directors' responsibilities in respect of the Directors' report and the non-statutory financial statements | 2 |
| Independent Auditor's Report of KPMG LLP to Sable International Finance Limited | 3 |
| Profit and loss account | 4 |
| Statement of total recognised gains and losses | 4 |
| Reconciliation of movements in shareholders' funds | 4 |
| Balance sheet | 5 |
| Notes to the non-statutory financial statements | 6 |

Directors' report

The Directors of Sable International Finance Limited (the Directors) present their annual report and the audited non-statutory financial statements of Sable International Finance Limited (the Company) for the year ended 31 March 2015.

Principal activities and business review

The Company's principal activity is that of a financing company. It is the Directors' intention to continue the business in line with current activities.

The loss for the year after taxation amounted to \$36,928,000 (2014: \$23,492,000). The Directors do not recommend the payment of a dividend.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Company are as follows:

Liquidity

Liquidity risk could arise where the Company does not have sufficient financial resources available to meet its obligations and commitments as they fall due, or can access funding only at excessive cost. Exceptional market events could impact the Company adversely, and affect its ability to meet obligations as they fall due. The Company has raised sufficient credit lines to meet medium-term liquidity needs and continue to maintain good relationships with its core banks.

Funding

The Company's financing agreements are subject to certain covenants. If the Company were unable to meet these, it would have to repay facilities early, adversely affecting the Cable & Wireless Communication Group's cash position. The Company monitors covenant positions against forecasts and budgets to ensure that it operates within the prescribed limits.

Directors

The Directors who held office during the year and subsequently were as follows:

N Cooper (resigned 21 May 2015)
C Underwood (appointed 10 February 2015)
I Lawson (resigned 1 June 2015)
C Patel (resigned 10 February 2015)
E Martin (appointed 10 February 2015)
P McBride (appointed 10 February 2015)

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board:



E MARTIN
Company Secretary
23 September 2015

Statement of Directors' responsibilities in respect of the Directors' Report and the non-statutory financial statements

The Directors of Sable International Finance Limited ('the Directors') have accepted responsibility for the preparation of these non-statutory financial statements for the year ended 31 March 2015 on the basis set out in note 1 to the non statutory financial statements.

In preparing these non-statutory financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- prepared the non-statutory financial statements on the going concern basis as they believe that the Company will continue in business.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report of KPMG LLP to Sable International Finance Limited

We have audited the non-statutory financial statements of Sable International Finance Limited for the year ended 31 March 2015 set out on pages 4 to 10. These non-statutory financial statements have been prepared for the reasons set out in note 1 to the non-statutory financial statements and on the basis of the financial reporting framework of UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our report has been prepared for the Company in connection with the preparation by the Company's directors of non-statutory financial statements prepared to support compliance with covenant requirements related to the credit facilities as defined in note 1 to the non-statutory financial statements and for tax purposes. It has been released to the Company on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

Respective responsibilities of directors and KPMG LLP

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the non-statutory financial statements in accordance with the basis of preparation as set out in note 1 to the non-statutory financial statements.

Our responsibility is to audit, and express an opinion on, the non-statutory financial statements in accordance with the terms of our engagement letter dated 16 September 2015 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditor.

Scope of the audit of the non-statutory financial statements

An audit involves obtaining evidence about the amounts and disclosures in the non-statutory financial statements sufficient to give reasonable assurance that the non-statutory financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Sable International Finance Limited's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the non-statutory financial statements.

In addition we read all the financial and non-financial information accompanying the non-statutory financial statements to identify material inconsistencies with the audited non-statutory financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on non-statutory financial statements

In our opinion the non-statutory financial statements of Sable International Finance Limited for the year-ended 31 March 2015 have been properly prepared, in material respects, in accordance with the basis of preparation set out in note 1 to the non-statutory financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

25 September 2015

Profit and loss account

For the year ended 31 March 2015

| | <i>Note</i> | 2015 \$'000 | 2014 \$'000 |
|--|-------------|-----------------|-----------------|
| Other operating expenses | | (43) | - |
| Interest receivable from Group company | | 45,758 | 85,381 |
| Interest payable | | (46,125) | (84,454) |
| Exceptional interest payable | 3 | (36,518) | (24,419) |
| Loss on ordinary activities before taxation | | (36,928) | (23,492) |
| Taxation | 4 | - | - |
| Loss for the financial year | | (36,928) | (23,492) |

The results for the year are derived entirely from continuing activities.

The accompanying notes on pages 6 to 10 form an integral part of the non-statutory financial statements.

Statement of total recognised gains and losses

For the year ended 31 March 2015

| | 2015 \$'000 | 2014 \$'000 |
|---|-----------------|-----------------|
| Loss for the financial year | (36,928) | (23,492) |
| Total recognised losses for the financial year | (36,928) | (23,492) |

Reconciliation of movements in shareholders' funds

For the year ended 31 March 2015

| | 2015 \$'000 | 2014 \$'000 |
|-------------------------------------|-----------------|-----------------|
| Loss for the financial year | (36,928) | (23,492) |
| Net decrease in shareholders' funds | (36,928) | (23,492) |
| Opening shareholders' funds | (18,251) | 5,241 |
| Closing shareholders' funds | (55,179) | (18,251) |

Sable International Finance Limited
 Directors' report and financial statements
 For the year ended 31 March 2015

Balance sheet

As at 31 March 2015

| | Note | 2015 \$'000 | 2014 \$'000 |
|---|------|------------------|-----------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 5 | 1,054,705 | 379,397 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 6 | (53,404) | (5,386) |
| Net current assets | | <u>1,001,301</u> | <u>374,011</u> |
| | | | |
| Creditors: amounts falling due after more than one year | 7 | (1,056,480) | (392,262) |
| | | | |
| Net liabilities | | <u>(55,179)</u> | <u>(18,251)</u> |
| | | | |
| Capital and reserves | | | |
| Called-up share capital | 8 | - | - |
| Profit and loss account | 8 | (55,179) | (18,251) |
| Shareholders' funds | | <u>(55,179)</u> | <u>(18,251)</u> |

The accompanying notes on pages 6 to 10 form an integral part of these non-statutory financial statements.

The non-statutory financial statements were approved by the Board of Directors on 23 September 2015 and signed on its behalf by:



C UNDERWOOD
 Director
 Sable International Finance Limited

Notes to the non-statutory financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The non-statutory financial statements are prepared in accordance with accounting standards applicable under generally accepted accounting principles in the United Kingdom and on the historical cost basis.

The financial statements have been prepared to support compliance with covenant requirements related to the Company's \$570 million revolving credit facilities dated 31 December 2014, the Company's \$400 million 8.75% secured notes due 2020, the Company's \$390 million secured term loan due 2017 and the Company's \$300 million unsecured term loan due 2017 ("the credit facilities"). The financial statements are also prepared for UK tax filing requirements.

The Directors have reviewed the financial position of the Company, including the arrangements with Group undertakings, and are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

Under FRS1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated financial statements.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Loans and Bonds

Loans and bonds are recognised initially at fair value net of directly attributable transaction costs incurred. Loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the loans using the effective interest rate method and recharged to the ultimate Parent Company.

Loans and bonds are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date (where they are classified as non-current liabilities).

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange prevailing at the balance sheet date, and the gains or losses on translation are included in the profit and loss account.

Notes to the non-statutory financial statements (continued)

1. Accounting policies (continued)

Debtors

Debtors are recognised initially at fair value and subsequently measured at the amounts considered receivable.

2. Information regarding the Directors, employees and auditor

Directors' emoluments are borne by other Group companies in the current and prior year.

The Company had no employees during the year (2014: nil).

In the current year, the auditor' remuneration of \$21,000 (2014: \$21,000) for the audit of these financial statements has been borne by another Group company.

3. Exceptional interest payable

Exceptional interest payable in the year ended 31 March 2015 of \$36.5 million relates to fees incurred in connection with the acquisition of Columbus International Inc. on 31 March 2015, including upfront, commitment and ticking fees on backstop facilities, bondholder consent fees related to the Company's \$400 million 8.75% senior secured notes due 2020, and accelerated amortisation of the \$487 million RCF fees. As bondholder approval and consents were required as part of the acquisition of Columbus, these expenses are presented as exceptional costs, being one-off in nature.

Exceptional interest payable in the year ended 31 March 2014 of \$24.4 million relate to additional interest, early redemption charges and capitalised finance transaction costs written off in respect of the 2017 \$500 million secured bond which was redeemed on 28 February 2014.

Notes to the non-statutory financial statements (continued)

4. Taxation

The current tax charge for the year is \$nil (2014: \$nil).

The Company is a UK tax resident.

Factors affecting the tax charge for the current year

The corporation tax charge assessed for the period is higher (2014: higher) than the standard rate of corporation tax of 21% (2014: 23%). The differences are explained below:

| Current tax Reconciliation | 2015 | 2014 |
|---|-----------------|-----------------|
| | \$'000 | \$'000 |
| Loss on ordinary activities before taxation | <u>(36,928)</u> | <u>(23,492)</u> |
| Current tax charge at 21% (2014: 23%) | (7,755) | (5,403) |
| <i>Effects of:</i> | | |
| Group relief surrendered | <u>7,755</u> | <u>5,403</u> |
| Total current tax charge (see above) | <u>-</u> | <u>-</u> |

There were no recognised or unrecognised deferred tax balances as at 31 March 2015 (2014: none).

Reductions in the UK corporation tax rate from 23% to 21% from 1 April 2014 and to 20% in April 2015 were substantively enacted on 2 July 2013.

5. Debtors : amounts falling due within one year

| | 2015 | 2014 |
|--|------------------|----------------|
| | \$'000 | \$'000 |
| Amounts falling due within one year | | |
| Prepayments | 26,625 | 4,454 |
| Amounts receivable from group undertakings | <u>1,028,080</u> | <u>374,943</u> |
| | <u>1,054,705</u> | <u>379,397</u> |

6. Creditors: amounts falling due within one year

| | 2015 | 2014 |
|------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Interest payable | <u>53,404</u> | <u>5,386</u> |

Notes to the non-statutory financial statements (continued)

7. Creditors: amounts falling due after more than one year

| | 2015 \$'000 | 2014 \$'000 |
|---------------------------------|----------------|----------------|
| 2017 \$390 million secured loan | 375,270 | - |
| 2017 \$300 million secured loan | 287,626 | - |
| 2020 \$400 million secured bond | 393,584 | 392,262 |
| | 1,056,480 | 392,262 |

On 31 December 2014 the Company entered a two year \$390 million secured term loan. This was subsequently repaid on 5 August 2015.

On 31 December 2014 the Company entered a two year \$300 million unsecured term loan. This was subsequently repaid on 5 August 2015.

On 26 January 2012, the Company issued \$400 million of bonds with a coupon rate of 8.75% due in January 2020. Interest payments of 8.75% are payable semi-annually on 1 February and 1 August of each year commencing on 1 August 2012. The bonds are secured on share pledges over group assets of Cable & Wireless Communications Plc.

The Company has lent the funds to Cable & Wireless Limited, a group undertaking, with a 0.25% margin on interest and is included in amounts receivable from group undertakings in the balance sheet (see note 6).

Revolving credit facilities

On 31 December 2014, the Group entered into a borrowing arrangement for \$570 million of revolving credit facilities with a maturity date of 31 March 2020. As at 31 March 2015, the Group had \$421 million undrawn facilities available due to \$149 million letters of credit in favour of the Cable & Wireless Superannuation Fund. These facilities incur commitment fees at market rates prevailing when the facilities were arranged.

On 19 October 2011, the Group entered into a borrowing arrangement for \$570 million of revolving credit facilities with a maturity date of October 2016. During 2014 the facilities were reduced to \$487 million. On 31 March 2015, these facilities was cancelled and replaced. (As at 31 March 2014, the Group had undrawn facilities of \$487 million available).

Early redemption of bond

On 28 February 2014 the 2017 \$500 million secured bond was redeemed in full. In accordance with the bond indenture an early redemption premium of \$19.4 million was paid to bondholders plus interest accrued of \$1.4 million. \$5 million of capitalised transaction costs were charged to exceptional interest payable.

8. Called-up share capital

| | 2015 \$ | 2014 \$ |
|---------------------------------------|------------|------------|
| <i>Allotted and fully paid</i> | | |
| 1 ordinary share of \$1 each | 1 | 1 |

Notes to the non-statutory financial statements (continued)

9. Capital and reserves

| | Profit and loss account 2015 \$'000 | Profit and loss account 2014 \$'000 |
|-------------------|--|--|
| At 1 April | (18,251) | 5,241 |
| Loss for the year | (36,928) | (23,492) |
| At 31 March | <u>(55,179)</u> | <u>(18,251)</u> |

10. Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company's immediate Parent undertaking is Sable Holding Limited, a company incorporated in England and Wales.

The Directors regard Cable & Wireless Communications Plc, a company registered in England and Wales, as the ultimate Parent Company and controlling undertaking.

The Group in which the ultimate results of the Company are consolidated is that of Cable & Wireless Communications Plc, the ultimate Parent Company. The consolidated financial statements of Cable & Wireless Communications Plc may be obtained from the Company Secretary, Cable & Wireless Communications Plc, 2nd Floor, 62 – 65 Chandos Place, London WC2N 4HG. No other group financial statements include the results of the Company.

11. Post balance sheet date events

On 31 July 2015 the Company issued \$750 million of unsecured bonds with a coupon rate of 6.875% due in August 2022. Interest payments of 6.875% are payable semi-annually on 1 February and 1 August of each year commencing on 1 February 2016. The bonds are guaranteed by certain subsidiaries of Cable & Wireless Communications Plc.