COLUMBUS INTERNATIONAL INC.

Condensed Consolidated Financial Statements
March 31, 2017

Columbus International Inc.
Windsor Lodge
Government Hill
St. Michael, Barbados

COLUMBUS INTERNATIONAL INC.

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COLUMBUS INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

	March 31, 2017	December 31, 2016
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 74.7	$ 87.3
Trade and other receivables, net (notes 4 and 12)	179.1	166.7
Note receivable – related-party (note 12)	18.6	18.6
Prepaid expenses and accrued income	33.0	33.0
Other current assets (note 5)	37.5	24.7
Total current assets	342.9	330.3
Noncurrent assets:		
Property and equipment, net (note 6)	1,022.4	1,054.0
Goodwill	189.0	187.8
Intangible assets, net (note 6)	115.2	129.4
Other noncurrent assets (note 5)	86.9	53.6
Total noncurrent assets	1,413.5	1,424.8
Total assets	$ 1,756.4	$ 1,755.1
LIABILITIES AND OWNER'S DEFICIT		
Current liabilities:		
Trade payables (note 12)	$ 71.8	$ 73.9
Deferred revenue (note 12)	46.6	48.3
Accrued interest payable	—	23.0
Current taxes payable	12.6	18.5
Current portion of debt and finance lease obligations (note 7):		
Third-party	5.2	5.1
Related-party (note 12)	68.5	55.5
Other accrued and current liabilities (note 8)	148.8	143.3
Total current liabilities	353.5	367.6
Long-term debt and finance lease obligations (note 7):		
Third-party	1,247.8	1,247.8
Related-party (note 12)	71.8	71.8
	1,319.6	1,319.6
Deferred revenue (note 12)	243.0	247.0
Deferred income taxes	58.0	59.6
Other long-term liabilities	1.6	1.1
Total noncurrent liabilities	1,622.2	1,627.3
Total liabilities	1,975.7	1,994.9
Owner's deficit:		
Share capital	365.9	365.9
Foreign currency translation reserve	(113.9)	(113.7)
Accumulated deficit	(471.3)	(492.0)
Total owner's deficit	(219.3)	(239.8)
Total liabilities and owner's deficit	$ 1,756.4	$ 1,755.1

The accompanying notes are an integral part of these condensed consolidated financial statements.

COLUMBUS INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE EARNINGS

(unaudited)

	Three months ended March 31,	
	2017	2016
	in millions	
Revenue (notes 12 and 14)	$ 173.6	$ 163.1
Operating costs and expenses (note 10):		
Operating costs before depreciation and amortization (including share-based compensation) (note 12)	108.3	86.8
Depreciation and amortization	45.4	31.2
Impairment, restructuring and other operating items, net (note 12)	4.3	9.8
	158.0	127.8
Operating income	15.6	35.3
Financial income (expense) (note 11):		
Finance expense	(24.9)	(25.5)
Finance income	23.4	22.9
	(1.5)	(2.6)
Earnings before income taxes	14.1	32.7
Income tax benefit (expense) (note 9)	6.6	(9.0)
Net earnings	20.7	23.7
Other comprehensive loss:		
Items that are or may be reclassified to earnings or loss:		
Exchange differences on translation of foreign operations	(0.2)	(7.9)
Comprehensive loss	(0.2)	(7.9)
Total comprehensive earnings	$ 20.5	$ 15.8

The accompanying notes are an integral part of these condensed consolidated financial statements.

COLUMBUS INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN OWNER'S DEFICIT

(unaudited)

	Share capital	Foreign currency translation	Accumulated deficit	Total owner's deficit
	in millions			
Balance at January 1, 2016	$ 365.9	$ (107.3)	$ (470.1)	$ (211.5)
Net earnings	—	—	23.7	23.7
Other comprehensive loss	—	(7.9)	—	(7.9)
Balance at March 31, 2016	$ 365.9	$ (115.2)	$ (446.4)	$ (195.7)
Balance at January 1, 2017	$ 365.9	$ (113.7)	$ (492.0)	$ (239.8)
Net earnings	—	—	20.7	20.7
Other comprehensive loss	—	(0.2)	—	(0.2)
Balance at March 31, 2017	$ 365.9	$ (113.9)	$ (471.3)	$ (219.3)

The accompanying notes are an integral part of these condensed consolidated financial statements.

COLUMBUS INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31, 2017	Three months ended March 31, 2016
	in millions	
Cash flows from operating activities:		
Net earnings	$ 20.7	$ 23.7
Adjustments to reconcile net earnings to net cash used by operating activities:		
Income tax expense (benefit)	(6.6)	9.0
Share-based compensation expense	0.5	0.9
Depreciation and amortization	45.4	31.2
Interest expense	24.3	23.7
Interest income	(0.4)	(0.3)
Unrealized gain on fair value of embedded derivative	(21.8)	(22.6)
Foreign currency transaction losses (gains), net	(1.2)	1.2
Amortization of deferred financing costs and non-cash interest accretion	0.6	0.6
Loss on sale of property and equipment	5.1	—
Gain on sale of intangible assets	(2.3)	—
CWC Balancing Charges	—	9.1
Other	0.5	—
Changes in operating assets and liabilities	(30.9)	(22.6)
Cash provided by operating activities	33.9	53.9
Cash paid for interest	(46.9)	(46.0)
Cash paid for taxes	(3.3)	(11.0)
Net cash used by operating activities	(16.3)	(3.1)
Cash flows from investing activities:		
Purchase of property, equipment and intangible assets	(22.3)	(15.3)
Proceeds on sale of property, equipment and intangible assets	13.0	—
Other investing activities, net	2.2	0.1
Net cash used by investing activities	(7.1)	(15.2)
Cash flows from financing activities:		
Loans from affiliates and other related parties	33.0	46.8
Repayments of loans to affiliates and other related parties	(21.4)	(22.5)
Other financing activities	(0.6)	—
Net cash provided by financing activities	11.0	24.3
Effect of exchange rate changes on cash	(0.2)	0.3
Net increase (decrease) in cash and cash equivalents	(12.6)	6.3
Cash and cash equivalents:		
Beginning of period	87.3	41.3
End of period	$ 74.7	$ 47.6

The accompanying notes are an integral part of these condensed consolidated financial statements.

(1) Basis of Presentation

Columbus International Inc., a wholly-owned subsidiary of Cable & Wireless Communications Limited (**CWC**), and its subsidiaries (collectively, **Columbus**) is a diversified communications company, with operations primarily in the Caribbean. Columbus' core operating business consists of (i) providing video, broadband internet and telephony services and (ii) the sale and lease of telecom capacity provided by our undersea fiber optic cable network. Columbus is a privately-held company registered in Barbados, and was incorporated under the Companies Act of Barbados. Our ultimate parent is Liberty Global plc (**Liberty Global**).

In these notes, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Columbus or collectively to Columbus and its subsidiaries.

Our unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (**IAS**) 34, *Interim Financial Reporting* (**IAS 34**), and do not include all of the information required by International Financial Reporting Standards (**IFRS**) for full annual financial statements. In the opinion of management, these condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto for the year ended December 31, 2016, which were prepared in accordance with IFRS and include a description of the significant accounting policies followed in these financial statements.

The preparation of condensed consolidated interim financial statements in accordance with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming and copyright costs, deferred income taxes and the related recognition of deferred tax assets, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets and share-based compensation. Actual results could differ from those estimates.

In connection with the acquisition of Columbus by Sable Holding Limited (**Sable Holding**) on March 31, 2015 (the **CWC Transaction**), certain entities (the **U.S. Carve-out Entities**) that held licenses granted by the United States (**U.S.**) Federal Communications Commission (the **FCC**) were transferred to an entity not controlled by Columbus (**Columbus New Cayman**). The arrangements with respect to the U.S. Carve-out Entities, which were executed in connection with the CWC Transaction, contemplated that upon receipt of regulatory approval, we would acquire the U.S. Carve-out Entities. On March 8, 2017, the FCC granted its approval for our acquisition of the U.S. Carve-out Entities. Accordingly, on April 1, 2017, subsidiaries of Columbus acquired the U.S. Carve-out Entities for an aggregate purchase price of $74.3 million. At March 31, 2017, the U.S. Carve-out Entities owed us $50.9 million.

Certain prior period amounts have been reclassified to conform to the current period presentation.

Unless otherwise indicated, convenience translations into U.S. dollars are calculated as of March 31, 2017.

We have prepared the accounts on a going concern basis. At March 31, 2017, our owner's deficit was $219.3 million. As a result of our history of reporting net losses, uncertainty exists about our ability to continue as a going concern. Accordingly, we are dependent on CWC for continued financial support. We have received a letter from CWC indicating that financial support will be provided for the foreseeable future. Accordingly, we have made a determination that it is appropriate to continue to adopt the going concern basis of accounting in preparing these condensed consolidated financial statements.

Management approval

These condensed consolidated financial statements were authorized for issue by management on May 26, 2017 and reflect our consideration of the accounting and disclosure implications of subsequent events through such date.

(2) Accounting Changes and Recent Pronouncements

New Accounting Standards, Not Yet Effective

Except for the following accounting standards that are relevant for our company, there were no additional standards and interpretations issued by the International Accounting Standards Board (**IASB**) that are not yet effective for the current reporting period that we see as relevant for our company. We have not early adopted the accounting standards that are relevant for us.

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions	January 1, 2018 (a)
IFRS 9	Financial Instruments	January 1, 2018 (b)
IFRS 15	Revenue from Contracts with Customers	January 1, 2018 (c)
IFRS 15 (amendments)	Clarifications to IFRS 15 Revenue from Contracts with Customers	January 1, 2018 (c)
IFRS 16	Leases	January 1, 2019 (d)
IAS 7 (amendments)	Disclosure Initiative	January 1, 2017 (e)
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017 (e)

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(a) In June 2016, the IASB issued amendments to IFRS 2, *Share-based Payments* (**IFRS 2**), which includes new requirements for (i) the accounting of share-based payment transactions with a net settlement feature for withholding tax obligations, (ii) consideration of vesting conditions on the measurement of a cash-settled share based payment transaction and (iii) the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from a cash-settled to equity-settled award. These amendments are effective for annual reporting periods beginning on or after January 1, 2018, while early application is permitted. We are currently evaluating the effect that these amendments to IFRS 2 will have on our consolidated financial statements and related disclosures.

(b) In July 2014, the IASB issued IFRS 9, *Financial Instruments* (**IFRS 9**), which introduces an approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model in which they are managed, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities, especially with regard to managing non-financial risks. This new standard is effective for annual reporting periods beginning on or after January 1, 2018, while early application is permitted. We are currently evaluating the effect that IFRS 9 will have on our consolidated financial statements and related disclosures.

(c) In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* (**IFRS 15**), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. IFRS 15 will replace existing revenue recognition guidance in IFRS when it becomes effective for annual and interim reporting periods beginning on or after January 1, 2018. This new standard permits the use of either the retrospective or cumulative effect transition method. We will adopt IFRS 15 effective January 1, 2018 using the cumulative effect transition method. While we are continuing to evaluate the effect that IFRS 15 will have on our consolidated financial statements, we have identified a number of our current revenue recognition policies and disclosures that will be impacted by IFRS 15, including the accounting for (i) time-limited discounts and free periods provided to our customers and (ii) certain up-front fees charged to our customers. These impacts are discussed below:

- When we enter into contracts to provide services to our customers, we often provide time-limited discounts or free service periods. Under current accounting rules, we recognize revenue net of discounts during the promotional periods and do not recognize any revenue during free service periods. Under IFRS 15, revenue recognition will be accelerated for these contracts as the impact of the discount or free service period will be recognized uniformly over the total contractual period.

- When we enter into contracts to provide services to our customers, we often charge installation or other up-front fees. Under current accounting rules, installation fees related to services provided over our fiber are recognized as revenue in the period during which the installation occurs to the extent these fees are equal to or less than direct selling costs.

Under IFRS 15, these fees will generally be deferred and recognized as revenue over the contractual period, or longer if the up-front fee results in a material renewal right.

- IFRS 15 will require the identification of deliverables in contracts with customers that qualify as performance obligations. The transaction price receivable from customers will be allocated between our performance obligations under contracts on a relative stand-alone selling price basis.
- IFRS 15 will require costs incurred to fulfill a customer contract involving the sale of an asset to be recognized only when those costs (i) relate directly to a contract or to an anticipated contract that can be specifically identified, (ii) generate or enhance resources that will be used in satisfying performance obligations in the future and (iii) are expected to be recovered. We do not expect the adoption of IFRS 15 to have a material impact on our recognition of these costs.

IFRS 15 will also impact our accounting for certain upfront costs directly associated with obtaining and fulfilling customer contracts. Under our current policy, these costs are expensed as incurred unless the costs are in the scope of another accounting topic that allows for capitalization. Under IFRS 15, the upfront costs that are currently expensed as incurred will be recognized as assets and amortized over a period that is consistent with the transfer to the customers of the goods or services to which the assets relate, which we have generally interpreted to be the expected customer life. The impact of the accounting change for these costs will be dependent on numerous factors, including the number of new subscriber contracts added in any given period, but we expect the adoption of this accounting change will initially result in the deferral of a significant amount of operating and selling costs.

The ultimate impact of adopting IFRS 15 for both revenue recognition and costs to obtain and fulfill contracts will depend on the promotions and offers in place during the period leading up to and after the adoption of IFRS 15.

(d) In January 2016, the IASB issued IFRS 16, *Leases* (**IFRS 16**), which supersedes IAS 17 *Leases* (**IAS 17**). IFRS 16 will result in lessees recognizing lease assets and lease liabilities on the statement of financial position, with lease assets to reflect the right-of-use and corresponding lease liabilities reflecting the present value of the lease payments. IFRS 16 will also result in additional disclosures about leasing arrangements and eliminate the classification of leases as either operating leases or finance leases for a lessee. IFRS 16 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. IFRS 16 also replaces the straight-line operating lease expense for those lessees applying IAS 17 with a depreciation charge for the lease asset and interest expense on the lease liability. This change aligns the lease expense treatment for all leases. The new standard is effective for annual reporting periods beginning on or after January 1, 2019, while early adoption is permitted if IFRS 15 is applied. We will adopt IFRS 16 on January 1, 2019. Although we are currently evaluating the effect that IFRS 16 will have on our consolidated financial statements, we expect the adoption of this standard will increase the number of leases included in our consolidated statement of financial position.

(e) We evaluated the impact of applying these amendments to existing accounting standards on our consolidated financial statements and do not believe the impact of the adoption of these standards to be material.

(3) Fair Value Measurements

We use the fair value method to account for our embedded derivative instrument (as described below). The reported fair values of these instruments as of March 31, 2017 likely will not represent the values that will be realized at the time of the repayment or refinancing of the underlying debt instrument.

We disclose fair value measurements according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the three months ended March 31, 2017 and 2016, no such transfers were made.

All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (forecasted volatilities and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates.

We have bifurcated an embedded derivative associated with certain redemption terms of the Columbus Senior Notes, as further described below. The recurring fair value measurements of this embedded derivative is determined using observable Level 2 data applying 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 at each valuation date.

We do not have any financial instruments that fall under Level 1 or Level 3 of the fair value hierarchy.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of cash-generating units, customer relationship intangible assets and property and equipment. The valuation of cash-generating units is based at least in part on discounted cash flow analyses. Inputs for our weighted average cost of capital and discount rate calculations are derived from third-party pricing services. Forecasts of future cash flows are, in part, based on our assumptions, which we believe are consistent with a market participant's approach. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges, and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. We did not perform any significant nonrecurring fair value measurements during the three months ended March 31, 2017 and 2016.

The fair values of financial assets and liabilities, together with the carrying amounts shown in our condensed consolidated statements of financial position, are as follows:

		March 31, 2017		December 31, 2016	
	Category	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
		in millions			
Assets carried at fair value – Columbus Senior Notes redemption option (a)	2	$ 57.4	$ 57.4	$ 35.6	$ 35.6
Assets carried at cost or amortized cost:					
Trade and other receivables, net		$ 179.4	$ 179.4	$ 168.4	$ 168.4
Cash and cash equivalents		74.7	74.7	87.3	87.3
Note receivable – related-party		18.6	18.6	18.6	18.6
Other current and noncurrent financial assets		36.3	36.3	23.9	23.9
Total assets carried at cost or amortized cost		$ 309.0	$ 309.0	$ 298.2	$ 298.2
Liabilities carried at cost or amortized cost:					
Debt obligations – third-party	2	$ 1,238.0	$ 1,338.3	$ 1,237.4	$ 1,332.8
Loans payable – related-party		140.3	140.3	127.3	127.3
Trade payables		71.8	71.8	73.9	73.9
Accrued and other current liabilities (including related-party)		163.0	163.0	185.8	185.8
Finance lease obligations		15.0	15.0	15.5	15.5
Total liabilities carried at cost or amortized cost		$ 1,628.1	$ 1,728.4	$ 1,639.9	$ 1,735.3

(a) Pursuant to the terms of the Columbus Senior Notes, we may redeem the Columbus Senior Notes under certain conditions. The redemption terms associated with the Columbus Senior Notes represent an embedded derivative instrument, which is bifurcated and carried at fair value in our condensed consolidated statements of financial position. Any gain or loss associated with the recurring valuation of the embedded derivative is recorded in realized and unrealized gains or losses, net, in our condensed consolidated statements of operations.

(4) Trade and Other Receivables, Net

The details of our trade and other receivables, net, are set forth below:

	March 31, 2017	December 31, 2016
	in millions	
Trade receivables – gross	$ 117.3	$ 124.7
Allowance for impairment of trade receivables	(21.7)	(26.4)
Trade receivables, net	95.6	98.3
Other receivables (a)	83.5	68.4
Total current trade and other receivables	179.1	166.7
Noncurrent – other receivables	0.3	1.7
Total trade and other receivables	$ 179.4	$ 168.4

(a) Other receivables primarily include amounts due from related parties (as further described in note 12) and value-added taxes (**VAT**) receivables.

(5) Other Assets

The details of our other current assets are set forth as follows:

	March 31, 2017	December 31, 2016
	in millions	
Receivables and other assets – related-party (note 12)	$ 27.8	$ 14.9
Income taxes receivable	7.5	8.2
Inventory	0.8	0.8
Other current assets	1.4	0.8
Total	$ 37.5	$ 24.7

The details of our other noncurrent assets are set forth as follows:

	March 31, 2017	December 31, 2016
	in millions	
Financial assets at fair value (note 3)	$ 57.4	$ 35.6
Prepaid expenses	15.8	13.7
Prepaid expenses – related-party (note 12)	6.8	—
Deferred income taxes	6.1	2.0
Other noncurrent assets (note 12)	0.8	2.3
Total	$ 86.9	$ 53.6

(6) Long-lived Assets

Property and Equipment, Net

Changes in the carrying amounts of our property and equipment, net, during the three months ended March 31, 2017 are as follows:

	Distribution systems	Support equipment, buildings and land	Customer premises equipment	Other (a)	Total
			in millions		
Cost:					
January 1, 2017	$ 1,202.3	$ 150.7	$ 226.0	$ 48.4	$ 1,627.4
Additions (b)	0.4	7.2	9.8	5.6	23.0
Retirements and disposals (b)	(34.5)	—	(0.7)	—	(35.2)
Foreign currency translation and other	13.7	1.1	0.6	(17.6)	(2.2)
March 31, 2017	$ 1,181.9	$ 159.0	$ 235.7	$ 36.4	$ 1,613.0
Accumulated depreciation:					
January 1, 2017	$ 417.4	$ 54.1	$ 101.7	$ 0.2	$ 573.4
Depreciation	18.5	2.3	9.5	—	30.3
Retirements and disposals (b)	(11.7)	—	(0.7)	—	(12.4)
Foreign currency translation and other	0.1	(0.2)	(0.4)	(0.2)	(0.7)
March 31, 2017	$ 424.3	$ 56.2	$ 110.1	$ —	$ 590.6
Property and equipment, net:					
March 31, 2017	$ 757.6	$ 102.8	$ 125.6	$ 36.4	$ 1,022.4

(a) Primarily includes equipment held for use and assets under construction.

(b) Retirements and disposals include business-to-business network assets transferred to another subsidiary of CWC in connection with a Mutual Asset Transfer Agreement (**MATA**). In addition, certain customer contracts were transferred to this CWC subsidiary, as further described below. In exchange, Columbus primarily received (i) ownership of a landing station, which is included in additions to support equipment, buildings and land, and (ii) indefeasible rights of use for certain landing stations and fiber, which is included in other assets in our condensed consolidated statement of financial position. We obtained independent third-party valuations for certain of the assets exchanged in the MATA, which were used in conjunction with internal assumptions and considerations to determine the fair value of the assets transferred pursuant to the MATA. In connection with the MATA, we recorded a $5.1 million loss on sale of property and equipment, which is included in impairment, restructuring and other operating items, net, in our condensed consolidated statement of operations during the three months ended March 31, 2017.

Intangible Assets Subject to Amortization, Net

Changes in the carrying amounts of our finite-lived intangible assets during the three months ended March 31, 2017 are as follows:

	Customer relationships	Software	Other (a)	Total
	in millions			
Cost:				
January 1, 2017	$ 221.0	$ 34.9	$ 2.9	$ 258.8
Additions	—	0.2	—	0.2
Retirements and disposals (b)	(54.1)	(0.7)	18.4	(36.4)
Foreign currency translation, transfers and other	(0.3)	(0.3)	(0.3)	(0.9)
March 31, 2017	$ 166.6	$ 34.1	$ 21.0	$ 221.7
Accumulated amortization:				
January 1, 2017	$ 105.6	$ 21.4	$ 2.4	$ 129.4
Amortization	13.3	1.5	0.3	15.1
Retirements and disposals (b)	(54.9)	(0.7)	18.1	(37.5)
Foreign currency translation, transfers and other	(0.1)	(0.2)	(0.2)	(0.5)
March 31, 2017	$ 63.9	$ 22.0	$ 20.6	$ 106.5
Intangible assets subject to amortization, net:				
March 31, 2017	$ 102.7	$ 12.1	$ 0.4	$ 115.2

(a) Primarily includes licenses and trade names intangible assets.

(b) Amounts include certain customer contracts transferred to another subsidiary of CWC in connection with the MATA. In connection with the MATA, we recorded a $2.3 million gain on sale of intangible assets, which is included in impairment, restructuring and other operating items, net, in our condensed consolidated statement of operations during the three months ended March 31, 2017.

(7) Debt and Finance Lease Obligations

The components of our third-party debt are as follows:

	Interest rate (a)	Estimated fair value (b) March 31, 2017	Estimated fair value (b) December 31, 2016	Principal amount March 31, 2017	Principal amount December 31, 2016
		in millions			
Third-party debt before discount, redemption option and deferred financing costs – Columbus Senior Notes	7.375%	$ 1,338.3	$ 1,332.8	$ 1,250.0	$ 1,250.0

The following table provides a reconciliation of the principal amount of the Columbus Senior Notes before discount, redemption option and deferred financing costs to total debt and finance lease obligations, including related-party debt:

	March 31, 2017	December 31, 2016
	in millions	
Principal amount of the Columbus Senior Notes before discount, redemption option and deferred financing costs	$ 1,250.0	$ 1,250.0
Discount, net of redemption option	(9.9)	(10.4)
Deferred financing costs	(2.1)	(2.2)
Total carrying amount of the Columbus Senior Notes	1,238.0	1,237.4
Finance lease obligations	15.0	15.5
Total third-party debt and finance lease obligations	1,253.0	1,252.9
Related-party debt (note 12)	140.3	127.3
Total debt and finance lease obligations	1,393.3	1,380.2
Current maturities of debt and finance lease obligations	(73.7)	(60.6)
Long-term debt and finance lease obligations	$ 1,319.6	$ 1,319.6

(a) Represents the stated interest rate of the Columbus Senior Notes, as defined and described below, as of March 31, 2017 and does not include the impact of deferred financing costs and the original issue discount, both of which affect our overall cost of borrowing.

(b) The estimated fair value of the Columbus Senior Notes is determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information regarding fair value hierarchies, see note 3.

Maturities of Debt and Finance Lease Obligations

The U.S. dollar equivalents of the maturities of our debt, including amounts representing interest payments, as of March 31, 2017 are presented below:

	Third-party	Related-party	Total
		in millions	
Year ending December 31:			
2017 (remainder of year)	$ 46.1	$ 68.5	$ 114.6
2018	92.2	—	92.2
2019	92.2	—	92.2
2020	92.2	—	92.2
2021	1,296.1	71.8	1,367.9
Total debt maturities	1,618.8	140.3	1,759.1
Discount, net of redemption option	(9.9)	—	(9.9)
Deferred financing costs	(2.1)	—	(2.1)
Amounts representing interest	(368.8)	—	(368.8)
Total	$ 1,238.0	$ 140.3	$ 1,378.3
Current portion	$ —	$ 68.5	$ 68.5
Noncurrent portion	$ 1,238.0	$ 71.8	$ 1,309.8

The U.S. dollar equivalents of the maturities of our finance lease obligations as of March 31, 2017 are presented below (in millions):

Year ending December 31:	
2017 (remainder of year)	$ 4.1
2018	11.0
2019	0.6
Total maturities	15.7
Amounts representing interest	(0.7)
Total	$ 15.0
Current portion	$ 5.2
Noncurrent portion	$ 9.8

(8) Other Liabilities

The details of our other current liabilities are set forth as follows:

	March 31, 2017	December 31, 2016
	in millions	
Related-party accrued and other liabilities (note 12)	$ 101.6	$ 89.7
Accrued and other operating liabilities	34.7	39.8
Payroll and employee benefits	6.3	7.5
Provisions	6.0	6.1
Other current liabilities	0.2	0.2
Total	$ 148.8	$ 143.3

(9) Income Taxes

Through our subsidiaries, we maintain a presence in many countries. Many of these countries maintain highly complex tax regimes that differ significantly from the system of income taxation used in Barbados. We have accounted for the effect of these taxes based on what we believe is reasonably expected to apply to us and our subsidiaries based on tax laws currently in effect and reasonable interpretations of these laws. Because some jurisdictions do not have systems of taxation that are as well established as the system of income taxation used in Barbados or tax regimes used in major industrialized countries, it may be difficult to anticipate how other jurisdictions will tax our and our subsidiaries' current and future operations. The income taxes of Columbus and its subsidiaries are presented on a separate return basis for each tax-paying entity or group based on the local tax law.

The combined details of our current and deferred income tax benefit (expense) that are included in our condensed consolidated statements of operations are as follows:

	Three months ended March 31,	
	2017	2016
	in millions	
Current tax benefit (expense)	$ 1.4	$ (10.1)
Deferred tax benefit	5.2	1.1
Total income tax benefit (expense)	$ 6.6	$ (9.0)

Income tax expense attributable to our earnings before income taxes differs from the amounts computed by using the applicable tax rate as a result of the following:

	Three months ended March 31,	
	2017	2016
	in millions	
Income tax charge at applicable statutory tax rate (a)	$ (0.8)	$ (0.8)
Effect of changes in unrecognized deferred tax assets	5.5	—
International rate differences (b)	—	(8.4)
Other	1.9	0.2
Total income tax benefit (expense)	$ 6.6	$ (9.0)

(a) Our overall tax provision is based on the statutory tax rates applicable to our earnings in various taxing jurisdictions in which our company operates. These rates range from 2.5% to 33%. The Barbados statutory tax rate for 2016 was 2.5% and the rate for 2017 is expected to be 2.5%. The effective tax rate is greater than the statutory tax rate as certain entities earn income that is subject to a higher tax rate. Furthermore, several entities have incurred losses for which no deferred tax asset has been recorded. The effects of these differences result in a higher consolidated tax expense relative to our overall earnings.

(b) Amounts reflect adjustments (either an increase or a decrease) to "expected" tax benefit (loss) for statutory rates in jurisdictions in which we operate outside of Barbados.

(10) Operating Costs and Other Operating Items

Operating costs and other operating items are composed of the following:

	Three months ended March 31, 2017	Three months ended March 31, 2016
	in millions	
Operating costs before depreciation and amortization:		
Direct costs	$ 50.6	$ 44.2
Administration expenses (a)	34.9	27.6
Operating and maintenance expenses	10.8	2.0
Customer care costs	3.9	1.0
Technical operations costs	3.2	7.8
Sales and marketing expenses	2.6	2.2
Data and information technology professional services costs	2.3	2.0
	108.3	86.8
Depreciation and amortization	45.4	31.2
Impairment, restructuring and other operating items, net:		
Loss on sale of property and equipment	5.1	—
Gain on sale of intangible assets	(2.3)	—
CWC Balancing Charges (b)	—	9.1
Other expense	1.5	0.7
	4.3	9.8
Total	$ 158.0	$ 127.8

(a) Includes share-based compensation expense of $0.5 million and $0.9 million, respectively.

(b) We were party to a strategic alliance with a wholly-owned subsidiary of CWC to expand our international wholesale capacity business. Pursuant to this strategic alliance, we incurred balancing charges to CWC (the **CWC Balancing Charges**) of $9.1 million during the three months ended March 31, 2016. In connection with the acquisition of CWC by Liberty Global on May 16, 2016 (the **Liberty Global Transaction**), the CWC Balancing Charges were suspended.

(11) Finance Expense and Finance Income

Finance expense is composed of the following:

	Three months ended March 31, 2017	Three months ended March 31, 2016
	in millions	
Interest expense – third-party	$ 23.0	$ 23.0
Interest expense – related-party (note 12)	1.0	0.6
Amortization of deferred financing costs and discount	0.6	0.6
Foreign currency transaction losses, net	—	1.2
Other financial expense	0.3	0.1
Total finance expense	$ 24.9	$ 25.5

Finance income is composed of the following:

	Three months ended March 31,	
	2017	2016
	in millions	
Unrealized gain on fair value of embedded derivative	$ 21.8	$ 22.6
Foreign currency transaction gains, net	1.2	—
Interest income – related-party (note 12)	0.4	0.3
Total finance income	$ 23.4	$ 22.9

(12) Related-party Transactions

Our related-party transactions are as follows:

	Three months ended March 31,	
	2017	2016
	in millions	
Revenue	$ 4.9	$ 3.6
Operating costs and expenses:		
Management fee	(1.8)	(0.9)
CWC Balancing Charges	—	(9.1)
	(1.8)	(10.0)
Included in operating income	3.1	(6.4)
Finance expense	(1.0)	(0.6)
Finance income	0.4	0.3
Included in net earnings	$ 2.5	$ (6.7)

Revenue. Amounts include (i) revenue earned pursuant to ordinary course transactions between our company and Columbus New Cayman of $1.5 million and $1.3 million, respectively, (ii) management fees earned for services we provide to the U.S. Carve-out Entities of $2.5 million and $2.3 million, respectively, to operate and manage their business under a management services agreement (the **MSA**), and (iii) amounts earned pursuant to ordinary course transactions between our company and another subsidiary of Liberty Global of $0.9 million durng the three months ended March 31, 2017. The services that we provided to the U.S. Carve-out Entities were provided at the direction of, and subject to the ultimate control and oversight of, the U.S. Carve-out Entities. We acquired the U.S. Carve-out Entities on April 1, 2017.

Management fees. Amounts represent fees incurred related to certain management services performed on our behalf by CWC. These management fees are included in operating costs before depreciation and amortization in our condensed consolidated statements of operations and comprehensive earnings (loss).

CWC Balancing Charges. Amount represents charges associated with a strategic alliance arrangement that was suspended in connection with the Liberty Global Transaction. The CWC Balancing Charges are included in impairment, restructuring and other operating items, net, in our condensed consolidated statement of operations and comprehensive earnings (loss).

Finance expense. Amounts represent interest on the Sable Holding Loan Facility and the C&W (Barbados) Revolving Term Loan, each as defined and further described below.

Finance income. Amounts represent interest on the note receivable from Columbus New Cayman, as further described below.

The following table provides details of our related-party balances:

	March 31, 2017	December 31, 2016
	in millions	
Assets:		
Current assets:		
Due from Columbus New Cayman (a)	$ 32.3	$ 38.1
Note receivable from Columbus New Cayman (b)	18.6	18.6
Due from CWC related entities (c)	27.8	14.7
Prepaid assets (d)	0.4	—
Due from Liberty Global related entities (e)	1.3	0.2
	80.4	71.6
Noncurrent assets:		
Prepaid assets (d)	6.8	—
Due from CWC related entities (c)	—	0.3
Total	$ 87.2	$ 71.9
Liabilities:		
Current liabilities:		
Due to CWC related entities (f)	$ (101.6)	$ (89.7)
Sable Holding Loan Facility (g)	(52.9)	(33.9)
C&W (Barbados) Revolving Term Loan (h)	(15.6)	(21.6)
Deferred revenue (i)	(0.9)	(0.9)
	(171.0)	(146.1)
Noncurrent liabilities:		
Sable Holding Term Loan (j)	(71.8)	(71.8)
Deferred revenue (i)	(6.8)	(7.0)
Total	$ (249.6)	$ (224.9)

(a) Represents the net unpaid amount due to us pursuant to ordinary course transactions between our company and Columbus New Cayman, including fees charged by us to Columbus New Cayman under the MSA. These receivables are non-interest bearing and have no stated maturity. The amounts due from Columbus New Cayman are included in trade and other receivables in our condensed consolidated statements of financial position. We acquired the U.S. Carve-out Entities on April 1, 2017.

(b) Represents a note receivable from Columbus New Cayman that bears interest at 8.0% per annum. We acquired the U.S. Carve-out Entities on April 1, 2017.

(c) Represents non-interest bearing receivables from certain CWC subsidiaries. These amounts are included in trade and other receivables in our condensed consolidated statements of financial position.

(d) Represents prepayments for indefeasible rights of use for certain landing stations and fiber acquired in a mutual asset transfer agreement with Cable & Wireless Communications Panama S.A, a 49%-owned subsidiary of CWC, which have been recorded in other assets and other noncurrent assets in our condensed consolidated statement of financial position.

(e) Represents non-interest bearing receivables from certain Liberty Global subsidiaries. These amounts are included in trade and other receivables in our condensed consolidated statements of financial position.

(f) Represents non-interest bearing payables to certain CWC subsidiaries and accruals in connection with CWC Balancing Charges. These amounts are included in trade and other payables in our condensed consolidated statements of financial position.

(g) Represents an operating loan facility between Columbus and Sable Holding (the **Sable Holding Loan Facility**). The Sable Holding Loan Facility is unsecured, bears interest at LIBOR plus 4.25% and is due on demand. The net increase in the Sable Holding Loan Facility during the three months ended March 31, 2017 primarily includes (i) cash advances of $33.0 million and (ii) repayments of principal and interest of $11.6 million.

(h) Represents a Barbadian dollar (**BBD**) revolving term loan facility (the **C&W (Barbados) Revolving Term Loan**) of BBD50.0 million ($25.0 million) between Columbus Telecommunications Barbados Limited and Cable & Wireless (Barbados) Limited, that was effective June 9, 2015. At March 31, 2017, BBD30.9 million ($15.5 million) of the C&W (Barbados) Revolving Term Loan was drawn. The C&W (Barbados) Revolving Term Loan is unsecured, bears interest at the Barbados T-bill rate plus 2.72% and is due on demand. The net decrease in the C&W (Barbados) Revolving Term Loan during the three months ended March 31, 2017 primarily includes repayments of principal and interest of BBD12.4 million ($6.2 million).

(i) Represents deferred revenue related to certain indefeasible rights of use arrangements with another subsidiary of Liberty Global.

(j) Represents a subordinated term loan facility (the **Sable Holding Term Loan**) between Columbus and Sable Holding. The Sable Holding Term Loan matures on September 30, 2021. At March 31, 2017, there is no stated interest rate on the Sable Holding Term Loan.

(13) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to programming contracts, network and connectivity commitments, non-cancelable operating leases and purchases of customer premises equipment and other items. The following table sets forth the U.S. dollar equivalents of such commitments as of March 31, 2017:

	Payments due during:							
	Remainder of 2017	2018	2019	2020	2021	2022	Thereafter	Total
					in millions			
Programming commitments	$ 25.3	$ 35.4	$ 0.3	$ —	$ —	$ —	$ —	$ 61.0
Network and connectivity commitments	9.0	6.3	4.9	3.6	1.9	1.8	2.4	29.9
Operating leases	5.9	5.0	2.5	1.2	0.9	0.6	1.2	17.3
Purchase and other commitments	5.8	0.2	0.1	0.1	—	—	—	6.2
Total (a)	$ 46.0	$ 46.9	$ 7.8	$ 4.9	$ 2.8	$ 2.4	$ 3.6	$ 114.4

(a) The commitments included in this table do not reflect any liabilities that are included in our March 31, 2017 condensed consolidated statement of financial position.

Programming commitments consist of obligations associated with certain of our programming and sports rights contracts that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems or (iii) whether we discontinue our premium sports services. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. Programming costs in our condensed consolidated statements of operations include the amortization of certain programming rights in certain of our markets.

Network and connectivity commitments include our domestic network service agreements with certain other telecommunications companies. The amounts reflected in the above table with respect to these commitments represent fixed minimum amounts payable under these agreements and, therefore, may be less than the actual amounts we ultimately pay in these periods.

Purchase commitments include unconditional and legally binding obligations related to (i) the purchase of customer premises and other equipment and (ii) certain service-related commitments, including call center, information technology and maintenance services.

Legal and Regulatory Proceedings and Other Contingencies

COTT claim. In 2015, a claim was filed against a subsidiary of Columbus by the Copyright Music Organization of Trinidad and Tobago (**COTT**) for damages of copyright infringement related to musical works transmitted by the subsidiary. We have recorded a provision based on our best estimate of the potential liability associated with this claim. While we generally expect that the amounts required to satisfy this contingency will not materially differ from the estimated amount we have accrued, no assurance can be given that the resolution of the COTT claim will not result in a material impact on our results of operations, cash flows or financial position.

Regulatory. The Liberty Global Transaction triggered regulatory approval requirements in certain jurisdictions in which we operate. The regulatory authorities in certain of these jurisdictions, including Jamaica and Trinidad & Tobago, have not completed their review of the Liberty Global Transaction or granted their approval. Such approvals may include binding conditions or requirements that could have an adverse impact on our operations and financial condition.

Other regulatory issues. Video distribution, broadband internet, fixed-line telephony and mobile businesses are regulated in each of the countries in which we operate. The scope of regulation varies from country to country. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business, including (i) legal proceedings, (ii) issues involving VAT and wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming and copyright fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

(14) Segment Information

We manage our business under two operating segments: "**Columbus Networks**", which is primarily composed of our wholesale services and related business solutions, and "**Flow**", which is primarily composed of our retail services and related business solutions. Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. We evaluate performance and make decisions about allocating resources to our operating segments based on financial measures such as revenue and Adjusted Segment EBITDA (as defined below). In addition, we review non-financial measures such as subscriber growth, as appropriate.

"**EBITDA**" is defined as profit before net financial expense, income taxes and depreciation, amortization and impairment. As we use the term, "**Adjusted Segment EBITDA**" is defined as EBITDA before share-based compensation, provisions and provision releases related to significant litigation, the CWC Balancing Charges and other operating items. Other operating items include (i) gains and losses on the disposition of long-lived assets and (ii) restructuring provisions or provision releases. Our internal decision makers believe Adjusted Segment EBITDA is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (a) readily view operating trends, (b) perform analytical comparisons and benchmarking between segments and (c) identify strategies to improve operating performance in the different countries in which we operate.

Performance Measures of Our Reportable Segments

The amounts presented below represent 100% of each of our reportable segment's revenue and Adjusted Segment EBITDA:

	Revenue			Adjusted Segment EBITDA
	External	Intercompany	Total	
	in millions			
Three months ended March 31, 2017:				
Flow	$ 103.5	$ 1.1	$ 104.6	$ 31.6
Columbus Networks	70.1	3.4	73.5	35.6
Other and eliminations (a)	—	(4.5)	(4.5)	(1.4)
Total	$ 173.6	$ —	$ 173.6	$ 65.8
Three months ended March 31, 2016:				
Flow	$ 101.3	$ 2.2	$ 103.5	$ 58.0
Columbus Networks	61.8	0.4	62.2	23.4
Other and eliminations (a)	—	(2.6)	(2.6)	(4.2)
Total	$ 163.1	$ —	$ 163.1	$ 77.2

(a) Other and eliminations primarily includes (i) corporate and centralized operational expenses, (ii) finance expenses, (iii) results associated with the undersea fiber optic cable network, (iv) results of our wholesale solutions business, (v) eliminations for inter-segment transactions and (vi) the results of our joint ventures and associates.

The following table provides a reconciliation of total Adjusted Segment EBITDA to net earnings:

	Three months ended March 31,	
	2017	2016
	in millions	
Adjusted Segment EBITDA	$ 65.8	$ 77.2
Share-based compensation expense	(0.5)	(0.9)
Depreciation and amortization	(45.4)	(31.2)
CWC Balancing Charges	—	(9.1)
Impairment, restructuring and other operating items	(4.3)	(0.7)
Operating income	15.6	35.3
Interest expense	(24.3)	(23.7)
Unrealized gain on fair value of embedded derivative	21.8	22.6
Foreign currency transaction gains (losses), net	1.2	(1.2)
Interest income	0.4	0.3
Other finance expense	(0.6)	(0.6)
Income tax benefit (expense)	6.6	(9.0)
Net earnings	$ 20.7	$ 23.7