Altice S.A.

(Société anonyme)

Annual Report 2014

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MANAGEMENT REPORT
(AS AND FOR THE YEAR ENDED DECEMBER 31, 2014)

Introduction

The Board of Directors of Altice S.A. (the "Company" or "Altice") has the pleasure in presenting its report, which constitutes the consolidated management report ("Management Report") as defined by Luxembourg Law, together with the consolidated financial statements and annual accounts of the Company and its subsidiaries (the "Group") as at and for the year ended December 31, 2014. As permitted by Luxembourg Law, the Board of Directors has elected to prepare a single Management Report covering both the Company and the Group.

The Creation of Altice

Altice is a public limited liability company (*Société Anonyme*) incorporated in the Grand Duchy of Luxembourg whose head office is in Luxemburg and was formed on January 3, 2014. On January 31, 2014, the Company successfully listed its shares on the Amsterdam stock exchange (Euronext Amsterdam) at an offer price of € 28.25, for a total primary offering amount of € 750 million and a secondary offering of € 555 million (not including a green shoe of approximately €196 million). The shares of the Company are traded under the ticker symbol ATC:NA.

Altice S.A. has its registered office at 3, boulevard Royal, L-2449 Luxembourg and is registered with the Luxembourg Register of Commerce and Companies under the number B183.391. Upon admission of the Company's shares on Euronext Amsterdam on January 31, 2014, the Company received the contribution of two entities incorporated in the Grand Duchy of Luxembourg: Altice France S.A. and Altice International S.à r.l.. Altice France S.A. is hereafter referred to as "Altice France" and Altice International S.à r.l. and its subsidiaries are hereafter referred to as "Altice International" or "Altice International Group". The Company is hence the successor entity of Altice France and Altice International (collectively the "Predecessor Entities").

Principal Activities of the Group

The Company, through its various subsidiaries, provides mainly cable and mobile based telephony, internet and television services to residential and B2B customers in Western Europe, Israel, the French Antilles and Indian Ocean territories and the Dominican Republic.

Future Developments

International expansion through price-disciplined acquisitions is the cornerstone of our growth strategy. In addition to having consummated 12 transactions over the past five years, we have completed the acquisition of SFR, the second largest mobile and internet operator in France, through our listed subsidiary, Numericable (which was then renamed 'Numericable-SFR'). More recently, we have entered into a deal to acquire the Portuguese assets of Portugal Telecom, which were valued at an enterprise value of €7.4 billion on a cash and debt-free free basis which includes € 500 million consideration related to the future revenue generation of Portugal Telecom. The transaction requires corporate approvals and will be subject to standard regulatory approvals for a transaction of this nature.

In February 2015, we entered into an agreement with Vivendi to repurchase its 20% stake in Numericable-SFR ("NSFR"), in a deal valued at €3.9 billion. Half of the shares will be purchased by our listed subsidiary, Numericable-SFR, subject to approval of the General Meeting of Shareholders, while the other half will be purchased by Altice S.A. through a vendor note due to Vivendi and payable by April 2016.

DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS OF THE GROUP

Significant Events Affecting Historical Results

2014 was a transformative year for the Company, and many significant events had an impact on the results of operations for the year ended December 31, 2014. These included certain major acquisitions announced and completed during the course of the year and the closing of acquisitions that were announced at the end of 2013. Additionally, the Group also made its debut in the European equity markets, with a successful initial public offering in the month of January and a private placement in the month of June. A summary is presented below.

- On January 15, 2014, the Group, through its direct subsidiary Altice International S.à r.l., obtained control over Mobius SAS (herein after referred to as "Mobius"), a telecommunications operator in the French Overseas Territories (specifically, La Reunion), by acquiring 99.85% of the shares and voting interests in the company. This acquisition enabled the Group to further expand and consolidate its footprint in the French Overseas Territories. Since January 1, 2014, Mobius contributed €15.4 million to revenue and € (0.5) million to the Group operating profit for the year ended December 31, 2014.

- On January 31, 2014, the Company successfully listed its shares on Euronext Amsterdam in an initial public offering ('IPO'), at an offer price of €28.25 per share and raised a total of €750 million in a primary offering that placed a total of 26.5 million shares. The proceeds from the offering were used primarily to complete the acquisition of a controlling stake in Numericable Group S.A. (herein after referred to as "NG" or "Numericable Group"), to repay existing shareholder debt towards Next LP, the Company's direct majority shareholder and the payment of fees related to the IPO.

- On February 3, 2014, the Group, through its direct subsidiary, Altice France S.A. ("Altice France"), completed the acquisition of a 10% stake in NG, the leading cable operator in France. Prior to the acquisition of the 10% stake, the Group owned a 30% stake in NG (including 2.6% related to options provided by other shareholders). The acquisition of the additional 10% stake and the entry into certain shareholder arrangements resulted in the Group becoming able to nominate 5 out of 10 board members of NG, as well as the Chairman of the Board, who casts a vote in the event of a tie. Since January 1, 2014, NG contributed €2,049.6 million to revenue and € 34.5 million to the Group operating profit for the year ended December 31, 2014.

- On March 12, 2014, the Group, through its direct subsidiary Altice International S.à r.l., completed the acquisition of an approximately 97.2% stake in Tricom S.A. (herein after referred to as "Tricom"), a cable and mobile operator with a 4G license based in the Dominican Republic, and of Global Interlink Ltd (hereinafter after referred to as "GLX"), the owner of a submarine cable, which it uses to sell data and voice transmission services to other operators based in the region (including Tricom). Through this acquisition, the Group is able to consolidate and expand its cable operations in the Caribbean and explore synergies through the vertical integration of its operations in the region and synergies with other operations in the region. Tricom and GLX contributed € 122.6 million to Group revenues and € 7.3 million to Group operating profit for the year ended December 31, 2014 since their integration into the Group.

- On April 9, 2014, the Group, through its direct subsidiary Altice International S.à r.l., completed the acquisition of a 97.2% stake in Orange Dominicana S.A. (hereinafter referred to as "ODO"), the leading mobile operator in the Dominican Republic. ODO operates a high end, 4G-enabled mobile network in the Dominican Republic providing 3G coverage for up to 78% of the territory of the Dominican Republic. Through this acquisition, the Group continued to consolidate and expand its operations in the Caribbean. This transaction complemented the acquisition of Tricom and GLX mentioned above and completed the formation of an integrated telecom group in the Dominican Republic. Since April 9, 2014, ODO contributed €341.9 million to the Group revenue and €46.2 million to the Group operating profit for the year ended December 31, 2014.

- On June 27, 2014, the Group completed a private placement, in which it issued 17.9 million new shares to raise a total of € 911 million in proceeds, which were used to finance the acquisition of an additional stake in the Numericable Group.

- On July 24, 2014, the Company issued an additional 24,751,873 ordinary shares to further increase

its stake in NG. The Company acquired (i) 25,517,396 shares of NG from Carlyle and Cinven, historical shareholders of NG and representing 20.6% of the share capital, against issuance of newly created shares of Altice S.A. and (ii) an additional 14% of the share capital of NG from Carlyle and Cinven, which was paid through a vendor note that was settled in February 2015.

- On October 28, 2014, the Group subscribed to a capital increase of the Numericable Group for a total of € 3,530 million. The proceeds from this capital increase were used by NG to close the acquisition of SFR.

- On November 27, 2014, NG completed the acquisition of a 100% stake in the Societe Francaise de Radiophonie ('SFR') in a cash and share transaction. SFR is the second largest mobile and internet operator in France and as a result of this transaction, the new Numericable-SFR ('NSFR') ensemble emerged as the leading high speed broadband operator in France. The NSFR group contributed €2,049.6 million to Group revenues and €34.5 million to Group operating profit for the year ended December 31, 2014.

Consolidated statement of income for the year ended December 31, 2014

	Year ended December 31, 2014	**Year ended December 31, 2013**
	(In millions of €)	
Revenues	**3,934.5**	**1,286.8**
Purchasing and subcontracting expenses	(1,118.2)	(367.8)
Other operating expenses	(472.8)	(186.2)
Staff costs and employee benefits expenses	(358.6)	(134.7)
General and administrative expenses	(101.7)	(36.2)
Other sales and marketing expenses	(407.3)	(43.9)
Operating profit before depreciation, amortization and restructuring costs	**1,475.9**	**518.0**
Depreciation and amortization	(1,098.5)	(399.6)
Management fees	-	(0.6)
Restructuring costs and other expenses	(219.3)	(76.2)
Operating profit	**158.0**	**41.5**
Gain recognized on step acquisition	256.3	-
Gain recognized on settlement of financial instruments	-	255.7
Finance income	162.0	96.4
Finance costs	(1,298.2)	(352.1)
Share of profit of associates	4.8	15.5
(Loss)/profit before income tax expenses	**(717.1)**	**57.0**
Income tax benefits/(expenses)	164.7	(7.4)
(Loss)/profit for the year	**(552.4)**	**49.6**
Attributable to equity holders of the parent	*(413.1)*	*71.8*
Attributable to non-controlling interests	*(139.4)*	*(22.2)*

Revenue

For the year ended December 31, 2014, we generated total revenues of € 3,934.5 million, a 205.8 % increase compared to € 1,286.8 million for the year ended December 31, 2013. This increase in revenues was mainly due to the acquisition of a controlling stake in Numericable-SFR, ODO, Tricom and Mobius. Together, these entities contributed € 2,529.6 million to Group revenues. Additionally, revenues were also impacted by the full year contribution of certain entities acquired in 2013, more specifically OMT, ONI, MCS and SportV (total impact of €146.1 million on revenues).

Additionally, we split our segments by lines of activity, specifically fixed, mobile and others. Revenues for our fixed business increased from €1,008.6 million to € 2,719.1 million, a 169.6% increase compared to the year ended December 31, 2013. This increase was driven by the contribution of the revenues of Numericable-SFR, Tricom, Mobius and the full year integration of ONI and OMT for the year ended December 31, 2014.

Our mobile based services revenue increased to €1,175.9 million for the year ended December 31, 2014, a 359.2% increase compared to €256.1 million in 2013. This increase was mainly due to the acquisition and integration of the SFR and ODO businesses during the course of 2014 (contribution of € 843.1 million), as well

as the full year impact of the integration of OMT in the consolidated accounts for the year ended December 31, 2014.

Revenues from other activities totaled €39.5 million, an 89.1% increase as compared to €21.7 million for the year ended December 31, 2013. The increase in other revenues was mainly due to the full year impact of the inclusion of our content based activities (€ 16.2 million).

An in depth analysis for some of our key international segments that were consolidated on a like-for-like basis in 2013 and 2014 is given below. These segments include the following:

- Israel (both fixed and mobile businesses)
- Belgium and Luxembourg (both fixed and mobile businesses)
- Portugal (our fixed business of Cabovisao)
- French Overseas Territories (our fixed business of Le Cable)

For those geographies which were consolidated on a like for like basis in 2013 and in 2014, combined revenues from Israel, Belgium and Luxembourg, Portugal, the French Overseas Territories and Others (Switzerland) segments decreased in the aggregate by 2.4% from €1,130.6 million to € 1,103.0 million. Israel and Cabovisao in Portugal experienced a decrease in revenues of 2.8% and 9.2% respectively (€857.4 million in Israel for 2014 compared to €881.8 million for 2013 and € 98.6 million for Cabovisao in 2014 compared to € 108.7 million in 2013). Belgium and Luxembourg recorded an increase of 7.1% (€ 75.5 million as compared to € 70.5 million in 2013). Revenues also increased by 11.7% in the cable activities of the French Overseas Territories, from €24.9 million in 2013 to € 27.8 million in 2014. Revenue in our other territories showed a slight decrease of 2.1%, down from € 44.7 million in 2013 to € 43.7 million in 2014.

Israel: For the year ended December 31, 2014, we generated total revenue of €857.4 million, a 2.8% decrease compared to €881.8 million for the year ended December 31, 2013. Our fixed services revenue decreased by 2.0% and our mobile services revenue decreased by 5.7%.

Fixed services revenue was negatively impacted by a 58,000 net decrease in our total cable Revenue Generating Units (RGUs), mainly comprising a 22,000 net decrease in pay television RGUs and a 31,000 net decrease in broadband internet RGUs. These decreases were mainly due to significant disruptions to our customer service in the second and third quarter of 2014. The disruptions were caused by (i) the conflict in Gaza in the third quarter of 2014 which had led to closures of several of our service centers and (ii) certain procedural issues experienced by our third party customer service provider. During the second half of 2014, management has implemented a series of changes in order to improve the quality of service which included the set-up of a dedicated team for new subscribers, the opening of two new call centers and the recruitment of over 500 new service representatives for the external call centers. We believe that certain positive signs of improvement have been noted since December 2014. The decrease in cable based services revenue was partially offset by an increase in cable based services ARPU of 2.3% (1.3% at a constant exchange rate) from €47.6 for the year ended December 31, 2013 to €48.7 for the year ended December 31, 2014, primarily as a result of our strategic focus on multiple-play offerings and an increase in the take-up of our higher value higher speed broadband internet services. We also experienced an increase in the number of customers subscribing for our triple-play service as a result of our bundling strategy, from 452,000 as of December 31, 2013 to 482,000 as of December 31, 2014. This was also supported by the launch of "FiberBox" and our revised broadband internet with speeds of up to 200MG. The decrease in the interconnection fees for fixed line telephony (following the change in the regulation from the Ministry of Communication in December 2013) had an impact on the cable based services revenue with the interconnection rate being set at 0.99 agorot per minute for both peak and off peak time calls.

The decrease in mobile services revenue was mainly due to the decrease in mobile Average Revenue Per Unit (ARPU) by €2.3, or 13.7%, to €14.5 for the year ended December 31, 2014 compared to €16.8 for the year ended December 31, 2013, caused by (i) subscribers disconnecting from our higher ARPU iDEN mobile network, and (ii) highly competitive prices for mobile services, in particular for UMTS based 3G services. Mobile services revenue for the year ended December 31, 2014 was further negatively impacted by a decrease in handset sales, primarily during the first half of 2014. These decreases were offset by an increase in total mobile RGUs from 810,000 for the year ended December 31, 2013 to 974,000 for the year ended December 31, 2014, driven by the increase in UMTS mobile subscribers to 802,000 for the year ended December 31, 2014 compared to 592,000 for

the year ended December 31, 2013.

Portugal (Cabovisao): In the twelve months ended December 31, 2014, we generated total revenue in Portugal, for our fixed services of €98.6 million, a 9.2% decrease compared to €108.7 million in the twelve months ended December 31, 2013.

The decrease in cable based services revenue in Portugal was primarily driven by a net decrease in total number of cable RGUs by 38,000, comprising of a net decrease of 15,000 pay television RGUs, 16,000 fixed line telephony RGUs and 7,000 broadband internet RGUs. These were the result of the continuous intense competition in the Portuguese cable services market during 2014, with aggressive promotions and pricing policies adopted by competitors and their increased focus on competing multiple play offerings, as well as the adverse economic conditions and austerity measures in Portugal which had a negative effect on consumer confidence pushing them to opt for cheaper packages. Cable based services ARPU decreased slightly by €0.5, or 1.5%, to €34.1 in the year ended December 31, 2014 compared to €34.6 in the year ended December 31, 2013, predominantly due to the impact of aggressive competition in each segment of the cable services market which required us to offer certain discounts and undertake other promotional offers, despite an increase in the prices of our products in January 2014. As a result, the ARPU from gross-adds to our RGUs was generally lower than the ARPU from customers churned.

Belgium and Luxembourg: For the year ended December 31, 2014, we generated total revenue in Belgium and Luxembourg of €75.5 million, a 5% increase compared to €71.9 million for the year ended December 31, 2013. Our fixed services revenue increased by 4.9 % from €70.7 million to €74.2 million and our mobile services revenue increased from €1.2 million to €1.3 million. Note that we registered non-recurring revenue related to a fixed B2B contract in the year ended December 31, 2014.

The increase in fixed (B2C) based services revenue in Belgium and Luxembourg was primarily due to an increase in cable based ARPU by 9.8% to €46.5 for the year 2014 compared to €41.9 for 2013. The increase in cable based services ARPU was due to price increases of some of our triple-play packages in June 2014 and higher sales of our high-end triple-play packages. Cable based services revenue was also positively impacted by a slight increase in broadband internet RGUs which was due to (i) our ability to offer subscribers higher broadband internet connection speeds and increased bandwidth capacity compared to providers relying on alternative technologies such as xDSL and mobile broadband internet networks, (ii) our attractive pricing of broadband internet services and (iii) continuing trend in the uptake of our triple-play bundles. These factors were partly offset by a decline in television RGUs, including a net decrease in digital television RGUs, due to customers churning to different platforms such as digital television providers over DSL and satellite operators, customers terminating their television service or having moved out of Coditel's network areas.

French Overseas Territories (Le Cable): For the year ended December 31, 2014, we generated fixed services revenue in the French Overseas Territories of €27.8 million, an 11.7% increase compared to €24.9 million for the year ended December 31, 2013.

The €2.9 million increase in fixed services revenue in the French Overseas Territories was due to (i) a strong increase of 15.9 % of the customer base with 6,000 subscribers and (ii) increase in cable based services ARPU to €54.7 in the year 2014 compared to €51.4 for 2013. The net increase of 32,000 cable RGUs during this period resulted from a strategic focus on triple play offerings reflected in an increase in triple play customers from 17,000 to 30,000 in 2014. Moreover, the strong reputation of Le Cable in French Overseas Territories and the enrichment of services allowed us to implement tariff increases in 2014 on all offers.

Purchasing and subcontracting costs

For the year ended December 31, 2014, we had purchasing and subcontracting costs of € 1,118.2 million, a 204.0 % increase compared to € 367.8 million for the year ended December 31, 2013. As noted for revenues, this increase was mainly due to the inclusion of Numericable-SFR, ODO, Tricom, Global Interlinks and Mobius in the scope of consolidation perimeter for the year ended December 31, 2014. Together, these entities contributed € 781.7 million to Group purchasing and subcontracting costs. Additionally, these costs were also impacted by the impact of the full year contribution of certain entities acquired in 2013, more specifically OMT, ONI, MCS and SportV (total impact of €65.8 million on the purchasing and subcontracting costs).

An in depth analysis for some of our key international segments that were consolidated on a like-for-like basis in 2013 and 2014 is given below. These segments include the following:

- Israel (both fixed and mobile businesses)
- Belgium and Luxembourg (both fixed and mobile businesses)
- Portugal (our fixed business of Cabovisao)
- French Overseas Territories (our fixed business of Le Cable)

Israel: For the year ended December 31, 2014, our purchasing and subcontracting services costs were €173.5 million, a 26.9% decrease compared to €237.4 million for the year ended December 31, 2013. Our purchasing and subcontracting services costs for cable based services decreased by 11.8% and our purchasing and subcontracting services costs for mobile services decreased by 45.1%.

The decrease in purchasing and subcontracting services costs for fixed services in Israel was due to (i) lower fixed-line telephony call volumes as fixed-line telephony customers switched to mobile services (the latter providing competitive prices and unlimited price plan packages), (ii) a decrease in the regulated interconnection fees for fixed-line telephony services which came into effect in December 2013 and (iii) the decrease in content expenses mainly due to capitalization of costs arising from the purchase of exclusive third party content from April 1, 2013.

Despite a higher number of subscribers the decrease in purchasing and subcontracting services costs for mobile services in Israel was primarily due to a decrease in national roaming costs as a result of the arrangements we entered into with Partner Ltd. in November 2013 under the right of use (RoU), which replaced the prior, more expensive roaming arrangements.

Portugal (Cabovisao): During the year ended December 31, 2014, our purchasing and subcontracting services costs in Portugal, for our fixed services, were €31.4 million, an 8.0% decrease compared to €34.1 million for the twelve months ended December 31, 2013. The 8.0% decrease in purchasing and subcontracting services costs was primarily due to lower sales and the operational optimization program implemented by the Group.

Belgium and Luxembourg: For the year ended December 31, 2014, our purchasing and subcontracting services costs were €11.2 million, a 13.2% decrease compared to €12.9 million for the year ended December 31, 2013. Our purchasing and subcontracting services costs for fixed services decreased by 18.3% from €11.7 million in 2013 to €9.5 million in 2014, resulting from: (i) the renegotiation of rates from programming expenses, (ii) the nature of B2B projects undertaken in 2014 (for which costs were primarily in the form of capital expenditures) and (ii) the decrease in promotional offers and incentives. We began providing mobile services in Belgium as a MVNO in September 2012 and incurred purchasing and subcontracting services costs of €0.9 million and €1.7 million for the years ended December 31, 2013 and December 31, 2014, respectively, entirely driven by the number of subscribers.

French overseas territories (Le Cable): For the year ended December 31, 2014, our purchasing and subcontracting services costs were €1.8 million compared to €3.9 million for the twelve months ended December 31, 2013. The decrease was primarily due to renegotiation of the main TV content contracts.

Operating expenses and operating income before depreciation, amortisation and restructuring costs (EBITDA)

For the year ended December 31, 2014, our total operating expenses were € 1,340.4, an increase of 234.4% compared to the year ended December 31, 2013 (€ 400.9 million). This increase is mainly attributable to the acquisitions of NSFR, ODO, Tricom and Mobius, which were closed in the year ended December 31, 2014. Together, the integration of these companies contributed € 876.0 million to the operating expenses of the group. Additionally, the operating expenses were also impacted by the full year impact of the integration of OMT, ONI and our content based businesses in 2014. This impact is evaluated at € 54.6 million.

Israel: For the year ended December 31, 2014, our total operating expenses were €272.5 million, a 3.3% decrease compared to €281.7 million for the year ended December 31, 2013.

Other operating expenses: As compared to the year ended December 31, 2013, for 2014, our other operating expenses in Israel increased by 4.8% from €142.6 million to €149.4 million. This increase was primarily due to i) the outsourcing in July 2013 of our customer services and technical support and ii) an increase in customer

service expenses in order to improve the quality of service (which included the set-up of a dedicated team for new customers, opening of two new call centers and the recruitment of 500 employees). The increase in our other operating expenses was partially offset by a decrease in cable network maintenance and set-top box maintenance expenses due to recent investments leading to the improvement of our network and a more efficient maintenance process for set-top boxes.

General and administrative expenses: General and administrative expenses decreased by 6.9% from €13.9 million in 2013 to €12.9 million in 2014. This decrease was primarily due to a decrease in rental expenses and other miscellaneous expenses.

Other sales and marketing expenses: As compared to the year ended December 31, 2013, our other sales and marketing expenses in Israel increased by 22.1% from € 28.6 million to €34.9 million in 2014. This increase was due to an increase in advertising costs including advertising costs relating to the campaigns for the launch of our net set-top box "FiberBox" in March 2014 and our high-speed internet "200Mb" in May 2014 as well as an increase in advertising costs for our mobile handsets in June 2014.

Staff costs and employee benefit: As compared to the year ended December 31, 2013, our staff costs and employee benefit expenses for 2014 decreased by 22.1% from €96.5 million to €74.8 million. This decrease was primarily due to a reduction in headcount as part of the process efficiency measures and best practices measures implemented in 2014.

EBITDA: As a result of the factors discussed above, our EBITDA for 2014 was €411.4 million (48% of revenues), a 13.5% increase compared to €362.7 million for 2013 (41.2% of revenues).

Portugal (Cabovisao): In the year ended December 31, 2014, our total operating expenses were €28.4 million, a 9.1% decrease compared to € 31.2 million for 2013. This decrease corresponds to a lower level of revenues in the year ended December 31, 2014 compared to the prior year and also reflects the continued effect of the operational optimization program implemented by the Group.

Other operating expenses: For the year ended December 31, 2014 our other operating expenses decreased by 7.7% to € 14.8 million, compared to €16.0 million for 2013. This trend mainly reflects the reduction of revenues as mentioned above.

General and administrative expenses: General and administrative expenses decreased by 12.3% from €3.0 million to €2.6 million. This decrease was primarily due to savings resulting from headcount reduction and renegotiation of several contracts for administrative services.

Other sales and marketing expenses: Other sales and marketing expenses decreased by 16.5% from € 4.0 million to €3.4 million, following a new cost saving strategy resulting from the lower level of revenues as mentioned above.

Staff costs and employee benefits: Staff costs and employee benefits decreased by 7.1%, from €8.2 million in 2013 to €7.6 million in 2014, mainly as a result of a reduction in headcount as part of the process efficiency measures and best practices measures implemented in 2014

EBITDA: As a result of the factors discussed above, our EBITDA for 2014 was €38.8 million (39.4% of revenues), a decrease of 10.3% compared to €43.3 million (39.9% of revenues) for 2013.

Belgium and Luxembourg: For the year ended December 31, 2014, our total operating expenses in Belgium and Luxembourg were € 13.0 million, an increase of 0.8% compared to €12.9 million for 2013.

Other operating expenses: Other operating expenses increased by 38.9% from €3.9 million in 2013 to €5.4 million in 2014.This increase was primarily due to an increase in customer service costs relating to cash collection efforts and higher technical maintenance staff expenses to account for inflation.

General and administrative expenses: General and administrative costs decreased from €3.2 million for 2013 to €2.7 million for 2014, mainly due to a decrease in costs from external consultants.

Other sales and marketing expenses: Other sales and marketing costs decreased from €2.3 million in 2013 to €1.4 million in 2014. This decrease can be attributed to higher sales and marketing expenses incurred in

2013, associated with the launch of "LaBox" during that year.

Staff costs and employee benefits: Staff costs and employee benefits remained mostly stable between 2013 and 2014 (€3.5 million in 2014 vs. €3.4 million in 2013).

EBITDA: As a result of the factors discussed above, our EBITDA for 2014 was € 51.3 million (67.9% of revenues), a 11.3% increase compared to €46.1 million for 2013 (63.9% of revenues).

French Overseas Territories (Le Cable): Our total operating expenses in the French Overseas Territories for the twelve months ended December 31, 2014 were €3.4 million, a 52.6% decrease compared to €7.1 million for the twelve months ended December 31, 2013. The cost savings achieved result from the synergy program and resource sharing initiated at the end of 2013 following the acquisition of Outremer by Altice.

Others

The others segment includes results from our operations in Switzerland, our content based companies and also includes the corporate costs and salaries of management personnel borne by the various holding companies of the Group. EBITDA for the others segment decreased from €11.2 million to €(10.7) million from 2013 to 2014, mainly due an increase in corporate costs; for the year ended December 31, 2014, total corporate costs increased to € 37 million from € 10.3 million for the year ended December 31, 2013. This increase was mainly due to the increase in staff costs, which increased from € 4.1 million for 2013 to € 25.3 million for 2014, mainly due to the recognition of expenses related to equity based compensation (€12.2 million) and a provision for variable remuneration of € 8 million.

Depreciation and Amortization

For the year ended December 31, 2014, depreciation and amortization on a historical consolidated basis totaled € 1,098.5 million, a 175% increase compared to € 399.6 million for the year ended December 31, 2013. Depreciation and amortization in the year ended December 31, 2014 was impacted by (i) the acquisitions and subsequent consolidation of SFR (with effect from November 27, 2014), Numericable Group (with effect from February 3, 2014), ODO (with effect from April 9, 2014) and Tricom (with effect from March 17, 2014) and (ii) the impact of the inclusion of OMT, ONI and our content based companies for the full year in 2014.

Operating Profit

For the year ended December 31, 2014, we recorded an operating profit of €158.0 million, a 280.7% increase as compared to €41.5 million for the year ended December 31, 2013. This increase was mainly related to a higher EBITDA (from € 518 million in 2013, to € 1,475.9 million) primarily as a result of the acquisition of a controlling stake in Numericable-SFR, ODO, Tricom and Mobius in 2014. Restructuring expenses increased from € 76.3 million for 2013 to € 219.3 million for 2014. This was mainly due to deal fees and other non-recurring costs incurred on the IPO, ODO, Tricom and SFR acquisitions. Restructuring plans in place at OMT, ONI, ODO and Tricom lead to a further increase in restructuring expenses.

Finance costs (net)

Net finance costs amounted to € 1,136.2 million for the year ended December 31, 2014, registering an increase of 344.3% compared to the year ended December 31, 2013 (€ 255.7 million). This increase was mainly related to the issuance of new debts in May 2014 to finance the acquisition of SFR and the full year impact of the debt issued in 2013 to acquire ODO, Tricom, OMT and ONI.

(Loss)/profit for the year

For the year ended December 31, 2014, the Group recorded a net loss of € 717.1 million, as compared to a net profit of € 49.6 million for the year ended December 31, 2013. This decrease was mainly attributable to the increase in finance costs (see above). The increase in finance costs was offset partially by an income tax income of €164.7 million, which was recognized as a result of net operating losses at various group companies, most notably Numericable-SFR, which led to the activation of such losses and hence the recognition of a tax income. The group recorded an income tax expense of € 7.4 million for the year ended December 31, 2013.

Cash Flow Generation

A summary of the key cash flow items is listed below:

	As of December 31,	
	2014	2013
	(In millions of €)	
Net cash flow from operating activities	1,823.0	439.1
Net cash flow from investment activities	(14,627.6)	(2,157.5)
Net cash flow from financing activities	14,300.6	1,649.8
Changes in cash and cash equivalents	**1,502.3**	**(68.1)**

The Group recorded a net increase of €1,502.3 million in cash and cash equivalents for the year ended December 31, 2014, compared to a net decrease of €68.1 million for 2013. In 2014, the Group recognized an increase in cash flows from operations (up by 315.2% from € 439.1 million to € 1,823.0 million). This underlines the Group's ability to generated cash flow from its operations.

Key Operating Measures

We use several key operating measures, including number of homes passed, Cable Customer Relationships, RGUs, RGUs per Cable Customer Relationship and ARPUs to track the financial and operating performance of our business. None of these terms are measures of financial performance under IFRS, nor have these measures been audited or reviewed by an auditor, consultant or expert. All of these measures are derived from our internal operating and financial systems. As defined by our management, these terms may not be directly comparable to similar terms used by competitors or other companies.

Full Year 2014

	As of and for the year ended December 31, 2014 in thousands except percentages and as otherwise indicated						
	France	Israel[6]	Dominican Republic	Belgium and Luxembourg	Portugal	French Overseas Territories[7]	Total[8]
CABLE-BASED SERVICES							
Market and Network							
Homes Passed	10,664	2,343	473	233	910	178	14,801
Docsis 3.0 Upgraded (%)	60%	100%	100%	100%	99%	95%	-
Unique Customers							
Cable Customers[1]	1,321	1,064	123	110	219	46	2,884
Triple-play customers	1,122	482	17	47	131	30	1,828
Triple-Play Penetration	85%	45%	14%	43%	60%	65%	63%
RGUs & Penetration[2][3]							
Total RGUs	3,617	2,237	210	235	565	106	6,970
Pay TV	1,144	853	118	122	209	46	2,491
Pay TV penetration	11%	36%	25%	52%	23%	26%	17%
Broadband	1,122	713	44	60	149	30	2,119
Broadband penetration	11%	30%	9%	26%	16%	17%	14%
Telephone	1,351	671	48	53	207	30	2,360
Telephone penetration	13%	29%	10%	23%	23%	17%	16%
RGUs per cable customer	2.74	2.10	1.70	2.14	2.57	2.30	2.42
ARPU[4]							
Cable ARPU (€)	€41.0	€48.7	€30.4	€46.5	€34.1	€54.7	
xDSL/NON-CABLE RGUs							
Total RGUs			335	-		185	521
Broadband	5,030	-	99	-	-	68	5,197
Telephone	5,030		236			103	5,370
MOBILE							
Market and Network							

UMTS mobile coverage	50%	57%	78%			90%	
Subscribers							
Total mobile subscribers(5)	16,238	974	3,574	3	-	371	21,160
Mobile net adds	(799)	164	(36)	(0)		(4)	(675)
Postpaid subscribers	13,004	970	728	3		209	14,914
Prepaid subscribers	3,234	4	2,846			162	6,246
ARPU(4)							
Mobile ARPU	€22.5	€14.5	€9.6	€32.3		€27.8	

	As of and for the year ended December 31, 2013 in thousands except percentages and as otherwise indicated				
	Israel(6)	**Belgium and Luxembourg**	**Portugal**	**French Overseas Territories(7)**	**Total(8)**
CABLE-BASED SERVICES					
Market and Network					
Homes Passed	2,282	233	908	154	3,577
Docsis 3.0 Upgraded (%)	100%	100%	99%	53%	98%
Unique Customers					
Cable Customer Relationships(1)	1,127	114	237	40	1,518
Triple-Play Cable Customer Relationships.......................................	452	50	135	17	654
RGUs & Penetration(2)(3)					
Total RGUs	2,295	239	603	74	3,211
Pay Television RGUs..........................	875	129	224	40	1,268
Pay Television Penetration (%)...........	38%	55%	25%	26%	40%
Broadband Internet RGUs....................	744	57	156	17	974
Broadband Internet Penetration (%).....	33%	25%	17%	11%	30%
Fixed-Line Telephony RGUs	676	53	223	17	969
Fixed-Line Telephony Penetration (%)	30%	23%	25%	11%	30%
RGUs Per Cable Customer Relationship	2.0x	2.1x	2.54	1.86x	2.1x
ARPU(4)					
Cable ARPU (€)	47.6	41.9	34.6	51.4	-
MOBILE-BASED SERVICES					
Market and Network					
UMTS Mobile Coverage of Territory (%)...	61%	—	-	89%	-
Subscribers			-		
Total Mobile Subscribers(5)	810	3	-	375	1,188
Postpaid...	801	3	-	197	1,001
Prepaid	9	—	-	178	187
ARPU(4)			-		
Mobile ARPU (€)................................	16.8	36.8	-	27.1	-
xDSL/NON-CABLE BASED SERVICES					
RGUs	-		-		
Total RGUs	-	—	-	133	133
Broadband Internet RGUs....................	-	—	-	56	56
Fixed Line Telephony RGUs	-	—	-	78	78

Notes to Group KPIs

(1) Cable Customer Relationships represents the number of individual end users who have subscribed for one or more of our cable based services (including pay television, broadband or telephony), without regard to how many services to which the end user subscribed. It is calculated on a unique premises basis. Cable Customer Relationships does not include subscribers to either our mobile or ISP services.

(2) RGUs relate to sources of revenue, which may not always be the same as customer relationships. For example, one person may subscribe for two different services, thereby accounting for only one subscriber, but two RGUs. RGUs for pay television and

broadband are counted on a per service basis and RGUs for telephony are counted on a per line basis.

(3) Penetration rates for our pay television, broadband and telephony services are presented as a percentage of homes passed.

(4) ARPU is an average monthly measure that we use to evaluate how effectively we are realizing revenue from subscribers. ARPU is calculated by dividing the revenue for the service provided after certain deductions for non-customer related revenue (such as hosting fees paid by channels) for the respective period by the average number of customer relationships for that period and further by the number of months in the period. The average number of customer relationships is calculated as the number of customer relationships on the first day in the respective period plus the number of customer relationships on the last day of the respective period, divided by two. For Israel and Dominican Republic, cable based ARPU has been calculated by using the following exchange rates: (i) average rate for 2013, €0.20860 = ILS 1.00, €0.01829 = 1 DOP and (ii) average rate for 2014, €0.2107 = ILS 1.00, €0.01785 = 1 DOP.

(5) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on our mobile network. In Israel, the total number of mobile subscribers for our iDEN and UMTS services were as follows:

	As of December 31,	
	2013	2014
	(In thousands)	
Mobile Subscribers		
iDEN	218	172
UMTS	592	802
Total	**810**	**974**

(6) In Israel, Homes Passed is the number of total Israeli Homes. Our cable network passes a vast majority of Israel's 2.3 million households.

(7) Cable-based information only relates to the cable based services (pay television, broadband Internet and fixed-line telephony) we provide in Guadeloupe and Martinique and excludes the xDSL based broadband Internet (including IPTV) and fixed-line telephony services we provide in Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte following our acquisition of a controlling interest in Outremer in July 2013

(8) Total represents the aggregate of the respective key operating measures across all the regions in which we currently operate even though we may not have owned or controlled such business for the entire duration of the periods presented. Israel represents operating measures of HOT and HOT Mobile; Belgium and Luxembourg represents operating measures of Coditel Belgium and Coditel Luxembourg; Portugal represents operating measures of Cabovisão; Overseas Territories represents operating measures of Le Cable and in respect of mobile services only, Outremer (in which we acquired a controlling interest in July 2013).

(9) Excludes French Guiana.

Liquidity and Capital Resources

Sources of Liquidity

Our principle sources of liquidity are expected to be, i) operating cash flow generated by our subsidiaries and ii) various revolving credit facilities and guarantee facilities (RCFs) that we have available for any requirements not covered by the operating cash flow generated. As of December 31, 2014, we had an aggregate of €1,044.8 million available borrowings under the RCFs and guarantee facilities active at different levels of the Group (undrawn portion). Additionally, the Altice International S.à r.l. group may access another Revolving Credit Facility for a total aggregate amount of € 501 million which can be drawn upon the satisfaction of certain customary conditions precedent. As of December 31, 2014, we had drawn a € 126.2 million equivalent amount under the different RCFs in place. We expect to use these sources of liquidity to fund operating expenses, working capital requirements, capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our cash and cash equivalents, the cash provided from the operations of our operating subsidiaries and any available borrowings under the Revolving Credit Facilities will be sufficient to fund our currently anticipated working capital needs, capital expenditures, and debt service requirements during the next 12 months. As our debt matures in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities.

We are required to satisfy certain covenant requirements on our debt obligations. Refer to note 15 to the consolidated financial statements for more details.

Financial risk factors

In the course of its business, the Group is exposed to a number of financial risks: credit risk, liquidity risk, market risk (including foreign currency risk and interest rate risk) and other risks (including equity price risk and settlement risk). This note presents the Group's objectives, policies and processes for managing its financial risk and capital.

Financial risk management is an integral part of the way the Group is managed. The Board of Directors establishes the Group's financial policies and the Chief Executive Officer establishes objectives in line with these policies. The Group is not subject to any significant externally imposed capital requirements.

It is the policy of the Group to enter into hedging foreign exchange contracts to cover specific foreign currency payments and receipts.

Details of the Group's objectives and policies on financial risk management, and of the financial instruments currently in use, can be found in Note 17 to the consolidated financial statements.

DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OF THE GROUP

Altice S.A. **Consolidated statement of financial position** *(In €'millions)*	**Year ended December 31, 2014**	**Year ended December 31, 2013**
Cash and cash equivalents	1,563.6	61.6
Restricted cash	-	1,242.8
Other current assets	3,637.3	257.8
Total current assets	**5,200.9**	**1,562.2**
Total non-current assets	**30,836.9**	**3,614.4**
Total non-current assets and assets of disposal groups classified as held for sale	*77.3*	-
Total assets	**36,115.1**	**5,176.6**
Current borrowings	612.0	59.7
Other current liabilities	7,702.8	677.4
Total current liabilities	**8,314.8**	737.0
Non-current borrowings	20,455.4	3,741.0
Other non-current liabilities	2,126.2	603.2
Total non-current liabilities	**22,581.6**	**4,344.2**
Total liabilities included in disposal groups classified as held for sale	22.5	-
Total shareholders' equity	1,942.4	95.8
Non-controlling interests	3,253.9	(.5)
Total equity	**5,196.3**	**95.3**
Total equity and liabilities	**36,115.1**	**5,176.6**

As at December 31, 2014, Altice S.A had a total asset position of € 36,115.1 million and a net asset position of € 5,196.3 million. The major contributor to the consolidated statement of financial position of Altice S.A is the Altice France S.A. sub-group, that holds a controlling equity interest in Numericable-SFR. Numericable-SFR had a reported total asset position of €30,018.7 million as of December 31, 2014.

Current assets

As at December 31, 2014, the group had a current asset position of € 5,200.9 million, a 233% increase as compared to € 1,562.2 million in the year ended December 31, 2013. This increase was mainly due to the business combinations that occurred during the year, most notably which of NG in February 2014 and SFR in November 2014, which led to an increase in trade and other receivables to € 2,491.8 million from € 232.2 million for the year ended December 31, 2013

Cash and cash equivalents increased from € 61.6 million for the year ended December 31, 2013 to € 1,563.6 million as of December 31, 2014. This increase was mainly due to the operational cash flow generation at the level of Numericable-SFR and some overfunding received as part of the closing of the SFR acquisition, as well as the proceeds raised from the private placement of €910.9 million that was completed in June 2014. Restricted cash held as of December 31, 2013 (€ 1,242.8) was used to close the acquisitions of ODO and Tricom in April and March 2014.

Non-current assets

Non-current assets amounts to € 30,836.9 million as at December 31, 2014 (compared to € 3,614.4 million as of December 31, 2013) and consists of the following:

Property, Plant and Equipment ("PPE"): the Group consolidates operating companies that have substantial PPE relating to their telecommunications network that enable them to run their business. The net book value of such assets (classified under the property, plant and equipment caption) amounted to € 7,602.1 million as at December 31, 2014 compared to € 1,134.2 million as at December 31, 2013. This substantial increase is mainly explained by the acquisition and integration of Numericable, SFR, ODO and Tricom in the Group for the year ended December 31, 2014. Numericable and Tricom possess DOCSIS 3.0 compliant cable networks with

over 10.4 million homes passed in their respective operating zones. SFR and ODO both own and operate 4G/LTE compliant mobile networks.

Intangible assets: The net book value (“NBV”) of intangible assets grew significantly from € 579.6 million for the year ended December 31, 2013 to € 5,199.1 million for the year ended December 31, 2014. This increase is explained by the acquisition of SFR, which holds licenses, rights to certain frequencies and spectrums to offer mobile services in France and overseas territories (€ 3,748.0 million acquired in the business combination).

Goodwill: Due to the acquisitive nature of the group and the rapid growth and number of external growth operations completed in 2014, total goodwill increased from € 1,100.7 million in 2013 to € 15,835.4 million as of December 31, 2014. This increase in goodwill is mainly related to the acquisition of SFR, which was completed in November 2014. The Board of Directors has recorded the excess between the consideration transferred and the preliminary fair value of the net assets transferred fully to goodwill, pending the completion of the purchase price allocation. This acquisition added a total of € 11,456.5 million to the total amount of goodwill for the year ended December 31, 2014.

The acquisitions of NSFR, ODO and Tricom contributed € 13,984.2 million, € 593 million and € 74.5 million to goodwill after a preliminary purchase price allocation.

Investments in associates: Investments in associates as of December 31, 2014 mainly pertains to those investments that were acquired in the business combination post-closing of the SFR acquisition. SFR had investments in the following associates as of December 31, 2014:

- Numergy: 46.7%
- La Poste Télécom: 49%
- Synerail: 40%

As of December 31, 2013, the Group held a 27.4% stake in the Numericable Group and the carrying amount of this investment was € 679.1 million. On February 3, 2014, the Group acquired a controlling stake in the Numericable Group and thus it was reclassified from being an associate and became a fully consolidated entity of the Group. This explains the decrease in the carrying amount of investments in associates during the year ended December 31, 2014.

The total share in income of associates amounted to € 4.8 million for the year ended December 31, 2014 (€ 15.5 million for the year ended December 31, 2013).

Deferred tax assets: Deferred tax assets amounted to € 648.4 million as of December 31, 2014, a significant increase compared to the year ended December 31, 2013 (€ 47.4 million). This increase can mainly be attributed to (i) business combinations, accounting for a total of € 531.8 million and (ii) impacts of various income statement line items for a total of €189.9 million.

Current liabilities

The group had a current liability position of € 8,314.8 million as at December 31, 2014 compared to € 737.0 million as at December 31, 2013, mainly composed of trade and other payables, current portion of debentures and current tax liabilities.

Trade and other payables amounted to € 5,215.8 million as at December 31, 2014, an increase of 908.1% compared to € 517.4 million as at December 31, 2013, mainly increasing as a result of business combinations, of which the acquisition of Numericable-SFR accounted for € 6,645.2 million.

The high level of trade payables is structural and follows industry norms, as customers generally pay in advance, based on their billing cycle and suppliers are paid as per the standard payment terms prevalent in each country. The Group generates sufficient operating cash to respect its current debts, and has access to revolving credit facilities to assist in meeting its current debt obligations.

The current portion of borrowings increased from € 59.7 million as of December 31, 2013 to € 612.0 million for the year ended December 31, 2014. This increase was a result of the drawdown on the revolving credit

facilities to repay the Coditel mezzanine in November 2014 (€ 126.2 million) and an increase in the amount of accrued interest from € 33.3 million to € 403.9 million in 2014.

Deferred revenue registered an increase from € 55.9 million for the year ended December 31, 2013 to € 695.5 million for the year ended December 31, 2014. This increase was mainly related to the acquisition of SFR. Current deferred revenues represent that portion of revenues for which payment has been received from customers (standard invoicing practice for the industry) but relates to subsequent periods.

Other current liabilities include a vendor note payable to certain former shareholders in the Numericable Group for a total amount of € 529.0 million in exchange for a 14% stake in Numericable which was acquired in July 2014. This was repaid on February 6, 2015.

Non-current liabilities

The group's non-current liabilities are mainly composed of bonds and debts obtained from banking institutions in order to finance new acquisitions. The non-current debt position was € 20,455.4 million as at December 31, 2014 compared to € 3,741.0 million as at December 31, 2013.

Altice S.A. (the holding company of the group), raises debt itself and through its subsidiaries, Altice Finco S.A. and Altice Financing S.A. Additionally, debt was issued by Numericable Group in order to finance the acquisition of SFR.

As of December 31, 2014, debt issued by Altice S.A. amounted to € 4,380.5 million, by Numericable Group to € 12,499.0 million and by other Group entities to € 3,575.8 million. The proceeds of debt issued by the group's international subsidiaries to close the acquisition of ODO and Tricom was held in escrow as of December 31, 2013 and fully used as of December 31, 2014.

As of December 31, 2014 the group had no significant outstanding related party debt. Such debt amounted to € 100.7 million as of December 31, 2013 and was settled as part of the IPO in January 2014.

Other financial liabilities are mainly composed of the contingent consideration payable to the vendors of SFR upon achievement of certain operational targets. This consideration, carried at its fair value, amounted to € 684.0 million as of December 31, 2014. As disclosed in the subsequent events, in an agreement signed with the vendor after December 31, 2014, as part of the repurchase of the minority stake held in NSFR, the payment of the contingent consideration was extinguished.

Retirement benefit obligations increased to € 131.2 million as of December 31, 2014 (€ 8.2 million as of December 31, 2013). This increase is related to the acquisition of SFR.

Deferred tax liabilities increased by 124.6% to reach € 411.3 million, mainly as a result of business combinations (contribution of € 378.3 million).

Equity

Altice is a public entity whose shares are traded on Euronext Amsterdam under the ticker ATC:NA. Altice's shares were initially listed in an initial public offering on January 31, 2014.

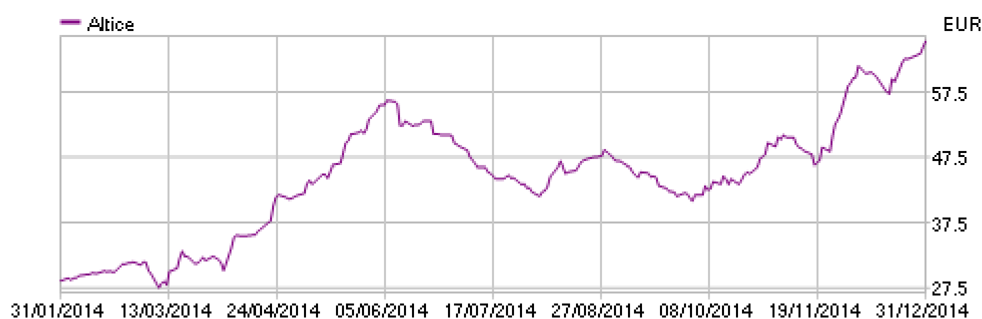
Subsequent to the IPO, Altice issued additional shares in a private placement on June 27, 2014. The Group raised a total of € 910.9 million in this issuance. On July 24, 2014 Altice issued a total of 24,751,873 new shares to facilitate a share swap with two significant non-controlling shareholders in Numericable Group S.A.

Altice also issued shares worth € 4.2 million to certain managers who invested in the company's equity as part of the management investment plan.

Total equity amounted to € 5,196.3 million as of December 31, 2014, as compared to an invested equity of € 95.3 million for the year ended December 31, 2013. Total share of non-controlling interests amounted to € 3,253.9 million for the year ended December 31, 2014, as compared to (0.5) million in 2013, mainly related to the non-controlling interests in Numericable-SFR.

Share Performance

The evolution of the price of the Company's shares until December 31, 2014 is presented below and is based on data available from *[Source: Company website]*:



Since its listing at an offer price of € 28.25 per share, the Company's stock price has shown consistently strong growth, underpinned by a wave of successful deal making in 2014 and the delivery of operational and financial targets for existing assets.

The closing price of € 65.26 on December 31, 2014 represented an increase of 131% over the offer price for a period of eleven months, while the volume weighted average price of € 41.9 as of December 31, 2014 represents an average growth of 48.4% compared to the offer price.

As of the date of this report 247,950,186 shares of the company were outstanding and Next L.P. (controlled by Patrick Drahi, chairman of the board of Directors), held 56.8% of the share capital of the Group.

Presence of Branches

The Company had no branches as of December 31, 2014.

Dividends

The Board of Directors does not intend to propose any dividends to the Shareholders of the Company. The Board does not expect to declare any dividends in 2015.

Research and Development

The Group operates cable and mobile networks and provides services to end customers using third party technologies. As such, the Group has no significant research and development activities, but is continually evaluating the relevance of developing R&D activities in the future.

Treasury Shares

As of December 31, 2014, Altice S.A. had no treasury shares in its possession.

Events since balance sheet date

Acquisition of Portugal Telecom

On December 9, 2014, the company announced that it has signed a definitive agreement with Oi to purchase the Portuguese assets of Portugal Telecom (or "P.T."). These assets comprise the existing business of Portugal Telecom outside of Africa and excludes Portugal Telecom's Rio Forte debt securities, Oi treasury shares and Portugal Telecom financing vehicles. The transaction values Portugal Telecom at an enterprise value of €7.4bn on a cash and debt-free basis which includes € 500 million consideration related to the future revenue generation of Portugal Telecom. The transaction, net of financial debt, accrued post-retirement liabilities and other purchase price adjustments will be financed by new debt and existing cash from Altice. The transaction requires corporate approvals and is subject to certain regulatory approvals.

On January 22, the board of PT S.G.P.S unanimously approved the sale of P.T. to Altice and the Company subsequently completed the issuance of the debt that will be used to finance this acquisition on February 4, 2015.

The acquisition is expected to close in the second quarter of 2015, following a review by the European Union's anti-trust commission, which is currently underway.

Issuance of debt to finance the acquisition of Portugal Telecom and additional RCF

On February 4, 2015, Altice completed an offering of (i) €750 million in aggregate principal amount of its 6¼% Senior Notes due 2025 and $1,480 million aggregate principal amount of its 7⅝% Senior Notes due 2025 (the "Senior Notes"), (ii) $2,060 million aggregate principal amount of Altice Financing S.A.'s 6⅝% Senior Secured Notes due 2023 and €500 million aggregate principal amount of Altice Financing S.A.'s 5¼% Senior Secured Notes due 2023 (the "Altice Financing Senior Secured Notes") and (iii) $385 million aggregate principal amount of Altice Finco S.A.'s 7⅝% Senior Notes due 2025 (the "Altice Finco Senior Notes", and together with the Altice Financing Senior Secured Notes and the Senior Notes, the "Notes"). The proceeds from such offering are now held in segregated escrow accounts pending satisfaction of certain escrow release conditions (including the completion of the Portugal Telecom acquisition).

The Senior Notes, Altice Financing Senior Secured Notes and Altice Finco Senior Notes have been listed and admitted on Luxembourg Stock Exchange's Euro MTF Market on March 13, 2015.

In addition, upon condition of the completion of the acquisition, the Altice International S.à r.l. group would have access to an additional Revolving Credit Facility agreement for a total aggregated amount of € 330 million (and which the Altice International S.à r.l. group would be able to draw upon the satisfaction of certain other customary conditions precedent).

Carlyle and Cinven debt repayment

On February 6, 2015, Altice France, a 100% subsidiary of the Company, repaid its debt amounting to € 529.2 million (included in the caption "Other financial liabilities" in the consolidated statement of financial position as at December 31, 2014) towards Carlyle and Cinven (former minority shareholders of NG).

Executives to buy shares in Altice S.A. from Carlyle

On February 2, 2015, Altice announced that Carlyle has agreed to sell 4.4 million ordinary shares held in the Company (approximately 1.8% of Altice's ordinary share capital) to entities controlled by the controlling shareholder and other senior managers. As a consequence, they acquired 4.16 million shares and 0.24 million shares respectively. The controlling shareholder increased his participation in the Group up to approximately 58.5%.

Buy-out of minorities in Numericable-SFR

On February 27, 2015, the company, through its subsidiaries Altice France, and Numericable-SFR announced that they have entered into final agreements with Vivendi regarding the acquisition of the 20% stake Vivendi owns in Numericable-SFR, for a price of €40 per share. Numericable-SFR will acquire half of Vivendi's stake through a share buyback program which will be submitted to a vote at the shareholders' meeting of Numericable-SFR. The remainder of the Vivendi's stake will be acquired by Altice France at the same time, with a payment to be made no later than April 7, 2016. The payment by Altice France of approximately €1.948 billion plus interest of 3.8% per annum has been secured by a bank guarantee. The closing of this transaction is expected to occur in the days following the next shareholders' meeting of Numericable-SFR, which has been called for April 28, 2015. This transaction will in particular result in the termination of the shareholders' agreement and the call options agreements entered into between Altice France and Vivendi in connection with the SFR acquisition. Upon the completion of this transaction, Altice France's stake in the share capital and voting rights of Numericable-SFR will increase from 60.4% to 70.4% (i.e. 78% excluding treasury shares held by Numericable-

SFR).

In case of non-completion of the transaction, for reasons other than administrative or judicial or attributable to Vivendi, Altice S.A. will pay a break-up fee of € 120 million to Vivendi.

As part of this agreement, the earn-out of € 750 million due to Vivendi and contingent upon the completion of certain financial and operational KPIs was extinguished.

A consortium of financial institutions has issued a bank guarantee for the vendor note due to Vivendi that is backstopped by an equity underwriting commitment to Altice S.A. from such major financial institution.

Altice enters into exclusivity for the sale of mobile activities in La Reunion and Mayotte

On March 6, 2015, Altice announced that it has entered into an exclusivity agreement with the Hiridjee Group, controlling shareholder of Telma, the leading telecom operator in Madagascar, for the sale of its mobile activities in La Reunion and Mayotte, pursuant to the requirement and subject to the approval of the French antitrust authority.

Principal Risks and Uncertainties

Altice S.A. operates a risk management framework that enables our risks to be identified, analysed, evaluated, controlled, monitored and reported though a structured and consistent process. The Board of Directors is ultimately responsible for maintaining effective risk management, which includes our risk governance structure, our system of internal control and our internal audit approach. Management's responsibility is to manage risk across the Group on behalf of the Board.

The agreements and instruments governing our debt contain restrictions and limitations that could adversely affect our ability to operate our business.

The terms of the agreements and instruments governing our debt contain a number of significant covenants or other provisions that could adversely affect our ability to operate our business. These covenants restrict our ability, and the ability of our subsidiaries, to, among other things:

- pay dividends or make other distributions;
- make certain investments or acquisitions, including participating in joint ventures;
- make capital expenditures;
- engage in transactions with affiliates and other related parties;
- dispose of assets other than in the ordinary course of business;
- merge with other companies;
- incur additional debt and grant guarantees;
- repurchase or redeem equity interests and subordinated debt or issue shares of subsidiaries;
- grant liens and pledge assets; and
- change our business plan.

All of these limitations will be subject to certain exceptions and qualifications, including the ability to pay dividends or make investments. However, these covenants could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. In addition, our ability to comply with these restrictions may be affected by events beyond our control. In addition, we are also subject to the affirmative covenants contained in certain of the debt agreements we are

party to which require us to maintain specified financial ratios. Our ability to meet these financial ratios may be affected by events beyond our control and, as a result, we cannot assure you that we will be able to meet these ratios.

In addition to limiting our flexibility in operating our business, the breach of any covenants or obligations under the agreements and instruments governing our debt will result in a default under the applicable debt agreement or instrument and could trigger acceleration of the related debt, which in turn could trigger defaults under other agreements governing our debt. A default under any of the agreements governing our other debt could materially adversely affect our growth, financial condition and results of operations.

We are exposed to interest rate risks. Shifts in such rates may adversely affect our debt service obligations.

As of December 31, 2014, our primary floating rate debt obligations (excluding finance leases and other liabilities) were in an amount equivalent to €4,856.4 million comprising mainly of term loans. Since December 31, 2014, Altice S.A. and its subsidiaries has incurred an additional € 1,022 million of floating rate debt in relation to the planned acquisition of Portugal Telecom. Further, as of December 31, 2014 we had an amount equivalent to €138.3 million outstanding under Series A of the HOT Unsecured Notes which is linked to the consumer price index in Israel. An increase in the interest rates on our debt will reduce the funds available to repay our debt and to finance our operations, capital expenditures and future business opportunities. Although we enter into various derivative transactions to manage exposure to movements in interest rates, there can be no assurance that we will be able to continue to do so at a reasonable cost.

Currency fluctuations and interest rate and other hedging risks could adversely affect our earnings and cash flow.

Our business is exposed to fluctuations in currency exchange rates. HOT's primary transactional currency is the New Israel Shekel. The primary transactional currency of Cabovisão, ONI, PT Portugal, Coditel, Outremer Telecom, Numericable-SFR Group and Le Cable is the Euro. The primary transactional currency of Green is Swiss Francs. The primary transactional currency of Tricom S.A. and ODO is the Dominican Peso. We conduct, and will continue to conduct, transactions in currencies other than such primary transactional currencies, particularly the U.S. dollar. Our existing debt is primarily denominated in U.S. dollars, euros and New Israeli Shekels although the amounts incurred in euros and New Israeli Shekels do not necessarily match the cash flows generated from operations in such currencies. The exchange rate between the U.S. dollar and the New Israeli Shekel, Euro, Swiss Franc and the Dominican Peso has fluctuated significantly in recent years and may continue to fluctuate significantly in the future. Further in the past, the Dominican Republic government has imposed exchange controls and currency restrictions and they may do so in the future. This is beyond our control and may result in the Dominican Peso ceasing to be freely convertible or transferable abroad to service our then outstanding indebtedness or otherwise, or the Dominican Peso being significantly depreciated relative to other currencies, including the U.S. dollar. We have historically covered a portion of our U.S. dollar and euro cash outflows arising on anticipated and committed obligations through the use of foreign exchange derivative instruments. Further, while we manage the risk of certain currency fluctuations in respect of a portion of our existing debt and to hedge our exposure to interest rate changes in respect of indebtedness linked to interest rates, these arrangements may be costly and may not insulate us completely from such exposure. There can be no guarantee that our hedging strategies will adequately protect our operating results from the effects of exchange rate fluctuation or changes in interest rates, or that these hedges will not limit any benefit that we might otherwise receive from favorable movements in exchange rates or interest rates.

Risks Relating to Our Business, Technology and Competition

We face significant competition in each of the industries in which we operate and competitive pressures could have a material adverse effect on our business.

We face significant competition from established and new competitors in each of the countries and segments in which we operate. The nature and level of the competition we face vary for each of the products and services we offer. Our competitors include, but are not limited to, providers of television, broadband Internet, fixed-line telephony and B2B services using DSL or fiber connections, providers of television services using technologies such as Internet Protocol over Television (IPTV), providers of television by satellite, DTT providers, mobile network operators, and providers of emerging digital entertainment technologies and other providers of wholesale carrier, infrastructure and white label services.

In some instances, we compete against companies which may have easier access to financing, more comprehensive product ranges, lower financial leverage, greater financial, technical, marketing and personnel resources, larger subscriber bases, wider geographical coverage for their cable or mobile networks, greater brand name recognition and experience or longer established relationships with regulatory authorities, suppliers and customers. Some of our competitors may have fewer regulatory burdens with which they are required to comply because, among other reasons, they use different technologies to provide their services, do not own their own fixed-line network, or are not subject to obligations applicable to operators with significant market power.

Because the telecommunications and mobile markets in certain of the geographic markets in which we operate, including Israel and France, are reaching saturation, there are a limited number of new subscribers entering the market and therefore in order to increase our subscriber base and market share we are dependent on attracting our competitors' existing subscribers, which intensifies the competitive pressures we are subject to. The competitive landscape in the countries in which we operate is generally characterized by increasing competition, tiered offerings that include lower-priced entry level products and a focus on multiple-play offerings including special promotions and discounts for customers who subscribe for multiple-play services, which may contribute to increased average revenue per unique customer relationship, but will likely reduce our ARPU on a per-service basis for each service included in a multiple-play package. We expect additional competitive pressure to result from the convergence of broadcasting and communication technologies, as a result of which participants in the media and telecommunications industries seek to offer packages of fixed and mobile voice, Internet and video broadcast services. In addition, we expect competition to increase as a result of changes in the regulatory regime seeking to increase competition in the markets in which we operate, such as allowing third party access to cable networks on a wholesale basis.

Our products and services are also subject to increasing competition from alternative new technologies or improvements in existing technologies. For example, our pay television services in certain jurisdictions compete with providers who provide IPTV services to customers in our network areas utilizing DSL or very high bitrate DSL ("VDSL") broadband Internet connections. In the broadband Internet market, we generally face competition from mobile operators as they are increasingly able to utilize a combination of progressively powerful handsets and high bandwidth technologies, such as UMTS and long-term-evolution ("LTE") technology. Mobile services, including those offering advanced higher speed, higher bandwidth technologies and mobile virtual network operators ("MVNOs"), also contribute to the competitive pressures that we face as a fixed-line telephony operator. In the past, mobile operators have engaged in "cut the line" campaigns and used attractive mobile calling tariffs to encourage customers with both fixed-line and mobile services to retain only their mobile services. This substitution, in addition to the increasing use of alternative communications technologies, tends to negatively affect our fixed-line call usage volumes and subscriber growth. At the same time, incumbent fixed-line operators have also applied resources to "win-back" activities that can entice our existing telephony customers, as well as prospective telephony customers, to return or remain with the incumbent by offering certain economic incentives.

In addition, new players from sectors that are either unregulated or subject to different regulations (including Internet players such as Yahoo, Google, Microsoft, Amazon, Skype, Apple, YouTube, Netflix and other audiovisual players, media players and over-the-top (of an existing broadband internet network) players) have emerged as competitors to our content offering. These players are taking advantage of improved connectivity and platform-agnostic technologies to offer over-the-top and cloud-based services. Telecommunications operators are expected to maintain traditional access services and billing relationships over which users access services from adjacent players such as well-known companies offering music, video, photos, apps and retail. The rapid success of audiovisual content streamed through the telecommunications network and insufficient innovation could lead to the emergence of other content or service providers as well as the saturation of the network, which would put pressure on the revenues and margins of operators like our Group while simultaneously requiring them to increase capital expenditures to remain competitive, which could adversely affect our business, financial condition or results of operations.

The political and military conditions in Israel may adversely affect our financial condition and results of operations.

A significant portion of our operations, our networks and some of our suppliers are located in Israel and are affected by political and military conditions. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries. Hostilities involving Israel, any interruption or curtailment of trade between Israel and its trading partners and political instability within Israel or its neighboring countries are likely to cause our revenues to fall and harm our business. In particular, in recent conflicts, missile attacks have occurred on civilian areas, which could cause substantial damage to our networks,

reducing our ability to continue serving our customers as well as our overall network capacity. In addition, in the event that recent political unrest and instability in the Middle East, including changes in some of the governments in the region, cause investor concerns resulting in a reduction in the value of the New Israeli Shekel, our expenses in non-shekel currencies may increase, with a material adverse effect on our financial results.

During an emergency, including a major communications crisis in Israel's national communications network, a natural disaster, or a special security situation in Israel, control of our networks may be assumed by a lawfully authorized person in order to protect the security of the State of Israel or to ensure the provision of necessary services to the public. During such circumstances, the government also has the right to withdraw temporarily some of the mobile spectrum granted to us. Under the Equipment Registration and Mobilization to the Israel Defense Forces Law, 1987, the Israel Defense Forces may mobilize our engineering equipment for their use, compensating us for the use and damage. This may materially harm our ability to provide services to our subscribers in such emergency circumstances and have a negative impact on our revenue and results of operations.

Moreover, the Prime Minister of Israel may, under powers which the Communications Law (Telecommunication and Broadcasting), 5742—1982 (the "Communications Law") grants him for reasons of state security or public welfare, order us to provide services to the security forces, to perform telecommunications activities and to set up telecommunications facilities required by the security forces to carry out their duties. While the Communications Law provides that we will be compensated for rendering such services to security forces, the government is seeking a change in the Communications Law which would require us to bear some of the cost involved with complying with the instructions of security forces. Such costs may be significant and have a negative impact on our revenue and results of operations.

Some of our officers and employees are currently obligated to perform annual reserve duty. All reservists are subject to being called to active duty at any time under emergency circumstances. In addition, some of our employees may be forced to stay at home during emergency circumstances in their area. We cannot assess the full impact of these requirements on our workforce and business if such circumstances arise.

More generally, any armed conflicts, terrorist activities or political instability in the region would likely negatively affect business conditions and could harm our results of operations, including following termination of such conflicts, due to a decrease in the number of tourists visiting Israel. Beginning in 2010 and continuing to date several countries in the region, including Egypt and Syria, have been experiencing increased political instability and armed conflict, which have led to change in government in some of these countries, the effects of which are currently difficult to assess. Further, tensions have increased recently between Israel and Iran over Iran's nuclear program. In the event the conflict escalates, especially if Iran has nuclear weapons capabilities, the impact on our business could be significant.

Terrorist attacks and threats, escalation of military activity in response to such attacks or acts of war may negatively affect our cash flows, results of operations or financial condition.

Our business is affected by general economic conditions, fluctuations in consumer confidence and spending, and market liquidity which can decline as a result of numerous factors outside of our control, such as terrorist attacks and acts of war. In Israel, the ongoing hostilities with the Palestinians, future terrorist attacks, rumors or threats of war, actual conflicts in which it or its allies might be involved, or military or trade disruptions affecting us or our customers may adversely affect our operations.

Our business is capital intensive and our capital expenditures may not generate a positive return or we may be unable or unwilling to make additional capital expenditures.

The pay television, broadband Internet, fixed-line telephony, mobile and B2B businesses in which we operate are capital intensive. Significant capital expenditures are required to add customers to our networks, including expenditures for equipment and labor costs. In Israel, we recently completed an upgrade to our cable network that made our entire network Docsis 3.0- enabled, which enables us to expand the transfer volume on the network to improve the provision of services that require substantial bandwidth like VoD and increase the number of channels that we can offer our subscribers. We are also in the process of selectively rolling out "FTTx" improvements to our last mile fixed-line network and may need to make similar capital expenditures in the future to keep up with technological advancements. In addition, we are continuing to invest in the expansion of our UMTS mobile network in Israel to provide 3G mobile services, which we launched on May 15, 2012 and which offers subscribers faster network capabilities and better roaming coverage as compared to our iDEN platform and the ability to use 3G phones. In addition, the relevant authorities in Israel have initiated an application process to

award spectrum for the provision of LTE mobile telephony services. We have submitted our offer in response to this tender. On January 12, 2015, the Israeli Ministry of Communications informed HOT Mobile that based on the results of the tender it would be awarded a frequency bandwidth of 2X5MHz in the 1.8 GHz spectrum, for a license fee of NIS 34.5 million (up to half of which may be paid by way of provision of a bank guarantee, which may be refunded, in whole or in part, upon HOT Mobile reaching certain market share milestones). The tender results will be brought before the Minister of Communications for approval and in case of such approval, we will need to upgrade our mobile network and roll out an LTE network, which could involve a significant amount of capital expenditure (which we expect will be made through investment in the newly formed limited partnership to be set up pursuant to the Network Sharing Agreement between HOT Mobile and Partner. In France, we are seeking to upgrade and expand our network and expect to incur substantial capital expenditure in the process. We intend to continue acquiring spectrum frequencies in our different segments, as and when such frequencies are put up for auction. We intend to keep upgrading our cable network to fiber in order to make them compatible with Docsis 3.0, which we expect will require significant capital expenditure. We also expect to develop our FTTH networks in the context of public-private partnerships in France, such as our DSP 94 project.

We have, in recent years, also made significant investments in cable and mobile networks in Belgium and Luxembourg, the French Overseas Territories and Portugal. PT Portugal has also made significant investments in its network, in particular in connection with the commencement of Pay-TV services in 2008 and quadruple play services in 2013. No assurance can be given that our recent or future capital expenditures will generate a positive return or that we will have adequate capital available to finance future upgrades or acquire additional licenses. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding or upgrading our networks, or making our other planned or unplanned capital expenditures, our growth and our competitive position may be materially adversely affected.

The deployment of fiber or VDSL2 networks by our competitors may reduce, and ultimately eliminate, the speed and power gap between our cable network and the DSL networks of our main competitors.

We believe that one of our core competitive advantages in the majority of our geographies is the strength and speed of our fiber/cable networks. On a blended basis, approximately 99.5% of the Altice International Group's networks is Docsis 3.0-enabled and over an aggregate of approximately 85% of the Altice France Group's networks is Docsis 2.0- or Docsis 3.0-enabled, in each case as of September 30, 2014. Following the PT Portugal Acquisition we will also benefit from PT Portugal's FTTH network. The parts of our networks that have been upgraded to FTTx and use Docsis 3.0 technology allow for speed levels that cannot currently be matched by xDSL networks that have not been upgraded to fiber, which is the technology deployed by most of our competitors, and allows for the connection of several devices without impairing the quality of the television signal.

However, our competitors may deploy fiber and/or VDSL2 networks allowing for download speeds and bandwidths which may rival those achieved by our network. For example, in France, our main DSL competitors (Orange, Free and Bouygues Télécom) have begun to roll out FTTH networks in order to increase and harmonize their network speed. In line with the law on modernization of the economy dated August 4, 2008 and in line with the conditions set forth by ARCEP (decision 2009-1106 dated December 22, 2009 and decision 2010- 1312 dated December 14, 2010), other operators will be able to obtain access to the infrastructure deployed by an operator, including through co- financing projects, and use such infrastructure for their own very-high-speed broadband internet offers. French DSL operators have all announced various agreements to mutualize deployment of FTTH in certain areas. In addition, in February 2013, the French government announced a €20 billion FTTH deployment plan and a goal to provide very- high-speed internet access to 50% of the population by 2017 and 100% of the population by 2023. The government pledged to provide €3 billion in subsidies to municipalities for FTTH deployment. Several communities have already granted subsidies to network operators to install FTTH connections. These grants are likely to continue, with some regions of France such as the Hauts-de-Seine, Amiens and Louvin districts, having already entered into public-private partnerships in an effort to encourage such investments. Furthermore, Orange may decide, either as an alternative to FTTH or as an intermediate approach pending the FTTH roll-out, to upgrade a portion of its network to VDSL2. Orange announced that it would run a beta test of VDSL2 for certain consumers on its network during the course of the fall of 2013. Free has also announced that it would make its current offerings upgradeable to VDSL2 should the technology become available in a subscriber's location.

Bezeq, through its DSL network, is the leading broadband Internet infrastructure access provider in Israel with 1.3 million subscriptions as of December 31, 2013 including business and residential customers. Based on Bezeq's public filings, Bezeq is currently rolling out FTTH/FTTB infrastructure. Bezeq has reported that, as of December 31, 2013, approximately 98% of its 1.2 million broadband internet customers have been migrated to its

next generation network. On August 29, 2012, Bezeq announced its decision to broaden the deployment of optical fibers to reach as close as possible to its customers through FTTH or FTTB, in an effort to form the basis of the future supply of advanced communications services and with greater bandwidth than currently provided. In August 2013, Bezeq announced it had deployed FTTH to 200,000 households and businesses in Israel, reached 400,000 households and businesses in Israel by end of 2013, and was aiming to reach more than one million homes and businesses with fiber by the end of 2014.

If our competitors deploy or significantly expand their fiber networks they may be able to compete with our pay television and broadband Internet offers at a level of quality and speed equal or superior to ours, potentially eliminating our current competitive advantage, increasing pressure on our prices and margins and leading us to incur significant capital expenditures to match their service offerings. Implementation of a VDSL2 solution by such competitors could also reduce our competitive advantage. The deployment of fiber and/or VDSL2 networks by competitors is also a risk for our B2B operations, particularly with respect to Small and Medium enterprises (SMEs) and Small office-Home office (SoHos), for which our cable and fiber/DSL networks, as applicable, are also currently an advantage. While we have invested and improved our offerings in response to fiber/VDSL2 deployment, such deployment could have a material adverse effect on our business, financial condition and results of operations.

In addition, we will need to expend significant capital expenditures to fulfill the universal service obligation and to upgrade the parts of our networks that are xDSL. There can be no assurance that we will have sufficient capital to finance such upgrades or that such upgrades will generate a positive return.

Failure in our technology or telecommunications systems could significantly disrupt our operations, which could reduce our customer base and result in lost revenue.

Our success depends, in part, on the continued and uninterrupted performance of our information technology and network systems as well as our customer service centers. The hardware supporting a large number of critical systems for our cable networks and mobile networks is housed in a relatively small number of locations. Our systems are vulnerable to damage from a variety of sources, including telecommunications failures, power loss, malicious human acts and natural disasters. Moreover, despite security measures, our servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Despite the precautions we have taken, unanticipated problems affecting our systems could cause failures in our information technology systems or disruption in the transmission of signals over our networks. Sustained or repeated system failures that interrupt our ability to provide service to our customers or otherwise meet our business obligations in a timely manner would adversely affect our reputation and result in a loss of customers and revenues.

If any part of our cable or mobile networks, including our information technology systems, is subject to a flood, fire or other natural disaster, terrorism, acts of war, a computer virus, a power loss, other catastrophe or unauthorized access, our operations and customer relations could be materially adversely affected. For example, although our cable networks are generally built in resilient rings to ensure the continuity of network availability in the event of any damage to its underground fibers, if any ring is cut twice in different locations, transmission signals will not be able to pass through, which could cause significant damage to our business. In the event of a power outage or other shortage, we do not have a back-up or alternative supply source for all of our network components. The occurrence of any such event could cause interruptions in service or reduce capacity for customers, either of which could reduce our revenue or cause us to incur additional expenses. In addition, the occurrence of any such event may subject us to penalties and other sanctions imposed by regulators such as the Portuguese telecommunications regulator (the *Autoridade Nacional das Comunicações*, or ANACOM) (in the case of our businesses in Portugal). Further, we may incur costs and revenue losses associated with the unauthorized use of our networks, including administrative and capital costs associated with the unpaid use of our networks as well as with detecting, monitoring and reducing the incidences of fraud. Fraud also impacts interconnect costs, capacity costs, administrative costs and payments to other carriers for unbillable fraudulent roaming charges.

Additionally, our businesses are also dependent on certain sophisticated critical systems, including our switches, billing and customer service systems, which could be damaged by any of the aforementioned risks. For example, if we experience problems in the operation of our billing systems, it may be difficult to resolve the issue in a timely and cost effective manner. In addition, the hardware that supports our switches, billing and customer service systems is housed in a relatively small number of locations and if damage were to occur to any of such locations, or if those systems develop other problems, it could have a material adverse effect on our business. Moreover, we may incur liabilities and reputational damages to the extent that any accident or security breach

results in a loss of or damage to customers' data or applications, or inappropriate disclosure of confidential information. Additionally, we rely on hardware, software, technical services and customer support provided by third parties. We do not control the proper functioning of such third party equipment, and to the extent hardware, software, technical services and customer support provided by third parties fails, our business operations may be adversely affected.

As the number of our customers and the services that we offer our customers increases, the complexity of our product offerings and network architecture also increases, as does network congestion. A failure to manage the growth and complexity of our networks could lead to a degradation of service and network disruptions that could harm our reputation and result in a loss of subscribers. In France, any failure to increase our homes passed connected to the Docsis 3.0-enabled portion of our cable network as planned may affect our results of operations. In Israel, any delays or technical difficulties in establishing our UMTS/LTE network may affect our results of operations. Further, although many of our products and services are built on standardized platforms, they have been adapted or tailored to our networks and the offerings we have designed, as a result of which we face the risk of any newly implemented technology that there may be unexpected operational issues that arise. If we were to experience a breakdown of equipment or technology that we cannot timely repair, we might lose subscribers.

We are not generally insured against war, terrorism (except to a limited extent under our general property insurance) and cyber risks and do not generally insure the coaxial portion of our network. Any catastrophe or other damage that affects any of our networks in the jurisdictions in which we operate could result in substantial uninsured losses. In addition, disaster recovery, security and service continuity protection measures that we have or may in the future undertake, and our monitoring of network performance (including in Israel from our network operating center in Yakum), may be insufficient to prevent losses.

In addition, although so far no incidents have occurred in numbers that are statistically significant, our technical equipment has been and may continue to be subject to occasional malfunctioning due to technical shortcomings or imperfect interfaces with equipment in private homes, the networks of other operators or our own network or with other surrounding equipment. We might incur liabilities or reputational damages as a result thereof.

Our reputation and financial condition may be affected by product quality issues, in particular in connection with LaBox.

Many of our products and services, including LaBox which we have rolled out in France, Belgium, Luxembourg, Portugal and Israel, are manufactured and maintained through complex and precise technological processes. These complex products may contain defects or experience failures when first introduced or when new versions or enhancements to existing products are released. We cannot guarantee that, despite testing procedures, errors will not be found in new products, including LaBox, after launch. Such errors could result in a loss of, or a delay in market acceptance of our products, increased costs associated with customer support, delay in revenue recognition or loss of revenues, writing down the inventory of defective products, replacement costs, or damage to our reputation with our customers and in the industry. Any such error could also require a software solution that would cure the defect but impede performance of the product. In addition, any loss of confidence by customers in us may cause sales of our other products to drop significantly. Furthermore, we may have difficulty identifying customers whose products are defective. As a result, we could incur substantial costs to implement modifications and correct defects. Any of these problems could materially adversely affect our results of operations.

Our brands are subject to reputational risks.

The brands under which we sell our products and services, including HOT, SFR, Numericable, Coditel, Completel, Cabovisão, ONI, Izi, Only and Tricom are well-recognized brands in their respective location. We have developed the brands we use through extensive marketing campaigns, website promotions, customer referrals, and the use of a dedicated sales force and dealer networks. Upon completion of the PT Portugal Acquisition, brands including MEO will be added to our portfolio.

Our brands represent a material and valuable asset to us. Although we try to manage our brands, we cannot guarantee that our brands will not be damaged by circumstances that are outside our control or by third parties such as hackers, sponsorees, or interfaces with its clients, such as subcontractors' employees or sales forces, with a resulting negative impact on our activities. In particular, our image is increasingly tied to LaBox, an innovative set-top box we source from a third-party supplier.

A failure on our part to protect our image, reputation and the brands under which we market our products and services may have a material adverse effect on our business and results of operations.

The operation of our conditional access systems is dependent on licensed technology and subject to illegal piracy risks.

We operate conditional access systems to transmit encrypted digital programs, including our digital pay television packages. For example, in Israel, we are party to an agreement with NDS Limited, pursuant to which NDS Limited has agreed to sell and install parts of our conditional access system for our cable distribution, including hardware equipment, to grant licenses for the respective intellectual property rights for the conditional access system and to provide maintenance, support and security services. We are currently in the process of reviewing our contractual arrangements with NDS Limited for the provision of these products and services. We are also party to similar agreements with Cisco, the parent company of NDS Limited, across our other operations. Billing and revenue generation for our services rely on the proper functioning of our conditional access systems.

Even though we require our conditional access system providers to provide state-of-the-art security for the conditional access systems, the security of our conditional access systems may be compromised by illegal piracy and other means. In addition, our set top boxes require smart cards before subscribers can receive programming and our smart cards have been and may continue to be illegally duplicated, providing unlawful access to our television signals. While we work diligently to reduce the effect of piracy, there can be no assurance that we will be able to successfully eliminate the piracy we currently face. In addition, there can be no assurance that any new conditional access system security that we may put in place will not be circumvented. Encryption failures could result in lower revenue, higher costs and increased basic cable subscriber churn or otherwise have a material adverse effect on our business, financial condition and results of operations.

We collect and process subscriber data as part of our daily business and the leakage of such data may violate laws and regulations which could result in fines, loss of reputation and subscriber churn and adversely affect our business.

We accumulate, store and use data in the ordinary course of our operations that is protected by data protection laws. Regulatory authorities in the jurisdictions in which we operate our businesses have the right to audit us and impose fines if they find we have not complied with applicable laws and adequately protected customer data. Although we take precautions to protect subscriber data in accordance with the applicable privacy requirements in the jurisdictions in which we operate, we may fail to do so and certain subscriber data may be leaked or otherwise used inappropriately. We work with independent and third party sales agents, service providers and call center agents, and although our contracts with these third parties generally restrict the use of subscriber data, we can provide no assurances that they will abide by the contractual terms or that the contracts will be found to be in compliance with data protection laws. Violation of data protection laws may result in fines, loss of reputation and subscriber churn and could have an adverse effect on our business, financial condition and results of operations. There can be no guarantee that our assessment of risk will be accurate or that provisions made will be sufficient.

Risks Relating to Legislative and Regulatory Matters

We are subject to significant government regulation and supervision, which could require us to make additional expenditures or limit our revenues and otherwise adversely affect our business, and further regulatory changes could also adversely affect our business.

Our activities as a cable television, broadband Internet infrastructure access provider, ISP, fixed-line and international long distance telephony and mobile operator are subject to regulation and supervision by various regulatory bodies, including local and national authorities in the jurisdictions in which we operate. Such regulation and supervision, as well as future changes in laws or regulations or in their interpretation or enforcement that affect us, our competitors or our industry, strongly influence how we operate our business. Complying with existing and future law and regulations may increase our operational and administrative expenses, restrict our ability or make it more difficult to implement price increases, affect our ability to introduce new services, force us to change our marketing and other business practices, and/or otherwise limit our revenues. In particular, our business could be materially and adversely affected by any changes in relevant laws or regulations (or in their interpretation) regarding, for example, licensing requirements, access and price regulation, interconnection arrangements or the imposition of universal service obligations, or any change in policy allowing more favorable conditions for other operators or increasing competition. There can be no assurance to you that the provision of

our services will not be subject to greater regulation in the future.

In addition to regulation specific to the telecommunications industry, we are from time to time subject to review by competition authorities concerning whether we exhibit significant market power. Regulatory authorities may also require us to grant third parties access to our bandwidth, frequency capacity, facilities or services to distribute their own services or resell our services to end customers.

Furthermore, a failure to comply with the applicable rules and regulations could result in penalties, restrictions on our business or loss of required licenses or other adverse consequences.

Risks Relating to Our Employees, Management, Principal Shareholder and Related Parties

The loss of certain key executives and personnel or a failure to sustain a good working relationship with employee representatives, including workers' unions, could harm our business.

We depend on the continued contributions of our senior management and other key personnel and in particular, Patrick Drahi, who is our executive chairman and the principal shareholder of the Company. There can be no assurance that we will be successful in retaining their services or that we would be successful in hiring and training suitable replacements without undue costs or delays. As a result, the loss of our executive chairman (including allocation of his time to any other business interests) or any of these key executives and employees could cause disruptions in our business operations, which could materially adversely affect our results of operations.

The interests of Next L.P., our main shareholder, may conflict with our interests

Next L.P. owns 58.5% of the voting interests in the Company as of the date of this report. When business opportunities, or risks and risk allocation arise, the interests of Next L.P. (or its affiliates) may be different from, or in conflict with, our interests on a standalone basis. Because we are controlled by Next L.P., Next L.P. may allocate certain or all of its risks to us and we cannot assure you that Next L.P. will permit us to pursue certain business opportunities.

However, Next L.P. has undertaken, until such time as Next L.P.'s holding of shares in the capital of the company falls below 30% of the fully diluted share capital of the Company, to present all new corporate opportunities it believes are capable of execution and relating to a relevant opportunity to the company.

CORPORATE GOVERNANCE REPORT

Introduction

On January 13, 2014, the Board of Directors of the Company adopted a Corporate Governance Charter (the "**Charter**"), effective as from January 13, 2014 and amended on November 13, 2014. The Charter reflects the main principles by which the Board of Directors organises and supervises the operations of the Company. It is subject and without prejudice to the provisions of the Company's articles of association (the "**Articles**") and Luxembourg law, including, without limitation, the Luxembourg Civil Code and the law of 10 August 1915 concerning commercial companies, as amended (the "**Law**"). The Charter has been built following the "Ten Principles of Corporate Governance of the Luxembourg Stock Exchange" as issued by Luxembourg Stock Exchange (the "**Principles**") which is a code of best practice applying to listed companies on a non-binding basis.

Notwithstanding its listing on the Euronext in Amsterdam, as the Company is incorporated under Luxembourg law, the Company follows the Principles and explains in its annual report to the extent it does not comply with the Principles.

The Board of Directors reviews the Charter from time to time and make such changes as it deems necessary and appropriate.

The Charter is available, together with the Articles, on the Company's website (http://www.altice.net) and will be updated as required in case of any change made to the Company's corporate governance policy.

Duties of the Board of Directors

The Company is headed by a Board of Directors acting as a collegial body. The Board of Directors arranges its procedures, policies and activities in accordance with the internal rules.

The Board of Directors' role is to pursue the long-term success of the Company by actively managing the Company, acting in its corporate interest and serving all the shareholders.

The Company has opted for a "one-tier" governance structure. Accordingly, the Board of Directors is the ultimate decision-making body in the Company, except with respect to such areas which are reserved to the shareholders' meeting by law or by the Articles.

Such powers and responsibilities include, among others, to:

- decide upon and to oversee the Company's objectives, strategy and key policies;
- ensure that the necessary financial and human resources are available to meet the Company's objectives;
- identify the main categories of risk faced by the Company, such as financial risk, strategic risk, operational risk, legal and regulatory risk, reputational risk and other risks, and determine which of those (if any) require particularly close monitoring;
- determine the Company's values, the code of business ethics, as well as all aspects of the Company's corporate strategy;
- determine the board of directors' internal terms of reference, including details on its responsibilities, duties, composition and functioning;
- appoint and dismiss the CEO, the chairman, the Company Secretary, members of the board committees and their chairmen;
- determine the powers and responsibilities of the CEO;
- prepare, review and approve the annual, six-monthly, and if required quarterly, financial and consolidated statements, and, where required by law, present those to the shareholders' meeting;

- convene the shareholders' meetings and submit resolutions for approval;
- ensure that its obligations to all Company shareholders are understood and met; the Board of Directors being accountable at law to the shareholders' meeting for the proper discharge of its responsibilities; and
- oversee the Company's policy with respect to corporate communications, it being understood that communication on behalf of the Company to the outside world is reserved to the chairman of the board of directors and the CEO, with the right of delegation.

With respect to its monitoring responsibilities, the Board of Directors shall:

- review the existence and functioning of a system of internal control, including adequate identification and management of risks (including those relating to compliance with existing legislation and regulations);
- take all necessary measures to ensure the integrity of the Company's financial statements;
- review the performance of executive management; and
- supervise the performance of the external auditor and supervise the internal audit function, provided always that any system put in place to deal with any such responsibility will not be overly burdensome on the board of Directors taking into account the size of the Company.

All powers not expressly reserved to the shareholders by the Law or the Articles fall within the competence of the Board of Directors, which has full power to carry out and approve all acts and operations consistent with the Company's corporate object.

The Board of Directors is authorised to delegate the day-to-day management, and the power to represent the Company in this respect, to one (1) or more directors, officers, managers or other agents, whether shareholders or not, acting either individually or jointly. If the day-to-day management is delegated to one or more directors, the board of directors must report to the annual general meeting of shareholders any salary, fee and/or any other advantage granted to those director(s) in connection with such delegation during the relevant financial year.

The Company is managed by a Board of Directors, which shall comprise a minimum of three (3) and a maximum of ten (10) directors, who are individuals and who need not be shareholders. The majority of directors are executive directors, and the remaining are non-executive directors.

The general meeting of shareholders appoints directors and determines their number, remuneration and term of office. Directors cannot be appointed for a term of office exceeding six (6) years by the shareholders' meeting, which is entitled to remove them at any time, with or without cause by a resolution of the shareholders' meeting. As part of the Binding Nomination Right (as defined below), if Next L.P. proposes to dismiss or replace an executive director, such proposal must be accepted by the general meeting of shareholders. If a substitute executive director must be appointed as a result of the dismissal, he will be appointed in accordance with the Binding Nomination Right. The actual number of directors and their term may vary depending on the needs of the Company. Directors are eligible for re-appointment at the expiry of their term of office.

In accordance with the Articles, all executive directors are appointed by the general meeting of shareholders only from the latest list of candidates proposed (it being understood that the number of candidates proposed shall always exceed the number of available mandates of directors) by Next L.P. (the "**Binding Nomination Right**"). Next L.P. is only be entitled to exercise its Binding Nomination Right as long as it holds thirty per cent. (30%) or more of the Ordinary Shares of the Company. The Binding Nomination Right cannot be amended without the consent of Next L.P. In circumstances in which Next L.P. is entitled to exercise its Binding Nomination Right, the Board of Directors shall request by written notice sent at least ten (10) days prior to the publication of the convening notice for the general meeting of shareholders that Next L.P. exercises its Binding Nomination Right. The Binding Nomination Right shall be exercised by Next L.P. in writing by sending the list of proposed candidates to the Board of Directors within seven (7) days following the receipt of the written notice sent by the Board of Directors and requesting the exercise of the Binding Nomination Right.

As part of the Binding Nomination Right, the role of chairman of the Board of Directors shall be

conferred upon one of the two candidates as has been nominated for appointment to such role by Next L.P. from the list of candidates proposed by Next L.P. for appointment as executive directors of the Company pursuant to its Binding Nomination Right.

As of the date of this Annual report, the Board of Directors is composed of seven members. Mr Patrick Drahi was elected Chairman in January 2014. Michel Combes was appointed on January 6, 2014. Scott Matlock was appointed on January 16, 2014. Jean Luc Allavena was appointed on September 10, 2014. In addition, there are three executive directors: Dexter Goei, Dennis Okhuijsen and Jérémie Bonnin. The Board is assisted by a Company Secretary. The Company Secretary fulfils those tasks and functions that are assigned to him by the Board of Directors. As of the date of this report, Mr. Max Aaron served as Company Secretary.

The 10 Principles of Governance of the Luxemburg Stock Exchange, which constitutes Altice's domestic corporate governance code, require Altice to define the independence criteria that apply to its directors.

Non-executive directors

Non-executive directors should constructively challenge and help develop strategy and key policies proposed by executive management. They should scrutinise the performance of executive management in meeting agreed goals.

Non-executive directors should be made aware of the extent of their duties at the time of their application as director, in particular as to the time commitment involved in carrying out their duties.

While exceptions may be warranted in view of the Company's interest, non-executive directors are encouraged not to take on more than two (2) directorships in listed companies. Changes to other relevant commitments and new commitments of directors outside the Company must be reported to the chairman of the Board of Directors as they arise.

Independent directors

In considering the director's independence, the following criteria, which are based on the European Commission Recommendation of 15 February 2005 on the role of non-executive directors of listed companies and on the committees of the board and which are set out in Schedule D of the Principles, are taken into account. The term independent director shall mean a director who:

(a) is not, and has not been employed by the Company or its subsidiaries in an executive capacity within the three (3) years immediately prior to the annual meeting at which the nominees of the board of directors will be voted upon;

(b) is not a person that directly or indirectly controls ten per cent. (10%) or has a larger holding in any way in the Company and is not a member of the board of directors of a company controlling directly or indirectly the Company;

(c) does not have (and is not affiliated with a company or a firm that has) and has not had within the last financial year a significant business relationship with the Company, its subsidiaries or the person that directly or indirectly controls the Company either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship;

(d) is not, and has not been affiliated with or employed by a (present or former) auditor of the Company, its subsidiaries or the person that directly or indirectly controls the Company, within the three (3) years immediately prior to the annual meeting at which the nominees of the board of directors will be voted upon;

(e) is not an executive director of the Company and has not been in such a position for the previous five (5) years;

(f) does not receive and has not received, significant additional remuneration from the Company or an associated company apart from a fee received as a non-executive director;

(g) is not an executive director (or manager) in another company in which an executive director of

the Company is a non-executive or supervisory director, and does not have other significant links with executive directors of the Company due to positions held in other companies or bodies;

(h) has not served on the board of directors as a non-executive director for more than twelve (12) years; and

(i) is not a spouse, parent, sibling or relative up to the third degree of any person described above under (a) to (h).

The independent director undertakes:

(a) to maintain in all circumstances his or her independence of analysis, decision and action;

(b) not to seek or accept any unreasonable advantages that could be considered as compromising his or her independence, and

(c) to clearly express his or her opposition in the event that he/she finds that a decision of the board of directors may harm the Company. When the board of directors has made decisions about which an independent non-executive director has serious reservations, then that non-executive director should draw all the appropriate consequences from this. If he/she were to resign, he/she should explain his or her reasons in a letter to the board of directors or the audit committee.

When an independent director has served on the board of directors for three (3) terms, he/she is, in principle, not eligible for a fourth (4th) term in the capacity as an independent director subject to exceptional circumstances in the interest of the Company recognised by the Board of Directors. In such case the proposal to renew his or her mandate as independent director will expressly indicate why the Board of Directors considers that his or her independence as a director is preserved.

The Company discloses on its website which directors it considers to be independent. If one or more of the criteria for independence, as discussed above, are not met with respect to such director, the Board of Directors shall disclose the reasons why it considers such director as being independent.

An independent director who no longer meets the criteria for independence shall immediately inform the Board of Directors accordingly.

Board meetings frequency

The Board of Directors shall meet as frequently as the interests of the Company shall require but in any case not less than four (4) times per year. The date, hour and place of such meetings will be agreed upon by the Board of Directors from time to time.

The Board of Directors shall meet at the request of the Chairman, any of the vice-chairmen or any two (2) directors at the place indicated in the notice, which shall, in principle, be in the Grand Duchy of Luxembourg.

Directors and Senior Management

The Group places a strong emphasis on corporate governance. Its Board of Directors is composed of seven members, three of whom are independent. As at the date of signature of these consolidated financial statements, the Board of Directors has two committees: the Audit Committee and the Remuneration Committee.

Board of Directors

The Non-Independent Directors specified below, except for Jérémie Bonnin, were all appointed on January 6, 2014. Jérémie Bonnin was appointed as a Director on January 3, 2014. The Non Executive Directors specified below are the independent members of the Board. Michel Combes was appointed on January 6, 2014 and his term expires at the third annual general meeting following the date of his appointment. Scott Matlock was appointed on January 16, 2014 and his term expires at the third annual general meeting following the date of his appointment. Jean Luc Allavena was appointed on September 10, 2014 and his term expires on December 31,

2017.

Name	Age	Position	Independent/ Non-Independent	Term (Years)
Patrick Drahi	51	Executive Chairman	Non-Independent	5
Dexter Goei	43	Chief Executive Officer	Non-Independent	5
Dennis Okhuijsen	44	Chief Financial Officer	Non-Independent	4
Jérémie Bonnin	40	General Secretary	Non-Independent	4
Michel Combes	52	Non-Executive Director	Independent	3
Scott Matlock	49	Non-Executive Director	Independent	3
Jean-Luc Allavena	51	Non-Executive Director	Independent	3

Patrick Drahi, Executive Chairman

Patrick Drahi began his professional career with the Philips Group in 1988 where he was in charge of international marketing (UK, Ireland, Scandinavia, Asia) in satellite and cable TV (DTH, CATV, MMDS). In 1991, Patrick joined the US/Scandinavian group Kinnevik Millisat, where he was in charge of the development of private cable networks in Spain and France and was involved in the launch of commercial TV stations in Eastern Europe. In 1993, Patrick Drahi founded CMA, a consulting firm specialized in telecommunications and media, which was awarded a mandate from BCTV for the implementation of Beijing's full service cable network. In addition, Patrick founded two cable companies, Sud Câble Services (1994) and Médiaréseaux (1995), where he was involved in several buy outs. When Médiaréseaux was taken over by UPC at the end of 1999, Patrick Drahi advised UPC on its M&A activities until mid 2000. He then started Altice in 2002. Patrick Drahi graduated from the Ecole Polytechnique and Ecole Nationale Supérieure de Télécommunications de Paris (post graduate degree in Optics and Electronics) in 1986.

Dexter Goei, Chief Executive Officer

Dexter Goei joined Altice in 2009, after working for 15 years in investment banking. Dexter began his investment banking career with JP Morgan and joined Morgan Stanley in 1999 working in their Media & Communications Group. Over the years, Dexter has worked across all segments of the media industry in the US and EMEA region covering primarily cable, pay TV, broadcasting, internet, content and gaming companies eventually becoming Co Head of Morgan Stanley's European TMT Group. Dexter is a graduate of Georgetown University's School of Foreign Service with cum laude honors.

Dennis Okhuijsen, Chief Financial Officer

Dennis Okhuijsen joined as the CFO of the Altice Group in September 2012. Before joining Altice, he was the Treasurer for Liberty Global. From 1993 1996, he was a senior accountant at Arthur Andersen. He joined UPC in 1996 where he was responsible for accounting, treasury and investor relations up to 2005 before joining Liberty Global. In his previous capacities, he was also responsible for financial risk management, treasury and operational financing. Dennis holds a Master of Business Economics from Erasmus University, Rotterdam.

Jérémie Bonnin, General Secretary

Jérémie Bonnin joined Altice in May 2005 as Corporate Finance director. Before joining Altice, he was a Manager in the Transaction Services department at KPMG which he joined in 1998. At KPMG, he led several due diligence projects with a significant focus in the telecom area. Since his appointment at Altice, he has been involved in all of Altice's acquisitions which have increased its footprint (in France, Belgium, Luxembourg, Switzerland, Israel, the French Overseas Territories and the Dominican Republic). He has a long track record of successful cross border transactions, and in financial management in the telecom sector. As General Secretary, he also focuses on the implementation of consistent operating policies and corporate structure across the Altice Group, where he holds various board positions. Jérémie received his engineering degree from the Institut d'Informatique d'Entreprises in France in 1998. He also graduated from the DECF in France, equivalent to the CPA.

Michel Combes, Independent Non Executive Director

Michel Combes has been Chief Executive Officer of Alcatel Lucent since April 2013. He has more than 20 years of experience in the telecommunications sector and a strong international background. Michel was

previously Executive Director of the global mobile communications operator Vodafone plc, where he was appointed CEO, Europe Region in October 2008. In addition to his position as CEO of Alcatel Lucent, Michel is also Chairman of the Supervisory Board of Assystem SA in France and non executive board member of MTS. Michel graduated from the Ecole Polytechnique and Ecole Nationale Supérieure des Télécommunications in France.

Scott Matlock, Independent Non Executive Director

Scott Matlock is a Partner at PJT Partners, an independent investment banking firm. Previously, Scott spent over 25 years as an investment banker with Morgan Stanley & Co., where he was the Global Head of Media and Communications M&A from 2005 to 2008, the Chairman of Asia M&A (including Australia, India and Japan) from 2008 through to 2010, and the Chairman of International M&A from 2010 to 2014. Scott started his career at Morgan Stanley focused on transportation, industrial and technology companies. In 1997, he switched his focus to the media and communications sectors. When he moved to London in 2002, he became the Head of European Media Coverage and then the Co Head of European Media and Communications Coverage for the firm. Scott was responsible for some of Morgan Stanley's most important clients and transactions in the media and communication sectors. Sectors on which he has been particularly focused have included cable, mobile/cellular, satellite and broadcast. Scott graduated from the University of California, Berkeley in 1988.

Jean Luc Allavena, Independent Non Executive Director

Jean Luc Allavena was elected as the Chairman of the Board of the French American Foundation—France in December, 2010. He was selected as a "Young Leader" of the French American Foundation in 2001 and has served as a member of this Board since 2008. Jean Luc is a Partner in the investment fund Apollo Management. Jean Luc graduated from the Hautes études commerciales (HEC Paris) in the class of 1986. He began his career at the Paribas Bank (1986-88), then at Lyonnaise des Eaux (1989-1992). He then went on to serve as Assistant General Manager of the group Techpack International (Pechiney LBO France) from 1996 to 2000, and then served as CFO from 1992 to 1996. From 2000 to 2005, he was the Executive Vice President of the Group Lagardère Media. At the same time, he was the acting administrator of Lagardère Active as well as the three other branches of the group: Hachette Livre, Hachette Filipacchi Médias, and Hachette Distribution Services.

A native of Monaco, Jean Luc served as the Chief of Staff to Prince Albert II of Monaco from 2005 to 2006. In 2007, he joined Apollo Management in London, where he is responsible for the fund's investments in France. He engineered the purchase of Alcan Engineered Products by Apollo and the French Strategic Investment Fund. Jean Luc is involved in a number of organizations. He serves on the international advisory board of HEC as served as Chairman of the HEC Alumni Association from 2001 to 2003 and the HEC Foundation from 2003 to 2005. He is currently honorary Chairman of both groups. Jean Luc has sat on the board of the French Association of Capital Investors (AFIC) since 2009, and the Jacques Rougerie Foundation, under the patronage of the Institute of France, since 2010.

All the executive directors of the Company have been disclosed as persons disclosing management responsibilities ('PDMR') to the Luxembourg regulator, the CSSF. In addition, Patrice Giami, Group COO has also been named as a PDMR. A brief bio is presented below:

Patrice Giami, Chief Operations Officer

Patrice Giami is a key executive and a person discharging management responsibilities, as designated by the Company to the CSSF.

Graduated from Polytechnique Paris and from French National Telecom Engineering School, Patrice Giami started his career in Havas Group in 1995 where he took part in the launching of the ISP Havas On Line (HOL) as COO until the sale of HOL to AOL in December 1997.

In 1998, Patrice partnered with Jean-Luc Nahon and Christophe Bach to develop a wholesale ISP, ISDnet, acquired by Cable & Wireless at the end of 1999.

Patrice then sat up a data center and colocation services centric ISP, Ipergy, in Brussels with Christophe Bach, Christophe Pochart and Jean-Luc Nahon, acquired by Cable & Wireless in 2000 where he served for few months as Deputy Executive Manager of Cable & Wireless France.

At the end of 2001 Patrice Giami partnered with Christophe Bach to create B3G a telecom operator specialized in voice trading, VoIP and IP Centrex and targeting the wholesale and SME markets, acquired by Completel in 2009.

In 2010 Patrice Giami Patrice relocated to Israel and joined the Group as a VP in MIRS communication Ltd (later renamed HOT Mobile). In 2011, he was named CEO of HOT Telecom's ISP business, HOTnet Internet services and in 2013 he was again promoted to the post of Deputy CEO of the HOT Group.

In 2014, Patrice became part of the central management team of the Group and was named Chief Operating Officer for the Group. Since taking on this responsibility, he has been instrumental in leading the integration and implementation of best practices in the Dominican Republic and more recently in France, following the acquisition of SFR.

Remuneration Committee

The Board of Directors has established the Remuneration Committee to, in particular:

- make recommendations to the Board on the remuneration policy of the Executive Directors;
- prepare the remuneration report that the Board incorporates into the Corporate Governance Statement in the Company's Annual Report and to present the remuneration report at the Company's annual general meeting;
- meet annually with the CEO of the Board to discuss the functioning and performance of the Executive Directors, with a view to setting the variable remuneration;
- present all material findings and recommendations to the Board for consideration;
- check its operation and efficiency each year and provide the Board with clear regular information about the discharge of its functions. It informs the Board about any areas in which the Remuneration Committee considers action or improvement to be necessary. The Remuneration Committee prepares recommendations concerning the necessary steps to be taken;
- the CEO participates in the meetings of the Remuneration Committee when it deals with the remuneration of members of the executive management (other than the CEO).

The remuneration committee currently consists of three non-executive directors: Scott Matlock (chairman), Michel Combes and Jean-Luc Allavena.

The members of the Remuneration Committee have the requisite expertise in the area of remuneration policy to fulfil the Remuneration Committee's role effectively. The Remuneration Committee is chaired by an independent Non-Executive Director designated by the Board.

The members of the remuneration committee are appointed and may be dismissed at any time by the board of directors. The duration of the appointment of a member of the remuneration committee must not exceed the duration of his or her directorship.

The remuneration committee meets as frequently as is necessary for the efficient operation of the remuneration committee, but at least once a year and whenever one or more of its members has requested a meeting.

Remuneration Policy

Only the non-executive directors shall receive a fixed remuneration for their membership of the Board of Directors and their attendance at the meetings of committees of which they are members. They will not receive any performance related remuneration, nor will any option or warrants be granted to them in their capacity as director.

The remuneration committee recommends the level of remuneration for directors, including the

Chairman of the Board, subject to approval by the Board of Directors and, subsequently, by the shareholders' meeting when it approves the annual accounts.

The remuneration of the non-executive directors is linked to the time committed to the Board of Directors and its various committees.

Currently, the following fees have been approved by the Board of Directors:

- for the position of non-executive director, a fixed annual fee of € 60,000, reduced by € 5,000 for each board meeting not attended;
- for membership of the audit committee, a fixed annual fee of € 20,000, reduced by € 4,000 for each audit committee meeting not attended;
- for holding the position of chairman of the audit committee, a fixed annual fee of € 20,000;
- for attendance at the remuneration committee, a fixed annual fee of € 5,000, which is payable following attendance at the annual remuneration committee meeting; and
- for holding the position of chairman of the remuneration committee, a fixed annual fee of € 10,000.

The Board of Directors sets and revises, from time to time, the rules and level of compensation for directors carrying out a special mandate or sitting on one of the board committees and the rules for reimbursement of directors' business-related out-of-pocket expenses. Directors are required to provide adequate documentation evidencing the expenditures to be reimbursed. Remuneration for directors are disclosed to shareholders in accordance with applicable laws and stock exchange rules.

Elements of fixed pay, comprising salary and benefits are set at appropriate levels taking into account various factors such as the nature of the role, the experience and performance of the individual, and local and sector market practice amongst peers of a similar size and scope to the Company. Fixed pay elements are normally reviewed annually to ensure they remain competitive.

Variable pay elements are intended to motivate management towards the achievement of group wide and personal objectives which ultimately promote delivery of the corporate strategy and the creation of shareholder value. The form and structure of variable pay elements are reviewed at regular intervals to ensure they continue to support the objectives of the Company and its shareholders. Further details regarding each of the variable pay elements are provided below.

Members of the Board and any committee are entitled to repayment by the Company of all such reasonable expenses as they may properly incur in the performance of their duties.

Evaluation of the performance of the Board of Directors

Periodically, under the guidance of its Chairman, the Board of Directors will undertake a formal evaluation of its own performance and that of its committees in order to assess its size, composition, operation and interaction with executive management. The evaluation process has four main objectives: (i) to assess whether the board of directors operates effectively as a collegiate body, (ii) to assess its organisational structure, (iii) to assess the board's relationship with executive management and (iv) to check the actual composition of the board of directors against the desired composition. Such evaluation will be done at least once every two (2) years. The Board of Directors may instruct an external expert to perform the evaluation. The Board of Directors will take into account the results of the performance evaluation by recognising its strengths and addressing its weaknesses.

The Board of Directors met and/or passed resolutions on seventeen (17) separate occasions in 2014. The audit committee met on four (4) separate occasions in 2014 and the remuneration committee met and/or passed resolutions on two (2) separate occasions in 2014. There was full attendance for all meetings in 2014.

No evaluation of the Board of Directors had been performed as of the date of this report since its incorporation in 2014.

Executive Directors' Base Compensation

The aggregate fixed basic remuneration payable by the Company to the Executive Directors (excluding the Chairman) of the Company for services rendered to the Group is €1.1 million per annum, which was paid to them in 2014. The Executive Directors (excluding the Chairman) were paid an aggregate discretionary bonus of €1.7 million.

Patrick Drahi has agreed he will not receive any remuneration for his role as Chairman nor for the use of the Altice brand which he owns.

Annual Cash Bonus

The Company operates an annual performance related bonus plan for the senior management team and other key employees. Performance related bonuses are calculated as a percentage of an employee's fixed annual salary. Different percentages apply depending upon the employee's seniority. Performance related bonuses are determined based upon the achievement of certain pre determined KPIs based on Group, regional, divisional and individual performance, as appropriate. Performance related bonuses are paid only if certain minimum performance thresholds are met. For the year ended December 31, 2014, three directors were paid in the aggregate of €2.2 million in bonuses, and a bonus of €0.75 million was paid to a key management personnel. These bonuses were paid to a limited number of executives who were key to the Company's growth.

Cash Compensation Plan

All members of the management team (excluding the Chairman) are eligible to participate in the Company's Cash Compensation Plan ("CCP"). Under the CCP, a discretionary pool is created annually, based upon the Company's performance for the particular financial year against pre determined stretching financial targets.

For the 2014 financial year, the targets were the Company's 2014 EBITDA minus capital expenditure (based on the budget for 2014). The 2014 pool was determined to be worth €2 million if 95% of target is achieved and €4 million for on target performance, with a straight line payout for performance between these two points. If 115% of target performance is achieved, the pool will be worth €8 million.

Given the extensive growth through acquisitions in 2014 and the difficulty of determining EBITDA-capital expenditure under such circumstances, the Remuneration committee decided not to pay out any amounts under the cash compensation plan in 2014.

Stock Option Plan

Senior management and Executive Directors of the Company are eligible to participate in the Stock Option Plan ("SOP") at the discretion of the Remuneration Committee.

Members of the management team (including the Executive Directors) were granted options on Admission to acquire Shares at the Offer Price. These options will vest and become exercisable in tranches of 50%, 25% and 25% respectively, on the second, third and fourth anniversary of Admission, for a period of seven years (or if earlier, ten years from the initial grant) after which time they will lapse. Options may be granted to new members of the management team, or as determined by the Remuneration Committee, in connection with the promotion of an existing participant.

Options with an aggregate value of approximately €231 million were granted on Admission with an exercise price equal to the Offer Price, which was within the limit of €250 million established under the Company's stock option plan. The Company's Chairman and CEO were authorised as per the stock option plan to grant further options with an aggregate value of up to €100 million with an exercise price based on the average prevailing share price at the time of the grant. Therefore, up to 6.9% of the Company's issued share capital can be allocated to satisfy these option grants.

Clawback and malus apply to options granted under the SOP, such that options may be adjusted or reduced (even to nil) prior to exercise, and any exercised options reimbursed to the Company, in circumstances in which the Remuneration Committee considers appropriate, including material misstatement of financial results, failure of risk management, reputational damage, fraud or negligence.

Participants who leave the Group by reason of death, injury, ill health or, for any other reason, if the Remuneration Committee so determines, will retain any vested options. Unvested options will vest on cessation, but will be pro rated for time (unless the Remuneration Committee determines otherwise). Participants who leave the Group for any other reason will forfeit any outstanding unexercised options, unless the Remuneration Committee determines otherwise. Unvested options will normally vest in full on a change of control of the Company.

Options will be settled in shares or, at the discretion of the Remuneration Committee, in cash.

Under the SOP, the Executive Directors were granted the following options with an aggregate value of up to €190 million on Admission and with an exercise price equal to the Offer Price:

Director	**Value of Options**	**Total aggregate number of shares offered[(1)]**
	(€)	*(In millions)*
Patrick Drahi (through Next L.P.)	75,000,000	2.65
Dexter Goei	75,000,000	2.65
Dennis Okhuijsen	20,000,000	*See note below*
Jérémie Bonnin	20,000,000	0.71

(1) In March 2015, the remuneration committee, based on a recommendation by Management, resolved to grant all € 20 million worth of options allocated to Mr. Okhuijsen retroactively on January 31, 2015. These options will vest over four years as foreseen in the SOP.

In addition, senior managers of the Company were granted, in the aggregate a further €50.9 million of options on admission. During the course of the year, new members of the central management team were granted new options as allowed under the stock option plan for a net aggregate amount of €16.3 million, while one key executive, who received options upon admission, was granted more options worth €10 million, as part of a promotion. For more details on equity based compensation, refer to note 24 of the consolidated financial statements.

Audit Committee

The audit committee assists the Board of Directors in the discharge of its responsibilities in the areas of financial reporting, internal control and risk management, the observance of administrative, legal and tax procedures and the follow-up of financial and operational audits and advises on the choice and remuneration of the auditor. The committee, which reports directly to the Board of Directors, has per se a supervisory and advisory role. The audit committee acts in accordance with Annex I of Commission Recommendation of February 15, 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board and the Principles. The audit committee ensures the integrity of the financial information supplied by the Company, in particular:

- the audit committee ensures that financial reporting gives a truthful, honest and clear picture of the situation and prospects of the Company, on both an individual and a consolidated basis;
- the audit committee checks the accuracy, completeness and consistency of financial information before it is announced;
- the audit committee assesses the choice of accounting policies and the impact of new accountancy rules;
- the audit committee discusses significant matters relating to financial reporting both with the executive directors and the external auditor;
- the audit committee evaluates at least once a year the internal supervision and risk management system established by the executive director;

- the audit committee also examines the declarations relating to internal supervision and risk management included in the annual report of the Company;

- the audit committee investigates the specific arrangements to enable staff to express concerns in confidence about any irregularities in financial reporting and other areas. The audit committee ensures that all the staff of the Company and its subsidiaries are aware of such arrangements ;

- the audit committee decides on the appointment and dismissal of the internal auditor. The audit committee approves annual budgets and the internal audit budget. The responsibilities of the audit committee also include evaluation of the effectiveness of the internal audit function and the follow-up given by executive directors to the findings and recommendations made by the internal auditor ;

- the audit committee supervises the relationship between the Company and the external auditor and makes recommendations to the board of directors concerning the selection, appointment, reappointment, dismissal and conditions of appointment of the external auditor;

- the audit committee supervises the independence of the external auditor;

- the audit committee monitors the external auditor's schedule and ensures the effectiveness of the external audit process. The audit committee examines the extent to which the executive management complies with the recommendations made by the external auditor in its management letter; and

- the audit committee examines which non-audit services have been entrusted to the external auditor and the scope of such services. The audit committee determines and updates a formal policy with regard to the types of non-audit services that: a) are excluded; b) are permissible after verification by the committee and c) are permissible without being referred to the committee, taking account of the specific provisions of Luxembourg law.

The audit committee consists of no less than two (2) and no more than three (3) directors. Current members of the Audit Committee are Michel Combes (Chairman), Scott Matlock and Jean-Luc Allavena.

The members of the audit committee are appointed by the Board of Directors and may be dismissed by the Board of Directors at any time. The duration of the appointment of a member of the audit committee must not exceed the duration of his or her directorship.

The chairman of the audit committee is designated by the Board of Directors from among the members of the audit committee. The chairman of the Board of Directors may not also chair the audit committee.

The members of the audit committee have sufficient relevant expertise, in particular in financial matters, to effectively discharge their functions.

After each meeting, the chairman of the audit committee makes a report to the Board of Directors identifying the issues where the audit committee considers that action and/or improvement is required and shall make recommendations on the measures to be so taken. The chairman of the audit committee provides further information to the Board of Directors on the results of the audit committee's discussions, if necessary.

The audit committee reports to the Board of Directors on its activity and the adequacy of the internal control system at least every six (6) months, at the time the annual and semi-annual accounts are approved. This requirement was met in 2014.

Financial Reporting, Internal Control and Risk Management

The Board of Directors will establish strict rules, designed to protect the company's interests, in the areas of financial reporting, internal control and risk management. With the rapid growth of the Group and the diverse geographies it operates in, the Board wanted to ensure that the internal audit function would be harmoniously applied across all segments of the Group. The Board intends to finalise creation of this function and the appointment of a Group internal auditor in Q1 2015.

Corporate Opportunities

For the purpose of this section, the term "**Relevant Opportunity**" means (a) any businesses, services or activities (including marketing) engaged in by the Company or any of its subsidiaries on the date of the Company's admission and listing on Euronext in Amsterdam, (b) broadcast television, broadband and fixed and mobile telephony businesses, including the distribution, sale and for provision of mobile voice and data, fixed-line voice and internet services, transit voice traffic services and other services and equipment in relation thereto and (c) any businesses, services and activities (including marketing) engaged in by the Company or any of its subsidiaries that are (i) related, complementary, incidental, ancillary or similar to any of the foregoing or (ii) are reasonable extensions or developments of any thereof, in each case, in Western Europe, Israel, Africa and the Caribbean Basin.

For so long as Next L.P. or any other entity controlled by Patrick Drahi owns more than thirty per cent. (30%) in aggregate of the share capital of the Company, Patrick Drahi must present all new opportunities that he believes are capable of execution and relating to a Relevant Opportunity ("**Corporate Opportunities**") to the Board of Directors. Patrick Drahi and any other entity controlled by Patrick Drahi may also, but are not obliged to, present opportunities other than Relevant Opportunities to the Board of Directors if Patrick Drahi and any such entity or entities think the opportunity is one which is in the interests of the Company or the group and shareholders as a whole. Patrick Drahi and any other entity controlled by Patrick Drahi must be clear as to their intention to pursue the Relevant Opportunity in their personal capacity in the event the Company does not pursue the Relevant Opportunity.

Subject to the application of law relating to directors' conflicts of interest procedure, the full Board of Directors will consider the Corporate Opportunity having regard to the interests of the Company, the group and shareholders as a whole.

If the Board of Directors decides against the pursuit of the Corporate Opportunity, Patrick Drahi and any other entity controlled by Patrick Drahi shall be entitled to pursue the Relevant Opportunity in a private capacity.

This obligation on Patrick Drahi and any other entity controlled by Patrick Drahi with respect to the disclosure of Corporate Opportunities terminates upon Next L.P.'s shareholding in the Company falling below thirty per cent. (30%) of the Company's issued ordinary share capital.

No such opportunity was brought forward during the year ended December 31, 2014.

Other Corporate Governance Practices

We are committed to adopting best practice corporate governance standards. We continuously monitor local requirements and best practices in order to make adjustments to our corporate governance controls and procedures where necessary.

General Conflicts

Where a Director has an interest that conflicts with the interests of the Company, the Director must report such conflict(s) to the Board and is to be excluded from deliberations and voting on the conflicted matter. If the conflicted Director is Patrick Drahi, the Non-Executive Vice Chairman acts as chairman of the meeting and in the event of a tied vote has a casting vote save where the conflict relates to the warrant, the warrant instrument or warrant shares, in which case the Executive Vice Chairman acts as chairman and in the event of a tied vote has a casting vote. The conflict is to be disclosed at the next general meeting and in the next consolidated financial statements of the Company.

No such conflict was noted during the year ended December 31, 2014.

Conflicts and Related Party Transactions

The general conflicts procedures under Luxembourg law apply to all related party transactions. The conflicted Directors must not participate in deliberations concerning, and voting with respect to, the conflicted matter. The resulting Board will consider the transactions, disclosing to the Audit Committee material conflicts and related party transactions.

If a related party commercial contract is an ordinary course arrangement that is to be entered into under normal market conditions and is the subject of arm's length negotiations then it is not deemed to give rise to a conflict of interest. However, the Company has established that, notwithstanding that a commercial contract is entered into under normal market conditions and is the subject of arm's length negotiations, in the event the value of the contract exceeds one per cent of Group revenue, such contract is subject to a Board approval and the conflicted Director is not entitled to participate in the deliberations or vote on the subject matter. Disclosure to the Audit Committee is required where material.

There are no conflicts of interest between any duties to the Group of any member of the Board and their private interests and other duties.

In accordance with Article 57 of the Luxembourg Law of August 10th 1915, each director should avoid any direct or indirect conflict of interest with the Company or any subsidiary controlled by the Company. A director who has a personal interest in a transaction which conflicts with the interests of the Company shall advise the Board of Directors accordingly and have the statement recorded in the minutes of the meeting at which such matter is discussed. The director concerned shall not take part in the deliberations (including, but without limitation, any preliminary discussions within the board of directors) or vote concerning that matter. A special report on the relevant matter shall be submitted to the next general meeting of shareholders, before any other matter is put to the vote at that meeting. These provisions do not apply where the decision of the Board of Directors relates to transactions entered into under fair market conditions in the ordinary course of business. No such conflict of interest was detected in the year ended December 31, 2014.

Measures to prevent insider dealing and market manipulation

The Company has established a share trading policy, which has been approved by the Board of Directors of the Company, which constitutes the Company's policy on trading in Altice securities (the "Policy"). It is available on the Company's website www.altice.net and is updated as necessary.

The aim of the Policy is to prevent insider dealing and market manipulation and therefore imposes restrictions on dealing in the securities of the Company beyond those imposed by law. It applies to any person who may possess or has access to inside information within the meaning of the relevant market abuse regime (the "Inside Information"), such as by virtue of membership in the Company, holding of capital in the Company or through any other means, even temporarily, (the "Insiders"). The Policy applies in particular to persons discharging managerial responsibilities, such as members of the board of directors or of the senior management, ("PDMRs") and persons closely associated to them ("Closely Associated Persons") providing for specific requirements applicable to them.

In particular, the Policy

- describes general trading restrictions and prohibitions on trading for Insiders, in particular as regards the use and the communication of Inside Information as well as on the prohibition of short-term trading and dealing during a close period;

- describes specific prohibitions and obligations of PDMRs and Closely Associated Persons;

- sets out notification obligations, such as for PDMRs and Closely Associated Persons to notify the compliance officer of the Company and the required content of such notification as well as a form that can be used for such notification, which is annexed to the Policy, and certain notification obligations for the board of directors;

- provides information and explanation on the market abuse regimes applicable to the Company;

- provides definitions in relation to insider dealing and market manipulation; and

- sets out the sanctions applicable in case of non-compliance with the rules set out in the Policy and the relevant market abuse regime.

The Policy further sets out the exceptions from certain restrictions and prohibitions under the Policy and addresses specific topics, such as the role of the compliance officer, awards of securities and options, exercise of options, and saving schemes.

Luxembourg Takeover Law disclosure

The following disclosure is provided based on Article 11 of the Luxembourg law of 19 May 2006 transposing Directive 2004/25/EC of 21 April 2004 on takeover bids (the "**Takeover Law**"). The Articles of Association of the Company are available on www.altice.net, under Governance – Governance Documents.

With regard to Articles 11 (1)(a) and (c) of the Takeover Law, the Company has issued a single category of shares (ordinary shares), and the shareholders owning 5% or more of the Company's share capital, pursuant to the notification received by the Company in compliance with the Luxembourg law of 11 January 2008 on the transparency requirements regarding issuers of securities (the "**Transparency Law**") from 31 January 2014 to 31 December 2014, are as follows: Next LP (56.8%) and the Capital Group Companies, Inc (slightly above 5%).

With regard to Article 11(1)(b) of the Takeover Law, the ordinary shares issued by the Company are listed on NYSE Euronext in Amsterdam and are freely transferable.

With regard to Article 11(1)(d), each ordinary share of the Company gives right to one vote, as set out in the Articles of Association, and there are no special control rights attaching to the shares. Article 7 of the Articles of Association provides that Next LP may, at its discretion, nominate candidates for appointment to the Board of Directors, so called "Binding Nomination Right".

Articles 11(1)(e) and (f) of the Takeover Law are not applicable to the Company. However, the sanction of suspension of voting rights immediately applies, subject to limited exceptions set out in the Transparency Law,to any shareholder (or group of shareholders) who has (or have) crossed the thresholds set out in Article 5 of the Articles of Association and Articles 8 to 15 of the Transparency Law but have not notified the Company accordingly.

Article 11(1)(g) of the Takeover Law is not applicable to the Company.

With regard to Article 11(1)(h) of the Law, the Articles of Association provide that the directors are elected by annual general meeting of shareholders for a term that may not exceed six years, and may be re-elected. The rules governing amendments to the Articles of Association are set forth in the law of 10 August 1915 on commercial companies, as amended.

With regard to Article 11(1)(i) of the Takeover Law, pursuant to Article 5.6 of the Articles of Association the Board of Directors is authorised, for a period of five years from the date of the publication of the resolutions approving the authorised capital, and without prejudice to any renewals, to: (i) increase the current share capital in whole or in part on one or more occasions by a) a maximum amount of five million euro (€ 5,000,000) with or without the issue of shares (but if the issue of shares by the issue of ordinary shares) against payment in cash or in kind or against an incorporation of share premium, account 115, distributable reserves or retained earnings and/or b) a maximum amount of twenty million euro (€ 20,000,000) by the issue of Class B Shares (as defined in the Articles of Association) (including but not limited to the issue of Class B Shares on the exercise of any warrants that may be issued by the Company from time to time) against payment in cash (such payment being equal to the aggregate nominal value of the Class B Shares to be issued); (ii) determine the place and date of the issue (or any successive issue) and the terms and conditions of the subscription for the Class B Shares and/or ordinary shares, as the case may be; (iii) determine the allocation of the subscription price for the Class B Shares and/or the ordinary shares to the share capital, share premium and/or any other reserve account of the Company; (iv) limit and/or withdraw the preferential subscription rights of existing shareholders in case of an issuance of Class B Shares and/or ordinary shares, as the case may be; (v) record each share capital increase by way of a notarial deed and amend the share register to reflect the amendment accordingly.

Articles 11(1)(j) and (k) of the Takeover Law are not applicable to the Company.

Arrangement between Next L.P. and certain key executive managers of the Company

Certain key executive managers hold shares in the Company. In this context, they have agreed to the following commitments to the benefit of Next L.P.:

- They should always exercise their voting rights in Altice shareholders meetings in accordance with Next L.P. instruction;

- Should they be willing to sell part or all of their shares, they would need to offer a preemption right to Next L.P.

No such sale took occurred during the year ended December 31, 2014.

RELATED PARTY TRANSACTIONS

The main controlling shareholder of the company is Next L.P., a company that is controlled by Patrick Drahi. Next LP. holds 58.5% of the share capital of the Company as of the date of this report.

Related party transactions with members of the Board or with other directors were limited to the payment of certain consulting fees.

A summary of related party transactions is provided below:

	Revenue		**Operating expenses**		**Financial expenses**	
Consolidated Income and expenses	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
			(In millions of €)			
Equity holders	0.2	0.1	2.3	0.2	1.0	0.6
Executive managers	-		2.4	-	-	-
Associate companies	34.5	0.1	30.1	0.7	0.3	-
TOTAL	**34.7**	**0.2**	**34.8**	**0.9**	**1.3**	**0.6**

	Loans and receivables		**Trade accounts receivables**		**Current accounts**	
Assets	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
			(In millions of €)			
Equity holders	2.8	-	0.4	0.2	-	-
Executive managers	-	-	-	-	-	-
Associate companies	-	-	101.3	0.8	0.3	-
TOTAL	**2.8**	**0.0**	**101.7**	**1.0**	**0.3**	**-**

	Other financial liabilities		**Trade accounts payables**		**Current accounts**	
Liabilities	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
			(In millions of €)			
Equity holders	0.2	100.7	0.1	-	-	-
Executive managers	-	-	-	-	-	-
Associate companies	1.5	-	84.5	6.6	-	-
TOTAL	**1.7**	**100.7**	**84.6**	**6.6**	**-**	**-**

Transactions with managers and executives are mainly related to equity purchases made by such executives in relation to the management investment plan that has been put in place by the company. Such transactions have been included in note 13 to the consolidated financial statements, share capital and share premium.

Transactions with related parties are limited. The increase in the related party transactions for operating expenses, accounts receivables, accounts payables and revenues is related to the acquisition of SFR by NG and the transactions that the new NSFR group has with its associate companies (for details see note 7). These transactions are limited to:

- Telephony with La Poste Telecom
- Cloud computing services purchased from Numergy
- Transactions with Synerail related to the GSM-R private-public-partnership

- The construction of the new SFR headquarters with Fonciere Rimbaud.

Rights Allocated to the Ultimate Beneficial Owner

For the purpose of this section all capitalised terms shall have the meaning ascribed to those terms in the Warrant Terms and Conditions dated January 13, 2014 (the "**Warrant Terms**").

The Warrant is exercisable in full, or partially, on one or several occasions in accordance with the Warrant Terms.

The Holder (Mr. Patrick Drahi) has the right (but not the obligation) to subscribe for Warrant Shares in consideration of the payment of the Exercise Price in accordance with Clause 4 of the Warrant Terms at any time upon and following each date of occurrence of an Exercise Event as long as the Exercise Event continues to exist. In the case of an exercise following a Durational Exercise Event, the Holder may exercise its Warrant only during a period commencing on the date of occurrence of the relevant Durational Exercise Event and expiring on the date which is six (6) months following such date.

The Holder has the right to subscribe for such number of Warrant Shares in order for the Holder to reach a maximum of either (i) sixty six point sixty seven per cent. (66.67%) of the issued and outstanding share capital of the Company in the event of a Low Threshold Exercise Event, or (ii) seventy five per cent. (75%) of the issued and outstanding share capital of the Company, plus one (1) Warrant Share in the event of a High Threshold Exercise Event (as defined in the Articles); taking into account the Shares already held by the Holder.

Upon the occurrence of an Exercise Event, notwithstanding any previous exercise of the Warrant, the Warrant and the Warrant Exercise Right continue to exist and are capable of utilisation, provided that at the time of the occurrence of a subsequent Exercise Event, the Holder does not already hold Shares representing the relevant proportion of the Company's share capital the Holder would hold should it exercise the Warrant on the basis of the relevant Exercise Event as set out under Clause 4.1.1 of the Warrant Terms.

Within one (1) Business Day following the occurrence of an Exercise Event, the Board of Directors shall give the Holder written notice of the Exercise Event (the Exercise Event Notice), specifying (i) the date of such Exercise Event, (ii) details of such Exercise Event (including, where applicable, any circular, acceptance or participation form(s) and/or all other information provided to the Company and other holders of Shares in respect of such Exercise Event) and (iii) the maximum number of Warrant Shares that the Holder may subscribe for in accordance with Clause 4.1.1 of the Warrant Terms.

Once an Exercise Event Notice has been given the Board of Directors shall inform the Holder of any subsequent changes or circumstances which are material to the relevant Exercise Event. The Holder shall keep all information it receives relating to the Exercise Event strictly confidential unless such information is made public by the Company, or is required to be disclosed by law, any court of competent jurisdiction or any regulatory body.

The rights attaching to the Ordinary Shares are set out in the Articles.

The rights attaching to the Class B Shares as set out in the Articles are set out here below.

In accordance with article 49-8 of the Law, the Company shall mandatorily repurchase all the Class B Shares and the holder of the Class B Shares shall offer its Class B Shares for repurchase to the Company, at a purchase price equal to the nominal value of the repurchased Class B Shares upon or following the exercise of the Warrant (the "**Mandatory Repurchase**"):

- if the holder of the Class B Shares Transfers any Class B Shares to any person other than the Company or an affiliate, except in the case of a Permitted Transfer; or
- if Next L.P. holds less than thirty per cent. (30%) of the Ordinary Shares of the Company; or
- following the occurrence of a Durational Exercise Event, immediately following the passing of the resolution of the general meeting of shareholders approving the renewal of the Company's

authorised share capital and the board of director's authority to issue Class B Shares out of such authorised share capital; or

- following the occurrence of a Low Threshold Exercise Event, if no single holder of Ordinary Shares (excluding Next L.P.), and no holders of Ordinary Shares (excluding Next L.P.), acting in concert (as defined in accordance with article 3 of the law of 11 January 2008 on transparency requirements in relation to issuers whose securities are admitted to trading on a regulated market, as amended) continue to hold twenty per cent. (20%) or more of the aggregate number of voting rights attached to the Ordinary Shares of the Company; or

- following the occurrence of a High Threshold Exercise Event, the general meeting of shareholders has voted in favour of the continuity of the Company.

Capitalised terms used with respect to the Mandatory Repurchase shall have the meaning as ascribed to them in the Articles attached hereto.

Only subscribed and fully paid-up Class B Shares are mandatorily re-purchasable.

Alternatively, the Board of Directors may in its sole discretion decide to convene a general meeting of shareholders in order to proceed with a capital decrease and the cancellation of the Class B Shares to implement the Company's obligation to repurchase the Class B Shares pursuant to the Articles.

In the event of a Mandatory Repurchase, the holder of the Class B Shares expressly undertakes to:

(a) take any and all actions necessary to permit the repurchase, or the capital decrease followed by the cancellation of, all its Class B Shares, including, but not limited to: (i) the use of any rights attached to the Class B Shares, (ii) the convening of a general meeting of shareholders, and (iii) the approval at such general meeting of shareholders the decrease of the Company's share capital, and the subsequent cancellation of the Class B Shares; and

(b) provide the Company with all financial resources necessary to undertake the repurchase of the Class B Shares in accordance with the Law if (i) the Company is not in a position to repurchase the Class B Shares in accordance with the Law, and (ii) Next L.P. refuses to vote in favour of the cancellation of the Class B Shares and decrease of the share capital of the Company as provided for in the Articles.

An amount equal to the nominal value or, in the absence thereof, the accounting par value of all Class B Shares redeemed shall be blocked in a special bank account and only be used for the purpose of paying the price related to the Mandatory Repurchase.

Upon a Mandatory Repurchase implemented in accordance with article 49-8 of the Law or in accordance with the Articles, notice shall be sent in writing to the registered Class B Shareholder at least five (5) days prior to the repurchase date, at his address last shown in the register of shareholders, notifying such Class B Shareholder of:

- The number of Class B Shares to be repurchased;

- The repurchase date;

- The repurchase price; and

- The procedures necessary to submit the Class B Shares to the Company for repurchase.

Statement of Director's responsibilities

The Directors are responsible for preparing the Annual Report, including the consolidated financial statements, the consolidated management report and the Corporate Governance Report, in accordance with Luxembourg legal and regulatory requirements ("Company Law"). The Directors are also responsible for ensuring that the Annual Report is published in accordance with Company Law.

Company Law requires the Board of Directors to prepare consolidated financial statements for each financial year. The Directors are required by Regulation (EC)1606/2002 of 19 July 2002 ("IAS Regulation") to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRSs").

IFRS requires that the consolidated financial statements give a true and fair view of the Company's consolidated financial position, consolidated financial performance and cash flows for each financial year. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In doing so, the Directors are responsible for ensuring compliance with all applicable IFRSs so as to ensure that the consolidated financial statements give a true and fair view.

The Directors are also required to properly select, present and apply accounting policies and present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

Responsibility statement

We confirm to the best of our knowledge that:

1. The consolidated financial statements of Altice S.A. and its subsidiaries (the "Group") as at and for the year ended December 31, 2014 presented in this Annual Report and established in conformity with International Financial Reporting Standards as adopted in the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group and the undertakings included within the consolidation taken as a whole,

2. The annual accounts of Altice S.A. (the "Company") as at and for the year ended December 31, 2014 presented in this Annual Report and established in accordance with legal and regulatory requirements applicable in Luxembourg give a true and fair view of the assets, liabilities, financial position and loss of the Company on a standalone basis, conformity with International Financial Reporting Standards as adopted in the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group and the undertakings included within the consolidation taken as a whole.

3. The Management Report includes a fair review of the development and performance of the business and position of the Company and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board of Directors

Dexter Goei
Chief Executive Officer

Dennis Okhuijsen
Chief Financial Officer

March 30, 2015

Deloitte.

Deloitte Audit
Société à responsabilité limitée

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To the Shareholders of
Altice S.A.
3, boulevard Royal
L-2449 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

Following our appointment by the General Meeting of Shareholders, we have audited the accompanying consolidated financial statements of Altice S.A., which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the consolidated financial statements

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

Société à responsabilité limitée au capital de 35.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement : 10022179

Deloitte.

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

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

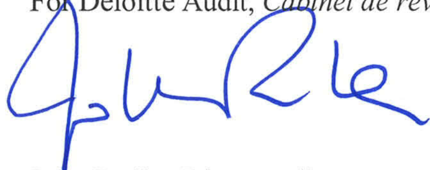
Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Altice S.A. as of December 31, 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended with respect to the corporate governance statement.

For Deloitte Audit, *Cabinet de révision agréé*



John Psaila, *Réviseur d'entreprises agréé*
Partner

March 31, 2015

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2014

Consolidated statement of income
For the year ended December 31, 2014

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
		(In millions €)	
Revenues	22	**3,934.5**	**1,286.8**
Purchasing and subcontracting expenses	22	(1,118.2)	(367.8)
Other operating expenses	23	(472.8)	(186.2)
Staff costs and employee benefit expenses		(358.6)	(134.7)
General and administrative expenses		(101.7)	(36.2)
Other sales and marketing expenses		(407.3)	(43.9)
Operating profit before depreciation, amortization and restructuring costs		**1,475.9**	**518.0**
Depreciation and amortization	25	(1,098.5)	(399.6)
Management fees		-	(0.6)
Restructuring costs and other expenses	27	(219.3)	(76.2)
Operating profit		**158.0**	**41.5**
Gain recognized on step acquisition	26	256.3	-
Gain recognized on settlement of financial instruments		-	255.7
Finance income	28	162.0	96.4
Finance costs	28	(1,298.2)	(352.1)
Share of profit of associates	7	4.8	15.5
(Loss)/profit before income tax		**(717.1)**	**57.0**
Income tax benefits/(expenses)	21	164.7	(7.4)
(Loss)/profit for the year		**(552.4)**	**49.6**
Attributable to equity holders of the parent		*(413.1)*	*71.8*
Attributable to non-controlling interests		*(139.4)*	*(22.2)*
Earnings per share (Basic)	12.3	*(1.97)*	*0.41*
Earnings per share (Diluted)	12.3	*(1.89)*	*0.41*

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

Consolidated statement of other comprehensive income
For the year ended December 31, 2014

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
		(In millions €)	
(Loss)/Profit for the year		**(552.4)**	**49.6**
Other comprehensive (expenses)/income			
Exchange differences on translating foreign operations		(0.1)	0.3
Revaluation of available for sale financial assets, net of taxes		2.3	1.7
Loss on cash flow hedge, net of taxes	15.9	(127.9)	-
Actuarial gains and losses, net of taxes	14	(4.8)	0.6
Total other comprehensive (expenses)/income		**(130.5)**	**2.6**
Total comprehensive (loss)/profit for the year		**(682.9)**	**52.4**
Attributable to equity holders of the parent		*(499.9)*	*74.5*
Attributable to non-controlling interests		*(183.0)*	*(22.1)*

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

Consolidated statement of financial position
December 31, 2014

	Notes	December 31, 2014	December 31, 2013
ASSETS		*(In millions €)*	
Current assets			
Cash and cash equivalents	11	1,563.6	61.6
Restricted cash	11	-	1,242.8
Trade and other receivables	10	2,491.8	232.2
Inventories	9	277.2	11.0
Current tax assets	21	868.3	14.6
Total Current assets		**5,200.9**	**1,562.2**
Non-current assets			
Deferred tax assets	21	648.4	47.4
Investment in associates	7	130.0	679.1
Other financial assets	8	1,391.3	50.6
Trade and other receivables		30.7	22.8
Property, plant & equipment	6	7,602.1	1,134.2
Intangible assets	5	5,199.1	579.6
Goodwill	4	15,835.4	1,100.7
Total non-current assets		**30,836.9**	**3,614.4**
Assets classified as held for sale	*22.6*	*77.3*	-
Total assets		**36,115.1**	**5,176.6**

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

Consolidated statement of financial position
December 31, 2014

EQUITY AND LIABILITIES	Notes	December 31, 2014	December 31, 2013
Current liabilities		*(In millions €)*	
Borrowings	15.1, 15.2	612.0	59.7
Deferred revenue	19	695.5	55.9
Trade and other payables	18	5,215.8	517.4
Other current liabilities	15	626.8	15.9
Provisions	13	300.1	31.1
Current tax liabilities	21	864.6	57.1
Total current liabilities		**8,314.8**	**737.0**
Non-current liabilities			
Borrowings	15.1, 15.2	20,455.4	3,741.0
Loans from related parties	30.1	-	100.7
Other financial liabilities	15.6	918.2	271.6
Deferred revenue	19	390.3	10.6
Trade and other payables	18	25.9	29.0
Retirement benefit obligations	14	131.2	8.2
Provisions	13	253.7	-
Deferred tax liabilities	21	406.9	183.1
Total non-current liabilities		**22,581.6**	**4,344.2**
Liabilities directly associated with assets classified as held for sale	*22.6*	*22.5*	-
Equity			
Invested equity		-	95.8
Issued capital	12.1	2.5	-
Additional paid in capital	12.2	2,951.0	-
Other reserves		(75.9)	-
Accumulated losses		(935.2)	-
Equity attributable to owners of the Company		**1,942.4**	**95.8**
Non-controlling interests	3.1	3,253.9	(0.5)
Total equity		**5,196.3**	**95.3**
Total equity and liabilities		**36,115.1**	**5,176.6**

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

Consolidated statement of changes in equity
For the Year ended December 31, 2014

	Invested equity	Non-controlling interests	Total equity
		(In millions €)	
Equity at January 1, 2013	**272.8**	**5.2**	**278.1**
Profit/(Loss) for the year	71.8	(22.1)	49.7
Employee benefits	0.6	-	0.6
Variation in CPEC	(203.9)	-	(203.9)
Shareholders' contribution	151.9	-	151.9
Effect of discounting of financial instruments	(45.7)	-	(45.7)
IFL fair value variation	2.6	-	2.6
Variation in Currency Translation Reserve	0.1	0.3	0.4
Increase in equity	5.4	-	5.4
Increase or decrease of ownership rate	(132.8)	16.0	(116.8)
Acquisition of companies under common control	(31.2)	-	(31.2)
Other variations	4.2	0.1	4.3
Equity at December 31, 2013	**95.8**	**(0.5)**	**95.3**

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

Consolidated statement of changes in equity
For the Year ended December 31, 2014

						Reserves						
	Number of issued shares	**Share capital**	**Invested equity**	**Additional paid in capital**	**Accumulated losses**	**Currency reserve**	**Cash Flow hedge reserve**	**Available for sale**	**Employee Benefits & Share based payments**	**Total equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
							(In millions €)					
Equity at January 1, 2014	-	-	95.8	-	-	-	-	-	-	**95.8**	(0.5)	**95.3**
Incorporation of Altice S.A.	3,100,000	-	(95.8)	624.2	(522.1)	(6.7)	-	(0.4)	0.8	**-**	-	-
Contribution of Altice France and Altice International	172,900,000	1.7	-	(66.8)	-	-	-	-	-	**(65.1)**	-	**(65.1)**
Issuance of new shares	44,448,673	0.4	-	1,636.1	-	-	-	-	-	**1,636.6**	-	**1,636.6**
Recognition of share based payment		-	-	-	-	-	-	-	17.2	**17.2**	3.3	**20.5**
Actuarial loss									(3.6)	**(3.6)**	(1.2)	**(4.8)**
Change in scope		-	-	1,173.6	-	-	-	-	-	**1,173.6**	3,698.0	**4,871.6**
Transaction with non-controlling interests	27,330,434	0.3	-	(416.1)	-	-	-	-	-	**(415.9)**	(264.0)	**(679.8)**
Cash-flow hedge net of taxes		-	-	-	-	-	(85.4)	-	-	**(85.4)**	(42.5)	**(127.9)**
Loss for the period		-	-	-	(413.1)	-	-	-	-	**(413.1)**	(139.4)	**(552.4)**
Other comprehensive income		-	-	-	-	(0.3)	-	2.3	0.2	**2.2**	0.1	**2.3**
Equity at December 31, 2014	**247,950,186**	**2.5**	**-**	**2,951.0**	**(935.2)**	**(7.0)**	**(85.4)**	**1.9**	**14.6**	**1,942.4**	**3,253.9**	**5,196.3**

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

Consolidated statement of cash flows
For the year ended December 31, 2014

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
		(In millions €)	
Net (loss)/profit, including non-controlling interests		**(552.4)**	**49.6**
Adjustments for:			
Depreciation and amortization		1,098.5	399.6
Share of profit of associates		(4.8)	(15.5)
Gains and losses on disposals		-	(1.0)
Gain on step acquisition	26	(256.3)	-
Expenses related to share based payment	24	20.5	-
Other non-cash operating gains and losses		(77.7)	(268.7)
Finance costs recognized in profit and loss		1,136.2	244.6
Income tax (benefit)/expense recognized in the statement of income	21	(164.7)	7.4
Income tax paid		(116.3)	(2.3)
Changes in working capital		752.7	25.3
Net cash provided by operating activities		**1,835.8**	**439.1**
Payments to acquire tangible and intangible assets	5, 6	(965.2)	(288.8)
Payments to acquire financial assets		(19.8)	(18.1)
Proceeds from disposal of tangible, intangible and financial assets		11.7	1.5
Increase/(decrease) in non-current financial assets		-	0.5
Acquisition of shares in associates		-	(243.7)
Use of restricted cash to acquire subsidiaries		1,244.0	-
Payment to acquire subsidiaries, net	3.3	(14,726.0)	(253.1)
Transactions with non-controlling interests	3.4	(166.4)	(120.9)
Net cash provided used by investing activities		**(14,621.8)**	**(922.6)**
Proceeds from issue of equity instruments	12.1	1,624.9	1.8
Proceeds from issuance of shares-subsidiaries		1,147.2	
Proceeds from issuance of debts		15,813.3	2,795.5
Payments to redeem debt instruments		(3,335.6)	(756,3)
Payments to holders of convertible preferred equity certificates		(190.0)	(212.5)
Proceeds from restricted cash		-	(1,234.9)
Interest paid		(777.7)	(178.6)
Net cash provided in financing activities		**14,282.0**	**414.9**
Effects of exchange rate changes on the balance of cash held in foreign currencies		5.9	0.1
Net increase/(decrease) in cash and cash equivalents		**1,502.0**	**(68.1)**
Cash and cash equivalents at beginning of year	11	61.6	129.7
Cash and cash equivalents at end of year	11	**1,563.6**	**61.6**

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

1 Presentation, basis of preparation

1.1 Presentation

Altice S.A. (the "Company", the "Group", "Altice" or "Altice Group") is a public limited liability company *(Société Anonyme)* incorporated in the Grand Duchy of Luxembourg whose head office is in Luxemburg and has been formed on January 3, 2014. On January 31, 2014, the Company successfully completed an initial public offering ('IPO') and listed its shares on the Euronext Amsterdam Stock Exchange. The Group is composed of two major sub-groups, Altice France S.A. ("Altice France") and Altice International S.à r.l. ("Altice International"), which regroup its operations in France and those outside France, respectively.

The controlling shareholder of the Company is Next L.P., which holds 56.8% of the share capital, and is controlled by Mr. Patrick Drahi. The Company is headquartered at 3 Boulevard Royal, L-2449 in Luxembourg.

The Group provides cable and mobile-based telephony services to clients in diverse geographic locations, stretching from the Dominican Republic to Israel. With the acquisition of the Societe Francaise du Radiotéléphone ('SFR') in 2014, the Company became the second largest mobile operator in France and the largest supplier of very high speed broadband to both private and business clients in France.

The Group offers a variety of services over its fixed line and mobile infrastructure, including, but not limited to, pay-TV, broadband internet access, fixed-line telephony and mobile telephony to residential customers, and, to a lesser extent and depending on the geography, B2B telecom services to corporate customers. It provides our residential cable based services primarily as part of double play or triple play packages and, in France, the French Overseas Territories, the Dominican Republic, and Belgium, quadruple play packages which include mobile services in addition to our cable based services. Available cable based service offerings depend on the bandwidth capacity of our cable networks, which consist primarily of hybrid fiber-coaxial ("HFC") cable infrastructure.

The television service offerings include basic and premium programming, and, in most markets, incremental product and service offerings such as enhanced pay-per-view programming, including video on demand ("VoD") and near video on demand ("NVoD"), digital video recorders ("DVR"), high definition ("HD") television ("HDTV") services and, in some cases, exclusive content. They tailor both basic channel line up and our additional channel offerings to each country of operation according to culture, demographics, programming preferences and local regulation.

In France, Israel, the Dominican Republic and the French Overseas Territories, the Group offers mobile services using fully invested 4G/LTE compliant networks (where available). The acquisition of new businesses in France and the Dominican Republic are complementary to the cable businesses and in line with the goal of achieving or promoting cable/mobile convergence in most geographies that we operate in. The Group offers mobile services through MVNO arrangements in Belgium.

The Group offers some B2B telecom services in all our geographies. The Group services large corporate customers with a focused B2B offering only in France, Portugal, Switzerland, Belgium, the Dominican Republic and the French Overseas Territories. In Israel, our B2B services primarily consist of enhanced versions of our residential products which are adapted to the needs of small and medium-sized businesses. Such activities are regrouped under the 'Fixed' sub-segment in our segment reporting.

Furthermore, in France, The Group also sells wholesale cable based and xDSL-based services to other telecommunications operators who resell such services under their own brands.

Altice France and Altice International (collectively the "**Two Groups**", the "**Reporting Entity**" or the "**Consolidated Group**") were as at December 31, 2013, entities under common control and considered together to be the reporting entity for the purposes of these consolidated financial statements for the year ended December 31, 2013. The Two Groups were ultimately controlled by Mr. Patrick Drahi. The purpose of the consolidated financial statements as at December 31, 2013 was to present a fair depiction of the financial condition, and the assets and liabilities of the Two Groups, using historical bases in the assets, liabilities and results of operations and cash flows for each period presented in the consolidated financial statements.

Accordingly, the consolidated financial statements as at and for the year ended December 31, 2013 reflected the historical assets, liabilities, revenues, expenses and cash flows that were directly related to the sub-groups, Altice France and Altice International, which were separate legal groups as at December 31, 2013.

1.2 Basis of presentation of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on March 26, 2015. They have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board ("**IASB**") and as adopted in the European Union.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies (See Note 2 below).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

Furthermore, where the accounting treatment of a specific transaction is not addressed by any accounting standard and interpretation, the Board of Directors applies its judgment to define and apply accounting policies that provide information consistent with the general IFRS concepts: faithful representation, relevance and materiality.

1.3 Application of new and revised International Financial Reporting Standards (IFRSs)

i) New and revised IFRSs that are mandatorily effective for the year ending December 31, 2014

In the current year, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities. The amendments define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities.

- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets. The amendments of IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU.

- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting. The amendments of IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances

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

ii) Standards issued but not yet effective for the year ending December 31, 2014

In its consolidated financial statements, the Company has not anticipated the following standards and interpretations, for which application is not mandatory for periods opened from January 1, 2014.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The standard is applicable for annual periods beginning on or after January 1, 2017.

The Board of Directors 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. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 15 has not yet been endorsed in the European Union.

IFRIC 21 Levies

IFRIC 21 *Levies* addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The interpretation is applicable for annual period beginning on or after January 1, 2015.

The Board of Directors of the Company anticipate that the application of IFRIC 21 in the future will have an impact on the amounts reported in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRIC 21 until the Group performs a detailed review.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting.

With respect to the classification and measurement under IFRS 9, all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value.

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity’s risk management activities have been introduced.

The Board of Directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group performs a detailed review.

IFRS 9 has not yet been endorsed in the European Union.

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.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Board of Directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Board of Directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Other standards issued but not yet effective

In addition, the following standards were issued but are not yet effective:

- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*. The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans,
- 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*,
- Amendments to IAS 1 *Disclosure initiative*
- Annual improvements cycle 2010-2012, 2011-2013, 2012-2014.

The amendments mentioned above might affect the Company's future consolidated financial statements and the Board of Directors is still finalizing its detailed review to be able to conclude on the impact on the consolidated financial statements.

2 Significant accounting policies

The principal accounting policies are set out below.

2.1 Basis of consolidation

Subsidiaries

Entities are fully consolidated if the Group has all the following:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of income and other comprehensive income from the date the Company gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Non controlling interests in subsidiaries are identified separately from the Group’s equity therein.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Groups accounting policies.

All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

Joint ventures

In accordance with IFRS 11 Joint Arrangements, arrangements subject to joint control are classified as either a joint venture or a joint operation. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Investment in which the Group is a joint operator recognizes its shares in the assets, liabilities, revenues and expenses.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investment in which the Company is a joint venturer recognizes its interest in the joint venture in accordance with the equity method.

Associates

Investments, over which the Company exercises significant influence, but not control, are accounted for under the equity method. Such investees are referred to as “associates” throughout these consolidated financial statements.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. Associates are initially recognized at cost at acquisition date. The consolidated financial statements include the Group’s share of income and expenses, from the date significant influence commences until the date that significant influence ceases.

The interest income and expenses recorded in the consolidated financial statements of the Group on loans with associates have not been eliminated in the consolidated statements of income and therefore are still recorded in the consolidated financial statements.

2.2 *Foreign currencies*

The presentation currency of the consolidated financial statements are presented in euros.

The functional currency, which is the currency that best reflects the economic environment in which the Group operates and conducts its transactions, is separately determined for subsidiaries and associates accounted for using the equity method, and is used to measure their financial position and operating results.

Monetary transactions

Transactions denominated in foreign currencies other than the functional currency of the entity are translated at the exchange rate on the transaction date. At each balance sheet date, monetary assets and liabilities are translated at the closing rate and the resulting exchange differences are recognized in the statement of income.

Translation of financial statements denominated in foreign currencies

Assets and liabilities of foreign entities are translated into euros on the basis of the exchange rates at the end of the reporting period. The income and cash flow statements are translated using the average exchange rates for the period. Foreign exchange differences resulting from such translations are either recorded in shareholders'equity under “Currency translation reserve” (for the Group share) or under “Non-controlling interests” (for the share of non-controlling interests) as deemed appropriate.

The exchange rate of the main currencies are as follows:

	Annual average rate		**Rate at the reporting date**	
	2014	**2013**	**Dec 31, 2014**	**Dec 31, 2013**
		(In €)		
1 CHF	0.8234	0.8126	0.8317	0.8161
1 ILS	0.2108	0.2086	0.2116	0.2093
1 USD	0.7528	0.7529	0.8258	0.7252
100 DOP	1.7850	-	1.8736	-

2.3 *Revenue recognition*

Revenue from the Group’s activities is mainly composed of television, broadband Internet, fixed and mobile telephony subscription and installations fees invoiced to residential and business clients.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating intercompany sales within the group.

Revenue is recognized as follows, in accordance with IAS 18 Revenue:

Revenues from the sale of equipment

Revenues from the sale of equipment includes the sale of mobile devices and ancillary equipment for those devices. The revenues from the sales are recognized where all of the significant risk and yields that are derived from the ownership of the equipment are transferred to the purchaser and the seller does not retain continuing managerial involvement. Generally, the time of the delivery is the time at which ownership is transferred.

Revenues on separable components of bundle packages

Revenues from telephone packages are recorded as a sale with multiple components. Revenues from sales of handsets (mobile phones and other) are recorded upon activation of the line, net of discounts granted to the customer via the points of sale and the costs of activation.

When elements of these transactions cannot be identified or analyzed separately from the main offer, they are considered as related elements and the associated revenues are recognized in full over the duration of the contract or the expected duration of the customer relationship.

Revenue from service

Revenues from subscriptions for basic cable services, digital television pay, Internet and telephony (fixed and mobile) are recognized in revenue on a straight-line basis over the subscription period; revenues from telephone calls are recognized in revenue when the service is rendered.

The Group sells certain telephone subscriptions based on plans under which the call minutes for a given month can be carried over to the next month if they are not used. The minutes carried over are recorded based on the proportion of total telephone subscription revenues they represent, when the minutes are used or when they expire.

Revenues relative to incoming and outgoing calls and off-plan calls are recorded when the service is provided.

Revenues generated by vouchers sold to distributors and by prepaid mobile cards are recorded each time use is made by the end customer, as from when the vouchers and cards are activated. Any unused portion is recorded in deferred revenues at the end of the reporting period. Revenues are in any case recognized upon the expiry date of the cards, or when the use of the vouchers is statistically unlikely.

Sales of services to subscribers managed by the Group on behalf of content providers (principally special numbers and SMS+) are recorded on a gross basis, or net of repayments to the content providers in accordance with IAS 18, and in particular when the content providers are responsible for the content and determine the pricing applied to the subscriber.

The costs of access to the service or installation costs principally billed to operator and corporate clients in relation to ADSL connection services, bandwidth services, and IP connectivity services, are recognized over the expected duration of the contractual relationship and the provision of the principal service.

Installation and set-up fees (including connection) for residential customers are accounted for as revenues when the service is rendered.

Revenues linked to switched services are recognized each time traffic is routed.

Revenues from bandwidth, IP connectivity, high-speed local access and telecommunications services are recorded as and when the services are delivered to the customers.

Access to telecommunications infrastructures

The Group provides its operator clients with access to its telecommunications infrastructures by means of different types of contracts: rental, hosting contracts or concessions of Indefeasible Rights of Use (‘‘IRU’’). The IRU contracts grant the use of an asset (ducting, fiber optic or bandwidth) for a specified— generally long— period. The Group remains the owner of the asset. Proceeds generated by rental contracts, hosting contracts in Netcenters, and infrastructure IRUs are recognized over the duration of the corresponding contracts, except where these are defined as a finance lease, in which case the equipment is considered as having been sold on credit.

In the case of IRUs, and sometimes rentals or service agreements, the service is paid in advance in the first year. These prepayments, which are non-refundable, are recorded in prepaid income and amortized over the expected term of the related agreements.

Sales of infrastructure

The Group builds infrastructure on behalf of certain clients. Since the average duration of the construction work is less than one year, the revenues are taken into account when ownership is transferred. Revenues relative to sales of infrastructures are taken into account when ownership is transferred. A provision is recognized when any contracts are expected to prove onerous.

Loyalty programs

Pursuant to interpretation IFRIC 13, the Group measures the fair value of the incremental benefit granted under loyalty programs. Since this fair value was not material for the periods presented, no revenues have been deferred in this respect.

Income from credit arrangements

Revenues deriving from long-term credit arrangements (such as the sale of devices in installments) are recorded on the basis of the present value of the future cash flows (against long-term receivables) and are discounted in accordance with interest rates. The difference between the original amount of the credit and the present value, as aforesaid, is spread over the length of the credit period and recorded as interest income over the length of the credit period

2.4 Finance costs and income

Finance costs and income primarily comprise:

- Interest charges and other expenses paid for financing operations recognized at amortized costs ;
- Changes in the fair value of interest rate derivative instruments that do not qualify as hedges for accounting purposes;
- Interest income relating to cash and cash equivalents; and
- Gains/losses on extinguishment of debt.

2.5 Taxation

Taxes on income in the income statement include current taxes and deferred taxes. The tax expenses or income in respect of current taxes or deferred taxes are recognized in profit or loss unless they relate to items that are recorded directly in equity, in these cases the tax effect is reflected under the relevant equity item.

Current tax

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

Deferred tax

Deferred tax assets are recognized for all deductible temporary differences, tax loss carry-forwards and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, nor income tax profit or loss.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

The carrying value of deferred tax assets is reviewed at each closing date, and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is taken, primarily, of prior years' results, forecasted future results, non-recurring items unlikely to occur in the future and the tax strategy.

For taxable temporary differences arising from investments in subsidiaries, joint ventures and other associated entities, deferred tax liabilities are recorded except to the extent that both of the following conditions are satisfied: the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

All deferred tax assets and liabilities are presented in the statement of financial position as non-current assets and non-current liabilities, respectively. Deferred taxes are offset if an enforceable legal right exists, which enables the offsetting of a current tax asset against a current tax liability and the deferred taxes relate to the same entity, which is chargeable to tax, and to the same tax authority.

2.6 Site dismantling and restoration

The Company has a contractual obligation to dismantle and restore the sites of its mobile and fixed network upon expiry of a lease, if the lease is not renewed. In light of this obligation, site restoration costs are capitalized on the basis of:

- an average unit cost of restoring sites;
- assumptions concerning the lifespan of the dismantling asset; and
- a discount rate.

2.7 Goodwill and business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquisition under common control

As Altice France and Altice International, before being contributed to Altice S.A. on January 31, 2014, were and remained entities under common control (controlled by Patrick Drahi through Next L.P.), the contribution transactions do not constitute acquisitions within the meaning of IFRS 3 *Business Combinations*. The Company has opted to account for this transaction using the following methods and principles:

In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 10, judgment has been applied in developing and applying an accounting policy that results in information that is relevant and reflect the economic substance of the transaction. As a result, the acquisition method, as defined in IFRS 3 Business Combinations (*Revised 2008*) ("**IFRS 3**"), has not been applied to reflect the combination of the Two Groups. In the absence of specific guidance under IFRS for transactions between entities under common control, we considered and applied standards on business combination and transactions between entities under common control issued by the regulators in the United States (Accounting Standards Codification Topic 810-10-45-10 and Topic 810-10-55-1B Consolidation and SEC Regulation S-X Article 3A – *Consolidated and Combined Financial Statements*) and in the United Kingdom (FRS 6 Acquisitions and mergers) to prepare the consolidated financial statements.

As a consequence, for acquisitions under common control, the Company does not perform a purchase price allocation. Any difference between the consideration paid and the book value of the net assets acquired is directly attributed to the reserves of the Company and no residual goodwill is recorded.

2.8 Other intangible assets

Intangible assets acquired separately are recorded at cost on initial recognition, with the addition of direct acquisition costs. Intangible assets acquired in a business combination are measured at fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and less any accumulated impairment losses. Intangible assets have either definite or indefinite useful lives.

Assets with definite useful lives are amortized over their useful lives and assessed for impairment signs which would indicate impairment in value. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least once a year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits that are expected to derive from the asset are treated as a change in an accounting estimate which is treated prospectively.

The useful lives of the intangible assets are as follows:

	Duration
Software	3 years
Brands(*)	5 years
Customer relations	4 to 17 years
Licences	5-20 years
Indefeasible Right of use	3-30 years
Subscriber purchase costs	based on average duration of subscriptions

(*) some brands may have indefinite useful lives.

Assets with indefinite useful lives are tested for impairment annually as well as where there is an indication that it may be impaired by comparing their carrying amount with their recoverable amount.

Operating licenses for telephony services are recorded based on the fixed amount paid upon acquisition of the license.

Investments made in the context of concessions or public service contracts, and linked to the rollout of the telecommunications network, are recorded in intangible assets in accordance with interpretation IFRIC 12. The ''intangible asset'' model stipulated by this interpretation applies when the concession holder receives a right to bill users of the public service and the concession holder is essentially paid by the user. These intangible assets are amortized over the shorter of the estimated useful life of the categories of assets in question and the duration of the concession.

Intangible assets also comprise rights of way or access rights obtained. Amortization is generally calculated on a straight-line basis over the shorter of the contractual term and 30 years.

The costs of producing in-house content and external content are recognised as an intangible assets when the criteria of IAS 38 Intangible Assets for recognition are met. The cost of the rights is recognized at the cost of production of the shows and is amortized on the basis of the actual screenings, with a relatively higher weighting being given to the first screening.

Research costs are expensed as incurred. Development expenses are capitalised as intangible assets when the following can be demonstrated:

- the technical feasibility of the project and the availability of the adequate resources for the completion of the intangible assets;
- the ability of the asset to generate future economic benefit;
- the ability to measure reliably the expenditures attributable to the asset; and
- the feasibility and intention of the Group to complete the intangible asset and use or sell it.

2.9 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10 Property, plant and equipment

Property, plant and equipment are presented at cost with the addition of direct purchase costs less accumulated depreciation and accumulated losses on impairment and they do not include routine maintenance expenses. The cost includes spare parts and ancillary equipment that can only be used in connection with the plant and machinery.

Depreciation is calculated using the straight line method over the estimated useful lives of the assets, as follows:

	Duration
Buildings	5 to 50 years
Cables Network	5 to 40 years
Converters and modems	3 to 5 years
Computers and ancillary equipment	2 to 8 years
Office furniture and equipment	3 to 15 years
Communication network infrastructure	3 to 15 years
Leasehold contracts	see below

Leasehold contracts are depreciated according to the straight line method during the rental period.

Elements of a fixed asset item, having a cost that is significant in comparison to the overall cost of the item, are depreciated separately, using the components method. The depreciation is calculated in accordance with the straight line method at annual rates that are considered to be sufficient in order to depreciate the assets over the length of their estimated useful lives.

The useful life, depreciation method and residual value of an asset are reviewed at least annually and any changes are accounted for prospectively as a change in accounting estimate.

2.11 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated in an accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Rental income from the leasing of customer premises equipment (set top boxes, modems and decoders) is recognized on a straight-line basis over the term of the subscription held by the client. At the end of the contract or in case of voluntary contract termination by the client, this equipment is repossessed and thus remains in the inventory of the Company.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company’s general policy on borrowing costs (see note 2.12 below). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.13 Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as a deduction of the related asset in the consolidated statement of financial position and amortized over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

2.14 Financial assets

The Company classifies financial assets in four categories: available-for-sale, loans and receivables, held-to-maturity and financial assets at fair value through profit and loss. They are classified as current assets and non-current assets according to IAS 1 “Presentation of financial statements”.

Purchases and sales of all financial assets are recognized on a trade date basis.

Available-for-sale financial assets

Available-for-sale financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition, they are reported at their fair value. Gains and losses arising from changes in their fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

Available-for-sale financial assets consist mainly of shares in non-consolidated companies. Fair value corresponds to quote price for listed securities. For non-listed securities, and when a reliable estimate of fair value cannot be made using valuation techniques, the Company values financial assets at historical cost, less any impairment losses.

When there is objective evidence that available-for-sale assets are impaired, the cumulative impairment loss included in equity is reclassified from other comprehensive income to income. Objective evidence that an available-for-sale financial asset is impaired includes, among other things, a decrease in the estimated future cash flows arising from these assets, as a result of significant financial difficulty of the issuer, a material decrease in expected future profitability or a prolonged decrease in the fair value of the security. Impairment losses recognized in profit or loss for equity instruments classified as available-for-sale are never reversed through income statement.

Loans and receivables

Loans and receivables are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition. After initial recognition, they are measured at amortized cost using the effective interest rate method.

This category mainly includes trade receivables and other receivables as well as loan to associate and to non-consolidated entities.

If there is objective evidence that an impairment loss has occurred, the amount of this loss, measured as the difference between the financial assets' carrying value and its recoverable amount is recognized in the income statement. Impairment losses may be reversed if the recoverable amount of the asset subsequently increases in the future.

Held-to-maturity financial assets

Held-to-maturity financial assets are financial assets with fixed or determinable payments and fixed maturity that the Company has both the intention and ability to hold to maturity. Financial assets that are designated as held-to-maturity are measured at amortized cost, in accordance with the effective interest rate method.

They are reviewed for impairment on an individual basis if there is any indication that they may be impaired. Financial assets measured at fair value through profit or loss

2.15 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs.

Cost of inventories is determined using the weighted average cost method.

The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.

2.16 Cash and cash equivalents

Cash consists of cash in banks and deposits.

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

2.17 Restricted cash

Restricted cash is considered cash that is dedicated to the repayment of the Company's liabilities to banking entities in accordance with the Company's credit agreement and therefore amounts that the Group cannot use at its discretion.

Restricted cash can also consist of cash held in escrow to finance certain acquisitions (in the period between the agreement to acquire and the actual closing of the acquisition and the transfer of shares and cash and other considerations). Restricted cash may also consist of guarantees provided by different group companies to financial institutions related to financing or other activities. Restricted cash is not considered as a component of cash and cash equivalents since such balances are not held for the purposes of meeting short-term cash commitments.

2.18 Derivatives

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently reassessed at their fair value.

The Company has entered into various forward and interest rate swaps (cross currency and fixed/floating) in order to mitigate risks associated with making investments in currencies other than its functional currency.

Derivatives are initially recognised 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.

2.19 Hedge accounting

The Group may designate certain hedging instruments, (which may include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk), as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘financial costs' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.20 Classification as debt or equity

Debt and equity instruments issued by a Group 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.

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 a group entity are recognized at the value of the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.21 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortized cost:

Financial liabilities at amortized cost

These financial liabilities are measured at amortized cost calculated based on the effective interest rate method. The effective interest rate is the internal yield rate that exactly discounts future cash flows through the term of the financial liability. Fees, debt issuance and transaction costs are included in the calculation of the effective interest rate over the expected life of the instrument.

Financial liabilities that are measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities classified as held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on liabilities held for trading are recognized in profit or loss.

Derivatives, including bifurcated embedded derivatives, are classified as held for trading unless they are designated as effective hedging instruments. In the event of a financial instrument that contains one or more embedded derivatives, the entire combined instrument may be designated as a financial liability at fair value through profit or loss only upon initial recognition.

The Group assesses whether embedded derivatives are required to be bifurcated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The fair value of financial instruments that are traded in an active market is determined by reference to quoted market prices at the close of business on the balance sheet date. For financial instruments for which there is no active market, fair value is determined by the use of valuation techniques. Such techniques include evaluation based on transactions that have been executed recently under market terms, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis or other valuation models.

2.22 Provisions

A provision is recognized in the statement of financial position when the Group has a present obligation (legal or implicit) as the result of a past event and it is expected that the use of economic resources will be required in order to settle the obligation and it is possible to reliably estimate it. Where the impact is significant, the provision is measured by discounting the forecasted future cash flows, using a pre-tax interest rate that reflects the expectations of the market in respect of the time frame of the money and in certain cases, the risks that are specific to the liability.

The following types of provisions are recorded in the consolidated financial statements:

Legal claims

A provision regarding legal claims is recognized when the Group has a present legal commitment or an implicit commitment resulting from a past event; when it is more likely than not that the Group will be required to expand economic resources to clear the commitment, when it is possible to estimate it reliably and when the effect of time is significant, the provision is measured according to the present value.

Warranty

The Group recognizes a provision for warranty for the sale of its products. The warranty is limited to malfunctions as defined by the Group and does not include warranty for damages incurred by the customer.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructuring

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

2.23 Liabilities for employment benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Re-measurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.24 Share based payments

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire as a consequence of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with IFRS 2. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

2.25 Non-current assets held for sale and discontinued operations

Pursuant to IFRS 5 “Non-current assets held for sale and discontinued operations”, assets and liabilities of affiliates that are held for sale are presented separately on the face of the statement of financial position. Depreciation of assets ceases from the date of classification in “Non-current assets held for sale”. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group for which cash flows are independent. It represents a major line of business or geographical area of operations which has been disposed of or is currently being held for sale. If the Group reports discontinuing operations, net income from discontinued operations is presented separately on the face of the statement of income. Therefore, the notes to the consolidated financial statements related to the statement of income only refer to continuing operations.

2.26 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Board of Directors of the Company are required to make judgements, 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.

i) Legal claims

In estimating the likelihood of outcome of legal claims filed against the Group and its investees, the group companies rely on the opinion of their legal counsel. These estimates are based on the legal counsel's best professional judgment, taking into account the stage of proceedings and historical legal precedents in respect of the different issues. Since the outcome of the claims will be determined in courts, the results could differ from these estimates.

ii) Post-employment benefits

The liability in respect of post-employment defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty.

iii) Revenue recognition

The separable elements of a bundled offer must be identified and allocated according to the fair values of each component; the period over which revenues linked to costs of accessing services should be recognized is to be determined based on the type of product and duration of the contract; and revenues are to be presented either on a net or gross basis according to whether the Group acts as principal or agent.

iv) Fair value of financial instruments

Fair value is determined by reference to the market price at the end of the period. For financial instruments for which there is no active market such as interest rate swaps, which the Company currently may use to hedge its interest rate risk, fair value is estimated based on models that rely on observable market data or by the use of various valuation techniques, such as discounted future cash flows.

v) Deferred taxes

Deferred tax assets relate primarily to tax loss carried forwards and to deductible temporary differences between reported amounts and the tax bases of assets and liabilities. The assets relating to the tax loss carried forwards are recognized if it is probable that the Group will generate future taxable profits against which these tax losses can be set off. Evaluation of the Group's capacity to utilize tax loss carried forward relies on significant judgment. The Group analyses past events, and the positive and negative elements of certain economic factors that may affect its business in the foreseeable future to determine the probability of its future utilization of these tax loss carried forward.

vi) Intangible assets and Property, plant and equipment

Estimates of useful lives are based in particular on the effective obsolescence of fixed assets and the use made of these assets.

vii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

3. Scope of consolidation

3.1 The entities included in the scope of consolidation

		Method of consolidation		Proportion of ownership interest and voting power held by the Group	
Name of subsidiary	**Place of incorporation and operation**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Altice S.A.	Luxembourg	FC[1]	FC[1]	Parent Company	Parent Company
Altice France S.A.	Luxembourg	FC[1]	FC[1]	100%	100%
Altice International S.à r.l.	Luxembourg	FC[1]	FC[1]	100%	100%
Cool Holding LTD	Israel	FC[1]	FC[1]	100%	100%
H. Hadaros 2012 LTD	Israel	FC[1]	FC[1]	100%	100%
HOT Telecommunication Systems LTD	Israel	FC[1]	FC[1]	100%	100%
Hot Telecom Limited Partnership	Israel	FC[1]	FC[1]	100%	100%

Name of subsidiary	Place of incorporation and operation	Method of consolidation		Proportion of ownership interest and voting power held by the Group	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Hot Mobile LTD	Israel	FC[1]	FC[1]	100%	100%
Hot Cable Telecommunications Systems LTD	Israel	FC[1]	FC[1]	100%	100%
Hot Net Internet Services LTD (Formerly Hot Investments and Finance LTD)	Israel	FC[1]	FC[1]	100%	100%
Hot Vision LTD	Israel	FC[1]	FC[1]	100%	100%
Nonstop Ventures LTD	Israel	Equity method	Equity method	50%	50%
South Saron Communications LTD	Israel	FC[1]	FC[1]	100%	100%
Iscarable LTD	Israel	FC[1]	FC[1]	100%	100%
Hot TLM Subscription Television LTD	Israel	FC[1]	FC[1]	100%	100%
Hot Eden Cables Systems LTD	Israel	FC[1]	FC[1]	100%	100%
Hot Israel Cables Systems LTD	Israel	FC[1]	FC[1]	100%	100%
Hot Net Limited Partnership	Israel	FC[1]	FC[1]	100%	100%
Hot EDOM LTD	Israel	FC[1]	FC[1]	100%	100%
Zira (Copyrights on the Internet) LTD	Israel	Equity method	Equity method	25%	25%
Altice Securities S.à r.l.	Luxembourg	FC[1]	FC[1]	100%	100%
Altice Holdings S.à r.l.	Luxembourg	FC[1]	FC[1]	100%	100%
Altice Africa S.à r.l.	Luxembourg	FC[1]	FC[1]	100%	100%
Altice Blue One S.A.S.	France	FC[1]	FC[1]	100%	100%
MTVC S.A.	France	FC[1]	FC[1]	99.85%	76.97%
WSG S.A.	France	FC[1]	FC[1]	99.85%	76.97%
Green.ch	Switzerland	FC[1]	FC[1]	99.57%	99.12%
Auberimmo S.A.S.	France	FC[1]	FC[1]	100%	100%
Green Datacenter AG	Switzerland	FC[1]	FC[1]	98.63%	97,3%
Deficom Telecom S.à r.l.	Luxembourg	FC[1]	FC[1]	74%	74%
Coditel Holding Lux II S.à r.l.	Luxembourg	FC[1]	FC[1]	84.4%	84.4%
Coditel Holding Lux S.à r.l.	Luxembourg	FC[1]	FC[1]	84.4%	84.4%
Coditel Holding S.A.	Luxembourg	FC[1]	FC[1]	84.4%	84.4%
Coditel Brabant S.p.r.l.	Belgium	FC[1]	FC[1]	84.4%	84.4%
Coditel S.à r.l.	Luxembourg	FC[1]	FC[1]	84.4%	84.4%
Coditel Management S.à r.l.	Luxembourg	FC[1]	FC[1]	84.4%	84.4%
Altice Caribbean S.à r.l.	Luxembourg	FC[1]	FC[1]	100%	100%
Altice Portugal S.A.	Portugal	FC[1]	FC[1]	100%	100%
Cabovisao S.A.	Portugal	FC[1]	FC[1]	100%	100%
Altice Finco S.A.	Luxembourg	FC[1]	FC[1]	100%	100%
Altice Financing S.A.	Luxembourg	FC[1]	FC[1]	100%	100%
Altice West Europe S.à r.l.	Luxembourg	FC[1]	FC[1]	100%	100%
OMT Invest S.A.S.	France	FC[1]	FC[1]	99.85%	76.97%
Groupe Outremer Telecom S.A.	France	FC[1]	FC[1]	99.85%	76.97%
Outremer Télécom S.A.S.	France	FC[1]	FC[1]	99.85%	76.97%
Outremer Télécom Océan Indien S.A.S.	France	FC[1]	FC[1]	99.85%	76.97%
Altice Blue Two S.A.S.	France	FC[1]	FC[1]	99.85%	76.97%
City Call Ltd	Mauritius	FC[1]	FC[1]	99.85%	76.97%
Outremer Telecom Ltee	Mauritius	FC[1]	FC[1]	99.85%	76.97%
Telecom Reunion SNC	France	FC[1]	FC[1]	99.85%	76.97%
Telecom 2004 SNC	France	FC[1]	FC[1]	99.85%	76.97%

Name of subsidiary	Place of incorporation and operation	Method of consolidation		Proportion of ownership interest and voting power held by the Group	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
OPS S.A.S.	France	FC(1)	FC(1)	99.85%	76.97%
WLL Antilles-Guyane S.A.S.	France	FC(1)	FC(1)	99.85%	76.97%
WLL Réunion S.A.S.	France	FC(1)	FC(1)	99.85%	76.97%
ONI S.G.P.S., S.A. (2)	Portugal	FC(1)	FC(1)	100%	100%
Winreason S.A. (2)	Portugal	FC(1)	FC(1)	100%	100%
Onitelecom-Infomunicações, S.A., (2)	Portugal	FC(1)	FC(1)	100%	100%
Knewon S.A. (5)	Portugal	FC(1)	FC(1)	100%	100%
Onitelecom Açores S.A. (2)	Portugal	FC(1)	FC(1)	100%	100%
Onitelecom Madeira S.A. (2)	Portugal	FC(1)	FC(1)	100%	100%
Altice Content S.à r.l.	Luxembourg	FC(1)	FC(1)	100%	100%
Ma Chaine Sport S.A.S.	France	FC(1)	FC(1)	100%	100%
Sport Lux S.à r.l.	Luxembourg	FC(1)	FC(1)	100%	100%
Sportv S.A.	Luxembourg	FC(1)	FC(1)	100%	100%
CPA Lux S.à r.l.	Luxembourg	FC(1)	FC(1)	100%	100%
Altice Bahamas S.à r.l.	Luxembourg	FC(1)	FC(1)	97.2%	100%
Fiberman Management S.à r.l.	Luxembourg	FC(1)	Equity method	100%	27.4%
Fiberman S.C.A	Luxembourg	-	Equity method	-	12.8 %
Altice Hispaniola S.A.	Dominican Republic	FC(1)	-	97.2%	-
Tricom S.A.	Dominican Republic	FC(1)	-	97.2%	-
Global Interlinks Ltd	Dominican Republic	FC(1)	-	97.2%	-
Mobius S.A.S.	France	FC(1)	-	99.85%	-
SIG 50 S.A.	France	FC(1)	-	60.3%	-
SFR S.A.	France	FC(1)	-	60.3%	-
Omer Telecom Ltd.	United Kingdom	FC(1)	-	60.3%	
Omer Holding SAS	France	FC(1)	-	60.3%	
Omea Telecom S.A.S.	France	FC(1)	-	60.3%	
Numericable-SFR S.A	France	FC(1)	Equity method	60.3%	27.4%
Altice Management Europe	Switzerland	FC(1)	-	100%	-
Ypso Holding S.à.r.l	Luxembourg	FC(1)		60.3%	-
Ypso France S.A.S.	France	FC(1)	-	60.3%	-
NC Numericable S.A.S.	France	FC(1)	-	60.3%	-
ENO Belgium (3)	Belgium	-	-	-	-
ENO Holding (3)	Belgium	-	-	-	-
Numericable Finance & Co. S.C.A.	Luxembourg	FC(1)	-	60.3%	-
Numericable Finance S.à r.l.	Luxembourg	FC(1)	-	60.3%	-
Stichting Ypso 1	Netherlands	FC(1)	-	60.3%	-
Stichting Ypso 2	Netherlands	FC(1)	-	60.3%	-
TME France S.A.	France	FC(1)	-	60.3%	-
Coditel Debt S.à r.l.	Luxembourg	FC(1)	-	60.3%	-
Ypso Finance S.à r.l.	Luxembourg	FC(1)	-	60.3%	-
Sequalum Participation S.A.S.	France	FC(1)	-	60.3%	-
Sequalum S.A.S.	France	FC(1)	-	60.3%	-
Alsace Connexia Participation S.A.S.	France	FC(1)	-	60.3%	-
Altice B2B France S.A.S.	France	FC(1)	-	60.3%	-

Name of subsidiary	Place of incorporation and operation	Method of consolidation		Proportion of ownership interest and voting power held by the Group	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Completel S.A.S.	France	FC(1)	-	60.3%	-
LTI Telecom S.A.S.	France	FC(1)	-	60.3%	-
Invescom S.A.	France	FC(1)	-	60.3%	-
B3G International BV	Netherlands	FC(1)	-	60.3%	-
Numericable US S.A.S. (4)	France	FC(1)	-	60.3%	-
Numericable US LLC (4)	United States	FC(1)	-	60.3%	-
SFR Participation (4)	France	FC(1)	-	60.3%	-
Groupe Telindus France S.A.	France	FC(1)	-	60.3%	-
Telindus France S.A.S.	France	FC(1)	-	60.3%	-
Telindus Morocco S.A.	Morocco	FC(1)	-	60.3%	-
LD Communications BV	Netherlands	FC(1)	-	60.3%	-
LD Communications Italie Srl	Italy	FC(1)	-	60.3%	-
LD Communications Suisse S.A.	Switzerland	FC(1)	-	60.3%	-
2SID S.A.S.	France	FC(1)	-	60.3%	-
2SIP S.A.S.	France	FC(1)	-	60.3%	-
Cinq sur Cinq S.A.	France	FC(1)	-	60.3%	-
Ariège Telecom S.A.S.	France	FC(1)	-	60.3%	-
Cap Connexion S.A.S.	France	FC(1)	-	60.3%	-
CID S.A.	France	FC(1)	-	60.3%	-
Debitex Telecom S.A.S.	France	FC(1)	-	60.3%	-
Eur@seine S.A.S.	France	FC(1)	-	60.3%	-
FOD SNC	France	FC(1)	-	60.3%	-
Futur Telecom S.A.S.	France	FC(1)	-	60.3%	-
Gravelines Network S.A.S.	France	FC(1)	-	60.3%	-
Haut-Rhin Telecom S.A.S.	France	FC(1)	-	60.3%	-
Loiret THD S.A.S.	France	FC(1)	-	60.3%	-
MACS THD S.A.S.	France	FC(1)	-	60.3%	-
Opalys Telecom S.A.S.	France	FC(1)	-	60.3%	-
Rennes Métropole Telecom S.A.S.	France	FC(1)	-	60.3%	-
Rimbaud Gestion B S.C.I.	France	FC(1)	-	60.3%	-
Foncière Velizy S.C.I.	France	FC(1)	-	60.3%	-
SFCM S.A.	France	FC(1)	-	60.3%	-
SFD S.A.	France	FC(1)	-	60.3%	-
SFR Collectivités S.A.	France	FC(1)	-	60.3%	-
SFR Développement S.A.S	France	FC(1)	-	60.3%	-
SID S.C.S.	France	FC(1)	-	60.3%	-
SRR S.C.S.	France	FC(1)	-	60.3%	-
SHD S.A.	France	FC(1)	-	60.3%	-
LTBR S.A.	France	FC(1)	-	60.3%	-
Pays Voironnais Network S.A.S.	France	FC(1)	-	60.3%	-
Pays Voironnais Network Part. S.A.S.	France	FC(1)	-	60.3%	-
SFR Service Client S.A.	France	FC(1)	-	60.3%	-
Iris 64 S.A.S.	France	FC(1)	-	42.2%	-
Manche Telecom S.A.S.	France	FC(1)	-	42.2%	-
Medi@lys S.A.S.	France	FC(1)	-	42.2%	-
Teloise S.A.S.	France	FC(1)	-	42.2%	-
Synerail Exploitation S.AS	France	FC(1)	-	36.2%	-
Inolia S.A.	France	FC(1)	-	36.2%	-
Moselle Telecom Part. S.A.S.	France	FC(1)	-	33.8%	-

Name of subsidiary	Place of incorporation and operation	Method of consolidation		Proportion of ownership interest and voting power held by the Group	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Comstell S.A.S.	France	FC(1)	-	30.2%	-
Alsace Connexia S.A.S.	France	FC(1)	-	42.2%	-
Moselle Telecom S.A.S.	France	FC(1)	-	23.6%	-
Irisé S.A.S.	France	FC(1)	-	15.1%	-
Foncière Rimbaud 1 S.A.S.	France	Equity Method	-	30.2%	-
Foncière Rimbaud 2 S.A.S.	France	Equity Method	-	30.2%	-
Foncière Rimbaud 3 S.A.S.	France	Equity Method	-	30.2%	-
Foncière Rimbaud 4 S.A.S.	France	Equity Method	-	30.2%	-
Dokeo TV S.A.S.	France	Equity Method	-	30.2%	-
La Poste Telecom S.A.S.	France	Equity Method	-	29.5%	-
Numergy S.A.S.	France	Equity Method	-	28.2%	-
Synerail Construction SAS	France	Equity Method	-	24.1%	-
VOD Factory S.A.S.	France	Equity Method	-	24.1%	-
Fischer Telecom S.A.S.	France	Equity Method	-	20.5%	-
Synerail S.A.S.	France	Equity Method	-	18.1%	-
Webwag S.A.S.	France	Equity Method	-	16.3%	-
Buyster S.A.	France	Equity Method	-	15.2%	-
Ocealis S.A.S.	France	Equity Method	-	15.1%	-
AF83 S.A.S.	France	Equity Method		14.8%	
Sud Partner S.à r.l.	France	Equity Method	-	14.5%	-
Sofialys S.A.S.	France	Equity Method	-	14.4%	-
Idenum S.A.S.	France	Equity Method	-	12.7%	-
INFRACOS S.A.S.	France	PC(1)	-	30.2%	-
Oise Numerique S.A.S.	France	FC(1)	-	60.3%	-
Eure et Loir THD S.A.S.	France	FC(1)	-	60.3%	-
Valofibre S.A.S.	France	FC(1)	-	60.3%	-

(1) FC stands for “Full Consolidation”; PC stands for “Partial Consolidation”

(2) As of December 31, 2014, Altice International S.à r.l., a fully owned subsidiary of the company, has agreed to provide financial support to ONI S.G.P.S, its fully owned Portuguese subsidiary. Altice International and its subsidiaries have agreed not to call in any intercompany loans to the detriment of other third party lenders, unless such reimbursement falls due as part of the normal reimbursement schedule of ONI.

(3) Companies liquidated in 2014

(4) Companies created in 2014

3.1.1 Details of non-wholly owned subsidiaries that have material non-controlling interests

The details of the main non-controlling interests in the Company's subsidiaries is given below.

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
					(In millions €)		
Numericable-SFR SA	France	39.7%	-	(133.3)	-	3,256.5	-
Altice Bahamas S.à r.l.	Luxembourg	2.8%	-	(0.2)	-	5.6	-
Altice Blue Two SAS.	France	0.15%	23%	0.3	(2.7)	0.7	(1.4)
Deficom Telecom S.à r.l.	Luxembourg	26%	26%	(6.2)	(17.1)	(15.3)	(9.3)
Green.ch	Switzerland	0.44%	0.88%	-	-	0.2	0.3
Green Datacenter AG	Switzerland	1.37%	3%	-	-	0.1	0.2
Altice Hispaniola S.A.	Dominican Republic	2.8%	-	0.1	-	(3.2)	-
Tricom S.A.	Dominican Republic	2.8%	-	(0.2)	-	(0.5)	-
Cool Holding Ltd.	Israel	-	-	-	-	9.4	9.3
Winreason S.A.	Portugal	-	-	-	-	0.4	0.4
Altice Portugal S.A.	Portugal	-	-	-	(2.3)	-	-
Total				**(139.4)**	**(22.2)**	**3,253.9**	**(0.5)**

The increase in the non-controlling interests was primarily driven by the acquisition and the subsequent contribution of shares held in Numericable-SFR, for a total amount of €3,256.5 million.

3.1.2 Variations in non-controlling interests

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

	December 31, 2014	December 31, 2013
	(In millions €)	
Balance at beginning of year	**(0.5)**	**5.2**
Share in loss for the year	(139.4)	(22.2)
Acquisition of non-controlling interests in Numericable-SFR SA	3,389.8	-
Acquisition of non-controlling interests in Dominican entities	2.2	-
Acquisition of non-controlling interests in Altice Portugal S.A.	-	(9.1)
Acquisition of non-controlling interests in OMT Invest S.A.S.	0.1	1.3
Acquisition of non-controlling interests in Winreason S.A.	-	0.4
Acquisition of non-controlling interests in Coditel Holding Lux II S.à r.l.	-	23.6
Effect of foreign exchange translation	2.6	0.2
Other variations	(1.2)	-
Balance at end of year	**3,253.9**	**(0.5)**

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below.

The summary financial information below represents amounts before intragroup elimination :

Numericable-SFR SA	**For the year ended December 31, 2014**
	(In millions €)
Non-current assets	24,840.4
Current assets	3,873.7
Net Equity	7,974.5
Non-current liabilities	14,301.7
Current liabilities	6,437.9

Numericable-SFR SA	**For the year ended December 31, 2014**
	(In millions €)
Revenues	2,169.7
Net loss for the period	(175.1)
Total comprehensive income	(282.0)

Numericable-SFR SA	**For the year ended December 31, 2014**
	(In millions €)
Net cash inflows from operating activities	1,134.9
Net cash outflows from investing activities	(13,758.1)
Net cash inflows from financing activities	13,068.2

3.2 Modification of the scope of consolidation

3.2.1 Main acquisitions in 2014

3.2.1.1 France – Numericable Group SA

On February 3, 2014, the Group, through its direct subsidiary, Altice France S.A., completed the acquisition of a 10% stake in Numericable Group SA (herein after referred to as "NG"), the leading cable operator in France. Prior to the acquisition of the 10% stake, the Group owned a 30% stake in NG (including 2.6% related to options provided by other shareholders). The acquisition of the additional 10% stake triggered a change in control of NG, with the Group becoming able to nominate 5 out of 10 board (the "Board") members of NG, as well as the Chairman of the Board, who casts a vote in the event of a tie.

The following summarises certain of the major classes of consideration transferred and the provisionally determined amounts of identifiable assets and liabilities assumed at the acquisition date:

Total consideration paid to the vendors for 10% of the shares of the acquired entity amounted to €359.1 million.

The fair value of the asset acquired at the date of acquisition was provisionally determined as follows:

Book value of investment in associate (prior to change in control):	€679.1 million
Variation in investment in associates until February 3, 2014:	€1.3 million
Gain on step acquisition (resulting from change in control):	€256.3 million
Non-controlling interests	
(Post preliminary re-evaluation of tangible and intangible assets):	€393.2 million
Total consideration for acquisition of additional shares (including earnout):	€359.1 million
Fair value of consideration transferred at acquisition of NG:	€1,688.8 million

As per the requirements of IFRS 3, the Company has continued its allocation to the provisional purchase price allocation for the identifiable assets and liabilities of the target at acquisition.

The Group identified the following assets and liabilities at acquisition, which were evaluated at their fair value:

a) Property, plant and equipment: The Board of Directors appointed an independent expert to determine the fair value of the fixed cable and network infrastructure owned and operated by NG. The expert used the replacement cost method to calculate the fair value of NG's tangible assets, based on inputs from the Board of Directors and NG's own technical teams. As of December 31, 2014, the evaluation had been completed and a fair value adjustment of €266.2 million (€174.5 million net of deferred taxes) was allocated to the property, plant and equipment of NG.

b) Client relationships: €105.9 million (€69.5 million net of deferred tax), was recognised and allocated amongst operating segments. The average useful life of the assets was determined based on specific reporting segments of the target and are summarised below. The fair value of client relationships was identified for each operating segment, using the following parameters:

Parameters	**B2C**	**B2B**	**Wholesale**
EBIT margin rate....................	24.2%	10.9%	41.4%
Client attrition rate..................	19.1%	22.3%	28.5%
Discount rate	6.7%	6.7%	6.7%
Customer acquisition growth rate...	2%	2%	0%
Average useful life (years)......	*5.25*	*4.50*	*3.50*

All parameters used above were determined by the Board of Directors.

c) Brand: The Group identified a brand as part of its acquisition of NG. The Group used the royalty relief method to evaluate the brand. The Group has also determined that the brand constitutes an intangible asset with a defined useful life (as per IAS 38) and hence the evaluation assumes an average useful life of 5 years. The Board of Directors contends this brand has a limited value in the French market given its history and would have been replaced with a more recognised brand as a result of market consolidation. The total amount recognised in the consolidated financial statements for the year ended December 31, 2014 was €97.2 million (€63.7 million net of deferred tax). The parameters used for the brand's valuation were:

Parameters	**Numericable**
Gross royalty rate	3.0%
Maintenance costs	0.5%
Discount rate	6.64%
Average useful life (years)...	*5.0*

In addition to the assets identified above, the Group also identified certain contingent liabilities resulting from certain claims against NG that were bought against NG during the evaluation period and the presence of which was known to the Group at the date of acquisition. However, it is the assessment of the Group and its Directors that the impact of these contingent liabilities could not have been accurately measured at their fair value at the date of acquisition as insufficient data was present at the time subsequently, when NG was informed of the claims all amounts were contested, thus affirming that the amounts provisioned for the year ended December 31, 2014 in NG's balance sheet are not representative of the fair value of these liabilities, if they had been measured as of the acquisition date.

Following the purchase price allocation, the preliminary allocation between the different classes of assets and liabilities is given below. The difference has been recorded as goodwill in the consolidated accounts for the year ended December 31, 2014:

Fair value at acquisition..	€1,688.8 million
Fair value of identifiable assets, liabilities and contingent liabilities.....................	€(856.4) million
Goodwill..	€2,545.2 million

France – Societe Francaise du Radiotéléphone SA (SFR) and Virgin Mobile ('Virgin)'

On November 27, 2014, NG completed the anticipated acquisition of SFR SA, the second largest mobile operator in France and on December 5, 2014 that of Virgin Mobile, the largest MVNO mobile operator in France. Through this acquisition, the Group expects to consolidate its position as the leading convergent telecoms operator in France.

The new Numericable-SFR group contributed €2,049.6 million to revenues and €34.5 million to operating income for the year ended December 31, 2014.

The following summarises certain of the major classes of consideration transferred and the provisionally determined amounts of identifiable assets and liabilities assumed at the acquisition date:

The total consideration paid to acquire 100% of the shares of the acquired entities amounted to €17,426.8 million, which was composed as follows:

Cash consideration paid to acquire 100% of share capital of SFR*	€ 13,166.3 million
Cash consideration paid to acquire 100% share capital of Virgin Mobile....................	€ 294.5 million
Equity share offered to vendor	€ 3,281.9 million
Fair value of contingent consideration	€ 684.0 million
Total consideration transferred...	€ 17,426.8 million

**- Takes in account an adjustment relevant to the vendor's contribution of €200 million to finance the acquisition of Virgin Mobile*

The provisional value of assets transferred in consideration for the values mentioned above amounted to €11,869 million, comprised mainly of intangible assets for a net value of €3,748 million, property, plant and equipment for a total value of €4,449 million, financial assets for a total value of €260 million, deferred tax assets for a total value of €165 million and current assets for a total amount of €3.248 million. Total liabilities amounted to €5,898 million, comprised of €780 million of non-current liabilities and €5,118 million of current liabilities.

In addition to the provision goodwill computation performed at the NG level, an additional adjustment totalling €17.5 million was carried out at the Group level. This adjustment relates to the elimination of certain provisions for litigation recorded at SFR pre-closing, which relate to claims made by other Group companies against certain subsidiaries of SFR.

The values of the assets and liabilities assumed have been initially determined on a provisional basis as being equivalent to the book values in the accounting records of SFR SA and Virgin Mobile.

The difference of €11,439 million, between the consideration transferred and the value of assets transferred has been provisionally booked as goodwill in the consolidated financial statements of the Company for the year ended December 31, 2014.

The Board of Directors is continually assessing the fair value of the assets transferred and will allocate the purchase price over the next twelve months from acquisition date.

3.2.1.2 Acquisition of Dominican entities

Tricom S.A. ("Tricom") and Global Interlinks ("GLX")

On March 12, 2014, the Group, through its indirect subsidiary, Altice Dominican Republic II, completed the acquisition of approximately 97.2% stake in Tricom, a cable and mobile operator with a 4G license based in the Dominican Republic, and of GLX, the owner of a submarine cable, which it uses to sell data and voice transmission services to other operators based in the region (including Tricom). Through this acquisition, the Group expects to consolidate and expand its cable operations in the Caribbean Islands and explore synergies through the vertical integration of its operations in the region and synergies with other operations in the region.

Since March 12, 2014, Tricom and GLX contributed €122.6 million in revenue and €7.3 million in operating profit to the Group's result for the year ended December 31, 2014.

Total consideration paid to the vendors for the shares of the acquired entities amounted to €302.9 million (including purchase price adjustments) on a cash-free, debt-free basis.

In the fourth quarter of 2014, Tricom S.A. applied IFRS 1 for the first time and as part of the conversion to IFRS, re-evaluated certain tangible and intangible assets at their fair value. The following assets were re-evaluated and their evaluation gain/(loss) was included in the opening net asset value of Tricom S.A. In view of this re-evaluation, The Board of Directors has not included these assets in the preliminary purchase price allocation performed as per the requirements of IFRS 3, as these assets were already booked at their fair market value at the date of acquisition.

a) Property plant and equipment: an evaluation performed by an independent evaluator in conjunction with Tricom's technical team reevaluated the cable and mobile network and land and other real estate holdings of Tricom and an additional €18.4 million (€13.4 million net of deferred taxes) was allocated on a basis to the property, plant and equipment of Tricom and Global Interlinks.

b) Brand: An additional amount of €9.7 million (€7.0 million net of deferred tax) was recognised for the Tricom brand

c) Licenses: apart from being the leading cable operator in the Dominican Republic, Tricom S.A. has 2 mobile operation licences. The Board of Directors has evaluated the fair value of these licenses to be €53 million, which represents the upfront payment made to secure the licenses. These values were further updated to represent the bid amounts for new frequencies that were auctioned by the Dominican regulator in late 2013. The license frequencies are summarised below:

Frequency	**Fair value**
	(In millions €)
2x12.5 Mhz (850 Mhz/900 Mhz)	30
2x15 Mhz (1800 Mhz/1900 Mhz)	23

As per the provisions of IFRS 3, the Group has continued its allocation to the provisional purchase price allocation for the identifiable assets and liabilities of the target at acquisition. The following assets were identified:

d) Client relationships: €28.6 million (€20.6 million net of deferred tax), was recognised and allocated to the target. The average useful life of the assets was determined based on specific reporting segments of the target and are summarised below. The fair value of client relationships was identified for the target, using the following parameters:

Parameters	**Customer Relationships**
EBIT margin rate	20.83%
Client attrition rate	19.0%
Discount rate	6.69%
Customer acquisition growth rate	2%
Average useful life (years)	*5.0*

Following the purchase price allocation, the residual amount of € 74.5 million over the consideration paid was recognised as goodwill in the Company's accounts for the year ended December 31, 2014.

The Board of Directors is continuously evaluating the fair value of identifiable assets and liabilities of Tricom S.A. and expects to finalise the purchase price allocation by the end of the first quarter of 2015, which conforms to the measurement period as defined by IFRS 3:46.

Altice Hispaniola ("ODO" or "Orange Dominicana S.A.")

On April 9, 2014, the Group, through its its indirect subsidiary, Altice Dominican Republic, completed the acquisition of a 97.2% stake in ODO, the leading mobile operator in the Dominican Republic. ODO operates a high end, 4G-enabled mobile network in the Dominican Republic covering up to 78% of the territory of the Dominican Republic (2G/3G network coverage).

Through this acquisition, the Group expects to further consolidate and expand its operations in the Caribbean Islands. This transaction complements the acquisition of Tricom and GLX mentioned above and completes the formation of an integrated telecom group in the Dominican Republic.

Since April 9, 2014, ODO contributed €341.9 million to the Group revenue and €46.2 million to the Group operating profit for the year ended December 31, 2014.

Total consideration paid to the vendors for the shares of the acquired entity amounted to €1,032.3 million on a cash free, debt free basis.

As part of the purchase agreement, the vendor agreed to finance the acquisition of a spectrum license to provide 3G services in the Dominican Republic using ODO's existing network. The price of this license was adjusted when calculating the purchase price. The total amount due for the license amounted to $ 28.5 million.

This investment is recorded as an intangible asset in the accounts of Orange Dominicana as of December 31, 2014.

As per the provisions of IFRS 3, the Group has continued its allocation to the provisional purchase price allocation for the identifiable assets and liabilities of the target at acquisition. The following assets were identified:

a) Property, plant and equipment: The Company hired an independent expert to perform and complete an evaluation of the mobile network owned by ODO. The expert used the replacement cost method to calculate the fair value of the tangible assets, based on inputs from the Board of Directors and ODO's own technical teams. As of December 31, 2014, the evaluation had been completed and an additional €5.2 million (€3.7 million net of deferred taxes) was allocated to the property, plant and equipment of ODO.

b) Client relationships: €76.6 million (€55.1 million net of deferred tax), was recognised and allocated amongst the operating segment of the target. The average useful life of the assets was determined based on specific reporting segments of the target and are summarised below. The fair value of client relationships was identified for the target, using the following parameters:

Parameters	**Customer Relationships**
EBIT margin rate	30.1%
Client attrition rate	45.7%
Discount rate	6.7%
Customer acquisition growth rate	2%
Average useful life (years)	*5*

c) Licenses: ODO is the second leading mobile operator in the Dominican Republic and has the rights to use two licenses (one of which was acquired in April 2014), which were valued as assets by the Board of Directors based on their fair values, which were determined on the basis of the auction price paid upfront for these licenses by ODO and a re-evaluation of €59.2 million over the carrying amount at the date of acquisition.

Following the preliminary purchase price allocation, the residual amount of €593 million over the consideration paid was recognised as goodwill in the Company's accounts for the year ended December 31, 2014.

The Board of Directors is continuously evaluating the fair value of identifiable assets and liabilities of Orange Dominicana S.A.. and expects to finalise the purchase price allocation by the end of the first quarter of 2015, which conforms to the measurement period as defined by IFRS 3:46.

Thus, after the preliminary purchase price allocation for the Dominican Republic segment, the residual value between the fair value of identifiable assets and liabilities and the consideration transferred was recognised as goodwill as shown below:

Total consideration transferred	€1,335.2 million
Fair value of identifiable assets, liabilities and contingent liabilities	€667.7 million
Goodwill	€667.5 million

3.2.2 French Overseas Territories ("FOT")

Mobius S.A.S. ("Mobius")

On January 15, 2014, the Company, through its subsidiary, Altice Blue Two S.A.S. ("AB2"), obtained control over Mobius, a telecommunications operator in the French Overseas Territories (specifically, La Reunion), by acquiring 99.85% of the shares and voting interests in the company. This acquisition enables the Group to further expand and consolidate its footprint in the French Overseas Territories.

Since January 1, 2014, Mobius contributed €15.4 million to revenue and €(0.5) million to the Group operating profit for the year ended December 31, 2014.

The following summarises certain of the major classes of consideration transferred and the provisionally determined amounts of identifiable assets and liabilities assumed at the acquisition date:

- Total consideration paid to the vendors for the shares of the acquired entity amounted to €18.8 million on a cash-free, debt-free basis.

- The total value of assets transferred in consideration for the values mentioned above amounted to €14.8 million, comprising mainly intangible assets for a net value of €7.1 million, property, plant and equipment for a total value of €8 million, trade and other receivables for a total amount of €2.9 million, cash and cash equivalents for a total amount of €0.3 million and other current assets in a total amount of €0.6 million. Total liabilities amounted to €17.7 million, comprising €7.9 million of non-current liabilities and €9.8 million of current liabilities. The residual value of €17.9 million was recognised provisionally as goodwill.

The Board of Directors of the Group have determined that the fair value of the identifiable assets and liabilities of Mobius are equal to the book value at acquisition. Given the size of Mobius and its positioning in its given market, The Board of Directors assesses that the residual goodwill is justified by the amount of synergies realised post acquisition and integration of Mobius in the Group.

Goodwill has been recognised as a result of the acquisition as follows:

Total consideration transferred	€18.8 million
Fair value of identifiable assets and liabilities	€0.9 million
Goodwill	€17.9 million

3.3 *Acquisitions of businesses*

Business combinations that occurred during the reporting period are described in note 3.2.

The major classes of assets acquired and liabilities assumed at the acquisition date are:

	Total Business Combinations	**France**	**Dominican Republic**	**French Overseas Territories**
		(In millions €)		
Consideration transferred	20,470.2	19,115.9	1,335.2	18.8
ASSETS				
Intangible assets	4,536.4	4,253.8	276.1	7.1
Property, plant and equipment	6,596.0	6,183.0	404.9	8.0
Non-current financial assets	274.2	274.2	-	-
Deferred tax assets	362.1	351.7	10.4	-
Other non-current assets	24.7	-	24.7	-
Inventories	406.4	388.6	17.8	-
Trade receivables and others	3,147.9	3,026.9	118.1	2.9
Tax receivables	13.5	13.5	-	-
Cash and cash equivalents	361.2	321.6	39.3	0.3
Other current assets	52.1	41.3	10.2	0.6
Total assets	**15,776.0**	**14,855.6**	**901.5**	**18.9**
EQUITY AND LIABILITIES				
Non-current liabilities	3,870.7	3,784.1	78.7	7.9
Current liabilities	6,104.8	5,939.8	155.2	9.8
Total liabilities	**9,975.5**	**9,723.9**	**233.9**	**17.7**
Net assets	5,800.5	5,131.7	667.6	1.3
Residual goodwill	**14,669.7**	**13,984.2**	**667.5**	**17.9**
Impact of NCI	*393.1*	*393.1*	-	-

Profit and loss before acquisition by the Group

The profit and loss of those new subsidiaries not consolidated from January 1, 2014, for the period from January 1, 2014 to the date of their entry into the Group's accounts is given below:

	SFR(*)	Virgin Mobile(*)	NG	Tricom	ODO
			(In millions €)		
Revenues	**9,047.2**	**366.0**	**108.5**	**38.7**	**108.8**
Purchases and subcontracting services	-	-	(51.7)	(11.1)	(27.4)
Gross Profit	**-**	**-**	**56.8**	**27.6**	**81.4**
Other operating expenses	-	-	1.5	(4.2)	(10.3)
General and administrative expenses	-	-	-	(1.7)	(6.7)
Other sales and marketing expenses	-	-	-	(2.2)	(19.0)
Staff costs and employee benefits	-	-	(14.0)	(5.3)	-
Operating profit before depreciation and amortization	-	-	**44.3**	**14.1**	**45.5**
Depreciation and amortization	-	-	(25.6)	(5.1)	(15.3)
Management fees	-	-	-	(0.8)	(2.9)
Operating profit	**568.5**	**7.0**	**18.8**	**8.2**	**27.4**
Profit for the period	**203.2**	**3.0**	**4.6**	**5.4**	**19.3**

(*) Only key aggregates presented, as the Group did not align accounting policies with SFR, given the short time between the SFR closing and the year end closing.

Had the acquisitions listed above all been completed as of January 1, 2014, on a pro-forma basis, the Group would have revenues of €13,463.6 million (after net intercompany eliminations of €140.1 between various Group companies on a pro-forma basis) for the year ended December 31, 2014.

3.4 Change in the Company's ownership interest in 2014

3.4.1 Acquisition of additional non-controlling interests in Numericable Group SA

On June 6, 2014, the Group, through Altice France S.A., exercised a call option it held on shares in NG. These shares represented 2.6% of the share capital of NG, totalling 3,247,612 shares.

The shares were repurchased at an agreed price of €37.39 per share, thus bringing the total consideration paid to €121.7 million. The acquisition was financed through an increase in the existing margin loan facility at Altice France S.A. (which was fully repaid on July 4, 2014). Subsequent to this transaction, the Group held a 40% stake in NG.

On July 24, 2014, Altice S.A. completed the acquisition of an additional 34.6% stake in NG from two other large non-controlling interest shareholders in NG, Cinven and Carlyle. As part of this acquisition, the purchase of 20.6% of the shares was financed via a share swap, in which Cinven and Carlyle received 24,751,873 new shares in Altice S.A. in exchange for 25,517,396 shares in NG. The remainder of the acquisition price would be settled in cash upon the closing of the SFR acquisition but before January 31, 2015. As of December 31, 2014, a liability of €529.0 million has been recorded in the consolidated statement of financial position, under the caption, "other current liabilities" (See note 15). Subsequently, Altice S.A. transferred these shares to its fully owned subsidiary, Altice France S.A. As a result of this operation, Altice France S.A. owned 74.6% of the share capital of NG, with the rest of the capital representing the free float portion of NG's share capital.

On October 31, 2014, Altice France S.A. acquired 100% of the share capital of Fiberman S.C.A. and Fiberman Management S.à r.l., two investment vehicles held by certain managers and minority shareholders of Numericable Group S.A., which primarily held shares in NG representing a total of 0.92% of the share capital of NG. The consideration transferred to acquire these shares amounted to € 45.4 million. Subsequent to this transaction, the Company held 75.52% of the share capital of the NG

In November 2014, as part of the closing of the SFR acquisition, the Numericable Group completed a right offering for a total amount of € 4,733 million, wherein it issued 97,407,198 new shares. As per the terms of the purchase agreement, on November 27, 2014 (the closing date of the SFR transaction), Vivendi received a 20% stake in the new NSFR group, thus reducing the stake of Altice France S.A. in the NSFR subgroup from 75.52% to 60.3%.

3.4.2 Acquisition of non-controlling interests – Altice Blue Two S.A.S.

As per the agreement signed on March 13, 2014, the managers of Outremer Telecom ("OMT") contributed a 17.5% stake held directly in AB2 and all their shares held in OMT Ocean 3 S.A.S. (an investment vehicle held by certain members of OMT's senior management and holding a 5.4% stake in ABT), for a base value of € 55.2 million, against new shares issued by Altice representing 0.1% of Altice shares. Note that the consideration for the contributed stake is subject to adjustment from two separate earn-out clauses applicable upon the achievement of certain operational and financial targets and the settlement of certain lawsuits.

4. Goodwill

Goodwill recorded on the statement of financial position of the Company was allocated to the different groups of cash generating units (except for Others where this was allocated to Green.ch only) as defined by the group. Summary of goodwill recognized on different acquisitions is provided below:

	December 31, 2013	Recognized on business combinations	Variations	Impairment losses	Changes in foreign currency translation	Held for sale	Disposals	December 31, 2014
				(In millions €)				
France	-	13,984.2	(5.2)	-	-	-	-	13,979.1
Dominican Republic	-	667.5	-	-	99.3	-	-	766.9
Israel	620.3	-	-	-	6.9	-	-	627.2
FOT	298.5	17.9	-	-	-	(35.3)	-	281.1
Belux	295.5	-	-	-	-	-	-	295.5
Green.ch	17.8	0.5	-	-	-	-	-	18.3
Portugal	1.3	-	-	-	-	-	-	1.3
Total Gross Value	**1,233.4**	**14,670.3**	(5.2)	-	**106.2**	**(35.3)**	**-**	**15,969.4**
France	-	-	-	-	-	-	-	-
Dominican Republic	-	-	-	-	-	-	-	-
Israel	(128.0)	-	-	-	(1.4)	-	-	(129.4)
FOT	(4.6)	-	-	-	-	-	-	(4.6)
Belux	-	-	-	-	-	-	-	-
Green.ch	-	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	-	-
Total Cumulative impairment	**(132.6)**	**-**	**-**	-	**(1.4)**	**-**	**-**	**(134.0)**
France	-	13,984.2	(5.2)	-	-	-	-	13,979.1
Dominican Republic	-	667.5	-	-	99.3	-	-	766.9
Israel	492.3	-	-	-	5.5	-	-	497.8
FOT	293.9	17.9	-	-	-	(35.3)	-	276.5
Belux	295.5	-	-	-	-	-	-	295.5
Green.ch	17.8	0.5	-	-	-	-	-	18.3
Portugal	1.3	-	-	-	-	-	-	1.3
Total Net book value	**1,100.7**	**14,670.3**	(5.2)	-	**104.8**	**(35.3)**	**-**	**15,835.4**

	December 31, 2012	Recognized on business combinations	Impairment losses	Changes in foreign currency translation	Disposals	December 31, 2013
				(In millions €)		
Israel	601.8	-	-	18.4	-	620.3
FOT	4.6	293.9	-	-	-	298.5
Belux	295.5	-	-	-	-	295.5
Portugal	-	1.3	-	-	-	1.3
Green.ch	17.8	-	-	-	-	17.8
Total Gross Value	**919.7**	**295.2**	**-**	**18.4**	**-**	**1,233.3**
Israel	(124.2)	-	-	(3.8)	-	(128.0)
FOT	(4.6)	-	-	-	-	(4.6)
Belux	-	-	-	-	-	-
Portugal	-	-	-	-	-	-
Green.ch	-	-	-	-	-	-
Total Cumulative impairment	**(128.8)**	**-**	**-**	**(3.8)**	**-**	**(132.6)**
Israel	477.6	-	-	14.6	-	492.3
FOT	-	293.9	-	-	-	293.9
Belux	295.5	-	-	-	-	295.5
Portugal	-	1.3	-	-	-	1.3
Green.ch	17.8	-	-	-	-	17.8
Total Net book value	**790.9**	**295.2**	**-**	**14.6**	**-**	**1,100.7**

The carrying amount of goodwill as at December 31, 2014 was €15,835.4 million (€1,110.7 million as of December 31, 2013).

For the year ended December 31, 2014, the Board of Directors has decided to reorganize the way the cash generating units (CGUs) and group of cash generating units (GCGUs) are presented, in order to be consistent with the structuring process that the Group has undergone in its different jurisdictions and that is aligning to the way management operates the different segments of the Group (see note 22). To this end, GCGUs now reflect specific geographic areas in which one or several legal structures can be found (eg. Cabovisao and ONI will form Portugal, Tricom/GLX and ODO, Dominican Republic). Historically, each CGU was presented as a standalone legal entity, as the Group had only one operating entity per geography. The rapid expansion of the Group and the push to achieve synergies between fixed, cable and mobile networks in its relevant operating geographies prompted the Board of Directors to acquire new structures in the regions where it was already operating. The Board of Directors believes that combining individual acquired entities is the most economic method of capturing synergies between new, complementary businesses in each operational region. This is underlined by the technical synergies between the different networks, the fact that the teams are now integrated and as a result of the bundle offers to the client. An illustrative example is the integration of support functions in the French Overseas Territories (between OMT and Le Cable; together ”FOT”), in Portugal with Cabovisao and ONI and the on-going restructuring of the Dominican entities, in order to have a single, functional support team in the finance, marketing and technical departments. In addition to this, contracts with service providers are negotiated by one entity for the relevant geographies thus providing better purchasing power for the GCGU as a whole. Moreover, internal tracking and monthly financial and operation reviews performed by the Board of Directors are based on specific geographies and not on individual companies, thus the new presentation provides an accurate vision of how the Board of Directors tracks and runs its businesses internally.

Goodwill is reviewed at the level of each GCGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. For 2014, goodwill was tested at the GCGU level for impairment as of December 31, 2014. 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 impairment tests did not result in impairment for any periods presented in these consolidated financial statements.

As per the requirements of IAS 36, impairment of assets, other intangible assets with an indefinite useful life must also be tested for impairment annually, irrespective of whether any indicators of impairment exist or not. To this end, the Company has performed impairment testing on the brands recognized on previous acquisitions, namely Cabovisao, Coditel, ONI and Only. Despite the reorganization of GCGUs, for the purpose of brand testing, revenue growth parameters for individual subsidiaries were used. Following the results of the testing, the Board of Directors has determined that the ONI brand should be subject to an impairment of €8.2 million. Additionally, following the change in consolidation method of Numericable Group from equity accounting to full consolidation, the Board of Directors has also decided to fully impair the Numericable brand recognized in the Belgium and Luxembourg segment, as any royalties paid as part of a brand licensing agreement would result in an intercompany transaction, thus bringing the fair-value of the brand to zero. The carrying amount of €5.4 million was thus written off.

The value in use of each CGU was determined by estimating cash flows for a period of five years for the operating activities. Cash flow forecasts are derived from the most recent business plans approved by the Board of Directors. Beyond the specifically forecasted period of five years, the Company extrapolates cash flows for the remaining years based on an estimated constant growth rate between 1-2%. This rate does not exceed the average long-term growth rate for the relevant markets. Discount rates have been computed using WACC approach and range from 5.6% to 11%. Assumptions for churn rates and EBIT margin were based on historical experience and expectations of future changes in the market. Cash flow forecasts were derived from the most recent financial plans approved by the Board of Directors. Recurring capex is expected to be proportional to sales and thus is indexed to the growth in revenues.

In addition to using internal indicators to assess the carrying amount in use, the Board of Directors also relies on external factors which can influence the cash generating capacity of the CGUs and also indicate that certain factors beyond the control of the Board of Directors might influence the carrying amounts in use:

- Indicators of market slowdown in a country of operation
- Indicators of degradation in financial markets, that can impact the financing ability of the group
- Loss of liquidity in capital markets

The Group has made use of various external indicators and internal reporting tools to estimate the revenue growth rates considered for the purpose of impairment testing for the year ended December 31, 2014. The perpetual growth rates assumed ranged from 1.0% to 2.0%. A summary of the growth rates used is provided below. The growth rates are provided by individual subsidiary and the GCGU allocation is indicated.

	France	**Dominican Republic**	**Israel**	**French Overseas Territories**	**Belgium & Luxembourg**	**Portugal**	**Others**
Average long term growth rate in 2014 (in %)	2.0	2.0	1.5-2	2.0	2.0	1-1.5	2
Average long term growth rate in 2013 (in %)	-	-	1.5-2	2.0	2.0	1-1.5	2

When estimating EBIT margin for purposes of the 2014 impairment test, the Company used a stable ratio of EBIT margin over the next 5 years. The five year average EBIT margin considered for the purpose of impairment testing for different GCGUs is presented below:

	France(*)	Dominican Republic	Israel	French Overseas Territories	Belgium & Luxembourg	Portugal	Others
5 year average EBIT margin (In %)...............	-	31.4	14.0	31.2	50.3	6.0	18.9

(*) – As NSFR is a listed entity, the sensitivity analysis was performed on the basis of its observable share price and thus the EBIT margin was not used.

Capex was indexed to the revenues, as the Board of Directors tracks the capex spend expressed in a % of sales as a key KPI. The Board of Directors believes that recurring capex should be related to the acquisition of new clients and hence is indexed to the growth in revenues.

The Board of Directors estimated discount rates using post-tax rates that reflected current market rates for investments of similar risk. The discount rate for the GCGUs was estimated from the weighted average cost of capital ("WACC") of companies which operate a portfolio of assets similar to those of the Company's assets.

	France	Dominican Republic	Israel	French Overseas Territories	Belgium & Luxembourg	Portugal	Others
Post tax weighted average cost of capital 2014 (%)........................	6.21	6.32	10.11	6.21	6.24	7.22	5.58
Post tax weighted average cost of capital 2013(%).........................	-	-	10.11	6.21	6.56	6.31	6.48

The results of the impairment testing did not result in goodwill impairment for the year ended December 31, 2014. However, as mentioned earlier in this report, the Group identified an impairment to the ONI brand for a total amount of €8.2 million, in addition to the previously mentioned impairment in the Belgium and Luxembourg segment for a total of €5.4 million. This impairment is the reflection of the pricing pressures faced in the Portuguese market due to economic situation prevalent in the country. The Board of Directors believes that this does not reflect on the ability of ONI to generate revenues by leveraging its brand, but an overall difficulty in operating in the region.

As required by IAS 36, 'impairment of assets', the headroom of the recoverable amount over the carrying amount is disclosed below:

	France	Dominican Republic	Israel	French Overseas Territories	Belgium & Luxembourg	Portugal	Others
				(In millions €)			
Carrying amount.............	13,979.1	766.9	493.1	276.5	295.5	1.3	18.2
Recoverable amount	22,917.0	3,452.6	1,930.5	497.3	347.7	188.7	196.8
Excess of fair value in use over carrying amount	8,937.9	2,685.7	1,437.4	220.8	52.2	187.4	178.6

In validating the value in use determined for the GCGU, key assumptions used in the discounted cash-flow model were subject to a sensitivity analysis so as to test the resilience of value in use. The sensitivity analysis of these GCGUs is presented below.

The Board of Directors has analyzed the CGUs for which a reasonable change in the assumptions used for the impairment testing can demonstrate a risk of impairment. The sensitivity analysis of these CGUs is presented below.

Sensitivity of the recoverable amount was tested for a movement of 50 bps in the weighted average cost of capital (WACC), all other assumptions being stable and the impact would be:

- Dominican Republic: an increase of 50 bps in the WACC decreases the excess of recoverable amount to €2,257 million and therefore no impairment would be required.

- Israel: an increase of 100 bps in the WACC decreases the excess of recoverable amount to €1,261.3 million and therefore no impairment would be required. The sensitivity used for the Israeli GCGU is slightly different from the Group standard, as the Board of Directors believes that due to the volatility in the region (political/economic) a higher sensitivity step is more appropriate for the Israeli market.

- French Overseas Territories: an increase of 50 bps in the WACC decreases the excess of recoverable amount to €157.7 million and therefore no impairment would be required.

- Belgium & Luxembourg: an increase of 50 bps in the WACC decreases the excess of recoverable amount to €(14.7) million and therefore an impairment would be required.

- Portugal: an increase of 50 bps in the WACC decreases the excess of recoverable amount to €156.5 million and therefore no impairment would be required.

- Others: an increase of 50 bps in the WACC decreases the recoverable amount to €149.6 million and therefore no impairment would be required.

As the French GCGU consists of a listed entity (Numericable-SFR S.A.) and hence the share price is a directly observable level 1 input, the impairment testing for this GCGU was performed based on the share price of Numericable-SFR S.A. at closing on December 31, 2014 (€ 40.94). A 10% decrease in the quoted share price decreases the recoverable amount to €29,975.5 million, and hence no impairment would be required.

Sensitivity of the recoverable amount was tested for a movement of 100 bps in the perpetuity growth rates (PGR), all other assumptions being stable and the impact would be:

- Dominican Republic: a decrease of 100 bps in the PGR decreases the excess of recoverable amount to €995 million and therefore no impairment would be required.

- Israel: a decrease of 100 bps in the PGR decreases the excess of recoverable amount to €1,291.2 million and therefore no impairment would be required.

- French Overseas Territories: a decrease of 100 bps in the PGR decreases the excess of recoverable amount to €119.6 million and therefore no impairment would be required.

- Belgium & Luxembourg: a decrease of 100 bps in the PGR decreases the excess of recoverable amount to €(52.8) million and therefore an impairment would be required.

- Portugal: a decrease of 100 bps in the PGR decreases the excess of recoverable amount to €37.4 million and therefore no impairment would be required.

- Others: a decrease of 100 bps in the PGR decreases the excess of recoverable amount to €131.1million and therefore no impairment would be required.

Thus, for all GCGUs with the exception of Belgium and Luxembourg, the sensitivity analysis did not show any evidence of impairment, in case there is a movement in the key assumptions made for the purposes of the impairment testing.

In addition, the Group analyzed the sensitivity on the estimated recoverable amounts to the reasonable expected changes in the EBIT margin, assuming unchanged values for the other assumptions. The Board of Directors has decided to apply a 300 bps decrease in the EBIT margin for the Belgium and Luxembourg segment, which has shown a low headroom and has shown evidence of impairment in case of a reasonable change in other assumptions such as WACC and PGR. Such a decrease in the EBIT margin decreases the excess of the recoverable amount to €14.3 million and hence no impairment of goodwill will be required.

The analysis did not result in other scenarios whereby a reasonable possible change in the aforementioned EBIT margin would result in a recoverable amount for the GCGU which is inferior to the carrying value, if applied to any other GCGU.

As per the requirements of IAS 36, "Impairment of assets", the headroom of the recoverable amount over the carrying amount for assets with an indefinite useful life (brands) is disclosed below:

	French Overseas Territories	**Belgium & Luxembourg**	**Portugal**		**Others**
Brand names	**Only**	**Coditel**	**Oni (*)**	**Cabovisao**	**Green**
			(In millions €)		
Carrying amount..........	24.3	2.2	16.2	29.6	17.1
Recoverable amount	34.3	4.7	16.2	33.2	26.8
Excess of fair value in use over carrying amount..........................	10.0	2.5	0	3.6	9.7

The Board of Directors has analyzed the brands for which a reasonable change in the assumptions used for the impairment testing can demonstrate a risk of impairment. The sensitivity analysis of these brands is presented below.

Sensitivity of the recoverable amount was tested for a movement of 50 bps in the weighted average cost of capital (WACC), all other assumptions being stable and the impact would be:

- Only: an increase of 50 bps in the WACC decreases the excess of recoverable amount to €30.7 million and therefore no impairment would be required.
- Coditel: an increase of 50 bps in the WACC decreases the excess of recoverable amount to €4.2 million and therefore no impairment would be required.
- Oni: an increase of 50 bps in the WACC decreases the excess of recoverable amount to €15.0million and therefore an additional impairment of €1.2 million will be required.
- Cabovisao: an increase of 50 bps in the WACC decreases the recoverable amount to €30.6 million and therefore no impairment would be required.
- Green: an increase of 50 bps in the WACC decreases the recoverable amount to €23.6 million and therefore no impairment would be required.

Sensitivity of the recoverable amount was tested for a movement of 50 bps in the royalty rate, all other assumptions being stable and the impact would be:

- Only: a decrease of 50 bps in the royalty rate decreases the excess of recoverable amount to €22.8 million and therefore an impairment of €1.5 million would be required.

- Coditel: a decrease of 50 bps in the royalty rate decreases the excess of recoverable amount to €3.8 million and therefore no impairment would be required.

- Oni: a decrease of 50 bps in the royalty rate decreases the excess of recoverable amount to €10.8 million and therefore an additional impairment of €5.4million will be required.

- Cabovisao: a decrease of 50 bps in the royalty rate decreases the excess of recoverable amount to €26.6 million and therefore an impairment of €3.0 million will be required.

- Green: a decrease of 50 bps in the royalty rate decreases the excess of recoverable amount to €21.4 million and therefore no impairment would be required.

5. Intangible assets

	December 31, 2013	Additions and related depreciation and amortization	Disposals	Business Combinations	Changes in foreign currency translation adjustment	Held for sale or discontinued operations	Other	December 31, 2014
				(In millions €)				
Software	91.2	22.9	-	12.1	6.6	-	5.7	138.6
Brand name[5]	129.9	-	-	108.2	1.6	(3.4)	-	236.2
Customer relations[1]	386.7	7.4	-	213.9	14.5	(15.5)	-	607.0
Licenses [3]	56.8	151.0	(7.0)	3,374.0	14.4	(2.4)	101.0	3,687.7
R&D costs acquisitions	3.8	0.8	-	2.1	-	(3.6)	3.3	6.5
Subscriber acquisition costs[2]	200.3	29.6	(0.1)	-	2.6	-	-	232.5
Intangible assets under construction	6.5	46.1	(7.8)	236.6	0.5	(0.1)	(115.0)	166.8
Other intangible assets[4]	186.3	77.9	(4.4)	589.4	4.9	(4.0)	22.5	872.6
Total Gross Value	**1,061.9**	**335.7**	**(19.3)**	**4.536.3**	**45.1**	**(29.0)**	**17.5**	**5,948.1**
Software	(55.5)	(28.4)	-	-	(5.1)		-	(89.0)
Brand name[5]	(5.0)	(34.9)	0.4	-	(0.4)	2.3	-	(37.6)
Customer relations[1]	(91.5)	(80.9)	-	-	(2.8)	2.1	-	(173.2)
Licenses	(17.2)	(167.0)	0.9	-	(1.9)	1.3	155.4	(28.5)
R&D costs	(0.7)	(3.1)	-	-	-	3.1	-	(0.7)
Subscriber acquisition costs[2]	(194.1)	(29.6)	-	-	(2.6)	-	-	(226.2)
Intangible assets under construction		-	0.1	-	-	-	-	0.1
Other intangible assets	(118.3)	(73.2)	2.1	-	(3.3)	0.7	(2.1)	(194.1)
Total Cumulative amortization and depreciation	**(482.3)**	**(417.2)**	**3.5**	**-**	**(16.0)**	**9.5**	**153.4**	**(749.2)**
Software	36.0	(5.5)	-	12.1	1.5	-	5.7	49.8
Brand name[5]	124.9	(34.9)	0.4	108.2	1.2	(1.1)	-	198.6
Customer relations[1]	295.3	(73.5)	-	213.9	11.7	(13.5)	-	433.9
Licenses	39.7	(16.1)	(6.1)	3,374.0	12.5	(1.1)	256.4	3,659.3
R&D costs	3.1	(2.3)	-	2.1	-	(0.5)	3.3	5.7
Subscriber acquisition costs[2]	6.2	0.1	(0.1)	-	0.1	-	-	6.3
Intangible assets under construction	6.5	46.1	(7.7)	236.6	0.5	(0.1)	(115.0)	167.0
Other intangible assets	68.0	4.6	(2.3)	589.4	1.6	(3.2)	20.4	678.6
Total Net book value	**579.6**	**(81.5)**	**(15.8)**	**4.536.3**	**29.1**	**(19.5)**	**170.9**	**5,199.1**

	December 31, 2012	Additions and related depreciation and amortization	Disposals	Business Combinations	Changes in foreign currency translation adjustment	Other	December 31, 2013
			(In millions €)				
Software	64.9	23.5	-	-	3.0	0.1	91.2
Brand name	79.8	0.3	-	49.1	0.7	-	129.9
Customer relations(1)	325.6	-	-	52.9	8.2	-	386.7
Licenses	31.9	6.2	-	14.7	0.5	3.6	56.8
R&D costs acquisitions	-	-	-	1.8	-	2.1	3.8
Subscriber acquisition costs(2)	173.9	20.2	-	-	6.2	-	200.3
Intangible assets under construction	-	5.2	(0.5)	7.7	-	(5.9)	6.5
Other intangible assets	118.9	37.1	(0.7)	28.0	2.5	0.5	186.3
Total Gross Value	**795.0**	**92.5**	**(1.2)**	**154.1**	**21.1**	**0.5**	**1,061.9**
Software	(28.1)	(25.4)	-	-	(1.9)	(0.1)	(55.5)
Brand name	(2.6)	(2.2)	-	-	(0.2)	-	(5.0)
Customer relations(1)	(52.9)	(36.1)	-	-	(2.5)	-	(91.5)
Licenses	(9.9)	(7.3)	-	-	(0.1)	0.1	(17.2)
R&D costs	-	(0.7)	-	-		-	(0.7)
Subscriber acquisition costs(2)	(166.3)	(21.8)	-	-	(6.0)	-	(194.1)
Intangible assets under construction	-	-	-	-	-	-	
Other intangible assets	(76.7)	(40.7)	0.7	-	(1.6)	-	(118.3)
Total Cumulative amortization and depreciation	**(336.5)**	**(134.1)**	**0.7**	**-**	**(12.3)**	**-**	**(482.3)**
Software	36.8	(1.9)	-	-	1.1	-	36.0
Brand name	77.2	(1.9)	-	49.1	0.5	-	124.9
Customer relations(1)	272.7	(36.1)	-	52.9	5.8	-	295.3
Licenses	22.0	(1.1)	-	14.7	0.4	3.8	39.7
R&D costs	-	(0.7)	-	1.8	-	2.1	3.1
Subscriber acquisition costs(2)	7.6	(1.6)	-	-	0.2	-	6.2
Intangible assets under construction	-	5.2	(0.5)	7.7	-	(5.9)	6.5
Other intangible assets	42.2	(3.6)	-	28.0	0.9	0.5	68.0
Total Net book value	**458.5**	**(41.7)**	**(0.5)**	**154.1**	**8.7**	**0.5**	**579.6**

(1) Customer relations have been valued on the basis of the fair value of the existing customers. These are amortized on the basis of the local churn rate. The carrying amount of customer relations by segment was:, (i) France: €86.5 million, (ii) Israel:€169.9 million, (iii) DR: €103.9 million, (iv) Other segments (Portugal, FOT, Belgium Luxembourg and Others): € 73.5 million.

(2) Subscriber acquisition costs were recognized in respect of the costs of acquisition of subscribers (including additional sales commissions). The amortization expenses are linked to the length of the average commitment of the subscribers.

(3) This caption mainly includes the rights to use the cable and other installations constructed by France Telecom (the historical public telecoms operator in France) and mobile licenses of SFR, which are listed below:

(a) a UMTS license for a total of €619 million and new frequency licenses acquired in 2010 for a total of €300 million (depreciated over 20 years)

(b) A GSM license for a total of €278 million. The French government allowed SFR S.A. to use this license for 15 years. This license is carried at its actuarial value.

(c) A LTE license for a total of €150 million acquired to provide 4G services in France in the 2.6 Ghz spectrum and for €1,065 million to provide services in the 800 Mhz spectrum

(4) This caption includes concession contracts obtained from local municipalities in France (IFRIC 12), rights of passage and rights to access services

(5) This caption includes the carrying amount of different brands owned by the Group and recognized as part of different purchase price allocations. The brands recognized as part of acquisitions during the year 2014 are disclosed in note 3. The carrying amount of brands with a definite useful life was € 109.1 million (allocated to the segments (i) France: €79.3 million; (ii) Israel: €20.5 miilion and (iii) Dominican Republic: €9.4 million) and that of brands with an indefinite useful life was €89.5 million (allocated to the segments (i) Portugal: €45.8 million, (ii) FOT: €24.3 million, (iii) Green.ch: €17.1 million and (iv) Belux: €2.2 million) .

6. Property, Plant & Equipment

	December 31, 2013	Additions and related depreciation and amortization	Disposals	Business Combinations	Changes in foreign currency translation adjustment	Held for sale	Other	December 31, 2014
				(In millions €)				
Land	3.3	0.5	(0.0)	107.0	2.2	-	0.8	113.8
Buildings(1)	86.8	31.6	(2.0)	1,359.1	5.1	(7.6)	5.5	1,478.4
Technical equipment and other equipment (2)	1,831.1	486.8	(74.4)	3,920.1	93.3	(40.0)	132.2	6,349.1
Tangible assets under construction	25.2	77.8	(2.7)	418.1	4.2	(0.3)	(118.9)	403.4
Prepayments on tangible assets	-	1.4	(0.2)	16.4	0.1	(0.1)	(1.9)	15.7
Other tangible assets	15.5	38.5	(5.7)	775.3	1.5	-	2.9	827.9
Total Gross Value	**1,961.9**	**636.6**	**(85.1)**	**6,596.0**	**106.4**	**(48.0)**	**20.5**	**9,188.4**
Buildings(1)	(22.6)	(26.3)	1.6	-	(2.5)	4.6	(2.0)	(47.2)
Technical equipment and other equipment (2)	(790.2)	(563.2)	65.6	-	(57.6)	28.1	(139.9)	(1,457.1)
Tangible assets under construction	(0.1)	2.3	-	-	(0.1)	-	(0.1)	2.1
Other tangible assets	(14.8)	(70.7)	0.4	-	(0.7)	-	2.0	(83.9)
Total Cumulative amortization and depreciation	**(827.7)**	**(657.9)**	**67.6**	**-**	**(61.0)**	**32.8**	**(139.9)**	**(1,586.2)**
Land	3.3	0.5	-	107.0	2.2		0.8	113.8
Buildings(1)	64.2	5.3	(0.4)	1,359.1	2.6	(3.1)	3.5	1,431.2
Technical equipment and other equipment (2)	1,040.9	(76.4)	(8.8)	3,920.1	35.7	(11.9)	(7.7)	4,891.9
Tangible assets under construction	25.1	80.1	(2.7)	418.1	4.1	(0.3)	(119.0)	405.5
Prepayments on tangible assets	0.0	1.4	(0.2)	16.4	0.1	(0.1)	(1.9)	15.7
Other tangible assets	0.7	(32.2)	(5.4)	775.3	0.7		4.8	744.0
Total Net book value	**1,134.2**	**(161.1)**	**(17.5)**	**6,596.0**	**45.4**	**(15.3)**	**(119.4)**	**7,602.1**

	December 31, 2012	Additions and related depreciation and amortization	Disposals	Business Combinations	Changes in foreign currency translation adjustment	Other	December 31, 2013
				(In millions €)			
Land	2.9	0.2	-	0.2	-	-	3.3
Buildings	68.6	8.7	-	5.6	1.4	2.5	86.8
Technical equipment and other equipment (2)	1,501.1	163.6	(24.5)	95.6	65.3	30.1	1,831.1
Tangible assets under construction	17.0	19.9	-	19.9	0.0	(31.6)	25.2
Prepayments on tangible assets	3.1	0.3	-	0.7	(0.0)	(4.1)	-
Other tangible assets	9.5	4.0	(0.1)	1.0	0.5	0.6	15.5
Total Gross Value	**1,602.1**	**196.7**	**(24.6)**	**123.0**	**67.2**	**(4.3)**	**1,961.9**
Buildings	(12.9)	(9.0)	-	-	(0.7)	-	(22.6)
Technical equipment and other equipment (2)	(514.6)	(254.1)	19.7	-	(40.9)	(0.3)	(790.2)
Tangible assets under construction	(0.3)	-	-	-	-	0.3	(0.1)
Other tangible assets	(6.4)	(8.0)	-	-	(0.5)	0.1	(14.8)
Total Cumulative amortization and depreciation	**(534.3)**	**(271.1)**	**19.7**	**-**	**(42.1)**	**0.1**	**(827.7)**
Land	2.9	0.2	-	0.2	-	-	3.3
Buildings	55.7	(0.3)	-	5.6	0.7	2.5	64.2
Technical equipment and other equipment (2)	986.4	(90.4)	(4.8)	95.6	24.4	29.8	1,040.9
Tangible assets under construction	16.6	19.9	-	19.9	-	(31.3)	25.1
Prepayments on tangible assets	3.1	0.3	-	0.7	-	(4.1)	0.0
Other tangible assets	3.1	(4.0)	(0.1)	1.0	-	0.7	0.7
Total Net book value	**1,067.8**	**(74.4)**	**(4.9)**	**123.0**	**25.1**	**(2.4)**	**1,134.2**

(1) The caption buildings is mostly composed of the hosting of technical sites, buildings and their respective fittings. Technical equipment principally includes network equipment (radio, switching, network administration, network core) and transmissions.

(2) This caption includes:

Cable network: the Company owns, directly and indirectly through its subsidiaries, cable or fibre network which allow it to supply cable based pay television, broadband internet and fixed line telephony services to its subscribers.

Call centers that represent centralized offices used for the purpose of receiving or transmitting a large volume of administrative, technical or commercial requests by telephone.

Office furniture and equipment that refer to furnishings and IT equipment.

Communication network infrastructure that include the digital technologies for the transmission of multi-channel television services.

As part of the various debt issuances done by the Group, the assets of certain subsidiaries have been pledged as collateral. This includes all material assets of HOT Telecom including the cable network, all material assets of ODO (other than licenses and real estate assets valued at less than €5 million), all assets of Cabovisao and ONI (Including network and PPE) and the assets of the NSFR group.

The increase in the property, plant and equipment of the Company can mainly be attributed to the acquisitions of Numericable Group S.A., SFR S.A., ODO and Tricom during the course of the year.

In addition to this, property plant and equipment also increased as a result of continued capital expenditure by other group companies, as part of their efforts to drive customer acquisition and growth.

7 Investment in associates

The breakdown of the investments in associates is detailed as follows:

	Investments in associates and Joint Ventures	
	31 December 2014	**31 December 2013**
	(In millions €)	
Numergy [(1)]	79.0	-
La Poste Telecom [(2)]	-	-
Numericable Group	-	679.1
Other associates	23.0	-
Total associates	**102.0**	**679.1**

The change in the carrying amount of investment in associates is primarily related to the change in the method of consolidation of Numericable Group S.A. from equity method to full consolidation in January 2014, see Note 3.2. This decrease was offset by investments in associates and joint ventures that were acquired when the SFR deal was closed in November 2014.

The main associates included within the SFR group are:

1) In 2012, SFR, Bull and Caisse des Dépôts created Numergy, which will offer IT infrastructure capable of hosting remote-access secured data and applications, i.e. "cloud computing" services. The group share in the amount of €105 million euros is only 25% paid in. The debt for the unpaid portion appears under liabilities for an amount of €79 million. The value of the shares was made equivalent to the value of the liability, i.e. €79.0 million.

2) In 2011, SFR and La Poste created La Poste Telecom, held at 49% and 51%, respectively. This subsidiary is a mobile virtual network operator on the retail mobile telephony market under the La Poste Mobile brand. The negative value of the equity method investments in La Poste Telecom was reduced to zero by an offset against provisions in the amount of €16.9 million euros at the end of 2014.

3) On February 18, 2010, a group created by SFR, Vinci and AXA (with 30% each) and TDF (10%) signed a GSM-R public-private partnership agreement with Réseau Ferré de France. This agreement, with a 15-year duration and an overall amount of one billion euros, involves providing the financing, construction, operation and maintenance for a digital telecommunications network that will allow for providing communications (voice and data) between trains and ground regulation staff in conference mode. It will be deployed progressively over 14,000 km of traditional and high-speed railways in France. The negative value of the equity method investments in Synerail was reduced to zero by an offset against provisions for €9.5 million euros at the end of 2014.

4) SFR and Vinci Immobilier, subsidiary of Groupe Vinci, have four common subsidiaries owned 50-50, Foncière Rimbaud 1, Foncière Rimbaud 2, Foncière Rimbaud 3 and Foncière Rimbaud 4 in connection with the construction of SFR's corporate headquarters in Saint-Denis. This project, which may change over time, will be carried out in two tranches, for which the works will be spread out until the end of 2015. The first tranche of buildings (with a surface area of 74,000 m2) carried out by Foncière Rimbaud 1 and Foncière Rimbaud 2 was delivered at the end of 2013. The second tranche carried out by Foncière Rimbaud 3 and Foncière Rimbaud 4 is in the process of construction.

The key financial information of the associates is listed below:

	Numergy	**La Poste Telecom**	**Synerail**
		December 31,	
	2014	**2014**	**2014**
		(In millions €)	
Revenues	2	182	170
Net profit/(loss)	(20)	(6)	(18)
Net equity	184*	(67)	(33)
Cash (-)/Net debt (+)	5	56	435
Total Assets	190	40	528

(*) out of which €79 million of unpaid subscribed capital as at December 31, 2014.

The amount as at December 31, 2013 was composed of the investment in NSFR, over which the Group obtained control in February 2014, see note 3.2.

8. Other financial assets

	December 31, 2014	December 31, 2013
	(In millions €)	
Investments held as available for sale[1]	42.0	40.3
Loans and receivables[2]	15.0	3.0
Derivative financial assets[3]	1,195.8	-
Other financial assets[4]	137.9	5.5
Restricted cash	0.6	1.8
Total	**1,391.3**	**50.6**

(1) Investment in available for sale financial assets are composed of:

Partner Communications LTD: The Group holds 1,459,926 regular shares in Partner Communications LTD, (hereinafter-Partner), constituting approximately 0,9% of Partner's share capital which is engaged in the provision of mobile communications services and whose shares are traded on stock exchanges in the United States of America, in the United Kingdom and in Israel.

Wananchi Group Holdings Ltd (hereinafter Wananchi): The Group, through an indirect subsidiary, holds a 17.4% equity interest and three board seats in Wananchi Group Holdings Ltd, a cable, DTH and B2B operator based out of Kenya and providing services in Kenya and other neighboring East African countries. The Board of Directors has classified this investment as an available for sale asset. The Company holds less than 20% of Wananchi and has no significant influence over the operational or financial decision making in Wananchi. The investment in Wananchi is carried at its fair value, which was calculated by the Board of Directors based on a discounted cash flow model, which was modeled on a business plan prepared by Wananchi's management. A re-evaluation gain of €4.6 million has been recognized in the consolidated financial statements. The discounted cash flow valuation was performed using the following parameters:

Weighted average cost of capital: 13.6%

Evaluation period: 10 years

Terminal revenue growth rate: 5%

(2) Loans and receivables

As of December 31, 2014, this caption includes an additional investment made by the company in Wananchi, in return for which it was issued convertible notes, convertible at the discretion of the holder. The investment amounted to €12.7 million ($14 million equivalent) and bears interest at a rate of 15% per annum payable in kind and a maturity of 3 years starting December 2013 (12.5% if the loan is not converted into equity by December 31, 2015). The increase compared to December 31, 2013 is explained by an additional investment made by the Company in Wananchi.

(3) Derivative financial assets

As part of the issuance of new debt to finance the acquisition of SFR, the Company and its subsidiary NG issued debt in US Dollars. In order to cover the exchange rate risk related to this issuance, the parties entered into cross currency swaps with different banks, which were classified as cash flow hedges.

(4) Other financial assets

This caption mainly includes loans and advances made to associates at the NSFR group for a total of €51.0 million as of December 31, 2014.

9 Inventories

	December 31, 2014	December 31, 2013
	(In millions €)	
Raw materials and consumables	10.4	-
Work in progress	8.3	0.1
Finished/semi-finished goods	259.5	12.4
Total Gross Value	**278.2**	**12.5**
Raw materials and consumables	-	-
Work in progress	-	-
Finished/semi-finished goods	(1.0)	(1.5)
Total Depreciation	**(1.0)**	**(1.5)**
Raw materials and consumables	10.4	0.1
Work in progress	8.3	-
Finished/semi-finished goods	258.5	10.9
Total Net book value	**277.2**	**11.0**

Inventories are almost exclusively comprised finished goods corresponding to customer premises equipment (modems, decoders, mobile handsets etc.), which is used in the daily business activity of the Company. The Board of Directors considers that inventory will be fully renewed in the next twelve months.

The cost of inventories recognized as an expense during the year was €136.9 million (€4.4 million in 2013).

The increase in inventory for the period ended December 31, 2014 mainly relates to the acquisitions of NG, SFR and ODO. Inventories at Numericable mainly correspond to customer premises equipment, such as modems and decoders, while inventories at SFR and ODO mainly concern mobile phones that are sold as part of their commercial offerings. Movement for allowance for obsolescence of inventory or slow moving inventory is made as follows :

	December 31, 2013	Variation	Held for sale or discontinued operations	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2014
			(In millions €)		
Raw materials and consumables	-	-		-	-
Work in progress (goods)	-	-	-	-	-
Finished/semi-finished goods	(1.5)	0.1	0.6	(0.2)	(1.0)
Total Cumulative amortization and depreciation	**(1.5)**	0.1	0.6	(0.2)	**(1.0)**

	December 31, 2012	Variation	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2013
Work in progress (goods)	(0.1)	0.1	-	-
Finished/semi-finished goods	(1.0)	(0.5)	-	(1.5)
Total Cumulative amortization and depreciation	**(1.1)**	(0.4)	-	**(1.5)**

10. Current trade and other receivables

	December 31, 2014	December 31, 2013
	(In millions €)	
Trade receivables	2,035.9	194.0
Other receivables	455.9	38.2
Total current trade and other receivables	**2,491.8**	**232.2**

10.1 Trade receivables

	December 31, 2013	Business Combinations	Net decrease	Reversal	Held for sale or discontinued operations	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2014
				(In millions €)			
Trade receivables	224.3	2,728.2	(409.1)	-	(5.8)	4.4	2,541.9
Allowance for doubtful debts	(30.3)	(522.1)	(35.0)	80.0	0.8	0.6	(506.0)
Trade receivable, net	**194.0**	**2,206.1**	**(444.1)**	**80.0**	**(5.0)**	**4.9**	**2,035.9**

	December 31, 2012	Business Combinations	Net decrease	Reversal	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2013
			(In millions €)			
Trade receivables	175.6	50.0	(6.8)	-	5.5	224.3
Allowance for doubtful debts	(24.8)	-	(10.1)	7.0	(2.4)	(30.3)
Trade receivable, net	**150.8**	**50.0**	**(16.9)**	**6.9**	**3.1**	**194.0**

The increase in trade receivables is explained mainly by the acquisition of SFR in November 2014 and also the acquisitions of NG, ODO and Tricom earlier in the year

10.2 Age of trade receivables

	December 31, 2014	December 31, 2013
	(In millions €)	
Not yet due	132.7	137.1
30-90 days	56.0	22.1
91-121 days	9.5	34.8
Unallocated portion[1]	1,837.7	-
Total	**2,035.9**	**194.0**

(1) Given the short time frame between the acquisition of SFR and the year-end closing date, SFR has not been able to analyse the aging of their trade receivables in accordance with the policies of the group. The unallocated portion thus refers to the trade receivables of NSFR net of allowances for doubtful debts.

10.3 Other current receivables

	December 31, 2014	December 31, 2013
	(In millions €)	
Prepaid expenses[1]	189.1	20.9
Other current assets[2]	266.8	17.3
Total	**455.9**	**38.2**

(1) The increase in prepaid expenses is mainly explained by the acquisition of SFR in November 2014. SFR has many long term contracts with certain suppliers to whom it makes pre-payments.

(2) Other current assets are mainly composed of receivables due from social security and other state run organisms that manage employee benefits. The increase is mainly due to the acquisition of SFR, which has a significant workforce compared to the rest of the Group.

The Group routinely evaluates the credit that is provided to its customers, while checking their financial situations; however it does not demand collateral for those debts. The Group records a provision for doubtful debts, based on the factors that affect the credit risks of certain customers, past experience and other information. The Group is of the opinion that there is no risk of concentration of counterparties given the much diversified customer basis, especially on the B2C side.

For the B2B business, the top 20 clients of the Group represent less than 5% of total Group revenues.

The largest clients of the Group are telecom operators in France (such as Orange, Bouygues Telecom, Free Mobile). The risk of recoverability for these clients is quite low, given the balance in interconnection transactions between these companies and NSFR. Orange, the largest client in the operator segment, is also the largest supplier of the Group.

11 Cash and cash equivalents and current restricted cash

	December 31, 2014	December 31, 2013
	(In millions €)	
Term deposits	550.4	1.4
Bank balances	1,013,2	60.2
Cash and cash equivalents	**1,563.6**	**61.6**
Restricted cash [1]	-	1,242.8
Restricted cash	-	**1,242.8**

(1) Restricted cash held on the statement of financial position as of December 31, 2013 was used to close the transactions of ODO and Tricom, in April and March 2014, respectively.

12 Issued capital and additional paid in capital

12.1 Issued capital

As of December 31, 2014, the authorised share capital is €5 million of ordinary shares and a maximum of €20 million of Class B shares. The total class B shares issued as at December 31, 2014, is nil.

All ordinary shares have equal voting rights and a right to receive dividends.

As of December 31, 2014, total issued capital of the Company amounts to €2.5 million, and is composed of 247,950,186 outstanding ordinary shares, with a nominal value of €0.01 each.

The share capital at incorporation amounted to €0.03 million and was increased through successive capital increases.

On January 31, 2014, the Group also increased its capital by 172,900 shares fully taken up by way of a contribution in kind consisting in the entire issued share capital of Altice France S.A. and Altice International S.à r.l.. On the same day, the Group successfully completed its initial public offering ("IPO") on the Euronext Stock Exchange based in Amsterdam. As part of this offering, the Group raised €750 million through the issuance of 26,548,673 new shares to investors at a price of €28.25 per share.

The fees incurred in connection with the issuance of additional equity instruments have been recognized in equity for a total of €28.7 million, while the fees linked to the placement of existing shares have been recognized in profit and loss under "Restructuring costs and other expenses" (See note 27).

On June 27, 2014, the Company issued an additional 17,900,000 shares in a private placement at a nominal value of €0.01 for an amount of €911.1 million. Part of this share issuance was used to finance the acquisition of an additional stake of 14.0% shares in the NG (See note 3.2.1.1).

On July 24, 2014, the Company issued an additional 24,751,873 ordinary shares as part of the acquisition of an additional stake in the NG. The Company acquired 20.6% of NG from the two largest minority shareholders via its fully owned subsidiary, Altice France S.A., in exchange for 25,517,396 shares in NG (See note 3.2.1.1).

Several capital increases occurred during the year as part of (i) the Management Investment Plan, which led to the issuance of 171,079 new shares and (ii) additional contributions in kind which led to the issuance of 2,578,561 new shares.

12.2 Additional paid in capital

Total paid-in capital of the Group amounted to €2,951.0 million and results from:

	December 31, 2014
	(In millions €)
Contribution in kind - shareholders debt	557.4
Net proceeds from primary offering	721.0
Contribution in kind - Valemi vendor note	6.7
Contribution in kind – Mobius	4.6
Contribution in kind – Non controlling shareholders of OMT	66.1
Rights issuance at NG	1,173.6
Transactions with non-controlling shareholders of NSFR	(493.2)
Share issuance under management investment plan	4.2
Proceeds from private placement	910.9
Total	**2,951.0**

A restructuring of the shareholder debts held by Next L.P. against Altice International and Altice France was carried out before the IPO. As a result of this restructuring, the shareholder debts were contributed by Next L.P. to Altice S.A. in exchange for new shares issued by the Company.

The remaining increase in the additional paid in capital is mainly due to proceeds of the IPO in January 2014 and the issuance of new shares in June and July 2014 for which the proceeds were mainly used for purchase of additional shares in NG.

12.3 Earnings per share

	Year ended December 31, 2014	Year ended December 31, 2013
	(In millions €)	
Earnings		
Earnings for the year	(413.1)	71.8
Basic earnings per share (in €)	*(1.97)*	*0.41*
Number of shares		
Weighted average number of ordinary shares for basic EPS	209.4	176.2
Effect of dilutive potential ordinary shares:		
Stock options and management investment plan	9.7	-
Weighted average number of ordinary shares for the purposes of diluted EPS	**219.1**	**176.2**
Diluted earnings per share (in €)	*(1.89)*	*0.41*

As at December 31, 2013, Altice S.A. is considered as the successor entity of Altice France S.A. and Altice International S.à r.l. and doesn't exist as an entity as it was only created on January 4, 2014. In this context and as the entity didn't exist in the prior year, the Board of Directors has decided to use the number of outstanding shares as at January 30, 2014 (being the day before the IPO) as a proxy as this is the date up to which the number of ordinary shares outstanding is increased without an increase in resources.

13 Provisions

	December 31, 2013	Business Combinations	Addition	Utilization	Held for sale or discontinued operations	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2014
				(In millions €)			
Litigations[2]	18.0	245.7	26.3	(32.9)	(0.3)	0.3	257.0
Site renovation costs[1]	-	59.7	3.2	(1.7)	-	14.8	76.0
Restructuring charges	-	35.7	11.1	(35.4)	-	-	11.4
Other risks	7.9	104.5	38.5	(13.9)	-	(4.1)	132.9
Provisions for other expenses	5.3	46.0	28.2	(2.1)	(1.6)	0.7	76.5
TOTAL	**31.1**	**491.7**	**107.3**	**(86)**	**(1.9)**	**11.7**	**553.8**

	December 31, 2012	Business Combinations	Addition	Utilization	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2013
			(In millions €)			
Litigations[2]	15.8	3.2	3.7	(6.9)	2.2	18.0
Other risks	8.0	0.2	1.3	(0.1)	(1.6)	7.9
Provisions for other expenses	1.8	4.7	0.5	(0.7)	(1.0)	5.3
TOTAL.............	**25.7**	**8.2**	**5.5**	**(7.7)**	**(0.4)**	**31.1**

Provisions for litigations are mainly relating to litigations that have been brought against the group for which the Board of Directors believes that a significant risk of cash out is probable.

The increase in provisions is related mainly to the acquisition of SFR. Provisions at SFR are broadly split into two categories:

1. Site renovation costs: in certain cases, SFR and its subsidiaries might have obligations to repair and renovate its technical sites and network components that are leased at the end of the contractual period or in case of an anticipated contract cancellation.

2. Provisions for other risks/litigations: These provisions include amounts for which the nature and amounts cannot be disclosed on a case by case basis as this might expose the group to further litigation. Such cases are outlined in note 31, contingent liabilities, commitments and guarantees. All litigation pending against the Group is either being heard or appealed at the date of this report.

The Board of Directors considers that all potential risks of cash outflows on such litigations and claims is properly evaluated and represented correctly in the consolidated financial statements for the year ended December 31, 2014. The current portion of provisions totaled €300.1 million for the year ended December 31, 2014.

Provisions for retirement obligations and employee benefits are detailed in note 14.

14 Employee benefits

Depending on the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits, among others:

- In France, severance pay in accordance with the collective agreement of the company to which they are attached. The rights to conventional retirement benefits vested by employees are measured individually, based on various parameters and assumptions such as the employee's age, position, length of service in the Company and salary, according to the terms of their employment agreement. This plan is considered to be a defined benefit plan in accordance with IAS 19. In addition in France, the employees of the Group benefit from a general pension plan. Accordingly the group contributes to mandatory social security plans. This regime is considered to be a defined contribution plan in accordance with IAS 19.

- In Switzerland, the Group has defined contributions plans, in accordance with which the Group makes regular payments without it having a legal or implicit commitment to pay additional payments even if sufficient funds have not accumulated in the funds to pay all of the benefits to an employee that relate to the employee’s current and previous employment. The portion of severance payments that is not covered by deposits, is treated as a defined benefit plan in accordance with which a liability is recorded in respect of employee benefits and the group deposits amount in central severance pay funds and in appropriate insurance policies in respect of it.

- In Israel, the plans are normally financed by contributions to insurance companies and classified as defined contribution plans or as defined benefit plans. The Group has defined contribution plans pursuant to Section 14 of the Severance Pay Law under which the Group pays regular contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods. In addition, the Group has a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the Law, employees are entitled to receive severance pay upon dismissal or retirement. In respect of its severance pay obligation to certain of its employees, the Group makes current deposits in pension funds and insurance companies ("the plan assets"). Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Group's own creditors and cannot be returned directly to the Group.

The amount included in the consolidated statement of financial position in respect of defined benefit plans is as follows:

	December 31, 2014	December 31, 2013
	(In millions €)	
Present value of defined benefit obligation	154.1	29.3
Fair value of plan assets	(23.0)	(21.1)
Funded status	***131.2***	***8.2***

Movements in the present value of defined benefit obligation were as follows:

PRESENT VALUE OF DEFINED BENEFIT OBLIGATION	December 31, 2014	December 31, 2013
	(In millions €)	
Balance as of January 1	**29.3**	**34.9**
Business combinations	115.3	2.2
Interest expense	1.4	0.9
Current service cost	4.5	4.0
Participant contribution	0.3	0.3
Benefit paid	(2.9)	(10.4)
Transfer of employee to section 14 – Israel	-	(2.1)
Curtailment	(0.2)	-
Net actuarial loss/gain in net income	0.1	-
Net actuarial loss/gain in other comprehensive income	6.0	(0.4)
Balance as of December 31	**154.1**	**29.3**
including commitments not financed	*123.1*	*2.7*
including commitments totally financed or partially financed	*31.0*	*26.7*

As of December 31, 2014, the line Business Combination includes the effect of the first consolidation of Numericable Group and SFR (see note 3.3)

PRESENT VALUE OF PLAN ASSETS	December 31, 2014	December 31, 2013
	(In millions €)	
Balance as of January 1	**21.1**	**25.4**
Interest income	0.6	0.7
Deposits paid by the employer into the plan	2.2	4.1
Participant contributions	0.3	0.3
Benefits paid	(1.8)	(7.9)
Transfer of employees to section 14 – Israel	-	(2.1)
Net actuarial loss/gain in other comprehensive income	0.3	0.6
Other (including currency translation adjustment)	0.3	(0.1)
Balance as of December 31	**23.0**	**21.1**
Total net liabilities	**131.2**	**8.2**

	December 31, 2014	December 31, 2013
	(In millions €)	
Current service cost	4.5	4
Net Interest expense	0.8	0.2
Net actuarial loss/gain	0.1	-
Total expenses in respect of employee benefits in profit and loss	**5.4**	**4.2**
Net actuarial loss/gain	5.6	(0.1)
Other OCI (including currency translation adjustment)	0.1	-
Total expenses in respect of employee benefits in Other comprehensive income	**5.7**	**(0.1)**

	December 31, 2014	December 31, 2013
Net actuarial (loss)/gain		
- actuarial differences from experience - Defined benefit obligation	0.3	-
-actuarial differences from change in assumptions- Defined benefit obligation	5.7	0.6
-actuarial return on plan assets (excluding interests income)	(0.3)	-
Total	**5.7**	**0.6**

The principal actuarial assumptions used for the purposes of the actuarial valuations were as follows:

PRINCIPAL ASSUMPTIONS

	December 31, 2014	December 31, 2013
Discount rate	2.1%	3.3%
Expected rate of salary increases	2.8%	2.4%

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

ALLOCATION OF PENSION PLAN ASSETS - in %

Shares	6.7%
Bonds	10.9%
Real estate	7.2%
Other(*)	75.2%
Total	**100%**

(*) The plan assets in Israel include assets that are held by a long term employee benefit fund as well as in appropriate insurance policies. They are presented in the line Other and consist of various financial assets.

15 Borrowings and other financial liabilities

Total financial liabilities are broken down as follows:

	December 31, 2014	December 31, 2013
	(In millions €)	
Borrowings	20,455.4	3,741.0
Loans from related parties	-	100.7
Other financial liabilities:	918.2	271.6
- Finance leases	*49.4*	*23.4*
- Other financial liabilities	*841.0*	*105.9*
- Financial instruments	*27.8*	*142.3*
Non-current liabilities	**21,373.6**	**4,113.3**
Borrowings:	612.0	59.7
- Loans from financial institutions and bonds	*166.6*	*26.4*
- Bank overdraft	*41.5*	-
- Accrued interest	*403.9*	*33.3*
Other financial liabilities:	626.8	15.9
- Other financial liabilities	*581.7*	*4.5*
- Finance leases	*45.1*	*11.4*
Current liabilities	**1,238.8**	**75.6**
Total	**22,612.4**	**4,188.9**

15.1 Loans from financial institutions and bonds

As at December 31, 2014, the details of the loans from financial institutions and bonds are given in the sections that follow.

The maturities of borrowings are given below:

	December 31, 2014	< 1 year	One year or more	December 31, 2013
		(In millions €)		
Bonds	15,807.2	26.7	15,780.5	2,554.0
Loans from financial institutions	4,814.8	139.9	4,674.9	1,213.4
Total	**20,622.0**	**166.6**	**20,455.4**	**3,767.4**

15.2 Bonds

Compared to the year ended December 31, 2013, the Company and NSFR issued new fixed interest instruments to finance the acquisition of SFR. The proceeds from the issuance of such debt were used by the Company to purchase its pro-rata share of ordinary shares with preferential subscription rights issued by Numericable in connection with the acquisition of SFR in November 2014.

Instrument	Issuer	Fair value in millions of euros December 31, 2014	Coupon	Year of maturity	Carrying amount December 31, 2014	Carrying amount December 31, 2013
- Debentures	HOT Telecom Ltd.	266.1	Between 3.9% and 6.9% + Consumer Price Index	2018	257.0	280.1
- Senior Notes USD 2,900 M	Altice S.A.	2,382.7	7.75%	2022	2,349.8	-
- Senior Notes EUR 2,075M	Altice S.A.	2,109.2	7.25%	2022	2,030.8	-
- Senior Secured Notes USD 460 M	Altice Financing S.A.	391.2	7.875%	2019	368.7	305.1
- Senior Secured Notes EUR 210M	Altice Financing S.A.	221.8	8.00%	2019	200.8	201.8
- Senior Secured Notes EUR 300M	Altice Financing S.A.	307.1	6.5%	2022	292.6	292.8
- Senior Secured Notes USD 900M	Altice Financing S.A.	720.9	6.5%	2022	729.3	637.3
- Senior Notes USD 425M	Altice Finco S.A.	376.4	9.875%	2020	339.9	309.1
- Senior Notes EUR 250M	Altice Finco S.A.	273.8	9.00%	2023	245.7	245.3
- Senior Notes USD 400M	Altice Finco S.A.	315.4	8.125%	2024	322.7	282.5
- Senior Secured Notes USD 2,400M	Numericable SFR Group S.A.	1,952.1	4.875%	2019	1,981.8	-
Senior Secured Notes USD 4,000M	Numericable SFR Group S.A.	3,319.5	6.000%	2022	3,303.0	-
Senior Secured Notes USD 1,375M	Numericable SFR Group S.A.	1,146.8	6.250%	2024	1,135.4	-
- Senior Secured Notes EUR 1,000M	Numericable SFR Group S.A.	1,032.8	5.375%	2022	1,000.0	-
- Senior Secured Notes EUR 1,250M	Numericable SFR Group S.A.	1,295.0	5.625%	2024	1,250.0	-
Total value of bonds		**16,110.7**			**15,807.2**	**2,554.0**
Of which due within one year		*26.7*			*26.7*	*26.8*
Of which due after one year		16,084.0			15,780.5	2,527.2

All instruments listed above are level 1 financial instruments.

Depending on its type, each instrument has a different credit rating. All Senior Secured Notes issued by the Numericable-SFR group are rated Ba3/B+. Senior Secured Notes at Altice Financing are rated B1/BB-, while the Senior Notes issued by Altice Finco are rated B3/B-. The Senior Notes issued by the Company are rated B3/B.

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

In accordance with the Group financing strategy, other than the following debt that has been issued locally by HOT, all of the bonds described above have been issued either by Altice S.A., Altice Financing S.A., Altice Finco S.A. or by Numericable-SFR S.A.:

- HOT's Series A' debentures-€167 million, linked to the Consumer Prices Index for Tel Aviv. Series A' debentures which are repayable in 13 semi-annual payments commencing on September 30, 2012 and up to September 30, 2018. They bear yearly interest at a fixed rate of 3.9%.

- HOT's Series B' debentures-€137 million which bear yearly interest at a fixed rate of 6.9%. Series B' debentures are repayable in 13 semi-annual payments commencing on September 30, 2012 and up to September 30, 2018.

Except for the amortising bond issued by HOT, no other bonds have any current portions.

15.3 Covenants

The debt issued by the Company and its subsidiaries is subject to certain restrictive covenants, which apply (i) in the case of debt issued by the Company, to the Company and its restricted subsidiaries, (ii) in the case of debt issued by Altice Financing S.A. and Altice Finco S.A., to Altice International S.à r.l. and its restricted subsidiaries and (iii) in the case of debt issued by Numericable-SFR S.A., to Numericable-SFR S.A. and its restricted subsidiaries.

Other than the HOT Debentures and the revolving credit facilities described below, such debt issued by the Company and its subsidiaries is subject to incurrence based covenants, which do not require ongoing compliance with financial ratios, but place certain limitations on the relevant restricted group's ability to, among other things, incur or guarantee additional debt (including to finance new acquisitions), create liens, pay dividends and other distributions to shareholders or prepay subordinated indebtedness, make investments, sell assets, engage in affiliate transactions or engage in mergers or consolidations. These covenants are subject to a number of important exceptions and qualifications.

In order to be able to incur additional debt under an applicable debt instrument, the relevant restricted group must either meet the ratio test described below (on a pro forma basis for any contemplated transaction giving rise to the debt incurrence) or have available capacity under the general debt basket described below or meet certain other exceptions to the limitation on indebtedness covenant in such debt instrument.

Debt	Applicable Restricted Group	Ratio Test for Additional Debt Incurrence	General Debt Basket
Senior Notes USD 2,900M due 2022 and Senior Notes EUR 2,075M due 2022	Company and its restricted subsidiaries	If incurred by the Company, Consolidated Net Leverage Ratio of Company ≤4:1 If incurred by Altice International and its subsidiaries, Consolidated Net Leverage Ratio of Altice International ≤4:1	€100 million for debt incurred by the Company. Greater of €100 million and 4% of Total Assets of Altice International, for debt incurred by Altice International and its subsidiaries Greater of €400 million

		If incurred by Numericable-SFR S.A., Consolidated Net Leverage Ratio of Numericable-SFR S.A., ≤4:1	and 4% of Total Assets of Numericable-SFR S.A., for debt incurred by Numericable-SFR S.A. and its subsidiaries
Senior Notes USD 1,480M due 2025 and Senior Notes EUR 750M due 2025*	Company and its restricted subsidiaries	If incurred by the Company, Consolidated Net Leverage Ratio of Company ≤4:1 If incurred by Altice International and its subsidiaries, Consolidated Net Leverage Ratio of Altice International ≤4:1 If incurred by Numericable-SFR S.A., Consolidated Net Leverage Ratio of Numericable-SFR S.A., ≤4:1	€100 million for debt incurred by the Company. Greater of €500 million and 4% of Total Assets of Altice International, for debt incurred by Altice International and its subsidiaries Greater of €400 million and 4% of Total Assets of Numericable-SFR S.A., for debt incurred by Numericable-SFR S.A. and its subsidiaries
Senior Secured Notes USD 460M due 2019; Senior Secured Notes EUR 210M due 2019; and Senior Notes USD 425M due 2020	Altice International and its restricted subsidiaries	Secured debt, if Consolidated Senior Secured Leverage Ratio of Altice International ≤3:1** Unsecured debt, if Consolidated Leverage Ratio of Altice International ≤4:1**	Greater of $75million and 4% of Total Assets of Altice International
Senior Notes EUR 250M due 2023 and Altice Financing Term Loan	Altice International and its restricted subsidiaries	Secured debt, if Consolidated Senior Secured Leverage Ratio of Altice International ≤3:1** Unsecured debt, if Consolidated Leverage Ratio of Altice International ≤4:1**	Greater of €100 million and 4% of Total Assets of Altice International
Senior Secured Notes EUR 300M due 2022; Senior Secured Notes USD 900M due 2022 and Senior Notes USD 400M due 2024	Altice International and its restricted subsidiaries	Secured debt, if Consolidated Senior Secured Leverage Ratio of Altice International ≤3:1** Unsecured debt, if Consolidated Leverage Ratio of Altice International ≤4:1**	Greater of €100 million and 4% of Total Assets of Altice International
Senior Secured Notes EUR 500M due 2023; Senior Secured Notes USD 2,060M due 2023 and Senior Notes USD 385M due 2025*	Altice International and its restricted subsidiaries	Secured debt, if Consolidated Net Senior Secured Leverage Ratio of Altice International ≤3:1 Unsecured debt, if Consolidated Net Leverage Ratio of Altice International ≤4:1	Greater of €500 million and 4% of Total Assets of Altice International

Senior Secured Notes USD 2,400M due 2019; Senior Secured Notes USD 4,000M due 2022; Senior Secured Notes USD 1,375M due 2024; Senior Secured Notes EUR 1,000M due 2022; Senior Secured Notes EUR 1,250M due 2024 and Numericable Term Loan	Numericable-SFR S.A. and its restricted subsidiaries	Secured debt, if Consolidated Net Senior Secured Leverage Ratio of Numericable-SFR S.A. ≤3.25:1 Unsecured debt, if Consolidated Net Leverage Ratio of Numericable-SFR S.A. ≤4:1	Greater of €400 million and 4% of Total Assets of Numericable-SFR S.A.

* Debt issued post December 31, 2014

** Tested on a gross debt basis

The Company or its relevant subsidiaries are allowed to fully consolidate the EBITDA from any subsidiaries in which they have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments. If the ratio test is exceeded and there is no additional capacity to incur debt under general debt basket, subject to certain additional exceptions to the limitation on debt covenant contained in the debt instruments, the relevant restricted group cannot incur any additional debt until the ratio test can be complied with.

The Company and its subsidiaries also have access to the following revolving credit facilities and guarantee facility which provides additional liquidity to the Group. The terms of these facilities include certain incurrence based covenants that are no more restrictive than the incurrence covenants contained in our other debt instruments. In addition, these facilities also include financial covenants at the levels described below.

Facility	Applicable Restricted Group	Financial Covenant	Testing
Altice S.A. Super Senior Revolving Credit Facility EUR 200M	Company and its restricted subsidiaries	Consolidated Net Secured Leverage Ratio of Company ≤5.50:1	If there are utilisations outstanding at the end of each relevant period
Altice International Super Senior RCF EUR 80M, Super Senior RCF USD 80M and Pari Passu Guarantee Facility EUR 15M	Altice International and its restricted subsidiaries	Consolidated Net Leverage Ratio of Altice International ≤5.25:1	Quarterly
Altice International Pari Passu RCF EUR 501M	Altice International and its restricted subsidiaries	Consolidated Net Leverage Ratio of Altice International ≤5.25:1	If there are utilisations outstanding at the end of each relevant period
Altice International Super Senior RCF EUR 330M	Altice International and its restricted subsidiaries	Consolidated Net Leverage Ratio of Altice International ≤5.25:1	If there are utilisations outstanding at the end of each relevant period
Numericable Group Revolving Credit Facility EUR 750 million	Numericable-SFR S.A. and its restricted subsidiaries	Consolidated Net Senior Secured Leverage Ratio of Numericable – S.F.R. S.A. ≤4:1	If there are utilisations outstanding at the end of each relevant period

As of December 31, 2014, the Group was in compliance of all covenants listed above.

Unsecured debentures issued by HOT and listed on the Tel Aviv Stock Exchange include the following financial covenants measured on HOT's performance, which mainly include:

- A debt to EBITDA ratio, which is not to exceed 6 for a period that exceeds two consecutive quarters;
- No distribution of a dividend when HOT exceeds a debt to EBITDA ratio of 5.5.

As of December 31, 2014, HOT was in compliance with all of the required financial covenants.

15.4 Loans from financial institutions

Compared to the year ended December 31, 2013, the increase in the loans from financial institutions is mainly explained by the issuance of new term loans for NG, as part of the financing package raised to consummate the SFR transaction and also to refinance existing debt at NG.

The total amount of debt issued as of December 31, 2014 is composed amongst others of:

- On May 21, 2014, NG issued debt (excluding the impact of capitalised transaction costs) amounted to €4,047.0 million, and was composed of three tranches:
  - €1,900 million, with a maturity in May 2020 and bearing interest at Euribor+3.75% (excluding an interest rate floor at 0.75% and interest rate hedging);
  - $ 1,394 million (€1,151 million equivalent as of December 31, 2014) with a maturity in May 2020 and bearing interest at LIBOR+3.75% (excluding an interest rate floor at 0.75% and interest rate hedging);
  - $ 1,206 million (€996 million equivalent as of December 31, 2014) with a maturity in May 2020 and bearing interest at LIBOR+3.75% (excluding an interest rate floor at 0.75% and interest rate hedging).
- On May 21, 2014, NG used this term loan facility to refinance its existing debt for a total amount of €2,803 million, of which €2,638 million related to the principal amount refinanced, €88 million related to breakage fees and €77 million related to transaction costs on the new issued debt.
- On July 4, 2014, Altice France fully repaid the margin loan it had issued to acquire a stake in NG in November 2013 and the subsequent purchase of a 2.6% stake from other minority shareholders in NG. The total amount issued in two phases amounted to €456.6 million, of which €323.9 million were issued in November 2013 and an additional tranche of €121.7 issued in June 2014. The total amount reimbursed included accrued interests of €11 million.
- On December 2, 2014, the Coditel mezzanine facility was repaid in its entirety at its first call date (at a call price of 106.875%). A total of €125.2 million was repaid (including accrued PIK interest of €2.7 million and the call premium of €8.0 million), which was raised by drawing on both the $80 million and the €80 million senior secured revolving credit facilities, which are classified under the current portion of the borrowings.

As of December 31, 2014, the loans from financial institutions are composed of the following:

	December 31, 2014	< 1 year	One year or more	December 31, 2013
		(In millions €)		
Numericable Term Loans(*)	3,828.8	-	3,828.8	-
Coditel mezzanine facility	-	-	-	100.0
Altice France Margin Loan.................	-	-	-	319.7
Altice Financing Term Loan USD.......	820.1	8.5	811.6	793.7
Altice Financing RCF..........................	126.2	126.2	-	-
Others	39.8	5.3	34.5	-
Total..	**4,814.8**	**139.9**	**4,674.9**	**1,213.4**

(*) – Includes transaction costs of €218.1 million.

Available credit facilities:

As of December 31, 2014, the Group had access to the following credit and guarantee facilities, for a total amount of euro equivalent amount of €1,171 million:

Revolving credit facilities:

- Altice S.A.- € 200 million
- Altice Financing S.A.: € 80 million
- Altice Financing S.A..: € 66.1 million equivalent ($80 million)
- Numericable-SFR Group S.A.: €750 million

Guarantee facilities:

- Altice Financing S.A.: € 75 million

As of December 31, 2014, the Group had fully drawn on the €80 million RCF and partially drawn on the $ 80 million RCF ($56 million/€46.2 million).

15.5 Related party bonds

As of December 31, 2014 all classes of hybrid instruments issued by Altice International and Altice France have been converted into common equity of Altice S.A. and no such instruments remain outstanding. The conversion occurred on January 31, 2014, as part of the contribution of the two sub-groups into Altice S.A. prior to its IPO.

15.6 Other financial liabilities

Other financial liabilities mainly consist of:

(i) SFR earn-out: As part of the acquisition of SFR, the vendor is due to receive an earnout of €750 million if certain operational and financial targets are met by the combined Numericable-SFR group. As per the requirements of IFRS 3, this contingent consideration was evaluated at its fair value as of December 31, 2014 and had a carrying amount of €643 million classified in non current financial liabilities. As part of the agreement signed in February 2015 between Vivendi and Altice-NSFR to purchase Vivendi's minority stake in NSFR, this earnout was extinguished (refer to note 34).

(ii) A vendor loan of €529.2 million due to the former minority shareholders of NG, corresponding to the acquisition of an additional 14.6% stake in NG, which was completed on July 24, 2014 classified in current financial liabilities. This vendor note was paid as planned on the February 6, 2015.

(iii) Preferred Equity Certificates ("PECs") for €31.8 million at the level of Deficom Telecom S.à r.l. classified in non current financial liabilities.

(iv) Deposits provided by clients for customer premises equipment leased for the duration of their subscription period for €86.3 million

The following significant movements also occurred during the year :

(i) Cancellation of Altice Blue Two put: The minority shareholders of Altice Blue Two exchanged their shares in Altice Blue Two against common shares in Altice S.A. As a result of this exchange, the put agreement in place at Altice Blue Two was cancelled (considered to be unexercised), leading to the reversal of a debt amounting to €53.2 million;

(ii) Repayment and conversion of vendor notes: Vendor notes held by Altice IV and Valemi Corp were respectively reimbursed and exchanged against common shares of Altice S.A. as part of the IPO, leading to a total decrease in other financial liabilities of €20.7 million;

15.7 Maturity of financial liabilities

	December 31, 2014	< 1 year	Between 1 and 5 years	> 5 years
	(In millions €)			
Borrowings	20,622.0	166.6	3,612.1	16,843.3
Finance leases	94.6	45.1	49.4	-
Accrued interest	403.9	403.9	-	-
Bank overdraft	41.5	41.5	-	-
Other financial liabilities	1,422.6	581.7	841.0	-
Financial instruments	27.7	-	27.7	-
Nominal value of borrowings	**22,612.4**	**1,238.8**	**4,530.2**	**16,843.3**

	December 31, 2013	< 1 year	Between 1 and 5 years	> 5 years
		(In millions €)		
Borrowings	3,767.2	26.8	573.5	3,166.7
Related party bonds	100.7	-	-	100.7
Finance leases	34.8	11.4	23.4	-
Accrued interest	33.3	33.3	-	-
Other financial liabilities	110.4	2.0	59.3	49.1
Financial instruments	142.3	0.0	142.3	-
Nominal value of borrowings	**4,188.6**	**73.5**	**798.5**	**3,316.5**

15.7 Currency of borrowings

	December 31, 2014	Euro (EUR)	US Dollar (USD)	Israeli Shekel	Swiss Franc	Dominican Pesos
			(In millions €)			
Borrowings	20,622.0	6,930.7	13,395.5	257.0	38.8	-
Finance leases	94.6	76.3	-	16.8	1.5	-
Bank overdraft	41.5	41.5	-	-	-	-
Accrued interest	403.9	138,3	262.1	3.4	-	-
Other financial liabilities	1,422.6	1,388.2	-	23,7	0.6	10.1
Financial instruments	27.7	27.7	-	-	-	-
TOTAL	**22,612.4**	**8,602.9**	**13,657.6**	**300.9**	**40.8**	**10.1**

	December 31, 2013	Euro (EUR)	US Dollar (USD)	Israeli Shekel	Swiss Franc
		(In millions €)			
Borrowings	3,767.2	1,929.1	1534.0	280.6	23.4
Related party bonds	100.7	100.7			
Finance leases	34.8	5.8	-	26.5	2.5
Accrued interest	33.3	27.9	5.4	-	-
Other financial liabilities	110,4	107.1	-	3.0	0.2
Financial instruments	142.3	142.3	-	-	-
TOTAL	**4,188.6**	**2,312.9**	**1,539.4**	**310.1**	**26.1**

15.8 Nature of interest rate

	December 31, 2014	Fixed interest rate	Floating interest rate
		(In millions €)	
Borrowings	20,622.0	15,765.7	4,856.4
Finance leases	94.6	94.6	-
Bank overdraft	41,5	41.5	-
Accrued interest	403.9	372.7	31.2
Other financial liabilities	1,422.6	1,422.6	-
Financial instruments	27.7	-	27.7
TOTAL	**22,612.4**	**17,697.1**	**4,915.3**

	December 31, 2013	Fixed interest rate	Floating interest rate
	(In millions €)		
Borrowings	3,767.2	2,683.1	1,084.1
Related party bonds	100.7	6.5	94.2
Finance leases	34.8	34.8	-
Accrued interest	33.3	15.4	17.8
Other financial liabilities	110.4	103.3	7.1
Financial instruments	142.3	-	142.3
TOTAL	**4,188.6**	**2,843.1**	**1,345.5**

15.9 Derivatives and hedge accounting

As part of its financial risk management strategy, the Group has entered into certain hedging operations. These are split mainly into either fixed to fixed or fixed to floating cross-currency swaps that cover against interest rate risk, or forward swaps that cover against foreign exchange risk. The Group adopted hedge accounting for certain new swap operations for the first time in 2014. A summary of swaps that are not classified as cash flow hedges is provided below:

- A coupon only cross-currency swap transaction covering USD 200 million of the USD 425 million principal of Altice Finco's Senior Notes (of which USD 25 million is unhedged), based on which Altice pays Israeli Shekels and receives US Dollars, amounting to a Euro equivalent of 145 million with a maturity date on December 15, 2017 and an interest rate composed of an ILS TELBOR 3M floating rate and a fixed spread of between 8.0% and 9.7%

- A coupon only cross-currency swap transaction covering USD 225 million of the USD 460 million principal of Altice Financing's Senior Secured USD Notes (of which USD 10 million is unhedged), on the basis of which Altice pays Israeli Shekels and receives US Dollars, amounting to a Euro equivalent of €186 million with a maturity date on December 15, 2017 and an interest rate composed of an ILS TELBOR 3M floating rate and a fixed spread of between 5.9% and 7.6%

- A coupon only cross-currency swap transaction covering €100 million of the €210 million principal of Altice Financing's Senior Secured Euro Notes (of which €10 million is unhedged), based on which Altice pays Israeli Shekels and receives Euros, amounting to €100 million with a maturity date on December 15, 2017 and an interest rate composed of an ILS TELBOR 3M floating rate and a fixed spread of 5.775%

- A coupon only cross-currency swap transaction covering a part of the USD 1,034 million Term loan notional (USD 292.8 million), in which Altice pays Israeli Shekels and receives US Dollars, amounting to USD 212 million with a maturity date on October 31, 2018 and an interest rate composed of an ILS TELBOR 3M floating rate and a fixed spread of between 5.0% and 5.6%

- A coupon only cross-currency swap transaction covering part of the USD 1,034 million Term loan notional (USD 540.5 million), in which Altice pays Euros and receives US Dollars, amounting to €446 million with a maturity date on October 31, 2018 and an interest rate composed of an EURIBOR 3M floating rate and a fixed spread between 4.5% and 4.8%

As of December 31, 2014, the Company has entered into the following forward transactions:

- A forward transaction covering USD 550 million of the total USD nominal due at maturity of the Altice Finco USD Senior Notes and Altice Financing USD Senior Secured Notes (USD 885 million of which USD 95.5 million is unhedged) based on which Altice pays Israeli Shekels and receives US Dollars, with a hedged rate ranging from 4.127-4.317 ILS/USD.

- A forward transaction covering USD 239.5 million of the total USD nominal due at maturity of the Altice Finco USD Senior Notes and Altice Financing USD Senior Secured Notes (USD 885 million of which USD 95.5 million is unhedged) based on which Altice pays Israeli Shekels and receives US Dollars, with a hedged rate of 3.678 ILS/USD.

- A forward transaction to cover the repayment of a part of the nominal of the USD 1,034 million Term loan (of which USD 200 is unhedged) at maturity, in which Altice pays Israeli Shekels and Euros to receive US Dollars. As part of the transaction, Altice will pay ILS 1,076 million and receive USD 293 million at a hedged rate of 3.678 ILS/USD and will pay €415 million and receive USD 541 million at a hedged rate of 1.301.

- A coupon only forward transaction covering USD 200 million of the USD 425 million Senior Notes issued by Altice Finco (of which USD 25 million are unhedged), in which Altice pays Israeli Shekels and receives US Dollars, with an average hedged exchange rate of 4.127 ILS/USD.

- A coupon only forward transaction covering USD 225 million of the USD 460 million Senior Secured Notes issued by Altice Financing (of which USD 10 million are unhedged), in which Altice pays Israeli Shekels and receives US Dollars, with an average hedged exchange rate of 4.127 ILS/USD.

- A coupon only forward transaction covering €100 million of the €210 million Senior Secured Notes issued by Altice Financing (of which €10 million are unhedged), in which Altice pays Israeli Shekels and receives Euros, with an average hedged exchange rate of 5.164 ILS/EUR.

On May 8, 2014, the Group issued debt to finance the acquisition of the SFR group. A part of this debt was issued in USD, which is different from the functional currency of the entities. In order to mitigate risks arising from the variations in foreign exchange rates (the benefiting operating entities generate cash flows in euros which will be used to service this debt), the Group has entered into cross currency swaps for interest and principal payments in order to secure future cash flows in its functional currency.

As part of this operation, a hedging transaction was implemented to swap the entire amount of the USD tranche into € at a fixed exchange rate. Additionally, the fixed coupon on the USD tranche was swapped into a fixed rate to match the swap into EUR. The Company has decided to apply hedge accounting for the first time to record this hedging transaction.

The Group has decided to designate the instrument as a cash flow hedge. The features of the hedge are given below:

- Hedged item: $ 2,900 million USD bonds bearing interest at a coupon of 7.75%

- Hedging instruments: Cross currency swaps, swapping fixed USD coupon payments into fixed euro payments. The fixed EUR/USD rate was fixed at 1.3827.

The table below summarizes the details of the swap and its novation:

Nominal USD *(In millions)*	Nominal EUR *(In millions)*	Effective date	Termination date (*)	USD coupon	EUR coupon
Fixed/Fixed cross currency swap					
2,900.0	2,097.3	08/05/2014	15/05/2019-15/05/2022	7.75%	7.07% to 7.43%
7,775.0	5,623.0	08/05/2014	15/05/2019	From 4.875% to 6.25%	From 4.354% to 5.383%
LIBOR/EURIBOR Interest rate swap					
2,600.0	1,880.4	08/05/2014	15/05/2019	L+3.75%	E+4.2135% and E+4.2085%

* The swap with one of the counterparties was extended for three years as the counterparty offered favorable conditions for booking an extension. The Company has the option to extend the swaps with other counterparties and may choose to do so in the future.

As part of the SFR debt issuance, NG also entered into hedge transactions with the same counterparties as the Company. The hedges at NG cover both the fixed income debt, which are hedged using cross currency swaps (USD/Fixed to EUR/Fixed) with the same general conditions as that of the Company's transactions. In addition to the cross currency swaps mentioned above, NG has also entered into an interest rate swap that swaps LIBOR indexed debts into Euribor indexed debts. However these debts are not completely covered as the LIBOR indexed debt includes a floor of 0.75% which is not included in the Euribor swap.

Thus, the fair value of the derivative instrument was recorded in other comprehensive income for the year ended December 31, 2014. Before the impact of taxes, an expense of €201.9 million was recorded as other comprehensive income (€127.9 million net of taxes).

16 Obligations under finance leases

The Group leased certain of its office facilities and datacenters under financial leases. The average lease term is 5 years (2013: 5 years). The Group has options to purchase the assets for a nominal amount at the end of the lease terms. Obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.5% to 5.5% (2012: 3.75% to 6%) per annum.

An overview of the maturity of the leasing obligations of the Group is given below.

	Minimum lease payments *(In € millions)*	
	December 31, 2014	**December 31, 2013**
Less than one year	45.1	12.6
Between one and two years	34.2	7.3
Between two and three years	11.3	5.0
Between three and five years	4.1	2.8
More than five years	6.5	7.6
Less: future finance expenses	(6.6)	(3.4)
Present value of minimum lease payments	**94.6**	**34.8**

	31 December, 2014	**31 December, 2013**
Included in the consolidated financial statements as:		
Current borrowings (note 15)	45.1	11.4
Non-current borrowings (note 15)	49.4	23.4
Total	**94.6**	**34.8**

17 Financial risk factors

In the course of its business, the Group is exposed to a number of financial risks: credit risk, liquidity risk, market risk (including foreign currency risk and interest rate risk) and other risks (including equity price risk and settlement risk). This note presents the Group's objectives, policies and processes for managing its financial risk and capital.

Financial risk management is an integral part of the way the Group is managed. The Board of Directors establishes the Group's financial policies and the Chief Executive Officer establishes objectives in line with these policies.

The Group is not subject to any externally imposed capital requirements.

17.1 Credit risk

The Group does not have significant concentrations of credit risk. The credit risk may arise from the exposures of commitments under a number of financial instruments with one body or as the result of commitments with a number of groups of debtors with similar economic characteristics, whose ability to meet their commitments could be similarly affected by economic or other changes.

The Group's income mainly derives from customers in Israel, in the French Overseas Territories and in Europe (France, Belgium, Luxembourg, Portugal and Switzerland). The Group regularly monitors its customers' debts and provisions for doubtful debts are recorded in the consolidated financial statements, which provide a fair value of the loss that is inherent to debts whose collection lies in doubt. Additionally, our retail customers represent a major portion of our revenues and these clients generally pay in advance for the services they buy for us, or in our more significant regions, such as France, our retail customers generally pay using direct debit, a practice that reduces our credit risk.

The Group does not have significant concentration of credit risk, as a result of the Group's policy, which ensures that the sales are mostly made under standing orders or via credit cards.

17.2 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which manages liquidity risk by maintaining adequate reserves, banking facilities and reserves borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has a strong track record of driving operating free cash flow generation and specializes in turning around struggling businesses and optimizing the cash generation of existing businesses. As all our external debt is issued and managed centrally, executive Directors of the Group have a significant amount of control and visibility over the payments required to satisfy our obligations under the different external debts.

Additionally, the Group has access to undrawn revolving credit facilities for an aggregate amount of €1,044.9 million (notwithstanding an additional €501 million facility which can be activated as and when required) to cover any liquidity needs not met by operating cash flow generation.

17.3 Market risks

The Group is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and anticipated future transactions.

17.3.1 Interest rate risk

Interest rate risk comprises the interest price risk that results from borrowings at fixed rates and the interest cash flow risk that results from borrowings at variable rates.

The Company has an exposure to changes of interest rate in the market, deriving from long-term loans that have been received and which bear variable rate interest.

Interest structure of non-current financial debt (including interest effects of derivatives):

	December 31, 2014	December 31, 2013
	(In millions €)	
Financial debt at fixed rates	17,697.1	2,843.1
Financial debt at variable rates	4,915.2	1,345.5
TOTAL	**22,612.3**	**4,188.6**

The Group's proportion of variable rate debt decreased from 32.1 % for the year ended December 31, 2013 to 21.7% for the year ended December 31, 2014. Issuing new fixed income debt is part of the Group's risk management strategy.

The Group has entered into different hedging contracts to manage interest rate risk related to debt instruments with variable interest rates. See note 15.8 for more information.

17.3.2 Israeli CPI risk

The Group has borrowed from banks and issued debentures that are linked to the changes in the Israeli CPI. Also, the Group has deposits and gave loans that are linked to the changes in the Israeli CPI. The net amount of the financial instruments that are linked to the Israeli CPI and for which the Company is exposed to changes in the Israeli CPI amounted to approximately €180.5 million (NIS 853 million) as of December 31, 2014 (€187.0 million/NIS 895 million as of December 31, 2013).

17.3.3 Foreign currency management

1. Foreign currency sensitivity analysis

The Group is exposed to foreign currency risk from transactions and translation. Transactional exposures are managed within a prudent and systematic hedging policy in accordance with the Company's specific business needs. Translation exposure arises from the consolidation of the financial statements of foreign operations in euros, which is, in principle, not hedged. The Group's objective is to manage its foreign currency exposure through the use of currency forwards, futures and swaps.

	December 31, 2014			
	Israeli Shekel	Swiss Franc	Dominican Pesos	Total
	(In millions €)			
Profit for the year				
Increase of 10% in exchange rate	3.4	0.3	(0.7)	**2.9**
Decrease of 10% in exchange rate	(3.4)	(0.3)	0.7	**(2.9)**
Equity				
Increase of 10% in exchange rate	113.3	1.4	147.8	**262.5**
Decrease of 10% in exchange rate	(113.3)	(1.4)	(147.8)	**(262.5)**

	December 31, 2013		
	Israeli Shekel	Swiss Franc	Total
	(In millions €)		
Profit for the year			
Increase of 10% in exchange rate	(12.8)	(0.2)	**(12.9)**
Decrease of 10% in exchange rate	12.8	0.2	**12.9**
Equity			
Increase of 10% in exchange rate	5.6	2.1	**7.6**
Decrease of 10% in exchange rate	(5.6)	(2.1)	**(7.6)**

On the basis of the analysis provided above, the Board of Directors believes that the Group's exposure to FX rate risks is limited.

Exchange differences recorded in the income statement represented a loss of €137.7 million in 2014 (2013: profit of €66.5 million). They are allocated to the appropriate headings of expenses by nature.

The Group estimates that a 10% variation of foreign currencies against euro parity is a relevant change of variables and reasonably possible risk in a year and the presented above allows to assess the impact of a 10% increase of foreign currencies against euro on net result and reserves. A 10% decrease would have a symmetrical impact with the same amounts but in the opposite direction.

17.3.4 Price risk

The Group has investments in listed financial instruments, shares and debentures that are classified as available-for-sale financial assets and financial assets at fair value through profit or loss in respect of which the Group is exposed to risk of fluctuations in the security price that is determined by reference to the quoted market price. As of December 31, 2014, the carrying amount of these investments was €5.5 million (€8.4 million as of December 31, 2013).

17.4 Gearing computation

For the year ended December 31, 2014, the Company had a net equity position of €5,196.3 million, thus resulting in a gearing ratio of 4.1

	December 31, 2014	December 31, 2013
	(In millions €)	
Net Debt	**22,612.3**	**4,188.9**
Cash and cash equivalents	(1,563.6)	(61.6)
Total equity	**5,196.3**	**95.3**
Gearing	**4.1**	**43.3**

17.5 Fair value of financial assets and liabilities

17.5.1 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input (s)	Significant unobservable differences	Relationship of unobservable differences
	31/12/2014	31/12/2013				
Financial Liabilities						
Foreign currency forward contracts (see notes16.9)	(89.5)	(104.9)	Level 2	Zero curve	N/A	N/A
Interest rate swaps (see note 16.9)	61.8	(37.9)	Level 2	Zero curve	N/A	N/A
Financial Assets						
Interest rate swaps (see note 8)	1,195.4	-	Level 2	Zero curve	N/A	N/A
AFS						
- Wananchi [(1)]	36.5	31.9	Level 3	Discounted cash flows	N/A	N/A
- Partner and Co.	5.5	8.4	Level 1	Quoted price in an active market	N/A	N/A

(1) A gain of €4.6 million was recognized in the statement of comprehensive income related to this investment.

17.5.2 Reconciliation of Level 3 fair value measurements

	Available for sale (unlisted shares)	Others	Total
December 31, 2014			
Opening balance	31.9	–	31.9
Total gains or losses:			
– in profit or loss	–	–	–
– in other comprehensive income	4.6	–	4.6
Closing balance	**36.5**	**–**	**36.5**

	Available for sale (unlisted shares)	Others	Total
December 31, 2013			
Opening balance	-	-	-
Purchases	31.9	-	31.9
Closing balance	**31.9**	**–**	**31.9**

18 Trade and other payables

	December 31, 2014	December 31, 2013
	(In millions €)	
Trade payables	4,045.0	392.9
Corporate and social security contributions	472.8	29.8
Indirect tax payables	559.0	-
Other payables	138.9	94.3
Amounts due to related parties	0.1	0.1
Deposit and guarantee received	-	0.4
Total current payables	**5,215.8**	**517.4**
Trade payables	4.8	13.0
Other payables	21.1	16.0
Total non-current payables	**25.9**	**29.0**

The increase in trade and other payables is mainly attributable to the acquisitions of Numericable-SFR and other entities in the Dominican Republic.

19 Deferred revenues

	December 31, 2014	December 31, 2013
	(In millions €)	
Current deferred revenue	695.5	55.9
Non-current deferred revenue	390.3	10.6
Total deferred revenues	**1,085.8**	**66.5**

Current deferred revenues refer to revenues recognized from customers billed in advance of the monthly cut-off. Non-current deferred revenues result from multi-year contracts with business customers. Current deferred revenues are also generated by sales of prepaid mobile contracts at SFR and ODO.

The increase in deferred revenues for the year ended December 31, 2014 was mainly due to the acquisition of Numericable-SFR.

20 Classification and fair value of financial assets and liabilities

On December 31, 2014 and 2013, the principles for measuring financial instruments and their market value break down as follows:

	December 31, 2014			
			Fair Value	
	Book value	Amortized cost	Derivative instruments	Assets available for sale
	(In millions €)			
Current assets				
Cash and cash equivalents	1,563.6	1,563.6	-	-
Restricted cash	-	-	-	-
Trade receivables	2,035.9	2,035.9	-	-
Other receivables	455.9	455.9	-	-
Non-current assets			-	-
Restricted cash	0.6	0.6	-	-
Loans and receivables	15.0	15.0		
Available for Sale	42.0	-	-	42.0
Other Financial assets	1,333.7	137.9	1,195.8	-
Other long-term trade receivables	30.7	30.7	-	-
	5,477.2	**4,239.4**	**1,195.8**	**42.0**

	Book value	Amortized cost	Fair value
Current liabilities			
Borrowings	612.0	612.0	-
Loans from related parties	-	-	-
Trade payables	4,045.0	4,045.0	-
Others payables	1,170.8	1,170.8	-
Other current liabilities	626.8	626.8	-
Non-current liabilities			-
Borrowings	20,455.4	20,455.4	-
Other financial liabilities	841.0	197.5	643.5
Other non-current liabilities	77.2	49.4	27.7
	27,828.2	**27,156.9**	**671.2**

	December 31, 2013			
			Fair Value	
	Book value	Amortized cost	Derivative instruments	Assets available for sale
		(In millions €)		
Current assets				
Cash and cash equivalents	61.6	61.6	-	-
Restricted cash	1,242.7	1,242.7	-	-
Trade receivables	194.0	194.0	-	-
Other receivables	38.4	38.4	-	-
Non-current assets			-	-
Restricted cash	1.8	1.8	-	-
Loans and receivables	3.0	3.0		
Available for Sale	40.3	-	-	40.3
Long-term trade receivables	5.5	5.5		
Other long-term trade receivables	22.8	22.8	-	-
	1,610.1	**1,569.8**	**0.0**	**40.3**

	Book value	Amortized cost	Fair value
Current liabilities			
Credit from banking corporations and debentures	59.7	59.7	-
Loans from related parties	-	-	-
Trade payables	383.4	383.4	-
Others payables	246.8	246.8	-
Other current liabilities	15.9	15.9	-
Non-current liabilities			-
Loans from banking corporations and debentures	3,841.7	3,841.7	-
Other financial liabilities	271.6	129.3	142.3
Other non-current liabilities	39.6	39.6	-
	4,858.7	**4,716.4**	**142.3**

21 Taxation

21.1 Income tax benefit/(expense)

	December 31, 2014	December 31, 2013
	(In millions €)	
Current income tax	7.3	(38.0)
Deferred taxes on deductible temporary differences	157.4	30.6
TOTAL	**164.7**	**(7.4)**

	December 31, 2014	December 31, 2013
	(In millions €)	
Current tax assets	868.3	14.6
Current tax liabilities	(864.6)	(57.1)
TOTAL	**3.7**	**(42.5)**

21.2 Deferred tax assets and liabilities

	December 31, 2013	Business combination	Movements in comprehensive income	Movements in profit and loss	December 31, 2014
			(In millions €)		
Property Plant & Equipment	0.4	44.4	-	(3.8)	40.9
Employee Benefits	0.8	-	0.5	-	1.3
Intangible assets	1.4	248.4	-	(31.4)	218.4
Financial Instruments	43.7	(16.0)	-	1.4	29.1
Provisions	-	93.9		(12.1)	81.8
Tax losses		162.4		303.7	466.2
Compensation DTA/DTL	(6.6)	(171.9)	-	-	(178.6)
Other	7.7	0.9	48.4	(67.9)	(10.8)
Total deferred taxes assets	**47.4**	**362.1**	**48.9**	**189.9**	**648.4**

	December 31, 2013	Business combination	Movements in comprehensive income	Movements in profit and loss	December 31, 2014
			(In millions €)		
Customer relationships	62.0	46.0	0.9	(18.3)	90.6
Brand	30.8	34.5	-	(10.0)	55.3
Other Intangible assets	57.3	93.6	1.9	(4.6)	148.3
Reevaluation of Tangible assets	17.4	100.0	-	(10.6)	106.8
Borrowing Costs	10.9	-	-	(1.5)	9.4
Tangible assets	17.8	-	0.2	(0.9)	17.1
Present value of YFPECS financial instrument	9.7	-	(9.7)	-	-
Present value of IFL financial instrument.	1.1	-	(1.1)	-	-
Other	(17.2)	96.4	(0.7)	78.4	157.9
Compensation DTA/DTL	(6.6)	(171.9)	-	-	(178.6)
Total deferred taxes liabilities	**183.1**	**198.6**	**(8.4)**	**32.6**	**406.9**

	December 31, 2012	Reclassi-fications	Business combination	From equity	From profit and loss	December 31, 2013
			(In millions €)			
Other	0.4	0.2	-	-	-	0/4
Employee Benefits	-	(0.2)	-	0.7	0.3	0.8
Tangible assets	(0.6)	0.6	-	-	-	-
Intangible assets	-	-	1.3	-	0.1	1.4
Financial Instruments	19.0	-	-	(1.5)	26.2	43.7
Compensation DTA/DTL	-	(6.6)	-	-	-	(6.6)
Other	0.4	0.4	-	4.9	2.1	7.7
Total deferred taxes assets	**19.3**	**(6.1)**	**1.3**	**4.1**	**28.7**	**47.4**

	December 31, 2012	Reclassi-fication	Business combination	From equity	From profit and loss	December 31, 2013
			(In millions €)			
Customer relationships	51.3	(.3)	15.1	-	(4.1)	62.0
Brand	16.7	.3	13.7	-	-	30.8
Other Intangible assets	21.3	14.1	2.0	2.3	17.6	57.3
Reevaluation of Tangible assets	30.1	(8.8)	.2	.0	(4.1)	17.4
Borrowing Costs	3.1	-	-	-	-	3.1
Depreciable fixed assets	(8.8)	(4.9)	-	(.4)	32.0	17.8
Present value of YFPECS financial instrument	9.3	-	-	-	.4	9.7
Present value of IFL financial instrument	-	-	-	1.1	-	1.1
Capitalisation of transaction costs	-	-	-	-	7.8	7.8
Temporary differences	22.3	(22.3)	-	-	-	-
Other	3.1	22.5	-	6.6	(49.4)	(17.2)
Compensation DTA/DTL	-	(6.6)	-	-	-	(6.6)
Total deferred taxes liabilities	**148.2**	**(6.0)**	**31.0**	**9.6**	**.2**	**183.1**

21.3 Reconciliation between the effective tax rate and the theoretical tax rate

	December 31, 2014	December 31, 2013
	(In millions €)	
Net income	**(552.4)**	**49.6**
Share of net income-associates	4.8	15.5
Share of net income-equity holders	**(547.6)**	**65.1**
Tax charge [(−) expenses/(+) income]	164.7	(7.4)
Earnings/(Loss) before tax	**(712.3)**	**72.5**
Theoretical tax rate	29.22%	29.22%
Income tax calculated on theoretical tax	208.1	21.2
Impact of:		
Effect of different tax rates of subsidiaries depending in other jurisdictions	(3.6)	(6.3)
Effect of permanent differences	(39.4)	28.2
Restatements without tax impact	14.4	(2.9)
Utilization of previously non capitalized tax credits	122.9	13.9
Other movements	3.6	-
Effect of tax loss carry forwards of the period	(141.3)	(61.2)
Effective Tax	**164.7**	**(7.4)**
Effective tax rate	23.1%	10%

Permanent differences present are summarized below:

	December 31, 2014	December 31, 2013
Permanent differences	(27.8)	51.2
Tax adjustments	(12.8)	1.5
Regularization of deferred tax from prior periods	-	(8.3)
Earn out adjustment	-	(13.5)
Others	1.1	(2.7)
Total	**(39.4)**	**28.2**

21.4 Tax assessments

21.4.1 Hot Telecom

On December 29, 2013, an agreement was signed between Cool Holdings Ltd and all of its subsidiary companies (except for HOT Mobile Ltd.) (hereinafter in this section – the companies) and the Israeli Income Tax Authority for the closure of disputes that had arisen in the assessment discussions for the years 2006 – 2011 and in continuation of the tax assessments that had been received in December 2009 and during the course of 2010 for the 2006 – 2008 tax years. Pursuant to the compromise agreements the companies will be required to pay an additional amount of tax in respect of the said tax years, primarily in respect of timing differences in respect of the depreciation of the infrastructure and the cables network and the amortization of intangible assets.

The implementation of the compromise agreements resulted in the Group having chargeable income in the years 2012 to 2014.

HOT's management, based on the assessment of its professional advisors has recorded an appropriate provision in connection with the assessments in its financial statements in the past.

The impact of the assessment agreement on the Company's financial statements in the year 2013, including in respect of the updating of the Company's deferred tax balances was the recording of net income of €5.1 million (NIS 24 million).

The Group companies, except for HOT Mobile, have been issued with final tax assessments up to and including the 2011 tax year. HOT Mobile has been issued with tax assessments up to and including the 2009 tax year, which are deemed to be final.

21.4.2 Cabovisao

For the year 2014, Cabovisão was subject to corporate income at a rate of 23%, increased (i) up to a maximum of 1.5% of taxable income through a municipal tax; and (ii) by a 3% to 7% state tax applicable on taxable income over €1,5 million, in accordance with the article 87- A of the Portuguese Corporate Income Tax code, resulting in a maximum aggregate tax rate of approximately 31,5%.

In accordance with article 88º of the Portuguese Corporate Income Tax code, the Company is subject to an autonomous taxation over some expenses at the rates defined in that article.

As at December 31, 2014, the Company's tax returns, for the fiscal periods of 2009 and 2010, are being reviewed by Portuguese tax authorities. During the year ended December 31, 2014, the Company already received a tax notification, adjusting the Company's tax losses obtained in the fiscal year ended in 2008, for an amount of approximately €5.8 million. However, as of December 31, 2014, any carrying forward tax losses obtained in the fiscal year ended in 2008 will expire in December 31, 2014, and therefore cannot be used to reduce future taxable profits.

21.4.3 Other entities

The Board of Directors has not identified any other material tax assessments in other group entities. For more details on tax litigations and audits in France, refer to note 31.2.1

21.5 Unrecognized deferred tax assets

As at December 31, 2014, unrecognized deferred tax assets amount to €1,194.5 million (€595.7 million in 2013). Such unrecognized deferred tax assets mainly exist at Numericable-SFR level (€703.0 million) and relate to the portion of the carried forward losses generated by the Numericable-SFR and its subsidiaries. The Company doesn't believe that the unrecognized deferred tax losses can be used in the actual structuring but will continue exploring opportunities to use these in the future and offset against any future profits that the Company or its subsidiaries may generate.

22 Segment analysis

22.1 Definitions of segments

Given the geographic spread of the various Group entities, it logically follows that an analysis and control by geographical areas is inalienable to 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. The following geographies have been identified:

- France,
- Israel,
- Dominican Republic,
- French Overseas Territories (Antilles and Indian Ocean),
- Portugal,
- Belgium and Luxembourg,
- Others (Switzerland, Africa, content, corporate and financing entities).
- Activities have been split as follows:
- Fixed (includes services provided to B2C and B2B clients using either cable or ADSL networks)
- Mobile
- Others (Includes revenues from our content or data-center businesses).

Following the acquisition and full integration of NSFR and the acquisitions of ODO, Tricom and GLX, two new geographic segments, France and Dominican Republic, corresponding to the sole geographic zones of operation of these new entities, were added to the segmental analysis.

In addition, in the context of the acquisition and integration of the French mobile operator SFR into the Group, the senior management has decided to amend the presentation of its operational segments, by regrouping Cable and B2B into a single line called 'Fixed', and by maintaining the mobile segment (a significant portion of SFR's activity is mobile based). Other activities such as content, datacenters and holding company operations are classified under others. Such presentation is consistent with the presentation used by the Board of Directors of the Group.

The presentation was amended for comparative purposes for the year ended December 31, 2013.

There are few operational transactions between the different segments defined by the Board of Directors above. Intersegment revenues are considered to be non-material by the Board of Directors and, hence, not in the scope of regular operational reviews. Intersegment revenues represented less than 0.5% of total revenues for the years ended December 31, 2014 and 2013, respectively.

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

22.1.1 Operational KPIs

It has also been decided by the Board of Directors that operating subsidiaries shall report operational KPIs every week, using a standard reporting format.

The main operational KPIs that will be tracked will be:

- Subscriber base evolution (both cable and mobile),
- ARPU (Average Revenue per Unit) (cable and mobile),
- Other relevant cost drivers.

These KPIs are benchmark indicators followed throughout the industry and allow for a thorough and accurate analysis of the business and strategic decision making.

22.1.2 Financial KPIs

The Board of Directors has defined certain financial KPIs that are tracked and reported by each operating segment every month to the senior executives of the company. The Board of Directors believes that these indicators offer them the best view of the operational and financial efficiency of each segment and this follows best practices in the rest of the industry, thus providing investors and other analysts a suitable base to perform their analysis of the group's results. The KPIs tracked by the Board of Directors are:

Revenues (by segment and also in terms of activity)

Operating profit before depreciation, amortization restructuring costs and other expenses (by segment), Capital expenditure (capex) (by segment and also in terms of activity).

Operating profit before depreciation, amortization and restructuring costs

The Group has included the subtotal "Operating profit before depreciation, amortization and restructuring costs" on the face of the consolidated statement of income. The Board of Directors believes that this subtotal is useful to users of the consolidated financial statements as it provides them with a measure of the operating results which excludes non-cash elements such as depreciation and amortization as well as non-recurring transactions and management fees, enhancing the predictive value of the consolidated financial statements and providing information regarding the results of the Group's ongoing trading activities and cash-flow generation that allows investors to better identify trends in the Group's financial performance.

This non-IFRS GAAP measure is used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel.

The Group's subtotal within operating income may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of depreciation, amortization and impairment, excluded from this measure do ultimately affect the operating results, which is also presented within the consolidated financial statements in accordance with IAS 1 "Presentation of Financial Statements".

Capital expenditure (Capex) is an important indicator to follow, as the profile varies greatly between the two activities:

The fixed business has fixed Capex requirements that are mainly discretionary (network, platforms, general), and variable Capex requirements related to the connection of new customers and the purchase of Customer Premise Equipment (TV decoder, modem, etc).

Mobile Capex are mainly driven by investment in new mobile sites, upgrade to new mobile technology and licenses to operate. Once Capex are engaged and operational, there are limited Capex requirement.

The Board of Directors believes that neither the operations in Switzerland nor in the Content industry are currently substantial enough to require a separate reporting segment, and will be reported under 'Other'. However, as these activities grow, it is intended that they are also reported under a separate segment with relevant operating KPIs specific to the activity.

22.2 Regional specificities

22.2.1 France

The French market is a large and mature market with high cable penetration and a large consumer base. French operations represent the oldest and largest part of the cable operations of the combined Group to date.

This region is marked by the presence of many well established cable operators and customer retention is a key factor to maintain strong profit margins. Competition is tough and innovations in cable technology, such as Fiber to the home (FTTH) are driving market growth. Incumbent operators are slowly migrating to fiber optic based networks which gives the Group a head start in capturing the ultra-high speed internet market, given its pre-existing high density cable and fiber network.

With the acquisition of SFR, we have added a state of the art mobile network to our operations in France. SFR has a fully invested. 4G/LTE compliant network and is the second largest mobile operator in mainland France and also in certain French Overseas Territories.

Triple play penetration is high in France and new adds are mostly triple or quadruple play customers. The market is moving towards the rapid acceptance of cable or FTTx based services and all operators have quadruple play offers. The Board of Directors expects mobile/fixed convergence to accelerate in this market with higher uptake of 4P offers and a possible decrease in price pressure through consolidation.

22.2.2 Israel

Israel is currently an important contributor to the Group revenues and EBITDA and has particularities that differentiate it. For this reason, it is classified as a separate region.

It is characterised by a high broadband and cable penetration and a very technology-savvy population. Segments within the Israeli telecom market show different level of maturity and competition, with relatively frequent interventions from the regulator. The Board of Directors is factoring expectations for price pressure and increasing competition in its strategic plan.

The regulatory environment does not yet allow for quadruple play packages (coupling fixed and mobile services), which the Board of Directors need to consider when setting up integration plans and operational synergies. The prevailing political environment in the region can also have adverse impacts on the development of the business, as a deterioration of the situation may have serious repercussions on the market environment and may even lead to physical damage of the infrastructure.

22.2.3 Dominican Republic

The Dominican market is a high growth segment for the group, where it has a presence in both the fixed and mobile markets, through the acquisition of Tricom and ODO in 2014. Tricom is the leading cable operator in the Dominican Republic and also has licenses to provide mobile services. Tricom operates a Docsis 3.0 compliant network. ODO is the second largest mobile operator in the country and has a good market presence and brand recognition.

Growth in the Dominican market is expected to come mainly from the increase in cable based services customers, which represent a higher ARPU base compared to ADSL customers. Synergies are also expected from the mutualisation of the sales and operational network of the two companies, which has already allowed the Board of Directors to make significant improvements in the EBITDA margins.

22.2.4 French Overseas Territories

The French Overseas Territories present growth opportunities with relatively limited competition and room to attract more subscribers on our cable infrastructure. Additional growth potential exists notably through the deployment of multiple-play services and efficiency gains in distribution network, as multiple-play packages

penetration remains low. Price pressure is low in these regions and customers are willing to pay more for value added services.

Additional opportunities have been identified and pursued in the e-banking sector.

22.2.5 Portugal

The Portuguese market is marked by a high concentration of double play subscribers and a mature telecommunications market, which, when coupled with slow economic recovery, makes it difficult to achieve revenue growth. This market is currently marked by high subscriber attrition and downward migration from high to low ARPU offers, notably due to a difficult economic environment.

The challenge in Portugal is to maintain a subscriber base and migrate the customer base from double play to triple play offers.

22.2.6 Belgium and Luxembourg

The Belgian and Luxembourg territories have a high standard of living and well developed economies, which translates into higher prices for services. The markets are quite mature, with high broadband penetration. Customers are willing to pay more for premium services and hence price pressure appears limited.

These regions are marked by the presence of many well established local cable operators with limited overlapping network. Customer retention is a key factor in maintaining strong profit margins.

Given the density and presence of mobile operators, the mobile strategy has been driven by Mobile Virtual Network operations, through the deployment of quadruple play packages in Belgium.

22.3 Segment information

Details regarding revenues, cost of sales and gross profit for our cable, mobile and other segments are as follows:

	France (*)	**Israel**	**Dominican Republic**	**French Overseas Territories**	**Portugal**	**Belgium & Luxembourg**	**Others**	**Total**
				(In millions €)				
Total Revenues	**2,049.6**	857.4	**464.5**	**233.6**	**182.8**	**75.5**	**71.0**	**3,934.5**
Total Purchasing and subcontracting costs	(676.8)	(173.5)	(100.9)	(50.2)	(77.9)	(11.2)	(27.7)	**(1,118.2)**
Other operating expenses [(1)]	(738.1)	(272.5)	(138.0)	(77.5)	(47.3)	(13.0)	(54.0)	**(1,340.4)**
Operating profit before depreciation, amortization and restructuring costs	634.7	411.4	225.7	105.9	57.7	51.3	(10.7)	**1,475.9**
Depreciation and amortization [(2)]								**(1,098.5)**
Restructuring costs and other expenses								**(219.3)**
Operating profit								**158.0**
Share of profit of associates								4.8
Gain recognized on step acquisition								256.3
Net finance costs								(1,136.2)
Loss before income tax								**(717.1)**

**-The France segment includes the results of SRR, a direct subsidiary of SFR, which operates in the French Overseas Territories of La Reunion and Mayotte. As of December 31, 2014, given the short period between the integration of SFR and the balance sheet date, the Board of Directors has decided to account for SRR as part of the France segment.*

(1) This caption is the sum of the line items 'other operating expenses, other sales and marketing expenses, general and administrative expenses and staff costs and employee benefits expenses as reported in the consolidated statement of income.

(2) Includes impairment expenses of €8.3 and €5.4 million recorded on the brands at ONI and Coditel, as mentioned in note 4.

	December 31, 2013						
	Belgium & Luxembourg	France	Israel	French Overseas Territories	Portugal	Others	Total
	(In millions €)						
Total Revenues	**71.9**	-	**881.8**	**126.9**	**150.5**	**55.3**	**1,286.8**
Total Purchasing and subcontracting costs	(12.9)	-	(237.4)	(36.9)	(58.4)	(22.1)	**(367.8)**
Operating expenses	(12.9)	(0.7)	(281.7)	(40.5)	(43.0)	(22.0)	**(400.9)**
Operating profit before depreciation, amortization and restructuring costs	46.1	(0.7)	362.7	49.5	49.1	11.2	**518.0**
Depreciation and amortization							**(399.6)**
Restructuring costs and other expenses							**(76.9)**
Operating income							**41.5**
Share of profit of associates							**15.5**
Gain recognized on settlement of financial instruments							**255.7**
Net finance costs							**(255.7)**
Profit before income tax							**57.0**

22.4 Revenues split by activity

	December 31, 2014							
	France	Israel	Dominican Republic	French Overseas Territories	Portugal	Belgium & Luxembourg	Others	Total
	(In millions €)							
Fixed	1,536.2	680.4	110.5	103.4	182.8	74.2	31.6	2,719.1
Mobile	513.4	177.0	354.0	130.2	-	1.3	-	1,175.9
Other	-	-	-	-	-	-	39.5	39.5
Total	**2,049.6**	**857.4**	**464.5**	**233.6**	**182.8**	**75.5**	**71.0**	**3,934.5**

	December 31, 2013						
	Belgium & Luxembourg	France	Israel	French Overseas Territories	Portugal	Others	Total
	(In millions €)						
Fixed	70.7	-	694.2	59.6	150.5	33.6	1,008.6
Mobile	1.2		187.6	67.3	-	-	256.1
Other	-	-	-	-	-	22.1	22.1
Total	**71.9**	**-**	**881.8**	**126.9**	**150.5**	**55.7**	**1,286.8**

22.5 Assets and liabilities by reporting segment

	France	Israel	Dominican Republic	French Overseas Territories	Portugal	Belgium & Luxembourg	Others	December 31, 2014
					(In millions €)			
Total Non-current assets	26,160.5	1,747.3	1,567.3	463.6	111.1	389.2	398.0	30,836.9
Total Current assets	3,858.2	118.1	169.4	46.4	37.7	22.0	948.9	5,200.9
Total non-current assets classified as held for sale...	-	-	-	*77.3*	-	-	-	*77.3*
Total assets	**30,018.7**	**1,865.4**	**1,736.7**	**587.4**	**148.8**	**411.1**	**1,346.9**	**36,115.1**
Total Non-current liabilities	14,204.2	375.6	89.5	25.3	33.3	16.9	7,837.0	22,581.6
Total Current liabilities	6,645.2	356.5	169.0	88.2	64.7	(27.8)	1,019.0	8,314.8
Total Liabilities of assets classified as held for sale	-	-	-	*22.5*	-	-	-	*22.5*
Total liabilities	**20,849.3**	**732.1**	**258.5**	**135.9**	**98.0**	**(10.9)**	**8,856.0**	**30,918.8**
Total equity	**9,169.4**	**1,133.4**	**1,478.2**	**451.5**	**50.9**	**422.1**	**(7,509.2)**	**5,196.3**

22.6 Assets held for sale

As mentioned in the note 3, following the French Competition Authority's conditional approval to the purchase of SFR by the Group, the Group has agreed to dispose OMT's mobile business in the Reunion Islands and Mayotte. OMT's Indian Ocean assets are included in the reporting segment French Overseas Territories (FOT) in note 22 – Segment analysis. The Group is currently in negotiation with a potential buyer as disclosed in the note 34 and the Board of Directors expect that the fair value less costs to sell of the business will be higher than the aggregate carrying amount of the related assets and liabilities. Therefore no impairment loss was recognized on reclassification of the assets and liabilities as held for sale as at December 31, 2014.

These assets were considered as assets held for sale as per the requirements of IFRS 5, Non-current assets held for sale and discontinued operations as at December 31, 2014. As at December 31, 2014, OMT's mobile business are accounted for under two separate lines in the statement of financial position which are "Assets classified as held for sale" and "Liabilities directly associated with assets classified as assets held for sale".

The Board of Directors has considered that the Group's operations in Reunion and Mayotte form a disposal group as defined by IFRS 5. This disposal group is made up of operations forming part of the French Overseas Territories Cash Generating Unit.

Given the overall materiality of the revenue and net profit attributable to the assets held for sale for the period since the assets were classified as held for sale and the year end, no restatements have been made to the consolidated statement of income neither for the year ended December 31, 2014 nor for the year ended December 31, 2013 as this transaction doesn't qualify as a discontinued operation.

This asset is reported in the 'French Overseas Territories' segment.

The financial data related to OMT's Indian Ocean mobile business are set out below:

Statement of financial position

	December 31, 2014
	(In € millions)
Goodwill (1)	35.3
Other intangible assets (2)	19.5
Property, Plant and equipment (2)	15.3
Other non-current assets (2)	7.2
Total assets held for sale	**77.3**
Other non-current liabilities (2)	2.4
Current trade payables (2)	11.1
Other current liabilities (2)	9.0
Total liabilities related to asset held for sale	**22.5**

(1) The allocation of goodwill to the available for sale assets was done based on the pro-rata contribution of these assets to the operating cash flows of the French Overseas Territories segment. The EBITDA-Capex number was used as a proxy for determining the operating cash flow.
(2) All other assets and liabilities were allocated based on audited carve out accounts prepared by local Management for the purpose of the sale of the assets.

Statement of financial income

	December 31, 2014
	(In € millions)
Revenues	
Operating income	6.1
Finance costs, nets	-
Income tax	(2.4)
Net income attributed to asset held for sale	**3.8**

Statement of cash flows

(In € millions)	December 31, 2014
Net cash provided by operating activities	13.7
Net cash used in investing activities	(3.6)
Net cash used in financing activities	-
Net change in cash and cash equivalents	**10.1**

23 Other operating expenses

	December 31, 2014	December 31, 2013
	(In millions €)	
Technical and maintenance costs	(252.8)	(149.7)
Customer services	(164.6)	(32.9)
Taxes	(55.4)	(3.6)
Total	**(472.8)**	**(186.2)**

24 Equity based compensation

As part of the listing process, the Group adopted a new remuneration policy and company stock options were issued to executive directors and some senior management of the Group. The expenses associated with the issuance of these stock options were calculated and recorded in accordance with 'IFRS 2 – Share Based Payments' for the first time during the period ended March 31, 2014.

The options were valued using the Black and Scholes model, considering the modalities of the options as described in the articles and bylaws of the Company. The Company reserved the right to grant options of up to € 250 million upon admission, of which € 220.85 million were granted at IPO under the conditions listed below, as well as further options for an aggregate amount of €100 million for new hires and to promote employees and officers. Additional options worth € 20 million were granted to a member of the management team with conditions at admission different to those described below.

These options will vest in two tranche as follows, a € 10 million tranche of ordinary shares on the first anniversary following the settlement date of the Offering and a second tranche of € 10 million of ordinary shares on the second anniversary following the settlement date of the Offering and each time at the then prevailing market price.

The conditions considered for the valuation of the options are given as follows:

- Options can only be issued on the issue date, defined as (i) the date of admission of Altice S.A.'s shares on Euronext Amsterdam (January 31, 2014) or (ii) the date on which an employee or another person designated by Altice S.A. becomes eligible to participate in the plan. Participants who will be granted options upon admission will not be eligible to receive more options until the fourth anniversary after the issue date (except in connection with promotions);
- Each option granted entitle the holder to acquire one ordinary share of the Company;
- Options vest on a non-linear basis as per the following schedule:
  - A first tranche of 50% vests two years after the allocation of the options;
  - A second tranche of 25% vests three years after the allocation of the options ; and
  - The final tranche of 25% will vest four years after the allocation of the options.
- Vested options can be exercised at any time until the 10th anniversary of the issue date, after which they will be considered to have lapsed;
- The exercise price for the options is either (i) if issued on admission, the offer price of the Company's shares upon admission (€ 28.25) or, (ii) the weighted average price at which the shares are traded on Euronext Amsterdam for a period of six months preceding the issue date.

During the course of the year ended December 31, 2014, new options were granted to new members of the Management team, while an existing member of the team was allotted additional options (as part of his promotion within the structure). The details of the new options allotted are given below:

- One tranche of € 10.0 million allocated at a strike price of € 29.1, allocated on July 1, 2014;
- One tranche of € 0.25 million allocated at a strike price of € 31.2, allocated on September 1, 2014; and
- An additional tranche of € 10.0 million allocated at a strike price of € 29.3, allocated on September 30, 2014.
- A tranche of €10.0 million allocated to an executive of the Numericable-SFR group on December 19, 2014 at a strike price of €49.1
- A tranche of €6.0 million allocated to two other executives of the Numericable-SFR group on December 19, 2014 at a strike price of €49.1

The terms and conditions of these newly allocated options are the same as those listed above for the options allotted at admission.

In March 2015, the Remuneration Committee, based on a recommendation by the Board of Directors, voted to change the allocation of options for one board member, whose options were initially allotted in two tranches (€ 10 million each, 1 and 2 years from the admission date). These options were now fully allotted with retroactive effect from January 31, 2015.

As of December 31, 2014, options totalling a combined nominal value worth € 267.1 million had been allotted to different managers of the Company (representing 9.2 million ordinary shares of Altice S.A. at a weighted average price of € 29.1). As of the date of this report, no options have been exercised or lapsed.

Based on these conditions, for the year ended December 31, 2014, Altice S.A. recorded € 12.2 million as expenses related to stock options in the line item, 'staff costs and employee benefits. A stock option plan has also been established by NG for its employees and key management personnel, and an expense amounting to € 9 million has been recognized for the year ended December 31, 2014.

In addition, the Board of Directors of Numericable has adopted, in 2013 and 2014, stock option plans for its employees and key management personnel. The exercise of options is subject to conditions of presence and performances (based on consolidated revenue and EBITDA-capex).

The vesting occurs in three periods:

- 50% in November 2015;
- 25% in November 2016;
- 25% in November 2017.

As of December 31, 2014, options totalling a combined nominal value worth € 112.9 million had been allotted to different managers of Numericable (representing 5.5 million ordinary shares of Numericable at a weighted average price of €20.4). As of the date of this report, no options have been exercised or lapsed.

For the year ended December 31, 2014, the Group has recorded € 21.2 as expenses related to stock options in the line item "staff costs and employee benefits" (€ 12.2 million for Altice S.A. and € 9 million for Numericable).

Some key characteristic of the stock option plan at Altice S.A. and Numericable are given below:

Altice S.A. SOP	Number of options granted	Grant date	Expiry date	Exercise Price
	(In millions)			*(In €)*
Options granted at IPO (31/01/2014)	8.53	31/01/2014	31/01/2024	28.25
Options granted on 01/07/2014	0.34	01/07/2014	01/07/2024	29.11
Options granted on 01/09/2014	0.08	01/09/2014	01/09/2024	31.21
Options granted on 30/09/2014	0.34	30/09/2014	30/09/2024	29.31
Options granted on 19/12/2014	0.33	19/12/2014	16/12/2024	49.12

Numericable-SFR SOP	Number of options granted	Grant date	Expiry date	Exercise Price
	(In millions)			*(In €)*
Options granted at IPO (November 2013)	2.84	11/2013	11/2021	13.52 (*)
Options granted on January 2014	0.29	01/2014	01/2022	15.06 (*)
Options granted on May 2014	0.05	05/2014	05/2022	21.22 (*)
Options granted on November 2014	2.35	11/2014	11/2022	29.41

(*) Exercise price adjusted to take into account the November 2014 capital increased.

The fair value of the stock option plan has been measured by using a Black and Scholes valuation model, which was based on the following parameters:

Altice S.A. SOP	Options granted at IPO (31/01/2014)	Options granted on 01/07/2014	Options granted on 01/09/2014	Options granted on 30/09/2014	Options granted on 19/12/2014
Unit fair value at the grant date (€)	3.40 - 4.02	11.7	10.04	7.94	7.94
Share price at the grant date (€)	28.25	50.8	47.59	41.93	59.0
Exercise price at the option(€)	28.25	29.11	31.21	29.31	49.12
Anticipated volatility (weighed average)	26%	24.5%	24.4%	24.4%	26.71%
Anticipated dividends	2.5%	2.5%	2.5%	2.5%	2.5%
Risk free interest rate (governments bonds)	1.71%	1.29%	0.88%	0.96%	0.59%

Numericable-SFR SOP	Options granted at IPO (11/2013)	Options granted in 01/2014	Options granted in 05/2014	Options granted in 11/2014
Unit fair value at the grant date (€)	3.41	3.98	5.38	5.22
Share price at the grant date (€)	13.52 (*)	15.45 (*)	21.54 (*)	33.32
Exercise price of the option(€)	13.52 (*)	15.06 (*)	21.22 (*)	29.41
Anticipated volatility (weighed average)	25%	25%	25%	25%
Anticipated dividends	4%	4%	4%	4%
Risk free interest rate (governments bonds)	0.75%	1%	0.50%	0.25%

Variations in the stock option plan for the year are given below:

	2014	
	Number granted	**Weighted average exercise price**
	(In millions)	(€)
Altice S.A SOP		
Options outstanding at the beginning of the year	-	-
Granted	9.6	29.1
Exercised	-	-
Canceled, lapsed	(0.4)	28.25
Options outstanding at the end of the year	9.2	
Numericable SOP		
Options outstanding at the beginning of the year	-	-
Granted	5.5	20.4
Exercised	-	-
Canceled, lapsed	-	-
Options outstanding at the end of the year	5.5	-

25 Depreciation, amortization and impairment

It consists in (i) amortization of intangible assets for a total of €250.9 million (2013: €133.4 million), including impairments on the ONI's brand for a total of €8.3 million and Numericable brand recognized in the Belgium and Luxembourg segment for a total of €5.4 million, (ii) depreciation of tangible assets for a total of €697.6 (2013: €251.4 million) and (iii) other additions and reversals for a total of €150.0 million (2013: €14.8 million) mainly related to additional depreciation on inventories and trade receivables.

26 Gain recognized on step-acquisition

On February 3, 2014, Altice France, a direct subsidiary of the Company, completed the acquisition of an additional 10% stake in NG. This acquisition triggered a change in control of NG, with Altice France becoming the largest shareholder in NG, with 5 out of 10 seats on the Board and the ability to name the Chairman, who casts a vote in event of a tie. Thus, from February 3, 2014, NG has been fully consolidated into the financial statements of Altice S.A.

As a result of this change, the investment in associates recorded in the accounts of the Company was reversed and the fair value of the investment in NG was recorded in the accounts of Altice S.A. as investments in subsidiaries. The difference between the value previously recorded in the financial statements of Altice S.A. and the fair value of the investment (€936.6 million) was recorded as a gain on step acquisition in the consolidated statement of income of Altice S.A. for the year ended December 31, 2014.

Calculation of carrying amount of investment in associates as of February 3, 2014

	(In millions €)
Balance as of December 31, 2013	**679.1**
Increase	1.3
Balance as of February 3, 2014 (a)	**680.4**

Calculation of fair value of investment in associates as of February 3, 2014

(in € million except when stated otherwise)

No. of shares held at change of control (in number of shares)	**33.9**
Observed share price at February 3, 2014 (expressed in €)	27.6
Fair value of investment on February 3, 2014 (b)	**936.6**

Gain on step acquisition (b) – (a) = 256.3

27 Restructuring costs and other expenses

Restructuring, non-recurring costs and other expenses incurred in the years ended December 31, 2014 and 2013 pertain mainly to one-off payments and transaction costs relating to acquisitions or other similar operations. Details are given below:

	December 31, 2014	December 31, 2013
	(In millions €)	
HOT Mobile restructuring costs (related to network sharing deal)	16.9	-
Restructuring costs (employee provisions, contract negotiations)	50.6	2.9
Restructuring costs	**67.5**	**2.9**
Fees related to the IPO of Altice S.A.	11.9	-
Fees related to the closing of the ODO transaction	7.0	-
Fees related to the Virgin/SFR transaction	61.0	-
Other deal fees	29.5	58.3
Capital loss on the disposal of assets	19.7	-
Other expenses*	22.8	15.1
Deal fees and related expenses	**151.9**	**73.4**
Total Restructuring costs and other expenses	**219.3**	**76.2**

*Deal fees incurred in the year ended December 31, 2013 mainly relate to fees paid for the HOT take private transaction (December 2012) and the Cabovisao minority stake buyout (April 2013) and the acquisitions of ONI and OMT (July 2013).

Deal fees do not include any financing costs, as these are capitalised and amortised as per the requirements of IAS 23, borrowing costs. Thus the deal fees shown above only include discretionary fees paid to legal counsel, M&A counsel and any other consultants whose services the Group might have employed in order to facilitate various acquisitions performed during the course of the year.

28 Net finance costs

	December 31, 2014	December 31, 2013
	(In millions €)	
Gain arising on fair value of financial instruments[1]	149.5	2.6
Net foreign exchange gains	-	66.5
Interest income	-	27.3
Other financial income	12.5	-
Finance income	**162.0**	**96.4**
Interest charges on borrowings and overdrafts [2]	(949.2)	(201.5)
Loss arising on fair value of financial instruments	-	(99.4)
Interest on subordinated debt	-	(37.6)
Foreign exchange losses	(137.7)	-
Refinancing costs	(155.0)	
Other financial expenses	(56.3)	-
Net book-value of disposal/financial assets	-	(13.6)
Finance costs	**(1,298.2)**	**(352.1)**
Total	**(1,136.2)**	**(255.7)**

(1) The increase in the gain arising on fair value of financial instruments related to the Mark-to-Market of the various hedging instruments held by the group.

(2) The increase in interest expense for the year ended December 31, 2014 was primarily due to (i) the issuance of new debt to finance the acquisition of SFR and Dominican entities (€728.2 M for the year ended December 31, 2014) and full year impact of the debt issued in July 2013.

As of December 31, 2014, pro-forma for the acquisition of Portugal Telecom, the pre-tax weighted average cost of debt of the Group was 5.9%.

29 Average workforce

The workforce employed by the Group, expressed in the form of full-time-equivalent employees, is presented below. The full time equivalence of each employee is calculated based on the number of hours worked by the employee in a given period, compared to the maximum number of hours/period allowed as per the local law prevalent in the country of operation.

	December 31, 2014	December 31, 2013
Managers	470	352
Technicians	1,782	857
Employees	7,111	3,011
	9,363 [1]	**4,220**

(1) The increase in personnel was mainly due to the acquisition of SFR and the Dominican entities.

30 Transaction with related parties

30.1 Trading and financial transaction

Transactions with related parties are mainly related to transactions with Next L.P., i24 News, the associates of the NSFR group or individual equity holders in the Group. Such transactions are limited to (i) exchange of services between associates of the NSFR group and NSFR (see note 7 for more details on associates) , (ii) significant debt and equity transactions between the group and certain managers and executives, (iii) exchange of services between different group companies and i24 News, (iv) consulting services invoiced by certain executives of the company.

Transactions with managers and executives are mainly related to equity purchases made by such executives in relation to the management investment plan that has been put in place by the Company. Such transactions have been included in note 12, share capital and share premium.

Transactions with related parties are limited. The increase in the related party transactions for operating expenses, accounts receivables, accounts payables and revenues is related to the acquisition of SFR by NG and the transactions that the new NSFR group has with its associate companies (for details see note 7). These transactions are limited to:

- Telephony with La Poste Telecom
- Cloud computing services purchased from Numergy
- Transactions with Synerail related to the GSM-R PPP
- The construction of the new SFR headquarters with Fonciere Rimbaud.

Transactions with related parties are not subject to any guarantees. All such transactions are at arm's length and settled in cash.

We license the Altice brand from our founder Patrick Drahi without any fee on the basis that the Altice name is not use for trading or commercial purposes.

	Revenue		**Operating expenses**		**Financial expenses**	
Consolidated Income and expenses	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
			(In millions €)			
Equity holders	0.2	0.1	2.3	0.2	1.0	0.6
Executive managers	-	-	2.4	-	-	-
Associate companies	34.5	0.1	30.1	0.7	0.3	-
TOTAL........................	**34.7**	**0.2**	**34.8**	**0.9**	**1.3**	**0.6**

	Loans and receivables		**Trade accounts receivable and other**		**Current accounts**	
Assets	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
			(In millions €)			
Equity holders	2.8	-	0.4	0.2	-	-
Executive managers	-	-	-	-	-	-
Associate companies	-	-	101.3	0.8	0.3	-
TOTAL........................	**2.8**	**0.0**	**101.7**	**1.0**	**0.3**	**-**

	Other financial liabilities		**Trade accounts payable and other**		**Current accounts**	
Liabilities	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
			(In millions €)			
Equity holders	0.2	100.7	0.1	-	-	-
Executive managers	-	-	-	-	-	-
Associate companies	1.5	-	84.5	6.6	-	-
TOTAL........................	**1.7**	**100.7**	**84.6**	**6.6**	**-**	**-**

30.2 Compensation of key management personnel

Compensation paid to members of the Board of Directors of the Company and certain executive members of the management team is listed below:

As per the guidelines of remuneration policy of the Company, compensation paid to executive members of the board has a fixed and variable component that is determined and approved by the remuneration committee. All executive directors with the exception of Patrick Drahi receive compensation from the company for their roles on the board.

Non-executive directors of the company are eligible to receive a fixed compensation of €60,000 per annum. In addition to this, non-executive directors who are also chairman of the remuneration and audit committees are eligible to receive additional compensation of €10,000 and €20,000 respectively.

The remuneration of directors and other members of key management personnel during the year was as follows:

	December 31, 2014	December 31, 2013
Short-term benefits	8.9	2.3
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	12.2	-
Termination benefits	-	-
TOTAL	**21.1**	**2.3**

The executive managers and certain Independent, non-executive directors (INEDs) have entered into certain transactions with the company, wherein they have invested in either debt or equity issued by the company. Refer to note 30 for more details.

31 Contractual obligations and commercial commitments

The Company has contractual obligations to various suppliers, customers and financial institutions that are summarized below. A detailed breakdown by operating entity is provided below. These contractual obligations listed below do not contain operating leases (detailed in note 31.3).

	December 31, 2014					
Unrecognised contractual commitments	**< 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Five years or more**	**Total**
Good and service purchase commitments	145.2	154.9	2.6	-	29	331.8
Investment commitments	525.8	115.4	68.1	-	153	862.3
Guarantees given to suppliers/customers	12.7	2.0	2.0	1.9	105	123.6
Guarantees given to financial institutions	9.0	-	-	-	81	90.0
Guarantees given to government agencies	9.4	2.6	4.5	18.2	5.6	40.3
Other commitments	51.9	-	39	-	16	106.9
Total contingent liabilities	**754.0**	**275.0**	**116.3**	**20.1**	**389.6**	**1,554.9**

	December 31, 2013					
Unrecognised contractual commitments	**< 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Five years or more**	**Total**
Good and service purchase commitments	101.3	70.0	36.0	1.4	21.9	230.6
Investment commitments	38.9	1.2	.6	-	-	40.7
Guarantees given to suppliers/customers	5.8	2.7	2.3	2.3	1.2	14.3
Guarantees given to government agencies	14.1	7.5	.5	4.0	22.3	48.3
Commitments to buy shares	340.9					340.9
Other commitments	-	51.5	-	-	-	51.5
Total	**501.0**	**132.9**	**39.3**	**7.7**	**45.4**	**726.3**

31.1.1 Commitment to purchase goods and services

Commitments to purchase goods and services mainly refer to long term contracts that different operating entities have entered into with suppliers of goods and services that are used to provide services to end customers:

(1) At Numericable-SFR, a commitment to a total of €223.0 million for the future maintenance of NSFR’s telecommunication network over the next five years.

(2) HOT Telecom and HOT Mobile have commitments to purchase goods and services for a total of €51.9 million over the next three years. Such commitments include commitments to purchase inventory and engineering and IT related services.

(3) Cabovisao has commitments to purchase customer premises equipment and other services for a total of €47.0 million

31.1.2 Investment commitments

Investment commitments mainly refer to commitments made by different Group companies to suppliers of tangible and intangible assets (capex suppliers). It also includes commitments made to government or local bodies to make certain investments in the context of Public-Private Partnerships (“PPP”) entered into by some subsidiaries of the Group.

(1) At NSFR, a total of €383.0 million was committed to suppliers of tangible and intangible assets over a period of over five years. Additionally, a total of €251.0 million has been committed to PPPs entered between various local governments in France and SFR to connect houses with Fiber to the Home (FTTH) sockets and also to deploy FTTH in moderately dense areas.

(2) At HOT, a total of €217.1 million has been committed to suppliers of capex and content (€100.9 million and €116.2 million respectively) over the next three years.

(3) At Cabovisao, commitments to purchase content based and other services for a total of €47.0 million

31.1.3 Guarantees given to suppliers/customers

This caption mainly includes a commitment of €103.0 million made by NSFR as part of a PPP that it has entered with Vinci, AXA and TDF along with Réseau Ferré de France (R.F.F.).

It also includes €9.7 million and €9.0 million in bank guarantees provided by ONI and Cabovisao respectively.

31.4 Guarantees given to financial institutions

This caption mainly consists of bank guarantees given by different companies in the course of their business. This includes an amount of €81.0 million at NSFR (which includes €16.0 million provided as guarantee for a tax audit) and €9.0 million at Cabovisao.

31.1.5 Guarantees given to government agencies

The entire amount of this caption corresponds to guarantees given by the HOT group (consisting of HOT Telecom and HOT Mobile) to government agencies as part of its regular operations. Some of these are listed below:

(1) Bank guarantees to the Ministry of Communications, in respect of the national operator license that was granted to HOT Telecom amounting to €6.9 million, in force until December 2017 and December 2025.

(2) Guarantees in an amount of €7.2 million to the Council in respect of the broadcasting license, which are in force until May 2015.

(3) Up to November 21, 2013, a bank guarantee in an amount of €147.1 million (NIS 695 million), which was made available by HOT Mobile within the context of its win in a tender for the allocation of frequencies and as collateral for its commitment in favor of the Ministry of Communications, which is in force until December 31, 2018. On November 21, 2013, HOT Mobile achieved the target market share that is requires under the terms of the guarantee and accordingly the amount of the guarantee has been reduced to €16.9 million (NIS 80 million), which represents the commitment to achieve a target for the deployment of the network. In accordance with the wording of the guarantee that was written by the Ministry of Communications, there is no restriction in the guarantee on the endorsement, assignment or transfer of the guarantee to a third party. Furthermore, HOT Mobile has a duty to bear any expense that is involved in the exercise or the extension of the guarantee. In the light of the aforesaid terms, HOT Mobile has signed on a letter of undertaking and indemnification vis-à-vis the bank, in accordance with which the company waives and is prevented from raising any claim against the bank in connection with the wording of the said guarantee, and it will indemnify and compensate the bank in respect of any expenses incurred for the purpose of conducting administrative and/or legal proceedings in connection with the said issues. HOT Mobile has reduced the irrevocable letter of commitment vis-à-vis the bank, accordingly. The letter of undertaking was signed as a condition for the making available of a guarantee as collateral for the Company's commitments vis-à-vis the Ministry of Communications within the context of the Company's win in a frequencies tender for the setting up of a third generation cellular network (UMTS).

31.1.6 Other commitments and guarantees

These mainly consist of €55 million of commitments at NSFR and €51.9 million at HOT, broken down as follows:

(1) A commitment in an amount of €16 million by NSFR to buy out minority interests in certain ventures in case it fails to meet certain contractual obligations defined in the shareholders' agreement signed at the inception of the venture;

(2) €39 million provided as collateral for various projects at NSFR; and

(3) €12.4 million provided as guarantees to certain equipment suppliers, €25.7 million provided as guarantees to financial partners in the context of reverse factoring agreements and €12.9 million of guarantees provided to other agencies at HOT Telecom.

31.2 Litigation

In the normal course of its activities, the Group is accused in a certain number of governmental, arbitration and administrative law suits.

Provisions are booked by the Group when it is more likely than not that such lawsuits shall incur expenses to the Group and also if the magnitude of these expenses can either be quantified or estimated within a reasonable range. In this case, the provisions corresponds to our best estimate of the risks. The magnitude of the provisions retained is based on the estimate of the level of risk on a case-by-case basis, it being taken into account that the occurrence of events in the course of the legal action can involve a constant a re-estimation of this risk.

The Group is not aware of other dispute, arbitration, governmental or legal action or exceptional fact (including any legal action of which the issuer is aware, which is outstanding or by which it is threatened) that may have been or is in progress during the last twelve months and that has a significant effect on the financial position, the earnings, the activity and the assets of the company and the group, other than those described below.

This note lists below all significant Group ongoing legal and fiscal disputes as at December 31, 2014.

31.2.1 Tax audits and litigation

Litigation related to the VAT applicable on the Numericable multiple-play offers

The French tax authorities have conducted audits of various companies of Numericable since 2005 with respect to the VAT rates applicable to our multiple-play offerings.

Numericable has formally challenged the tax assessments for the fiscal years from 2006 to 2010. Numericable also referred the matter to the Administrative Court of Montreuil in August 2013 in respect of fiscal year 2006 and in July/August 2014 for fiscal years 2007 to 2009.

Furthermore, Numericable has received notices for tax audits dated June 6, 2014 for fiscal years 2010, 2011 and 2012 which resulted in the proposition of adjustments on the applicability of the VAT rate on multiple-play packages, despite VAT rules applicable to multiple-play packages which supported NG's practice having started January 1, 2011. The Group has challenged all adjustments.

As of December 31, 2014, a tax contingency provision of €44.0 million (compared with €24.9 million as of December 31, 2013) was recognized to cover all the risks related to VAT (excluding penalties of 40%, which would amount to €7.1 million).

Tax audits regarding Altice B2B France and Completel

In 2013, the tax administration initiated a tax audit of Altice B2B France and Completel in respect of fiscal years 2010 and 2011, resulting in the submission on December 19, 2013 of proposed adjustments. The adjustments focus on the challenge of charges for services provided to the companies in 2009, 2010 and 2011. A tax contingency provision covering all adjustments considered (income tax, VAT, withholding tax, penalties, surcharges and default interest) in the amount of €10.0 million was booked as of December 31, 2014 (€11.4 million as of December 31, 2013). In addition, the proposed adjustment results in a reduction of tax loss carry forwards in the amount of €26 million. This matter remains under appeal as of December 31, 2014.

Tax audits regarding SFR and its subsidiaries

A provision of €6 million had been recognized in the consolidated financial statements of the Group to account for possible reimbursements of a tax credit related to R&D activities at the level of SFR, covering the periods from 2009 to 2010.

On December 12, 2011, SFR was merged with the company Vivendi Telecom International, and the new entity was renamed SFR, which became a fully owned subsidiary of Vivendi S.A. Post completion of the verification of the policies used to perform this merger, the tax authorities in France intends to challenge the process applied as well as the use of foreign tax credits during the merger. The tax authorities are claiming €711 million of taxes and €663 million in penalties.

A provision of €8.4 million was booked in the accounts of SFR in 2011 to cover the risks associated with the use of foreign tax credits at the time of the merger. The proposed correction by the French tax authorities was contested by SFR. The Group believes that it has proper legal backing and foundation to properly defend the accounting method used to determine the profit before tax declared for fiscal year 2011, with respect to the contested merger operation.

Tax litigation pending in Portugal

As a result of the inspections from the Portuguese tax authorities (refer to note 21) for the fiscal years 2003 to 2008, the following judicial processes are pending:

- An assessment of the Portuguese Tax Authorities related to 2005, requested an adjustment of tax losses in the amount of €17.2 million, as well as an additional tax payment in the amount of €4.1 million for withholding tax and stamp tax. The Group paid €2.9 million and contested this decision through an appeal, but has not received the final decision yet. The unpaid amount of, approximately, €1.0 million (excluding related late payment interests) was contested on appeal. In the year ended August 31, 2012, the Corporate Tax Authority accepted the claim. As of today, there were not any subsequent deliberations after that decision. The Board of Directors believes that the final outcome of this matter will be favorable to the Group.

- An assessment of the tax payable concluded that there was withholding tax due in the amount of approximately €5.2 million (excluding related late payment interests). The Group does not agree with this assessment, having filed a gracious complaint and subsequently a judicial appeal and submitted a bank guarantee in the amount of approximately €6.8 million. As of December 31, 2014, the administrative and tax court of Almada didn't pronounce itself on that claim. The Board of Directors believes that the final outcome of this matter will be favorable to the Group.

31.2.2 Commercial disputes

In-depth inquiry of the European Commission into the transfer of cable infrastructures by certain local authorities

On July 17, 2013 the European Commission signaled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to NG was consistent with European Union State aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believes that the sale of public assets to a private company without proper compensation gives it an economic advantage not enjoyed by its competitors, and that it therefore constitutes state aid within the meaning of the rules of the European Union. It argues that the transfer free of charge of the cable networks and ducts by 33 French municipalities in favor of NG confers a benefit of this type and, as such, state aid. The European Commission has expressed doubts about the compatibility of the alleged aid with the rules of the European Union.

The Group firmly denies the existence of any state aid. In addition, the decision to open an investigation concerns a relatively small number of network connections (200,000), the majority of which have not been migrated to EuroDocsis 3.0 and accordingly only allow access to a limited number of NG's television services. The European Commission's decision of July 17, 2013 was published in the Official Journal of the European Union on September 17, 2013. Since then, discussions have continued within the framework of the procedure in respect of observations of third parties as well as those of the parties to the proceedings as to the allegation of the existence of aid and its extent, with the Group firmly challenging the existence of any state aid.

Litigation with Orange relating to Indefeasible Right of Uses ("IRUs")

The Group entered into four non-exclusive IRUs with Orange on May 6, 1999, May 18, 2001, July 2, 2004 and December 21, 2004, in connection with the acquisition by NG of certain companies operating cable networks built by Orange. These cable networks, accessible only through the civil engineering installations of Orange (mainly its ducts), are made available to the Group by Orange through these non-exclusive IRUs over such civil engineering installations. Each of these IRUs covers a different geographical area and was entered into for a term of 20 years.

Following ARCEP's decision 2008-0835 of July 24, 2008, Orange published, on September 15, 2008, a technical and commercial offer made to telecommunication operators pursuant to which such operators can roll out their own fiber networks in Orange's ducts. The terms of this mandatory technical and commercial offer are more restrictive than the terms that NG enjoys under the Orange IRUs. As a result, Orange asked NG to comply with the general rules regarding access to Orange's ducts for the purpose of maintaining and upgrading its network. This issue was litigated, and both ARCEP and the Paris Court of Appeal ruled in favor of Orange on November 4, 2010 and June 23, 2011 respectively. NG appealed the decision before the French Supreme Court (*Cour de Cassation*), which upheld, for the most part, the decision of the Paris Court of Appeal.

Moreover, on October 21, 2011, ARCEP initiated penalty proceedings against NG, arguing that it had not complied with its November 4, 2010 decision. Consequently, in December 2011, NG and Orange signed amendments to the IRUs in order to comply with the November 4, 2010 ARCEP decision and to align the operating procedures set out in the IRUs with the procedures set out in the Orange generic technical and commercial offer.

In the meantime, the penalty proceedings initiated by ARCEP were not stopped by the execution of the amendments to the IRUs, and NG was fined €5.0 million on December 20, 2011 for noncompliance with ARCEP's November 4, 2010 decision. The fine was paid in full during fiscal 2012. Numericable filed an appeal against the decision before the Council of State. Within the framework of this appeal, NG having raised a question of Constitutional law, referred to the Constitutional Court, on the compliance with the Constitution of Article L. 36-11 of the CPCE, which sets out ARCEP's powers. On July 5, 2013, the Constitutional Court found in NG's favor and invalidated paragraphs 1 to 12 of Article L. 36-11 of the CPCE, on the basis of which ARCEP's December 20, 2011 decision to impose the aforementioned penalty was made. NG asked the Council of State to take the conclusions of this decision into consideration and accordingly to cancel ARCEP's December 20, 2011 decision. On October 21, 2013, the Council of State annulled the penalty imposed by ARCEP on December 20, 2011, which had condemned NG and NC Numericable to a fine of €5 million for non-compliance with ARCEP's November 4, 2010 ruling.

Lastly, NG initiated parallel proceedings against Orange before the Commercial Court of Paris on October 7, 2010 claiming damages of €2.7 billion for breach and modification of the IRUs by Orange. On April 23, 2012, the Commercial Court of Paris ruled in favor of Orange and dismissed NG's claims for damages, ruling that there were no material differences between the original operational procedures and the new operational procedures published by Orange on September 15, 2008. NG appealed this decision before the Paris Court of Appeal and claimed the same amount of damages. Orange, in turn, claims that the proceedings materially impaired its brand and image, and claims damages of €50 million. On June 20, 2014 the Paris Court of Appeal rejected the appeal of NG, who appealed this decision on August 14, 2014.

Action by Colt, Free and Orange before the General Court of the European Union concerning the DSP 92 project

Colt, Free, and Orange, in three separate proceedings against the European Commission, filed a request with the General Court of the European Union for the cancellation of the final decision of the European Commission dated September 30, 2009 (Decision No. C (2009) 7426), which held that the compensation of €59 million granted within the framework of the public service concession for the establishment and operation of a high-capacity electronic communications network in the department of Hauts de Seine does not constitute state aid within the meaning of the rules of the European Union. NG is not party to this proceeding. Its subsidiary Sequalum is acting as the civil party, as well as the French state and the department of Hauts de Seine. In three rulings dated September 16, 2013, the General Court of the European Union rejected the requests of the three applicants and confirmed the aforementioned decision of the European Commission. Free and Orange have appealed to the Court of Justice of the European Union.

No provision is booked in the consolidated financial statements as at December 31, 2014 with respect to this litigation.

Complaint of Bouygues Telecom v. Numericable, Completel and NC Numericable

In late October 2013, NG received a claim from Bouygues Telecom on the “white label” contract concluded between the two companies on May 14, 2009, initially for five years and extended once for an additional five years for the supply to Bouygues Telecom of double- and triple-play broadband offers. In its letter, Bouygues Telecom claimed damages totaling €53 million as a result of this contract. Bouygues Telecom alleges a prejudice that justifies, according to Bouygues Telecom, damages including (i) an amount of €17.3 million due to an alleged pre-contractual fraud (provision of incorrect information prior to the conclusion of the contract), (ii) an amount of €33.3 million as a result of alleged failure by NG companies in the execution of the contract and (iii) an amount of €2.4 million to repair the alleged damage to Bouygues Telecom’s image. The NG considers these claims unfounded both in fact and in contractual terms, and rejects both the allegations of Bouygues Telecom and the amount of damages claimed. It nevertheless intends to continue regular discussions between the parties regarding the implementation of this contract, for which Bouygues Telecom is requesting modifications in the context of its claim. Notwithstanding this claim, which has not been brought before the courts, the parties have continued their day-to-day cooperation in conditions identical to those prevailing before October 2013.

No provision is booked in the consolidated financial statements as at December 31, 2014 with respect to this litigation.

Litigation between Sequalum and CG 92 regarding DSP 92

A disagreement arose between the department of Hauts-de-Seine (“CG 92”) and Sequalum on the conditions of execution of the Service Concession agreement "THD Seine" entered into on March 13, 2006 between Sequalum, a subsidiary of NG, and the department of Hauts-de-Seine. This public service concession arrangement is aimed at building a high-capacity fiber network throughout the department of the Hauts-de-Seine.

At the session held on October 17, 2014, the department of Hauts-de-Seine decided to cancel the concession for ‘faults and damages caused exclusively by the concessionaire’. The department asked for penalties amounting to a total of €45 million related to the delays, which was subsequently contested by Sequalum. Within the framework of the Service Concession Agreement, the department of Hauts-de-Seine also asked the financial institution involved to implement the guarantee granted by Sequalum for €10 million, this amount corresponding to the maximum amount that could be guaranteed with respect to the Service Concession Agreement. So far, the financial institution did not respond favorably to this request, considering that the request was not sufficient, in terms of form and documentation, to allow the implementation of the guarantee.

The penalties were contested through a request recorded by the administrative court on September 3, 2014. The execution and the payment of the penalties are suspended until a decision is made on this litigation.

The decision of the department of Hauts-de-Seine to terminate the agreement has not yet been notified to Sequalum who intends to contest the termination before the competent courts. Looking forward to the reception of this notification, Sequalum continues to perform its duties, subject to potential requests the delegator may impose. Should the courts confirm the arguments of the department of Hauts-de-Seine, Sequalum could be obliged to reimburse the grants received (the portion of grants not yet amortized). The department of Hauts-de-Seine, for its part, would receive all the assets built within the framework of the DSP 92 on July 1, 2015. The department of Hauts-de-Seine would have to indemnify Sequalum at a level corresponding to the net book value of these assets.

On October 16, 2014 Sequalum filed a request before the administrative court of Cergy Pontoise which aims at ending the Service Concession agreement due to “force majeure” in the context of irreversible changes in the contractual economy.

The Group examined the risk related to these procedures and noted that at this stage there are too many uncertainties to measure the possible risk for the Group . Under these conditions, the criteria for the booking of a provision were not met.

The Group has deployed its own fiber optic network in the department concerned, which allows it to service its clients in any case. The revenues generated by the DSP 92 project are considered non-material compared to the total revenue of the Group.

Orange vs. SFR and Bouygues Telecom

On April 29, 2014, Orange lodged a complaint with the French Competition Authority (*l'Autorité de la concurrence, or ADLC)* against the network sharing agreement entered into by SFR and Bouygues Telecom on January 31, 2014. In its complaint, Orange claims this agreement is collusive and thus harmful to competition, as it represents horizontal integration between two competing entities. Orange requested the immediate suspension of the agreement. On September 25, 2014 the ADLC rejected Orange's request and this decision was confirmed by the courts on January 29, 2015.

No provision is booked in the consolidated financial statements as at December 31, 2014 with respect to this litigation.

Complaint by Bouygues Telecom against SFR and Orange concerning the call conveyance and mobile telephony market

Bouygues Telecom brought a claim to ADLC against SFR and Orange for alleged anti-competitive practices on the call termination and mobile markets ("price squeeze"). The Competition Authority decided to postpone a decision and returned the file for further inquiry on May 15, 2009. SFR was heard by the rapporteur on December 13, 2010. On August 18, 2011, SFR received a notice of complaint claiming abusive tariff differentiation practices. On December 13, 2012, the Competition Authority imposed to SFR a penalty of €66 million. SFR appealed this decision.

The case was pled before the Court of Appeal of Paris on February 20, 2014.

The Court of Appeal rendered its decision on June 19, 2014, in which it dismissed SFR's legal procedures and also asked the European Union an Amicus Curiae on the economic and legal questions highlighted by this complaint. The EU rendered its decision on December 1, 2014 and the next audience was scheduled on February 24, 2015 with the court of appeal.

On July 9, 2014, SFR appealed the dismissal of its case.

Subsequent to the decision of the Competition Authority of 13 December 2012, the companies Bouygues Telecom, OMEA and El Telecom (NRJ Mobile) sued SFR before the Commercial Court for damages suffered. In accordance with the transaction enacted between SFR and Bouygues in June 2014, the reconciliatory process was completed on December 5, 2014. The withdrawal notification of September 11, 2014 put an end to the legal procedures engaged by the two parties. SFR requested and obtained a stay on payment of the amount claimed by EI Telecom (€28.6 million).

Complaint against Orange before the Competition Authority (NRA ZO)

On December 9, 2009, SFR and SFR Collectivités brought a complaint against Orange for abuses before Competition Authority.

Following the filing of this claim, SFR brought a claim for damages before the Paris Commercial Court (NRA ZO) against Orange.

Court case of SFR against Orange before of the Commercial Court of Paris (call conveyance – call origination)

On February 22, 2010, SFR sued Orange and demanded the cancellation of the call origination price by Orange for the period from 2006 to 2007, and demanded that it be replaced by a fee of less than 2 % for 2006 and 15 % for 2007.

On June 25, 2013, all of SFR's claims were dismissed. On July 25, 2013, SFR filed an appeal against the judgment of the Commercial Court.

Complaint by the Orange Réunion, Orange Mayotte and Outremer Telecom companies against SRR

The Orange Réunion, Orange Mayotte and Overseas Telecom companies brought suit before the Competition Authority on June 6, 2009 concerning practices of on-net/off-net fee differentiation imposed by SRR on Mayotte and La Réunion in the mobile telephony market.

Following the Authority's decision of September 16, 2009, Outremer Telecom brought action for damages against SRR on June 17, 2013 before the Commercial Court of Paris for the loss it alleges it suffered owing to the practices of SRR. On November 13, 2013, the Court postponed its decision until the decision on the merits by the Competition Authority.

On June 13, 2014, the Authority handed down its decision on the ''Consumer'' portion of the complaint, fining SFR and its subsidiary SRR €45.9 million. The ''Business'' portion is still under investigation by the Competition Authority.

On October 8, 2014, Orange brought action for damages against SRR and SFR before the Commercial Court for the loss it alleges it suffered owing to the practices of SRR. Orange is seeking damages of €135.2 million NSFR has booked provisions to account for this.

In view of the integration of SFR into the Group, a provision of €17.5 million, recorded for litigation, was eliminated (reduction of preliminary goodwill) as it constitutes an intercompany transaction between SFR and Outremer Telecom.

Complaint against Orange before of the Competition Authority

On August 9, 2010, SFR brought a complaint against Orange before the Competition Authority for anti-competitive practices in the mobile telephony services market for professionals.

Summons of Orange against SFR before the Commercial Court of Paris (file overflows)

On August 10, 2011, Orange requested the Commercial Court of Paris to make an injunction causing SFR to immediately cease its abusive "overflows" practices. SFR is accused of having intentionally arranged for the overflow on the Orange network for purposes of the economic optimization of its own network (under-dimensioning of the "BPN" commands). Via its decision of December 10, 2013, the court condemned SFR to pay Orange the sum of €22.1 million. SFR and Orange appealed the decision.

On January 16, 2015 the Court of Appeal of Paris upheld the decision of the tribunal of commerce of Paris.

SFR v. Orange: abuse of a dominant position on the second home market

On April 24, 2012, SFR summoned Orange before of the Commercial Court of Paris for practices constitutive of an abuse of a dominant position in the retail mobile telephony service market aimed at non-residential customers.

On February 12, 2014, the Commercial Court of Paris condemned Orange to pay SFR the sum of €51.4 million for abuse of its dominant position in the second home market. On April 2, Orange appealed this decision, and this appeal was rejected on July 4, 2014. On October 8, 2014, the court of appeals of Paris invalidated the decision of the Commercial court of Paris and SFR repaid the €51 million previously paid by Orange.

As at December 31, 2014, SFR is preparing an appeal process.

Free v. SFR: unfair competition for non-observance of conditions inherent in consumer credit by way of a subsidy

On May 21, 2012, Free summoned SFR before the commercial court of Paris. Free disputes the subsidy model of SFR's "Carrés" offers sold on the Internet from June 2011 to December 2012, claiming that this is similar to a consumer credit mechanism and that, for this reason, SFR should be condemned for unfair practices. Free particularly asked the Commercial Court of Paris to order SFR to proceed to inform its customers and to pay damages amounting to €29 million. On January 15, 2013, the Commercial Court dismissed all of Free's demands and allocated a sum of €0.3 million to SFR for damages. Free appealed this decision on January 31, 2013.

No provision is booked in the consolidated financial statements as at December 31, 2014 with respect to this litigation.

Union Fédérale des Consommateurs (“UFC”) v. SFR: abusive clauses

On June 7 2012, the UFC summoned SFR before the Regional Court of Paris because it claimed that the general conditions for the use of SFR's “La Carte” offer contained abusive clauses. The UFC asked for the deletion of these clauses and for damages. NSFR has made provisions for this potential cash out.

SFR v. Orange (ZND case)

On November 26, 2012, SFR instituted proceedings before the Competition Authority concerning practices involving the abuse of a dominant position in the retail broadband Internet access market in areas not divided into groups.

CLCV v. SFR case

On January 7, 2013, the consumer association CLCV summoned SFR before the commercial court of Paris.

CLCV regards a certain number of clauses in SFR's general conditions for subscription, as well as those of other telephony operators as abusive. It also requests the allocation of a reparative compensation for collective damages.

The commercial court of Paris did consider that certain clauses had to be modified. SFR appealed the decision.

Litigation with MVNO Mundio Mobile

Mundio Mobile, a MVNO operator on the SFR mobile network is suing SFR before the Commercial Court of Paris. Mundio Mobile is claiming €63.6 million in damages. Mundio Mobile contends that SFR’s execution of the MVNO agreement was unfair. Mundio has also criticized certain financial provisions of the agreement. A provision was recorded in the accounts of the NSFR group.

Disputed transfer of the customer relations centers of Toulouse, Lyon and Poitiers

Following the transfers of the customer relation centers of Toulouse and Lyon to the Infomobile Company and that of Poitiers to a subsidiary of the Bertelsmann group, former employees of these sites brought actions before the Labor Court of each city for sanctions against an alleged unfair execution of the employment contract, for fraud concerning the provisions of Section L 1224-1 of the Fair Labor Standards Act, as well as for the legal provisions inherent in dismissal on economic grounds. The decisions handed down in 2013 are mixed since the Court of Appeal of Toulouse sanctioned the SFR and Téléperformance groups in half of the filings, whereas the jurisdictions of Lyon and Poitiers decided in favor of SFR. The filings are in different stages of the proceedings before The Labor Court, the Court of Appeal and the High Court of Appeal.

On June 18, 2014, the high court of appeals upheld the decision of the court of Toulouse and rejected the appeal process against the decision rendered by the court of Poitiers.

The decisions of the court of Toulouse, rendered in February 2015 are unfavorable for SFR. A provision has been booked in the consolidated financial statements as at December 31, 2014 to cover this potential cash out.

Distribution of lawsuits in the network of independents (The general public and SFR Business Team)

SFR, like other companies that use an indirect distribution model, faces complaints by its distributors, and almost systematically by its former distributors. These recurring disputes revolve around the abrupt termination of the contractual relationship, the abuse of economic dependency and/or requests for reclassification of a distributor as a commercial agent and, more recently, applications for reclassification of a manager as a branch manager and reclassification of the employment contracts of the employees working at these points-of-sale as employment contracts with SFR. Following several adverse rulings of the Court de Cassation in relation to the status of branch managers, various Courts of Appeal have recently issued a number of decisions favorable to SFR. With regard to the reclassification of employment and sales contracts in these disputes, apart from a few exceptions, SFR has benefited from favorable case law.

A provision has been booked in the consolidated financial statements as at December 31, 2014 to cover this potential cash out.

Litigations and claims against the HOT group

During the routine course of business, lawsuits have been filed against the companies that comprise the HOT group and various legal proceedings are outstanding against it.

In the opinion of the Board of Directors of the Group, based, inter alia, on legal opinions in respect of the chances of the lawsuits, a fair provision of €14.6 million has been recorded in the consolidated financial statements as of December 31, 2014, where provisions are required, in order to cover the exposure as the result of the lawsuits.

In the opinion of the Board of Directors of the Group, the amount of the additional exposure, in an amount of approximately €550.1 million (over and above the provisions that have been recorded in these consolidated financial statements), as of December 31, 2014, as a result of lawsuits that have been filed against companies in the HOT group on various matters, is as follows:

- An amount of approximately €359.7 million to cover claims which the Board of Directors and legal team estimate to have less than a 50% chance of succeeding.

- An amount of approximately €63.5 million towards claims for which no assessment is possible, or towards those class action lawsuits that were presented very close to the date of the financial statements.

- An amount of approximately €127.0 million to cover claims which the Board of Directors and legal team estimate to have more than a 50% chance of succeeding.

The following is an abbreviated summary of the Hot group's contingent liabilities effective as of December 31, 2014, in accordance with groupings having similar characteristics:

The nature of the lawsuit	The amount of the additional exposure in excess of the provision recorded as of December 31, 2014	The amount of the lawsuits that cannot be assessed and which were presented close to the date of the financial statements (primarily applications for approval as class actions)	Provisions recorded in the financial statements as of December 31, 2014	Provisions recorded in the financial statements as of December 31, 2013	Updating of the expense (income), net in the reporting period
			(In millions €)		
Customers	533.8	68.6	7.6	4.2	3.6
Copyrights	-	-	2.8	6.3	(1.1)
Suppliers	12.7	-	0.8	0.4	0.4
Employees	1.3	-	0.2	0.2	-
Others	-	-	3.2	-	3.2
Total	547.8	68.6	14.6	11.2	6.1

31.3 Commitments to lease assets (operational leases)

Certain subsidiaries of the Group have obligations to lease assets which are under operational lease contracts. Such operating leases exist at the level of Numericable-SFR, HOT and ODO. These companies rent out building space and other commodities such as automobiles under long term contracts that generate an obligation to pay rent for these companies.

In some cases, the rental space under contract maybe be sublet, which generates revenues and hence reduce the obligation under such leasing contracts.

Such obligations are listed below:

	Minimal future leasing fees	Sublet fees
	(In € millions)	
One year or less	378.0	(51.0)
Between two and five years	1,066.3	(124.0)
Greater than five years	620.2	(102.0)
Total operating leases	**2,064.5**	**(277)**

31.4 Other commitments

Provision regarding the contribution of Cabovisão and ONI for the Universal Service

Provisions of, approximately, €2,6 million and €2,2 million were recorded for the contribution of respectively Cabovisão and Oni for the Universal Service, under the terms determined by ANACOM (Portuguese telecommunications regulator). Those provisions related to the period 2007-2011. The contribution for the period 2012-2014 has not yet been determined, and there is no information available to estimate it reliably.

Network sharing agreement between SFR and Bouygues Telecom

On January 31, 2014, SFR and Bouygues Telecom entered into a strategic agreement to share their mobile networks. As part of the agreement, they will deploy a new common mobile network in a zone covering about 57% of the French mainland population. This agreement enables both providers to improve their network coverage and benefit from significant savings. The agreement is based on two main principles:

- The creation of an ad-hoc joint venture, which will own and manage the totalities of the common radio towers, i.e. the passive infrastructure and the geographic locations in which such assets are deployed. SFR and Bouygues will maintain ownership of their respective telecom equipment and frequency spectrums.

- The supply of Ran-sharing services which are provided mutually by 2G/3G and 4G operators on the shared territory. Each operator will be responsible for a part of the occupied geographic area, where the operator will ensure the conceptualization, deployment, implementation and maintenance of the Ran-sharing service.

This network sharing agreement is in-line with other such agreements that have been signed between other European operators. Each mobile operator detains the capacity to innovate and the freedom to fix tariffs and commercialize new offers. The first share services were deployed starting April 30, 2014. At this time, each operator acknowledged the deployments plans of their partner, as the sharing of such information prior to the start of deployment had been restricted by the French telecoms authority (ARCEP). This exchange of information led to the modification of certain clauses related to engineering on October 24, 2014.

In view of these changes, SFR estimates that this agreement leads to given commitments of approximately €1,830 million and received commitments of approximately €2,210 million, thus creating a net commitment receivable of €380 million over the length of the contract.

Commitments linked to telecommunications licenses

Commitments given	**Amount**	**Maturity**
(a) UMTS license in French territory	1% of turnover realized	2021
(a) GSM license in French territory	1% of turnover realized	2021
(a) LTE license in French territory	1% of turnover realized	2032
(c) 4G network cover	Not calculated	2024-2027

Commitments received	**Amount**	**Maturity**
Network operating permits and supply of telecommunications services in French territory	Not calculated	2021/2032

(a) SFR holds operating permits for its networks and for the supply of telecommunications services in French territory under the following financial conditions:

- Payment of a fixed element either recorded as a debt (GSM) or paid at the time of award (UMTS and LTE). The GSM license is an annuity payable over 15 years, split into two parts, a fixed part of €25 million (the discounted value of this annuity was capitalized for a total of €278 million in 2006) and a variable part as described below. The UMTS license was acquired for a total amount of €619 million in 2001 and is carried at cost less depreciation on the face of the statement of financial position. Additional spectrum was acquired in 2010 for a total of €300 million and amortised over 20 years. The LTE license was acquired in two stages for a fixed amount of €150 million (October 2011) and €1,065 million (January 2012)

- SFR is also required to pay a variable element equivalent to 1% of turnover generated by the licenses.

(b) On November 30, 2009, ARCEP requested to the Group to fulfill its obligations to deploy UMTS networks, that is a coverage rate of 99.3% of the metropolitan population at the latest by December 31, 2013. Following a decision dated May 27, 2014, the ARCEP has opened an administrative inquiry regarding SFR to ensure that the UMTS coverage obligations have been fulfilled.

(c) In the framework of the allocation of the first block of LTE frequencies in October 2011, the group undertook to respect the obligation on deployment of the very high rate mobile network according to the cover timetable below:

- 25% of the mainland population by October 11, 2015

- 60% of the mainland population by October 11, 2019

- 75% of the mainland population by October 11, 2023

These coverage obligations may be satisfied by using frequencies at 2.6 GHz or other frequencies owned by the group.

Following the ARCEP decision No. 2012-0039 of ARCEP dated January 17, 2012, the Group was attributed two 10 MHz frequencies for a total amount of €1,215 million (of which €150 million paid in October 2011). The commitments linked to this allocation are as follows:

- The group undertakes to comply with the following obligations regarding high speed mobile deployment

    - Cover of 98% of the mainland population on January 17, 2024 and 99.6% of the metropolitan population on January 17, 2027

    - Cover in the priority deployment zone (approximately 18% of the mainland population and 63% of the territory): the group must cover 40% of the priority deployment zone population by January 17, 2013 and 90% of the population in this zone by 17 January 2022

    - Coverage of each French department level: the group must cover 90% of the population of each department on January 17, 2024 and 95% of the population in each department by 17 January 2027.

- SFR and Bouygues Telecom have a mutual obligation to share the network or the frequencies in the priority deployment zone.

- The Group must accommodate Free Mobile roaming in the priority deployment zone when the latter has covered 25% of the French population with its own 2.6 GHz network and if it has not entered into a national roaming agreement with another mobile provider.

- The Group must cover jointly with other holders of the 800 MHz bandwidth, the town centers identified by the public authorities in the context of the "white zones" program (over 98% of the population) within 15 years.

Commitments related to the acquisition of SFR

As part of the acquisition of SFR in November 2014, the NSFR group has undertaken a commitment not to reduce headcount (unless dictated by unsustainable market conditions), for a period of 36 months.

The French anti-trust authority ("ADLC") also imposed certain conditions on the acquisition, which are applicable for a period of 5 years, renewable once and will be monitored by an independent third party appointed by the ADLC.

The various commitments are listed below:

Commitment to sell Outremer Telecom's ("OMT") mobile telephony business and owned stores in Reunion Island and Mayotte

The Group has undertaken to sell OMT's mobile telephony business in Reunion Island and Mayotte and OMT's owned stores. In particular, the sale will include the 2G and 3G licenses and frequencies in Reunion Island and Mayotte, the customer base and the relevant personnel. As of the date of this report, the Group has entered into an exclusivity agreement with a buyer in relation to the sale of these assets and the assets were classified as held for sale (refer to note 22).

Commitments Regarding Access to the NG's Cable Network

NG has undertaken to provide access to plugs on its cable network with a peak download speed of at least 30 Mbps.

Access offer No. 1: this offer will target MVNO operators not deploying FTTH networks and that have no direct or indirect shareholder links with the Vivendi group.

NG will propose a very-high-speed white label wholesale offer on its cable network.

This wholesale offer will include access to the cable network, telephony, Internet and related services, television services and the provision of the box for the end-user.

Access offer No. 2: this offer will target MVNOs and electronic communications operators deploying FTTH networks and that have no direct or indirect shareholder links with the Vivendi group.

NG will propose a very-high-speed wholesale offer on its cable network.

This wholesale offer will include access to the cable network, collection and transportation of the operator's flows and distribution of television services.

In both cases, NG may propose additional services to customers as part of the two offers.

Commitments Regarding the Sale of Completel's DSL Network

NG has undertaken to sell the essential components of Completel's DSL network. The scope of coverage corresponds to approximately 745 subscriber access nodes of Orange.

Commitments Regarding the Relationship between NG and Vivendi

NG and Vivendi have made several commitments designed to ensure that Vivendi does not have access to certain strategic information of NG as a result of its representation on the board of directors and other committees of NG.

NG has undertaken not to provide to Vivendi any strategic commercial information regarding the markets on which both groups are competitors or may become competitors for the duration of the commitments.

This confidentiality obligation applies in particular to (i) pay television intermediary markets (transfers of channels by producers to telecommunications operators for the creation of bundles of channels), (ii) downstream markets for the distribution of pay television services and (iii) ultramarine telecommunications markets. This obligation will be monitored by an agreed third party who will participate in the meetings of the board of directors and audit committee of NG to ensure that no commercially sensitive information is communicated.

32 Statutory Auditors' fees

In 2014, an amount of €5.2 million was paid to various networks affiliates of the Company's auditors (€3.8 million in 2013), split mainly between €3.0 million for audit services and €1.2 million for other assurance services (€1.4 million in 2013), and €1.0 million for non-audit services (€2.4 million in 2013).

33 Going concern

As at December 31, 2014, the Group had net current liabilities position of €3,114.0 million (mainly due to current trade and other payables of €5,215.8 million) and a negative working capital of €2,446.8 million. During the year ended December 31, 2014, the Group registered a net loss of €552.4 million (profit of €49.6 million in financial year 2013) and generated cash flows from operations of €1,835.8 million. The positive cash flow from operations balance was mainly due to strong earnings growth and EBITDA generation. The net loss recorded in the financial year was mainly driven by the increased finance costs on the issuance of new debt to finance the SFR acquisition, on the refinancing of NG debt and by the increase of the interest charges recognized for the year. 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 (€2,491.8 million vs. €5,215.8 million). Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of December 31, 2014, the Group's short term borrowings mainly comprised of the accrued interests (€403.9 million) on the bonds and loans from financial institutions which are repaid on a semi-annual basis and some local bonds (€26.7 million). Those short term obligations are expected to be covered by the cash flows from operations of the operating subsidiaries.

The long term debt of the Group commences to mature in 2019 (see note 15).

In determining the appropriateness of the use of the going concern assumption, the Board of Directors has considered the following elements:

- The Group has a strong track record of generating positive EBITDA and generated strong positive operating cash flows in 2014 (€1,835.8 million). EBITDA amounted to €1,475.9 million, an increase of 185% compared to financial year 2013. This increase in EBITDA is mainly due to the integration of newly acquired entities (see note 3) which contributed to this increase compared to prior year. The Board of Directors is of the view that such EBITDA and the consequent cash flows are sufficient to service the working capital of the Group.

- The Group had healthy unrestricted cash reserves at the end of 2014 (€1,563.6 million vs. €61.6 million in 2013), which would allow it to cover any urgent cash needs. Additionally, as of December 31, 2014, the Group had access to Revolving Credit Facilities ("RCF") and guarantee facilities of up to €1,171.1 million (out of which €126.2 million has been drawn as at December 31, 2014). In addition, the Group repaid its debt (€529.2 million) towards Carlyle and Cinven in February 2015 (see note 34 on the events after the reporting period) confirming the Group's capacity to meet its repayment obligations. Additionally, Group may access another Revolving Credit Facility for a total aggregate amount of €501 million which can be drawn upon the satisfaction of certain customary conditions precedent.

- As of December 31, 2014, the market value of the Company shows a premium compared to the net equity of the Group indicating that the Group could divest of some of its assets with a significant premium. Within these assets, the Board notes that the fair value of the Numericable-SFR shares is in excess of the cost in the books of Altice France.

- As of December 31, 2014, the Group had a positive equity position of €5,196.3 million, of which €1,942.4 million attributable to the equity owners of the Company. This positive position results from the initial public offering of shares of Altice S.A. on Euronext Amsterdam, as well as the conversion and contribution of various vendor debts and minority interests stakes into the equity of Altice S.A.. The Group also issued new shares in a private placement for a total amount of €911.1

million in June 2014, thus demonstrating the Group's ability to raise equity financing if required to fund its activities.

In addition to the points enumerated above, the Group has implemented a new budgeting exercise, with monthly account reviews with CFOs of operating companies to track budget accuracy. This exercise is complemented by a mid-year reforecast based on real first semester numbers.

The Board of Directors also tracks operational key performance indicators (KPIs) on a weekly basis, thus closely tracking top line trends very closely. This allows the Board of Directors 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.

On the basis of the above, the Board of Directors 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 consolidated financial statements and has hence deemed it appropriate to prepare these consolidated financial statements using the going concern assumption.

34 Events after the reporting period

Acquisition of Portugal Telecom

On December 9, 2014, the Company announced that it has signed a definitive agreement with Oi to purchase the Portuguese assets of Portugal Telecom (or "P.T."). These assets comprise the existing business of Portugal Telecom outside of Africa and excludes Portugal Telecom's Rio Forte debt securities, Oi treasury shares and Portugal Telecom financing vehicles. The transaction values Portugal Telecom at an enterprise value of €7.4bn on a cash and debt-free free basis which includes €500 million consideration related to the future revenue generation of Portugal Telecom. The transaction, net of financial debt, accrued post-retirement liabilities and other purchase price adjustments will be financed by new debt and existing cash from Altice. The transaction requires corporate approvals and will be subject to standard regulatory approvals for a transaction of this nature.

On January 22, the board of PT S.G.P.S unanimously approved the sale of P.T. to Altice and the Company subsequently completed the issuance of the debt on February 4, 2015 and it will be used to finance this acquisition.

Issuance of debt to finance the acquisition of Portugal Telecom and additional RCF

On January 31, 2015, Altice announced the pricing of an offering of (i) €750 million in aggregate principal amount of its 6¼% Senior Notes due 2025 and $1,480 million aggregate principal amount of its 7⅝% Senior Notes due 2025 (the "Senior Notes"), (ii) $2,060 million aggregate principal amount of Altice Financing S.A.'s 6⅝% Senior Secured Notes due 2023 and €500 million aggregate principal amount of Altice Financing S.A.'s 5¼% Senior Secured Notes due 2023 (the "Altice Financing Senior Secured Notes") and (iii) $385 million aggregate principal amount of Altice Finco S.A.'s 7⅝% Senior Notes due 2025 (the "Altice Finco Senior Notes", and together with the Altice Financing Senior Secured Notes and the Senior Notes, the "Notes"). The offering of the Senior Notes has closed on February 4, 2015, and the proceeds from such offering are now held in segregated escrow accounts pending satisfaction of certain escrow release conditions (including the completion of the Portugal Telecom acquisition).

In addition, upon condition of the completion of the acquisition, the Group would have access to an additional Revolving Credit Facility agreement for a total aggregated amount of €330 million.

Carlyle and Cinven debt repayment

On February 6, 2015, Altice France, a 100% subsidiary of the Company, repaid its debt amounting to €529.2 million (included in the caption "Other financial liabilities" in the consolidated statement of financial position as at December 31, 2014) towards Carlyle and Cinven (former minority shareholders of NG).

Executives to buy shares in Altice S.A. from Carlyle

On February 2, 2015, Altice announced that Carlyle has agreed to sell 4.4 million ordinary shares held in the Company (approximately1.8% of Altice's ordinary share capital) to entities controlled by the controlling shareholder and other senior managers. As a consequence, they will acquire respectively 4.16 million shares and 0.24 million shares. The controlling shareholder will increase his participation in the Group up to approximately 58.5%.

Buy-out of minorities in Numericable-SFR

On February 27, 2015, the Company, through its subsidiaries Altice France, and Numericable-SFR announced that they have entered into final agreements with Vivendi regarding the acquisition of the 20% stake Vivendi owns in Numericable-SFR, for a price of 40 euros per share. Numericable-SFR will acquire half of Vivendi's stake through a share buyback program which will be submitted to a vote at the shareholders' meeting of Numericable-SFR. The remainder of the Vivendi's stake will be acquired by Altice France at the same time, with a payment to be made no later than April 7, 2016 and subject to an interest of 3.8% per annum. The payment by Altice France of approximately €1.948 billion plus interest of 3.8% per annum has been secured by a bank guarantee. The closing of this transaction is expected to occur in the days following the next shareholders' meeting of Numericable-SFR, which will be held no later than April 30, 2015. This transaction will in particular result in the termination of the shareholders' agreement and the call options agreements entered into between Altice France and Vivendi in connection with the SFR acquisition. Upon this transaction, Altice France's stake in the share capital and voting rights of Numericable-SFR will increase from 60.4% to 70.4% (i.e. 78% excluding treasury shares held by Numericable-SFR). Furthermore, the Group has calculated and communicated a purchase price adjustment (as per the sale and purchase agreement) of €225 million to Vivendi (related to net debt adjustments at closing), related to the acquisition of SFR.

In case of non-completion of the transaction, for reasons other than administrative or judicial or attributable to Vivendi, Altice S.A. will pay a break-up fee of €120 million to Vivendi.

As part of this agreement, the earn-out of €750 million due to Vivendi and contingent upon the completion of certain financial and operational KPIs was extinguished.

Altice S.A. has secured an equity underwriting deal from a consortium of major financial institutions, that has allowed it to issue a bank guarantee for the vendor note due to Vivendi, in return for Altice S.A.'s additional 10% stake in Numericable-SFR.

Altice enters into exclusivity for the sale of mobile activities in La Reunion and Mayotte

On March 6, 2015, Altice announced that it has entered into exclusivity with the Hiridjee Group, controlling shareholder of Telma, the leading telecom operator in Madagascar, for the sale of its mobile activities in La Reunion and Mayotte, pursuant to the requirement and subject to the approval of the French antitrust authority.