Condensed Consolidated Financial Statements
June 30, 2017

CABLE & WIRELESS COMMUNICATIONS LIMITED
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CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

	June 30, 2017	December 31, 2016
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 325.1	$ 271.2
Trade and other receivables, net (notes 6 and 18)	483.9	544.0
Loans receivable – related-party (note 18)	—	86.2
Prepaid expenses	57.2	69.6
Other current assets (notes 7 and 18)	116.4	80.2
Assets held for sale (note 5)	93.2	93.2
Total current assets	1,075.8	1,144.4
Noncurrent assets:		
Property and equipment, net (note 8)	2,858.7	2,776.8
Goodwill (note 8)	1,438.1	1,415.9
Intangible assets subject to amortization, net (note 8)	727.1	793.3
Other noncurrent assets (note 7)	392.0	312.2
Total noncurrent assets	5,415.9	5,298.2
Total assets	6,491.7	6,442.6
LIABILITIES		
Current liabilities:		
Trade and other payables (note 18)	179.7	201.9
Deferred revenue and advance payments (note 18)	148.4	133.0
Current portion of debt and finance lease obligations (note 9)	125.4	100.8
Other accrued and current liabilities (note 10)	405.0	476.2
Total current liabilities	858.5	911.9
Noncurrent liabilities:		
Noncurrent debt and finance lease obligations (note 9)	3,572.9	3,447.7
Deferred tax liabilities	219.0	230.0
Deferred revenue and advance payments (note 18)	271.9	261.8
Other noncurrent liabilities (note 10)	246.6	185.3
Total noncurrent liabilities	4,310.4	4,124.8
Net assets	$ 1,322.8	$ 1,405.9
Commitments and contingencies (notes 4, 9, 11 and 19)		
Owners' equity:		
Capital and reserves attributable to parent:		
Share capital	$ 0.1	$ 0.1
Share premium	453.4	453.4
Reserves	479.8	562.9
Total parent's equity	933.3	1,016.4
Noncontrolling interests	389.5	389.5
Total owners' equity	$ 1,322.8	$ 1,405.9

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Revenue (notes 18 and 20)	$ 584.3	$ 573.6	$ 1,160.2	$ 1,181.1
Operating costs and expenses (note 18):				
Employee and other staff expenses (notes 15)	88.3	105.9	177.1	197.2
Interconnect costs	49.5	53.0	99.9	108.4
Network costs	40.7	30.6	87.1	60.4
Programming expenses	38.5	26.5	75.8	51.6
Equipment sales expenses	25.1	25.8	49.6	52.3
Managed services costs	22.6	19.2	42.5	44.9
Depreciation and amortization (note 8)	140.5	114.6	285.9	252.2
Impairment expense (recovery) (note 8)	—	—	2.0	(71.0)
Other operating expenses (note 16)	112.9	168.5	230.9	235.6
Other operating income (note 17)	(2.0)	(26.5)	(2.2)	(32.1)
	516.1	517.6	1,048.6	899.5
Operating income	68.2	56.0	111.6	281.6
Financial income (expense) (note 13):				
Finance expense	(96.8)	(156.6)	(170.3)	(213.6)
Finance income	24.2	7.7	50.9	31.5
	(72.6)	(148.9)	(119.4)	(182.1)
Earnings (loss) before income taxes	(4.4)	(92.9)	(7.8)	99.5
Income tax expense (note 12)	(13.3)	(12.3)	(14.1)	(28.9)
Net earnings (loss)	(17.7)	(105.2)	(21.9)	70.6
Net earnings attributable to noncontrolling interests	(13.2)	(21.9)	(19.9)	(56.9)
Net earnings (loss) attributable to parent	$ (30.9)	$ (127.1)	$ (41.8)	$ 13.7

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Net earnings (loss)	$ (17.7)	$ (105.2)	$ (21.9)	$ 70.6
Other comprehensive income (loss):				
Items that will not be reclassified to earnings (loss) in subsequent periods:				
Actuarial gains (losses) in the value of defined benefit pension plans (note 14)	(41.8)	—	(41.8)	25.0
Income tax related to items that will not be reclassified to earnings (loss) in subsequent periods	—	—	—	1.0
Total items that will not be reclassified to earnings (loss) in subsequent periods	(41.8)	—	(41.8)	26.0
Items that may be classified to earnings (loss) in subsequent periods:				
Foreign currency translation adjustments	(0.7)	(11.0)	(5.1)	(21.8)
Fair value movements in available-for-sale financial assets (note 5)	(0.4)	1.8	—	3.8
Total items that may be classified to earnings (loss) in subsequent periods	(1.1)	(9.2)	(5.1)	(18.0)
Other comprehensive income (loss)	(42.9)	(9.2)	(46.9)	8.0
Comprehensive income (loss)	(60.6)	(114.4)	(68.8)	78.6
Comprehensive income attributable to noncontrolling interests	(13.1)	(21.9)	(19.7)	(61.5)
Comprehensive income (loss) attributable to parent	$ (73.7)	$ (136.3)	$ (88.5)	$ 17.1

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY
(unaudited)

	Share capital	Share premium	Foreign currency translation reserve	Capital and other reserves	Accumulated deficit	Total parent's equity	Noncontrolling interests	Total owners' equity
				in millions				
Balance at January 1, 2016	$ 223.8	$ 260.3	$ (146.0)	$ 3,721.0	$ (3,198.0)	$ 861.1	$ 351.0	$ 1,212.1
Net earnings	—	—	—	—	13.7	13.7	56.9	70.6
Other comprehensive income	—	—	(22.8)	3.8	22.4	3.4	4.6	8.0
Settlement of Columbus Put Option	—	—		775.7	206.8	982.5	—	982.5
Dividends	—	—	—	—	(193.8)	(193.8)	(32.1)	(225.9)
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	—	—	—	—	31.0	31.0	—	31.0
Balance at June 30, 2016	$ 221.7	$ 234.5	$ (168.8)	$ 4,500.5	$ (3,075.0)	$ 1,712.9	$ 380.4	$ 2,093.3
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
Net loss	—	—	—	—	$ (41.8)	(41.8)	19.9	(21.9)
Other comprehensive loss	—	—	(4.9)	—	(41.8)	(46.7)	(0.2)	(46.9)
Dividends	—	—	—	—	—	—	(18.6)	(18.6)
Share-based compensation	—	—	—	—	4.1	4.1	—	4.1
Other	—	—	(0.2)	(0.2)	1.7	1.3	(1.1)	0.2
Balance at June 30, 2017	$ 0.1	$ 453.4	$ (193.6)	$ 4,501.6	$ (3,828.2)	$ 933.3	$ 389.5	$ 1,322.8

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six months ended June 30, 2017	Six months ended June 30, 2016
	in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ (21.9)	$ 70.6
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Income tax expense	14.1	28.9
Share-based compensation expense	4.1	31.0
Depreciation, amortization and impairment	287.9	181.2
Interest expense	109.5	131.0
Interest income	(5.2)	(8.0)
Amortization of deferred financing costs and non-cash interest	19.1	4.6
Realized and unrealized losses (gains) on derivative instruments, net	(43.2)	35.3
Foreign currency transaction losses (gains), net	13.5	(23.5)
Losses on debt extinguishment	28.2	41.8
Gains on disposal of property and equipment	—	(4.9)
Losses on disposal of property and equipment	1.1	0.9
Other	(4.7)	0.7
	402.5	489.6
Changes in operating assets and liabilities	(84.8)	(201.8)
Cash provided by operating activities	317.7	287.8
Interest paid	(134.0)	(139.1)
Income taxes paid	(44.7)	(49.6)
Net cash provided by operating activities	139.0	99.1
Cash flows from investing activities:		
Capital expenditures	(154.3)	(246.0)
Other investing activities	(6.8)	2.6
Net cash used by investing activities	(161.1)	(243.4)
Cash flows from financing activities:		
Borrowings of debt	193.8	1,318.3
Repayments of debt and finance lease obligations	(80.7)	(816.8)
Change in cash collateral	(11.1)	0.6
Dividends paid to shareholders	—	(193.8)
Dividends paid to noncontrolling interests	(18.6)	(32.1)
Payment of financing costs	(7.0)	(42.6)
Other financing activities	—	(0.9)
Net cash provided by financing activities	76.4	232.7
Effect of exchange rate changes on cash	(0.4)	(0.5)
Net increase in cash and cash equivalents	53.9	87.9
Cash and cash equivalents:		
Beginning of period	271.2	160.3
End of period	$ 325.1	$ 248.2

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

(1) Basis of Presentation

Cable & Wireless Communications Limited (**CWC**) is a provider of mobile, broadband internet, fixed-line telephony and video services to residential and business customers and managed services to business and government customers, primarily in the Caribbean and Latin America. CWC is a wholly-owned subsidiary of LGE Coral Holdco Limited (**LGE Coral Holdco**), a subsidiary of Liberty Global plc (**Liberty Global**). In these notes, the terms "CWC," "we," "our," "our company" and "us" may refer, as the context requires, to CWC or collectively to CWC and its subsidiaries.

CWC 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.

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

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

Effective January 1, 2017, we changed our reportable segments. For additional information, see note 20.

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 June 30, 2017.

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

Management approval

These condensed consolidated financial statements were authorized for issue by management on August 29, 2017 and reflect our consideration of the accounting and disclosure implications of subsequent events through such date.

(2) Accounting Changes and Recent Pronouncements

New Accounting Standards, Not Yet Effective

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

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions	January 1, 2018 (a)
IFRS 9	Financial Instruments	January 1, 2018 (b)
IFRS 15	Revenue from Contracts with Customers	January 1, 2018 (c)
IFRS 15 (amendments)	Clarifications to IFRS 15 Revenue from Contracts with Customers	January 1, 2018 (c)
IFRS 16	Leases	January 1, 2019 (d)
IAS 7 (amendments)	Disclosure Initiative	January 1, 2017 (e)
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017 (e)
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. These amendments are effective for annual reporting periods beginning on or after January 1, 2018, while early application is permitted. We are currently evaluating the effect that these amendments to IFRS 2 will have on our consolidated financial statements and related disclosures.

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

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

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

- When we enter into contracts to provide services to our customers, we often charge installation or other up-front fees. Under current accounting rules, installation fees related to services provided over our fiber are recognized as revenue in the period during which the installation occurs to the extent these fees are equal to or less than direct selling costs. Under IFRS 15, these fees will generally be deferred and recognized as revenue over the contractual period, or longer if the up-front fee results in a material renewal right.

- IFRS 15 will require the identification of deliverables in contracts with customers that qualify as performance obligations. The transaction price receivable from customers will be allocated between our performance obligations under contracts on a relative stand-alone selling price basis. Currently, we 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. 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 reduce.

- IFRS 15 will require costs incurred to fulfill a customer contract involving the sale of an asset to be recognized only when those costs (i) relate directly to a contract or to an anticipated contract that can be specifically identified, (ii) generate or enhance resources that will be used in satisfying performance obligations in the future and (iii) are expected to be recovered. Currently, we recognize costs related to mobile handset sales as incurred and we do not expect the adoption of IFRS 15 to have a material impact on our recognition of these costs.

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

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

(d) In January 2016, the IASB issued IFRS 16, *Leases* (**IFRS 16**), which supersedes IAS 17 *Leases* (**IAS 17**). IFRS 16 will result in lessees recognizing lease assets and lease liabilities on the statement of financial position, with lease assets to reflect the right-of-use and corresponding lease liabilities reflecting the present value of the lease payments. IFRS 16 will also result in additional disclosures about leasing arrangements and eliminate the classification of leases as either operating leases or finance leases for a lessee. IFRS 16 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. IFRS 16 also replaces the straight-line operating lease expense for those lessees applying IAS 17 with a depreciation charge for the lease asset and 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 adoption of this standard will increase the number of leases included in our consolidated statement of financial position.

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

(3) Acquisition

In connection with the Liberty Global acquisition of CWC in 2016 (the **Liberty Global Transaction**) and our acquisition of Columbus International Inc. and its subsidiaries (collectively, **Columbus**) in 2015 (the **Columbus Acquisition**), certain entities (the **Carve-out Entities**) that hold licenses granted by the U.S. Federal Communications Commission (the **FCC**) were transferred to entities not controlled by CWC (collectively, **New Cayman**). The arrangements with respect to the Carve-out Entities, which were executed in connection with the Liberty Global Transaction and the Columbus Acquisition, 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 CWC 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 preliminary purchase price allocation (in millions):

Cash and cash equivalents	$ 1.0
Other current assets	20.4
Property and equipment, net	156.1
Goodwill (a)	14.6
Deferred tax assets	30.4
Other assets	1.4
Other accrued and current liabilities	(73.9)
Deferred tax liabilities	(32.5)
Other noncurrent liabilities	(31.3)
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.

(4) 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 our functional currency. 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 (**£**) and the Jamaican dollar (**JMD**). Hedge accounting is not applied to our cross-currency and interest rate swaps. Accordingly, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments within finance expense or finance income in our condensed consolidated statements of operations.

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

	June 30, 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 (b)	$ 0.2	$ 14.5	$ 14.7	$ —	$ 19.1	$ 19.1
Forward exchange contracts	1.8	—	1.8	—	—	—
Embedded derivatives:						
Columbus Senior Notes redemption option	—	65.2	65.2	—	35.6	35.6
Sable Senior Notes redemption option	—	31.7	31.7	—	13.0	13.0
	$ 2.0	$ 111.4	$ 113.4	$ —	$ 67.7	$ 67.7
Liabilities – Cross-currency and interest rate derivative contracts (b)	$ 20.3	$ 6.0	$ 26.3	$ 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 condensed 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 of $1.4 million and nil during the three and six months ended June 30, 2017, respectively, and $2.3 million during each of the three and six months ended June 30, 2016. These amounts are included in realized and unrealized gains (losses) on derivative instruments within finance income or expense in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 5.

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Embedded derivatives	$ 22.7	$ 1.5	$ 48.4	$ 23.0
Cross-currency and interest rate derivative contracts	(4.7)	(22.6)	(7.0)	(22.6)
Forward exchange contracts	1.8	—	1.8	—
Columbus Put Option	—	(12.1)	—	(35.7)
Total	$ 19.8	$ (33.2)	$ 43.2	$ (35.3)

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our condensed 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 six months ended June 30, 2017 and 2016 were $12.4 million and nil, respectively, and are classified as operating activities in our condensed 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 June 30, 2017, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of $4.4 million.

Details of our Derivative Instruments

Cross-currency Derivative Contracts

As noted above, 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 by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. The following table sets forth the total notional amounts and the related weighted average remaining contractual life of our cross-currency swap contracts at June 30, 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	5.5
£	146.7	$	194.3	1.7

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 June 30, 2017, the notional amount of these derivatives was $2,225.0 million, which includes forward-starting derivative instruments. These contracts had a weighted average remaining contractual life of 6.6 years at June 30, 2017.

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 June 30, 2017, the notional amount of our interest rate swap contracts was $2,225.0 million. These contracts had a weighted average remaining contractual life of one year at June 30, 2017.

Foreign Currency Forwards

We enter into foreign currency forward contracts with respect to non-functional currency exposure. As of June 30, 2017, the total U.S. dollar equivalents of the notional amount of foreign currency forward contracts was $95.8 million.

Impact of Derivative Instruments on Borrowing Costs

The impact of the derivative instruments that mitigate our foreign currency and interest rate risk, as described above, on our borrowing costs was an increase of 47 basis points at June 30, 2017.

(5) Fair Value Measurements

We measure our derivative instruments at fair value. The reported fair values of these instruments as of June 30, 2017 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. 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 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 credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 4.

We have bifurcated an embedded derivative associated with certain redemption terms of our CWC Notes (for additional information, see note 9). The recurring fair value measurements of these embedded derivatives are 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 impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of cash-generating units, customer relationship and other intangible assets and property and equipment. 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 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. We did not perform any significant nonrecurring fair value measurements during the six months ended June 30, 2017. During the six months ended June 30, 2016, we finalized our nonrecurring valuation for the purpose of determining the acquisition accounting for Columbus.

For additional information concerning our fair value measurements, see note 8 to the consolidated financial statements included in our December 31, 2016 consolidated financial statements.

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

	Level	June 30, 2017 Carrying amount	June 30, 2017 Estimated fair value	December 31, 2016 Carrying amount	December 31, 2016 Estimated fair value
		in millions			
Assets carried at fair value:					
Derivative instruments (a)	2	$ 16.5	$ 16.5	$ 19.1	$ 19.1
Embedded derivatives (b):					
Columbus Senior Notes redemption option	2	65.2	65.2	35.6	35.6
Sable Senior Notes redemption option	2	31.7	31.7	13.0	13.0
Government bonds	1	35.9	35.9	32.3	32.3
Total assets carried at fair value		$ 149.3	$ 149.3	$ 100.0	$ 100.0
Assets carried at cost or amortized cost:					
Trade and other receivables, net		$ 485.6	$ 485.6	$ 546.9	$ 546.9
Cash and cash equivalents		325.1	325.1	271.2	271.2
Loan receivable – related-party		58.6	58.6	142.9	142.9
Held-for-sale investment in Telecommunications Services of Trinidad and Tobago Limited (**TSTT**) (c)		93.2	93.2	93.2	93.2
Other current and noncurrent financial assets		45.3	45.3	39.7	39.7
Restricted cash		39.8	39.8	28.2	28.2
Total assets carried at cost or amortized cost		$ 1,047.6	$ 1,047.6	$ 1,122.1	$ 1,122.1
Liabilities carried at fair value:					
Derivative instruments (a) (d)	2 and 3	$ 26.3	$ 26.3	$ 36.0	$ 36.0
Liabilities carried at cost or amortized cost:					
Debt obligations		$ 3,683.2	$ 3,898.6	$ 3,533.0	$ 3,747.5
Accounts payable and other liabilities (including related-party)		240.1	240.1	246.8	246.8
Accrued liabilities (including related-party)		612.3	612.3	625.6	625.6
Finance lease obligations		15.1	15.1	15.5	15.5
Total liabilities carried at cost or amortized cost		$ 4,550.7	$ 4,766.1	$ 4,420.9	$ 4,635.4

(a) These amounts represent our cross-currency and interest rate swaps and foreign currency forward and option contracts.

(b) These amounts represent embedded derivative instruments associated with the CWC Notes.

(c) 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, including the requirement that we dispose of our investment in TSTT by a certain date, which was recently extended to September 30, 2017. 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. We are not able to reliably measure the fair value of our investment in TSTT. Accordingly, the investment is reflected on a cost basis in our condensed consolidated statements of financial position.

(d) Due to the lack of Level 2 inputs for the valuation of the U.S. dollar to Jamaican dollar cross-currency swaps held by Sable International Finance Limited (the **Sable Currency Swap**), we believe this valuation falls under Level 3 of the fair value hierarchy.

A reconciliation of the beginning and ending balance of our net liabilities measured at fair value on a recurring basis using significant unobservable, or Level 3, inputs is as follows:

	Sable Currency Swap
	in millions
Balance at January 1, 2017	$ (10.7)
Realized and unrealized losses on derivative instruments	(4.3)
Balance at June 30, 2017	$ (15.0)

Pre-tax amounts recognized in our condensed consolidated statements of operations for the three and six months ended June 30, 2017 and 2016 related to our financial assets and liabilities are as follows:

	Finance income	Finance expense	Other statement of operations effects (a)	Impact on earnings (loss) before income taxes
	in millions			
Three months ended June 30, 2017:				
Derivative assets carried at fair value through our condensed consolidated statement of operations	$ —	$ —	$ (19.8)	$ (19.8)
Assets carried at cost or amortized cost:				
Trade receivables (b)	—	—	12.1	12.1
Loans receivable	(1.4)	—	—	(1.4)
Cash and cash equivalents	(0.5)	—	—	(0.5)
Liabilities carried at fair value	—	16.9	—	16.9
Liabilities carried at cost or amortized cost	—	47.7	—	47.7
Total	$ (1.9)	$ 64.6	$ (7.7)	$ 55.0
Three months ended June 30, 2016:				
Derivative assets carried at fair value through our condensed consolidated statement of operations	$ —	$ —	$ 21.1	$ 21.1
Assets carried at cost or amortized cost:				
Trade receivables (b)	—	—	13.7	13.7
Loans receivable	(1.9)	—	—	(1.9)
Cash and cash equivalents	(0.7)	—	—	(0.7)
Liabilities carried at fair value	—	3.3	—	3.3
Liabilities carried at cost or amortized cost	—	77.4	12.1	89.5
Total	$ (2.6)	$ 80.7	$ 46.9	$ 125.0
Six months ended June 30, 2017:				
Derivative assets carried at fair value through our condensed consolidated statement of operations	$ —	$ —	$ (43.2)	$ (43.2)
Assets carried at cost or amortized cost:				
Trade receivables (b)	—	—	26.6	26.6
Loans receivable	(3.8)	—	—	(3.8)
Cash and cash equivalents	(1.4)	—	—	(1.4)
Liabilities carried at fair value	—	20.0	—	20.0
Liabilities carried at cost or amortized cost	—	108.6	—	108.6
Total	$ (5.2)	$ 128.6	$ (16.6)	$ 106.8
Six months ended June 30, 2016:				
Derivative assets carried at fair value through our condensed consolidated statement of operations	$ —	$ —	$ (0.4)	$ (0.4)
Assets carried at cost or amortized cost:				
Trade receivables (b)	—	—	22.2	22.2
Loans receivable	(6.7)	—	—	(6.7)
Cash and cash equivalents	(1.3)	—	—	(1.3)
Liabilities carried at fair value	—	5.6	—	5.6
Liabilities carried at cost or amortized cost	—	130.0	35.7	165.7
Total	$ (8.0)	$ 135.6	$ 57.5	$ 185.1

(a) Except as noted in (b) below, amounts are included in realized and unrealized gains (losses) on derivative instruments within financial income (expense) in our condensed consolidated statements of operations.

(b) 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 condensed 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
Fair value gain	—	28.7	14.3	43.0
Cash payments	—	—	12.4	12.4
Transfers	—	17.0	(17.0)	—
Foreign currency translation adjustments and other	3.6	—	—	3.6
Balance at June 30, 2017	$ 35.9	$ 113.4	$ (26.3)	$ 123.0

(6) Trade and Other Receivables

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

	June 30, 2017	December 31, 2016
	in millions	
Current trade and other receivables:		
Trade receivables – gross (a)	$ 439.5	$ 439.8
Allowance for impairment of trade receivables	(90.2)	(81.1)
Trade receivables, net	349.3	358.7
Other receivables (note 18) (b)	58.9	115.1
Unbilled revenue	74.4	69.2
Amounts receivable from joint ventures and associates	1.3	1.0
Total current trade and other receivables, net	483.9	544.0
Noncurrent – trade and other receivables	1.7	2.9
Total trade and other receivables	$ 485.6	$ 546.9

(a) Includes $57.4 million and $58.1 million, respectively, due from various departments within a single government entity.

(b) Other receivables primarily include value-added taxes (**VAT**) receivables.

(7) Other Assets

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

	June 30, 2017	December 31, 2016
	in millions	
Restricted cash (a)	$ 35.3	$ 25.5
Inventory	25.7	25.3
Income taxes receivable	13.7	11.0
Accrued other income	6.4	4.8
Other current assets	35.3	13.6
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.

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

	June 30, 2017	December 31, 2016
	in millions	
Prepaid expenses (a)	$ 131.7	$ 125.7
Derivative instruments (note 4)	111.4	67.7
Deferred income taxes	21.7	2.1
Loans receivable – related-party (note 18)	58.6	54.4
Available-for-sale financial assets (b)	35.9	32.3
Retirement benefit plan net assets	17.2	16.3
Restricted cash (c)	4.5	2.7
Other noncurrent assets	11.0	11.0
Total	$ 392.0	$ 312.2

(a) Amounts include a deposit of $101.9 million for mobile spectrum, which we do not currently have the right to use.

(b) Amounts relate to U.K. Government Gilts, which are held as security against certain noncurrent employee benefit plan liabilities. Accordingly, these financial assets are restricted.

(c) Restricted cash represents funding for seniority provisions in Panama.

(8) Long-lived Assets

Property and Equipment, Net

Changes during the six months ended June 30, 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:						
Balance at January 1, 2017	$ 4,748.4	$ 967.8	$ 397.4	$ 41.7	$ 244.6	$ 6,399.9
Additions	9.2	3.9	18.3	—	110.7	142.1
Acquisitions	125.9	24.8	0.1	2.6	3.4	156.8
Retirements and disposals	(29.4)	(0.7)	(1.4)	—	—	(31.5)
Foreign currency translation and other (a)	167.1	14.8	10.0	(3.9)	(183.2)	4.8
Balance at June 30, 2017	$ 5,021.2	$ 1,010.6	$ 424.4	$ 40.4	$ 175.5	$ 6,672.1
Accumulated depreciation:						
Balance at January 1, 2017	$ 2,802.6	$ 596.9	$ 223.4	$ 0.2	$ —	$ 3,623.1
Depreciation	146.8	16.7	28.4	—	—	191.9
Impairment	2.0	—	—	—	—	2.0
Retirements and disposals	(22.9)	(0.5)	(1.4)	—	—	(24.8)
Foreign currency translation and other (a)	22.0	(0.1)	(0.5)	(0.2)	—	21.2
Balance at June 30, 2017	$ 2,950.5	$ 613.0	$ 249.9	$ —	$ —	$ 3,813.4
Property and equipment, net:						
Balance at June 30, 2017	$ 2,070.7	$ 397.6	$ 174.5	$ 40.4	$ 175.5	$ 2,858.7

(a) Other amounts primarily include (i) transfers between categories, primarily from assets under construction for certain assets put into service during the current period, and (ii) transfers from other assets.

Intangible Assets Subject to Amortization, Net

Changes during the six months ended June 30, 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:					
Balance at January 1, 2017	$ 695.5	$ 475.1	$ 108.7	$ 82.2	$ 1,361.5
Additions	—	19.1	—	—	19.1
Retirements and disposals	(63.1)	(2.7)	(17.3)	(0.3)	(83.4)
Foreign currency translation and other (a)	(3.5)	22.4	(10.1)	(1.1)	7.7
Balance at June 30, 2017	$ 628.9	$ 513.9	$ 81.3	$ 80.8	$ 1,304.9
Accumulated amortization:					
Balance at January 1, 2017	$ 142.6	$ 367.2	$ 48.0	$ 10.4	$ 568.2
Amortization	46.3	28.4	13.6	5.7	94.0
Retirements and disposals	(63.1)	(2.7)	(17.3)	(0.3)	(83.4)
Foreign currency translation and other (a)	(2.5)	3.4	(1.1)	(0.8)	(1.0)
Balance at June 30, 2017	$ 123.3	$ 396.3	$ 43.2	$ 15.0	$ 577.8
Intangible assets subject to amortization, net:					
Balance at June 30, 2017	$ 505.6	$ 117.6	$ 38.1	$ 65.8	$ 727.1

(a) Other amounts primarily include transfers from other assets.

Goodwill

Changes in the carrying amount of our goodwill during the six months ended June 30, 2017 are set forth below:

Balance at January 1, 2017	$ 1,415.9
Acquisitions and related adjustments (a)	19.4
Foreign currency translation adjustments	2.8
Balance at June 30, 2017	$ 1,438.1

(a) Amount includes goodwill associated with the Carve-out Acquisition and another less significant acquisition completed during the six months ended June 30, 2017.

Depreciation, Amortization and Impairment

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Depreciation expense	$ 95.5	$ 86.9	$ 191.9	$ 195.2
Amortization expense	45.0	27.7	94.0	57.0
Total depreciation and amortization	140.5	114.6	285.9	252.2
Impairment expense (recovery) (a)	—	—	2.0	(71.0)
Total depreciation, amortization and impairment	$ 140.5	$ 114.6	$ 287.9	$ 181.2

(a) In connection with the Columbus Acquisition, certain assets in the legacy Columbus markets that overlapped with existing CWC markets were impaired during the year ended March 31, 2015 based on the expected timing of customer migration to the CWC fiber networks. During the period 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 expected useful lives of the underlying assets, which resulted in a $74.3 million impairment recovery during the three months ended March 31, 2016.

(9) Debt and Finance Lease Obligations

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

	June 30, 2017		Estimated fair value (c)		Principal amount	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
			in millions			
CWC Notes	7.31%	$ —	$ 2,356.3	$ 2,319.6	$ 2,190.8	$ 2,181.1
CWC Credit Facilities	4.51%	741.5	1,522.3	1,427.9	1,518.3	1,411.9
Vendor financing (d)	3.14%	—	20.0	—	20.0	—
Total debt before discounts and deferred financing costs	6.15%	$ 741.5	$ 3,898.6	$ 3,747.5	$ 3,729.1	$ 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:

	June 30, 2017	December 31, 2016
	in millions	
Total debt before discounts and deferred financing costs	$ 3,729.1	$ 3,593.0
Discounts and deferred financing costs	(45.9)	(60.0)
Total carrying amount of debt	3,683.2	3,533.0
Finance lease obligations	15.1	15.5
Total debt and finance lease obligations	3,698.3	3,548.5
Current maturities of debt and finance lease obligations	(125.4)	(100.8)
Long-term debt and finance lease obligations	$ 3,572.9	$ 3,447.7

(a) Represents the weighted average interest rate in effect at June 30, 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 premiums or 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, our weighted average interest rate on our aggregate variable- and fixed-rate indebtedness was 6.56% at June 30, 2017. For information regarding our derivative instruments, see note 4.

(b) Unused borrowing capacity under the CWC Credit Facilities includes $625.0 million under the CWC Revolving Credit Facility, which represents the maximum availability without regard to covenant compliance calculations or other conditions precedent to borrowing. At June 30, 2017, based on the applicable leverage-based restricted payment tests and leverage covenants and including the impact of (i) the July 3, 2017 drawdown of $50.0 million under the CWC Revolving Credit Facility to fund a portion of the contribution to the Cable & Wireless Superannuation Fund (**CWSF**) and (ii) the removal of the limitation related to letters of credit issued in connection with certain pension obligations, $691.5 million of unused borrowing capacity under the CWC Credit Facilities was available to be borrowed. When the relevant June 30, 2017 reporting requirements have been completed and assuming no changes from June 30, 2017 borrowing levels, other than those mentioned above, the availability to be borrowed under the CWC Credit Facilities will continue to be limited to $691.5 million.

(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 5.

(d) 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. Repayments of vendor financing obligations are included in repayments of debt and finance lease obligations in our condensed consolidated statements of cash flows.

Refinancing Transactions

In March 2017, a 49%-owned subsidiary of CWC, Cable & Wireless Panama, SA (**CW 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 a $1,125.0 million term loan facility (the **CWC Term Loan B-3 Facility**). The CWC Term Loan B-3 Facility was issued at 99.5% of par, matures on January 31, 2025, bears interest at LIBOR plus 3.50% and is subject to a LIBOR floor of 0.00%. The net proceeds from the CWC Term Loan B-3 Facility were used to prepay in full the $1,100.0 million outstanding principal amount of the CWC Term Loans, which is reflected as a non-cash transaction in our condensed consolidated statement of cash flows. 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 discount and deferred financing costs and (ii) the payment of $5.5 million of third-party costs.

For information regarding financing transactions completed subsequent to June 30, 2017, see note 21.

Maturities of Debt and Finance Lease Obligations

The U.S. dollar equivalents of the maturities of our debt, including amounts representing interest payments, as of June 30, 2017 are presented below (in millions):

Year ending December 31:	
2017 (remainder of year)	$ 150.9
2018	308.5
2019	488.6
2020	248.4
2021	1,545.0
2022	885.1
Thereafter	1,262.0
Total debt maturities	4,888.5
Discounts and deferred financing costs	(45.9)
Amounts representing interest	(1,159.4)
Total	$ 3,683.2
Current portion	$ 119.8
Noncurrent portion	$ 3,563.4

The U.S. dollar equivalents of the maturities of our finance lease obligations as of June 30, 2017 are presented below (in millions):

Year ending December 31:	
2017 (remainder of year)	$ 10.9
2018	3.5
2019	1.2
Total maturities	15.6
Amounts representing interest	(0.5)
Total	$ 15.1
Current portion	$ 5.6
Noncurrent portion	$ 9.5

(10) Other Liabilities

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

	June 30, 2017	December 31, 2016
	in millions	
Accrued and other operating liabilities	$ 196.5	$ 223.1
Accrued capital expenditures	53.4	58.8
Accrued interest payable	53.0	59.2
Payroll and employee benefits	38.8	41.0
Current tax liabilities	25.7	62.7
Derivative instruments and other financial liabilities (note 4)	20.3	15.5
Provisions (note 11)	17.3	15.9
Total	$ 405.0	$ 476.2

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

	June 30, 2017	December 31, 2016
	in millions	
Retirement benefit obligations (note 14)	$ 173.3	$ 129.6
Provisions (note 11)	34.5	35.2
Tax liabilities	19.8	—
Derivative instruments and other financial liabilities (note 4)	6.0	20.5
Other payables	13.0	—
Total	$ 246.6	$ 185.3

(11) Provisions

A summary of changes in our provisions for liabilities and charges during the six months ended June 30, 2017 is set forth in the table below:

	Restructuring	Network and asset retirement obligations	Legal and other	Total
	in millions			
January 1, 2017	$ 3.9	$ 35.2	$ 12.0	$ 51.1
Additional provisions	13.8	0.3	4.9	19.0
Amounts used	(12.3)	—	(5.0)	(17.3)
Foreign currency translation adjustments and other	(0.1)	(1.0)	0.1	(1.0)
June 30, 2017	$ 5.3	$ 34.5	$ 12.0	$ 51.8
Current portion	$ 5.3	$ —	$ 12.0	$ 17.3
Noncurrent portion	—	34.5	—	34.5
	$ 5.3	$ 34.5	$ 12.0	$ 51.8

Our restructuring charges during six months ended June 30, 2017 include employee severance and termination costs related to reorganization and integration activities, primarily associated with the integration with Liberty Global.

(12) Income Taxes

Income tax expense attributable to our loss before income taxes during the three and six months ended June 30, 2017 differs from the amount computed using the applicable statutory or "expected" tax rate in the U.K. of 19.25% due to various factors, including international rate differences, non-deductible foreign exchange results, the tax effect of intercompany financing, the tax effect of tax withholdings and intra-group dividends, enacted tax law and rate changes and non-deductible or non-taxable interest and other expenses. The statutory rate represents the blended rate that will be in effect for the year ended December 31, 2017 based on the 20.0% statutory rate that was in effect for the first quarter of 2017 and the 19.0% statutory rate that will be in effect for the remainder of 2017. There was no income tax expense associated with gains and losses presented within other comprehensive loss during the three and six months ended June 30, 2017.

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 CWC and its subsidiaries are presented on a separate return basis for each tax-paying entity or group based on the local tax law.

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Current tax expense	$ (24.4)	$ (18.4)	$ (44.2)	$ (33.1)
Deferred tax benefit	11.1	6.1	30.1	4.2
Total income tax expense	$ (13.3)	$ (12.3)	$ (14.1)	$ (28.9)

(13) Finance Expense and Finance Income

Finance expense is composed of the following:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Interest expense on third-party debt	$ 47.0	$ 76.1	$ 106.6	$ 128.2
Amortization of deferred financing costs and accretion of discounts	16.5	2.9	19.1	4.6
Losses on debt extinguishment	28.2	41.8	28.2	41.8
Foreign currency transaction losses, net	6.0	—	13.5	—
Realized and unrealized losses on derivative instruments (note 4)	—	33.2	—	35.3
Other interest and financial expense items	(0.9)	2.6	2.9	3.7
Total	$ 96.8	$ 156.6	$ 170.3	$ 213.6

Finance income is composed of the following:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Realized and unrealized gains on derivative instruments (note 4)	$ 19.8	$ —	$ 43.2	$ —
Interest on related-party loans receivable (note 18)	1.4	1.6	3.8	2.8
Interest on cash and bank deposits	0.5	0.7	1.4	1.3
Foreign currency transaction gains, net	—	5.1	—	23.5
Other interest and financial income items	2.5	0.3	2.5	3.9
Total	$ 24.2	$ 7.7	$ 50.9	$ 31.5

(14) Employee Benefit Plans

In connection with our mid-year actuarial valuation of the CWSF as of June 30, 2017, we recorded an actuarial loss in the value of our defined benefit pension plans of $41.8 million in our condensed consolidated statement of comprehensive loss, reflecting an increase in the minimum funding liability primarily associated with the £100.0 million contributed on July 3, 2017, as described below. At June 30, 2017, the CWSF and the U.K. unfunded pension arrangements had a deficit of $169.8 million, as compared to a deficit of $82.1 million at December 31, 2016.

The acquisition of CWC by Liberty Global constituted a "change of control" under a contingent funding agreement between CWC and the trustee of the CWSF (the **Contingent Funding Agreement**). Under the terms of the Contingent Funding Agreement, the change in control provided the trustee 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 trustee 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 CWC 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.

(15) Employee and Other Staff Expenses

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Salaries and wages (a)	$ 72.6	$ 67.9	$ 146.3	$ 125.5
Contract and other labor	6.3	5.4	11.6	10.4
Share-based compensation	1.8	24.5	4.1	31.0
Defined benefit pension plan costs	0.5	1.0	1.2	18.6
Other costs	7.1	7.1	13.9	11.7
Total	$ 88.3	$ 105.9	$ 177.1	$ 197.2

(a) Includes restructuring charges (recovery), net, of $4.7 million and ($1.2 million) during the three months ended June 30, 2017 and 2016, respectively, and $13.8 million and nil during the six months ended June 30, 2017 and 2016, respectively.

(16) Other Operating Expense

Our other operating expense is composed of the following:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Property and utilities costs	$ 28.1	$ 22.2	$ 54.9	$ 47.4
Consultancy costs	15.5	23.6	37.5	34.8
Marketing and advertising expenses	17.8	18.8	33.1	32.0
Bad debt and collection expenses	14.3	15.8	30.9	26.5
License fees, duties, tariffs and other related expenses	8.3	8.3	14.9	13.4
Information technology costs	5.9	5.8	12.0	9.7
Direct acquisition costs	1.1	51.5	3.3	53.7
Other items (a)	21.9	22.5	44.3	18.1
Total	$ 112.9	$ 168.5	$ 230.9	$ 235.6

(a) The amount for the six months ended June 30, 2016 includes the release of certain redundancy and other provisions.

(17) Other Operating Income

Our other operating income is composed of the following:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Share of results of joint ventures and affiliates	$ 2.0	$ —	$ 2.2	$ (0.7)
Litigation provision releases	—	23.5	—	23.5
Gains on disposal of property and equipment	—	—	—	4.9
Other income	—	3.0	—	4.4
Total	$ 2.0	$ 26.5	$ 2.2	$ 32.1

(18) Related-party Transactions

Our related-party transactions consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Revenue	$ 0.9	$ 4.2	$ 5.8	$ 7.8
Operating costs	(0.9)	(1.1)	(1.6)	(1.9)
Fees and allocations	(2.6)	—	(2.6)	—
Included in operating income	(2.6)	3.1	1.6	5.9
Interest income	1.4	1.6	3.8	2.8
Included in net earnings (loss)	$ (1.2)	$ 4.7	$ 5.4	$ 8.7

Revenue. These amounts represent (i) certain transactions with joint ventures and associates 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 the use of our joint ventures and associates products and services, network and access charges.

Fees and allocations. These amounts represent fees charged to our company that originate with Liberty Global and certain other Liberty Global subsidiaries and include 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 are expected to be cash settled.

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

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

	June 30, 2017	December 31, 2016
	in millions	
Assets:		
Loans receivable (a)	$ —	$ 86.2
Other receivables (b)	1.3	46.9
Interest receivable (c)	—	2.3
Total current assets	1.3	135.4
Noncurrent assets – note receivable (d)	58.6	54.4
Total assets	$ 59.9	$ 189.8
Liabilities:		
Trade and other payables (e)	$ 9.2	$ 22.7
Deferred revenue and advance payments (f)	0.9	0.9
Total current liabilities	10.1	23.6
Other noncurrent liabilities (f)	6.6	7.0
Total liabilities	$ 16.7	$ 30.6

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

(b) Represents (i) non-interest bearing receivables due from New Cayman (nil and $45.5 million at June 30, 2017 and December 31, 2016, respectively) and (ii) non-interest bearing receivables due from certain Liberty Global subsidiaries. These amounts are included in trade and other receivables in our condensed consolidated statements of financial position.

(c) Represents accrued interest as of December 31, 2016 on a note receivable due from LGE Coral Holdco, as described below.

(d) Represents accrued interest as of June 30, 2017 and related note receivable due from LGE Coral Holdco, primarily related to certain fees and taxes we paid on our parent company's behalf in 2016. This note receivable bears interest at 6.41% per annum, matures in May 2025 and is denominated in British pounds sterling.

(e) Represents (i) non-interest bearing amounts owed by us to New Cayman (nil and $19.4 million at June 30, 2017 and December 31, 2016, respectively) and (ii) non-interest bearing payables to (a) certain Liberty Global subsidiaries and (b) LGE Coral Holdco related to certain financing costs paid on our behalf.

(f) Represents deferred revenue associated with certain indefeasible rights of use (**IRU**s) arrangements with another subsidiary of Liberty Global.

(19) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to programming contracts, purchases of customer premises equipment, network and connectivity commitments, non-cancelable operating leases and other items. The following table sets forth the U.S. dollar equivalents of such commitments as of June 30, 2017:

	Payments due during:							
	Remainder of 2017	2018	2019	2020	2021	2022	Thereafter	Total
	in millions							
Programming commitments	$ 34.6	$ 51.3	$ 7.4	$ 2.2	$ 0.3	$ —	$ —	$ 95.8
Purchase commitments	125.3	13.7	8.2	1.8	1.7	1.7	5.1	157.5
Network and connectivity commitments	44.3	22.9	15.5	11.8	8.3	7.8	16.3	126.9
Operating leases	11.1	11.0	7.4	5.5	3.7	3.0	7.1	48.8
Other commitments	7.5	2.2	0.3	—	—	—	—	10.0
Total (a)	$ 222.8	$ 101.1	$ 38.8	$ 21.3	$ 14.0	$ 12.5	$ 28.5	$ 439.0

(a) The commitments included in this table do not reflect any liabilities that are included in our June 30, 2017 condensed consolidated statement of financial position.

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

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

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

In addition to the commitments set forth in the table above, 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 our derivative instruments, including the net cash paid or received in connection with these instruments during the three and six months ended June 30, 2017 and 2016, see note 4.

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 (a) up to $300.0 million in respect of any potential tax-related claims related to the disposal of our interests in certain businesses in April 2013 and (b) 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, Jamaica, Trinidad and Tobago and the Seychelles, have not completed their review of the Liberty Global Transaction or granted their approval. Such approvals may include binding conditions or requirements that could have an adverse impact on our operations and financial condition.

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

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business, including (i) legal proceedings, (ii) issues involving VAT and wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming, copyright and channel carriage 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.

(20) Segment Reporting

Effective January 1, 2017, we disaggregated our Caribbean reportable segment into the following reportable segments: (i) Jamaica, (ii) Trinidad and 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 periods have 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. The aggregation of operating segments into their reporting segments reflects (i) the similar economic and regulatory characteristics within each of those segments, (ii) the similar nature of its products and services and (iii) its customers. In certain cases, we may elect to include an operating segment in our segment disclosure that does not meet the above-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 June 30, 2017, our reportable segments are as follows:

- Jamaica
- Trinidad and Tobago
- Barbados
- Ventures and other
- Panama
- The Bahamas Telecommunications Company Limited (**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 business-to-business (**B2B**) services. Our Networks and LatAm segment primarily derives its revenue from broadband connectivity solutions to businesses and government institutions. At June 30, 2017, our operating segments provide broadband communications and other services in over 40 countries, primarily in the Caribbean and Latin America.

Revenue of our Reportable Segments

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

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
	in millions			
Jamaica	$ 87.9	$ 80.5	$ 171.5	$ 162.6
Barbados	41.4	41.6	81.6	87.3
Trinidad and Tobago	41.4	42.7	84.3	86.2
Ventures and other	103.7	106.9	209.8	219.0
Panama	154.1	157.6	307.8	323.3
BTC	66.2	75.4	138.2	161.6
Networks and LatAm	91.6	68.7	169.3	138.5
Seychelles	15.0	14.5	30.5	29.1
	601.3	587.9	1,193.0	1,207.6
Corporate and intersegment eliminations	(17.0)	(14.3)	(32.8)	(26.5)
Total	$ 584.3	$ 573.6	$ 1,160.2	$ 1,181.1

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 condensed consolidated statements of cash flows. For additional information concerning capital additions financed under finance lease arrangements, see note 8.

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Jamaica	$ 16.6	$ 14.5	$ 25.9	$ 40.2
Barbados	6.1	5.8	9.6	18.0
Trinidad and Tobago	7.1	9.1	11.3	21.8
Ventures and other	10.4	9.2	16.2	19.9
Panama	25.3	29.0	36.9	53.6
BTC	14.7	22.1	24.9	40.4
Networks and LatAm	8.2	16.6	12.3	32.9
Seychelles	0.1	—	3.6	1.2
Corporate	12.2	13.3	20.5	26.1
Total property, equipment and intangible asset additions	100.7	119.6	161.2	254.1
Assets acquired under finance leases	(1.2)	(3.3)	(2.1)	(3.3)
Changes in current liabilities related to capital expenditures	(23.7)	26.5	(4.8)	(4.8)
Total capital expenditures	$ 75.8	$ 142.8	$ 154.3	$ 246.0

Revenue by Major Category

Our revenue by major category is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Subscription revenue (a):				
Video	$ 42.5	$ 43.2	$ 83.9	$ 89.1
Broadband internet	50.9	50.6	102.4	106.5
Fixed-line telephony	30.7	31.8	62.0	66.1
Fixed-line subscription revenue	124.1	125.6	248.3	261.7
Mobile	160.2	170.2	322.0	348.5
Total subscription revenue	284.3	295.8	570.3	610.2
Other revenue (b)	300.0	277.8	589.9	570.9
Total	$ 584.3	$ 573.6	$ 1,160.2	$ 1,181.1

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

Geographic Segments

The external revenue of our geographic segments is set forth below:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	in millions			
Panama	$ 158.1	$ 163.6	$ 317.1	$ 329.9
Jamaica	86.3	79.0	167.7	161.1
The Bahamas	65.6	75.4	137.0	161.6
Barbados	61.8	58.1	121.5	103.8
Trinidad and Tobago	39.9	41.4	81.2	84.9
Seychelles	15.0	14.5	30.5	29.1
Other	157.6	141.6	305.2	310.7
Total	$ 584.3	$ 573.6	$ 1,160.2	$ 1,181.1

(21) Subsequent Events

Proposed Acquisition

On July 25, 2017, Cable & Wireless (Barbados) Limited (**CW Barbados**), an 81.1%-owned subsidiary of Cable and Wireless (West Indies) Limited (**CWWI**), which is a wholly-owned subsidiary of CWC, announced a recommended offer by CWWI to acquire all issued and outstanding common shares of CW Barbados not already owned by CWWI, through an amalgamation under Barbados law. Under the proposed amalgamation, the common shares will be exchanged for a cash payment in Barbadian dollars (**Bds**) of Bds$2.86 per share, in aggregate approximately Bds$76.8 million ($38.4 million). The proposed transaction was approved by the CW Barbados shareholders at a special meeting on August 24, 2017. The exchange is expected to occur in September 2017.

Refinancing Transactions

In July 2017, the commitments under the CWC Term Loan B-3 Facility were increased by $700.0 million (the **CWC Term Loan B-3 Facility Add-on**), which were fully drawn down in August 2017. The CWC Term Loan B-3 Facility Add-on was issued at 99.5% of par with the same maturity and interest rate as the CWC Term Loan B-3 Facility. The net proceeds from the CWC Term Loan B-3 Facility Add-on will be used to redeem $645.0 million of the $1,250.0 million outstanding principal amount of the Columbus Senior Notes, which is expected to occur in September 2017.

In August 2017, we issued $700.0 million principal amount of 6.875% senior notes due September 15, 2027 (the **2027 CWC Senior Notes**). The net proceeds from the 2027 CWC Senior Notes will be used (i) to redeem in full the remaining $605.0 million of outstanding principal amount of the Columbus Senior Notes and (ii) for general corporate purposes.

Subject to the circumstances described below, the 2027 CWC Senior Notes are non-callable until September 15, 2022. At any time prior to September 15, 2022, we may redeem some or all of the 2027 CWC Senior Notes by paying a "make-whole" premium, which is the present value of all remaining scheduled interest payments to September 15, 2022 using the discount rate (as specified in the indenture) as of the redemption date plus 50 basis points.

We may redeem some or all of the 2027 CWC Senior Notes 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
12-month period commencing September 15:	
2022	103.438%
2023	101.719%
2024	100.859%
2025 and thereafter	100.000%

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 condensed consolidated financial statements, is intended to assist in providing an understanding of our results of operations and financial condition and is organized as follows:

- *Forward-looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three and six months ended June 30, 2017 and 2016.
- *Material Changes in Financial Condition.* This section provides an analysis of our parent and subsidiary liquidity, condensed consolidated statements of cash flows and contractual commitments.

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

Unless otherwise indicated, convenience translations into U.S. dollars are calculated as of June 30, 2017.

Forward-looking Statements

Certain statements in this quarterly report constitute forward-looking statements. To the extent that statements in this quarterly 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 *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, our property, equipment and intangible asset additions, 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 following list 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;
- customer 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 cable television, 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 may 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 new build and upgrade activities;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- 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 joint venturers; and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, 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 quarterly report are subject to a significant degree of risk. These forward-looking statements and the above-described risks, uncertainties and other factors speak only as of the date of this quarterly 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.

Overview

General

We are a subsidiary of Liberty Global 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 and provide wholesale services over our sub-sea and terrestrial networks that connect over 40 markets across the region. Our primary markets include Panama, Jamaica, the Bahamas, Barbados and Trinidad and Tobago.

Operations

At June 30, 2017, we (i) provided services to 3,501,300 mobile subscribers and (ii) owned and operated networks that passed 1,876,100 homes and served 1,570,600 revenue generating units (**RGU**s), consisting of 390,400 video subscribers, 584,000 broadband internet subscribers and 596,200 fixed-line telephony subscribers.

Competition and other external factors

We are experiencing significant competition from incumbent telecommunications operators, DTH operators and/or other providers in all 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 quarter ended December 31, 2016. In addition, fixed-line competition has increased in Trinidad and Tobago. In certain of our markets, we are also experiencing increased regulatory intervention that would, if implemented, facilitate increased competition. For additional information regarding the competition we face, see *Description of Our Business – Regulatory Matters* and *– Competition* included in our annual report. This significant competition, 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**). For additional information regarding the revenue impact of changes in RGUs and ARPU, see *Material Changes in Results of Operations* below.

In addition, our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in the U.S. and certain European countries, 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.

In general, our ability to increase or maintain the fees we receive for our services is limited by competitive and, to a lesser degree, regulatory factors. The competition we face in our markets, as well as any decline in the economic environment, could adversely impact our ability to increase or maintain our revenue, RGUs, Adjusted Segment EBITDA or liquidity. We currently are unable to predict the extent of any of these potential adverse effects. As we use the term, "**Adjusted Segment 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) other acquisition-related items, such as gains and losses on the settlement of contingent consideration, (iv) restructuring provisions or provision releases and (v) share of results of joint ventures and associates.

Material Changes in Results of Operations

General

Changes in foreign currency exchange rates impact our reported operating results as certain of our subsidiaries have functional currencies other than the U.S. dollar. Our primary exposure to foreign currency translation effects (**FX**) risk during the three months ended June 30, 2017 was to the Jamaican dollar, Trinidad and Tobago dollar and Colombian peso. In addition, our reported operating results are impacted by changes in the exchange rates for other local currencies in the Caribbean, Latin America and the Seychelles. The portions of the changes in the various components of our results of operations that are attributable to changes in FX are highlighted under *Material Changes in Results of Operations* below.

Most of our revenue is subject to 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 expenses and corresponding declines in our Adjusted Segment EBITDA and Adjusted Segment EBITDA margin 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 experience prospective changes in our interconnect revenue and costs. The ultimate impact of any such changes in termination rates on our Adjusted Segment EBITDA would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

Revenue

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 services, interconnect fees, installation fees and late fees. Consistent with the presentation of our revenue categories in note 20 to our condensed 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 table for the three and six months ended June 30, 2017 and 2016, mobile subscription revenue excludes the related interconnect revenue.

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 outstanding during the period and (ii) changes in ARPU. Changes in ARPU can be attributable to (a) price increases, (b) changes in bundling or promotional discounts, (c) changes in the tier of services selected, (d) variances in subscriber usage patterns and (e) the overall mix of cable and mobile products within a segment during the period. In the following discussion, we provide the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony and mobile products.

Three months ended June 30, 2017 compared to three months ended June 30, 2016

The details of our revenue are as follows:

	Three months ended June 30,		Increase (decrease)		Organic increase (decrease)
	2017	2016	$	%	%
	in millions, except percentages				
Subscription revenue (a):					
Video	$ 42.5	$ 43.2	$ (0.7)	(1.6)	0.2
Broadband internet	50.9	50.6	0.3	0.6	2.2
Fixed-line telephony	30.7	31.8	(1.1)	(3.5)	(2.5)
Fixed-line subscription revenue	124.1	125.6	(1.5)	(1.2)	0.3
Mobile (b)	160.2	170.2	(10.0)	(5.9)	(5.3)
Total subscription revenue	284.3	295.8	(11.5)	(3.9)	(2.9)
Other revenue (b) (c)	300.0	277.8	22.2	8.0	4.5
Total	$ 584.3	$ 573.6	$ 10.7	1.9	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 $12.3 million and $11.7 million during the three months ended June 30, 2017 and 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.

Total revenue. Our consolidated revenue increased $10.7 million during the three months ended June 30, 2017, as compared to the corresponding period in 2016. Excluding the effects of the Carve-out Acquisition and FX, our consolidated revenue increased $4.0 million or 0.7%.

Subscription revenue. The details of the decrease in our consolidated subscription revenue during the three months ended June 30, 2017, as compared to the corresponding period in 2016, are set forth below (in millions):

Increase in fixed-line subscription revenue due to change in:	
Average number of RGUs	$ (14.6)
ARPU	15.0
Total increase in fixed-line subscription revenue	0.4
Decrease in mobile subscription revenue	(9.0)
Total organic decrease in subscription revenue	(8.6)
Impact of FX	(2.9)
Total	$ (11.5)

Excluding the effects of FX, our consolidated fixed-line subscription revenue increased $0.4 million or 0.3% during the three months ended June 30, 2017, as compared to the corresponding period in 2016. This increase is attributable to the net effect of (i) an increase from broadband internet services of $1.1 million or 2.2%, attributable to the net effect of (a) higher ARPU from broadband internet services and (b) a decrease in the average number of broadband internet RGUs, (ii) a decrease from fixed-line telephony services of $0.8 million or 2.5%, attributable to the net effect of (1) a decrease in the average number of fixed-line telephony RGUs and (2) higher ARPU from fixed-line telephony services, and (iii) an increase from video services of $0.1 million or 0.2%, attributable to the net effect of (I) higher ARPU from video services and (II) a decrease in the average number of video RGUs, .

Excluding the effects of FX, our consolidated mobile subscription revenue decreased $9.0 million or 5.3% during the three months ended June 30, 2017, as compared to the corresponding period in 2016. This decrease is primarily due to (i) a decrease in the average number of mobile customers and (ii) a decline in ARPU.

Other revenue. Excluding the effects of the Carve-out Acquisition and FX, our consolidated other revenue increased $12.6 million or 4.5% during the three months ended June 30, 2017, as compared to the corresponding period in 2016. Our other revenue was impacted by higher cash receipts during 2017 related to the fact that, effective April 1, 2016, we began recognizing revenue on a cash, rather than accrual, basis with respect to two of our more significant B2B customers due primarily to unfavorable collection experience and unfavorable macroeconomic factors.

Operating Costs and Expenses

Our consolidated operating costs and expenses decreased $1.5 million or 0.3% during the three months ended June 30, 2017, as compared to the corresponding period in 2016. Excluding the effects of the Carve-out Acquisition and FX, our operating costs and expenses decreased $7.5 million or 1.4%.

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

	Three months ended June 30,		Increase (decrease)		Organic increase (decrease)	
	2017	2016	$	%	$	%
	in millions, except percentages					
Employee and other staff expenses (a)	$ 88.3	$ 105.9	$ (17.6)	(16.6)	$ (18.0)	(17.0)
Interconnect costs (b)	49.5	53.0	(3.5)	(6.6)	(2.3)	(4.3)
Network costs (c)	40.7	30.6	10.1	33.0	9.9	32.4
Programming expenses (d)	38.5	26.5	12.0	45.3	12.6	47.5
Equipment sales expenses (e)	25.1	25.8	(0.7)	(2.7)	(0.5)	(1.9)
Managed services costs (f)	22.6	19.2	3.4	17.7	(0.8)	(4.2)
Other operating expenses (g)	112.9	168.5	(55.6)	(33.0)	(56.8)	(33.7)
Other operating income (h)	(2.0)	(26.5)	24.5	(92.5)	24.4	(92.1)
Depreciation and amortization (i)	140.5	114.6	25.9	22.6	24.0	20.9
Total	$ 516.1	$ 517.6	$ (1.5)	(0.3)	$ (7.5)	(1.4)

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(a) The organic decrease in employee and other staff expenses is primarily due to the net effect of (i) a decrease in incentive compensation costs and (ii) higher restructuring activities, primarily in connection with Liberty Global integration.

(b) The organic decrease in interconnect costs is primarily due to (i) lower interconnect rates and (ii) lower fixed-line usage.

(c) The organic increase in network costs is 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) lower technical and other network service related costs.

(d) The organic increase in programming expenses is primarily due to (i) the amortization of certain live-programming rights in certain of our markets and (ii) higher costs associated with other sporting-related programming.

(e) The organic decrease in equipment sales expenses is primarily attributable to lower mobile handset sales activity.

(f) The organic decrease in managed services costs is primarily attributable to lower margin contracts during the 2016 period in Panama.

(g) The organic decrease in other operating expenses is primarily due to the net effect of (i) a decrease related to lower direct acquisition and integration related costs, (ii) an increase due to the release of restructuring accruals in 2016, (iii) a decrease in professional fees due to cost reduction initiatives, (iv) an increase in property and utility costs due to lower vendor credits and (v) a net increase in other administrative related expenses.

(h) The organic decrease in other operating income is primarily due to the net effect of (i) a release of legal provisions in 2016 and (ii) higher earnings from share of results of joint ventures and affiliates.

(i) The organic increase in depreciation and amortization expense is primarily due to a change in the estimated useful lives of certain customer relationships in connection with the Liberty Global Transaction and, to a lesser extent, property, equipment and intangible asset additions.

We did not record any impairment charges during the three months ended June 30, 2017. If, among other factors, (i) our enterprise value or Liberty Global'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.

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 13 to our condensed consolidated financial statements, we recorded total financial expense, net, of $72.6 million and $148.9 million during the three months ended June 30, 2017 and 2016, respectively.

Interest expense

Interest expense decreased $16.1 million or 20.0% during the three months ended June 30, 2017, as compared to the corresponding period in 2016, primarily due to lower weighted average interest rates on our outstanding debt balances. For additional information regarding our outstanding indebtedness, see note 9 to our condensed 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 4 to our condensed consolidated financial statements, we use derivative instruments to manage our interest rate risks.

Realized and unrealized gains (losses) on derivative instruments, net

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, net, are as follows:

	Three months ended June 30,	
	2017	2016
	in millions	
Embedded derivatives	$ 22.7	$ 1.5
Cross-currency and interest rate derivative contracts (a)	(4.7)	(22.6)
Forward exchange contracts	1.8	—
Accretion of Columbus Put Option	—	(12.1)
Total	$ 19.8	$ (33.2)

(a) The loss during the 2017 period is attributable to losses associated with decreases in market interest rates in the U.S. dollar market. In addition, the loss during the 2017 period includes a net gain of $1.4 million resulting from changes in our credit risk valuation adjustments. The loss during the 2016 period is attributable to gains associated with increases in market interest rates in the U.S. dollar market. In addition, the loss during the 2016 period includes a net gain of $2.3 million resulting from changes in our credit risk valuation adjustments.

For additional information concerning our derivative instruments, see note 4 to our condensed consolidated financial statements.

Foreign currency transaction gains (losses), net

We recognized foreign currency transaction gains (losses), net, of ($6.0 million) and $5.1 million during the three months ended June 30, 2017 and 2016, respectively. These amounts primarily relate to the remeasurement of monetary assets and liabilities, including certain pension obligations and debt, that are denominated in currencies other than the underlying functional currency of the applicable 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 $28.2 million and $41.8 million during the three months ended June 30, 2017 and 2016, respectively. The loss during the 2017 period includes (i) the write-off of $22.7 million of unamortized discount and deferred financing costs and (ii) the payment of $5.5 million of third-party costs. The loss during the 2016 period includes (i) the write-off of $24.3 million of unamortized deferred financing costs and (ii) the payment of $17.5 million of redemption premiums.

Interest income

We recognized interest income of $1.9 million and $2.6 million during the three months ended June 30, 2017 and 2016, respectively. These amounts primarily relate to (i) interest on our loans receivable and cash and cash equivalents and (ii) late fees charged on delinquent customer accounts.

Income tax expense

Income tax expense attributable to our loss before income taxes for the three months ended June 30, 2017 differs from the expected income tax benefit computed by applying the U.K. tax rate as a result of the following (in millions):

Income tax benefit at U.K. statutory tax rate (a)	$ 0.8
Non-deductible foreign exchange results	(7.8)
Effect of intercompany financing	(6.5)
International rate differences (b)	4.4
Effect of changes in unrecognized deferred tax assets	(2.9)
Non-deductible or non-taxable interest and other expenses	(2.2)
Effect of withholding tax and intra-group dividends	(2.0)
Other	2.9
Total income tax expense	$ (13.3)

(a) The statutory or “expected” tax rate is the U.K. rate of 19.25%. The statutory rate represents the blended rate that will be in effect for the year ending December 31, 2017 based on the 20.0% statutory rate that was in effect for the first quarter of 2017 and the 19.0% statutory rate that will be in effect for the remainder of 2017.

(b) Amounts reflect adjustments (either an increase or a decrease) to “expected” tax benefit for statutory rates in jurisdictions in which we operate outside of the U.K.

Net loss

We reported net losses of $17.7 million and $105.2 million during the three months ended June 30, 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 Segment EBITDA to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) depreciation, amortization and impairment, (c) interest expense, (d) other financial income or expenses and (e) income tax benefit or expense.

Subject to the limitations included in our various debt instruments, we expect that Liberty Global will continue to cause our company to maintain our debt at current levels relative to our “EBITDA” metric specified by our debt agreements (**Covenant EBITDA**). As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future.

Earnings attributable to noncontrolling interests

We reported earnings attributable to noncontrolling interests of $13.2 million and $21.9 million during the three months ended June 30, 2017 and 2016, respectively. 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 information regarding a transaction that was proposed subsequent to June 30, 2017 that would impact our noncontrolling interest in Barbados, see note 21 to our condensed consolidated financial statements.

Six months ended June 30, 2017 compared to six months ended June 30, 2016

The details of our revenue are as follows:

	Six months ended June 30,		Increase (decrease)		Organic increase (decrease)
	2017	2016	$	%	%
	in millions				
Subscription revenue (a):					
Video	$ 83.9	$ 89.1	$ (5.2)	(5.8)	(3.4)
Broadband internet	102.4	106.5	(4.1)	(3.8)	(1.9)
Fixed-line telephony	62.0	66.1	(4.1)	(6.2)	(5.4)
Fixed-line subscription revenue	248.3	261.7	(13.4)	(5.1)	(3.3)
Mobile (b)	322.0	348.5	(26.5)	(7.6)	(7.0)
Total subscription revenue	570.3	610.2	(39.9)	(6.5)	(5.4)
Other revenue (b) (c)	589.9	570.9	19.0	3.3	1.9
Total	$ 1,160.2	$ 1,181.1	$ (20.9)	(1.8)	(1.8)

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(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 $23.9 million during each of the six months ended June 30, 2017 and 2016. 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.

Total revenue. Our consolidated revenue decreased $20.9 million during the six months ended June 30, 2017, as compared to the corresponding period in 2016. Excluding the effects of the Carve-out Acquisition and FX, our consolidated revenue decreased $21.8 million or 1.8%.

Subscription revenue. The details of the decrease in our consolidated subscription revenue during the six months ended June 30, 2017, as compared to the corresponding period in 2016, are set forth below (in millions):

Decrease in fixed-line subscription revenue due to change in:	
Average number of RGUs	$ (22.9)
ARPU	14.3
Total decrease in fixed-line subscription revenue	(8.6)
Decrease in mobile subscription revenue	(24.3)
Total organic decrease in subscription revenue	(32.9)
Impact of FX	(7.0)
Total	$ (39.9)

Excluding the effects of FX, our consolidated fixed-line subscription revenue decreased $8.6 million or 3.3% during the six months ended June 30, 2017, as compared to the corresponding period in 2016. This decrease is attributable to (i) a decrease from fixed-line telephony services of $3.6 million or 5.4%, attributable to the net effect of (a) a decrease in the average number of fixed-line telephony RGUs and (b) higher ARPU from fixed-line telephony services, (ii) a decrease from video services of $3.0 million or 3.4%, attributable to the net effect of (1) a decrease in the average number of video RGUs and (2) higher ARPU from video services, and (iii) a decrease from broadband internet services of $2.0 million or 1.9%, attributable to (I) a decrease in the average number of broadband internet RGUs and (II) lower ARPU from broadband internet services.

Excluding the effects of FX, our consolidated mobile subscription revenue decreased $24.3 million or 7.0% during the six months ended June 30, 2017, as compared to the corresponding period in 2016. This decrease is primarily due to (i) a decline in ARPU and (ii) a decrease in the average number of mobile customers.

Other revenue. Excluding the effects of the Carve-out Acquisition and FX, our consolidated other revenue increased $11.1 million or 1.9% during the six months ended June 30, 2017, as compared to the corresponding period in 2016. Our other revenue was impacted by the fact that, effective April 1, 2016, we began recognizing revenue on a cash, rather than accrual, basis with respect to two of our more significant B2B customers due primarily to unfavorable collection experience and unfavorable macroeconomic factors.

Operating Costs and Expenses

Our consolidated operating costs and expenses increased $149.1 million or 16.6% during the six months ended June 30, 2017, as compared to the corresponding period in 2016. Excluding the effects of the Carve-out Acquisition and FX, our operating costs and expenses increased $149.5 million or 16.6%.

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

	Six months ended June 30,		Increase (decrease)		Organic increase (decrease)	
	2017	2016	$	%	$	%
			in millions, except percentages			
Employee and other staff expenses (a)	$ 177.1	$ 197.2	$ (20.1)	(10.2)	$ (20.1)	(10.2)
Interconnect costs (b)	99.9	108.4	(8.5)	(7.8)	(5.7)	(5.3)
Network costs (c)	87.1	60.4	26.7	44.2	26.8	44.4
Programming expenses (d)	75.8	51.6	24.2	46.9	25.6	49.6
Equipment sales expenses (e)	49.6	52.3	(2.7)	(5.2)	(2.3)	(4.4)
Managed services costs (f)	42.5	44.9	(2.4)	(5.3)	(7.2)	(16.0)
Other operating expenses (g)	230.9	235.6	(4.7)	(2.0)	(4.4)	(1.9)
Other operating income (h)	(2.2)	(32.1)	29.9	(93.1)	29.8	(92.8)
Depreciation and amortization (i)	285.9	252.2	33.7	13.4	34.0	13.5
Impairment expense (recovery) (j)	2.0	(71.0)	73.0	(102.8)	73.0	(102.8)
Total	$ 1,048.6	$ 899.5	$ 149.1	16.6	$ 149.5	16.6

(a) The organic decrease in employee and other staff expenses is 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 Liberty Global integration, (ii) a decrease in incentive compensation costs and (iii) a decrease in curtailment costs associated with the Jamaica defined benefit pension plan.

(b) The organic decrease in interconnect costs is primarily due to (i) lower interconnect rates and (ii) lower fixed-line usage.

(c) The organic increase in network costs is 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 costs in connection with repairs and maintenance associated with hurricane damage in 2016.

(d) The organic increase in programming expenses is primarily due to (i) the amortization of certain live-programming rights in certain of our markets and (ii) higher costs associated with other sporting-related programming.

(e) The organic decrease in equipment sales expenses is primarily attributable to lower mobile handset sales activity.

(f) The organic decrease in managed services costs is primarily attributable to lower margin contracts during the 2016 period in Panama.

(g) The organic decrease in other operating expenses is primarily due to the net effect of (i) a decrease related to lower direct acquisition and integration related costs, (ii) an increase due to the release of restructuring accruals in 2016, (iii) an increase in bad debt expense and (iv) a net increase in other administrative related expenses.

(h) The organic decrease in other operating income is primarily due to the net effect of (i) a release of legal provisions in 2016, (ii) a decrease in gains on sale of property and equipment and (iii) higher earnings from share of results of joint ventures and affiliates.

(i) The organic increase in depreciation and amortization expense is primarily due to a change in the estimated useful lives of certain customer relationships in connection with the Liberty Global Transaction and, to a lesser extent, property, equipment and intangible asset additions.

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

	Six months ended June 30, 2017	Six months ended June 30, 2016
	in millions	
Impairment recovery	$ —	$ (74.3)
Impairment expense	2.0	3.3
Total	$ 2.0	$ (71.0)

The 2017 expense relates to the write-down of certain sub-sea cable system assets.

During the year ended March 31, 2015, certain network assets in the legacy Columbus markets that overlapped with existing CWC markets were impaired based on the expected timing of customer migration to the CWC fiber networks. During the year 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 expected useful lives of the underlying assets, which resulted in a $74.3 million impairment recovery during the 2016 period.

Financial income (expense)

As further described below and in note 13 to our condensed consolidated financial statements, we recorded total financial expense, net, of $119.4 million and $182.1 million during the six months ended June 30, 2017 and 2016, respectively.

Interest expense

Interest expense increased $7.0 million or 5.2% during the six months ended June 30, 2017, as compared to the corresponding period in 2016, primarily due to higher average outstanding debt balances. For additional information regarding our outstanding indebtedness, see note 9 to our condensed consolidated financial statements.

Realized and unrealized gains (losses) on derivative instruments, net

The details of our realized and unrealized gains (losses) on derivative instruments, net, are as follows:

	Six months ended June 30, 2017	Six months ended June 30, 2016
	in millions	
Embedded derivatives	$ 48.4	$ 23.0
Cross-currency and interest rate derivative contracts (a)	(7.0)	(22.6)
Forward exchange contracts	1.8	—
Accretion of Columbus Put Option	—	(35.7)
Total	$ 43.2	$ (35.3)

(a) The loss during the 2017 period is attributable to losses associated with decreases in market interest rates in the U.S. dollar market. The loss during the 2016 period is attributable to gains associated with increases in market interest rates in the U.S. dollar market. In addition, the loss during the 2016 period includes a net gain of $2.3 million resulting from changes in our credit risk valuation adjustments.

For additional information concerning our derivative instruments, see note 4 to our condensed consolidated financial statements.

Foreign currency transaction gains (losses), net

We recognized foreign currency transaction gains (losses), net, of ($13.5 million) and $23.5 million during the six months ended June 30, 2017 and 2016, respectively.

Losses on debt extinguishment

We recognized losses on debt extinguishment of $28.2 million and $41.8 million during the six months ended June 30, 2017 and 2016, respectively. The loss during the 2017 period includes (i) the write-off of $22.7 million of unamortized discount and deferred financing costs and (ii) the payment of $5.5 million of third-party costs. The loss during the 2016 period includes (i) the write-off of $24.3 million of unamortized deferred financing costs and (ii) the payment of $17.5 million of redemption premiums.

Interest income

We recognized interest income of $5.2 million and $8.0 million during the six months ended June 30, 2017 and 2016, respectively. These amounts primarily relate to (i) interest on our loans receivable and cash and cash equivalents and (ii) late fees charged on delinquent customer accounts.

Income tax expense

Income tax expense attributable to our loss before income taxes for the six months ended June 30, 2017 differs from the expected income tax benefit computed by applying the U.K. tax rate as a result of the following (in millions):

Income tax benefit at U.K. statutory tax rate (a)	$	1.5
International rate differences (b)		9.5
Non-deductible foreign exchange results		(8.6)
Effect of intercompany financing		(6.6)
Effect of withholding tax and intra-group dividends		(4.6)
Adjustments relating to prior years		4.0
Enacted tax law and rate change		(3.4)
Non-deductible or non-taxable interest and other expenses		(2.8)
Effect of changes in unrecognized deferred tax assets		(2.7)
Other		(0.4)
Total income tax expense	$	(14.1)

(a) The statutory or "expected" tax rate is the U.K. rate of 19.25%. The statutory rate represents the blended rate that will be in effect for the year ending December 31, 2017 based on the 20.0% statutory rate that was in effect for the first quarter of 2017 and the 19.0% statutory rate that will be in effect for the remainder of 2017.

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

Net earnings (loss)

We reported net earnings (loss) of ($21.9 million) and $70.6 million during the six months ended June 30, 2017 and 2016, respectively.

Earnings attributable to noncontrolling interests

We reported earnings attributable to noncontrolling interests of $19.9 million and $56.9 million during the six months ended June 30, 2017 and 2016, respectively. For information regarding a transaction that was proposed subsequent to June 30, 2017 that would impact our noncontrolling interest in Barbados, see note 21 to our condensed consolidated financial statements.

Material Changes in Financial Condition

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. Our significant operating subsidiaries are included within one of our "borrowing groups." These borrowing groups include the respective restricted parent and subsidiary entities within CWC and Columbus and entities holding certain of our CWC Regional Facilities. Our borrowing groups accounted for all of our consolidated cash and cash equivalents at June 30, 2017. The terms of the instruments governing the indebtedness of these borrowing groups restrict our ability to access the liquidity of these subsidiaries. In addition, our ability to access the liquidity of these and other subsidiaries may be limited by tax and legal considerations, the presence of noncontrolling interests, foreign currency exchange restrictions and other factors.

At June 30, 2017, we had $325.1 million of consolidated cash and cash equivalents, of which $112.8 million was held by Columbus.

Liquidity of CWC

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 CWC include (i) corporate general and administrative expenses and (ii) required funding of employee benefit plans. From time to time, CWC may also require cash in connection with (a) the funding of loans or distributions to LGE Coral Holdco (and ultimately to Liberty Global or other Liberty Global subsidiaries), (b) the satisfaction of contingent liabilities or (c) acquisitions and other investment opportunities. No assurance can be given that funding from Liberty Global or other Liberty Global 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, in the case of Sable International Finance Limited, a wholly-owned subsidiary of CWC, any borrowing availability under the CWC Revolving Credit Facility and borrowings available under the CWC Regional Facilities. At June 30, 2017, we had aggregate borrowing capacity of $691.5 million available under the CWC Credit Facilities. For information regarding limitations on the borrowing availability of the CWC Credit Facilities, see note 9 to our condensed consolidated financial statements. For information regarding certain refinancing transactions completed subsequent to June 30, 2017 that impact our liquidity, see note 21 to our condensed 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 *Condensed 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 CWC (and ultimately to Liberty Global or other Liberty Global subsidiaries). No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

Capitalization

At June 30, 2017, the outstanding principal amount of our consolidated debt, together with our finance lease obligations, aggregated $3,744.2 million, including $125.4 million that is classified as current in our condensed consolidated statement of financial position and $3,306.5 million that is not due until 2021 or thereafter. Our debt and finance lease obligations are all held by our subsidiaries.

Our ability to service or refinance our debt and to maintain compliance with our leverage covenants 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. Our ability to maintain or increase cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in our and our subsidiaries' various debt instruments. In this regard, if our Covenant EBITDA were to decline, we could be required to repay or limit our borrowings under the CWC Revolving Credit Facility in order to maintain compliance with applicable covenants. 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.

We believe that our cash and cash equivalents, the cash provided from the operations of our subsidiaries and any available borrowings under the CWC Revolving Credit Facility will be sufficient to fund our currently anticipated working capital needs, capital expenditures and debt service requirements during the next 12 months, although no assurance can be given that this will be the case. However, as our maturing debt 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 these refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. However, (i) the financial failure of any of our counterparties 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 could adversely impact our ability to access debt financing on favorable terms, or at all. 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.

Condensed Consolidated Statements of Cash Flows

Summary. Our condensed consolidated statements of cash flows for the six months ended June 30, 2017 and 2016 are summarized as follows:

	Six months ended June 30, 2017	Six months ended June 30, 2016	Change
		in millions	
Net cash provided by operating activities	$ 139.0	$ 99.1	$ 39.9
Net cash used by investing activities	(161.1)	(243.4)	82.3
Net cash provided by financing activities	76.4	232.7	(156.3)
Effect of exchange rate changes on cash	(0.4)	(0.5)	0.1
Net increase in cash and cash equivalents	$ 53.9	$ 87.9	$ (34.0)

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

Investing Activities. The decrease in net cash used by our investing activities is primarily attributable to a decrease in cash used of $91.7 million related to lower capital expenditures.

The capital expenditures that we report in our condensed consolidated statements of cash flows do not include amounts that are financed under 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 condensed consolidated statements of cash flows, which exclude amounts financed under 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 finance lease arrangements. For further details regarding our property, equipment and intangible asset additions and our debt, see notes 8 and 9, respectively, to our condensed consolidated financial statements.

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

	Six months ended June 30, 2017	Six months ended June 30, 2016
	in millions	
Property, equipment and intangible asset additions	$ 161.2	$ 254.1
Changes in current liabilities related to capital expenditures	(4.8)	(4.8)
Assets acquired under finance leases	(2.1)	(3.3)
Capital expenditures	$ 154.3	$ 246.0

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 13.9% and 21.5% of our revenue, respectively.

We expect the percentage of revenue represented by our aggregate 2017 property, equipment and intangible asset additions to range from 18% to 20%. The actual amount of the 2017 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 or (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) a decrease in cash provided of $388.4 million related to lower net borrowings of debt, (ii) an increase in cash provided of $193.8 million and $13.5 million due to lower dividends paid to shareholders and noncontrolling interests, respectively, (iii) an increase in cash provided of $35.6 million due to lower payments for financing costs and debt premiums and (iv) a decrease in cash provided of $11.7 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 June 30, 2017. The U.S. dollar equivalents presented below are based on interest rates and exchange rates that were in effect as of June 30, 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, see note 4 to our condensed consolidated financial statements.

	Payments (receipts) due during:							
	Remainder of 2017	2018	2019	2020	2021	2022	Thereafter	Total
	in millions							
Projected derivative cash payments (receipts), net:								
Interest-related (a)	$ 8.7	$ 23.6	$ 20.1	$ 17.6	$ 17.6	$ 17.5	$ 35.6	$ 140.7
Principal-related (b)	—	—	3.4	—	—	(0.7)	—	2.7
Total	$ 8.7	$ 23.6	$ 23.5	$ 17.6	$ 17.6	$ 16.8	$ 35.6	$ 143.4

(a) Includes the interest-related cash flows of our cross-currency 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 June 30, 2017, see notes 9 and 21 to our condensed consolidated financial statements. For information concerning our contractual commitments as of June 30, 2017, see note 19 to our condensed consolidated financial statements.

In addition to the commitments set forth in note 19 to our condensed 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 three and six months ended June 30, 2017 and 2016, see note 4 to our condensed consolidated financial statements.