ANNOUNCEMENT
6 NOVEMBER 2014

CABLE & WIRELESS COMMUNICATIONS PLC
RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

Early signs of modest revenue growth, as investment-led strategy mobilises

Financial Highlights

- Group revenue up 1% (2% at constant currency); mobile revenue up 3% with mobile data up 10%
- Group operating costs 2% lower; on-track to achieve US$100 million cost reduction plan
- Group EBITDA up 5%; EBITDA margin increased by 1 ppt to 33%
- Project Marlin underway with capital expenditure of US$190 million in the period (up 81%)
- Significant growth in earnings per share to US1.9 cents as interest expense and exceptional charges fell by US$94 million
- Interim dividend per share of US1.33 cents

US$m	*Six months ended 30 September 2014*	*Six months ended 30 September 2013*	*Change*
Mobile revenue	**461**	447	3%
Total revenue	**848**	841	1%
EBITDA	**277**	265	5%
Exceptional charges	**-**	(55)	nm
Interest expense	**(34)**	(73)	53%
Net profit	**103**	(8)	nm
Earnings per share (US cents)	**1.9**	(2.0)	nm

Note: Figures above are for continuing operations, including the Seychelles and excluding Monaco. EBITDA is defined in the footnote on page 3 and a reconciliation is provided on page 30

Commenting on the Group results, Phil Bentley, Chief Executive of Cable & Wireless Communications Plc, said:

"Although it is early days, it was pleasing to see revenue growth across the Group for the first time as mobile subscribers and data uptake grew. There is no doubt that our networks are faster, and more reliable than ever before – and our customers are beginning to notice a difference. As momentum builds in our investment-led strategy, I would expect growth to accelerate in the second half of the year."

Summary of First Half Performance

In our retail markets, high speed 4G mobile services are now available in Panama, Bahamas and all our LIME markets, with the exception of Montserrat, as we completed our roll-outs in Anguilla, Antigua, Barbados, BVI, Dominica, Grenada, St Kitts, St Lucia, St Vincent and Turks and Caicos. In Jamaica, mobile subscribers grew by 125,000 (20%) in the period, as we improved coverage, capacity, speed and reliability. This drove a 73% increase in mobile data traffic and resulted in LIME being ranked highest in customer satisfaction amongst all utility providers in Jamaica.

We are making progress with our roll-out of fixed fibre networks in Barbados and have now passed 52,000 homes; the project is due to be completed in November with 73,000 homes passed. We have also mobilised fibre roll-outs in Anguilla, Antigua, BVI, Cayman, Grenada, Jamaica, St Kitts, St Lucia, St Vincent, and Turks and Caicos enabling us to deliver ultra-high-speed broadband and TV services, when completed.

Our new Business Solutions unit made good progress in the first half as we bring greater focus to the high value and high growth B2B and B2G segments through increased investment, and additional capabilities. In Panama, we acquired Grupo Sonitel in September. Sonitel's IT engineering skills provide a significant capability boost to meet business customers' integrated and hosted solution needs and deliver managed services, backed up by our existing connectivity and data centre assets. The addition of Sonitel's Peru, Nicaragua, and El Salvador sales teams as well as more than 350 IT software and telecoms service engineers provides the Group with further growth opportunities.

We continue to be focused on cost efficiencies and are on track to achieve our target US$100 million of run-rate savings by 31 March 2015. Together with the gross margin benefit of reduced international carrier rates, we improved our EBITDA margin by 1 ppt to 33% and we anticipate further improvements this year.

Reported EBITDA of US$277 million grew by 5% compared to the prior year and our lower interest expense (following a reduction in debt) and no exceptional charges in the period significantly boosted earnings per share to US1.9 cents.

Group results overview

US$m	*Six months ended 30 September 2014*	*Six months ended 30 September 2013*[1]	*% Change*
Revenue	**848**	**841**	**1%**[2]
Gross margin	634	631	0%
Operating costs	(357)	(366)	2%
EBITDA[3]	**277**	**265**	**5%**
Depreciation and amortisation	(123)	(115)	(7)%
Net other operating expense	(2)	(8)	75%
Joint ventures and associates	11	–	nm
Total operating profit before exceptional items	**163**	**142**	**15%**
Exceptional expense	–	(55)	nm
Total operating profit	**163**	**87**	**87%**
Finance income	3	3	–
Finance expense	(34)	(73)	53%
Profit before tax	**132**	**17**	**nm**
Income tax	(29)	(25)	(16)%
Net profit / (loss) from continuing operations	**103**	**(8)**	**nm**
Net profit before exceptional items	***103***	***47***	***nm***
Net profit from discontinued operations	8	50	(84)%
Gain on disposal of discontinued operations	346	1,011	(66)%
Profit for the year	**457**	**1,053**	**(57)%**
Net profit attributable to :			
Owners of the Parent Company	402	1,000	(60)%
Non-controlling interests	55	53	4%
EPS	1.9c	(2.0)c	nm
Adjusted EPS[4]	2.0c	0.1c	nm
EBITDA[3]	277	265	5%
Capital expenditure	(190)	(105)	(81)%
Operating cash flow[5]	**87**	**160**	**(46)%**
Customer numbers (000s)			
Mobile	4,134	3,414	21%
Fixed	1,063	1,087	(2)%
Broadband	384	368	4%
TV	72	63	14%
Total Retail Customers	**5,653**	**4,932**	**15%**

[1] *Six months ended 30 September 2013 restated for classification of Seychelles as a continuing operation and classification of Monaco as a discontinued operation*
[2] *Like-for-like revenue up 2%*
[3] *EBITDA is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense and exceptional items*
[4] *Adjusted EPS is before exceptional items, gains/losses on disposals, amortisation of acquired intangibles and transaction costs*
[5] *Operating cash flow is defined as EBITDA less capital expenditure*

Annual results presentation

Cable & Wireless Communications will hold its 2014/15 interim results presentation for analysts and institutional investors at 9:30am GMT on Thursday 6 November 2014. The presentation will be webcast live on the Cable & Wireless Communications website www.cwc.com. An on-demand version will be available later in the day.

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Chief Executive's Review

2014/15 First Half Performance

Our financial results in the first half of the 2014/15 fiscal year have shown early signs of our turnaround.

Group revenue was up 1% at US$848 million as we saw growth in all revenue segments with the exception of fixed voice.

The US$14 million growth in mobile revenue (up 3% in the period) and 20% growth in customers with data subscriptions since 31 March 2014 indicates our customers' increasing demand for data and their desire to access the internet anywhere, anytime and on any device. However, at the same time, fixed voice revenue fell by US$12 million (6%); therefore growth in broadband and TV is vital for our future and we saw progress in the first half with revenue up 4% (despite pressure on ARPL from competition) with subscribers growing 4% and 14% respectively.

In Panama, we maintained our mobile market share above 50%, delivering a 5% rise in mobile revenue, underpinned by data growth. Broadband and TV revenue showed growth of 10%, up US$3 million, as we continue to invest in our high speed networks. However this was more than offset by declining fixed voice revenue which was US$4 million lower. Managed services and other revenue grew 27% following the acquisition of Grupo Sonitel in September which contributed US$6 million in the period.

In BTC, we continued to prepare for the introduction of a new competitor and this led to a 2% decline in mobile revenue as prices and roaming rates were reduced. Broadband revenue at US$8 million represents a potential growth driver for the business and we made progress in the half with revenue up 14% as a result of the increased uptake in fibre based products following network investments. This was more than offset by a fall in fixed voice and managed services where we saw a reduction in off-island capacity sales.

In our LIME Caribbean businesses, mobile revenue grew 6% on a reported basis, 8% at constant currency, with Jamaica up 24% and continuing to gain market share (5 ppts) as we invest to deliver improved services for our growing customer base. Broadband and TV revenue was flat against the prior year. Our target here is for growth in broadband and TV to offset declining fixed voice revenue which was down 7% or US$7 million in the period. To achieve this we are investing in fibre networks in Anguilla, Antigua, Barbados, BVI, Cayman, Grenada, Jamaica, St Kitts, St Lucia, St Vincent, and Turks and Caicos. Managed services declined US$3 million or 6% in the period due to installation and completion delays following changes to the scope of a number of projects.

At the beginning of 2013/14 we announced a cost reduction programme targeted to reduce our run-rate core operating costs by US$100 million by the end of 2014/15. We have made good progress with operating costs down 2% against the prior year. The improvement was driven by an 8% reduction (US$22 million) in the Caribbean as we increased efficiency in our operations though headcount rationalisation, exiting non-core property assets and procurement savings, partly offset by increased advertising spend promoting our network upgrades across the Group, higher professional fees related to the mobilisation of our strategy, and increased network maintenance whilst legacy infrastructure is parallel-run during the deployment of Project Marlin.

Overall Group EBITDA, at US$277 million, was 5% ahead of the prior year.

Reported net profit after tax for the year increased to US$103 million (H1 2013/14: US$(8) million) due to higher headline profitability, no exceptional charges and lower interest costs ($39m) following a reduction in gross debt. Earnings per share were US1.9 cents (H1 2013/14: US(2.0) cents).

Capital expenditure, at US$190 million, was 81% higher than the prior year, as we made investments to ensure high-speed 4G mobile and fibre networks were in place across our businesses. 84% of the total spend was focused on supporting our front line operations as we target improved reliability in our networks and enhanced customer experience.

Following a strategic review of the opportunities, and discussions with the Government, the Seychelles business has returned to continuing operations as we no longer believe it is in shareholders' best interest to sell the business in the near term.

As at 30 September 2014 we had made significant progress in establishing our operational hub with 204 employees based in Miami; the majority working in Technology and IT departments to support our operating companies.

Progress on Strategy

To deliver our growth ambitions we are focusing on four strategic imperatives:

1. **Mobile leadership**

   The mobile handset is the entry point to the telecommunications market and mobile revenue currently accounts for more than 50% of Group sales. The majority of our markets are seeing a shift to mobile data and the mobile internet. Data consumption grew in our markets as smartphone penetration increased by 220,000 customers to represent 33% of the Group's subscriber base from 30% at 31 March 2014. We see this growth continuing as penetration is still low by international benchmarks.

   Progress

   To ensure we have superior networks, investment has been focused on additional 4G cell sites, where we upgraded 480 sites in the half, to secure a standard which fulfils the data demands of our customers. This was underpinned by investment in even faster LTE networks, with 40 additional sites in the period, to secure network leadership where returns are greatest. We have introduced LTE services in Cayman and The Bahamas and intend to launch in Antigua by the end of the year and Panama by March 2015. Our ambition is to deliver 4G capabilities across all of our businesses by November 2015 and where we have upgraded networks we have seen improved Net Promoter Score (NPS). We have made significant investment in Jamaica to improve coverage, capacity, speed and reliability as our market share increases. We have also introduced a second carrier to increase speeds for our customers up to 42Mbits per second and begun network modernisation in The Bahamas and Panama where we have seen a 12% increase in postpaid and 32% increase in prepaid subscribers.

2. **Fixed-mobile convergence**

   Owning fixed and mobile assets is a major cost advantage in the long term, and are a necessity to delivering the "always on" connectivity and Wi-Fi offloads that customers increasingly demand.

   Progress

   We have introduced enhanced switching capabilities to enable our fixed and mobile networks to operate in a more integrated way in Barbados, Cayman, The Bahamas, Jamaica and a number of other territories. This will provide seamless connectivity across a range of delivery mechanisms through investments such as the introduction of Wi-Fi hotspots in Panama and Cayman. Certain fixed networks also require investment to upgrade from copper to fibre so that we can provide faster and more reliable services, such as in Barbados. Through our fibre roll-out plans we are establishing core infrastructure that enables improved services for our customers. In H1 we started the deployment to bring fibre access points closer to our customers, with 588 kilometres rolled-out in Anguilla, BVI, Dominica, Grenada, St Lucia and Turks and Caicos delivering improved speeds in excess of 30Mb, and up to 80Mb in homes close to the fibre distribution point; and we are targeting to have launched similar services in all markets by March 2015. In the first half, we saw broadband subscribers grow 4% with 24,000 new fibre connections.

3. **Reinforce our TV offering**

   The choice of TV provider is a key "moment of truth" where customers express a clear preference for their entertainment platform. Increasingly, home broadband is sold as a package with TV.

   Progress

   In Panama we are expanding our fibre coaxial network, which now passes 258,000 homes, in urban areas and are targeting rural areas through deployment of direct-to-home (DTH) satellite services. We launched DTH services in Q2 and currently have over 2,300 subscribers. Across the Caribbean we deployed IPTV service capabilities focusing initially on Cayman and Barbados and now in St Lucia. With our fibre roll-out plans progressing well, we expect to have the capability to launch TV services in seven markets in the next seven months. Our TV subscriber base grew by 14% and this should also enable greater leverage with content providers.

4. **Grow our Business services**

The business services segment provides an attractive opportunity for the Group with customers that have more sophisticated connectivity and data needs. They are also our highest volume customers. We have extensive on-island MPLS networks and access to 42,000 kilometres of subsea cable through our Columbus joint venture, and an expanding sales force and engineering design capability.

<u>Progress</u>

In H1 we expanded our MPLS networks in BVI, Grenada, Jamaica, St Lucia, St Kitts, St Vincent and Turks and Caicos increasing resilience and reliability and, through acquisition, built on our infrastructure assets to deliver bespoke, data-centric solutions for our customers. The acquisition of Grupo Sonitel in Panama has significantly improved our IT services capabilities as we aim to deliver more integrated, value added services to our many corporate and government customers. The acquisition also provides growth opportunities in the adjacent Latin American markets of El Salvador, Nicaragua and Peru. In H1, we continued our investment (US$9 million) in the PCCS submarine cable linking the West Coast of South America to Florida.

Our new Business Solutions team has been successful in winning a number of contracts in the period across the hospitality, financial and government sectors. Notable wins include the Baha Mar resort in The Bahamas and provision of CCTV for a leading security agency. With our increased focus on business customers, we saw the Group's B2B NPS increase by 9 points in the first half.

Outlook and prospects

Economic growth in our markets will remain variable, ranging from c.6% GDP growth in Panama to 0% in Barbados. However, we continue to believe that the increasing penetration of products such as smart phones, broadband and TV offers good growth opportunities. Notwithstanding this, the markets we operate in are competitive and we face the additional challenge of a second mobile operator in 2015 in The Bahamas, our second largest market.

Looking ahead, we expect to continue making good progress in reducing our cost base, particularly in the Caribbean. Through Project Marlin, with its associated uplift in capital expenditure, we expect to capture the growth opportunity offered by mobile data, broadband and TV, reversing the historical decline in revenue. Where investments have been made, traffic carried on our networks has increased; 71% in Panama, 34% in The Bahamas and Jamaica, 82% in Grenada and 160% in St Vincent. However our offers to customers must remain competitive if we are to capture the necessary returns from these investments in network reliability and speed.

We remain focused on Net Promoter Score (NPS) as a measure to gauge network quality and customer perception of our service. In Jamaica we have seen strong mobile NPS results since the start of the year with a significant positive gap of 59 points between ourselves and the competitor. Where network upgrades have been completed, the NPS gap to our competitors is closing; however there is much work to do. In Panama, for example, we are behind our competitors in NPS (by 15 points), although we anticipate improved results once our network upgrade is complete in March 2015. We are also focused on improving our network quality in The Bahamas where a major outage in March impacted our mobile NPS.

With momentum building, we expect our performance in the second half to be stronger than the first half and to be in line with market expectations.

REVIEW OF CWC OPERATIONS

Income statement – continuing operations

	Panama			LIME			BTC			Seychelles			Other[1]			Total		
	H1 14/15 US$m	H1 13/14 US$m	Change %	H1 14/15 US$m	H1 13/14 US$m	Change %	H1 14/15 US$m	H1 13/14 US$m	Change %	H1 14/15 US$m	H1 13/14 US$m	Change %	H1 14/15 US$m	H1 13/14 US$m	Change %	H1 14/15 US$m	H1 13/14 US$m	Change %
Mobile	176	168	5%	143	135	6%	126	129	(2)%	16	15	7%	–	–	–	461	447	3%
Broadband and TV	34	31	10%	52	52	–	8	7	14%	5	5	–	–	–	–	99	95	4%
Fixed voice	54	58	(7)%	98	105	(7)%	24	25	(4)%	4	4	–	–	–	–	180	192	(6)%
Managed services and other	38	30	27%	51	54	(6)%	13	14	(7)%	2	2	–	4	7	(43)%	108	107	1%
Revenue	302	287	5%	344	346	(1)%	171	175	(2)%	27	26	4%	4	7	(43)%	848	841	1%
LFL Revenue[2]	302	287	5%	344	338	2%	171	175	(2)%	27	25	8%	4	7	(43)%	848	832	2%
Cost of sales	(100)	(92)	(9)%	(73)	(80)	9%	(33)	(31)	(6)%	(4)	(4)	–	(4)	(3)	(33)%	(214)	(210)	(2)%
Gross margin	202	195	4%	271	266	2%	138	144	(4)%	23	22	5%	–	4	nm	634	631	0%
Operating costs	(84)	(79)	(6)%	(171)	(188)	9%	(79)	(84)	6%	(13)	(12)	(8)%	(10)	(3)	nm	(357)	(366)	2%
EBITDA[3]	118	116	2%	100	78	28%	59	60	(2)%	10	10	–	(10)	1	nm	277	265	5%
Proportionate EBITDA	58	57	2%	89	71	25%	29	31	(6)%	10	10	–	(10)	1	nm	176	170	4%
Depreciation and amortisation	(48)	(44)	(9)%	(41)	(44)	7%	(21)	(23)	9%	(7)	–	nm	(6)	(4)	(50)%	(123)	(115)	(7)%
Net other operating income/(expense)	21	–	nm	–	1	nm	(1)	–	nm	–	–	–	(22)	(9)	nm	(2)	(8)	75%
Operating profit/(loss) before joint ventures and exceptional items	91	72	26%	59	35	69%	37	37	–	3	10	(70)%	(38)	(12)	nm	152	142	7%
Capital expenditure	(58)	(35)	(66)%	(90)	(39)	nm	(27)	(23)	(17)%	(4)	(5)	20%	(11)	(3)	nm	(190)	(105)	(81)%
Operating cash flow[4]	60	81	(26)%	10	39	(74)%	32	37	(14)%	6	5	20%	(21)	(2)	nm	87	160	(46)%
Cash exceptional items	(1)	–	nm	(5)	(61)	92%	(2)	(1)	(100)%	–	–	–	(12)	–	nm	(20)	(62)	68%
Net cash interest	(6)	(6)	–	(1)	(1)	–	–	–	–	–	–	–	(18)	(39)	54%	(25)	(46)	46%
Cash tax	(8)	(12)	33%	(6)	(12)	50%	(1)	–	nm	(4)	(2)	(100)%	(2)	(2)	–	(21)	(28)	25%
Headcount[5]	1,349	1,435	(6)%	1,389	2,206	(37)%	785	822	(5)%	206	210	(2)%	262	139	88%	3,991	4,812	(17)%

nm represents % change not meaningful

1 *Other includes management, royalty and branding fees, the costs of the corporate centre and operating hub, net UK defined benefit pension charge or credit and intercompany eliminations*

2 *Adjusted for currency movements*

3 *Earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense and exceptional items*

4 *EBITDA less capital expenditure*

5 *Full time equivalents as at 30 September*

Panama

- Total revenue up 5%; mobile revenue up 5%
- Data traffic up 71% with 25% growth in mobile data revenue
- 10% growth in broadband and TV sales following network improvements
- Acquisition of Grupo Sonitel to give additional capability and geographic reach in managed services

	6 months ended 30 Sep 2014	3 months ended 30 Sep 2014	3 months ended 30 Jun 2014	**6 months ended 30 Sep 2013**	3 months ended 30 Sep 2013	3 months ended 30 Jun 2013
Subscribers (000s)						
Mobile[1]	**2,503**	2,503	2,304	**1,933**	1,933	1,897
Broadband	**132**	132	132	**129**	129	129
TV	**47**	47	44	**41**	41	39
Fixed	**369**	369	369	**374**	374	376
ARPU (US$)[2]						
Mobile	**12.7**	12.3	13.1	**15.1**	14.9	15.4
Broadband[3]	**29.0**	29.2	28.8	**28.9**	28.8	29.0
TV	**34.0**	34.1	33.8	**33.0**	33.7	32.3
Fixed[3]	**24.5**	24.6	24.4	**25.8**	25.4	26.1
Revenue (US$m)	**302**			**287**		
EBITDA (US$m)	**118**			**116**		
Margin%	**39%**			**40%**		

[1] Active subscribers are defined as those having performed a revenue-generating activity in the previous 60 days

[2] ARPU is average revenue per user per month, excluding equipment sales

[3] ARPUs for 2014 restated for reclassified business revenue from managed services to broadband and fixed line

Revenue at US$302 million was 5% higher than the prior year as mobile, broadband and TV, and managed services growth offset the continued decline in fixed voice as we continue to see fixed to mobile substitution.

Mobile revenue at US$176 million was up 5% against the prior year. Subscribers increased by 570,000, driven by a 32% increase in prepaid customers and a 12% increase in postpaid customers as we launched more affordable smart devices and value propositions such as M-Wallet. Data revenue was up 25% on the prior year, more than offsetting voice revenue decline of 7%. Data penetration of our customer base increased by 2 percentage points to 35% following a 38% increase in data subscribers as a wider range of data plans stimulated both prepaid and postpaid usage. Mobile ARPU was lower than the prior year due to reduced inbound roaming revenue and lower voice rates and usage due to competitive pressures.

Broadband and TV revenue of US$34 million was 10% higher than the prior year. Broadband subscribers were up 2% to 132,100 and TV subscribers rose by 12% to 46,600 following the launch of an improved TV product and a prepaid DTH service. Bundling of products was an effective retention tool with 83% of pay TV and 80% of broadband subscribers taking more than one service.

Fixed voice revenue of US$54 million was down 7% against the prior year due to lower domestic call revenue. Subscriber numbers continued to decline as customers substituted to other products, but the rate of decline slowed by 1 percentage point due to the impact of triple play offerings.

Managed services revenue of US$38 million grew by 27% primarily as a result of the acquisition of Grupo Sonitel which was completed in September 2014. There were delays in the award of Government contracts following elections in May, but we expect improved performance in the second half as government departments mobilise and the Sonitel acquisition delivers synergies through cross- and up-selling.

Gross margin at US$202 million was up 4% on the prior year. As a percentage of revenue, gross margin was 67%.

Operating costs were 6% higher than the prior year due to increased advertising spend as we launched improved broadband services and a revamped TV offering, prepared for unification of branding within our consumer businesses and responded to an increase in the minimum wage of up to 27%. This resulted in EBITDA of US$118 million, which was 2% better than last year. The EBITDA margin for the period was 39%.

Capital expenditure of US$58 million was 66% higher than the prior year as we focused our investments on the mobile segment (60% of total spend) through expansion of our 3G/4G network, whilst also increasing our broadband and TV capacity to deliver a better customer experience.

CWC's proportionate ownership of Panama EBITDA for the six months ended 30 September 2014 was 49%.

LIME

- EBITDA up 28% to US$100 million; margin improved by 6 percentage points to 29%
- Total revenue 2% higher at constant currency and 1% lower on a reported basis
- Mobile revenue rose 6%; subscriber growth of 13%
- Jamaica mobile service revenue up 38% at constant currency
- Cost reduction on track – LIME outsourcing progressing, headcount down across the region

	6 months ended 30 Sep 2014	3 months ended 30 Sep 2014	3 months ended 30 Jun 2014	**6 months ended 30 Sep 2013**	3 months ended 30 Sep 2013	3 months ended 30 Jun 2013
Subscribers (000s)						
Mobile[1]	**1,236**	1,236	1,211	**1,094**	1,094	994
Broadband	**219**	219	216	**214**	214	210
TV	**26**	26	25	**22**	22	21
Fixed	**574**	574	574	**582**	582	583
ARPU (US$)[2]						
Mobile	**19.5**	19.6	19.4	**22.2**	21.4	23.1
Broadband	**36.0**	35.7	36.3	**38.3**	38.7	37.9
TV	**25.0**	24.4	25.7	**23.3**	22.8	23.8
Fixed	**28.3**	28.0	28.6	**30.1**	29.4	30.9
Revenue (US$m)	**344**			**346**		
EBITDA (US$m)	**100**			**78**		
Margin%	**29%**			**23%**		

[1] *Active subscribers are defined as those having performed a revenue-generating activity in the previous 60 days. Historic subscriber numbers have been restated to exclude subscribers with credit balances but no activity in the preceding 60 days*

[2] *ARPU is average revenue per user per month, excluding equipment sales*

The LIME brand encompasses our operations in Anguilla, Antigua, Barbados, British Virgin Islands, Cayman, Dominica, Grenada, Jamaica, Montserrat, St Kitts and Nevis, St Lucia, St Vincent and Turks and Caicos. LIME's reported revenue of US$344 million was 1% down on the prior year. At constant currency revenue would have been up US$6 million or 2% higher.

Mobile revenue was up US$8 million against the prior year at US$143 million with increasing demand for mobile data offset by declining voice revenue. Mobile traffic increased by 34% in Jamaica, 82% in Grenada and by 160% in St Vincent and we expect the shift in mix from voice to data to continue as we invest in high-speed networks. During the period we continued to see strong uptake in Cayman, with ARPU growth of 4%, where we launched LTE services last year. We plan to launch LTE in Antigua shortly. We intend to upgrade all of our operations to at least 4G, and have progressed well in the half. We now have 4G services in all bar one of our LIME markets. Jamaica momentum continued with 20% growth in mobile subscribers resulting in a market share of 26%, up 5 percentage points on last year.

Broadband and TV revenue was broadly in line with the prior year. Broadband subscribers rose 2% with growth in most of our key markets, offset by competitive pricing pressure which drove ARPU lower. We are focusing on delivering high speed fibre access in markets where we can see a clear return. In Barbados we have now passed 52,000 homes with 15,000 connected and are targeting a total of 73,000 homes by December 2014. We have also grown LIME TV subscribers by 18% to 25,600 following the introduction of fibre based services in Barbados and Cayman.

Fixed voice revenue at US$98 million declined by 7% as a 6% fall in ARPU, driven mainly by rate reductions due to competition and bundling as well as by lower termination rates, was compounded by a 1% drop in the subscriber base.

Managed services fell by 6% to US$51 million following installation delays on equipment sales which are expected to be caught up in the second half.

Gross margin at US$271 million was up 2% compared to the prior year reflecting reduced cost of sales following lower international carrier rates for roaming, international voice and data. As a percentage of revenue, gross margin increased by 2 percentage points to 79%.

Operating costs reduced by US$17 million (9%) to US$171 million as we continue to implement our cost reduction plans. We have made good progress in outsourcing our field services teams and have reduced staff costs by US$24 million with headcount 37% lower than the prior year. Following this initial focus on staff efficiency, we are now also working on other projects such as exiting non-core property assets with associated utility cost saving and introducing initiatives to reduce power consumption. Across our LIME business we remain on course to deliver the targeted cost reductions in line with the objectives previously set out.

EBITDA increased by 28% to US$100 million, driven principally by lower operating costs. The EBITDA margin at 29% was 6 percentage points higher than the prior year.

Capital expenditure at US$90 million represented a 131% increase against the prior year with 82% of spend focused on our mobile and fixed segments to enhance our 4G and LTE networks capacity as well as enhancing our fibre networks. Significant investments were also made to optimise infrastructure in order to reduce power costs.

Our proportionate ownership of LIME EBITDA for the six months ended 30 September 2014 was 88%.

BTC

- Total revenue was down 2%, with mobile revenue down 2% as preparations made for entry of competition
- 3% growth in mobile data subscribers (47% of total customer base) following investment in 4G and LTE networks in the prior year
- Broadband subscribers up 32%; revenue growth of 14% following investment in high speed fibre networks
- EBITDA of $59m flat on prior year; EBITDA margin improvement of one percentage point following operating cost savings of 6%

	6 months ended 30 Sep 2014	3 months ended 30 Sep 2014	3 months ended 30 Jun 2014	**6 months ended 30 Sep 2013**	3 months ended 30 Sep 2013	3 months ended 30 Jun 2013
Subscribers (000s)						
Mobile[1]	**311**	311	308	**305**	305	300
Broadband	**25**	25	23	**19**	19	17
Fixed	**102**	102	103	**114**	114	115
ARPU (US$)[2]						
Mobile	**62.4**	60.0	64.8	**67.8**	64.9	70.7
Broadband	**52.5**	49.9	55.2	**67.7**	65.3	70.1
Fixed	**39.5**	40.4	38.7	**35.7**	34.1	37.4
Revenue (US$m)	**171**			**175**		
EBITDA (US$m)	**59**			**60**		
Margin%	**35%**			**34%**		

[1] Active subscribers are defined as those having performed a revenue-generating activity in the previous 60 days. Historic subscriber numbers have been restated to exclude subscribers with credit balances but no activity in the preceding 60 days

[2] ARPU is average revenue per user per month, excluding equipment sales

Revenue at US$171 million was down 2% on the prior year primarily due to a reduction in mobile revenue.

Mobile revenue was down US$3 million following price reductions ahead of the anticipated entrant of a mobile competitor, reflected in an 8% drop in ARPU. Subscribers did however grow 2% following additional investment in 4G the introduction of LTE services last year driving growth of 34% in mobile traffic in the six month period.

Broadband revenue was up 14%, with subscribers growing 32% following increased uptake in fibre based products as consumers benefited from investments to double broadband speeds to more than 16Mbits per second in the prior year.

Fixed voice revenue at US$24 million declined by 4% as subscribers fell by 11% due to substitution from fixed to mobile. Despite this reduction in customer numbers, ARPU grew 11% as there was upselling of higher tariff products as part of bundled offers. Of the subscriber base, 19% of customers (12,000) have upgraded from their basic packages.

Managed services revenue fell by 7% to US$13 million due to a reduction in off island capacity sales.

Gross margin at US$138 million was 4% down compared to the prior year reflecting the reduction in revenue and higher subscriber acquisition costs. As a percentage of revenue, gross margin decreased by 1 percentage point to 81%.

Operating costs reduced by US$5 million (6%) to US$79 million as we began to realise the benefits of the on-going cost reduction initiatives. Headcount was 5% lower than last year.

EBITDA of US$59 million was in line with the prior year. The EBITDA margin at 35% was up one percentage point.

Capital expenditure of US$27 million was 17% higher than the previous year with 71% of investment geared towards expanding our 3G, 4G and LTE infrastructure as well as expanding our NGN and high speed DSL network.

Our proportionate ownership of BTC EBITDA for the six months ended 30 September 2014 and 2013 was 49% and 51%, respectively (see page 16 for details).

Seychelles

Following a strategic review of the opportunities, and discussions with the Government, the Seychelles business has returned to continuing operations as we no longer believe it is in shareholders' best interest to sell the business in the near term. We therefore no longer consider the business to be held for sale.

- Revenue up 4%
- EBITDA of $10m flat on prior year, up $1m at constant currency
- Subscriber growth across all service lines, ARPU growth in mobile and broadband

	6 months ended 30 Sep 2014	3 months ended 30 Sep 2014	3 months ended 30 Jun 2014	**6 months ended 30 Sep 2013**	3 months ended 30 Sep 2013	3 months ended 30 Jun 2013
Subscribers (000s)						
Mobile[1]	**84**	84	83	**82**	82	81
Broadband	**7**	7	7	**6**	6	6
Fixed	**18**	18	17	**17**	17	17
ARPU (US$)[2]						
Mobile	**30.3**	29.1	31.6	**30.1**	28.6	31.6
Broadband	**131.9**	132.6	131.2	**128.6**	130.2	127.1
Fixed	**38.3**	37.5	39.0	**44.2**	43.4	45.1
Revenue (US$m)	**27**			**26**		
EBITDA (US$m)	**10**			**10**		
Margin%	**37%**			**38%**		

[1] *Active subscribers are defined as those having performed a revenue-generating event in the previous 60 days*
[2] *ARPU is average revenue per user per month, excluding equipment sales*

The Seychelles business continues to perform well with revenue of US$27 million, up 4% on the prior year. Subscriber numbers improved for all business lines, and ARPU increased for both mobile and broadband.

EBITDA of US$10 million was in line with the prior year.

We fully owned the Seychelles business for the six months ended 30 September 2014.

Other

Other includes management, royalty and branding fees, the costs of the corporate centre and operating hub, net UK defined benefit pension charge or credit and intercompany eliminations.

EBITDA for the half was US$11 million lower than the prior year at US$(10) million primarily due to dual running costs of both of our London and Miami offices, the addition of central commercial, technology and business solutions capabilities and consulting fees related to the implementation of the Group's strategic initiatives. There was also a release of litigation and claim exposures following a reassessment of associated risks.

Joint ventures and associates
Our share of profit after tax from joint ventures and associates was US$11 million, US$11 million higher than the prior period.

	Effective ownership as at 30 September 2014	CWC share of revenue		CWC share of profit/(loss) after tax	
		Year ended 30 September 2014	Year ended 30 September 2013	Year ended 30 September 2014	Year ended 30 September 2013
	%	US$m	US$m	US$m	US$m
Trinidad and Tobago (TSTT)	*49%*	112	113	9	(2)
Solomon Telekom	*33%*	8	8	2	2
Total		**120**	**121**	**11**	**–**

’000s	**Mobile subscribers[1]**		**Broadband subscribers**		**Fixed line subscribers**	
	As at 30 September 2014	As at 30 September 2013	As at 30 September 2014	As at 30 September 2013	As at 30 September 2014	As at 30 September 2013
Trinidad and Tobago (TSTT)	851	838	94	108	263	263
Solomon Telekom	258	207	2	1	7	8
Total	**1,109**	**1,045**	**96**	**109**	**270**	**271**

[1] *Active subscribers are defined as those having performed a revenue-generating activity in the previous 60 days*

CWC’s share of TSTT revenue was down 1% in the period as competition intensified in the region. Profits increased by US$11 million to US$9 million as the prior period included a one-off operating cost following an adverse judgement in relation to a former pay dispute. CWC successfully disposed of its holding in Solomon Telecom subsequent to the period end for US$16.5 million.

Joint venture with Columbus Networks
Our international wholesale capacity joint venture, in which CWC has a 27.5% share, with Columbus Networks has been operating since May 2013.

The combined management team has eliminated duplicated roles and has commenced the consolidation and standardisation of technical facilities and the rationalisation of suppliers.

Construction of the PCCS cable system is progressing well with much of the cable now laid and new landing stations built. Fitting out of the landing stations, installation of the transmission equipment and commissioning of the system will occur in the second half with the system expected to enter into service early in 2015/16.

Capital expenditure
Capital expenditure in the first six months was US$190 million, 81% higher than last year, representing 22% of revenue as we accelerate investment following commencement of Project Marlin.

Our principal mobile investments continue to focus on upgrading our data networks to 4G, supporting smartphone sales with emphasis in Jamaica, Panama and The Bahamas. In the period we built up our LTE network in Antigua while making selective fibre network investments in Barbados as well as in ten of our other LIME markets, improving our high-speed broadband service offering and further invested in the PCCS to improve our international capacity. There has also been investment in optimising our infrastructure, reducing our operating expenses such as power and upgrading our billing and customer relationship management systems in order to better engage our customers.

Pre-exceptional depreciation and amortisation
Depreciation and amortisation at US$123 million was 7% higher following accelerated investment in network infrastructure as part of Project Marlin.

Other Group items

Net other operating expense
The US$2 million net other operating expense for the half comprised a loss on disposal of property, plant and equipment assets. In the prior year the loss of US$8 million principally comprised a foreign exchange translation loss related to the UK pension scheme as the US dollar weakened against sterling.

Exceptional expense
There were no exceptional expense items in the half. Exceptional items of US$55 million in the prior period included charges for the Group cost reduction initiative, primarily in relation to redundancy payments.

Net finance expense
The US$31 million net finance expense for the Group included finance income of US$3 million (US$3 million in H1 2013/14) and finance expense of US$34 million (US$73 million in H1 2013/14). The decrease in finance expense predominantly related to the early redemption of the secured US$500 million 2017 bond in February 2014.

Income tax expense
The income tax charge for the continuing Group of US$29 million (US$25 million in H1 2013/14) was in respect of overseas taxes. This charge represented an effective tax rate of 22.0% pre-exceptional items. Removing the impact of non-deductible interest charged on the Group's central borrowing facilities this charge represented an effective tax rate of 18% pre-exceptional items.

Following the disposal of Monaco Telecom, we expect the Group effective tax rate in 2014/15, pre-exceptional items and excluding non-deductible interest charged on the Group's central borrowing facilities, to be around 18%.

Discontinued Operations
In the six months ended 30 September 2014, discontinued operations included Monaco's contribution until its disposal was completed on 20 May 2014. In the prior year, discontinued operations comprised Monaco, Macau and the Islands businesses.

Gains on disposals
During the period we recognised an accounting gain of US$346 million following the completed disposal of our holding in Monaco Telecom in May 2014.

Group cash flow

US$m	2014/15 H1	2013/14 H1
EBITDA[1]	277	265
Capital expenditure	(190)	(105)
Operating cash flow before exceptional items	**87**	**160**
Movement in working capital and other provisions	(34)	(43)
Net investment income[2]	2	3
Underlying free cash flow	**55**	**120**
Fixed charges		
Income taxes paid	(21)	(28)
Interest paid	(27)	(48)
Dividends paid to non-controlling interests	(48)	(28)
Underlying equity free cash flow	**(41)**	**16**
Dividends paid to shareholders	(67)	(67)
Net cash flow before one-off items and exceptional items	**(108)**	**(51)**
Non-recurring and exceptional items		
Cash exceptionals	(20)	(62)
Pension payment	(52)	–
Acquisitions and disposals	405	1,399
Cash flow from discontinued operations	–	43
Net cash flow after one-off items and exceptional items	**225**	**1,329**
Net cash within assets disposed and acquired	(39)	(165)
Net proceeds/(repayments) from borrowings	44	(421)
Net cash flow	**230**	**743**

[1] *Earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/(expense) and exceptional items*
[2] *Includes dividends received from joint ventures of US$0.4 million in H1 2014/15 (US$0.6 million in H1 2013/14)*

The Group generated operating cash flow before exceptional items of US$87 million for the six months ended 30 September 2014, 46% lower than the prior year as Project Marlin gathered pace driving increased capital expenditure. Receivables increased following the acquisition of Grupo Sonitel in Panama, a delay in collections of government receivables following the change in Panamanian Government and a seasonal slowdown in LIME collections during the summer period. There was a decrease in payables within LIME as there was continued progress in agreeing outstanding carrier balances with counterparties. These outflows were partly offset by increased liabilities in BTC related to timing of payments, leading to a net outflow in working capital and other provisions. Investment income of US$2 million primarily comprised interest received on cash balances.

Fixed charges

We paid US$21 million relating to income tax in the first half, US$7 million lower than the prior year primarily due to changes in the taxation rate in Panama and lower tax payments in LIME. Interest paid on our external borrowings at US$27 million was US$21 million lower than the prior year following the redemption of the US$500 million secured bonds due 2017, in February 2014. We paid dividends to non-controlling interests of US$48 million in the period, which was US$20 million higher than the prior year due to timing of dividends from BTC and Panama.

Underlying equity free cash flow of US$(41) million was US$57 million lower than the prior year.

Non-recurring and exceptional items

The net cash outflow included US$20 million for exceptional items related to restructuring programmes. We also made a US$52 million cash contribution to the Cable & Wireless Superannuation Fund in the period and do not anticipate any further top-up payments until H1 2015/16 per the existing agreement with the Trustees of the fund. Acquisitions and disposals for the period include proceeds for the sale of Monaco Telecom less cash deconsolidated upon the disposal and a payment of US$39 million for the acquisition of Grupo Sonitel.

Group consolidated cash and debt

	As at 30 September 2014			As at 31 March 2014		
	Subsidiaries	**Central**	**Group**	**Subsidiaries**	**Central**	**Group**
	US$m	US$m	US$m	US$m	US$m	US$m
Cash and cash equivalents	**100**	**338**	**438**	**114**	**91**	**205**
Sterling unsecured bonds repayable in 2019	–	(240)	(240)	–	(242)	(242)
US$400 million secured bonds due 2020	–	(392)	(392)	–	(393)	(393)
Revolving Credit Facility (RCF)	–	–	–	–	–	–
Other regional debt facilities	(270)	–	(270)	(220)	–	(220)
Total debt	**(270)**	**(632)**	**(902)**	**(220)**	**(635)**	**(855)**
Total reported net (debt)	**(170)**	**(294)**	**(464)**	**(106)**	**(544)**	**(650)**

Consolidated net debt as at 30 September 2014 was US$464 million with proportionate net debt of US$367 million representing 1.0x proportionate annualised first half EBITDA.

Pensions

In May 2014 the Company reached agreement with the Trustees of the Cable & Wireless Superannuation Fund (CWSF) on the actuarial funding valuation as at 31 March 2013. This showed a funding deficit of £109 million. Cash contributions to the CWSF for 2014 to 2016 will remain in line with the agreement following the March 2010 triennial review. In addition to a payment of £30 million made in July 2014, future payments will be: April 2015 – £31 million and April 2016 – £33 million. Payments in 2017, 2018 and 2019 will be based on the outcome of the triennial valuation as at 31 March 2016 and will be in the range of £0 – £23 million each year as necessary to fund the scheme by April 2019.

As at 30 September 2014, the defined benefit section of the CWSF had an IAS 19 accounting deficit of £83 million (US$138 million), compared to a deficit of £90 million (US$148 million) as at 31 March 2014. This deficit funding agreed as part of the 2013 actuarial funding valuation constitutes a minimum funding agreement and in accordance with accounting standards we are required to account for this within the deficit. The IAS19 deficit recorded at 30 September 2014 therefore represents the present value of the amounts committed under the minimum funding agreement.

The AA corporate bond rate used in calculating the pension deficit was 3.9% compared with 4.4% at 31 March 2014.

The fund assets at 30 September 2014 were approximately invested 69% in the bulk annuity policy, 18% in equities, and 13% in bonds, property, swaps and cash.

There are other unfunded pension liabilities in the UK of £31 million (£29 million at 31 March 2014). The Group holds investments in gilts of £23 million to partially back the UK unfunded pension liabilities. Other schemes in Cable & Wireless Communications have a net IAS 19 surplus of US$17 million (US$17 million surplus at 31 March 2014).

Dividend

We are declaring an interim dividend of US1.33 cents per share.

The interim dividend of US1.33 cents per share will be paid on 9 January 2015 to ordinary shareholders on the register at the close of business on 21 November 2014. Subject to financial and trading performance in the second half of 2014/15, we expect to recommend a final dividend of US2.67 cents per share, resulting in a full year dividend of US4 cents per share.

A currency option and the dividend reinvestment plan will be offered in respect of the interim dividend. The default currency for payment is sterling. Shareholders wishing to receive their dividend in US dollars or wishing to participate in the dividend reinvestment plan should make an election using CREST Input Message or return a completed Currency Mandate Form or Dividend Reinvestment Plan Mandate Form to: Equiniti Ltd, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA by 9 December 2014. Copies of the mandate forms are available from Equiniti Ltd. UK callers: 0871 384 2104; overseas callers: +44 (0)121 415 7052 or from our website www.cwc.com.

The sterling dividend payment amount per share will be announced on 15 December 2014, and will be based on the prevailing GBP sterling to US dollar exchange rate at 2:00pm GMT on that date.

Transactions

Disposal of Monaco Telecom

On 20 May 2014, CWC completed the disposal of Compagnie Monegasque de Communication SAM (CMC), which was the holding company for CWC's 55% stake in Monaco Telecom S.A.M. (Monaco Telecom). At completion, CWC received consideration of €321,788,000 (US$445 million) on a cash and debt free basis. In addition, CWC received €6.2 million (US$8.6 million) relating to the estimated cash, debt and working capital at completion.

Bahamas Telecommunications Company

On 24 July 2014, CWC completed the transfer of 2% of its 51% holding in BTC to The BTC Foundation, a charitable trust dedicated to investing in projects for the benefit of Bahamians. The 2% shareholding is not entitled to any voting rights and therefore CWC has retained majority voting rights in BTC as well as remaining the largest overall shareholder. CWC will maintain management and Board control of the business.

Acquisition of Grupo Sonitel

On 12 September 2014, Cable & Wireless Panama completed the acquisition of Grupo Sonitel for US$36 million plus contingent consideration of up to an additional US$5 million. Grupo Sonitel operates SSA Sistemas, a provider of end-to-end managed IT solutions and telecoms services to business and government customers in Panama, as well as in El Salvador, Nicaragua and Peru; and Sonset, a provider of IT solutions and services to Small and Medium Enterprise (SME) customers in Panama. Logistica, an IT hardware reseller and a small number of other non-core Grupo Sonitel companies, were not included as part of the transaction.

Post balance sheet events

Disposal of Solomon Telekom

On 15 October 2014, CWC announced that it had agreed to divest its 32.577% shareholding in Solomon Telekom Company Limited (Soltel) to the Solomon Islands National Provident Fund Board for total cash proceeds of approximately US$16.5 million. The transaction completed on 24 October 2014.

Appendices

Operating performance information

Condensed consolidated interim income statement

	For the six months ended 30 September 2014			For the six months ended 30 September 2013*		
Continuing operations	**Pre-exceptional items US$m**	**Exceptional items US$m**	**Total US$m**	Pre-exceptional items US$m	Exceptional items US$m	Total US$m
Revenue	**848**	**-**	**848**	841	-	841
Operating costs before depreciation and amortisation	**(571)**	**-**	**(571)**	(576)	(55)	(631)
Depreciation	**(104)**	**-**	**(104)**	(94)	-	(94)
Amortisation	**(19)**	**-**	**(19)**	(21)	-	(21)
Other operating income	**-**	**-**	**-**	1	-	1
Other operating expense	**(2)**	**-**	**(2)**	(9)	-	(9)
Group operating profit/(loss)	**152**	**-**	**152**	142	(55)	87
Share of profits of joint ventures and associates	**11**	**-**	**11**	-	-	-
Total operating profit/(loss)	**163**	**-**	**163**	142	(55)	87
Finance income	**3**	**-**	**3**	3	-	3
Finance expense	**(34)**	**-**	**(34)**	(73)	-	(73)
Profit/(loss) before income tax	**132**	**-**	**132**	72	(55)	17
Income tax expense	**(29)**	**-**	**(29)**	(25)	-	(25)
Profit/(loss) for the period from continuing operations	**103**	**-**	**103**	47	(55)	(8)
Discontinued operations						
Profit for the period from discontinued operations	**354**	**-**	**354**	1,061	-	1,061
Profit/(loss) for the period	**457**	**-**	**457**	1,108	(55)	1,053
Attributable to:						
Owners of the Parent Company	**402**	**-**	**402**	1,050	(50)	1,000
Non-controlling interests	**55**	**-**	**55**	58	(5)	53
Profit/(loss) for the period	**457**	**-**	**457**	1,108	(55)	1,053
Earnings per share attributable to the owners of the Parent Company during the period (cents per share)[1]						
– basic			16.0c			40.0c
– diluted			15.9c			39.4c
Earnings/(loss) per share from continuing operations attributable to the owners of the Parent Company during the period (cents per share)						
– basic			1.9c			(2.0)c
– diluted			1.9c			(2.0)c
Earnings per share from discontinued operations attributable to the owners of the Parent Company during the period (cents per share)						
– basic			14.1c			42.0c
– diluted			14.0c			41.4c

**The results have been represented for the classification of Monaco in discontinued operations (note 7) and for Seychelles within continuing operations (note 5).*
[1] Includes discontinued operations

The notes on pages 24 to 31 are an integral part of these financial statements

Condensed consolidated interim statement of comprehensive income

		For the six months ended 30 September 2014		For the six months ended 30 September 2013
		US$m		US$m
Profit for the period		**457**		1,053
Other comprehensive (expense)/income for the period comprised:				
Items that will not be reclassified to profit or loss:				
Actuarial losses in the value of defined benefit pension schemes	**(40)**		(3)	
Income tax relating to items that will not be reclassified to profit or loss	**-**		-	
		(40)		(3)
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations	**(8)**		1	
Foreign currency translation reserves recycled on disposal of operations	**(92)**		(7)	
Fair value movements on available-for-sale assets	**2**		(4)	
Income tax relating to items that may be reclassified to profit or loss	**-**		-	
		(98)		(10)
Other comprehensive expense for the period, net of tax		**(138)**		(13)
Total comprehensive income for the period		**319**		1,040
Attributable to:				
Owners of the Parent Company		**263**		986
Non-controlling interests		**56**		54
		319		1,040

The notes on pages 24 to 31 are an integral part of these financial statements

Condensed consolidated interim statement of financial position

	30 September 2014 US$m	31 March 2014 US$m	30 September 2013 US$m
ASSETS			
Non-current assets			
Intangible assets	**183**	526	496
Property, plant and equipment	**1,496**	1,418	1,337
Investments in joint ventures and associates	**166**	188	251
Available-for-sale financial assets	**59**	58	56
Other receivables	**155**	170	67
Deferred tax asset	**20**	34	28
Retirement benefit assets	**20**	20	28
	2,099	2,414	2,263
Current assets			
Trade and other receivables	**434**	433	469
Inventories	**45**	36	40
Cash and cash equivalents (see note 7)	**438**	205	1,035
	917	674	1,544
Assets held for sale	**15**	70	70
	932	744	1,614
Total assets	**3,031**	3,158	3,877
LIABILITIES			
Current liabilities			
Trade and other payables	**581**	612	560
Borrowings	**69**	58	77
Financial liabilities at fair value	**-**	274	369
Provisions	**96**	140	87
Current tax liabilities	**117**	121	137
	863	1,205	1,230
Liabilities held for sale	**-**	23	19
	863	1,228	1,249
Net current assets/(liabilities)	**69**	(484)	365
Non-current liabilities			
Trade and other payables	**22**	26	28
Borrowings	**833**	797	1,318
Deferred tax liabilities	**30**	27	26
Provisions	**47**	42	35
Retirement benefit obligations	**191**	199	195
	1,123	1,091	1,602
Net assets	**1,045**	839	1,026
EQUITY			
Capital and reserves attributable to the owners of the Parent Company			
Share capital	**133**	133	133
Share premium	**97**	97	97
Reserves	**451**	259	442
	681	489	672
Non-controlling interests	**364**	350	354
Total equity	**1,045**	839	1,026

The notes on pages 24 to 31 are an integral part of these financial statements

Condensed consolidated interim statement of changes in equity

	Share capital US$m	Share premium US$m	Foreign currency translation and hedging reserve US$m	Capital and other reserves US$m	Retained earnings US$m	Total US$m	Non-controlling interests US$m	Total equity US$m
Balance at 1 April 2013	133	97	32	3,321	(3,832)	(249)	501	252
Profit for the period	-	-	-	-	1,000	1,000	53	1,053
Net actuarial losses recognised (net of taxation)	-	-	-	-	(2)	(2)	(1)	(3)
Foreign currency translation reserves recycled on disposal of operations	-	-	(7)	-	-	(7)	-	(7)
Exchange differences on translation of foreign operations	-	-	(1)	-	-	(1)	2	1
Fair value movements in available-for-sale assets	-	-	-	(4)	-	(4)	-	(4)
Total comprehensive (expense)/income for the period	**-**	**-**	**(8)**	**(4)**	**998**	**986**	**54**	**1,040**
Share-based payment expenses	-	-	-	-	2	2	-	2
Dividends	-	-	-	-	(67)	(67)	-	(67)
Total dividends and other transactions with Cable & Wireless Communications Plc shareholders	**-**	**-**	**-**	**-**	**(65)**	**(65)**	**-**	**(65)**
Dividends paid to non-controlling interests	-	-	-	-	-	-	(28)	(28)
Transfers on sale of subsidiary	-	-	-	(30)	30	-	(173)	(173)
Total dividends and other transactions with non-controlling interests	**-**	**-**	**-**	**(30)**	**30**	**-**	**(201)**	**(201)**
Balance at 30 September 2013	**133**	**97**	**24**	**3,287**	**(2,869)**	**672**	**354**	**1,026**
Balance at 1 April 2014	133	97	18	3,288	(3,047)	489	350	839
Profit for the period	-	-	-	-	402	402	55	457
Net actuarial losses recognised (net of taxation)	-	-	-	-	(40)	(40)	-	(40)
Foreign currency translation reserves recycled on disposal of operations	-	-	(92)	-	-	(92)	-	(92)
Exchange differences on translation of foreign operations	-	-	(9)	-	-	(9)	1	(8)
Fair value movements in available-for-sale assets	-	-	-	2	-	2	-	2
Total comprehensive (expense)/income for the period	**-**	**-**	**(101)**	**2**	**362**	**263**	**56**	**319**
Share-based payment expenses	-	-	-	-	2	2	-	2
Dividends	-	-	-	-	(67)	(67)	-	(67)
Total dividends and other transactions with Cable & Wireless Communications Plc shareholders	**-**	**-**	**-**	**-**	**(65)**	**(65)**	**-**	**(65)**
Dividends paid to non-controlling interests	-	-	-	-	-	-	(48)	(48)
Transfers on sale of subsidiary	-	-	-	-	(6)	(6)	6	-
Total dividends and other transactions with non-controlling interests	-	-	**-**	**-**	**(6)**	**(6)**	**(42)**	**(48)**
Balance at 30 September 2014	**133**	**97**	**(83)**	**3,290**	**(2,756)**	**681**	**364**	**1,045**

The notes on pages 24 to 31 are an integral part of these financial statements

Condensed consolidated interim statement of cash flows

	For the six months ended 30 September 2014	For the six months ended 30 September 2013*
	US$m	US$m
Cash flows from operating activities		
Cash generated from operations – continuing operations	**171**	160
Cash generated from operations – discontinued operations	**1**	65
Income taxes paid – continuing operations	**(21)**	(28)
Income taxes paid – discontinued operations	**-**	(2)
Net cash from operating activities	**151**	195
Cash flows from investing activities		
Finance income	**2**	2
Dividends received	**-**	1
Proceeds on disposal of property, plant and equipment	**-**	3
Purchase of property, plant and equipment	**(183)**	(100)
Purchase of intangible assets	**(7)**	(5)
Acquisition of subsidiaries and non-controlling interests (net of cash received)	**(37)**	-
Net cash used in continuing operations	**(225)**	(99)
Disposal proceeds (net of cash disposed and transaction costs) for discontinued operations	**403**	1,131
Other discontinued operations	**(1)**	(20)
Discontinued operations	**402**	1,111
Net cash from investing activities	**177**	1,012
Net cash flow before financing activities	**328**	1,207
Cash flows from financing activities		
Dividends paid to owners of the Parent Company	**(67)**	(67)
Dividends paid to non-controlling interests	**(48)**	(28)
Repayments of borrowings	**(112)**	(494)
Proceeds from borrowings	**156**	73
Finance costs	**(27)**	(48)
Net cash used in continuing operations	**(98)**	(564)
Discontinued operations	**-**	100
Net cash used in financing activities	**(98)**	(464)
Net decrease in cash and cash equivalents – continuing operations	**(173)**	(531)
Net increase in cash and cash equivalents – discontinued operations	**403**	1,274
Cash and cash equivalents at 1 April	**208**	297
Exchange differences on cash and cash equivalents	**-**	1
Cash and cash equivalents at 30 September	**438**	1,041

***** *The results have been represented for the classification of Monaco in discontinued operations (note 7) and for Seychelles within continuing operations (note 5).*

The notes on pages 24 to 31 are an integral part of these financial statements

Reconciliation of net profit to net cash flow from operating activities

Continuing operations	For the six months ended 30 September 2014 US$m	For the six months ended 30 September 2013* US$m
Profit/(Loss) for the period	103	(8)
Adjustments for:		
Tax expense	29	25
Depreciation	104	94
Amortisation	19	21
Loss/(gain) on disposal of property, plant and equipment	2	(1)
Finance income	(3)	(3)
Finance expense	34	73
Other income and expenses	-	9
Decrease in exceptional provisions	(26)	(1)
Employee benefits	7	4
Defined benefit pension scheme contributions	(1)	(3)
Defined benefit pension scheme other contributions	(52)	-
Share of post-tax profit of joint ventures and associates	(11)	-
Operating cash flows before working capital changes	**205**	210
Changes in working capital (excluding the effects of acquisitions and disposals of subsidiaries)		
Increase in inventories	(4)	(9)
(Increase)/decrease in trade and other receivables	(31)	7
Increase/(decrease) in trade and other payables	1	(48)
Cash generated from operations	**171**	160

* *The results have been represented for the classification of Monaco in discontinued operations (note 7) and for Seychelles within continuing operations (note 5).*

The notes on pages 24 to 31 are an integral part of these financial statements

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Cable & Wireless Communications Plc (the Company) is a company registered in England and Wales. The condensed consolidated interim financial statements as at and for the six months ended 30 September 2014 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in joint venture and associate entities. Following the disposal of interests in Monaco, the Group operates four business units being Panama, LIME (Caribbean excluding Bahamas), BTC (Bahamas) and Seychelles.

The consolidated financial statements of the Group as at and for the year ended 31 March 2014 are available upon request from the Company's registered office at 3rd Floor, 26 Red Lion Square, London WC1R 4HQ or at www.cwc.com.

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 *Interim Financial Reporting* as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2014.

The comparative figures for the financial year ended 31 March 2014 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial statements were approved by the Board of Directors on 5 November 2014.

3. Significant accounting policies and principles

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2014, with the exception of new and revised accounting standards and interpretations effective from 1 April 2014 and the specific requirements of IAS 34 *Interim Financial Reporting*.

The adoption of IFRS 10 *Consolidated financial statements* and IFRS 11 *Joint arrangements* had no material impact on the Group. The disclosures required under IFRS 12 *Disclosures on interests in other entities* will increase in line with the standard in the full year accounts.

There were no other material effect on the Group from the adoption of new and revised accounting standards and interpretations.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

Income tax expense in the interim period is based on our best estimate of the weighted average annual income tax rate expected for the full financial year.

4. Estimates

The preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2014.

5. Segment information

Cable & Wireless Communications Group is an international telecommunications service provider. It operates integrated telecommunications companies offering mobile, broadband, pay TV, fixed line and enterprise services to residential and business customers. The Group has modified its operating segments following the disposal of Monaco which has been classified as discontinued operations (note 7) and the reclassification of Seychelles to continuing operations. From 1 April 2014, the Board (the chief operating decision maker) considers the performance of BTC (Bahamas) separately from that of LIME (rest of Caribbean). Accordingly the Group now has four principal operations which have been identified as its reportable segments. These segments are Panama, LIME, BTC and the Seychelles. The Group also has an 'other' operating segment which is comprised of the corporate centre, operating hub and eliminations for inter-segment transactions. As the operating segments presented herein differ from the operating segments presented in the financial statements as of 31 March 2014, comparatives have been represented in this note.

The operating segment results for the six months ended 30 September 2014, as provided to the Cable & Wireless Communications Plc Board, are presented below. The non-operating corporate centre and operating hub is also disclosed within 'other and eliminations' in order to reconcile the reportable segment results to the Group results.

Continuing operations	**Panama US$m**	**LIME US$m**	**BTC US$m**	**Seychelles US$m**	**Other and eliminations[1] US$m**	**Total US$m**
Revenue	302	344	171	27	4	848
Cost of sales	(100)	(73)	(33)	(4)	(4)	(214)
Gross margin	**202**	**271**	**138**	**23**	**-**	**634**
Pre-exceptional operating costs	(84)	(171)	(79)	(13)	(10)	(357)
EBITDA[2]	**118**	**100**	**59**	**10**	**(10)**	**277**
Depreciation and amortisation	(48)	(41)	(21)	(7)	(6)	(123)
Net other operating income/(expense)	21	-	(1)	-	(22)	(2)
Operating profit before joint ventures and associates and exceptional items	**91**	**59**	**37**	**3**	**(38)**	**152**
Share of post-tax profit of joint ventures and associates	-	-	-	-	11	11
Total operating profit	**91**	**59**	**37**	**3**	**(27)**	**163**
Net finance income/(expense)	(4)	16	-	-	(43)	(31)
Profit before income tax	**87**	**75**	**37**	**3**	**(70)**	**132**
Income tax	(21)	(12)	-	(2)	6	(29)
Profit for the period from continuing operations	**66**	**63**	**37**	**1**	**(64)**	**103**
Income taxes paid[3]	*(8)*	*(6)*	*(1)*	*(4)*	*(2)*	*(21)*

There are no differences in the measurement of the reportable segments' results and the Group's results.

[1] Other and eliminations includes the corporate centre and operating hub expenses and eliminations for inter-segment transactions and the results of our joint ventures and associates.
[2] EBITDA is used in management reporting as it is considered by management to be a key financial metric. It is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense and exceptional items (note 6).
[3] Income taxes paid represents cash tax paid during the year by consolidated subsidiaries.

Due to the reclassification of the Group's segments and the sale of Monaco, the operating segment results for the six months ended 30 September 2013, as provided to the Cable & Wireless Communications Plc Board are presented below. The non-operating corporate centre is also disclosed within 'other and eliminations' in order to reconcile the reportable segment results to the Group results.

Continuing operations	**Panama US$m**	**LIME US$m**	**BTC US$m**	**Seychelles US$m**	**Other and eliminations[1] US$m**	**Total US$m**
Revenue	287	346	175	26	7	841
Cost of sales	(92)	(80)	(31)	(4)	(3)	(210)
Gross margin	**195**	**266**	**144**	**22**	**4**	**631**
Pre-exceptional operating costs	(79)	(188)	(84)	(12)	(3)	(366)
EBITDA[2]	**116**	**78**	**60**	**10**	**1**	**265**
Depreciation and amortisation	(44)	(44)	(23)	-	(4)	(115)
Net other operating expense	-	1	-	-	(9)	(8)
Operating profit before joint ventures and associates and exceptional items	**72**	**35**	**37**	**10**	**(12)**	**142**
Operating exceptional items	-	(43)	-	-	(12)	(55)
Total operating profit/ (loss)	**72**	**(8)**	**37**	**10**	**(24)**	**87**
Net finance (expense)/income	(6)	13	-	-	(77)	(70)
Profit before income tax	**66**	**5**	**37**	**10**	**(101)**	**17**
Income tax	(14)	(5)	-	(3)	(3)	(25)
Profit/(loss) for the period from continuing operations	**52**	**-**	**37**	**7**	**(104)**	**(8)**
Income taxes paid[3]	*(12)*	*(12)*	-	*(2)*	*(2)*	*(28)*

There are no differences in the measurement of the reportable segments' results and the Group's results.

[1] Other and eliminations includes the corporate centre and operating hub expenses and eliminations for inter-segment transactions and the results of our joint ventures and associates.
[2] EBITDA is used in management reporting as it is considered by management to be a key financial metric. It is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense and exceptional items (note 6)
[3] Income taxes paid represents cash tax paid during the year by consolidated subsidiaries.

6. Exceptional items

There were no exceptional operating expenses for the six months ended 30 September 2014 (30 September 2013: US$55 million).

7. Discontinued operations

Monaco Telecom

At a General Meeting on 15 May 2014, shareholders of the Group approved the sale of Compagnie Monegasque de Communication SAM (CMC), the holding company for the Group's 55% stake in Monaco Telecom SAM to a private investment vehicle controlled by Xavier Niel.

The disposal completed on 20 May 2014. The Group received €321,788,000 (US$445 million) on a cash and debt free basis. In addition, the Group received €6.2 million (US$8.6 million) relating to the estimated cash, debt and working capital at completion which remains subject to post completion adjustments.

Monaco Telecom has been classified as a discontinued operation as at 30 September 2014 and the comparative consolidated income statement has been restated. The results of Monaco Telecom were previously recorded in the Monaco operating segment.

The results of all discontinued operations are shown below:

	Total discontinued operations US$m
Period ended 30 September 2014	
Revenue	29
Expenses	(20)
Profit before tax	9
Tax	(1)
Profit after tax	**8**
Profit on disposal of discontinued operations	346
Profit for the Period	**354**

Seychelles

As at 31 March 2014 the Seychelles was held for sale and net assets were US$47 million (30 September 2013: US$51 million). This included cash and cash equivalents of US$3 million (30 September 2013: US$6 million).

For the six months ended 30 September 2014, the Seychelles is now presented in continuing operations.

8. Provisions for liabilities and charges

The table below represents the movements in significant classes of provisions during the six month period ended 30 September 2014:

	Property	Redundancy	Network and asset retirement obligations	Legal and other	Total
	US$m	US$m	US$m	US$m	US$m
At 1 April 2014	**20**	**43**	**30**	**89**	**182**
Current portion	15	43	2	80	140
Non-current portion	5	-	28	9	42
Additional provision	-	-	-	8	8
Amounts used	(2)	(19)	-	(11)	(32)
Acquisitions (note 18)	-	-	-	3	3
Interest	-	-	1	-	1
Unused amounts released	-	-	-	(6)	(6)
Disposal of discontinued operations	-	-	(2)	(12)	(14)
Transfers	-	-	-	1	1
At 30 September 2014	**18**	**24**	**29**	**72**	**143**
Current portion	13	24	-	59	96
Non-current portion	5	-	29	13	47

Property

Provision has been made for dilapidation costs and for the lower of the best estimate of the unavoidable lease payments or cost of exit in respect of vacant properties. Unavoidable lease payments represent the difference between the rentals due and any income expected to be derived from the vacant properties being sublet. The provision is expected to be used over the shorter of the period to exit and the lease contract life.

Redundancy

Provision has been made for the total employee related costs of redundancies announced prior to the reporting date. Amounts provided for and spent during the period presented primarily relate to regional transformation activities in the Caribbean together with costs at the corporate centre. The provision is expected to be used within one year.

Network and asset retirement obligations
Provision has been made for the best estimate of the unavoidable costs associated with redundant leased network capacity. The provision is expected to be used over the shorter of the period to exit and the lease contract life.

Provision has also been made for the best estimate of the asset retirement obligation associated with office sites, technical sites, mobile cell sites and domestic and sub-sea cabling. This provision is expected to be used at the end of the life of the related asset on which the obligation arises.

Legal and other
Legal and other provisions include amounts relating to specific legal claims against the Group together with amounts in respect of certain employee benefits and sales taxes. The timing of the utilisation of the provision is uncertain and is largely outside the Group's control, for example, where matters are contingent upon litigation. There was a US$6 million release of litigation and claim exposures following a reassessment of exposures to the Group.

9. Property, plant and equipment
During the period, US$191 million of property, plant and equipment was acquired. There were disposals of property, plant and equipment with a net book value of US$2 million during the six months ended 30 September 2014. The Group's capital commitments at 30 September 2014 were US$150 million (US$83 million at 31 March 2014).

10. Changes in net funds

	At 1 April 2014	Cash flow	Other[1]	Bond amortisation	Transfer	Discontinued operations	Exchange movements	At 30 September 2014
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m
Cash at bank and in hand	89	(399)	1	-	-	403	-	**94**
Short-term deposits	116	226	2	-	-	-	-	**344**
Total funds	**205**	**(173)**	**3**	**-**	**-**	**403**	**-**	**438**
Debt due within one year	(58)	16	(5)	-	(22)	-	-	(69)
Debt due after one year	(797)	(60)	(1)	(1)	22	-	4	(833)
Total debt	**(855)**	**(44)**	**(6)**	**(1)**	**-**	**-**	**4**	**(902)**
Total net debt	**(650)**	**(217)**	**(3)**	**(1)**	**-**	**403**	**4**	**(464)**

[1] Other includes US$3 million of opening cash balances for the Seychelles that were reclassified into continuing operations at 30 September 2014 (note 7) and US$(6) million of debt acquired in the purchase of Grupo Sonitel (note 18).

11. Fair value
The Monaco Telecom put option of US$274 million was cancelled as a result of the disposal of Monaco Telecom (note 7).

A reconciliation of the movements in the value of level 3 financial liabilities is as follows:

	Monaco Telecom put option 2014
	US$m
At 1 April 2014	274
Cancellation upon disposal of Monaco Telecom	(274)
At 30 September 2014	**-**

12. Retirement benefit obligations

As at 30 September 2014, the Cable & Wireless Superannuation Fund defined benefit scheme (CWSF) had an IAS 19 *Employee Benefits* deficit of US$138 million compared with a deficit of US$148 million at 31 March 2014. In May 2014, the Group reached agreement with the Trustees on the actuarial valuation as at 31 March 2014. This showed a funding deficit of £109 million. Cash contributions to the CWSF for 2014 to 2016 will remain as agreed following the 2010 triennial review. The first payment of US$52 million was made in July 2014. Payments in 2017, 2018 and 2019 will be based on the outcome of the actuarial funding valuation as at 31 March 2016 and will be in the range of £0 to £23 million each year necessary to fund the scheme by April 2019. The deficit takes account of the recovery funding plan agreed with the Trustees of the CWSF in May 2014. This funding plan constitutes a minimum funding requirement and the IAS 19 accounting deficit has therefore been calculated in accordance with IFRIC 14 *The Limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

Further, the Group has unfunded pension liabilities in the UK of US$50 million (US$48 million at 31 March 2014). Other defined benefit schemes have a net IAS 19 surplus of US$17 million (US$17 million surplus at 31 March 2014).

13. Weighted average number of ordinary shares

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share was as follows:

	Six months ended 30 September 2014 (in thousands)	**Six months ended 30 September 2013 (in thousands)**
Basic weighted average number of ordinary shares	2,513,461	2,500,534
Diluted weighted average number of ordinary shares	2,525,854	2,539,709
Treasury shares	137,489	137,489

The number of ordinary shares in issue as at 30 September 2014 was 2,665,611,727.

At 30 September 2014 a total of 137,488,873 shares were classified as treasury shares. This represented 5% of called-up share capital at the beginning of the period.

14. Dividends paid and proposed

The interim dividend proposed for the six month period ended 30 September 2014 is US$33 million (US1.33 cents per share). The proposed dividend was approved by the Board of Directors on 5 November 2014. The interim dividend paid for the corresponding six month period ended 30 September 2013 was US$33 million (US1.33 cents per share).

The final dividend paid on 8 August 2014 for the full year ended 31 March 2014 was US$67 million (US2.67 cents per share). The final dividend paid on 9 August 2013 for the corresponding full year ended 31 March 2013 was US$67 million (US2.67 cents per share).

15. Related parties

The nature of the related party transactions of the Group has not changed from those described in the Group's consolidated financial statements for the year ended 31 March 2014.

Transactions with joint ventures and associates

All trade transactions with joint ventures and associates arise in the normal course of business and primarily relate to fees for use of the Group's products and services, network and access charges.

During the six months ended 30 September 2014, the Group received dividends of US$0.4 million from joint ventures and associates (US$0.6 million for the six months ended 30 September 2013). At 30 September 2014, joint ventures and associates owed net US$2 million (US$2 million at 31 March 2014) in respect of trading balances.

There were no other material trade transactions with joint ventures and associates during the period.

Transactions with key management personnel

There have been no transactions with the key management personnel of the Group other than the director and key management remuneration.

Transactions with other related parties
There are no controlling shareholders of the Group. There have been no material transactions with the shareholders of the Group.

Other than the parties disclosed above, the Group has no other material related parties.

16. Operating lease expenditure and guarantees
As at 30 September 2014, the aggregate future minimum lease payments under operating leases are:

	As at 30 September 2014 US$m	As at 31 March 2014 US$m
No later than one year	26	35
Later than one year but not later than five years	58	76
Later than five years	28	20
Total minimum operating lease payments	**112**	**131**

Guarantees at the end of the period for which no provision has been made in the financial statements are as follows:

	As at 30 September 2014 US$m	As at 31 March 2014 US$m
Trading guarantees	52	50
Other guarantees	329	329
Total guarantees	**381**	**379**

Other guarantees include financial obligations principally in respect of property, and other leases. It also includes guarantees and indemnities in respect of disposals of subsidiary undertakings. The nature of guarantees has not changed since 31 March 2014 and are more fully described in note 5.3.2 of the Annual Report and Accounts.

17. Reconciliation of GAAP to non-GAAP items

Total operating profit to EBITDA

Continuing operations	Six months ended 30 September 2014 US$m	Six months ended 30 September 2013 US$m
Total operating profit	163	87
Depreciation and amortisation	123	115
Net other operating expense	2	8
Share of post-tax profit of joint ventures and associates	(11)	-
Exceptional items	-	55
EBITDA	**277**	**265**

The Group uses EBITDA as a key performance measure as it reflects the underlying operational performance of the businesses. EBITDA is not a measure defined under IFRS. It is calculated as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income and expense and exceptional items.

Basic Earnings per Share (EPS) to Adjusted EPS

Continuing operations	Six months ended 30 September 2014 US cents	Six months ended 30 September 2013 US cents
Gain/(loss) per share attributable to owners of the Parent Company	1.9	(2.0)
Exceptional items[1]	-	2.0
Amortisation of acquired intangibles[1]	0.1	0.1
Adjusted EPS attributable to owners of the Parent Company	**2.0**	**0.1**
Weighted average number of shares (million)	2,513	2,501

[1] Excluding amounts attributable to non-controlling interests

Adjusted EPS is before exceptional items, transaction costs, loss on disposal of businesses and amortisation of acquired intangibles.

18. Business Combinations

Grupo Sonitel
On 12 September 2014, the Group, through its subsidiary Cable & Wireless Panamá, S. A. (CWP), agreed to acquire Panama-based Grupo Sonitel for US$36 million plus contingent consideration of up to an additional US$5 million. Grupo Sonitel operates SSA Sistemas, a provider of end-to-end managed IT solutions and telecoms services to business and government customers in Panama, as well as in El Salvador, Nicaragua and Peru; and Sonset, a provider of IT solutions and services to Small and Medium Enterprise (SME) customers in Panama.

This transaction is in line with the strategy outlined in May to grow business (B2B) and government (B2G) capabilities.

The Directors have made a provisional assessment of the fair values of the assets and liabilities as at the acquisition date based on estimated total consideration (including contingent consideration) of US$39 million:

	Book value US$m	Fair value Adjustments US$m	Provisional fair value US$m
Property, plant and equipment	2	-	2
Customer contracts and relationships	-	17	17
Brands	-	6	6
Other net assets	5	(4)	1
Total	**7**	**19**	**26**

The goodwill recognised of US$13 million on acquisition was based on the provisional assessment of the fair values of assets acquired and liabilities assumed. Goodwill arising on the acquisition included the value of the workforce and expected synergies resulting from the integration into the existing business that did not meet the recognition criteria set out in IAS 38 *Intangible Assets* as they were unable to be separately identified.

Acquisition-related costs of US$0.5 million were recorded in these financial statements as other operating expenses.

Sonitel contributed revenue of US$6 million and profit of US$0.2 million to the Group's results. If the acquisition had occurred on 1 April 2014, management estimates that revenue would have been US$30 million and profit of US$2 million during the period.

19. Events after the reporting period

On 15 October 2014 the Group announced that it has agreed to divest its 32.577% shareholding in Solomon Telekom Company Limited ("Soltel") to the Solomon Islands National Provident Fund Board for total cash proceeds of approximately US$16.5 million. The transaction completed on 24 October 2014. This divestment marks the Group's exit from the South Pacific region as interests in Vanuatu and Fiji have previously been sold. The Group's equity interest in Soltel was classified as assets held for sale at 30 September 2014.

Risks to our future success

As with any business, there are a number of potential risks to our future success. These risks and our plans to mitigate them are outlined in further detail in the consolidated financial statements of the Group as at and for the year ended 31 March 2014 (pages 18 to 21 of the Annual Report). A summary of those risks (in no particular order) is as follows:

- **Business Change** – Our business change strategies fail to be executed quickly enough or fail to achieve the anticipated efficiency, costs savings or customer service improvements.
- **Service Disruption** – Disruption to our network and IT systems from events such as natural disasters, fire, security breaches or human error.
- **Competitive Activity** – Competitor activity and new entrants could, through a combination of aggressive pricing and promotions, reduce our market share and margins. Our mobile monopoly in The Bahamas expires in 2014/15 and some loss of market share and increased price pressure is inevitable.
- **Regulatory Risk** – Renewal of licences and operating agreements; licence revocation or amendment; changes in regulation; and inability to obtain new or additional licences.
- **Business Development** – Development of mobile data, pay TV and our B2B / B2G capabilities fail to perform as anticipated or failure to identify and mobilise into new business lines with sufficient time.
- **Investment** – Possibility of unsuccessful investment, mergers and acquisitions and/or potential new sources of growth prove insufficient or fail to develop.
- **Economic Conditions** – A worsening of the global economic climate or poor local/national economic conditions may impact our operations, trading and profitability.
- **Political Risk** – A change in the political environment leading to changes in law, government policy or attitudes towards foreign investment.
- **Network and Data Security** – Third parties may gain unauthorised access to the network and to sensitive data.
- **Technology** – New technology developments may render our existing products, services and supporting infrastructure obsolete or non-competitive.
- **Joint Ventures and Associates** – Performance of joint ventures and associates where we do not have management control.
- **Key Supplier Risk –** The Group is reliant on a small number of key suppliers with a risk of contractual failure or business continuity.
- **Health and Safety –** In the absence of proper safeguards, harm or death to our employees, contractors and number of the Public.

In addition the Group identified the following further risk:

- **Additional risk -** Acquisition of Columbus International, Inc. - The proposed acquisition of Columbus International, Inc.("Acquisition") raises four key risks:
    - Execution Risk - Completion of the Acquisition is subject to the satisfaction of several conditions, including approval of our shareholders and the certain structural arrangements in respect of Columbus International Inc.'s business being implemented, in addition to the requirement to obtain regulatory approvals in Barbados, Jamaica, Trinidad and Tobago and the US. If these conditions are not satisfied, or, where applicable, waived, the Acquisition will not be implemented or the implementation of the Acquisition may be delayed and the benefits expected to result from the Acquisition will not be achieved.
    - Regulatory Risk - Whilst completion of the Acquisition is not conditional upon obtaining regulatory approvals in jurisdictions outside of those listed above, there are a number of jurisdictions in respect of which regulatory notifications and/or approvals may be required. The relevant authorities in these jurisdictions may impose conditions on the giving of such approvals (if required), may decline to give approval or may seek to otherwise intervene in the Acquisition. Additionally, there is a risk that competitors, customers, and/or third parties may seek to disrupt, delay or prevent completion of the Acquisition. These actions might result in delays, financial penalties, suspension or removal of the relevant operating licence, or the imposition of unfavourable conditions in respect of those jurisdictions.

- Integration Risk - The integration process may be complex and difficult to complete and will raise risks relating to retaining key staff, integrating employee groups, and preventing disruption or failure of networks and services, among others. Additionally, integration may take longer than is expected, or difficulties relating to integration may arise, with the potential to detrimentally affect the profitability of the combined business.

- Synergy Risk - Whilst we believe that the combination of the two businesses will achieve significant synergies, there is a risk that these will fail to materialise, or that they may be materially lower than have been estimated, which would have a significant impact on the profitability of the combined group in the future. To the extent that synergies are not realised, this may negatively impact CWC's financial position.

Risks pertaining to the proposed acquisition will be set out in more detail in the shareholder circular which will be made available to shareholders and on our website in due course.

INDEPENDENT REVIEW REPORT TO CABLE & WIRELESS COMMUNICATIONS PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 which comprises the condensed consolidated interim income statement; condensed consolidated interim statement of comprehensive income; condensed consolidated interim statement of financial position; condensed consolidated interim statement of cash flows; condensed consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

John Edwards
For and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square, London, E14 5GL
5 November 2014

RESPONSIBILITY STATEMENT

This interim management report has been approved by the Directors of Cable & Wireless Communications Plc. In accordance with the requirements of the Disclosure and Transparency Rules, the Directors confirm that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;

- The interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The current Directors of Cable & Wireless Communications Plc are as follows:

Chairman:
Sir Richard Lapthorne

Executive Directors:
Nick Cooper – Corporate Services Director
Perley McBride – Chief Financial Officer
Phil Bentley – Chief Executive

Non-executive Directors:
Simon Ball – Deputy Chairman, Senior Independent Director, Chairman of the Remuneration Committee
Ian Tyler – Chairman of the Audit Committee
Mark Hamlin
Alison Platt

By order of the Board

Phil Bentley Chief Executive	Perley McBride Chief Financial Officer

5 November 2014

IMPORTANT DISCLAIMER

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Cable & Wireless Communications' plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. A summary of some of the potential risks faced by Cable & Wireless Communications is set out in the Group's most recent Annual Report.

Forward-looking statements speak only as of the date they are made and Cable & Wireless Communications undertakes no obligation to revise or update any forward-looking statement contained within this announcement, or any other forward-looking statements it may make, regardless of whether those statements are affected as a result of new information, future events or otherwise (except as required by the UK Listing Authority, the London Stock Exchange, the City Code on Takeovers and Mergers or by law).

H1 2014/15 CWC CONSTANT CURRENCY RESULTS DETAIL

	Panama			LIME			BTC			Seychelles			Other[3]			Total		
	H1 14/15 US$m	H1 13/14 US$m	Change %	H1 14/15 US$m	H1 13/14 US$m	Change %	H1 14/15 US$m	H1 13/14 US$m	Change %	H1 14/15 US$m	H1 13/14 US$m	Change %	H1 14/15 US$m	H1 13/14 US$m	Change %	H1 14/15 US$m	H1 13/14 US$m	Change %
Mobile	176	168	5%	143	132	8%	126	129	(2)%	16	14	14%	-	-	-	461	443	4%
Broadband and TV	34	31	10%	52	51	2%	8	7	14%	5	5	-	-	-	-	99	94	5%
Fixed voice	54	58	(7)%	98	102	(4)%	24	25	(4)%	4	4	-	-	-	-	180	189	(5)%
Managed services and other	38	30	27%	51	53	(4)%	13	14	(7)%	2	2	-	4	7	(43)%	108	106	2%
Revenue	**302**	**287**	**5%**	**344**	**338**	**2%**	**171**	**175**	**(2)%**	**27**	**25**	**8%**	**4**	**7**	**(43)%**	**848**	**832**	**2%**
Cost of sales	(100)	(92)	(9)%	(73)	(78)	6%	(33)	(31)	(6)%	(4)	(4)	-	(4)	(3)	(33)%	(214)	(208)	(3)%
Gross margin	**202**	**195**	**4%**	**271**	**260**	**4%**	**138**	**144**	**(4)%**	**23**	**21**	**10%**	**-**	**4**	**nm**	**634**	**624**	**2%**
Operating costs	(84)	(79)	(6)%	(171)	(182)	6%	(79)	(84)	6%	(13)	(12)	8%	(10)	(3)	nm	(357)	(360)	1%
EBITDA[2]	**118**	**116**	**2%**	**100**	**78**	**28%**	**59**	**60**	**(2)%**	**10**	**9**	**11%**	**(10)**	**1**	**nm**	**277**	**264**	**5%**
Depreciation and amortisation	(48)	(44)	(9)%	(41)	(44)	7%	(21)	(23)	9%	(7)	-	nm	(6)	(4)	(50)%	(123)	(115)	(7)%
Net other operating income/ (expense)	21	-	nm	-	1	nm	(1)	-	nm	-	-	-	(22)	(9)	nm	(2)	(8)	75%
Operating profit before joint ventures and associates and exceptional items	**91**	**72**	**26%**	**59**	**35**	**69%**	**37**	**37**	**-**	**3**	**9**	**(67)%**	**(38)**	**(12)**	**nm**	**152**	**141**	**8%**
Capital expenditure	(58)	(35)	(66)%	(90)	(39)	nm	(27)	(23)	(17)%	(4)	(4)	-	(11)	(3)	nm	(190)	(104)	(83)%
Operating cash flow[1]	**60**	**81**	**(26)%**	**10**	**39**	**(74)%**	**32**	**37**	**(14)%**	**6**	**5**	**20%**	**(21)**	**(2)**	**nm**	**87**	**160**	**(46)%**

nm represents % change not meaningful

1 EBITDA less capital expenditure

2 Earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income / (expense) and exceptional items

3 Other includes management, royalty and branding fees, the costs of the corporate centre and operating hub, net UK defined benefit pension charge or credit and intercompany eliminations

KPI DETAIL

	2013/14				2014/15	
	Q1	Q2	Q3	Q4	Q1	Q2
Subscribers (000s)						
Panama						
Mobile[1]	1,897	1,933	2,085	2,159	2,304	2,503
Broadband	129	129	130	131	132	132
Fixed line	376	374	372	372	369	369
BTC						
Mobile[1]	300	305	307	308	308	311
Broadband	17	19	21	23	23	25
Fixed line	115	114	104	103	103	102
LIME						
Mobile[1]	994	1,094	966	1,198	1,211	1,236
Broadband	210	214	217	218	216	219
Fixed line	583	582	582	580	574	574
Seychelles						
Mobile[1]	81	82	82	83	83	84
Broadband	6	6	7	7	7	7
Fixed line	17	17	17	17	17	18
ARPU (US$)[2]						
Panama						
Mobile	15.4	14.9	14.2	12.9	13.1	12.3
Broadband	29.0	28.8	28.5	28.7	28.8	29.2
Fixed line	26.1	25.4	24.7	24.6	24.4	24.6
BTC						
Mobile[1]	70.7	64.9	65.8	62.8	64.8	60.0
Broadband	70.1	65.3	67.5	54.4	55.2	49.9
Fixed line	37.4	34.1	30.7	36.6	38.7	40.4
LIME						
Mobile[1]	23.1	21.4	20.9	18.6	19.4	19.6
Broadband	37.9	38.7	36.7	36.3	36.3	35.7
Fixed line	30.9	29.4	28.6	29.3	28.6	28.0
Seychelles						
Mobile[1]	31.6	28.6	29.7	33.8	31.6	29.1
Broadband	127.1	130.2	125.9	123.4	131.2	132.6
Fixed line	45.1	43.4	43.9	41.7	39.0	37.5

[1] Active subscribers are defined as those having performed a revenue-generating activity in the previous 60 days. Historic subscriber numbers have been restated to exclude subscribers with credit balances but no activity in the preceding 60 days

[2] ARPU is average revenue per user per month, excluding equipment sales

EXCHANGE RATES

	Actual rates for 6 months ended 30 September 2014	Actual rates for year ended 31 March 2014	Actual rates for 6 months ended 30 September 2013	Percentage change US dollar appreciation / (depreciation) - March 2014	Percentage change US dollar appreciation / (depreciation) - September 2013
Sterling : US dollar					
Average	0.5983	0.6313	0.6491	(5)%	(8)%
Period end	0.6117	0.6059	0.6256	1%	(2)%
Euro : US dollar					
Average	0.7430	0.7461	0.7600	0%	(2)%
Period end	0.7813	0.7258	0.7412	8%	5%
Jamaican dollar : US dollar					
Average	111.3021	102.7058	100.1279	8%	11%
Period end	112.5300	109.1550	102.3250	3%	10%
Seychelles Rupee : US Dollar					
Average	12.4291	11.9863	11.8914	4%	5%
Period end	13.0393	12.1713	12.0283	7%	8%
US dollar : Sterling					
Average	1.6714	1.5840	1.5406		
Period end	1.6348	1.6504	1.5985		

Cable & Wireless Communications EBITDA by currency

	H1 2014/15	
	US$m	**% of total**
US dollar, pegged or linked	252	91
Seychelles rupee	10	4
Jamaican dollar	15	5
Total	**277**	**100**