

Cable and Wireless International Finance B.V.

Annual report 2013/2014

Amsterdam, the Netherlands

Cable and Wireless International Finance B.V.

Annual report 2013/2014

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1.1 Directors' report

General

Management hereby presents to the shareholder the financial statements of Cable and Wireless International Finance B.V. (the "Company") for the year April 1, 2013 up to and including March 31, 2014.

Activities and results

The Company was incorporated on September 28, 1989. The objective of the Company is to act as a finance company. The group structure is further detailed in note 2.4 of the financial statements.

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 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 year under review, the Company realized a net profit of USD 266,850 (previous year USD 209,858) and the equity ratio decreased from 3.21% to 3.05%. The activities of the Company developed in line with expectations.

Personnel related information

The Company employed no personnel during the year.

Research and development costs

The Company does not perform any research and development.

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 Pound Sterling ("GBP") for both the loans due from the shareholder and the bond loan, each in the principal amount of GBP 200,000,000. The loans due from shareholder carries a fixed interest at 8.75% per annum whilst the bond loan carries a fixed interest rate at 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.

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1.1 Directors' report

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

To our knowledge,

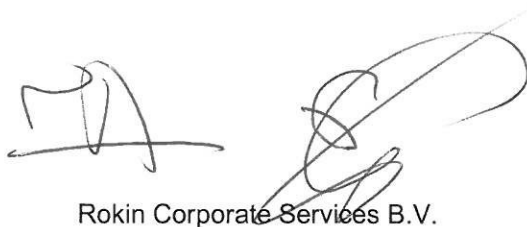
1. the financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Company;
2. the directors' report gives a true and fair view of the position as per 31 March 2014 and the developments during the financial year 2013/2014 of the Company; and
3. the directors' report describes the material risks that the Company is facing.

Amsterdam, July 29, 2014

Managing directors,



B.H.Y. Bradberry



Rokin Corporate Services B.V.



Intertrust Management B.V.

Cable and Wireless International Finance B.V.

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2.1 Balance sheet as at March 31, 2014

(Before result appropriation)

| ASSETS | Note | March 31, 2014 | | March 31, 2013 | |
|----------------------------------|------|------------------|---------------------------|------------------|---------------------------|
| | | USD | USD | USD | USD |
| Fixed assets | | | | | |
| <i>Financial fixed assets</i> | | | | | |
| Loans due from shareholder | [1] | 330,087,473 | | 304,785,126 | |
| Due from shareholder | | <u>9,749,579</u> | | <u>9,724,122</u> | |
| | | | 339,837,052 | | 314,509,248 |
| Current assets | | | | | |
| <i>Receivables</i> | | | | | |
| Due from shareholder | [2] | 896,877 | | 828,128 | |
| Corporate income tax receivable | | <u>-</u> | | <u>42,497</u> | |
| | | | 896,877 | | 870,625 |
| <i>Cash and cash equivalents</i> | [3] | | 261,748 | | 13,601 |
| | | | <u><u>340,995,677</u></u> | | <u><u>315,393,474</u></u> |

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2.1 Balance sheet as at March 31, 2014

(Before result appropriation)

| SHAREHOLDER'S EQUITY AND LIABILITIES | March 31, 2014 | | March 31, 2013 | |
|---|----------------|--------------------|----------------|--------------------|
| | USD | USD | USD | USD |
| Shareholder's equity [4] | | | | |
| Share capital | 1,003,658 | | 946,783 | |
| Share premium | 23,747,102 | | 23,747,102 | |
| Other reserve | (38,867) | | 18,008 | |
| Accumulated deficit | (14,588,255) | | (14,798,113) | |
| Unappropriated result | 266,850 | | 209,858 | |
| | | 10,390,488 | | 10,123,638 |
| Long-term liabilities [5] | | | | |
| Bond and subordinated loans | 330,087,473 | | 304,785,126 | |
| | | 330,087,473 | | 304,785,126 |
| Current liabilities [6] | | | | |
| Interest payable to bond holders | 348,046 | | 321,368 | |
| Interest payable shareholder | 126,455 | | 116,761 | |
| Corporate income tax | 1,991 | | - | |
| Accrued expenses and other liabilities | 41,224 | | 46,581 | |
| | | 517,716 | | 484,710 |
| | | <u>340,995,677</u> | | <u>315,393,474</u> |

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2.2 Statement of income for the year April 1, 2013 up to and including March 31, 2014

| | | 01-04-2013 / 31-03-2014 | | 01-04-2012 / 31-03-2013 | |
|-----------------------------------|------|-------------------------|----------------|-------------------------|----------------|
| | | USD | USD | USD | USD |
| Income | [7] | | | | |
| Interest income | | 28,908,111 | | 26,630,167 | |
| Other financial income | | 907 | | 731 | |
| Currency exchange results | | 22,449 | | - | |
| | | | 28,931,467 | | 26,630,898 |
| Expense | [8] | | | | |
| Interest expense | | (28,470,045) | | (26,202,587) | |
| Currency exchange results | | - | | (3,652) | |
| | | | (28,470,045) | | (26,206,239) |
| Net operating result | | | 461,422 | | 424,659 |
| Management and administration fee | | (72,852) | | (85,189) | |
| Tax advisory fee | | (15,738) | | (9,326) | |
| Audit fees | | (31,023) | | (34,304) | |
| Legal fees | | - | | (245) | |
| Bank charges | | (1,028) | | (3,105) | |
| Other operating expenses | | (3,149) | | (3,959) | |
| | | | (123,790) | | (136,128) |
| Income before taxation | | | 337,632 | | 288,531 |
| Renunciation of bond interest | [9] | 7,587,267 | | 6,982,596 | |
| Waiver loan interest receivable | [10] | (7,587,267) | | (6,982,596) | |
| | | | - | | - |
| Taxation | [11] | | (70,782) | | (78,673) |
| Net result | | | <u>266,850</u> | | <u>209,858</u> |

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Cash flow statement for the year April 1, 2013 up to and including March 31, 2014

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

| | 01-04-2013 / 31-03-2014 | | 01-04-2012 / 31-03-2013 | |
|---|-------------------------|-----------------------|-------------------------|----------------------|
| | USD | USD | USD | USD |
| Net result | | 266,850 | | 209,858 |
| Adjusted for changes in: | | | | |
| - Corporate income tax receivable | 70,782 | | 79,062 | |
| - Interest payable | 36,372 | | (20,916) | |
| - Accrued expenses and other liabilities | (5,357) | 101,797 | (6,625) | 51,521 |
| | | <u>368,647</u> | | <u>261,379</u> |
| Corporate income tax paid | | (26,294) | | (75,721) |
| Cash flow from operating activities | | <u>342,353</u> | | <u>185,658</u> |
| Cash flow from investing activities | | <u>-</u> | | <u>-</u> |
| Cash flow from financing activities | | | | |
| Amounts due from shareholder | | <u>(94,206)</u> | | <u>(966,292)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 248,147 | | (780,634) |
| Cash and cash equivalents at April 1 | | <u>13,601</u> | | <u>794,235</u> |
| Cash and cash equivalents at March 31 | | <u><u>261,748</u></u> | | <u><u>13,601</u></u> |

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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 objectives of the Company are to act as a finance company.

Based 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 exception 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 held bonds issued by the Company. The Director resigned during the year. These bonds had a nominal value at 31 March 2013 of USD 731,472 (GBP 480,000). The interest earned on those bonds during the year until resignation was USD 49,408 which has been paid in full (2012/2013 - USD 65,404 of which USD 1,037 remained unpaid at 31 March 2013).

Two children of a Director of the ultimate parent company held bonds issued by the Company. The Director resigned during the year. These bonds had a nominal value at 31 March 2013 of USD 761,950 (GBP 500,000). The interest earned on those bonds during the year until resignation was USD 51,466 which has been paid in full (2012/2013 - USD 68,128 of which USD 1,080 remained unpaid at 31 March 2013).

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.

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

Comparison previous year

The accounting principles remained unchanged compared to previous year.

Accounting policies

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

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2.4 Notes to the financial statements

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 ("USD"). In respect of the Company, the directors consider the USD 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 USD. The Company's presentation currency is also the USD.

Basis of preparation

The Company qualifies as a middle 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 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 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 the shareholder and the bond loan, each in the principal amount of GBP 200,000,000. The loans due from the shareholder carries a fixed interest at 8.75% per annum whilst the bond loan carries a fixed interest rate at 8.625% per annum. The Company therefore deems the foreign currency risk not significant.

Bond and subordinated loans

Loans are recorded as the proceeds received, net of direct costs incurred in obtaining the loans, and are amortised to the settlement amount using the effective interest method.

Current bank debt represents amounts that are due within 12 months. Non-current bank debt represents amounts that will settle after more than 12 months.

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2.4 Notes to the financial statements

Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- currency risk
- credit risk
- liquidity risk
- interest risk

Currency risk

The Company is exposed to movements in exchange rates in relation to non-dollar currency income and expenses. Where appropriate, the Company manages its exposure to movements in exchange rates on a net basis and uses forward foreign exchange contracts and other derivative and financial instruments to reduce the exposures created when currencies do not naturally offset in the short term. The Company will undertake hedges to minimise the exposure to individual transactions that create significant foreign exchange exposures for the Company where appropriate.

Credit risk

Cash deposits and similar financial instruments given rise to credit risk, which represents the loss that would be recognised if a counterparty failed to perform as contracted. The carrying amount of the financial assets of the Company represents the maximum credit exposure of the Company. Management seeks to reduce this credit risk by ensuring the counterparties to all but a small proportion of the Company's financial instruments are the core relationship banks. These banks are awarded a maximum credit limit based on ratings by Standard & Poor's and Moody's, the level of banks' credit default swap (CDS) and its associated level of tier one capital. The credit limit assigned to counterparties is monitored on a continuing basis. The credit risk on the loan receivable from the Company's shareholder is considered limited due to its sound financial position. Furthermore, the Company's shareholder has signed a letter of support to the Company.

Liquidity risk

The Company manages its own liquidity to meet its financial obligations of servicing and repaying external debt. Liquidity forecasts are produced on a regular basis to ensure the utilisation of current facilities is optimised and that medium-term liquidity is maintained and for the purpose of identifying long-term strategic funding requirements. The Directors also regularly assess the balance of capital and debt funding of the Company.

Interest risk

The Company is exposed to movements in interest rates on its surplus cash balances and variable rate loans although there is a degree of offset between the two. The Company may seek to reduce volatility by fixing a proportion of this interest rate exposure whilst taking account of prevailing market conditions as appropriate.

The Company does not use derivative financial instruments.

Financial fixed assets

Financial fixed assets are valued at nominal value.

Equity

Share capital

Ordinary shares are classified as share capital.

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2.4 Notes to the financial statements

Share premium

An amount of USD 23,747,102 is classified within equity as share premium.

Other reserves

Gains and losses resulting from the translation of the issued and paid-up capital from EUR to USD is recorded in the other reserves.

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

ASSETS

Fixed assets

Financial fixed assets [1]

| | 2013/2014 | 2012/2013 |
|-----------------------------------|--------------------|--------------------|
| | USD | USD |
| Loans due from shareholder | | |
| Opening balance as April 1 | 304,785,126 | 319,335,782 |
| Foreign exchange | 25,302,347 | (14,550,656) |
| Balance as at March 31 | <u>330,087,473</u> | <u>304,785,126</u> |

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 330,087,473). The loan is fully repayable on June 1, 2019 and carries 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 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 loans due from shareholder carry a fixed interest at 8.75% per annum whilst the bond loan carries a fixed interest rate at 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:

| | 2013/2014 | 2012/2013 |
|-------------------------------|------------------|------------------|
| | USD | USD |
| Opening balance as April 1 | 9,724,122 | 8,718,295 |
| Drawn during during the year | - | 978,963 |
| Repaid during during the year | - | (21,000) |
| Interest for the year | 25,457 | 47,864 |
| Balance as at March 31 | <u>9,749,579</u> | <u>9,724,122</u> |

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 year was 0.261%. 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.

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2.5 Notes to the balance sheet

Receivables [2]

Due from shareholder

The amount due from shareholder can be detailed as follows:

| | <u>March 31, 2014</u> | <u>March 31, 2013</u> |
|--|-----------------------|-----------------------|
| | USD | USD |
| Accrued interest due from Cable & Wireless Limited, London, UK | 481,378 | 444,478 |
| Other amounts due from Cable & Wireless Limited, London, UK | 415,499 | 383,650 |
| | <u>896,877</u> | <u>828,128</u> |

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

| | <u>March 31, 2014</u> | <u>March 31, 2013</u> |
|---|-----------------------|-----------------------|
| | USD | USD |
| Corporate income tax receivable | | |
| 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 | - | (2,222) |
| | <u>-</u> | <u>42,497</u> |

Cash and cash equivalents [3]

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

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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 year-end rate of EUR 1 = USD 1.3778 (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:

| | <u>2013/2014</u> | <u>2012/2013</u> |
|-------------------------------|---------------------|---------------------|
| | USD | USD |
| Share capital | | |
| Opening balance as April 1 | 946,783 | 970,521 |
| Other reserve movement | 56,875 | (23,738) |
| Balance as at March 31 | <u>1,003,658</u> | <u>946,783</u> |
| | <u>2013/2014</u> | <u>2012/2013</u> |
| | USD | USD |
| Share premium | | |
| Balance as at April 1 | 23,747,102 | 23,747,102 |
| Movement during the year | - | - |
| Balance as at March 31 | <u>23,747,102</u> | <u>23,747,102</u> |
| | <u>2013/2014</u> | <u>2012/2013</u> |
| | USD | USD |
| Other reserve | | |
| Opening balance as of April 1 | 18,008 | (5,730) |
| Movement during the year | (56,875) | 23,738 |
| Balance as at March 31 | <u>(38,867)</u> | <u>18,008</u> |
| | <u>2013/2014</u> | <u>2012/2013</u> |
| | USD | USD |
| Accumulated deficit | | |
| Opening balance as of April 1 | (14,798,113) | (15,002,590) |
| Appropriation of result | 209,858 | 204,477 |
| Balance as at March 31 | <u>(14,588,255)</u> | <u>(14,798,113)</u> |

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2.5 Notes to the balance sheet

| | <u>2013/2014</u> | <u>2012/2013</u> |
|---------------------------------|------------------|------------------|
| | USD | USD |
| Unappropriated result | | |
| Opening balance as of April 1 | 209,858 | 204,477 |
| Proposal profit appropriation | 266,850 | 209,858 |
| Appropriation result prior year | (209,858) | (204,477) |
| Balance as at March 31 | <u>266,850</u> | <u>209,858</u> |

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:

| | <u>2013/2014</u> | <u>2012/2013</u> |
|-------------------------------|--------------------|--------------------|
| | USD | USD |
| Opening balance as of April 1 | 304,785,126 | 319,335,782 |
| Foreign exchange | 25,302,347 | (14,550,656) |
| Balance as at March 31 | <u>330,087,473</u> | <u>304,785,126</u> |

As at March 31, 2014 Cable & Wireless Limited is one of the bond holders for a face value of GBP 53,300,000. Cable & Wireless Limited was entitled to receive interest in a total amount of USD 7,587,267 (GBP 4,597,125) on March 25, 2014. Cable & Wireless Limited irrevocably renounced its right to receive payment of interest. As a result of the renunciation of interest the Company realized a net gain on bond interest of USD 7,587,267 (GBP 4,597,125).

Movement summary from the date of issuing till March 31, 2014 is as follows:

| | <u>Currency</u> | <u>Interest rate</u> | <u>Maturity date</u> | <u>GBP</u> |
|-----------------------|-----------------|----------------------|----------------------|--------------------|
| Issued in 1994 | GBP | 8.625% | 25-03-2019 | 200,000,000 |
| Repurchased in 2005 | GBP | 8.625% | 25-03-2019 | (19,900,000) |
| Repurchased in 2007 | GBP | 8.625% | 25-03-2019 | (1,500,000) |
| Repurchased in 2008 | GBP | 8.625% | 25-03-2019 | (31,900,000) |
| Sold during 2008/2009 | GBP | 8.625% | 25-03-2019 | 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 384,948,011 (GBP 233,240,000). As at March 31, 2013 the market value of the bonds amounted to USD 348,064,614 (GBP 228,400,000).

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2.5 Notes to the balance sheet

Current liabilities [6]

Interest payable to bond holders

The interest payable to bond holders of USD 348,046 (GBP 210,881) relates to interest due to the holders of the bond loan, which is payable at March 25, 2015.

Interest payable to shareholder

The interest payable to shareholder of USD 126,455 (GBP 76,619) relates to interest due on the bond loan, which is payable at March 25, 2015.

| | <u>March 31, 2014</u> | <u>March 31, 2013</u> |
|---|-----------------------|-----------------------|
| | USD | USD |
| Corporate income tax | 1,991 | - |
| | <u>1,991</u> | <u>-</u> |
| | <u>March 31, 2014</u> | <u>March 31, 2013</u> |
| | USD | USD |
| Accrued expenses and other liabilities | | |
| Management fee payable | 1,859 | 4,119 |
| Tax advisory fee payable | 8,342 | 7,863 |
| Audit fee payable | 31,023 | 34,599 |
| | <u>41,224</u> | <u>46,581</u> |

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2.6 Notes to the statement of income

Financial income and expense

Income [7]

| | 2013/2014 | 2012/2013 |
|---------------------------------|-------------------|-------------------|
| | USD | USD |
| Interest income | | |
| Interest income group companies | 28,908,111 | 26,630,167 |
| | <u>28,908,111</u> | <u>26,630,167</u> |

Currency exchange results

| | | |
|---|---------------|----------|
| Exchange gain on amounts due from group companies | 25,342,336 | - |
| Exchange loss others | (25,319,887) | - |
| | <u>22,449</u> | <u>-</u> |

Expense [8]

| | 2013/2014 | 2012/2013 |
|--------------------------|-------------------|-------------------|
| | USD | USD |
| Interest expense | | |
| Interest expense - bonds | 28,470,045 | 26,202,556 |
| Interest expense - banks | - | 31 |
| | <u>28,470,045</u> | <u>26,202,587</u> |

The interest to the bondholders is settled by Cable & Wireless Limited.

| | 2013/2014 | 2012/2013 |
|---|-----------|----------------|
| | USD | USD |
| Currency exchange results | | |
| Exchange loss on amounts due from group companies | - | (14,574,901) |
| Exchange gain others | - | 14,571,249 |
| | <u>-</u> | <u>(3,652)</u> |

Renunciation of bond interest [9]

As at March 31, 2014 Cable & Wireless Limited is one of the bond holders for a face value of GBP 53,300,000 as a result of past market repurchases. Cable & Wireless Limited was entitled to receive interest in a total amount of USD 7,587,267 (GBP 4,597,125) on March 25, 2014. Cable & Wireless Limited irrevocably renounced its right to receive payment of interest. As a result of the renunciation of interest the Company realized a net gain on bond interest of USD 7,587,267 (GBP 4,597,125).

Cable and Wireless International Finance B.V.

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2.6 Notes to the statement of income

Waiver loan interest receivable [10]

The waiver of loan interest receivable relates to the interest due from Cable & Wireless Limited on the GBP 200.000.000 loan. The Company was entitled to receive interest in a total amount of USD 7,587,267 (GBP 4,597,125) on March 25, 2013. The Company waived its right to receive payment of interest.

| | 2013/2014 | 2012/2013 |
|---------------------------------------|---------------|---------------|
| | USD | USD |
| Corporate income tax [11] | | |
| Charge for the year | 70,782 | 78,674 |
| Amendments to prior year tax position | - | (1) |
| | <u>70,782</u> | <u>78,673</u> |

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.

The Company has filed its corporate income tax returns for all calender years except for 2013/2014, which is not yet due as of the date of this report. The Company has received its latest final Dutch Corporate Income Tax (CIT) assessment on May 31, 2014 for the 2012/2013 tax year which was in line with the originally filed return.

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 |
| Statutory audit of annual accounts | 31,023 | - | 31,023 |
| Tax advisory services | - | 15,738 | 15,738 |
| | <u>31,023</u> | <u>15,738</u> | <u>46,761</u> |

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 10,110 in that capacity (previous year: USD 9,438). One director did not receive a remuneration during the year under review.

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2.6 Notes to the statement of income

Amsterdam, July 29, 2014

Managing directors,



B.H.Y. Bradberry



Rokin Corporate Services B.V.



Intertrust Management B.V.

Cable and Wireless International Finance B.V.

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3. Other information

3.1 Audit of the financial statements

The Company qualifies as a middle 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.

3.2 Statutory provisions concerning appropriation of result

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

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

3.3 Appropriation of result for the year ended March 31, 2013

The 2012/2013 annual accounts were adopted at the Annual Meeting held on July 18, 2013. The Annual Meeting determined the appropriation of the result in accordance with the motion tabled for that purpose.

3.4 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.

3.5 Auditors' report



Independent auditor's report

To: the General Meeting of Shareholders of Cable & Wireless International Finance B.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended on 31 March 2014 of Cable & Wireless International Finance B.V., Amsterdam, which comprise the balance sheet as at 31 March 2014, the statement of income for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

The Board of Directors responsibility

The Board of Directors is responsible for the preparation and fair presentation of these financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Board of Directors is responsible for such internal control as they determine 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, 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 & Wireless International Finance B.V. as at 31 March 2014 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 directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the directors' 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, 29 July 2014

KPMG Accountants N.V.



J.P.M. van Dijk RA