

**Cable and Wireless International**

**Finance B.V.**

**Half-year Report 30 September 2009**

**Amsterdam, The Netherlands**

Cable and Wireless International Finance B.V.  
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Chamber of Commerce: 33.214.341

*Cable and Wireless International Finance B.V., Amsterdam*  
*Half-year Report 30 September 2009*

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**1 Directors' report**

**1.1 Director's report**

Management hereby presents the unaudited financial statements of Cable and Wireless International Finance B.V. ("the Company") for the period April 1, 2009 and including September 30, 2009 as required under the Transparency Directive Implementation Act (Transparency Directive).

**1.1.1 General**

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

**1.1.2 Activities and results**

During the period under review, the Company realized a net profit of GBP 123,923. The activities of the Company developed in line with expectations.

The equity ratio decreased from 2.86% to 2.80% as a result of the increased debt to the bondholders.

**1.1.3 Future outlook**

No material change in activities is contemplated for the coming period. It is expected that the result will be in line with that of the reporting period.

Furthermore management is not aware of events that have occurred since the balance sheet date that could have a significant influence on expectations concerning future activities, investments, financing, staffing and profitability.

**1.1.4 Financial risks**

The Company's objectives and policies regarding risk management in respect of the use of financial instruments described in note 2.4 to the financial statements.

Exposure to risks associated with financial instruments are disclosed in note 2.5.1 to the financial statements.

The Company does not enter into derivative financial instruments to protect itself against changes in exchange rates or interest rates. Risks in connection with anticipated significant classes of transactions are not hedged.

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

To our knowledge,

1. the financial statements give a true and fair view of the assets, liabilities, financial position and profit of Cable and Wireless International Finance B.V.;

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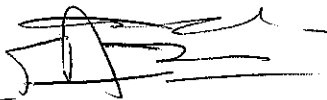
2. the director's report gives a true and fair view of the position as per 30 September 2009 and the developments during the half-year ended 30 September 2009 of Cable and Wireless International Finance B.V.; and
3. the director's report describes the material risks that Cable and Wireless International Finance B.V. is facing.

Amsterdam November<sup>20</sup> 2009

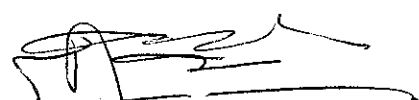
Managing Directors,



R.S. Burge



Rokin Corporate Services B.V.



ATC Management B.V.

## 2 Financial statements

### 2.1 Balance sheet as at September 30, 2009 (before appropriation of result)

		<u>September 30, 2009</u>		<u>March 31, 2009</u>	
		GBP	GBP	GBP	GBP
<b>ASSETS</b>					
<b>Fixed Assets</b>	2.5.1				
Loans due from group companies			200,000,000		200,000,000
<b>Current assets</b>	2.5.2				
Due from group companies		14,513,091		6,081,911	
Corporate income Tax	2.5.5	19,362		-	
Cash and cash equivalents		<u>403,396</u>		<u>154,078</u>	
			14,935,849		6,235,989
			<u>214,935,849</u>		<u>206,235,989</u>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>					
<b>Shareholder's equity</b>	2.5.3				
Share capital		662,412		678,074	
Share premium		15,954,786		15,954,786	
Other reserve		(180,884)		(196,546)	
Accumulated deficit		(10,545,937)		(10,866,591)	
Unappropriated result		<u>123,923</u>		<u>320,654</u>	
			6,014,300		5,890,377
<b>Long-terms liabilities</b>	2.5.4		200,000,000		200,000,000
<b>Current liabilities</b>	2.5.5				
Interest payable		8,912,500		287,500	
Corporate income Tax		-		13,608	
Accrued expenses and other liabilities		<u>15,049</u>		<u>44,504</u>	
			8,927,549		345,612
			<u>214,941,849</u>		<u>206,235,989</u>

2.2 Statement of income for the period April 1, 2009 up to and including September 30, 2009

		01/04/09-30/09/09		01/04/08-30/09/08	
		GBP	GBP	GBP	GBP
<b><u>Income</u></b>					
Interest income	2.5.6	8,781,709		8,944,172	
Currency exchange results	2.5.7	-		45,063	
			8,781,709		8,989,235
<b><u>Expense</u></b>					
Interest expense	2.5.8	(8,625,220)		(8,625,913)	
Currency exchange results	2.5.7	(3,910)		-	
			(8,629,130)		(8,625,913)
<b>Net operating result</b>			152,579		363,322
Management and administration fee		(18,322)		(15,216)	
Tax advisory fee		(2,636)		(914)	
Legal fees		-		-	
Audit fees		2,265		-	
Bank charges		(1,085)		(992)	
Other operating expenses		(2,374)		(7,248)	
			(22,152)		(24,371)
<b>Income before taxation</b>			130,427		338,951
Corporate income tax			(6,504)		(75,513)
<b>Net result</b>			123,923		263,438

2.3 Cash flow statement for the period September 30 2009

	<u>01/04/09-30/09/09</u>		<u>01/04/08-30/09/08</u>	
	GBP	GBP	GBP	GBP
Result after taxation	123,923		263,438	
Adjusted for:				
- Changes in working capital	<u>131,395</u>		<u>224,793</u>	
<b>Cash flow from operating activities</b>		255,318		488,231
<b>Cash flow from investing activities</b>		<u>-</u>		<u>-</u>
<b>Cashflow from financing activities</b>		<u>-</u>		<u>-</u>
<b>Changes in cash and cash equivalents</b>		<u>255,318</u>		<u>488,231</u>

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

## **2.4 Notes to the financial statements**

### **2.4.1 General information**

Cable and Wireless International Finance B.V. ("the Company") was incorporated with limited liability under the laws of The Netherlands on September 28, 1989. The registered office of the Company is in Amsterdam. The objective of the Company is to act as a finance company.

### **2.4.2 Group structure**

The Company is a subsidiary of Sable Holding Limited, London, United Kingdom, which owns 100% of the Company's shares. The ultimate shareholder of the Company is Cable and Wireless plc., London, United Kingdom. The Company's figures are taken up in the consolidated accounts of Cable and Wireless plc., which can be obtained from their website: [www.cw.com](http://www.cw.com).

### **2.4.3 Related parties**

The Company is engaged in the financing of its ultimate parent company out of bond loans secured by its ultimate parent company. The conditions of these loans are all at-arm's-length. Please refer to the Notes to the balance sheet items for further details.

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

### **2.4.4 Accounting policies**

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

#### **Basis of preparation**

The Company qualifies as a large sized company and the financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The financial statements are prepared under the historical cost convention and presented in British pound ("GBP"). The company is part of an international group which reports in GBP therefore the financial statements of the Company are presented in GBP. 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.

#### **Comparison previous year**

The accounting principles remained unchanged compared to the previous year.

#### **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.



#### **Revenue and cost recognition**

Interest income and expense are recognised in the income statement based on accrued amounts. Operating expenses are accounted for in the period in which these are incurred. Losses are accounted for in the year in which they are identified.

#### **Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at period-end exchange rates. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised 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.

#### **Financial fixed assets**

Financial fixed assets are valued at nominal value.

#### **Corporate income tax**

Permanent and temporary differences may exist between the result before taxation as presented in these financial statements and the fiscal result for corporate income tax purposes. Temporary differences between the reporting for tax purposes and the financial statements are recognised as deferred taxes based on the statutory tax rate expected to exist in the future. Deferred tax assets are netted. Net deferred tax assets will be included in the balance sheet if actual recovery is assumed possible by the company's management.

**2.5 Notes to the balance sheet and the statement of income**

**2.5.1 Fixed assets**

**Loans due from group companies**

The movements in the loans due from group companies can be detailed as follows:

	<b>September 30, 2009</b>	<b>March 31, 2009</b>
	<b>GBP</b>	<b>GBP</b>
Opening Balance	200,000,000	146,700,000
Movements during the period	-	53,300,000
Closing Balance	<u>200,000,000</u>	<u>200,000,000</u>

The loans due from group companies relates to a loan due from Cable and Wireless plc., London, United Kingdom. The loan original amounted to GBP 200,000,000 and is fully repayable on March 25, 2019. The loan carries interest at 8.75% per annum.

Financial risks arising from the ordinary business activities of Cable and Wireless International Finance B.V. consist mainly of default and liquidity risks if Cable and Wireless plc. 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 not reason to believe that Cable & Wireless plc. is not able to meet its obligation the foreseeable future.

**2.5.2 Current assets**

**Due from group companies**

The amount due from group companies can be detailed as follows:

	<b>September 30, 2009</b>	<b>March 31, 2009</b>
	<b>GBP</b>	<b>GBP</b>
Short term loan due from Cable and Wireless plc., London, United Kingdom	5,458,305	5,560,169
Accrued interest due from Cable and Wireless plc., London, United Kingdom	9,052,703	323,074
Short term receivable from Cable and Wireless plc., London, United Kingdom	-	217,058
Short term loan due to Cable and Wireless plc., London, United Kingdom	-	(20,448)
Accrued interest due to Cable and Wireless plc., London, United Kingdom	-	(75)
Short term loan due from Cable and Wireless Eastern Hemisphere B.V., Amsterdam, the Netherlands	2,083	2,133
	<u>14,513,091</u>	<u>6,081,911</u>

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

#### Cash and cash equivalents

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

#### 2.5.3 Shareholder's equity

##### Share capital

The authorised capital amounts to EUR 3,640,000 consisting of 8,000 ordinary shares of EUR 455 each, of which 1,601 shares are issued and paid-up.

In accordance with article 373, section 5, Book 2 of the Dutch Civil Code, the issued and paid-up capital is translated at the period-end rate of EUR 1 = GBP 0.9093 (prior year; EUR 1 = GBP 0.9308). Gains or losses resulting from this translation are recorded in the Other reserve.

##### Share premium

There were no movements in the share premium during the year under review.

##### Other reserve

The Other reserve relates to the gains and losses resulting from the translation of the share capital from EUR to GBP.

Details of shareholder's equity are as follows:

	Share capital	Share premium	Accumulated deficit	Other reserve	Unappropriated Result	Total
Balance as at 31 March 2009	678,074	15,954,786	(10,866,591)	(196,546)	320,654	5,890,377
Appropriation of result	-	-	320,654	-	(320,654)	-
Result for the period	-	-	-	-	123,923	123,923
Translation Adjustment	(15,662)	-	-	15,662	-	-
Balance as at 30 September 2009	662,412	15,954,786	(10,545,937)	(180,884)	123,923	6,014,300

#### 2.5.4 Long-term liabilities

In June 1994 the Company issued GBP 200,000,000 8.625% bonds due in 2019 secured by a guarantee given by Cable and Wireless plc. The proceeds of the bonds were lent to Cable and Wireless plc. The bonds are listed on the London, Hong Kong and Frankfurt stock exchanges.

As at September 30, 2009 the total value of the bond loan amounts to GBP 200,000,000 (March 31, 2009: GBP 200,000,000).

The positions as at September 30, 2009 is as follows:

	Currency	Interest rate	Maturity date	GBP
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 and Wireless plc.

Details of movements are as follows:

	6 months September 30, 2009	12 months March 31, 2009
	GBP	GBP
<b>Opening Balance</b>	200,000,000	146,700,000
Sold during the period	-	53,300,000
<b>Closing Balance</b>	200,000,000	200,000,000

The market value of the bonds at the balance sheet date amounts to GBP 200,700,000 (March 31, 2009: GBP 171,560,000).

## 2.5.5 Current liabilities

### Interest payable

The amount due to third parties relates to interest payable on the bond loan, which is payable at March 31, 2009. As at March 31, 2009 an amount of GBP 2,087,681 included in the interest payable is due to Cable and Wireless plc.

### Corporate income tax

The corporate income tax due can be detailed as follows:

	September 30, 2009	March 31, 2009
	GBP	GBP
CIT receivable for the period 01/08/06 - 31/03/07	(5,600)	(5,732)
CIT receivable for the period 01/04/07 - 31/03/08	(18,037)	(22,814)
CIT due for the period 01/04/08 - 31/03/09	41,180	42,154
CIT due for the period 01/04/08 - 31/03/09	(36,906)	-
	(19,362)	13,608

### Accrued expenses

The accrued expenses can be detailed as follows:

	September 30, 2009	March 31, 2009
	GBP	GBP
Management and accounting fee payable	5,421	4,403
Tax advisory fee payable	-	6,981
Other accrued expenses	9,628	33,120
	15,049	44,504

## 2.5.6 Interest income

The interest income can be detailed as follows:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
	GBP	GBP
Interest income group companies	8,781,699	8,936,224
Interest income banks	<u>10</u>	<u>7,948</u>
	<u>8,781,709</u>	<u>8,944,172</u>

## 2.5.7 Currency exchange results

The currency exchange results can be detailed as follows:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
	GBP	GBP
Exchange (losses)/gain others	<u>(3,910)</u>	<u>45,063</u>
<b>Net exchange gain/(loss)</b>	<u>(3,910)</u>	<u>45,063</u>

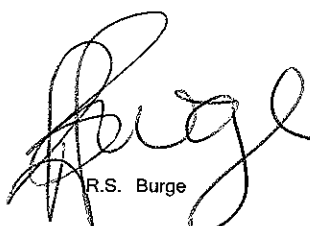
## 2.5.8 Interest expense

The interest expense can be detailed as follows:

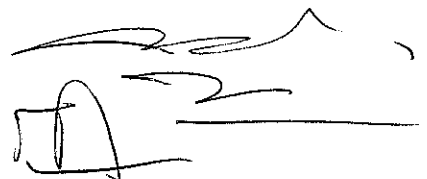
	<u>September 30, 2009</u>	<u>September 30, 2008</u>
	GBP	GBP
Interest expense - bonds	8,625,000	8,625,000
Interest expense - group companies	120	-
Interest expense - banks	<u>100</u>	<u>913</u>
	<u>8,625,220</u>	<u>8,625,913</u>

Amsterdam, November 2, 2009

Managing directors,

  
R.S. Burge

Rokin Corporate Services B.V.

  
ATC Management B.V.

**3 Other Information**

**3.1 Post-balance sheet events**

Management is not aware of events that took place after balance sheet date that could have a material effect on the financial position of the Company.