ANNOUNCEMENT
5 NOVEMBER 2015

CABLE & WIRELESS COMMUNICATIONS PLC
RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

Full year outlook in line with guidance; strong first six months trading
3 year plan on track; integration benefits increasing

Highlights

- Group revenue of US$1.2 billion up 4%; 5% higher at constant currency against the prior year
- Group EBITDA of US$427 million up 4%; proportionate EBITDA increased by 5% against the prior year
  - Excellent performance in the Caribbean, our largest region, with EBITDA up 22%; cost restructuring launched in Panama and the Bahamas
- Momentum building with second quarter EBITDA 11% higher than prior year; up 13% on proportionate basis
- Strong progress with integration plans
  - US$25 million total net run-rate cost savings achieved; anticipated exit run-rate of US$70 million for 2015/16
  - Unified FLOW brand launched in Barbados, Jamaica, Trinidad and Tobago, Cayman, and St. Kitts and Nevis; early cross selling success
- Operating cost synergies upgraded by 47% to US$125 million; no change to US$110 million costs to achieve
- Second year of Project Marlin; US$265 million capital investments focussed on fixed network integration, fibre rollout and reinforcing mobile networks
  - 6% customer growth: mobile data subscribers up 38%, broadband subscribers up 7%
- Operating cash flow up 30% to US$162 million following EBITDA growth and lower capital expenditure

US$m	***Six months ended 30 September 2015***	***Six months ended 30 September 2014***	***Change***
Revenue	**1,179**	1,132	4%
EBITDA	**427**	412	4%
Proportionate EBITDA	**327**	311	5%
Operating cash flow	**162**	125	30%

Note: Prior year comparative figures are pro forma Columbus and exclude US carve-out entities. EBITDA and adjusted earnings per share are defined in the footnotes on page 3 and reconciliations are provided on pages 33 and 34. Proportionate EBITDA is defined as Consolidated EBITDA less EBITDA attributable to minority interests. Operating cash flow is defined as EBITDA less capital expenditure.

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

"Our Company has significant growth and synergy potential. Whilst we are in the first phase of our 3 year plan, we are pleased with initial progress and expect to deliver a strong second half and full year performance in line with outlook. We are also pleased to have identified additional synergies, lifting our previous US$85 million expectation to US$125 million whilst maintaining the same anticipated costs to achieve those savings. We remain on track with our 3 year plan and are confident our business model will deliver significant long-term shareholder value creation.

"Project Marlin is now in its second year and, having established HSPA+ as the minimum network standard across CWC's mobile footprint, our focus is now on LTE upgrades in select markets. We are also rolling out high-speed data networks in our markets and passed an additional 33,400 homes with 832 kilometres of fibre during the half whilst upgrading 53,000 customers in Barbados from legacy networks. We are also excited to have secured exclusive Premier League football rights from 2016/17 to 2018/19, which we will carry on our new channel, *FLOW Sports Network*, set to launch in the third quarter.

"The team has been doing an excellent job focussing on integration activities, combining our fixed networks, launching our new "FLOW" quad-play brand, and introducing a more efficient organisational model to drive synergies and accountabilities. Momentum generated from our investments, and synergies from the integration, led to 11% growth in EBITDA in the second quarter versus last year, further underpinning confidence in our 3 year plan. We expect this momentum to continue in the second half."

Outlook

Overall economic growth prospects in our markets remain positive with some variability between countries. Latin American countries such as Panama and Colombia have relatively robust forecast GDP growth rates of 6% and 3% respectively, whilst in our Caribbean markets there are lower growth rates as the region continues to show a more modest pace of recovery following the previous economic downturn. Certain markets in Latin America have experienced currency devaluation in the past year, however 87% of CWC's EBITDA is US dollar pegged, managed or linked.

Although we face increasingly competitive conditions within some markets, for example with the introduction of mobile competition in the Bahamas later this fiscal year, and continued subsidised mobile offers in Panama, we expect to continue making good progress in growing our video, broadband and B2B revenue and reducing our operating cost base following our acquisition of Columbus.

With increasing traffic over our networks, improved service reliability, a focus on improving NPS following the negative impact of migration activities, and a more diversified set of products and services to offer our customers, the decisions we have made to invest in our infrastructure and our people position us well to capitalise on the positive growth trends across our underpenetrated markets. We invested heavily in growing our B2B sales organisation across Latin America in the first half, and therefore we anticipate that our monthly recurring revenue at the end of the year will be significantly higher than at the start.

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

"Run-rate integration cost synergies ended the first half at US$25 million and we expect these to total US$70 million by the year end. However, this is only the initial phase of realising the cost synergy benefits identified over the next three years which have now been raised to US$125 million. In addition there are significant opportunities to deliver revenue synergies from cross-selling and up-selling which, when combined with network and back office improvements under Project Marlin, create the ideal conditions for material revenue growth to be added to the upgraded cost savings flowing from the Columbus acquisition."

As previously stated, our strategy is expected to deliver, in the three years to 31 March 2018:

- Annual mid to high single digit revenue growth and significant EBITDA growth
  - Our focus in the first half of the year to 31 March 2016 has been on the integration of Columbus which has generated positive early results and is creating momentum for an improved second half operating and financial performance;
- Run-rate operating cost synergies of US$125 million and total capex synergies of US$145 million
  - We plan to deliver US$70 million of operating cost synergies, a higher level than previously guided, on a run-rate basis and 35% of our capex synergies by 31 March 2016;
- EPS accretion – material accretion from 2016/17; dilutive in 2015/16; and
- Following completion of Project Marlin, capital intensity is expected to fall to c.14% of revenue in the year ending 31 March 2018
  - Capital expenditure was 8% lower in the first half against the prior year and we remain on target to meet our outlook.

Long Term Incentive Plan (LTIP)

At its meeting in June, the Remuneration Committee approved the vesting conditions for the 2015 LTIP, the first to be established to include the operations and benefits from the Columbus acquisition. These vesting conditions included EBITDA, revenue, net promoter score and economic profit, and have been agreed with the Executive Directors and the Senior Vice Presidents, all of whom are on the same plan. The maximum vesting conditions for 2017/18 apply at revenue of US$2,926 million including synergies, and EBITDA of US$1,252 million including synergies.

Group results overview

US$m	*Six months ended 30 Sep 2015*	*Six months ended 30 Sep 2014*	*% Change*	*Pro forma six months ended 30 Sep 2014*[1]	*% Change*
Revenue	**1,179**	**848**	**39%**	**1,132**	**4%**[2]
Gross margin	873	634	38%	847	3%
Operating costs	(446)	(351)	(27)%	(435)	(3)%
EBITDA[3]	**427**	**283**	**51%**	**412**	**4%**
Proportionate EBITDA	*327*	*182*	*80%*	*311*	*5%*
Depreciation and amortisation	(201)	(123)	(63)%	(172)	(17)%
Other operating costs	(6)	(6)	-	(6)	-
Net other operating expense	(5)	(2)	nm	(19)	74%
Joint ventures and associates	(1)	11	nm	11	nm
Total operating profit before exceptional items	**214**	**163**	**31%**	**226**	**(5)%**
Exceptional expense	(24)	-	nm	-	nm
Total operating profit	**190**	**163**	**17%**	**226**	**(16)%**
Finance income	3	3	-	3	-
Finance expense	(126)	(34)	nm	(75)	(68)%
Exceptional finance expense	(23)	-	nm	-	nm
Put option interest unwind	(45)	-	nm	-	nm
(Loss)/profit before tax	**(1)**	**132**	**nm**	**154**	**nm**
Income tax	(19)	(29)	34%	(40)	(53)%
Net (loss)/profit from continuing operations	**(20)**	**103**	**nm**	**114**	**nm**
Net profit before exceptional items	***24***	***103***	***(77)%***	***114***	***(79)%***
Net profit from discontinued operations	-	8	nm	8	nm
Gain on disposal of discontinued operations	-	346	nm	346	nm
(Loss)/profit for the year	**(20)**	**457**	**nm**	**468**	**nm**
Net profit attributable to :					
Owners of the Parent Company	(56)	402	nm	413	nm
Non-controlling interests	36	55	(35)%	55	(35)%
EPS	(1.3)c	1.9c	nm		
Adjusted EPS[4]	1.3c	1.9c	(32)%		
EBITDA[3]	427	283	51%	412	4%
Capital expenditure	(265)	(190)	(39)%	(287)	8%
Operating cash flow[5]	**162**	**93**	**74%**	**125**	**30%**
Customer numbers (000s)					
Mobile	4,096			3,815	7%
Fixed	1,129			1,129	-
Broadband	681			635	7%
Video	465			451	3%
Total customers	**6,371**			**6,030**	**6%**

[1] Pro forma figures for six months ended 30 September 2014 include Columbus operations, excluding US carve-out entities
[2] Like-for-like revenue, excluding the impact of Sonitel and currency movements, up 3% for H1 2015/16 against the prior period
[3] EBITDA is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense, defined benefit pension scheme interest, share based payments and exceptional items. The definition has been changed this year to exclude defined benefit pension scheme interest and share based payments. Prior year first half reported EBITDA was US$277 million
[4] Adjusted EPS is before exceptional items, gains/losses on business disposals, amortisation of acquired intangibles, transaction costs, unwinding of the Columbus put option liability and foreign exchange gains/losses on financing activities
[5] Operating cash flow is defined as EBITDA less capital expenditure

Annual results presentation

Cable & Wireless Communications will hold its 2015/16 interim results presentation for analysts and institutional investors at 9:30am GMT on Thursday 5 November 2015. 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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2015/16 First Half Performance Review

Group revenue in the first half of 2015/16 grew by US$47 million or 4% against pro forma results for the prior year (US$35 million or 3% excluding Sonitel in both periods and adjusting for currency movements).

Mobile network improvements through Project Marlin investments in HSPA+ and LTE infrastructure have facilitated mobile data revenue growth of US$26 million or 17%. Traffic over our mobile networks grew by 93% in the year and across the Group, 46% of customers now have a smartphone. Focussing on value added services, we have broadened our mobile data offering beyond basic voice and added 510,000 new data plans over 12 months (1.9 million in total).

In our biggest region, the Caribbean, our Jamaica business continued to attract new mobile subscribers (up 161,000 or 22%) and gain market share, leading to 10% revenue growth (14% at constant currency) and 45% growth in EBITDA. Across the Caribbean, Project Marlin investments in 2014/15 helped drive a US$15 million or 10% increase in mobile revenue with HSPA+ speeds now provided across the region, and a US$9 million or 9% rise in broadband revenue as we grew our subscriber base. Total Caribbean reported revenue grew 6% year over year, with EBITDA rising 22%. As integration momentum builds, an even stronger second half is expected.

Our Panama business had a challenging first half as intense competition led to a 1% decline in mobile revenue driven by reduced ARPU, though we maintained our mobile market share of 50%. Video revenue grew by US$2 million or 22% as we increased penetration with subscribers up 45%, however this did not offset mobile and fixed voice decline. EBITDA was down 3% on a reported basis and would have been 5% lower excluding Sonitel.

In the Bahamas, revenue declined 5% as we continued to prepare BTC for the advent of a second mobile competitor by updating roaming agreements with international carriers whilst also being impacted by the introduction of VAT at the start of the calendar year. We anticipate that a new mobile operator will enter the Bahamian market before the end of our fiscal year, which will adversely impact performance in the outlook period. Our new IPTV product is due to be launched in the second half, providing our customers with access to the leading quad-play offering, and is expected to partly offset the impact of a new mobile competitor.

Networks and LatAm revenue at US$130 million was up 8%, or US$10 million. This was net of a US$5 million negative currency impact as the Colombian Peso devalued by 38% against the prior year. Despite this headwind, LatAm revenue was up 18%, US$6 million, as we saw increased demand for Managed Services with 26% of total revenue related to value added services, up two percentage points against the prior year. C&W Networks grew by US$4 million as our extensive connectivity solutions serviced growing data traffic needs across the region.

We are focussed on improving our cost discipline in all areas of the business and have today announced an increase in expected cost synergies following the acquisition of Columbus from US$85 million to US$125 million. In the first half, we made significant progress reducing headcount by 560, closing several administrative and retail locations, and saving on video content rates and mobile costs. Together, these represented a total run-rate benefit of US$25 million. The reorganisation of our workforce included the exit of 110 employees in Panama as we proceed to bring the business into our Group's new operating model. Our expectation of achieving US$70 million of cost savings on a run-rate basis by the year end is underpinned by a further 340 planned exits in the second half.

In the first half, we generated EBITDA of US$427 million, up 4% on the prior year. Momentum has been building since our acquisition of Columbus and we saw improved revenue and EBITDA growth in the second quarter (up 2% and 13% respectively against the first quarter) as we benefitted from integration, driving revenue through increased demand for our products and synergies from reduced staff costs. With momentum increasing in the business, we reconfirm our current outlook for the full year and medium term.

Although we now view the Columbus operations as fully integrated into the CWC Group reporting structure (with the exception of certain US assets that were carved out into a separate grouping – the US carve-out entities – see page 35), legacy Columbus revenue for the period was US$307 million and EBITDA was US$136 million, up 8% and 6% respectively. Inclusion of the carve-out entities in the first half performance of Columbus would have resulted in revenue and EBITDA of US$328 million and US$139 million.

Vision and Strategy

We seek to deliver long-term and sustainable growth for shareholders through growing the lifetime value of our customer relationships. The Company's strategy has six imperatives.

Strategic imperatives

- Drive to mobile leadership - Deliver the best network, data packages, handset range and customer service;
- Fixed-mobile convergence - Leverage our unique combination of fixed and mobile assets;
- Video and content leadership - Generate video and broadband growth whilst reducing fixed line churn;
- Grow our B2B and B2G business - Build bespoke, customer-centric solutions leveraging our sub-sea and terrestrial assets;
- Build a leading wholesale network - Deliver unrivalled intra-regional connectivity; and
- Deliver successful integration - Reduce costs, improve cross selling revenues and create a winning culture.

Performance against focus areas for H1 2015/16

At the beginning of the year, we laid out 5 key areas of focus

1. Continue to invest in network superiority

Consistent with our vision and strategy, the first half of 2015/16 saw increased capital expenditure relative to our medium term target as we entered the second year of Project Marlin. The main areas of investment focused on:

Mobile networks
In the first year of Project Marlin we successfully upgraded to HSPA+ networks with maximum speeds of 21Mbps across all our markets and launched LTE services in the Bahamas, Cayman, Panama, and Antigua, providing more than 4x the throughput of HSPA+. In the first half of the current fiscal year, our total number of network sites grew by 10% and our mobile networks carried 93% more data traffic, with Jamaica data traffic up 241%, BTC up 137%, Panama up 81% and Barbados 73% higher. Although we have more work to do in terms of mobile network upgrades, as we reach the midway point of Project Marlin, we have networks that are better than, or comparable with, our competitors across all our markets.

During the period, we added 223 second carrier sites across the Caribbean and 69 second and third carriers in Panama, enabling us to deliver better quality and speeds for our customers in high traffic areas and driving increased data usage. In addition, 24 LTE sites were added in Anguilla and Turks & Caicos, where mobile data revenue was up 127% versus the prior period, and 54 LTE sites were deployed in Panama where mobile data revenue grew by 10%.

Fixed networks
In the first half, we deployed 832 kilometres of fibre, passing an additional 33,400 homes. As part of our Columbus integration plan we also improved broadband speeds for our customers in Barbados by migrating them from legacy copper networks onto fibre based networks.

In the Caribbean, we completed Phase 1 of our broadband expansion in Jamaica passing 800 homes in Portland with Phase 2 underway and set to pass an additional 7,300 homes taking our total homes passed to 276,000. We also began installation of a new backbone to upgrade core capacity to multiple 100Gbps links. In Trinidad, we passed an additional 4,800 homes with HFC, taking our total homes passed to 311,000 in Trinidad and we passed an additional 19,000 homes with FTTH in Barbados taking our coverage to over 100,000 homes passed. In the Bahamas, we have completed the design phase of our plans to pass 14,200 homes with FTTH by the year end as we roll out our video product. In Panama, whilst we are focussed on increasing the penetration of our existing fibre footprint, we passed an additional 2,000 homes with HFC during the period.

Traffic on our fixed networks grew 33% as we drove our fixed-mobile convergence strategy to most efficiently deliver data to customers. We saw our 'production cost' of data fall 29% against the prior year measured by cost per GB (gigabyte) as we improved our delivery efficiency.

2. Target #1 for Customer Service and cross selling

We have now successfully launched our new "FLOW" brand across Barbados, Jamaica, Trinidad and Tobago, Cayman, and St Kitts and Nevis, enabling us to deliver a comprehensive, full-service offering to all our existing and prospective customers in those markets. One of the benefits we envisaged following the acquisition of Columbus was to provide additional fixed line services to our mobile customers and mobile services to Columbus' legacy fixed line customers. Barbados was the first to launch our new combined brand and product suite in July, and we are in the early stage of executing this strategy. However there have been strong initial results. Of the customers we contacted in Barbados, a market without mobile number portability and therefore one where it is harder to attract postpaid customers, we have achieved a 19% conversion rate, and generated additional annualised revenue of c.US$1 million. We have begun a similar initiative in Jamaica more recently with a higher conversion rate expected as mobile number portability is effective there. We will continue to focus on ensuring our customers are aware of the leading products we offer.

As part of our focus on customer service we will insource our field operations and move our call centre back to Jamaica as poor customer service has been negatively impacting our Net Promoter Scores.

3. Mid to high single digit revenue growth

Reported revenue growth in the first half of 4%, up 5% on a constant currency basis, represented a good start for the Group following the acquisition of Columbus, with momentum building in the second quarter, up 2% on the first quarter and keeping us on track to meet our full year outlook. We anticipate future growth will be driven by increased mobile data penetration – smartphones represented 69% of handset sales in the first half, up from 59% in the prior year, and only 46% of our customers have data plans; higher broadband and video penetration helped by faster networks and differentiated video content – for example *FLOW Sports Network* with exclusive Premier League football coverage; and business solutions growth in Caribbean and Latin American markets.

4. Significant EBITDA growth through top line and synergy delivery

EBITDA increased by 4% on a reported basis in the first half, up 5% on a constant currency basis, with 17% growth from the first quarter to the second quarter as synergy benefits drove significant reductions in operating costs. We remain focussed on achieving the targeted synergies from the Columbus acquisition and reducing operating costs overall, thereby driving significant growth in EBITDA.

5. Quad-play in consumer markets; expand B2B in LatAm supported by submarine and terrestrial/metro networks

With our new FLOW brand, we anticipate increasing the number of customers choosing triple or quad-play services from the Group by offering bundles combining each of our services. We anticipate that our leading technology offering and differentiated content will enable us to increase our penetration of triple and quad-play bundles thereby also reducing churn.

Commissioning of the PCCS network, a 6,000 kilometre submarine cable connecting Ecuador, Panama, Colombia, Aruba, Curacao, Tortola (in the British Virgin Islands), and Puerto Rico then terminating in Florida, USA, has been completed. This has allowed us to provide carrier customers with more traffic routing alternatives as one of the cable's founder consortium members. In Colombia, we continue to invest in metro and long-haul networks (1,385 additional kilometres in total) building on our existing strong fibre footprint and Tier III datacentre capabilities. In the first half, our DRaaS product was positioned in the Gartner Magic Quadrant, we were recognised as Avaya Central America and the Caribbean mid-market partner of the year, we achieved the CISCO Master Service Provider designation, won the Frost & Sullivan 2015 Central American & Caribbean Data Communications Services Industry Company of the Year award, and were winner of the Best Caribbean Wholesale Carrier award at the Global Carrier Awards 2015, for the third consecutive year.

Integration and Synergies

Since completion of the Columbus acquisition, the Group has made good progress integrating the business into CWC.

Our initial focus is to deliver superior customer service through investment in areas such as customer support, field operations and network operations activities, and improving our quad-play product offering.

We have also established the executive management structure for the combined Group, ensuring retention of highly skilled colleagues from both Columbus and CWC, whilst also providing a framework which will enable decisions to be made more quickly and effectively.

The integration of back office functions such as our billing and provisioning systems will also be a focus, through the coming quarters.

Further to conditions related to the regulatory approvals of the Columbus acquisition, we continue to move forward the processes to dispose our 49% stake in TSTT and certain fibre assets in Barbados. There are no developments to report at this time.

Synergies

As a result of an extensive bottom-up exercise undertaken following the acquisition of Columbus, which was completed on 31 March 2015, the Group now expects to deliver recurring annualised pre-tax cost savings of approximately US$125 million on a run-rate basis, 47% higher than the previous target, and one-time capital expenditure synergies of approximately US$145 million in total, unchanged from previous announcements, by 31 March 2018. In addition, material revenue benefits are anticipated through an improved product offering, particularly in high-speed broadband and video services, cross-selling and reduced churn.

The additional cost savings will come primarily from further headcount reductions, implementation of the new operating model in Panama and the Bahamas and additional benefits from the insourcing of field operations.

The Group expects to incur no incremental non-recurring costs to achieve these additional synergies and, with the exception of the non-recurring costs to achieve, no material dis-synergies are expected to arise from the integration of Columbus.

<u>Recurring cost savings</u>

Substantial cost savings have been identified across the following areas:

- Headcount reductions (approximately US$45 million): rationalisation of overlapping headcount in back office, sales and marketing and customer service roles;
- Network & systems consolidation (approximately US$29 million): transition to Columbus' fixed line network and combining infrastructure where network footprint overlaps, renegotiation of maintenance fees, consolidation of network and service operating centres, harmonisation of IT systems;
- Implementation of new operating model (approximately US$24 million): centralisation of core back office functions and increased focus of in-market resources on commercial activities, focussed on Panama and the Bahamas;
- Insourcing of field operations and customer service (approximately US$18 million): cancelling legacy CWC contracts with external providers for network maintenance and insourcing activities; and
- Property, procurement and other (approximately US$9 million): renegotiation of vendor rates, reduction of real estate costs, leverage of Columbus' video content buying terms and access to greater economies of scale.

We expect to have implemented, in value terms, 55% of these cost savings by the end of 2015/16, 75% by the end of 2016/17 and 100% by the end of 2017/18.

To achieve these benefits we anticipate one-off cash costs of US$110 million, split approximately 65%, 15% and 20% over the three years following the acquisition. US$68 million of the operating exceptional items charged in the year ended 31 March 2015 relate to these cash costs.

During the first half we exited approximately 560 employees generating run-rate savings of US$23 million, and run-rate savings of US$2 million through the closure of several administrative and retail locations and savings on video content rates and mobile costs. There were US$34 million of exceptional cash costs related to these savings in the period.

<u>One-off capex synergies</u>

In addition, the Group will benefit from one-time synergies of approximately US$145 million related to avoidance of duplicative one-off capital expenditure through network consolidation in the overlapping markets where there had been investment plans under Project Marlin and Columbus already has existing network infrastructure. Such synergies are expected to be split 35%, 40% and 25% over the three years to 31 March 2018.

<u>Revenue synergies</u>

Material revenue synergies are anticipated from selling additional services to existing customers through cross-selling of triple-play and quad-play bundles, improving legacy CWC's video offering in non-overlapping markets, improved network quality reducing customer churn and an enhanced B2B and B2G offering.

REVIEW OF CWC OPERATIONS

Income statement – continuing operations pro forma Columbus[1]

	Caribbean			Panama			BTC			Networks / LatAm			Seychelles			Other[2]			Total		
US$m	**H1 15/16**	**H1 14/15**	**Δ%**	**H1 15/16**	**H1 14/15**	**Δ%**	**H1 15/16**	**H1 14/15**	**Δ%**	**H1 15/16**	**H1 14/15**	**Δ%**	**H1 15/16**	**H1 14/15**	**Δ%**	**H1 15/16**	**H1 14/15**	**Δ%**	**H1 15/16**	**H1 14/15**	**Δ%**
Mobile	158	143	10%	175	176	(1)%	118	126	(6)%	-	-	-	14	16	(13)%	-	-	-	465	461	1%
Fixed voice	98	98	-	49	54	(9)%	23	24	(4)%	-	-	-	5	4	25%	-	-	-	175	180	(3)%
Broadband	112	103	9%	25	25	-	7	8	(13)%	-	-	-	6	5	20%	-	-	-	150	141	6%
Video	89	88	1%	11	9	22%	-	-	-	-	-	-	-	-	-	-	-	-	100	97	3%
Managed services and other	90	84	7%	62	38	63%	14	13	8%	130	120	8%	2	2	-	(9)	(4)	nm	289	253	14%
Revenue	**547**	**516**	**6%**	**322**	**302**	**7%**	**162**	**171**	**(5)%**	**130**	**120**	**8%**	**27**	**27**	**-**	**(9)**	**(4)**	**nm**	**1,179**	**1,132**	**4%**
Cost of sales	(126)	(124)	(2)%	(118)	(100)	(18)%	(34)	(33)	(3)%	(25)	(24)	(4)%	(4)	(4)	-	1	-	nm	(306)	(285)	(7)%
Gross margin	**421**	**392**	**7%**	**204**	**202**	**1%**	**128**	**138**	**(7)%**	**105**	**96**	**9%**	**23**	**23**	**-**	**(8)**	**(4)**	**(100)%**	**873**	**847**	**3%**
Operating costs	(208)	(218)	5%	(88)	(83)	(6)%	(75)	(79)	5%	(51)	(39)	(31)%	(13)	(13)	-	(11)	(3)	nm	(446)	(435)	(3)%
EBITDA[3]	**213**	**174**	**22%**	**116**	**119**	**(3)%**	**53**	**59**	**(10)%**	**54**	**57**	**(5)%**	**10**	**10**	**-**	**(19)**	**(7)**	**nm**	**427**	**412**	**4%**
Proportionate EBITDA	199	164	21%	57	58	(2)%	26	29	(10)%	54	57	(5)%	10	10	-	(19)	(7)	nm	327	311	5%
Cash flow items																					
Capital expenditure	(133)	(142)	6%	(53)	(58)	9%	(36)	(27)	(33)%	(34)	(41)	17%	(6)	(4)	(50)%	(3)	(15)	80%	(265)	(287)	8%
Operating cash flow[4]	**80**	**32**	**nm**	**63**	**61**	**3%**	**17**	**32**	**(47)%**	**20**	**16**	**25%**	**4**	**6**	**(33)%**	**(22)**	**(22)**	**-**	**162**	**125**	**30%**
Cash exceptional items	(22)	(6)	nm	(3)	(1)	nm	(16)	(2)	nm	-	-	-	-	-	-	(36)	(12)	nm	(77)	(21)	nm
Net cash interest	-	(1)	nm	(6)	(6)	-	-	-	-	-	-	-	-	-	-	(85)	(19)	nm	(91)	(26)	nm
Cash tax	(14)	(10)	(40)%	-	(8)	nm	-	(1)	100%	(4)	(5)	20%	(4)	(4)	-	(1)	(2)	50%	(23)	(30)	23%
Headcount[5]	3,341	3,510	(5)%	1,475	1,741	(15)%	719	785	(8)%	1,162	1,044	11%	238	206	16%	303	260	17%	7,238	7,546	(4)%

nm represents % change not meaningful

1 *Pro forma figures for six months ended 30 September 2014 include Columbus operations, excluding US carve-out entities*

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

3 *Earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense, defined benefit pension scheme interest, share based payments and exceptional items*

4 *EBITDA less capital expenditure*

5 *Full time equivalents as at 30 September*

Caribbean

- EBITDA up 22% to US$213 million; 5 percentage point increase in margin to 39%
- Revenue 6% higher
- Mobile revenue up 10%; subscriber growth of 15%
- 119,000 smartphones sold representing 55% of total, up 50% versus the prior year
- Jamaica mobile revenue up 16%, 20% at constant currency
- Operating costs 5% lower; 169 employees exited the business

Legacy CWC

	6 months ended 30 Sep 2015	3 months ended 30 Sep 2015	3 months ended 30 Jun 2015	**6 months ended 30 Sep 2014**	3 months ended 30 Sep 2014	3 months ended 30 Jun 2014
Subscribers (000s)[1]						
Mobile	**1,422**	1,422	1,360	**1,236**	1,236	1,211
Fixed voice	**575**	575	577	**574**	574	574
Broadband	**223**	223	224	**219**	219	216
Video	**27**	27	27	**26**	26	25
ARPU (US$)[2]						
Mobile	**19.1**	19.1	19.1	**19.5**	19.6	19.4
Fixed voice	**28.4**	29.3	27.5	**28.3**	28.0	28.6
Broadband	**36.8**	36.7	36.9	**36.0**	35.7	36.3
Video	**22.2**	22.0	22.3	**25.0**	24.4	25.7
Revenue (US$m)	**353**			**337**		

Legacy Columbus

	6 months ended 30 Sep 2015	3 months ended 30 Sep 2015	3 months ended 30 Jun 2015	**6 months ended 30 Sep 2014**	3 months ended 30 Sep 2014	3 months ended 30 Jun 2014
Subscribers (000s)[1]						
Fixed voice	**74**	74	71	**66**	66	63
Broadband	**287**	287	273	**253**	253	243
Video	**367**	367	369	**378**	378	380
ARPU (US$)[2]						
Fixed voice	**16.1**	15.8	16.5	**17.0**	16.9	17.2
Broadband	**30.1**	30.5	29.9	**29.6**	29.7	29.3
Video	**38.3**	38.5	38.3	**37.8**	37.8	37.6
Revenue (US$m)	**194**			**179**		

[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*

The Caribbean business unit encompasses our combined operations in Anguilla, Antigua, Barbados, British Virgin Islands, Cayman, Curacao, Dominica, Grenada, Jamaica, Montserrat, St Kitts and Nevis, St Lucia, St Vincent, Trinidad and Tobago and Turks and Caicos. The Caribbean reported revenue of US$547 million was 6% up on the prior year. At constant currency, revenue would have been US$35 million higher, up 7% on the prior year.

Mobile revenue was up US$15 million against the prior year at US$158 million with increasing demand for mobile data; data revenue increased US$13 million or 44% year over year. Mobile data traffic increased by 241% in Jamaica, 73% in Barbados, 5% in Cayman and 102% across the other markets. Data penetration of our subscriber base is now 35%, up 11 percentage points on the prior year. We expect the shift in mix from voice to data to continue as we benefit from investments in high-speed networks.

Mobile subscriber growth of 186,000 was primarily driven by an increase in prepaid subscribers in Jamaica, where our market share of 31% has grown by 5 percentage points in the last 12 months.

Broadband revenue was 9% higher than the prior year driven by subscriber growth in Trinidad, Barbados and Jamaica. We are focussing on delivering high-speed fibre access in markets where we can see a clear return. In Barbados, our combined network with Columbus passes over 100,000 homes with 78,000 connected with broadband.

Video revenue was up US$1 million (1%) against the prior year. Alignment of subscriber recognition policies have led to the disconnection of 33,000 customers in the period, representing a c.US$1 million reduction in monthly revenue. This masks underlying organic video growth in the Legacy Columbus business where the subscriber base grew by 22,000 (6%). We see the development and launch of our own sports channel, FLOW Sports Network, and the acquisition of valuable content such as exclusive rights to Premier League football, NFL Sunday Ticket and the 2016 Olympics, as a major differentiator of our service in the region.

Fixed voice revenue at US$98 million was in line with the prior year supported by the recognition of US$4 million of one-off transit revenue. Price increases in some markets have helped offset the decline in usage, particularly international calls. Subscriber growth from the bundling of products is helping to keep fixed voice relevant, however discounted pricing is contributing to a lower ARPU from these customers.

Managed services revenue rose 7% to US$90 million as we continued to re-focus this category towards recurring, value added, revenue products such as managed security (rather than the one-off provision of firewalls), virtual servers in a CWC data centre (rather than selling one off server hardware) and providing DRaaS solutions (rather than backup systems hardware).

Gross margin at US$421 million was up 7% compared to the prior year reflecting reduced cost of sales as mobile data revenue increased. As a percentage of revenue, gross margin increased by one percentage point to 77%.

Operating costs reduced by US$10 million (5%) to US$208 million as we improved efficiency within the businesses and drove synergies from the integration of Columbus' Caribbean operations.

EBITDA increased by 22% to US$213 million, driven by growing revenue and lower operating costs. The EBITDA margin at 39% was 5 percentage points higher than the prior year. The legacy C&W Caribbean business accounted for US$353 million of revenue and US$128 million of EBITDA in the combined Caribbean segment.

Capital expenditure at US$133 million, represented a 6% decline against the prior year with 92% of balance sheet investment focussed on our mobile and fixed segments to enhance our HSPA+ and LTE networks capacity as well as enhancing our fibre networks.

Our proportionate ownership of Caribbean EBITDA for the period ended 30 September 2015 was 93%.

Panama

- Total revenue up 7% driven by 63% growth in managed services; like-for-like down 1%
- Data plans up 32% with 10% growth in mobile data revenue; LTE launched in March 2015
- 22% growth in video revenue following network improvements
- EBITDA down 3%; like-for-like down 5%

	6 months ended 30 Sep 2015	3 months ended 30 Sep 2015	3 months ended 30 Jun 2015	**6 months ended 30 Sep 2014**	3 months ended 30 Sep 2014	3 months ended 30 Jun 2014
Subscribers (000s)[1]						
Mobile	**2,276**	2,276	2,073	**2,184**	2,184	2,052
Fixed voice	**367**	367	367	**369**	369	369
Broadband	**136**	136	135	**132**	132	132
Video	**68**	68	62	**47**	47	44
ARPU (US$)[2]						
Mobile	**13.8**	13.6	14.0	**14.5**	14.4	14.6
Fixed voice	**22.5**	22.3	22.6	**24.5**	24.6	24.4
Broadband	**28.4**	27.8	28.9	**29.0**	29.2	28.8
Video	**30.3**	29.4	31.1	**34.0**	34.1	33.8
Revenue (US$m)	**322**			**302**		
EBITDA (US$m)	**116**			**119**		
Margin%	**36%**			**39%**		

[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

Revenue at US$322 million was 7% higher than the prior year as video and managed services growth (primarily due to the acquisition of Sonitel) offset the continued decline in fixed voice as we continue to see fixed to mobile substitution.

Mobile revenue at US$175 million was down 1% against the prior year. Subscribers increased by 92,000, driven by a 3% increase in prepaid customers and a 10% increase in postpaid customers as we launched more affordable smart devices. Data revenue was up 10% on the prior year, however this did not offset voice revenue decline of 9% as competition and OTT voice substitution caused ARPU to fall. Data penetration of our customer base increased by 11% percentage points to 51% following a 32% increase in data subscribers as a wider range of data plans and launch of our LTE service in March 2015 stimulated both prepaid and postpaid usage. We maintained our market share at 50%.

Broadband revenue of US$25 million was in line with the prior year. An increase in subscribers of 3% to 136,000, was offset by a fall in ARPU. We are upgrading our fixed networks with HFC infrastructure to drive growth in this category.

Video revenue of US$11 million was up 22% and subscribers increased by 21,000 following growth in both HFC and DTH subscribers subsequent to the improvement in service last year. As we upgrade our network and improve our TV experience, we expect to see further growth.

Fixed voice revenue of US$49 million was down 9% against the prior year due to lower domestic call revenue. Subscriber numbers continued to decline as customers substituted to other products. This trend is expected to continue.

Managed services revenue of US$62 million grew by 63% primarily as a result of the acquisition of Grupo Sonitel which was completed in September 2014. Absent the acquisition, delays in the award of government contracts in Q1 impacted revenue for the half. During the second quarter, some of these delayed contracts were awarded, driving revenue 34% higher than the first quarter. Consistent with the strategy in the Caribbean, we are shifting the B2B business away from one-off solution installations, towards services that generate a recurring revenue stream.

Gross margin at US$204 million was up 1% on the prior year. As a percentage of revenue, gross margin was 63%, declining 4 percentage points due to the increase in lower gross margin managed services revenue.

Operating costs were 6% higher than the prior year due to the inclusion of Sonitel's cost base. This resulted in EBITDA of US$116 million, which was 3% lower than last year. The EBITDA margin for the period was 36%, again impacted by increased managed services revenue. We have reorganised our workforce in Panama, reducing headcount by 15% against the prior year as we proceed to bring the business into our Group's new operating model, and saw operating costs 4% lower in the second quarter versus the first quarter. Further cost reductions have been identified in the second half of the year.

Capital expenditure of US$53 million was 9% lower than the prior year as we reduced spending following accelerated investments in expanding our HSPA+ and LTE networks under Project Marlin in the prior year. The focus in the first half was in increasing our broadband and video capacity to deliver a better customer experience.

CWC's proportionate ownership of Panama EBITDA for the period ended 30 September 2015 was 49%.

BTC

- Total revenue down 5%, driven by mobile decline of 6% following renegotiation of roaming agreements ahead of mobile competition
- 20% growth in mobile data subscribers and 137% growth in mobile data traffic following investment in HSPA+ and LTE networks in the prior year
- Fibre-to-the-home rollout has commenced to enable launch of FLOW TV later this year
- Operating cost reduction on-track, 5% improvement in the period
- EBITDA of US$53 million, 10% lower than prior year

	6 months ended 30 Sep 2015	3 months ended 30 Sep 2015	3 months ended 30 Jun 2015	**6 months ended 30 Sep 2014**	3 months ended 30 Sep 2014	3 months ended 30 Jun 2014
Subscribers (000s)[1]						
Mobile	**310**	310	315	**311**	311	308
Fixed voice	**95**	95	95	**102**	102	103
Broadband	**28**	28	26	**24**	24	24
ARPU (US$)[2]						
Mobile	**56.5**	56.0	57.1	**62.4**	60.0	64.8
Fixed voice	**39.1**	39.3	38.8	**39.5**	40.4	38.7
Broadband	**44.9**	44.2	45.6	**52.8**	50.8	54.8
Revenue (US$m)	**162**			**171**		
EBITDA (US$m)	**53**			**59**		
Margin%	**33%**			**35%**		

[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

Revenue at US$162 million was down 5% on the prior year primarily due to a reduction in mobile revenue.

Mobile revenue was down US$8 million following renegotiation of lower roaming rates in exchange for long-term contract extensions with international carriers, which was reflected in a 9% drop in ARPU. The introduction of VAT on 1 January 2015 led to a reduction in prepaid mobile revenue, versus the prior period, as disposable income fell. Data traffic grew 137% following the additional investment in HSPA+ and LTE sites in the prior year, driving mobile data revenue up 60% excluding roaming. Data penetration of our subscriber base is now 56%, up 9 percentage points on the prior year.

Fixed voice revenue at US$23 million declined 4% against the prior period, driven primarily by a fall in subscribers of 7,000 due to substitution of other products. This trend is expected to continue.

Broadband revenue at US$7 million was down 13%. Subscriber growth of 4,000 as we increased penetration of our high-speed DSL broadband services was more than offset by lower ARPU associated with our competitive offers. We have commenced the roll-out of fibre infrastructure in New Providence and have upgraded the existing infrastructure in Abaco and Eleuthera to offer customers faster broadband speeds and facilitate provision of FLOW TV by the end of the calendar year, a key tenet of our growth strategy.

Managed services revenue increased by US$1 million to US$14 million due to an increase in sales of data products to medium and large corporate customers. With changes in management, and more reliable networks, we see further growth in B2B emerging.

Gross margin at US$128 million was down 7% compared to the prior year reflecting the reduction in roaming revenue and higher subscriber acquisition costs as we drove increased smartphone penetration. As a percentage of revenue, gross margin declined by two percentage points to 79%.

Operating costs reduced by US$4 million, or 5%, to US$75 million as we began to realise the benefits of the on-going cost reduction initiatives. Headcount decreased by 8% to 719 in the period and further initiatives will continue to right-size the cost base ahead of competition.

EBITDA of US$53 million was 10% lower than the prior year with the EBITDA margin of 33% declining by two percentage points as the impact of lower roaming revenue was not fully offset by operating cost savings.

Capital expenditure of US$36 million was 33% higher than the previous year with 79% of balance sheet investment geared towards expanding our HSPA+ and LTE infrastructure as well as expanding our Next Generation Network (NGN), fibre and high-speed DSL network.

Our proportionate ownership of BTC EBITDA for the period ended 30 September 2015 was 49%.

Networks and LatAm

- Revenue up 8% despite Colombian currency headwind
- Several wholesale contract wins with global carriers
- Increased operating costs as a result of C&W Business LatAm team growth

Networks and LatAm comprises the C&W Networks business and the Latin American operations of C&W Business, including Colombia, Guatemala, Honduras, El Salvador, Costa Rica and Dominican Republic.

Revenue at US$130 million was up 8% against the prior period on a reported basis and 12% higher at constant currency as the Colombian Peso devalued by 38% against the prior year.

This was predominantly due to strong growth by C&W Business in LatAm, up US$6 million or 18%, driven by Data Services momentum in Colombia, Guatemala, El Salvador and Dominican Republic. We also saw growth in Security and Disaster Recovery services across all of our markets as we focus on being a leader in the provision of value added Business Solutions for Enterprise and Government. New markets of Peru and Ecuador made a good start. The C&W Networks wholesale business grew by US$4 million due to the signing of several long-term leases, tower backhaul and increased efforts to secure network-to-network connections with global carriers.

Gross margin of 81% improved by one percentage point due to lower off-net costs, balanced by increased connectivity costs following sales in countries without owned terrestrial fibre networks.

Operating costs, at US$51 million, were 31% higher due to increased staff costs as we established our C&W Business team. This resulted in EBITDA US$54 million, down 5% on the prior year.

We fully owned the C&W Networks business and C&W Business LatAm operations for the period ended 30 September 2015.

Seychelles

- Reported revenue in line with prior year, up 8% at constant currency
- EBITDA of US$10 million, in line with prior year, up 11% at constant currency
- Mobile subscribers up 5%, market leadership with 68% share
- Launch of IPTV in July – early success with 3,500 subscribers and 25% market share in 3 months

	6 months ended 30 Sep 2015	3 months ended 30 Sep 2015	3 months ended 30 Jun 2015	**6 months ended 30 Sep 2014**	3 months ended 30 Sep 2014	3 months ended 30 Jun 2014
Subscribers (000s)[1]						
Mobile	**88**	88	87	**84**	84	83
Fixed voice	**18**	18	18	**18**	18	17
Broadband	**7**	7	7	**7**	7	7
Video	**3**	3	-	**-**	-	-
ARPU (US$)[2]						
Mobile	**27.3**	27.1	27.4	**30.3**	29.1	31.6
Fixed voice	**44.1**	47.3	40.9	**38.3**	37.5	39.0
Broadband	**142.0**	140.2	143.7	**131.9**	132.6	131.2
Video	**61.4**	61.4	-	**-**	-	-
Revenue (US$m)	**27**			**27**		
EBITDA (US$m)	**10**			**10**		
Margin%	**37%**			**37%**		

[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 generated revenue of US$27 million, in line with the prior year despite a 6% devaluation of the Seychelles rupee in the period. Our high-speed LTE mobile network provides a strong platform for mobile data growth given penetration in the business remains low at 36%. In the three months since the launch of our IPTV product we have achieved strong subscriber growth and positive customer feedback. We anticipate that there is further potential for growth in video, particularly through the hospitality industry where we have a leading market position for fixed services.

EBITDA of US$10 million was also in line with the prior year and up 11% at constant currency.

We fully owned the Seychelles business for the period ended 30 September 2015.

Other

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

EBITDA for the period was US$12 million lower than the prior year at US$(19) million primarily due the addition of central commercial, technology and business solutions capabilities and consulting fees related to the implementation of the Group’s strategic initiatives.

Other Group items

Capital expenditure
Capital expenditure in the year was US$265 million, 8% lower than the prior year, representing 22% of revenue as we continued to invest in leading mobile and fibre infrastructure. This was a reduction of US$22 million on the prior year (which represented 25% of revenue).

Mobile investments, 40% of total balance sheet capital expenditure, accounted for the majority of spend as we continue to upgrade our network in all regions. The next largest investment area was in fixed networks, 35% of the total, where fibre upgrades – 832 km rolled out and 33,400 additional homes passed – provided our customers with a leading high-speed broadband experience. We also made investments in our video infrastructure, 6% of total expenditure, as we prepare to launch FLOW TV in new geographies. To support the continued growth in demand for data, we spent 11% of balance sheet capex on increasing international capacity and improving our portfolio of B2B and B2G products. We also invested in our back office and IT systems as we progress the integration of the CWC and Columbus businesses.

Depreciation and amortisation
Depreciation and amortisation at US$201 million was 17% lower following the accelerated depreciation of legacy assets recognised in the prior year, primarily, copper plant and facilities in markets where CWC and Columbus overlapped and legacy voice switches that were replaced as part of Project Marlin.

Other operating costs
Other operating costs totalled US$6 million, in line with the prior year. The expense relates to share based payments and pension charges.

Net other operating expense
The US$5 million net other operating expense for the year primarily comprised foreign exchange translation gains related to the UK pension scheme as the US dollar strengthened against sterling and expense incurred following flooding in Dominica due to Hurricane Erika. In the prior year the loss of US$2 million principally comprised a loss on sale of property, plant and equipment in the Bahamas and Panama.

Joint ventures and associates
Our share of the result after tax from joint ventures and associates was a loss of US$1 million against a US$11 million profit in the prior period. As a condition to the regulatory approval for the Columbus acquisition, we are required to divest our 49% stake in TSTT and we no longer retain significant influence over its management. Accordingly, our investment in TSTT has been transferred to assets held for sale and as such we do not recognise any share of profit from our holding.

Exceptional operating expense
Exceptional expenses totalled US$24 million in the year. The charge includes re-branding costs, integration costs and professional fees. There were no exceptional charges in the prior period. As at 30 September 2015, US$92 million of the US$110 million exceptional costs related to Columbus acquisition synergies had been expensed within our income statement. US$34 million of these expenses were cash costs during the first half.

Net finance expense
The US$123 million net finance expense for the Group included finance income of US$3 million (US$3 million in the prior year) primarily due to interest on loans receivable. The total finance expense was higher than the prior year at US$126 million (US$75 million in H1 2014/15) due to additional debt and facilities taken on upon the acquisition of Columbus.

Exceptional finance expense
The US$23 million exceptional finance expense for the Group related to unamortised capitalised fees written off for the bridge loan facilities following their successful refinancing through the issue of the US$750 million 2022 bonds.

Put option interest unwind expense

CWC has the obligation to repurchase the shares, which were issues to the Columbus vendors, if a put is exercised at c.46p (fixed in dollars at 73.49 US cents) during certain restricted periods in accordance with the Columbus acquisition agreement. A liability of US$879 million was recognised upon completion of the acquisition for the present value of the obligation. This is unwound over time, which has resulted in a charge of US$45 million in the period.

Income tax expense

The income tax charge for the Group of US$19 million (US$29 million in H1 2014/15) was in respect of overseas taxes. During the period, we released tax provisions held for potential tax claims against the Group and for an audit settlement in St Kitts and Nevis. Removing the impact of interest charged on the Group's central borrowing facilities (which does not accrue any tax benefit), and interest expense related to the put options, this charge represented a pre-exceptional effective tax rate of 24%.

Discontinued operations

There were no discontinued operations in the period. In the six months ended 30 September 2014, discontinued operations included Monaco's contribution until its disposal was completed on 20 May 2014.

Gains on disposals

During the prior 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	**H1 2015/16**
EBITDA[1]	427
Capital expenditure	(265)
Operating cash flow before exceptional items	**162**
Movement in working capital and other provisions	(92)
Net investment income	3
Underlying free cash flow	**73**
Fixed charges	
Taxes paid	(23)
Interest paid	(91)
Dividends paid to non-controlling interests	(35)
Underlying equity free cash flow	**(76)**
Dividends paid to shareholders	(116)
Net cash flow before one-off items and exceptional items	**(192)**
Non-recurring and exceptional items	
Cash exceptional items	(77)
Pension payment	(48)
Columbus employee incentivisation programme payment	(47)
Columbus acquisition related fees	(67)
$750m 2022 bond fees	(27)
Net cash flow after one-off items and exceptional items	**(458)**
Net proceeds/(repayments) from borrowings	206
Net cash flow	**(252)**

Note: Group cash flow is based on management accounts

[1] *EBITDA is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense, defined benefit pension scheme interest, share based payments and exceptional items*

The Group generated operating cash flow before exceptional items of US$162 million for the period ended 30 September 2015. There was a US$92 million working capital outflow during the period. A number of items contributed to this first half movement which we anticipate will partly reverse this outflow in the second half, such as a tax prepayment in Panama, an increase in receivables related to the carve-out entities, and increased inventory ahead of anticipated higher smartphone sales during the busy Christmas period. Net investment income of US$3 million primarily comprised interest on cash balances and loans receivable.

Fixed charges

We paid US$23 million relating to income tax in the period. Interest paid on our external borrowings at US$91 million was US$64 million higher than the prior year driven by the increase in gross debt following completion of the Columbus acquisition in March 2015. We paid dividends to non-controlling interests of US$35 million in the period, which was US$13 million lower than the prior year due to timing of dividends from Panama.

Non-recurring and exceptional items
The net cash outflow included US$77 million for exceptional items related to integration costs following the acquisition of Columbus in addition to restructuring programmes in the Caribbean, the Bahamas and Panama. We made a US$48 million cash contribution to the Cable & Wireless Superannuation Fund in the period and do not anticipate any further top-up payments until H1 2016/17 per the existing agreement with the Trustees of the fund. There was a US$47 million outflow as we settled Columbus' employee incentivisation programmes following the completion of the acquisition in March 2015. Acquisition related fees of US$67 million, expensed in the prior fiscal year, were also paid in the period.

On 1 August 2015, we successfully refinanced our US$690 million acquisition facility with US$750 million unsecured bonds, maturing on 1 August 2022 with a coupon of 6.875%. Capitalised fees associated with the refinancing totalled US$30 million for which there was a cash cost of US$27 million in the half.

Group consolidated cash and debt

	As at 30 September 2015			As at 31 March 2015		
	Subsidiaries	**Central**	**Group**	**Subsidiaries**	**Central**	**Group**
	US$m	US$m	US$m	US$m	US$m	US$m
Cash and cash equivalents	**90**	**61**	**151**	**93**	**309**	**402**
US$750m unsecured bonds repayable in 2022	–	(725)	(725)	–	–	–
US$1.25bn unsecured bonds repayable in 2021	–	(1,235)	(1,235)	–	(1,234)	(1,234)
US$400 million secured bonds due 2020	–	(394)	(394)	–	(394)	(394)
Sterling unsecured bonds repayable in 2019	–	(223)	(223)	–	(219)	(219)
US$390 million secured loan due 2017	–	–	–	–	(374)	(374)
US$300 million unsecured loan due 2017	–	–	–	–	(288)	(288)
US$570 million Revolving Credit Facility (RCF)	–	(105)	(105)	–	–	–
Other regional debt facilities	(301)	–	(301)	(259)	–	(259)
Total debt	**(301)**	**(2,682)**	**(2,983)**	**(259)**	**(2,509)**	**(2,768)**
Total reported net (debt)	**(211)**	**(2,621)**	**(2,832)**	**(166)**	**(2,200)**	**(2,366)**

As part of the Columbus acquisition, we raised financing comprised of US$390 million secured and US$300 million unsecured term loans maturing on 31 March 2017. These facilities were refinanced in August 2015 with US$750 million unsecured bonds, maturing on 1 August 2022.

Consolidated net debt as at 30 September 2015 was US$2,832 million with proportionate net debt of US$2,710 million representing 4.1x first half annualised proportionate EBITDA. Our long-run target leverage for the Group is 2.5x to 3.0x proportionate net debt to proportionate EBITDA.

Following the Columbus acquisition, the debt profile of the Group has changed significantly due to the new financing of US$750 million and assuming existing Columbus debt of US$1.25 billion. Management are focussed on ensuring that the Group maintains appropriate compliance with covenants included within relevant financing agreements, reviewing key ratios relating to leverage and gearing and monitoring operational cash flows.

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 payments of £30 million made in July 2014, and £31 million in April 2015, a future payment of £33 million will be due in April 2016. 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 2015, the defined benefit section of the CWSF had an IAS 19 accounting deficit of £94 million (US$143 million), compared to a deficit of £106 million (US$158 million) as at 31 March 2015. 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 2015 therefore represents the present value of the amounts committed under the minimum funding agreement.

The fund assets at 30 September 2015 were approximately invested 67% in the bulk annuity policy, 17% in equities, and 16% in bonds, property, swaps and cash.

There are other unfunded pension liabilities in the UK of £30 million (£32 million at 31 March 2015). The Group holds investments in gilts of £24 million to partially back the UK unfunded pension liabilities. Other schemes in Cable & Wireless Communications have a net IAS 19 surplus of US$10 million (US$14 million surplus at 31 March 2015).

Dividend

In our full year results announcement released on 20 May 2015, the Board confirmed that subject to financial and trading performance in the financial year 2015/16 it expected to recommend a full year dividend of US4 cents per share. The Board retains that expectation.

We also announced on 22 October 2015 that the Company is in discussions with Liberty Global plc regarding a possible shares and cash offer for CWC. Following that announcement the Company is currently in an offer period for the purposes of the Takeover Code.

As a result, the Board has not declared an interim dividend at this time. However, the Board confirms it intends to declare an interim dividend of US1.33 cents per share in the event that the discussions with Liberty Global plc do not result in Liberty Global plc announcing a firm intention to make an offer for CWC in accordance with Rule 2.7 of the Code.

Appendices

Condensed consolidated income statement

		Six months ended 30 September 2015			Six months ended 30 September 2014		
Continuing operations	**Note**	**Pre-exceptional items US$m**	**Exceptional items[1] US$m**	**Total US$m**	Pre-exceptional items US$m	Exceptional items[1] US$m	Total US$m
Revenue	5	**1,179**	**-**	**1,179**	848	-	848
Operating costs before depreciation, amortisation and impairment		**(758)**	**(24)**	**(782)**	(571)	-	(571)
Depreciation and impairment		**(149)**	**-**	**(149)**	(104)	-	(104)
Amortisation		**(52)**	**-**	**(52)**	(19)	-	(19)
Other operating expense		**(5)**	**-**	**(5)**	(2)	-	(2)
Group operating profit/(loss)	5	**215**	**(24)**	**191**	152	-	152
Share of result of joint ventures and associates		**(1)**	**-**	**(1)**	11	-	11
Total operating profit/(loss)		**214**	**(24)**	**190**	163	-	163
Finance income		**3**	**-**	**3**	3	-	3
Finance expense		**(171)**	**(23)**	**(194)**	(34)	-	(34)
Profit/(loss) before income tax		**46**	**(47)**	**(1)**	132	-	132
Income tax (expense)/credit		**(22)**	**3**	**(19)**	(29)	-	(29)
Profit/(loss) for the period from continuing operations		**24**	**(44)**	**(20)**	103	-	103
Discontinued operations						-	
Profit for the period from discontinued operations	7	**-**	**-**	**-**	354	-	354
Profit/(loss) for the period		**24**	**(44)**	**(20)**	457	-	457
Attributable to:							
Owners of the Parent Company		**(18)**	**(38)**	**(56)**	402	-	402
Non-controlling interests		**42**	**(6)**	**36**	55	-	55
Profit/(loss) for the period		**24**	**(44)**	**(20)**	457	-	457
Earnings per share attributable to the owners of the Parent Company (cents per share)							
Total Group:							
– Basic				**(1.3)c**			16.0c
– Diluted				**(1.3)c**			15.9c
Continuing operations:							
– Basic				**(1.3)c**			1.9c
– Diluted				**(1.3)c**			1.9c
Discontinued operations:							
– Basic				**-**			14.1c
– Diluted				**-**			14.0c

Note:

1 Refer to note 6 for exceptional items.

The notes on pages 26 to 36 are an integral part of these financial statements

Condensed consolidated statement of comprehensive income

	Note	Six months ended 30 September 2015 US$m	Six months ended 30 September 2014 US$m
(Loss)/profit for the period		**(20)**	457
Other comprehensive (expense)/income for the period comprised:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial losses in the value of defined benefit pension schemes	13	**(29)**	(40)
Income tax relating to items that will not be reclassified to profit or loss		**-**	-
Total items that will not be reclassified to profit or loss in subsequent periods:		**(29)**	(40)
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(13)**	(8)
Foreign currency translation reserves recycled on disposal of operations		**-**	(92)
Fair value (loss)/gain on available-for-sale financial assets		**(1)**	2
Income tax relating to items that may be reclassified to profit and loss		**-**	-
Total items that may be reclassified to profit or loss in subsequent periods:		**(14)**	(98)
Other comprehensive expense for the period, net of tax		**(43)**	(138)
Total comprehensive (loss)/income for the period		**(63)**	319
Attributable to:			
Owners of the Parent Company		**(100)**	263
Non-controlling interests		**37**	56
		(63)	319

The notes on pages 26 to 36 are an integral part of these financial statements

Condensed consolidated statement of financial position

	Note	30 September 2015 US$m	Restated[1] 31 March 2015 US$m	30 September 2014 US$m
ASSETS				
Non-current assets				
Intangible assets	9	**3,014**	3,038	183
Property, plant and equipment	10	**2,610**	2,523	1,496
Investments in joint ventures and associates		**1**	1	166
Available-for-sale financial assets	12	**59**	59	59
Financial assets at fair value through profit or loss	12	**13**	14	-
Other receivables		**154**	155	155
Deferred tax asset		**43**	39	20
Retirement benefit assets	13	**16**	17	20
		5,910	5,846	2,099
Current assets				
Trade and other receivables		**607**	557	434
Inventories		**57**	50	45
Loans to related parties		**56**	56	-
Cash and cash equivalents	11	**151**	402	438
		871	1,065	917
Assets held for sale		**162**	165	15
		1,033	1,230	932
Total assets		**6,943**	7,076	3,031
LIABILITIES				
Current liabilities				
Trade and other payables		**743**	852	581
Borrowings	11	**152**	82	69
Financial liabilities at amortised cost	12	**279**	-	-
Provisions	8	**90**	129	96
Current tax liabilities		**122**	125	117
		1,386	1,188	863
Net current (liabilities)/assets		**(353)**	42	69
Non-current liabilities				
Trade and other payables		**316**	313	22
Borrowings	11	**2,831**	2,686	833
Financial liabilities at amortised cost	12	**645**	879	-
Deferred tax liabilities		**212**	215	30
Provisions	8	**94**	110	47
Retirement benefit obligations	13	**195**	209	191
		4,293	4,412	1,123
Net assets		**1,264**	1,476	1,045
EQUITY				
Capital and reserves attributable to the owners of the Parent Company				
Share capital		**224**	224	133
Share premium		**260**	260	97
Reserves		**438**	652	451
		922	1,136	681
Non-controlling interests		**342**	340	364
Total equity		**1,264**	1,476	1,045

1 Restated for the updated purchase price accounting following the acquisition of Columbus (see note 19).

The notes on pages 26 to 36 are an integral part of these financial statements

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Condensed consolidated 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 2014	133	97	18	3,288	(3,047)	489	350	839
Profit for the period	-	-	-	-	402	402	55	457
Actuarial losses recognised (net of tax)	-	-	-	-	(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 financial assets	-	-	-	2	-	2	-	2
Total comprehensive (expense)/income for the period	-	-	(101)	2	362	263	56	319
Equity share-based payments	-	-	-	-	2	2	-	2
Dividends	-	-	-	-	(67)	(67)	-	(67)
Total dividends and other transactions with owners of the Parent Company	-	-	-	-	(65)	(65)	-	(65)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(48)	(48)
Transfer 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
Balance at 1 April 2015	**224**	**260**	**(120)**	**3,724**	**(2,952)**	**1,136**	**340**	**1,476**
(Loss)/profit for the period	**-**	**-**	**-**	**-**	**(56)**	**(56)**	**36**	**(20)**
Actuarial losses recognised (net of tax)	**-**	**-**	**-**	**-**	**(29)**	**(29)**	**-**	**(29)**
Exchange differences on translation of foreign operations	**-**	**-**	**(14)**	**-**	**-**	**(14)**	**1**	**(13)**
Fair value movements in available-for-sale financial assets	**-**	**-**	**-**	**(1)**	**-**	**(1)**	**-**	**(1)**
Total comprehensive (expense)/income for the period	**-**	**-**	**(14)**	**(1)**	**(85)**	**(100)**	**37**	**(63)**
Equity share-based payments	**-**	**-**	**-**	**-**	**2**	**2**	**-**	**2**
Dividends	**-**	**-**	**-**	**-**	**(116)**	**(116)**	**-**	**(116)**
Total dividends and other transactions with owners of the Parent Company	**-**	**-**	**-**	**-**	**(114)**	**(114)**	**-**	**(114)**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(35)**	**(35)**
Total dividends and other transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(35)**	**(35)**
Balance at 30 September 2015	**224**	**260**	**(134)**	**3,723**	**(3,151)**	**922**	**342**	**1,264**

The notes on pages 26 to 36 are an integral part of these financial statements

Condensed consolidated statement of cash flows

	Six months ended 30 September 2015 US$m	Six months ended 30 September 2014 US$m
Cash flows from operating activities		
Cash generated from operations – continuing operations	**141**	171
Cash generated from operations – discontinued operations	**-**	1
Income taxes paid – continuing operations	**(23)**	(21)
Income taxes paid – discontinued operations	**-**	-
Net cash from operating activities	**118**	151
Cash flows from investing activities		
Finance income	**3**	2
Purchase of property, plant and equipment	**(253)**	(183)
Purchase of intangible assets	**(12)**	(7)
Acquisition of subsidiaries and non-controlling interests (net of cash received)	**-**	(37)
Net cash used in continuing operations	**(262)**	(225)
Disposal proceeds (net of cash disposed and transaction costs) for discontinued operations	**-**	403
Other discontinued operations	**-**	(1)
Discontinued operations	**-**	402
Net cash (used in) / from investing activities	**(262)**	177
Net cash flow before financing activities	**(144)**	328
Cash flows from financing activities		
Dividends paid to owners of the Parent Company	**(116)**	(67)
Dividends paid to non-controlling interests	**(35)**	(48)
Repayments of borrowings	**(784)**	(112)
Proceeds from borrowings	**990**	156
Finance costs	**(163)**	(27)
Net cash used in continuing operations	**(108)**	(98)
Discontinued operations	**-**	**-**
Net cash used in financing activities	**(108)**	(98)
Net decrease in cash and cash equivalents – continuing operations	**(252)**	(173)
Net increase in cash and cash equivalents – discontinued operations	**-**	403
Cash and cash equivalents at 1 April	**402**	208
Exchange differences on cash and cash equivalents	**1**	-
Cash and cash equivalents at 30 September	**151**	438

The notes on pages 26 to 36 are an integral part of these financial statements

Reconciliation of net profit to cash generated from operations

Continuing operations	**Six months ended 30 September 2015 US$m**	Six months ended 30 September 2014 US$m
(Loss)/profit for the period	**(20)**	103
Adjustments for:		
Tax expense	**19**	29
Depreciation	**149**	104
Amortisation	**52**	19
Finance income	**(3)**	(3)
Finance expense	**194**	34
Other income and expense	**5**	2
Decrease in provisions	**(55)**	(26)
Employee benefits	**5**	7
Defined benefit pension scheme contributions	**(48)**	(53)
Share of post-tax result of joint ventures and associates	**1**	(11)
Operating cash flows before working capital changes	**299**	205
Changes in working capital (excluding the effects of acquisitions and disposals of subsidiaries)		
Increase in inventories	**(7)**	(4)
Increase in trade and other receivables	**(60)**	(31)
(Decrease)/increase in trade and other payables	**(91)**	1
Cash generated from operations	**141**	171

The notes on pages 26 to 36 are an integral part of these financial statements

Notes to the unaudited condensed consolidated interim financial statements

1. Reporting entity

Cable & Wireless Communications Plc (the Company) is a company registered in England and Wales. The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2015 (the 'interim financial statements') comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in joint venture and associate entities.

The consolidated financial statements of the Group for the year ended 31 March 2015 are available upon request from the Company's registered office at 2nd Floor, 63-65 Chandos Place, London WC2N 4HG or at cwc.com/investor-relations.

2. Basis of preparation

The 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 ('EU'). They do not include all of the information required for full annual financial statements and do not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2015 which were prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board, IFRS as adopted by the EU and the Companies Act 2006. 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.

Statutory accounts for the year ended 31 March 2015 have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include any emphasis of matter and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

The Directors have made an assessment of the Group's ability to continue in operational existence for the foreseeable future and are satisfied that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Unless otherwise stated, all figures are reported in US dollars and are rounded to the nearest million.

The interim financial statements were approved by the Board of Directors on 4 November 2015.

3. Significant accounting policies and principles

The accounting policies applied by the Group in the interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2015. On 1 April 2015, the Group adopted certain new and revised accounting standards and interpretations as detailed in the consolidated financial statements for the year ended 31 March 2015 to comply with the specific requirements of IFRS. None of these had a material impact on the Group's consolidated results, financial position or cash flows.

4. Estimates

The preparation of the 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 the 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 for the year ended 31 March 2015.

5. Segment information

Following the acquisition of Columbus International Inc. on 31 March 2015, the Group has modified its segment information to reflect how management internally reviews the operating performance of the enlarged group. Consequently, for the six months ended 30 September 2015, the Group has five principal operations which have been identified as its reportable segments comprising 'Caribbean', 'Panama', 'BTC', 'Networks and LatAm', and 'Seychelles'. Segment information for the comparative financial period has been restated accordingly.

As management progresses with the integration of Columbus, certain aspects of segment information, including total assets per segment, are subject to transition. Such information will be presented in the consolidated financial statements for the year ended 31 March 2016 following finalisation of the purchase price allocation (see note 19 for further details).

Continuing operations	**Caribbean US$m**	**Panama US$m**	**BTC US$m**	**Networks and LatAm US$m**	**Seychelles US$m**	**Corporate[1] US$m**	**Eliminations[2] US$m**	**Total[3] US$m**
Six months ended 30 September 2015								
Revenue	547	322	162	130	27	-	(9)	1,179
Cost of sales	(126)	(118)	(34)	(25)	(4)	-	1	(306)
Gross margin	**421**	**204**	**128**	**105**	**23**	-	**(8)**	**873**
Pre-exceptional operating costs[7]	(208)	(88)	(75)	(51)	(13)	(19)	8	(446)
EBITDA[4]	**213**	**116**	**53**	**54**	**10**	**(19)**	-	**427**
Excluded operating costs	1	-	-	-	-	(7)	-	(6)
Depreciation and amortisation	(74)	(56)	(24)	(40)	(3)	(4)	-	(201)
Net other operating income/(expense)	(1)	5	-	(2)	-	(2)	(5)	(5)
Operating profit/(loss)	**139**	**65**	**29**	**12**	**7**	**(32)**	**(5)**	**215**
Share of post-tax result of joint ventures and associates	-	-	-	-	(1)	-	-	(1)
Operating exceptional items	(4)	-	-	-	-	(20)	-	(24)
Total operating profit/(loss)	**135**	**65**	**29**	**12**	**6**	**(52)**	**(5)**	**190**
Net finance income/(expense)	6	(6)	-	1	(2)	(167)	-	(168)
Finance exceptional items	-	-	-	-	-	(23)	-	(23)
Profit/(loss) before income tax	**141**	**59**	**29**	**13**	**4**	**(242)**	**(5)**	**(1)**
Income tax (expense)/credit	(9)	(16)	-	(2)	(4)	12	-	(19)
Profit for the period	**132**	**43**	**29**	**11**	-	**(230)**	**(5)**	**(20)**
Income taxes paid [5]	*(14)*	-	-	*(4)*	*(4)*	*(1)*	-	*(23)*
Six months ended 30 September 2014[6]								
Revenue	337	302	171	11	27	-	-	848
Cost of sales	(72)	(100)	(33)	(5)	(4)	-	-	(214)
Gross margin	265	202	138	6	23	-	-	634
Operating costs	(165)	(83)	(79)	(8)	(13)	(3)	-	(351)
EBITDA (restated)[4]	100	119	59	(2)	10	(3)	-	283
Excluded operating costs	-	(1)	-	-	-	(5)	-	(6)
Depreciation and amortisation	(37)	(48)	(21)	(6)	(7)	(4)	-	(123)
Net other operating income/(expense)	-	21	(1)	-	-	-	(22)	(2)
Operating profit/(loss)	63	91	37	(8)	3	(12)	(22)	152
Share of post-tax result of joint ventures and associates	-	-	-	-	-	11	-	11
Total operating profit/(loss)	63	91	37	(8)	3	(1)	(22)	163
Net finance income/(expense)	16	(4)	-	-	-	(45)	-	(31)
Profit/(loss) before income tax	79	87	37	(8)	3	(44)	(22)	132
Income tax (expense)/credit	(12)	(21)	-	-	(2)	6	-	(29)
Profit/(loss) for the period	67	66	37	(8)	1	(38)	(22)	103
Income taxes paid [5]	*(6)*	*(8)*	*(1)*	-	*(4)*	*(2)*	-	*(21)*

Notes:
1 Corporate includes the corporate centre and operating hub expenses
2 Eliminations includes eliminations for inter-segment transactions
3 There are no differences in the measurement of the reportable segments' results and the Group's results
4 EBITDA is considered by management to be a key financial metric in reporting the operating performance of the Group's principal lines of business. Its revised definition and a reconciliation of total operating profit to EBITDA, is provided in note 18
5 Income taxes paid represents cash tax paid during the year by consolidated subsidiaries
6 Comparative period information has been restated to reflect the modification to the Group's reporting segments.
7 Includes inter-segment management charges of US$22 million (US$26 million in the six months ended 30 September 2014)

6. Exceptional items

Exceptional expenses for the six months ended 30 September 2015 amounted to a pre-tax charge of US$47 million (30 September 2014: US$nil) of which US$24 million is a charge for amounts provided during the period in respect of integration activities following the acquisition of Columbus. The balance of US$23 million charged during the period is in respect of accelerated amortisation costs following the repayment of the secured US$390 million and the unsecured US$300 million two year term loans, both due March 2017 which were subsequently replaced by the issue of the US$750 million 6.875% senior unsecured notes due 2022.

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 was classified as a discontinued operation as at 30 September 2014.

The results of all discontinued operations are shown below:

	Six months ended 30 September 2015 US$m	Six months ended 30 September 2014 US$m
Revenue	-	29
Expenses	-	(20)
Profit before tax	-	9
Tax	-	(1)
Profit after tax	**-**	**8**
Profit from discontinued operations	-	8
Gain on disposal of discontinued operations	-	346
Profit for the period from discontinued operations	**-**	354

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 2015:

	Property	**Redundancy**	**Network and asset retirement obligations**	**Legal and other**	**Total**
	US$m	**US$m**	**US$m**	**US$m**	**US$m**
At 1 April 2015 (restated)	15	82	52	90	239
Current portion (restated)	12	51	2	64	129
Non-current portion (restated)	3	31	50	26	110
Additional provision	-	-	2	23	25
Amounts used	(3)	(35)	-	(39)	(77)
Unused amounts released	-	-	-	(3)	(3)
Transfers	-	1	1	(2)	-
At 30 September 2015	**12**	**48**	**55**	**69**	**184**
Current portion	12	26	9	43	90
Non-current portion	-	22	46	26	94

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. Amounts spent during the period primarily relate to Columbus integration, regional transformation activities in the Caribbean together with costs at the corporate centre.

Network and asset retirement obligations
Provision has been made for the best estimate of the unavoidable costs associated with redundant leased network capacity including break fees in certain network contracts. 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 integration activities following the acquisition of Columbus and certain other 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.

Legal and other provisions now include management's assessment of the pre-acquisition legal risks of Columbus. During the period, the Group received an unfavourable ruling and has been ordered to pay the majority of the purchase price holdback, a disputed non-competition payment and other amounts (including costs) totalling US$10 million.

9. Intangible assets
During the period, US$36 million[1] of intangible assets were capitalised. Amortisation has been calculated for Columbus intangible assets on the preliminary purchase price and the fair values for intangible assets will be updated once the final purchase accounting exercise is completed. Accordingly, amortisation will be recalculated based on the updated values and a corresponding entry recorded before 31 March 2016.

10. Property, plant and equipment
During the period, US$249 million[2] of property, plant and equipment was capitalised. There were disposals of property, plant and equipment with a net book value of US$1 million during the six months ended 30 September 2015. The Group's capital commitments at 30 September 2015 were US$117 million (US$45 million at 31 March 2015).

Depreciation has been calculated for Columbus property, plant and equipment on the preliminary purchase price and the fair values for property, plant and equipment will be updated once the final purchase accounting exercise is completed. Accordingly, depreciation will be recalculated based on the updated values and a corresponding entry recorded before 31 March 2016.

[1] Includes US$24 million relating to Jamaica mobile spectrum that was capitalised during the period, however cash payments will be made over the term of the mobile spectrum agreement
[2] Includes accruals for capital expenditure of US$4 million

11. Changes in net funds

The movement in the Group's total net debt is analysed as follows:

	At 1 April 2015	Cash flow	Other[1]	Bond amortisation	Transfer	Exchange movements	At 30 September 2015
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
Cash at bank and in hand	396	(268)	-	-	-	1	129
Short-term deposits	6	16	-	-	-	-	22
Total funds	**402**	**(252)**	**-**	**-**	**-**	**1**	**151**
Debt due within one year	(82)	(42)	-	-	(28)	-	(152)
Debt due after one year	(2,686)	(164)	26	(30)	28	(5)	(2,831)
Total debt	**(2,768)**	**(206)**	**26**	**(30)**	**-**	(5)	**(2,983)**
Total net debt	**(2,366)**	**(458)**	**26**	**(30)**	**-**	(4)	**(2,832)**

Note:

1 Other amounts of US$26 million comprise US$30 million of finance costs capitalised in respect of the US$750 million 6.875% senior unsecured notes due 2022 (the 'Notes') issued during the period to 30 September 2015. This was offset by the recognition of an embedded derivative, bifurcated from the Notes and determined to have a value at recognition of US$4 million

12. Fair value of financial instruments

The table below discloses financial instruments carried at fair value analysed by the three levels of valuation methodology as follows:

	Level 1[1]		**Level 2[2]**		**Level 3[3]**		**Total**	
	30 September 2015	31 March 2015	**30 September 2015**	31 March 2015	**30 September 2015**	31 March 2015	**30 September 2015**	31 March 2015
	US$m	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m
Financial assets measured at fair value:								
UK and Bahamian government bonds	59	59	-	-	-	-	**59**	59
Held for sale equity investment[4]	-	-	-	-	137	137	**137**	137
Embedded derivatives[5,6]	-	-	13	14	-	-	**13**	14
Total financial assets at fair value	**59**	59	**13**	14	**137**	137	**209**	210

Notes:

1 Level 1 is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

2 Level 2 is measured using inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly (from prices) or indirectly (derived from prices)

3 Level 3 is measured using inputs for the asset of liability that are not based on observable data

4 The investment in TSTT has been measured at fair value at US$137 million and was calculated using an earnings multiple technique, using inputs that are not based on publicly observable data. The investment represents 49% of the equity of TSTT. The key assumptions used in determining the market value of 100% of the equity of TSTT were the maintainable earnings for TSTT (based on actual 2015) results and comparable transaction multiples for the telecom industry

5 As part of the acquisition of Columbus, the Group assumed the existing net debt held by Columbus at the acquisition date. Columbus held senior notes of US$1,250 million at 31 March 2015. The Group assumed all terms agreed by Columbus under the debt agreement. These terms enable the Group to redeem the notes under various scenarios. The redemption terms associated with the notes represent an embedded derivative which required bifurcation where the bifurcated amount is carried at fair value, with charges going through profit or loss

6 Following the issue of the US$750 million 6.875% senior unsecured notes during the period to 30 September 2015, the Group recognised an embedded derivative which required bifurcation, where the bifurcated amount is carried at fair value with charges going through profit or loss. Similar to that noted of the US$1,250 million senior notes, the terms enable the Group to redeem the notes under various scenarios

A reconciliation of the movements in the valuation basis of financial instruments held at fair value by the Group is as follows:

	Available-for-sale financial assets US$m	**Financial assets at fair value through profit or loss** US$m	**Total held at fair value** US$m
At 1 April 2015	196	14	210
Additions	-	4	4
Fair value loss recorded in other comprehensive income	(1)	-	(1)
Movement in fair value of derivative financial assets	-	(5)	(5)
Exchange differences	1	-	1
At 30 September 2015	**196**	**13**	**209**

A reconciliation of the movement of financial instruments held at amortised cost by the Group is as follows:

	Columbus put option[1] US$m	**Total held at amortised cost** US$m
At 1 April 2015	879	879
Unwinding of discount taken through the income statement	45	45
At 30 September 2015	**924**	**924**

Note:

1 As part of the Columbus acquisition, the Company issued 1,557,529,605 consideration shares of US5 cents each to CVBI Holdings (Barbados) Inc, Clearwater Holdings (Barbados) Limited, Columbus Holding LLC and Brendan Paddick (the 'Principal Vendors') in proportion to their Columbus shareholding. Each Principal Vendor entered into lock-up and put option arrangement in respect of its issued consideration shares until 2019. An exception to the lock-up arrangements will enable each Principal Vendor to require the Company to purchase for cash up to a certain number of its shares each year from 2016 to 2019 inclusive for the notional issue price of US$0.7349 per share. If a Principal Vendor sells some or all of their shareholding, then some or all of its future options to require the Company to purchase up to a certain number of shares will immediately cease to have effect and will not be capable of exercise. The liability for the repurchase was valued on initial recognition using the present value technique of the future liability and the unwinding of the discount is taken through finance expense in the consolidated income statement each period. At 30 September 2015, US$279 million is recognised as a current liability and US$645 million is recognised as non-current liability.

At September 2015, the fair value of the Group's borrowings was US$3,118 million (31 March 2015: US$2,912 million) and the carrying value was US$2,983 million (31 March 2015: US$2,768 million). The fair value of the Group's trade and other receivables, trade and other payables and cash and cash equivalents approximates their carrying value.

13. Retirement benefit obligations

At 30 September 2015, the Cable & Wireless Superannuation Fund defined benefit scheme (CWSF) had an IAS 19 *Employee Benefits* deficit of US$143 million compared with a deficit of US$158 million at 31 March 2015. In May 2014, the Group reached agreement with the Trustees on the actuarial 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 as agreed following the 2010 triennial review. The first two payments of US$52 million and US$47 million were made in July 2014 and April 2015 respectively. 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$46 million (US$48 million at 31 March 2015). Other defined benefit schemes have a net IAS 19 surplus of US$10 million (US$14 million surplus at 31 March 2015).

14. 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 2015 (in thousands)	Six months ended 30 September 2014 (in thousands)
Basic weighted average number of ordinary shares	4,320,665	2,513,461
Diluted weighted average number of ordinary shares	4,343,289	2,525,854
Treasury shares	107,489	137,489

The number of ordinary shares in issue at 30 September 2015 was 4,475,953,616.

At 30 September 2015, a total of 107,488,873 shares were classified as treasury shares. This represented 2% of called-up share capital at the beginning of the period.

15. Dividends paid and proposed
The Company announced on 22 October 2015 that it is in discussions with Liberty Global plc regarding a possible shares and cash offer for CWC. Following that announcement the Company is currently in an offer period for the purposes of the Takeover Code. As a result, the Board has not declared an interim dividend at this time. However, the Board confirms it intends to declare an interim dividend of US1.33 cents per share in the event that the discussions with Liberty Global plc do not result in Liberty Global plc announcing a firm intention to make an offer for CWC in accordance with Rule 2.7 of the Code.

The interim dividend paid for the corresponding six month period ended 30 September 2014 was US$33 million (1.33 cents per share).

The final dividend paid on 7 August 2015 for the full year ended 31 March 2015 was US$116 million (2.67 cents per share). The final dividend paid on 8 August 2014 for the corresponding full year ended 31 March 2014 was US$67 million (2.67 cents per share).

16. 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 2015.

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 2015, the Group received no dividends from joint ventures and associates (US$0.4 million for the six months ended 30 September 2014). At 30 September 2015, joint ventures and associates owed net US$1 million (US$nil at 31 March 2015) 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.

The Group has US$56 million of loans receivable and US$18 million of other receivables with legal entities controlled by Brendan Paddick, CVBI Holdings (Barbados) Inc. and Clearwater Holdings (Barbados) Limited as of 30 September 2015.

The loan receivable of US$56 million relates to the two year term facility agreement for US$74 million that was entered into on 27 March 2015. The interest rate on the term loan facility is based on the Group's cost of borrowing and payable in arrears.

A subsidiary of the Group has a sub-lease with a related party, controlled by one of the directors for a period of 10 years which expires January 2019 and has an annual lease expense of US$2 million.

A subsidiary of the Group has entered into a contract with a related party, controlled by three of the directors for software licenses to a value of US$2 million for a perpetual term.

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

17. Operating lease expenditure and guarantees

As at 30 September 2015, the aggregate future minimum lease payments under operating leases are:

	30 September 2015 US$m	31 March 2015 US$m
No later than one year	44	49
Later than one year but not later than five years	106	107
Later than five years	29	30
Total minimum operating lease payments	**179**	186

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

	30 September 2015 US$m	31 March 2015 US$m
Trading guarantees	38	44
Other guarantees	477	473
Total guarantees	**515**	517

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, which have not changed since 31 March 2015, is more fully described on page 152 of the Group's annual report for the year ended 31 March 2015.

18. Reconciliation of GAAP to non-GAAP items

Total operating profit to EBITDA

The Group uses EBITDA as a key performance measure as it reflects the underlying performance of its operating segments. EBITDA was updated in the period for the exclusion of defined benefit pension interest and share based payments with the prior period restated for the definition change. EBITDA is defined as earnings before interest, tax, depreciation and amortisation, and excludes impairment losses, gains/losses on disposal of fixed assets, the Group's share of the post-tax result of joint ventures and associates, exceptional items, net other operating income and expense, and excluded operating costs (defined benefit pension interest and share based payments) which are not considered by management to be reflective of the underlying performance of the Group. A reconciliation from total operating profit, the most directly comparable GAAP measure, to EBITDA is set out in the table below:

Continuing operations	**Six months ended 30 September 2015 US$m**	Restated Six months ended 30 September 2014 US$m
Total operating profit	190	163
Depreciation, amortisation and impairment of fixed assets	201	123
Share of post-tax result of joint ventures and associates	1	(11)
Exceptional items[1]	24	-
Other operating expense	5	2
Excluded operating costs[2]	6	6
EBITDA	**427**	283

Notes:
1 Refer to note 6 for exceptional items.
2 Excluded operating costs comprise defined benefit pension interest and share based payment expense.

Basic earnings per share ('EPS') to adjusted EPS

Adjusted EPS excludes exceptional items, transaction costs, gains/(losses) on disposal of businesses, amortisation of acquired intangibles and property, plant and equipment, unrealised foreign exchange gains/(losses) on financing activities and unwinding of Columbus put options. The prior period comparatives have been restated to reflect the updated adjusted EPS. A reconciliation of basic EPS to adjusted EPS is provided below:

Continuing operations	**Six months ended 30 September 2015 US cents**	Restated Six months ended 30 September 2014 US cents
Basic EPS attributable to owners of the Parent Company	(1.3)	1.9
Adjusting items[1,2]	2.2	(0.1)
Amortisation of acquired intangibles[1]	0.4	0.1
Adjusted EPS attributable to owners of the Parent Company	**1.3**	1.9
Weighted average number of shares (million)	4,321	2,513

Notes:

1 Excludes amounts attributable to non-controlling interests

2 Adjusting items for the period to 30 September 2015 predominantly includes the unwinding of the discount on the Columbus put option (US$45 million), exceptional items attributable to owners of the Parent Company (US$38 million) and unrealised foreign exchange gains (US$13 million)

19. Business combinations

Columbus International Inc.

On 6 November 2014, the Company agreed to acquire 100% of the equity of Columbus International Inc. ('Columbus'), a leading privately owned fibre-based telecommunications and technology services provider operating in the Caribbean, Central America and the Andean region with approximately 700,000 residential customers.

This transaction was in line with the strategy outlined in May 2014 to drive mobile leadership, accelerate fixed-mobile convergence, reinforce TV offer and grow B2B/B2G business.

On 31 March 2015, the acquisition was completed for consideration of US$2,127 million comprising a mixture of cash, the Company's shares, capitalised share option amounts, the fair value of put options granted to the Columbus Principal Vendors and vendor taxes relating to capital gains taxes for deemed disposal of indirect Columbus subsidiaries.

The fair value of the consideration for the acquisition of Columbus is comprised as follows:

Consideration paid	**US$m**
Cash	708
Shares in the Parent Company[1]	1,287
Fair value of put options[2]	103
Replacement share option awards[3]	23
Vendor taxes[4]	6
Total	**2,127**

Notes:

1 The Company issued 1,557,529,605 consideration shares in the capital of the Company to the Principal Vendors. As a result, the Principal Vendors in aggregate hold 36% of the ordinary shares in the Company. The share consideration includes a lack of marketability discount

2 Each Principal Vendor agreed at completion to enter into lock-up and put option arrangements in respect of its consideration shares. Under the put option arrangements each Principal Vendor can require the Company to reacquire certain of the consideration shares in four tranches between 2016 and 2019 at a strike price of $0.7349 per share. The fair value of this put option of US$103 million has been recognised as an equity instrument within other reserves. As this put option meets the definition of an equity instrument, it will not be revalued to fair value at subsequent year ends. The financial liability attaching to the put option was valued using the present value technique (see note 12 for details)

3 As part of the acquisition agreement, Columbus' existing employee incentive plan was cancelled, with certain employees of Columbus rolling over their options into an equivalent CWC share option plan. As set out in IFRS 3, the fair value of these replacement awards attributable to the pre-acquisition period of service by these employees is taken as part of consideration

4 As a consequence of the Columbus acquisition, a deemed disposal of the shares of Columbus Networks Dominicana S.A. was triggered giving rise to a potential capital gains tax liability of US$5 million under Dominican Republic tax law. In addition, an indirect ownership transfer was triggered under Panamanian tax law for Columbus Networks S. de R.L, Telecommunications Corporativas Panamenas S.A., Columbus Networks de Panama SRL and Columbus Networks Maritima S. de R.L. giving rise to a tax liability of US$1 million. As set out in IFRS 3, the fair value of these liabilities, which are paid on behalf of the vendor, increases the consideration paid by the Group

The Group has made a provisional assessment of the fair value of the assets and liabilities as at the acquisition date based on estimated total consideration of US$2,127 million. The fair value assessment is subject to finalisation and the accounting for the acquisition will be revised in accordance with the prescribed 12 month period from the date of acquisition.

The provisional purchase price allocation is set out in the table below:

	Provisional fair value as at 31 March 2015 US$m	Fair value and other adjustments US$m	Provisional fair value as at 30 September 2015 US$m
Intangible assets[3]	687	-	687
Goodwill[1]	2,034	84	2,118
Property, plant and equipment[3]	1,077	-	1,077
Assets held at fair value	14	-	14
Other receivables	9	(3)	6
Deferred tax assets	23	(12)	11
Trade and other receivables	144	(30)	114
Held for sale assets	7	-	7
Inventories	5	-	5
Cash and cash equivalents	80	-	80
Trade and other payables	(171)	(77)	(248)
Current tax liabilities	(16)	(1)	(17)
Current provisions	-	(10)	(10)
Other non-current payables	(341)	60	(281)
Borrowings	(1,234)	-	(1,234)
Non-current provisions	-	(15)	(15)
Deferred tax liabilities	(197)	10	(187)
Total[2]	**2,121**	**6**	**2,127**

Notes:
1 The goodwill recognised of US$2,118 million represents the value of the workforce and expected synergies resulting from the integration into the existing business that did not meet the recognition criteria set out in IAS 38 Intangible Assets as they were unable to be separately identified. Goodwill is not expected to be tax deductible.
2 Acquisition-related costs of US$nil million have been charged to other operating expenses in the six months to 30 September 2015.
3 The fair value exercise for the valuation of property, plant and equipment and intangible assets is still ongoing and will be completed by 31 March 2015.

The Group has restated the balance sheet as at 31 March 2015 to record the adjustments to working capital balances, current tax liabilities and deferred income tax assets and liabilities. Additional fair value accounting adjustments in respect of a trade receivables impairment allowance and legal and tax provisions were also recognised.

The preliminary acquisition accounting includes the payment of US$3 million by Columbus to Brendan Paddick as required under the terms of Brendan Paddick's employment contract with Columbus, which was terminated with effect from completion.

Columbus contributed revenue of US$307 million and profit after tax of US$4 million to the Group's results during the period to 30 September 2015.

US carve-out entities
The Group has not yet received from the U.S. Federal Communications Commission (the 'FCC') regulatory approval for the change of control of the former subsidiaries within the Columbus Group that hold licenses from the FCC (the 'Carve-Out Entities'). The Carve-Out Entities comprise ARCOS-1 USA, Inc., Columbus Networks Puerto Rico, Inc., Columbus Networks USA, Inc., A. SUR Net, Inc. and Columbus Networks Telecommunications Services USA, Inc.

Effective immediately before the Columbus Acquisition on 31 March 2015, the Carve-Out Entities were transferred to a newly-incorporated special purpose vehicle indirectly and wholly owned by certain of the Principal Vendors pending receipt of the FCC approval.

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 2014 to grow business (B2B) and government (B2G) capabilities.

The Group has finalised its assessment of the fair value of the assets and liabilities as at the acquisition date based on total consideration (including contingent consideration) of US$39 million. The final purchase price allocation, which has changed due to the final valuation of customer contracts and relationships and brands from the provisional fair value exercise, is set out in the table below:

	Provisional fair value US$m	**Fair value adjustments US$m**	**Final fair value US$m**
Property, plant and equipment	2	-	2
Goodwill[1]	13	4	17
Customer contracts and relationships	17	(3)	14
Brands	6	(1)	5
Other net assets	1	-	1
Total[2]	**39**	**-**	**39**

Notes:

1. The goodwill recognised of US$17 million represents 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.
2. Acquisition-related costs of US$0.5 million were recorded as other operating expenses in the prior period.

Sonitel contributed revenue of US$6 million and profit of US$0.2 million to the Group's results during the period to 30 September 2014. 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 to 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 on pages 18 to 21 of the Group's annual report for the year ended 31 March 2015. A summary of those risks is as follows:

- **Acquisition and integration of Columbus** – the acquisition of Columbus raises two key risks:
  - **Regulatory risk** – while completion of the acquisition was not conditional upon obtaining regulatory approvals in jurisdictions outside of Barbados, Jamaica, Trinidad and Tobago and the USA, there are a number of jurisdictions in respect of which regulatory notifications and/or approvals were required. The relevant authorities in several jurisdictions have imposed conditions on the approval of the transaction and in the case of the ECTEL markets we are still negotiating conditions for future legal integration of the overlapping operations. The negotiation of conditions has in some cases caused delay in the approval process. Further, the conditions for approval impose several ongoing compliance obligations on the business and there will be a cost associated with some conditions which we will need to manage. The ECTEL approval conditions will take further time to finalise and will likely attach some negative consequences for the business. Since closing of the acquisition , the combined group has been subject to more intensive regulatory scrutiny which may adversely impact the business. Moreover, it is possible that we will not realize a maximized value from our divestiture of TSTT and the Barbados network overlap assets due to the forced nature of the sales (which in each case is a condition imposed by the relevant regulator). We also risk creating a new or reinvigorated competitor in Trinidad and Tobago.
  - **Integration and synergy risk** – the integration process may be complex and difficult to complete and will raise risks relating to colleague retention, integrating employee groups, and disruption or failures of networks and services, among others. Additionally, integration may take longer than is expected, difficulties relating to integration may arise, or we may not achieve anticipated cost reductions and efficiencies which may affect the profitability of the combined business.
- **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 has expired, as such 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.
- **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.
- **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.

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 2015 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 2015 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
4 November 2015

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:
Phil Bentley – Chief Executive
Perley McBride – Chief Financial Officer

Non-executive Directors:
Independent
Robin Freestone – Chairman of the Audit Committee
Mark Hamlin – Chairman of the Remuneration Committee
Alison Platt
Barbara Thoralfsson
Non-independent
John Risley – Deputy Chairman
Brendan Paddick
Thad York

By order of the Board

Phil Bentley
Chief Executive

Perley McBride
Chief Financial Officer

4 November 2015

H1 2015/16 CWC CONSTANT CURRENCY RESULTS DETAIL

	Caribbean			Panama			BTC			Networks and LatAm			Seychelles			Other[1]			Total		
	H1 15/16 US$m	H1 14/15 US$m	Δ% US$m	H1 15/16 US$m	H1 14/15 US$m	Δ% US$m	H1 15/16 US$m	H1 14/15 US$m	Δ% US$m	H1 15/16 US$m	H1 14/15 US$m	Δ% US$m	H1 15/16 US$m	H1 14/15 US$m	Δ% US$m	H1 15/16 US$m	H1 14/15 US$m	Δ% US$m	H1 15/16 US$m	H1 14/15 US$m	Δ% US$m
Revenue	**547**	**512**	**7%**	**322**	**302**	**7%**	**162**	**171**	**(5)%**	**130**	**116**	**12%**	**27**	**25**	**8%**	**(9)**	**(4)**	nm	**1,179**	**1,122**	**5%**
Cost of sales	(126)	(122)	(3)%	(118)	(100)	(18)%	(34)	(33)	(3)%	(25)	(24)	(4)%	(4)	(4)	**-**	1	**-**	nm	(306)	(283)	(8)%
Gross margin	**421**	**390**	**8%**	**204**	**202**	**1%**	**128**	**138**	**(7)%**	**105**	**92**	**14%**	**23**	**21**	**10%**	**(8)**	**(4)**	**(100)%**	**873**	**839**	**4%**
Operating costs	(208)	(217)	4%	(88)	(83)	(6)%	(75)	(79)	5%	(51)	(37)	(38)%	(13)	(12)	(8)%	(11)	(3)	nm	(446)	(431)	(3)%
EBITDA[2]	**213**	**173**	**23%**	**116**	**119**	**(3)%**	**53**	**59**	**(10)%**	**54**	**55**	**(2)%**	**10**	**9**	**11%**	**(19)**	**(7)**	**nm**	**427**	**408**	**5%**
Excluded operating costs	1	-	nm	-	(1)	nm	-	-	-	-	-	-	-	-	**-**	(7)	(5)	(40)%	(6)	(6)	**-**
Depreciation and amortisation	(74)	(65)	(14)%	(56)	(48)	(17)%	(24)	(21)	(14)%	(40)	(26)	(54)%	(3)	(7)	57%	(4)	(4)	-	(201)	(171)	(18)%
Net other operating income/ (expense)	(1)	3	nm	5	21	(76)%	-	(1)	nm	(2)	(12)	83%	-	-	-	(7)	(29)	76%	(5)	(18)	72%
Operating profit before joint ventures and associates and exceptional items	**139**	**111**	**25%**	**65**	**91**	**(29)%**	**29**	**37**	**(22)%**	**12**	**17**	**(29)%**	**7**	**2**	**nm**	**(37)**	**(45)**	**18%**	**215**	**213**	**1%**
Capital expenditure	(133)	(136)	2%	(53)	(58)	9%	(36)	(27)	(33)%	(34)	(40)	15%	(6)	(4)	(50)%	(3)	(15)	80%	(265)	(280)	5%
Operating cash flow[3]	**80**	**37**	**nm**	**63**	**61**	**3%**	**17**	**32**	**(47)%**	**20**	**15**	**33%**	**4**	**5**	**(20)%**	**(22)**	**(22)**	**-**	**162**	**128**	**27%**

Notes:
1 Other includes management, royalty and branding fees, the costs of the corporate centre and operational hub, net UK defined benefit pension charge or credit and intercompany eliminations
2 EBITDA is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense, defined benefit pension scheme interest, share based payments and exceptional items.
3 EBITDA less capital expenditure
4 ‘nm’ represents % change not meaningful.

KPI DETAIL

	2015/16				2014/15							
	Q2		Q1		Q4		Q3		Q2		Q1	
	Subscribers[1] (000's)	ARPU[2] (US$)	Subscribers[1] (000's)	ARPU[2] (US$)	Subscribers[1] (000's)	ARPU[2] (US$)	Subscribers[1] (000's)	ARPU[2] (US$)	Subscribers[1] (000's)	ARPU[2] (US$)	Subscribers[1] (000's)	ARPU[2] (US$)
Caribbean												
Legacy CWC												
Mobile	1,422	19.1	1,360	19.1	1,328	19.0	1,333	20.0	1,236	19.6	1,211	19.4
Fixed voice	575	29.3	577	27.5	578	27.7	575	29.0	574	28.0	574	28.6
Broadband	223	36.7	224	36.9	224	35.1	221	35.6	219	35.7	216	36.3
Video	27	22.0	27	22.3	27	22.2	26	23.3	26	24.4	25	25.7
Legacy Columbus												
Mobile	-	-	-	-	-	-	-	-	-	-	-	-
Fixed voice	74	15.8	71	16.5	71	16.5	69	17.4	66	16.9	63	17.2
Broadband	287	30.5	273	29.9	270	29.4	264	28.9	253	29.7	243	29.3
Video	367	38.5	369	38.3	377	37.6	380	37.0	378	37.8	380	37.6
Panama												
Mobile	2,276	13.6	2,073	14.0	2,087	13.6	2,246	13.2	2,184	14.4	2,052	14.6
Fixed voice	367	22.3	367	22.6	366	23.1	367	24.3	369	24.6	369	24.4
Broadband	136	27.8	135	28.9	132	29.3	131	29.7	132	29.2	132	28.8
Video	68	29.4	62	31.1	56	33.3	50	33.5	47	34.1	44	33.8
BTC												
Mobile	310	56.0	315	57.1	318	59.9	314	60.4	311	60.0	308	64.8
Fixed voice	95	39.3	95	38.8	99	43.5	100	38.1	102	40.4	103	38.7
Broadband	28	44.2	26	45.6	25	48.5	25	51.1	24	50.8	24	54.8
Video	-	-	-	-	-	-	-	-	-	-	-	-
Seychelles												
Mobile	88	27.1	87	27.4	87	26.3	86	27.1	84	29.1	83	31.6
Fixed voice	18	47.3	18	40.9	17	32.4	18	36.7	18	37.5	17	39.0
Broadband	7	140.2	7	143.7	7	131.1	7	125.7	7	132.6	7	131.2
Video	3	61.4	-	-	-	-	-	-	-	-	-	-

Notes:
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 Networks and LatAm is not included in the KPI detail as this segment comprises the C&W Networks business and the Latin American operations of C&W Business.

EXCHANGE RATES

	Actual rates for 6 months ended 30 September 2015	Actual rates for year ended 31 March 2015	Actual rates for 6 months ended 30 September 2014	Percentage change US dollar appreciation / (depreciation) - March 2015	Percentage change US dollar appreciation / (depreciation) - September 2014
Sterling : US dollar					
Average	0.6504	0.6206	0.5983	5%	9%
Period end	0.6587	0.6705	0.6117	(2)%	8%
Jamaican dollar : US dollar					
Average	115.8046	112.6438	111.3021	3%	4%
Period end	117.2300	114.8900	112.5300	2%	4%
Seychelles Rupee : US Dollar					
Average	13.1638	13.1440	12.4291	0%	6%
Period end	12.6150	13.7550	13.0393	(8)%	(3)%
Trinidad and Tobago dollar : US Dollar					
Average	6.3395	6.3687	6.3927	(1)%	(1)%
Period end	6.3315	6.3418	6.3462	0%	0%
Colombian peso : US Dollar					
Average	2,743.8893	2,114.1396	1,958.4375	30%	40%
Period end	3,072.5000	2,544.9250	1,997.9750	21%	54%
US dollar : Sterling					
Average	1.5375	1.6113	1.6714	(5)%	(8)%
Period end	1.5181	1.4914	1.6348	2%	(7)%

EBITDA BY CURRENCY

	H1 2015/16	
	US$m	**% of total**
US dollar, pegged, linked or managed[1]	371	87
Seychelles rupee	10	2
Jamaican dollar	41	10
Colombian peso	5	1
Total	**427**	**100**

1 The Trinidad and Tobago dollar is included within US dollar, pegged, linked or managed

BASIS OF PREPARATION OF AND ASSUMPTIONS FOR SYNERGY STATEMENT

The Board of CWC confirms that the statements relating to expected US$125 million operating cost synergies from the acquisition of Columbus ("Synergies Statements") herein have been properly compiled on the basis of the assumptions stated below and that the basis of accounting used is consistent with the Company's accounting policies.

Set out below is the basis of preparation in respect of the Synergies Statements, together with the assumptions on which they are based.

Basis of preparation
In preparing the Synergies Statements, CWC has used an experienced team of senior personnel from across its business, assisted by external advisors, and with the collaboration of legacy senior management of Columbus. CWC's team has used CWC's experience of previous transformation programmes, in particular in relation to the US$100 million run-rate cost reduction programme completed in the financial year 2014/15, the Columbus senior management's experience of acquisitions, its own market intelligence and experience to assess the expected savings. CWC is currently operating a structured integration programme, with the support of external advisors, in order to capture the strategic and operational upsides from the acquisition of Columbus. The Synergies Statements has been prepared on a basis consistent with the current accounting policies of the Company.

Key assumptions
In arriving at the estimate of synergies set out in this announcement, the directors of CWC have made the following principal assumptions:

- The Columbus fixed line network continues to offer the required capacity and reach to support the additional traffic that will come from the inward migration of CWC's subscribers;

- There are no restrictions or delays imposed by industrial relations or employment agreements that significantly affect the realisation of savings from removal of overlapping headcount;

- There is no adverse consumer reaction that has a corresponding impact upon market share as a consequence the acquisition of Columbus;

- The management team of Columbus is retained to support the integration and running of the integrated business;

- There will be no material change to macroeconomic, political or legal conditions in the markets or regions in which CWC and Columbus operate that materially impact on the successful realisation of the synergies or the one off costs to achieve these benefits; and

- There will be no significant impact on the existing underlying operations of either business, including as a result of or in connection with the acquisition of Columbus.

THE CABLE & WIRELESS COMMUNICATIONS GROUP

We operate across a number of markets with variable economic prospects in the Caribbean and Latin America region. Latin American countries such as Panama and Colombia have relatively robust forecast GDP growth rates of 6% and 3% respectively whilst in our Caribbean markets there are lower growth rates as the region continues to experience a more modest pace of recovery following the previous economic downturn.

With the following attributes, we believe our businesses are well positioned to grow in the Caribbean and Latin American region.

1. Strong consumer market positions

We are the leader in:

- 9 out of 16 mobile markets;
- 16 out of 18 broadband markets;
- 17 out of 18 markets in which we provide fixed line services; and
- 7 out of 11 markets where we offer video.

Our ambition is to be the leader in every service in every market.

2. Wholesale and carrier

We are uniquely positioned to serve the large, growing and increasingly complex needs of carrier operators and large multi-national corporations requiring wholesale access to international bandwidth within the Caribbean and Latin America region.

3. Growing data demand

Global demand for data products continues to grow and is forecast to grow at a 59% CAGR from 2014-2019 in the Caribbean and Latin America with the markets we serve currently lagging adoption rates in more developed countries. By providing our customers with best-in-class networks and the devices and services they desire, we are beginning to see increased data penetration and usage across our markets.

4. Convergence

Our ownership of mobile and fixed networks, meshed with the new company's backhaul and international connectivity capabilities is a strategic advantage which can enable us to provide customers with the best network quality experience.

5. Synergies and operating efficiencies

The Columbus transaction presents the opportunity to capture synergies arising from capital and operational overlap as well as an acceleration of CWC's initiatives to reduce operating costs and improve efficiency by simplifying our processes and upgrading our systems.

6. Managed services

Latin America's B2B telecoms market represents a sizable growth opportunity. We plan to extend our relationships with existing customers and increase our current market penetration. The acquisitions of Columbus and Sonitel provide greater opportunity to capture this growth based on our expanded scale and scope capabilities.

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).