

Cable and Wireless International Finance B.V.

**Interim Financial Statements
June 30, 2017**

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.

Interim Financial Statements June 30, 2017

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Cable and Wireless International Finance B.V. Interim Financial Statements June 30, 2017

1.1 Management report

General

Management hereby presents to the shareholder the unaudited interim financial statements of Cable and Wireless International Finance B.V. (the "Company") for the financial period from January 1, 2017 through June 30, 2017.

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 period 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 March 25, 2019. The Bonds are guaranteed by the shareholder of the Company, Cable & Wireless Limited (the "Shareholder"). In turn, the Shareholder is a wholly owned subsidiary of Cable & Wireless Communications Limited (formerly Cable & Wireless Communications Plc. until May 20, 2016) (hereinafter "CWC"). CWC is a wholly owned subsidiary of Liberty Global plc from May 16, 2016.

On March 25, 2017, the Shareholder was entitled to receive interest of GBP 4,597,125 associated with the 2019 Bonds. The Shareholder has irrevocably renounced its right to receive the interest.

On March 25, 2017, the Company was entitled to receive interest of GBP 4,597,125 from the Shareholder on the GBP Shareholder Loan (as defined and described in note 2.5 [1] to the financial statements). The Company has irrevocably renounced its right to receive the interest.

During the period under review, the Company realized a net result of USD 170,626 (2016: USD 110,005) and the equity of the Company as at June 30, 2017 amounts to USD 11,104,162 (December 31, 2016: USD 10,933,536). The equity ratio increased from 3.96% to 4.09%. The activities of the Company developed in line with expectations.

Changes in Management

On February 15, 2017 Ms B.H.Y. Bradberry resigned as director of the Company. On July 25, 2017, Rokin Corporate Services B.V. resigned as director of the Company and Mr G. King was appointed 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 issued by the Company.

Financial risks arising from the ordinary business activities of the Company consist mainly of default and liquidity risks if the Shareholder would not be able to meet its obligations in respect of the GBP Shareholder Loan and the 2019 Bonds. As at June 30, 2017, the Directors have no reason to believe that the Shareholder 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.

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The Company did 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 United Kingdom's intended withdrawal from the European Union ("Brexit") will not have a significant impact on the financial position of the Company.

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 (2016: nil).

Research and development costs

The Company does not perform any research and development activities.

Future outlook

No material change in activities is contemplated for the remainder of the fiscal year. It is expected that the result will be in line with that of the reporting period. Furthermore management has no current plans that would have a significant influence on expectations concerning future activities, investments, financing, staffing and profitability.

Subsequent events

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; and
2. the Directors' report gives a true and fair view of the position as at June 30, 2017 and the developments during the financial period ended June 30, 2017 of the Company and the Directors' report describes the material risks that the Company is facing.

Amsterdam, August 31, 2017

Managing directors,

Intertrust Management B.V.

Mr G. King

Cable and Wireless International Finance B.V.

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2.1 Balance sheet as at June 30, 2017

(Before result appropriation)

ASSETS	Note	June 30, 2017		December 31, 2016	
		USD	USD	USD	USD
Fixed assets					
<i>Financial fixed assets</i>					
Loan due from shareholder	[1]	254,452,926		248,385,494	
Due from shareholder		<u>9,936,362</u>		<u>9,883,205</u>	
			264,389,288		258,268,699
Current assets					
<i>Receivables</i>					
Due from shareholder	[2]	6,970,951		17,440,313	
Income taxes receivable		14,950		32,005	
Prepayments and other receivables		<u>12,477</u>		<u>9,968</u>	
			6,998,378		17,482,286
Cash and cash equivalents	[3]		49,642		30,420
Total assets			<u><u>271,437,308</u></u>		<u><u>275,781,405</u></u>

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2.1 Balance sheet as at June 30, 2017

(Before result appropriation)

	Note	June 30, 2017		December 31, 2016	
		USD	USD	USD	USD
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	[4]				
Share capital		815,009		760,789	
Share premium		23,747,102		23,747,102	
Other reserves		149,782		204,002	
Accumulated result		(13,778,357)		(13,888,362)	
Unappropriated result		170,626		110,005	
			11,104,162		10,933,536
Long-term liabilities	[5]				
Bonds		254,452,926		248,385,494	
			254,452,926		248,385,494
Current liabilities	[6]				
Interest payable		5,852,417		16,424,491	
Accrued expenses and other liabilities		27,803		37,884	
			5,880,220		16,462,375
Total shareholder's equity and liabilities			<u>271,437,308</u>		<u>275,781,405</u>

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2.2 Statement of income for the period January 1, 2017 through June 30, 2017

	Note	January 1, 2017 through		April 1, 2016 through	
		USD	USD	USD	USD
Income	[7]				
Interest income		11,342,993		16,564,692	
Foreign currency translation gain		<u>17,938</u>		<u>-</u>	
			11,360,931		16,564,692
Expense	[8]				
Interest expense		(11,094,654)		(16,229,648)	
Foreign currency translation loss		<u>-</u>		<u>(98,831)</u>	
			<u>(11,094,654)</u>		<u>(16,328,479)</u>
Net operating result			266,277		236,213
Management and administration fee		(22,646)		(37,717)	
Tax advisory fee		(7,980)		(14,767)	
Audit fees	[12]	(16,223)		(30,112)	
Bank charges		(687)		(636)	
Other operating expenses		(4,277)		(11,722)	
Legal fees		(2,996)		-	
Renunciation of bond interest	[9]	5,775,283		-	
Waiver of loan interest receivable	[10]	<u>(5,775,283)</u>		<u>-</u>	
			<u>(54,809)</u>		<u>(94,954)</u>
Result before income taxes			211,468		141,259
Income tax expense	[11]		(40,842)		(31,254)
Net result			<u><u>170,626</u></u>		<u><u>110,005</u></u>

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2.3 Cash flow statement for the period January 1, 2017 through June 30, 2017

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

	January 1, 2017 through June 30, 2017		April 1, 2016 through December 31, 2016	
	USD	USD	USD	USD
Net result		170,626		110,005
Adjusted for changes in:				
Income tax expense	40,842		31,254	
Prepaid expense and other receivables	(2,509)		(8,656)	
Interest payable	(10,572,074)		16,018,704	
Accrued expenses and other liabilities	(10,081)		91	
Amounts due from shareholder	10,416,205		(16,064,526)	
		(127,617)		(23,133)
		43,009		86,872
Income taxes paid		(23,787)		(60,966)
Cash flow from operating activities		19,222		25,906
Cash flow from investing activities		-		-
Cash flow from financing activities		-		-
Notes to the cash resources				
Cash and cash equivalents at January 1 (resp. April 1)		30,420		4,514
Movements in cash		19,222		25,906
Cash and cash equivalent at June 30 (resp. December 31)		49,642		30,420

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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, and 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 has instituted an Audit Committee, which is the case as at June 30, 2017 (our parent company is currently Liberty Global plc, London, United Kingdom, hereinafter "Liberty Global"). In previous years our parent company was Cable & Wireless Communications Limited, London, United Kingdom (hereinafter "CWC"), CWC was acquired by Liberty Global on May 16, 2016.

Company

The Company has been registered at the Chamber of Commerce register under number 33.214.341.

Group structure

The Company is a wholly-owned subsidiary of Cable & Wireless Limited (the "Shareholder"), London, United Kingdom. In turn, the Shareholder is a wholly-owned subsidiary of CWC. The Company's figures are included in the consolidated financial statements of CWC. The consolidated financial statements 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 their website: www.libertyglobal.com.

Related parties

The Company is engaged in the financing of the Shareholder by issuing unsecured bonds secured by the Shareholder. The conditions of these loans are all at arm's length. Please refer to note 2.5 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 CWC and its subsidiaries 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 Shareholder, CWC, Liberty Global and the majority of trading and financing companies of CWC's subsidiaries including the Company, 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 ("Dutch GAAP") 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.

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 at June 30, 2017 amounts to USD 11,104,162. 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 to previous year

This financial period relates to the period from January 1, 2017 through June 30, 2017. Due to the year end change made in December 2016, the previous period relates to a shortened period from April 1, 2016 through December 31, 2016. Therefore, the current and comparative periods are not comparable. The other accounting principles remained unchanged compared to previous year.

Impairment of fixed assets

At each balance sheet date assets are reviewed to determine whether there is any indication of impairment. Impairment exists when the carrying value exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Impairment losses are reversed if the reasons for the impairment loss no longer exist or the impairment loss has decreased.

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Financial instruments

Financial instruments include both primary financial instruments, such as receivables and liabilities, and financial derivatives. Reference is made to the recognition per balance sheet item for the principles of primary financial instruments. Financial instruments are valued at amortized cost unless explained otherwise in the notes. Due to the short-term nature of the financial instruments included in these financial statements, the estimated fair value for these financial instruments approximates the book value. This also applies to the long-term loans receivable and the 2019 Bonds (as defined and described in note 2.5 [5] to the financial statements), as terms and conditions are market based and the interest rates are variable.

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 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 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.

The exchange rates used in the financial statements are:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
1 EUR = USD (US dollar)	1.1188	1.0444
1 GBP = USD (US dollar)	1.2723	1.2419

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

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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.

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.

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 able to meet its obligations in respect of the GBP Shareholder Loan or the 2019 Bonds, as further described in note 2.5 [1] and [5], respectively. At June 30, 2017, the Directors have 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 receivables are recorded at fair value and subsequently valued at amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for doubtful accounts are provided based on individual assessment of the receivables.

Cash and cash equivalents

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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Shareholder's equity

Share capital

Ordinary shares are classified as share capital.

Share premium

Issued and paid-up capital that exceeds the nominal value of issued shares is recorded as share premium.

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 have a term of longer than one year. Our long-term liabilities are comprised of the 2019 Bonds (as defined and described in note 2.5 [5]). Upon initial recognition, long-term liabilities are stated at fair value and subsequently valued at amortized cost, which is similar to nominal value.

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 subsequently valued at amortized cost, which is similar to nominal value.

Income recognition

Interest income and expense are recognized in the statement of income based on accrual accounting. Dividend income is recognized in the statement of income during the year in which the Company's legal right to receive payment is established. Operating expenses are accounted for in the period in which they are incurred. Losses are accounted for in the year in which they are identified.

Income taxes

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.

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the period and any adjustment to tax payable in respect of previous years. Income tax expense is recognized in the statement of income 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 are considered highly liquid investments that have a maturity of three months or less at the time of acquisition. 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]

Loan due from shareholder

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Opening balance as at January 1, 2017 (resp. April 1, 2016)	248,385,494	282,286,521
Foreign currency translation adjustment	<u>6,067,432</u>	<u>(33,901,027)</u>
Closing balance as at June 30, 2017 (resp. December 31, 2016)	<u><u>254,452,926</u></u>	<u><u>248,385,494</u></u>

The loan due from shareholder relates to a loan granted to Cable & Wireless Limited in the amount of GBP 200,000,000 (USD 254,452,926) (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 period-end.

Due from shareholder

Details of the amount due from shareholder are as follows:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Opening balance as at January 1, 2017 (resp. April 1, 2016)	9,883,205	9,830,511
Interest for the period	<u>53,157</u>	<u>52,694</u>
Balance as at June 30, 2017 (resp. December 31, 2016)	<u><u>9,936,362</u></u>	<u><u>9,883,205</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 is the three-month LIBOR USD rate. The average interest rate during the period ended June 30, 2017 was 1,074%. Unpaid interest is generally transferred to the principal amount at year end.

The loan is generally repayable on demand, subject to a minimum three month notice period. The loan is classified under financial fixed assets as Cable & Wireless Limited is a related company and the intention 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 Cable & Wireless Limited is as follows:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Accrued interest	6,812,414	16,662,527
Other amounts	158,537	777,786
	<u>6,970,951</u>	<u>17,440,313</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>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Corporate income tax receivable - current	12,656	32,005
Corporate income tax receivable - previous period	2,294	-
	<u>14,950</u>	<u>32,005</u>

Other prepayments and accrued income

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Prepaid expenses	12,477	9,968
	<u>12,477</u>	<u>9,968</u>

Cash and cash equivalents [3]

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Cash		
Bank account USD	36,826	29,920
Bank account GBP	12,816	500
	<u>49,642</u>	<u>30,420</u>

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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 period-end spot rate. Gains or losses resulting from this translation are charged to other reserves.

Details of share capital are as follows:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Opening balance as at January 1, 2017 (resp. April 1, 2016)	760,789	814,644
Other reserve movement	<u>54,220</u>	<u>(53,855)</u>
Balance as at June 30, 2017 (resp. December 31, 2016)	<u><u>815,009</u></u>	<u><u>760,789</u></u>

Share premium

Details of share premium are as follows:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Opening balance as at January 1, 2017 (resp. April 1, 2016)	23,747,102	23,747,102
Movement during the period	-	-
Balance as at June 30, 2017 (resp. December 31, 2016)	<u><u>23,747,102</u></u>	<u><u>23,747,102</u></u>

Other reserves

Details of other reserves are as follows:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Opening balance as at January 1, 2017 (resp. April 1, 2016)	204,002	150,147
Movement during the period	<u>(54,220)</u>	<u>53,855</u>
Balance as at June 30, 2017 (resp. December 31, 2016)	<u><u>149,782</u></u>	<u><u>204,002</u></u>

Accumulated result

Details of accumulated result are as follows:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Opening balance as at January 1, 2017 (resp. April 1, 2016)	(13,888,362)	(14,128,270)
Appropriation of result	<u>110,005</u>	<u>239,908</u>
Balance as at June 30, 2017 (resp. December 31, 2016)	<u><u>(13,778,357)</u></u>	<u><u>(13,888,362)</u></u>

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Unappropriated result

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Opening balance as at January 1, 2017 (resp. April 1, 2016)	110,005	239,908
Proposed profit appropriation	170,626	110,005
Appropriation of prior year result	<u>(110,005)</u>	<u>(239,908)</u>
Balance as at June 30, 2017 (resp. December 31, 2016)	<u><u>170,626</u></u>	<u><u>110,005</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 as follows:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Opening balance as at January 1, 2017 (resp. April 1, 2016)	248,385,494	282,286,521
Foreign currency translation adjustments	<u>6,067,432</u>	<u>(33,901,027)</u>
Balance as at June 30, 2017 (resp. December 31, 2016)	<u><u>254,452,926</u></u>	<u><u>248,385,494</u></u>

The following table summarises the movement in the principal balance of the 2019 Bonds from the original issue date to June 30, 2017:

	<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.

At June 30, 2017, the market value of the 2019 Bonds was USD 288,167,939 (GBP 226,500,000) (December 31, 2016: USD 277,074,019 (GBP 223,100,000)).

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

Current liabilities [6]

Interest payable

Interest payable includes amounts due to (i) holders of the 2019 Bonds of USD 4,292,748 (GBP 3,374,100) (December 31, 2016: USD 12,047,364 (GBP 9,700,538)) and (ii) the shareholder of USD 1,559,669 (GBP 1,225,900) (December 31, 2016: USD 4,377,127 (GBP 3,524,463)).

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Accrued expenses and other liabilities

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	USD	USD
Management and administration fee payable	-	1,385
Tax advisory fee payable	10,069	6,660
Audit fee payable	16,223	29,065
Other accrued expenses	1,511	774
	<u>27,803</u>	<u>37,884</u>

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2.6 Notes to the statement of income

Financial income and expense

Interest income [7]

	January 1, 2017 through June 30, 2017	April 1, 2016 through December 31, 2016
	<u>USD</u>	<u>USD</u>
Interest income from Cable & Wireless Limited	11,342,187	16,564,692
Other interest income	806	-
	<u>11,342,993</u>	<u>16,564,692</u>

Interest expense [8]

	January 1, 2017 through June 30, 2017	April 1, 2016 through December 31, 2016
	<u>USD</u>	<u>USD</u>
Interest expense - 2019 Bonds	11,094,654	16,229,648
	<u>11,094,654</u>	<u>16,229,648</u>

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

Currency exchange results

	January 1, 2017 through June 30, 2017	April 1, 2016 through December 31, 2016
	<u>USD</u>	<u>USD</u>
Exchange gain/(loss) on the GBP Shareholder loan	350,989	(34,035,389)
Exchange gain/(loss) on 2019 Bonds	(329,984)	33,949,759
Exchange gain/(loss) others	(3,067)	(13,201)
	<u>17,938</u>	<u>(98,831)</u>

Renunciation of bond interest [9]

On March 25, 2017, Cable & Wireless Limited was entitled to receive interest of USD 5,775,283 (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 periods.

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 5,775,283 (GBP 4,597,125) on March 25, 2017. The Company waived its right to receive these interest payments and recognized a loss for each of the waived amounts during the respective periods.

Income tax expense [11]

	January 1, 2017 through June 30, 2017	April 1, 2016 through December 31, 2016
	<u>USD</u>	<u>USD</u>
Charge for the period	40,842	31,254
	<u>40,842</u>	<u>31,254</u>

The effective tax rate for the period from January 1, 2017 through June 30, 2017 is 19.31% (2016: 22.13%).

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2.6 Notes to the statement of income

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.

The Company has filed its corporate income tax returns for all fiscal years except for April 1, 2016 through December 31, 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 of the financial period, 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 have been or will be charged by Grant Thornton Accountants en Adviseurs B.V. to the Company:

	<u>June 30, 2017</u>	<u>December 31, 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 June 30, 2017, the Company did not employ any personnel (2016: nil). The Company had three statutory directors until February 15, 2017. On this date one director resigned from the Company. Hence, the Company had two directors during the remaining period under review of which one director received a total remuneration of USD 8,340 for services provided (2016: USD 8,679).

The Company has no supervisory board.

Subsequent events

On July 25, 2017, Rokin Corporate Services B.V. resigned as director of the Company and Mr G. King was appointed as director of the Company.

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.

The Company may only follow a resolution of the General Meeting to distribute after approval of the management board has been given. 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.

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2.6 Notes to the statement of income

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

The annual accounts for the financial period ended December 31, 2016 were adopted at the General Meeting held on April 19, 2017. The General Meeting determined the appropriation of the result in accordance with the motion tabled for that purpose.

Amsterdam, August 31, 2017

Managing directors,

Intertrust Management B.V.

Mr G. King