Consolidated Financial Statements

Columbus International Inc.

For the year ended 31 December 2015

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INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS

We have audited the accompanying consolidated financial statements of Columbus International Inc. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of comprehensive loss and other comprehensive loss, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2015.

KPMG

Chartered Accountants
Bridgetown, Barbados
April 27, 2016

Columbus International Inc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 (US $000)	2014 (US $000)
ASSETS			
Current			
Cash and cash equivalents		41,256	43,978
Trade and other receivables	6	156,619	138,658
Current tax receivables	17	10,827	—
Inventory		7,494	5,293
Assets held for sale	7	5,820	—
Total current assets		222,016	187,929
Property, plant and equipment	8	1,055,546	1,138,327
Intangible assets	9,16	352,717	386,416
Other receivables	6	5,693	8,828
Financial assets at fair value through profit or loss	11	4,230	12,968
Deferred income tax assets	17	21,692	27,618
Total assets		1,661,894	1,762,086
LIABILITIES AND EQUITY			
LIABILITIES			
Current			
Trade and other payables	14	231,185	173,966
Current tax liabilities	17	4,868	6,025
Deferred revenue	14	32,441	37,987
Provisions	15	3,675	750
Total current liabilities		272,169	218,728
Borrowings	10	1,235,020	1,233,140
Deferred revenue	14	261,849	324,086
Deferred income tax liabilities	17	88,742	98,984
Other long-term liabilities	14	5,188	36,929
Provisions	15	4,654	4,957
Total liabilities		1,867,622	1,916,824
EQUITY			
Issued capital	12	365,879	335,241
Foreign currency translation reserve		(107,332)	(83,355)
Retained deficit	12	(464,275)	(406,624)
Total equity		(205,728)	(154,738)
Total liabilities and equity		1,661,894	1,762,086

The notes on pages 6 to 53 are an integral part of these financial statements. The financial statements on pages 2 to 53 where approved by the Board of Directors on 27 April 2016.

Columbus International Inc.

CONSOLIDATED STATEMENT OF LOSS AND OTHER COMPREHENSIVE LOSS

For the year ended 31 December 2015

	Notes	2015 (US $000)	2014 (US $000)
Revenue		**623,967**	598,425
Operating costs before depreciation and amortization	20	**(337,408)**	(343,968)
		286,559	254,457
Balancing payment to Cable and Wireless Communications (CWC)	18	**(8,000)**	(17,065)
		278,559	237,392
Depreciation and impairment	8	**(121,932)**	(93,324)
Amortization	9,16	**(19,381)**	(19,118)
Exceptional operating expenses	21	**(60,531)**	—
Operating income		**76,715**	124,950
Gain on sale of businesses	5	**8,309**	3,715
Finance expense	22	**(104,032)**	(98,720)
Finance income	22	**2,233**	9,787
Exceptional finance expense	22	**—**	(76,517)
Other expenses	21	**(36,988)**	(50,053)
		(130,478)	(211,788)
Loss before income tax		**(53,763)**	(86,838)
Income tax expense	17	**(3,888)**	(19,082)
Loss for the year		**(57,651)**	(105,920)
Other comprehensive loss for the year			
Items that may be reclassified to profit or loss in future periods, net of tax:			
Exchange differences on translation of foreign operations		**(23,977)**	(39,361)
Other comprehensive loss for the year, net of tax		**(23,977)**	(39,361)
Total comprehensive loss for the year		**(81,628)**	(145,281)

The notes on pages 6 to 53 are an integral part of these financial statements

Columbus International Inc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Issued capital *(note 12)* (US $000)	Retained deficit (US $000)	Foreign currency translation reserve (US $000)	Total equity (US $000)
At 1 January 2015	**335,241**	**(406,624)**	**(83,355)**	**(154,738)**
Loss for the year	**—**	**(57,651)**	**—**	**(57,651)**
Other comprehensive loss	**—**	**—**	**(23,977)**	**(23,977)**
Total comprehensive loss	**—**	**(57,651)**	**(23,977)**	**(81,628)**
Issued capital	**29,638**	**—**	**—**	**29,638**
Forgiveness of shareholder loan	**1,000**	**—**	**—**	**1,000**
	30,638	**(57,651)**	**(23,977)**	**(50,990)**
At 31 December 2015	**365,879**	**(464,275)**	**(107,332)**	**(205,728)**
At 1 January 2014	326,617	(205,766)	(43,994)	76,857
Loss for the year	—	(105,920)	—	(105,920)
Other comprehensive loss	—	—	(39,361)	(39,361)
Total comprehensive loss	—	(105,920)	(39,361)	(145,281)
Issued capital	6,624	—	—	6,624
Forgiveness of shareholder loan	2,000	—	—	2,000
Dividends	—	(94,938)	—	(94,938)
	8,624	(200,858)	(39,361)	(231,595)
At 31 December 2014	335,241	(406,624)	(83,355)	(154,738)

The notes on pages 6 to 53 are an integral part of these financial statements

Columbus International Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015	Notes	2015 (US $000)	2014 (US $000)
OPERATING ACTIVITIES			
Loss before income taxes		**(53,763)**	(86,838)
Adjustments for			
Depreciation of property, plant and equipment	8	**97,207**	93,324
Impairment of property, plant and equipment	8	**24,725**	—
Amortization of intangible assets	9	**19,381**	19,118
Amortization of debt issue costs, discounts and premiums, net		**1,918**	16,407
Long-term compensation plans		**21,773**	21,599
Fair value adjustment of embedded derivative		**8,739**	(9,785)
Gain on disposal of a subsidiary and investment in associate	5	**(8,309)**	(3,715)
Non-cash balancing payment to CWC		—	17,065
Non-recurring trade receivable impairment allowance		**31,649**	—
Other non-cash adjustments		**2,970**	2,557
Change in deferred revenue		**(25,030)**	(12,453)
Current income tax expense		**(5,022)**	(21,345)
		116,238	35,934
Payment of employee incentive plan		**(49,638)**	—
Change in non-cash working capital		**2,500**	3,711
Cash provided by operating activities		**69,100**	39,645
FINANCING ACTIVITIES			
Proceeds from operating facilities	14	**43,424**	—
Proceeds from interest-bearing loans and borrowings	10	—	1,250,000
Repayment of interest-bearing loans and borrowings	10	—	(852,000)
Issue costs related to the issuance of interest-bearing loans and borrowings	10	**(38)**	(21,944)
Proceeds from issuance of capital		**29,638**	—
Dividends paid		—	(94,938)
Decrease in amounts due to related parties		**(27,570)**	—
Decrease in other long-term liabilities		**1,475**	(4,395)
Cash provided by financing activities		**46,929**	276,723
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	**(176,778)**	(182,702)
Purchase of intangible assets	9	**(4,761)**	(7,864)
Disposal of property, plant and equipment		**1,175**	1,080
Movement in investments and other assets		**1,811**	8,491
Disposal/(acquisition) of subsidiaries, net of cash disposed/acquired	4,5	**53,452**	(146,137)
Cash used in investing activities		**(125,101)**	(327,132)
Adjustment for change in foreign exchange		**6,350**	5,356
Net change in cash during the year		**(2,722)**	(5,408)
Cash, beginning of year		**43,978**	49,386
Cash, end of year		**41,256**	43,978

The notes on pages 6 to 53 are an integral part of these financial statements

1. COMPANY PROFILE

Reporting Entity

Columbus International Inc. (“CII”) is a company registered in Barbados. The Company was incorporated on 13 October 2004 as Ironbound Holdings (Barbados) Limited, then amended on 19 October 2005 to Columbus International Inc. under the Companies Act of Barbados. The Company’s shares are privately held. The Company’s registered office is located at Suites 205-207 Dowell House Cr. Roebuck & Palmetto Street, Bridgetown, Barbados.

The consolidated financial statements comprise CII and its subsidiaries (together referred to as “CII”, the “Company” or the “Group”). In these financial statements the terms the ‘Company’ or the ‘Group’ may refer, as the context requires, to Columbus International Inc. or collectively to Columbus International Inc. and its subsidiaries which are detailed in note 18.

The Group is a diversified Caribbean communications company whose core operating business is to provide cable television services, high speed internet access, digital phone and internet infrastructure services and development of an undersea fibre optic cable network (the “Network”) as well as the sale and lease of the telecom capacity provided by the Network.

On 6 November 2014, the Shareholders of the Company entered into an agreement with Cable and Wireless Communications Plc (“CWC”), an unrelated party, to sell all issued and outstanding shares of the Company pursuant to certain conditions, regulatory and other approvals (the “Transaction”). The Transaction was unanimously approved by the Board of Directors of the Company as well as the shareholders and Board of Directors of CWC.

Effective 31 March 2015, the transaction completed and the Company was acquired by Sable Holding Limited (incorporated in England and Wales), a wholly owned subsidiary of CWC (the “Ultimate Parent”).

On 16 November 2015, the Board of Directors of the Ultimate Parent entered into an agreement with Liberty Global plc to sell all issued and outstanding shares of CWC pursuant to certain conditions, regulatory and other approvals.

CWC includes the Company in its consolidated financial statements. The consolidated financial statements of Cable & Wireless Communications Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary, Cable & Wireless Communications Plc, 2nd Floor, 62 – 65 Chandos Place, London WC2N 4HG. No other group accounts include the results of the Company.

The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 27 April 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis except for liabilities for cash-settled share-based payment arrangements, derivative instruments and assets held for sale which are measured at fair value. The consolidated financial statements are presented in US dollars and all values are rounded to the nearest thousand (000s), with the exception of per share/option amounts and when otherwise indicated.

Management has prepared the accounts on a going concern basis. However, the Group has reported continued losses. During the year ended 31 December 2015, the Group reported losses of $57,651 (2014: $105,920), and had a net deficit of $205,728 (2014: $154,738) as at that date. As a result of the continued losses, uncertainty exists about the Group's ability to continue as a going concern. Until such time as the Group returns to profitable operations, the Group remains dependent on its Ultimate Parent for continued financial support. The Directors have received a letter from the Ultimate Parent, indicating that financial support will be provided for the foreseeable future.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are discussed in note 3.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries as at 31 December each year.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date at which the Company obtains control, and continue to be consolidated until the date at which such control ceases. The acquisitions of the subsidiaries made by the Company have been accounted for using the acquisition method of accounting. This method involves allocating the cost of the business combinations to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

Cash and cash equivalents
Cash in the consolidated statement of financial position comprise cash in banks, cash on hand and short-term deposits with an original maturity of three months or less. Cash and cash equivalents exclude restricted cash.

Trade and other receivables
Trade receivables, which generally have 30-60 day terms, are recognized and carried at original invoice amounts. After initial measurement, trade and other receivables are carried at amortized cost, less any allowance for impairment. An allowance is made when there is objective evidence that the Company will not be able to collect the debt. Bad debts are written off when identified and are recognized as operating costs in the consolidated statement of income (loss).

Inventory
Inventory comprises spare parts and materials used in the maintenance of network infrastructure. Inventory items are recorded at lower of cost and net realizable value, with cost being determined using average cost. Provision is made for obsolete and slow-moving inventories as required.

Property, plant and equipment
Property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment in value. Carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The cost of property, plant and equipment includes borrowing costs, labour and overhead costs arising directly from the construction or acquisition of an item of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits will flow to the Group and the cost can be measured reliably. All other subsequent costs (primarily repairs and maintenance) are charged to the consolidated statement of income (loss) as incurred.

Depreciation is calculated on a straight-line basis over the useful life of the assets. The estimated useful lives of the property, plant and equipment are as follows:

Buildings	20-40 years
Network infrastructure	3-25 years
Other equipment	10 years
Furniture and fixtures	3-10 years
Computer equipment	3 years
Vehicles	3-5 years
Leasehold improvements	Term of the lease

Assets not yet in use are recorded at cost and are not depreciated until placed into operation.

The depreciation period for plant and equipment is reviewed periodically. Changes in the expected useful life of the asset are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Following initial recognition, finite lived intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses and indefinite lived intangible assets are carried at cost less any accumulated impairment losses.

The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income (loss).

A summary of the policies applied to the Company's intangible assets are as follows:

	Certain trade names and licenses	**Customer relationships, subscriber lists, software, non-compete agreements and certain trade names and licenses**
Useful lives	Indefinite	Finite
Amortization method used	No amortization	Amortized over the period of expected future benefit from the related transaction on a straight-line basis.
Internally generated or acquired	Acquired	Acquired
Impairment testing/ recovery	Annually or more frequently when an indication of impairment exists.	When an indication of impairment exists. The amortization method is reviewed at each financial year end.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of property, plant and equipment and intangible assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's ("CGU") fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three to five years.

Impairment losses of continuing operations are recognized in the consolidated statement of loss in those expense categories consistent with the function of the impaired asset.

Goodwill
Goodwill acquired in business combinations is initially measured at cost, being the excess of the cost of the business combination over the acquired interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill will be reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units or groups of units.

Financial instruments
Trade and other receivables are classified as loans and receivables. When loans and receivables are recognized initially, they are measured at fair value and subsequently measured at amortized cost.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date on which the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at fair value. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Classification of financial assets and liabilities is determined on initial recognition and, where allowed and appropriate, the designation is re-evaluated at each financial year end.

Fair value through profit or loss
Financial assets and liabilities at fair value through profit or loss include held-for-trading financial assets and liabilities and financial assets and liabilities designated upon initial recognition as at fair value through profit or loss. Financial assets and liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments. Gains or losses on held-for-trading assets and liabilities are recognized in the consolidated statement of income (loss).

Borrowings
All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated as at fair value through profit or loss.

Gains and losses are recognized in the consolidated statement of income (loss) when the liabilities are derecognized, as well as through the amortization process.

Premiums/discounts related to financings are reflected as an increase/decrease in the carrying value of the associated financing and amortized against interest expense over the life of the related financing using the amortized cost method.

Transaction costs to obtain financings are reflected as a reduction in the carrying value of the associated financing and amortized to interest expense over the life of the related financing using the amortized cost method.

Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reasonably measured. The following specific recognition criteria must also be met before revenue is recognized:

Rendering of retail services
Revenue includes earned subscriber service revenue, primarily cable television services, high speed internet access, digital phone and internet infrastructure services (“Flow”), and related fees. Revenue is recognized when services have been provided. Service fees billed or paid in advance are recorded as deferred revenue and recognized as revenue when earned.

Rendering of wholesale services – capacity
Revenue includes the sale and lease of the telecom capacity provided by the Network (“Columbus Networks”) as wholesale capacity. Capacity contracts are accounted for as operating leases pursuant to IAS 17. The Company defers revenue related to capacity contracts and amortizes that revenue over the appropriate term of the contract. Accordingly, the Company treats cash received, to the extent not recognized as revenue, as deferred revenue. Deposits from customers who enter into contracts for capacity and pay deposits toward the purchase price prior to the provision of service are included as a component of deferred revenue in the accompanying consolidated statement of financial position. Revenues from installation and activation activities are deferred and recognized over the term of the underlying contract; the terms of the long-term capacity sales contracts (each an “Indefeasible Right of Use” or “IRU”) vary from 15 to 25 years.

Rendering of wholesale services – operations and maintenance
Certain customers are obligated, for the term of the applicable capacity agreement, to pay a share of the costs for operating and maintaining the Network. The Company recognizes these quarterly maintenance revenues over the period during which the services are provided. These amounts are contracted and invoiced separately from capacity sales. Amounts invoiced for operations and maintenance that are applicable to future periods are reflected as components of deferred revenue.

Sales tax
Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

Taxes
Current tax
Tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the consolidated balance sheet date.

Deferred tax
Deferred income tax is provided using the liability method on temporary differences as at the consolidated balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each consolidated balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the consolidated reporting date.
Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of loss.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign currencies
Functional currency
Amounts included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Foreign currency translation
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income (loss).

Foreign operations

The results and financial position of the Group entities that have a functional currency different from the Group's presentation currency of US Dollars (USD) are translated as follows:

i) Assets and liabilities are translated at the closing rate at the reporting date;
ii) Income and expenses are translated at rates closely approximating the rate at the date of the transactions; and
iii) Resulting exchange differences are recognized in the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. Where investments are matched in whole or in part by foreign currency loans, the exchange differences arising on the retranslation of such loans are also recorded as movements in the Group's translation reserves and any excess (shortage) taken to the consolidated statement of income (loss).

There are no Group entities that are exposed to hyperinflation.

Employee benefits

Defined contribution pensions

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a third party. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as operating costs as they are incurred through the consolidated statement of income (loss).

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits within other provisions when it is demonstrably committed to the action leading to the employee's termination.

Bonus plans

The Group recognizes a liability in the statement of financial position in relation to bonuses payable to employees where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payment transactions

The cost of cash-settled transactions related to key executive and management compensation agreements is measured initially at fair value at the grant date using a Black-Scholes-Merton Approach pricing model taking into account the terms and conditions upon which the instruments were granted.

This fair value is expensed over the period until vested with recognition of a corresponding liability. The liability is re-measured at each reporting date up to and including the settlement date with changes in fair value recognized in the consolidated statement of income (loss).

Both long-term incentive plans permit the grant of dividend equivalent rights ("DERs"), which extend the plan participant the right to receive an amount equal to the cash dividends paid on one common share for each common share represented by an award held by such participant. These costs are recognized in the consolidated statement of income (loss) as incurred. See note 13.

The CWC Group operates various equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of options over shares in CWC is recognised as an operating cost through the consolidated statement of income (loss) over the vesting period with a corresponding increase in other reserves in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, which excludes the impact of any non-market vesting conditions (for example service, profitability and cash flow targets). Non-market vesting conditions are included in estimates about the number of options that are expected to vest. At each reporting date, the CWC Group revises its estimates of the number of options that are expected to vest.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in other expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of income (loss).

Transfer of assets from customers

When the Company receives a transfer of an asset from a customer for consideration other than cash, it recognizes the transferred asset as property, plant and equipment. At initial recognition, its cost is measured at fair value, and a corresponding amount is recognized in deferred revenue in relation to the consideration given.

Leases

All Group leases are operating leases. Payments made under operating leases, net of lease incentives or premiums received, are charged through the consolidated statement of income (loss) on a straight-line basis over the period of the lease.

Application of recently issued International Financial Reporting Standards (IFRS)

The Group considered the implications of the following amendments to IFRS during the year ended 31 December 2015:

- Amendments to IFRS 10 *Consolidated financial statements.* Builds on existing principles of control, providing further guidance where control may be difficult to assess;

- Amendments to IAS 27 *Separate financial statements*. Covers all disclosure requirements for financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for at cost or in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial* Instruments;

- Amendments to IAS 36 *Recoverable amount disclosures for non-financial assets*. Reverses the unintended requirement in IFRS 13 Fair Value Measurements to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed;

- Amendments to IFRS 8, *Operating Segments*. The amendments require entities to disclose those factors used to apply aggregation criteria for operating segments to reportable segments. The disclosures must also include a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that they share similar economic characteristics.

- Amendments to IFRS 2, *Share-Based Payment*. The amendments clarify the definition of "vesting conditions" by separately defining a "performance condition" and a "service condition". This clarifies that any failure to complete a specified service period, even due to an entity's termination of an employee, would be a failure to satisfy a service condition. (applicable for grant dates on or after July 1, 2014.).

The above were first effective for the Group in the year beginning 1 January 2015 and have been adopted by the Group for 2015. There was no material impact on the Group upon adoption of any amendments.

There are no other new or amended standards which were effective for the current year that are considered to have a material impact on the Group.

New and amended standards and interpretations to be adopted by the Group in future periods:

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization

The amendments introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. While this is not an outright ban, it creates a high hurdle for when these methods may be used for intangible assets. The amendments also ban the use of revenue-based amortization for property, plant and equipment. Effective for annual periods beginning on or after 1 January 2016. This does not have an impact on the Group as the Group does not use revenue-based amortization or depreciation.

IFRS 15 *Revenue from contracts with customers*

Establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programs.* The Group is yet to perform a full assessment of the impact on net results and net assets. Effective for annual periods beginning on or after 1 January 2018 with early adoption permitted.

IFRS 9 *Financial instruments*

Revises the existing accounting concerning classification and measurement, impairment (introducing an expected-loss method), hedge accounting, and on the treatment of gains arising from the impact of credit risk on the measurement of liabilities held at fair value. This is not expected to have a significant impact on the Group's net results or net assets, although the full impact will be subject to further assessment. Effective for annual periods beginning on or after 1 January 2018 with early adoption permitted.

IFRS 16 *Leases*

Supersedes IAS 17 *Leases,* brings leases onto the statement of financial position, changes how to define leases and determines how lease liabilities are measured. The Group is yet to perform a full assessment of the impact on net results and net assets. Effective for annual periods beginning on or after 1 January 2019.

There are no other new or amended standards that are considered to have a material impact on the Group.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

A number of estimates and assumptions have been made relating to the reporting of results of operations and the financial condition of the Group. Results may differ significantly from those estimates under different assumptions and conditions. The Directors consider that the following discussion addresses the Group's most critical accounting estimates. These particular policies require subjective and complex assessments, often as a result of the need to make estimates about the effect of matters that are uncertain.

3.1 Impairment

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangible assets are tested for impairment annually and at other times when such indicators exist.

Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. In determining fair value less costs of disposal, recent market transactions are taken into account. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators *(note 16)*.

3.2 Trade receivables allowance

The impairment allowance for trade receivables reflects the Group's estimates of losses arising from the failure or inability of the Group's customers to make required payments. The allowance is based on the ageing of customer accounts, customer creditworthiness and the Group's historical write-off experience. Changes to the allowance may be required if the financial condition of the Group's customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

3.3 Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors including differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies *(note 17)*.

3.4 Share-based payments

The Company measures the costs of equity-settled transactions with employees by reference to the fair value of the equity instrument at the date at which they are granted.

The Company measures the costs of cash-settled transactions with employees initially at fair value at the grant date; the liability is re-measured at each reporting date with changes in fair value recognized in the consolidated statement of income (loss).

Estimating fair value requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model, including the expected life of the option, volatility and dividend yield, and making assumptions about them *(note 13)*.

3.5 Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount. They are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are presented in the balance sheet at the present value of the estimated future outflows expected to be required to settle the obligation. Provision charges and reversals are recognized through the consolidated statement of income (loss).

All provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized unless it was assumed in the course of a business combination. Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets and are not recorded until the recognition criteria are met.

3.6 Revenue recognition

Judgement is required in assessing the application of revenue recognition principles and the specific guidance in respect of Group revenue. This includes the allocation of revenue between multiple deliverables, such as the sale value of telecommunications equipment and ongoing service, where such items are sold as part of a bundled package.

3.7 Exceptional items

Judgement is required in assessing the classification of items as exceptional and assessing the timing of recognizing exceptional provisions. The Group has established criteria for assessing the classification and a consistent approach is applied each period.

4. BUSINESS COMBINATIONS

The Company had no acquisitions in 2015.

Lazus Columbia S.A.S

Effective 1 May 2014, the Company, through a wholly owned subsidiary, purchased 100% of the issued and outstanding shares of Lazus Colombia S.A.S. (formerly known as Promitel Colombia S.A.S.) and its subsidiaries in Costa Rica and Panama (collectively, "Lazus") for net cash consideration of $146,137. Lazus, employing 191 telecom professionals and approximately 3,400 km of fiber optic cable, provides local loop connectivity services in major centers in (i) Colombia (Santa Marta, Barranquilla, Cartagena, Sincelejo, Montería, Bucaramanga, Cali, Bogotá, and Popayán), (ii) San José, Costa Rica, and (iii) Panamá City, Panamá.

During 2014 the Company finalized the purchase price allocation for Lazus Columbia S.A.S. The purchase price has been allocated to assets acquired and liabilities assumed as follows:

	Provisional fair value recognized on acquisition (US $000)	**Adjustments to the provisional allocation (US $000)**	**Adjusted fair value recognized on acquisition (US $000)**
Cash	7,298	(1)	7,297
Accounts receivable	9,778	1,610	11,388
Prepayments and other current assets	542	332	874
Property, plant and equipment	71,330	(10,539)	60,791
Intangible assets	—	83,470	83,470
Goodwill	108,395	(46,197)	62,198
Deferred income tax assets	89	(89)	—
Total assets	**197,432**	**28,586**	**226,018**
Accounts payable and accrued liabilities	6,254	1,241	7,495
Deferred revenue	37,547	—	37,547
Deferred income tax liabilities	—	27,542	27,542
Total liabilities	**43,801**	**28,783**	**72,584**
	153,631	**(197)**	**153,434**
Less: cash acquired	(7,298)	1	(7,297)
Total cash consideration	**146,333**	**(196)**	**146,137**

From the date of acquisition to 31 December 2014, Lazus contributed $29,882 of revenue and $4,836 to the income of the Company. If the acquisition had taken place at the beginning of the year ended 31 December 2014, Lazus would have contributed $40,965 of revenue and $5,404 of income.

The goodwill is comprised of expected synergies arising from the acquisition and an assembled workforce, which are not separately recognized. Goodwill related to the Lazus acquisition has been allocated to the Columbus Networks CGU.

Techvision Inc.

During the year ended 31 December 2014, the Company finalized the purchase price allocation for Techvision Inc., which was acquired on 1 April 2013. The adjusted fair value recognized on purchase price has been retrospectively allocated to assets acquired and liabilities assumed at 31 December 2013 as follows:

	Provisional fair value recognized on acquisition (US $000)	Adjustments to the provisional allocation (US $000)	Adjusted fair value recognized on acquisition (US $000)
Cash	1,264	—	1,264
Accounts receivable, trade	4,699	(318)	4,381
Accounts receivable, other	337	105	442
Inventory	4,618	(365)	4,253
Prepayments	544	—	544
Property, plant and equipment	17,483	—	17,483
Intangible assets	26,570	—	26,570
Goodwill	19,525	(1,458)	18,067
Deferred income tax assets	905	1,197	2,102
Total assets	**75,945**	**(839)**	**75,106**
Accounts payable and accrued liabilities	7,184	(15)	7,169
Income taxes payable	1,047	(312)	735
Deferred revenue	2,788	(512)	2,276
Deferred income tax liabilities	9,119	—	9,119
Other long-term liabilities	1,000	—	1,000
Total liabilities	**21,138**	**(839)**	**20,299**
	54,807	—	54,807
Less cash acquired	(1,264)	—	(1,264)
Total cash consideration	**53,543**	—	**53,543**

The Company retrospectively restated the statement of financial position as at 31 December 2013 to record the adjustments to working capital balances and the deferred income tax asset and liability recognized on acquisition.

5. GAIN ON SALE OF BUSINESSES

Prior to closing of the Transaction, certain US licensed entities of the Company (being ARCOS-1 USA Inc.; A.SUR NET Inc.; Columbus Networks USA, Inc.; Columbus Networks Services Inc.; and Columbus Networks Puerto Rico Inc.) were transferred to a newly incorporated special purpose entity ("New Cayman") owned by certain of the Company's shareholders. The Company received cash consideration of $55,688 (representing 75% of the purchase price) and a note receivable for $18,562 for total consideration of $74,250. This occurred immediately prior to the closing of the Transaction so that the Transaction could occur prior to the approval of the Federal Communications Commission of the United States ("FCC approval") being obtained.

FCC approval was obtained on 13 November 2015. However, as a result of the pending acquisition of CWC by Liberty Global plc, further FCC approval is required. When FCC approval is obtained, the subject US licensed entities will be reacquired by the Company or another CWC controlled entity. Until such time as FCC approval is obtained, among other things:

(A) New Cayman will continue to hold the US licensed entities;

(B) a management and services agreement will apply under which the Company will operate and manage the business of the US licensed entities, at the direction of, and subject to the ultimate control, direction and oversight of, the US licensed entities, in return for a fee; and

(C) anti-leakage provisions will apply in relation to New Cayman and the US licensed entities.

The major classes of assets and liabilities disposed of at 31 March 2015 were as follows:

	(US $000)
Cash	2,236
Accounts receivable, trade	2,220
Accounts receivable, other	59
Income taxes recoverable	843
Prepayments and other current assets	3,434
Other assets	1,323
Property, plant and equipment	112,323
Intangible assets	5,741
Deferred income tax assets	18,998
Total assets	**147,177**
Accounts payable and accrued liabilities	16,158
Deferred revenue	42,753
Other liabilities	145
Deferred income tax liabilities	22,180
Total liabilities	**81,236**
Net assets	**65,941**
Gain on disposal of businesses	8,309
Total proceeds	**74,250**
Note receivable from Columbus New Cayman Limited *(note 19)*	(18,562)
Cash received	55,688
Less: cash disposed	(2,236)
Net cash proceeds	**53,452**

UXP Systems

Effective 1 September 2014, the Company disposed of it's equity investment in UXP Systems Inc. to related parties for cash consideration of $7,654 and realized a gain of $3,715. The cash was received when the transaction closed on 16 October 2014.

6. TRADE AND OTHER RECEIVABLES

Accounts receivable bear normal commercial credit terms, are repayable within 30-60 days, and are non-interest bearing. Trade receivables are shown net of allowance for bad or doubtful debts.

	2015 (US $000)	2014 (US $000)
Accounts receivable, trade – gross	**158,391**	154,527
Impairment allowance	**(67,197)**	(36,138)
	91,194	118,389
Receivables from related parties *(note 19)*	**46,132**	1,000
Other receivables	**1,155**	2,178
Prepayments and accrued income	**16,918**	17,091
Restricted cash (a)	**1,220**	—
Trade and other receivables - current	**156,619**	138,658
Deposit on potential acquisitions and investments	—	500
Prepaid rent	**2,316**	2,303
Deferred general consumption tax	—	499
Deposit on operating lease	**1,773**	2,336
Other long-term prepaid deposits and commissions	**1,604**	3,190
Other receivables – non-current	**5,693**	8,828

a) Restricted cash relates to cash balances that are used as security for a customer contract.

As at 31 December 2015, $67,197 (2014: $36,138) of the accounts receivable were impaired and fully provided for. Movements in the provision for impairment of receivables are as follows:

	2015 (US $000)	2014 (US $000)
At 1 January	36,138	22,325
Increase in impairment allowance	31,059	13,813
At 31 December	**67,197**	**36,138**

As at 31 December, the aged analysis of the trade receivables is as follows:

			Past due but not impaired			
	Total (US $000)	Neither past due nor impaired (US $000)	<30 days (US $000)	31-60 days (US $000)	61-90 (US $000)	>90 days (US $000)
2015	91,194	20,569	11,593	22,606	13,449	22,977

7. ASSETS HELD FOR SALE

On 31 March 2015, the Group reclassified property, plant and equipment of $5,820 to assets held for sale for certain fiber network assets to be transferred to an Independent Trustee to market the fiber network assets. This divesture is the result of a condition imposed by the Barbados Fair Trading Commission as a result of the Transaction.

At 31 December 2015, the assets were stated at their carrying value and comprised of property, plant and equipment of $5,820.

8. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2015

Cost	**At 1 January 2015 (US $000)**	**Additions (US $000)**	**Acquisitions and transfers (US $000)**	**Foreign currency adjustment (US $000)**	**Derecognition and disposals (a) (US $000)**	**At 31 December 2015 (US $000)**
Land	6,815	328	—	(13)	(1,541)	5,589
Buildings	61,535	2,409	5,722	(967)	(22,023)	46,676
Network infrastructure	1,413,855	132,354	20,986	(19,048)	(220,744)	1,327,403
Other equipment	4,791	694	—	35	—	5,520
Furniture and fixtures	14,595	1,835	1,764	(1,861)	(1,542)	14,791
Computer equipment	35,880	3,341	—	775	(8,384)	31,612
Vehicles	17,269	549	—	(157)	(1,257)	16,404
Leasehold improvements	4,542	121	—	29	(769)	3,923
Assets not yet in use	48,747	35,147	(28,472)	(220)	—	55,202
	1,608,029	**176,778**	**—**	**(21,427)**	**(256,260)**	**1,507,120**

Accumulated Depreciation	**At 1 January 2015 (US $000)**	**Depreciation (US $000)**	**Foreign currency adjustment (US $000)**	**Derecognition and disposals (US $000)**	**At 31 December 2015 (US $000)**
Buildings	(11,935)	(2,215)	60	4,680	(9,410)
Network infrastructure	(409,088)	(84,511)	2,752	98,395	(392,452)
Other equipment	(2,446)	(819)	(20)	—	(3,285)
Furniture and fixtures	(8,227)	(2,756)	593	1,025	(9,365)
Computer equipment	(22,716)	(4,503)	(4)	6,639	(20,584)
Vehicles	(12,770)	(1,838)	159	1,008	(13,441)
Leasehold improvements	(2,520)	(565)	(22)	70	(3,037)
	(469,702)	**(97,207)**	**3,518**	**111,817**	**(451,574)**
Net book value					**1,055,546**

a) Included within derecognition and disposals is the following impairment expense:

	Cost (US $000)	**Accumulated depreciation (US $000)**	**Impairment expense (US $000)**
Network infrastructure	83,744	(59,337)	24,407
Leasehold improvements	864	(546)	318
			24,725

Year ended 31 December 2014

Cost	**At 1 January 2014 (US $000)**	**Additions (US $000)**	**Acquisitions and transfers (US $000)**	**Foreign currency adjustment (US $000)**	**Derecognition and disposals (US $000)**	**At 31 December 2014 (US $000)**
Land	6,773	127	—	(85)	—	6,815
Buildings	57,692	3,753	2,077	(1,987)	—	61,535
Network infrastructure	1,229,837	154,935	56,703	(21,508)	(6,112)	1,413,855
Other equipment	4,036	755	—	—	—	4,791
Furniture and fixtures	12,669	3,400	605	(2,079)	—	14,595
Computer equipment	27,741	8,232	1,233	(1,300)	(26)	35,880
Vehicles	16,851	1,604	173	(362)	(997)	17,269
Leasehold improvements	3,787	815	—	—	(60)	4,542
Assets not yet in use	40,315	9,081	—	(649)	—	48,747
	1,399,701	**182,702**	**60,791**	**(27,970)**	**(7,195)**	**1,608,029**

Accumulated Depreciation	**At 1 January 2014 (US $000)**	**Depreciation (US $000)**	**Foreign currency adjustment (US $000)**	**Derecognition And disposals (US $000)**	**At 31 December 2014 (US $000)**
Buildings	(9,291)	(2,866)	222	—	(11,935)
Network infrastructure	(337,470)	(80,555)	4,823	4,114	(409,088)
Other equipment	(1,509)	(937)	—	—	(2,446)
Furniture and fixtures	(5,766)	(2,585)	124	—	(8,227)
Computer equipment	(19,431)	(3,842)	531	26	(22,716)
Vehicles	(12,029)	(2,004)	344	919	(12,770)
Leasehold improvements	(2,033)	(535)	—	48	(2,520)
	(387,529)	**(93,324)**	**6,044**	**5,107**	**(469,702)**
Net book value					**1,138,327**

Additions during the year include interest capitalized during the construction of certain qualifying assets of $nil (2014: $2,403). The effective interest rate used to determine the amount of borrowing costs eligible for capitalization in 2014 ranged between 11.5% and 12.4% which was the effective interest rate of the specific borrowing.

9. INTANGIBLE ASSETS

Year ended 31 December 2015

	At 1 January 2015 (US $000)	Impairment *(note 16, 21)* (US $000)	Foreign currency adjustment (US $000)	At 31 December 2015 (US $000)
Goodwill	**202,300**	**(920)**	**(11,934)**	**189,446**

Intangibles	At 1 January 2015 (US $000)	Disposals *(note 5)* (US $000)	Purchased (US $000)	At 31 December 2015 (US $000)
Cost				
Trade names	2,220	(35)	—	2,185
Subscriber lists	87,320	—	—	87,320
Non-compete	3,800	—	—	3,800
Customer relationships	109,085	—	—	109,085
Licenses	16,480	—	—	16,480
Software	36,889	(5,706)	4,761	35,944
	255,794	**(5,741)**	**4,761**	**254,814**

	At 1 January 2015 (US $000)	Amortization (US $000)	Foreign currency adjustment (US $000)	At 31 December 2015 (US $000)
Accumulated Amortization				
Trade names	(1,187)	76	—	(1,111)
Subscriber lists	(40,786)	(5,643)	(440)	(46,869)
Non-compete	(1,330)	(760)	—	(2,090)
Customer relationships	(13,348)	(7,880)	—	(21,228)
Licenses	(1,940)	(158)	—	(2,098)
Software	(13,087)	(5,016)	(44)	(18,147)
	(71,678)	**(19,381)**	**(484)**	**(91,543)**
Net book value				**163,271**

Year ended 31 December 2014

	At 1 January 2014 (US $000)	Acquisitions *(note 4)* (US $000)	Foreign currency adjustment (US $000)	At 31 December 2014 (US $000)
Goodwill	**162,048**	**62,198**	**(21,946)**	**202,300**

Intangibles	At 1 January 2014 (US $000)	Acquisitions *(note 4)* (US $000)	Purchased (US $000)	At 31 December 2014 (US $000)
Cost				
Trade names	2,220	—	—	2,220
Subscriber lists	87,320	—	—	87,320
Non-compete	3,800	—	—	3,800
Customer relationships	25,615	83,470	—	109,085
Licenses	16,480	—	—	16,480
Software	29,025	—	7,864	36,889
	164,460	**83,470**	**7,864**	**255,794**

	At 1 January 2014 (US $000)	Amortization (US $000)	Foreign currency adjustment (US $000)	At 31 December 2014 (US $000)
Accumulated Amortization				
Trade names	(579)	(608)	—	(1,187)
Subscriber lists	(34,937)	(5,688)	(161)	(40,786)
Non-compete	(570)	(760)	—	(1,330)
Customer relationships	(7,321)	(6,027)	—	(13,348)
Licenses	(1,417)	(317)	(206)	(1,940)
Software	(6,892)	(5,718)	(477)	(13,087)
	(51,716)	**(19,118)**	**(844)**	**(71,678)**
Net book value				**184,116**

10. BORROWINGS

	2015 (US $000)	2014 (US $000)
Senior notes at 7.375%	**1,250,000**	1,250,000
Add: Premium due to bifurcated embedded derivative at initial recognition of $3,183, less accretion	**2,518**	2,842
	1,252,518	1,252,842
Less: Financing costs, net of accumulated amortization	**(17,498)**	(19,702)
	1,235,020	1,233,140

During the prior year, the Company issued $1,250,000 senior notes bearing interest at 7.375% ("Senior notes"). The Senior notes will mature on March 30, 2021. Redemption terms associated with the senior notes represent an embedded derivative that requires bifurcation, where the asset associated with the redemption features is carried at fair value *(note 11).*

Upon a change in control, the Company must make an offer to each holder of Senior notes to purchase such notes at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest to the date of purchase.

As a result of the Transaction the Company made the change in control offer but no notes were tendered for repurchase.

In the year ended 31 December 2014, the Company repaid the $640,000 Senior Secured Notes, as well as the $212,000 outstanding on the $225,000 Senior Guaranteed Unsecured Notes Facility in full.

In the year ended 31 December 2014, the Company incurred $21,944 of debt issue costs related to the borrowings and transactions noted above which were capitalized as deferred financing costs. The Company expensed $2,241 related to unamortized debt issue costs and unamortized premiums associated with the current debt.

In the year ended 31 December 2014 the Company recognized an exceptional finance expense of $14,508 related to unamortized debt issue costs and unamortized premiums associated with the previous Senior Secured Notes. The Company also incurred an exceptional finance expense of $62,009 related to breakage fees and make-whole payments associated with the repayment of the Senior Secured Notes *(note 22).*

11. FINANCIAL INSTRUMENTS

Fair values

Fair value is a market-based measurement, not an entity-specific measurement. Fair value measurements are required to reflect the assumptions that market participants would use in pricing an asset or liability based on the best available information including the risks inherent in a particular valuation technique, such as a pricing model, and the risks inherent in the inputs to the model.

The Directors are responsible for valuation policies, processes and the measurement of fair value within the Company. The Company's loans and receivables and trade and other payables are carried at cost and their carrying values approximate fair value due to the short-term to maturity of these financial instruments. Financial liabilities carried at amortized cost are shown using the Effective Interest Rate ("EIR") method.

The Company uses a fair value hierarchy, based on the relative objectivity of the inputs used to measure fair value, with Level 1 representing inputs with the highest level of objectivity and Level 3 representing inputs with the lowest level of objectivity. The following table sets out the classification of the methodology used by the Company to fair value its financial instruments, excluding loans and receivables and trade and other payables:

		Carrying amount		Fair value	
		2015 (US $000)	2014 (US $000)	2015 (US $000)	2014 (US $000)
Financial instruments at fair value through profit and loss					
Embedded derivative	Level 2	4,230	12,968	4,230	12,968
Other long-term liabilities	Level 3	—	39,413	—	39,413
Borrowings					
Senior notes	Level 2	1,235,020	1,233,140	1,246,875	1,315,625

Valuation methods and assumptions

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Fair value of the Senior notes is based on price quotations at the reporting date. The fair value of unquoted instruments and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

In 2014, the Company closed an offering of $1,250,000 principal amount of Senior notes. Pursuant to the terms of the Senior notes, the Company may 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 the consolidated statement of income (loss) in finance income or expense. The embedded derivative is held at fair value and is valued using a valuation technique classed as level 2 in the fair value measurement hierarchy. The lowest level inputs to the valuation are directly or indirectly observable. Based on the unique features of the notes, the derivative was valued using a binomial tree/lattice approach based on the Hull-White single factor interest rate term structure model. Under this approach, an interest rate lattice is constructed according to a given short rate volatility and mean reversion constant as implied by the market as at each valuation date. Key inputs to the valuation included: Percentages of swaption volatility selected as at 31 December 2015 0.83% (2014: between 35.65% and 38.93%) and the credit spread as at 31 December 2015 was implied to be approximately 5.68% (2014: 4.23%).

The Company uses the date of the event or change in circumstances to recognize transfers between Level 1, Level 2 and Level 3 fair value measurements. During the years ended 31 December 2015 and 2014, no such transfers have occurred.

12. EQUITY

Issued Capital

Authorized
Unlimited number of common shares without nominal or par value

	(000s)	(US $000)
Ordinary shares		
Issued and fully paid		
At 1 January 2015	**261,409**	**335,241**
Issued capital	4,198	29,638
Forgiveness of shareholder loan *(note 19)*	1,000	1,000
At 31 December 2015	**266,607**	**365,879**
At 1 January 2014	257,749	326,617
Converted preferred shares	910	1,411
Converted options	750	5,213
Forgiveness of shareholder loan *(note 19)*	2,000	2,000
At 31 December 2014	**261,409**	**335,241**

During the year, the Company forgave $1,000 (2014: $2,000) of a shareholder loan. The expense was recorded as long-term employee compensation.

On 31 March 2015, the Company issued 4,198 common shares for cash consideration of $29,638.

Dividends

No dividends were declared in 2015.

On 11 April 2014, the Company declared a capital dividend of $0.36 per share to its shareholders totaling $94,938, paid in cash. The dividends were charged to retained earnings (deficit).

Preferred shares

During the year ended 31 December 2014 the Company converted the 750 outstanding preferred shares, and accumulated outstanding interest of $661, to common shares of the Company. The total accumulated interest and preferred shares were converted at $1.55 per share.

During the prior year, the Company converted 750,000 Type 1 options to common shares of the Company. The options were converted at $6.95 per share.

13. SHARE-BASED PAYMENTS

Columbus Employee Incentive Plan

During the year, the Company made payments of $49,638 to unit holders with proceeds from the issuance of shares and through use of the operating facility *(note 14)*.

The carrying amount of the liability as at 31 December 2015 was nil (2014: $31,484). A total of $18,519 was recorded as compensation expense for the year (2014: $21,599).

	Type 1 $0.01	**Type 2 $2.00**	**Type 3 $3.02**	**Type 4 $3.08**	**Total**
At 1 January 2015	3,336,183	9,125,000	345,000	725,000	13,531,183
Forfeited during the year	—	(20,000)	—	—	(20,000)
Exercised during the year	(3,336,183)	(9,105,000)	(345,000)	(725,000)	(13,511,183)
At 31 December 2015	—	—	—	—	—

	Type 1 $0.01	**Type 2 $2.00**	**Type 3 $3.02**	**Type 4 $3.08**	**Total**
At 1 January 2014	4,807,004	9,580,000	395,000	—	14,782,004
Issued during the year	—	—	—	725,000	725,000
Forfeited during the year	(10,000)	(195,000)	(50,000)	—	(255,000)
Converted to common shares	(750,000)	—	—	—	(750,000)
Exercised during the year	(710,821)	(260,000)	—	—	(970,821)
At 31 December 2014	**3,336,183**	**9,125,000**	**345,000**	**725,000**	**13,531,183**

The weighted average share price at date of exercise was $6.95 (2014: $3.22).

In the prior year, in conjunction with the capital dividend of $0.36 per share, the Company paid $3,961 in dividend equivalent rights to plan participants whose options had fully vested. An accrual of $1,062 has been recorded related to the unvested options. Accrued dividend equivalent rights will be paid to the unit holders as the options vest. Dividend equivalent rights are expensed in Other Expenses.

Restricted Share Plan ("RSP")

Concurrent with the acquisition of the Company by CWC, the Company cancelled all of the outstanding options in the equity incentive plan and replaced it with a combination of an alternative plan with CWC and cash payments to the unit holders. CWC awarded restricted shares to senior management and selected other employees of the Group, primarily as a retention tool. These restricted shares vest over three years from grant date. The individuals must hold share options converted from the Columbus EIP scheme at an equivalent of three times salary over the same three year period. If the amount of share options drop below the three times salary requirement, the restricted shares are forfeited.

In addition, the RSP permits the grant of dividend equivalent rights which grant the plan participant the right to receive an amount equal to the cash dividends paid on one common share of CWC for each common share represented by an award held by such participant.

Performance shares

Executive Directors and other senior executives can receive awards of performance shares at nil cost.

The vesting of outstanding performance shares granted in May 2015, July 2015 and November 2015 is based on non-market performance measures. The non-market performance measures are Revenue, EBITDA, Net Promoter Score (NPS) and Economic Profit.

A dividend award supplement operates on all these awards. Dividends that would have been paid on the performance shares which vest will be regarded as having been reinvested in additional shares at the notional date of distribution. These dividends that are reinvested will vest with the share awards tranche and will be settled in shares.

Award	**Shares**	**Weighted average fair value (pence/share)**	**Features incorporated in schemes**
Restricted shares	12,696,112	60	—
Performance shares – May 2015, July 2015 and November 2015	4,700,317	69	Non-market performance measures

The total expense during the year related to equity settled share-based payments was $3,254 (2014: $nil). A summary of the outstanding share awards at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015		**31 December 2014**	
Award	**Number of shares outstanding**	**Weighted average remaining life (rounded to nearest year)**	**Number of shares outstanding**	**Weighted average remaining life (rounded to nearest year)**
Restricted shares	12,696,112	2	—	—
Performance shares	4,700,317	3	—	—

14. TRADE AND OTHER PAYABLES

	2015 (US $000)	2014 (US $000)
Trade payables	152,056	159,405
Payable to related parties (a), *(note 19)*	43,424	2,866
Due to CWC *(note 19)*	35,705	11,695
Trade and other payables - current	**231,185**	**173,966**
Deferred revenue – current	**32,441**	**37,987**
Deferred revenue – non current (b)	**261,849**	**324,086**
Equity Incentive Plan (*note 13)*	—	31,484
Customer deposits	5,188	2,959
Onerous contract (c)	—	2,486
Other long-term liabilities	**5,188**	**36,929**
Total trade and other payables	**530,663**	**572,968**

(a) At 31 March 2015, the Company established an operating facility of $75,000 with its immediate parent, Sable Holding Limited, of which $22,450 was drawn down at 31 December 2015. On 23 March 2016, the operating facility was reduced to $55,000 and converted from an uncommitted facility to a committed facility. The operating facility is unsecured, bears interest at LIBOR + 425bps, and is due on demand.

At 9 June 2015, a subsidiary of the Company established a revolving term loan facility of BBD50,000 (US$25,000) with Cable & Wireless (Barbados) Limited, of which BBD41,948 (US$20,974) was drawn down at 31 December 2015. The operating facility is unsecured, bears interest at the Barbados T-bill rate + 272bps, and is due on demand.

(b) In 2013, Columbus Networks, Limited entered into an agreement with one of its customers, ("the Customer") whereby the Customer has transferred ownership to Columbus Networks, Limited a subsea link it had constructed to connect Haiti to our Network (the "Haiti Link"). In exchange for transferring ownership, the Customer received capacity on the Haiti Link and other consideration, which is recorded as deferred revenue. Also as part of the agreement, each of Columbus Networks, Limited and the Customer are entitled to 50% of the revenue collected from the sale or lease of capacity on the Haiti Link until such time as the Customer has recovered the $12,000 cost it incurred to construct the Haiti Link. Once the Customer recovers its construction costs Columbus Networks is entitled to all revenues generated from the Haiti Link into perpetuity thereafter. During the year, the Customer received $1,200 (2014: $166) from this agreement.

(c) In 2013, the Company had discontinued use of a leased asset. The lease is non-cancellable and expires in 2017. The obligation for the discounted future lease payments had been recorded as a liability. In the current year, the Company resumed use of the leased asset rendering the asset no longer onerous. The liability was reversed in the current year.

15. PROVISIONS

	Redundancy costs (US $000)	Legal and other (US $000)	Total (US $000)
At 1 January 2015	**—**	**5,707**	**5,707**
Additional provisions	**14,944**	**1,431**	**16,375**
Amounts used	**(3,411)**	**(2,484)**	**(5,895)**
Unused amounts released	**(7,858)**	**—**	**(7,858)**
At 31 December 2015	**3,675**	**4,654**	**8,329**
Provisions – current	**3,675**	**—**	**3,675**
Provisions – non-current	**—**	**4,654**	**4,654**

	Redundancy costs (US $000)	Legal and other (US $000)	Total (US $000)
At 1 January 2014	—	5,601	5,601
Additional provisions	—	356	356
Amounts used	—	(250)	(250)
At 31 December 2014	—	5,707	5,707
Provisions – current	—	750	750
Provisions – non-current	—	4,957	4,957

Redundancy
Provision has been made for the total employee related costs of redundancies announced prior to the reporting date. Amounts provided for and spent during the periods presented primarily relate to transformation activities. The provision is expected to be used within one year.

Legal and other
Legal and other provisions include amounts relating to specific legal claims against the Group together with amounts in respect of certain employee benefits and sales taxes. The timing of the utilization of the provision is uncertain and is largely outside the Group's control, for example, where matters are contingent upon litigation. Legal proceedings are further discussed in note 23.

16. IMPAIRMENT REVIEW

Goodwill acquired through business combinations and licenses with indefinite lives have been allocated to CGUs for impairment testing.

The CGUs have been segregated by each operating company. This was determined to be the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

The carrying amount of goodwill and intangible assets with indefinite useful lives allocated to each of the CGUs is as follows:

At 31 December 2015	**Goodwill (US $000)**	**Intangible assets with indefinite useful lives (US $000)**
Columbus Trinidad	75,292	—
Columbus Grenada	4,187	3,630
Columbus Jamaica (a)	15,778	1,882
Columbus Curacao	4,780	4,219
Caribbean Data Centers	1,787	579
Columbus Networks (a)	59,207	2,628
Columbus Barbados (b)	11,268	—
Karib – St. Lucia	8,594	—
Karib – St. Vincent	3,981	—
Karib – Antigua	4,572	—
Total	**189,446**	**12,938**

At 31 December 2014	**Goodwill (US $000)**	**Intangible assets with indefinite useful lives (US $000)**
Columbus Trinidad	75,292	—
Columbus Grenada	4,187	3,630
Columbus Jamaica (a)	16,338	1,882
Columbus Curacao	4,780	4,219
Caribbean Data Centers	1,787	579
Columbus Networks (a)	70,581	2,628
Columbus Barbados	12,188	—
Karib – St. Lucia	8,594	—
Karib – St. Vincent	3,981	—
Karib – Antigua	4,572	—
Total	**202,300**	**12,938**

a) Differences arise in the carrying value of goodwill due to movements in exchange rates only. No impairment charge has been recognized in these CGUs.
b) In the year ended 31 December 2015 goodwill allocated to Columbus Barbados of $920 was impaired due to the assets of the business unit being allocated to assets held for sale *(note 7)*.

For the year ended 31 December 2015, the recoverable amount of each CGU has been determined by calculating the fair value less costs of disposal (“FVLCD”).

In the prior year, management had carried forward the Value In Use (“VIU”) calculated from 2013 using cash flow projections based on the 2013 Board-approved five-year financial forecast for each of the following CGUs: Trinidad, St. Lucia, St. Vincent, and Barbados. Management had recalculated the VIU for Columbus Networks as a result of the material acquisition in 2014.

The fair value less costs of disposal has been determined by using a multiple of EBITDA, which is consistent with recent acquisitions by the Company.

VIU is calculated by determining the present value of the future cash flows expected to be derived from each CGU.

The valuation multiple, discount rates and growth rates applied to each cash flow projection are outlined in the following table.

	2015		2014		
	Valuation multiple	**Growth rate** %	**Valuation multiple**	**Growth rate** %	**Discount rate** %
Columbus Trinidad	12.4	NA	NA	4.0	12.3
Columbus Grenada	12.4	NA	11.9	NA	NA
Columbus Jamaica	12.4	NA	7.0	NA	NA
Columbus Curacao	12.4	NA	11.9	NA	NA
Caribbean Data Centers	12.4	NA	11.9	NA	NA
Columbus Networks	12.4	NA	NA	2.0	12.9
Columbus Barbados	12.4	NA	NA	4.0	14.1
Karib – St. Lucia	12.4	NA	NA	3.0	18.0
Karib – St. Vincent	12.4	NA	NA	3.0	17.9
Karib – Antigua	12.4	NA	7.0	NA	NA

Key assumptions used in the FVLCD calculations
Valuation multiple
In determining fair value less costs of disposal, recent market transactions are taken into account. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Key assumptions used in the VIU calculations
The calculations of the VIU for all CGUs are most sensitive to the following assumptions:

Discount rates
Discount rates reflect the current market assessment of the risk specific to each CGU. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of any risk specific to the CGUs for which future estimates of cash flows have not been adjusted.

Expected growth rates
Growth rates were determined by each management group based on past trends and industry analysis.

Sensitivity to changes in assumptions
With regards to the assessment of the VIU for each of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGUs to materially exceed its recoverable amount.

17. INCOME TAXES

The major components of income tax expense for the year are comprised of the following:

	2015 (US $000)	2014 (US $000)
Current income tax charge	**5,291**	21,345
Deferred tax charge/(credit)	**(1,403)**	(2,263)
	3,888	19,082

The Company's overall tax provision is based on the statutory tax rates applicable to the income earned in the various jurisdictions which range from 2.5% to 33%. There are entities incurring losses for which no deferred tax asset has been recorded, which results in a higher consolidated tax expense relative to the overall income of the consolidated group.

The tax on the Company's income before taxes differs from the tax at the statutory tax rate as a result of the following:

	2015 (US $000)	2014 (US $000)
Loss before income tax	**(53,763)**	(86,838)
Tax calculated at Barbados statutory rate (2.5%) (2014: 2.5%)	**(1,344)**	(2,171)
Minimum taxes in various jurisdictions	**1,722**	1,008
Non-deductible differences	**2,194**	1,963
Non-deductible withholding tax	**2,724**	4,049
Non-taxable income	**(7,420)**	—
Reversal of withholding tax accrued	**(5,766)**	—
Effect of overseas tax rate differences	**1,782**	10,005
Loss benefit not recognized	**6,692**	4,322
Other	**3,304**	(94)
	3,888	19,082

	2015 (US $000)	2014 (US $000)
Current tax receivables	**10,827**	—
Current tax liabilities	**(4,868)**	(6,025)
	5,959	(6,025)

The Group shows current tax receivables and current tax payables due to tax balances in different jurisdictions for which it does not have a right of offset.

Deferred income tax

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. The computation of the deferred income taxes and the analysis of the probability of realization of deferred income taxes were calculated by performing a country specific tax analysis for each subsidiary of the Group.

The following is a summary of the significant items giving rise to components of the Group's deferred income taxes:

	2015 (US $000)	2014 (US $000)
Deferred revenue	**1,525**	15,627
Tax deduction available against future taxable income	**697**	3,827
Capital allowances on non-current assets	**(64,232)**	(123,095)
Tax losses	**1,979**	12,418
Unrealized foreign exchange	**—**	16,155
Other	**(7,019)**	3,702
Net deferred income tax liabilities	**(67,050)**	(71,366)
Deferred income tax asset	**21,692**	27,618
Deferred income tax liability	**(88,742)**	(98,984)
Net deferred income tax liabilities	**(67,050)**	(71,366)

The movements in deferred tax assets and liabilities during the year are as follows:

	Deferred revenue	Tax deduction available against future taxable income	Capital allowances on non-current assets	Tax losses	Unrealized foreign exchange	Other	Total
	US $000	US $000	US $000	US $000	US $000	US $000	US $000
At 1 January 2015	15,627	3,827	(123,095)	12,418	16,155	3,702	(71,366)
Credit/(charge) to profit or loss	(57)	(421)	38,241	(10,439)	(16,155)	(9,766)	1,403
Disposals	(14,045)	(2,709)	20,891	—	—	(955)	3,182
Exchange differences	—	—	(269)	—	—	—	(269)
At 31 December 2015	**1,525**	**697**	**(64,232)**	**1,979**	**—**	**(7,019)**	**(67,050)**

In evaluating the probability of realization, the Company considers its prior operating results and future plans and expectations. The utilization period of the net operating losses ("NOL") carryforwards and the turnaround period of other temporary differences are also considered. The Company's NOL carryforwards of approximately $707,988 (2014: $700,936) expire between 2016 and 2026 (2014: between 2015 and 2025). The Company also has NOL carryforwards of approximately $112,908 (2014: $52,335) that currently have no expiry date.

At December 31, 2015, there was no recognized deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's subsidiaries. The Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognized totalled $178,895.

18. INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements include the financial statements of Columbus International Inc. and its subsidiaries. As at 31 December 2015 and 2014, the Company's significant subsidiaries include:

Name	Country of incorporation	% of interest	
		2015	**2014**
Columbus Networks, Ltd.	Barbados	100%	100%
Columbus Communications (Trinidad) Limited	Trinidad	100%	100%
Columbus Communications (Grenada) Limited	Grenada	100%	100%
Columbus Jamaica Holdings (Barbados) Inc.	Barbados	100%	100%
Columbus Communications Curacao N.V.	Curacao	100%	100%
E-Commercepark N.V.	Curacao	100%	100%
Columbus Telecommunications (Barbados) Limited (formerly Tele (Barbados) Inc.)	Barbados	100%	100%
Kelcom International Limited	St. Vincent and the Grenadines	100%	100%
Kelcom International (Antigua & Barbuda) Limited	Antigua and Barbuda	100%	100%
Kelcom International Inc.	St. Lucia	100%	100%
Lazus Columbia S.A.S	Columbia	100%	100%

Strategic alliance

Effective 13 May 2013, the Group, through a wholly-owned subsidiary, entered into a strategic alliance ("the Alliance") with a wholly owned subsidiary of CWC (the Ultimate Parent) to expand its international wholesale capacity business. The Alliance was structured for the Group to have an initial share in the joint profits of the Alliance, from the effective date to and including the first anniversary of the effective date, of 80.0% and CWC has a 20.0% share. With respect to the period after 13 May 2014, the Company has a 72.5% share in the formal arrangement and Cable and Wireless has a 27.5% share.

As at 31 December 2015, the Company accrued $25,065 (2014: $17,065) owing to CWC under the terms of the strategic alliance. These amounts are reflected on the consolidated statement of financial position net of other amounts owed from CWC in respect of management services.

Due to the acquisition of the Group by CWC the strategic alliance was postponed.

UXP Systems

Refer to note 5 for further information regarding this disposal.

19. RELATED PARTY TRANSACTIONS

The following provides the total amount of balances outstanding and transactions which have been entered into with related parties:

		Amounts receivable from (payable to) related parties (US $000)
Due from Columbus New Cayman Limited group	**2015**	**27,570**
	2014	—
Note receivable from Columbus New Cayman Limited *(note 5)*	**2015**	**18,562**
	2014	—
Term loan facility repayable to Sable Holding Limited *(note 14)*	**2015**	**(20,974)**
	2014	—
Term loan facility repayable to Cable & Wireless (Barbados) Limited *(note 14)*	**2015**	**(22,450)**
	2014	—
Due to CWC Group Companies	**2015**	**(35,705)**
	2014	—
Shareholder loan (a)	**2015**	**—**
	2014	1,000
Due to a director (b)	**2015**	**—**
	2014	(1,716)
Due from a shareholder, net	**2015**	**—**
	2014	(234)
Other amounts due to directors (c)	**2015**	**—**
	2014	(916)
Total due from related parties	**2015**	**46,132**
Total due to related parties	**2015**	**(79,129)**
Total due from related parties	2014	1,000
Total due to related parties	2014	(2,866)

Terms and conditions for advances with related parties

a) The related party shareholder loan was a non-interest-bearing share purchase loan, was repayable upon disposition of the shares purchased and, prior to forgiveness, was presented as a reduction from issued capital *(note 12)*. During the year, $1,000 (2014: $2,000) of the shareholder loan was forgiven and was recorded as long-term compensation expense.

b) In July 2011, the Company, in lieu of paying cash for exercising EIP options, issued a note payable to a director. The note was unsecured and bore interest at the IRS prescribed rate for imputed tax on interest-free loans. Interest was paid annually in arrears. The note was repayable on 1 July 2015. This amount due to a director has been repaid in full during the current year.

c) Other amounts payable to directors were unsecured, bore no interest, and had no fixed terms of repayment. There are no balances outstanding with directors as at 31 December 2015.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2015, the Company has not made any provisions for doubtful debts relating to amounts owed by related parties. This assessment will be undertaken each financial year by examining the financial position of the related parties and the markets in which the related parties operate.

Executive remuneration

Total remuneration inclusive of salaries, benefits and performance bonuses paid during the year ended 31 December 2015 to the key management personnel amounted to $10,760 (2014: $12,418). Key management personnel include the key decision makers for each business unit.

20. OPERATING EXPENSES

The Group records its operating expenses by function as follows:

	2015 (US $000)	2014 (US $000)
Direct costs	**145,951**	142,939
Technical operations	**27,932**	25,221
Data and IT	**9,208**	8,104
Customer care	**12,048**	11,308
Administrative expenses	**103,342**	121,554
Sales and marketing	**14,335**	13,956
Operating and maintenance	**24,592**	20,886
	337,408	343,968

Employee compensation

Included in operating expenses is employee compensation totaling $104,504 (2014 - $93,499).

Certain subsidiaries of the Group participate in an externally managed pension plan. Under the terms of this defined contribution plan, the subsidiary companies match the employee contributions up to a maximum of 5% of the employee’s salary. Under another plan, the Group pays 100% of the contributions up to 10% of the employee’s salary. During the year, under both plans, the subsidiaries participating in the plan made contributions of $1,367 (2014: $1,043) to the plans.

21. OTHER EXPENSES

	2015 (US $000)	2014 (US $000)
Other expenses		
Long-term employee compensation and dividend equivalent rights	**21,773**	28,661
Other non-recurring or non-operating expenses	**6,868**	3,310
Acquisition related costs	**1,174**	11,682
Management fees from parent company	**2,973**	—
Foreign exchange transaction losses	**3,800**	3,293
Loss on disposal and retirement of property, plant and equipment	**400**	1,452
Restructuring and staff redundancy costs	**—**	1,655
Total other expenses	**36,988**	50,053
Exceptional operating expenses		
Restructuring and staff redundancy costs (a)	**17,512**	—
Legal settlement (b)	**10,450**	—
Non-recurring impairment allowance (c)	**31,649**	—
Impairment of goodwill *(note 9, 16)*	**920**	—
Total exceptional operating expenses	**60,531**	—
	97,519	50,053

(a) Included in restructuring and staff redundancy costs are integration costs associated with the acquisition of the Company by CWC.

(b) On 8 May 2015, a subsidiary of the Company received an unfavorable ruling relating to the acquisition of Techvision and was ordered to pay the majority of the purchase price holdback, a disputed non-competition payment and other amounts (including costs) totaling $10,450 within 30 days of the date of the ruling. The payment was made on 8 June 2015.

(c) During the year ended 31 December 2015, as a result of the acquisition by CWC, certain fair value adjustments and CWC accounting policy alignments resulted in an increase in the trade receivable impairment allowance and a non-recurring impairment allowance expense of $31,649.

22. FINANCE INCOME AND EXPENSE

	2015 (US $000)	**2014 (US $000)**
Finance income		
Interest income	**2,233**	2
Movement in fair value of embedded derivative	**—**	9,785
Total finance income	**2,233**	9,787
Finance expense		
Interest expense	**92,184**	98,709
Related party interest expense	**1,121**	—
Movement in fair value of embedded derivative	**8,739**	—
Amortization of debt issue costs	**2,243**	2,241
Preferred share dividends	**—**	91
Amortization of premium on issuance of Senior notes	**(325)**	(342)
Other financing charges	**70**	424
	104,032	101,123
Less: interest capitalized	**—**	(2,403)
Finance expense	**104,032**	98,720
Exceptional finance expenses		
Breakage fees and make whole payments *(note 10)*	**—**	62,009
Amortization of debt issue costs *(note 10)*	**—**	17,797
Amortization of premium *(note 10)*	**—**	(3,289)
Total exceptional finance expenses	**—**	76,517
Total finance expense	**104,032**	175,237
Net finance expense	**101,799**	165,450

During the year the Group paid $92,839 (2014: $138,093) in cash interest.

23. CONTINGENCIES AND COMMITMENTS

Contingencies

Music Copyright
A claim has been filed against a subsidiary by the Copyright Music Organization of Trinidad and Tobago ("CMOTT") (formerly Copyright Organisation of Trinidad and Tobago) for damages of copyright infringement related to musical works transmitted by the subsidiary. The Group has recorded a provision of the Directors' best estimate of the liability. The carrying amount of the provision is not disclosed as the Directors believe doing so could prejudice the position of the entity. No provision has been recorded for an additional potential liability based on the proposed formula as outlined in the counterclaim filed by CMOTT. The Directors believe the provision recorded in the consolidated financial statements is adequate.

Litigation
The Group may be subject to other legal proceedings and claims in the ordinary course of business. The Group does not believe that any of these proceedings or claims will have a material effect on its financial position or results of operations.

Commitments

Operating leases
The Group and its subsidiaries have entered into various operating lease agreements during the year. Estimated future minimum rental payments under the operating leases are as follows:

	2015 (US $000)	**2014 (US $000)**
Within one year	**28,035**	24,097
After one year but not more than five years	**56,977**	51,891
More than five years	**4,612**	3,738
	89,624	79,726

Capital Commitments

Repair and Maintenance Agreement
On 22 October 2004, a subsidiary of the Group became a party to the Atlantic Cable Maintenance and Repair Agreement ("ACMA"). ACMA is a consortium of submarine cable systems that collectively share the standing costs of submarine cable system maintenance based on the number of kilometers of cable that comprises their respective cable system. The costs of repairing individual cable faults are in excess of the standing charges and are borne by the respective cable system. The original ACMA contract was twice renewed and recently extended for an additional period expiring on 31 December 2017. The subsidiary's estimated annual minimum payments related to standing charges, net of any credits per contractual terms are approximately $3,732 (2014: $2,898).

In connection with the maintenance contracts, Columbus Networks recorded repair and maintenance expense inclusive of cable repair costs of approximately $3,272 for the year ended 31 December 2015 (2014: $2,898). The amounts are reflected as a component of operating costs in the accompanying consolidated statement of loss. In addition to the ACMA, Columbus Networks also paid cable repair costs to other third party contractors.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise bonds, intercompany facilities and trade payables (2014: bank loans, convertible and retractable preferred shares and trade payables). The main purpose of these financial liabilities is to raise financing for the Company's operations. The Company has various financial assets such as cash and cash equivalents, and trade receivables, which arise directly from its operations.

It is, and has been throughout 2015 and 2014, the Company's policy that no speculative trading in derivatives shall be undertaken.

The risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Interest rate risk
The Company is subject to interest rate risk with $43,424 (2014: nil) of related party loans subject to floating interest rates, being LIBOR + 425bps and Barbados T-bill rate + 272bps *(note 14).*

With all other variables held constant, the Company has determined that a 1% change in the interest rate would change the Company's profit before tax and equity by $217 (2014: nil, as all loans at fixed interest rates).

Foreign currency risk
As a result of significant investments in various regions in the Caribbean, the Company's consolidated statement of financial position can be affected significantly by movements in exchange rates. As at 31 December 2015 and 2014, 100% of the Company's borrowings were denominated in US dollars or US dollar pegged currencies.

The Company also has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than their functional currency. Approximately 63% (2014: 62%) of the Company's revenues are denominated in currencies other than their functional currency and 53% (2014: 45%) of costs are denominated in currencies other than their functional currency.

At 31 December 2015 and 2014, the Company has not entered into any derivative contracts to hedge its foreign currency exposure.

The Company prepared a sensitivity analysis to determine the outcome due to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, to the Company's profit before tax, interest, amortization, and other non-recurring items due to changes in the fair value of monetary assets and liabilities. The Company has determined that a 1% increase in the US dollar in comparison to its other transactional currencies would result in lower income of $2,119 (2014: $2,158).

Credit risk

Financial instruments, which potentially subject the Company to credit risk, consist principally of cash and cash equivalents, and accounts receivable. The Company's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

Cash and cash equivalents are maintained with major financial institutions and management regularly monitors their composition and maturities. Cash and cash equivalents include investments in interest-bearing deposits, which may be redeemed upon demand and bear minimal risk. The Company has not experienced any material losses on these investments.

The Company provides telecommunications capacity and services to a wide range of customers, ranging from well-capitalized national carriers to smaller, early stage development companies and individual subscribers and extends credit to some of its customers.

Management periodically evaluates credit exposure in the aggregate and by individual credit. Management periodically reviews the creditworthiness of its customers to ensure the overall quality of the Company's credit portfolio. If the financial condition of an existing customer deteriorates to a point where payment for services is in doubt, the Company suspends the services and no revenues are recognized until cash is received.

Liquidity risk

The Company monitors its risk of a shortage in funds daily by reviewing the maturity of both its financial assets (accounts receivable and other financial assets) and projected cash flows from operations. None of the Company's borrowings will mature in less than one year as at 31 December 2015 based on the carrying value of the borrowings reflected in the consolidated financial statements.

The table below summarizes the maturity profile of the Company's financial liabilities at 31 December based on contractual undiscounted payments:

2015	On Demand (US $000)	Less than 3 months (US $000)	3 to 12 months (US $000)	1 to 5 Years (US $000)	5 years (US $000)	Total (US $000)
Trade and other payables	90,191	136,054	4,940	—	—	231,185
Current tax liabilities	—	—	4,868	—	—	4,868
Provisions	—	3,675	—	4,654	—	8,329
Borrowings	—	—	—	—	1,250,000	1,250,000
	90,191	**139,729**	**9,808**	**4,654**	**1,250,000**	**1,494,382**

2014	On Demand (US $000)	Less than 3 months (US $000)	3 to 12 months (US $000)	1 to 5 Years (US $000)	5 years (US $000)	Total (US $000)
Trade and other payables	27,281	130,802	15,883	—	—	173,966
Current tax liabilities	—	—	6,025	—	—	6,025
Provisions	—	—	750	4,957	—	5,707
Borrowings	—	—	—	—	1,250,000	1,250,000
	27,281	**130,802**	**22,658**	**4,957**	**1,250,000**	**1,435,698**

Capital management
The Group's strategy has changed since the prior year to align with the policy of the Ultimate Parent.

The Group defines capital as equity, borrowings (*notes 10 and 12)* and cash and cash equivalents. The Group has externally imposed covenants that impact the management of capital and is also required to comply with those requirements imposed by Company Law.

The Board's objective is to maintain a capital structure that supports the Group's strategic objectives. In doing so the Board seeks to:

- Manage funding and liquidity risk;
- Optimise shareholder return; and
- Maintain credit ratings.

25. SEGMENTED INFORMATION

The Company manages its business under two operating segments: Columbus Networks and Flow. Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Business unit performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

2015	**Columbus Networks (US $000)**	**Flow (US $000)**	**Eliminations and adjustments (US $000)**	**Total (US $000)**
Revenue				
External	244,189	379,778	—	623,967
Intercompany	10,215	9,212	(19,427)	—
Total revenue	**254,404**	**388,990**	**(19,427)**	**623,967**
Income (loss) (a)	21,624	46,964	(126,239)	(57,651)
Total assets	807,306	903,708	(49,120)	1,661,894
Capital expenditures	45,712	131,066	—	176,778
Total liabilities	515,499	827,002	525,121	1,867,622

(a) The income (loss) for each operating segment does not include financing costs. Net financing costs for the year ended 31 December 2015 is $101,799.

2014	**Columbus Networks (US $000)**	**Flow (US $000)**	**Eliminations and adjustments (US $000)**	**Total (US $000)**
Revenue				
External	247,498	350,927	—	598,425
Intercompany	1,732	8,554	(10,286)	—
Total revenue	249,230	359,481	(10,286)	598,425
Income (loss) (a)	37,917	41,651	(185,488)	(105,920)
Total assets	965,901	830,134	(33,949)	1,762,086
Capital expenditures	60,176	121,263	1,263	182,702
Total liabilities	664,801	780,028	471,995	1,916,824

(a) The income (loss) for each operating segment does not include financing costs. Net financing costs for the year ended 31 December 2014 were $165,450.

The Group operates in the following countries: Barbados, United States, Jamaica, Trinidad, Grenada, St. Vincent and the Grenadines, St. Lucia, Antigua and Barbuda, Dominican Republic, Curacao, Puerto Rico, Honduras, Costa Rica, Guatemala, Nicaragua, Panama, Colombia, Mexico, Venezuela, El Salvador, Bonaire, Belize, Turks & Caicos, Ecuador, Bahamas, St. Lucia, Cayman Islands and Haiti.

26. EVENTS AFTER THE BALANCE SHEET DATE

On 16 November 2015, the Board of Directors of the Ultimate Parent entered into an agreement with Liberty Global plc to sell all issued and outstanding shares of CWC pursuant to certain conditions, regulatory and other approvals. On 20 April 2016, Liberty Global plc received shareholder approval for the acquisition of CWC.