# ALTICE FINCO S.A.

Société Anonyme

**Financial statements as at and for the year ended December 31, 2013 and report of the Réviseur d'Entreprises Agréé**

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**ALTICE FINCO S.A.**
Financial statements for the period ended December 31, 2013

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**ALTICE FINCO S.A.**

**Statement of comprehensive income for the year ended December 31, 2013 and for the period from August 17, 2012 to December 31, 2012**

(Expressed in EUR)

| | Notes | For the year ended 31 December 2013 | For the period from August 17, 2012 to December 31, 2012 |
|---|---|---|---|
| Finance income | | 45.020.615 | 358.108 |
| Finance costs | | (46.805.418) | (1.634.423) |
| **Net finance costs** | **6** | **(1.784.803)** | **(1.276.315)** |
| Administrative expenses | **5** | (59.888) | (51.346) |
| **Loss before tax** | | **(1.844.691)** | **(1.327.661)** |
| Income tax | **7** | (3.338) | (1.575) |
| **Loss for the year** | | **(1.848.029)** | **(1.329.236)** |
| **Other comprehensive profit / (loss)** | | | |
| Currency translation movement | | (3.706) | 180 |
| **Total comprehensive profit / (loss) for the year** | | **(1.851.735)** | **(1.329.056)** |

The notes on pages 5 to 26 are an integral part of these financial statements.

**ALTICE FINCO S.A.**
**Statement of financial position as at December 31, 2013**

| (Expressed in EUR) | | 31 December 2013 | 31 December 2012 |
|---|---|---|---|
| **ASSETS** | **Notes** | | |
| **Non-currents assets** | | | |
| Investments in subsidiaries | **10** | 2.000.000 | 28.872 |
| Loans and other receivables | **11** | 553.216.694 | 322.686.236 |
| **Total non-current assets** | | **555.216.694** | **322.715.108** |
| **Current assets** | | | |
| Restricted cash | **13** | 290.086.301 | - |
| Accrued interests receivables | **10** | 13.216.030 | 354.059 |
| Trade and other recevaibles | **12** | 13.505 | 11.244 |
| Cash and cash equivalents | **13** | 155 | - |
| **Total current assets** | | **303.315.991** | **365.302** |
| **TOTAL ASSETS** | | **858.532.685** | **323.080.410** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Issued capital | **14** | 2.004.000 | 32.597 |
| Foreign currency translation reserve | **15** | (3.526) | 180 |
| Accumulated losses | **16** | (3.173.739) | (1.329.236) |
| **Total equity** | | **(1.173.265)** | **(1.296.458)** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | **18** | 836.924.973 | 322.682.104 |
| **Total non-current liabilities** | | **836.924.973** | **322.682.104** |
| **Current liabilities** | | | |
| Trade and other payables | **17** | 8.176.454 | 57.478 |
| Accrued interest payable | **18** | 14.599.674 | 1.635.712 |
| Current tax liabilities | **20** | 4.847 | 1.575 |
| **Total liabilities** | | **22.780.976** | **1.694.765** |
| **TOTAL EQUITY AND LIABILITIES** | | **858.532.685** | **323.080.410** |

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**ALTICE FINCO S.A.**
**Statement of changes in equity for the year ended at December 31, 2013 and for the period from August 17, 2012 to December 31, 2012**
(Expressed in EUR)

| | Issued capital | Foreign currency translation reserve | Accumulated losses | Total equity |
|---|---|---|---|---|
| Balance as at August 17, 2012 | - | - | - | - |
| Proceeds from shares issued | 32.597 | - | - | 32.597 |
| (Loss) / Profit for the period | - | - | (1.329.236) | (1.329.236) |
| Other comprehensive income for the period | - | 180 | - | 180 |
| **Balance as at December 31, 2012** | **32.597** | **180** | **(1.329.236)** | **(1.296.459)** |
| Issuance of share capital | 1.969.000 | - | - | 1.969.000 |
| Effect of change of functional currency | 2.403 | - | 3.526 | 5.929 |
| Loss for the year | - | - | (1.848.029) | (1.848.029) |
| Other comprehensive income for the year | - | (3.706) | - | (3.706) |
| **Balance as at December 31, 2013** | **2.004.000** | **(3.526)** | **(3.173.739)** | **(1.173.265)** |

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**ALTICE FINCO S.A.**
**Statement of cash flows for the year ended December 31, 2013 and for the period from August 17, 2012 to December 31, 2012**
(Expressed in EUR)

| | For the year ended December 31, 2013 | For the period from August 17, 2012 to December 31, 2012 |
|---|---|---|
| **Loss for the period** | (1.848.029) | (1.329.236) |
| Finance costs, net | 1.784.803 | 1.276.315 |
| Income tax expense recognised in profit and loss | 3.338 | 1.575 |
| Changes in working capital | 173.002 | 46.234 |
| **Net cash provided / (used) in operating activities** | **113.114** | **(5.112)** |
| **Cash flows from investing activities** | | |
| Loans granted | (245.000.000) | (322.686.236) |
| Investment in subsidiaries | (1.969.000) | (31.000) |
| Increase of restricted cash | (290.951.411) | - |
| Interest received | 32.040.425 | - |
| **Net cash used in investing activities** | **(505.879.986)** | **(322.717.236)** |
| **Cash flows from financing activities** | | |
| Net proceeds from issuance of shares | 1.969.000 | 35.000 |
| Net proceeds from debt issuance | 535.951.411 | 322.686.260 |
| Interest paid | (32.152.296) | - |
| **Net cash provided by financing activities** | **505.768.115** | **322.721.260** |
| **Net decrease in cash and cash equivalents** | **1.243** | **(1.088)** |
| **Cash and cash equivalents at the beginning of the period** | **(1.088)** | **-** |
| **Cash and cash equivalents at the end of the period** | **155** | **(1.088)** |

The notes on pages 5 to 26 are an integral part of these financial statements.

**1 – Corporate information**

ALTICE FINCO S.A. (hereafter “the Company”) was incorporated on August 17, 2012 and organised under the laws of Luxembourg as a private limited liability company “Société Anonyme” for an unlimited period of time.

The registered office of the Company is established at 3, boulevard Royal, L-2449 Luxembourg, and as at December 31, 2013 its sole shareholder was Altice International S.à r.l. (formerly Altice VII S.à r.l.). The ultimate controlling party is considered to be Patrick Drahi.

On January 31, 2014, Next LP contributed all its economic interests in Altice International S.à r.l. to Altice S.A. (“Altice”) in exchange for shares in Altice S.A..

Altice is listed on Euronext in Amsterdam. The consolidated financial statements of Altice are available at its registered address: 3, boulevard Royal, L-2449 Luxembourg.

The Company may carry out all transactions pertaining directly or indirectly to the taking of participating interests in any entities in whatsoever form, as well as the administration, management, control and development of such participating interests, in the Grand Duchy of Luxembourg and abroad.

The Company may particularly use its funds for the setting-up, management, development and disposal of a portfolio consisting of any securities and intellectual property rights of whatever type or origin, participate in the creation, development and control of any entities, acquire by way of contribution, subscription, underwriting or by option to purchase and any other way whatsoever, any type of securities and intellectual property rights, realise them by way of sale, transfer, exchange or otherwise, have these securities and intellectual property rights developed. The Company may grant assistance (by way of loans, advances, guarantees or securities or otherwise) to companies or other entities in which the Company has an interest or which form part of the group of companies to which the Company belongs (including shareholders or affiliated entities) or any other companies. The Company may further pledge, transfer, encumber or otherwise create security over all or over some of its assets.

The Company may borrow and raise funds in any form by way of public offer or exempted public offer. It may issue any kind of debt instruments (including, but not limited to notes, bonds and debentures), whether convertible or not, and/or equity securities, which may be unlisted or listed.

In general, the Company may likewise carry out any financial, commercial, industrial, movable or real estate transactions, take any measures to safeguard its rights and make any transactions whatsoever which are directly or indirectly connected with its corporate object or which are liable to promote its development provided that the Company will not enter into any transaction which would constitute a regulated activity of the financial sector.

The financial statements correspond to the financial year starting on January 1 and ending on December 31, except the first year which ran from August 17, 2012 to December 31, 2012.

## 2 – Accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at revalued amounts or at fair values as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

### 2.2 Changes in accounting policy and disclosures

#### (a) New and amended standards adopted by the Company

In the current year, the Company has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

**- IFRS 13 Fair Value Measurement**

The Company has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Company has not made any new disclosures required by IFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

**- Amendment to IFRS 7 disclosure – Offsetting Financial Assets and Financial Liabilities**

The Company has applied the amendments to IFRS 7 disclosures – Offsetting financial assets and liabilities for the first time in the current period. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral pricing agreements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Company does not have an offsetting arrangement in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the financial statements.

**- Amendments to IAS 32**

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 income taxes. This amendment does not have a significant impact on the Company's financial statements.

**(b) New standards and interpretations not yet adopted**

In its financial statements, the Company has not anticipated the following standards and interpretations, for which application is not mandatory for periods beginning January 1, 2013. Their impact on the Company's financial statements is estimated not to be significant and/or not applicable.

*IAS 36 Impairment of Assets: Recoverable Amounts Disclosures for Non-Financial Assets*

This standard's objective is to amend the disclosure requirements in IAS 36 Impairment of Assets with regard to the measurement of the recoverable amount of impaired assets that were made as a consequence of issuing IFRS 13 Fair Value Measurement in May 2011.

The Company does not anticipate additional disclosures in relation to the application of this standard as it only holds financial assets.

*IAS 39 Financial Instruments: Recognition and Measurement and IFRS 9 Financial Instruments: Novation of derivatives and continuation of hedge accounting*

This standard's objective is to provide an exception to the requirement for the discontinuation of hedge accounting in IAS 39 and IFRS 9 in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations.

The Company does not apply hedge accounting and therefore does not expect any impact from the application of this Standard.

*IAS 27 Separate Financial Statements (as amended in 2011)*

The standard outlines the accounting and disclosure requirements for 'separate financial statements', which are financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The standard also outlines the accounting requirements for dividends and contains numerous disclosure requirements.

IAS 27 was reissued in May 2011 and applies to annual periods beginning on or after 1 January 2014, superseding IAS 27 Consolidated and Separate Financial Statements from that date.

The application of this standard will result in more extensive disclosure in the financial statements.

**2.3 Summary of significant accounting policies**

**(a) Subsidiaries**

Subsidiaries are entities controlled by the Company, control being presumed when the Company acquires more than half of the voting rights of the entity. Even when more than half of the voting rights is not acquired, control may evidence by power:

- over more than one half of the voting rights by virtue of an agreement with other investors, or
- to govern the financial and operating policies of the entity under a statute or an agreement; or
- to appoint or remove the majority of the members of the board of directors; or
- to cast the majority of votes at a meeting of the board of directors.

Investment in subsidiaries are measured at cost in accordance with IAS 27.

**(b) Foreign currency translation**

***(i) Functional and presentation currency***

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"), which was the US dollar ("USD") until the June 30, 2013.

Following issuance of additional debt and loans granted to other group entities the functional currency changed from USD to EUR as at July 1, 2013.

The financial statements are presented in EUR, except when stated otherwise.

***(ii) Transactions and balances***

Transactions in currency other than EUR are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in currency other than EUR are retranslated in EUR at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated in EUR at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a currency other than EUR are not retranslated in EUR. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

At the end of each reporting period, all statement of financial position items are translated in EUR at the rates prevailing at that date and all statement of profit and loss items denominated in foreign currencies are retranslated in EUR at the rates of exchange prevailing at the dates of the transactions. Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

**(c) Financial instruments – initial recognition and subsequent measurement**

***(i) Date of recognition***

Financial assets and liabilities are recognized when that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

***(ii) Initial measurement of financial instruments***

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value. Transaction costs, that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

***(iii) Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition). Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

***(iv) Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate method, except for short-term receivables when the effect of discounting is immaterial.

***(v) Classification as debt or equity***

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

***(vi) Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

***(vii) Derivatives financial instruments***

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including, cross-currency swaps, forward foreign exchange contracts.

Derivatives are initially recorded at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the statement of profit or loss.

**(c) Derecognition of financial assets and financial liabilities**

***(i) Financial assets***

A financial asset is derecognised when:

• The contractual rights to receive cash flows from the asset have expired;

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either:

• The Company has transferred substantially all the risks and rewards of the asset; or

• The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

***(ii) Financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

**(d) Determination of fair value**

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Company’s best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 14.

**(e) Impairment of financial assets**

The Company assesses at the end of each reporting period, whether there is any objective evidence that a financial asset or a group of financial assets is impaired, other than those at fair value through profit or loss. A financial asset or a group of financial assets, other than those at fair value through profit or loss. is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter in bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

***(i) Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets’ carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of Finance income.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

The present value of the estimated future cash flows is discounted at the financial asset's original Effective Interest Rate ("EIR"). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Company has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

**(f) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

***(i) Interest income***

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

***(ii) Dividend income***

Revenue is recognised when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

**(g) Cash and cash equivalents**

Cash and cash equivalents as referred to in the statement of cash flows comprises cash on hand, non–restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

**(h) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

**(i) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

***(i) Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

For the year 2013, the global tax rate amounts to 29,22% (2012: 28,80%).

***(ii) Deferred tax***

Deferred tax is recognized on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in the statement of profit and loss.

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

**3 - Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Going concern**

The Company's Directors considered the loss registered during the year and have proceeded to an assessment of the ability of the Company to continue as a going concern. The Company has a current shareholder equity negative. The Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. In addition the Company was granted an interest free loan amounting to EUR 25 million by its sole shareholder Altice International S.à r.l.

In view of the current financial statements of the Company, the Directors are confident that the Group will continue to act as a going concern for the next twelve months from reporting date, given its earnings and cash flow generating ability.

Therefore, the financial statements continue to be prepared on a going concern basis.

(Expressed in EUR)

**Fair value of financial instruments**

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer–dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The valuation of financial instruments is described in more detail in Note 14.

**Impairment losses on loans and other receivables**

The Company reviews its individually significant loans and other receivables at each statement of financial position date to assess whether an impairment loss should be recorded in the statement of profit or loss. In particular, the directors' judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and other receivables that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including, country risk and the performance of different individual groups).

**Deferred tax assets**

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies (See Note 7). Tax losses can be used indefinitely.

## 4 - Segment Information

The Board of Directors has determined that there is only one segment based on its existing lending activity. This segment corresponds to the level to which the Board of Directors analyzes the activity of the Company.

## 5 – Administrative expenses

| | **For the year ended 31 December 2013** | **from August 17, 2012 to December 31, 2012** |
|---|---|---|
| Legal fees | 8.930 | 5.730 |
| Accounting fees | 12.941 | 8.924 |
| Audit fees | 23.434 | 27.313 |
| Tax advisory fees | 6.153 | 3.000 |
| Other expenses | 8.431 | 6.380 |
| **Total administrative expenses** | **59.888** | **51.346** |

(Expressed in EUR)

**6 – Finance costs**

| | For the year ended 31 December 2013 | For the period from August 17, 2012 to December 31, 2012 |
|---|---|---|
| Finance costs | | |
| Borrowings (note 20) | (45.437.594) | (1.634.245) |
| Net foreign exchange losses | (905.610) | (178) |
| Other finance costs | (462.214) | - |
| **Finance costs** | **(46.805.418)** | **(1.634.423)** |
| Finance income: | | |
| Interest income on loans and other receivables | 45.020.615 | 358.108 |
| **Finance income:** | **45.020.615** | **358.108** |
| **Net finance costs** | **(1.784.803)** | **(1.276.315)** |

The other finance costs are mostly composed of the rating fees charged by the various rating agencies and Luxembourg stock exchange relating to the borrowings entered into by the Company.

**7 – Income tax**

| | For the year ended 31 December 2013 | For the period from August 17, 2012 to December 31, 2012 |
|---|---|---|
| Current tax: | | |
| Current tax on profits for the year/period | 3.338 | 1.575 |
| **Total current tax** | **3.338** | **1.575** |
| | | |
| Recognition of deferred tax losses | 0 | 0 |
| **Total deferred tax** | **0** | **0** |
| **Total income tax expense** | **3.338** | **1.575** |

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the average tax rate applicable follows:

| | For the year ended 31 December 2013 | For the period from August 17, 2012 to December 31, 2012 |
|---|---|---|
| **Loss before tax** | **(1.824.400)** | **(1.327.661)** |
| Tax calculated at domestic tax rate (29,22%) | 533.090 | 387.943 |
| **Tax effects of:** | | |
| Effect of unrecognised losses | 536.428 | 389.518 |
| **Tax charge** | **(3.338)** | **(1.575)** |

The amount of unrecognized tax losses amounts to EUR 3.152.061. Deferred tax assets have not been recognized since the Company is unsure of the timing of recoverability of such losses.

(Expressed in EUR)

**8 – Investments in subsidiaries**

The detail of subsidiaries is the following:

| | 31/12/2013 | 31/12/2012 |
|---|---|---|
| **At 1 January** | **28.872** | - |
| Additions | 1.971.128 | 28.872 |
| Disposals | - | - |
| Change in value | - | - |
| **At 31 December** | **2.000.000** | **28.872** |

The caption is solely composed of an investment in Altice Financing S.A.

On May 26, 2013, an extraordinary general meeting of the shareholders was held by the notary to increase the share capital from EUR 31.000 to EUR 2.000.000 by issue of 1.969.000 new ordinary shares with a nominal value per share of EUR 1.

As at December 31, 2013 Altice Financing S.A. has a share capital of EUR 2.000.000 divided into 2.000.000 shares fully paid-up with a nominal value per share of EUR 1.

The Company owns 100% of the share capital with equal economic and voting rights and the shares are freely transferable.

The Board of Directors has not identified any indicators of impairments as at December 31, 2013.

In accordance with article 67(3) of the law of December 19, 2012, The Company does not indicate the amount of reserves and the result of the latest financial year of its subsidiaries as they are included in the consolidated financial statement of the parent Company available at Altice registered office.

**9 – Loans and other receivables**

The detail of loans and other receivables is the following:

| | 31/12/2013 | 31/12/2012 |
|---|---|---|
| **Non-currents assets:** | | |
| Loan to related parties | 553.216.694 | 322.686.236 |
| **Total non-currents assets:** | **553.216.694** | **322.686.236** |
| **Current assets:** | | |
| Accrued interest receivables | 13.216.030 | 354.059 |
| **Total current assets:** | **13.216.030** | **354.059** |

The loans to related parties caption is composed of the following:

- A USD 425 million Note, maturing in December 2020 and bearing interest at a rate of 10,25%; and
- A EUR 250 million Note, maturing in June 2023 and bearing interest at a rate of 9,0 %.

Interest is paid on a semi-annual basis.

(Expressed in EUR)

**10 – Cash and cash equivalents & restricted cash**

| | 31/12/2013 | 31/12/2012 |
|---|---|---|
| Cash at bank and in hand | 155 | 0 |
| **Cash and cash equivalents** | **155** | **0** |
| | | |
| Restricted Cash (1) | 290.086.301 | 0 |
| **Restricted Cash** | **290.086.301** | **0** |

(1) Current restricted cash refers to cash held on escrow accounts on behalf of the Company, related to the acquisition of Orange Dominicana and Tricom. The transactions closed during the first and second quarter of 2014, see note 21.

**11 – Issued capital**

| | Number of shares | Amount |
|---|---|---|
| January 1, 2013 | **35.000** | **32.597** |
| Change of functional currency | | 2.403 |
| Proceed from shares issued | 1.969.000 | 1.969.000 |
| **December 31, 2013** | **2.004.000** | **2.004.000** |

On May 16, 2013, an extraordinary general meeting of the shareholders was held by the notary to decide to increase the capital from EUR 35.000 to EUR 2.004.000 by issue of 1.969.000 new ordinary shares with a nominal value per share of EUR 1.

As at December 31, 2013 the subscribed capital amounts to EUR 2.004.000 and is divided into 2.004.000 shares fully paid-up with a nominal value per share of EUR 1.

The shares are freely transferable. All shares have equal economic and voting rights.

Each share entitles the holder thereof to a fraction of the Company's assets and profits in accordance with Article 26 of the incorporation deed.

(Expressed in EUR)

**12 – Trade and other payables**

The detail of trade and other payables is as follows:

| | 31/12/2013 | 31/12/2012 |
|---|---|---|
| **Current liabilities** | | |
| Suppliers payables | 5.827.403 | 24.570 |
| Payables to related parties | 2.322.603 | 0 |
| Other payables | 26.449 | 32.908 |
| **Trade and other payables** | **8.176.454** | **57.478** |

The suppliers payables are mostly linked to fees payables in connection with the December bond issuances, which are payable on the closing of the transactions by the Altice International Group and were settled during the first half of 2014.

**13 – Borrowings**

The detail of the borrowings is the following:

| | 31/12/2013 | 31/12/2012 |
|---|---|---|
| **Non-current liabilities:** | | |
| Borrowings | 836.924.973 | 322.682.104 |
| **Total non-currents liabilities:** | **836.924.973** | **322.682.104** |
| **Current liabilities:** | | |
| Accrued interest payable | 14.599.674 | 1.634.624 |
| Bank overdraft | 0 | 1.088 |
| **Total current liabilities:** | **14.599.674** | **1.635.712** |
| | | |
| **Total Borrowings** | **851.524.648** | **324.317.816** |

Altice Finco S.A. has issued Senior Notes in December 2012, June 2013 and December 2013 to finance various acquisitions by the Altice S.A. Group:

- USD 425 million Senior Notes issued in December 2012, bearing a semi-annual coupon of 9,875% and maturing on December 15, 2020.
- EUR 250 million Senior Notes, issued in June 2013, bearing a semi-annual coupon of 9,0% and maturing on June 15, 2023.
- USD 400 million Senior Notes issued in December 2013, bearing a semi-annual coupon of 8,125% and maturing in 2024.

The Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market of the Luxembourg Stock Exchange.

| | Fair value in millions of euros December 31, 2013 | Coupon | Year of maturity | Carrying amount December 31, 2013 | Carrying amount (excluding transaction costs) December 31, 2013 | Carrying amount (excluding transaction costs) December 31, 2012 |
|---|---|---|---|---|---|---|
| | | | | | In millions of euros | |
| -Senior Notes USD 425M | 351,6 | 9,875% | 2020 | 309,1 | 309,1 | 322,7 |
| -Senior Notes EUR 250M | 272,2 | 9,0% | 2023 | 245,3 | 250,0 | - |
| -Senior Notes USD 400M | 309,6 | 8,125% | 2024 | 282,5 | 290,1 | - |
| **TOTAL** | **933,4** | | | **836,9** | **849,2** | **322,7** |

## Currency of borrowings:

| | December 31, 2013 | Euro (EUR) | US Dollar (USD) |
|---|---|---|---|
| | | (in euros) | |
| Non current liabilities | | | |
| Borrowings | **836.924.973** | 245.265.278 | 591.659.696 |
| **TOTAL** | **836.924.973** | 245.265.278 | 591.659.696 |
| Current liabilities | | | |
| Accrued interest payable | **14.599.674** | 12.103.879 | 2.495.795 |
| **TOTAL** | **14.599.674** | 12.103.879 | 2.495.795 |

| | December 31, 2012 | Euro (EUR) | US Dollar (USD) |
|---|---|---|---|
| | | (in euros) | |
| Non current liabilities | | | |
| Borrowings | **322.682.104** | - | 322.682.104 |
| **TOTAL** | **322.682.104** | - | 322.682.104 |
| Current liabilities | | | |
| Accrued interest payable | **1.634.624** | | 1.634.624 |
| **TOTAL** | **1.634.624** | - | 1.634.624 |

## 14 - Financial risk factors

### Financial risk management

### Introduction

Risk is inherent to the Company's activities. It is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk, foreign currency risk and market risk, the latter being subdivided into trading and non–trading risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Company's policy is to monitor those business risks through the Company's strategic planning process.

### Impairment assessment

For accounting purposes, the Company uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognised when objective evidence of a specific loss event has been observed. Triggering events include the following:

- A breach of contract such as a default of payment;

- It becomes probable that the counterparty will enter bankruptcy or other financial reorganisation; and

- Other observable data that suggests that there is a decrease in the estimated future cash flows from the loans.

### 14.1 - Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in note 9 and 13.

#### *14.1.1 Foreign currency sensitivity analysis*

The Company is mainly exposed to the US Dollar ("USD").

The following table details the Company's sensitivity to a 10% increase and decrease in the EUR against the USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents director's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the EUR strengthens 10% against the relevant currency. For a 10% weakening of the EUR against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

(Expressed in EUR)

| | 31 December 2013 | 31 December 2012 |
|---|---|---|
| | Currency USD impact | |
| Profit or loss | -976.269 | -132.308 |
| Equity | 0 | -127.243 |

## 14.2 Interest rate risk management

The Company is not exposed to interest rate risk because the Company borrows funds at both fixed interest rate and lends at a fixed interest rate as well.

## 14.3 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the Directors of the Company's short-, medium-, and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

### *14.3.1 Liquidity and interest risk tables*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayments periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

**December 31, 2013**

| | Less than 1 month | 3 months to 1 year | 1 year to 5 years | 5+ years | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Loans and other receivables | - | 13.216.030 | - | 553.216.694 | 566.432.724 |
| Cash and cash equivalents | 155 | - | - | - | 155 |
| Restricted cash | 290.086.301 | - | - | - | 290.086.301 |
| **Total Assets** | **290.086.456** | **13.216.030** | **-** | **553.216.694** | **856.519.180** |
| **Liabilities** | | | | | |
| Borrowings | - | 14.599.674 | | 836.924.973 | 851.524.647 |
| **Total Liabilities** | **-** | **14.599.674** | | **836.924.973** | **851.524.648** |

(Expressed in EUR)

**December 31, 2012**

| | Less than1 month | 3 months to 1 year | 1 year to 5 years | 5+ years | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Loans and other receivables | - | 354.059 | - | 322.686.236 | 323.040.295 |
| Trade and other receivalbes | - | 11.244 | - | - | 11.244 |
| Cash and cash equivalents | - | - | - | - | - |
| **Total Assets** | **-** | **365.303** | **0** | **322.686.236** | **323.051.539** |
| | | | | | |
| **Liabilities** | | | | | |
| Borrowings | - | 1.635.712 | - | 322.682.104 | 324.317.816 |
| Trade and other payables | - | 57.478 | - | - | 57.478 |
| Current tax liabilities | - | 1.575 | - | - | 1.575 |
| **Total Liabilities** | **-** | **1.694.765** | **0** | **322.682.104** | **324.376.869** |

## 14.4 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Altice Financing is the sole counterpart regarding the loans receivables and has been assigned the following ratings

- B1 by Moody's Investors Service Inc
- BB- by Standard & Poor's Ratings Service

Altice Finco has been assigned the following ratings:

- B3 by Moody's Investors Service Inc
- B- by Standard & Poor's Ratings Service

## 14.5 Fair value of financial instruments

### *14.5.1 Fair value of financial instruments carried at amortised cost*

The Directors consider that the carrying amounts of financial assets recognised in the financial statements approximate their fair values.

### *14.5.2 Valuation techniques and assumptions applied for the purposes of measuring fair value*

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes);
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Specially, significant assumptions used in determining the fair value of the following financial assets and liabilities are set out below.

(Expressed in EUR)

**15 - Classification and fair value of financial assets and liabilities**

As at December 31, 2013 the financial assets are composed of the following:

| | December 31, 2013 | | |
|---|---|---|---|
| | Financial assets at amortised cost | Others | Total |
| **Assets as per statement of financial position** | | | |
| Investments in subsidiaries | | 2.000.000 | 2.000.000 |
| Loans and other receivables | 566.432.724 | 0 | 566.432.724 |
| **Total** | **566.432.724** | **2.000.000** | **568.432.724** |

| | December 31, 2013 | | |
|---|---|---|---|
| | Liabilities at fair value through profit or loss | Other financial liabilities at amortised cost | Total |
| **Liabilities as per statement of financial position** | | | |
| Borrowings | | 836.924.973 | 836.924.973 |
| **Total** | **0** | **836.924.973** | **836.924.973** |

As at December 31, 2012 the financial assets are composed of the following:

| | December 31, 2012 | | |
|---|---|---|---|
| | Financial assets at amortised cost | Others | Total |
| **Assets as per statement of financial position** | | | |
| Investments in subsidiaries | | 28.872 | 28.872 |
| Loans and other receivables | 322.686.236 | 0 | 322.686.236 |
| **Total** | **322.686.236** | **28.872** | **322.715.108** |

| | December 31, 2012 | | |
|---|---|---|---|
| | Liabilities at fair value through profit or loss | Other financial liabilities at amortised cost | Total |
| **Liabilities as per statement of financial position** | | | |
| Borrowings | | 322.682.104 | 322.682.104 |
| **Total** | **0** | **322.682.104** | **322.682.104** |

16 **– Contingencies**

The Company had no material contingencies at December 31, 2013 (2012: none).

**17 – Commitments**

The Company had no material capital commitments at December 31, 2013 (2012: none).

**18 – Assets pledged as security**

(Expressed in EUR)

The shares, bank accounts and receivables of the Company have been pledged for the issued Senior Notes. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

## 19 – Related parties

### *a) Loans to related party*

| | Amounts owed by related party | |
|---|---|---|
| | **31/12/2013** | **31/12/2012** |
| Senior Notes Proceed Loan Altice Financing S.A. | 553.216.694 | 322.686.236 |
| Interest on Senior Notes Proceed Loan Altice Financing S.A. | 13.216.030 | 354.059 |

### *b) Debt towards related party*

| | Amounts owed to related party | |
|---|---|---|
| | **31/12/2013** | **31/12/2012** |
| Advance Altice International S.à r.l. | 14.738 | 0 |
| Advance Altice Financing S.A. | 2.307.865 | 0 |

### *c) Profit and loss transactions with related party*

| | **For the year ended December 31, 2013** | **For the period from August 17, 2012 to December 31, 2012** |
|---|---|---|
| Interest income - Altice Financing S.A. | 44.902.396 | 353.976 |

## 20 –Current tax liabilities

| | **31/12/2013** | **31/12/2012** |
|---|---|---|
| Income tax provision | 4.785 | 1.575 |
| Net wealth tax provision | 62 | - |
| **Total** | **4.847** | **1.575** |

## 21 – Events after the reporting period

On March 12, 2014, in relation with the acquisition of Tricom S.A., the funds held on escrow accounts were released for a total amount of USD 400.000.000. The escrow account is presented as restricted cash in the financial statements for the year ended December 31, 2013.

Following this, the Company granted a loan to Altice Financing for a total amount of USD 400 M.

## 22 – Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on January 9, 2015.

Deloitte.

To the Shareholders of
Altice Finco S.A.

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## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### Report on the financial statements

Following our appointment by the General Meeting of the Shareholders dated March 21, 2013, we have audited the accompanying financial statements of Altice Finco S.A., which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Responsibility of the Board of Directors for the financial statements*

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

*Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Deloitte.

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

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Altice Finco S.A. as of December 31, 2013, and of its financial performance and its cash flows for the for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

*Other matter*

The financial statements as of December 31, 2012 and for the period from August 17, 2012 to December 31, 2012 were not subject to an audit.

For Deloitte Audit, *Cabinet de révision agréé*

John Psaila, *Réviseur d'entreprises agréé*
Partner

January 9, 2015