

Cable and Wireless International Finance B.V.

Interim Financial Statements

September 30, 2012

Amsterdam, the Netherlands

Cable and Wireless International Finance B.V.
Olympic Plaza, Fred. Roeskestraat 123
1076 EE Amsterdam
The Netherlands
Chamber of Commerce: 33.214.341

**Cable and Wireless International Finance B.V.,
Amsterdam
Interim Financial Statements, September 30, 2012**

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1 Directors' report

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, 2012 up to and including September 30, 2012 as required under the Transparency Directive Implementation Act (Transparency Directive).

1.1.1 General

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

1.1.2 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 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.

During the period under review, the Company realized a net profit of USD 130.588 and the equity ratio decreased from 3,01% to 2,88%. The activities of the Company developed in line with expectations.

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.

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1.1.4 Financial risks

Financial risks which might arise from the ordinary business activities of the Company would 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. As far as Management is aware, 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 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 considers that the foreign currency and interest risks are 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.

1.1.5 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 Cable and Wireless International Finance B.V.;
2. the interim financial statements give a true and fair view of the position as per September 30, 2012 and the developments and performance of the business during the half-year ended September 30, 2012 of Cable and Wireless International Finance B.V.; and
3. the interim financial statements describe the material risks that Cable and Wireless International Finance B.V. is facing.

Amsterdam, November 22, 2012

Managing directors,

C.P. Underwood

Rokin Corporate Services B.V.

ATC Management B.V.

Represented by:

Represented by:

R. Rosenboom and E. Denekamp

R. Rosenboom and E. Denekamp

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2 Interim Financial statements

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2.1 Balance sheet as at September 30, 2012 (before appropriation of result)

	<u>Notes</u>	<u>September 30, 2012</u>		<u>March 31, 2012</u>	
		USD	USD	USD	USD
ASSETS					
Financial fixed assets	2.5.1				
Loans due from shareholder		323.939.099		319.335.782	
Due from shareholder		<u>9.718.253</u>		<u>8.718.295</u>	
			333.657.352		328.054.077
Current assets	2.5.2				
Due from shareholder		14.647.583		867.663	
Corporate income tax receivable		86.924		45.838	
Cash and cash equivalents		<u>67.737</u>		<u>794.235</u>	
			14.802.244		1.707.736
			<u>348.459.596</u>		<u>329.761.813</u>
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	2.5.3				
Share capital		896.009		970.521	
Share premium		23.747.102		23.747.102	
Other reserve		68.782		(5.730)	
Accumulated deficit		(14.798.113)		(15.002.590)	
Unappropriated result		<u>130.588</u>		<u>204.477</u>	
			10.044.368		9.913.780
Long-term liabilities	2.5.4		323.939.099		319.335.782
Current liabilities	2.5.5				
Interest payable		14.435.536		459.045	
Accrued expenses and other liabilities		<u>40.593</u>		<u>53.206</u>	
			14.476.129		512.251
			<u>348.459.596</u>		<u>329.761.813</u>

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2.2 Statement of income for the period April 1, 2012 up to and including September 30, 2012

	<u>Notes</u>	<u>01/04/12 - 30/09/12</u>		<u>01/04/11 - 30/09/11</u>	
		USD	USD	USD	USD
Income					
Interest income	2.5.6	13.915.382		14.222.028	
Other financial income		<u>731</u>		<u>1.108</u>	
			13.916.113		14.223.136
Expense					
Interest expense	2.5.7	(13.694.919)		(14.001.623)	
Currency exchange results	2.5.8	<u>(3.178)</u>		<u>(29.116)</u>	
			(13.698.097)		(14.030.739)
Net operating result			218.016		192.397
Management and administration fee		(44.111)		(34.087)	
Tax advisory fee	2.5.9	(3.558)		(3.182)	
Audit fees	2.5.9	295		(2.338)	
Bank charges		(2.007)		(2.077)	
Other operating expenses		<u>(4.568)</u>		<u>(4.479)</u>	
			<u>(53.949)</u>		<u>(46.163)</u>
Income before taxation			164.067		146.234
Corporate income tax	2.5.10		<u>(33.479)</u>		<u>(45.694)</u>
Net result			<u><u>130.588</u></u>		<u><u>100.540</u></u>

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2.3 Cash flow statement for the period April 1, 2012 up to and including September 30, 2012

	<u>01/04/12 - 30/09/12</u>		<u>01/04/11 - 30/09/11</u>	
	USD	USD	USD	USD
Net result		130.588		100.540
Adjusted for changes in:				
· Amounts due from shareholder	(14.779.878)		(13.338.713)	
· Corporate income tax receivable	33.479		45.694	
· Interest payable	13.976.491		13.532.971	
· Accrued expenses and other liabilities	<u>(12.613)</u>		<u>(53.821)</u>	
		(782.521)		186.131
Corporate income tax paid		<u>(74.565)</u>		<u>(97.043)</u>
Cash flow from operating activities		(726.498)		189.628
Cash flow from investing activities		-		-
Cash flow from financing activities		<u>-</u>		<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(726.498)		189.628
Cash and cash equivalents at April 1		<u>794.235</u>		<u>551.467</u>
Cash and cash equivalents at September 30		<u>67.737</u>		<u>741.095</u>

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

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2.4 General notes to the interim 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 group financing company.

Based on Article 1, par 1, sub I “Wet toezicht accountantsorganisaties” the Company is considered to be 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.

2.4.2 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 included 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.

2.4.3 Related parties

The Company finances 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.

Transactions with key management personnel

As at September 30, 2012, the spouse of a director of the parent company held bonds issued by the Company with a nominal value of GBP 480.000 (USD 777.454) (at March 31, 2012 - GBP 480.000 (USD 766.416)). The interest earned on the bonds during the 6-month period was USD 32.729, all of which remained unpaid as at September 30, 2012 (6-months to September 30, 2011 – USD 33.690 all of which remained unpaid as at September 30, 2011).

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As at September 30, 2012, two children of a director of the parent company held bonds issued by the Company with a nominal value of GBP 500.000 (USD 809.848) (at March 31, 2012 - GBP 500.000 (USD 798.350)). The interest earned on the bonds during the 6-month period was USD 34.093, all of which remained unpaid at September 30, 2012 (the bonds were not held at September 30, 2011).

2.4.4 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 included when assessing the Company's solvency.

2.4.5 Going concern

These financial statements have been prepared on a going concern basis. The basis for valuation and determination of results assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The board of directors has no reason to believe that the financing of the Company will be discontinued on short notice; therefore, as far as the directors are aware, durable continuation of the business activities remains possible.

2.4.6 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 that of 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 appropriate 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.

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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 also 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 as 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 while the bond loan carries a fixed interest rate of 8,625% per annum. The Company therefore considers that the foreign currency risk is not significant.

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Financial fixed assets

Financial fixed assets are valued at nominal value.

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 are 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 Financial fixed assets

Loans due from shareholder

The movements in the loans due from shareholder are as follows:

	September 30, 2012	March 31, 2012
	USD	USD
Opening Balance	319.335.782	320.204.931
Foreign exchange	4.603.317	(869.149)
Closing Balance	323.939.099	319.335.782

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 323.939.099). The loan is fully repayable on March 25, 2019 and carries a fixed interest at 8.75% per annum.

Financial risks which might arise from the ordinary business activities of Cable and Wireless International Finance B.V. would 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. As far as Management is aware, 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 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 considers that the foreign currency and interest risks are not significant.

Due from shareholder

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 0,0046815%. Unpaid interest is added to the principal sum.

The loan has a 3-month term. However, as at September 30, 2012, the loan is not expected to 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.

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2.5.2 Current assets

Due from shareholder

The amount due from shareholder are as follows:

	September 30, 2012	March 31, 2012
	USD	USD
Accrued interest due from Cable & Wireless Limited, London, UK	14.644.747	465.698
Other amounts due from Cable & Wireless Limited, London, UK	2.836	401.965
	14.647.583	867.663

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

Corporate income tax receivable

	September 30, 2012	March 31, 2012
	USD	USD
Dutch CIT receivable for the period 01/04/11 – 31/03/12	44.435	45.838
Dutch CIT receivable for the period 01/04/12 – 30/09/12	42.489	-
	86.924	45.838

The latest final Dutch CIT assessment which the Company received was for the year 2010/2011.

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 period-end rate of EUR 1 = USD 1,2300 (prior year; EUR 1 = USD 1,3323). 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 period under review.

Details of shareholder's equity are as follows:

		Share capital	Share premium	Other reserve	Accumulated deficit	Unappro- priated Result	Total
Balance as at March 31, 2012	USD	<u>970.521</u>	<u>23.747.102</u>	<u>(5.730)</u>	<u>(15.002.590)</u>	<u>204.477</u>	<u>9.913.780</u>
Balance as at April 1, 2012	USD	970.521	23.747.102	(5.730)	(15.002.590)	204.477	9.913.780
Appropriation of result	USD	-	-	-	204.477	(204.477)	-
Other reserve	USD	(74.512)	-	74.512	-	-	-
Result for the period	USD	-	-	-	-	130.588	130.588
Balance as at September 30, 2012	USD	<u>896.009</u>	<u>23.747.102</u>	<u>68.782</u>	<u>(14.798.113)</u>	<u>130.588</u>	<u>10.044.368</u>

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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 are as follows:

	September 30, 2012	March 31, 2012
	USD	USD
Opening Balance	319.335.782	320.204.931
Foreign exchange	4.603.317	(869.149)
Closing Balance	323.939.099	319.335.782

As at September 30, 2012 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.

The movement summary from the date of issuing till September 30, 2012 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 336.410.755 (GBP 207.700.000). As at March 31, 2012 the market value of the bonds amounted to USD 312.470.062 (GBP 195.700.000).

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2.5.5 Current liabilities

Interest payable

The interest payable relates to interest due to the holders of the bond loan. As at September 30, 2012 an amount of USD 3.847.070 (GBP 2.375.181), 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:

	September 30, 2012	March 31, 2012
	USD	USD
Management and accounting fee payable	25.830	7.142
Tax advisory fee payable	10.596	9.992
Audit fee payable	-	34.639
Other accrued expenses	4.167	1.433
	40.593	53.206

2.5.6 Interest income

The interest income can be detailed as follows:

	01/04/2012 - 30/09/2012	01/04/2011 - 30/09/2011
	USD	USD
Interest income group companies	13.915.582	14.222.028

2.5.7 Interest expense

The interest expense can be detailed as follows:

	01/04/2012 - 30/09/2012	01/04/2011 - 30/09/2011
	USD	USD
Interest expense - bonds	13.694.910	14.001.623
Interest expense - banks	9	-
	13.694.919	14.001.623

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2.5.8 Currency exchange results

The currency exchange results can be detailed as follows:

	01/04/2012 - 30/09/2012	01/04/2011 - 30/09/2011
	USD	USD
Exchange gain/(loss) on amounts due from group companies	4.886.394	(4.911)
Exchange loss others	(4.889.572)	(24.205)
Net exchange loss	(3.178)	(29.116)

2.5.9 Audit fee disclosure

The following fees for 2012/2013 have been or will be charged by KPMG to the Company:

	KPMG Accountants 2012/2013 USD	KPMG network 2012/2013 USD	Total KPMG USD
Statutory audit of annual accounts	(295)	-	(295)
Tax advisory services	-	3.558	3.558
	(295)	3.558	3.263

2.5.10 Corporate income tax

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

	01/04/2012 - 30/09/2012	01/04/2011 - 30/09/2011
	USD	USD
Charge for the period	33.479	27.967
Amendments to prior period tax provision	-	17.727
	33.479	45.694

As from April 1, 2011 the Company's fiscal functional currency is USD.

On January 28, 2011, the Company concluded a tax ruling with the Dutch tax authorities and agreed the method of the determination of the taxable result. This tax ruling will expire on December 31, 2014. This ruling introduces 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 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 9.438).

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3. Other information

3.1 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 22, 2012

Managing directors,

C.P. Underwood

Rokin Corporate Services B.V.

ATC Management B.V.

Represented by:

Represented by:

R. Rosenboom and E. Denekamp

R. Rosenboom and E. Denekamp