**ANNOUNCEMENT**
**8 NOVEMBER 2012**

# CABLE & WIRELESS COMMUNICATIONS PLC HALF YEARLY REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

## Trading in line, full year outlook maintained

### Key Highlights

- Mobile revenue up 9%, including mobile data revenue growth of 36%
- Strong mobile subscriber growth in Jamaica reflecting new competitive environment
- Mobile leadership in Panama extended
- Good performance in Macau and operational progress in The Bahamas
- Caribbean restructuring programme underway; operating costs down 7%
- Discussions on portfolio reshaping
- Interim dividend of US1.33 cents per share

| US$m | *Six months ended 30 September 2012* | *Change* |
|---|---|---|
| Revenue | 1,431 | 1%[1] |
| EBITDA | 445 | 2%[1] |
| Net income | 120 | 11% |
| Earnings per share (adjusted) | 3.4c | (0.4)c |
| Earnings per share | 1.7c | (0.4)c |

[1] At constant currency
*Note: EBITDA and adjusted earnings per share are defined in the footnotes on the following pages, reconciliations of EBITDA and adjusted earnings per share are provided on page 27*

### Outlook

We maintain the guidance given at the full year, and expect:

- Group EBITDA to be similar to 2011/12
- Capital expenditure approximately US$350 million in 2012/13
- Cash exceptional costs in 2012/13 between US$30 million and US$35 million
- Dividend guidance for FY 2012/13 at US4 cents per share

Cable & Wireless Communications
3rd Floor, 26 Red Lion Square London WC1R 4HQ
T +44 (0)20 7315 4000 www.cwc.com

Cable & Wireless Communications Plc
Registered number: 07130199
Registered office: 3rd Floor, 26 Red Lion Square
London WC1R 4HQ

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

"We have delivered a respectable performance in the first half.  Despite a challenging period for the telecoms industry as a whole, our Group has posted a balanced performance, with EBITDA rising 2%.

“We have seen momentum continuing to build for our mobile data services, and this is driving our mobile service revenue.  Significant investments in high speed, mobile data capable networks across the Group last year are already delivering returns, and we expect the growth to continue.  Voice revenue, however, continues to decline and we are delivering on our plan to reduce costs to mitigate this.

“Private sector and government enterprise pipelines retain a healthy potential although governments continue to be hesitant before launching the new programmes which we are there to support.

“We saw improving results in Jamaica, where our ‘fightback’ campaign is gathering momentum following regulatory changes made by the Government.  We have seen good traction in the key market of prepaid mobile and the business is re-energised.  We are also delivering on our potential in The Bahamas, where we have been investing in new networks and introducing new services, particularly mobile data.

“We have also made progress on our strategy to reshape the business.  During the first half we exited our West African enterprise business, and confirmed discussions regarding possible transactions involving our Monaco & Islands and Macau business units.  These steps are in line with our stated plan to focus our management capability and future investment on the Pan-American region where we have scale, synergy and strong market positions as well as several growth economies.

“Despite continuing competitive and economic pressures in many markets, we are well placed to achieve the outlook indicated at the 2011/12 results."

## Analysis of Group results

| US$m | *Six months ended 30 September 2012* | *Six months ended 30 September 2011* | *% change* |
|---|---|---|---|
| **Revenue** | **1,431** | **1,442** | **(1)%** |
| Gross margin | 933 | 966 | (3)% |
| Operating costs | (488) | (523) | 7% |
| **EBITDA[1]** | **445** | **443** | **0%** |
| Depreciation and amortisation | (170) | (175) | 3% |
| Net other operating expense | (5) | (7) | 29% |
| Joint ventures and associates | 12 | 13 | (8)% |
| **Total operating profit before exceptional items** | **282** | **274** | **3%** |
| Exceptional items | (26) | (58) | 55% |
| **Total operating profit** | **256** | **216** | **19%** |
| Finance income | 14 | 5 | nm |
| Finance expense | (91) | (78) | (17)% |
| Other non-operating (expense)/income | (15) | 2 | nm |
| **Profit before tax** | **164** | **145** | **13%** |
| Income tax expense | (44) | (37) | (19)% |
| **Net profit** | **120** | **108** | **11%** |
| *Net profit before exceptional items* | *144* | *163* | *(12)%* |
| *Net profit attributable to:* | | | |
| Owners of the Parent Company | 43 | 52 | (17)% |
| Non-controlling interests | 77 | 56 | 38% |
| Capital expenditure[2] | (177) | (153) | (16)% |
| Operating cash flow[3] | **268** | **290** | (8)**%** |
| EPS | 1.7c | 2.1c | |
| Adjusted EPS[4] | 3.4c | 3.8c | |
| Customers in subsidiaries (000s) | | | |
| Mobile | 4,391 | 4,907 | |
| Broadband | 552 | 553 | |
| Fixed | 1,391 | 1,425 | |

[1] EBITDA is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/(expense) and exceptional items
[2] Cash capital expenditure
[3] Operating cash flow is defined as EBITDA less capital expenditure
[4] Adjusted EPS is before exceptional items, gains/(losses) on disposals, amortisation of acquired intangibles and transaction costs

Revenue was in line with the prior year at US$1,431 million. Across the Group, mobile revenues increased by 9%, boosted by growth in mobile data services. Macau, our most developed mobile data business, posted a 20% rise in total revenue, driven by mobile services and smartphone sales.

Group EBITDA was similar to the prior year at US$445 million following an improved performance in the Caribbean and continued strength in Macau. The Caribbean performance was driven by mobile customer growth in Jamaica, further operating performance gains in The Bahamas and a region-wide cost reduction programme.

Adjusting for currency, revenue for the Group was 1% higher and EBITDA 2% higher than last year.

Total operating profit increased by 19% to US$256 million. There was an exceptional charge of US$26 million related to the Caribbean restructuring programme we commenced at the start of the year and where we have made good progress in the first half.

Net profit for the period was up 11% to US$120 million and adjusted earnings per share were US3.4 cents. The Board has declared an interim dividend of US1.33 cents per share, in line with our intentions outlined at the full year results in May.

The Group made good progress in its strategic growth businesses, particularly mobile data. Non-voice revenue rose by 36% and now accounts for 26% of Group mobile service revenue. Our Panama business saw a 63% increase in mobile data revenue during the first half as smartphone penetration rose to 26%. Macau, the Caribbean and Monaco also delivered strong mobile data revenue growth. We expect further growth from this segment across the portfolio.

We continued to roll out triple-play services, with pay TV as a key component, launching a service in Barbados during the period, and in the Channel Islands and Isle of Man in October.

**CONTACTS**

| | |
|---|---|
| **Cable & Wireless Communications** | |
| **Investors** | |
| Kunal Patel | +44 (0) 20 7315 4083 |
| Mike Gittins | +44 (0) 20 7315 4184 |
| | |
| **Media** | |
| Lachlan Johnston | +44 (0) 20 7315 4006 / +44 (0) 7800 021 405 |
| Steve Smith | +44 (0) 20 7315 4070 |
| Neil Bennett (Maitland) | +44 (0) 20 7379 5151 |

# REVIEW OF CWC OPERATIONS

## Income statement

| | Panama | | | Caribbean[1] | | | Macau | | | Monaco & Islands[2] | | | Other[3] | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | H1 12/13 US$m | H1 11/12 US$m | Change % | H1 12/13 US$m | H1 11/12 US$m | Change % | H1 12/13 US$m | H1 11/12 US$m | Change % | H1 12/13 US$m | H1 11/12 US$m | Change % | H1 12/13 US$m | H1 11/12 US$m | Change % | H1 12/13 US$m | H1 11/12 US$m | Change % |
| Mobile | 159 | 156 | 2% | 262 | 266 | (2)% | 213 | 151 | 41% | 118 | 120 | (2)% | - | - | - | 752 | 693 | 9% |
| Broadband & TV | 30 | 30 | - | 60 | 62 | (3)% | 29 | 28 | 4% | 25 | 24 | 4% | - | - | - | 144 | 144 | - |
| Fixed voice | 61 | 72 | (15)% | 149 | 169 | (12)% | 35 | 38 | (8)% | 36 | 41 | (12)% | 1 | - | nm | 282 | 320 | (12)% |
| Enterprise, data and other | 36 | 50 | (28)% | 82 | 79 | 4% | 33 | 41 | (20)% | 101 | 115 | (12)% | 1 | - | nm | 253 | 285 | (11)% |
| **Revenue** | **286** | **308** | **(7)%** | **553** | **576** | **(4)%** | **310** | **258** | **20%** | **280** | **300** | **(7)%** | **2** | **-** | **nm** | **1,431** | **1,442** | **(1)%** |
| Cost of sales | (93) | (106) | 12% | (126) | (131) | 4% | (192) | (144) | (33)% | (86) | (95) | 9% | (1) | - | nm | (498) | (476) | (5)% |
| **Gross margin** | **193** | **202** | **(4)%** | **427** | **445** | **(4)%** | **118** | **114** | **4%** | **194** | **205** | **(5)%** | **1** | **-** | **nm** | **933** | **966** | **(3)%** |
| Operating costs | (78) | (75) | (4)% | (290) | (313) | 7% | (31) | (30) | (3)% | (100) | (108) | 7% | 11 | 3 | nm | (488) | (523) | 7% |
| **EBITDA[4]** | **115** | **127** | **(9)%** | **137** | **132** | **4%** | **87** | **84** | **4%** | **94** | **97** | **(3)%** | **12** | **3** | **nm** | **445** | **443** | **0%** |
| Depreciation and amortisation | (38) | (37) | (3)% | (76) | (80) | 5% | (16) | (16) | - | (34) | (38) | 11% | (6) | (4) | (50)% | (170) | (175) | 3% |
| Net other operating (expense)/income | - | - | - | (1) | (10) | nm | - | - | - | (1) | 1 | nm | (3) | 2 | nm | (5) | (7) | 29% |
| **Operating profit before joint ventures and exceptional items** | **77** | **90** | **(14)%** | **60** | **42** | **43%** | **71** | **68** | **4%** | **59** | **60** | **(2)%** | **3** | **1** | **nm** | **270** | **261** | **3%** |
| Capital expenditure | (58) | (49) | (18)% | (61) | (50) | (22)% | (19) | (17) | (12)% | (35) | (33) | (6)% | (4) | (4) | - | (177) | (153) | (16)% |
| **Operating cash flow[5]** | **57** | **78** | **(27)%** | **76** | **82** | **(7)%** | **68** | **67** | **1%** | **59** | **64** | **(8)%** | **8** | **(1)** | **nm** | **268** | **290** | **(8)%** |
| Cash exceptional items | - | (6) | nm | (9) | (29) | 69% | - | - | - | - | - | - | (2) | (2) | - | (11) | (37) | 70% |
| Net cash interest | (5) | (3) | (67)% | (1) | (1) | - | - | - | - | 1 | (2) | nm | (69) | (56) | (23)% | (74) | (62) | (19)% |
| Cash tax | (52) | (27) | (93)% | (19) | (19) | - | (8) | (7) | (14)% | (6) | (5) | (20)% | (4) | (6) | 33% | (89) | (64) | (39)% |
| Headcount[6] | 1,478 | 1,578 | (6)% | 3,677 | 3,971 | (7)% | 954 | 882 | 8% | 1,523 | 1,642 | (7)% | 129 | 152 | (15)% | 7,761 | 8,225 | (6)% |

nm represents % change not meaningful

1 Caribbean includes The Bahamas business from 6 April 2011

2 Monaco & Islands comprises operations in Monaco, Maldives, the Channel Islands, Isle of Man, the Indian and Atlantic Oceans and Africa (Afinis disposed 3 August 2012)

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

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

5 EBITDA less capital expenditure

6 Full time equivalents as at 30 September

## Panama

- Maintained market leadership in mobile, broadband and domestic fixed voice
- Mobile revenue growth of 2% in a highly competitive market
- 63% growth in mobile non-voice revenue following launch of high speed data network
- Private sector and government enterprise pipelines retain healthy potential, continued delays

| | **6 months ended 30 Sep 2012** | 3 months ended 30 Sep 2012 | 3 months ended 30 Jun 2012 | **6 months ended 30 Sep 2011** | 3 months ended 30 Sep 2011 | 3 months ended 30 Jun 2011 |
|---|---|---|---|---|---|---|
| Subscribers (000s) | | | | | | |
| Mobile[1] | **1,785** | 1,785 | 1,656 | **2,454** | 2,454 | 2,038 |
| Broadband | **127** | 127 | 129 | **140** | 140 | 141 |
| Fixed | **381** | 381 | 386 | **396** | 396 | 395 |
| ARPU (US$)[2] | | | | | | |
| Mobile | **15.1** | 15.9 | 14.4 | **13.2** | 12.4 | 14.0 |
| Broadband | **28.1** | 29.0 | 27.2 | **27.2** | 27.2 | 27.3 |
| Fixed | **26.3** | 26.5 | 26.2 | **30.3** | 30.6 | 30.0 |
| Revenue (US$m) | **286** | | | **308** | | |
| EBITDA (US$m) | **115** | | | **127** | | |
| *Margin%* | **40%** | | | **41%** | | |

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

Revenue at US$286 million was 7% lower than the same period last year due to lower enterprise and fixed voice revenue.

Mobile revenue at US$159 million rose 2% despite the competitive four player market and introduction of mobile number portability in November 2011. An increase in data penetration from 14% to 26% fuelled strong growth in non-voice revenue, particularly in the prepaid segment. This growth more than offset the decline in mobile voice revenue as the rate per minute remained under pressure due to competition. Following the deactivation of low value, promotion driven customers in the first quarter, total mobile subscribers were 27% lower than last year.

Broadband & TV revenue of US$30 million was in line with the prior period. Subscribers declined, but ARPU increased as the business focussed on greater value customers, taking higher speed broadband and premium TV packages. The number of pay TV subscribers taking more than one service was over 70%.

Fixed voice revenue declined by 15% to US$61 million following a reduction in the volume of international transit traffic and lower national calling rates. The rate of decline in subscriber numbers has slowed as households value retaining a fixed line to complement other fixed services.

Enterprise, data and other revenue at US$36 million was lower than last year as a result of delayed government programmes in Panama. This half we announced both a government project to supply, install and support new systems to share documents electronically and a two year contract to introduce a Hospital Information System to improve the administration and patient care in all of Panama's state funded hospitals. We continue to explore opportunities outside Panama.

Gross margin decreased by 4% to US$193 million principally due to lower fixed voice revenue. As a percentage of revenue, gross margin improved by two percentage points.

Operating costs increased by 4% to US$78 million reflecting higher network and property costs following expansion of our mobile network.

Due to reduced fixed voice and enterprise revenue and higher operating costs, EBITDA reduced by 9% to US$115 million.

Our proportionate ownership of Panama EBITDA for the six months ended 30 September 2012 was 49%.

## Caribbean

- Mobile non-voice revenue up 32%, continued roll out of high speed mobile data networks
- Mobile subscriber growth of 20% in Jamaica
- 4G/HSPA+ mobile network established and NGN fixed network launched in The Bahamas
- Cost reduction programme progressing – headcount down 7% across the region

| | **6 months ended 30 Sep 2012** | 3 months ended 30 Sep 2012 | 3 months ended 30 Jun 2012 | **6 months ended 30 Sep 2011** | 3 months ended 30 Sep 2011 | 3 months ended 30 Jun 2011 |
|---|---|---|---|---|---|---|
| Subscribers (000s) | | | | | | |
| Mobile[1] | **1,594** | 1,594 | 1,491 | **1,505** | 1,505 | 1,529 |
| Broadband | **222** | 222 | 221 | **222** | 222 | 223 |
| Fixed | **713** | 713 | 714 | **728** | 728 | 735 |
| ARPU (US$)[2] | | | | | | |
| Mobile | **28.0** | 27.7 | 28.3 | **28.7** | 29.1 | 28.4 |
| Broadband | **42.1** | 42.6 | 41.7 | **42.6** | 42.7 | 42.5 |
| Fixed | **34.9** | 34.3 | 35.4 | **38.5** | 38.8 | 38.3 |
| Revenue (US$m) | **553** | | | **576** | | |
| EBITDA (US$m) | **137** | | | **132** | | |
| *Margin%* | **25%** | | | **23%** | | |

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

Caribbean revenue was 4% down on the prior year leading to a similar decline in gross margin. EBITDA improved by 4% following progress in reducing the cost base.

Mobile revenue was 2% lower in the first half at US$262 million. Handset sales increased as the business introduced several successful promotions, although service revenues were weaker mainly as a result of lower postpaid traffic volumes. In Jamaica we received an excellent customer response to the launch of our new reduced rate mobile packages ahead of long awaited changes to the regulatory environment in July. To date we have increased our Jamaican subscriber base by 20% compared to the first half of last year and mobile service revenue also rose as call volumes and data usage have grown. Across the rest of the Caribbean there was continued growth in the postpaid customer base although prepaid voice revenue was lower as usage decreased. Mobile data has seen strong growth with non-voice revenue for the region growing by 32%.

LIME TV was launched in Barbados during the first half of this year and we have added almost 1,300 customers. Broadband subscribers increased by 3% excluding Jamaica, where we saw increased competition. There was a small reduction in ARPU as rate reductions were introduced to drive customer adoption resulting in Broadband & TV revenue falling slightly to US$60 million.

Fixed line revenue at US$149 million declined by 12%. There was a 2% decline in the subscriber base and a fall in ARPU as usage continued to reduce in favour of alternatives such as mobile and VoIP solutions. Revenue in Jamaica was further impacted late in the first half by regulatory changes which resulted in reduced fixed to mobile retail rates and interconnect revenue.

Enterprise, data and other revenue rose by 4% to US$82 million as we saw growth in corporate data solutions and increased capacity lease revenue generated from our regional cable investments.

Gross margin at US$427 million tracked the revenue performance and was 4% down compared to last year.

Operating costs reduced by 7% compared to the prior period as we realised efficiencies particularly in our Bahamas business. In our other businesses we have commenced a restructuring programme which was announced at our full year results in May.

EBITDA increased by 4% to US$137 million driven principally by operational progress in The Bahamas and the early benefits from the wider Caribbean programme.

Our proportionate ownership of Caribbean EBITDA for the six months ended 30 September 2012 was 74%.

## Macau

- Mobile service revenue up 14%, continued data growth with non-voice now 35% of service revenue
- Economic growth continues, gaming revenue up 15%
- EBITDA up 4% on prior year driven by strong mobile performance

| | **6 months ended 30 Sep 2012** | 3 months ended 30 Sep 2012 | 3 months ended 30 Jun 2012 | **6 months ended 30 Sep 2011** | 3 months ended 30 Sep 2011 | 3 months ended 30 Jun 2011 |
|---|---|---|---|---|---|---|
| Subscribers (000s) | | | | | | |
| Mobile[1] | **460** | 460 | 434 | **417** | 417 | 402 |
| Broadband | **142** | 142 | 140 | **136** | 136 | 134 |
| Fixed | **173** | 173 | 174 | **176** | 176 | 177 |
| ARPU (US$)[2] | | | | | | |
| Mobile | **21.8** | 24.4 | 19.3 | **20.9** | 20.9 | 21.0 |
| Broadband | **33.6** | 34.0 | 33.1 | **33.3** | 33.0 | 33.6 |
| Fixed | **33.4** | 33.1 | 33.6 | **36.0** | 36.9 | 35.0 |
| Revenue (US$m) | **310** | | | **258** | | |
| EBITDA (US$m) | **87** | | | **84** | | |
| *Margin%* | **28%** | | | **33%** | | |

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

Revenue increased by 20% on last year largely due to strong mobile handset sales.

Mobile revenue of US$213 million was 41% higher driven by the sale of smartphones, particularly the iPhone. Excluding handset sales, revenue was up 14% driven by subscriber growth of 10% whilst data penetration within our customer base remained above 46%. Data usage grew by over 50% driving non-voice revenue higher and supporting the ARPU. Roaming revenue was in line with last year as lower settlement rates with a major international roaming counterparty were offset by higher traffic volumes.

Broadband revenue of US$29 million was 4% higher than the same period last year due to a 4% increase in subscribers. The broadband ARPU also improved as subscribers upgraded to higher speed packages including our 250Mbps fibre offering. We anticipate the introduction of a new fixed line data competitor in the market and an application is currently under review by the regulator.

Fixed voice revenue of US$35 million was 8% lower than last year largely due to reduced international revenue.

Enterprise, data and other revenue of US$33 million was 20% lower principally due to the higher volume of contracts last year.

Gross margin at US$118 million was up 4% compared to the same period last year reflecting the strong growth in mobile non-voice service revenue.

Operating costs of US$31 million were 3% higher than last year largely due to higher marketing spend and inflationary pressure on property and staff costs.

EBITDA of US$87 million was 4% higher than in the same period last year. Adjusting for handset sales the underlying EBITDA margin was 44%.

Our proportionate ownership of Macau EBITDA for the six months ended 30 September 2012 was 51%.

## Monaco & Islands (M&I)

- EBITDA 2% higher at constant currency
- Afinis disposal in August 2012
- Roll out of fibre to the curb in the Seychelles

| | **6 months ended 30 Sep 2012** | 3 months ended 30 Sep 2012 | 3 months ended 30 Jun 2012 | **6 months ended 30 Sep 2011** | 3 months ended 30 Sep 2011 | 3 months ended 30 Jun 2011 |
|---|---|---|---|---|---|---|
| Subscribers (000s) | | | | | | |
| Mobile[1] | **552** | 552 | 549 | **531** | 531 | 534 |
| Broadband | **61** | 61 | 58 | **55** | 55 | 53 |
| Fixed | **124** | 124 | 125 | **125** | 125 | 128 |
| ARPU (US$)[2] | | | | | | |
| Mobile | **33.1** | 33.3 | 32.9 | **34.3** | 34.5 | 34.2 |
| Broadband | **60.9** | 61.2 | 60.6 | **62.7** | 63.3 | 62.1 |
| Fixed | **48.7** | 47.7 | 49.6 | **53.5** | 52.9 | 54.2 |
| Revenue (US$m) | **280** | | | **300** | | |
| EBITDA (US$m) | **94** | | | **97** | | |
| *Margin%* | **34%** | | | **32%** | | |

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

Revenue at US$280 million was in line with the same period last year at constant currency. On a reported basis, revenue was 7% lower reflecting the weakness in the Euro and Seychelles Rupee compared to the prior year.

Monaco revenue remained in line with the prior year at constant currency. Mobile service revenue was driven by non-voice services which increased by 29%, higher roaming revenues and a 7% growth in subscribers. There was also growth in Broadband & TV revenue boosted by additional subscribers. This was balanced by a fall in enterprise revenue as transit traffic rates reduced.

Revenue in the Maldives was 3% lower. In April 2012, damage caused to a submarine cable by a third party resulted in lower mobile roaming revenue and fixed international traffic after customers were compensated for the service outage.

In Guernsey, revenue decreased by 4% at constant currency mainly due to the loss of an enterprise contract. We continue to seek new opportunities and are looking to grow our market leading data centre business. In Guernsey, we grew our mobile subscriber base and service revenue increased by 4% compared to prior year. Both Jersey and the Isle of Man exhibited double digit revenue growth following improved performance in mobile.

In the Seychelles we completed the rollout of a nationwide fibre network supported by the country's first subsea cable network, the Seychelles East Africa System. We also saw a good performance in broadband and mobile revenue with double digit growth on last year on a constant currency basis.

Gross margin at US$194 million increased by 1% at constant currency compared to the same period last year, reflecting the revenue trend. On a reported basis it was 5% lower.

Operating costs were US$100 million, in line with last year at constant currency and 7% better on a reported basis. Lower Monaco staff costs following headcount reductions in the Afinis business were offset by additional cable repair costs incurred in the Maldives.

EBITDA at US$94 million was 2% higher than the prior period at constant currency and 3% lower on a reported basis.

Operations in the Maldives, Monaco and Guernsey represented approximately 82% of M&I revenue and approximately 87% of EBITDA in the first half.

Our proportionate ownership of Monaco & Islands EBITDA for the six months ended 30 September 2012 was 65%.

**Afinis disposal**
Our subsidiary Monaco Telecom SAM completed the sale of its West African-based enterprise business Afinis Communications to SkyVision Global Networks Limited on 3 August 2012 for a total cash consideration of US$3 million.

**Other**

Other includes management, royalty and branding fees, the costs of the corporate centre, net UK defined benefit pension credit or charge and intercompany eliminations. EBITDA was US$12 million, US$9 million higher than last year, following a pension credit related to the CWSF scheme and reduced costs in the corporate centre.

**Joint ventures and associates**

Our share of profit after tax from joint ventures was US$12 million, US$1 million lower than the prior period.

| | Effective ownership as at 30 September 2012 | CWC share of revenue | | CWC share of profit after tax | |
|---|---|---|---|---|---|
| | | Six months ended 30 September 2012 | Six months ended 30 September 2011 | Six months ended 30 September 2012 | Six months ended 30 September 2011 |
| | % | US$m | US$m | US$m | US$m |
| Trinidad & Tobago (TSTT) | *49%* | 110 | 111 | 6 | 6 |
| Afghanistan (Roshan) | *37%* | 57 | 59 | 3 | 6 |
| Solomon Telekom | *33%* | 4 | 7 | 3 | 2 |
| Others[1] | | - | 7 | - | (1) |
| **Total** | | **171** | **184** | **12** | **13** |

[1]Includes results of Fintel and Telecom Vanuatu disposed of in the prior period and the new Seychelles cable associate

| ’000s | Mobile subscribers[1] | | Broadband subscribers | | Fixed line subscribers | |
|---|---|---|---|---|---|---|
| | As at 30 September 2012 | As at 30 September 2011 | As at 30 September 2012 | As at 30 September 2011 | As at 30 September 2012 | As at 30 September 2011 |
| Trinidad & Tobago (TSTT) | 848 | 883 | 114 | 88 | 267 | 274 |
| Afghanistan (Roshan) | 5,935 | 5,347 | - | - | - | - |
| Solomon Telekom | 174 | 147 | 1 | 1 | 8 | 8 |
| Telecom Vanuatu | - | 51 | - | 2 | - | 6 |
| **Total** | **6,957** | **6,428** | **115** | **91** | **275** | **288** |

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

Roshan grew mobile subscribers by 11%, however ARPU came under pressure due to the introduction of 3G services by competitors. This resulted in a US$3 million reduction in profit after tax attributable to CWC.

**Capital expenditure**

Capital expenditure was US$177 million, 16% higher than the same period last year, representing 12% of revenue.

Our principal customer facing investments continue to be in 4G/HSPA+ mobile data networks supporting smartphone sales in Panama, Macau, The Bahamas, Barbados, BVI and Cayman, selective pay TV investments, and improvements to our fixed broadband network. The fixed broadband investment has included continuing our fibre roll outs in Macau and the Caribbean and completing the Next Generation Network in The Bahamas. We have also continued with strategic investments in transmission capacity and cable systems to support both retail and carrier sales. Finally, we continue to advance our billing and customer relationship management systems.

This is the second year of our investment in The Bahamas. We continue to focus on providing an improved service to our customers and preparing for future market competition. In the Maldives we have entered the final year of investment in a domestic cable network that will allow us to provide data services to the population and tourist resorts.

**Depreciation and amortisation**

Depreciation and amortisation at US$170 million was US$5 million lower than H1 2011/12 following the accelerated depreciation of legacy mobile assets in the prior year.

## Other Group items

**Net other operating expense**
The US$5 million net other operating expense incurred in the first half of the year included losses on the sale of fixed assets. In the prior period, the US$7 million expense comprised stamp duty in connection with the purchase of a 51% stake in BTC in The Bahamas and US$3 million hurricane restoration costs also in The Bahamas, partially offset by a gain on the retranslation of sterling based pension funds.

**Exceptional items**
Exceptional items in the period comprised charges for the Caribbean cost initiative of US$26 million. Our expectation that this programme will result in between US$30 million and US$35 million of cash exceptional costs in 2012/13 remains unchanged. The prior period charge was associated with redundancy and restructuring programmes in The Bahamas and Panama.

**Net finance expense**
The US$77 million net finance expense for the Group consists of finance income of US$14 million (US$5 million in H1 2011/12) and finance expense of US$91 million (US$78 million in H1 2011/12). Compared to the prior period the net interest expense is higher primarily due to increased debt.

**Other non-operating expense**
The US$15 million other non-operating expense charge reflected the loss on the disposal of Afinis.

**Income tax expense**
The income tax charge of US$44 million (US$37 million for H1 2011/12) is in respect of overseas taxes. This charge represents an effective tax rate of 24%.

### Group cash flow

| US$m | 2012/13 H1 | 2011/12 H2 | 2011/12 H1 |
|---|---|---|---|
| **EBITDA**[1] | **445** | **458** | **443** |
| Capital expenditure[2] | (177) | (230) | (153) |
| **Operating cash flow before exceptionals** | **268** | **228** | **290** |
| Movement in working capital and other provisions | (50) | 38 | (44) |
| Net investment income[3] | 6 | 7 | 6 |
| **Underlying free cash flow** | **224** | **273** | **252** |
| *Fixed charges* | | | |
| Income taxes paid[4] | (77) | (26) | (64) |
| Interest paid[5] | (50) | (59) | (66) |
| Dividends and shareholder loans to non-controlling interests[6] | (104) | (63) | (120) |
| **Underlying equity free cash flow** | **(7)** | **125** | **2** |
| Dividends paid to shareholders | (133) | (68) | (136) |
| **Net cash flow before non-recurring items and exceptionals** | **(140)** | **57** | **(134)** |
| *Non-recurring items and exceptionals* | | | |
| Cash exceptionals | (11) | (32) | (37) |
| Coupon for sterling unsecured bond redeemed August 2012 | (27) | n/a | n/a |
| Panama tax brought forward | (12) | n/a | n/a |
| Share buyback | - | - | (70) |
| LTIP | - | (3) | (6) |
| Acquisitions and disposals[6] | (1) | 22 | (144) |
| Pension funding | - | (2) | - |
| **Net cash flow after non-recurring items and exceptionals** | **(191)** | **42** | **(391)** |
| Net proceeds from borrowings | 147 | (44) | 343 |
| **Net cash flow** | **(44)** | **(2)** | **(48)** |

1 Earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/(expense) and exceptional items
2 Balance sheet capital expenditure, excluding movement of capex accruals, was US$135 million and US$160 million in H1 2012/13 and H1 2011/12 respectively
3 Includes dividends received from joint ventures of US$1 million in H1 2012/13 (US$2 million in H1 2011/12)
4 Excludes US$12 million impact on timing of payments following change in Panama tax legislation
5 Excludes US$27 million coupon in H1 2012/13 on sterling unsecured bond of £200 million redeemed in August 2012
6 Monaco Telecom dividend paid to minority interest of US$7 million in H1 2012/13 (US$8 million in H1 2011/12) has been reallocated to dividends paid to non controlling interests, but for IFRS purposes is included in acquisitions and disposals

The Group generated operating cash flow before exceptional items of US$268 million in the six months ended 30 September 2012, 8% lower than the same period last year following the Group's decision to invest heavily in its mobile data networks. As a result US$177 million was invested in capital expenditure compared to $153 million in the same period last year in part reflecting the timing differences between commitment and expenditure. The outflow from movements in working capital and provisions largely reflects the cyclical nature of our payments profile.

Investment income of US$6 million included dividends received from joint ventures of US$1 million, US$3 million of interest received on cash balances and the proceeds on disposal of Cable & Wireless Worldwide plc shares.

*Fixed charges*

As in the prior period our fixed charges are more weighted to the first half of the year. We paid US$77 million relating to income tax in the first half of 2012/13, excluding US$12 million of tax brought forward due to a change in Panama tax legislation (see non-recurring items and exceptionals below). Interest of US$50 million was paid on our external borrowings, excluding US$27 million of increased borrowing costs arising from the timing of refinancing our 2012 sterling unsecured bond. We paid dividends and loans to non-controlling interests of US$104 million in the period. This was US$16 million lower than last year due to timing differences in upstream dividend payments.

Dividends to our shareholders were in line with the prior year as the final dividend which was paid in this period was based on US8 cents per share for the financial year 2011/12.

*Non-recurring items and exceptionals*

The net cash outflow included US$11 million for exceptional items which related to restructuring costs in the Caribbean, where our cost initiative has progressed faster than anticipated. We also incurred additional borrowing costs of US$27 million due to the timing of refinancing our 2012 sterling unsecured bond. A recent tax legislation change in Panama has led to the timing of payments being brought forward. As a result there were US$12 million of additional tax payments in the first half and we anticipate this change will also result in an increased outflow in the second half.

## Group cash and debt

| | As at 30 September 2012 | | | As at 31 March 2012 | | |
|---|---|---|---|---|---|---|
| | Subsidiaries | Central | Group | Subsidiaries | Central | Group |
| | US$m | US$m | US$m | US$m | US$m | US$m |
| **Cash and cash equivalents** | **253** | **13** | **266** | **265** | **47** | **312** |
| Sterling unsecured bonds repayable in 2012 | - | - | - | - | (317) | (317) |
| Sterling unsecured bonds repayable in 2019 | - | (238) | (238) | - | (234) | (234) |
| US$500 million secured bonds due 2017 | - | (493) | (493) | - | (492) | (492) |
| US$400 million secured bonds due 2020 | - | (390) | (390) | - | (390) | (390) |
| US$600 million Revolving Credit Facility (RCF) | - | (330) | (330) | - | - | - |
| Other central | - | (48) | (48) | - | - | - |
| Other regional debt facilities | (355) | - | (355) | (274) | - | (274) |
| **Total debt** | **(355)** | **(1,499)** | **(1,854)** | **(274)** | **(1,433)** | **(1,707)** |
| **Total net debt** | **(102)** | **(1,486)** | **(1,588)** | **(9)** | **(1,386)** | **(1,395)** |

## Net debt reconciliation

| US$m | As at 31 March 2012 | Underlying equity free cash flow[1] | Dividends to CWC share holders | Cash exceptionals | Coupon for sterling bond due 2012 | Panama tax brought forward | Other[2] | As at 30 September 2012 |
|---|---|---|---|---|---|---|---|---|
| **Total net debt** | (1,395) | (7) | (133) | (11) | (27) | (12) | (3) | (1,588) |

[1]Before one-offs, exceptionals and financing
[2]Other includes: acquisitions and disposals outflow of US$1 million, positive exchange movements of US$3 million, and amortised borrowing costs of US$5 million

During the period the sterling unsecured bonds repayable in August 2012 were redeemed at par using cash balances and drawings on the US$600 million revolving credit facility. The revolving credit facility has a margin of 2.50% over LIBOR and a maturity date of October 2016. As at 30 September 2012, US$330 million of this facility was drawn.

### Pensions
As at 30 September 2012, the defined benefit section of the Cable & Wireless Superannuation Fund (CWSF) had an IAS 19 deficit of £84 million, compared to a deficit of £81 million as at 31 March 2012.

Cash contributions have been agreed with the trustees from 2014 to 2016 in order to eliminate the actuarial deficit. These payments are subject to the outcome of the next actuarial valuation as at March 2013. This future deficit funding constitutes a minimum funding agreement and, in accordance with accounting standards, we are required to account for this within our IAS 19 deficit. The increase in the IAS 19 deficit in the period is mainly due to a fall in index-linked gilt yields resulting in an increase to this minimum funding commitment. The IAS 19 deficit recorded at 30 September 2012 represents the present value of the maximum amount committed under the minimum funding agreement.

The fund assets at 30 September 2012 were approximately invested 74% in the bulk annuity policy, 19% in equities, and 7% in bonds, property, swaps and cash.

There are other unfunded pension liabilities in the UK of £27 million (£26 million at 31 March 2012). The Group holds investments in gilts of £22m to partially back the UK unfunded pension liabilities. Other schemes in Cable & Wireless Communications have a net IAS 19 surplus of US$14 million (US$22 million surplus at 31 March 2012).

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

The interim dividend of US1.33 cents per share will be paid on 11 January 2013 to ordinary shareholders on the register at the close of business on 16 November 2012. Subject to financial and trading performance in the second half of 2012/13, we expect to recommend a final dividend of US2.67 cents per share, resulting in a full year dividend of US4 cents per share.

A currency option and the dividend reinvestment plan will be offered in respect of the interim dividend. The default currency for payment is GBP sterling. Shareholders wishing to receive their dividend in US dollars or wishing to participate in the dividend reinvestment plan should make an election using CREST Input Message or return a completed Currency Mandate Form or Dividend Reinvestment Plan Mandate Form to: Equiniti Ltd, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA by 11 December 2012. Copies of the mandate forms are available from Equiniti Ltd. UK callers: 0871 384 2104; overseas callers: +44 (0)121 415 7052 or from our website www.cwc.com.

The sterling dividend payment amount per share will be announced on 17 December 2012, and will be based on the prevailing GBP sterling to US dollar exchange rate at 2pm GMT on that date.

## Appendices



*Operating performance information*

## Condensed consolidated interim income statement

| | For the six months ended 30 September 2012 | | | For the six months ended 30 September 2011 | | |
|---|---|---|---|---|---|---|
| | **Pre-exceptional items** | **Exceptional items** | **Total** | Pre-exceptional items | Exceptional items | Total |
| | **US$m** | **US$m** | **US$m** | US$m | US$m | US$m |
| Revenue | **1,431** | **-** | **1,431** | 1,442 | - | 1,442 |
| Operating costs before depreciation and amortisation | **(986)** | **(26)** | **(1,012)** | (999) | (58) | (1,057) |
| Depreciation | **(141)** | **-** | **(141)** | (146) | - | (146) |
| Amortisation | **(29)** | **-** | **(29)** | (29) | - | (29) |
| Other operating income | **-** | **-** | **-** | 3 | - | 3 |
| Other operating expense | **(5)** | **-** | **(5)** | (10) | - | (10) |
| **Group operating profit/(loss)** | **270** | **(26)** | **244** | 261 | (58) | 203 |
| Share of profits of joint ventures and associates | **12** | **-** | **12** | 13 | - | 13 |
| **Total operating profit/(loss)** | **282** | **(26)** | **256** | 274 | (58) | 216 |
| (Loss)/gain on disposal of businesses | **(15)** | **-** | **(15)** | 2 | - | 2 |
| Finance income | **14** | **-** | **14** | 5 | - | 5 |
| Finance expense | **(91)** | **-** | **(91)** | (78) | - | (78) |
| **Profit/(loss) before income tax** | **190** | **(26)** | **164** | 203 | (58) | 145 |
| Income tax (expense)/credit | **(46)** | **2** | **(44)** | (40) | 3 | (37) |
| **Profit/(loss) for the period** | **144** | **(24)** | **120** | 163 | (55) | 108 |
| **Attributable to:** | | | | | | |
| Owners of the Parent Company | **63** | **(20)** | **43** | 83 | (31) | 52 |
| Non-controlling interests | **81** | **(4)** | **77** | 80 | (24) | 56 |
| | **144** | **(24)** | **120** | 163 | (55) | 108 |
| **Earnings per share attributable to the owners of the Parent Company during the period (cents per share)** | | | | | | |
| – basic | | | **1.7c** | | | 2.1c |
| – diluted | | | **1.7c** | | | 2.1c |

The notes on pages 22 to 27 are an integral part of these financial statements

## Condensed consolidated interim statement of comprehensive income

| | **For the six months ended 30 September 2012** | For the six months ended 30 September 2011 |
|---|---|---|
| | **US$m** | US$m |
| **Profit for the period** | **120** | 108 |
| **Other comprehensive income for the period comprised:** | | |
| Actuarial losses in the value of defined benefit pension schemes | **(23)** | (52) |
| Exchange differences on translation of foreign operations | **(6)** | (52) |
| Fair value gain on available-for-sale assets | **-** | 3 |
| **Other comprehensive expense for the period** | **(29)** | (101) |
| Income tax relating to components of other comprehensive income | **-** | - |
| **Other comprehensive expense for the period, net of tax** | **(29)** | (101) |
| **Total comprehensive income for the period** | **91** | 7 |
| **Attributable to:** | | |
| Owners of the Parent Company | **13** | (25) |
| Non-controlling interests | **78** | 32 |
| | **91** | 7 |

The notes on pages 22 to 27 are an integral part of these financial statements

## Condensed consolidated interim statement of financial position

| | **30 September 2012 US$m** | 31 March 2012 US$m | 30 September 2011 US$m |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | **522** | 528 | 564 |
| Property, plant and equipment | **1,751** | 1,786 | 1,963 |
| Investments in joint ventures and associates | **265** | 253 | 256 |
| Available-for-sale financial assets | **56** | 55 | 54 |
| Other receivables | **52** | 55 | 58 |
| Deferred tax asset | **17** | 5 | 4 |
| Retirement benefit assets | **40** | 40 | 42 |
| | **2,703** | 2,722 | 2,941 |
| **Current assets** | | | |
| Trade and other receivables | **727** | 602 | 700 |
| Inventories | **107** | 103 | 111 |
| Cash and cash equivalents | **266** | 312 | 314 |
| Financial assets at fair value through profit or loss | **3** | 18 | 15 |
| | **1,103** | 1,035 | 1,140 |
| **Total assets** | **3,806** | 3,757 | 4,081 |
| | | | |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | **819** | 832 | 854 |
| Loans and borrowings | **199** | 460 | 504 |
| Financial liabilities at fair value | **243** | 251 | 118 |
| Provisions | **85** | 61 | 82 |
| Current tax liabilities | **162** | 203 | 186 |
| | **1,508** | 1,807 | 1,744 |
| **Net current liabilities** | **(405)** | (772) | (604) |
| | | | |
| **Non-current liabilities** | | | |
| Trade and other payables | **30** | 31 | 25 |
| Loans and borrowings | **1,655** | 1,247 | 1,235 |
| Financial liabilities at fair value | **-** | - | 148 |
| Deferred tax liabilities | **42** | 30 | 37 |
| Provisions | **38** | 37 | 36 |
| Retirement benefit obligations | **205** | 189 | 177 |
| | **1,970** | 1,534 | 1,658 |
| **Net assets** | **328** | 416 | 679 |
| | | | |
| **EQUITY** | | | |
| **Capital and reserves attributable to the owners of the Parent Company** | | | |
| Share capital | **133** | 133 | 133 |
| Share premium | **97** | 97 | 97 |
| Reserves | **(426)** | (307) | (83) |
| | **(196)** | (77) | 147 |
| Non-controlling interests | **524** | 493 | 532 |
| **Total equity** | **328** | 416 | 679 |

The notes on pages 22 to 27 are an integral part of these financial statements

## Condensed consolidated interim statement of changes in equity

| | Share capital US$m | Share premium US$m | Foreign currency translation and hedging reserve US$m | Capital and other reserves US$m | Retained earnings US$m | Total US$m | Non-controlling interests US$m | Total equity US$m |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 April 2011 | 133 | 97 | 108 | 3,516 | (3,488) | 366 | 445 | 811 |
| Profit for the period | - | - | - | - | 52 | 52 | 56 | 108 |
| Net actuarial losses recognised (net of taxation) | - | - | - | - | (51) | (51) | (1) | (52) |
| Exchange differences on translation of foreign operations | - | - | (29) | - | - | (29) | (23) | (52) |
| Fair value gain on available-for-sale assets | - | - | - | 3 | - | 3 | - | 3 |
| **Total comprehensive (expense)/income for the period** | **-** | **-** | **(29)** | **3** | **1** | **(25)** | **32** | **7** |
| Share-based payment expenses | - | - | - | - | 8 | 8 | - | 8 |
| Own shares purchased | - | - | - | - | (66) | (66) | - | (66) |
| Dividends | - | - | - | - | (136) | (136) | - | (136) |
| **Total dividends and other transactions with Cable & Wireless Communications Plc shareholders** | **-** | **-** | **-** | **-** | **(194)** | **(194)** | **-** | **(194)** |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | (81) | (81) |
| Non-controlling interest arising on business combination | - | - | - | - | - | - | 136 | 136 |
| **Total dividends and other transactions with non-controlling interests** | **-** | **-** | **-** | **-** | **-** | **-** | **55** | **55** |
| **Balance at 30 September 2011** | **133** | **97** | **79** | **3,519** | **(3,681)** | **147** | **532** | **679** |
| Balance at 1 April 2012 | 133 | 97 | 61 | 3,321 | (3,689) | (77) | 493 | 416 |
| Profit for the period | - | - | - | - | 43 | 43 | 77 | 120 |
| Net actuarial losses recognised (net of taxation) | - | - | - | - | (23) | (23) | - | (23) |
| Exchange differences on translation of foreign operations | - | - | (7) | - | - | (7) | 1 | (6) |
| **Total comprehensive (expense)/income for the period** | **-** | **-** | **(7)** | **-** | **20** | **13** | **78** | **91** |
| Share-based payment expenses | - | - | - | - | 1 | 1 | - | 1 |
| Dividends | - | - | - | - | (133) | (133) | - | (133) |
| **Total dividends and other transactions with Cable & Wireless Communications Plc shareholders** | **-** | **-** | **-** | **-** | **(132)** | **(132)** | **-** | **(132)** |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | (47) | (47) |
| Transfers on sale of subsidiary | - | - | - | (4) | 4 | - | - | - |
| **Total dividends and other transactions with non-controlling interests** | **-** | **-** | **-** | **(4)** | **4** | **-** | **(47)** | **(47)** |
| **Balance at 30 September 2012** | **133** | **97** | **54** | **3,317** | **(3,797)** | **(196)** | **524** | **328** |

The notes on pages 22 to 27 are an integral part of these financial statements

## Condensed consolidated interim statement of cash flows

| | **For the six months ended 30 September 2012** | For the six months ended 30 September 2011 |
|---|---|---|
| | **US$m** | US$m |
| **Cash flows from operating activities** | | |
| Cash generated from operations | **382** | 356 |
| Income taxes paid | **(89)** | (64) |
| **Net cash from operating activities** | **293** | 292 |
| | | |
| **Cash flows from investing activities** | | |
| Finance income | **3** | 4 |
| Other expense | **(2)** | - |
| Dividends received | **1** | 2 |
| Decrease in financial assets at fair value | **10** | - |
| Proceeds on disposal of property, plant and equipment | **2** | 1 |
| Purchase of property, plant and equipment | **(165)** | (124) |
| Purchase of intangible assets | **(12)** | (29) |
| Proceeds on disposal of businesses (net of cash disposed) | **(3)** | 3 |
| Acquisition of subsidiaries and non-controlling interests (net of cash received and transaction costs) | **(7)** | (156) |
| **Net cash used in investing activities** | **(173)** | (299) |
| | | |
| **Net cash flow before financing activities** | **120** | (7) |
| | | |
| **Cash flows from financing activities** | | |
| Dividends paid to owners of the Parent Company | **(133)** | (136) |
| Dividends paid to non-controlling interests | **(47)** | (74) |
| Shareholder loans to non-controlling interests | **(50)** | (38) |
| Repayments of borrowings | **(485)** | (94) |
| Finance costs | **(77)** | (66) |
| Proceeds from borrowings | **632** | 437 |
| Purchase of own shares | **-** | (70) |
| Other financing | **(4)** | - |
| **Net cash used in financing activities** | **(164)** | (41) |
| | | |
| **Net decrease in cash and cash equivalents:** | **(44)** | (48) |
| Cash and cash equivalents at 1 April | **312** | 379 |
| Exchange differences on cash and cash equivalents | **(2)** | (17) |
| **Cash and cash equivalents at 30 September** | **266** | 314 |

The notes on pages 22 to 27 are an integral part of these financial statements

## Reconciliation of net profit to net cash flow from operating activities

| | For the six months ended 30 September 2012 US$m | For the six months ended 30 September 2011 US$m |
|---|---|---|
| **Profit for the period** | **120** | **108** |
| Adjustments for: | | |
| Tax expense | 44 | 37 |
| Depreciation | 141 | 146 |
| Amortisation | 29 | 29 |
| Gain on disposal of property, plant and equipment | 2 | - |
| Loss/(gain) on disposal of businesses | 15 | (2) |
| Finance income | (14) | (5) |
| Finance expense | 91 | 78 |
| Other income and expenses | - | 5 |
| Increase in provisions | 17 | 22 |
| Employee benefits | (5) | 3 |
| Defined benefit pension scheme contributions | (2) | (4) |
| Share of post-tax profit of joint ventures | (12) | (13) |
| **Operating cash flows before working capital changes** | **426** | **404** |
| **Changes in working capital (excluding the effects of acquisitions and disposals of subsidiaries)** | | |
| Increase in inventories | (4) | (19) |
| Increase in trade and other receivables | (75) | (41) |
| Increase in trade and other payables | 35 | 12 |
| **Cash generated from operations** | **382** | **356** |

The notes on pages 22 to 27 are an integral part of these financial statements

## Notes to the condensed consolidated interim financial statements

***1. Reporting entity***

Cable & Wireless Communications Plc (the Company) is a company registered in England and Wales. The condensed consolidated interim financial statements as at and for the six months ended 30 September 2012 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in joint venture and associate entities.

The consolidated financial statements of the Group as at and for the year ended 31 March 2012 are available upon request from the Company's registered office at 3rd Floor, 26 Red Lion Square, London WC1R 4HQ or at www.cwc.com.

***2. Statement of compliance***

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2012.

The comparative figures for the financial year ended 31 March 2012 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial statements were approved by the Board of Directors on 7 November 2012.

***3. Significant accounting policies and principles***

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2012, with the exception of new and revised accounting standards and interpretations effective from 1 April 2012 and the specific requirements of IAS 34 *Interim Financial Reporting*.

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

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

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

***4. Estimates***

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2012.

## *5. Segment information*

Cable & Wireless Communications Group is an international telecommunications service provider. It operates integrated telecommunications companies offering mobile, broadband, TV, fixed line and enterprise services to residential and business customers. It has four principal operations which have been identified as the Group's reportable segments, being the Caribbean, Panama, Macau and Monaco & Islands.

The Group also has a London corporate centre (London) that does not meet the definition of an operating segment as it does not earn revenue from its activities. This function primarily acts as a portfolio manager and operational support provider for the reportable segments.

The Board (the chief operating decision maker of the Group) considers the performance of each of these operations in assessing the performance of the Group and making decisions about the allocation of resources. Accordingly, these are the operating segments disclosed. There are no other operating segments identified by the Board. The operating segments are reported in a manner consistent with the internal reporting provided to the Board.

The operating segment results for the six months ended 30 September 2012, as provided to the Cable & Wireless Communications Plc Board, are presented below. The non-operating London corporate centre is also disclosed within 'other and eliminations' in order to reconcile the reportable segment results to the Group results.

| | Caribbean US$m | Panama US$m | Macau US$m | Monaco & Islands US$m | Other and eliminations[1] US$m | Total US$m |
|---|---|---|---|---|---|---|
| Revenue | 553 | 286 | 310 | 280 | 2 | 1,431 |
| Cost of sales | (126) | (93) | (192) | (86) | (1) | (498) |
| **Gross margin** | **427** | **193** | **118** | **194** | **1** | **933** |
| Pre-exceptional operating costs | (290) | (78) | (31) | (100) | 11 | (488) |
| **EBITDA[2]** | **137** | **115** | **87** | **94** | **12** | **445** |
| Depreciation and amortisation | (76) | (38) | (16) | (34) | (6) | (170) |
| Net other operating (expense)/income | (1) | - | - | (1) | (3) | (5) |
| **Operating profit before joint ventures and exceptional items** | **60** | **77** | **71** | **59** | **3** | **270** |
| Share of post-tax profit of joint ventures | - | - | - | 3 | 9 | 12 |
| Operating exceptional items | (26) | - | - | - | - | (26) |
| **Total operating profit** | **34** | **77** | **71** | **62** | **12** | **256** |
| Net other expense | | | | | | (15) |
| Net finance expense | | | | | | (77) |
| **Profit before income tax** | | | | | | **164** |
| Income tax expense | | | | | | (44) |
| **Profit for the period** | | | | | | **120** |

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

[1]Other and eliminations includes London expenses, eliminations for inter-segment transactions and the results of our joint ventures and associates (with the exception of our joint venture in Afghanistan, which is reported within Monaco & Islands).
[2]EBITDA is used in management reporting as it is considered by management to be a key financial metric. It is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/(expense) and exceptional items (note 6)

## *6. Exceptional items*

Exceptional operating expenses totalled US$26 million comprising entirely of redundancy and restructuring costs in the Caribbean.

### *7. Provisions for liabilities and charges*

The table below represents the movements in significant classes of provisions during the six month period ended 30 September 2012:

| | Redundancy | Network, property & asset retirement obligations | Legal and other | Total |
|---|---|---|---|---|
| | US$m | US$m | US$m | US$m |
| **At 1 April 2012** | **7** | **40** | **51** | **98** |
| Current portion | 7 | 10 | 44 | 61 |
| Non-current portion | - | 30 | 7 | 37 |
| Additional provision | 26 | 2 | 8 | 36 |
| Amounts used | (9) | (4) | (1) | (14) |
| Transfer | (1) | 1 | - | - |
| Effect of discounting | - | 1 | 1 | 2 |
| Exchange differences | - | - | 1 | 1 |
| **At 30 September 2012** | **23** | **40** | **60** | **123** |
| Current portion | 23 | 10 | 52 | 85 |
| Non-current portion | - | 30 | 8 | 38 |

**Redundancy**

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

**Network, property and asset retirement obligations**

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

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

**Legal and other**

Legal and other provisions include amounts relating to specific legal claims against the Group together with amounts in respect of certain employee benefits and sales taxes.

### *8. Property, plant and equipment*

During the period, US$124 million of property, plant and equipment was acquired. There were disposals of property, plant and equipment with a net book value of US$6 million. The Group's capital commitments at 30 September 2012 were US$107 million (US$93 million at 31 March 2012).

### *9. Changes in net funds*

| | At 1 April 2012 US$m | Cash flow US$m | Bond amortisation US$m | Transfer US$m | Exchange movements US$m | At 30 September 2012 US$m |
|---|---|---|---|---|---|---|
| Cash at bank and in hand | 188 | 23 | - | - | (1) | **210** |
| Short-term deposits | 124 | (67) | - | - | (1) | **56** |
| **Total funds** | **312** | **(44)** | **-** | **-** | **(2)** | **266** |
| Debt due within one year | (460) | 278 | (3) | (23) | 9 | (199) |
| Debt due after one year | (1,247) | (425) | (2) | 23 | (4) | (1,655) |
| **Total debt** | **(1,707)** | **(147)** | **(5)** | **-** | **5** | **(1,854)** |
| **Total net debt** | **(1,395)** | **(191)** | **(5)** | **-** | **3** | **(1,588)** |

### *10. Pensions*

As at 30 September 2012, the Cable & Wireless Superannuation Fund defined benefit scheme (CWSF) had an IAS 19 *Employee Benefits* deficit of US$135 million compared with a deficit of US$129 million at 31 March 2012. The deficit takes account of the recovery funding plan agreed with the Trustees of the CWSF in the prior year. This funding plan constitutes a minimum funding requirement and the IAS 19 accounting deficit has therefore been calculated in accordance with IFRIC 14 *The Limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

Further, the Group has unfunded pension liabilities in the UK of US$44 million (US$42 million at 31 March 2012). Other defined benefit schemes have a net IAS 19 surplus of US$14 million (US$22 million surplus at 31 March 2012).

### *11. Weighted average number of ordinary shares*

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

| | Six months ended 30 September 2012 | Six months ended 30 September 2011 |
|---|---|---|
| Basic weighted average number of ordinary shares | 2,493,017,000 | 2,520,899,000 |
| Diluted weighted average number of ordinary shares | 2,503,566,000 | 2,532,538,000 |
| Treasury shares | 137,489,000 | 137,489,000 |

The number of ordinary shares in issue as at 30 September 2012 was 2,665,611,727.

On 20 July 2012, the Group's shareholders approved a resolution at the AGM for the Group to purchase up to 252 million ordinary shares. This authority will expire at the conclusion of the Company's AGM in 2013 or 30 September 2013, whichever is the earlier. Under the resolution, no shares have been purchased since the AGM on 20 July 2012.

At 30 September 2012 a total of 137,488,873 shares were classified as treasury shares. This represented 5% of called-up share capital at the beginning of the period.

### *12. Dividends paid and proposed*

The interim dividend proposed for the six month period ended 30 September 2012 is US$33 million (US1.33 cents per share). The proposed dividend was approved by the Board of Directors on 7 November 2012. The interim dividend paid for the corresponding six month period ended 30 September 2011 was US$66 million (US2.67 cents per share).

The final dividend paid on 10 August 2012 for the full year ended 31 March 2012 was US$133 million (US5.33 cents per share). The final dividend paid on 12 August 2011 for the corresponding full year ended 31 March 2011 was US$136 million (US5.33 cents per share).

### *13. Related parties*
The nature of the related party transactions of the Group has not changed from those described in the Group's consolidated financial statements for the year ended 31 March 2012.

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

During the six months ended 30 September 2012, the Group received dividends of US$1 million from joint ventures and associates (US$2 million for the six months ended 30 September 2011). At 30 September 2012, joint ventures and associates owed net US$3 million (net US$2 million at 31 March 2012) in respect of trading balances.

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

**Transactions with key management personnel**
At 31 March 2012, a Director's spouse held bonds issued by Cable & Wireless Limited with a nominal value of US$15,967 (£10,000). This Director retired on 30 June 2012. The interest earned on these bonds during the period 1 April 2012 to 30 June 2012 was US$344 which has been paid in full.

A Director's spouse holds bonds issued by Cable and Wireless International Finance BV with a nominal value at 30 September 2012 of US$777,454 (£480,000). The interest earned on these bonds during the six months ended 30 September 2012 was US$32,729 and US$33,620 remains unpaid at 30 September 2012.

Two children of a Director hold bonds issued by Cable and Wireless International Finance BV. These bonds had a nominal value at 30 September 2012 of US$809,848 (£500,000). The interest earned on those bonds during the six months ended 30 September 2012 was US$34,093 and US$35,020 remains unpaid at 30 September 2012.

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

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

### *14. Operating lease expenditure and guarantees*
As at 30 September 2012, the aggregate future minimum lease payments under operating leases are:

| | As at 30 September 2012 US$m | As at 31 March 2012 US$m |
|---|---|---|
| No later than one year | 44 | 39 |
| Later than one year but not later than five years | 108 | 92 |
| Later than five years | 44 | 39 |
| **Total minimum operating lease payments** | **196** | **170** |

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

| | As at 30 September 2012 US$m | As at 31 March 2012 US$m |
|---|---|---|
| Trading guarantees | 49 | 47 |
| Other guarantees | 39 | 39 |
| **Total guarantees** | **88** | **86** |

Other guarantees at 30 September 2012 include US$2 million (US$2 million at 31 March 2012) relating to guarantees to third parties in respect of trading contracts between third parties and the Cable & Wireless Worldwide Group. The Cable & Wireless Worldwide Group (a wholly owned subsidiary of Vodafone Group plc) has agreed a fee schedule with Cable & Wireless Communications Group for the benefit of these guarantees. To date, the Group has not been required to make any payments in respect of its obligations under these trading guarantees.

### *15. Reconciliation of GAAP to non-GAAP items*

**Total operating profit to EBITDA**

| | Six months ended 30 September 2012 US$m | Six months ended 30 September 2011 US$m |
|---|---|---|
| **Total operating profit** | 256 | 216 |
| Depreciation and amortisation | 170 | 175 |
| Net other operating expense | 5 | 7 |
| Share of post tax profit of joint ventures and associates | (12) | (13) |
| Exceptional items | 26 | 58 |
| **EBITDA** | **445** | **443** |

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

**Basic Earnings Per Share (EPS) to Adjusted EPS**

| | Six months ended 30 September 2012 US cents | Six months ended 30 September 2011 US cents |
|---|---|---|
| **Profit per share attributable to owners of the Parent Company** | **1.7** | 2.1 |
| Exceptional items[1] | **0.8** | 1.2 |
| Amortisation of acquired intangibles[1] | **0.3** | 0.3 |
| Transaction costs and loss/(gain) on disposal of businesses | **0.6** | 0.2 |
| **Adjusted EPS attributable to owners of the Parent Company** | **3.4** | 3.8 |
| Weighted average number of shares (million) | **2,493** | 2,521 |

[1] Excluding amounts attributable to non-controlling interests

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

## RISKS TO OUR FUTURE SUCCESS

As with any business, there are a number of potential risks to our future success.  These risks and our plans to mitigate them are outlined in further detail in the consolidated financial statements of the Group as at and for the year ended 31 March 2012 (pages 28 to 31 of the Annual Report). A summary of those risks (in no particular order) is as follows:

- **Investment** - Possibility of unsuccessful investment, mergers and acquisitions and/or potential new sources of growth prove insufficient or fail to develop.
- **Business Development** – Development of mobile data, pay TV and value added services fail to perform as anticipated or failure to identify and mobilise into new business lines with sufficient time.
- **Competitive Activity** – Competitor activity, new entrants and further liberalisation could reduce market share and margins which in turn could impact revenue, cash flow and profit.
- **Business Change** – Our business change and business improvement strategies fail to achieve business improvement, which in turn affect the carrying value of our investments.
- **Economic Conditions** – A worsening of the global economic climate or poor local/national economic conditions may impact our operations, trading and profitability.
- **Licenses, Regulation and Political Risk** – Renewal of regulatory licences and operating agreements; licence revocation or amendment; changes in regulation; inability to obtain new or additional licences and loss of large corporate or Government clients due to changes in the political environment.
- **Technology** – Increased level of investment/changes to competitive landscape from new technologies and possible health risks relating to mobile phones and transmitters.
- **Service Disruption** – Disruption to our network and IT systems from events such as natural disasters, fire, security breaches or human error.
- **Counterparty** – Insolvency of a customer or supplier, or a default of their organisation.
- **Litigation** – Risk of litigation against our business units or corporate centre.
- **Network and Data Security** – Third parties may gain unauthorised access to the network and to sensitive data.
- **People** – Risks including retention of key senior managers, business disruption through industrial action or national emergency.
- **Corporate Ethics** – Risk of people or third parties not complying with the company's strong ethical culture and procedures.
- **Foreign Exchange and Taxation** – Exchange rate fluctuations and changes to tax law.
- **Liquidity** – Liquidity risks around not being able to meet obligations or access to funding only at excessive cost. Exceptional market events could adversely impact our business units.
- **Funding** – Risk of breaching covenants included in financial agreements.
- **Pensions** – Changes in our liability to the UK defined benefit pension scheme.
- **Shared Brand** – Risks associated with the shared use of the 'Cable & Wireless' brand with Cable & Wireless Worldwide (a wholly-owned subsidiary of Vodafone Group plc).
- **Joint Ventures** – Performance of joint ventures where we do not have management control.

The Group did not identify any additional risks in the six months ended 30 September 2012.

## INDEPENDENT REVIEW REPORT BY KPMG AUDIT PLC TO CABLE & WIRELESS COMMUNICATIONS PLC

### Introduction

We have been engaged by the company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 September 2012 which comprises the condensed consolidated interim income statement; condensed consolidated interim statement of comprehensive income; condensed consolidated interim statement of financial position; condensed consolidated interim statement of cash flows; condensed consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

### Directors' responsibilities

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

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

### Our responsibility

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

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 September 2012 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Peter Meehan

**For and on behalf of KPMG Audit Plc**

Chartered Accountants

15 Canada Square, London, E14 5GL

7 November 2012

## RESPONSIBILITY STATEMENT

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

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

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

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

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

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

*Chairman:*

Sir Richard Lapthorne

*Executive Directors:*

Nick Cooper – Corporate Services Director
Tim Pennington – Chief Financial Officer
Tony Rice – Chief Executive

*Non-executive Directors:*

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

By order of the Board

| | |
|---|---|
| Tony Rice | Tim Pennington |
| Chief Executive | Chief Financial Officer |

7 November 2012

## IMPORTANT DISCLAIMER

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

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

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

## H1 2012/13 CWC CONSTANT CURRENCY[1] RESULTS DETAIL

| | Panama[2] | | | Caribbean | | | Macau[2] | | | Monaco & Islands | | | Other[3] | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | H1 12/13 US$m | H1 11/12 US$m | Change % | H1 12/13 US$m | H1 11/12 US$m | Change % | H1 12/13 US$m | H1 11/12 US$m | Change % | H1 12/13 US$m | H1 11/12 US$m | Change % | H1 12/13 US$m | H1 11/12 US$m | Change % | H1 12/13 US$m | H1 11/12 US$m | Change % |
| Mobile | 159 | 156 | 2% | 262 | 266 | (2)% | 213 | 151 | 41% | 118 | 113 | 4% | - | - | - | 752 | 686 | 10% |
| Broadband & TV | 30 | 30 | - | 60 | 61 | (2)% | 29 | 28 | 4% | 25 | 23 | 9% | - | - | - | 144 | 142 | 1% |
| Fixed voice | 61 | 72 | (15)% | 149 | 167 | (11)% | 35 | 38 | (8)% | 36 | 39 | (8)% | 1 | - | nm | 282 | 316 | (11)% |
| Enterprise, data and other | 36 | 50 | (28)% | 82 | 79 | 4% | 33 | 41 | (20)% | 101 | 104 | (3)% | 1 | - | nm | 253 | 274 | (8)% |
| **Revenue** | **286** | **308** | **(7)%** | **553** | **573** | **(3)%** | **310** | **258** | **20%** | **280** | **279** | **0%** | **2** | **-** | **nm** | **1,431** | **1,418** | **1%** |
| Cost of sales | (93) | (106) | 12% | (126) | (130) | 3% | (192) | (144) | (33)% | (86) | (87) | 1% | (1) | - | nm | (498) | (467) | (7)% |
| **Gross margin** | **193** | **202** | **(4)%** | **427** | **443** | **(4)%** | **118** | **114** | **4%** | **194** | **192** | **1%** | **1** | **-** | **nm** | **933** | **951** | **(2)%** |
| Operating costs | (78) | (75) | (4)% | (290) | (312) | 7% | (31) | (30) | (3)% | (100) | (100) | - | 11 | 3 | nm | (488) | (514) | 5% |
| **EBITDA[4]** | **115** | **127** | **(9)%** | **137** | **131** | **5%** | **87** | **84** | **4%** | **94** | **92** | **2%** | **12** | **3** | **nm** | **445** | **437** | **2%** |
| Depreciation and amortisation | (38) | (37) | (3)% | (76) | (79) | 4% | (16) | (16) | - | (34) | (36) | 6% | (6) | (4) | (50)% | (170) | (172) | 1% |
| Net other operating (expense)/income | - | - | - | (1) | (10) | nm | - | - | - | (1) | - | nm | (3) | 3 | nm | (5) | (7) | 29% |
| **Operating profit before joint ventures and exceptional items** | **77** | **90** | **(14)%** | **60** | **42** | **43%** | **71** | **68** | **4%** | **59** | **56** | **5%** | **3** | **2** | **nm** | **270** | **258** | **5%** |
| Headcount[5] | 1,478 | 1,578 | (6)% | 3,677 | 3,971 | (7)% | 954 | 882 | 8% | 1,523 | 1,642 | (7)% | 129 | 152 | (15)% | 7,761 | 8,225 | (6)% |

nm represents % change not meaningful

1 Prior year comparison translated at current year rates

2 As these currencies are US dollar denominated or linked to the US dollar, there is no difference between the reported and constant currency changes

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

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

5 Full time equivalents as at 30 September

## KPI DETAIL

| | 2010/11 | | | | 2011/12 | | | | 2012/13 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Subscribers (000s) | | | | | | | | | | |
| **Panama** | | | | | | | | | | |
| Mobile[1] | 2,336 | 2,501 | 2,306 | 2,531 | 2,038 | 2,454 | 2,347 | 2,227 | 1,656 | 1,785 |
| Broadband | 141 | 142 | 140 | 141 | 141 | 140 | 133 | 132 | 129 | 127 |
| Fixed line | 415 | 405 | 401 | 398 | 395 | 396 | 393 | 389 | 386 | 381 |
| **Caribbean[2]** | | | | | | | | | | |
| Mobile[1] | 1,339 | 1,332 | 1,323 | 1,287 | 1,529 | 1,505 | 1,450 | 1,517 | 1,491 | 1,594 |
| Broadband | 213 | 210 | 207 | 208 | 223 | 222 | 223 | 225 | 221 | 222 |
| Fixed line | 634 | 624 | 617 | 617 | 735 | 728 | 722 | 719 | 714 | 713 |
| **Macau** | | | | | | | | | | |
| Mobile[1] | 397 | 396 | 387 | 402 | 402 | 417 | 427 | 454 | 434 | 460 |
| Broadband | 129 | 131 | 132 | 133 | 134 | 136 | 138 | 139 | 140 | 142 |
| Fixed line | 179 | 178 | 178 | 177 | 177 | 176 | 176 | 175 | 174 | 173 |
| **M&I** | | | | | | | | | | |
| Mobile[1] | 484 | 497 | 509 | 526 | 534 | 531 | 543 | 543 | 549 | 552 |
| Broadband | 48 | 49 | 50 | 52 | 53 | 55 | 56 | 57 | 58 | 61 |
| Fixed line | 242 | 242 | 239 | 128 | 128 | 125 | 126 | 125 | 125 | 124 |
| | | | | | | | | | | |
| ARPU (US$)[3] | | | | | | | | | | |
| **Panama** | | | | | | | | | | |
| Mobile | 10.6 | 10.5 | 11.3 | 11.8 | 14.0 | 12.4 | 13.1 | 13.9 | 14.4 | 15.9 |
| Broadband | 28.4 | 28.1 | 27.1 | 27.4 | 27.3 | 27.2 | 27.4 | 27.5 | 27.2 | 29.0 |
| Fixed line | 30.9 | 30.9 | 30.4 | 30.2 | 30.0 | 30.6 | 27.8 | 26.6 | 26.2 | 26.5 |
| **Caribbean[2]** | | | | | | | | | | |
| Mobile | 19.4 | 18.5 | 19.6 | 19.5 | 28.4 | 29.1 | 28.9 | 29.3 | 28.3 | 27.7 |
| Broadband | 36.9 | 38.7 | 38.8 | 39.8 | 42.5 | 42.7 | 41.5 | 42.4 | 41.7 | 42.6 |
| Fixed line | 36.3 | 37.8 | 37.0 | 37.1 | 38.3 | 38.8 | 37.6 | 33.3 | 35.4 | 34.3 |
| **Macau** | | | | | | | | | | |
| Mobile | 18.9 | 19.4 | 20.9 | 20.3 | 21.0 | 20.9 | 19.2 | 16.7 | 19.3 | 24.4 |
| Broadband | 30.6 | 33.2 | 32.5 | 33.6 | 33.6 | 33.0 | 33.2 | 32.1 | 33.1 | 34.0 |
| Fixed line | 37.4 | 38.6 | 33.9 | 36.6 | 35.0 | 36.9 | 32.3 | 34.1 | 33.6 | 33.1 |
| **M&I** | | | | | | | | | | |
| Mobile | 37.2 | 36.2 | 36.3 | 37.7 | 34.2 | 34.5 | 32.8 | 31.4 | 32.9 | 33.3 |
| Broadband | 59.6 | 62.9 | 72.3 | 63.1 | 62.1 | 63.3 | 61.9 | 62.0 | 60.6 | 61.2 |
| Fixed line | 35.4 | 31.6 | 34.1 | 41.0 | 54.2 | 52.9 | 52.1 | 51.7 | 49.6 | 47.7 |

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

[2] Caribbean does not include The Bahamas business in 2010/11 (acquired 6 April 2011)

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

## EXCHANGE RATES

| | Actual rates for 6 months ended 30 September 2012 | Actual rates for 6 months ended 30 September 2011 | Percentage change US dollar appreciation / (depreciation) |
|---|---|---|---|
| **Sterling : US dollar** | | | |
| Average | 0.6342 | 0.6161 | 3% |
| Period end | 0.6174 | 0.6370 | (3)% |
| **Euro : US dollar** | | | |
| Average | 0.7942 | 0.6990 | 14% |
| Period end | 0.7743 | 0.7334 | 6% |
| **Seychelles rupee : US dollar** | | | |
| Average | 13.98 | 12.25 | 14% |
| Period end | 13.04 | 12.44 | 5% |
| **Jamaican dollar : US dollar** | | | |
| Average | 87.62 | 85.40 | 3% |
| Period end | 89.35 | 85.78 | 4% |
| **Maldivian Rufiyaa : US dollar** | | | |
| Average | 15.36 | 15.23 | 1% |
| Period end | 15.36 | 15.40 | 0% |
| **US dollar : Sterling** | | | |
| Average | 1.5769 | 1.6234 | |
| Period end | 1.6197 | 1.5699 | |

### Cable & Wireless Communications EBITDA by currency

| | **H1 2012/13** | |
|---|---|---|
| | **US$m** | **% of total** |
| US dollar, pegged or linked | 378 | 85% |
| Sterling | 16 | 4% |
| Euro | 38 | 8% |
| Jamaican Dollar | 7 | 2% |
| Seychelles Rupee | 6 | 1% |
| **Total** | **445** | **100%** |