Consolidated Financial Statements
December 31, 2017

CABLE & WIRELESS COMMUNICATIONS LIMITED
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FORWARD-LOOKING STATEMENTS

Certain statements in this annual report constitute forward-looking statements. To the extent that statements in this annual report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Description of Our Business* (including, but not limited to, *Competition, Regulatory Matters* and *Legal Proceedings*) and *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding our business, product, foreign currency and finance strategies in 2018, the rate, cost and extent of our recovery in certain markets from the impact of Hurricanes Maria and Irma, our property, equipment and intangible asset additions in 2018 (including with respect to network extension and upgrade programs), subscriber growth and retention rates, competitive, regulatory and economic factors, the timing and impacts of proposed transactions, the maturity of our markets, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated changes in our revenue, costs or growth rates, our liquidity, credit risks, foreign currency risks, target leverage levels, our future projected contractual commitments and cash flows and other information and statements that are not historical fact.

Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the risks and uncertainties in the following list, and those described herein, of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the countries in which we operate;
- the competitive environment in the industries in the countries in which we operate, including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of our existing service offerings, including our cable television, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;
- our ability to maintain or increase the number of subscriptions to our video, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the countries in which we operate and adverse outcomes from regulatory proceedings;
- government intervention that requires opening our broadband distribution networks to competitors;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions, and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from and implement our business plan with respect to the businesses we have acquired or that we expect to acquire;

- changes in laws or treaties relating to taxation, or the interpretation thereof, in the U.K. or in other countries in which we operate;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for our video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements, including the costs and benefits associated with our planned Network Extensions (as defined below in *Description of Our Business—Products and Services—Residential Services—Broadband Internet Services*);
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- certain factors outside of our control that may impact the timing and extent of the restoration of our networks and services in certain markets following Hurricanes Irma and Maria;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners; and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, hurricanes and other natural disasters, pandemics and other similar events.

The broadband distribution and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this annual report are subject to a significant degree of risk. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this annual report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

DESCRIPTION OF OUR BUSINESS

*In this section, unless the context otherwise requires, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Cable & Wireless Communications Limited (**C&W**) or collectively to C&W and its subsidiaries. C&W is a wholly-owned subsidiary of Liberty Latin America Ltd. (**Liberty Latin America**). Unless otherwise indicated, operational and statistical data, including subscriber statistics, are as of December 31, 2017.*

Overview

We are a leading telecommunications company with operations predominantly in the Caribbean and Latin America. The communications and entertainment services that we deliver to our residential and business customers include mobile services, broadband internet, video and telephony. In most of our operating footprint, we offer a "triple-play" of bundled services of digital video, internet and telephony in one subscription. We are also focused on leveraging our full-service product suite to deliver fixed-mobile convergence offerings. Available fixed service offerings depend on the bandwidth capacity of a particular system and whether it has been upgraded for two-way communications.

Our business products and services also include enterprise-grade connectivity, data center, hosting and managed solutions, as well as IT solutions with customers ranging from small and medium enterprises to international companies and governmental agencies. We also operate an extensive sub-sea and terrestrial fiber optic cable network that connects over 40 markets in the region, providing connectivity solutions both within and outside our operating footprint. Our networks include long-haul terrestrial backbone and metro fiber networks that provide access to major commercial areas, wireless carrier cell sites and customers in key markets throughout our operating footprint.

We are the largest fixed-line provider of high-speed broadband and video services across a number of our markets, including Jamaica and Trinidad & Tobago. We also operate the largest telephony network in most of our markets where we provide residential communications services. In addition, we offer mobile services throughout most of our operating footprint. We are a mobile network operator in Panama and most of our Caribbean markets, including the Bahamas and Jamaica. As a network provider, we are able to offer a full range of voice and data services, including value-added, data-based and fixed-mobile converged services.

We have expanded our footprint through new build projects and strategic acquisitions. Our new build projects consist of network programs pursuant to which we connect additional homes and businesses to our broadband communications network. We are also upgrading networks to make them two-way compatible and capable of delivering faster broadband connectivity. During 2017, we connected or upgraded approximately 254,000 additional homes and commercial premises. We have made strategic acquisitions to drive scale benefits across our business, enhancing our ability to innovate and deliver quality services, content and products to our customers, namely the acquisition of Columbus International Inc. (Columbus) on March 31, 2015. Additionally, on May 16, 2016, we were acquired by a subsidiary of Liberty Global plc (**Liberty Global**). Our company was subsequently contributed to Liberty Latin America as part of a split-off of Liberty Latin America from Liberty Global on December 29, 2017.

Our operations are provided through various consolidated subsidiaries, including the following subsidiaries where we own less than 100%: Cable & Wireless Panama, SA (**C&W Panama**) (a 49.0%-owned entity that owns most of our operations in Panama); The Bahamas Telecommunications Company Limited (**BTC**) (a 49.0%-owned entity that owns all of our operations in the Bahamas); and Cable & Wireless Jamaica Limited (**C&W Jamaica**) (an 82.0%-owned entity that owns the majority of our operations in Jamaica). On December 28, 2017, one of our subsidiaries made a public take-over offer to purchase all of the outstanding stock units in C&W Jamaica not already owned through our subsidiaries at a price of $1.45 per share (in Jamaican dollars). The offer closed on February 28, 2018. As a result of this offer, we acquired 1,629,734,373 of the issued and outstanding ordinary stock units of C&W Jamaica that we did not already own, increasing our ownership in C&W Jamaica from 82.0% to 91.7%.

"Cable & Wireless" is a well-recognized and respected brand that has been in use for more than 70 years. C&W's leading operating brands include the following:

Developments in the Business

On April 1, 2017, we completed the acquisition of the Carve-out Entities (the **Carve-out Acquisition**). The Carve-out Acquisition impacts the comparability of our results of operations. For further information regarding the Carve-out Entities and the Carve-out Acquisition, see note 5 to our consolidated financial statements.

During the third quarter of 2017, we acquired all of the issued and outstanding common shares of Cable & Wireless Barbados Limited (an entity that owns the majority of our operations in Barbados) that we did not already own.

Hurricanes Irma and Maria impacted a number of our markets in the Caribbean, resulting in varying degrees of damage to homes, businesses and infrastructure in these markets. The most extensive damage occurred in the British Virgin Islands, Dominica and Anguilla, and to a lesser extent, Turks & Caicos, the Bahamas, Antigua and other smaller markets (collectively, the **Impacted Markets**), including damage to power supply and transmission systems. For information regarding the impacts of Hurricanes Irma and Maria, see *Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Impacts of Hurricanes* included in this annual report.

Operating Data

The following tables present certain operating data as of December 31, 2017, with respect to our networks. The tables reflect 100% of the data applicable to each of our subsidiaries, regardless of our ownership percentage. For additional information regarding terms used in the following tables, see the *Operating Data Glossary* below.

	Homes Passed	Two-way Homes Passed	Customer Relationships	Total RGUs	Video: Basic Video Subscribers	Video: Enhanced Video Subscribers	Video: DTH Subscribers	Video: Total Video	Internet Subscribers	Telephony Subscribers	Mobile Subscribers (b)
Panama	541,500	541,500	179,200	307,300	—	47,900	29,700	77,600	104,500	125,200	1,682,300
Jamaica	458,300	448,300	233,300	447,900	—	102,500	—	102,500	168,500	176,900	953,700
The Bahamas (a)	128,900	128,900	47,400	80,200	—	6,200	—	6,200	26,600	47,400	254,900
Barbados	124,500	124,500	85,500	154,800	—	17,700	—	17,700	62,000	75,100	124,300
Trinidad & Tobago	316,000	316,000	156,300	281,200	—	107,400	—	107,400	124,300	49,500	—
Other (a)	362,400	342,600	207,900	310,400	11,700	66,700	—	78,400	129,200	102,800	401,300
Total	1,931,600	1,901,800	909,600	1,581,800	11,700	348,400	29,700	389,800	615,100	576,900	3,416,500

(a) During September 2017, Hurricanes Irma and Maria caused significant damage to our operations, including the British Virgin Islands, Dominica and Anguilla, and to a lesser extent, Turks & Caicos, the Bahamas, Antigua and other smaller markets, resulting in disruptions to our telecommunications services within these islands. With the exception of the Bahamas, all of these markets are included in the “Other” category in the accompanying table. For the British Virgin Islands, Dominica and Anguilla, where we are still in the process of assessing the impacts of the hurricanes on our networks and subscriber counts, the subscriber levels reflect the pre-hurricane RGU (as defined below) counts as of August 31, 2017, adjusted for net known disconnects through December 31, 2017. As of December 31, 2017, services to most of our fixed-line customers have not yet been restored in the British Virgin Islands, Dominica and Anguilla. While mobile services have been largely restored in these markets, we are still in the process of completing the restoration of our mobile network infrastructure.

(b) Mobile subscribers are comprised of the following:

	Prepaid	Postpaid	Total
Panama	1,523,600	158,700	1,682,300
Jamaica	934,900	18,800	953,700
The Bahamas	228,100	26,800	254,900
Barbados	97,300	27,000	124,300
Other	346,300	55,000	401,300
Total	3,130,200	286,300	3,416,500

Operating Data Glossary

- Basic Video Subscriber – A home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards, or other integrated or virtual technologies that we use to provide our enhanced service offerings. We count RGUs on a unique premises basis. In other words, a subscriber with multiple outlets in one premises is counted as one RGU and a subscriber with two homes and a subscription to our video service at each home is counted as two RGUs. We exclude DTH subscribers (as defined below) from basic video subscribers.

- Direct-to-Home (**DTH**) Subscriber – A home, residential multiple dwelling unit or commercial unit that receives our video programming broadcast directly via satellite.

- Enhanced Video Subscriber – A home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network or through a partner network via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Enhanced video subscribers are counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one subscriber. An enhanced video subscriber is not counted as a basic video subscriber. As we migrate customers from basic to enhanced video services, we report a decrease in our basic video subscribers equal to the increase in our enhanced video subscribers.

- Fixed-line Customer Relationships – The number of customers who receive at least one of our video, internet or telephony services that we count as RGUs, without regard to which or to how many services they subscribe. Fixed-line customer relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two customer relationships. We exclude mobile-only customers from customer relationships.

- Homes Passed – Homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant, except for DTH homes. Certain of our homes passed counts are based on census data that can change based on either revisions to the data or from new census results. We do not count homes passed for DTH.

- Internet (Broadband) Subscriber – A home, residential multiple dwelling unit or commercial unit that receives internet services over our networks, or that we service through a partner network. Our internet subscribers do not include customers that receive services from dial-up connections.

- Mobile Subscribers – Our mobile subscriber count represents the number of active subscriber identification module (**SIM**) cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (via a dongle) would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from our mobile telephony subscriber counts after periods of inactivity ranging from 30 to 60 days, based on industry standards within the respective country. In a number of countries, our mobile subscribers receive mobile services pursuant to prepaid contracts.

- Revenue Generating Unit (**RGU**) – RGU is separately a basic video subscriber, enhanced video subscriber, DTH subscriber, internet subscriber or telephony subscriber. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer subscribed to our enhanced video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of basic video, enhanced video, DTH, internet and telephony subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g., a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers or free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. In this regard, our RGU counts exclude our separately reported postpaid and prepaid mobile subscribers.

- Telephony Subscriber – A home, residential multiple dwelling unit or commercial unit that receives voice services over our networks, or that we service through a partner network. Telephony subscribers exclude mobile telephony subscribers.

- Two-way Homes Passed – Homes passed by those sections of our networks that are technologically capable of providing two-way services, including video, internet and telephony services.

Additional General Notes to Table:

Most of our broadband communications subsidiaries provide telephony, broadband internet, data, video or other business-to-business (**B2B**) services. We generally do not count customers of B2B services as customers or RGUs for external reporting purposes.

While we take appropriate steps to ensure that subscriber statistics are presented on a consistent and accurate basis at any given balance sheet date, the variability from country to country in (i) the nature and pricing of products and services, (ii) the distribution platform, (iii) billing systems, (iv) bad debt collection experience and (v) other factors add complexity to the subscriber counting process. We periodically review our subscriber counting policies and underlying systems to improve the accuracy and consistency of the data reported on a prospective basis. Accordingly, we may from time to time make appropriate adjustments to our subscriber statistics based on those reviews.

Fixed Network and Product Penetration Data (%)

	Panama	Jamaica	Trinidad & Tobago	Barbados	The Bahamas [1]	Other [1]
Network data:						
Two-way homes passed [2]	100%	98%	100%	100%	100%	95%
Homes passed:						
Cable [3]	57%	60%	100%	—%	—%	51%
FTTx [3]	—%	1%	—%	100%	29%	4%
VDSL [3]	43%	39%	—%	—%	71%	45%
Product penetration:						
Television [4]	9%	22%	34%	14%	5%	22%
Enhanced video [5]	100%	100%	100%	100%	100%	85%
Broadband internet [6]	19%	38%	39%	50%	21%	38%
Fixed-line telephony [6]	23%	39%	16%	60%	37%	30%
Double-play [7]	35%	36%	23%	47%	43%	39%
Triple-play [7]	18%	28%	29%	17%	13%	5%

(1) For additional information regarding the impacts of Hurricanes Irma and Maria, see —*Operating Data* above.

(2) Percentage of total homes passed that are two-way homes passed.

(3) Percentage of two-way homes passed served by a cable, fiber-to-the-home/-cabinet/-building/-node (**FTTx**) or digital subscriber line (**DSL**) network, as applicable. "**VDSL**" refers to both our DSL and very high-speed DSL technology networks.

(4) Percentage of total homes passed that subscribe to cable television services (basic video or enhanced video).

(5) Percentage of cable television subscribers (basic video and enhanced video subscribers) that are enhanced video subscribers.

(6) Percentage of two-way homes passed that subscribe to broadband internet or fixed-line telephony services, as applicable.

(7) Percentage of total customers that subscribe to two services (double-play customers) or three services (triple-play customers) offered by our operations (video, broadband internet and fixed-line telephony), as applicable.

Video, Broadband Internet & Fixed-Line Telephony and Mobile Services

	Panama	Jamaica	Trinidad & Tobago	Barbados	The Bahamas	Other
Video services:						
Network System [(1)]	VDSL/ HFC	VDSL/ HFC/ FTTX	HFC	FTTx	VDSL/ FTTx	VDSL/ HFC/ FTTX
Broadband internet service:						
Maximum download speed offered (**Mbps**)	300	100	240 [(2)]	1,000	300	50 [(3)]
Mobile services:						
Network Technology [(4)]	LTE	LTE	—	LTE	LTE	LTE / HSPA+

(1) These are the primary systems used for delivery of services in the countries indicated. "**HFC**" refers to hybrid fiber coaxial cable networks.

(2) Speeds of up to 1 Gbps are available in limited areas.

(3) In certain areas, speeds of up to 300 Mbps are available.

(4) Fastest available technology. "**LTE**" refers to the Long Term Evolution Standard.

Products and Services

We offer our customers a comprehensive set of converged mobile, broadband, video and fixed-line telephony services. In the table below, we identify the services we offer in each of the countries in the Caribbean and Latin American where we have operations.

	Mobile	Broadband internet	Video[(1)]	Fixed-line telephony
Anguilla	X	X	X	X
Antigua & Barbuda	X	X	X	X
Barbados	X	X	X	X
British Virgin Islands	X	X	X	X
Cayman Islands	X	X	X	X
Curaçao		X	X	X
Dominica	X	X	X	X
Grenada	X	X	X	X
Jamaica	X	X	X	X
Montserrat	X	X		X
Panama	X	X	X	X
Seychelles	X	X	X	X
St. Kitts & Nevis	X	X	X	X
St. Lucia	X	X	X	X
St. Vincent & the Grenadines	X	X	X	X
The Bahamas	X	X	X	X
Trinidad & Tobago		X	X	X
Turks & Caicos	X	X	X	X

(1) Video services are offered through HFC, FTTx, DTH and VDSL delivery platforms.

We believe that our ability to offer our customers greater choice and selection in bundling their services enhances the attractiveness of our service offerings, improves customer retention, minimizes churn and increases overall customer lifetime value.

Residential Services

Mobile Services. We offer mobile services throughout most of our operating footprint. We are a mobile network provider in Panama and most of our Caribbean markets, including the Bahamas and Jamaica. As a mobile network provider, we are able to offer a full range of voice and data services, including value-added services. Where available, we expect our mobile services will allow us to provide an extensive converged product offering with video, internet and fixed-line telephony, allowing our customers connectivity in and out-of-the-home. We hold spectrum licenses as a mobile network provider, with terms typically ranging from 10 to 15 years.

Subscribers to our mobile services pay varying monthly fees depending on whether the mobile service is bundled with one of our other services or includes mobile data services over their phones, tablets or laptops. Our mobile services are available on a postpaid or prepaid basis, with most customers purchasing a prepaid plan. We offer our customers the option to purchase mobile handsets with purchase terms typically related to whether the customer selects a prepaid or postpaid plan. Customers selecting a prepaid plan or service pay in advance for a pre-determined amount of airtime and/or data and generally do not enter into a minimum contract term. Customers subscribing to a postpaid plan generally enter into contracts ranging from 12 to 24 months. The long-term contracts are often taken with a subsidized mobile handset. For each SIM card, we typically charge a one-time activation fee to our prepaid customers. Calls within and out of network incur a separate charge if not covered within a prepaid plan or under a postpaid monthly service plan. Our mobile services include voice, SMS and internet access via data plans.

Telephony Services. We are the incumbent fixed-line telephony service provider in many of our Caribbean markets and in certain markets we are the sole fixed-line provider.

We offer multi-feature telephony service over our various fixed networks, including cable, FTTx and copper networks. Depending on location, these services are provided via either circuit-switched telephony or voice-over-internet-protocol (**VoIP**) technology. As the need arises, we are replacing obsolete switches with VoIP technology and older copper networks with modern fiber optics, as we continue to develop and invest in new technologies that will enhance our customers' experiences. These digital telephony services cover international, local and domestic services.

Video Services. We offer video services in most of our residential markets, including Panama, Jamaica, Trinidad & Tobago, Barbados and the Bahamas. To meet the demands of our customers, we have enhanced our video services with next generation, market leading digital television platforms that enable our customers to control when and where they watch their programming. These advanced services are delivered over our FTTx, VDSL and hybrid fiber coaxial cable networks and include a digital video recorder (**DVR**), a video-on-demand (**VoD**) offering and an advanced electronic programming guide. In certain of our markets, customers can pause their programming while a live broadcast is in progress and access a selection of channels through a mobile application.

In most of our markets, customers have access to VoD, which offers thousands of movies and other video content, including children's programming, documentaries, adult programming, sports and television series. Our VoD service features content available on a transaction basis and content available within the channel tiers, from basic and premium channels. Customers who subscribe to our video service receive a VoD enabled set-top box without an additional monthly charge. We continue to develop our VoD services to provide a growing collection of programming from leading local and international suppliers.

In several of our Caribbean markets and Panama, we offer a comprehensive internet streaming video service (branded "Flow ToGo" and "+TV Go") that allows our video customers to stream an increasing number of channels with a broadband connection in and out of the home and on multiple devices.

All of our operations with fixed video services offer multiple tiers of digital video programming starting with a basic video service (including digital audio channels). In addition, subscribers have the option to select extended and premium subscription tiers. Fixed digital video services require a set-top box provided by us that also enables access to enhanced features such as VoD. Subscribers to our basic video services pay a fixed monthly fee and generally can elect to receive, in most of our markets, a skinny entry tier or take a basic tier with a minimum of 100 video channels, including a number of high definition (HD) channels.We also offer a variety of premium channel packages combining channels and VoD. In the few markets where our analog service is still available, subscribers to that service typically receive fewer channels than subscribers to our basic digital service, with the number of channels dependent on their location. Subscribers to our digital services in each case receive the channels available through our analog service. In all of our video operations, we continue to upgrade our systems to expand our digital services and encourage our remaining analog subscribers to convert to a digital or premium digital service. Discounts to our monthly service fees are generally available to any subscriber who selects a bundled service of at least two of the following services: video, internet and fixed-line telephony.

We tailor our video services in each country of operation based on local programing preferences, culture, demographics and local regulatory requirements. Our channel offerings include the most relevant content to our subscribers, combining general entertainment, sports, movies, documentaries, lifestyle, news, adult, children and foreign channels, as well as local, regional and international broadcast networks.We also operate the leading Caribbean sports network, Flow Sports.

Broadband Internet Services. Our customers are increasingly using online communications. To support our customers' expectations for seamless connectivity, we are expanding our networks to make ultrafast broadband available to more people. This includes investment in the convergence of our fixed and mobile data systems and making wireless systems available in the home. In 2017, we improved the connectivity of over 250,000 homes in Panama and other markets through our Network Extension programs (as defined and described below). We also launched the Connect Box in various markets. The Connect Box is a next generation WiFi and telephony gateway that enables us to maximize the impact of our ultrafast broadband networks by providing reliable wireless connectivity anywhere in the home. This gateway can be self-installed and has an automatic WiFi optimization function, which selects the best possible wireless frequency at any given time.

The internet speeds we offer are one of our differentiators, as customers spend more time streaming video and other bandwidth-heavy services on multiple devices. As a result, we are continuing to invest in additional bandwidth and technologies to increase internet speeds throughout our footprint. We have also increased our broadband internet speeds following upgrades to our networks, notably in Panama and Jamaica. We plan to continue the upgrade and expansion of our fixed networks so that we can deploy high-speed internet service to additional customers in the coming years.

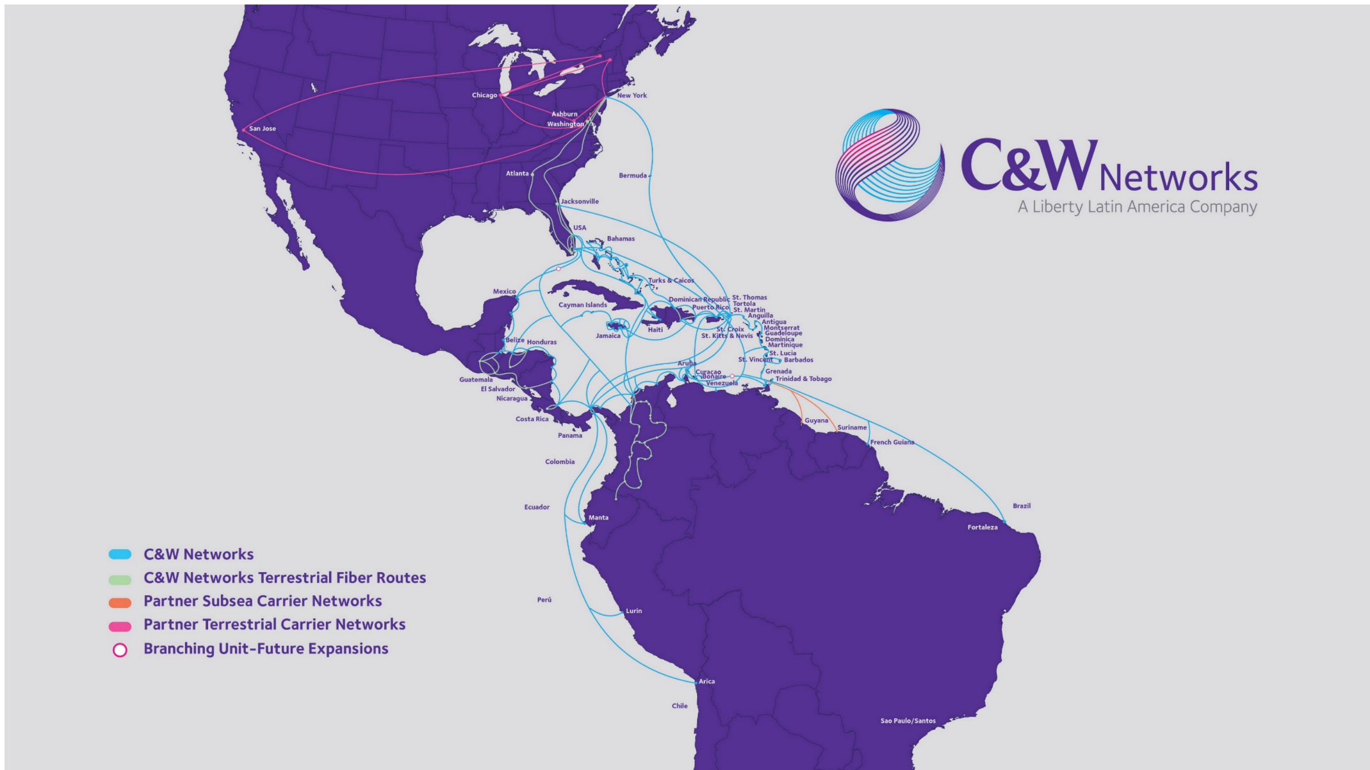
Our residential subscribers access the internet via our copper, FTTx or hybrid fiber coaxial cable networks and with cable modems connected to their internet capable devices, including personal computers, or wirelessly via the Connect Box. In each of our markets, we offer multiple tiers of internet service. The speed of service depends on location and the tier of service selected by our subscribers.

Our internet service generally includes email, address book and parental controls with value-added services available for additional incremental charges. Our value-added services include security measures and online storage. Mobile broadband internet services are also available through our mobile services described above. Subscribers to our internet service pay a monthly fee based on the tier of service selected. In addition to the monthly fee, customers pay an activation service fee upon subscribing to an internet service. This one-time fee may be waived for promotional reasons. We determine pricing for each different tier of internet service through an analysis of speed, market conditions and other factors.

Business Services

We are one of the largest business service providers in our markets, and business services represent a significant portion of our revenue. We offer cloud based integrated communication services, connectivity and wholesale solutions to carriers and businesses throughout the Caribbean and in parts of Latin America via our sub-sea and terrestrial fiber optic cable networks. Our systems include long-haul terrestrial backbone and metro fiber networks that provide access to major commercial zones, wireless carrier cell sites and customers in key markets within our operating footprint. Our networks deliver critical infrastructure for the transit of growing traffic from businesses, governments and other telecommunications operators across the region, particularly to the high-traffic destination of the United States.

Below is a map of our sub-sea fiber network.



With over 50,000 km of fiber optic cable, and a capacity of over 3 terabytes per second (**Tbps**), we are able to carry large volumes of voice and data traffic on behalf of our customers, businesses and carriers. Our networks also allow us to provide point-to-point, clear channel wholesale broadband capacity services and IP transit, superior switching and routing capabilities and local network services to telecommunications carriers, internet service providers (**ISPs**) and large corporations. In case of outages on portions of the cable systems, our network provides inbuilt resiliency due to the capability of re-routing traffic. We are highly regarded for our wholesale services. At the 2017 MEF Excellence Awards, we received the Best Network and Service Innovation in the Caribbean and Latin America Award. In 2017, we were also recognized for our innovation and excellence in wholesale services at the 2017 Global Carrier Awards where we received the Best Latin American Wholesale Carrier Award, having won Best Caribbean Wholesale Carrier the previous four years, and won the Wholesale Service Innovation worldwide award category in the Global Telecom Business Telecoms Innovation Awards.

Our business operations service small and medium business segments as well as larger corporate and enterprise organizations including multi-national companies and governments. We also target specific industry segments, such as financial institutions, the hospitality sector, education institutions and government ministries and agencies. We offer tailored solutions that combine our standard services with value added features, such as dedicated customer care and enhanced service performance monitoring. Our business products and services include voice, broadband, enterprise-grade connectivity, network security, unified communications and a range of cloud based IT solutions, such as Infrastructure as a Service (**IaaS**), disaster recovery and other service offerings. We also offer a range of data, voice and internet services to carriers, ISPs and mobile operators. Our extensive fiber optic cable networks allow us to typically deliver redundant, end-to-end connectivity. It also allows us to provide business customers our services over fiber lines and local networks; thereby, seamlessly connecting businesses anywhere in the region.

Our business services fall into five broad categories:

- VoIP and circuit-switch telephony, on-premise and hosted private branch exchange solutions and conferencing options, hosted contact center solutions;
- data services for internet access, virtual private networks, high capacity point-to-point, point-to-multi-point and multi-point-to-multi-point services, managed networking services such as wide area networks and WiFi networks;
- wireless services for mobile voice and data;
- interactive TV service with specialized channel lineups for targeted industries; and

- value added services, including cloud IT services such as disaster recovery as a service, backup services, and IaaS; managed network security services; and specialized services such as digital signage, retail analytics and location based marketing.

We offer a comprehensive range of information and communication technology solutions to businesses and governmental agencies, including a broad suite of cloud-based services, as well as a suite of commercial grade triple-play services. Our telephony and telecommunication services include flexible call handling, teleconferencing, voice mail and other premium calling features, as well as security, surveillance and backup services. We believe that the extensive reach of our network and assets, as well as our comprehensive set of capabilities means that we are well-positioned to meet the needs of high-value business and government customers that are increasingly searching for a single provider to manage their ever more complex communications, connectivity and information technology needs.

We work with businesses to customize their information and communications services based on the needs of their business. For these tailored services, we enter into individual multi-year agreements. We also have agreements to provide our services to our business customers over fully managed and monitored network bandwidth, dedicated fiber lines and third-party fiber networks. Our intermediate to long-term strategy is to enhance our capabilities and offerings in the business sector so we become a preferred provider in the business market. To execute this strategy successfully, customer care is a key driver and, accordingly, we continually strive to improve the capabilities of our shared service support centers.

Technology

In many of our markets, our broadband internet, video and fixed-line telephony services are transmitted over a hybrid fiber coaxial cable network. This network is composed primarily of fiber networks that are connected to the home over the last few hundred meters by coaxial cable. In several of our Caribbean markets, our services are transmitted over a fixed network consisting of FTTx, VDSL or DSL copper lines. Over 90% of our networks allow for two-way communications and are flexible enough to support our current services as well as new services.

We closely monitor our network capacity and customer usage. We continue to take actions and explore improvements to our technologies that will increase our capacity and enhance our customers' connected entertainment experience. These actions include:

- recapturing bandwidth and optimizing our networks by:
  - increasing the number of nodes in our markets;
  - increasing the bandwidth of our hybrid fiber coaxial cable networks;
  - converting analog channels to digital;
  - bonding additional data over cable service interface specification (**DOCSIS**) 3.0 channels;
  - deploying VDSL over our fixed telephony network;
  - replacing copper lines with modern optic fibers; and
  - using digital compression technologies.
- freeing spectrum for high-speed internet, VoD and other services by encouraging customers to move from analog to digital services;
- increasing the efficiency of our networks by moving headend functions (encoding, transcoding and multiplexing) to cloud storage systems;
- enhancing our network to accommodate further business services;
- using our wireless technologies to extend services outside of the home;
- offering remote access to our video services through laptops, smart phones and tablets;
- expanding the availability of next generation decoder boxes (such as Horizon TV) and related products, as well as developing and introducing online media sharing and streaming or cloud-based video; and
- testing new technologies.

We are engaged in network extension and upgrade programs. We collectively refer to these network extension and upgrade programs as the "**Network Extensions**." Through the Network Extensions, we are expanding our fixed networks pursuant to which we connect or upgrade homes and businesses to our broadband communications network. In addition, we are seeking mobile

service opportunities where we have established cable networks and expanding our fixed-line networks where we have a strong mobile offering. This will allow us to offer converged fixed-line and mobile services to our customers.

We deliver high-speed data and fixed-line telephony over our various fixed networks, including cable, FTTx and copper networks. These networks are further connected via our sub-sea and terrestrial fiber optic cable networks that provide connectivity within and outside the region. Our sub-sea network cables terminating in the United States carry over 3 Tbps, which represent less than 10% of their potential capacity based on current deployed technology, presenting us with significant growth opportunities.

Supply Sources

Content

With telecommunication companies increasingly offering similar services, content is one of the drivers for customers in selecting a video services provider. Therefore, in addition to providing services that allow our customers to view programming when and where they want, we are investing in content that matters the most to our customers. Our content strategy is based on:

- proposition (meeting and exceeding our customers' expectations on entertainment);
- product (making available the best content anywhere and anytime);
- acquisition (investment in the best channels, VoD content and exclusive sports); and
- partnering (strategic alignment with content partners and growth opportunities).

Except for our Flow Sports and Flow 1 entertainment services in the Caribbean, we license almost all of our programming and on-demand offerings through distribution agreements with third-party content providers, including broadcasters and cable programming networks. For such licenses, we generally pay a monthly fee on a per subscriber basis, with minimum guarantees in certain cases through long-term programming licenses. For our distribution agreements, we seek to include the rights to offer the licensed channels and programming to our customers through multiple delivery platforms including through our apps for IP connected devices and websites. We also acquire rights to make available, in selected markets, basic and/or premium video services to mobile and/or broadband subscribers that are not TV subscribers.

In seeking licenses for content, our primary focus is on partnering with leading international providers, such as Disney/ESPN, Fox, Time Warner/HBO, Discovery, NBCU and Viacom. We also seek to carry key local broadcasters in each of our markets. For our VoD services, we license a variety of programming, including Hollywood movies, music, children's programming, documentaries and local productions.

We also use exclusive content in order to differentiate our video proposition. We operate the leading Caribbean sports network, Flow Sports. Since August 2016, Flow Sports has broadcast all of the Premier League games across our Caribbean markets as part of a three-year exclusive agreement, over a combination of a basic service, Flow Sports (also distributed to other pay TV operators), and a premium service, Flow Sports Premier (available exclusively to our customers). In 2017, Flow Sports announced that it acquired, in partnership with another channel, the rights to the UEFA Champions League and Europa Cup in a three-year agreement from June 2018. Flow Sports also broadcasts other leading sports in the region, including cricket and track and field. Through the Flow Sports app, our video customers are able to watch Flow Sports content exclusively on-the-go and across multiple screens.

Mobile Handsets and Customer Premises Equipment

We use a variety of suppliers for mobile handsets to offer our customers mobile services. For other customer premises equipment, we purchase from a number of different suppliers with at least two or more suppliers providing our high-volume products. Customer premises equipment includes set-top boxes, modems, WiFi routers, DVRs, tuners and similar devices. For each type of equipment, we retain specialists to provide customer support. For our broadband services, we use a variety of suppliers for our network equipment and the various services we offer.

Software Licenses

We license software products, including email and security software, as well as content, such as news feeds, from several suppliers for our internet services. The agreements for these products require us to pay a per subscriber fee for software licenses and a share of advertising revenue for content licenses. For our mobile network operations and our fixed-line telephony services, we license software products, such as voicemail, text messaging and caller ID, from a variety of suppliers. For these licenses we seek to enter into long-term contracts, which generally require us to pay based on usage of the services.

Regulatory Matters

Video distribution, broadband internet, fixed-line telephony and mobile businesses are regulated in each of the markets in which we operate, and the scope of regulation varies from market to market. 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 type 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 rules and 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.

The video, broadband and telephony services provided by C&W are subject to regulation and enforcement by various governmental and regulatory entities in each of the jurisdictions where such services are provided. The scope and reach of these regulations are distinct in each market. Generally, we provide services in accordance with licenses and concessions granted by national authorities pursuant to national telecommunication legislation and associated regulations. Certain of these regulatory requirements are summarized below.

As the incumbent telecommunications provider in many of its jurisdictions, we are subject to significant regulatory oversight with respect to the provision of fixed-line and mobile telephony services. Generally, in these markets, we operate under a government issued license or concession that enables us to own and operate our telecommunication networks, including the establishment of wireless networks and the use of spectrum. These licenses and concessions are typically non-exclusive and have renewable multi-year terms that include competitive, qualitative and rate regulation. Licenses and concessions are scheduled to expire over the next two years in Jamaica, the Cayman Islands and Barbados. We believe we have complied with all local requirements to have existing licenses renewed and have provided all necessary information to enable local authorities to process applications for renewal in a timely manner. In addition, in some of the ECTEL (as defined below) states we are operating under expired licenses and have applied for renewal of such licenses. We expect that such licenses will be granted or renewed, as applicable, on the same or substantially similar terms and conditions in a timely manner. Pending issuance of new or renewed licenses or concessions, we continue to operate on the same terms and conditions as prior to the licenses expiring. Spectrum is generally granted on a first come-first served basis in the Caribbean, pursuant to completion of a pre-defined application process and on the basis of fixed prices, as prescribed in the applicable legislation.

Rate regulation of our telephony services typically includes price caps that set the maximum rates we may charge to customers, or legislation that requires consent from a regulator prior to any price increases. In addition, all regulators determine and set the rates that may be charged by all telephony operators, including C&W, for interconnect charges, access charges between operators for calls originating on one network that are completed through connections with one or more networks of other providers, and charges for network unbundling services. In addition, in certain markets, regulators set, or are seeking to set, mobile roaming rates.

In recent years, a number of markets in which we operate have demonstrated an increased interest in regulating various aspects of broadband internet services due to the increasing importance and availability of high speed broadband. As broadband internet access has become a national priority for many of our markets, national regulators have demonstrated an increased focus on the issues of network resilience, broadband affordability and penetration, quality of services and consumer rights. Certain regulators are also seeking to mandate third-party access to our network infrastructure, including dark fiber and landing stations, as well as to regulate wholesale services and prices. Any such decision and application to grant access to our network infrastructure may strengthen our competitors by granting them the ability to access our network to offer competing products and services without making the corresponding capital intensive infrastructure investment. In addition, any resale access granted to competitors on favorable economic terms that are not set by the free market could adversely impact our ability to maintain or increase our revenue and cash flows. The extent of any such adverse impacts ultimately will be dependent on the extent that competitors take advantage of the resale access ultimately afforded to our network, the pricing mandated by regulatory authorities and other competitive factors or market developments.

As examples of infrastructure sharing, the Office of Utilities Regulation in Jamaica is in the process of conducting a consultation that could result in telecom facilities sharing rules that could require us to share our infrastructure (including dark fiber, ducts, sub-sea cable landing stations and mobile network towers) with third parties, including our competitors without any requirement of making a corresponding capital intensive infrastructure investment. We intend to appeal and dispute any such ruling. In addition, the Eastern Caribbean Telecommunications Authority (**ECTEL**), the regulatory body for telecommunications in five Eastern Caribbean States (Commonwealth of Dominica, Grenada, St. Kitts & Nevis, St. Lucia and St. Vincent and the Grenadines), has adopted an Electronic Communications Bill that may have a material adverse impact on our operations in the ECTEL member states. The proposed Electronic Communications Bill includes provisions relating to:

- net neutrality principles mandating equal access to all content and applications regardless of the source and without favoring, degrading, interrupting, intercepting, blocking access or throttling speeds;
- subscription television rate regulation;
- regulations implementing market dominance rules;
- network unbundling at regulated rates; and
- mandated unbundled access to all landing station network elements at cost-based rates.

We currently cannot determine the impact these provisions will have on our operations because national regulators are required to conduct extensive market reviews before adopting specific measures and these measures might be reconsidered in accordance with the market reviews. It is currently unclear as to when the new legislation will be enacted. To become law, the legislation will need to be passed by the Parliament of each ECTEL state, and there remains some concerns by St. Lucia and Grenada about the impact of the legislation on operators like us. We expect that consensus on the final version of the bill will take some time. As such, the timing and ultimate effect of the bill is unclear.

In Panama, as a result of a public consultation process, the regulator issued new guidelines and new quality goals for the Internet Public Service, by Resolution AN No.11370-Telco of June 26, 2017 and its modification, which went into effect in February 2018.

In addition to rate regulation, several markets in which we operate have imposed, or are considering imposing, regulations designed to further encourage competition, including introducing requirements related to unbundling, network access to third parties, and local number portability (**LNP**). LNP has been implemented in Panama, the Bahamas, the Cayman Islands and Jamaica and is currently being contemplated or implemented in other jurisdictions, including Barbados and Trinidad & Tobago.

The pay television service provided in certain of our markets is subject to, among other things, subscriber privacy regulations, data protection laws and regulations, and the must-carry rule (as defined below) and retransmission consent rights of broadcast stations.

We are subject to universal service obligations in a number of markets. These obligations vary in specificity and extent, but they are generally related to ensuring widespread geographic coverage of networks and that the populations of our individual markets have access to basic telecommunication services at minimum quality standards. In a number of cases, we are required to support universal access/service goals through contributions to universal service funds or participate in universal service related projects. A bill to modify the Panama Universal Service Law (Law 59) has been submitted for consideration to the National Assembly and a sub-commission has been formed to review it.

Another relevant bill in Panama relates to the consolidation of the Mobile Market, which has been approved in the first reading and pending on the second and third reading in the National Assembly. The proposed bill would allow mobile consolidation to three operators, which is currently set by law at four.

In addition to the industry-specific regimes discussed above, our operating companies must comply with both specific and general legislation concerning, among other matters, data retention, consumer protection and electronic commerce. These operating companies are also subject to national level regulations on competition and on consumer protection.

The acquisition of C&W by Liberty Global in May 2016 triggered regulatory approval requirements in certain jurisdictions in which we operate. The regulatory authorities in certain of these jurisdictions, including the Bahamas, Trinidad & Tobago and the Seychelles, have not completed their review of the acquisition or granted their approval. While we expect to receive all outstanding approvals, such approvals may include binding conditions or requirements that could have an adverse impact on our operations and financial condition.

In Trinidad & Tobago, we were required by the Telecommunications Authority of Trinidad and Tobago (**TATT**), in connection with TATT's approval of our acquisition of Columbus in March 2015, to dispose of our 49% shareholding in the Telecommunications Services of Trinidad and Tobago Limited (**TSTT**). The disposal of our stake in TSTT is not complete and the deadline set by TATT for such completion was recently extended to June 30, 2018. We cannot predict when, or if, we will be able to dispose of this investment at an acceptable price. As such, no assurance can be given that we will be able to recover the carrying value of our investment in TSTT.

Competition

We operate in an emerging region of the world, where market penetration of telecommunication services such as broadband and mobile data is lower than in more developed markets. Generally, our markets are at a nascent stage of the global shift to a "data-centric" world. Although there has been strong growth in data consumption in our key markets, data consumption in our operating regions still lags significantly when compared to international benchmarks. We believe that we have the opportunity to capitalize upon this underlying growth trend in the majority of our markets, and benefit from increasing penetration of our data services, as well as economic growth, in all of our markets.

However, technological advances and product innovations have increased and are likely to continue to increase giving customers several options for the provision of their telecommunications services. Our customers want access to high quality telecommunication services that allow for seamless connectivity. Accordingly, our ability to offer converged services (video, internet, fixed telephony and mobile) is a key component of our strategy. In many of our markets, we compete with companies that are established in one or more communication products and services. Consequently, our businesses face significant competition. In all markets, we seek to differentiate our telecommunications services by focusing on customer service, competitive pricing and offering quality high-speed internet.

Mobile and Telephony Services

Consumers are increasingly moving to mobile services. In many of our markets we are either the leading or one of the leading mobile providers. In the markets where we are one of the top mobile providers, we continue to seek additional bandwidth to deliver our wide range of services to our customers and increase our LTE services. We face competition in all of our markets. We also offer various calling plans, such as unlimited network, national or international calling, unlimited off-peak calling and minute packages, including calls to fixed and mobile phones. In addition, we leverage our video and high-speed internet services to gain mobile subscribers. In several of our markets, we expect to increase focus on converged services, including mobile, fixed-line, broadband and video. We are also exploring opportunities to offer mobile services in markets where we currently only deliver fixed products and mobility applications to our other services.

The market for fixed-line telephony services is mature in almost all of our markets. Changes in market share are driven by the combination of price and quality of services provided and the inclusion of telephony services in bundled offerings. In most of our markets, we are the incumbent telecommunications provider with long established customer relationships. In our other markets, our fixed-line telephony services compete against the incumbent telecommunications operator in the applicable market. In these markets, the incumbent operators have substantially more experience in providing fixed-line telephony, greater resources to devote to the provision of such services and long-standing customer relationships. In all of our markets, we also compete with VoIP operators offering services across broadband lines and over-the-top (**OTT**) telephony providers, such as WhatsApp. In many countries, our businesses also face competition from other cable telephony providers, FTTx-based providers or other indirect access providers.

Competition exists in both the residential and business fixed-line telephony products due to market trends, the offering of carrier pre-select services, number portability, the replacement of fixed-line with mobile telephony and the growth of VoIP services, as well as continued deregulation of telephony markets and other regulatory action, such as general price competition. Carrier pre-select allows an end user whose telephone line is maintained by one service provider, usually the incumbent provider, to choose to have certain of their calls automatically routed across a different provider's network without the need for additional inputs or equipment. Our fixed-line telephony strategy is focused around value leadership, and we position our services as "anytime" or "any destination." Our portfolio of calling plans includes a variety of innovative calling options designed to meet the needs of our subscribers. In many of our markets, we provide product innovation, such as telephone applications that allow customers to make and receive calls from their fixed-line call packages on smart phones. In addition, we offer varying plans to meet customer needs and, similar to our mobile services, we use our telephony bundle options with our digital video and internet services to help promote our telephony services and flat rate offers are standard.

With respect to mobile services, we face competition from Digicel Group Ltd. (**Digicel**) in most of our residential markets. We also compete with subsidiaries of Telefónica, S.A. (Movistar (**Movistar**)) and América Móvil, S.A.B. de C.V. (Claro Americas (**Claro**)) in Panama. In addition, in the Bahamas, where we had previously been the only provider of mobile services, competition has increased significantly due to the commercial launch of mobile services by a competitor during the fourth quarter of 2016. We also face competition in the provision of broadband services from Cable Onda S.A. (**Cable Onda**) in Panama, Digicel in our Caribbean markets and Cable Bahamas Limited (**Cable Bahamas**) in the Bahamas. These companies all have competitive pricing on similar services, and the intensified level of competition we are experiencing in several of our markets has added increased pressure on the pricing of our services. To attract and retain customers, we focus on providing quality services and premium content, as well as converged services where customers can access content in and out-of-the home.

Video Distribution

Our video services compete primarily with traditional free-to-air (**FTA**) broadcast television services, DTH satellite service providers and other fixed-line telecommunications carriers and broadband providers, including operations offering (i) services over hybrid fiber coaxial networks, (ii) DTH satellite services, (iii) internet protocol television (**IPTV**) over broadband internet connections using asymmetric DSL or VDSL or an enhancement to VDSL called "vectoring," (iv) IPTV over FTTx networks, or (v) LTE services. Many of these competitors have a national footprint and offer features, pricing and video services individually and in bundles comparable to what we offer.

OTT aggregators utilizing our or our competitors' high-speed internet connections are also a significant competitive factor as are other video service providers that overlap our service areas. The OTT video aggregators (such as HBO Go, Amazon Prime and Netflix) offer VoD service for television series and movies, catch-up television and linear channels from broadcasters. In some cases, these OTT services are provided free-of-charge. The content library of such services is offered on an unlimited basis for a monthly fee. Typically these services are available on multiple devices in and out of the home. To enhance our competitive position, we are developing cloud-based, next generation user interfaces based on advanced technologies and are providing our subscribers with TV everywhere products and premium OTT video services. Our businesses also compete to varying degrees with other sources of information and entertainment, such as online entertainment, newspapers, magazines, books, live entertainment/concerts and sporting events.

Piracy and other unauthorized uses and distribution of content, including through web-based OTT applications, devices and online platforms, also present challenges for our video business. These platforms illegally stream copyrighted content, for example, Premier League games that can be viewed by anyone with an internet connection. While piracy is a challenge in most jurisdictions in which we operate, it is particularly prevalent in jurisdictions that lack developed copyright laws and effective enforcement of copyright laws.

We believe that our deep-fiber access, where available, provides us with several competitive advantages. For instance, our cable networks allow us to concurrently deliver internet access, together with real-time television and VoD content, without impairing our high-speed internet service. In addition, our cable infrastructure in most of our footprint allows us to provide triple-play bundled services of broadband internet, television and fixed-line telephony services without relying on a third-party service provider or network. Where mobile is available, our mobile networks, together with our fixed fiber-rich networks, will allow us to provide a comprehensive set of converged mobile and fixed-line services. Our capacity is designed to support peak consumer demand. In serving the business market, many aspects of the network can be leveraged at very low incremental costs given that business demand peaks at a time when consumer demand is low, and peaks at lower levels than consumer demand. In response to the continued growth in OTT viewing, we have launched a number of innovative video services, including Flow ToGo and +TV Go.

Our ability to continue to attract and retain customers depends on our continued ability to acquire appealing content and services on acceptable terms and to have such content available on multiple devices and outside the home. Some competitors have obtained long-term exclusive contracts for certain sports programs, which limits the opportunities for other providers to offer such programs. Other competitors also have obtained long-term exclusive contracts for programs, but our operations have limited access to certain of such programming through select contracts with those companies. If exclusive content offerings increase through other providers, programming options could be a deciding factor for subscribers on selecting a video service.

In this competitive environment, we enhance our offers with advanced digital services, such as DVR functionality, HD channels, VoD and multiscreen services. In addition, we offer attractive content packages tailored to the particular market and discounts for bundled services. To improve the quality of the programming in our packages, our operations periodically modify their digital channel offerings. Where mobile is available, we are focusing on our converged service offerings. We use these services, as well as bundles of our fixed-line services, as a means of driving video and other products where convenience and price can be leveraged across the portfolio of services.

We compete with a variety of pay TV service providers, with several of these competitors offering double-play and triple-play packages. Fixed-mobile convergence services are not a significant factor in most of our residential markets. In several of our other markets, including Jamaica, Trinidad & Tobago and Barbados, we are the largest or one of the largest video service providers. In these markets, our primary competition is from DTH providers, such as DIRECTV Latin America Holdings, Inc., and operators of IPTV services over VDSL and FTTx, such as Digicel. In Panama, we compete primarily with Cable Onda, which offers video, internet and fixed-line telephony over its cable network, and with the DTH services of Claro. To compete effectively, we invest in leading mobile and fixed networks, and in content, where the Premier League is a main attraction for Flow Sports.

Broadband Internet

With respect to broadband internet services and online content, our businesses face competition in a rapidly evolving marketplace from incumbent and non-incumbent telecommunications companies, mobile operators and cable-based ISPs, many of which have substantial resources. The internet services offered by these competitors include both fixed-line broadband internet services using cable, DSL or FTTx networks and wireless broadband internet services. These competitors have a range of product offerings with varying speeds and pricing, as well as interactive services, data and other non-video services offered to homes and businesses. With the demand for mobile internet services increasing, competition from wireless services using various advanced technologies is a competitive factor. In several of our markets, competitors offer high-speed mobile data via LTE wireless networks. In addition, other wireless technologies, such as WiFi, are available in almost all of our markets. In this intense competitive environment, speed and pricing are key drivers for customers.

Our strategy is speed leadership. Our focus is on increasing the maximum speed of our connections as well as offering varying tiers of services and prices, a variety of bundled product offerings and a range of value added services. We update our bundles and packages on an ongoing basis to meet the needs of our customers. Our top download speeds generally range from 100 Mbps to speeds of up to 300 Mbps. In Barbados, we also have speeds of up to 1 Gbps available. In many of our markets, we offer the highest download speeds available via our cable and FTTx networks. The focus is on high-speed internet products to safeguard our high-end customer base and allow us to become more aggressive at the low- and medium-end of the internet market. By fully utilizing the technical capabilities of DOCSIS 3.0 technology on our cable systems, we can compete with local FTTx initiatives and create a competitive advantage compared to DSL infrastructures and LTE initiatives on a national level. With the commercial deployment of our next generation gateways that will enable DOCSIS 3.1 on our cable networks, we plan to further increase our high-speed internet offers.

Where we are the incumbent telecommunications provider, we compete with cable operators, the largest of which are Cable Onda in Panama and Cable Bahamas in the Bahamas. To a lesser extent, we experience competition from Digicel in certain of our markets. To distinguish ourself from these competitors, we use our bundled offers with video and telephony to promote our broadband internet services.

Business and Wholesale Services

We provide a variety of advanced, point-to-point, clear channel broadband capacity, IP, Multiprotocol Label Switching, Ethernet and managed services over our owned and operated, technologically advanced, sub-sea fiber optic cable network. Our sub-sea and terrestrial fiber routes combine to form a series of fully integrated networks that typically provide complete operational redundancy, stability and reliability, allowing us in most cases to provide our clients with superior service and minimal network downtime. Given the advanced technical state of the network combined with the challenges in securing the necessary governmental and environmental licenses in all of our operating markets, we believe the network is unlikely to be replicated in the region. Competing networks in the region connect fewer countries than we do and are either linear in design, or if ringed, have high latency protection routes. In addition, our network as of December 31, 2017, utilized less than 10% of its design capacity, and we believe that our ability to take advantage of this large unused carrying capacity, as well as the financial and time investment required to build a similar network, and the potential delays associated with acquiring governmental permissions, makes it unlikely that our network will be replicated in the near term.

We compete in the provision of B2B services with residential telecommunications operators as noted above, in addition to regional and international service providers, particularly when addressing larger customers.

Properties

We own our sub-sea network in the region, and our subsidiaries and affiliates own or lease the fixed assets necessary for the operation of their respective businesses, including office space, transponder space, head-end facilities, rights of way, cable television and telecommunications distribution equipment, telecommunications switches, base stations, cell towers and customer premises equipment and other property necessary for their operations. The physical components of their broadband networks require maintenance and periodic upgrades to support the new services and products they introduce. Subject to these maintenance and upgrade activities, our management believes that our current facilities are suitable and adequate for our business operations for the foreseeable future.

Employees

As of December 31, 2017, we, including our consolidated subsidiaries, had an aggregate of approximately 7,400 full-time equivalent employees. We believe that our employee relations are good.

Legal Proceedings

We are a party to various legal proceedings that arise in the normal course of our business. While the results of such normal course legal proceedings cannot be predicted with certainty, management believes that, based on our current knowledge, the ultimate resolution of these matters would not likely have a material adverse effect on our business, financial condition or results of operations. However, in view of the inherent difficulty of predicting the outcome of legal matters, we cannot state with confidence what the eventual outcome of these pending matters will be, what the timing of the ultimate resolution of these matters will be or what the eventual loss, fines or penalties related to any such pending matter may be.

Independent Auditors' Report

The Board of Directors
Cable & Wireless Communications Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Cable & Wireless Communications Limited and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income (loss), changes in owners' equity, and cash flows for the year ended December 31, 2017 and the nine months ended December 31, 2016, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cable & Wireless Communications Limited and its subsidiaries as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the year ended December 31, 2017 and the nine months ended December 31, 2016, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ KPMG LLP

Denver, Colorado
March 22, 2018

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2017	December 31, 2016
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 266.1	$ 271.2
Trade and other receivables, net	491.7	544.0
Prepaid expenses	46.3	69.6
Loans receivable – related-party	—	86.2
Investment in TSTT (note 10)	—	93.2
Other current assets	116.4	80.2
Total current assets	920.5	1,144.4
Noncurrent assets:		
Property and equipment, net	2,877.3	2,776.8
Goodwill	1,430.6	1,415.9
Intangible assets subject to amortization, net	800.1	793.3
Investment in TSTT (note 10)	93.2	—
Other noncurrent assets	266.6	312.2
Total noncurrent assets	5,467.8	5,298.2
Total assets	6,388.3	6,442.6
LIABILITIES		
Current liabilities:		
Trade and other payables	154.3	201.9
Deferred revenue and advance payments	142.8	133.0
Current portion of debt and finance lease obligations	164.3	100.8
Other accrued and current liabilities	502.0	476.2
Total current liabilities	963.4	911.9
Noncurrent liabilities:		
Noncurrent debt and finance lease obligations	3,714.3	3,447.7
Deferred revenue and advance payments	276.1	261.8
Deferred tax liabilities	278.5	230.0
Other noncurrent liabilities	157.7	185.3
Total noncurrent liabilities	4,426.6	4,124.8
Net assets	$ 998.3	$ 1,405.9
Commitments and contingencies		
OWNERS' EQUITY		
Capital and reserves attributable to parent:		
Share capital	$ 0.1	$ 0.1
Share premium	453.4	453.4
Reserves	158.2	562.9
Total parent's equity	611.7	1,016.4
Noncontrolling interests	386.6	389.5
Total owners' equity	$ 998.3	$ 1,405.9

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31, 2017	Nine months ended December 31, 2016 (a) (b)
	in millions	
Revenue	$ 2,325.7	$ 1,735.5
Operating costs and expenses:		
Employee and other staff expenses	349.0	273.3
Mobile access and interconnect costs	222.3	178.9
Network costs	176.4	114.1
Programming expenses	149.7	98.1
Equipment sales expenses	93.9	74.6
Managed services costs	74.3	54.1
Depreciation and amortization	573.0	354.7
Impairment expense	30.9	744.9
Other operating expenses	455.1	384.5
Other operating income	(6.8)	(42.1)
	2,117.8	2,235.1
Operating income (loss)	207.9	(499.6)
Financial income (expense):		
Finance expense	(465.5)	(251.7)
Finance income	59.1	25.9
	(406.4)	(225.8)
Loss before income taxes	(198.5)	(725.4)
Income tax expense	(96.8)	(17.2)
Net loss	(295.3)	(742.6)
Net earnings attributable to noncontrolling interests	(49.8)	(54.8)
Net loss attributable to parent	$ (345.1)	$ (797.4)

(a) As further described in note 1, effective December 31, 2016, C&W changed its fiscal year end from March 31 to December 31.

(b) As reclassified – see note 1.

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year ended December 31, 2017	Nine months ended December 31, 2016 (a)
	in millions	
Loss for the period	$ (295.3)	$ (742.6)
Other comprehensive loss:		
Items that will not be reclassified to net earnings (loss) in subsequent periods:		
Actuarial losses in the value of defined benefit pension plans	(42.8)	(8.1)
Income tax related to items that will not be reclassified to net earnings (loss) in subsequent periods	(6.3)	—
Total items that will not be reclassified to net earnings (loss) in subsequent periods	(49.1)	(8.1)
Items that may be classified to net earnings (loss) in subsequent periods:		
Foreign currency translation adjustments	3.1	(30.9)
Fair value movements in available-for-sale financial assets	0.3	3.1
Income tax related to items that may be reclassified to net earnings (loss) in subsequent periods	—	—
Total items that may be classified to net earnings (loss) in subsequent periods	3.4	(27.8)
Other comprehensive loss	(45.7)	(35.9)
Comprehensive loss	(341.0)	(778.5)
Comprehensive income attributable to noncontrolling interests	(48.1)	(57.0)
Comprehensive loss attributable to parent	$ (389.1)	$ (835.5)

(a) As further described in note 1, effective December 31, 2016, C&W changed its fiscal year end from March 31 to December 31.

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY

	Share capital	Share premium	Foreign currency translation	Capital and other reserves	Accumulated deficit	Total parent's equity	Noncontrolling interests	Total owners' equity
					in millions			
Balance at April 1, 2016	$ 223.8	$ 260.3	$ (157.8)	$ 3,723.0	$ (3,030.9)	$ 1,018.4	$ 384.6	$ 1,403.0
Loss for the period	—	—	—	—	(797.4)	(797.4)	54.8	(742.6)
Other comprehensive loss	—	—	(33.7)	3.1	(7.5)	(38.1)	2.2	(35.9)
Settlement of Columbus Put Option	—	—	—	775.7	206.8	982.5	—	982.5
Dividends paid	—	—	—	—	(193.8)	(193.8)	(52.1)	(245.9)
Merger with LG Coral Mergerco and LGE Coral Mergerco	(221.6)	218.9	3.0	—	—	0.3	—	0.3
Exercise of share-based awards	—	—	—	—	11.9	11.9	—	11.9
Cancellation of treasury shares in connection with the Liberty Global Transaction	(2.1)	(25.8)	—	—	31.0	3.1	—	3.1
Share-based compensation and other	—	—	—	—	29.5	29.5	—	29.5
Balance at December 31, 2016 (a)	$ 0.1	$ 453.4	$ (188.5)	$ 4,501.8	$ (3,750.4)	$ 1,016.4	$ 389.5	$ 1,405.9
Balance at January 1, 2017	$ 0.1	$ 453.4	$ (188.5)	$ 4,501.8	$ (3,750.4)	$ 1,016.4	$ 389.5	$ 1,405.9
Loss for the year	—	—	—	—	(345.1)	(345.1)	49.8	(295.3)
Other comprehensive loss	—	—	4.6	0.3	(48.9)	(44.0)	(1.7)	(45.7)
C&W Barbados NCI Acquisition	—	—	—	(21.0)	—	(21.0)	(18.6)	(39.6)
Dividends paid	—	—	—	—	—	—	(31.3)	(31.3)
Share-based compensation and other	—	—	(0.8)	—	6.2	5.4	(1.1)	4.3
Balance at December 31, 2017	$ 0.1	$ 453.4	$ (184.7)	$ 4,481.1	$ (4,138.2)	$ 611.7	$ 386.6	$ 998.3

(a) As further described in note 1, effective December 31, 2016, C&W changed its fiscal year end from March 31 to December 31.

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2017	Nine months ended December 31, 2016 (a)
	in millions	
Cash flows from operating activities:		
Net loss	$ (295.3)	$ (742.6)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Income tax expense	96.8	17.2
Share-based compensation expense	7.8	28.7
Depreciation, amortization and impairment	603.9	1,099.6
Interest expense	245.1	200.7
Interest income	(13.6)	(9.9)
Amortization of debt financing costs and discounts	8.8	7.5
Realized and unrealized losses (gains) on derivative instruments	(45.5)	1.1
Foreign currency transaction losses (gains)	22.4	(14.9)
Losses on debt modification and extinguishment	189.2	42.4
Gains on disposal of property and equipment	—	(14.2)
Losses on disposal of property and equipment	1.5	0.5
Other	1.3	(2.3)
	822.4	613.8
Changes in:		
Receivables and other operating assets	136.5	(34.3)
Payables and accruals	(326.8)	(117.5)
Cash provided by operating activities	632.1	462.0
Interest paid	(237.0)	(164.3)
Income taxes paid	(75.9)	(56.6)
Net cash provided by operating activities	319.2	241.1
Cash flows from investing activities:		
Capital expenditures	(405.1)	(363.1)
Loans to affiliates and other related parties	—	(54.4)
Sale of available-for-sale investments	—	20.4
Other investing activities	(2.6)	8.3
Net cash used by investing activities	$ (407.7)	$ (388.8)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS – (Continued)

	Year ended December 31, 2017	Nine months ended December 31, 2016 (a)
	in millions	
Cash flows from financing activities:		
Borrowings of debt	$ 1,671.6	$ 1,711.2
Repayments of debt and finance lease obligations	(1,409.0)	(1,182.4)
Payment of financing costs and debt premiums	(103.1)	(31.8)
Cash payment related to C&W Barbados NCI Acquisition	(32.3)	—
Dividends paid to shareholders	—	(193.8)
Dividends paid to noncontrolling interests	(31.3)	(52.1)
Change in cash collateral	(11.2)	(7.6)
Proceeds from exercise of share-based awards	—	11.9
Other financing activities	0.3	(2.9)
Net cash provided by financing activities	85.0	252.5
Effect of exchange rate changes on cash	(1.6)	(1.1)
Net increase (decrease) in cash and cash equivalents:	(5.1)	103.7
Cash and cash equivalents:		
Beginning of period	271.2	167.5
End of period	$ 266.1	$ 271.2

(a) As further described in note 1, effective December 31, 2016, C&W changed its fiscal year end from March 31 to December 31.

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

(1) Basis of Presentation

Cable & Wireless Communications Limited (**C&W**) is a provider of mobile, broadband internet, fixed-line telephony and video services to (i) residential and business-to-business (**B2B**) customers in 18 countries, primarily in Latin America and the Caribbean, (ii) B2B services in certain other countries in Latin America and the Caribbean and (iii) wholesale communication services over its sub-sea and terrestrial fiber optic cable networks that connect over 40 markets in the region. C&W is a wholly-owned subsidiary of LGE Coral Holdco Limited (**LGE Coral Holdco**), a subsidiary of Liberty Latin America Ltd. (**Liberty Latin America**), as further described in note 16. In these notes, the terms "C&W," "we," "our," "our company" and "us" may refer, as the context requires, to C&W or collectively to C&W and its subsidiaries.

As described in note 16, our former ultimate parent company, Liberty Global plc (**Liberty Global**) completed a split-off of its former wholly-owned subsidiary Liberty Latin America on December 29, 2017. Accordingly, our ultimate parent is Liberty Latin America.

C&W is incorporated and domiciled in the United Kingdom (**U.K.**). The address of our registered office is Griffin House, 161 Hammersmith Road, London W6 8BS.

Effective December 31, 2016, we changed our fiscal year end from March 31 to December 31 to coincide with our ultimate parent's fiscal year end.

Effective January 1, 2017, we changed our reportable segments. For additional information, see note 26.

Our annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (**IASB-IFRS**), on a historical cost basis except for available for sale investments and derivative instruments, which are measured at fair value. Certain assets are stated at the lower of their carrying amount and fair value less costs to sell.

We have prepared the accounts on a going concern basis.

Unless otherwise indicated, convenience translations into United States (**U.S.**) dollars are calculated as of December 31, 2017.

Management approval

These consolidated financial statements were authorized for issue by management on March 22, 2018 and reflect our consideration of the accounting and disclosure implications of subsequent events through such date.

Reclassifications

During 2017, we revised the presentation of our consolidated statement of operation for the nine months ended December 31, 2016 to align with the presentation policies of Liberty Latin America. Accordingly, certain prior period amounts have been reclassified to conform with the current period presentation. Both the previously reported and revised presentation are in accordance with IASB-IFRS and the reclassifications had no impact on our statement of financial position or statement of cash flows as previously reported.

	Nine months ended December 31, 2016		
	As previously reported	Reclass adjustments	As reclassified
		in millions	
Revenue	$ 1,735.5	$ —	$ 1,735.5
Operating costs and expenses:			
Employee and staff expenses	273.3	—	273.3
Mobile access and interconnect costs	154.0	24.9	178.9
Programming expenses	102.7	(4.6)	98.1
Network costs	99.9	14.2	114.1
Managed services costs	74.6	(20.5)	54.1
Equipment sales expenses	74.6	—	74.6
Depreciation and amortization	354.7	—	354.7
Impairment expense	744.9	—	744.9
Other operating expenses	398.5	(14.0)	384.5
Other operating income	(42.1)	—	(42.1)
	2,235.1	—	2,235.1
Operating loss	(499.6)	—	(499.6)
Financial income (expense):			
Finance expense	(251.7)	—	(251.7)
Finance income	25.9	—	25.9
	(225.8)	—	(225.8)
Loss before income taxes	(725.4)	—	(725.4)
Income tax expense	(17.2)	—	(17.2)
Net loss	$ (742.6)	$ —	$ (742.6)

(2) Accounting Changes and Recent Pronouncements

First-time Application of Accounting Standards

The application of the following accounting standards did not have a material impact on our consolidated financial statements:

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after
IAS 7 (amendments)	Disclosure Initiative	January 1, 2017
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017
Annual improvements	Annual Improvements to IFRSs 2014–2016 Cycle – various standards	January 1, 2017

New Accounting Standards, Not Yet Effective

Except for the following accounting standards that are relevant to 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)
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019 (e)

(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. We adopted the amendments to IFRS 2 effective January 1, 2018. The adoption of the amendments to IFRS 2 did not have a material impact 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. We adopted IFRS 9 effective January 1, 2018. The adoption of IFRS 9 did not have a material impact 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 when it becomes effective for annual 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 adopted IFRS 15 effective January 1, 2018 using the cumulative effect transition method. The following revenue recognition policies were impacted by the adoption of IFRS 15 (i) long-term capacity contracts, (ii) time-limited discounts and free service periods provided to our customers, (iii) certain upfront fees charged to our customers and (iv) subsidized handset plans. The impacts are discussed below:

- We enter into certain long-term capacity contracts with customers where the customer pays the transaction consideration at inception of the contract. Under current accounting standards, we do not impute interest for advance payments from customers related to services that are provided over time. Under IFRS 15, payment received from a customer significantly in advance of the provision of services is indicative of a financing component within the contract. If the financing component is significant, interest expense will accrete over the life of the contract with a corresponding increase to revenue.

- When we enter into contracts to provide services to our customers, we often provide time-limited discounts or free service periods. Under current accounting standards, 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 for those contracts that contain substantive termination penalties will be accelerated, as the impact of the discounts or free service periods will be recognized uniformly over the contractual period. For contracts that do not have substantive termination penalties, we will continue to record the impacts of partial or full discounts during the applicable promotional periods.

- When we enter into contracts to provide services to our customers, we often charge installation or other upfront fees. Under current accounting standards, installation fees related to services provided over our cable networks are recognized

as revenue during the period in 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 for those contracts with substantial termination penalties, or for a period of time the upfront fees convey a material right for month-to-month contracts and contracts that do not include substantive termination penalties.

- 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 standalone selling price basis. Under current accounting standards, when we offer handsets under a subsidized contract model, upfront revenue recognition is limited to the upfront cash collected from the customer as the remaining monthly fees to be received from the customer, including fees associated with the handset, are contingent upon delivering future airtime. This limitation will no longer be applied under IFRS 15. The primary impact on revenue reporting will be that when we sell subsidized handsets together with airtime services to customers, revenue allocated to handsets and recognized when control of the device passes to the customer will increase and revenue recognized as services are delivered will decrease.

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 other accounting standards that allows for capitalization. Under IFRS 15, the upfront costs associated with contracts that have substantive termination penalties and a term of one year or more will be recognized as assets and amortized to other operating expenses over the applicable period benefited.

The cumulative effect recorded upon the adoption of IFRS 15 on January 1, 2018 did not have a material impact on our financial position. The ultimate impact of adopting IFRS 15 for both revenue recognition and costs to obtain and fulfill contracts depends on numerous factors, including (i) the promotions and offers that were in place at December 31, 2017 and during subsequent periods after the adoption of IFRS 15 and (ii) our assessment of whether or not our contracts are enforceable or contain substantive termination penalties. Based upon our current product offerings, and our assessment that in many instances our contracts are not enforceable or do not contain substantive termination penalties, we do not expect the ongoing impact following the adoption of IFRS 15 to have a material impact to our consolidated statement of operations or statement of financial position.

(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 leases accounted for under IAS 17 with a depreciation charge for the lease asset and an 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 and related disclosures, we expect the main impact of the adoption of this standard will be the recognition of lease assets and lease liabilities in our consolidated statement of financial position for those leases previously accounted for as operating leases and the replacement of operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities, resulting in a front-loaded total lease expense versus the straight-line operating lease expense. We expect that the impact of the adoption of IFRS 16 will increase cash flows from operating activities and decrease cash flows from financing activities on the consolidated statement of cash flows, as all principal payments on lease liabilities will be presented within financing activities.

(e) We evaluated the impact of applying this accounting standard on our consolidated financial statements and do not believe the impact of the adoption of this standard will be material.

(3) Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with IASB-IFRS 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 expenses, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets and actuarial liabilities associated with certain benefit plans. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected.

Reclassifications

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

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and the accounts of all voting interest entities where we exercise a controlling financial interest through the ownership of a direct or indirect controlling voting interest. Intercompany accounts and transactions have been eliminated in consolidation.

The following list of subsidiaries only includes those companies whose results or financial position principally affect our consolidated financial statements at December 31, 2017.

Name of subsidiary	Ownership interest	Country of incorporation	Area of operation
The Bahamas Telecommunications Company Limited (**BTC**) (a)	49%	The Bahamas	The Bahamas
Cable & Wireless Jamaica Limited (**C&W Jamaica**) (b)	82%	Jamaica	Jamaica
Cable & Wireless Panama, SA (**C&W Panama**) (a)	49%	Panama	Panama
Cable & Wireless (Barbados) Limited (**C&W Barbados**)	100%	Barbados	Barbados
Cable & Wireless (Cayman Islands) Limited	100%	Cayman Islands	Cayman Islands
Cable and Wireless (West Indies) Limited (**CWWI**)	100%	England	Caribbean
Cable & Wireless Limited	100%	England	England
Sable International Finance Limited (**Sable**)	100%	Cayman	England
Cable and Wireless International Finance B.V. (**CWIF**)	100%	Netherlands	England
Columbus International Inc.	100%	Barbados	Caribbean/Latin America
Columbus Communications Trinidad Limited	100%	Trinidad & Tobago	Trinidad & Tobago
Columbus Communications Jamaica Limited	100%	Jamaica	Jamaica
Columbus Networks, Limited	100%	Barbados	Caribbean/Latin America
Coral-U.S. Co-Borrower LLC (**Coral-U.S.**)	100%	United States	United States

(a) We regard BTC and C&W Panama as subsidiaries because we control the majority of their Board of Directors through respective shareholders' agreements.

(b) For information regarding an increase in our ownership in C&W Jamaica subsequent to December 31, 2017, see note 27.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash on hand and demand deposits, which have a maturity of three months or less at the time of acquisition. Cash and cash equivalents are measured at cost. The details of our cash and cash equivalents are set forth as follows:

	December 31,	
	2017	2016
	in millions	
Cash at bank and in hand	$ 253.5	$ 252.8
Short-term bank deposits	12.6	18.4
Total	$ 266.1	$ 271.2

Restricted cash includes cash held in escrow and cash pledged as collateral. Cash that is restricted to a specific use is classified as current or noncurrent based on the expected timing of the disbursement. At December 31, 2017 and 2016, our current and long-term restricted cash balances aggregated $38.3 million and $28.2 million, respectively.

Trade Receivables

Our trade receivables are initially measured at fair value and subsequently reported at amortized cost, net of an allowance for impairment of trade receivables. The allowance for impairment of trade receivables is estimated based upon our assessment of anticipated loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote.

For additional information regarding our trade and other receivables, see note 8.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is the price paid, less any rebates, trade discounts or subsidies. Cost is based on the first-in, first-out principle. For inventory held for sale, net realizable value is determined based on the estimated selling price, less costs to sell.

Investments

We account for our investment in Telecommunications Services of Trinidad and Tobago Limited (**TSTT**) using the cost method. We continually perform reviews to determine whether a decline in fair value below the cost basis of our investment in TSTT is other-than-temporary. The primary factors we consider in our determination are the extent and length of time that the fair value of the investment is below our company's carrying value and the financial condition, operating performance and near-term prospects of the investee, changes in the valuation subsequent to the balance sheet date, and the impacts of exchange rates, if applicable. If a decline in fair value of this investment is deemed to be other-than-temporary, the cost basis is written down to fair value through our consolidated statements of operations.

We account for our investment in U.K. Government Gilts using the available-for-sale method. Available-for-sale securities are measured at fair value. Changes in the fair value of available-for-sale securities are reflected in other comprehensive income or loss until sold or other-than-temporarily impaired, at which time the amounts are reclassified from accumulated other comprehensive income or loss into finance income or expense in our consolidated statements of operations.

For additional information regarding our fair value measurements, see note 7. For additional information regarding these investments, see notes 10 and 18.

Financial Instruments

Cash and cash equivalents, current trade and other receivables, other current assets, trade and other payables, and other accrued and current liabilities are initially recognized at fair value and subsequently carried at amortized cost. Due to their short maturities, the carrying values of these financial instruments approximate their respective fair value. The carrying amounts of trade receivables

with a remaining term of more than one year are included in noncurrent assets, and the carrying amounts of these receivables approximate their fair value.

The carrying amounts of loans and other receivables with a remaining term of more than one year are recognized initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, loans and other receivables are measured at amortized cost using the effective interest method, less any impairment losses.

For information regarding how we arrive at certain of our fair value measurements, see note 7.

Fair value through profit or loss

Financial assets and liabilities recorded at fair value through profit or loss include financial assets and liabilities that are held-for-trading and those designated upon initial recognition. Financial assets and liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term or if designated as such by the company. These financial assets are initially recognized at fair value. Subsequent gains or losses related to changes in fair value are recognized in finance income or expense, respectively, in our consolidated statements of operations.

Debt

Debt is recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value of our debt is recognized in our consolidated statements of operations over the respective term of the borrowings using the effective interest method.

Derivative Instruments

All derivative instruments are recorded in our consolidated statements of financial position at fair value. In general, we enter into derivative instruments to manage interest rate exposure and foreign currency exposure in connection with our borrowings. We do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of our derivative instruments are recored in realized and unrealized gains or losses on derivative instruments within either finance income or expense, as applicable, in our consolidated statements of operations.

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity in our consolidated statements of cash flows.

For information regarding our derivative instruments, including our policy for classifying cash flows related to derivative instruments in our consolidated statements of cash flows, see note 6.

Property and Equipment

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. We capitalize costs associated with the construction of new cable and mobile transmission and distribution facilities and the installation of new cable services. The nature and amount of labor and other costs to be capitalized with respect to construction and installation activities involves significant judgment. In addition to direct external and internal labor and materials, we also capitalize other costs directly attributable to our construction and installation activities, including dispatch costs, quality-control costs, vehicle-related costs and certain warehouse-related costs. The capitalization of these costs is based on time sheets, time studies, standard costs, call tracking systems and other verifiable means that directly link the costs incurred with the applicable capitalizable activity. We continuously monitor the appropriateness of our capitalization policies and update the policies when necessary to respond to changes in facts and circumstances, such as the development of new products and services and changes in the manner that installations or construction activities are performed. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities, such as reconnecting customer locations where a drop already exists, disconnecting customer locations and repairing or maintaining drops, are expensed as incurred. Financing costs capitalized with respect to construction activities were not material during any of the periods presented.

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is computed on a straight-line basis over the estimated useful lives of each major component of an item of property and equipment. Useful lives used to depreciate our property and equipment are assessed periodically and are adjusted when warranted. The useful lives of cable and mobile transmission and distribution systems that are undergoing a rebuild are adjusted such that property and equipment to be retired will be fully depreciated by the time the rebuild is completed. Land is not depreciated.

The estimated useful lives of our major components of property and equipment are as follows:

	Estimated useful life at December 31, 2017
Distribution systems	3 to 25 years
Support equipment and buildings	3 to 40 years
Customer premises equipment	3 to 5 years

Property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. Such indicators may include (i) the impact of natural disasters, such as hurricanes, (ii) an expectation of a sale or disposal of a long-lived asset or asset group, (iii) adverse changes in market or competitive conditions, (iv) an adverse change in legal factors or business climate in the markets in which we operate and (v) operating or cash flow losses. Impairment exists when the carrying value exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell or value in use. For purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). We generally measure fair value by considering (i) sale prices for similar assets, (ii) discounted estimated future cash flows using an appropriate discount rate and/or (iii) estimated replacement cost. Assets to be disposed of are recorded at the lower of their carrying amount or fair value less costs to sell. Impairment losses are reversed if the reasons for the impairment loss no longer exist or the impairment loss has decreased.

Additions, replacements and improvements that extend the asset life are capitalized. Repairs and maintenance are expensed as incurred.

Gains and losses due to disposals are included in other operating income or expense, as applicable, in our consolidated statements of operations.

We recognize a liability for asset retirement obligations in the period in which it is incurred if sufficient information is available to make a reasonable estimate of fair values. Asset retirement obligations primarily relate to assets placed on leased wireless towers and other premises. For additional information regarding our asset retirement obligations, see note 14.

Intangible Assets

Our primary intangible assets relate to goodwill, customer relationships, licensing and operating agreements, software costs and trade names. Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment annually, or more frequently when there is an indication that it may be impaired. Intangible assets with finite lives are amortized on a straight-line basis over their respective estimated useful lives to there estimated residual values, and reviewed for impairment when circumstances warrant. Useful lives used to amortize our intangible assets that are subject to amortization are assessed periodically and are adjusted when warranted.

Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired in a business combination. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the related business combination. For each cash-generating unit, if the recoverable amount (i.e. the higher of fair value less costs to sell or value in use) of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets pro-rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Customer relationships and trade names are recognized at their fair values in connection with business combinations and are amortized over their estimated useful lives ranging from 4 to 15 years.

We capitalize internal and external costs directly associated with the development of internal-use software. We also capitalize costs associated with the purchase of software licenses. Maintenance and training costs, as well as costs incurred during the preliminary stage of an internal-use software development project, are expensed as incurred. Capitalized internal-use software costs are amortized on a straight-line basis over their applicable estimated useful lives, which are approximately three years.

Additions, replacements and improvements that increase the future economic benefits embodied in the specific asset to which it relates are capitalized. All other expenditures, including expenditures on internally generated brands, are expensed as incurred.

Leasing

Leases are classified as a finance lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to us. Property and equipment acquired by way of a finance lease is initially stated at an amount equal to the lower of their fair value or the present value of the minimum lease payments at inception of the lease. Property and equipment under a finance lease is amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset and is included in depreciation and amortization expense in our consolidated statements of operations. The asset is subject to impairment assessment as a component of the applicable cash-generating unit to which it relates. Lease obligations, net of finance charges, are included in debt and finance lease obligations in our consolidated statements of financial position and the interest component of lease payments over the term of the lease is included in our consolidated statements of operations.

All other leases are classified as operating leases with payments being recognized in our consolidated statements of operations on a straight-line basis over the term of the lease.

Provisions

Provisions represent liabilities for which the timing of settlement and/or amount are uncertain. A provision is recognized when (i) a present legal or constructive obligation as a result of a past event exists, (ii) it is probable that an outflow of resources will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation.

For additional information regarding our provisions, see note 14.

Employee Benefit Plans

Certain of our subsidiaries maintain various employee defined benefit plans. Defined benefit pension plan costs are determined using actuarial methods and are accounted for using the projected unit credit method, which incorporates management's best estimates of future salary levels, other cost escalations, retirement ages of employees, and other actuarial factors. Our net asset or liability in respect of defined benefit pension plans represents the fair value of the plan assets, less the present value of the defined benefit obligations. The fair value of plan assets and the projected benefit obligation for each plan are calculated annually by independent qualified actuaries. Defined benefit assets are only recognized to the extent they are deemed recoverable.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in full in the period in which they arise in our consolidated statements of comprehensive income or loss together with returns on plan assets, excluding net interest that is recorded in our consolidated statements of operations. These remeasurements are not subsequently reclassified to profit or loss.

Other movements in the net pension surplus or deficit of the applicable plan are recognized in other operating expenses in our consolidated statements of operations. These generally comprise current and past service costs, including those arising from settlements and curtailments, and net interest amounts representing the change in the present value of plan obligations and plan assets resulting from the unwinding of discounts.

Certain of our subsidiaries participate in externally managed defined contribution pension plans. A defined contribution plan is a pension plan under which we have no further obligation once the fixed defined contribution has been paid to the third-party administrator of the plan. Contributions under our defined contribution pension plan are recognized as incurred in other operating expenses in our consolidated statements of operations.

For additional information regarding our pension plans, see notes 18 and 25.

Foreign Currency Translation and Transactions

The presentation currency of our company is the U.S. dollar. The functional currency of our foreign operations generally is the applicable local currency for each foreign subsidiary and equity method investee. Assets and liabilities of foreign subsidiaries (including intercompany balances for which settlement is not anticipated in the foreseeable future) are translated at the spot rate in effect at the applicable reporting date. With the exception of certain material transactions, the amounts reported in our consolidated statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustment, net of applicable income taxes, is recorded in foreign currency translation reserve in our consolidated statements of changes in owners' equity. With the exception of certain material transactions, the cash flows from our operations in foreign countries are translated at the average rate for the applicable period in our consolidated statements of cash flows. The impacts of material transactions generally are recorded at the applicable spot rates in our consolidated statements of operations and cash flows. The effect of exchange rates on cash balances held in foreign currencies are separately reported in our consolidated statements of cash flows.

Transactions denominated in currencies other than our or our subsidiaries' functional currencies are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to amounts recorded in our consolidated statements of financial position related to these non-functional currency transactions result in transaction gains and losses that are reflected in our consolidated statements of operations as unrealized (based on the applicable period end exchange rates) or realized upon settlement of the transactions within financial income or expense. For additional information, see note 17.

Revenue Recognition

Service Revenue — Fixed Networks. We recognize revenue from video, broadband internet and fixed-line telephony services over our fixed network to customers in the period the related services are provided. Installation revenue (including reconnect fees) related to services provided over our fixed networks is generally 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, which costs are expensed as incurred. To the extent installation revenue exceeds direct selling costs, the excess revenue is deferred and amortized over the expected life of the subscriber relationship.

Sale of Multiple Products and Services. We sell video, broadband internet, fixed-line telephony and, in most of our markets, mobile services to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Revenue from bundled packages generally is allocated proportionally to the individual services based on the relative standalone price for each respective service.

Mobile Revenue — General. Consideration from mobile contracts is allocated to the airtime service element and the handset service element based on the relative standalone prices of each element. The amount of consideration allocated to the handset is limited to the amount that is not contingent upon the delivery of future airtime services. Certain of our operations that provide mobile services offer handsets under a subsidized contract model, whereby upfront revenue recognition is limited to the upfront cash collected from the customer as the remaining monthly fees to be received from the customer, including fees that may be associated with the handset, are contingent upon delivering future airtime services.

Mobile Revenue — Airtime Services. We recognize revenue from mobile services in the period the related services are provided. Payments received from pre-pay customers are recorded as deferred revenue prior to the commencement of services and are recognized as revenue as the services are rendered or usage rights expire.

Mobile Revenue — Handset Revenue. Arrangement consideration allocated to handsets is recognized as revenue when the goods have been delivered and title has passed.

*Business-to-Business (***B2B***) Revenue.* We defer upfront installation and certain nonrecurring fees received on B2B contracts where we maintain ownership of the installed equipment. The deferred fees are amortized into revenue on a straight-line basis over the term of the arrangement or the expected period of performance.

Promotional Discounts. For subscriber promotions, such as discounted or free services during an introductory period, revenue is recognized only to the extent of the discounted fees charged to the subscriber, if any.

Subscriber Advance Payments and Deposits. Payments received in advance for the services we provide are deferred and recognized as revenue when the associated services are provided.

*Sales, Use and Other Value-Added Taxes (***VAT***).* Revenue is recorded net of applicable sales, use and other value-added taxes.

Income Taxes

The income taxes of C&W and its subsidiaries are presented on a separate return basis for each tax-paying entity or group based on the local tax law.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities at undiscounted values. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted as of the statement of financial position date.

Generally, deferred taxes are recognized for any temporary differences between the tax base and the IASB-IFRS base, except in situations where goodwill is not recognized for tax purposes.

Deferred tax assets are recognized for deductible temporary differences and tax loss and interest carryforwards, if it is probable that future taxable earnings will be available against which the unused tax losses or temporary differences can be utilized. However, deferred tax assets are not recognized if the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting earnings nor taxable earnings.

The recoverability of the carrying value of deferred taxes is determined based on management's estimates of future taxable earnings. If it is no longer probable that enough future taxable earnings will be available against which the unused tax losses or temporary differences can be used, an impairment in a corresponding amount is recognized on the deferred tax assets.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted as of the statement of financial position date.

If the changes in the value of assets or liabilities are recognized in a separate component of equity, the change of value of the corresponding deferred tax assets and liabilities are also recognized in this separate component of equity (instead of income tax expense).

Deferred tax assets and liabilities are offset in our consolidated statements of financial position if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

For additional information regarding our income taxes, see note 15.

Litigation Costs

Legal fees and related litigation costs are expensed as incurred.

(4) Financial Risk Management

Overview

We have exposure to the following risks that arise from our financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Our exposure to each of these risks, the policies and procedures that we use to manage these risks and our approach to capital management are discussed below.

Credit Risk

We are exposed to the risk that our customers or the counterparties to our derivative instruments, undrawn debt facilities, trade accounts receivables and cash investments will default on their obligations to us. We manage the credit risk associated with our trade receivables by performing credit verifications, following established dunning procedures and engaging collection agencies. Concentration of credit risk with respect to trade receivables is limited due to the large number of customers and their dispersion across many different countries, with the exception of $53.6 million and $58.1 million at December 31, 2017 and 2016, respectively, due from a single government. For information regarding the aging of our trade receivables, see note 8. We manage the credit risk

associated with the counterparties to our derivative instruments, undrawn debt facilities and cash investments through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments and undrawn debt facilities is spread across a relatively broad counterparty base of banks and financial institutions. We have not posted collateral under the derivative instruments. Most of our cash currently is invested in either (i) AAA rated money market funds, including funds that invest in government obligations or repurchase agreements serviced by such obligations, or (ii) overnight deposits with banks having a minimum credit rating of A- by Standard & Poor's or an equivalent rating by Moody's Investor Service. Where local financial sector constraints restrict our ability to meet the above criteria for our cash holdings, cash may be deposited with one of the three highest rated financial institutions locally for operational purposes until such time as the above investments are made. To date, neither the access to nor the value of our cash and cash equivalent balances have been adversely impacted by liquidity problems of financial institutions.

At December 31, 2017, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of $16.6 million, (ii) cash and cash equivalent and restricted cash balances of $304.4 million, (iii) gross trade accounts receivable balances of $472.9 million and (iv) aggregate undrawn debt facilities of $706.5 million.

We have entered into derivative instruments under agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements under each of these master agreements are limited to the derivative instruments governed by the relevant master agreement.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, the current economic conditions and uncertainties in global financial markets have increased the credit risk of our counterparties and we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity.

Although we actively monitor the creditworthiness of our key vendors, the financial failure of a key vendor could disrupt our operations and have an adverse impact on our revenue and cash flows.

Our maximum exposure to credit risk is represented by the carrying amounts of our financial assets. We do not believe there is any significant credit risk associated with these financial instruments.

Liquidity Risk

We are exposed to the risk that we will encounter difficulty in meeting our financial obligations. In addition to cash and cash equivalents, our primary sources of liquidity are cash provided by operations and access to the available borrowing capacity of our various debt facilities. For additional information related to our debt, see note 12.

Our liquidity is generally used to fund (i) interest payments on the C&W Notes and C&W Credit Facilities (each as defined and described in note 12), (ii) property, equipment and intangible assets additions, (iii) corporate general and administrative expenses, (iv) obligations under our employee benefit plans and (v) income tax payments. From time to time, we may also require liquidity in connection with (i) acquisitions and other investment opportunities, (ii) loans to Liberty Latin America, (iii) capital distributions to Liberty Latin America or (iv) the satisfaction of contingent liabilities.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements and indentures is dependent primarily on our ability to maintain or increase our Covenant EBITDA (as defined in note 23) and to achieve adequate returns on our property, equipment and intangible asset additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by incurrence-based leverage covenants contained in our various debt instruments. For example, if our Covenant EBITDA were to decline, our ability to obtain additional debt could be limited. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. At December 31, 2017, we were in compliance with our debt covenants.

We use budgeting and cash flow forecasting tools to ensure that we will have sufficient resources to timely meet our liquidity requirements. We also maintain a liquidity reserve to provide for unanticipated cash outflows.

The following table provides the timing of expected cash payments based on the contractually agreed upon terms for our financial liabilities as of December 31, 2017. The amounts are based on interest rates, interest payment dates and contractual maturities in effect as of December 31, 2017, as applicable.

	Payments due during the year ending December 31:						
	2018	2019	2020	2021	2022	Thereafter	Total
				in millions			
Debt:							
Principal	$ 159.5	$ 246.1	$ 39.1	$ 134.9	$ 775.1	$ 2,545.9	$ 3,900.6
Interest	220.4	219.0	204.5	201.1	197.3	448.4	1,490.7
Derivative instruments:							
Principal-related (a)	—	(4.1)	—	—	2.6	—	(1.5)
Interest-related (b)	25.0	19.9	18.1	18.0	17.7	36.7	135.4
Finance lease obligations:							
Principal	4.9	7.6	0.2	—	—	—	12.7
Interest	0.3	0.1	—	—	—	—	0.4
Trade and other payables	154.3	—	—	—	—	—	154.3
Current tax liabilities	34.0	—	—	—	—	—	34.0
Provisions (c)	13.2	0.1	—	—	—	36.0	49.3
Other accrued and current liabilities	376.1	25.5	—	—	—	—	401.6
Total	$ 987.7	$ 514.2	$ 261.9	$ 354.0	$ 992.7	$ 3,067.0	$ 6,177.5

(a) Includes the principal-related cash flows of our cross-currency swap contracts.

(b) Includes the interest-related cash flows of our cross-currency and interest rate swap contracts.

(c) The amounts included in periods later than 2022 represent payments associated with our network-related asset retirement obligations.

The following table provides the timing of expected cash payments based on the contractually agreed upon terms for our financial liabilities as of December 31, 2016. The amounts are based on interest rates, interest payment dates and contractual maturities in effect as of December 31, 2016, as applicable.

	Payments due during the year ending December 31:						
	2017	2018	2019	2020	2021	Thereafter	Total
				in millions			
Debt:							
Principal	$ 95.7	$ 54.7	$ 227.6	$ 38.3	$ 1,284.0	$ 1,892.7	$ 3,593.0
Interest	237.7	235.8	233.3	215.9	165.6	114.7	1,203.0
Derivative instruments:							
Principal-related (a)	—	—	13.2	—	—	—	13.2
Interest-related (b)	23.7	22.1	22.0	18.7	18.6	18.6	123.7
Finance lease obligations:							
Principal	5.1	9.7	0.7	—	—	—	15.5
Interest	0.5	0.2	—	—	—	—	0.7
Trade and other payables	201.9	—	—	—	—	—	201.9
Current tax liabilities	62.7	—	—	—	—	—	62.7
Provisions	15.9	—	—	—	—	35.2	51.1
Other accrued and current liabilities	322.8	—	—	—	—	—	322.8
Total	$ 966.0	$ 322.5	$ 496.8	$ 272.9	$ 1,468.2	$ 2,061.2	$ 5,587.6

(a) Includes the principal-related cash flows of our cross-currency swap contracts.

(b) Includes the interest-related cash flows of our cross-currency and interest rate swap contracts.

(c) The amounts included in periods later than 2021 represent payments associated with our network-related asset retirement obligations.

Market Risk

Interest Rate Risks

We are exposed to changes in interest rates primarily as a result of our borrowing activities, which include fixed-rate and variable-rate borrowings by our subsidiaries. Our primary exposure to variable-rate debt is through the LIBOR-indexed C&W Credit Facilities, as defined and further described in note 12. Regulators in the U.K. have announced that LIBOR will be phased out by the end of 2021. Our loan documents contain customary provisions that contemplate alternative calculations of the applicable base rate once LIBOR is no longer available. We do not expect that these alternative calculations will be materially different from what would have been calculated under LIBOR.

In general, we seek to enter into derivative instruments to protect against increases in the interest rates on our variable-rate debt. Accordingly, we have entered into various derivative transactions to reduce exposure to increases in interest rates. We use interest rate derivative contracts to exchange, at specified intervals, the difference between fixed and variable interest rates calculated by reference to an agreed-upon notional principal amount. At December 31, 2017, we effectively paid a fixed interest rate on 97% of our total debt. The final maturity dates of our various portfolios of interest rate derivative instruments generally fall short of the respective maturities of the underlying variable-rate debt. In this regard, we use judgment to determine the appropriate maturity dates of our portfolios of interest rate derivative instruments, taking into account the relative costs and benefits of different maturity profiles in light of current and expected future market conditions, liquidity issues and other factors. For additional information regarding the impacts of these interest rate derivative instruments, see note 6.

Weighted Average Variable Interest Rate. At December 31, 2017, the outstanding principal amount of our variable-rate indebtedness aggregated $2.2 billion, and the weighted average interest rate (including margin) on such variable-rate indebtedness was approximately 4.84%, excluding the effects of interest rate derivative contracts, deferred financing costs, original issue discounts and commitment fees, all of which affect our overall cost of borrowing. Assuming no change in the amount outstanding, and without giving effect to any interest rate derivative contracts, deferred financing costs, original issue discounts and commitment fees, a hypothetical 50 basis point (0.50%) increase (decrease) in our weighted average variable interest rate would increase (decrease) our annual interest expense and cash outflows by $11 million. As discussed above and in note 6, we use interest rate derivative contracts to manage our exposure to increases in variable interest rates. In this regard, increases in the fair value of these contracts generally would be expected to offset most of the economic impact of increases in the variable interest rates applicable to our indebtedness to the extent and during the period that principal amounts are matched with interest rate derivative contracts.

Foreign Currency Risk

We are exposed to foreign currency exchange rate risk in situations where our debt is denominated in a currency other than the functional currency of the operations whose cash flows support our ability to repay or refinance such debt. Although we generally seek to match the denomination of our and our subsidiaries' borrowings with the functional currency of the operations that are supporting the respective borrowings, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in the functional currency of the underlying operations (unmatched debt). Our policy is generally to provide for an economic hedge against foreign currency exchange rate movements, whenever possible and cost effective to do so, by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. For additional information regarding the terms of our derivative instruments, see note 6.

In addition to the exposure that results from unmatched debt, we are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our or our subsidiaries' respective functional currencies (non-functional currency risk), such as equipment purchases and programming contracts. Changes in exchange rates with respect to amounts recorded in our consolidated statements of financial position related to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that our revenue, costs and expenses are denominated in currencies other than our respective functional currencies, we will experience fluctuations in our revenue, costs and expenses solely as a result of changes in foreign currency exchange rates. Generally, we will consider hedging non-functional currency risks when the risks arise from agreements with third parties that involve the

future payment or receipt of cash or other monetary items to the extent that we can reasonably predict the timing and amount of such payments or receipts and the payments or receipts are not otherwise hedged. In this regard, we have not hedged any non-functional currency risks related to our revenue, operating costs and expenses and/or property, equipment and intangible asset additions as of December 31, 2017.

We also are exposed to unfavorable and potentially volatile fluctuations of the U.S. dollar (our presentation currency) against the currencies of our operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in our consolidated financial statements. Cumulative translation adjustments are recorded in foreign currency translation as a separate component of equity. Any increase (decrease) in the value of the U.S. dollar against any foreign currency that is the functional currency of one of our operating subsidiaries will cause us to experience unrealized foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. Accordingly, we may experience a negative impact on our comprehensive earnings or loss and equity with respect to our holdings solely as a result of foreign currency translation. Our primary exposure to foreign currency risk during the year ended December 31, 2017 was to (i) the British pound sterling, related to the 2019 C&W Senior Notes (as defined and described in note 12), and (ii) the Jamaican dollar and the Trinidad & Tobago dollar, as 15% and 7% of our reported revenue during the period was derived from subsidiaries whose functional currencies are the Jamaican dollar and the Trinidad & Tobago dollar, respectively. In addition, our reported operating results are impacted by changes in the exchange rates for other local currencies in Latin America and the Caribbean. We generally do not hedge against the risk that we may incur non-cash losses upon the translation of the financial statements of our operating subsidiaries and affiliates into U.S. dollars.

The relationship between (i) the British pound sterling, the Jamaican dollar and the Trinidad & Tobago dollar and (ii) the U.S. dollar, which is our presentation currency, is shown below, per one U.S. dollar:

	As of December 31,	
	2017	**2016**
Spot rates:		
British pound sterling	0.7394	0.8100
Jamaican dollar	124.58	128.77
Trinidad & Tobago dollar	6.7635	6.6806

	Year ended December 31, 2017	Nine months ended December 31, 2016
Average rates:		
British pound sterling	0.7767	0.7547
Jamaican dollar	128.15	126.53
Trinidad & Tobago dollar	6.7508	6.6541

Other Risk

Inflation and Foreign Investment Risk

We are subject to inflationary pressures with respect to labor, programming and other costs. While we attempt to increase our revenue to offset increases in costs, there is no assurance that we will be able to do so. Therefore, costs could rise faster than associated revenue, thereby resulting in a negative impact on our operating results, cash flows and liquidity. The economic environment in the respective countries in which we operate is a function of government, economic, fiscal and monetary policies and various other factors beyond our control that could lead to inflation. We are unable to predict, with any meaningful long term degree of certainty, the extent that price levels might be impacted in future periods by the current state of the economies in the countries in which we operate.

Sensitivity Information

Information concerning the sensitivity of the fair value of certain of our more significant derivative instruments to changes in market conditions is set forth below. The potential changes in fair value set forth below do not include any amounts associated with the remeasurement of the derivative asset or liability into the applicable functional currency. For additional information, see notes 6 and 7 to our consolidated financial statements.

Cross-currency and Interest Rate Derivative Contracts

Holding all other factors constant, at December 31, 2017:

i. an instantaneous increase (decrease) in the relevant base rate of 50 basis points (0.50%) would have increased (decreased) the aggregate fair value of the our cross-currency and interest rate derivative contracts by approximately $60 million; and

ii. an instantaneous increase (decrease) of 10% in the value of the British pound sterling relative to the U.S. dollar would have decreased (increased) the aggregate fair value of the our cross-currency and interest rate derivative contracts by approximately £17 million ($23 million).

(5) Acquisitions

In connection with the Liberty Global acquisition of C&W in 2016 (the **Liberty Global Transaction**) (as further described in note 16) and our acquisition of Columbus International Inc. and its subsidiaries (collectively, **Columbus**) in 2015 (the **Columbus Acquisition**), certain entities (the **Carve-out Entities**) that held licenses granted by the U.S. Federal Communications Commission (the **FCC**) were transferred to entities not controlled by C&W (collectively, **New Cayman**). The arrangements with respect to the Carve-out Entities, which were executed in connection with the Columbus Acquisition and the Liberty Global Transaction, contemplated that upon receipt of regulatory approval, we would acquire the Carve-out Entities. On March 8, 2017, the FCC granted its approval for our acquisition of the Carve-out Entities. Accordingly, on April 1, 2017, subsidiaries of C&W acquired the Carve-out Entities (the **Carve-out Acquisition**) for an aggregate purchase price of $86.2 million, which represents the amount due under notes receivable that were exchanged for the equity of the Carve-out Entities.

We have accounted for the Carve-out Acquisition using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of the Carve-out Entities based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. A summary of the purchase price and opening consolidated balance sheet for the Carve-out Entities at the April 1, 2017 acquisition date is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation (in millions):

Cash and cash equivalents	$ 1.0
Other current assets	34.1
Property and equipment	156.1
Goodwill (a)	22.7
Deferred tax assets	20.5
Other accrued and current liabilities	(86.3)
Deferred tax liabilities	(32.5)
Other noncurrent liabilities	(29.4)
Total purchase price	$ 86.2

(a) The goodwill recognized in connection with the acquisition of the Carve-out Entities is primarily attributable to synergies arising from the acquisition.

(6) Derivative Instruments and Financial Liabilities

Derivative Instruments

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity. In this regard, we have entered into various derivative instruments to manage interest rate exposure

and foreign currency exposure with respect to the U.S. dollar (**$**), the British pound sterling (**£**), the Jamaican dollar (**JMD**) and the Colombian peso (**COP**).

The following table provides details of the fair values of our derivative instrument assets and liabilities:

	December 31, 2017			December 31, 2016		
	Current (a)	Long-term (a)	Total	Current (a)	Long-term (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts	$ 0.8	$ 37.7	$ 38.5	$ —	$ 19.1	$ 19.1
Embedded derivatives:						
Sable Senior Notes redemption option	—	26.0	26.0	—	13.0	13.0
Columbus Senior Notes redemption option	—	—	—	—	35.6	35.6
	$ 0.8	$ 63.7	$ 64.5	$ —	$ 67.7	$ 67.7
Liabilities – Cross-currency and interest rate derivative contracts (b)	$ 21.4	$ 15.2	$ 36.6	$ 15.5	$ 20.5	$ 36.0

(a) Our current and noncurrent derivative assets are included in other current assets and other noncurrent assets, respectively, and our current and noncurrent derivative liabilities are included in other accrued and current liabilities and other noncurrent liabilities, respectively, in our consolidated statements of financial position.

(b) We consider credit risk relating to our and our counterparties' nonperformance in the fair value assessment of our derivative instruments. In all cases, the adjustments take into account offsetting liability or asset positions. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains (losses) of ($0.5 million) and $1.6 million during the year ended December 31, 2017 and nine months ended December 31, 2016. These amounts are included in realized and unrealized gains (losses) on derivative instruments within financial income (expense) in our consolidated statements of operations. For further information regarding our fair value measurements, see note 7.

The details of our realized and unrealized gains (losses) on derivative instruments, included in financial income (expense) in our consolidated statements of operations, are as follows:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Cross-currency and interest rate derivative contracts	$ 2.9	$ (6.6)
Embedded derivatives	42.6	17.6
Accretion of Columbus Put Option (a)	—	(12.1)
Total	$ 45.5	$ (1.1)

(a) The Columbus Put Option is defined and described below.

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. Our cash outflows related to derivative instruments during the year ended December 31, 2017 and nine months ended December 31, 2016 were $15.9 million and $8.3 million, respectively, and are classified as operating activities in our consolidated statements of cash flows.

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral has not been posted by either party under the derivative instruments of our subsidiary borrowing groups. At December 31, 2017, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of $16.6 million.

We have entered into derivative instruments under agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements under each of these master agreements are limited to the derivative instruments governed by the relevant master agreement within each individual borrowing group and are independent of similar arrangements of our other subsidiary borrowing groups.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

In addition, where a counterparty is in financial difficulty, under the laws of certain jurisdictions, the relevant regulators may be able to (i) compel the termination of one or more derivative instruments, determine the settlement amount and/or compel, without any payment, the partial or full discharge of liabilities arising from such early termination that are payable by the relevant counterparty or (ii) transfer the derivative instruments to an alternative counterparty.

Details of our Derivative Instruments

Cross-currency Derivative Contracts

The following table sets forth the total notional amounts and the related weighted average remaining contractual lives of our cross-currency swap contracts, which are held by Sable, at December 31, 2017:

Notional amount due from counterparty		Notional amount due to counterparty		Weighted average remaining life
in millions				in years
$	108.3	JMD	13,817.5	5.0
$	35.4	COP	106,000.0	4.6
£	146.7	$	194.3	1.2

Interest Rate Derivative Contracts

As noted above, we enter into interest rate swaps to protect against increases in the interest rates on our variable-rate debt. Pursuant to these derivative instruments, we typically pay fixed interest rates and receive variable interest rates on specified notional amounts. At December 31, 2017, the U.S. dollar equivalent of the notional amounts of our interest rate swap contracts was $2,925.0 million, which includes forward-starting derivative instruments, and the related weighted average remaining contractual life was 6.3 years.

Basis Swaps

Our basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and/or (iii) the borrowing period. We typically enter into these swaps to optimize our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At December 31, 2017, the U.S. dollar equivalent of the notional amounts of our basis swaps was $1,825.0 million and the related weighted average remaining contractual life was 0.9 years.

Impact of Derivative Instruments on Borrowing Costs

The impact of the derivative instruments, excluding forward-starting derivative instruments, on our borrowing costs at December 31, 2017 was an increase of 47 basis points.

Embedded Derivatives

The redemption term pursuant to the Sable Senior Notes (as defined and described in note 12) represents an embedded derivative instrument, which requires bifurcation from the debt instrument. The bifurcated amount is carried at fair value in our consolidated statements of financial position. Any gain or loss associated with the recurring valuation of the embedded derivative instrument is recorded in realized and unrealized gains or losses on derivative instruments in our consolidated statements of operations. In connection with the redemption of the Columbus Senior Notes (as defined and described in note 12) in September 2017, we recorded a loss on debt extinguishment related to the write-off of the Columbus Senior Notes redemption option.

Financial Liabilities

As part of the Columbus Acquisition, the Principal Vendors entered into lock-up and put option arrangements in respect of their issued consideration shares until 2019 (the **Columbus Put Option**). Our liability for the Columbus Put Option was valued on initial recognition using the present value technique of the future liability. In connection with the Liberty Global Transaction, the Columbus Put Option was settled through the issuance of Liberty Global and LiLAC shares (each as further described in note 16) and reflected as a capital contribution from our parent company.

Reconciliations of the movements of the Columbus Put Option, held at amortized cost, are as follows (in millions):

Balance at April 1, 2016	$	970.4
Equity settlement		(982.5)
Accretion of Columbus Put Option		12.1
Balance at December 31, 2016	$	—

(7) Fair Value Measurements

We measure our derivative instruments at fair value and we use the available-for-sale method to account for our investment in U.K. Government Gilts. The reported fair values of our derivative instruments as of December 31, 2017 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities, as we expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or 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 2017, 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 (non-interest rate liquidity curves 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. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the

fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

In order to manage our interest rate and foreign currency exchange risk, we have entered into various derivative instruments, as further described in note 6. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data mostly includes interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Effective January 1, 2017, we incorporated a Monte Carlo based approach into our calculation of the value assigned to the risk that we or our counterparties will default on our respective derivative obligations. Previously, we used a static calculation derived from our most current mark-to-market valuation to calculate the impact of counterparty credit risk. The adoption of a Monte Carlo based approach did not have a material impact on the overall fair value of our derivative instruments. Our and our counterparties' credit spreads represent our most significant Level 3 inputs and these inputs are used to derive the credit risk valuation adjustments with respect to these instruments. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Due to the lack of Level 2 inputs for the valuation of the U.S. dollar to Jamaican dollar cross-currency swaps (the **Sable Currency Swaps**) held by Sable, we believe this valuation falls under Level 3 of the fair value hierarchy. The Sable Currency Swaps are our only Level 3 financial instruments. The Sable Currency Swaps at December 31, 2017 and 2016 were a liability of $21.9 million and $10.7 million, respectively. The change in the fair value of the Sable Currency Swaps resulted in net losses of $11.2 million and $10.7 million during the year ended December 31, 2017 and nine months ended December 31, 2016, respectively, which are reflected in realized and unrealized losses or gains on derivative instruments in finance expense or income, as applicable, in our consolidated statements of operations. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 6.

Our investment in the U.K. Government Gilts falls under Level 1 of the fair value hierarchy. At December 31, 2017 and 2016, the carrying value of our investment in the U.K. Government Gilts, which is included in other noncurrent assets in our consolidated statements of financial position, was $37.2 million and $32.3 million, respectively.

The recurring fair value measurements of the embedded derivative associated with the Sable Senior Notes 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.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with acquisition accounting and impairment assessments. The nonrecurring valuations include the valuation of cash-generating units, customer relationship and other intangible assets and property and equipment. Unless the cash-generating unit has a readily determinable fair value, the valuation of cash-generating units is based at least in part on discounted cash flow analyses. With the exception of certain inputs for our weighted average cost of capital and discount rate calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions, which 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 for customer relationship intangible assets 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 relationship, 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. During the year ended December 31, 2017, we performed nonrecurring valuations related to the acquisition accounting for the Carve-out Entities. During the nine months ended December 31, 2016, we (i) performed a nonrecurring valuation for the purpose of determining the fair value of our investment in TSTT and (ii) recorded an impairment of $4.0 million related to certain sub-sea cable system assets, in connection with the fair value established in negotiations to attempt to sell these assets to an unrelated third-party.

In September 2017, Hurricanes Irma and Maria impacted a number of our markets in the Caribbean, resulting in varying degrees of damage to homes, businesses and infrastructure in these markets. The most extensive damage occurred in the British Virgin Islands, Dominica and Anguilla, and to a lesser extent, Turks & Caicos, the Bahamas, Antigua and other smaller markets (collectively, the **Impacted Markets**). The effects of the hurricanes were deemed to constitute triggering events with respect to the need to assess certain assets for impairment. Nonrecurring valuations were performed in connection with these impairment

assessments for certain cash-generating units within C&W for purposes of assessing goodwill impairments. The nonrecurring valuations for impairment assessments used significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. We used a discount rate of 10% in the valuation of the cash-generating units. These valuations used projected cash flows that reflected the significant risks and uncertainties associated with our recovery from Hurricanes Irma and Maria, including variables such as (i) the length of time it will take to restore the power and transmission systems, (ii) the number of people that will leave these islands for an extended period or permanently and the associated impact on customer churn, (iii) the amount of potential insurance recoveries and (iv) the estimated capital expenditures required to restore the damaged networks in the Impacted Markets. For additional information regarding the impairment charges related to the hurricanes, see note 11.

As part of our annual goodwill impairment assessment in the fourth quarter of 2017, we used a market-based valuation approach to determine the fair value of certain cash-generating units. The fair value of a cash-generating unit using a market-based approach is estimated based upon a market multiple typically applied to the cash-generating unit's earnings before net financial expense (income), income taxes and depreciation, amortization and impairment, as adjusted for share-based compensation, provisions and provision releases related to significant litigation and other operating items. We determine the market multiple for each cash-generating unit taking the following into consideration: (i) public company trading multiples for entities with similar business characteristics as the respective cash-generating unit, a "trading multiple," and (ii) multiples derived from the value of recent transactions for businesses with similar operations and in geographically similar locations, a "transaction multiple." For additional information regarding impairment charges resulting from the annual goodwill assessments, see note 11.

Other than our debt and finance lease obligations, which are described further in note 12, the carrying values of our financial assets and liabilities approximate their respective fair values, generally due to their short maturities.

Pre-tax amounts recognized in our consolidated statements of operations for the year ended December 31, 2017 and nine months ended December 31, 2016 related to our financial assets and liabilities are as follows:

	Finance income	Finance expense	Other statement of operations effects	Impact on earnings (loss) before income taxes
	in millions			
Year ended December 31, 2017:				
Derivative assets and liabilities carried at fair value through our consolidated statement of operations	$ (45.5)	$ —	$ —	$ (45.5)
Assets carried at cost or amortized cost:				
Trade receivables (a)	—	—	57.3	57.3
Loan receivable	(8.6)	—	—	(8.6)
Cash and cash equivalents	(5.0)	—	—	(5.0)
Liabilities carried at fair value	—	10.9	—	10.9
Liabilities carried at cost or amortized cost	—	243.0	—	243.0
	$ (59.1)	$ 253.9	$ 57.3	$ 252.1
Nine months ended December 31, 2016:				
Derivative assets and liabilities carried at fair value through our consolidated statement of operations	$ —	$ (11.0)	$ —	$ (11.0)
Assets carried at cost or amortized cost:				
Trade receivables (a)	—	—	42.2	42.2
Loan receivable	(8.0)	—	—	(8.0)
Cash and cash equivalents	(1.9)	—	—	(1.9)
Liabilities carried at fair value	—	8.8	—	8.8
Liabilities carried at cost or amortized cost	—	211.5	—	211.5
	$ (9.9)	$ 209.3	$ 42.2	$ 241.6

(a) The other statement of operations effects for trade receivables represent provisions for impairment of trade receivables and are included in other operating expenses in our consolidated statements of operations.

A reconciliation of the movements in the valuation basis of our financial instruments measured at fair value is as follows:

	Available-for-sale financial assets	Financial assets at fair value through earnings (loss) for the period	Financial liabilities at fair value through earning (loss) for the period	Total
	in millions			
Balance at January 1, 2017	$ 32.3	$ 67.7	$ (36.0)	$ 64.0
Redemption – Columbus Senior Notes redemption option	—	(65.2)	—	(65.2)
Fair value gain (loss)	—	46.1	(0.6)	45.5
Cash payments	—	15.9	—	15.9
Fair value gain recognized in other comprehensive loss	1.8	—	—	1.8
Foreign currency translation adjustments	3.1	—	—	3.1
Balance at December 31, 2017	$ 37.2	$ 64.5	$ (36.6)	$ 65.1

	Available-for-sale financial assets	Financial assets at fair value through earnings (loss) for the period	Financial liabilities at fair value through earning (loss) for the period	Total
	in millions			
Balance at April 1, 2016	$ 57.1	$ 30.9	$ —	$ 88.0
Sale of available-for-sale investment	(23.3)	—	—	(23.3)
Novation of interest rate swap	—	—	(18.6)	(18.6)
Fair value gain (loss)	—	36.8	(25.7)	11.1
Cash payments	—	—	8.3	8.3
Fair value gain recognized in other comprehensive loss	3.1	—	—	3.1
Foreign currency translation adjustments	(4.6)	—	—	(4.6)
Balance at December 31, 2016	$ 32.3	$ 67.7	$ (36.0)	$ 64.0

(8) Trade and Other Receivables

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

	December 31, 2017	December 31, 2016
	in millions	
Current trade and other receivables:		
Trade receivables – gross	$ 472.9	$ 439.8
Allowance for impairment of trade receivables	(102.9)	(81.1)
Trade receivables, net	370.0	358.7
Other receivables (a)	49.7	116.1
Unbilled revenue	72.0	69.2
Total current trade and other receivables, net	491.7	544.0
Noncurrent – trade and other receivables	3.1	2.9
Total trade and other receivables	$ 494.8	$ 546.9

(a) Other receivables primarily include VAT receivables and, at December 31, 2016, amounts due from New Cayman. For additional information, see note 23.

The detailed aging of current trade receivables and related impairment amounts as of December 31, 2017 and 2016 is set forth below:

	December 31, 2017		December 31, 2016	
	Gross trade receivables	Allowance for impairment	Gross trade receivables	Allowance for impairment
	in millions			
Days past due:				
Current	$ 63.8	$ —	$ 22.7	$ —
1 - 30	88.8	(1.7)	119.3	(2.0)
31 - 60	52.2	(5.4)	47.8	(2.1)
61 - 90	30.4	(7.4)	33.4	(3.5)
Over 90	237.7	(88.4)	216.6	(73.5)
Total	$ 472.9	$ (102.9)	$ 439.8	$ (81.1)

Based on historic default rates, we believe that no impairment allowance is necessary in respect of trade and other receivables not past due. Due to the nature of the telecommunications industry, balances relating to interconnection with other carriers often have lengthy settlement periods. Generally, interconnection agreements with major carriers result in both receivables and payables balances with the same counterparty. Industry practice is that receivable and payable amounts relating to interconnection revenue and costs for a defined period are agreed between counterparties and settled on a net basis.

The following table shows the development of the allowance for impairment of trade receivables:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Allowance at beginning of period	$ 81.1	$ 81.2
Provisions for impairment of receivables	49.1	35.9
Write-off of receivables	(35.9)	(35.2)
Reclassification from held-for-sale	4.0	—
Foreign currency translation adjustments	4.6	(0.8)
Allowance at end of period	$ 102.9	$ 81.1

When a trade receivable is uncollectible, it is written off against the allowance account. Provisions for impairment of trade receivables are included in other operating expenses in our consolidated statements of operations.

(9) Other Assets

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

	December 31,	
	2017	2016
	in millions	
Restricted cash (a)	$ 38.3	$ 25.5
Inventory (b)	28.1	25.3
Income taxes receivable	16.5	11.0
Other current assets	33.5	18.4
Total	$ 116.4	$ 80.2

(a) Restricted cash primarily includes funding for seniority provisions in Panama and cash collateral related to certain loans in Barbados.

(b) Inventory is primarily composed of mobile handsets and other device equipment. Inventory is not pledged as security or collateral against any of our borrowings. The cost of inventory held for sale that was expensed during the year ended December 31, 2017 and nine months ended December 31, 2016 was $92.2 million and $90.3 million, respectively.

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

	December 31,	
	2017	2016
	in millions	
Derivative instruments	$ 63.7	$ 67.7
Loans receivable – related-party	60.5	54.4
Prepaid expenses	38.4	23.8
Available-for-sale financial assets (a)	37.2	32.3
Deferred income taxes	36.9	2.1
Net defined benefit assets	15.8	16.3
Prepaid license fees (b)	—	101.9
Other noncurrent assets (c)	14.1	13.7
Total	$ 266.6	$ 312.2

(a) Amounts relate to the U.K. Government Gilts, which are held as security against certain noncurrent employee benefit plan liabilities. For additional information, see note 18.

(b) Amount represents a deposit for mobile spectrum license agreements that became effective during the fourth quarter of 2017. Accordingly, these license fees were transferred to our licensing and operating agreements intangible assets in 2017.

(c) Includes restricted cash of nil and $2.7 million, respectively, that represents funding for seniority provisions in Panama.

(10) Investment in TSTT

In connection with our acquisition of Columbus in March 2015, certain conditions were included in the regulatory approval of the transaction from the Telecommunications Authority of Trinidad and Tobago (**TATT**), including the requirement that we dispose of our 49%-held investment in TSTT by a deadline set by the TATT, which was recently extended to June 30, 2018. We cannot predict when, or if, we will be able to dispose of this investment at an acceptable price. As such, no assurance can be given that we will be able to recover the carrying value of our investment in TSTT.

Due to management's assessment that the sale of our investment in TSTT during the next 12 months is not probable and the likelihood that further extensions of the deadline set by the TATT are likely if our ongoing efforts to sell our ownership interest in TSTT are not successful, we have reclassified the investment to noncurrent assets in our consolidated statement of financial position as of December 31, 2017. Notwithstanding our inability to sell our ownership interest in TSTT during 2017, under IASB-IFRS no indicators of potential impairment of our investment in TSTT were noted at December 31, 2017.

During the nine months ended December 31, 2016, in connection with the regulatory approval process, TSTT granted an independent valuation of their business, which resulted in an impairment charge of $35.1 million that we recorded to reduce the carrying value of our investment in TSTT to $93.2 million. The fair value determination that supported this impairment charge was made using discounted cash flows and precedent transactions methodologies. The key assumptions used in determining the market value of the equity of TSTT were its historical earnings (based on audited financial statements for fiscal years 2016, 2015 and 2014), 5-year projections and industry specific information, including comparable transaction multiples for the telecom industry. The significant rates used in the estimations of value are as follows:

Discount rate range	9.5% - 10.5%
Terminal growth rate range	1.0% - 2.5%
Multiple range (a)	2.6x - 7.0x

(a) Represents multiples based on comparable transactions applied to last twelve months earnings before interest, income taxes, depreciation and amortization.

(11) Long-lived Assets

Hurricane-related Impairment

In September 2017, certain of our operations in the Caribbean were severely impacted by Hurricanes Irma and Maria, with the most extensive damage occurring in the Impacted Markets. Based on our estimates of the impacts on our operations from these hurricanes, we recorded impairment charges of $14 million to reduce the carrying values of our property and equipment. These impairment charges are based on our assessments of currently available information and, accordingly, it is possible that further impairment charges could be required if the adverse impact of the hurricanes or estimated costs of recovery are greater than expected.

For additional information regarding the impact of the hurricanes and the fair value methods and related assumptions used in our impairment assessments, see note 7.

Property and Equipment, Net

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

	Distribution systems	Support equipment, buildings and land	Customer premises equipment	Other	Assets under construction	Total
	in millions					
Cost:						
January 1, 2017	$ 4,748.4	$ 967.8	$ 397.4	$ 41.7	$ 244.6	$ 6,399.9
Acquisitions	117.9	32.8	0.1	2.6	3.3	156.7
Additions	34.5	29.2	44.0	2.3	279.8	389.8
Retirements and disposals	(62.0)	(3.4)	(6.4)	—	(0.2)	(72.0)
Impairment	(56.3)	(8.5)	(0.2)	(0.5)	—	(65.5)
Transfers	261.1	64.3	60.4	(6.2)	(377.8)	1.8
Foreign currency translation	25.1	(0.9)	3.6	(0.2)	(0.8)	26.8
December 31, 2017	$ 5,068.7	$ 1,081.3	$ 498.9	$ 39.7	$ 148.9	$ 6,837.5
Accumulated depreciation:						
January 1, 2017	$ 2,802.6	$ 596.9	$ 223.4	$ 0.2	$ —	$ 3,623.1
Depreciation	296.4	41.9	62.4	—	—	400.7
Impairment	(45.6)	(5.3)	—	—	—	(50.9)
Retirements and disposals	(58.0)	(1.6)	(4.8)	—	—	(64.4)
Transfers	(4.5)	30.1	4.1	(0.2)	—	29.5
Foreign currency translation	19.8	1.0	1.4	—	—	22.2
December 31, 2017	$ 3,010.7	$ 663.0	$ 286.5	$ —	$ —	$ 3,960.2
Property and equipment, net:						
December 31, 2017	$ 2,058.0	$ 418.3	$ 212.4	$ 39.7	$ 148.9	$ 2,877.3

Changes during the nine months ended December 31, 2016 in the carrying amounts of our property and equipment, net, are as follows:

	Plant and equipment	Support equipment, buildings and land	Customer premises equipment	Other	Assets under construction	Total
			in millions			
Cost:						
April 1, 2016	$ 5,410.8	$ 488.3	$ —	$ —	$ 269.9	$ 6,169.0
Additions	45.9	6.2	25.2	4.4	239.1	320.8
Retirements and disposals	(59.9)	(5.0)	—	(0.5)	—	(65.4)
Transfers (a)	(636.9)	488.3	374.1	37.8	(262.6)	0.7
Foreign currency translation	(11.5)	(10.0)	(1.9)	—	(1.8)	(25.2)
December 31, 2016	$ 4,748.4	$ 967.8	$ 397.4	$ 41.7	$ 244.6	$ 6,399.9
Accumulated depreciation:						
April 1, 2016	$ 3,196.9	$ 215.8	$ —	$ —	$ —	$ 3,412.7
Depreciation	215.8	36.1	25.4	0.2	—	277.5
Impairment	4.0	—	—	—	—	4.0
Retirements and disposals	(40.1)	(2.0)	—	—	—	(42.1)
Transfers (a)	(582.8)	353.0	199.4	—	—	(30.4)
Foreign currency translation	8.8	(6.0)	(1.4)	—	—	1.4
December 31, 2016	$ 2,802.6	$ 596.9	$ 223.4	$ 0.2	$ —	$ 3,623.1
Property and equipment, net:						
December 31, 2016	$ 1,945.8	$ 370.9	$ 174.0	$ 41.5	$ 244.6	$ 2,776.8

(a) Amounts include (i) transfers from assets under construction for certain assets put into service during the current period, (ii) transfers related to new asset categories established in connection with the Liberty Global Transaction (as defined and described in note 16), (iii) transfers of customer premises equipment from inventory and (iv) the reclassification of our Barbados fiber network from assets held for sale.

During the year ended December 31, 2017 and nine months ended December 31, 2016, we recorded non-cash increases to our property and equipment related to assets acquired under finance leases of $3.9 million and $19.4 million, respectively. Most of these amounts relate to assets included in our support equipment, buildings and land category. Depreciation of assets under finance leases is included in depreciation and amortization in our consolidated statements of operations.

Intangible Assets Subject to Amortization, Net

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

	Customer relationships	Software	Licensing and operating agreements	Brand names	Total
			in millions		
Cost:					
January 1, 2017	$ 695.5	$ 475.1	$ 108.7	$ 82.2	$ 1,361.5
Acquisitions	—	5.0	—	—	5.0
Additions	—	49.7	—	—	49.7
Retirements and disposals	(22.4)	(1.7)	(58.9)	—	(83.0)
Transfers (a)	2.3	31.9	104.3	—	138.5
Foreign currency translation	(1.2)	3.4	1.6	0.2	4.0
December 31, 2017	$ 674.2	$ 563.4	$ 155.7	$ 82.4	$ 1,475.7
Accumulated amortization:					
January 1, 2017	$ 142.6	$ 367.2	$ 48.0	$ 10.4	$ 568.2
Amortization	87.5	54.8	18.8	11.2	172.3
Retirements and disposals	(22.1)	(1.7)	(53.4)	—	(77.2)
Transfers	(1.7)	12.0	(0.6)	—	9.7
Foreign currency translation	(0.3)	2.5	0.1	0.3	2.6
December 31, 2017	$ 206.0	$ 434.8	$ 12.9	$ 21.9	$ 675.6
Intangible assets subject to amortization, net:					
December 31, 2017	$ 468.2	$ 128.6	$ 142.8	$ 60.5	$ 800.1

(a) Balance includes the transfer of prepaid license fees from other noncurrent assets related to mobile spectrum license agreements that became effective during the fourth quarter of 2017.

Changes in the carrying amounts of our finite-lived intangible assets during the nine months ended December 31, 2016 are as follows:

	Customer relationships	Software	Licensing and operating agreements	Brand names	Total
			in millions		
Cost:					
April 1, 2016	$ 640.6	$ 364.0	$ 113.2	$ 89.1	$ 1,206.9
Additions	—	30.0	1.2	—	31.2
Retirements and disposals	(7.4)	(1.0)	—	(5.8)	(14.2)
Transfers	17.3	84.3	(15.4)	0.9	87.1
Foreign currency translation and other	45.0	(2.2)	9.7	(2.0)	50.5
December 31, 2016	$ 695.5	$ 475.1	$ 108.7	$ 82.2	$ 1,361.5
Accumulated amortization:					
April 1, 2016	$ 57.1	$ 273.5	$ 39.9	$ 8.2	$ 378.7
Amortization	23.6	36.6	9.7	7.3	77.2
Retirements and disposals	(7.4)	(0.3)	—	(5.8)	(13.5)
Transfers	19.4	59.3	(14.4)	(0.9)	63.4
Foreign currency translation and other	49.9	(1.9)	12.8	1.6	62.4
December 31, 2016	$ 142.6	$ 367.2	$ 48.0	$ 10.4	$ 568.2
Intangible assets subject to amortization, net:					
December 31, 2016	$ 552.9	$ 107.9	$ 60.7	$ 71.8	$ 793.3

Goodwill

Goodwill is allocated to our cash-generating units, as defined and further described below, as follows:

Cash-generating unit	Reportable segment	December 31, 2017	December 31, 2016
		in millions	
Networks	Networks and LatAm	$ 751.0	$ 729.0
Jamaica	Jamaica	168.8	162.9
Trinidad & Tobago	Trinidad & Tobago	160.4	161.7
Curacao	Ventures and other	97.0	97.0
		1,177.2	1,150.6
Other		253.4	265.3
		$ 1,430.6	$ 1,415.9

As discussed further below, during our annual goodwill impairment test, we concluded impairments were necessary at our Bahamas cash-generating unit primarily as a result of greater than expected impacts of competition and, in the case of one smaller cash-generating unit, a longer expected recovery period from Hurricane Irma.

Changes in the carrying amount of our goodwill are set forth below:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Balance at beginning of period	$ 1,415.9	$ 2,143.7
Impairment	(16.7)	(705.7)
Acquisitions and related adjustments	27.4	—
Foreign currency translation adjustments	4.0	(22.1)
Balance at end of period	$ 1,430.6	$ 1,415.9

We perform annual impairment reviews of the carrying value of goodwill in each of the reportable segments in which we operate. For the purpose of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash inflows, known as cash-generating units. We have principally determined our cash-generating units to be the country in which the business operates with the exception of those segments that have discrete service lines and cash inflows, which are monitored by management on that basis.

2017 Impairment

We performed the annual impairment review effective October 1, 2017. In performing the review, the recoverable amounts of our cash-generating units were predominantly determined based on the fair value less costs of disposal, estimated using a market-based valuation approach. In connection with our 2017 annual impairment analysis, we recorded a $16.7 million goodwill impairment charge, including a $13.5 million charge to our Bahamas cash-generating unit.

2016 Impairment

For 2016, we performed the annual impairment review effective October 1, 2016. In performing the review, the recoverable amounts of the cash-generating unit was determined based on the fair value less costs of disposal, estimated using the business enterprise value of the respective cash-generating unit. The fair value measurement was categorized as Level 3 fair value based on the inputs in the valuation technique used. The business enterprise value for each cash-generating unit was estimated using discounting cash flows, which used discount rates dependent on the weighted average cost of capital of the respective cash-generating unit. In connection with our 2016 annual impairment analysis, we impaired the value of goodwill in our Trinidad & Tobago and Networks cash-generating units by $586.7 million and $115.9 million, respectively.

The key assumptions used in the 2016 impairment review and the estimated recoverable amount of the cash-generating unit over its carrying value are as follows:

	Networks	Trinidad & Tobago	Jamaica	Curacao
Key assumptions:				
Discount rate	11.0%	11.0%	12.0%	8.5%
Income tax rate	23.2%	25.0%	25.0%	22.0%
Long-term growth rate	3.00%	3.48%	3.28%	2.97%
Capitalization multiple	12.5x	13.3x	11.5x	18.1x
Change required for carrying amount to equal recoverable amount (in millions)	N.A	N.A	$ 1,572.1	$ 92.1

The cash flow projections included specific estimates for 10 years and a long-term growth rate thereafter. The terminal growth rate reflects a normalized level based on the tenth year in the model, consistent with the assumptions that a market participant would make.

Our impairment review results of the recoverable amounts of our cash-generating units are sensitive to a number of assumptions, including those key assumptions noted in the table above. We do not believe a reasonably possible change, in isolation, of any of the key assumptions would cause the carrying values of the cash-generating units not deemed impaired to exceed their respective business enterprise value.

If, among other factors, (i) our enterprise value or Liberty Latin America's equity values were to decline significantly or (ii) the adverse impacts of economic, competitive, regulatory or other factors, including macro-economic and demographic trends, were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that additional impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other long-lived assets.

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment expense is composed of the following:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Depreciation expense	$ 400.7	$ 277.5
Amortization expense	172.3	77.2
Total depreciation and amortization	573.0	354.7
Impairment expense	30.9	744.9
Total depreciation, amortization and impairment	$ 603.9	$ 1,099.6

(12) Debt and Finance Lease Obligations

The U.S. dollar equivalents of the components of our debt are as follows:

	December 31, 2017		Estimated fair value (c)		Principal amount	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
				in millions		
C&W Notes (d)	7.09%	$ —	$ 1,749.7	$ 2,319.6	$ 1,648.4	$ 2,181.1
C&W Credit Facilities (d)	4.86%	706.5	2,216.4	1,427.9	2,212.2	1,411.9
Vendor financing (e)	4.05%	—	40.0	—	40.0	—
Total debt before discounts and deferred financing costs	5.79%	$ 706.5	$ 4,006.1	$ 3,747.5	$ 3,900.6	$ 3,593.0

The following table provides a reconciliation of total debt before discounts and deferred financing costs to total debt and finance lease obligations:

	December 31, 2017	December 31, 2016
	in millions	
Total debt before discounts and deferred financing costs	$ 3,900.6	$ 3,593.0
Discounts and deferred financing costs	(34.7)	(60.0)
Total carrying amount of debt	3,865.9	3,533.0
Finance lease obligations	12.7	15.5
Total debt and finance lease obligations	3,878.6	3,548.5
Less: Current maturities of debt and finance lease obligations	(164.3)	(100.8)
Long-term debt and finance lease obligations	$ 3,714.3	$ 3,447.7

(a) Represents the weighted average interest rate in effect at December 31, 2017 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, the weighted average interest rate on our indebtedness was 6.33% at December 31, 2017. For information regarding our derivative instruments, see note 6.

(b) Unused borrowing capacity under the C&W Credit Facilities includes $575.0 million under the C&W Revolving Credit Facility (as defined and described below), which represents the maximum availability without regard to covenant compliance calculations or other conditions precedent to borrowing. At December 31, 2017, the full amount of unused borrowing capacity under the C&W Credit Facilities was available to be borrowed, both before and after consideration of the completion of the December 31, 2017 compliance reporting requirements, which include leverage-based payment tests and leverage covenants.

(c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and estimated credit spreads of the applicable entity, to the extent available, and other relevant factors. For additional information regarding fair value hierarchies, see note 7.

(d) As discussed in note 11, Hurricanes Irma and Maria impacted a number of our markets in the Caribbean, resulting in varying degrees of damage to the homes, businesses and infrastructure in these markets. The operations of the Impacted Markets, together with certain of our other operations, support the debt outstanding under the C&W Notes and the C&W Credit Facilities. We expect that the effects of the hurricanes will not impact our ability to comply with the terms of the C&W Notes and the C&W Credit Facilities.

(e) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our operating expenses. These obligations are generally due within one year and include VAT that was paid on our behalf by the vendor. Our operating expenses for the year ended December 31, 2017 include $40.0 million that were financed by an intermediary and are reflected as a hypothetical cash outflow within net cash provided by operating activities and a hypothetical cash inflow within net cash provided by financing activities in our consolidated statements of cash flows. Repayments of vendor financing obligations are included in repayments of debt and finance lease obligations in our consolidated statements of cash flows.

General Information

Credit Facilities. Our borrowing group has entered into one or more credit facility agreements with certain financial institutions. Each of these credit facilities contain certain covenants, the more notable of which are as follows:

- Our credit facilities contain certain consolidated net leverage ratios, as specified in the relevant credit facility, which are required to be complied with on an incurrence and/or maintenance basis;

- Our credit facilities contain certain restrictions which, among other things, restrict the ability of the members of the borrowing group to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets, in each case, subject to certain customary and agreed exceptions and (iv) make certain restricted payments to their direct and/or indirect parent companies (and indirectly to C&W or Liberty Latin America) through dividends, loans or other distributions, subject to compliance with applicable covenants;

- Our credit facilities require that certain members of the borrowing group guarantee the payment of all sums payable under the relevant credit facility and for first-ranking security to be granted over the shares in such guarantors and over certain intercompany loans;

- In addition to certain mandatory prepayment events, the instructing group of lenders under the relevant credit facility may cancel the commitments thereunder and declare the loans thereunder due and payable after the applicable notice period following the occurrence of a change of control (as specified in the relevant credit facility);

- Our credit facilities contain certain customary events of default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the instructing group of lenders to (i) cancel the total commitments, (ii) accelerate all outstanding loans and terminate their commitments thereunder and/or (iii) declare that all or part of the loans be payable on demand;

- Our credit facilities require members of the borrowing group to observe certain affirmative and negative undertakings and covenants, which are subject to certain materiality qualifications and other customary and agreed exceptions; and

- In addition to customary default provisions, our credit facilities generally include certain cross-default and cross-acceleration provisions with respect to other indebtedness of members of the borrowing group, subject to agreed minimum thresholds and other customary and agreed exceptions.

Senior Notes. In general, our senior notes (i) are senior obligations of each respective issuer within the borrowing group that rank equally with all of the existing and future senior debt of such issuer and are senior to all existing and future subordinated debt of each respective issuer within the borrowing group and (ii) contain, in most instances, certain guarantees from other members of the borrowing group (as specified in the applicable indenture). In addition, the indentures governing our senior notes contain certain covenants, the more notable of which are as follows:

- Our notes contain certain customary incurrence-based covenants. In addition, our notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of the issuer or certain subsidiaries, over agreed minimum thresholds (as specified under the applicable indenture), is an event of default under the respective notes;

- Our notes contain certain restrictions that, among other things, restrict the ability of the members of the borrowing group to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets, in each case, subject to certain customary and agreed exceptions and (iv) make certain restricted payments to its direct and/or indirect parent companies (and indirectly to C&W or Liberty Latin America) through dividends, loans or other distributions, subject to compliance with applicable covenants; and

- If the relevant issuer or certain of its subsidiaries (as specified in the applicable indenture) sell certain assets, such issuer must offer to repurchase the applicable notes at par, or if a change of control (as specified in the applicable indenture) occurs, such issuer must offer to repurchase all of the relevant notes at a redemption price of 101%.

C&W Notes

The details of our outstanding notes as of December 31, 2017 are summarized in the following table:

C&W Notes	Maturity	Interest rate	Outstanding principal amount: Borrowing currency	Outstanding principal amount: U.S. $ equivalent	Estimated fair value	Carrying value (a)
				in millions		
Sable Senior Notes (b)	August 1, 2022	6.875%	$ 750.0	$ 750.0	$ 800.3	$ 731.2
2027 C&W Senior Notes	September 15, 2027	6.875%	$ 700.0	700.0	734.9	694.2
2019 C&W Senior Notes (c)	March 25, 2019	8.625%	£ 146.7	198.4	214.5	198.4
Total				$ 1,648.4	$ 1,749.7	$ 1,623.8

(a) Amounts are net of deferred financing costs and discounts, as applicable.

(b) Interest on the Sable Senior Notes is payable semi-annually on February 1 and August 1.

(c) The 2019 C&W Senior Notes are non-callable and interest is payable annually on March 25.

Financing Transactions

2027 C&W Senior Notes. In August 2017, C&W Senior Financing Designated Activity Company (**C&W Senior Financing**) issued the 2027 C&W Senior Notes. Interest is payable semi-annually on January 15 and July 15. C&W Senior Financing, which was created for the primary purpose of facilitating the offering of the 2027 C&W Senior Notes, is a special purpose financing entity that is 100% owned by a third-party.

C&W Senior Financing used the proceeds from the 2027 C&W Senior Notes to fund a new term loan (the **C&W Financing Loan**) with a subsidiary of C&W as the borrower and certain other C&W subsidiaries as guarantors. The call provisions, maturity and applicable interest rate for the C&W Financing Loan are the same as those for the 2027 C&W Senior Notes. C&W Senior Financing's obligations under the 2027 C&W Senior Notes are secured by interests over (i) certain of C&W Senior Financing's bank accounts and (ii) C&W Senior Financing's rights under the C&W Financing Loan. C&W Senior Financing is prohibited from incurring any additional indebtedness, subject to certain exceptions under the applicable indenture. C&W Senior Financing is dependent upon payments from C&W in order to service its payment obligations under the 2027 C&W Senior Notes.

The C&W Financing Loan creates a variable interest in C&W Senior Financing for which C&W is the primary beneficiary. As a result, C&W is required to consolidate C&W Senior Financing and, accordingly, the C&W Financing Loan is eliminated in our consolidated financial statements.

Subject to the circumstances described below, the Sable Senior Notes and 2027 C&W Senior Notes are non-callable until August 1, 2018 and September 15, 2022, respectively. At any time prior to August 1, 2018, in the case of the Sable Senior Notes, and September 15, 2022, in the case of the 2027 C&W Senior Notes, Sable and C&W Senior Financing may redeem some or all of the applicable notes by paying a "make-whole" premium, which is generally the present value of all remaining scheduled interest payments to August 1, 2018 or September 15, 2022 (as applicable) using the discount rate (as specified in the indenture) as of the redemption date plus 50 basis points, and in the case of the Sable Senior Notes is subject to a minimum 1% of the principal amount outstanding at any redemption date prior to August 1, 2018.

Sable and C&W Senior Financing (as applicable) may redeem some or all of the Sable Senior Notes and 2027 C&W Senior Notes, respectively, at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts (as specified in the indenture), if any, to the applicable redemption date, as set forth below:

	Redemption price	
	Sable Senior Notes	**2027 C&W Senior Notes**
12-month period commencing:	August 1	September 15
2018	105.156%	N.A.
2019	103.438%	N.A.
2020	101.719%	N.A.
2021	100.000%	N.A.
2022	100.000%	103.438%
2023	N.A.	101.719%
2024	N.A.	100.859%
2025 and thereafter	N.A.	100.000%

C&W Credit Facilities

The C&W Credit Facilities are the senior secured credit facilities of certain of our subsidiaries. The details of our borrowings under the C&W Credit Facilities as of December 31, 2017 are summarized in the following table:

C&W Credit Facility	Maturity	Interest rate	Facility amount (in borrowing currency)	Outstanding principal amount	Unused borrowing capacity (a)	Carrying value (b)
				in millions		
C&W Term Loan B-3 Facility (c)	January 31, 2025	LIBOR + 3.50%	$ 1,825.0	$ 1,825.0	$ —	$ 1,815.0
C&W Revolving Credit Facility (d)	June 30, 2023	LIBOR + 3.25%	$ 625.0	50.0	575.0	50.0
C&W Regional Facilities (e)	various dates ranging from 2018 to 2038	3.73% (f)	$ 338.6	337.2	131.5	337.1
Total				$ 2,212.2	$ 706.5	$ 2,202.1

(a) The amount related to the C&W Revolving Credit Facility represents the maximum availability without regard to covenant compliance calculations or other conditions precedent to borrowing. At December 31, 2017, based on the applicable leverage-based restricted payment tests and leverage covenants, the full amount of unused borrowing capacity under the C&W Credit Facilities was available to be borrowed.

(b) Amounts are net of discounts and deferred financing costs, where applicable.

(c) The C&W Term Loan B-3 Facility was issued at 99.5% of par and is subject to a London Interbank Offered Rate (**LIBOR**) floor of 0.00%. Subsequent to December 31, 2017, we entered into a new $1,875.0 million term loan that was primarily used to refinance the existing C&W Term Loan B-3 Facility. For additional information, see note 27.

(d) The C&W Revolving Credit Facility has a fee on unused commitments of 0.5% per year. The outstanding principal amount was borrowed in 2017 to fund a portion of the contribution to the CWSF (as defined and discussed in note 18).

(e) Represents certain amounts borrowed by C&W Panama, C&W Jamaica, C&W Barbados, Cable & Wireless Dominica Limited and BTC (collectively, the **C&W Regional Facilities**).

(f) Represents a blended weighted average rate for all C&W Regional Facilities.

2017 Transactions

In March 2017, C&W Panama issued $100.0 million of subordinated debt. The term loan bears interest at 4.5%, payable on a semi-annual basis, and matures in March 2021. The proceeds from the term loan were used for general corporate purposes.

In May 2017, we entered into the C&W Term Loan B-3 Facility, a $1,125.0 million term loan facility. The net proceeds from the C&W Term Loan B-3 Facility were used to prepay in full the $1,100.0 million outstanding principal amount under the C&W Term Loans (as further described below). In connection with these transactions, we recognized a loss on debt extinguishment, net, of $28.2 million. This loss includes (i) the write-off of $22.7 million of unamortized discounts and deferred financing costs and (ii) the payment of $5.5 million of third-party costs. In connection with the C&W Term Loan B-3 Facility financing, certain lenders of the C&W Term Loans novated a $929.1 million principal amount under the C&W Term Loan B-3 Facility, representing a non-cash financing transaction.

In July 2017, the commitments under the C&W Term Loan B-3 Facility were increased by $700.0 million (the **C&W Term Loan B-3 Facility Add-on**). The C&W Term Loan B-3 Facility Add-on was issued at 99.5% of par with the same maturity and interest rate as the C&W Term Loan B-3 Facility.

The net proceeds from the C&W Term Loan B-3 Facility Add-on and the C&W Financing Loan were used (i) to redeem in full the $1,250.0 million outstanding principal amount of certain senior notes (the **Columbus Senior Notes**) and (ii) for general corporate purposes. In connection with these transactions, we recognized a loss on debt extinguishment, net, of $161.0 million. This loss includes (i) the payment of $85.1 million of redemption premiums, (ii) the write-off of $65.2 million related to the Columbus Senior Notes redemption option and (iii) the write-off of $10.7 million of unamortized discounts and deferred financing costs.

2016 Transactions

On May 17, 2016, we assumed obligations under a credit agreement dated May 16, 2016, which included the "**C&W Term Loans**" and the C&W Revolving Credit Facility.

A portion of the proceeds from the C&W Term Loans and amounts drawn under the C&W Revolving Credit Facility were used to (i) repay amounts outstanding under the then existing revolving credit facility, (ii) redeem certain of our senior secured notes and (iii) finance the Special Dividend (as defined and further described in note 16) that was paid to C&W shareholders in connection with the Liberty Global Transaction. In connection with these transactions, we recognized a loss on debt extinguishment of $41.8 million. This loss includes (i) the write-off of $24.3 million of unamortized discounts and deferred financing costs and (ii) the payment of $17.5 million of redemption premium.

In November 2016, we entered into a new $300.0 million term loan facility, which had the same maturity date, interest rate and LIBOR floor as the then existing C&W Term Loans. The net proceeds from the new term loan were used to prepay indebtedness under the C&W Revolving Credit Facility and for general corporate purposes.

Maturities of Debt and Finance Lease Obligations

The U.S. dollar equivalents of the maturities of our debt and finance lease obligations, including amounts representing interest payments, as of December 31, 2017 are presented below (in millions):

	Debt	Finance lease obligations	Total
		in millions	
Year ending December 31:			
2018	$ 379.9	$ 5.2	$ 385.1
2019	465.1	7.7	472.8
2020	243.6	0.2	243.8
2021	336.0	—	336.0
2022	972.4	—	972.4
Thereafter	2,994.3	—	2,994.3
Total debt maturities	5,391.3	13.1	5,404.4
Discounts and deferred financing costs	(34.7)	—	(34.7)
Amounts representing interest	(1,490.7)	(0.4)	(1,491.1)
Total	$ 3,865.9	$ 12.7	$ 3,878.6
Current portion	$ 159.4	$ 4.9	$ 164.3
Noncurrent portion	$ 3,706.5	$ 7.8	$ 3,714.3

(13) Other Liabilities

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

	December 31, 2017	December 31, 2016
	in millions	
Accrued and other operating liabilities	$ 257.4	$ 223.1
Accrued capital expenditures	64.8	58.8
Accrued interest payable	57.3	59.2
Payroll and employee benefits	42.8	41.0
Current tax liabilities	34.0	62.7
Derivative instruments and other financial liabilities	21.4	15.5
Provisions	13.2	15.9
Other accrued expenses – related-party	11.1	—
Total	$ 502.0	$ 476.2

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

	December 31, 2017	December 31, 2016
	in millions	
Net defined benefit liabilities	$ 48.4	$ 129.6
Tax liabilities	47.1	—
Provisions	36.1	35.2
Derivative instruments and other financial liabilities	15.2	20.5
Accrued capital expenditures	10.9	—
Total	$ 157.7	$ 185.3

(14) Provisions

A summary of changes in our provisions for liabilities and charges during the year ended December 31, 2017 and nine months ended December 31, 2016 is set forth in the tables below:

	Restructuring	Network and asset retirement obligations	Legal and other	Total
	in millions			
January 1, 2017	$ 3.3	$ 35.2	$ 12.6	$ 51.1
Additional provisions	24.5	2.3	—	26.8
Amounts used	(24.6)	—	(4.4)	(29.0)
Transfers	—	(1.7)	1.7	—
Foreign currency translation adjustments and other	—	0.3	0.1	0.4
December 31, 2017	$ 3.2	$ 36.1	$ 10.0	$ 49.3
Current portion	$ 3.2	$ —	$ 10.0	$ 13.2
Noncurrent portion	—	36.1	—	36.1
	$ 3.2	$ 36.1	$ 10.0	$ 49.3

	Restructuring	Network and asset retirement obligations	Legal and other	Total
	in millions			
April 1, 2016	$ 22.8	$ 47.9	$ 57.2	$ 127.9
Additional provisions	17.1	1.4	7.0	25.5
Amounts used	(18.6)	(1.0)	(9.2)	(28.8)
Unused amounts released	(18.0)	(12.3)	(27.8)	(58.1)
Transfers	—	—	(14.7)	(14.7)
Foreign currency translation adjustments and other	—	(0.8)	0.1	(0.7)
December 31, 2016	$ 3.3	$ 35.2	$ 12.6	$ 51.1
Current portion	$ 3.3	$ —	$ 12.6	$ 15.9
Noncurrent portion	—	35.2	—	35.2
	$ 3.3	$ 35.2	$ 12.6	$ 51.1

Our restructuring charges during the year ended December 31, 2017 include employee severance and termination costs related to reorganization and integration activities, primarily associated with the integration with Liberty Latin America.

Our restructuring charges during the nine months ended December 31, 2016 include employee severance and termination costs related to reorganization and integration activities, primarily associated with the integration of Columbus.

Our network obligations include costs associated with redundant leased network capacity, including break fees in certain network contracts. Cash outflows associated with network obligations are expected to occur over the shorter of the period to exit and the lease contract life.

Our legal and other provisions include amounts relating to specific legal claims against our company and certain employee benefits and sales taxes. The timing of the utilization of the provision is uncertain and is largely outside our control, including matters that are contingent upon litigation.

(15) 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 the U.K. 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 the U.K. or tax regimes used in other 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 C&W 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 consolidated statements of operations are as follows:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Current tax expense	$ 93.8	$ 23.7
Deferred tax expense (benefit)	3.0	(6.5)
Total income tax expense	$ 96.8	$ 17.2

Income tax expense attributable to our earnings (loss) before income taxes differs from the amounts computed by applying the U.K. tax rate as a result of the following:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Income tax benefit at U.K. statutory tax rate (a)	$ (37.7)	$ (145.1)
International rate differences (b)	33.4	8.4
Effect of changes in unrecognized deferred tax assets	22.2	36.1
Non-deductible or non-taxable interest and other expenses	16.4	3.4
Basis and other differences in investments	13.6	—
Enacted tax law and rate change	9.5	—
Effect of withholding tax and intra-group dividends	7.1	9.3
Adjustments relating to prior years	4.7	(49.3)
Goodwill impairment	1.0	141.2
Other	26.6	13.2
Total income tax expense	$ 96.8	$ 17.2

(a) The applicable statutory tax rate in the U.K. is 19.0% for the year ended December 31, 2017 and 20% for the nine months ended December 31, 2016.

(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 the U.K.

During 2015, the U.K. enacted legislation changed the corporate income tax rate from the then current rate of 20% to 19% in April 2017 and 18% in April 2020. During the third quarter of 2016, the U.K. enacted legislation that will further reduce the corporate income tax rate in April 2020 from 18% to 17%. Due to our unrecognized deferred tax assets in the U.K., these U.K. statutory rate changes are not expected to significantly impact our deferred income taxes.

The details of our deferred tax balances at December 31, 2017 and our deferred tax expense for the year ended December 31, 2017 are as follows:

	December 31, 2017		Year ended December 31, 2017		
	Deferred tax assets	Deferred tax liabilities	Acquisitions, equity and other adjustments	Foreign currency translation adjustments	Recognition in statement of operations
			in millions		
Net operating loss and other carryforwards	$ 23.3	$ —	$ 26.0	$ 0.2	$ (35.4)
Property and equipment	—	126.5	7.1	(0.1)	19.5
Intangible assets	—	140.0	32.4	—	(22.3)
Investments	—	16.1	20.2	—	(4.9)
Receivables	7.1	—	(2.3)	—	(0.8)
Accrued interest	2.6	—	0.7	—	(6.6)
Other	14.5	6.5	(73.5)	—	53.5
Net assets with liabilities within same jurisdiction	(10.6)	(10.6)	—	—	—
Total	$ 36.9	$ 278.5	$ 10.6	$ 0.1	$ 3.0

The details of our deferred tax balances at December 31, 2016 and our deferred tax expense for the nine months ended December 31, 2016 are as follows:

	December 31, 2016		Nine months ended December 31, 2016	
	Deferred tax assets	Deferred tax liabilities	Foreign currency translation adjustments	Recognition in statement of operations
	in millions			
Net operating loss and other carryforwards	$ 14.1	$ —	$ (1.1)	$ 4.4
Property and equipment	10.2	110.2	—	(45.1)
Intangible assets	6.0	135.9	(1.9)	(22.8)
Investments	—	0.8	—	0.3
Receivables	4.0	—	—	0.9
Accrued interest	—	3.3	—	13.7
Other	16.1	28.1	(4.9)	42.1
Net assets with liabilities within same jurisdiction	(48.3)	(48.3)	—	—
Total	$ 2.1	$ 230.0	$ (7.9)	$ (6.5)

Deferred tax assets have not been recognized in respect of the following temporary differences:

	December 31,	
	2017	2016
	in millions	
Net operating loss and other carryforwards	$ 7,552.3	$ 7,391.3
Capital allowances available on noncurrent assets	108.4	148.8
Pensions	31.5	141.1
Other	311.5	48.6
	$ 8,003.7	$ 7,729.8

The significant components of our net operating loss and other carryforwards and related tax assets at December 31, 2017 are as follows:

Jurisdiction	Tax loss carryforward	Related tax asset	Expiration date
	in millions		
Barbados	30.0	7.4	2018-2024
Trinidad & Tobago	22.7	5.1	Indefinite
All other countries	63.2	10.8	Various
Total	$ 115.9	$ 23.3	

We and our subsidiaries file consolidated and standalone income tax returns in various jurisdictions. In the normal course of business, our income tax filings are subject to review by various taxing authorities. In connection with such reviews, disputes could arise with the taxing authorities over the interpretation or application of certain income tax rules related to our business in that tax jurisdiction. Such disputes may result in future tax and interest and penalty assessments by these taxing authorities. The ultimate resolution of tax contingencies will take place upon the earlier of (i) the settlement date with the applicable taxing authorities in either cash or agreement of income tax positions or (ii) the date when the tax authorities are statutorily prohibited from adjusting the company's tax computations.

(16) Owners' Equity

At December 31, 2017, we had 44,333 authorized and allotted ordinary shares at a nominal value of £1.00. Each share is full voting and had dividend and capital distribution rights. Our fully paid share capital as of December 31, 2017 is as follows:

	Number of shares	Nominal value	Value
			in millions
C&W ordinary shares:			
Balance at April 1, 2016	—	£ —	$ —
Issuance of ordinary shares – incorporation of LG Coral Mergerco	1	£ 1.00	—
Issuance of ordinary shares in connection with the Merger	44,332	£ 1.00	0.1
Balance at December 31, 2016	44,333	£ 1.00	$ 0.1
Balance at December 31, 2017	44,333	£ 1.00	$ 0.1

On December 29, 2017, Liberty Global completed a split-off of its former wholly-owned subsidiary Liberty Latin America, which included C&W. Accordingly, as of December 29, 2017, we became a wholly-owned subsidiary of Liberty Latin America.

On May 16, 2016, pursuant to a scheme of arrangement and following shareholder approvals, a subsidiary of Liberty Global acquired Cable & Wireless Communications Limited (**C&W Limited**), formerly known as Cable & Wireless Communications Plc, for shares of Liberty Global (the **Liberty Global Transaction**).

Effective December 30, 2016, C&W Limited, LGE Coral Mergerco B.V. (**LGE Coral Mergerco**) and LG Coral Mergerco Limited (**LG Coral Mergerco**), each a subsidiary of Liberty Global, completed a cross-border merger, with LG Coral Mergerco as the surviving entity (the **Merger**). LG Coral Mergerco immediately changed its name to Cable & Wireless Communications Limited.

The Merger was completed in accordance with the laws of England and Wales and the Netherlands. In accordance with the Merger agreement, LG Coral Mergerco issued 44,332 fully-paid shares in consideration for the transfer of the assets and liabilities of C&W Limited and LGE Coral Mergerco. As a result of the Merger, C&W Limited and LGE Coral Mergerco ceased to exist and all of the existing issued share capital of each entity was cancelled.

In connection with the Liberty Global Transaction, C&W Limited was delisted from the London Stock Exchange, all issued and outstanding C&W Limited shares (including all shares then held in treasury) were cancelled and C&W Limited became a then private, wholly-owned subsidiary of Liberty Global.

Under the terms of the Liberty Global Transaction, C&W Limited shareholders received, in the aggregate: 31,607,008 Class A Liberty Global Shares, 77,379,774 Class C Liberty Global Shares, 3,648,513 Class A LiLAC Shares and 8,939,316 Class C LiLAC Shares. Further, C&W Limited shareholders received a special cash dividend in the amount of £0.03 ($0.04 at the transaction date) per C&W Limited share paid pursuant to the scheme of arrangement based on 4,433,222,313 outstanding shares of C&W Limited on May 16, 2016. The special dividend was in lieu of any previously-announced C&W Limited dividend.

Dividends

During the year ended December 31, 2017, no dividends were declared or paid by C&W. During the nine months ended December 31, 2016, we paid a special dividend of $193.8 million associated with the Liberty Global Transaction.

For information regarding dividends paid by certain of our subsidiaries to noncontrolling interests, see note 24.

Exercise of share-based awards

During the nine months ended December 31, 2016, our employee share ownership trust was dissolved, from which we received a distribution of remaining cash reserves of $11.9 million.

Foreign currency translation reserve

The foreign currency translation reserve primarily contains exchange rate differences related to the translation of financial statements of our subsidiaries that do not have the U.S. dollar as their functional currency.

Capital and other reserves

The details of our capital and other reserves are set forth as follows:

	December 31,	
	2017	2016
	in millions	
Capital reserve	$ 986.8	$ 986.8
Other reserves:		
De-merger reserve (a)	2,288.6	2,288.6
Merger relief reserve (b)	1,208.8	1,208.8
Fair value reserve	23.2	22.9
Transactions with noncontrolling interests	(26.3)	(5.3)
	3,494.3	3,515.0
Total	$ 4,481.1	$ 4,501.8

(a) Represents reserves created on demerger of the legacy C&W Limited business in 2010.

(b) Represents a reserve related to the statutory relief from recognizing share premium when issuing equity shares in order to acquire the legal entity shares of another company when certain conditions are met. The merger reserve was formed in connection with the Columbus Acquisition on March 31, 2015 when we acquired 100% of the issued share capital of Columbus for consideration that included the issuance of shares.

C&W Barbados NCI Acquisition

Effective September 1, 2017, we increased our ownership in C&W Barbados from 81.1% to 100% by acquiring all of the issued and outstanding common shares of C&W Barbados that we did not already own for Barbadian dollars (**Bds**) of Bds$2.86 per share (the **C&W Barbados NCI Acquisition**). As of December 31, 2017, Bds$64.5 million ($32.3 million) of consideration was paid, including Bds$1.7 million ($0.9 million) in transaction fees, and the remaining Bds$14.7 million ($7.3 million) was recorded as a liability in our consolidated balance sheet.

For information regarding an increase in our ownership in C&W Jamaica subsequent to December 31, 2017, see note 27.

(17) Finance Expense and Finance Income

Finance expense is composed of the following:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Interest expense on debt	$ 243.0	$ 195.3
Losses on debt extinguishment	189.2	42.4
Foreign currency transaction losses	22.4	—
Amortization of deferred financing costs and accretion of discounts	8.8	7.5
Realized and unrealized losses on derivative instruments	—	1.1
Other financial expense items	2.1	5.4
Total	$ 465.5	$ 251.7

Finance income is composed of the following:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Realized and unrealized gains on derivative instruments	$ 45.5	$ —
Interest on cash and bank deposits	5.0	1.9
Interest on related-party loans receivable	3.8	6.9
Foreign currency transaction gains	—	14.9
Other financial income items	4.8	2.2
Total	$ 59.1	$ 25.9

(18) Employee Benefit Plans

We maintain various funded defined benefit plans for our employees, including (i) the Cable & Wireless Superannuation Fund (**CWSF**), which is our largest defined benefit plan, and (ii) plans in Jamaica and Barbados. A significant portion of these defined benefit plans are closed to new entrants, and existing participants do not accrue any additional benefits.

We also operate unfunded defined benefit arrangements in the U.K., which are governed by individual trust deeds. One arrangement incorporates a covenant requiring that we hold security against the value of the liabilities. The security is in the form of U.K. Government Gilts, which are included in other noncurrent assets in our consolidated statements of financial position. At December 31, 2017 and 2016, the carrying value of our investment in the U.K. Government Gilts was $37.2 million and $32.3 million, respectively.

The IAS 19, *Employee Benefits,* (**IAS 19**) valuations of our defined benefit plans were prepared by independent actuaries who, respectively, prepared the valuations for (i) the CWSF and the U.K. unfunded arrangements, (ii) our Jamaica plan and (iii) our Barbados plan.

Annual service costs for these employee benefit plans is determined using the projected unit credit actuarial method. Our subsidiaries that maintain funded plans have established investment policies for plan assets. The investment strategies are long-term in nature and generally designed to meet the following objectives:

- ensure that funds are available to pay benefits as they become due;
- maximize the total returns on plan assets subject to prudent risk taking; and
- preserve or improve the funded status of the trusts over time.

The weighted average assumptions used in determining our net defined benefit assets or liabilities and pension related costs are as follows:

	December 31, 2017			December 31, 2016		
	CWSF	U.K. unfunded arrangements	Other plans (a)	CWSF	U.K. unfunded arrangements	Other plans (a)
			%			
Expected rate of salary increase	—	—	5.0	—	—	5.7
Discount rate	2.4	2.4	7.9	2.6	2.6	8.6
Discount rate – CWSF uninsured liability	2.4	—	—	2.6	—	—
Return on plan assets	3.1	3.1	7.6	3.3	3.3	8.6
Retail price index (**RPI**) inflation rate	3.2	3.2	4.2	3.3	3.3	5.7
Consumer price index inflation rate	2.2	2.2	—	2.3	2.3	—
Pension increase (b)	2.0 - 3.1	2.4 - 3.1	0.9	2.0 - 3.1	2.4 - 3.1	0.9

(a) Represents the weighted average of the assumptions used for the respective plans.

(b) The rate is primarily associated with the RPI inflation rate before and after expected retirement.

The present value of the CWSF vested benefit obligations has been calculated as of December 31, 2017. Assumptions used are best estimates from a range of possible actuarial assumptions, which may not necessarily be borne out in practice. The assumptions related to mortality rates for the CWSF and U.K. unfunded arrangements are based upon the second series of Self-Administered Pension Scheme and the actual experience of the plan participants and dependents. In addition, allowance was made for future mortality improvements in line with the 2016 Continuous Mortality Investigation core projections with a long-term rate of improvement of 1.25% per annum. Based on these assumptions, the life expectancies of participants aged 60 are as follows:

	December 31,		
	2017	2027	2037
		years	
Male participants and dependents	28	29	30
Female participants and dependents	28	29	30

Regulatory framework and governance

U.K. regulations govern (i) the nature of the relationship between C&W and the CWSF Board of Trustees (the **Trustees**) and (ii) the trustee-administered funds in which the assets of the CWSF are held. Responsibility for the governance of the CWSF, including investment decisions and contribution schedules, lies with the Trustees who must consult with the company on such matters. In accordance with the CWSF's governing documents, the Trustees must be composed of representatives of the company, plan participants and an independent trustee.

The weighted average duration of the total expected benefit payments from the CWSF and the U.K. unfunded arrangements is 15 years and 14 years, respectively, and the weighted average duration of the expected uninsured benefit payments from the CWSF is 21 years.

Risk

Through our defined benefit pension plans, we are exposed to a number of risks, the most significant of which are detailed below. The net pension liability can be significantly influenced by short-term market factors.

The calculation of the net surplus or deficit of the respective plans depends on factors that are beyond our control, principally (i) the value at the balance sheet date of equity securities in which the respective plan has invested and (ii) long-term interest rates, which are used to discount future liabilities. The funding of the respective plans is based on long-term trends and assumptions relating to market growth, as advised by qualified actuaries and investment advisors, including:

- Investment returns: Our net pension assets (liabilities) and contribution requirements are heavily dependent upon the return on the invested assets;
- Longevity: The cost to the company of the pensions promised to members is dependent upon the expected term of these payments. To the extent that members live longer than expected this will increase the cost of these arrangements; and
- Inflation rate risk: In the U.K., pension obligations are impacted by inflation and, as such, higher inflation will lead to higher pension liabilities.

At December 31, 2017, the above risks have been mitigated for approximately 66% of the CWSF's liabilities and all of the Jamaican plan's liabilities through the purchase of insurance policies, the payments from which exactly match the corresponding obligations to employees. The remaining investment risks in the CWSF have also been mitigated to a certain extent by diversification of the return-seeking assets.

In addition, the defined benefit obligations as measured under IAS 19 are linked to yields on AA rated corporate bonds; however, the majority of our arrangements invest in a number of other assets, which generally move in a different manner from these bonds. Accordingly, changes in market conditions may lead to volatility in the net pension liability, actuarial gains or losses in other comprehensive income or loss, and, to a lesser extent, in the IAS 19 pension expense in our consolidated statements of operations.

Sensitivity analysis

The following table summarizes (i) the impact a 1.0% increase or decrease in the applicable actuarial assumed rate would have on the valuation of our pension plans and (ii) the impact of plan participants living, on average, one year longer or one year less than assumed would have on the valuation of the CWSF:

	Increase	Decrease
	in millions	
CWSF and U.K. unfunded arrangements		
Discount rate:		
Effect on defined benefit obligation	$ (229.0)	$ 289.0
Effect on defined benefit obligation, net of annuity insurance policies	$ (111.0)	$ 146.0
Inflation (and related increases):		
Effect on defined benefit obligation	$ 161.0	$ (152.0)
Effect on defined benefit obligation, net of annuity insurance policies	$ 87.0	$ (79.0)
Life expectancy:		
Effect on defined benefit obligation	$ 84.0	$ (82.0)
Effect on defined benefit obligation, net of annuity insurance policies	$ 23.0	$ (23.0)
Other plans		
Discount rate – effect on defined benefit obligation	$ (7.4)	$ 9.4

The sensitivity analysis is based on a standalone change in each assumption while holding all other assumptions constant. As reflected above, the impact on the net pension liability is significantly reduced for the CWSF as a result of the annuity insurance policies we hold.

Using the projected unit credit method for the valuation of liabilities, the current service cost is expected to increase when expressed as a percentage of pensionable payroll as the members of the plans approach retirement.

Our plan assets of the CWSF and Jamaica and Barbados plans are composed of the following:

	December 31, 2017		December 31, 2016	
	CWSF	Other plans	CWSF	Other plans
	in millions			
Equity securities	$ 484.3	$ 51.9	$ 353.2	$ 83.5
Bonds and gilts (a)	166.3	41.3	280.7	7.8
Insurance contracts (b)	1,147.8	111.9	1,007.0	106.9
Real estate	0.9	28.4	0.9	36.0
Private equity	11.9	—	11.4	—
Guarantee investment contracts	—	10.8	—	7.6
Cash	59.8	3.4	12.8	—
Total	$ 1,871.0	$ 247.7	$ 1,666.0	$ 241.8

(a) Amounts primarily include (i) bonds and (ii) fixed-interest and index-linked U.K. Government Gilts held by the CWSF.

(b) The Trustees of the CWSF have purchased a bulk annuity policy pursuant to which the insurer assumed responsibility for the benefits payable to certain of the CWSF's participants. At December 31, 2017 and 2016, approximately 66% and 60%, respectively, of the liabilities in the CWSF are matched by the annuity policy assets, which reduces the funding risk for the company.

Pension plan assets and liabilities

The assets and liabilities of our defined benefit pension plans are as follows:

	December 31, 2017				December 31, 2016			
	CWSF	U.K. unfunded arrangements	Other plans	Total	CWSF	U.K. unfunded arrangements	Other plans	Total
	in millions							
Fair value of plan assets	$ 1,871.0	$ —	$ 247.7	$ 2,118.7	$ 1,666.0	$ —	$ 241.8	$ 1,907.8
Present value of funded obligations	(1,747.6)	—	(228.3)	(1,975.9)	(1,675.7)	—	(228.4)	(1,904.1)
Present value of unfunded obligations	—	(44.1)	—	(44.1)	—	(41.7)	—	(41.7)
Impact of minimum funding requirement	—	—	—	—	(72.4)	—	—	(72.4)
Effect of asset ceiling (a)	(123.4)	—	(6.4)	(129.8)	—	—	(2.9)	(2.9)
Net surplus (deficit) (b)	$ —	$ (44.1)	$ 13.0	$ (31.1)	$ (82.1)	$ (41.7)	$ 10.5	$ (113.3)
Pension plans in deficit	$ —	$ (44.1)	$ (0.5)	$ (44.6)	$ (82.1)	$ (41.7)	$ (5.8)	$ (129.6)
Pension plans in surplus	—	—	13.5	13.5	—	—	16.3	16.3
Net surplus (deficit)	$ —	$ (44.1)	$ 13.0	$ (31.1)	$ (82.1)	$ (41.7)	$ 10.5	$ (113.3)

(a) When defined benefit funds have an IAS 19, *Employee Benefits,* (**IAS 19**) surplus, they are recorded at the lower of that surplus and the future economic benefits available in the form of a cash refund or a reduction in future contributions. Any adjustment to the surplus (net of interest), referred to as an "asset ceiling" adjustment, is recorded in other comprehensive income or loss. The maximum economic benefit was determined by reference to the reductions in future contributions available to the company.

(b) Totals include $30.0 million at December 31, 2017 and 2016 to cover the cost of pension entitlements for former directors of the company.

The costs associated with our pension plans recognized in our consolidated statements of operations are as follows:

	CWSF	U.K. unfunded arrangements	Other plans	Total
		in millions		
Nine months ended December 31, 2016:				
Current service cost	$ —	$ —	$ (0.9)	$ (0.9)
Interest credit (charge) on net assets/liabilities	(2.3)	(1.1)	1.5	(1.9)
Administrative expenses	(0.9)	—	—	(0.9)
Total net charge	$ (3.2)	$ (1.1)	$ 0.6	$ (3.7)
Year ended December 31, 2017:				
Current service cost	$ —	$ —	$ (1.3)	$ (1.3)
Past service cost	—	—	0.1	0.1
Interest credit (charge) on net assets/liabilities	(0.5)	(1.0)	2.4	0.9
Administrative expenses	(1.7)	—	—	(1.7)
Total net charge	$ (2.2)	$ (1.0)	$ 1.2	$ (2.0)

Changes in our net defined benefit assets (liabilities), after application of the asset ceiling, are as follows:

	CWSF	U.K. unfunded arrangements	Other plans	Total
		in millions		
Balance at April 1, 2016	$ (136.2)	$ (44.0)	$ 22.0	$ (158.2)
Effect of foreign exchange rate fluctuations	14.1	5.9	(12.3)	7.7
Net credit (expense) recognized in the consolidated statement of operations	(3.2)	(1.1)	0.6	(3.7)
Net expense recognized on the consolidated statement of comprehensive income	(1.1)	(3.7)	(3.3)	(8.1)
Contributions paid by employer	44.3	1.2	3.5	49.0
Balance at December 31, 2016	$ (82.1)	$ (41.7)	$ 10.5	$ (113.3)
Balance at January 1, 2017	$ (82.1)	$ (41.7)	$ 10.5	$ (113.3)
Effect of foreign exchange rate fluctuations	(3.6)	(3.9)	0.3	(7.2)
Net credit (expense) recognized in the consolidated statement of operations	(2.2)	(1.0)	1.5	(1.7)
Net credit (expense) recognized on the consolidated statement of comprehensive income	(42.7)	1.0	(1.1)	(42.8)
Contributions paid by employer	130.6	1.5	1.8	133.9
Balance at December 31, 2017	$ —	$ (44.1)	$ 13.0	$ (31.1)

Changes in the present value of our defined benefit pension obligations are as follows:

	CWSF	U.K. unfunded arrangements	Other plans	Total
	in millions			
Balance at April 1, 2016	$ (1,737.3)	$ (43.9)	$ (219.0)	$ (2,000.2)
Current service cost	—	—	(0.9)	(0.9)
Interest expense on pension obligations	(40.5)	(1.1)	(10.9)	(52.5)
Actuarial gains from changes in demographic assumptions	70.8	2.4	—	73.2
Actuarial losses from changes in financial assumptions	(286.2)	(7.8)	—	(294.0)
Actuarial experience gains (losses)	28.8	1.7	(15.0)	15.5
Employee contributions	—	—	(1.2)	(1.2)
Benefits paid	59.9	1.2	10.6	71.7
Foreign exchange translation differences	228.8	5.8	8.0	242.6
Balance at December 31, 2016	$ (1,675.7)	$ (41.7)	$ (228.4)	$ (1,945.8)
Balance at January 1, 2017	$ (1,675.7)	$ (41.7)	$ (228.4)	$ (1,945.8)
Current service cost	—	—	(1.3)	(1.3)
Interest expense on pension obligations	(43.4)	(1.1)	(14.0)	(58.5)
Actuarial gains from changes in demographic assumptions	60.5	1.6	—	62.1
Actuarial losses from changes in financial assumptions	(27.2)	(0.5)	—	(27.7)
Actuarial experience gains	1.8	—	11.0	12.8
Employee contributions	—	—	(1.4)	(1.4)
Past service costs	—	—	0.3	0.3
Benefits paid	92.2	1.5	9.4	103.1
Foreign exchange translation differences	(155.8)	(3.9)	(3.9)	(163.6)
Balance at December 31, 2017	$ (1,747.6)	$ (44.1)	$ (228.3)	$ (2,020.0)

Changes in the fair value of defined benefit assets are as follows:

	CWSF	U.K. unfunded arrangements	Other plans	Total
		in millions		
Balance at April 1, 2016	$ 1,692.1	$ —	$ 241.0	$ 1,933.1
Interest income on plan assets	40.4	—	12.4	52.8
Return on invested plan assets, excluding interest income	107.3	—	14.5	121.8
Actuarial losses from changes in demographic assumptions on insured asset	(53.2)	—	—	(53.2)
Actuarial gains from changes in financial assumptions on insured asset	143.4	—	—	143.4
Actuarial experience losses	(22.0)	—	—	(22.0)
Employee contributions	—	—	1.2	1.2
Employer contributions	44.3	1.2	3.5	49.0
Employer disbursements	—	—	(9.4)	(9.4)
Administrative expenses	(0.9)	—	—	(0.9)
Benefits paid	(59.9)	(1.2)	(10.6)	(71.7)
Foreign exchange translation differences	(225.5)	—	(10.8)	(236.3)
Balance at December 31, 2016	$ 1,666.0	$ —	$ 241.8	$ 1,907.8
Balance at January 1, 2017	$ 1,666.0	$ —	$ 241.8	$ 1,907.8
Interest income on plan assets	44.8	—	16.5	61.3
Return on invested plan assets, excluding interest income	(0.8)	—	(8.3)	(9.1)
Actuarial losses from changes in demographic assumptions on insured asset	(40.7)	—	—	(40.7)
Actuarial gains from changes in financial assumptions on insured asset	8.5	—	—	8.5
Actuarial experience losses	(4.8)	—	—	(4.8)
Employee contributions	—	—	1.4	1.4
Employer contributions	130.6	1.5	1.8	133.9
Employer refund	—	—	(4.0)	(4.0)
Administrative expenses	(1.7)	—	—	(1.7)
Benefits paid	(92.2)	(1.5)	(9.4)	(103.1)
Foreign exchange translation differences	161.3	—	7.9	169.2
Balance at December 31, 2017	$ 1,871.0	$ —	$ 247.7	$ 2,118.7

Changes in the fair value of our minimum funding requirement or asset ceiling are as follows:

	CWSF	U.K. unfunded arrangements	Other plans	Total
		in millions		
Balance at April 1, 2016	$ (91.0)	$ —	$ —	$ (91.0)
Interest expense on minimum funding requirement/asset ceiling	(2.2)	—	—	(2.2)
Change in effect of minimum funding requirement/asset ceiling – gains (losses)	10.1	—	(2.9)	7.2
Foreign exchange translation differences	10.8	—	—	10.8
Balance at December 31, 2016	$ (72.3)	$ —	$ (2.9)	$ (75.2)
Balance at January 1, 2017	$ (72.3)	$ —	$ (2.9)	$ (75.2)
Interest expense on asset ceiling	(1.9)	—	—	(1.9)
Change in effect of asset ceiling – losses	(40.2)	—	(3.5)	(43.7)
Foreign exchange translation differences	(9.0)	—	—	(9.0)
Balance at December 31, 2017	$ (123.4)	$ —	$ (6.4)	$ (129.8)

Other

Subsequent to the completion of the acquisition of C&W by Liberty Global, C&W made cash contributions to the CWSF of $1.1 million during 2016, which was based in part on the triennial actuarial funding valuation as of March 31, 2013.

The acquisition of C&W by Liberty Global constituted a “change of control” under a contingent funding agreement between C&W and the Trustees of the CWSF (the **Contingent Funding Arrangement**). Under the terms of the Contingent Funding Arrangement, the change in control provided the Trustees of the CWSF with the right to satisfy certain funding requirements of the CWSF through the utilization of letters of credit aggregating £100.0 million that were put in place in connection with the Columbus Acquisition. On June 26, 2017, the Trustees of the CWSF elected to utilize the funding right under these letters of credit and, accordingly, we contributed £100.0 million ($129.6 million at the applicable rate) to the CWSF on July 3, 2017, comprising $79.6 million (equivalent) of existing cash and $50.0 million of borrowings under the C&W Revolving Credit Facility.

Taking into account the aforementioned £100.0 million contribution and based on the triennial valuation that was completed in July 2017, no funding deficit exists with respect to the CWSF. As a result, we do not expect to make material contributions to the CWSF through April 2019. In addition, based on December 31, 2017 exchange rates and information available as of that date, our 2018 contributions are expected to aggregate $5.6 million, including amounts contributed to the unfunded defined benefit arrangements in the U.K. and the defined benefit plans in Jamaica and Barbados.

Merchant Navy Officers Pension Fund

While we have previously ceased participation in the Merchant Navy Officers Pension Fund (**MNOPF**), we are liable for contributions to fund a portion of funding deficits of the MNOPF. At December 31, 2017, our scheduled payments based on past actuarial valuations of the MNOPF are estimated to be £0.9 million ($1.3 million) in aggregate through September 2020. To the extent that there is an actuarially determined funding deficit of the MNOPF in the future, we may be required to fund a portion of such deficit.

(19) Employee and Other Staff Expenses

Our employee and other staff expenses are composed of the following:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Salaries and wages	$ 264.4	$ 199.7
Contract labor and other	25.3	16.9
Severance and other termination benefits	23.8	3.4
Social security costs	13.7	12.9
Pension and post-retirement costs	8.3	8.9
Share-based compensation	7.8	28.7
Other costs	5.7	2.8
Total	$ 349.0	$ 273.3

Remuneration for key management is included within employee and other staff expenses. Our key management represents those that have the authority and responsibility for managerial decisions affecting the future development and operations of the business. There have been no transactions with the key management personnel of C&W during the year ended December 31, 2017, or nine months ended December 31, 2016, other than remuneration paid for their services, as follows:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Salaries and other employment benefits	$ 8.5	$ 22.0
Post-employment benefits	0.2	0.1
Share-based compensation	2.4	4.6
Total key management remuneration	$ 11.1	$ 26.7

(20) Other Operating Expenses

Our other operating expenses are composed of the following:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Consultancy costs	$ 71.0	$ 63.2
Marketing and advertising expenses	62.8	51.9
Property and utilities costs	59.8	36.1
Bad debt and collection expenses	57.3	42.2
License fees, duties, tariffs and other related expenses	42.8	24.4
Information technology costs	25.6	16.6
Travel costs	21.8	18.3
Office expenses	12.8	10.2
Loss on self-insurance claims (a)	11.1	—
Direct acquisition costs (b)	4.0	53.2
Integration costs	1.3	13.1
Other items (c)	84.8	55.3
Total	$ 455.1	$ 384.5

(a) For information regarding our share of self-insurance claims related to losses sustained by an affiliate in connection with Hurricanes Irma and Maria, see note 23.

(b) Costs primarily relate to transaction fees and legal and regulatory advice in connection with the Liberty Global Transaction and Columbus Acquisition, as applicable.

(c) The 2017 period includes $4.1 million of related-party fees and allocations, as further described in note 23.

(21) Other Operating Income

Our other operating income is composed of the following:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Litigation provision releases	$ —	$ 26.7
Gains on disposal of property and equipment	—	14.2
Other income	6.8	1.2
Total	$ 6.8	$ 42.1

(22) Share-based Compensation

We recognized share-based compensation expense of $7.8 million during the year ended December 31, 2017 and $28.7 million during the nine months ended December 31, 2016 (which includes approximately $20.3 million of expense associated with the accelerated vesting on May 16, 2016, as further described below), which is included in employee and other staff expenses in our consolidated statements of operations.

On May 16, 2016, there was a change of control due to the Liberty Global Transaction, which resulted in the accelerated vesting of certain of our outstanding awards under our restricted and performance share plans. On May 17, 2016, the outstanding awards were cancelled and replaced with grants of restricted share units (**RSU**s) under a Liberty Global employee incentive plan (the **Incentive Plan**). During the year ended December 31, 2017 and nine months ended December 31, 2016, additional RSUs and stock appreciation rights (**SAR**s) were granted to certain of our employees under the Incentive Plan.

Effective December 29, 2017, outstanding awards under the Incentive Plan were cancelled and replaced with the same number of corresponding share-based incentive awards with respect to Liberty Latin America shares. We did not recognize any incremental share-based compensation expense associated with these modifications as we determined that the incremental value was immaterial.

(23) Related-party Transactions

Our related-party transactions consist of the following:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Revenue	$ 5.3	$ 10.0
Operating costs and expenses	(2.2)	(3.3)
Fees and allocations	(15.2)	—
Included in operating income (loss)	(12.1)	6.7
Interest income	3.8	6.9
Included in net earnings (loss)	$ (8.3)	$ 13.6

Revenue. These amounts represent (i) certain transactions with affiliates that arise in the normal course of business, which include fees for the use of our products and services, network and access charges, and (ii) management fees earned for services we provided to the Carve-out Entities to operate and manage their business under a management services agreement (**MSA**) prior to the Carve-out Acquisition.

Operating costs. These amounts represent fees associated with our use of products and services, network and access charges from affiliates.

Fees and allocations. These amounts represent (i) as further described below, losses accrued by the Captive (as defined below) in 2017 in connection with its expected share of self-insurance obligations for hurricane losses sustained by Liberty Puerto Rico (as defined below) and (ii) fees charged to our company prior to the Liberty Latin America split-off from Liberty Global that originated with Liberty Global and certain other Liberty Global subsidiaries and included charges for management, finance, legal, technology and other corporate and administrative services provided to our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's operations, without a mark-up, and will be cash settled. Amounts are generally deducted to arrive at our "EBITDA" metric specified by our debt agreements (**Covenant EBITDA**). Beginning in 2018, these charges will be allocated from Liberty Latin America and we expect these amounts will increase significantly.

Interest income. Amounts represent interest income on the related-party loans receivable, as further described below.

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

	December 31,	
	2017	2016
	in millions	
Assets:		
Trade and other receivables (a)	$ 3.0	$ 46.9
Loans receivable (b)	—	86.2
Interest receivable (c)	—	2.3
Total current assets	3.0	135.4
Noncurrent assets – note receivable (d)	60.5	54.4
Total assets	$ 63.5	$ 189.8
Liabilities:		
Trade and other payables (e)	$ 7.1	$ 22.7
Other accrued and current liabilities (f)	11.1	—
Deferred revenue and advance payments (g)	0.9	0.9
Total current liabilities	19.1	23.6
Other noncurrent liabilities (g)	6.1	7.0
Total liabilities	$ 25.2	$ 30.6

(a) Represents (i) non-interest bearing receivables due from (a) a subsidiary of Liberty Latin America and (b) Liberty Global and (ii) non-interest bearing receivables due from New Cayman (nil and $45.5 million at December 31, 2017 and 2016, respectively). These amounts are included in trade and other receivables in our consolidated statements of financial position.

(b) Represents loans receivable from New Cayman that bore interest at 8.0% per annum. In connection with the Carve-out Acquisition, these loans receivable were settled in exchange for equity of the Carve-out Entities.

(c) Represents accrued interest as of December 31, 2016 on the LGE Coral Holdco Note, as defined and described below.

(d) Represents principal of $56.7 million and accrued interest as of December 31, 2017 related to a note receivable due from LGE Coral Holdco (**LGE Coral Holdco Note**), primarily related to certain fees and taxes we paid on our parent company's behalf in 2016. The LGE Coral Holdco Note bears interest at 6.41% per annum, matures in May 2025 and is denominated in British pound sterling. The principal balance of the LGE Coral Holdco Note increased during the year ended December 31, 2017 due to the transfer of $2.3 million in non-cash accrued interest.

(e) Represents (i) non-interest bearing payables due to (a) LGE Coral Holdco related to certain financing costs paid on our behalf and (b) certain Liberty Global subsidiaries and (ii) non-interest bearing amounts owed by us to New Cayman (nil and $19.4 million at December 31, 2017 and 2016, respectively).

(f) As further described below, represents amounts accrued by the Captive in connection with its expected share of self-insurance obligations for hurricane losses sustained by Liberty Puerto Rico.

(g) Represents deferred revenue associated with certain indefeasible rights of use (**IRU**s) arrangements with a subsidiary of Liberty Latin America.

Liberty Latin America maintains an integrated group property and business interruption insurance program that provides coverage for up to a limit of $75 million per occurrence, which is generally subject to self-insurance of $15 million per occurrence, of which up to $3 million is generally the responsibility of the Impacted Markets and $12 million is provided through one of our wholly-owned subsidiaries, Cable & Wireless Communications Insurance, Ltd., which is a captive insurance entity (the **Captive**). The business interruption insurance program covers all markets of Liberty Latin America, including operations in Puerto Rico (Liberty Cablevision of Puerto Rico LLC (**Liberty Puerto Rico**)) and Chile (VTR.com SpA (**VTR**)), neither of which are consolidated by C&W. Under this program, the markets of Liberty Latin America, including Liberty Puerto Rico and VTR, pay

insurance premiums to the third-party insurance carriers, while the Captive receives premiums from the third-party insurance carriers related to the Captive's retained risk.

Liberty Puerto Rico has sustained significant losses from Hurricane Maria primarily as a result of sustained service outages and costs required to restore its network. Although the management of Liberty Latin America is continuing to assess the alternatives under our insurance policy, they currently believe that Hurricane Maria will result in at least one occurrence for the Impacted Markets, most significantly impacting Puerto Rico. At December 31, 2017, $11 million has been accrued with respect to the Captive's expected share of self-insurance obligations for hurricane losses sustained by Liberty Puerto Rico. The Captive's ultimate self-insurance obligation related to Liberty Puerto Rico will depend on the number of occurrences and the amount of covered claims at Liberty Puerto Rico under the integrated policy.

(24) Noncontrolling Interests

The following tables summarize information relating to our subsidiaries that have significant noncontrolling interests:

	BTC	C&W Panama	C&W Jamaica	C&W Barbados (a)	Other	Total
			in millions, except percentages			
Noncontrolling interest percentage	51%	51%	18%	(a)	14% - 30%	
Statements of financial position data:						
December 31, 2017						
Current assets	$ 109.9	$ 247.6	$ 108.3	$ —	$ 29.9	$ 495.7
Noncurrent assets	413.1	634.0	268.3	—	258.6	1,574.0
Current liabilities	(93.6)	(241.0)	(100.1)	—	(27.9)	(462.6)
Noncurrent liabilities	(6.8)	(277.3)	(519.1)	—	(125.4)	(928.6)
Net assets	$ 422.6	$ 363.3	$ (242.6)	$ —	$ 135.2	$ 678.5
Net assets attributable to noncontrolling interests	$ 215.5	$ 185.3	$ (43.7)	$ —	$ 29.5	$ 386.6
December 31, 2016						
Current assets	$ 110.4	$ 247.1	$ 77.1	$ 110.2	$ 27.7	$ 572.5
Noncurrent assets	425.3	667.5	241.9	145.6	130.9	1,611.2
Current liabilities	(118.0)	(245.8)	(72.8)	(135.0)	(33.2)	(604.8)
Noncurrent liabilities	(6.5)	(323.9)	(471.9)	(34.8)	(5.2)	(842.3)
Net assets	$ 411.2	$ 344.9	$ (225.7)	$ 86.0	$ 120.2	$ 736.6
Net assets attributable to noncontrolling interests	$ 209.7	$ 175.9	$ (40.6)	$ 16.3	$ 28.2	$ 389.5
Statements of operations data:						
Year ended December 31, 2017:						
Revenue	$ 261.3	$ 624.9	$ 212.9	$ 77.2	$ 81.3	$ 1,257.6
Net earning (loss)	$ 11.4	$ 78.7	$ (6.4)	$ 11.3	$ 9.1	$ 104.1
Earnings (loss) attributable to noncontrolling interests	$ 5.8	$ 40.1	$ (1.1)	$ 2.1	$ 2.9	$ 49.8
Other comprehensive earnings (loss) attributable to NCI	$ 5.8	$ 40.1	$ (2.8)	$ 2.1	$ 2.9	$ 48.1
Nine months ended December 31, 2016:						
Revenue	$ 220.3	$ 478.4	$ 152.7	$ 94.3	$ 61.3	$ 1,007.0
Net earning (loss)	$ 39.7	$ 63.6	$ (6.5)	$ 14.0	$ 2.3	$ 113.1
Earnings (loss) attributable to noncontrolling interests	$ 20.2	$ 32.4	$ (1.2)	$ 2.6	$ 0.8	$ 54.8
Other comprehensive earnings attributable to NCI	$ 20.2	$ 32.4	$ 1.2	$ 2.4	$ 0.8	$ 57.0

	BTC	C&W Panama	C&W Jamaica	C&W Barbados (a)	Other	Total
			in millions, except percentages			
Statements of cash flows data:						
Year ended December 31, 2017:						
Cash flows from operating activities	$ 66.8	$ 218.7	$ 65.4	$ (0.4)	$ 17.9	$ 368.4
Cash flows from investing activities	(61.0)	(95.2)	(36.6)	4.2	(6.3)	(194.9)
Cash flows from financing activities	—	(138.8)	(33.1)	14.0	(14.4)	(172.3)
Effect of exchange rate changes on cash	—	—	(0.2)	—	—	(0.2)
Net increase (decrease) in cash and cash equivalents	$ 5.8	$ (15.3)	$ (4.5)	$ 17.8	$ (2.8)	$ 1.0
Dividends paid to NCI	$ —	$ (30.7)	$ —	$ —	$ (0.6)	$ (31.3)
Nine months ended December 31, 2016:						
Cash flows from operating activities	$ 93.8	$ 161.1	$ 2.3	$ 26.7	$ 16.2	$ 300.1
Cash flows from investing activities	(57.4)	(76.8)	(44.7)	(6.2)	(4.1)	(189.2)
Cash flows from financing activities	(26.9)	(79.7)	48.1	4.3	(12.2)	(66.4)
Effect of exchange rate changes on cash	—	—	(0.2)	—	(0.5)	(0.7)
Net increase (decrease) in cash and cash equivalents	$ 9.5	$ 4.6	$ 5.5	$ 24.8	$ (0.6)	$ 43.8
Dividends paid to NCI	$ (12.6)	$ (39.5)	$ —	$ —	$ —	$ (52.1)

(a) Effective September 1, 2017, we completed the C&W Barbados NCI Acquisition (as further described in note 16). Accordingly, the C&W Barbados statement of operations and statement of cash flows noncontrolling interests data for the year ended December 31, 2017 represent earnings and cash flows for the period January 1, 2017 to August 31, 2017.

(25) 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 network and connectivity commitments, purchases of customer premises and other equipment and services, programming contracts, non-cancellable operating leases and other items. The following table sets forth the U.S. dollar equivalents of such commitments as of December 31, 2017:

	Payments due during:						
	2018	2019	2020	2021	2022	Thereafter	Total
				in millions			
Network and connectivity commitments	$ 43.4	$ 21.4	$ 17.4	$ 14.6	$ 11.4	$ 20.7	$ 128.9
Purchase commitments	91.2	15.1	4.7	2.2	2.2	5.8	121.2
Programming commitments	58.5	12.4	6.8	2.5	0.7	—	80.9
Operating leases	13.8	9.2	7.8	5.6	4.7	8.8	49.9
Other commitments	3.7	1.6	—	—	—	—	5.3
Total (a)	$ 210.6	$ 59.7	$ 36.7	$ 24.9	$ 19.0	$ 35.3	$ 386.2

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

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 significantly 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.

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 consolidated statements of operations include the amortization of certain live-programming rights in certain of our markets.

In addition to the commitments set forth in the table above, we have commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the year ended December 31, 2017 and nine months ended December 31, 2016, see note 6. For information regarding our defined benefit plans, see note 18.

Rental expense under operating lease arrangements amounted to $68.5 million, and$38.8 million during the year ended December 31, 2017 and nine months ended December 31, 2016, respectively. It is expected that in the normal course of business, operating leases that expire generally will be renewed or replaced by similar leases.

We have established various defined contribution benefit plans for our employees. Our aggregate expense for matching contributions under the various defined contribution employee benefit plans was $9.9 million and $5.2 million during the year ended December 31, 2017 and nine months ended December 31, 2016, respectively.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future. In addition, we have provided indemnifications of (i) up to $300.0 million in respect of any potential tax-related claims related to the disposal in April 2013 of our interests in certain businesses and (ii) an unlimited amount of qualifying claims associated with the disposal of another business in May 2014. The first indemnification expires in April 2020 and the second expires in May 2020. We do not expect that either of these arrangements will require us to make material payments to the indemnified parties.

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 the Bahamas, Trinidad & Tobago and the Seychelles, have not completed their review of the acquisition or granted their approval. While we expect to receive all outstanding approvals, 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 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 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.

(26) Segment Reporting

Effective January 1, 2017, we disaggregated our Caribbean reportable segment into the following reportable segments: (i) Jamaica, (ii) Trinidad & Tobago, (iii) Barbados and (iv) Ventures and other, which primarily includes our Ventures group, Cayman Islands and other less significant operating entities. This change is based on our new operating structure and aligns with how our chief operating decision maker reviews our operating results. Accordingly, our comparative period has been retroactively revised to reflect these changes.

Generally, we identify our segments on a geographical basis and, in certain cases, on a product basis. Each country in which we operate is generally treated as an operating segment. In certain cases, we may elect to include an operating segment in our segment disclosure that does not meet this described criteria for a reportable segment.

We have eight reportable segments that provide mobile, fixed-line telephony, broadband internet, video and managed services to residential and business customers.

As of December 31, 2017, our reportable segments are as follows:

- Jamaica
- Trinidad & Tobago
- Barbados
- Ventures and other
- Panama
- BTC
- Networks and LatAm
- Seychelles

Our reportable segments set forth above, other than Networks and LatAm, derive their revenue primarily from communications services, including mobile, fixed-line telephony, broadband internet, video and B2B services. Our Networks and LatAm segment primarily derives its revenue from broadband connectivity solutions to businesses and government institutions. At December 31, 2017, our reportable segments provide broadband communications and other services in over 40 countries, primarily in the Caribbean and Latin America.

Performance Measures of Our Reportable Segments

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

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Panama	$ 624.9	$ 478.4
Ventures and other	405.6	319.3
Jamaica	352.4	246.5
Networks and LatAm	346.6	219.9
BTC	261.3	220.4
Barbados	163.1	125.7
Trinidad & Tobago	157.8	129.8
Seychelles	60.6	44.1
	2,372.3	1,784.1
Corporate and intersegment eliminations	(46.6)	(48.6)
Total	$ 2,325.7	$ 1,735.5

Property, Equipment and Intangible Asset Additions of our Reportable Segments

The property, equipment and intangible asset additions of our reportable segments (including capital additions financed under finance lease arrangements) are presented below and reconciled to the capital expenditure amounts included in our consolidated statements of cash flows. For additional information concerning capital additions financed under finance lease arrangements, see note 11.

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Panama	$ 109.2	$ 68.5
Jamaica	81.8	51.2
Ventures and other	59.1	33.1
BTC	49.2	78.8
Networks and LatAm	40.0	37.2
Trinidad & Tobago	33.1	30.1
Barbados	22.3	17.6
Seychelles	8.9	4.5
Corporate	35.9	31.0
Total property, equipment and intangible asset additions	439.5	352.0
Assets acquired under finance leases	(3.9)	(19.4)
Changes in current liabilities related to capital expenditures	(30.5)	30.5
Total capital expenditures	$ 405.1	$ 363.1

Revenue by Major Category

Our revenue by major category is as follows:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Subscription revenue (a):		
Video	$ 165.5	$ 127.9
Broadband internet	208.2	153.8
Fixed-line telephony	118.3	91.4
Product subscription revenue	492.0	373.1
Mobile (b)	646.3	507.9
Total subscription revenue	1,138.3	881.0
Other revenue (b) (c)	1,187.4	854.5
Total	$ 2,325.7	$ 1,735.5

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

(b) Mobile subscription revenue excludes mobile interconnect revenue of $48.9 million and $36.0 million during the year ended December 31, 2017 and nine months ended December 31, 2016, respectively. Mobile interconnect revenue and mobile handset sales are included in other revenue.

(c) Other revenue includes, among other items, managed services, wholesale, interconnect and mobile handset sales revenue.

Geographic Segments

The revenue of our geographic segments is set forth below:

	Year ended December 31, 2017	Nine months ended December 31, 2016
	in millions	
Panama	$ 620.4	$ 495.0
Jamaica	340.6	241.5
The Bahamas	257.9	219.7
Barbados	158.8	177.1
Trinidad & Tobago	156.9	124.3
The Cayman Islands	94.5	72.7
Seychelles	60.6	44.1
All other countries	317.6	141.2
Networks and LatAm (a)	318.4	219.9
Total	$ 2,325.7	$ 1,735.5

(a) Amounts include revenue from various jurisdictions across the Caribbean and Latin America.

The long-lived assets of our geographic segments are set forth below:

	December 31, 2017	December 31, 2016
	in millions	
Panama	$ 633.5	$ 554.8
Jamaica	601.3	579.4
Trinidad & Tobago	575.0	633.1
The Bahamas	462.4	488.1
Barbados	304.4	323.5
The Cayman Islands	89.6	95.7
Seychelles	50.9	50.2
All other countries	660.9	571.5
Networks and LatAm (a)	1,730.0	1,689.7
Total	$ 5,108.0	$ 4,986.0

(a) Amounts include long-lived assets from various jurisdictions across the Caribbean and Latin America.

(27) Subsequent Events

Financing Transactions

On January 6, 2018, C&W Panama issued $100.0 million of subordinated debt. The term loan bears interest at 4.35%, payable on a quarterly basis, and matures in January 2023. The proceeds from the term loan were primarily used to repay existing C&W Panama debt.

On February 7, 2018, we entered into a $1,875.0 million principal amount term loan facility (the **C&W Term Loan B-4 Facility**) at a rate of LIBOR plus 3.25% subject to a LIBOR floor of 0.00%. The C&W Term Loan B-4 Facility was issued at 99.875% of par with a maturity date of January 31, 2026. The net proceeds of the C&W Term Loan B-4 Facility were used to repay in full the $1,825.0 million outstanding principal amounts of the C&W Term Loan B-3 Facility and C&W Term Loan B-3 Facility Add-on and repay certain amounts drawn under the C&W Revolving Credit Facility.

On March 7, 2018, we amended and restated the credit agreement originally dated May 16, 2016, as amended and restated as of May 26, 2017, providing for the additional C&W Term Loan B-4 Facility and a $625.0 million revolving credit facility (the **C&W Class B Revolving Credit Facility**). The C&W Class B Revolving Credit Facility bears interest at a rate of LIBOR plus 3.25%.

C&W Jamaica NCI Acquisition

Effective February 28, 2018, we increased our ownership in C&W Jamaica from 82.0% to 91.7% by acquiring 1,629,734,373 of the issued and outstanding ordinary stock units of C&W Jamaica that we did not already own for JMD$1.45 per stock unit.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis, which should be read in conjunction with our consolidated financial statements, is intended to assist in providing an understanding of our results of operations and financial condition and is organized as follows:

- Overview. This section provides a general description of our business and recent events.
- Results of Operations. This section provides an analysis of our results of operations for the twelve months ended December 31, 2017 and 2016 and the nine months ended December 31, 2016 and 2015.
- Liquidity and Capital Resources. This section provides an analysis of our corporate and subsidiary liquidity, consolidated statements of cash flows and contractual commitments.

The capitalized terms used below have been defined in the notes to our consolidated financial statements. In the following text, the terms "we," "our," "our company" and "us" may refer, as the context requires, to C&W or collectively to C&W and its subsidiaries.

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

Overview

General

We are a subsidiary of Liberty Latin America that provides mobile, broadband internet, fixed-line telephony and video services to residential and business customers and managed services to business and government customers. We primarily operate in the Caribbean and Latin America, providing consumer, B2B and networks services across 18 countries. In addition, we deliver B2B communication services and provide wholesale communication services over our sub-sea and terrestrial fiber optic cable networks that connect over 40 markets across the region. Our primary markets include Panama, Jamaica, the Bahamas, Barbados and Trinidad & Tobago.

On April 1, 2017, we completed the acquisition of the Carve-out Entities. The Carve-out Acquisition impacts the comparability of our results of operations. For further information regarding the Carve-out Acquisition, see note 5 to our consolidated financial statements.

Impact of Hurricanes

In September 2017, Hurricanes Irma and Maria impacted a number of our markets in the Caribbean, resulting in varying degrees of damage to homes, businesses and infrastructure in these markets. The most extensive damage occurred in the Impacted Markets. During the three months ended June 30, 2017, the last full quarter that was not impacted by the hurricanes, the Impacted Markets collectively accounted for 5.3% and 4.4% of our revenue and Adjusted EBITDA (as defined below), respectively. Below we have included the net impact of the hurricanes on the revenue of the Impacted Markets during the three and twelve months ended December 31, 2017. Our assessment of the losses attributable to the hurricanes is ongoing, and as discussed below, we expect to incur additional costs and losses as we restore the damaged networks and reconnect customers. We continue to be uncertain as to the extent and ultimate completion of our restoration and reconnection efforts in the Impacted Markets.

We maintain an integrated group property and business interruption insurance program covering all Impacted Markets up to a limit of $75 million per occurrence, which is generally subject to $15 million per occurrence of self-insurance. Although we are continuing to assess the alternatives under our insurance policy, we currently believe that the hurricanes will result in at least two occurrences. This policy is subject to the normal terms and conditions applicable to this type of insurance. We expect that the insurance recovery will only cover a portion of the incurred losses of each of our impacted businesses. See note 7 to our consolidated financial statements for additional information regarding estimated insurance recoveries recorded during the fourth quarter of 2017.

Further details regarding the impacts of Hurricanes Irma and Maria are discussed below. For information regarding impairment charges that have been recorded as a result of Hurricanes Irma and Maria, see notes 7 and 11 to our consolidated financial statements. For information regarding our captive insurance entity's retained risk associated with Liberty Puerto Rico, see note 23 to our consolidated financial statements.

We offer services over fixed and mobile networks, and portions of these networks in its Impacted Markets were significantly damaged as a result of the hurricanes, most notably in the British Virgin Islands, Dominica and Anguilla. Services to most of our fixed-line customers in these markets have not yet been restored. While mobile services have been largely restored in the Impacted

Markets, we are still in the process of completing the restoration of our mobile network infrastructure. In addition to network damage, these markets are also dealing with extensive damage to homes, businesses and essential infrastructure.

During the three and twelve months ended December 31, 2017, the effects of the hurricanes negatively impacted our revenue by an estimated $7 million and $10 million, respectively, and Adjusted EBITDA by an estimated $8 million and $17 million, respectively. We currently estimate that approximately $50 million of property and equipment additions is required to restore nearly all of the damaged networks in the Impacted Markets, approximately $13 million of which was incurred during the fourth quarter. Although these negative impacts will decline as the networks are restored and customers are reconnected, we expect that the adverse impacts of the hurricanes on our revenue and Adjusted EBITDA will continue through 2018 and beyond.

Operations

At December 31, 2017, we (i) provided services to 3,416,500 mobile subscribers and (ii) owned and operated networks that passed 1,931,600 homes and served 1,581,800 revenue generating units (**RGU**s), comprising 615,100 broadband internet subscribers, 576,900 fixed-line telephony subscribers and 389,800 video subscribers.

Strategy and Management Focus

From a strategic perspective, we are seeking to build broadband communications and mobile businesses that have strong prospects for future growth. As discussed further under *Liquidity and Capital Resources — Capitalization* below, we also seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk.

We strive to achieve organic revenue and customer growth in our operations by developing and marketing bundled entertainment and information and communications services, and extending and upgrading the quality of our networks where appropriate. As we use the term, organic growth excludes foreign currency translation effects (**FX**) and the estimated impact of acquisitions (the **Acquisition Impact**). While we seek to increase our customer base, we also seek to maximize the average revenue we receive from each household by increasing the penetration of our digital video, broadband internet, fixed-line telephony and mobile services with existing customers through product bundling and upselling.

We are engaged in network extension and upgrade programs. We collectively refer to these network extension and upgrade programs as the "**Network Extensions**." The Network Extensions will be completed in phases with priority given to the most accretive expansion opportunities. During 2017, approximately 254,000 homes and commercial premises were connected to our networks or upgraded. Depending on a variety of factors, including the financial and operational results of the programs, the Network Extensions may be continued, modified or cancelled at our discretion. See *Description of Our Business—Products and Services—Residential Services—Broadband Internet Services*.

For information regarding our expectation with regard to property and equipment additions as a percent of revenue during 2018, see *Liquidity and Capital Resources—Consolidated Statements of Cash Flows* below.

Competition and Other External Factors

We are facing challenging economic environments in many of our markets, most notably in Trinidad & Tobago and Barbados. We are also experiencing significant competition from other telecommunications operators, DTH operators and other providers in many of our markets. In the Bahamas, where we previously were the only provider of mobile services, competition has increased significantly due to the commercial launch of mobile services by a competitor during the fourth quarter of 2016. In addition, fixed-line competition has increased in a number of our markets in the Caribbean, including Trinidad & Tobago, Jamaica and Barbados. In certain of our markets, we are also experiencing increased regulatory intervention that would, if implemented, facilitate increased competition. The significant competition we are experiencing, together with macroeconomic factors, has adversely impacted our revenue, RGUs and/or average monthly subscription revenue per average cable RGU or mobile subscriber, as applicable, (**ARPU**) in a number of our markets. For additional information regarding the revenue impact of changes in our RGUs and ARPU, see *Results of Operations* below.

In addition, high levels of sovereign debt in the U.S. and several countries in which we or our affiliates operate, combined with weak growth and high unemployment, could potentially lead to fiscal reforms (including austerity measures), tax increases, sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company. The occurrence of any of these events could have an adverse impact on, among other matters, our liquidity and cash flows.

As we use the term, "**Adjusted EBITDA**" is defined as EBITDA (earnings before net financial expense (income), income taxes and depreciation, amortization and impairment) before share-based compensation, provisions and provision releases related to significant litigation and other operating items. Other operating items include (i) gains and losses on the disposition of long-

lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, (iii) related-party fees and allocations, (iv) other acquisition-related items, such as gains and losses on the settlement of contingent consideration, (v) restructuring provisions or provision releases and (vi) equity earnings or losses from affiliates.

Results of Operations

The comparability of our operating results is affected by the Carve-out Acquisition on April 1, 2017 and, to a lesser extent, FX. For further information regarding the Carve-out Acquisition, see note 5 to our consolidated financial statements.

In the following discussion, we quantify the Acquisition Impact on our operating results. The Acquisition Impact represents our estimate of the difference between the operating results of the periods under comparison that is attributable to an acquisition. In general, we estimate the Acquisition Impact to reflect the actual operating results of the acquired entity during the first 12 months following its acquisition. Accordingly, in the following discussion, (i) organic increases exclude the operating results of an acquired entity during the first 12 months following the date of acquisition and (ii) the calculation of our organic change percentages exclude the Acquisition Impact of such entity.

Changes in foreign currency exchange rates may have a significant impact on our operating results as certain of our subsidiaries have functional currencies other than the U.S. dollar. Our primary exposure to FX risk during 2017 was to the Jamaican dollar and the Trinidad & Tobago dollar. In addition, our operating results are impacted by changes in the exchange rates for other local currencies in Latin America, the Caribbean and the Seychelles. The impacts to the various components of our results of operations that are attributable to changes in FX are highlighted under *Results of Operations* below and assume that the exchange rates remained constant at the prior year rate during the comparative periods. For information concerning our foreign currency risks, see note 4 to our consolidated financial statements.

Effective December 31, 2016, we changed our fiscal year end from March 31 to December 31. Accordingly, in the following discussion of our results of operations for the year ended December 31, 2017, we have combined the results of operations for the nine months ended December 31, 2016 and the three months ended March 31, 2016 in order to provide a comparable period analysis.

General

Revenue includes amounts earned from (i) subscribers to our broadband communications and other fixed-line services (collectively referred to herein as "**fixed-line subscription revenue**") and mobile services, (ii) broadband connectivity solutions provided to businesses and government institutions and (iii) B2B communications services, interconnect fees, installation fees and late fees. Consistent with the presentation of our revenue categories in note 26 to our consolidated financial statements, we use the term "subscription revenue" in the following discussion to refer to amounts received from subscribers for ongoing services, excluding installation fees and late fees. In the below revenue tables, mobile subscription revenue excludes the related interconnect revenue.

A significant portion of our revenue is derived from jurisdictions that administer VAT or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating costs and expenses and corresponding declines in our Adjusted EBITDA and Adjusted EBITDA margin (Adjusted EBITDA divided by revenue) to the extent of any such tax increases.

We pay interconnection fees to other telephony providers when calls or text messages from our subscribers terminate on another network, and we receive similar fees from such providers when calls or text messages from their customers terminate on our networks or networks that we access through other arrangements. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnection fees are subject to regulatory oversight. To the extent that regulatory authorities introduce fixed-line or mobile termination rate changes, we would generally experience prospective changes in our interconnect revenue and/or costs. The ultimate impact of any such changes in termination rates on our Adjusted EBITDA would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

We are subject to inflationary pressures with respect to certain costs and foreign currency exchange risk with respect to costs and expenses that are denominated in currencies other than the respective functional currencies of our reportable segments (non-functional currency expenses). Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

Revenue

General. While not specifically discussed in the below explanations of the changes in our revenue, we are experiencing significant competition in all of our markets. This competition has an adverse impact on our ability to increase or maintain our RGUs and/or ARPU.

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of RGUs or mobile subscribers during the period and (ii) changes in ARPU. Changes in ARPU can be attributable to (i) changes in prices, (ii) changes in bundling or promotional discounts, (iii) changes in the tier of services selected, (iv) variances in subscriber usage patterns and (v) the overall mix of cable and mobile products during the period. In the following discussion, we discuss ARPU changes in terms of the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony and mobile products. Variances in revenue during 2017, as compared with 2016, were also impacted by Hurricanes Maria and Irma. We have separately identified the impacts of the hurricanes in our below discussion of revenue in order to provide more meaningful comparisons resulting from changes in RGUs and ARPU.

Year ended December 31, 2017 compared to combined twelve months ended December 31, 2016

The details of our revenue are as follows:

	Year ended December 31, 2017	Nine months ended December 31, 2016	Three months ended March 31, 2016	Increase (decrease) $	Increase (decrease) %
	in millions				
Subscription revenue (a):					
Video	$ 165.5	$ 127.9	$ 44.5	$ (6.9)	(4.0)
Broadband internet	208.2	153.8	54.2	0.2	0.1
Fixed-line telephony	118.3	91.4	31.6	(4.7)	(3.8)
Fixed-line subscription revenue	492.0	373.1	130.3	(11.4)	(2.3)
Mobile (b)	646.3	507.9	176.2	(37.8)	(5.5)
Total subscription revenue	1,138.3	881.0	306.5	(49.2)	(4.1)
Other revenue (b) (c)	1,187.4	854.5	301.0	31.9	2.8
Total	$ 2,325.7	$ 1,735.5	$ 607.5	$ (17.3)	(0.7)

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

(b) Mobile subscription revenue excludes mobile interconnect revenue of $48.9 million and $48.2 million during the twelve months ended December 31, 2017 and 2016, respectively.

(c) Other revenue includes, among other items, managed services, wholesale, interconnect and mobile handset sales revenue.

Total revenue. Our revenue decreased $17 million during 2017, as compared to the corresponding twelve month period in 2016. Excluding the effects of the Carve-out Acquisition and FX, our consolidated revenue decreased $36 million or 1.5%.

Subscription revenue. The details of the decrease in our subscription revenue during 2017, as compared to the corresponding twelve month period in 2016, are set forth below (in millions):

Increase (decrease) in fixed-line subscription revenue due to change in:	
Average number of RGUs (a)	$ 3.0
ARPU (b)	(4.2)
Impact of hurricanes on fixed-line subscription revenue (c)	(5.3)
Total decrease in fixed-line subscription revenue	(6.5)
Decrease in mobile subscription revenue (d)	(36.5)
Impact of hurricanes on mobile subscription revenue (c)	1.0
Total organic decrease in subscription revenue	(42.0)
Impact of FX	(7.2)
Total	$ (49.2)

(a) The increase in fixed-line subscription revenue related to changes in the average number of RGUs is attributable to the net effect of (i) increases in the average number of broadband internet and, to a lesser extent, fixed-line telephony RGUs and (ii) a decrease in the average number of video RGUs.

(b) The decrease in fixed-line subscription revenue related to changes in ARPU is primarily attributable to lower ARPU from fixed-line telephony and, to a lesser extent, broadband internet services.

(c) Amounts represent customer credits recorded through December 31, 2017 associated with service interruptions resulting from the hurricanes. For additional information, see *Overview* above.

(d) The decrease in mobile subscription revenue is primarily due to lower revenue in the Bahamas associated with decreases in the average number of subscribers and lower ARPU, primarily driven by the commercial launch of mobile services by a competitor during the fourth quarter of 2016.

Other revenue. The increase in other revenue is primarily attributable to the net effect of (i) higher revenue from wholesale services and interconnect fees and (ii) lower revenue from managed services, mainly driven by a decrease in project-related revenue. In addition, the increase includes $6 million of organic impacts associated with wholesale revenue recognized on a cash basis in 2017 related to services provided to a significant customer in prior periods.

For information regarding the competitive environment in which we operate, see *Overview* above.

Operating Costs and Expenses

The details of our operating costs and expenses are as follows:

	Year ended December 31,	Nine months ended December 31,	Three months ended March 31,	Increase (decrease)	
	2017	2016	2016	$	%
	in millions				
Employee and other staff expenses (a)	$ 349.0	$ 273.3	$ 91.3	$ (15.6)	(4.3)
Mobile access and interconnect costs (b)	222.3	178.9	56.3	(12.9)	(5.5)
Programming expenses (c)	149.7	98.1	25.1	26.5	21.5
Network costs (d)	176.4	114.1	33.0	29.3	19.9
Managed services costs (e)	74.3	54.1	24.9	(4.7)	(5.9)
Equipment sales expenses (f)	93.9	74.6	26.5	(7.2)	(7.1)
Depreciation and amortization (g)	573.0	354.7	137.6	80.7	16.4
Impairment expense (recovery) (h)	30.9	744.9	(71.0)	(643.0)	(95.4)
Other operating expenses (i)	455.1	384.5	63.8	6.8	1.5
Other operating income (j)	(6.8)	(42.1)	(5.6)	40.9	(85.7)
Total	$ 2,117.8	$ 2,235.1	$ 381.9	$ (499.2)	(19.1)

Our consolidated operating costs and expenses decreased $499 million or 19.1% during 2017, as compared to the corresponding twelve month period in 2016, which includes (i) an increase of $34 million attributable to the impact of the Carve-out Acquisition and (ii) a decrease of $12 million due to FX. Excluding the effects of the Carve-out Acquisition and FX, our operating costs and expenses decreased $521 million or 19.9%. This decrease includes the following factors:

(a) A decrease in employee and other staff expenses of $17 million or 4.8%, primarily due to the net effect of (i) an increase in restructuring costs due to (a) the release of certain redundancy provisions in the 2016 period and (b) higher restructuring activities in the 2017 period, primarily in connection with the Liberty Latin America integration, (ii) a decrease in incentive compensation costs, primarily due to accelerated vesting of certain awards during the 2016 comparison period in connection with the Liberty Global Transaction, (iii) a decrease in curtailment costs associated with the Jamaica defined benefit pension plan and (iv) lower incentive compensation costs.

(b) A decrease in mobile access and interconnect costs of $19 million or 8.2%, primarily due to (i) lower fixed and mobile interconnect rates and (ii) lower international call volumes.

(c) An increase in programming expenses of $28 million or 22.8%, primarily resulting from (i) increased costs associated with basic and premium content, due largely to the carriage of live Premier League games and (ii) a $5 million increase resulting from the reassessment of certain content accruals during the fourth quarter of 2017. In August 2016, we began broadcasting live Premier League games in a number of our markets pursuant to a new multi-year agreement. The cost of the rights to broadcast these games represents a significant portion of our programming costs.

(d) An increase in network costs of $27 million or 18.4%, primarily due to the net effect of (i) an increase due to the release of contract termination restructuring accruals in 2016, (ii) higher licensing fees, largely due to $4 million recorded in the second quarter of 2017 related to the reassessment of fees for prior year periods, and (iii) higher maintenance costs, including approximately $4 million attributable to Hurricanes Irma and Maria.

(e) A decrease in managed services costs of $8 million or 10.6%, primarily attributable to lower project related costs in Panama.

(f) A decrease in equipment sales expenses of $7 million or 6.7%, primarily due to lower mobile handset sales in Panama and Jamaica.

(g) An increase in depreciation and amortization expense of $74 million or 15.1%, primarily due to (i) a change in the estimated useful lives of certain customer relationships in connection with the Liberty Global Transaction and (ii) an increase associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives.

(h) The details of our impairment expense (recovery) are as follows:

	Year ended December 31, 2017	Nine months ended December 31, 2016	Three months ended March 31, 2016
		in millions	
Impairment expense	$ 30.9	$ 744.9	$ 3.3
Impairment recovery	—	—	(74.3)
Total	$ 30.9	$ 744.9	$ (71.0)

The impairment charges recorded during the 2017 period primarily include (i) impairment of goodwill, primarily related to our BTC cash-generating unit, in connection with our annual impairment assessment and (ii) impairment charges related to the impact on our operations from Hurricanes Irma and Maria to reduce the carrying values of property and equipment that was damaged beyond repair in the Impacted Markets. The 2016 net impairment charges include (i) impairment of goodwill, primarily related to charges of $587 million and $116 million associated with our Trinidad & Tobago and Networks operations, respectively, in connection with our annual impairment assessment, (ii) an impairment recovery of $74 million (as further described below) and (iii) a $35 million charge related to the write-down of our investment in TSTT.

During the year ended March 31, 2015, certain network assets in the legacy Columbus markets that overlapped with existing C&W markets were impaired based on the expected timing of customer migration to the C&W fiber networks. During the three months ended March 31, 2016, the timing of the migration plan was reassessed and extended. Accordingly, the discounted cash flow analysis associated with the 2015 impairment charge was revised to account for a change in the estimated useful lives of the underlying assets, which resulted in the $74 million impairment recovery during the 2016 period.

If, among other factors, (i) our enterprise value or Liberty Latin America's equity values were to decline significantly or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

(i) An increase in other operating expenses of $3 million or 0.7%, primarily due to the net effect of (i) a decrease related to lower direct acquisition and integration related costs, (ii) an increase due to a restructuring accrual release of $30 million in 2016, (iii) an increase of $11 million in connection with hurricane self-insurance-related losses accrued by the Captive (as further discussed in note 23), (iv) an increase in information technology related expenses, primarily due to higher software and other information technology-related maintenance costs, (v) an increase in bad debt expense, including an increase of approximately $4 million attributable to Hurricanes Irma and Maria, and (vi) a net increase in other administrative related expenses.

(j) A decrease in other operating income of $41 million or 85.7%, primarily due to the net effect of (i) a release of legal provisions in 2016, (ii) lower gains on the disposition of property and equipment and (iii) higher equity earnings from an affiliate.

Financial income (expense)

Financial income (expense) primarily includes interest expense, interest income, realized and unrealized gains or losses on our derivative instruments and losses on debt extinguishment. As further described below and in note 17 to our consolidated financial statements, we recorded total financial expense, net, of $406 million during 2017. During the twelve months ended December 31, 2016, we incurred total financial expense, net, of $259 million.

Interest expense

Interest expense decreased $9 million or 3.5% during 2017, as compared to the corresponding twelve month period in 2016. This decrease is primarily attributable to lower weighted average interest rates related to the completion of certain refinancing transactions, including the redemption of the Columbus Senior Notes in September 2017, that resulted in extended maturities and decreases to certain of our interest rates. The impact of the lower weighted average interest rates was partially offset by higher average outstanding debt balances. For additional information regarding our outstanding indebtedness, see note 12 to our consolidated financial statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 6 to our consolidated financial statements, we use derivative instruments to manage our interest rate risks.

Realized and unrealized gains (losses) on derivative instruments

Our realized and unrealized gains or losses on derivative instruments include (i) unrealized changes in the fair values of our derivative instruments that are non-cash in nature until such time as the derivative contracts are fully or partially settled and (ii) realized gains or losses upon the full or partial settlement of the derivative contracts. The details of our realized and unrealized gains (losses) on derivative instruments are as follows:

	Year ended December 31, 2017	Nine months ended December 31, 2016	Three months ended March 31, 2016
		in millions	
Cross-currency and interest rate derivative contracts (a)	$ 2.9	$ (6.6)	$ —
Embedded derivatives	42.6	17.6	21.5
Accretion of Columbus Put Option	—	(12.1)	(23.6)
Total	$ 45.5	$ (1.1)	$ (2.1)

(a) The gain during 2017 is primarily attributable to the net effect of changes in market interest rates, primarily in the U.S. dollar market, and, to a lesser extent, net losses from changes in FX rates. In addition, the gain during 2017 includes a net loss of $1 million resulting from changes in our credit risk valuation adjustments. The loss during the twelve months ended December 31, 2016 is attributable to losses associated with increases in market interest rates in the U.S. dollar market. The loss during the 2016 period includes a net gain of $2 million resulting from changes in our credit risk valuation adjustments.

For additional information concerning our derivative instruments, see note 6 to our consolidated financial statements.

Foreign currency transaction gains (losses)

We recognized foreign currency transaction gains (losses) of ($22 million) and $33 million during the twelve months ended December 31, 2017 and 2016, respectively. These amounts primarily relate to the remeasurement of monetary assets and liabilities that are denominated in currencies other than the underlying functional currency of the applicable entity, predominantly related to our British pound sterling-denominated debt issued by a U.S. dollar functional currency entity. Unrealized foreign currency transaction gains or losses are computed based on period-end exchange rates and are non-cash in nature until such time as the amounts are settled.

Losses on debt extinguishment

We recognized losses on debt extinguishment of $189 million and $42 million during the twelve months ended December 31, 2017 and 2016, respectively. The loss during 2017 includes (i) the payment of $85 million of redemption premiums, (ii) the write-off of $65 million related to the Columbus Senior Notes redemption option, (iii) the write-off of $33 million of unamortized discounts and deferred financing costs and (iv) the payment of $6 million of third-party costs. The loss during the twelve months ended December 31, 2016 includes (i) the write-off of $24 million of unamortized discounts and deferred financing costs and (b) the payment of $18 million of redemption premiums.

Interest income

We recognized interest income of $14 million and $16 million during the twelve months ended December 31, 2017 and 2016, respectively. These amounts primarily relate to interest on our loans receivable and cash and cash equivalents.

Income tax expense

We recognized income tax expense of $97 million and $34 million during the twelve months ended December 31, 2017 and 2016, respectively.

The income tax expense during 2017 differs from the expected income tax benefit of $38 million (based on the U.K. income tax rate of 19.0%), primarily due to the net negative impact of (i) statutory tax rates in certain jurisdictions in which we operate

that are different than the U.K. statutory income tax rate, (ii) an increase in valuation allowances, (iii) certain permanent differences between the financial and tax accounting treatment of interest and other items, (iv) basis differences in the treatment of investments in subsidiaries and (v) the tax effect of changes in enacted tax rates, primarily in the U.K.

For additional information regarding our income taxes, see note 15 to our consolidated financial statements.

Net loss

We reported net losses of $295 million and $567 million during the twelve months ended December 31, 2017 and 2016, respectively.

Gains or losses associated with (i) changes in the fair values of derivative instruments, (ii) movements in foreign currency exchange rates and (iii) the disposition of assets are subject to a high degree of volatility and, as such, any gains from these sources do not represent a reliable source of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings from continuing operations is largely dependent on our ability to increase our Adjusted EBITDA to a level that more than offsets the aggregate amount of our (i) share-based compensation expense, (ii) depreciation, amortization and impairment, (iii) interest expense, (iv) other financial income or expenses and (v) income tax benefit or expense.

Subject to the limitations included in our various debt instruments, we expect that Liberty Latin America will continue to cause our company to maintain our debt at current levels relative to Covenant EBITDA. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future.

Net earnings attributable to noncontrolling interests

We reported earnings attributable to noncontrolling interests of $50 million and $90 million during the twelve months ended December 31, 2017 and 2016, respectively. Effective September 1, 2017, we acquired all of the issued outstanding common shares of C&W Barbados that we did not already own. Profit or loss attributable to noncontrolling interests includes the noncontrolling interests' share of the results of our operations, primarily in Panama, the Bahamas, Jamaica and Barbados (for the 2016 period and the period from January 1, 2017 through August 31, 2017). For information regarding the acquisition of the noncontrolling interests in Barbados, see note 16 to our condensed consolidated financial statements.

Liquidity and Capital Resources

Sources and Uses of Cash

Cash and cash equivalents

We are a holding company that is dependent on the capital resources of our subsidiaries to satisfy our liquidity requirements at the corporate level. Although our consolidated operating subsidiaries generate cash from operating activities, the terms of our subsidiaries' debt instruments restrict our ability to access the liquidity of these subsidiaries. These subsidiaries account for substantially all of our $266 million of consolidated cash and cash equivalents at December 31, 2017. Our ability to access the liquidity of these and our other subsidiaries may be limited by tax and legal considerations, the presence of noncontrolling interests, foreign currency exchange restrictions and other factors.

Liquidity of C&W

Our sources of liquidity at the parent level include dividend income received on our investments and, subject to certain tax and legal considerations, our unrestricted subsidiaries' cash and cash equivalents and investments.

The ongoing cash needs of C&W include (i) corporate general and administrative expenses and (ii) required funding of employee benefit plans. From time to time, C&W may also require cash in connection with (i) the funding of loans or distributions to LGE Coral Holdco (and ultimately to Liberty Latin America or other Liberty Latin America subsidiaries), (ii) the satisfaction of contingent liabilities or (iii) acquisitions and other investment opportunities. No assurance can be given that funding from Liberty Latin America or other Liberty Latin America subsidiaries, our subsidiaries or external sources would be available on favorable terms, or at all.

In addition, the amount of cash we receive from our subsidiaries to satisfy U.S. dollar-denominated liquidity requirements is impacted by fluctuations in exchange rates. In this regard, the strengthening (weakening) of the U.S. dollar against these currencies will result in decreases (increases) in the U.S. dollars received from the applicable subsidiaries to fund U.S. dollar-denominated liquidity requirements.

Liquidity of our subsidiaries

In addition to cash and cash equivalents, the primary sources of liquidity of our subsidiaries are cash provided by operations, borrowing availability under the C&W Revolving Credit Facility and borrowings available under the C&W Regional Facilities. Hurricanes Irma and Maria impacted a number of our markets in the Caribbean, resulting in varying degrees of damage to the homes, businesses and infrastructure in these markets. The operations of the Impacted Markets, together with certain of our other operations, support the debt outstanding under the C&W Notes and the C&W Regional Facilities. We expect that the effects of the hurricanes will not impact our ability to comply with the terms of the C&W Notes and the C&W Regional Facilities. For the details of the borrowing availability at December 31, 2017, see note 12 to our consolidated financial statements. The liquidity of our subsidiaries is generally used to fund capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. For additional information regarding our consolidated cash flows, see the discussion under *Consolidated Statements of Cash Flows* below. Our subsidiaries may also require funding in connection with (i) the repayment of outstanding debt, (ii) acquisitions and other investment opportunities or (iii) distributions or loans to C&W (and ultimately to Liberty Latin America or other Liberty Latin America subsidiaries). No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

Capitalization

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements and indentures is dependent primarily on our ability to maintain or increase our Covenant EBITDA and to achieve adequate returns on our property, equipment and intangible asset additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by incurrence-based leverage covenants contained in our various debt instruments. For example, if our Covenant EBITDA were to decline, our ability to obtain additional debt could be limited. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. At December 31, 2017, we were in compliance with our debt covenants. We do not anticipate any instances of non-compliance with respect to our debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

At December 31, 2017, the outstanding principal amount of our debt, together with our finance lease obligations, aggregated $3,913 million, including $164 million that is classified as current in our consolidated statement of financial position and $3,321 million that is not due until 2022 or thereafter. Our debt and finance lease obligations are all held by our subsidiaries at December 31, 2017. For additional information concerning our debt and finance lease obligations, including our debt maturities, see note 12 to our consolidated financial statements.

Notwithstanding our negative working capital position at December 31, 2017, we believe that we have sufficient resources to repay or refinance the current portion of our debt and finance lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our debt maturities grows in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete refinancing transactions or otherwise extend our debt maturities. In this regard, it is difficult to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments will impact the credit markets we access and our future financial position. Our ability to access debt financing on favorable terms, or at all, could be adversely impacted by (i) the financial failure of any of our counterparties, which could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution, and (ii) tightening of the credit markets. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

Consolidated Statements of Cash Flows

Year ended December 31, 2017 compared to combined twelve months ended December 31, 2016

Summary. Our consolidated statements of cash flows for 2017 and the twelve months ended December 31, 2016 are summarized as follows:

	Year ended December 31, 2017	Nine months ended December 31, 2016	Three months ended March 31, 2016	Change
		in millions		
Net cash provided by operating activities	$ 319.2	$ 241.1	$ 98.6	$ (20.5)
Net cash used by investing activities	(407.7)	(388.8)	(100.7)	81.8
Net cash provided by financing activities	85.0	252.5	9.4	(176.9)
Effect of exchange rate changes on cash	(1.6)	(1.1)	(0.1)	(0.4)
Net increase (decrease) in cash and cash equivalents	$ (5.1)	$ 103.7	$ 7.2	$ (116.0)

Operating Activities. The decrease in net cash provided by our operating activities is primarily attributable to the net effect of (i) lower Adjusted EBITDA and related working capital items, (ii) lower payments of interest, (iii) higher cash payments related to derivative instruments and (iv) lower payments for taxes.

Investing Activities. The decrease in net cash used by our investing activities is primarily attributable to the net effect of (i) $61 million related to higher capital expenditures, (ii) $54 million related to lower advances to LGE Coral Holdco and (iii) $20 million related to lower proceeds on the sale of available-for-sale investments.

The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that are financed under capital-related vendor financing or finance lease arrangements. Instead, these amounts are reflected as non-cash additions to our property, equipment and intangible assets when the underlying assets are delivered, and as repayments of debt when the principal is repaid. In this discussion, we refer to (i) our capital expenditures as reported in our consolidated statements of cash flows, which exclude amounts financed under capital-related vendor financing or finance lease arrangements, and (ii) our total property, equipment and intangible asset additions, which include our capital expenditures on an accrual basis and amounts financed under capital-related vendor financing or finance lease arrangements. For further details regarding our property, equipment and intangible asset additions see note 26 to our consolidated financial statements.

A reconciliation of our consolidated property, equipment and intangible asset additions to our consolidated capital expenditures as reported in our consolidated statements of cash flows is set forth below:

	Year ended December 31, 2017	Nine months ended December 31, 2016	Three months ended March 31, 2016
		in millions	
Property, equipment and intangible asset additions	$ 439.5	$ 352.0	$ 134.5
Assets acquired under finance leases	(3.9)	(19.4)	—
Changes in liabilities related to capital expenditures	(30.5)	30.5	(31.3)
Capital expenditures	$ 405.1	$ 363.1	$ 103.2

The decrease in our property, equipment and intangible asset additions is largely due to timing of capital projects. During 2017 and 2016, our property, equipment and intangible asset additions represented 18.9% and 20.8% of our revenue, respectively.

We expect the percentage of revenue represented by our aggregate 2018 property, equipment and intangible asset additions to range from 16% to 18%. The actual amount of the 2018 property, equipment and intangible asset additions may vary from expected amounts for a variety of reasons, including (i) changes in (a) the competitive or regulatory environment, (b) business plans, (c) our expected future operating results and (d) foreign currency exchange rates and (ii) the availability of sufficient capital. Accordingly, no assurance can be given that our actual property, equipment and intangible asset additions will not vary materially from our expectations.

Financing Activities. The decrease in net cash provided by our financing activities is primarily attributable to the net effect of (i) $282 million related to lower net borrowings of debt, (ii) $194 million and $27 million due to lower dividends paid to shareholders and noncontrolling interests, respectively, (iii) $71 million due to higher payments for financing costs and debt premiums, (iv) $32 million paid during 2017 in connection with the C&W Barbados NCI Acquisition, (v) $12 million due to lower proceeds received on the exercise of certain share-based awards and (vi) $4 million due to changes in cash collateral.

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected cash flows associated with our derivative instruments at December 31, 2017. The U.S. dollar equivalents presented below are based on interest rates and exchange rates that were in effect as of December 31, 2017. These amounts are presented for illustrative purposes only and will likely differ from the actual cash paid or received in future periods. For additional information regarding our derivative instruments and our counterparty credit risk, see notes 4 and 6 to our consolidated financial statements.

	Receipts due during:						
	2018	2019	2020	2021	2022	Thereafter	Total
				in millions			
Projected derivative cash payments, net:							
Interest-related (a)	$ 25.0	$ 19.9	$ 18.1	$ 18.0	$ 17.7	$ 36.7	$ 135.4
Principal-related (b)	—	(4.1)	—	—	2.6	—	(1.5)
Total	$ 25.0	$ 15.8	$ 18.1	$ 18.0	$ 20.3	$ 36.7	$ 133.9

(a) Includes the interest-related cash flows of our cross-currency and interest rate swap contracts.

(b) Includes the principal-related cash flows of our cross-currency swap contracts.

Debt Maturities and Contractual Commitments

For information concerning the maturities of our debt and other financial obligations as of December 31, 2017, see note 4 to our consolidated financial statements. For information concerning our contractual commitments as of December 31, 2017, see notes 4 and 25 to our consolidated financial statements.

In addition to the commitments set forth in notes 4 and 25 to our consolidated financial statements, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding projected cash flows associated with derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* above. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the year ended December 31, 2017 and nine months ended December 31, 2016, see note 6 to our consolidated financial statements.

Critical Accounting Policies

Our critical accounting policies include our policies with respect to:

- Impairment of property and equipment and intangible assets (including goodwill);
- Costs associated with construction and installation activities;
- Fair value measurements; and
- Income tax accounting.

For additional information concerning these policies, see notes 3 and 7 to our consolidated financial statements.