

Cable and Wireless International Finance B.V.

**Annual report for the financial period ended
December 31, 2016.**

Amsterdam, the Netherlands

Cable and Wireless International Finance B.V.
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands
Chamber of Commerce: 33.214.341

Cable and Wireless International Finance B.V., Amsterdam ***Annual report for the financial period ended December 31, 2016***

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Cable and Wireless International Finance B.V., Amsterdam

Annual report for the financial period ended December 31, 2016

1.1 Management report

General

Management hereby presents to the shareholder the annual report of Cable and Wireless International Finance B.V. (the "Company") for the financial period ended December 31, 2016.

The Company was incorporated with limited liability on September 28, 1989 under the laws of the Netherlands. 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 2019 Bonds (as defined and described in note 2.5 [5] to the financial statements). These 2019 Bonds are listed on the London, Hong Kong and Frankfurt stock exchanges and are due for redemption on June 1, 2019. The Bonds are guaranteed by the shareholder of the Company, Cable & Wireless Limited. In turn, Cable & Wireless Limited is a wholly owned subsidiary of Cable & Wireless Communications Limited (formerly Cable & Wireless Communications Plc. until May 20, 2016) (hereinafter "CWC"), one of the world's leading telecommunications companies.

On May 16, 2016, CWC was acquired by a subsidiary of Liberty Global plc.

During the year under review, the Company realized a net result of USD 110,005 (2015/2016: USD 239,908) and the equity of the Company as at December 31, 2016 amounts to EUR 10,933,536 (March 31, 2016: EUR 10,823,531). The equity ratio increased from 3.69% to 3.96%. The activities of the Company developed in line with expectations.

During the financial period under review, the Company changed the book year end from March 31, 2017 to December 31, 2016. This financial period relates to a shortened year from April 1, 2016 through December 31, 2016.

Changes in Management

On February 15, 2017 Ms. B.H.Y. Bradberry resigned as director of the Company.

Financial risks

The risks the Company runs in relation to financial instruments are limited to interest rate risk and credit risk. The interest rate risk is addressed and mitigated by a fixed positive margin between rates on borrowings and lendings. The credit risk is limited due to the guarantee given by the ultimate holding company with respect to the bonds receivable and the loans payable.

Financial risks arising from the ordinary business activities of the Company consist mainly of default and liquidity risks if Cable & Wireless Limited were not to meet its obligations in respect of the GBP Shareholder Loan (as defined and described in note 2.5 [1] to the financial statements) and the 2019 Bonds. At December 31, 2016, management has no reason to believe that Cable & Wireless Limited will not be able to meet its obligations in the foreseeable future.

The Company has agreements in Pound Sterling ("GBP") for the GBP Shareholder Loan and the 2019 Bonds, each in the principal amount of GBP 200,000,000. The GBP Shareholder Loan carries a fixed interest rate at 8.75% per annum, whilst the 2019 Bonds carry a fixed interest rate at 8.625% per annum. Accordingly, the Company does not consider the foreign currency and interest risks to be 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.

It is expected that the Brexit will not have a significant impact on the financial position of the Company.

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For further elaboration on the Company's risks, please refer to note 2.4 of the financial statements.

Personnel related information

The Company employed no personnel during the financial period under review (2015/2016: nil).

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.

Subsequent events

On March 25, 2017, Cable & Wireless Limited was entitled to receive interest of GBP 4,597,125 associated with the 2019 Bonds. Cable & Wireless Limited has irrevocable renounced its right to receive these interest payments.

On March 25, 2017, the Company was entitled to receive interest of GBP 4,597,125 from Cable and Wireless Limited on the GBP Shareholder Loan. The Company waived its right to receive these interest payments.

Further, management is not aware of any significant events that have occurred since the balance sheet date that were not included in the annual 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 result of the Company;
2. the Directors' report gives a true and fair view of the position as at December 31, 2016 and the developments during the financial period ended December 31, 2016 of the Company and the Directors' report describes the material risks that the Company is facing.

Amsterdam, April 19, 2017

Managing directors,

Intertrust Management B.V.

Rokin Corporate Services B.V.

Cable and Wireless International Finance B.V.

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2.1 Balance sheet as at December 31, 2016

(Before result appropriation)

ASSETS	Note	December 31, 2016		March 31, 2016	
		USD	USD	USD	USD
Fixed assets					
<i>Financial fixed assets</i>					
Loan due from shareholder	[1]	248,385,494		282,286,521	
Due from shareholder		<u>9,883,205</u>		<u>9,830,511</u>	
			258,268,699		292,117,032
Current assets					
<i>Receivables</i>					
Due from shareholder	[2]	17,440,313		1,428,481	
Income taxes receivable		32,005		2,293	
Prepayments and other receivables		<u>9,968</u>		<u>1,312</u>	
			17,482,286		1,432,086
Cash and cash equivalents	[3]		30,420		4,514
Total assets			<u><u>275,781,405</u></u>		<u><u>293,553,632</u></u>

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2.1 Balance sheet as at December 31, 2016

(Before result appropriation)

	Note	December 31, 2016		March 31, 2016	
		USD	USD	USD	USD
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	[4]				
Share capital		760,789		814,644	
Share premium		23,747,102		23,747,102	
Other reserves		204,002		150,147	
Accumulated result		(13,888,362)		(14,128,270)	
Unappropriated result		110,005		239,908	
			10,933,536		10,823,531
Long-term liabilities	[5]				
Bonds		248,385,494		282,286,521	
			248,385,494		282,286,521
Current liabilities	[6]				
Interest payable		16,424,491		405,787	
Accrued expenses and other liabilities		37,884		37,793	
			16,462,375		443,580
Total liabilities			275,781,405		293,553,632

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2.2 Statement of income for the financial period ended December 31, 2016

	Note	December 31, 2016		March 31, 2016	
		USD	USD	USD	USD
Income					
Interest income	[7]		16,564,692		24,794,093
Expense					
Interest expense	[8]	(16,229,648)		(24,347,212)	
Foreign currency transaction losses		(98,831)		(28,174)	
			<u>(16,328,479)</u>		<u>(24,375,386)</u>
Net operating result			236,213		418,707
Management and administration fee		(37,717)		(48,272)	
Tax advisory fee		(14,767)		(21,498)	
Audit fees	[12]	(30,112)		(30,365)	
Bank charges		(636)		(836)	
Other operating expenses		(11,722)		(20,584)	
Renunciation of bond interest	[9]	-		6,488,532	
Waiver of loan interest receivable	[10]	-		(6,488,532)	
			<u>(94,954)</u>		<u>(121,555)</u>
Result before income taxes			141,259		297,152
Income tax expense	[11]		(31,254)		(57,244)
Net result			<u>110,005</u>		<u>239,908</u>

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2.3 Cash flow statement for the financial year ended December 31, 2016

The cash flow statement has been prepared according to the indirect method.

	USD	2016 USD	USD	2015/2016 USD
Net result		110,005		239,908
Adjusted for changes in:				
Income tax expense	31,254		57,244	
Prepaid expense and other receivables	(8,656)		(1,312)	
Interest payable	16,018,704		(22,997)	
Accrued expenses and other liabilities	91		435	
Amounts due from shareholder	(16,064,526)	(23,133)	(268,746)	(235,376)
		86,872		4,532
Income taxes paid		(60,966)		(72,468)
Cash flow from operating activities		25,906		(67,936)
Cash flow from investing activities		-		-
Cash flow from financing activities		-		-
Notes to the cash resources				
Cash and cash equivalents at April 1		4,514		72,450
Movements in cash		25,906		(67,936)
Cash and cash equivalent at December 31 (resp. March 31)		30,420		4,514

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2.4 Notes to the financial statements

General

Cable and Wireless International Finance B.V. (the "Company"), a company with limited liability, was incorporated under the laws of the Netherlands on September 28, 1989. The statutory seat of the Company is in Amsterdam, the Netherlands, the registered office address of the Company is at Prins Bernhardplein 200, Amsterdam, the Netherlands. The objectives of the Company are to act as a finance company.

The Company qualifies as a public interest entity (Organisatie van Openbaar Belang) within the meaning of Article 1, par 1, sub I "Wet toezicht accountantsorganisaties" 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 (Liberty Global plc, London, United Kingdom) (hereinafter "Liberty Global") has instituted an Audit Committee, which is the case as at December 31, 2016. In previous years this was Cable & Wireless Communications Limited, London, United Kingdom (hereinafter "CWC"), but CWC was acquired by Liberty Global as per May 16, 2016.

The Company is registered in the Chamber of Commerce register under number 33.214.341.

Group structure

The Company is a subsidiary of Cable & Wireless Limited (the "Parent Company"), London, United Kingdom, which owns 100% of the Company's shares. In turn, Cable & Wireless Limited is a wholly owned subsidiary of CWC. The Company's figures are taken up in the consolidated accounts of CWC. The consolidated accounts of CWC can be obtained from their website: www.cwc.com. Effective May 16, 2016, the Company is ultimately owned by Liberty Global and the consolidated accounts of Liberty Global can be obtained from www.libertyglobal.com.

Related parties

The Company is engaged in the financing of its shareholder by issuing unsecured bonds secured by its shareholder. The conditions of these loans are all at arm's length. Please refer to the Notes to the balance sheet items for further details.

Solvency

The Company acts as a group financing company. As such, the Company is economically and organizationally linked to CWC. Therefore the solvency of the parent company and that of the CWC group should be included when assessing the Company's solvency.

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 Parent Company, CWC, Liberty Global and the majority of trading and financing companies of the CWC group, of which the Company is a member, is the United States 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.

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Basis of preparation

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 dollars (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.

The changes in Title 9 BW 2 with effects as from 1 January 2016 only impacts disclosure requirements and do not have any impact on equity and profit for the current and previous year.

Payables and receivables

Payables are stated at nominal value. Short term payables and receivables are reclassified to long term if it is expected that the amounts will not be repaid or recovered within 12 months after the balance sheet date.

The receivables due from shareholder and other receivables are initially valued at fair value, and subsequently valued at amortised cost, which is similar to the nominal value, after deduction of any provisions, if necessary.

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 they are incurred. Losses are accounted for in the period in which they are identified.

Going concern

These financial statements have been prepared on a going concern basis, which 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 equity of the Company amounts to USD 10,933,536 million positive. Management has assessed this situation and has a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future.

Comparison previous year

This financial period relates to a shortened year from April 1, 2016 through December 31, 2016 due to the book year end change made in December 2016. The other accounting principles remained unchanged compared to previous year.

Impairment of fixed assets

At each balance sheet date is judged whether there is any indication that an asset may be subject to impairment. If any such indication exists, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount for an individual asset, the recoverable amount of the transaction to which the asset belongs. An impairment is recognized if the carrying amount of an asset is greater than its recoverable amount, the recoverable amount is the higher of net realizable value and value in use.

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Estimates

The preparation of the financial statements in accordance with Dutch GAAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from the other sources. Actual results may differ from these estimates.

Currency

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 statement of income. 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. These balance sheet items are valued at cost.

Bonds

The 2019 Bonds are recognised initially at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost. The 2019 Bonds are amortised to the settlement amount using the effective interest method.

Current debt represents amounts that are due within 12 months. Non-current debt represents amounts that are expected to be settled after more than 12 months from the reporting date.

Financial risk management

The Company has exposure to the following risks from its 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-USD currency denominated assets, liabilities, income and expenses. Where appropriate, the Company manages its exposure to movements in exchange rates on a net basis. Affiliates of the Company use 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. Affiliates of 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 give 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 core relationship banks. These banks are awarded a maximum credit limit based on ratings by Standard & Poor's and Moody's, the level of the 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 low due to the shareholder's financial position.

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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. Accordingly, the Company does not consider interest risk to be significant. 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 risks arising from the ordinary business activities of the Company consist mainly of default and liquidity risks if Cable & Wireless Limited were not to meet its obligations in respect of the GBP Shareholder Loan and the 2019 Bonds, as further described in note 2.5 [1] and [5], respectively. At 31 December 2016, management has no reason to believe that Cable & Wireless Limited will not be able to meet its obligations in the foreseeable future.

Financial fixed assets

Financial fixed assets are valued at nominal value.

Receivables

Upon initial recognition the receivables are recorded at the fair value and subsequently valued at the amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Shareholders' equity

Share capital

Ordinary shares are classified as share capital.

Share premium

The share premium concerns the part of issued and paid-up capital that exceeds the nominal value of issued shares. possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Other reserves

Gains and losses resulting from the translation of the issued and paid-up capital from Euro ("EUR") into USD is recorded in other reserves.

Long-term liabilities

Long-term liabilities concern loans with a term of longer than one year. The part of the loans that is repaid in the coming financial year, has been included under the short-term liabilities. Upon initial recognition, loans and liabilities recorded are stated at fair value and then subsequently valued at amortized cost which is similar to nominal value.

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Current liabilities

Current liabilities concern debts with a term of less than one year. Upon initial recognition, current liabilities are stated at fair value and then subsequently valued at the amortized cost which is similar to nominal value.

Income recognition

Interest income and expense are recognized in the income statement based on accrual accounting. Dividend income is recognized in the income statement of the year in which the Company's legal right to receive payment is established. 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.

Income taxes

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Temporary differences between the reporting for tax purposes and the financial statements are recognized as deferred taxes based on the current tax rate. Deferred tax assets and liabilities are netted. Net deferred tax assets will be included in the balance sheet if actual realization is assumed probable by the Company's management.

Corporate income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Corporate income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity.

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 as highly liquid investments. Cash flow in foreign currencies are translated at the exchange rates prevailing at the date of transactions.

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2.5 Notes to the balance sheet

ASSETS

Fixed assets

Financial fixed assets [1]

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Loan due from shareholder		
Opening balance as at April 1	282,286,521	298,284,862
Foreign currency translation adjustment	<u>(33,901,027)</u>	<u>(15,998,341)</u>
Balance as at December 31 (resp. March 31)	<u><u>248,385,494</u></u>	<u><u>282,286,521</u></u>

The loan due from shareholder relates to a loan due from Cable & Wireless Limited in the amount of GBP 200,000,000 (USD 248,385,494) (the "GBP Shareholder Loan"). The GBP Shareholder Loan is fully repayable on June 1, 2019 and carries a fixed interest rate at 8.75% per annum.

The fair value of the GBP Shareholder Loan approximates the amortised cost at year-end.

Due from shareholder

Details of the amount due from shareholder are as follows:

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Opening balance as at April 1	9,830,511	9,772,758
Interest for the year	<u>52,694</u>	<u>57,753</u>
Balance as at December 31 (resp. March 31)	<u><u>9,883,205</u></u>	<u><u>9,830,511</u></u>

The amount due from shareholder relates to an USD 8,000,000 loan due from Cable & Wireless Limited, which is unsecured. The interest rate on this loan is the three-month LIBOR USD rate. The average interest rate during the year ended December 31, 2016 was 0.713%. Unpaid interest is generally transferred to the loan balance at the end of March 31, of each year.

The loan is generally callable on demand, with a term of three months. The loan is classified under financial fixed assets as Cable & Wireless Limited is a related company, has the same management as the Company, and the intent is to settle the loan in connection with the maturity of the 2019 Bonds and GBP Shareholder Loan. The fair value of this loan was not subject to reasonable estimation due to the related-party nature of the loan.

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Receivables [2]

Due from shareholder

The amount due from shareholder is as follows:

	<u>December 31, 2016</u>	<u>March 31, 2016</u>
	USD	USD
Accrued interest due from Cable & Wireless Limited	16,662,527	390,225
Other amounts due from Cable & Wireless Limited	<u>777,786</u>	<u>1,038,256</u>
Closing balance	<u><u>17,440,313</u></u>	<u><u>1,428,481</u></u>

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

Corporate income tax receivable

	<u>December 31, 2016</u>	<u>March 31, 2016</u>
	USD	USD
Corporate income tax receivable - current	<u>32,005</u>	<u>2,293</u>
	<u><u>32,005</u></u>	<u><u>2,293</u></u>

Other prepayments and accrued income

	<u>December 31, 2016</u>	<u>March 31, 2016</u>
	USD	USD
Prepaid expenses	<u>9,968</u>	<u>1,312</u>
	<u><u>9,968</u></u>	<u><u>1,312</u></u>

Cash and cash equivalents [3]

	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Cash		
Bank account USD	29,920	3,262
Bank account GBP	<u>500</u>	<u>1,252</u>
	<u><u>30,420</u></u>	<u><u>4,514</u></u>

Cash and cash equivalents comprise cash in hand and at bank, short-term deposits and money market funds with a maturity of three months or less. They are highly liquid monetary investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The carrying value of cash and cash equivalents in the balance sheet is considered to approximate fair value.

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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, divided into 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 spotrate of 1 EUR = 1.04439 USD (March 31, 2016: 1.11832). Gains or losses resulting from this translation are charged to other reserves.

Details of share capital are as follows:

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Opening balance as at April 1	814,644	800,412
Other reserve movement	(53,855)	14,232
Balance as at December 31 (resp. March 31)	<u><u>760,789</u></u>	<u><u>814,644</u></u>

Share premium

Details of share premium are as follows:

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Balance as at April 1	23,747,102	23,747,102
Movement during the year	-	-
Balance as at December 31 (resp. March 31)	<u><u>23,747,102</u></u>	<u><u>23,747,102</u></u>

Other reserves

Details of other reserves are as follows:

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Opening balance as of April 1	150,147	164,379
Movement during the year	53,855	(14,232)
Balance as at December 31 (resp. March 31)	<u><u>204,002</u></u>	<u><u>150,147</u></u>

Accumulated result

Details of accumulated result are as follows:

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Opening balance as at April 1	(14,128,270)	(14,321,405)
Appropriation of result	239,908	193,135
Balance as at December 31 (resp. March 31)	<u><u>(13,888,362)</u></u>	<u><u>(14,128,270)</u></u>

The board of directors proposes to the General Meeting that the result for the financial period ended December 31, 2016, amounting to USD 110,005 should be transferred to other reserves.

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This proposal has not yet been incorporated in the financial statements.

Unappropriated result

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Opening balance as at April 1	239,908	193,135
Proposed profit appropriation	110,005	239,908
Appropriation of prior year result	<u>(239,908)</u>	<u>(193,135)</u>
Balance as at December 31 (resp. March 31)	<u><u>110,005</u></u>	<u><u>239,908</u></u>

Long-term liabilities [5]

Bonds

In June 1994, the Company issued GBP 200,000,000 8.625% bonds due in 2019 (the "2019 Bonds"), which are secured by a guarantee given by Cable & Wireless Limited. The proceeds of the 2019 Bonds were loaned to Cable & Wireless Limited. The 2019 Bonds are listed on the London, Hong Kong and Frankfurt stock exchanges.

The movement in the carrying value of the 2019 Bonds is detailed as follows:

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Opening balance as at April 1	282,286,521	298,284,862
Foreign currency translation adjustments	<u>(33,901,027)</u>	<u>(15,998,341)</u>
Balance as at December 31 (resp. March 31)	<u><u>248,385,494</u></u>	<u><u>282,286,521</u></u>

The following table summarises the movement in the principal balance of the 2019 Bonds from the original issue date to December 31, 2016:

	<u>GBP</u>
Issued in 1994	200,000,000
Repurchased in 2005	(19,900,000)
Repurchased in 2007	(1,500,000)
Repurchased in 2008	(31,900,000)
Sold during 2008/2009	<u>53,300,000</u>
	<u><u>200,000,000</u></u>

The amounts presented as repurchased in the relevant years are stated at par value. Any differences between the par value and market price on the date of repurchase were expensed by Cable & Wireless Limited.

As at December 31, 2016, the market value of the 2019 Bonds was USD 277,074,019 (GBP 223,100,000) (March 31, 2016: USD 310,529,287 (GBP 220,010,000)).

The fair value of the 2019 Bonds approximates the amortised cost at year-end.

Current liabilities [6]

Interest payable

Interest payable includes amounts due to (i) holders of the 2019 Bonds of USD 12,047,364 equal to GBP 9,700,538 (March 31, 2016: USD 297,645 equal to GBP 210,881), which are due and payable on March 25, 2019, and (ii) shareholder of USD 4,377,127 equal to GBP 3,524,463 (March 31, 2016: USD 108,142 equal to GBP 76,619).

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Accrued expenses and other liabilities

	<u>December 31, 2016</u>	<u>March 31, 2016</u>
	USD	USD
Management and administration fee payable	1,385	718
Tax advisory fee payable	6,660	6,710
Audit fee payable	29,065	30,365
Other accrued expenses	774	-
	<u>37,884</u>	<u>37,793</u>

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2.6 Notes to the statement of income

Financial income and expense

Interest income [7]

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Interest income from Cable & Wireless Limited	16,564,692	24,794,093
	<u>16,564,692</u>	<u>24,794,093</u>

Interest expense [8]

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Interest expense - 2019 Bonds	16,229,648	24,347,212
	<u>16,229,648</u>	<u>24,347,212</u>

The interest expense related to the 2019 Bonds is settled by Cable & Wireless Limited.

Currency exchange results

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Exchange gain/(loss) on the GBP Shareholder loan	(34,035,389)	(16,058,485)
Exchange gain/(loss) on 2019 Bonds	33,949,759	16,030,311
Exchange gain/(loss) others	(13,201)	-
	<u>(98,831)</u>	<u>(28,174)</u>

Renunciation of bond interest [9]

On March 25, 2016, Cable & Wireless Limited was entitled to receive interest of USD 6,488,532 (GBP 4,597,125) associated with the 2019 Bonds. Cable & Wireless Limited has irrevocably renounced its right to receive these interest payments. As a result of the renunciation of interest, the Company realized a net gain on bond interest for each of the renounced amounts during the respective years.

Waiver of loan interest receivable [10]

The waiver of the loan interest receivable relates to the interest due from Cable & Wireless Limited on the GBP Shareholder Loan. The Company was entitled to receive interest of USD 6,488,532 (GBP 4,597,125) on March 25, 2016. The Company waived its right to receive these interest payments and recognized a loss for each of the waived amounts during the respective years. The waiver of the loan interest receivable for the current year is expected in March 2017.

Income tax expense [11]

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Charge for the year	31,254	69,682
Amendments to prior year tax position	-	(12,438)
	<u>31,254</u>	<u>57,244</u>

The effective tax rate for 2016 is 22.12% (2015/2016: 19.26%).

The Company concluded a new tax ruling with the Dutch tax authorities on August 14, 2015 wherewith the method of the determination of the taxable result was agreed. This tax ruling will expire on December 31, 2019.

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2.6 Notes to the statement of income

The Company has filed its corporate income tax returns for all fiscal years except for 2016, which is not yet due as of the date of this report. The Company received its latest final Dutch Corporate Income Tax (CIT) assessment on March 5, 2016 for the 2013/2014 tax year, which was consistent with the originally filed return. Due to the change in bookyear end, a new preliminary assessment for the CIT for the year 2016 (period April 1, 2016 through December 31, 2016) has been prepared.

Audit fee disclosure [12]

The following fees for 2016 have been or will be charged by Grant Thornton Accountants en Adviseurs B.V. to the Company for the bookyear 2016:

	<u>2016</u>	<u>2015/2016</u>
	USD	USD
Statutory audit of annual accounts	29,065	30,365
	<u>29,065</u>	<u>30,365</u>

Employees and directors [13]

During the financial period ended on December 31, 2016, the Company did not employ any personnel (2015/2016: nil). The Company had three statutory directors during the financial period under review. Two directors received a total remuneration of USD 8,340 for services provided as a director of the Company during the financial period under review (2015/2016: USD 8,679). One director did not receive any remuneration during the financial period under review and 2015/2016. On February 15, 2017, one director resigned from the Company.

The Company has no supervisory board.

Corporate income tax

The corporate income tax charge for the year is estimated to be USD 31,254.

Subsequent events

On March 25, 2017, Cable & Wireless Limited was entitled to receive interest of GBP 4,597,125 associated with the 2019 Bonds. Cable & Wireless Limited has irrevocable renounced its right to receive these interest payments.

On March 25, 2017, the Company was entitled to receive interest of GBP 4,597,125 from Cable and Wireless Limited on the GBP Shareholder Loan. The Company waived its right to receive these interest payments.

Further, management is not aware of any significant events that have occurred since the balance sheet date that were not included in the financial statements.

Statutory provisions concerning appropriation of result

In accordance with article 17 of the Articles of Association of the Company, the result of the period is at the disposal of the General Meeting.

Book 2 of the Dutch Civil Code prescribes that the General Meeting may resolve on any profit distribution to the extent that the shareholder's equity exceeds the amount of the reserves to be maintained by law and the articles of association of the Company.

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2.6 Notes to the statement of income

The Company may only follow a resolution of the General Meeting to distribute after the management board has given its approval to do this. The management board withholds approval, at the moment of distribution, only if it knows or reasonably should be able to foresee that the Company cannot continue to pay its due debts after the distribution.

Appropriation of result for the financial period ended March 31, 2016

The annual accounts for the financial period ended March 31, 2016 were adopted at the General Meeting held on July 28, 2016. The general meeting determined the appropriation of the result in accordance with the motion tabled for that purpose.

Amsterdam, April 19, 2017

Managing directors,

Intertrust Management B.V.

Rokin Corporate Services B.V.

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3. Other information

3.1 Audit of the financial statements

The Company qualifies as a middle sized company, however due to new legislation for OOB, the Company prepares the annual report based on a large sized company, therefore based on Part 9 of Book 2 of the Dutch Civil Code, the Company is required to have its financial statements audited.

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3.2 Auditors' report