Altice S.A.

(Société anonyme)

Interim Financial Report

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R.C.S. Luxembourg number B 183.391

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Interim Management Report

INTRODUCTION

The Board of Directors of Altice S.A. (the "Company") have pleasure in presenting their report, which constitutes the consolidated management report ("Consolidated Management Report") as defined by the Transparency Directive, together with the condensed consolidated financial statements of the Company and its subsidiaries (the "Group") as of and for the three and six month periods ended June 30, 2014.

DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS OF THE GROUP

Significant Events that impacted the condensed financial statements as of June 30, 2014

Our results of operations for the six months ended June 30, 2014 were impacted by the following events:

- On January 15, 2014, the Company, through its subsidiary, Altice Blue Two S.A.S., obtained control over Mobius, a telecommunications operator in the French Overseas Territories (La Reunion), by acquiring 99.9% 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 €9.0 million to revenue and €0.1 million to operating profit to the Group's results for the six months ended June 30, 2014.

- On January 31, 2014, 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.

- On February 3, 2014 the Group, through its direct subsidiary Altice France S.A., completed the acquisition of a 10% stake in Numericable Group S.A. (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 to 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 Numericable Group, as well as the Chairman of the Board, whose vote is considered to be casting in case of a tie.

  Since February 3, 2014, NG contributed €552.0 million to the Group revenue and €123.5 million to the operating profit for the six months ended June 30, 2014.

- On March 12, 2014, the Group, through its indirect subsidiary, Altice Dominican Republic, completed the acquisition of an approximately 97.2% stake in Tricom S.A., a cable and mobile operator with a 4G license based in the Dominican Republic, and Global Interlinks limited, the owner of a submarine cable, through which it sells data and voice transmission services to other operators based in the region (and including its sister concern, "Tricom S.A"). 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 Global Interlinks contributed €47.6 million in revenue and €7.1 million to operating profit to the Group's result for the six months ended June 30, 2014.

- As per the agreement signed on March 13, 2014, the managers of Outremer Telecom ("OMT") contributed a 17.5% stake held directly in ABT 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 plus two separate earn-out clauses that could become applicable only upon the achievement of certain operational and financial targets and the settlement of certain lawsuits.

- 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., the leading mobile operator in the Dominican Republic. ODO operates a high end, 4G enabled mobile network in the Dominican Republic covering up to 86% of the territory of the Dominican Republic

  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 Global Interlinks mentioned above and completes the formation of an integrated telecoms group in the Dominican Republic.

  Since April 9, 2014, ODO contributed €107.0 million to the Group revenue and €26.5 million to the Group operating profit for the six months ended June 30, 2014.

  On May 8, 2014, the Company and its subsidiary, Numericable S.A. issued debt, the proceeds from which will be used to close the SFR acquisition. The proceeds from this issuance are currently held in escrow awaiting the closing of the SFR acquisition and are recorded as restricted cash in the consolidated condensed statement of financial position as of June 30, 2014. Total proceeds amounted to € 7,929 million for Numericable Group S.A. and € 4,193.0 million for Altice S.A. (excluding the impact of transaction costs and re-evaluated at the closing balance sheet rate).

  On May 21, 2104, Numericable Group S.A. used this term loan facility to refinance its existing debt for a total amount of € 2,750 million, of which € 2,638 million related to the principal amount refinanced and € 88.0 million related to breakage fees and € 77.0 million related to transaction costs on the new issued debt.

- On June 6, 2014, the Group, through its fully owned subsidiary Altice France S.A., exercised a call option it held on shares in Numericable Group S.A. ('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. Subsequent to this transaction, the Group holds a 40% stake in NG.

- On June 27, 2014, the Company issued an additional 17,935,575 shares in a private placement at a share price of €50.8 per share. The total amount raised during this capital increase was €911.1 million. Part of this share issuance will be used to finance the acquisition of an additional stake of 14.6% shares in the Numericable Group and another part was used to reimburse the margin loan at Altice France.

Significant Events without impact on the condensed financial statements as of June 30, 2014

- On April 5, 2014, the Board of Vivendi S.A. announced that it had unanimously accepted an offer from Altice, via Numericable, to acquire SFR, the second largest mobile operator in France.

  On June 23, 2014, Vivendi, Altice and Numericable signed the contract for the final sale and purchase of SFR by Numericable, after successfully concluding talks with different works councils involved.

As per the terms of the agreement, Vivendi will receive € 13,500 million in cash (excluding any purchase price adjustments), along with a 20% share in the new Numericable/SFR group, with the possibility to sell its stake to Altice after a lock-up period of one year.

Vivendi is also eligible to receive an earn-out of up to €750 million, depending on the financial performance of the new Numericable/SFR group.

The closing of this acquisition is subject to certain conditions, notably to obtaining of approval from French anti-trust authorities, who are in the process of studying the proposal submitted to them by Numericable on June 24, 2013.

- On May 16, 2014, Numericable Group S.A. announced that it had entered into exclusive talks with Omer Telecom to acquire Virgin Mobile, the largest MVNO operator in France.

  Numericable's offer was based on an enterprise value of € 325 million, of which € 200 million will be financed by Vivendi. On June 27, 2014, all parties announced that a SPA had been signed between Numericable Group S.A and the owners of Omer telecom to acquire 100% of the company. This acquisition is also subject to certain conditions, notably obtaining approval from French anti-trust authorities.

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 following section highlights principal risks and uncertainties as evaluated by the Board for the six month period following June 30, 2014.

Our substantial leverage could adversely affect our business, financial condition and results of operations and prevent us from fulfilling our obligations under the different financing we entered into.

We have significant debt and debt service requirements and may incur additional debt in the future. Our significant level of debt could have important consequences, including, but not limited to, the following:

- making it more difficult for us to satisfy our financial obligations;
- requiring that a substantial portion of our cash flows from operations be dedicated to servicing debt, thereby reducing the funds available to us to finance our operations, capital expenditures, research and development and other business activities, including maintaining the quality of and upgrading our network;

- impeding our ability to obtain additional debt or equity financing, including financing for capital expenditures, and increasing the cost of any such funding, particularly due to the financial and other restrictive covenants contained in the agreements governing our debt;

- impeding our ability to compete with other providers of pay television, broadband Internet services, fixed-line telephony services, mobile services and B2B services in the regions in which we operate;

- restricting us from exploiting business opportunities or making acquisitions or investments;

- increasing our vulnerability to, and reducing our flexibility to respond to, adverse general economic or industry conditions;

- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive and economic environment in which we operate; and

- adversely affecting public perception of us and our brands.

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

As of June 30, 2014, our primary floating rate debt obligations (excluding finance leases and other liabilities) were in an amount equivalent to EUR 4,940 million comprising of the 2013 Term Loan, the Altice Six margin loan and the 2014 Numericable term loans. In addition, any amounts we borrow under the Revolving Credit Facilities or the 2013 Guarantee Facility will bear interest at a floating rate. Further, as of June 30, 2014 we had an amount equivalent to EUR149.2 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, Coditel, Outremer and Le Cable is the Euro. The primary transactional currency of Green is Swiss Francs. 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 and the Swiss Franc has fluctuated significantly in recent years and may continue to fluctuate significantly in the future. 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 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 98% of the Altice International Group's networks is Docsis 3.0-enabled and over an aggregate of approximately 85% of the Numericable Group's networks is Docsis 2.0- or Docsis 3.0-enabled, in each case as of December 31, 2013. 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.

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, SFR 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. SFR and Free have also announced that they would make their 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. As of December 31, 2013, Bezeq had already deployed FTTx to 400,000 households and businesses in Israel and it is planning to have covered 1,000,000 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 SMEs and 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.

A weak economy and negative economic development in Israel, France, Belgium, the French Overseas Territories, Luxembourg, Portugal, Switzerland and the Dominican Republic, may jeopardize our growth targets and may have a material adverse effect on our business, financial condition and results of operations.

Negative developments in, or the general weakness of, the economy in Israel, France, Belgium, the French Overseas Territories, Luxembourg, Portugal, Switzerland or the Dominican Republic, in particular increasing levels of unemployment, may have a direct negative impact on the spending patterns of retail consumers, both in terms of the products they subscribe for and usage levels. Because a substantial portion of our revenue is derived from residential subscribers who may be impacted by these conditions, it may be (i) more difficult to attract new subscribers, (ii) more likely that certain of our subscribers will downgrade or disconnect their services and (iii) more difficult to maintain ARPUs at existing levels. In addition, we can provide no assurances that a deterioration of any of these economies will not lead to a higher number of non-paying customers or generally result in service disconnections. Similarly, a deterioration in economic conditions in the countries in which we offer B2B services (France, Portugal, Belgium, Luxembourg, Switzerland and the Dominican Republic) or wholesale services (France) would be likely to adversely affect the demand for and pricing of such services. Therefore, a weak economy and negative economic development in the markets in which we operate may jeopardize our growth targets and may have a material adverse effect on our business, financial condition and results of operations. We are currently unable to predict the extent of any of these potential adverse effects. Recently, the general economic, labor market and capital market conditions in the EMEA region (including Israel), including certain of the jurisdictions in which we operate, and other parts of the world have undergone significant turmoil. In addition, general market volatility has resulted from uncertainty about sovereign debt and fear that the governments of countries such as Cyprus, Greece, Portugal, Spain, Ireland and Italy may default on their financial obligations. Furthermore, continued hostilities in the Middle East and recent tensions in North Africa could adversely affect the Israeli economy. Additionally, the Dominican Republic economy depends to a significant degree on global tourism and the health of the US economy and remains vulnerable to external shocks (e.g., economic declines in other emerging market countries). Any decrease in visitors, a downturn in the US economy or such external shocks could have a material adverse effect on economic growth in the Dominican Republic. These conditions could also adversely affected access to capital and increased the cost of capital. Although we believe that our capital structure will provide sufficient liquidity, there is no assurance that our liquidity will not be affected by changes in the financial markets or that our capital resources will at all times be sufficient to satisfy our liquidity needs. If these conditions continue or become worse, our future cost of debt and equity capital and access to the capital markets could be adversely affected.

With the completion of the Tricom Acquisition on March 12, 2014 and the ODO Acquisition on April 9, 2014, we now have operations in the Dominican Republic and are exposed to economic, political and other risks related to the Dominican Republic.

With the completion of the Tricom Acquisition and the ODO Acquisition we have acquired operations in the Dominican Republic. We have no prior history of operating in the Dominican Republic. The Dominican Republic is an emerging market economy and as such is more vulnerable to market volatility as well as political and economic instability than developed markets. Risks associated with operating in the Dominican Republic include, but are not limited to:

- high interest rates;
- devaluation or depreciation of the currency;
- inflation;
- changes in governmental economic, tax or other policies;
- the potential reintroduction of exchange controls;
- the scarcity of available foreign exchange;
- significant oil price increases;
- economic and political instability; and
- expropriation and political violence or disturbance.

ODO and Tricom's operations could be affected by changes in the economic or other policies of the Dominican Republic government or other political, regulatory or economic authorities in the country. Historically, past governments have intervened in the nation's economy. Among other things, past governments have historically imposed import and export and exchange rates controls. Future developments in Dominican Republic politics, such as changes in economic or other government or other political, regulatory or economic authorities, including government induced effects on inflation, devaluation and economic growth, could adversely affect ODO and Tricom's businesses, financial conditions or results of operations.

Historically, the Dominican Republic has experienced high rates of inflation. Inflation, as well as government efforts to combat inflation or stabilize the Dominican Peso, has in the past had significant negative effects on the Dominican economy, most recently in 2003 and 2004, when inflation rates, as measured by the Dominican Consumer Price Index (Indice de Precios al Consumidor, or the Dominican CPI) were 42.7% and 28.7%, respectively. Inflation rates since then, as measured by this index, were 7.4% in 2005, 5.0% in 2006, 8.9% in 2007, 4.5% in 2008, 5.8% in 2009, 6.2% in 2010, 7.8% in 2011 and 3.9% in 2012.

Each of these factors could, individually or in the aggregate, have a material adverse effect on ODO and Tricom's business, reputation, financial conditions or result of operations.

ODO's activities may be affected by Indotel's decisions regarding the granting, amendment or renewal of frequency licenses.

ODO's activities as a mobile network operator in the Dominican Republic are subject to regulation and supervision by various Dominican Republic authorities, in particular the Dominican Institute for Telecommunications ("Indotel"). Since 2002, Indotel has issued a series of decrees and resolutions in order to implement the National Frequency Allocation Plan ("PNAF"), the objective of which is to reorganize the radio spectrum in the Dominican Republic and make more bands available for operators to provide mobile services. Frequency migration is currently in progress and concerns ODO among other operators. For example, Orange must migrate from its current 1800Mhz frequency to another frequency to be allocated to it in the 2110 2155Mhz band in order to comply with PNAF provisions, which pair the 1700Mhz frequency with the 2100Mhz frequency. Spectrum entitlement rights relating to the migrated bands remain in dispute among various telecom operators. In addition, Indotel has not confirmed the final step in a frequency swap assigning the 1720 1730 MHZ and the 2120 2130 MHz ranges to ODO in exchange for other frequencies.

Indotel launched a public auction in October 2011 to allocate the frequencies made available in the modified radio spectrum, including the 900MHz (downlink). ODO qualified as a bidder and prepared documentation to present its offer. However, Arcoiris de Television, Colorvision, Supercanal and Satel/Grupo Telemicro filed oppositions claiming that they owned certain of the frequencies that were for sale. In response, Indotel postponed the public auction and has so far only ruled on Arcoiris Television's claim. The auction was recently completed and ODO obtained the frequency spectrum that it had bid for. Indotel has ruled in the favour of ODO in two of the three cases above, but the claimants have made appeals in higher courts. The outcome of these appeal hearings and hence any decisions by regulators or decisions regarding the granting, amendment or renewal of the frequency licenses, to us or to third parties, could materially and adversely affect our business, financial condition and results of operations following the ODO Acquisition.

ODO's ability to extend its 4G/LTE service offering beyond its current limitations is subject to the finalization of the public auction.

ODO currently only offers limited 4G/LTE services in the Dominican Republic due to certain restrictions imposed on it by Indotel following a claim by Claro, the incumbent operator in the Dominican Republic, which alleged ODO's 4G/LTE services amounted to an improper use of spectrum, violated public auction terms and constituted anti-competitive practices. These restrictions limit ODO's right to offer 4G LTE services through a USB device for wireless Internet access in five original areas of sale in Santo Domingo. Following Indotel's subsequent declaration that ODO had not committed the violations alleged by Claro, it elected to allow ODO to re-launch its offer subject to the limitations mentioned above. ODO's further deployment of 4G/LTE remains conditional on its successful acquisition of additional frequencies that support 4G/LTE services. Indotel has announced its intention to resume the public auction of additional frequencies in the near term. In addition, Tricom has sufficient bandwidth in the relevant spectrum band and currently offers 4G/LTE services nationwide. Following the consummation of the ODO Acquisition, ODO expects to be able to leverage Tricom's spectrum entitlement to extend the reach of its 4G/LTE services. However, in the event the restrictions imposed by Indotel continue in place or ODO is unable to acquire additional frequencies for any reason (within the context of the public auction process or otherwise), its ability to provide 4G/LTE services will be significantly limited, which may have a material adverse effect on its results of operations.

Our growth prospects depend on a continued demand for cable based and mobile products and services and an increased demand for bundled and premium offerings.

The use of Internet, television and fixed-line telephony and mobile services in certain of the jurisdictions in which we operate has increased sharply in recent years. For example, Israel has become one of the most highly penetrated countries for such services, broadly in line with countries in Western Europe. We have benefited from this growth in recent years and our growth and profitability depend, in part, on a continued demand for these services in the coming years. We rely on our multiple-play and premium television services in most of the jurisdictions in which we operate to attract new customers and to increase our revenue per customer by migrating existing customers to such services. Therefore, if demand for multiple-play products and premium television services does not increase as expected, this could have a material adverse effect on our business, financial condition and 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 Defence Forces Law, 1987, the Israel Defence 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.

If we fail to successfully introduce new technologies or services, or to respond to technological developments, our business and level of revenue may be adversely affected and we may not be able to recover the cost of investments that we have made.

Our business is characterized by rapid technological change and the introduction of new products and services. If any new or enhanced technologies, products or services that we introduce fail to achieve broad market acceptance or experience technical difficulties, our revenue growth, margins and cash flows may be adversely affected. As a result, we may not recover investments that we make in order to deploy these technologies and services. Enhanced television, fixed- line telephony, broadband Internet infrastructure access and mobile services provided by competing operators may be more appealing to customers, and new technologies may enable our competitors to offer not only new services, but to also offer existing standard services at lower prices. We may not be able to fund the capital expenditures necessary to keep pace with technological developments. Our inability to obtain the funding or other resources necessary to expand or further upgrade our systems and provide advanced services in a timely manner, or successfully anticipate the demands of the marketplace, could adversely affect our ability to attract and retain customers and generate revenue.

We anticipate that over time, new products and services we may introduce will require upgraded or new customer premises equipment, which may therefore constrain our ability to market and distribute such new services. For example, we do not expect that previously installed Internet modems or set-top boxes will be able to support all the enhancements we may introduce to our broadband Internet or pay television services over time. A portion of our subscribers will therefore require some form of upgrade or potentially a replacement of their customer premises equipment. Implementing such upgrades may entail additional costs to us and could delay the introduction of enhanced services and therefore reduce our cash flow and profitability, particularly where customers rent such customer premise equipment from us.

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, 99% of the Predecessor Entities' networks is Docsis 3.0-enabled as of June 30, 2014. 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.

Our competitors may deploy fiber and/or VDSL2 networks allowing for download speeds and bandwidths which may rival those achieved by our network.

Bezeq, through its DSL network, is the leading broadband Internet infrastructure access provider in Israel with 1.2 million subscriptions as of June 30, 2013 including business and residential customers. Based on Bezeq's public filings, Bezeq is currently rolling out a Fiber-to-the- Cabinet ("FTTC") infrastructure. Bezeq has reported that, as of June 30, 2013, approximately 98% of its 1.2 million broadband 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 already deployed FTTH to 200,000 households and businesses in Israel and that it was planning to have covered 400,000 homes and businesses with fiber by the end of 2013.

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 SMEs and 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.

We depend on hardware, software and other providers of outsourced services, who may discontinue their services or products, seek to charge us prices that are not competitive or choose not to renew contracts with us.

We have important relationships with several suppliers of hardware, software and related services that we use to operate our pay television, broadband Internet, fixed-line telephony, mobile and B2B businesses. In certain cases, we have made substantial investments in the equipment or software of a particular supplier, making it difficult for us to quickly change supply and maintenance relationships in the event that our initial supplier refuses to offer us favorable prices or ceases to produce equipment or provide the support that we require. For example, while we continue to promote a rapid take up of our premium triple-play services, which combines premium television services including, VOD functionality, HD technology and recording capabilities, very high-speed Internet and fixed-line telephony, using a single set-top box in several of our geographies including Portugal, Belgium and Luxembourg (and which we plan to roll out in Israel in 2014), we face potential risks in securing the required customer set-top box equipment to maintain this roll out as we currently rely on a single provider to provide us with such equipment. Currently, we have a sufficient supply of these boxes available, but a future shortage may involve significant delays in seeking an alternative supply, may constrain our ability to meet customer demand and may result in increased customer churn. Further, in the event that hardware or software products or related services are defective, it may be difficult or impossible to enforce recourse claims against suppliers, especially if warranties included in contracts with suppliers have expired or are exceeded by those in our contracts with our subscribers, in individual cases, or if the suppliers are insolvent, in whole or in part. In addition, there can be no assurances that we will be able to obtain the hardware, software and services we need for the operation of our business, in a timely manner, at competitive terms and in adequate amounts. In particular, in the case of an industry-wide cyclical upturn or in the case of high demand for a particular product, our suppliers of software, hardware and other services may receive customer orders beyond the capacity of their operations, which could result in late delivery to us, should these suppliers elect to fulfill the accounts of other customers first. We have, from time to time, experienced extensions of lead times or limited supplies due to capacity constraints and other supply-related factors, as well as quality control problems with service providers. We may also not be able to recover monies paid to such suppliers or obtain contractual damages to which we may be entitled (if any) in the event our suppliers fail to comply with their obligations in a timely manner.

We also outsource some of our support services, including parts of our subscriber services, information technology support, technical services, and maintenance operations. Should any of these arrangements be terminated by either contract party, this could result in delays or disruptions to our operations and could result in us incurring additional costs, including if the outsourcing counterparty increases pricing or if we are required to locate alternative service providers or in-source previously outsourced services.

Further, we are dependent on certain suppliers with respect to our mobile services in Israel who we may not be able to replace without incurring significant costs. With respect to our 3G mobile operations, we have engaged NSN Nokia Solutions and Networks ("NSN") as a turnkey contractor to plan and build the new UMTS network. With respect to our iDEN-based mobile services, we are dependent on Motorola Solutions which, to the best of our knowledge, holds all the rights to and is the sole provider of infrastructure equipment and end- user equipment for this technology. A cessation or interruption in the supply of the products and/or services by NSN or Motorola Solutions may harm our ability to provide our mobile services to our subscribers.

Our ability to renew our existing contracts with suppliers of products or services, or enter in to new contractual relationships with these or other suppliers, upon the expiration of such contracts, either on commercially attractive terms, or at all, depends on a range of commercial and operational factors and events, which may be beyond our control. The occurrence of any of these risks or a significant disruption in our supply of equipment and services from key sourcing partners could create technical problems, damage our reputation, result in the loss of customer relationships and have a material adverse effect on our business, financial condition and results of operations.

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. 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 Israel, any delays or technical difficulties in establishing our UMTS 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 Belgium, Luxembourg and Portugal and plan to roll out in Israel in 2014, 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, Numericable, Cabovisão, ONI and Only are well-recognized brands in Israel, Belgium and Luxembourg, Portugal and the French Overseas Territories, as applicable. 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 SFR and Virgin Mobile acquisitions, the SFR and Virgin Mobile brands 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.

In addition, we market our products and services in Belgium and Luxembourg and the French Overseas Territories under the Numericable brand pursuant to trademark licensing agreements between our subsidiaries and Numericable France. These agreements contain usual termination clauses for breach of contract or insolvency, but also a termination right for Numericable France in case of a change of control of our subsidiaries. There is no assurance that the agreements will be renewed at the end of their terms, or that they could not be terminated earlier by Numericable France. In such a case we would probably not be able to find similar advantageous arrangements with other parties. If we were to lose the benefits that these agreements provide, it may have a material adverse effect on our business and results of operations.

Acquisitions and other strategic transactions present many risks including the risk that we may not be able to integrate newly acquired operations into our business, which may prevent us from realizing the strategic and financial goals contemplated at the time of any such transaction and thus adversely affect our business.

Historically, our business has grown, in part, through a significant number of selective acquisitions that enabled us to take advantage of existing networks, service offerings and management expertise. Since 2010, we have acquired the HOT telecommunications group in Israel, Cabovisão and ONI in Portugal, Outremer in the French Overseas Territories as well as majority controlling equity interests in Coditel with operations in Belgium and Luxembourg, the Numericable Group in France and ODO and Tricom in the Dominican Republic. In addition, we entered into agreements to acquire SFR in France, which remains subject to regulatory approval in France. We expect to continue growing our business through acquisitions of cable and telecommunications businesses that we believe will present opportunities to create value by generating strong cash flows and operational synergies.

Any acquisition or other strategic transaction we may undertake in the future could result in the incurrence of debt and contingent liabilities and an increase in interest expenses and amortization expenses related to goodwill and other intangible assets or in the use by us of available cash on hand to finance any such acquisitions. We may experience difficulties in integrating acquired operations into our business, incur higher than expected costs and not realize all the anticipated benefits or synergies of these acquisitions, if any. Such transactions may also disrupt our relationships with current and new employees, customers and suppliers. In addition, our management may be distracted by such acquisitions and the integration of the acquired businesses. Thus, if we consummate any further acquisitions or fail to integrate any previous acquisitions, there could be a material adverse effect on our business, financial condition or results of operations. In addition, our debt burden may increase if we borrow funds to finance any future acquisition, which could have a negative impact on our cash flows and our ability to finance our overall operations. If we use available cash on hand to finance acquisitions pursuant to our acquisition strategy, our ability to make dividend payments may be limited or we may not be able to make such dividend payments at all. There can be no assurance that we will be successful in completing business acquisitions or integrating previously acquired companies.

There can be no assurance that we will receive the required governmental approvals and meet the other conditions required to consummate the SFR Acquisition. Furthermore, acquisitions of additional telecommunications companies may require the approval of governmental authorities (either at country or, in the case of the EU, European level), which can block, impose conditions on, or delay the process which could result in a failure on our part to proceed with announced transactions on a timely basis or at all, thus hampering our opportunities for growth. In the event conditions are imposed and we fail to meet them in a timely manner, the relevant governmental authority may impose fines and, if in connection with a merger transaction, may require restorative measures, such as mandatory disposition of assets or divestiture of operations.

Although we analyze and conduct due diligence on acquisition targets, our assessments are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations and our inquiries may fail to uncover relevant information. There can be no assurance that our assessments or due diligence of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from our expectations. Moreover, our plans to acquire additional businesses in the future are subject to the availability of suitable opportunities. Our competitors may also follow similar acquisition strategies and may have greater financial resources available for investments or may be willing to accept less-favorable terms than we can accept, which may prevent us from acquiring the businesses that we target to the benefit of our competitors.

We are exposed to, and currently engaged in, a variety of legal proceedings, including several existing and potential class action lawsuits in Israel and the Dominican Republic.

In addition to a number of legal and administrative proceedings arising in the ordinary course of our business, we have been named as defendants in a number of civil proceedings related to our cable and mobile services, which may result in civil liabilities against us or our officers and directors. These include, amongst other, consumer claims regarding, for example, our tariff plans and billing methods and claims by competitors, which may result in significant monetary damages and civil penalties. The costs that may result from these lawsuits are only accrued when it is more likely than not that a liability, resulting from past events, will be incurred and the amount of that liability can be quantified or estimated within a reasonable range. The amount of the provisions recorded in our historical consolidated financial statements as of December 31, 2013 in respect of each lawsuit, which in the aggregate amounted to €18.0 million, is based on a case-by-case assessment of the risk level of each individual lawsuit, and events arising during the course of legal proceedings may require a reassessment of this risk. Our assessment of risk is based both on the advice of legal counsel and on our estimate of the probable settlement amounts that are expected to be incurred, if such a settlement will be agreed by both parties.

In Israel, plaintiffs in these proceedings are often seeking certification as class actions. These claims are generally for significant amounts and may require us to initiate or defend protracted and costly litigation, regardless of the merits of these claims.

In addition, on October 1, 2013 in the Dominican Republic, Servicio Ampliado de Teléfonos, C. por A. ("Satel") filed a complaint for damages against ODO, claiming violation by ODO of Satel's spectrum entitlements relating to frequencies 941-960Mhz and an alleged violation of articles 105, 103 of Law 153-98 and Article 47 of General Regulation of Use of the Radioelectric Spectrum No. 128-04. Satel seeks US$298 million in damages from ODO. However, on October 23, 2013, Satel voluntarily withdrew its claim. If any of these claims or claims that may arise in the future succeed, we may be forced to pay damages or undertake other actions which could affect our business and results of operations.

There are uncertainties about the legal framework under which we own and operate our network in Belgium and Luxembourg.

In Belgium and in Luxembourg, we built our network pursuant to agreements which we entered into during the 1960s and the 1970s with municipalities which authorized us to build and operate a television cable network in their territory. Since then, the regulatory framework has changed. In particular, the right of certain of the municipalities to receive royalty payments in consideration for the grant of the authorization, to reclaim ownership of the network and to regulate the prices at which we offer our services are arguably incompatible with the liberalization of the telecommunications market within the European Union. These uncertainties are compounded by the fact that the national laws adopted to implement European Union directives did not necessarily deal with these issues, that these agreements were sometimes renewed after the new regulatory regime was entered into force but were not amended to reflect such changes and by the lack of authoritative case law on the subject creating uncertainties as to the status of these networks and the rights of the different interested parties. Furthermore, there is no uniformity among these agreements. These uncertainties have led to litigation, including with the Roeser and Junglinster municipalities in Luxembourg which are currently pending on appeal. If we were to lose what we believe is the ownership of our network and our right to operate it in such litigation or in any new litigation, or because of any new law or regulation that would be favorable to the municipalities' claims, this would have a material adverse effect on our business, results of operations and financial condition.

Our financial condition may be adversely affected if the market price of the publicly traded shares of Numericable decreases.

A significant portion of our assets is comprised of equity securities of the Numericable Group the shares of which are publicly traded since its initial public offering in November 2013 (the "Numericable IPO"). As of the date hereof, we own approximately 74.6% of the share capital of Numericable and we control the Numericable Group. Following the consummation of the SFR transaction, we expect to own approximately 59.7% of the share capital of Numericable. The stock price of the shares of the Numericable Group is subject to volatility and fluctuations due to market conditions and other factors which are often unrelated to operating results and which are beyond our control. Fluctuations in the market price and valuations of our holdings in the Numericable Group may also thereby impact our results of operations. If the value of our assets decreases significantly as a result of a decrease in the value of our interest in the Numericable Group, our business, operating results and financial condition may be materially and adversely affected. The carrying value of our net investment in the Numericable Group may differ from the market value of the shares.

Risks Relating to Legislative and Regulatory Matters

We can only operate our business for as long as we have licenses from the relevant authorities in the jurisdictions in which we operate.

We are required to hold licenses to own and operate our networks and to broadcast our signal to our customers. These licenses generally require that we comply with applicable laws and regulations, meet certain solvency requirements and maintain minimum levels of service.

In France, ARCEP ensures that operators comply with the laws and regulations set forth in the CPCE and, where applicable, that they respect the conditions of any individual authorizations granted. While our operations do not require specific authorizations from ARCEP, we must declare our activities and register with ARCEP. Until recently, the sanctions available to ARCEP if an operator failed to comply with the regulatory framework, as set forth in Article L. 36-11 of the CPCE, included limiting the scope or reducing the term of the operator's license, as well as suspending or even fully withdrawing the operator's registration. ARCEP could also impose fines representing up to 3% of the operator's annual revenue, or 5% in the event of a repeated breach and, if ARCEP identified a serious and immediate infringement of the rules governing the sector, it could order precautionary measures without any requirement for prior notice. In addition, if an infringement could cause serious harm to an operator or the market, the chairman of ARCEP could make an emergency application to the French *Conseil d'Etat* for an order requiring the party concerned to comply with the applicable rules and impose a daily fine until such party complies. On July 5, 2013, however, the *Conseil constitutionnel* (the constitutional court in France), ruling on a question by the Numericable Group challenging the constitutionality of Article L. 36-11 of the CPCE through a procedure known as *question prioritaire de constitutionalité*, invalidated the power of sanction of ARCEP set forth in Article L. 36-11, paragraphs 1 through 12, of the CPCE. An ordinance dated March 12, 2014 has restored the power of sanction of the ARCEP, but which henceforth complies with the principle of separation of investigative and sanctioning powers.

In Israel, we conduct our operations pursuant to licenses granted to us by the Israeli Ministry of Communications and by the Council for Cable and Satellite Broadcasting for specified periods, which may be extended for additional periods upon our request to the Israeli Ministry of Communications and confirmation that we have met certain performance requirements. Our broadcast license is valid until 2017, our domestic operator license for fixed-line telephony and broadband Internet infrastructure access is valid until 2023, our UMTS-based mobile license is valid until 2031 and our general international telecommunications service provider license is valid until 2032. There is no certainty, however, that the licenses will be renewed or extended in the future or that they will not be cancelled or changed by the Israeli Ministry of Communications. Any cancellation or change in the terms of our licenses may materially affect our business and results of operations. Furthermore, although we believe that we are currently in compliance with all material requirements of our licenses, the interpretation and application of the technical standards used to measure these requirements, including the requirements regarding population coverage and minimum quality standards and other license provisions, disagreements have arisen and may arise in the future between the Israeli Ministry of Communications and us. We have provided significant bank guarantees to the Israeli Ministry of Communications to guarantee our performance under our licenses. If we are found to be in material breach of our licenses, the guarantees may be forfeited and our licenses may be revoked. In addition, the Israeli Ministry of Communications is authorized to levy significant fines on us for breaches of our licenses.

Should we fail to comply with these requirements or the requirements of any of our other licenses, we may be subject to financial penalties from the relevant authorities and there may also be a risk that licenses could be partially or totally withdrawn. The imposition of fines and/or the withdrawal or non-renewal of licenses could have a material adverse effect on our results of operations and financial condition and prevent us from conducting our business.

In the Dominican Republic, ODO was awarded a concession to and are licensed to provide telecommunications services. ODO's concession was originally granted under a concession agreement with Indotel in 1996. In the event that the concession agreement expires and ODO has not submitted a request to renew, according to applicable law, Indotel may automatically renew the agreement for another 20 year term or terminate the agreement. If ODO correctly files all of the documentation for renewal and remains in compliance with all of Indotel's policies and regulations, Indotel should approve the renewal request, however we cannot guarantee approval. In addition, ODO currently holds a number of frequency license certificates issued by Indotel. All of ODO's frequency licenses are valid until August 1, 2015. We cannot guarantee that Indotel will approve ODO's renewal request for its concession or for its frequency licenses. Furthermore, certain regulatory approvals, such as new build permits, may be required for ODO to operate antenna sites with other frequencies /frequency bands, in particular where the shift is made from a higher frequency band (e.g., 1800 MHz) to a lower frequency band (e.g., 900 MHz). To the extent that ODO seeks to operate antenna sites with other frequencies/frequency bands in the future, failure to obtain such regulatory approvals could have a negative impact on the coverage of its network. If Indotel does not renew ODO's concession or frequency licenses or if ODO fails to obtain any regulatory approvals that are required, our business, financial condition and results of operations following the ODO Acquisition could be materially adversely affected.

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. We cannot assure 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 any of our key executives and employees could cause significant disruptions in our business operations, which could materially adversely affect our results of operations.

In our business, we rely on sales forces and call center employees to interface with the major part of our residential customers. Their reliability is key, as is our relationship with employee representatives. Some of our employees currently belong to organized unions and works councils, and we cannot assure that more employees will not form or join unions in the future. An increase in the number of our unionized employees could lead to an increased likelihood of strikes, work stoppages and other industrial actions. In addition, we also face the risk of strikes called by employees of our key suppliers of materials or services as well as our installation providers, which could result in interruptions in the performance of our services. Although we monitor our labor relations, we cannot predict the extent to which future labor disputes or disturbance could disrupt our operations, cause reputational or financial harm or make it more difficult to operate our businesses.

The interests of Next L.P., our majority shareholder, may conflict with our interests or your interests as holders of the Notes.

Next L.P. owns 63.2% of the voting interests in the Issuer 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 Issuer falls below 30% of the fully diluted share capital of the Issuer, to present all new corporate opportunities it believes are capable of execution and relating to a relevant opportunity to the Issuer. These obligations, or other needs of the Numericable Group, could result in the Numericable Group not being able to declare any dividends.

Risks Relating to the SFR Acquisition

The SFR Acquisition is subject to significant uncertainties and risks.

The consummation of the SFR Acquisition is subject to the conditions set out in the Acquisition Agreement, including regulatory antitrust approval from the French Competition Authority. In addition, the completion of the SFR Acquisition is subject to consultation with the Work's Council, which may delay the completion of SFR Acquisition. The regulator is likely to consider, among other things, the potential impact of the combination between the Numericable Group and SFR on competition between telecoms operators in France. There can be no assurance that the regulator will approve the SFR Acquisition or, if such approvals are granted, it may make such approval conditional on us taking certain actions, such undertaking divestures of certain SFR or Numericable Group assets. Furthermore, in the case that the French Competition Authority requires any concessions from us, demands that we implement remedies to approve the SFR Acquisition or imposes other conditions in approving the Acquisition Agreement, the Acquisition Agreement does not allow for a reduction in the purchase price and requires us to complete the Acquisition. There can be no assurance that such approval will be obtained in a timely manner if at all or that such approval may not be subject to conditions which we cannot comply with in a satisfactory manner or which may be materially adverse the Combined France Group's operating results, our ability to integrate the operations of the Numericable Group and SFR or to achieve the anticipated synergies from the SFR Acquisition. Following the consummation of the Acquisition, the French Electronic Communications regulator (ARCEP) may also require the Combined France Group to allow the hosting of or the use by other mobile operators of its cable network. We therefore cannot assure that we will be permitted to undertake the SFR Acquisition, do so in a timely fashion or do so without the implementation of burdensome remedies. Moreover, the SFR Acquisition is also subject to litigation risk that is customary for transactions of this type and may be challenged by shareholders, competitors or creditors, which may result in us being required to pay significant amounts to claimants, or in the case of the SFR Acquisition, delay or prevent the acquisitions from closing.

Furthermore, certain agreements, such as shareholders' agreements governing certain JVs, partner, supplier or client contracts and content agreements contain change of control provisions that permit the other party to terminate the agreement in the event a change of control of SFR. We therefore cannot assure that these agreements will not be terminated or renegotiated. Although we are currently working to mitigate such transitional issues, we cannot guarantee that these efforts will be successful.

SFR will not be controlled by us until completion of the SFR Acquisition.

We currently do not own SFR. We will not acquire SFR until completion of the SFR Acquisition. The SFR Acquisition is subject to regulatory approval. We cannot assure you that during the interim period the business of SFR will be operated in the same way that we would operate it. In addition, until the Completion Date, SFR and its subsidiaries will not be subject to any of the restrictive covenants of the Indentures.

ADDITIONAL DISCLOSURES

Pursuant to Article 11 of the Luxembourg Law on Takeovers of May 19, 2006, the Company also discloses the following:

Any resolutions aiming to amend the Articles shall require the holding of an extraordinary general meeting that only validly deliberates if one half of the capital is present or represented and provided that the agenda priory circulated prior to such meeting indicated the proposed amendment(s) to the Articles. If the first of these conditions is not satisfied, a second meeting may be convened, in the manner prescribed by the Law and the Articles. Such convening notice shall reproduce the agenda and indicate the date and the results of the previous meeting. The second meeting shall validly deliberate regardless of the number of shares present or represented. At both meetings, resolutions, in order to be adopted, must be carried by at least two-thirds (2/3) of the votes cast.

SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

For the six month period ended June 30, 2014, the Company or its subsidiaries had limited transactions with related parties.

A summary of the related party transactions is presented below:

A. ***Trading and financial transactions***

Consolidated Income and expenses	Revenue	Operating expenses	Financial expenses
		June 30, 2014 ***(€ in million)***	
Shareholders	-	-	(0.8)
Executive directors	-	(1.0)	-
Associated companies	0.1	(1.8)	(0.2)
TOTAL	**0.1**	**(2.8)**	**(1.0)**

Assets	Loans and receivables	Trade accounts receivable and other	Current accounts
		June 30, 2014 ***(€ in million)***	
Shareholders	0.2	-	-
Executive directors	-	-	-
Associated companies	-	0.1	0.3
TOTAL	**0.5**	**0.1**	**0.3**

Liabilities	Other financial liabilities	Trade accounts payable and other payables	Current accounts
	June 30, 2014 *(€ in million)*		
Shareholders	-	-	-
Executive directors	-	-	-
Associated companies	1.2	0.6	-
TOTAL	**1.2**	**0.6**	-

Transactions with related parties:

Operating expenses: Main transactions include

- Expenses recorded by different operating entities of the Altice International Group, namely Coditel, MCS, MTVC and WSG against Numericable Group S.A and i24 News for a total of €0.6 million.
- Expenses recorded as Management fees paid by MCS to Altice IV (€0.3 million).
- Payments made to Titan Consulting (€0.4 million) and DKQT consulting (€0.6 million) as consulting fees.

Financial expenses:

- Interest expenses recorded on Master ALPECs issued by Altice International S.a.R.L and subscribed by Next LP, which were converted into equity of the Company upon its admission to the Amsterdam Stock Exchange for a total amount of €0.8 million
- €0.2 million recorded as interest expenses by Altice VII on a vendor loan granted by Altice IV, which was contributed in exchange for equity in the Company on admission for IPO.

Other financial liabilities

- A shareholder loan of €0.6 million granted to Green.ch by its Managers, who are also minority shareholders in the Company.
- A loan provided by Altice VII Bis, a sister company of Altice France S.A., for a total amount of €0.6 million.

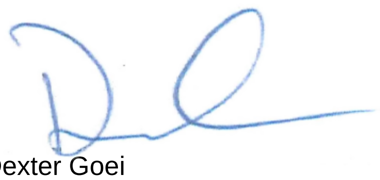
Statement of Responsible Persons

We confirm, to the best of our knowledge, that:

1. The condensed consolidated financial statements of Altice S.A. as at and for the three month and six month period ended June 30, 2014, prepared in conformity with International Accounting Standards 34, *Interim Financial Reporting*, as adopted in the European Union, give a true and fair view of the assets and liabilities, financial position, profit or loss of the Company and significant off balance sheet arrangements.

2. The interim management report includes a fair review of the material events that occurred in the first six months of the financial year 2014 and their impact on the condensed consolidated financial statements, of the main related party transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

By order of the Board of Directors



Dexter Goei

Chief Executive Officer

Dennis Okhuijsen

Chief Financial Officer

Altice S.A.

(Société anonyme)

Condensed consolidated financial statements as of and for the three and six month periods ended June 30, 2014

Condensed consolidated statement of income

For the three and six months ended June 30, 2014

	Notes	Six months ended June, 2014	Six months ended June, 2013	Three months ended June 30, 2014	Three months ended June 30, 2013
		(in millions of euros)			
Revenues		1,415.1	572.6	836.7	288.5
Purchase and subcontracting services		(340.6)	(158.9)	(203.2)	(76.6)
Other operating expenses		(187.9)	(80.3)	(108.6)	(41.6)
Staff costs and employee benefit expenses	10	(118.1)	(65.6)	(67.6)	(31.3)
General and administrative expenses		(47.3)	(17.1)	(24.6)	(9.9)
Other sales and marketing expenses		(88.5)	(17.9)	(59.2)	(9.3)
Operating profit before depreciation, amortization, management fees, restructuring, non-recurring-costs and other expenses		**632.6**	**232.7**	**373.6**	**119.7**
Depreciation and amortization		(376.8)	(177.7)	(214.8)	(92.3)
Management fees		(0.5)	(0.8)	(0.1)	(0.6)
Restructuring, non-recurring costs and other expenses	12	(61.1)	(15.5)	(33.2)	(8.1)
Operating profit		**194.2**	**38.6**	**125.5**	**18.8**
Gain arising on step acquisition	11	256.3	-	-	-
Finance income		46.7	56.9	46.4	9.5
Finance costs		(542.0)	(105.1)	(389.0)	(61.7)
Share in income of associates		1.3	11.4	-	8.6
(Loss)/ Profit before income tax (expenses)/benefits		**(43.6)**	**1.7**	**(217.1)**	**(24.9)**
Income tax benefit/(expenses)	15	2.2	(13.1)	(2.9)	(3.9)
Loss for the period		**(41.4)**	**(11.4)**	**(220.0)**	**(28.8)**
Attributable to equity holders of the parent		43.4	(6.0)	(117.5)	(26.1)
Attributable to non-controlling interests		(84.8)	(5.4)	(102.5)	(2.6)
Earnings per share (expressed in €)					
Basic		0.25	(0.03)	*(0.57)*	*(0.13)*
Diluted		*(0.03)*	*(0.03)*	*(0.74)*	*(0.11)*

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

Condensed consolidated statement of other comprehensive income

For the three and six months ended June 30, 2014

	Notes	Six months ended June, 2014	Six months ended June, 2013	Three months ended June 30, 2014	Three months ended June 30, 2013
			(in millions of euros)		
Loss for the period		**(41.4)**	**(11.4)**	**(220.0)**	**(28.8)**
Other comprehensive income					
Exchange differences on translating of foreign operations		(13.7)	1.4	(13.8)	**(1.5)**
Net fair value gain on available-for-sale financial assets		4.5	-	0.9	**-**
Cash flow hedge, net of taxes		(123.9)	-	(123.9)	**-**
Employee benefits		(0.2)	0.2	-	-
Total comprehensive income for the period		**(174.7)**	**(9.8)**	**(356.8)**	**(30.1)**
Attributable to equity holders of the parent		(36.2)	(5.1)	(200.5)	(38.3)
Attributable to non-controlling interests		(138.6)	(4.7)	(156.3)	8.2
Earnings per share (expressed in €)					
Basic		*(0.21)*	*(0.03)*	*(0.98)*	*(0.19)*
Diluted		*(0.39)*	*(0.02)*	*(1.07)*	*(0.16)*

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

Condensed consolidated statement of financial position

As of June 30, 2014

	Notes	June 30, 2014	December 31, 2013
		(in millions of euros)	
ASSETS			
Current assets			
Cash and cash equivalents		1,133.7	61.6
Restricted cash	4	13,152.2	1,242.8
Trade and other receivables		640.1	232.2
Inventories		74.3	11.0
Current tax assets		100.3	14.6
Total current assets		**15,100.5**	**1,562.2**
Non-current assets			
Deferred tax assets		371.8	47.4
Investment in associates	11	2.9	679.1
Financial assets		66.4	50.6
Trade and other receivables		25.1	22.8
Property, plant & equipment		2,958.0	1,134.2
Intangible assets		958.5	579.6
Goodwill	3	4,640.2	1,100.7
Total non-current assets		**9,022.8**	**3,614.4**
Total assets		**24,123.3**	**5,176.6**

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

Condensed consolidated statement of financial position

As of June 30, 2014

	Notes	June 30, 2014	December 31, 2013
		(in millions of euros)	
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	8	232.8	59.7
Deferred revenue		160.2	55.9
Trade and other payables		1,326.8	517.4
Other current liabilities	8	50.2	15.9
Provisions		2.4	31.1
Current tax liabilities		110.4	57.1
Total current liabilities		**1,882.8**	**737.0**
Non-current liabilities			
Borrowings	8	19,600.2	3,741.0
Loans from related parties	8	-	100.7
Other financial liabilities	8	560.8	271.6
Deferred revenue		116.3	10.6
Trade and other payables		23.4	29.0
Retirement benefit obligations		19.2	8.2
Provisions		98.2	-
Deferred tax liabilities		173.2	183.1
Total non-current liabilities		**20,591.4**	**4,344.2**
Equity			
Issued capital	5	2.2	-
Additional Paid In Capital	5	1,968.4	-
Other reserves	7	(80,1)	-
Accumulated losses		(292.9)	-
Total equity attributable to the shareholders of the parent		**1,597.7**	**95.8**
Non-controlling interests		51.3	(0.5)
Total equity		**1,649.0**	**95.3**
Total liabilities and equity		**24,123.3**	**5,176.6**

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

Condensed consolidated statement of changes in equity

For the six months ended June 30, 2014

	Issued capital	Share Premium	Other Reserves	Net income	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
				(in millions of euros)			
Equity at January 1, 2013	-	-	272.8	-	**272.8**	5.2	**278.0**
Loss for the period	-	-	-	(11.4)	**(11.4)**	(5.4)	**(16.8)**
Other comprehensive income	-	-	3.3	-	**3.3**	-	**3.3**
Transaction with shareholders	-	-	(231.6)	-	**(231.6)**	-	**(231.6)**
Other movements	-	-	0.2	-	0.2	0.5	0.7
Equity at June 30, 2013	**-**	**-**	**44.7**	**(11.4)**	**33.3**	**0.3**	**33.6**

	number of issued shares	Share capital	Additional paid in capital	Retained losses	Reserves: Currency reserve	Reserves: Cash Flow hedge	Reserves: Available for sale	Reserves: Employee Benefits & Share based payments	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Equity at January 1, 2014	-	-	438.4	(336.3)	(6.7)	-	(0.4)	0.8	**95.8**	(0.5)	**95.3**
Incorporation of Altice S.A.	3,100,000	-	-	-	-	-	-	-	-	-	-
Contribution of Altice France and Altice International	172,900,000	1.7	(66.8)	-	-	-	-	-	**(65.0)**	-	**(65.0)**
Issuance of new shares	46,970,617	0.5	1,701.5	-	-	-	-	-	**1,702.0**	-	**1,702.0**
Recognition of share based payment		-	-	-	-	-	-	5.5	**5.5**	-	**5.5**
Change in scope		-	-	-	-	-	-	-	-	194.1	**194.1**
Transaction with non-controlling interests		-	(104.7)	-	-	-	-	-	**(104.7)**	(3.6)	**(108.3)**
Cash-flow hedge net of taxes		-	-	-	-	(70.7)	-	-	**(70.7)**	(53.2)	**(123.9)**
Comprehensive income		-	-	43.4	-	-	-	-	**43.4**	(84.9)	**(41.4)**
Other comprehensive income		-	-	-	(13.3)	-	4.9	(0.2)	**(8.6)**	(0.6)	**(9.2)**
Equity at June 30, 2014	**222,970,617**	**2.2**	**1,968.4**	**(292.9)**	**(20.0)**	**(70.7)**	**4.5**	**6.1**	**1,597.7**	**51.3**	**1,649.0**

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

Condensed consolidated statement of cash flows

for the six months ended June 30, 2014

	Notes	June 30, 2014	June 30, 2013
		(€ in millions)	
Loss for the period		**(41.4)**	**(11.4)**
Adjustments for :			
Depreciation and amortization		376.8	177.7
Share in income of associates		(1.3)	(11.4)
Gains and losses on disposals		-	(0.9)
Gain on step acquisition		(256.3)	-
Expense related to stock options	10	7.7	-
Other non-cash operating gains and losses		(3.4)	(0.1)
Net cash provided by operating activities before changes in working capital, finance costs and income tax		**80.6**	**153.9**
Finance costs, net		495.3	48.2
Income tax (gain)/expense recognised in profit and loss		2.2	13.1
Income tax paid		(7.5)	(0.7)
Changes in working capital		11.5	(49.0)
Net cash provided by operating activities		**581.8**	**165.5**
Purchases of tangible and intangible assets		(353.3)	(118.0)
Proceeds from disposal of assets		2.5	
Acquisitions of available for sale financial assets		-	(15.5)
Increase/(Decrease) of restricted cash	4	(11,908.7)	0.8
Transactions with non-controlling interests	2	(121.7)	(90.1)
Net payments on acquisition of subsidiaries	2	(1,525.9)	-
Net cash used in investing activities		**(13,906.9)**	**(222.7)**
Proceeds from issuance of shares	5	1,636.7	-
Shareholder contribution		-	1.8
Proceeds from debt issuance	8	15,928.6	200.0
Repayment of debt	8	(2,747.5)	(28.1)
Distribution to CPEC’s holders		(190.0)	(40.5)
Interest paid		(238.4)	(86.1)
Net cash provided by/ (used in) financing activities		**14,389.4**	**47.2**
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1.2)	0.1
Net increase in cash and cash equivalents		**1,063.2**	**(10.0)**
Cash and cash equivalents at the beginning of the period		61.6	129.8
Net (decrease)/increase in cash and cash equivalents		1,063.2	(10.0)
Cash and cash equivalents at the end of the period		**1,124.8**	**119.7**
Cash and cash equivalent		*1,133.7*	*119.7*
Bank overdraft		*(8.9)*	-

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

Note 1 - Nature of the business, basis of preparation and accounting policies

Nature of the business

Altice S.A. (the "Company") is a public limited liability company (*Société Anonyme*) incorporated in the Grand Duchy of Luxembourg whose head office is in Luxembourg and has been formed on January 3, 2014. 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".

Altice France

Altice France holds shares in Numericable Group ("NG"), a French group listed on Euronext Paris. Numericable Group is a French cable television service provider. Its core products are premium digital television packages, which are available to households in areas that are triple-play enabled. They also provide French consumers with broadband Internet, fixed telephony, and mobile telecommunications services.

Additionally to the Business To Consumer ("B2C") described above and through its main operational subsidiary, Completel S.A.S., Numericable Group operates the largest alternative fiber-to-the-office ("FTTO"), network in France, constituting the third alternative Digital Subscriber Line ("DSL") network in France. Completel S.A.S. provides business customers with a comprehensive service offering, which includes data transmission, very high speed Internet, telecommunications services, convergence and mobility solutions, through fiber and DSL networks.

Altice International

Altice International offers a variety of services over its cable and mobile infrastructure, including, but not limited to, pay television, broadband Internet access, fixed-line telephony and mobile telephony to residential customers, and, to a lesser extent, corporate customers, depending on the country. Available cable-based service offerings depend on the bandwidth capacity of its cable networks and whether they have been upgraded for two-way communications. Most of Altice International's operating subsidiaries operate Docsis 3.1 enabled networks. Where possible, Altice International Group intends to deploy the same technologies and equipment across its footprints to generate economies of scale and common knowledge. In addition, the Altice International Group companies aim at sharing skills and best practices across the various operations of Altice International Group.

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 services and, in certain areas, exclusive content, purchased or produced. The Altice International Group tailors its basic and premium channel line-up to each country of operation according to culture, demographics, programming preferences and local regulation. The Altice International Group also offers broadband Internet access services and fixed-line telephony in all its footprints. It also owns and operates mobile infrastructures in certain geographies (French Overseas Territories, Dominican Republic) and offers mobile services through an MVNO (Israel, Mobile Virtual Network Operator) arrangement in Belgium.

Altice International's operational entities operate in the following geographies listed below. When possible, Altice international tries to achieve convergence and integration between existing cable and mobile networks.

- Israel (Cable and mobile)
- Dominican Republic (Cable and mobile)
- French Overseas Territories (Cable and mobile)
- Portugal (Cable)
- Belgium and Luxembourg (Cable and mobile through MVNO)
- Others (mainly cable based operations in Switzerland, content companies and holding activities)

Basis of presentation

The condensed consolidated financial statements of the Company as of and for the six months ended June 30, 2014 have been prepared in accordance with International Accounting Standard ("IAS") No. 34 "Interim Financial Reporting". They should be read in conjunction with the annual consolidated financial statements and the notes thereto as of and for the year ended December 31, 2013 which have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS").

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 Group has opted to account for this transaction using the book values, and the condensed consolidated financial statements disclose the amounts as if the contribution of the equity securities of Altice France and Altice International had occurred before January 1, 2010. For this reason, the financial information presented for comparative purposes reflect the historical assets, liabilities, revenues, expenses and cash flows that were directly related to the sub-groups, Altice France and Altice International, which formed two separate groups as of December 31, 2013.

The comparative data presented for the condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the six and three months period (as applicable) from January 1, 2013 to June 30, 2013 for comparison purposes correspond to the condensed combined financial statements of Altice France and the Altice International Group (hereinafter referred to as the "Two Groups"). Such condensed combined consolidated statements have not been subject to an audit or a review in accordance with any International Standards on Auditing or International Standards on Review Engagements.

Accounting policies

The condensed consolidated financial statements have been prepared on an historical cost basis, except for (i) available for sale financial assets, (ii) derivative financial instruments which are measured at market value and (iii) inventories which are measured at the lower of net realizable value or cost. The accounting policies used to prepare the condensed consolidated financial statements are similar to those described in Note 2 to the consolidated financial statements as of and for the year ended December 31, 2013, except for the election of hedge accounting for certain derivatives.

There were no other significant effects on the condensed consolidated financial statements as a result of the adoption of any of the below mentioned standards or interpretations.

New standards applied for the first time in the current period

For the period ended June 30, 2014, the Company has applied the following amendments to IAS standards, made compulsory for annual periods beginning on or after January 1, 2014.

- Amendments to IAS 39–Novation of Derivatives and Continuation of Hedge Accounting:

  Under the revised standard, the novation of a hedging instrument should not be considered as an expiration or termination giving rise to the discontinuation of hedge accounting when a hedging derivative is novated. This amendment has no impact on the condensed consolidated financial statements of the Company.

- Amendments to IAS 36–Recoverable Amount Disclosures:

  The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. This amendment has no impact on the condensed consolidated financial statements of the Company.

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

Judgments

In the process of applying the significant accounting policies, the Group has exercised its judgment and has taken into account matters which have the most significant impact on the amounts that have been recognized in the consolidated financial statements.

Estimates and assumptions

The preparation of the condensed consolidated financial statements requires the Group to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period in which the estimate changes.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (herein after referred to as “CGU” or “CGUs”) 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 CGUs 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.

Legal claims

In estimating the likelihood of outcome of legal claims filed against the Consolidated 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 significantly from these estimates.

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.

Deferred tax asset

Deferred tax assets relate primarily to tax losses carried forward and to deductible temporary differences between reported amounts and the tax basis of assets and liabilities. The assets relating to the tax losses carried forward are recognized if it is probable that the Group will generate future taxable profits against which these tax losses can be offset. Evaluation of the Group’s capacity to utilize tax losses 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 losses carried forward.

Hedge accounting

As outlined in note 19 to the consolidated financial statements of the Company for the year ended December 31, 2013, the Company has implemented a policy for managing risks related to their investments, assets and liabilities. As part of its activities, the Company and its subsidiaries regularly issue debt in currencies other than their functional currencies. In order to manage the interest or foreign exchange rate risk associated with such instruments, the Company makes use of various derivative financial instruments designed to mitigate such risk.

The Company measures all derivative financial instruments based on fair values derived from market prices of the instruments or from option pricing models, as appropriate. Gains or losses arising from changes in the fair value of derivatives are recognized in the statement of operations, except for derivatives that are highly effective and qualify for cash flow hedge accounting.

The effective portion of changes in the fair value of a derivative that is designated and that qualifies as a cash flow hedge is recorded in other comprehensive income. Amounts deferred in other comprehensive income are recorded in the consolidated statement of income in the periods when the hedged item is recognized in the consolidated statement of income and within the same line item. Any ineffective portion of changes in the fair value of the derivative is recognized directly in the consolidated statement of income.

The Company formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When a hedging instrument is sold, terminated, expires or is exercised the cumulated unrealized gain or loss on the hedging instrument is maintained in equity until the forecasted transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss, which had been recognized in equity, is reported immediately in the consolidated statement of income.

For instruments not accounted for as cash flow hedges, gains or losses arising from changes in fair value of derivatives and gains or losses realized upon settlement of derivatives are recognized in the consolidated statement of income.

Note 2 – Main changes in the scope of consolidation

2.1 France

Numericable Group S.A. ("NG")

On February 3, 2014 the Group, through its direct subsidiary Altice France S.A., completed the acquisition of a 10% stake in Numericable Group S.A. (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 Numericable Group, as well as the Chairman of the Board, whose vote is considered to be casting in case of a tie.

Since February 3, 2014, NG contributed €552.0 million to the Group revenue and €123.5 million to the Group operating profit for the six months ended June 30, 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 €317.0 million on a cash free, debt free basis. Additionally, in accordance with the share purchase agreement, the Group paid an earnout to the vendors amounting to € 42.1 million, bringing the total consideration transferred 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 change in control):	€193.3 million
Total consideration for acquisition of additional shares (including earnout):	€359.1 million
Fair value of NG at acquisition:	€1,489.1 million

The provisional value of assets transferred in consideration for the values mentioned above amounted to €2,506.2 million, comprising mainly of intangible assets for a net value of €302.6 million, property, plant and equipment for a total value of €1,468.7 million, financial assets for a total value of €11.3 million and trade and other receivables for a total amount of €519.1 million. Total liabilities amounted to €3,682.7 million, comprising of €2,842.7 million of non-current liabilities and €840.0 million of current liabilities. The residual value of € 2,665.6 million was recognised provisionally as goodwill.

The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of NG. The Company is continuously assessing the fair valuation of the identifiable assets and liabilities assumed and shall complete this exercise within twelve months from the acquisition date.

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

Fair value at acquisition	€1,489.1 million
Fair value of identifiable assets, liabilities and contingent liabilities	€ (1,176.5) million
Goodwill	€2,665.6 million

2.1.1 Acquisition of SFR

On April 5, 2014, the Board of Vivendi S.A. (“Vivendi”) announced that it had unanimously accepted an offer from Altice, via Numericable, to acquire Société Française du Radiotéléphone (“SFR”), the second largest mobile operator in France.

On June 23, 2014, Vivendi, Altice and Numericable signed the final sale and purchase agreement of SFR by Numericable, after successfully concluding talks with different works councils involved.

As per the terms of the agreement, Vivendi will receive € 13,500 million in cash (excluding any purchase price adjustments), along with a 20% share in the new Numericable/SFR group, with the possibility to sell its stake to Altice after a lock-up period of one year.

Vivendi is also eligible to receive an earn-out of up to €750 million, depending on the financial performance of the new Numericable/SFR group.

The closing of this acquisition is subject to certain conditions, notably to obtaining approval from French anti-trust authorities, which are in the process of studying the proposal submitted to them by Numericable on June 24, 2014.

2.1.2 Acquisition of Virgin Mobile

On May 16, 2014, Numericable Group S.A. announced that it had entered into exclusive talks with Omer Telecom to acquire Virgin Mobile, the largest MVNO operator in France.

Numericable’s offer was based on an enterprise value of € 325 million, of which € 200 million will be financed by Vivendi. On June 27, 2014, all parties announced that a Share and Purchase Agreement (“SPA”) had been signed between Numericable Group S.A and the owners of Omer Telecom to acquire 100% of the company. This acquisition is also subject to certain conditions, notably obtaining approval from French anti-trust authorities.

2.2 Dominican Republic

Tricom S.A. and Global Interlinks Limited (“Tricom” and “GLX”)

On March 12, 2014, the Group, through its indirect subsidiary, Altice Dominican Republic, completed the acquisition of an approximately 97.2% stake in Tricom S.A., a cable and mobile operator with a 4G license based in the Dominican Republic, and Global Interlinks limited, the owner of a submarine cable, through which it sells data and voice transmission services to other operators based in the region (and including its sister concern, “Tricom S.A”). 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 Global Interlinks contributed €47.6 million in revenue and €7.3 million to operating profit to the Group's result for the six months ended June 30, 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 entities amounted to €299.2 million on a cash free, debt free basis.

The total value of assets transferred in consideration for the values mentioned above amounted to €214.8 million, comprising mainly of intangible assets for a net value of €4.4 million, property, plant and equipment for a total value of €133.2 million and trade and other receivables for a total amount of €67.3 million. Total liabilities amounted to €82.7 million, comprising of €40.8 millionof non-current liabilities and €41.9 million of current liabilities. Additionally, adjustments related to the conversion of the opening balance from US GAAP to IFRS standard led to an increase in fixed assets of €2.8 million, thus increasing the net value of assets transferred to €134.9million. The residual value of €164.3 million was recognised provisionally as goodwill.

The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of Tricom S.A. and Global Interlinks Limited. The Company is continuously assessing the fair valuation of the identifiable assets and liabilities assumed and shall complete this exercise within twelve months from the acquisition date.

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

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., the leading mobile operator in the Dominican Republic. ODO operates a high end, 4G enabled mobile network in the Dominican Republic covering up to 86% of the territory of the Dominican Republic.

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 Global Interlinks mentioned above and completes the formation of an integrated telecoms group in the Dominican Republic.

Since April 9, 2014, ODO contributed €107.0 million to the Group revenue and €27.4 million to the Group operating profit for the six months ended June 30, 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 €1,034.0 million on a cash free, debt free basis.

The total value of assets transferred in consideration for the values mentioned above amounted to €433.5 million, comprising mainly of intangible assets for a net value of €34.8 million, property, plant and equipment for a total value of €229.0 million and trade and other receivables for a total amount of €113.5 million. Total liabilities amounted to €103.7 million, comprising of €8.7 million of non-current liabilities and €94.1 million of current liabilities.

In addition to the assets transferred and as part of the provisionally purchase price allocation, two additional assets were identified being the capitalisation of subscriber acquisition costs and the intangible asset corresponding to the value of the Orange brand. Subscriber acquisition costs were capitalised as part of the alignment of accounting principles of ODO with Altice Group policies. The net book value of such assets was ascertained to be €2.7 million as at the date of acquisition. The right for the continued use of the Orange brand was valued on a preliminary basis at €19.9 million. This value is subject to revision, following the finalisation of the purchase price allocation for ODO.

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 €20.8 million ($ 28.5 million). This investment is recorded as capital investment in the accounts of Orange Dominicana as of June 30, 2014, however, it relates to an investment that was not paid for by the Group.

The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of Orange Dominicana S.A.. The Company is continuously assessing the fair valuation of the identifiable assets and liabilities assumed and shall complete this exercise within twelve months from the acquisition date.

It is has been decided by the Management of the Company to combine the cash generating units present in the Dominican Republic in order to accurately represent the CGUs as tracked and monitored by the Management. Please see note 3 for more information.
Goodwill has been provisionally recognised as a result of the acquisitions (including Tricom and GLX) as follows:

Total consideration transferred	€1,333.2 million
Fair value of identifiable assets, liabilities and contingent liabilities	€491.7 million
Goodwill	€841.5 million

2.3 French Overseas Territories ("FOT")

<u>Mobius S.A.S. ("Mobius")</u>

On January 15, 2014, the Company, through its subsidiary, Altice Blue Two S.A.S., obtained control over Mobius, a telecommunications operator in the French Overseas Territories (La Reunion), by acquiring 99.9% 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 €9.0 million to revenue and €0.1 million to the Group operating profit for the six months ended June 30, 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 of intangible assets for a net value of €7.1 million, property, plant and equipment for a total value of €1.2 million, financial assets for a total value of €3.2 million and trade and other receivables for a total amount of €2.9 million. Total liabilities amounted to €13.8 million, comprising of €5.1 of non-current liabilities and €8.7 million of current liabilities. The residual value of €17.8 million was recognised provisionally as goodwill.

- The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of Mobius. The Company is continuously assessing the fair valuation of the identifiable assets and liabilities assumed and shall complete this exercise within twelve months from the acquisition date.

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	€1.0 million
Goodwill	€17.8 million

In summary, the profit and loss of these new subsidiaries for the period from January 1, 2014 to the date of their entry into the Group's accounts is given below:

	NG	Tricom	ODO
	(in € millions)		
Revenues	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)	(14.3)
Management fees	-	(0.8)	(2.9)
Operating profit	**18.8**	**8.2**	**25.5**
Profit for the period	**4.6**	**5.4**	**19.3**

2.4 Acquisition of non-controlling interests – Numericable Group S.A.

On June 6, 2014, the Group, through its fully owned subsidiary Altice France S.A., exercised a call option it held on shares in Numericable Group S.A. ('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.. Subsequent to this transaction, the Group holds a 40% stake in NG.

2.5 Acquisition of non-controlling interests – Altice Blue Two S.A.S. ("ABT")

As per the agreement signed on March 13, 2014, the managers of Outremer Telecom ("OMT") contributed a 17.5% stake held directly in ABT 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 plus two separate earn-out clauses that could become applicable only upon the achievement of certain operational and financial targets and the settlement of certain lawsuits.

Note 3 - Goodwill

Goodwill is reviewed for impairment at each CGU level, annually and whenever changes in circumstances indicate that its carrying amount may not be recoverable. For 2013, goodwill was tested for impairment at the CGU level as of December 31. CGUs were at the time determined to coincide with subsidiaries of the Company.

For the six months period ended June 30, 2014, the Management has decided to reorganize the way the cash generating units (CGUs) 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 9). To this end, CGUs will 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 Management to acquire new structures in the regions where it was already operating. Management 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 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), 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 CGU as a whole. Moreover, internal tracking and monthly financial and operation reviews performed by Management are based on specific geographies and not on individual companies, thus the new presentation provides an accurate vision of how Management tracks and runs its businesses internally.

The recoverable amounts of the CGUs are determined based on their value in use. The Company determined value in use for the purpose of its impairment testing and, accordingly, did not determine the fair value of the CGUs as the carrying value of the CGUs was lower than their value in use. The key assumptions for the value in use calculations are primarily the pre-tax discount rates, the EBIT margin, the terminal growth rate and the churn rate during the period.

The value in use of the CGUs was determined by estimating cash flows for a period of five years, giving due consideration to the nature of the industry in which each CGU operates. 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 management.

The Board of Directors has determined that there have not been any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable and therefore no updated impairment model analysis has been carried out nor any impairment recorded for the period ended June 30, 2014.

	December 31, 2013	Business combinations	Impairment losses	Changes in foreign currency translation	Disposals	June 30, 2014
			(in millions of euros)			
France	-	2,665.6	-	-	-	2,665.6
Dominican Republic	-	841.5	-	5.2	-	846.7
Israel	620.3	-	-	10.9	-	631.2
FOT	293.9	17.8	-	-	-	311.7
Belux	295.5	-	-	-	-	295.5
Switzerland	17.8	0.5	-	-	-	18.3
Portugal	1.3	-	-	-	-	1.3
Total Gross Value	**1,228.7**	**3,525.4**	**-**	**16.1**	**-**	**4,770.4**
France	-	-	-	-	-	-
Dominican Republic	-	-	-	-	-	-
Israel	(128.0)	-	-	(2.2)	-	(130.2)
FOT	-	-	-	-	-	-
Belux	-	-	-	-	-	-
Switzerland	-	-	-	-	-	-
Portugal	-	-	-	-	-	-
Total Cumulative impairment	**(128.0)**	**-**	**-**	**(2.2)**	**-**	**(130.2)**
France	-	2,665.6	-	-	-	2,665.6
Dominican Republic	-	841.5	-	5.2	-	846.7
Israel	492.3	-	-	8.7	-	501.0
FOT	293.9	17.8	-	-	-	311.7
Belux	295.5	-	-	-	-	295.5
Switzerland	17.8	0.5	-	-	-	18.3
Portugal	1.3	-	-	-	-	1.3
Total Net book value	**1,100.7**	**3,525.4**	**-**	**13.9**	**-**	**4,640.2**

Note 4 – Restricted cash

The main changes in restricted cash for the period are shown below:

	December 31, 2013	Additions (new debt in escrow)	Use of restricted cash	June 30, 2014
		(in million of euros)		
Altice S.A.	-	4,193.4	-	4,193.4
Altice Finco S.A.	290.1	-	(290.1)	-
Altice Financing S.A.	952.7	-	(952.7)	-
Numericable Group S.A.	-	8,958.8	-	8,958.8
Total Value	**1,242.8**	**13,152.2**	**(1,242.8)**	**13,152.2**

The restricted cash at period end is composed of the proceeds of the issuance of borrowings described in note 8. In order to finance the acquisition of SFR, the Company and Numericable Group S.A. issued debt in the form of Senior Secured Notes and term loans. The issuance of these borrowings was completed on May 8, 2014 and the proceeds from such issuance were deposited on an escrow account awaiting for approval of the SFR transaction by the regulatory authorities. As mentioned in note 2, the cash consideration due to Vivendi for the sale and transfer is set at € 13,500 million (not taking into account certain contractual adjustments).

The acquisition of SFR will be financed using cash currently held in escrow at Numericable Group and the Company as follows:

- Cash held in escrow at Numericable - € 8,770 million;
- Rights issue subscribed by Altice France- € 3,528 million; and
- Rights issue subscribed by public/free float - € 1,202 million.

The remaining cash will be used to pay transaction fees associated with the debt issuance and acquisition.

The restricted cash held at December 31, 2013 has been used to fund acquisitions in Dominican Republic, as described in note 3.

Note 5 – Issued capital and share premium

5.1 Issued capital

As of June 30, 2014 the authorised share capital is EUR 5 million of ordinary shares and a maximum of EUR 20,000,000 of Class B shares.

As of June 30, 2014, total issued capital of the Company amounts to € 2.2 million, and is composed of 222,970,617 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 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 €29.7 million, while the fees linked to the placement of existing shares have been recognized in profit and loss under the "Restructuring, non-recurring costs and other expenses" caption (See note 12).

On June 27, 2014, the Company issued an additional 17,935,575 shares in a private placement at a nominal value of € 0.01 for an amount of € 910.9 million. Part of this share issuance will be used to finance the acquisition of an additional stake of 14.6% shares in the Numericable Group; see note 18.

5.2 Additional Paid in Capital

Total of the Group amounted to € 1,968.4 million and results from:

	June 30, 2014 (in millions of euros)
Contribution in kind - shareholders debt	371.5
Proceeds from primary offering	720.0
Contribution in kind - Valemi vendor note	6.7
Contribution in kind - Mobius	4.6
Contribution in kind - ABT Minorities	55.2
Transactions with non-controlling interests	(104.7)
Share issuance under management investment plan	4.2
Private placement of new shares	910.9
Total	**1,968.4**

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 share premium is mainly due to proceeds of the IPO and the issuance of new shares under the private placement described in note 5.1 for which the proceeds will be mainly used for purchase of additional shares in Numericable Group S.A..

Note 6 – Earnings per share

	Six months ended June, 30 2014	Six months ended June, 30 2013	Three months ended June 30, 2014	Three months ended June 30, 2013
	(in € millions except as stated otherwise)			
Earnings				
Earnings for the period	43.4	(6.0)	(117.5)	(26.1)
Basic earnings per share (in €)	*0.25*	*(0.03)*	*(0.57)*	*(0.13)*
Number of shares				
Weighted average number of ordinary shares for basic EPS	173.0	173.0	205.6	205.6
Effect of dilutive potential ordinary shares:				
Stock options and management investment plan	9.4	9.4	9.4	9.4
Shares to be provided to other shareholders (1)	24.8	24.8	24.8	24.8
Weighted average number of ordinary shares for the purposes of diluted EPS	**207.2**	**207.2**	**239.8**	**239.8**
Diluted earnings per share (in €)	*(0.03)*	*(0.03)*	*(0.74)*	*(0.11)*

(1) See note 17 – Acquisition of additional shares in Numericable Group from other minority shareholders

Note 7 – Other reserves

For the six month period ended June 30, 2014, the Group adopted hedge accounting for the first time, to account for new cash flow hedging agreements entered into by the Group. See note 8.3 for more details.

Note 8 – Borrowings and other financial liabilities

Total financial liabilities are broken down as follows:

	June 30, 2014	December 31, 2013
	(in millions of euros)	
Borrowings	19,600.2	3,741.0
Loans from related parties	-	100.7
Finance leases	30.8	23.4
Other financial liabilities	129.6	105.9
Financial instruments	400.3	142.3
Non-current liabilities	**20,160.9**	**4,113.3**
Borrowings	32.9	26.4
Finance leases(*)	35.1	11.4
Bank overdraft	8.9	-
Other financial liabilities (*)	15.1	4.5
Accrued interest	191.0	33.3
Current liabilities	**283.0**	**75.6**
Total	**20,443.9**	**4,188.9**

* together shown under “other current liabilities” in the statement of financial position

8.1 Borrowings

Borrowings are composed of bonds and loans from financial institutions. As at June 30, 2014, the details of the bonds and borrowings from financial institutions are given in the sections that follow.

The maturities of borrowings is given below:

	June 30, 2014	< 1 year	One year or more	December 31, 2013
	(in millions of euros)			
Bonds	14,585.5	26.8	14,558.7	2,554.0
Borrowings from financial institutions	5,047.6	6.1	5,041.5	1,213.4
Total	**19,633.1**	**32.9**	**19,600.2**	**3,767.4**

8.1.1 Bonds

During the period, the Group issued several bonds at Altice S.A. and Numericable Group level in connection with the acquisition of SFR which is pending regulatory approval. The proceeds are held on escrow accounts until approval of the transaction, see note 4.

Issuer	Fair value in millions of euros June 30, 2014	Coupon	Year of maturity	Carrying amount June 30, 2014	Carrying amount December 31, 2013
- Debentures	300.9	Between 3.9% and 6.9% + Consumer Price Index	2018	271.6	280.1
- Senior Secured Notes USD 2,900 M	2,256.0	7.75%	2022	2,070.1	-
- Senior Secured Notes EUR 2,075M	2,178.8	7.25%	2022	2,027.6	-
- Senior Secured Notes USD 460 M	366.3	7.875%	2019	322.9	305.1
- Senior Secured Notes EUR 210M	230.5	8.00%	2019	202.6	201.8
- Senior Secured Notes EUR 300M	319.9	6.5%	2022	290.7	292.8
- Senior Secured Notes USD 900M	692.8	6.5%	2022	642.6	637.3
- Senior Notes USD 425M	356.2	9.875%	2020	298.2	309.1
- Senior Notes EUR 250M	288.8	9.00%	2023	245.5	245.3
- Senior Notes USD 400M	322.1	8.125%	2024	284.4	282.5
- Senior Secured Notes USD 2,400M	1,801.3	4.875%	2019	1,753.1	-
- Senior Secured Notes USD 4,000M	3,013.3	6.000%	2022	2,921.8	-
- Senior Secured Notes USD 1,375M	1,048.3	6.250%	2024	1,004.3	-
- Senior Secured Notes EUR 1,000M	1,053.8	5.375%	2022	1,000.0	-
- Senior Secured Notes EUR 1,250M	1,334.4	5.625%	2024	1,250.0	-
Nominal value of bonds	**15,563.3**			**14,585.5**	**2,554.0**
Of which due within one year	*26.8*			*26.8*	*26.8*
Of which due after one year	15,536.5			14,558.7	2,527.2

8.1.2 Loans

A summary of borrowings for financial institutions is presented below:

The increase in the borrowings from financial institutions is mainly explained by the issuance of new term loans by Numericable Group S.A., as part of the financing package raised to consummate the SFR transaction and also to refinance existing debt at Numericable Group S.A.

- The total amount of debt issued as of June 30, 2014 amounted to € 3,799 million, and was composed of three tranches:

    - A EUR tranche of 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);

    - A first USD tranche of 1,394 million (€ 1,018 million equivalent as of June 30, 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);

    - A second USD tranche of 1,206 million (€ 881 million equivalent as of June 30, 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, Numericable Group S.A. used this term loan facility to refinance its existing debt for a total amount of € 2,750 million, of which € 2,638 million related to the principal amount refinanced and € 88.0 million related to breakage fees and € 77.0 million related to transaction costs on the new issued debt.

- In addition to the issuance at Numericable Group S.A., Altice France increased the amount of its margin loan facility by € 121.7 million in order to finance the acquisition of an additional stake in Numericable Group S.A.

8.2 Other financial liabilities

This corresponds mainly to:

- 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;
- 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;
- Deposits for € 44.4 million; and
- Preferred Equity Certificates (“PECs”) for €30.0 million at the level of Deficom Telecom S.à r.l..

8.3 Derivative instruments and hedge accounting

On May 8, 2014, the Company and one of its subsidiary, Numericable Group S.A. 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 EUR 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. As per the provisions of IAS 39, the Company has decided to apply hedge accounting for the first time to record this hedging transaction.

The Company 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	Nominal EUR	Effective date	Termination date (*)	USD coupon	EUR coupon
Fixed/Fixed cross currency swap					
2,900,000,000	2,097,345,773	08/05/2014	15/05/2019-15/05/2022	7.75%	7.07% to 7.73%
7,750,000,000	5,623,000,000	08/05/2014	15/05/2019	From 4.875% to 6.25%	From 4.354% to 5.383%
LIBOR/EURIBOR Interest rate swap					
2,600,000,000	1,880,000,000	08/05/2014	15/05/2019	L+3.75%	E+4.2135% and E+4.2085%

*The swap with one of the counterparty 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, Numericable Group S.A. also entered into hedge transactions with the same counterparties as the Company. The hedges at Numericable 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, Numericable 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 six month and three month period ended June 30, 2014. Before the impact of taxes, an expense of €192.6 million was recorded as OCI (€123.9 million net of taxes).

8.4 Classification and fair value of financial assets and liabilities

The Group has financial instruments with fair values that are determined by reference to significant unobservable inputs i.e. those that would be classified as level 3 in the fair value hierarchy. There have been no transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

The financial instruments that are presented in the condensed consolidated statement of financial position in accordance with their fair value are classified in accordance with groups that have similar characteristics, into hierarchical levels for fair values, as aforesaid, which are determined in accordance with the source of the input that was used for determining the fair value:

- Level 1 - Quoted prices (without adjustments) in an active market for identical assets and liabilities.
- Level 2 - Inputs other than quoted prices that are included in level 1, which can be observed directly or indirectly.
- Level 3 - Inputs that are not based on observable market data (an evaluation technique that does not use observable market data).

As of June 30, 2014, the classification of financial instruments is summarized below:

For the six month period ended June 30, 2014	Recorded Value in Condensed Consolidated Statement of Financial Position	**Level 1** Quoted Prices in active markets for identical assets/liabilities	**Level 2** Significant other observable inputs	**Level 3** Inputs that are not based on observable market data
			(€ in millions)	
Recurring Fair Value Measurements				
Financial assets				
- Wananchi Group	31.9	-	-	31.9
- Partner Communications Co.	7.2	7.2	-	-
- Fiberman S.à r.l.	6.4	-	6.4	-
- Other financial assets at FVTPL	0.2	-	-	0.2
Financial liabilities				
- Other financial liabilities at FVTPL (derivative instruments)	400.3	-	398.4	1.9

For the year ended December 31, 2013	Recorded Value in Condensed Consolidated Statement of Financial Position	**Level 1** Quoted Prices in active markets for identical assets/liabilities	**Level 2** Significant other observable inputs	**Level 3** Inputs that are not based on observable market data
			(€ in millions)	
Recurring Fair Value Measurements				
Financial assets				
- Wananchi Group	31.9	-	-	31.9
- Partner Communication Co.	8.4	8.4	-	-
Financial liabilities				
- Other financial liabilities at FVTPL (derivative instruments)	142.3	-	142.3	-

Note 9 – Segmental analysis

9.1 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 Board of Directors to analyse the business across geographies and then by activity. The following geographies have been identified:

- France
- Israel
- Belgium and Luxembourg (“Belux”)
- Portugal
- French Overseas Territories (“FOT”)
- Dominican Republic
- Others (Switzerland, others)

Activities have been split as follows:

- Fixed
- Mobile
- Others (Content/others)

Following the acquisition and full integration of Numericable Group 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 anticipated acquisition and integration of the French mobile operator SFR into the Group, the Board of Directors 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 Management of the Group. The presentation was amended for comparative purposes for the three months ended June 30, 2013 and the six months ended June 30, 2013.

The businesses that the Group owns and operates do not show significant seasonality.

There are few operational transactions between the different segments defined by Management above. Intersegment revenues are considered to be non-material by Management and, hence, not in the scope of regular operational reviews. Intersegment revenues represented less than 0.5% of total revenues for the three month periods ended June 30, 2014 and 2013, respectively.

9. 2 Segment information

Details regarding revenues, cost of sales and gross profit for our cable, mobile and other segments are as follows. The reconciliation to Profit before income tax (expenses) / benefits is presented below in accordance with the requirements of IFRS 8 (operating segments).

	For the six months ended June 30, 2014							
	France	**Israel**	**Belux**	**Portugal**	**FOT**	**Dominican Republic**	**Others**	**Total**
	(in € millions)							
Fixed								
Revenue	552.0	340.6	35.5	93.8	52.3	43.7	16.0	1,133.8
Cost of sales	(130.9)	(58.4)	(4.7)	(39.3)	(12.5)	(13.3)	(7.7)	(267.0)
Gross Profit	**421.1**	**282.2**	**30.8**	**54.5**	**39.8**	**30.3**	**8.3**	**866.8**
Mobile								
Revenue	-	86.4	0.8	-	65.4	110.9	-	263.4
Cost of sales	-	(25.7)	(0.8)	-	(15.9)	(26.0)	-	(68.4)
Gross Profit	**-**	**60.6**	**-**	**-**	**49.5**	**84.9**	**-**	**194.9**
Others								
Revenue	-	-	-	-	-	-	18.0	18.0
Cost of sales	-	-	-	-	-	-	(5.1)	(5.1)
Gross Profit	**-**	**-**	**-**	**-**	**-**	**-**	**12.9**	**12.9**
Total Revenue	**552.0**	**427.0**	**36.2**	**93.8**	**117.7**	**154.6**	**33.9**	**1,415.1**
Total cost of sales	**(130.9)**	**(84.1)**	**(5.6)**	**(39.3)**	**(28.5)**	**(39.3)**	**(12.8)**	**(340.6)**
Total Gross Profit	**421.1**	**342.8**	**30.7**	**54.5**	**89.3**	**115.2**	**21.1**	**1,074.5**
(Loss)/profit before income tax expenses	**(142.1)**	**21.4**	**(0.8)**	**(12.4)**	**17.6**	**34.5**	**38.2**	**(43.6)**

	For the three months ended June 30, 2014							
	France	**Israel**	**Belux**	**Portugal**	**FOT**	**Dominican Republic**	**Others**	**Total**
				(in € millions)				
Fixed								
Revenue	334.8	171.9	17.7	47.8	25.0	36.1	7.9	641.2
Cost of sales	(80.4)	(29.8)	(2.2)	(20.5)	(5.1)	(11.7)	(3.8)	(153.5)
Gross Profit	**254.4**	**142.2**	**15.5**	**27.3**	**20.0**	**24.4**	**4.2**	**487.7**
Mobile								
Revenue	-	41.9	0.3	-	33.2	110.9	-	186.4
Cost of sales	-	(12.6)	(0.4)	-	(7.8)	(26.0)	-	(46.7)
Gross Profit	**-**	**29.4**	**(0.1)**	**-**	**25.5**	**84.9**	**-**	**139.7**
Others								
Revenue	(0.2)	-	-	-	-	-	9.4	9.1
Cost of sales	-	-	-	-	-	-	(2.9)	(2.9)
Gross Profit	**(0.2)**	**-**	**-**	**-**	**-**	**-**	**6.5**	**6.2**
Total Revenue	**334.5**	**213.8**	**18.1**	**47.8**	**58.2**	**147.0**	**17.3**	**836.7**
Total cost of sales	**(80.4)**	**(42.4)**	**(2.7)**	**(20.5)**	**(12.8)**	**(37.7)**	**(6.7)**	**(203.2)**
Total Gross Profit	**254.1**	**171.5**	**15.4**	**27.3**	**45.4**	**109.3**	**10.6**	**633.5**
(Loss)/profit before income tax expenses	**(172.5)**	**8.3**	**1.9**	**(6.5)**	**9.4**	**33.5**	**(91.4)**	**(217.1)**

	For the six months ended June 30, 2013					
	Israel	**Portugal**	**Belux**	**FOT**	**Others**	**Total**
		(In € millions)				
Fixed						
Revenue	349.3	56.9	35.1	12.4	16.2	469.9
Cost of sales	(69.0)	(17.7)	(5.4)	(1.8)	(8.5)	(102.3)
Gross Profit	**280.5**	**39.2**	**29.7**	**10.6**	**7.6**	**367.6**
Mobile						
Revenue	94.5	-	0.5	-	-	95.0
Cost of sales	(55.4)		(0.3)			(55.6)
Gross Profit	**39.1**	**-**	**0.3**	**-**	**-**	**39.4**
Others						
Revenue	-	-	-	-	7.7	7.7
Cost of sales	-	-	-	-	(0.9)	(0.9)
Gross Profit	**-**	**-**	**-**	**-**	**6.9**	**6.9**
Total Revenue	**443.8**	**56.9**	**35.6**	**12.4**	**23.8**	**572.6**
Total cost of sales	**(124.2)**	**(17.7)**	**(5.7)**	**(1.8)**	**(9.3)**	**(158.9)**
Total Gross Profit	**319.6**	**39.2**	**29.9**	**10.6**	**14.5**	**413.7**
(Loss)/profit before income tax expenses	**19.5**	**(7.5)**	**6.9**	**0.4**	**(17.6)**	**1.7**

	For the three months ended June 30, 2013					
	Israel	**Portugal**	**Belux**	**FOT**	**Others**	**Total**
		(In € millions)				
Fixed						
Revenue	177.6	28.0	17.1	6.3	8.3	237.4
Cost of sales	(31.9)	(8.7)	(2.2)	(1.0)	(4.5)	(48.4)
Gross Profit	**145.7**	**19.3**	**15.0**	**5.3**	**3.7**	**188.9**
Mobile						
Revenue	46.8	-	0.2	-	-	47.1
Cost of sales	(27.6)		(0.2)			(27.8)
Gross Profit	**19.2**	**-**	**-**	**-**	**-**	**19.2**
Others						
Revenue	-	-	-	-	4.0	4.0
Cost of sales	-	-	-	-	(0.2)	(0.2)
Gross Profit	-	-	-	-	-	-
Total Revenue	**224.4**	**28.0**	**17.4**	**6.3**	**12.3**	**288.5**
Total cost of sales	**(59.7)**	**(8.7)**	**(2.4)**	**(1.0)**	**(4.7)**	**(76.6)**
Total Gross Profit	**164.7**	**19.3**	**15.0**	**5.4**	**7.5**	**211.9**
(Loss)/profit before income tax expenses	**11.7**	**(4.9)**	**3.3**	**(0.3)**	**(34.7)**	**(24.9)**

9.3 Definition of EBITDA

In view of the future integration of SFR, the Company has decided to define the 'Earnings before interest, taxes, depreciation and amortization', or EBITDA metric, which is a non-GAAP measure that the Company considers to be an important indicator of its cash generating ability and overall profitability. EBITDA also excludes non-recurring costs related to restructuring, non-recurring costs, management fees and other expenses of a non-cash nature or that the Board of Directors considers to be non-relevant to its regular operating activities. A reconciliation between operating profit before depreciation and amortization is presented below in this note.

9.3.1 Reconciliation between operating income before depreciation and amortisation and EBITDA (In € millions) for the six months ended June 30, 2014

	France	Israel	Belgium & Luxembourg	Portugal	French Overseas Territories	Dominican Republic	Others	Total
Operating profit before depreciation, amortization, management fees, restructuring non-recurring costs and other expenses	**255.7**	**207.3**	**24.7**	**29.9**	**47.6**	**68.4**	**(0.9)**	**632.7**
Expenses related to stock option plan	2.2	-	-	-	-	-	5.5	**7.7**
French value added tax	4.8	-	-	-	-	-	-	**4.8**
Other adjustments	2.3	-	-	-	-	-	-	**2.3**
EBITDA	**265.0**	**207.3**	**24.7**	**29.9**	**47.6**	**68.4**	**4.6**	**647.5**

Note 10 – 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 June 30, 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.

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;
- Each option granted will entitle the holder to acquire one ordinary share of the Company;
- Options will 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 10^{th} 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.

As of June 30, 2014, options totalling a combined nominal value worth €221.85 million had been allotted to different managers of the Company (representing 7.85 million ordinary shares of Altice S.A. at the offering price at IPO). As of the date of this report, no options had been exercised or lapsed.

Based on these conditions, for the six month period ended June 30, 2014, Altice S.A. recorded € 5.5 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 Numericable Group S.A. for its employees and key management personnel, and an expense amounting to € 2.2 million has been recognized for the six month period ended June 30, 2014 (€1.1 million for the three months ended June 30, 2014).

Note 11 – Gain on step acquisition / Investments in associates

On February 3, 2014, Altice France, a direct subsidiary of the Company, completed the acquisition of an additional 10% stake in Numericable Group S.A. (hereafter referred to as NG). This acquisition triggered a change in control of Numericable S.A., 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 carries a casting vote. Thus, for the six month period ended June 30, 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 Numericable Group S.A. 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 condensed consolidated statement of income of Altice S.A. for the six months ended June 30, 2014.

Calculation of carrying amount of investment in associates as of February 3, 2014
(in € million)

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	**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**

Note 12 –Restructuring, non-recurring costs and other expenses

Restructuring, non-recurring costs and other expenses incurred in the six month period ended June 30, 2014 pertain mainly to one-off payments and transaction costs relating to acquisitions or other similar operations. Details are given below:

	6 months ended June 30, 2014	6 months ended June 30, 2013	3 months ended June 30, 2014	3 months ended June 30, 2013
	(in millions of euros)			
HOT Mobile restructuring costs (related to network sharing deal)	14.5	-	3.5	-
Restructuring costs (employee provisions, contract negotiations)	15.9	6.2	8.6	0.7
Restructuring costs	**30.4**	**6.2**	**12.1**	**0.7**
Fees related to the IPO of Altice S.A.	11.3	-	11.3	-
Fees related to the closing of the ODO transaction	6.7	-	5.4	-
Fees related to the SFR transaction	6.5	-	5.1	-
Other deal fees*	6.2	9.3	(0.7)	7.4
Deal fees and other non-recurring costs	**30.7**	**9.3**	**21.1**	**7.4**
Total Restructuring, non-recurring costs and other expenses	**61.1**	**15.5**	**33.2**	**8.1**

***Deal fees incurred in the three and six month period ended June 30, 2013 mainly relate to fees paid for the HOT take private transaction (December 2012) and the Cabovisao minority stake buyout (April 2013)**

Note 13 –Related party transactions

Trading and financial transactions

Consolidated Income and expenses	**Revenue**		**Operating expenses**		**Financial expenses**	
	June 30,					
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	(€ in millions)					
Shareholders	-	-	-	(0.3)	(0.8)	-
Executive directors	-	-	(1.0)	(1.2)	-	-
Associated companies	0.1	-	(1.8)	(0.5)	(0.2)	-
TOTAL	**0.1**	**-**	**(2.8)**	**(2.0)**	**(1.0)**	**-**

Assets	Loans and receivables		Trade accounts receivable and other		Current accounts	
	Dec 31, 2013	**June 30, 2014**	**Dec 31, 2013**	**June 30, 2014**	**Dec 31, 2013**	**June 30, 2014**
			(€ in millions)			
Shareholders	-	0.2	0.2	-	-	-
Executive directors	-	-	-	-	-	-
Associated companies	-	-	0.8	0.1	-	0.3
TOTAL	**-**	**0.2**	**1.0**	**0.1**	**-**	0.3

Liabilities	Other financial liabilities		Trade accounts payable and other		Current accounts	
	Dec 31, 2013	**June 30, 2014**	**Dec 31, 2013**	**June 30, 2014**	**Dec 31, 2013**	**June 30, 2014**
			(€ in millions)			
Shareholders	100.7	-	-	-	-	-
Executive directors	-	-	-	-	-	-
Associated companies	-	1.2	6.6	0.6	-	-
TOTAL	100.7	1.2	6.6	0.6	-	-

Note 14 – Compensation of key management personnel

The compensation given to the key management personnel, in respect of their duties as Chairman of the Board or members of the Board of Altice S.A., for the 6 month period ended June 30, 2014, was €1.7 million and €1.4 million for the 6 month period ended June 30, 2013 (€1.0 million and €0.4 million for the three months ended June 30, 2014 and 2013 respectively).

Equity based compensation is not included in this note and is described in Note 10.

Note 15 – Income tax

The Group registered an income tax credit of € 2.2 million for the six month period ended June 30, 2014 compared to income tax expenses of €13.1 million for the six month period ended June 30, 2013. The variation between the two periods mainly pertains to deferred taxes on value adjustments of derivatives instruments.

Note 16 – Commitments and contingent liabilities

16.1.1 Provisions and contingent liabilities

16.1.1.A France

The Numericable Group (hereafter, "the NG Group") is involved in legal and administrative proceedings that have arisen in the ordinary course of its business.

A provision is recorded by the NG Group when there is a sufficient probability that such disputes will lead to costs that the NG Group will bear and when the amount of these costs can be reasonably estimated. Certain companies of the NG Group are involved in a certain number of disputes related to the ordinary activities of the NG Group. Only the most significant disputes and proceedings in which the NG Group is involved are described below.

The NG Group is not aware of any governmental, legal or arbitration proceedings (including any proceedings of which the NG Group is aware, which are pending or threatened) other than those mentioned below in this section that may have or have had in the last 12 months significant effects on the financial position or profitability of the Company or the NG Group.

16.1.1.A.1 Tax audits

The French tax authorities have conducted audits of various companies of the NG Group since 2005 with respect to the VAT rates applicable to our multiple-play offerings. Under French tax law, television services are subject to a 5.5% VAT rate, which increased to 7% as of January 1, 2012, while Internet and telephony services are subject to a 19.6% VAT rate. When marketing multiple-play offerings, the NG Group allocates a price reduction compared with the price the NG Group would charge for its services on a stand-alone basis. This price reduction is primarily applied to its Internet and telephony services, because such services are newer products. As a result, the VAT charged to the subscribers was lower than the VAT that would have been charged if the NG Group had deemed the price reduction to apply primarily to the television portion of its packages.

The French tax authorities assert that these price reductions should have been calculated pro rata of the stand-alone prices of each of the services (television, broadband Internet, fixed and/or mobile telephony) included in the multiple-play packages of the Group and proposed adjustments for fiscal years 2006 to 2010.

The NG Group has formally challenged the tax assessments for the fiscal years from 2006 to 2009. The NG Group also referred the matter to the Ministry of Finance in December 2011 and sought a comprehensive settlement of the adjustments made by the tax administration in respect of the various NG Group companies for the period 2006-2009. Following this request, the tax administration lowered the amounts of adjustments for 2008 and 2009 by including in its calculation a limitation based on the 50/50 rule applicable on composite VAT, which was in force from 2008 to 2010. The new amounts of adjustments, totaling €17.1 million (excluding penalties of 40%) for the period 2006-2009, were communicated to the NG Group end of August 2012.

Furthermore, in 2012, the tax authorities also initiated a tax audit of fiscal year 2010, in the same matters and scope as the audits described above. These procedures gave rise to proposed adjustments at the end of June 2013, calculated in the same manner as for fiscal years 2007 to 2009, in a total amount of €6.1 million (excluding penalties of 40%). The NG Group replied on August 21, 2013, challenging the proposed adjustments. The tax administration sent replies to the NG Group's observations in late October 2013, pursuant to which it maintains its adjustments. To date, the 2011 and subsequent years have not been subject to VAT audits on the Numericable scope. The tax administration has also demanded payment for the 2006 adjustment on NC Numericable (approximately € 2 million of the € 17.1 million mentioned above for the 2006-2009 period). The Group asked for a payment deferral and filed a complaint in September 2012, which was rejected by the tax administration on June 27, 2013. The NG Group filed an additional request on August 20, 2013.

VAT rules applicable to multiple-play packages changed starting January 1, 2011.

As of December 31, 2013, a tax contingency provision of €24.9 million (compared with €25.1 million as of December 31, 2012) was recognized to cover all the risks related to VAT (excluding penalties of 40%, which would amount to €7.1 million) related to the adjustments notified for fiscal years 2006 to 2010 (i.e. €23.5 million). The NG Group replied on August 21, 2013, challenging the proposed adjustments.

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 € 11.4 million was set aside December 31, 2013. In addition, the proposed adjustment results in a reduction of tax loss carryforwards in the amount of € 28.5 million. The NG Group challenged all adjustments on February 17, 2014.

As of June 30, 2014, a tax contingency provision of €34.9 million was recognized to cover all the risks related to VAT (excluding penalties of 40%, which would amount to € 7.1 million) related to the adjustments notified for fiscal years 2006-2010 (i.e. €24.9 million) and the risks associated with the challenging of charges for services under the adjustments notified for fiscal years 2009-2011 (€ 10.0 million).

Finally, the Group received tax assessments notifications dated June 6, 2014 for fiscal years 2010 (income tax), 2011 and 2012 for the entities NC Numericable, Numericable and Est Videocommunication.

16.1.1.A.2 Commercial disputes

A.) 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 Numericable 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 Numericable 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 the Group’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.

No provision is booked in the condensed consolidated financial statements as at June 30, 2014 with respect to this litigation.

B.) Litigation with Orange relating to Indefeasible Right of Uses (“IRUs”)

The NG 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 the Group 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 the Group enjoys under the Orange IRUs. As a result, Orange asked the Group 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. Numericable 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 Numericable, arguing that it had not complied with its November 4, 2010 decision. Consequently, in December 2011, Numericable 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 Numericable 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, Numericable 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 Numericable'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. Numericable 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 Numericable and NC Numericable to a fine of € 5 million for non-compliance with ARCEP's November 4, 2010 ruling.

Lastly, Numericable 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 the Group'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. Numericable 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 Numericable.

No provision is booked in the condensed consolidated financial statements as at June 30, 2014 with respect to this litigation.

C.) Litigation with Free relating to an advertising campaign

A claim was filed against NC Numericable before the Commercial Court of Paris by telecommunication operator Free on August 3, 2011 in relation to the launch of the mobile offer by the Group in spring 2011 through an advertising campaign entitled "*La révolution du mobile continue*."

Free, which used the term "revolution" to refer to its launch of mobile phone services and whose latest offering was named the "Freebox Revolution," argues that Numericable's campaign led to customer confusion and damaged its brand and image. The case is currently pending before the Paris Commercial Court. Free is claiming damages of € 10 million. After the hearing, the Court asked for an opinion from the French competition authority ("*Direction générale de la concurrence, de la consommation et de la répression des fraudes*" – DGCCRF) related to the reality of the assertions of Free with regard to the laws governing advertising. The DGCCRF returned an opinion in which it indicated that the questions raised by Free did not constitute a fault under the applicable law. However, on December 13, 2013, the Commercial Court of Paris condemned NC Numericable to pay Free the sum of € 6,391,000. NC Numericable appealed this decision. As the decision is enforceable and the amount was paid in early 2014, the risk was fully provisioned as of December 31, 2013.

This provision booked in relation to the litigation with Free concerning an advertising campaign was fully utilized as of June 30, 2014. NC Numericable has appealed this decision.

D.) Litigation with several editors of value-added services (VAS)

On February 19, 2013, five companies editing value-added telephone services offering their services to the public through premium numbers (0899), jointly assigned Completel before the Commercial Court of Nanterre. The plaintiffs asked for the condemnation of Completel to pay € 350,000 in repayment of sums corresponding to deductions made by Completel from the sums collected on their behalf. Completel made these deductions in response to practices by these companies that it considers contrary to the agreements between these companies and Completel, as well as ethical standards in the industry. They also sought payment of damages in a total amount of € 12 million in compensation for the prejudice allegedly suffered as a result of the withholding of money by Completel.

Furthermore, in November 2012, Completel, having decided in November 2012 to put an end to this activity, suspended certain repayments and applied various contractual penalties on companies selling this type of value-added telephony services. Some of these companies assigned Completel before various Commercial Courts and sought an order for the payment of the amounts withheld by Completel or the cancellation of penalties applied by Completel. The overall claim amounts to approximately €0.4 million, mainly representing sums collected for these companies.

A provision of €0.1 million is booked in the condensed consolidated financial statements as of June 30, 2014 (booked in 2013).

E.) Dispute with the Ligue de Football Professionnel

In a submission to the Commercial Court of Nanterre dated April 26 2013, the Professional Football League ("*Ligue de Football Professionnel*" – LFP) argued that Numericable had abused its dominant position in breach of its obligation of non-discrimination against the LFP when it was in charge of the production of the CFoot channel. The LFP requested €4.1 million in damages in compensation for the prejudice. More particularly, the LFP criticized Numericable for the low level of remuneration for the marketing of the CFoot channel compared with the remuneration of certain sports channels sold in packages. A hearing on the matter is expected during the second half of 2014.

A provision of €0.2 million is booked in the condensed consolidated financial statements as at June 30, 2014 (booked in 2013).

F.) 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. The Group 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 condensed consolidated financial statements as at June 30, 2014 with respect to this litigation.

G.) Complaint of Bouygues Telecom

In late October 2013, the Numericable Group 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 Group 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 Numericable Group 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. The contract, which runs until 2019, generated € 37.3 million in revenues in 2012, 49.6% of total white label B2C revenues of € 75.3 million and 2.8% of the Group's total revenues.

No provision is booked in the condensed consolidated financial statements as at June 30, 2014 with respect to this litigation.

H.) Investigation of DSP 92 by the Regional Auditor of Ile-de-France

In mid-November 2013, a number of press articles reported that the Regional Auditor of Ile-de-France had opened an investigation into the management of the department of Hauts-de-Seine between 2004 and 2007. The articles reported that the investigation would focus primarily on the DSP 92 project awarded to Numericable, and in particular the granting of € 59 million in consideration for public service costs for the establishment and operating of a high-capacity electronic communications network in Hauts de Seine. The Numericable Group has no information as to the object or the timing of the investigation, and as such to its exact nature or its potential impact on the Group. However, the Group notes, as indicated above, that DSP 92 has been validated by French administrative courts, by the European Commission and by the General Court of the European Union, before which action against the DSP 92 contract has successively been brought, and that the Court of Auditors has no power to act against a non-governmental entity.

No provision is booked in the condensed consolidated financial statements as at June 30, 2014 with respect to this litigation.

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, subsidiary of the NG Group 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.

As at June 30, 2014 the net book value of the network build by Sequalum represents approximately €115 million and the NG Group received €25 million in subsidies from the department of Hauts-de-Seine.

In this context, the CG92 introduced on April 8, 2014, the procedure of dispute settlement provided in the agreement and intends to pronounce the termination of the public service concession arrangement for default from Sequalum.

The department of Hauts-de-Seine also intends to impose to Sequalum the payment of certain penalties, for an approximate amount of €45 million, in relation to the deployment of optical fiber and the connection of buildings with respect to the execution of the Service Concession agreement.

Sequalum contested all the arguments of the department of Hauts-de-Seine through a report in reply and decided besides, to introduce another procedure of dispute settlement in which Sequalum proposes, (i) the termination of the public Service Concession Agreement in order to state that all the substantial changes in the legal and statutory framework had impacted the economy and the implementation of the public Service Concession Agreement and (ii), in case of continuation, the modification of the financial conditions of his public Service Concession Agreement.

The procedure of dispute settlement introduced by the department of Hauts-de-Seine did not reach an agreement. The procedure introduced by Sequalum is still in progress.

The Board of Directors examined the risk related to these procedures and noticed that at this stage there are too many uncertainties to measure the possible risk for the Group. Under these conditions, the criteria allowing the booking of a provision were not met.

I.) Litigation with employees

The Numericable Group is involved in litigation with a certain number of employees, a large part of which is due to the last merger period in 2006-2007, involving UPC-Noos, which gave rise to adjustments and harmonization in practices leading to disputes until 2009. The overall risk for this litigation is approximately € 4 million. Most of this litigation consists of the challenge by an employee of the grounds for or the form of his or her dismissal.

16.1.1.B Israel

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 management of the Group, based, inter alia, on legal opinions in respect of the chances of the lawsuits, a fair provision of €11.5 million (NIS 54 million) has been recorded in the Condensed Consolidated financial statements as of June 30, 2014, where provisions are required, in order to cover the exposure as the result of the lawsuits.

In the opinion of the management of the Group, the amount of the additional exposure, in an amount of approximately € 511.0 million (NIS 2.4 billion) (over and above the provisions that have been recorded in these Condensed Consolidated financial statements), as of June 30, 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 €255.5 million (NIS 1.2 billion) to cover claims which HOT’s management and legal team estimate to have less than a 50% chance of succeeding.
- An amount of approximately €85.2 million (NIS 0.4 billion) 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 €170.3 million (NIS 0.8 billion) to cover claims which HOT’s management 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 June 30, 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 June 30, 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 June 30, 2014	Provisions recorded in the financial statements as of December 31, 2013	Updating of the expense (income), net in the reporting period
			(€ millions)		
Customers	437.8	84.3	2.6	4.3	(1.7)
Copyrights	1.1	0.6	4.0	6.4	(0.4)
Suppliers	17.5	1.7	0.6	0.4	0.2
Employees	1.3	-	0.2	0.2	-
The merger transaction	47.3	-	4.0	-	4.0
Total	504.8	86.7	11.5	11.3	2.1

16.1.1.C Dominican Republic

As of June 30, 2014, Altice Hispaniola had recorded provisions to account for litigations with commercial customers and with employees. As assessed by the legal department, the total amount of claims amounted to € 63.0 million (DOP 3.7 billion) and the amount provided for, which is determined based on the probability of cash outflows, was assessed at €4.3 million (DOP 255.6 million), of which €4.0 million (DOP 240.6 million) related to commercial litigation and €0.3 million (DOP 14.9 million) related to employee litigation.

16.1.1.D Portugal

As of June 30, 2014, the Oni Group and Cabovisao had bank guarantees given to third parties in order to secure the fulfilment of their obligations under some of their agreements for, respectively, a total amount of €5.6 million and €10.6 million.

As of June 30, 2014, Cabovisao recorded provisions for approximately €5.2 million for fiscal contingencies for withholding taxes. In addition, during first quarter 2014, the Instituto do Cinema e do Audiovisual (”ICA”) rendered an unfavourable decision regarding the Audiovisual and Cinema taxation for which an amount of €0.9 million was already recorded in the consolidated financial statements as at December 31, 2013.

16.1.2 Commitments and contractual liabilities

16.1.2.A France

Operating leases	< 1 year	Maturity 1-5 years	> 5 years	**Total June 30, 2014**
Operating leases	10.0	32.6	10.3	**52.9**
Total	**10.0**	**32.6**	**10.3**	**52.9**

The Numericable Group also has property and vehicle lease commitments under operating leases. The lease term for property under operating leases is generally 3, 6 or 9 years, a standard lease term for commercial real estate in France. The lease term for vehicles under operating lease is 3 years.

As part of the networks business, leases involving equipment and network IRUs (rights of use of the local loop, backbone) or other rental contracts (rights of way) were not considered material.

In connection with its entertainment business activities, the Group has also entered into operating leases and agreements to purchase TV programs.

The maturities of operating leases are provided above.

Finance leases

In addition to the operating leases, the Numericable Group also has various finance lease contracts, mainly realted to the leasing of buildings, office material and other IT equipment. For buildings, the duration of the lease runs from 20-30 years and for office and IT equipment, it is for 4 years on average.

A summary of finance leases at Numericable Group is provided below:

(In € million)	Minimum lease payments	Present value of minimum lease payments
	June 30, 2014	June 30, 2014
1 year or less	25.9	25.0
Between 1 and 5 years	23.6	21.7
More than 5 years	1.1	0.8
	50.7	**47.6**
Future finance costs	(3.1)	-
Present value of minimum lease payments	47.6	47.6
Finance leasing-Current		25.0
Finance leasing-Non current		22.6

The annual effective interest rate was 3.97% as of June 30, 2014.

16.1.2.B Dominican Republic

As of June 30, 2014, Altice Hispaniola had recorded provisions to account for litigations with commercial customers and with employees. As assessed by the legal department, the total amount of claims amounted to € 63.0 million (DOP 3.7 billion) and the amount provided for, which is determined based on the probability of cash outflows, was assessed at €4.3 million (DOP 255.6 million), of which €4.0 million (DOP 240.6 million) related to commercial litigation and €0.3 million (DOP 14.9 million) related to employee litigation.

Altice Hispaniola also has operating leases mainly for the rental of mobile tower sites and office property.

	< 1 year	Maturity 1-5 years	> 5 years	**Total June 30, 2014**
Operating leases	14.4	41.8	6.7	**62.9**
Total	**14.4**	**41.8**	**6.7**	**62.9**

16.2 Other subsidiaries of the group

Management has not identified any significant changes to the commitments of the other subsidiaries of the group as compared to the period ended December 31, 2013.

Note 17 – Going concern

As of June 30, 2014, the Group had a net current asset position of €13,220.9 million (mainly due to restricted cash of €13,152.2 million related to the future acquisition of SFR). During the six month period ended June 30, 2014, the Group recorded a net loss of €41.4 million (€11.4 million as of June 30, 2013), positive cash flow from operations of €581.3 million (€ 165.5 million for the six months ended June 30, 2013), and negative working capital of €612.8 million. The positive cash flow from operations balance was mainly due to strong earnings growth and EBITDA generation. The net loss recorded in the six month period ended June 30, 2014 resulted mainly from the issuance of debt to finance the SFR acquisition, the refinancing of NG debt and the accrued interest charge recognized for the period.

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). Suppliers are generally paid from the beginning of the following month and after, thus generating a negative working capital, as evidenced by the difference in the level of receivables and payables (€640.1 million as of June 30, 2014 compared to €1,326.9 million). Payables due the following month are covered by revenues and operating cash (if needed). As of June 30, 2014, the Group had few short term current liabilities with amortization of debts limited to the local bonds in Israel (€ 13.4 million per half year) and on the Altice Financing term loan facility (€ 1.8 million per quarter).

As of June 30, 2014, the Company had a positive equity position of € 1,649.0 million, of which €1,597.7 million attributable to the equity holders. 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 view of the current financial situation of the Company, Management is confident that the Group will continue to act as a going concern for the next twelve months, given its earnings and cash flow generating ability.

In addition, the Group had cash reserves of €1,133.7 million as of June 30, 2014, considered sufficient to cover its operational needs. The Group also had access to revolving credit facilities ("RCF") of up to € 1,068.4 million (including up to € 750 million at Numericable Group S.A., of which € 450 million will be available upon closing of the SFR acquisition).

Note 18– Subsequent events

Reimbursement of the margin loan at Altice France S.A.

On July 4, 2014, Altice France fully repaid the margin loan entered into to acquire a controlling stake in the Numericable Group in November 2013 and the subsequent purchase of a 2.6% stake from other minority shareholders in Numericable Group. 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 €10.0 million.

Cinven and Carlyle Rollover and acquisition of an additional stake in Numericable Group S.A.

On July 24, 2014, the Company, through Altice France, acquired a 34.6% stake in Numericable Group S.A. from Carlyle Cable Investments SC ("Carlyle") and CCI (F3) S.à r.l ("Cinven"), as announced on April 7, 2014. A first portion, representing approximately 20.6% of Numericable shares out of the 34.6% purchased, was financed by the issuance of 24,751,873 new ordinary shares by the Company, which has applied for the listing of these shares on Euronext Amsterdam N.V. The listing took effect on July 25, 2014. The new ordinary shares of €0.01 in the capital of the Company were subscribed for by Carlyle and Cinven in exchange for the contribution in kind to the Company of 25,517,396 shares in Numericable Group. Altice S.A. transferred the stake to Altice France on the same date.

Immediately following this listing, Altice S.A's total number of shares outstanding was 247,722,490 and Carlyle owns approximately 6.7% and Cinven owns approximately 3.3% of Altice S.A.. Carlyle and Cinven have entered into a "lock up" agreement and cannot sell their new Altice shares before September 30, 2014.

The remaining portion, representing approximately 14% of Numericable shares out of the 34.6% purchased, will be settled in cash by Altice France by January 31, 2015. Altice S.A. has already financed the cash for this transaction from its equity capital increase on June 24, 2014, which was raised through the above-described private placement of € 911.1 million closed on June 27, 2014.

Following these two transactions, Altice France's stake in the share capital of Numericable increased from 40% to 74.6%. The completion of these transactions was preceded by the granting to Altice France of a waiver from the obligation to launch a tender offer on all the Numericable's shares of common stock by the French Autorité des Marchés Financiers.

These transactions terminate the shareholders' agreement entered into between Altice France, Carlyle and Cinven, in place since the initial public offering of Numericable on the Euronext Paris Market of NYSE Euronext in November 2013.

Note 19 – Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on August 7, 2014.

Deloitte.

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Société à responsabilité limitée

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REVIEW REPORT OF THE REVISEUR D'ENTREPRISES AGREE ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Altice S.A. as of June 30, 2014, the related condensed consolidated statements of income, other comprehensive income for the three month and six month periods then ended, the related condensed consolidated statements of changes in equity and cash flows for the six month period then ended and the other explanatory notes, (collectively, the "Interim Financial Statements"). The Board of Directors is responsible for the preparation and fair presentation of the Interim Financial Statements in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union. Our responsibility is to express a conclusion on these Interim Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union.

Other matter

We draw attention to the fact that the comparative amounts and disclosures pertaining to the three month and six month periods ended June 30, 2013 included within the Interim Financial Statements were not subject to an audit in accordance with International Standards on Auditing or a review in accordance with International Standards on Review Engagements. Our conclusion is not modified in respect of this matter.

For Deloitte Audit, *Cabinet de révision agréé*

John Psaila, *Réviseur d'entreprises agréé*
Partner

August 7, 2014

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