ALTICE INTERNATIONAL
S. À R.L

SOCIETE À RESPONSABILITE LIMITEE

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
AS OF AND FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2016

Table of Contents

Condensed Consolidated Statement of Income For the nine months ended September 30, 2016 (€m)	**Notes**	**Nine months ended September 30, 2016**	**Nine months ended September 30, 2015 (revised *)**	**Three months ended September 30, 2016**	**Three months ended September 30, 2015 (revised *)**
Revenues		3,330.6	2,387.2	1,071.0	1,110.7
Purchasing and subcontracting costs		(750.6)	(549.3)	(256.8)	(257.8)
Other operating expenses		(664.0)	(506.7)	(221.9)	(218.8)
Staff costs and employee benefit expenses		(350.2)	(218.2)	(104.4)	(118.5)
Depreciation and amortization		(1,083.1)	(805.8)	(351.4)	(385.3)
Impairment losses		(1.6)	(20.8)	(0.6)	(1.0)
Other expenses and income		(55.2)	(64.4)	(20.1)	(36.2)
Operating profit	3	**425.9**	**222.0**	**115.8**	**93.1**
Interest relative to gross financial debt		(487.4)	(362.3)	(126.7)	(120.3)
Other financial expenses		(30.8)	(35.0)	(10.1)	(4.2)
Finance income		89.3	20.8	17.5	(24.7)
Net result on extinguishment of a financial liability	6	(88.0)	-	-	-
Finance costs, net		**(516.9)**	**(376.5)**	**(119.3)**	**(149.2)**
Net result on disposal of businesses	2	112.6	27.5	(2.9)	27.5
Share of profit of associates		1.3	0.3	1.1	1.1
Profit/(loss) before income tax		**22.9**	**(126.7)**	**(5.3)**	**(27.5)**
Income tax expense	8	(33.8)	(23.6)	(30.8)	(6.3)
Loss for the period		**(10.9)**	**(150.3)**	**(36.1)**	**(33.8)**
Attributable to equity holders of the parent		1.4	(146.9)	(29.7)	(32.7)
Attributable to non-controlling interests		(12.3)	(3.4)	(6.4)	(1.1)

Condensed Consolidated Statement of Comprehensive Income for the nine months ended September 30, 2016 (€m)	**Notes**	**Nine months ended September 30, 2016**	**Nine months ended September 30, 2015 (revised *)**	**Three months ended September 30, 2016**	**Three months ended September 30, 2015 (revised *)**
Loss for the period		**(10.9)**	**(150.3)**	**(36.1)**	**(33.8)**
Other comprehensive (loss)/income					
Exchange differences on translating foreign operations		11.1	15.9	0.1	14.5
Revaluation of available for sale financial assets, net of taxes		0.2	(0.5)	0.0	1.8
Gain on cash flow hedge, net of taxes	5.3, 6.6	(49.4)	(46.3)	(59.0)	17.8
Actuarial (losses) and gains, net of taxes		(35.5)	31.8	(4.2)	(0.0)
Total other comprehensive (loss)/income		**(73.6)**	**0.9**	**(63.1)**	**34.1**
Total comprehensive (loss)/income for the period		**(84.5)**	**(149.4)**	**(99.2)**	**0.3**
Attributable to equity holders of the parent		(72.6)	(147.0)	(93.0)	0.4
Attributable to non-controlling interests		(11.9)	(2.4)	(6.2)	(0.1)

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

(*) Revised information presents previously published information adjusted to take into account the impact of the final purchase price allocation of Portugal Telecom acquired during the Financial Year ended December 31, 2015 (for the details of the revision see note 13).

Condensed Consolidated Statement of Financial Position September 30, 2016 (€m)	Notes	September 30, 2016	December 31, 2015 (revised *)
Non-current assets			
Goodwill	4	3,696.9	3,709.2
Intangible assets		3,017.5	2,748.4
Property, plant & equipment		4,204.9	4,440.8
Investment in associates	2	13.1	308.0
Financial assets	6.7	431.4	400.3
Deferred tax assets		488.6	496.3
Other non-current assets		111.9	36.6
Total non-current assets		**11,964.3**	**12,139.6**
Current assets			
Inventories		84.5	82.7
Trade and other receivables		1,041.3	995.7
Current tax assets		13.6	33.2
Financial assets	6.7	109.2	3.0
Cash and cash equivalents	7	207.8	266.0
Restricted cash	7	0.4	0.4
Total Current assets		**1,456.8**	**1,381.0**
Assets classified as held for sale	2	-	122.1
Total assets		**13,421.1**	**13,642.7**
Equity			
Issued capital	5.1	309.3	309.3
Additional paid in capital	5.2	318.4	318.4
Other reserves	5.3	464.9	559.5
Accumulated losses		(733.8)	(735.2)
Equity attributable to owners of the Company		**358.8**	**452.0**
Non-controlling interests	5.4	(9.9)	(5.6)
Total equity		**348.9**	**446.4**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	6	7,871.9	7,843.3
Other non-current financial liabilities and related hedging instruments	6	974.5	1,020.7
Non-current provisions		956.8	1,006.6
Deferred tax liabilities		453.2	572.4
Other non-current liabilities		231.5	22.9
Total non-current liabilities		**10,487.9**	**10,465.9**
Current liabilities			
Short-term borrowings, financial liabilities	6	38.5	216.6
Other financial liabilities	6	499.4	463.1
Trade and other payables		1,517.8	1,498.3
Current tax liabilities		84.8	97.0
Current provisions		106.5	67.3
Other current liabilities		337.3	303.5
Total current liabilities		**2,584.3**	**2,645.8**
Liabilities directly associated with assets classified as held for sale	*2*	-	84.6
Total Liabilities		**13,072.2**	**13,196.3**
Total equity and liabilities		**13,421.1**	**13,642.7**

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

(*) Revised information presents previously published information adjusted to take into account the impact of the final purchase price allocation of Portugal Telecom acquired during the Financial Year ended December 31, 2015 (for the details of the revision see note 13) and correction of error (refer to note 1).

Condensed Consolidated Statement of Changes in Equity for the nine months ended September 30, 2016	Number of shares *Ordinary Shares*	Share capital	Additional paid in capital	Accumulated losses	Currency reserve	Cash Flow hedge reserve	Available for sale	Employee Benefits	Other reserves	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2016 (revised *)	**30,925,700,000**	**309.3**	**318.4**	**(735.2)**	**4.9**	**(80.7)**	**2.4**	**(6.6)**	**639.5**	**452.0**	**(5.6)**	**446.4**
Profit/(loss) for the period	-	-	-	1.4	-	-	-	-	-	**1.4**	(12.3)	**(10.9)**
Other comprehensive profit/(loss)	-	-	-	-	10.7	(49.4)	0.2	(35.5)	-	**(74.0)**	0.4	**(73.6)**
Comprehensive profit/(loss)	**-**	**-**	**-**	**1.4**	**10.7**	**(49.4)**	**0.2**	**(35.5)**	**-**	**(72.6)**	**(11.9)**	**(84.5)**
Transaction with non-controlling interests	-	-	-	-	-	-	-	-	(20.1)	**(20.1)**	7.9	**(12.2)**
Others	-	-	-	-	-	-	-	-	(0.5)	**(0.5)**	(0.3)	**(0.8)**
Equity at September 30, 2016	**30,925,700,000**	**309.3**	**318.4**	**(733.8)**	**15.6**	**(130.1)**	**2.6**	**(42.1)**	**618.9**	**358.9**	**(9.9)**	**348.9**

Condensed Consolidated Statement of Changes in Equity for the nine months ended September 30, 2015	Number of shares *Ordinary Shares*	Issued capital	Additional paid in capital	Accumulated losses	Currency reserve	Cash Flow hedge reserve	Available for sale	Employee Benefits	Other reserves	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2015	**30,925,700,000**	**309.3**	**318.4**	**(380.0)**	**(6.6)**	**-**	**1.9**	**(1.5)**	**(393.8)**	**(152.3)**	**(2.6)**	**(154.9)**
Loss for the period	-	-	-	(146.9)	-	-	-	-	-	(146.9)	(3.4)	**(150.3)**
Other comprehensive profit/(loss)	-	-	-	-	14.9	(46.3)	(0.5)	31.8	-	(0.1)	1.0	**0.9**
Comprehensive profit/(loss)	**-**	**-**	**-**	**(146.9)**	**14.9**	**(46.3)**	**(0.5)**	**31.8**	**-**	**(147.0)**	**(2.4)**	**(149.4)**
Issuance of hybrid instruments	-	-	-	-	-	-	-	-	1,040.8	1,040.8	-	**1,040.8**
Transaction with non-controlling interests	-	-	-	-	-	-	-	-	-	-	0.5	**0.5**
Others	-	-	-	-	-	-	-	-	(1.4)	(1.4)	-	**(1.4)**
Equity at September 30, 2015 (revised *)	**30,925,700,000**	**309.3**	**318.4**	**(526.9)**	**8.3**	**(46.3)**	**1.4**	**30.3**	**645.6**	**740.1**	**(4.5)**	**735.6**

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

(*) Revised information presents previously published information adjusted to take into account the impact of the final purchase price allocation of Portugal Telecom acquired during the Financial Year ended December 31, 2015 (for the details of the revision see note 13) and correction of an error (refer to note 1).

Condensed Consolidated Cash Flow Statement For the nine months ended September 30, 2016 (€m)	Notes	September 30, 2016	September 30, 2015 (revised *)
Net loss, including non-controlling interests		**(10.9)**	**(150.3)**
Adjustments for:			
Depreciation, amortization and impairments		1,084.7	826.5
Share of profit of associates		(1.3)	(0.3)
Gains and losses on disposals		(112.6)	(26.3)
Other non-cash operating gains, net		(4.5)	(0.7)
Finance costs recognized in the statement of income		516.9	376.5
Pension liability payments		(98.8)	(51.8)
Income tax expense recognized in the statement of income		33.8	23.6
Income tax paid		(45.9)	(50.5)
Changes in working capital		(120.9)	113.2
Net cash provided by operating activities		**1,240.5**	**1,060.0**
Payments to acquire tangible and intangible assets		(766.6)	(483.9)
Payments to acquire financial assets		(11.4)	(250.9)
Consideration received on disposal of businesses	2	754.1	76.0
Proceeds from disposal of tangible, intangible and financial assets		-	1.9
Payment to acquire associates, net	2	(359.8)	-
Payment to acquire subsidiaries, net	2	18.6	(114.5)
Net cash used in investing activities		**(365.1)**	**(771.4)**
Proceeds from issuance of hybrid instruments	6	-	2,055.0
Proceeds from issuance of debts	6	3,022.0	4,347.7
Payments to acquire non-controlling interests		(10.8)	-
Advances to sole partner		(251.8)	-
Payments on redemption of debt instruments	6	(3,236.4)	(564.4)
Payments on redemption of outstanding debt on acquisition		-	(5,593.9)
Interest paid	6	(478.6)	(200.2)
Proceeds from factoring arrangements		22.7	-
Net cash used in financing activities		**(932.9)**	**44.2**
Cash and cash equivalent classified as held for sale at the end of the period		-	(5.5)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(0.7)	0.4
Net decrease in cash and cash equivalents		**(58.2)**	**327.7**
Cash and cash equivalents at beginning of period	7	266.0	188.1
Cash and cash equivalents at end of the period	7	**207.8**	**515.8**

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

(*) Revised information presents previously published information adjusted to take into account the impact of the final purchase price allocation of Portugal Telecom acquired during the Financial Year ended December 31, 2015 – refer note 13.

Contents: notes to the condensed interim consolidated financial statements

1 - Basis of preparation

The condensed consolidated financial statements of Altice International S.à r.l (the "Company", the "Group") as of September 30, 2016 and for the three and nine month periods then ended were approved by the Board of Managers and authorized for issue on November 30, 2016.

The controlling shareholder of the Company is Altice Luxembourg S.A., which holds 100% of the share capital. Altice Luxembourg S.A. is ultimately controlled by Altice N.V. (headquartered at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands). The financial statements of the Company are consolidated into the financial statements of Altice N.V.. The Company is headquartered at 3, Boulevard Royal, L-2449 Luxembourg, in the Grand Duchy of Luxembourg. The controlling shareholder of Altice N.V. is Next Alt S.à r.l., which holds 59.07% of the share capital, and is controlled by Mr. Patrick Drahi.

Altice N.V. is a multinational cable, fiber, telecommunications, content and media company with presence in several regions – Western Europe (comprising France, Portugal, Belgium, Luxembourg and Switzerland), the United States, Israel, French Overseas Territories and the Dominican Republic. Altice provides very high speed based services (high quality pay television, fast broadband Internet and fixed line telephony) and in certain countries, mobile telephony services to residential and corporate customers. Altice is also active in the media industry with a portfolio of channels as well as provider of premium contents on nonlinear platforms. It also produces its own original contents (Series, Movies etc.).

The condensed interim consolidated financial statements of the Group as of September 30, 2016 and for the nine months period then ended, are presented in Euros, except as otherwise stated, and have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". They should be read in conjunction with the annual consolidated financial statements of Altice International and the notes thereto as of and for the year ended December 31, 2015 which have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS") ("Consolidated Financial Statements").

Accounting policies

The accounting policies applied as of September 30, 2016 and for the three and nine month periods then ended are the same as the ones disclosed in Note 2 of the Consolidated Financial Statements. As described in note 2.21 to the consolidated financial statements as of and for the year ended December 31, 2015, (*liabilities related to put options granted to non-controlling interests*), at each closing date, the Group in the absence of specific IFRS guidance has elected to recognise future changes of the fair value of put option in equity, as an increase to (a deduction from) other reserves attributable to equity holders of the parent. The Group is closely monitoring the work of the IASB and the IFRIC, which could lead to a revision of the treatment of put options granted to non-controlling interests.

Standards applicable for the reporting period

The following standards are mandatorily applicable for periods beginning on or after January 1, 2016 as described in note 1 to the consolidated financial statements as of and for the year ended December 31, 2015:

(i) Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively,

(ii) Amendments to IFRS 11 Accounting for Acquisitions in Joint Operations. The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations,

(iii) Amendments to IAS 1 Disclosure initiative,

(iv) Annual improvements cycle 2012-2014.

The application of these amendments has had no impact on the amounts recognised in the Group's consolidated financial statements or has had no impact on the disclosures in the Group's condensed interim consolidated financial statements.

Standards not applicable as of reporting date

In addition to the note 1.3 ii) to the Consolidated Financial statements as of December 31, 2015, the Group has not anticipated the following standards and interpretations, for which application is not mandatory for period started from January 1, 2016 and that may impact the amounts reported:

(i) IFRS 15 Revenue from Contracts with Customers: The Board of Managers of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the consolidated financial statements. The new standard will mainly impact revenue recognition for Mobile activities as some arrangements include a handset component with a discounted price and a communication service component: the total revenue will not change but its allocation between the handset sold and the communication service will change (more equipment revenue and less service revenue) and the timing of the revenue recognition will change. In addition, other topics (incremental costs to acquire contracts such as commissions, non-refundable upfront fees) may impact the amounts reported. The standard is effective for annual periods beginning on or after January 1, 2018,
(ii) IFRS 9 Financial instruments is effective for annual periods beginning on or after January 1, 2018
(iii) IFRS 16 Lease is effective for annual periods beginning on or after January 1, 2019,
(iv) Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016) is effective for annual periods beginning on or after January 1, 2018.

The effects are analysed as part of a Group-wide projects for implementing these new standards. It is not practicable to provide a reasonable estimate of the quantitative effects until the projects have been completed.

Significant accounting judgments and estimates used in the preparation of the condensed interim consolidated financial statements

In the application of the Group's accounting policies, the Board of Managers of the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These judgments and estimates relate principally to the provisions for legal claim, the post-employments benefits, revenue recognition, fair value of financial instruments, deferred taxes, impairment of goodwill, useful lives of intangible assets and property, plant and equipment and trade receivables and other receivables. These estimates and assumptions are described in the note 2.26 to the consolidated financial statements for the year-end December 31, 2015.

Correction of an error

During the nine month period ended September 30, 2016, we concluded that the consolidated financial statements for the year ended December 31, 2015 should be revised in accordance with IAS8 *Accounting Policies, Changes in Accounting estimates and Errors*, in order to reflect the impact of the put agreement signed between Altice Content and News Participation, the holding company owned by Alain Weil (see Note 2). As part of the transactions with GNP and the subsequent minority investment in Altice Content Luxembourg, the Group had entered into a put agreement with the non-controlling interests (News Participation). As per the requirements of IAS 39, the put was measured and recorded at its fair value in the caption, ‘other financial liabilities’ with a counterpart in the caption 'Total Equity' for an amount of €56.8 million.

These revisions resulted in an increase of the caption 'other financial liabilities’ and a decrease of the caption 'Total equity' as of December 31, 2015 for an amount of €56.8 million (€50.0 million attributable to Non-Controlling Interests and €6.8 million to the Group). Theses revisions had no impact on our previously reported consolidated statement of income, consolidated statement of financial position (except the two captions mentioned above) and consolidated statement of cash flows.

Revised information

The comparative information as of December 31, 2015 and September 30, 2015 has been revised to reflect the impact of the finalization of the allocation of the purchase price of Portugal Telecom acquired during the course of the year ended December 31, 2015, as well as the impact of the put option with non-controlling interests in GNP (see note above).

2 – Main changes in the scope of consolidation

Consolidation and subsequent disposal of Next Radio TV
On July 27, 2015, Alain Weill, the Chairman, CEO, Founder and main shareholder of NextRadioTV and Patrick Drahi, the Chairman and Founder of Altice N.V. announced the signing of a strategic partnership of their groups to invest in and to accelerate the development of multimedia projects in both France and other international markets.

The Company, through its indirect subsidiary, Altice Content Luxembourg, was a co-investor in Groupe News Participations S.A.S ('GNP'), of which it owned 49% of the economic and voting rights as of December 31, 2015. Mr. Alain Weill owned the remaining 51% through his holding, News Participations ('NP'). On December 17, 2015, GNP notified the *Autorité de marchés financiers* (the "AMF") of its intention to file a public tender for the outstanding shares of Next Radio TV. The public tender offer was successfully closed on February 1, 2016, with 95.47% of the holders of common shares opting to accept the offer price (GNP needed to acquire at least 95% to complete the tender offer and squeeze out the remaining shareholders). The stock was delisted from Euronext Paris on February 8, 2016.

As of December 31, 2015, the Company had determined that it exercised a significant influence over GNP by virtue of the economic rights and governance rights that it has obtained as a result of its investment and thus had accounted for the investment as an associate. Following the successful closing of the public tender offer on February 1, 2016, and the appointment of Mr. Weill to the executive committee of Altice, the Group determined that its investment in GNP met the criteria for control as per IFRS 10.

On May 12, 2016, the Company sold its participation in Altice Content Luxembourg to SFR. The consideration received amounted to €634.7 million. The proceeds from the sale were used to reimburse the drawn RCFs at Altice Financing. SFR Group is controlled by Altice Luxembourg S.A., the sole shareholder of the Company. A gain of €8.0 million was recorded on the disposal of Altice Content Luxembourg to SFR.

Groupe News Participation contributed €71.6 million to revenues, (€3.9 million) to operating profit and €4.5 million to the net loss of the Group for the nine months ended September 30, 2016.

Disposal of Cabovisao and ONI
On January 20, 2016, the Group announced that it had completed the sale of Cabovisão and its subsidiaries (including Winreason, which provided B2B services under the 'ONI' brand name) to Apax France. This disposal was mandated by the European Commission and the Portuguese competition authorities following the acquisition of PT Portugal in June 2015. These entities were classified as held for sale by the Group as of 31 December 2015, in accordance with IFRS 5.

Total consideration received for the disposal amounted to €137.7 million, of which €63.9 million for the shares of Cabovisao and its subsidiaries. The Group recognised a gain on disposal of €104.6 million in the condensed consolidated statement of income for the nine months ended September 30, 2016.

3 – Segment reporting

3.1 Definition of segments

Given the geographical spread of the various Group entities, it follows that an analysis and control by geographical areas is inalienable to the Group strategy of managing its different businesses. It has thus been decided by the senior management to analyse the business across geographies and then by activity. Other activities such as content, data-centers, smaller geographical location and holding company operations are classified as "Others". Such presentation is consistent with the reporting used internally by the executive management of the Group to track operational and financial performance.

The following geographies have been identified: Portugal, Israel, Dominican Republic, Others (French Overseas Territories / Belgium and Luxembourg / Switzerland / Content / Corporate entities).

Additional information on the revenue split is presented as follows: Fixed in the business to consumer market

(B2C), Fixed in the business to business market (B2B), Wholesale market, Mobile in the business to consumer market (B2C), Mobile in the business to business market (B2B), and Other.

The reporting segments presented are consistent with the ones presented in the consolidated financial statements as at December 31, 2015. The businesses that the Group owns and operates do not show significant seasonality, with the exception of the mobile B2C and B2B segments, which can show significant changes in sales at the year end and at the end of the summer season (the "*back to school*" period). The B2B business (fixed and mobile) is also impacted by the timing of preparation of the annual budgets of public and private sector companies.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

3.2 Segment information

3.2.1 Operating profit per geographical segment

Nine months ended 30 September, 2016 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Total**
Standalone revenues	**1,731.4**	**707.1**	**528.8**	**365.1**	**3,332.4**
Intersegment eliminations	(0.6)	-	0.5	(1.7)	(1.8)
Group consolidated revenues	**1,730.8**	**707.1**	**529.3**	**363.4**	**3,330.6**
Purchasing and subcontracting costs	(378.7)	(171.6)	(104.5)	(95.8)	(750.6)
Other operating expenses	(309.5)	(163.1)	(124.0)	(67.4)	(664.0)
Staff costs and employee benefit expenses	(218.1)	(49.5)	(22.9)	(59.7)	(350.2)
Adjusted EBITDA	**824.5**	**322.9**	**277.9**	**140.5**	**1,565.8**
Depreciation and amortisation	(593.8)	(243.6)	(123.4)	(122.3)	(1,083.1)
Impairment losses	-	-	-	(1.6)	(1.6)
Other expenses and income	(37.8)	(15.9)	(5.6)	4.1	(55.2)
Operating profit	**192.9**	**63.4**	**148.9**	**20.7**	**425.9**

Nine months ended 30 September, 2015 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Total**
Standalone revenues	**891.7**	**691.0**	**516.6**	**291.6**	**2,390.9**
Intersegment eliminations	-	-	-	(3.7)	(3.7)
Group consolidated revenues	**891.7**	**691.0**	**516.6**	**287.9**	**2,387.2**
Purchasing and subcontracting costs	(189.1)	(165.9)	(105.8)	(88.5)	(549.3)
Other operating expenses	(193.0)	(154.6)	(122.6)	(36.5)	(506.7)
Staff costs and employee benefit expenses	(123.9)	(47.9)	(20.7)	(25.7)	(218.2)
Adjusted EBITDA	**385.7**	**322.6**	**267.5**	**137.2**	**1,113.0**
Depreciation and amortisation	(353.0)	(233.1)	(124.1)	(95.6)	(805.8)
Impairment losses	-	-	-	(20.8)	(20.8)
Other expenses and income	(30.8)	(17.6)	(9.9)	(6.1)	(64.4)
Operating profit	**1.9**	**71.9**	**133.5**	**14.7**	**222.0**

Three months ended 30 September, 2016 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Total**
Standalone revenues	**584.4**	**240.9**	**176.2**	**70.7**	**1,072.2**
Intersegment eliminations	(0.6)	-	0.5	(1.1)	(1.2)
Group consolidated revenues	**583.8**	**240.9**	**176.7**	**69.6**	**1,071.0**
Purchasing and subcontracting costs	(139.7)	(60.8)	(35.9)	(20.4)	(256.8)
Other operating expenses	(104.7)	(56.4)	(40.7)	(20.1)	(221.9)
Staff costs and employee benefit expenses	(71.0)	(16.3)	(7.7)	(9.4)	(104.4)
Adjusted EBITDA	**268.4**	**107.4**	**92.4**	**19.7**	**487.9**
Depreciation and amortisation	(172.2)	(80.7)	(45.4)	(53.1)	(351.4)
Impairment losses	-	-	-	(0.6)	(0.6)
Other expenses and income	(11.4)	(5.5)	(2.3)	(0.9)	(20.1)
Operating profit	**84.8**	**21.2**	**44.7**	**(34.9)**	**115.8**

Three months ended 30 September, 2015 (€m)	Portugal	Israel	Dominican Republic	Others	Total
Standalone revenues	**614.4**	**233.5**	**174.6**	**85.5**	**1,108.0**
Intersegment eliminations	0.3	-	-	2.4	2.7
Group consolidated revenues	**614.7**	**233.5**	**174.6**	**87.9**	**1,110.7**
Purchasing and subcontracting costs	(123.7)	(57.7)	(36.4)	(40.0)	(257.8)
Other operating expenses	(127.0)	(53.1)	(43.9)	5.2	(218.8)
Staff costs and employee benefit expenses	(87.3)	(15.3)	(6.7)	(9.2)	(118.5)
Adjusted EBITDA	**276.7**	**107.4**	**87.6**	**43.9**	**515.6**
Depreciation and amortisation	(236.1)	(80.4)	(40.7)	(28.1)	(385.3)
Impairment losses	-	-	-	(1.0)	(1.0)
Other expenses and income	(26.8)	(4.4)	(3.8)	(1.2)	(36.2)
Operating profit	**13.8**	**22.6**	**43.1**	**13.6**	**93.1**

3.2.2 Other expenses and income

Restructuring, deal fees and other expenses pertain mainly to provisions for ongoing and announced restructuring, transaction costs and other non-cash expenses (gains and losses on disposal of assets, provisions for litigation, etc.). Details for costs incurred are given below:

Details of other expenses and income (€m)	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Three months ended September 30, 2016	Three months ended September 30, 2015
Restructuring costs[1]	30.4	12.5	6.1	6.6
Other expenses/(income) net[2]	24.4	8.7	13.0	3.3
Income/(loss) on disposals of assets	(0.8)	1.2	(0.2)	0.2
Management fees[3]	1.2	21.2	1.2	6.3
Deal fees[4]	-	20.8	-	19.8
Other expenses and income	**55.2**	**64.4**	**20.1**	**36.2**

1) Restructuring costs mainly include costs related to provisions for employee redundancies and contract termination fees, including €27.2 million at PT related to the curtailment of outsourced services and an insourcing plan.
2) The increase in other income and expenses are related to increased (non-cash) allowances for litigations and other actions.
3) Management fees paid to Altice Luxembourg in 2015.
4) Deal fees incurred in 2015 on the acquisition of Portugal Telecom.

3.2.3 Revenue split by activities

Nine months ended 30 September 2016 (€m)	Portugal	Israel	Dominican Republic	Others	Total
Fixed - B2C	515.3	475.5	81.4	103.7	1,175.9
Fixed - B2B	318.5	58.6	29.3	20.3	426.7
Wholesale	225.1	-	56.6	9.3	291.0
Mobile - B2C	435.2	135.1	307.8	61.5	939.6
Mobile - B2B	151.6	37.9	37.8	3.5	230.8
Other	85.7	-	15.9	166.8	268.4
Total standalone	**1,731.4**	**707.1**	**528.8**	**365.1**	**3,332.4**
Intersegment adjustment	(0.6)	-	0.5	(1.7)	(1.8)
Total	**1,730.8**	**707.1**	**529.3**	**363.4**	**3,330.6**

Nine months ended 30 September 2015 (€m)	Portugal	Israel	Dominican Republic	Others	Total
Fixed - B2C	296.9	483.8	79.7	106.9	967.3
Fixed - B2B	183.0	54.1	28.0	21.6	286.7
Wholesale	99.5	-	47.6	28.2	175.3
Mobile - B2C	198.7	112.0	306.7	81.9	699.3
Mobile - B2B	70.7	41.1	38.2	3.7	153.7
Other	42.9	-	16.3	49.3	108.5
Total standalone	**891.7**	**691.0**	**516.6**	**291.6**	**2,390.9**
Intersegment adjustment	-	-	-	(3.7)	(3.7)
Total	**891.7**	**691.0**	**516.6**	**287.9**	**2,387.2**

Three months ended 30 September 2016 (€m)	Portugal	Israel	Dominican Republic	Others	Total
Fixed - B2C	170.5	159.2	26.9	33.4	390.0
Fixed - B2B	102.5	19.8	9.8	6.5	138.6
Wholesale	82.0	-	20.9	3.1	106.0
Mobile - B2C	152.4	49.3	101.3	20.6	323.6
Mobile - B2B	49.6	12.6	12.9	1.2	76.3
Other	27.4	-	4.4	5.9	37.7
Total standalone	**584.4**	**240.9**	**176.2**	**70.7**	**1,072.2**
Intersegment adjustment	(0.6)	-	0.5	(1.1)	(1.2)
Total	**583.8**	**240.9**	**176.7**	**69.6**	**1,071.0**

Three months ended 30 September 2015 (€m)	Portugal	Israel	Dominican Republic	Others	Total
Fixed - B2C	195.2	162.1	26.0	36.8	420.1
Fixed - B2B	118.0	18.4	9.7	6.9	153.0
Wholesale	70.8	-	17.2	21.4	109.4
Mobile - B2C	150.6	38.6	102.1	12.6	303.9
Mobile - B2B	52.9	14.4	13.5	0.7	81.5
Other	26.9	-	6.1	7.1	40.1
Total standalone	**614.4**	**233.5**	**174.6**	**85.5**	**1,108.0**
Intersegment adjustment	0.3	-	-	2.4	2.7
Total	**614.7**	**233.5**	**174.6**	**87.9**	**1,110.7**

3.2.4 Capital expenditure

Capital expenditure is a key performance indicator tracked by the Group. The schedule below details the capital expenditure by segment and reconciles it to the payments to acquire capital items (tangible and intangible assets) as presented in the cash flow statement.

For the nine months ended 30 September 2016 (€m)	Portugal	Israel	Dominican Republic	Others[1,2]	Total
Capital expenditure (accrued)	317.1	234.6	95.2	529.6	**1,176.5**
Capital expenditure - working capital items	(37.5)	(42.6)	-	(329.8)	**(409.9)**
Payments to acquire tangible and intangible assets	279.6	192.0	95.2	199.8	**766.6**

For the nine months ended 30 September 2015 (€m)	Portugal	Israel	Dominican Republic	Others	Total
Capital expenditure (accrued)	109.1	221.4	95.0	67.8	**493.2**
Capital expenditure - working capital items	(3.7)	-	(7.4)	1.8	**(9.3)**
Payments to acquire tangible and intangible assets	105.3	221.4	87.6	69.6	**483.9**

1) Includes the capitalization of content rights for a total amount of €413.8 million during the nine months ended 30 September, 2016, refer to the note below for further details. The unpaid portion has been recorded as fixed asset payables in the caption "Other non-current liabilities", which has increased €208.6 million compared to December 31, 2015.
2) Includes a one-off capital expenditure related to an IRU on the use of a datacenter at Green datacenter in our Swiss business, for a total amount of €29.6 million.

Content rights

During the period, the Group secured exclusive content rights to broadcast certain sports (English Premier League Football, French Basketball League and English Rugby Premiership) in France and other territories; the rights are for periods between three and six years. The content rights were capitalised in accordance IAS 38- *Intangible Assets* and will be amortised linearly over their respective useful lives in the depreciation and amortisation caption of the income statement. Where appropriate, the nominal cash flows were discounted to their present value on initial recognition of the asset. The amortisation relative to the different content rights for the period ended September 30, 2016 amounted to €17.3 million, €6.7 million and €0.2 million respectively and were recorded over periods of 1.5 months, 9 months and 1 month respectively.

4 - Goodwill

Goodwill recorded in the statement of financial position of the Group was allocated to the different groups of cash generating units ("GCGU") (except for Green.ch and GNP which are CGUs on their own) as defined by the Group. Summary of goodwill recognized on the different acquisitions is provided below:

Goodwill	**December 31, 2015 (revised)***	**Recognized on business combination**	**Changes in foreign currency translation**	**Held for sale**	**Disposals**	**September 30, 2016**
Portugal	1,706.2	-	-	-	-	1,706.2
Dominican Republic	859.1	-	(18.7)	-	-	840.4
Israel	697.8	-	8.1	-	-	705.9
GNP	-	460.0	-	-	(460.0)	-
French Overseas Territories	281.1	-	-	-	-	281.1
Belgium and Luxembourg	295.5	-	-	-	-	295.5
Green.ch	18.2	-	-	-	-	18.2
Total Gross Value	**3,857.9**	**460.0**	**(10.6)**	**-**	**(460.0)**	**3,847.3**
Portugal	-	-	-	-	-	-
Dominican Republic	-	-	-	-	-	-
Israel	(144.1)	-	(1.7)	-	-	(145.8)
GNP	-	-	-	-	-	-
French Overseas Territories	(4.6)	-	-	-	-	(4.6)
Belgium and Luxembourg	-	-	-	-	-	-
Green.ch	-	-	-	-	-	-
Total Cumulative impairment	**(148.7)**	**-**	**(1.7)**	**-**	**-**	**(150.4)**
Portugal	1,706.2	-	-	-	-	1,706.2
Dominican Republic	859.1	-	(18.7)	-	-	840.4
Israel	553.7	-	6.4	-	-	560.1
GNP	-	460.0	-	-	(460.0)	-
French Overseas Territories	276.5	-	-	-	-	276.5
Belgium and Luxembourg	295.5	-	-	-	-	295.5
Green.ch	18.2	-	-	-	-	18.2
Total Net book value	**3,709.2**	**460.0**	**(12.3)**	**-**	**(460.0)**	**3,696.9**

Goodwill	**December 31, 2014 (revised)***	**Recognized on business combination**	**Changes in foreign currency translation**	**Held for sale**	**Disposals**	**December 31, 2015 (revised)***
Portugal	1.3	1,706.2	-	(1.3)	-	1,706.2
Dominican Republic	767.3	-	91.8	-	-	859.1
Israel	627.2	-	70.6	-	-	697.8
French Overseas Territories	281.1	-	-	-	-	281.1
Belgium and Luxembourg	295.5	-	-	-	-	295.5
Green.ch	18.2	-	-	-	-	18.2
Total Gross Value	**1,990.6**	**1,706.2**	**162.4**	**(1.3)**	**-**	**3,857.9**
Portugal	-	-	-	-	-	-
Dominican Republic	-	-	-	-	-	-
Israel	(129.4)	-	(14.7)	-	-	(144.1)
French Overseas Territories	(4.6)	-	-	-	-	(4.6)
Belgium and Luxembourg	-	-	-	-	-	-
Green.ch	-	-	-	-	-	-
Total Cumulative impairment	**(134.0)**	**-**	**(14.7)**	**-**	**-**	**(148.7)**
Portugal	1.3	1,706.2	-	(1.3)	-	1,706.2
Dominican Republic	767.3	-	91.8	-	-	859.1
Israel	497.8	-	55.9	-	-	553.7
French Overseas Territories	276.5	-	-	-	-	276.5
Belgium and Luxembourg	295.5	-	-	-	-	295.5
Green.ch	18.2	-	-	-	-	18.2
Total Net book value	**1,856.6**	**1,706.2**	**147.7**	**(1.3)**	**-**	**3,709.2**

(*) For the revision impact please see note 13

4.1 Impairment of goodwill

Goodwill is reviewed at the level of each GCGU or CGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. For 2015, goodwill was tested at the GCGU level for impairment as of December 31, 2015 (except for Switzerland, tested at CGU level). The GCGU is at the country level where the subsidiaries operate. The recoverable amounts of the GCGUs are determined based on their value in use. The Group determined to calculate value in use for purposes of its impairment testing and, accordingly, did not determine the fair value of the GCGUs. The key assumptions for the value in use calculations are primarily the pre-tax discount rates, the terminal growth rate and the EBIT margin during the period.

The Board of Managers has determined that there have not been any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable and therefore no updated impairment model analysis has been carried out nor any impairment recorded for the three and nine months ended September 30, 2016.

4.2 Purchase price allocation

4.2.1 Portugal Telecom

During the nine months period ended September 30, 2016, the Group has finalized the purchase price allocation regarding the acquisition of Portugal Telecom. Total consideration transferred to the vendors amounted to €195.1 million (excluding purchase price adjustments) on a cash free debt free basis.

The Group identified the following assets and liabilities to which the purchase price will be allocated as described above. The fair value was determined by an independent external appraiser based on a business plan prepared as of the date of the acquisition:

a) Customer relationships: Customer relationships were determined for each operating segment of PT-Portugal, namely B2C, B2B and Wholesale customers (for both the fixed and mobile businesses). They were evaluated using the excess earnings method and the useful life reflects the economic life of the asset. The total value of customer relationships was €1,211.0 million.
b) Brand: The Meo brand was measured at its fair value using the relief from royalty method, and a useful life of 15 years. The fair value amounted to €227.0 million.
c) Frequencies: PT has invested in spectrum in order to provide mobile services. The mobile licenses were revalued for an amount of €56.0 million.
d) Property, Plant and Equipment: Property plant and equipment was re-measured at its fair value. The PPE was revalued for an amount of €177.0 million.

Following the purchase price allocation, the final allocation between the different classes of assets and liabilities is given below. The difference has been recorded as goodwill in the consolidated financial statements for the period ended September 30, 2016:

	€m
Total consideration transferred	195.1
Fair value of identifiable assets, liabilities and contingent liabilities	(1,511.1)
Goodwill	1,706.2

4.2.2 Groupe News Participations

The Group obtained control over Groupe News Participation (GNP) during the period ended September 30, 2016 (refer to note 2.1). This transaction qualified as a step acquisition as per IFRS 3, Business Combinations; goodwill was calculated as follows:

	€m
Total consideration transferred	0.3
Fair value of identifiable assets, liabilities and contingent liabilities	(459.7)
Goodwill	460.0

The Group identified the following assets as part of the transaction, for which it is in the process of determining the fair value with the help of an independent external appraiser:

- Brands: two families of brands were identified and valued using the relief from royalty method, being BFM and RMC, the fair value amounted to €44.5 million.
- Exclusive distribution agreements/broadcast licenses (for radio and TV), the fair value amounted to €95.7 million.
- Exclusive content agreements and libraries, the fair value amounted to €22.6 million.

Following the sale of GNP to the SFR Group, the goodwill and other revalued assets were derecognized.

5 – Equity (including non-controlling interests)

5.1 Issued capital

There were no changes in the issued capital of the Group during the nine month period September 30, 2016; total issued capital of the Company was €309.3 million, comprising 30,925,700,000 outstanding ordinary shares, with a nominal value of € 0.01 each.

5.2 Additional paid in capital

There were no changes in the additional paid in capital of the Group for the nine months ended September 30, 2016, as of September 30, 2016, total additional paid-in capital of the Group was €318.4 million.

5.3 Reserves

Other reserves (€m)	**September 30, 2016**	**December 31, 2015 (revised)***
Currency reserve	15.6	4.9
Cash Flow hedge reserve	(130.1)	(80.8)
Available for sale	2.6	2.4
Employee Benefits	(42.1)	(6.6)
Other reserves	618.9	639.6
Total other reserves	**464.9**	**559.5**

5.3.1 Other reserves

The movement in other reserves (€20.7 million) for the nine months ended September 30, 2016, is primarily related to buyout of minority interests in our Swiss subsidiaries.

5.3.2 Employee benefits, available for sale, currency and cash flow hedge reserves

The components of the Group's reserves with their respective tax effects is provided below:

Pre-tax amounts of other reserves	**September 30, 2016**			**December 31, 2015 (revised)***		
(€m)	**Pre-tax amount**	**Tax effect**	**Net amount**	**Pre-tax amount**	**Tax effect**	**Net amount**
Actuarial gains and losses	(55.5)	13.4	(42.1)	(6.6)	-	(6.6)
Items not reclassified to profit or loss	**(55.5)**	**13.4**	**(42.1)**	**(6.6)**	**-**	**(6.6)**
Available for sale	2.6	-	2.6	2.4	-	2.4
Currency reserve	15.6	-	15.6	4.9	-	4.9
Cash flow hedge	(183.9)	53.7	(130.1)	(114.1)	33.3	(80.8)
Items potentially reclassified to profit or loss	**(165.7)**	**53.7**	**(111.9)**	**(106.8)**	**33.3**	**(73.5)**
Total	**(221.2)**	**67.1**	**(154.0)**	**(113.4)**	**33.3**	**(80.1)**

5.4 Variations in non-controlling interests

The variations of non-controlling interests based on the nature of the transaction is given below:

Variations in non-controlling interest	September 30, 2016	December 31, 2015 (revised)*
Balance at beginning of the period/year	**(5.6)**	**(2.6)**
Share of loss for the period/year	(12.3)	(4.0)
Other comprehensive income	0.4	1.2
Transactions with non-controlling interests in Altice Content Luxembourg S.A.	8.2	(0.7)
Other variations	(0.6)	0.5
Balance at end of the period/year	**(9.9)**	**(5.6)**

(*) For the revision impact please see note 13

6 - Borrowings and other financial liabilities

Borrowings and other financial liabilities (€m)	September 30, 2016	December 31, 2015
Long term borrowings, financial liabilities and related hedging instruments	**7,871.9**	**7,843.3**
- Debentures	*7,365.1*	*5,639.8*
- Loans from financial institutions	*464.5*	*2,201.7*
- Derivative financial instruments	*42.3*	*1.8*
Other non-current financial liabilities	**974.5**	**1,020.7**
- Finance leases	*77.5*	*62.8*
- Other financial liabilities	*897.0*	*957.9*
Non-current liabilities	**8,846.4**	**8,864.0**
Short term borrowing, financial liabilities	**38.5**	**216.6**
- Debentures	*30.0*	*29.7*
- Loans from financial institutions	*8.5*	*186.9*
Other financial liabilities:	***499.4***	**463.1**
- Other financial liabilities	*272.2*	*296.8*
- Bank overdraft	*0.8*	*0.9*
- Accrued interests	*204.5*	*137.7*
- Finance leases	*21.9*	*27.7*
Current liabilities	**537.9**	**679.7**
Total	**9,384.3**	**9,543.7**

6.1 Debentures and loans from financial institutions

As at September 30, 2016, the details of the loans from financial institutions and debentures are given in the sections that follows:

Debentures and loans from financial institutions (€m)	September 30, 2016	December 31, 2015
Debentures	7,395.1	5,669.5
Loans from financial institutions	473.0	2,388.6
Total	**7,868.1**	**8,058.1**

6.1.1 Debentures

Maturity of debentures (€m)	< 1 year	One year or more	September 30 2016	December 31, 2015
Altice Financing	-	5,848.0	5,848.0	4,069.1
Altice Finco	-	1,319.5	1,319.5	1,345.7
Hot Telecom	30.0	197.6	227.6	254.7
Total	**30.0**	**7,365.1**	**7,395.1**	**5,669.5**

During the nine months ended September 30, 2016, the Group refinanced a portion of its debentures, for an aggregate amount of $ 2,750 million (€2,430.6 million equivalent). On April 19, 2016, Altice Financing S.A., an

indirect subsidiary of the Company, announced that it had successfully priced new 10 year Senior Secured Notes for an aggregate amount of $2.75 billion. The new debt will pay a coupon of 7.5% (c .5.8% swapped into euros). The proceeds from this issuance were used to refinance the following debts:
- $460 million senior secured notes due 2019;
- €210 million senior secured notes due 2019;
- $1,013 million of loans under the 2019 Term Loan facility; and
- €855 million of loans under the 2022 Term Loan facility ($500 million and €400 million respectively).

At the date of the refinancing, the average maturity of Altice International's debt was increased from 6.0 years to 7.7 years. As a result of the refinancing described above, the Group recognised a loss on extinguishment of a financial liability for an amount of €88.0 million for the nine months ended September 30, 2016.

6.1.2 Loans from financial institutions

Maturity of loans from financial institutions (€m)	**< 1 year**	**One year or more**	**September 30 2016**	**December 31, 2015**
Altice Financing Term Loans	4.5	434.9	439.3	2,194.6
Altice Financing RCF	-	-	-	160.0
Others	4.0	29.6	33.7	34.0
Total	**8.5**	**464.5**	**473.0**	**2,388.6**

The decrease in the loans from financial institutions was mainly due to the prepayment of different term loan facilities by the Group during the period. The Term Loans were repaid prior to their maturity through the issuance of new debentures, as follows:
- $1,013 million of Altice Financing Term Loans under the 2019 Term Loan facility; and
- €855 million of Altice Financing Term Loans under the 2022 Term Loan facility ($500 million and €400 million respectively)

6.2 Available credit facilities

As of September 30, 2016, through Altice Financing S.A the Group had access to revolving credit facilities of €983.1 million and a guarantee facility of €15.0 million, neither of which were drawn as at period end. As mentioned in note 2, the RCFs drawn during the period and outstanding at December 31, 2015 (€160 million aggregate drawn under the €501 million facility at Altice Financing) were fully repaid using proceeds from the sale of GNP. This accounts for the decrease in the current portion of loans for financial institutions.

6.3. Covenants

The Group was in compliance with all its covenants as of September 30, 2016, and there has been no change regarding the covenants impacting the Group and its subsidiaries during the period ended September 30, 2016 compare to December 31, 2015.

6.4 Other financial liabilities

Other non-current financial liabilities decreased by €46.2 million compared to the year ended December 31, 2015, mainly related to the payment of interest on the MCNs issued by the Company and subscribed by Altice Luxembourg S.A.

6.5 Derivatives and hedge accounting

As part of the refinancing transactions mentioned in note 6.1.1, the Group entered into new swaps and modified the conditions of existing swaps on the refinanced debt to maintain its hedging strategy. The following table provides a summary of the modified and new swap contracts:

New cross currency swaps	Nominal USD (m)	Nominal EUR (m)	USD/EUR exchange rate	Effective date	Maturity date[1]	USD coupon	EUR coupon	Modified / new
Fixed/Fixed CCIRS								
Altice Financing S.A.	779.2	686.4	1.1352	3/05/2016	15/07/2024	7.50%	5.573% to 5.816%	New
Altice Financing S.A.	540.5	415.5	1.301	3/05/2016	15/07/2024	7.50%	5.91% to 6.4%	Modified
Altice Financing S.A.	500	442.1	1.132	3/05/2016	15/07/2024	7.50%	5.95% to 6.06%	Modified

1. The new fixed to fixed cross currency have been designated as hedging instruments and have been accounted for as cash flow hedges as per IAS 39.
2. The modified fixed/fixed cross currency swaps at Altice Financing were previously designated as held for trading and designated as fair value through profit and loss (FVTPL) instruments. Following the modifications, these instruments were designated as cash flow hedge instruments.

The fair value change of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the nine month period ended September 30, 2016. Before the impact of taxes, an expense of €69.8 million was recorded in other comprehensive income (€49.3 million net of taxes).

6.5.1 Interest rate swaps

Compared to the year ended December 31, 2015, the Group entered into a new interest rate swap, in a cash flow hedge relationship, at Altice Financing S.A. of €750 million, variable rate paid by the bank: 3-month EURIBOR, a fixed rate paid by the Group of -0.13%, with a maturity of 7 years, but cancellable by the counterparty after 5 years.

The Group also entered into a new fixed to floating interest rate swap at Altice Financing. The objective of these swaps is to cover the exposure of the refinanced debt to changes in the market interest rate (as the refinanced term loans were replaced with fixed rate debentures). In line with its hedging policy, the Group has designated these swaps as fair value hedges. As per the provisions of IAS 39, 'Financial instruments', the variations in fair value of the hedged instrument is recorded through the statement of income as are the variations in the fair value of the hedged item. In case of effective hedged instrument, the variations in the fair value of the hedged instrument and the hedged item compensate for each other. The hedged item is a $720 million tranche of a $2,750 million bond bearing a coupon of 7.5%, the hedging instrument is the fixed to floating swap changing $720 million from a fixed rate of 1.81% to Libor 6m. For the nine month period ended September 30, 2016, the group recorded a net financial expense of €0.1 million related to the fair value hedges mentioned above.

6.6 Reconciliation to swap adjusted debt

The Group has entered various hedge transactions to mitigate interest rate and FX risks on the different debt instruments issued by the Group. Such instruments cover both the principal and the interests due on different debts (both debentures and loans from financial institutions). The table below provides a reconciliation between the carrying amount of the Group's financial debt and the due amount of the debts after taking into account the effect of the hedge operations (the "Swap adjusted debt"):

Reconciliation of debentures and loans from financial institutionsto swap adjusted debt (€m)	September 30, 2016
Debentures and loans from financial institutions (as reported in the Statement of Financial Position)	**7,868.1**
Transaction costs	109.0
Fair value adjustments	(22.1)
Total (excluding transaction costs and fair value adjustments)	**7,955.0**
Conversion of debentures and loans in foreign currency (at closing spot rate)	(4,790.8)
Conversion of debentures and loans in foreign currency (at hedged rates)	4,736.9
Total swap adjusted debt value	**7,901.1**

6.7 Fair value of financial assets and liabilities

Fair values of assets and liabilities	September 30, 2016		December 31, 2015	
(€m)	Carrying value	Fair value	Carrying value	Fair value
Financial assets[1]	109.2	109.2	3.0	3.0
Cash and cash equivalents	207.8	207.8	266.0	266.0
Restricted cash	0.4	0.4	0.4	0.4
Current assets	**317.4**	**317.4**	**269.4**	**269.4**
Available for Sale financial assets	6.5	6.5	6.5	6.5
Loans and receivables	420.8	420.8	323.8	323.8
Other financial assets	4.1	4.1	70.0	70.0
Non-current assets	**431.4**	**431.4**	**400.3**	**400.3**
Financial assets	**748.7**	**748.7**	**669.7**	**669.7**
Short term borrowings, financial liabilities and related hedging instruments	38.5	38.5	216.6	216.6
Other financial liabilities	499.4	499.4	463.1	463.1
Current liabilities	**537.9**	**537.9**	**679.7**	**679.7**
Long term borrowings, financial liabilities and related hedging instruments	7,871.9	8,227.5	7,843.3	7,997.7
Other financial liabilities	974.5	974.5	1,020.7	1,020.7
Non-current liabilities	**8,846.4**	**9,202.0**	**8,864.0**	**9,018.4**
Financial liabilities	**9,384.3**	**9,740.0**	**9,543.7**	**9,698.1**

1 The increase in financial assets, compared to December 31, 2015, is related to the loan issued to Altice Luxembourg S.A (refer note 11).

During the nine months ended September 30, 2016, there have been no transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements. The Group's trade and other receivables and trade and other payables are not shown in the table above. The carrying amounts of both categories approximate their fair values.

7 – Cash and cash equivalents and current restricted cash

Cash and cash equivalents (€m)	September 30, 2016	December 31, 2015
Term deposits	100.6	128.1
Bank balances	107.1	137.9
Cash and cash equivalents	**207.8**	**266.0**
Restricted cash	0.4	0.4
Total	**208.2**	**266.4**

8 - Income tax

Tax expense (€m)	September 30, 2016	September 30 2015
Current tax	(116.6)	(68.3)
Deferred tax	82.7	44.7
Total	**(33.8)**	**(23.6)**

For the nine month period ended September 30, 2016, the Group recorded an income tax expense of €33.8 million compared to an income tax expense of €23.6 million for the nine months ended September 30, 2015.

The variation in the income tax resulted mainly from the change in fair value recorded on derivative instrument partially offset by the effect of the tax agreement reached with Dominican tax authorities on October 26, 2016. The Group reached an agreement with the Republic Dominican Tax Authorities related to the level of deductibility of the financial interests related to financial liabilities. The agreement covers fiscal years 2014 to 2016 and agrees on a deductibility ratio for each local company (Tricom S.A and Altice Hispaniola S.A). As of September 30, 2016, €29.0 million was recorded in the condensed consolidated financial statements to reflect the impact of the transaction.

9 Commitments

New sports rights agreement in Portugal and acquisition of a stake in Sport TV

On July 26, 2016, NOS, Vodafone Portugal, Cabovisão, Altice Pictures, PT Portugal and MEO announced the signing of an agreement for reciprocal sharing of: (1) sports event broadcasting rights, and; (2) distribution and broadcasting rights of sports and club channels, which are currently owned or come to be owned by the signatories, who will share the current and future costs of the aforementioned sports content.

This agreement is subject to approval from anti-trust authorities in Portugal. In addition, on August 4,2016, PT Portugal / MEO announced that it had signed a memorandum of understanding ("MOU") with the objective of entering the share capital of Sport TV, a sports broadcaster based in Portugal.

As compared to the commitments under the broadcasting rights acquired by PT in the end of 2015, the impact of the above mentioned agreements, together with the Sport TV distribution agreement in place for the next two seasons, and payments already made during the nine month period ended September 30, 2016, PT's total net increase commitments was approximately €100.0 million.

Capitalisation of exclusive sports content

In addition to the changes in commitments mentioned above, compared to the year ended December 31, 2015, there was a decrease in commitments related to the acquisition of premium sports content, as such content was recognized as capital expenditure during the period ended September 30, 2016 (refer to note 3.2.4).

10 Litigation

There were no significant changes in litigations for the nine months ended September 30, 2016 compared to the year ended December 31, 2015.

11 Related party transactions

During the nine months ended September 30, 2016, no operations had significant effect on the amounts of the transactions with related parties as compared to the year ended December 31, 2015, except for, 1.) advances made to Altice Luxembourg S.A., the direct and sole partner of the Group (€251.8 million) and 2) interest paid on mandatory convertible notes issued by the Company and subscribed by Altice Luxembourg S.A. (€148.9m), and 3.) an increase in finance leases of €29.6 million related to the exclusive use of a datacenter owned by an entity controlled by the controlling shareholder.

In addition to the transactions listed above, in the nine months ended September 30, 2016, the company concluded the sale of GNP and Altice Content Luxembourg to SFR Group for a total consideration received of €634.7 million.

12 Going concern

As of September 30, 2016, the Group had net current liability position of €1,127.5 million (mainly due to trade payables of €1,517.8 million) and a negative working capital of €323.9 million. During the nine month period ended September 30, 2016, the Group recognized a net loss of €10.9 million (compared to a loss of €150.3 million for the nine month period ended September 30, 2015) and generated cash flows from operations of €1,240.5 million. The positive cash flow from operations balance was mainly due to strong earnings growth and EBITDA generation. The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short DSOs (Days of Sales Outstanding) and suppliers are paid under standard commercial terms, thus generating a negative working capital, as evidenced by the difference in the level of receivables and payables (€1,109.4 million vs. €1,517.8 million). Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of September 30, 2016, the Group's short term borrowings mainly comprised of accrued interests for €204.5 million on the debenture and loans from financial institutions which are repaid on a semi-annual basis, and the amortization of some bonds and term loans. Those short term obligations are expected to be covered by the cash flows from operations of the operating subsidiaries. As of September 30, 2016, all drawn RCFs had been fully repaid using proceeds from the sale of Altice Content Luxembourg and GNP to SFR. As mentioned in note 6, the

Group has pushed back most of its significant debt reimbursements to 2022 through refinancing activities.

In determining that the going concern assumption is appropriate, the Board of Managers has considered the following elements:

- The Group has a strong track record of generating positive Adjusted EBITDA and generated strong positive operating cash flows for the nine month period ended September 30, 2016, as noted earlier.
- Adjusted EBITDA amounted to €1,565.8 million, an increase of 40.7% compared to September 30, 2015. This increase in Adjusted EBITDA is mainly due to the integration of PT-Portugal for the full nine months in 2016, as compared to 2015, which contributed to this increase compared to prior year. The Board of Managers is of the view that such Adjusted EBITDA and the consequent cash flows are sufficient to service the working capital of the Group.
- The Group had healthy unrestricted cash reserves as of September 30, 2016 (€207.8 million vs. €266.0 million as of December 31, 2015), which would allow it to cover any urgent cash needs.
- Additionally, as of September 30, 2016, the Group had access to Revolving Credit Facilities and guarantee facilities of up to €983.1 million
- As of September 30, 2016, the Group had a positive equity position of €348.9 million, of which €358.8 million was attributable to the owners.

The Executive Committee tracks operational key performance indicators (KPIs) on a weekly basis, thus closely tracking top line trends very closely. This allows the Executive Committee and local CEOs to ensure proper alignment with budget targets and respond with speed and flexibility to counter any unexpected events and ensure that the budgeted targets are met.

Based on the above, the Board of Managers is of the view that the Group will continue to act as a going concern for 12 months from the date of approval of these condensed interim consolidated financial statements and has hence deemed it appropriate to prepare these condensed interim consolidated financial statements using the going concern assumption.

13 Revised information

As per the provisions of IFRS 3 Business Combination, the impact of the recognition of the identifiable tangible and intangible assets of PT at their fair value was revised for the year ended December 31, 2015. The comparative information was also changed to record the impact of the put with non-controlling interests of GNP.

The total impact as of, and for the year ending, December 31, 2015 was:

Consolidated Statement of Financial Position At 31 December 2015 (€m)	**December 31, 2015 (reported)**	**Revision**	**December 31, 2015 (revised)**
Goodwill	3,860.0	(150.8)	3,709.2
Intangible asset	2,717.3	31.1	2,748.4
Property plant and equipment	4,376.5	64.3	4,440.8
Other non-current assets	744.9	-	744.9
Deferred tax assets	442.7	53.6	496.3
Non-current assets	**12,141.4**	**(1.8)**	**12,139.6**
Current assets	**1,380.9**	0.1	**1,381.0**
Assets classified as held for sale	122.1	-	122.1
Total assets	**13,644.4**	**(1.7)**	**13,642.7**
Equity	**584.7**	**(138.3)**	**446.4**
Other non-current liabilities	9,836.8	56.7	9,893.5
Deferred tax liabilities	492.6	79.8	572.4
Non-current liabilities	**10,329.4**	**136.5**	**10,465.9**
Current liabilities	**2,645.9**	(0.1)	**2,645.8**
Liabilities directly associated with assets classified as held for sale	84.6	-	84.6
Total liability and equity	**13,644.4**	**(1.7)**	**13,642.7**

The total impact as of, and for the nine and three month periods ending, September 30, 2015 was:

Consolidated Statement of Financial Position At 30 September 2015 (€m)	**September 30 2015 (reported)**	**Revision**	**September 30 2015 (revised)**
Goodwill	5,051.1	(1,211.4)	3,839.7
Intangible asset	1,362.6	1,446.3	2,808.9
Property plant and equipment	4,353.8	113.1	4,466.9
Other non-current assets	431.0	-	431.0
Deferred tax assets	412.6	-	412.6
Non-current assets	**11,611.1**	**348.0**	**11,959.1**
Current assets	**1,665.9**	**-**	**1,665.9**
Assets classified as held for sale	119.9	-	119.9
Total assets	**13,396.8**	**348.2**	**13,745.0**
Equity	**816.4**	**(80.6)**	**735.8**
Other non-current liabilities	9,816.9	(0.1)	9,816.8
Deferred tax liabilities	246.5	428.2	674.7
Non-current liabilities	**10,063.4**	**428.1**	**10,491.5**
Current liabilities	**2,432.3**	0.9	**2,433.2**
Liabilities directly associated with assets classified as held for sale	84.6	-	84.6
Total liability and equity	**13,396.8**	**348.2**	**13,745.0**

Consolidated Statement of Income Nine months ended 30 September 2015 (€m)	**September 30 2015 (reported)**	**Revision**	**September 30 2015 (revised)**
Revenue	2,387.2	-	2,387.2
Other expenses	(1,274.2)	-	(1,274.2)
Depreciation, amortisation and impairment	(715.1)	(111.5)	(826.6)
Other expenses and income	(64.4)	-	(64.4)
Operating profit	**333.5**	**(111.5)**	**222.0**
Net finance costs	(376.5)	-	(376.5)
Net result on disposal of a business	27.5	-	27.5
Share of profit in associates	0.3	-	0.3
Loss before taxes	**(15.2)**	**(111.5)**	**(126.7)**
Income tax expense	(54.3)	30.7	(23.6)
Loss for the period	**(69.5)**	**(80.8)**	**(150.3)**
Comprehensive income	**(68.4)**	**(81.0)**	**(149.4)**

Consolidated Statement of Income Three months ended 30 September 2015 (€m)	**September 30 2015 (reported)**	**Revision**	**September 30 2015 (revised)**
Revenue	1,110.7	-	1,110.7
Other expenses	(595.1)	-	(595.1)
Depreciation, amortisation and impairment	(300.5)	(85.8)	(386.3)
Other expenses and income	(36.2)	-	(36.2)
Operating profit	**178.9**	**(85.8)**	**93.1**
Net finance costs	(149.2)	-	(149.2)
Net result on disposal of a business	27.5	-	27.5
Share of profit in associates	1.1	-	1.1
Loss before taxes	**58.3**	**(85.8)**	**(27.5)**
Income tax expense	(29.9)	23.6	(6.3)
Loss for the period	**28.4**	**(62.2)**	**(33.8)**
Comprehensive income	**62.2**	**(61.9)**	**0.3**

14 Events after the reporting period

Planned acquisitions of technical and call center services companies

On October 10 and 21, 2016 respectively, companies controlled by Altice International, signed agreements to acquire a controlling stake in ERT Technologies and Intelcia, providers of technical and call center services to certain companies of the Group. The acquisitions are expected to close before the end of 2016.

The acquisition of ERT was successfully completed on November 25, 2016.