

Sable International Finance Limited

Directors' report and financial statements

For the year ended 31 March 2010

Registered Office:
Card Corporate Services Limited
Charles Adams, Ritchie & Duckworth
PO Box 709
Grand Cayman
KY1-1107
Cayman Islands

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Directors' report

The directors of Sable International Finance Limited ('the Directors') present their annual report and the audited financial statements of Sable International Finance Limited ('the Company') for the year ended 31 March 2010.

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 Company was incorporated in the Cayman Islands on 1 April 2008.

The profit for the year after taxation amounted to \$1,079,072 (2009: \$585,757). The Directors do not recommend the payment of a dividend.

Cable & Wireless Group reorganisation

On 19 March 2010, the Cable & Wireless Group effected a group reorganisation whereby Cable & Wireless Communications Plc was inserted as a new holding company for the Cable & Wireless Communications Group via a Scheme of Arrangement. Cable & Wireless Communications Plc therefore replaced Cable and Wireless plc (now Cable & Wireless Limited) as the parent company of the Cable & Wireless Communications Group as at this date.

The smallest and largest group in which the 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, 3rd Floor, 26 Red Lion Square, London WC1R 4HQ. No other group accounts include the results of the Company.

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' report (continued)

Directors

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

N Cooper
R Burge (resigned 16 August 2010)
D Platt (resigned 24 November 2009)
R Grady (appointed 24 November 2009 and resigned 16 August 2010)
C Underwood (appointed 16 August 2010)
T Pennington (appointed 16 August 2010)

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 auditors

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 auditors are 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 auditors are aware of that information.

On behalf of the board:

N Cooper
Director

Date: 23 September 2010

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

The Directors of Sable International Finance Limited have accepted responsibility for the preparation of these non-statutory accounts for the year ended 31 March 2010 which are intended by them to give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. They have decided to prepare the non-statutory accounts in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice).

In preparing these non-statutory accounts, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed; subject to any material departures being disclosed and explained in the non-statutory accounts; and
- prepared the non-statutory accounts 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. They 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.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the current directors, whose names are listed on page 2, confirms that, to the best of each person's knowledge and belief:

- The financial statements, prepared in accordance with UK GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The management report contained within the directors' report includes a fair review of the development and performance and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Independent auditors' report to the Directors of Sable International Finance Limited

We have audited the non-statutory accounts of Sable International Finance Limited for the year ended 31 March 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movement in shareholders' funds, the balance sheet and the related notes. These non-statutory accounts have been prepared for the reasons and on the basis set out in note 1 to the non-statutory accounts.

Our report has been prepared for the Company solely in connection with the preparation by the Company's directors of non-statutory financial accounts prepared to support compliance with covenant requirements related to the credit facilities as defined in note 1 to the non-statutory financial accounts. 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 Audit Plc will accept no responsibility or liability in respect of our report to any other party.

Respective responsibilities of directors and KPMG Audit Plc

The directors of Sable International Finance Limited's responsibilities for preparing these non-statutory accounts in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the non-statutory accounts in accordance with the terms of our engagement letter dated 16 September 2010 and International Standards on Auditing (UK and Ireland).

Under the terms of engagement we are required to report to you our opinion as to whether the non-statutory accounts give a true and fair view. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the other information accompanying the non-statutory accounts and consider whether it is consistent with the audited non-statutory accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the non-statutory accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the non-statutory accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the non-statutory accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the non-statutory accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the non-statutory accounts.

Opinion

In our opinion the non-statutory accounts give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2010 and of its profit for the year then ended 31 March 2010

John Edwards (Senior Auditor)
for and on behalf of KPMG Audit Plc
Chartered Accountants
8 Salisbury Square, London EC4Y 8BB
23 September 2010

Profit and loss account

for the year ended 31 March 2010

	<i>Note</i>	2010 \$'000	2009 \$'000
Interest receivable from group company		24,069	12,737
Interest payable		(16,973)	(12,175)
Exceptional finance expense	6	(6,211)	-
Other income		194	23
Profit on ordinary activities before taxation		1,079	585
Taxation	3	-	-
Profit for the financial year		1,079	585

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

There is no difference between the reported result and that which would be reported under the historical cost convention.

The accompanying notes on pages 7 to 11 form an integral part of the financial statements.

Statement of total recognised gains and losses

for the year ended 31 March 2010

	2010 \$'000	2009 \$'000
Profit for the financial year	1,079	585
Foreign exchange losses	(56)	(102)
Total recognised gains for the financial year	1,023	483

Reconciliation of movements in shareholders' funds

For the year ended 31 March 2010

	2010 \$'000	2009 \$'000
Profit for the financial year	1,079	585
Foreign exchange loss	(56)	(102)
Net increase in shareholders' funds	1,023	483
Opening shareholders' funds	483	-
Closing shareholders' funds	1,506	483

Balance sheet

As at 31 March 2010

	<i>Note</i>	2010 \$'000	2009 \$'000
Current assets			
Debtors: amounts falling due within one year	4	5,273	3,192
Current liabilities			
Creditors: amounts falling due within one year	5	(5,110)	(3,192)
Net current assets		163	-
Debtors and prepayments: amounts falling due after more than one year	4	489,824	411,948
Creditors: amounts falling due after more than one year	6	(488,481)	(411,465)
Net assets		1,506	483
Capital and reserves			
Called-up share capital	7	-	-
Profit and loss account	8	1,506	483
Shareholders' funds		1,506	483

The accompanying notes on pages 7 to 11 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 23 September 2010 and signed on its behalf by:

N COOPER
Director

Notes to the 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 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 \$500 million revolving credit facility dated 13 January 2010, the \$100 million revolving credit facility dated 13 January 2010, and the \$500 million 2017 bond dated 12 February 2010 ("the credit facilities").

The financial statements have been prepared on a going concern basis. The Directors have reviewed the financial position of the Company, including the arrangements with group undertakings, and believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Change of functional currency

As a result of the demerger of the Cable & Wireless Worldwide business from the Cable & Wireless Communications Group on 26 March 2010, the functional currency of the ultimate parent company, Cable & Wireless Communications Plc, and the majority of holding and financing companies of the group, of which this company is a member, changed to US Dollars.

In respect of the Company, following the group reorganisation, the Directors consider the US Dollar to be the local currency reflecting the economic effects of the underlying transactions, events and conditions of the Company within the Cable & Wireless Communications Group.

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

Loans 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.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Loans are classified as current liabilities unless the Group 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 assets).

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.

2. Information regarding the Directors, employees and auditors

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

The Company had no employees during the year (2009: nil).

In the current year, the auditors' remuneration of \$22,000 (2009: \$22,000) for the audit of these financial statements has been borne by another group company.

3. Taxation

The current tax charge for the year is \$nil (2009: \$nil).

The Company is a UK tax resident.

Factors affecting the tax charge for the current year

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 28% (2009: 28%). The differences are explained below:

	2010	2009
	\$'000	\$'000
Profit on ordinary activities before taxation	1,079	585
Current tax charge at 28% (2009: 28%)	302	164
<i>Effects of:</i>		
Group relief	(302)	(164)
Total current tax charge (see above)	-	-

Factors that may affect future current and total tax charges

There were no recognised or unrecognised deferred tax balances as at 31 March 2010.

Notes to the financial statements (continued)

4. Debtors and prepayments

	2010 \$'000	2009 \$'000
Amounts falling due within one year		
Amounts receivable from group undertakings	5,273	3,192
Amounts falling due after more than one year		
Prepayments	11,519	-
Amounts receivable from group undertakings	478,305	411,948
	489,824	411,948

5. Creditors: amounts falling due within one year

	2010 \$'000	2009 \$'000
Interest payable	5,059	2,939
Provision withholding tax	51	253
	5,110	3,192

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

	2010 \$'000	2009 \$'000
Dollar secured bonds repayable in 2017	488,481	-
Bank loan (repaid in 2010)	-	411,465
	488,481	411,465

During the year, the \$415 million bank facility was repaid in full and cancelled. It was secured over Cable & Wireless Ltd's (previously Cable and Wireless plc) holdings in its Panama and Caribbean based subsidiaries. This early termination of the debt resulted in an exceptional finance expense of \$6 million.

The Company subsequently entered into a \$500 million revolving credit facility secured on share pledges over group assets of Cable & Wireless Communications Plc. This facility was undrawn at 31 March 2010. This facility resulted in a prepayment of financing costs of \$12 million on the undrawn funds.

Further, the Company arranged a \$100 million term loan facility. This was secured on share pledges over the group assets of Cable & Wireless Communications Plc. This facility was undrawn at 31 March 2010.

Notes to the financial statements (continued)

6. Creditors: amounts falling due in more than one year (continued)

Dollar secured bonds due 2017

On 12 February 2010 the Company issued \$500 million of bonds with a coupon rate of 7.75% due in February 2017 in order to repay the \$415 million bank facility and to provide the business with additional cash liquidity. Interest payments of 7.75% are payable semi-annually on 15 February and 15 August of each year commencing 15 August 2010. The bonds are secured on share pledges over the group assets of Cable & Wireless Communications Plc.

The Company has passed the loan 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 4).

7. Called-up share capital

	2010 \$	2009 \$
<i>Authorised</i>		
50,000 ordinary shares of \$1 each	50,000	50,000
	50,000	50,000
	2010 \$	2009 \$
<i>Allotted, called-up and fully paid</i>		
1 ordinary share of \$ 1 each	1	1
	1	1

8. Reserves

	Profit and loss account March 2010 \$'000	Profit and loss account March 2009 \$'000
At 1 April	483	-
Profit for the year	1,079	585
Foreign currency translation	(56)	(102)
At 31 March	1,506	483

Notes to the financial statements (continued)

9. **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 (2009: Cable & Wireless Limited), a company registered in England and Wales, as the ultimate parent company and controlling undertaking.

10. **Cable & Wireless Group reorganisation**

On 19 March 2010, the Cable & Wireless Group effected a group reorganisation whereby Cable & Wireless Communications Plc was inserted as a new holding company for the Cable & Wireless Communications Group via a Scheme of Arrangement. Cable & Wireless Communications Plc therefore replaced Cable and Wireless plc (now Cable & Wireless Limited) as the parent company of the Cable & Wireless Communications Group as at this date.

The smallest and largest group in which the 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, 3rd Floor, 26 Red Lion Square, London WC1R 4HQ. No other group accounts include the results of the Company.