ALTICE LUXEMBOURG S.A.

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

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Condensed Consolidated Statement of Income for the three and nine months ended September 30, 2016 (€m)	Notes	Nine months ended September 30, 2016	Nine months ended September 30, 2015 (revised *)	Three months ended September 30, 2016	Three months ended September 30, 2015 (revised *)
Revenues	3	11,350.1	10,648.9	3,869.6	3,869.2
Purchasing and subcontracting costs		(3,552.6)	(3,409.1)	(1,326.6)	(1,240.4)
Other operating expenses		(2,310.0)	(2,314.0)	(644.5)	(791.8)
Staff costs and employee benefit expenses		(1,047.4)	(845.3)	(361.6)	(299.2)
Depreciation and amortization		(2,944.1)	(2,772.1)	(976.6)	(1,018.9)
Impairment losses	3	(1.6)	(20.8)	(0.6)	(1.0)
Other expenses and income	3	(337.7)	(165.3)	(258.5)	(44.9)
Operating profit		**1,156.7**	**1,122.3**	**301.2**	**473.0**
Interest relative to gross financial debt		(1,611.0)	(1,334.3)	(500.6)	(510.5)
Other financial expenses		(78.7)	(106.0)	(25.3)	(66.1)
Finance income		106.9	121.9	27.8	5.0
Net result on extinguishment of financial liabilities	6, 8	(223.4)	643.5	-	-
Finance costs, net		**(1,806.2)**	**(674.9)**	**(498.1)**	**(571.6)**
Net result on disposal of businesses	2	104.6	27.5	(2.9)	27.5
Share of profit of associates		(1.0)	4.0	(2.1)	1.2
(Loss)/profit before income tax		**(545.9)**	**478.9**	**(201.9)**	**(69.9)**
Income tax income/(expenses)	11	1.2	(140.7)	(32.6)	(49.5)
(Loss)/profit for the period		**(544.7)**	**338.2**	**(234.5)**	**(119.4)**
Attributable to equity holders of the parent		(482.3)	122.2	(201.0)	(139.7)
Attributable to non-controlling interests		(62.4)	216.0	(33.5)	20.3

Condensed Consolidated Statement of Comprehensive Income for the three and nine months ended September 30, 2016 (€m)	Notes	Nine months ended September 30, 2016	Nine months ended September 30, 2015 (revised *)	Three months ended September 30, 2016	Three months ended September 30, 2015 (revised *)
(Loss)/profit for the period		**(544.7)**	**338.2**	**(234.5)**	**(119.4)**
Other comprehensive income/(loss)					
Exchange differences on translating foreign operations		10.8	14.8	(0.1)	14.8
Revaluation of available for sale financial assets, net of tax		0.2	(0.5)	0.0	1.8
Gain/(loss) on cash flow hedge, net of taxes	5.3, 6.5	(163.6)	(21.7)	(208.8)	111.1
Actuarial (losses) and gains, net of taxes		(34.9)	31.8	(3.6)	(0.0)
Total other comprehensive income/(loss)		**(187.5)**	**24.4**	**(212.5)**	**127.7**
Total comprehensive income/(loss) for the period		**(732.2)**	**362.6**	**(447.0)**	**8.5**
Attributable to equity holders of the parent		(650.3)	121.2	(385.1)	(33.5)
Attributable to non-controlling interests		(81.9)	241.4	(61.8)	41.9

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

(*) Revised information presents previously published information adjusted to take into account the impact of the purchase price allocations of different Group entities acquired during the Financial Year 2014 and 2015. For the details of the revision see note 15.

Condensed Consolidated Statement of Financial Position September 30, 2016 (€m)	Notes	September 30, 2016	December 31, 2015
Non-current assets			
Goodwill	4	15,856.9	15,274.7
Intangible assets		10,927.8	10,939.8
Property, plant & equipment		10,220.8	10,296.9
Investment in associates	2	58.9	417.7
Financial assets	6.7	2,135.1	2,804.8
Deferred tax assets		694.3	497.9
Other non-current assets		157.4	93.6
Total non-current assets		**40,051.2**	**40,325.4**
Current assets			
Inventories		338.2	368.4
Trade and other receivables		4,068.7	3,664.7
Current tax assets		167.0	304.5
Financial assets	6.7	5.5	11.4
Cash and cash equivalents	7	668.1	625.7
Restricted cash	7	0.6	0.6
Total Current assets		**5,248.1**	**4,975.3**
Assets classified as held for sale	2	-	122.1
Total assets		**45,299.3**	**45,422.8**
Equity			
Issued capital	5.1	2.5	2.5
Additional paid in capital	5.2	857.3	1,016.1
Other reserves	5.3	(383.8)	(215.8)
Accumulated losses		(1,742.0)	(1,276.3)
Equity attributable to owners of the Company		**(1,266.0)**	**(473.5)**
Non-controlling interests	5.4	806.4	939.0
Total equity		**(459.6)**	**465.5**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	6	31,204.5	31,032.0
Other non-current financial liabilities and related hedging instruments	6	460.4	412.2
Non-current provisions		1,674.1	1,733.4
Deferred tax liabilities		1,546.0	1,600.1
Other non-current liabilities		907.0	803.4
Total non-current liabilities		**35,792.0**	**35,581.1**
Current liabilities			
Short-term borrowings, financial liabilities	6	112.5	248.7
Other financial liabilities	6	2,007.1	1,236.7
Trade and other payables		6,178.6	6,252.9
Current tax liabilities		141.8	284.6
Current provisions	3	623.9	378.1
Other current liabilities		903.0	890.6
Total current liabilities		**9,966.9**	**9,291.6**
Liabilities directly associated with assets classified as held for sale	2	-	84.6
Total Liabilities		**45,758.9**	**44,957.3**
Total equity and liabilities		**45,299.3**	**45,422.8**

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

Condensed Consolidated Statement of Change in Equity For the nine months ended 30 September 2016	Number of shares *Ordinary Shares*	Share capital	Invested equity	Additional paid in capital	Accumulated losses	Currency reserve	Cash Flow hedge reserve	Available for sale	Employee Benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2016 (revised *)	**251,050,186**	2.5	-	1,016.1	(1,276.3)	3.4	(217.6)	2.4	(4.0)	**(473.5)**	939.0	**465.5**
Loss for the period	-	-	-	-	(482.3)	-	-	-	-	**(482.3)**	(62.4)	**(544.7)**
Other comprehensive profit/(loss)	-	-	-	-	-	10.4	(143.6)	0.2	(35.0)	**(168.0)**	(19.5)	**(187.5)**
Comprehensive profit/(loss)	**-**	**-**	**-**	**-**	**(482.3)**	**10.4**	**(143.6)**	**0.2**	**(35.0)**	**(650.3)**	**(81.9)**	**(732.2)**
Share based payment	-	-	-	-	16.6	-	-	-	-	**16.6**	0.7	**17.2**
Transaction with non-controlling interests	-	-	-	(29.3)	-	-	-	-	-	**(29.3)**	(41.0)	**(70.3)**
Dividends	-	-	-	-	-	-	-	-	-	**-**	(7.6)	**(7.6)**
Other[1]	-	-	-	(129.6)	-	-	-	-	-	**(129.6)**	(2.7)	**(132.3)**
Equity at September 30, 2016	**251,050,186**	**2.5**	**-**	**857.3**	**(1,742.0)**	**13.9**	**(361.2)**	**2.6**	**(39.0)**	**(1,266.0)**	**806.4**	**(459.6)**

Condensed Consolidated Statement of Change in Equity For the nine months ended 30 September 2015	Number of shares *Ordinary Shares*	Share capital	Invested equity	Additional paid in capital	Accumulated losses	Currency reserve	Cash Flow hedge reserve	Available for sale	Employee Benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2015 (revised *)	**-**	**-**	**1,945.9**	**-**	**-**	**-**	**-**	**-**	**-**	**1,945.9**	**3,278.2**	**5,224.1**
Loss for the period		-	-	-	122.2	-	-	-	-	**122.2**	216.0	**338.2**
Other comprehensive profit/(loss)		-	-	-	-	14.2	(46.6)	(0.5)	31.8	**(1.0)**	25.4	**24.4**
Comprehensive profit/(loss)		**-**	**-**	**-**	**122.2**	**14.2**	**(46.6)**	**(0.5)**	**31.8**	**121.2**	**241.4**	**362.6**
Incorporation of Altice Luxembourg S.A.	3,100,000	-	-	-	-	-	-	-	-	**-**	-	**-**
Contribution by Altice S.A.	247,950,186	2.5	(1,945.9)	2,971.0	(934.4)	(7.0)	(85.4)	1.9	(2.8)	**(0.1)**	-	**(0.1)**
Share based payment	-	-	-	-	17.8	-	-	-	-	**17.8**	2.8	**20.6**
Transaction with non-controlling interests	-	-	-	(2,004.2)	-	-	-	-	-	**(2,004.2)**	(1,964.6)	**(3,968.8)**
Dividends	-	-	-	-	-	-	-	-	-	**-**	(7.1)	**(7.1)**
Other	-	-	-	15.8	-	-	-	-	-	**15.8**	12.8	**28.6**
Equity at September 30, 2015	**251,050,186**	**2.5**	**-**	**982.6**	**(794.4)**	**7.2**	**(132.0)**	**1.4**	**29.0**	**96.4**	**1,563.5**	**1,659.9**

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

(*) Revised information presents previously published information adjusted to take into account the impact of the purchase price allocations of different Group entities acquired during the Financial Year ended December 31, 2014 and December 31, 2015. For the details of the revision see note 15.

Following the corporate restructuring as described in Note 1 to the Consolidated Financial Statements as of December 31, 2015, Altice S.A. was the former parent entity of Altice Luxembourg S.A. and all the changes in equity presented in the table above correspond to the changes in equity of Altice S.A.. Altice S.A. itself being the successor entity of Altice France S.A. and Altice International S.à r.l..

1 Includes an impact related to the acquisition under common control of Altice Media Group, refer to note 2 and 5.2.

ALTICE LUXEMBOURG S.A.

Condensed Consolidated Statement of Cash Flows For the nine months ended September 30, 2016 (€m)	Notes	Nine months ended September 30, 2016	Nine months ended September 30, 2015 (revised *)
Net (loss)/profit, including non-controlling interests		**(544.7)**	**338.2**
Adjustments for:			
Depreciation, amortization and impairments		2,945.7	2,792.9
Share of profit/(loss) of associates		1.0	(4.0)
(Gains) and losses on disposals		(112.6)	31.8
Loss/(gain) recognized on extinguishment of a financial liability	8	223.4	(643.5)
Expenses related to share based payment	3	17.2	20.6
Other non-cash operating gains/(losses), net[1]		195.7	(4.6)
Finance costs recognized in the statement of income		1,582.8	1,318.3
Income tax (credit)/expense recognized in the statement of income		(1.2)	140.7
Pension liability payments		(98.8)	(51.8)
Income tax paid		(113.9)	(235.2)
Changes in working capital		(453.7)	14.8
Net cash provided by operating activities		**3,640.9**	**3,718.2**
Payments to acquire tangible and intangible assets		(2,581.9)	(1,934.4)
Payments to acquire financial assets		(23.6)	(28.1)
Consideration received on disposal of businesses	2	137.7	76.0
Proceeds from disposal of tangible, intangible and financial assets		44.0	30.1
Payments to acquire investments in associates		(359.8)	-
Payment to acquire subsidiaries, net	2	(82.0)	(114.5)
Net cash used in investing activities		**(2,865.6)**	**(1,970.9)**
Proceeds from issuance of debts	6	10,432.4	9,572.1
Payments to redeem debt instruments	6	(10,513.4)	(1,922.0)
Payments to redeem outstanding debts on acquisition		-	(5,593.9)
Transactions with non-controlling interests		28.2	(1,894.5)
Transfers to restricted cash		-	(1,533.0)
Interest paid	6	(1,287.3)	(1,068.5)
Dividends paid		-	(6.6)
Other cash provided by financing activities[2]		607.8	56.7
Net cash used in financing activities		**(732.3)**	**(2,389.7)**
Clsssification of cash as held for sale		-	(5.5)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(0.6)	(3.3)
Net decrease in cash and cash equivalents		**42.4**	**(651.2)**
Cash and cash equivalents at beginning of period	7	625.7	1,563.6
Cash and cash equivalents at end of the period	7	**668.1**	**912.4**

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

(*) Revised information presents previously published information adjusted to take into account, amongst other items, the impact of the final purchase price allocations of different Group entities acquired during FY 2014 and 2015. For the details of the revision see note 15.

1 Other non-cash operating gains and losses includes provisions recognised in France for restructuring and penalties related to gun-jumping (refer to notes 3.2.2 and 16).

2 Cash from other financing activities mainly includes cash received from factoring arrangements at SFR (€585 million) and at Altice International (€22.7 million).

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1 - Basis of preparation

The condensed interim consolidated financial statements of Altice Luxembourg S.A. (the "Company", the "Group", "Altice" or "Altice Group"), as of September 30, 2016 and for the three and nine month periods then ended were approved by the Board of Directors and authorized for issue on November 18, 2016.

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

The controlling shareholder of Altice N.V. is Next Alt S.à r.l., which holds 59.07% of the share capital, and is controlled by Mr. Patrick Drahi.

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

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

Accounting policies

The accounting policies applied as of September 30, 2016 and for the three and nine month periods then ended are the same as the ones disclosed in Note 2 of the 2015 Consolidated Financial Statements.

As described in note 2.21 to the Consolidated Financial Statements, *Liabilities related to put options granted to non-controlling interests*, at each closing date, the Group in the absence of specific IFRS guidance has elected to recognise future changes of the fair value of put option in equity, as an increase to (or a deduction from) other reserves attributable to equity holders of the parent. The Group is closely monitoring the work of the IASB and the IFRIC, which could lead to a revision of the treatment of put options granted to non-controlling interests.

Standards applicable for the reporting period

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

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

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

(iii) Amendments to IAS 1 Disclosure initiative,

(iv) Annual improvements cycle 2012-2014.

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

Standards not applicable as of reporting date

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

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

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

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

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

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

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

Revised information

The comparative information as of September 30, 2015 has been revised to reflect the impact of the finalization of the allocation of the purchase price of SFR S.A., Virgin Mobile S.A. acquired during the course of the year ended December 31, 2014 and Portugal Telecom acquired in June 2015.

2 – Main changes in the scope of consolidation

Consolidation of Next Radio TV

On July 27, 2015, Alain Weill, the Chairman, CEO, Founder and main shareholder of NextRadioTV and Patrick Drahi, the Chairman and Founder of Altice S.A. announced the signing of a strategic partnership of their groups to invest in and to accelerate the development of multimedia projects in both France and other international markets.

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

complete the tender offer and squeeze out the remaining shareholders). The stock was delisted from Euronext Paris on February 8, 2016.

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

Groupe News Participation contributed €161.1 million to revenues, €16.8 million to operating loss and €33.6 to the net loss of the Group for the nine months ended September 30, 2016.

Acquisition of Altice Media Group by NSFR

On April 27, 2016, SFR announced that it had entered into negotiations to acquire Altice Media Group France, a leading diversified and profitable media group in France, which publishes more than 20 major national titles, including iconic and well-known brands such as Libération, L'Express, L'Expansion, L'Etudiant and Stratégies. Altice Media Group France operates an international news channel - i24 News - and is has positioned itself as the second largest operator in the French digital press sector. In addition, Altice Media Group France is a leading event organizer: its “Salon de l'Etudiant” trade fair, in particular, has attracted 2 million visitors annually for more than 30 years. Altice Media Group was controlled by Altice IV S.A., which is as a related party as it shares the same controlling shareholder as the Group. The transaction valued Altice Media Group France at an enterprise value of €241.0 million or 4.5x Adjusted EBITDA pro forma for synergies and tax losses carried forward.

This transaction represents a unique opportunity to develop SFR into a true cross-media content publisher, capitalizing on a highly diversified portfolio of premium brands. The acquisitions support SFR's business strategy by accelerating the deployment of the global convergence of telecoms, media/content and advertising.
The acquisition of AMG was successfully completed on May 25, 2016, using a combination of cash on balance sheet at SFR and vendor financing of €100.0 million provided by the sellers of AMG.

Altice Media Group contributed €79.5 million to revenues, €8.7 million to operating loss and €9.9 million to the net loss of the Group for the nine months ended September 30, 2016.

Disposal of Cabovisao and ONI

On January 20, 2016, the Group announced that it had completed the sale of Cabovisão and its subsidiaries (including Winreason, which provided B2B services under the ‘ONI’ brand name) to Apax France. This disposal was mandated by the European Commission and the Portuguese competition authorities following the acquisition of PT Portugal in June 2015. These entities were classified as held for sale by the Group as of December 31, 2015. Total consideration received for the disposal amounted to €137.7 million, of which €63.9 million was for the shares of Cabovisao and its subsidiaries. The Group recognised a gain on disposal of €104.6 million in the condensed consolidated statement of income for the nine months ended September 30, 2016.

3 – Segment reporting

3.1 Definition of segments

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

- France,
- Portugal,
- Israel,
- Dominican Republic, and
- Others.

Additional information on the revenue split is presented as follows:

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

The Group operates high-speed cable, fiber or DSL based fixed line networks in all our operating segments. Consistent with our strategy to invest in convergent networks, we also operate 4G/LTE and 3G networks in our France, Portugal, Israel, Dominican Republic and French Overseas Territories segments.

The segments presented are consistent with the ones presented in the consolidated financial statements as at December 31, 2015. The businesses that the Group owns and operates do not show significant seasonality, with the exception of the mobile B2C and B2B segments, which can show significant changes in sales at the year end and at the end of the summer season (the "*back to school*" period). The B2B business (for both fixed and mobile) is also impacted by the timing of preparation of the annual budgets of public and private sector companies. Intersegment transactions between different segments mainly relate to the exchange of services (mobile roaming, interconnect, content) between our France segment and businesses that are a part of the Altice International sub-group (Portugal, Israel, Dominican Republic and Others segments).

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

3.2 Segment information

3.2.1 Operating income per geographical segment

Nine months ended 30 September 2016 (€m)	**France[1]**	**Portugal**	**Israel**	**Dominican Republic**	**Others[2]**	**Total**
Standalone revenues	8,097.5	1,731.4	707.0	528.8	444.4	11,509.1
Intersegment eliminations	(24.4)	(18.4)	-	(0.4)	(115.8)	(159.0)
Group consolidated revenues	**8,073.1**	**1,713.0**	**707.0**	**528.4**	**328.6**	**11,350.1**
Purchasing and subcontracting costs	(2,821.1)	(367.4)	(171.6)	(103.1)	(89.4)	(3,552.6)
Other operating expenses	(1,641.7)	(308.6)	(161.8)	(124.0)	(73.9)	(2,310.0)
Staff costs and employee benefit expenses	(669.2)	(218.1)	(49.5)	(22.9)	(87.7)	(1,047.4)
Total	**2,941.1**	**818.9**	**324.1**	**278.4**	**77.6**	**4,440.1**
Stock options and other adjustments in EBITDA	3.0	-	-	-	14.2	17.2
Adjusted EBITDA	**2,944.1**	**818.9**	**324.1**	**278.4**	**91.8**	**4,457.3**
Depreciation and amortisation	(1,860.9)	(593.8)	(243.6)	(123.4)	(122.4)	(2,944.1)
Impairment losses	-	-	-	-	(1.6)	(1.6)
Stock options and other adjustments in EBITDA	(3.0)	-	-	-	(14.2)	(17.2)
Other expenses and income	(326.3)	(32.1)	(17.1)	(6.2)	44.0	(337.7)
Operating profit	**753.9**	**193.0**	**63.4**	**148.8**	**(2.4)**	**1,156.7**

Nine months ended 30 September 2015 (€m)	**France[1]**	**Portugal**	**Israel**	**Dominican Republic**	**Others[2]**	**Total**
Standalone revenues	8,294.9	891.0	691.0	516.5	301.9	10,695.3
Intersegment eliminations	(15.3)	(2.4)	-	-	(28.7)	(46.4)
Group consolidated revenues	**8,279.6**	**888.6**	**691.0**	**516.5**	**273.2**	**10,648.9**
Purchasing and subcontracting costs	(2,874.7)	(187.6)	(165.6)	(105.8)	(75.4)	(3,409.1)
Other operating expenses	(1,799.4)	(193.0)	(154.3)	(122.6)	(44.7)	(2,314.0)
Staff costs and employee benefit expenses	(609.6)	(123.9)	(47.9)	(20.7)	(43.2)	(845.3)
Total	**2,995.9**	**384.1**	**323.2**	**267.4**	**109.9**	**4,080.5**
Stock options and other adjustments in EBITDA	50.3	-	-	-	13.4	63.7
Adjusted EBITDA	**3,046.2**	**384.1**	**323.2**	**267.4**	**123.3**	**4,144.2**
Depreciation and amortisation	(1,966.3)	(353.0)	(233.1)	(124.1)	(95.6)	(2,772.1)
Impairment losses	-	-	-	-	(20.8)	(20.8)
Stock options and other adjustments in EBITDA	(50.3)	-	-	-	(13.4)	(63.7)
Other expenses and income	(129.0)	(29.2)	(18.1)	(9.9)	20.9	(165.3)
Operating profit	**900.6**	**1.9**	**72.0**	**133.4**	**14.4**	**1,122.3**

Three months ended 30 September 2016 (€m)	France[1]	Portugal	Israel	Dominican Republic	Others[2]	Total
Standalone revenues	2,801.4	584.4	240.8	177.1	111.2	3,914.9
Intersegment eliminations	(10.6)	(6.7)	-	-	(28.0)	(45.3)
Group consolidated revenues	**2,790.8**	**577.7**	**240.8**	**177.1**	**83.2**	**3,869.6**
Purchasing and subcontracting costs	(1,077.0)	(136.1)	(60.8)	(34.6)	(18.1)	(1,326.6)
Other operating expenses	(422.9)	(104.3)	(55.8)	(40.7)	(20.8)	(644.5)
Staff costs and employee benefit expenses	(247.8)	(71.0)	(16.3)	(7.7)	(18.8)	(361.6)
Total	**1,043.1**	**266.3**	**107.9**	**94.1**	**25.5**	**1,536.9**
Stock options and other adjustments in EBITDA	1.0	-	-	-	6.1	7.1
Adjusted EBITDA	**1,044.1**	**266.3**	**107.9**	**94.1**	**31.6**	**1,544.0**
Depreciation and amortisation	(625.1)	(172.2)	(80.7)	(45.4)	(53.2)	(976.6)
Impairment losses	-	-	-	-	(0.6)	(0.6)
Stock options and other adjustments in EBITDA	(1.0)	-	-	-	(6.1)	(7.1)
Other expenses and income	(235.8)	(9.2)	(6.0)	(4.5)	(3.0)	(258.5)
Operating profit	**182.2**	**84.9**	**21.2**	**44.2**	**(31.3)**	**301.2**

Three months ended 30 September 2015 (€m)	France[1]	Portugal	Israel	Dominican Republic	Others[2]	Total
Standalone revenues	2,773.0	614.6	233.5	174.7	96.5	3,892.3
Intersegment eliminations	(5.5)	(2.2)	-	-	(15.4)	(23.1)
Group consolidated revenues	**2,767.5**	**612.4**	**233.5**	**174.7**	**81.1**	**3,869.2**
Purchasing and subcontracting costs	(987.5)	(122.8)	(57.7)	(36.4)	(36.0)	(1,240.4)
Other operating expenses	(571.7)	(127.0)	(52.7)	(43.9)	3.5	(791.8)
Staff costs and employee benefit expenses	(174.2)	(87.3)	(15.3)	(6.7)	(15.7)	(299.2)
Total	**1,034.1**	**275.3**	**107.8**	**87.7**	**32.9**	**1,537.8**
Stock options and other adjustments in EBITDA	9.8	-	-	-	5.6	15.4
Adjusted EBITDA	**1,043.9**	**275.3**	**107.8**	**87.7**	**38.5**	**1,553.2**
Depreciation and amortisation	(633.7)	(236.1)	(80.4)	(40.7)	(28.0)	(1,018.9)
Impairment losses	-	-	-	-	(1.0)	(1.0)
Stock options and other adjustments in EBITDA	(9.8)	-	-	-	(5.6)	(15.4)
Other expenses and income	(51.7)	(25.5)	(4.7)	(3.8)	40.8	(44.9)
Operating profit	**348.7**	**13.7**	**22.7**	**43.2**	**44.7**	**473.0**

(*) For the revision impact please see note 15

1) The France segment includes the results of SRR, a direct subsidiary of SFR, which operates in the French Overseas Territories of La Reunion and Mayotte. Management has decided to leave SRR in the France segment given it reports separately from the rest of the FOT business (reported in Others) and it is fully integrated in the France business, operationally and in terms of reporting.
2) Includes the results of GNP from February 8 (date of control) to date of disposal to SFR. Following the sale of GNP to SFR in May 2016, these results are under the France segment. GNP contributed €71.6 million to revenues and €13.3 million to adjusted EBITDA for the nine months ended September 30, 2016.

3.2.2 Restructuring and other adjustments

Restructuring, deal fees and other expenses pertain mainly to provisions for ongoing and announced restructuring, transaction costs and other non-cash expenses (gains and losses on disposal of assets, provisions for litigation, etc.). Details for costs incurred during the nine month periods ended September 30, 2016 and 2015 are given below:

Details of other expenses and income (€m)	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Three months ended September 30, 2016	Three months ended September 30, 2015
Stock option expenses	17.2	20.5	7.1	8.3
Other adjustments (1)	-	43.2	-	7.1
Stock option and other expenses in EBITDA	**17.2**	**63.7**	**7.1**	**15.4**
Restructuring costs (2)	207.0	56.8	154.6	9.7
Deal fees (3)	7.7	63.8	2.2	11.7
Other expenses/(income) net (4)	101.9	(13.3)	83.4	(15.3)
Loss on disposals of assets	21.1	58.0	18.3	38.8
Other expenses and income	**337.7**	**165.3**	**258.5**	**44.9**
Total adjustments	**354.9**	**229.0**	**265.6**	**60.3**

1) Contract renegotiation costs that were classified as other adjustments in 2015 and are now included in EBITDA.
2) For the period ended September 30, 2016, restructuring costs mainly include costs related to provisions for employee redundancies and contract termination fees:
   a. €176.6 million in France, including €138.0 million related to new restructuring plans in France, see the note below.
   b. €27.2 million at PT related to the curtailment of outsourced services and an insourcing plan.
3) Deal fees do not include any financing costs, as these are capitalized and amortized as per the requirements of IAS 39 – *Financial Instruments: Recognition and Measurement*. The deal fees shown above only include discretionary fees paid to legal counsel, M&A counsel and any other consultants whose services the Group might have employed in order to facilitate various acquisitions performed during the course of the year.
4) Includes a provision relating to a fine levied by the French competition authority on suspicions of operational collaboration between the NC and SFR groups ("Gun Jumping") prior to the formal approval of the acquisition. A decision by the Authority was rendered in November 2016; refer to note 16 for further details.

Restructuring plans in France

On August 4, 2016, Management and the representative unions of the SFR Group telecom division signed an agreement to allow the Group to adapt more quickly to the demands of the telecom market by building a more competitive and efficient organization. This agreement reaffirms the commitments to maintain jobs until July 1, 2017 that were made at the time of the SFR acquisition, and defines the internal assistance guarantees and the conditions for voluntary departures that would be implemented as of the second half of 2016. This agreement stipulates three steps:

- the reorganization of retail, which will result in a voluntary departure plan as of the 4th quarter of 2016;
- the preparation of a new voluntary departure plan to be launched in July 2017, preceded by the possibility for employees who would like to benefit from this plan to request suspension of their employment contract in the 4th quarter of 2016 in order to pursue their professional plans outside the company; and
- a period between July 2017 and June 2019 during which employees could also benefit from a voluntary departure plan under conditions to be defined.

A provision amounting to €138.0 million has been recognised during the period ended September 30, 2016, to reflect the impact of step one of the restructuring described above.

3.2.3 Revenue split by activities

Nine months ended 30 September 2016 (€m)	France[1,2]	Portugal	Israel	DR	Others[3]	Total
Fixed - B2C	2,123.6	515.3	475.5	81.4	103.7	3,299.5
Fixed - B2B	1,027.1	318.5	58.5	29.3	20.2	1,453.6
Wholesale	952.3	225.1	-	57.4	9.3	1,244.1
Mobile - B2C	3,332.3	435.2	135.1	307.0	61.5	4,271.1
Mobile - B2B	492.7	151.6	37.9	37.8	3.5	723.5
Other	169.5	85.7	-	15.9	246.2	517.3
Total standalone	**8,097.5**	**1,731.4**	**707.0**	**528.8**	**444.4**	**11,509.1**
Intersegment adjustment	(24.4)	(18.4)	-	(0.4)	(115.8)	(159.0)
Total	**8,073.1**	**1,713.0**	**707.0**	**528.4**	**328.6**	**11,350.1**

Nine months ended 30 September 2015 (€m)	France[1,2]	Portugal	Israel	DR	Others[3]	Total
Fixed - B2C	2,165.9	296.9	483.8	79.7	106.9	3,133.2
Fixed - B2B	1,054.8	182.3	54.1	28.0	21.7	1,340.9
Wholesale	999.3	99.5	-	47.6	28.3	1,174.7
Mobile - B2C	3,522.6	198.7	112.0	306.7	81.9	4,221.9
Mobile - B2B	552.3	70.7	41.1	38.2	3.6	705.9
Other	-	42.9	-	16.3	59.5	118.7
Total standalone	**8,294.9**	**891.0**	**691.0**	**516.5**	**301.9**	**10,695.3**
Intersegment adjustment	(15.3)	(2.4)	-	-	(28.7)	(46.4)
Total	**8,279.6**	**888.6**	**691.0**	**516.5**	**273.2**	**10,648.9**

Three months ended 30 September 2016 (€m)	France[1,2]	Portugal	Israel	DR	Others[3]	Total
Fixed - B2C	733.1	170.5	159.2	26.9	33.5	1,123.2
Fixed - B2B	337.1	102.5	19.7	9.8	6.5	475.6
Wholesale	324.4	82.0	-	20.9	3.1	430.4
Mobile - B2C	1,147.1	152.4	49.3	102.2	20.5	1,471.5
Mobile - B2B	158.3	49.6	12.6	12.9	1.2	234.6
Other	101.4	27.4	-	4.4	46.4	179.6
Total standalone	**2,801.4**	**584.4**	**240.8**	**177.1**	**111.2**	**3,914.9**
Intersegment adjustment	(10.6)	(6.7)	-	-	(28.0)	(45.3)
Total	**2,790.8**	**577.7**	**240.8**	**177.1**	**83.2**	**3,869.6**

Three months ended 30 September 2015 (€m)	France[1,2]	Portugal	Israel	DR	Others[3]	Total
Fixed - B2C	724.0	195.2	162.1	26.0	36.6	1,143.9
Fixed - B2B	345.3	117.3	18.4	9.7	6.9	497.6
Wholesale	334.8	70.8	-	17.2	21.4	444.2
Mobile - B2C	1,198.0	150.6	38.6	102.1	12.6	1,501.9
Mobile - B2B	170.9	52.9	14.4	13.5	0.7	252.4
Other	-	27.8	-	6.2	18.3	52.3
Total standalone	**2,773.0**	**614.6**	**233.5**	**174.7**	**96.5**	**3,892.3**
Intersegment adjustment	(5.5)	(2.2)	-	-	(15.4)	(23.1)
Total	**2,767.5**	**612.4**	**233.5**	**174.7**	**81.1**	**3,869.2**

1) The France segment includes the results of SRR, a direct subsidiary of SFR, which operates in the French Overseas Territories of La Reunion and Mayotte. Management has decided to leave SRR in the France segment given it reports separately from the rest of the FOT business and it is fully integrated in the France business, operationally and in terms of reporting.
2) The ‘Other’ revenue segment in France is the contribution for GNP (five months) and AMG (four months) for the period ended September 30, 2016.
3) Others includes the four months contribution of GNP for the period ended September 30, 2016, prior to its acquisition by SFR. The total contribution amounted to €71.3 million respectively, reported in the “Other” revenue segment.

3.2.4 Capital expenditure

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

Capital expenditure For the nine months ended 30 September 2016 (€m)	**France**	**Portugal**	**Israel**	**DR**	**Others[1,2]**	**Total**
Capital expenditure (accrued)	1,537.2	317.1	234.6	95.2	529.6	2,713.7
Capital expenditure - working capital items	278.1	(37.5)	(42.6)	-	(329.8)	(131.8)
Payments to acquire tangible and intangible assets	**1,815.3**	**279.6**	**192.0**	**95.2**	**199.8**	**2,581.9**

For the nine months ended 30 September 2015	**France**	**Portugal**	**Israel**	**DR**	**Others**	**Total**
Capital expenditure (accrued)	1,237.6	108.9	221.4	95.0	67.8	1,730.7
Capital expenditure - working capital items	213.0	(3.7)	-	(7.4)	1.8	203.7
Payments to acquire tangible and intangible assets	**1,450.6**	**105.2**	**221.4**	**87.6**	**69.6**	**1,934.4**

1) Includes the capitalization of content rights for a total amount of €413.8 million during the nine months ended 30 September, 2016, refer to the note below for further details.
2) Includes a one-off capital expenditure related to an IRU on the use of a datacenter at Green datacenter in our Swiss business, for a total amount of €29.6 million.

Content rights

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

4 – Goodwill

Goodwill recorded in the statement of financial position of the Group was allocated to the different groups of cash generating units ("GCGU") or cash generating units ("CGU") as defined by the Group. Summary of goodwill recognized on the different acquisitions is provided below:

Goodwill (€m)	**December 31, 2015 (revised)***	**Recognized on business combination**	**Changes in foreign currency translation**	**Held for sale**	**September 30, 2016**
France[1]	11,565.5	594.5	-	-	12,160.0
Portugal	1,706.2	-	-	-	1,706.2
Israel	697.8	-	8.1	-	705.9
Dominican Republic	858.9	-	(18.7)	-	840.2
Other	595.0	-	-	-	595.0
Total Gross Value	**15,423.4**	**594.5**	**(10.6)**	**-**	**16,007.3**
France	-	-	-	-	-
Portugal	-	-	-	-	-
Israel	(144.1)	-	(1.7)	-	(145.8)
Dominican Republic	-	-	-	-	-
Others	(4.6)	-	-	-	(4.6)
Total Cumulative impairment	**(148.7)**	**-**	**(1.7)**	**-**	**(150.4)**
France	11,565.5	594.5	-	-	12,160.0
Portugal	1,706.2	-	-	-	1,706.2
Israel	553.7	-	6.4	-	560.1
Dominican Republic	858.9	-	(18.7)	-	840.2
Others	590.4	-	-	-	590.4
Total Net book value	**15,274.7**	**594.5**	**(12.3)**	**-**	**15,856.9**

Goodwill (€m)	**December 31, 2014 (revised)***	**Recognized on business combination**	**Changes in foreign currency translation**	**Held for sale**	**December 31, 2015 (revised)***
France	11,565.5	-	-	-	11,565.5
Portugal	1.3	1,706.2	-	(1.3)	1,706.2
Israel	627.2	-	70.6	-	697.8
Dominican Republic	767.3	-	91.6	-	858.9
Others	594.9	-	0.1	-	595.0
Total Gross Value	**13,556.2**	**1,706.2**	**162.3**	**(1.3)**	**15,423.4**
France	-	-	-	-	-
Portugal	-	-	-	-	-
Israel	(129.4)	-	(14.7)	-	(144.1)
Dominican Republic	-	-	-	-	-
Others	(4.6)	-	-	-	(4.6)
Total Cumulative impairment	**(134.0)**	**-**	**(14.7)**	**-**	**(148.7)**
France	11,565.5	-	-	-	11,565.5
Portugal	1.3	1,706.2	-	(1.3)	1,706.2
Israel	497.8	-	55.9	-	553.7
Dominican Republic	767.3	-	91.6	-	858.9
Others	590.3	-	0.1	-	590.4
Total Net book value	**13,422.2**	**1,706.2**	**147.6**	**(1.3)**	**15,274.7**

1 Including existing goodwill acquired as a result of the integration of AMG. For more details, see note 4.2.2.

(**) For the revision impact please see note 15.

4.1 Impairment of goodwill

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

rates, the terminal growth rate and the EBIT margin during the period, except for the France GCGU, for which the fair value is determined on the basis of the observable price of its publicly traded shares.

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 three and nine months ended September 30, 2016.

4.2 Business combinations

4.2.1 Groupe News Participations

The Group obtained control over Groupe News Participation (GNP) during the period ended March 31, 2016 (refer to note 2.1). This transaction qualified as a step acquisition as per IFRS 3, *Business Combinations*, and goodwill was calculated as follows and allocated to France GCGU:

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

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

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

The Group is continuously evaluating the fair value of acquired assets and expects to complete the final purchase price allocation within the measurement period as defined by IFRS 3.

4.2.2 Other variations in goodwill (France)

On May 27, 2016, Altice Media Group ("AMG") was transferred to the Group by Altice IV S.A.. Altice IV S.A. is considered as a related party as it shares the same controlling shareholder as the Group, the transaction allows the Group to pursue its strategy of convergence between communication and media. In the absence of specific guidance in IFRS concerning the accounting for common control transactions, and in line with similar transaction carried out by the Group in the past, no purchase price allocation was performed.

However, as part of the acquisition of Altice Media Group, the Group acquired existing goodwill recorded at AMG resulting from historic acquisitions made by AMG. The goodwill arose on acquisition of Libération, NewsCo and i24 and totals €129.0 million. AMG identified and evaluated the brands at a preliminary fair value of €54.0 million (€35.0 million net of taxes). The final allocation of the preliminary goodwill at AMG is expected to be finalised by December 31, 2016.

5 - Shareholders' equity (including non-controlling interests)

5.1 Issued capital

As of September 30, 2016, the issued share capital of the Company amounted to €2.5 million and was composed of 251,050,186 common shares with a value of €0.01 each.

5.2 Additional paid in capital

As of September 30, 2016, total additional paid in capital of the Group amounted to €857.3 million, compared to €1,016.1 million as of December 31, 2015. The decrease was mainly related to the acquisition of AMG (note 2) for an amount of €129.2 million.

5.3 Other reserves

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

Other reserves	September 30, 2016			December 31, 2015 (revised)*		
(€m)	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Actuarial gains and losses	(51.9)	12.9	(39.0)	(3.5)	(0.5)	(4.0)
Items not potentially reclassified to profit and loss	**(51.9)**	**12.9**	**(39.0)**	**(3.5)**	**(0.5)**	**(4.0)**
Available for sale	2.6	-	2.6	2.4	-	2.4
Currency reserve	13.9	-	13.9	3.4	-	3.4
Cash flow hedge	(528.7)	167.5	(361.2)	(317.9)	100.3	(217.6)
Items potentially reclassified to profit and loss	**(512.3)**	**167.5**	**(344.8)**	**(312.1)**	**100.3**	**(211.8)**
Total other reserves	**(564.2)**	**180.4**	**(383.8)**	**(315.6)**	**99.7**	**(215.8)**

5.4 Variations in non-controlling interests

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

Variations in non-controlling interest (€m)	September 30, 2016	December 31, 2015 (revised)*
Balance at beginning of the period/year	**939.0**	**3,278.2**
Share of (loss)/profit for the period/year	(62.4)	146.4
Other comprehensive income	(19.5)	6.8
Transactions with non-controlling interests in SFR Group S.A.	(50.2)	(2,492.2)
Other variations	(0.5)	(0.2)
Balance at end of the period/year	**806.4**	**939.0**

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

Non-Controlling interests		Ownership interests held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
Name of subsidiary	**Place of incorporation**	**September 30 2016**	**December 31 2015**	**September 30 2016**	**December 31 2015**	**September 30 2016**	**December 31 2015**
SFR Group S.A.	France	22.23%	21.90%	(57.8)	150.4	816.4	944.6
Deficom Telecom	Luxembourg	26.00%	26.00%	(4.2)	(3.1)	(22.5)	(18.4)
Others	Various			(0.4)	(0.9)	12.6	12.8
Total				**(62.4)**	**146.4**	**806.4**	**939.0**

(*) For the revision impact please see note 15.

6 - Borrowings and other financial liabilities

Total borrowings and other financial liabilities are broken down as follows:

Borrowings and other financial liabilities (€m)	September 30, 2016	December 31, 2015
Long term borrowings, financial liabilities and related hedging instruments	**31,204.5**	**31,032.0**
- Debentures	*25,649.5*	*21,680.3*
- Loans from financial institutions	*5,019.3*	*9,252.0*
- Derivative financial instruments	*535.7*	*99.7*
Other non-current financial liabilities:	**460.4**	**412.2**
- Finance leases	*96.4*	*97.9*
- Other financial liabilities	364.0	*314.3*
Non-current liabilities	**31,664.9**	**31,444.2**
Short term borrowing, financial liabilities	**112.5**	**248.7**
- Debentures	*30.0*	*29.7*
- Loans from financial institutions	*82.5*	*219.0*
Other financial liabilities:	**2,007.1**	**1,236.7**
- Other financial liabilities	*1,284.2*	*521.3*
- Bank overdraft	*140.8*	*126.6*
- Accrued interests	*532.7*	*530.6*
- Finance leases	*49.3*	*58.2*
Current liabilities	**2,119.6**	**1,485.4**
Total	**33,784.5**	**32,929.6**

6.1 Debentures and loans from financial institutions

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

Debentures and loans from financial institutions (€m)	September 30, 2016	December 31, 2015
Debentures	25,679.5	21,710.0
Loans from financial institutions	5,101.8	9,471.0
Total	**30,781.3**	**31,181.0**

6.1.1 Debentures

Maturity of debentures (€m)	< 1 year	One year or more	September 30 2016	December 31, 2015
SFR	-	11,637.0	11,637.0	9,305.0
Altice Luxembourg	-	6,647.3	6,647.3	6,735.5
Altice Financing	-	5,848.0	5,848.0	4,069.1
Altice Finco	-	1,319.5	1,319.5	1,345.7
Hot Telecom	30.0	197.6	227.6	254.7
Total	**30.0**	**25,649.5**	**25,679.5**	**21,710.0**

During the nine months ended September 30, 2016, the Group refinanced a portion of its debentures, for an aggregate amount of $7,940 million (€7,151.9 million equivalent). The details of the newly issued debts and the refinanced debts are given below:

SFR
On April 7, 2016, SFR announced the successful placement of new 10 year Senior Secured Notes for an aggregate amount of $5.2 billion.

The proceeds from the issuance of this new debt were used to fully refinance the following debts: $2,400 million notes due 2019; €475 million drawn on the €1,125 million RCF; and €1,900 million term loan due 2019 (three tranches of €627 million, €399 million and $1,142 million respectively).

The debt was priced at 7.375%. The equivalent swapped coupon for the euro repayments is c. 6.2%. At the date of the refinancing, the average maturity of SFR's debt was increased from 5.8 years to 7.9 years. As a result of

the refinancing described above, the Group recognised a loss on extinguishment of a financial liability for an amount of €135.0 million for the nine months ended September 30, 2016.

Altice Financing S.A.
On April 19, 2016, Altice Financing S.A., an indirect subsidiary of the Company, announced that it had successfully priced new 10 year Senior Secured Notes for an aggregate amount of $2.75 billion. The new debt will pay a coupon of 7.5% (c .5.8% swapped into euros).

The proceeds from this issuance were used to refinance the following debts:
- $460 million senior secured notes due 2019;
- €210 million senior secured notes due 2019;
- $1,013 million of loans under the 2019 Term Loan facility; and
- €855 million of loans under the 2022 Term Loan facility ($ 500 million and € 400 million respectively).

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

6.1.2 Loans from financial institutions

As of September 30, 2016, loans from financial institutions are composed of the following:

Maturity of loans from financial institutions (€m)	< 1 year	One year or more	September 30 2016	December 31, 2015
SFR Term Loans	74.0	4,454.9	4,528.8	6,632.3
Altice Financing Term Loans	4.5	434.9	439.3	2,194.6
Altice Financing RCF	-	-	-	160.0
Numericable-SFR RCF	-	100.0	100.0	450.0
Others	4.0	29.6	33.7	34.1
Total	**82.5**	**5,019.3**	**5,101.8**	**9,471.0**

The decrease in the loans from financial institutions was mainly due to the prepayment of different term loan facilities by the Group during the period. The Term Loans were repaid prior to their maturity through the issuance of new loans from financial institutions, as follows:
- €1,900 million of SFR Term Loans due 2019 (three tranches of €627 million, €399 million and $1,142 million respectively);
- $1,013 million of Altice Financing Term Loans under the 2019 Term Loan facility; and
- €855 million of Altice Financing Term Loans under the 2022 Term Loan facility ($500 million and €400 million respectively)

In addition to the repayments mentioned above, the Group also refinanced the following Term Loans aggregating a total of $2,600 million:
- A tranche in the aggregate amount of $ 1,425 million and a euro denominated tranche of €850 million. The new tranches have the following characteristics:
    - $1,425 million due in 2024 (with principal repayments of 1% per annum), paying an interest of Libor 3m+4.25% (with a 0.75% floor)
    - €850 million due in 2023 (with principal repayments of 1% per annum), paying an interest of Libor 3m+3.75% (with a 0.75% floor)

The current portion of loans from financial institutions decreased from December 31, 2015, mainly due to the repayment during the nine months ended September 30, 2016, of drawn RCF's amounting to €160 million at Altice Financing.

6.2 Covenants

The Group was in compliance with all its covenants at September 30, 2016 and there have been no changes regarding the covenants impacting the Group and its subsidiaries since December 31, 2015.

6.3 Other financial liabilities

Other financial liabilities increased by €818.6 million compared to the year ended December 31, 2015, to €2,467.5 million, the main changes were:

1.) An increase in debts related to securitisation and reverse factoring NSFR for a total amount of €180.0 million;
2.) Issuance of commercial paper by SFR for an aggregate amount of €392.0 million; and
3.) A vendor note amounting to €100.0 million related to SFR's acquisition of AMG (refer note 2).

6.4 Available credit facilities:

Available credit facilities (€m)	Total facility	Drawn
SFR	1,125.0	100.0
Altice Financing S.A.	982.7	-
Altice Luxembourg S.A.	200.0	-
Revolving credit facilities	**2,307.7**	**100.0**
Altice Financing S.A.	15.0	
Guarantees	**15.0**	**-**
Total	**2,322.7**	**100.0**

6.5 Derivatives and hedge accounting

6.5.1 Cross currency swaps

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

New cross currency swaps	Nominal USD (m)	Nominal EUR (m)	USD/EUR exchange rate	Effective date	Maturity date[1]	USD coupon	EUR coupon	Modified / new
Fixed/Fixed CCIRS								
SFR Group S.A.	2,400.00	1,736	1.3827	8/05/2014	15/07/2024	7.38%	6.78%	Modified
SFR Group S.A.	2,790.00	2,458	1.135	11/04/2016	15/04/2024	7.38%	5.75%	New
Altice Financing S.A.	779.2	686.4	1.1352	3/05/2016	15/07/2024	7.50%	5.573% to 5.816%	New
Altice Financing S.A.	540.5	415.5	1.301	3/05/2016	15/07/2024	7.50%	5.91% to 6.4%	Modified
Altice Financing S.A.	500	442.1	1.132	3/05/2016	15/07/2024	7.50%	5.95% to 6.06%	Modified
LIBOR/EURIBOR IRS								
SFR Group S.A.	1,425	1,030	1.3834	8/05/2014	15/01/2024	L+4.25%	E+4.570%	Modified

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

Thus, the fair value change of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the nine month period ended September 30, 2016. Before the impact of taxes, a loss of €241.3 million was recorded as other comprehensive income (€163.6 million net of taxes).

6.5.2 Interest rate swaps

Compared to the year ended December 31, 2015, the Group entered into new interest rate swaps at Altice Financing and SFR with the following characteristics:

On February 16, 2016, NSFR signed an interest rate swap agreement with the following features:

- Nominal: €4.0 billion

- Variable rate paid by the bank: 3-month EURIBOR
- Rate paid by the Group: -0.121%
- Maturity: 7 years, but cancellable by the counterparty after 5 years.

The Group also entered into a similar swap at Altice Financing S.A. with the following features:

- Nominal: €0.75 billion
- Variable rate paid by the bank: 3-month EURIBOR
- Rate paid by the Group: -0.13%
- Maturity: 7 years, but cancellable by the counterparty after 5 years.

In addition to the cash flow hedge instruments listed above, the Group entered into two new fixed to floating interest rate swaps at Altice Financing. The objective of these swaps is to cover the exposure of the refinanced debt to changes in the market interest rate (as the refinanced term loans were replaced with fixed rate debentures).

In line with its hedging policy, the Group has designated these swaps as fair value hedges. As per the provisions of IAS 39, 'Financial instruments', the variations in fair value of the hedged instrument is recorded through the statement of income as are the variations in the fair value of the hedged item. In case of effective hedged instrument, the variations in the fair value of the hedged instrument and the hedged item compensate for each other. The hedging relationship includes the hedged item, being the $720 million tranche of a $2,750 million bond bearing a coupon of 7.5% and the hedging instrument, which is the fixed to floating swap changing $720 million from a fixed rate of 1.81% to Libor 6m.

For the nine month period ended September 30, 2016, the group recorded a net financial expense of €0.1 million related to the fair value hedges mentioned above.

6.6 Reconciliation to swap adjusted debt

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

Reconciliation of debentures and loans from financial institutionsto swap adjusted debt (€m)	**September 30, 2016**
Debentures and loans from financial institutions (as reported in the Statement of Financial Position)	**30,781.3**
Transaction costs	404.7
Fair value adjustments	(22.1)
Total (excluding transaction costs and fair value adjustments)	**31,163.8**
Conversion of debentures and loans in foreign currency (at closing spot rate)	(21,151.1)
Conversion of debentures and loans in foreign currency (at hedged rates)	18,936.3
Total swap adjusted debt	**28,949.0**

6.7 Fair value of financial assets and liabilities

Fair value of financial assets and liabilities is presented below:

Fair values of assets and liabilities	September 30, 2016		December 31, 2015	
(€m)	Carrying value	Fair value	Carrying value	Fair value
Financial assets	5.5	5.5	11.4	11.4
Cash and cash equivalents	668.1	668.1	625.7	625.7
Restricted cash	0.6	0.6	0.6	0.6
Current assets	**674.2**	**674.2**	**637.7**	**637.7**
Available for Sale financial assets	6.5	6.5	6.5	6.5
Derivative instruments	1,831.3	1,831.3	2,530.2	2,530.2
Other financial assets	297.3	297.3	268.1	268.1
Non-current assets	**2,135.1**	**2,135.1**	**2,804.8**	**2,804.8**
Financial assets	**2,809.3**	**2,809.3**	**3,442.5**	**3,442.5**
Short term borrowings, financial liabilities and related hedging instruments	112.5	112.5	248.6	248.6
Other financial liabilities	2,007.1	2,007.1	1,236.7	1,236.7
Current liabilities	**2,119.6**	**2,119.6**	**1,485.3**	**1,485.3**
Long term borrowings, financial liabilities and related hedging instruments	31,204.5	31,776.3	31,032.0	30,499.9
Other financial liabilities	460.4	460.4	412.2	412.2
Non-current liabilities	**31,664.9**	**32,236.8**	**31,444.2**	**30,912.1**
Financial liabilities	**33,784.5**	**34,356.3**	**32,929.5**	**32,397.4**

During the nine months ended September 30, 2016, there have been no transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

The Group’s trade and other receivables and trade and other payables are not shown in the table above. The carrying amounts of both categories approximate their fair values.

7 - Cash and cash equivalents and current restricted cash

Cash and cash equivalents (€m)	September 30, 2016	December 31, 2015
Term deposits	194.8	220.4
Bank balances	473.4	405.3
Cash and cash equivalents	**668.1**	**625.7**
Restricted cash	0.6	0.6
Total	**668.7**	**626.3**

8- Net result on extinguishment of financial liabilities

During the nine month period ended September 30, 2015, the caption is explained by a one-off financial income recorded on the cancellation of the earn-out due to Vivendi as part of the acquisition of SFR by Numericable. The earn-out was carried at its fair value, which amounted to €643.5 million as of the extinguishment date. As per the provisions of IAS 39 and IFRS 3, this amount was fully recognized as a financial income following the cancellation of the earn-out, as this cancellation was a result of an event separate from the original contract.

During the nine month period ended September 30, 2016 and as a result of the refinancing operations performed (see note 6.1.1) the Group recognized a net loss on extinguishment of financial liabilities amounting to €223.4 million.

9 Commitments

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

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

This agreement is subject to approval from anti-trust authorities in Portugal. In addition, on August 4,2016, PT

Portugal / MEO announced that it had signed a memorandum of understanding ("MOU") with the objective of entering the share capital of Sport TV, a sports broadcaster based in Portugal.

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

10 Share based payments

Compared to the year ended December 31, 2015, Altice N.V. has made amendments to the stock option plan, instituted a new Long Term Incentive Plan ("LTIP") and made grants under these plans. Under the amended plan, grants of new awards will comprise 50% equity and 50% cash components; in contrast the original LTIP [SOP], was 100% equity based. The vesting of these awards will differ based on whether the employee had received grants under the original LTIP [SOP]. For employees who had previously received awards, future grants will vest 100% three years following grant date. The vesting of awards granted to employees the first time will follow the vesting pattern of the original LTIP [SOP] (i.e. 50% two years from grant date and 25% in each of years three and four following grant date). All cash components to these awards are subject to performance criteria as defined in the LTIP. During the period ended September 30, 2016, the Group incurred expenses of €1.9 million related to the new plan.

11 Income tax

Tax expense (€m)	**September 30, 2016**	**September 30, 2015**
Current tax	(166.6)	(129.8)
Deferred tax	167.8	(10.9)
Total	**1.2**	**(140.7)**

For the nine month period ended September 30, 2016, the Group recorded an income tax credit of €1.2 million compared to an income tax expense of €140.7 million for the nine months ended September 30, 2015. The Group recorded a deferred tax income of €167.8 million for the nine months ended September 30, 2016 (compared to an expense of €10.9 million in 2015) mainly linked to a variation in deferred tax in SFR and the change in fair value recorded on derivative financial instruments.

The Group also recorded a current tax expense of €166.6 million for the nine months ended September 30, 2016 (compared to an expense of €129.8 million in 2015). The variation is mainly due to the tax agreement reached with the Dominican tax authorities on October 26, 2016 (see below Income tax litigation).

Income tax litigation

This note describes the new proceedings and developments in existing tax litigations that have occurred since the publication of the consolidated financial statements for the year ended December 31, 2015 and that have had or that may have a significant effect on the financial position of the Group.

NC Numericable

The French tax authorities have conducted audits of various Group companies since 2005 with respect to the VAT rates applicable to our multi-play offerings. Under the French General Tax Code, television services are subject to a reduced VAT rate of 5.5%, which was increased to 7% as of January 1, 2012 and to 10% from January 1, 2014, while Internet and telephony services are subject to the normal VAT rate of 19.6%, increased to 20% from January 1, 2014. When marketing multi-play offerings, the Group applies a price reduction on the price the Group would charge for these services on a stand-alone basis. This discount is primarily applied to the portion of its multi-play offers corresponding to its Internet and telephony services; the television service is the principal offer of the audited companies. As a result, the VAT charged to the Group's multi-play subscribers is lower than if the discount applied to the television portion of its packages or if it were prorated on all services.
The French tax authorities assert that these discounts should have been calculated pro rata of the stand-alone prices of each of the services (television, broadband Internet, fixed-line and/or mobile telephony) included in the multi-play packages of the Group and proposed adjustments for fiscal years 2006 to 2010.

The Group has also received proposed adjustments for fiscal years 2011 and 2012 for NC Numericable, Numericable and Est Vidéocommunication primarily affecting the application of the VAT on the multi-play offers, despite the change in rules on January 1, 2011 that supports the Group's practice in this area.

On February 1, 2016, the Company received notice of a tax audit from the French tax authorities for fiscal years 2013 and 2014 with a preliminary audit set for February 22, 2016.

The Group is disputing all of the proposed reassessments planned and has initiated appeals and dispute proceedings, which are at different stages, depending on the fiscal year in question for each of the fiscal years subject to reassessments. The proposed assessments have been provisioned in the condensed interim consolidated financial statements as of September 30, 2016 in the amount of €34.3 million.

Dominican Republic

On October 26, 2016, the Group has reached an agreement with the Republic Dominican Tax Authorities related to the level of deductibility of the financial interests related to financial liabilities. The agreement covers fiscal years 2014 to 2016 and agrees the deductibility ratio for each local company (Tricom S.A and Altice Hispaniola S.A). As of September 30, 2016, €29.0 million was recorded in the condensed consolidated financial statements to reflect the impact of the transaction.

12 Litigation

Provisions for litigation are mainly relating to litigations that have been brought against the Group for which the Board of Directors believes that a significant risk of cash out is probable.

This note describes the new proceedings and developments in existing litigations that have occurred since the publication of the consolidated financial statements for the year ended December 31, 2015 and that have had or that may have a significant effect on the financial position of the Group.

France

Civil and commercial disputes in France

12.1 Wholesale disputes

Complaint by Bouygues Telecom against SFR and Orange regarding the wholesale mobile call termination market and the retail mobile telephony market
The French Competition Council received a complaint from Bouygues Telecom against SFR and Orange claiming that the latter were engaged in anticompetitive practices in the mobile call termination and mobile telephony markets. On May 15, 2009, the French Competition Authority decided to postpone its decision and remanded the case for further investigation. On August 18, 2011 SFR received a complaint claiming unfair pricing. On December 13, 2012, the Competition Authority fined SFR €66 million for abuse of dominant position, which SFR has paid.

SFR appealed the decision. The case was heard by the Paris Court of Appeal on February 20, 2014. The Paris Court of Appeal rendered its judgment on June 19, 2014, dismissing SFR's appeal (the judgment was appealed to the Court of Cassation by SFR on July 9, 2014; on October 6, 2015, the Court of Cassation rejected SFR's appeal) and asked the European Commission to provide an Amicus Curiae to shed light on the economic and legal issues raised by the case. The Court of Appeal postponed ruling on the merits of the case pending the Commission's opinion. The Commission rendered its opinion on December 1, 2014, which went against SFR. The hearing on the merits of the case was held on December 10, 2015. The Court of Appeal issued its ruling on May 19, 2016; it granted a 20% fine rebate to SFR due to the new nature of the infraction. The French treasury (Trésor Public) returned €13.144 million to SFR. SFR appealed on a point of law on June 20, 2016. As a result of the French Competition Authority's decision of December 13, 2012, Bouygues Telecom, OMEA and EI Telecom (NRJ Mobile) filed a claim against SFR in the Commercial Court for damages. In accordance with the transaction between SFR and Bouygues Telecom in June 2014, the closing hearing of the conciliation proceedings was held on December 5, 2014. The motion for discontinuance granted on September 11, 2014 ended the legal action between the two companies. With respect to the claim by OMEA (€67.9 million) and EI Telecom (€28.6 million), SFR applied for stay on a ruling pending the decision of the Paris Court of Appeal, and obtained it. OMEA withdrew its claim on May 24, 2016. EI Telecom renewed its claim and adjusted it to €28.4 million.

SFR's lawsuit and complaint against Orange in the Paris Commercial Court (call termination – call origination)
On February 22, 2010, SFR sued Orange demanding that it cancel the price for Orange call origination for the period 2006-2007 and replace it with a 2% lower rate for 2006 and a15% lower rate for 2007. On June 25, 2013 SFR had all its requests dismissed. On July 25, 2013, SFR appealed the Commercial Court ruling. On December 4, 2015, the Court of Appeal dismissed SFR's claim. SFR filed an appeal before the Court of Cassation, the French Supreme Court, on March 14, 2016.

Complaint by Orange Réunion, Orange Mayotte and Outremer Telecom against SRR and SFR
Following the Competition Authority's decision of September 15, 2009 (provisional measures) and pending the Authority's decision on the merits, on June 17, 2013 Outremer Telecom filed suit against SRR and SFR in the Commercial Court seeking remedy for the loss it believes it suffered as a result of SRR's practices.

Outremer Telecom is claiming €23.5 million in damages subject to adjustment for unfair practices by SRR in the consumer mobile phone market on Réunion and Mayotte, and €1 million as damages subject to adjustment for unfair practices by SRR in the business market in mobile telephony on Réunion and Mayotte.
Outremer Telecom withdrew its petition.

In a ruling on November 13, 2013 the Court awarded SRR and SFR a postponement until the Competition Authority makes a decision, or until the Senior Justice of the Court of Appeal orders the postponement of the execution of the Competition Authority's decision. The proceedings have not resumed to date even though the decision of the Senior Justice of the Court of Appeal was handed down on June 13, 2014.
Outremer withdrew from the proceedings against SRR and SFR on May 10, 2015.

On October 8, 2014, Orange Reunion sued SRR and SFR jointly and severally to pay €135.3 million for the loss suffered because of the practices sanctioned by the Competition Authority. To date, the merits of the case have not yet been heard and various procedural issues have been raised, on which a judgment is pending. The Court rendered its ruling on June 20, 2016: the stating that the petitions of Orange Réunion cannot relate to the period preceding October 8, 2009 and therefore refused to exonerate SFR.

Complaint against Orange to the Competition Authority regarding the mobile phone services market for businesses
On August 9, 2010, SFR filed a complaint against Orange with the Competition Authority for anticompetitive practices in the business mobile telephony services market.

On March 5, 2015 the Competition Authority sent a notice of complaints to Orange. Four complaints were filed against Orange. On December 17, 2015, the Authority ordered Orange to pay a fine of €350 million.

At the same time, SFR filed suit against Orange in the Commercial Court and is seeking €2.4 billion in damages subject to adjustment as remedy for the loss suffered as a result of the practices in question in the proceedings with the Competition Authority. On June 21, 2016, Orange filed an injunction to disclose several pieces of confidential data in SFR's economic report for July 21, 2016.

The hearing for the proceedings was held on October 11, 2016 and another is planned on November 22, 2016.

SFR v. Orange: abuse of dominant position in the second homes market
On April 24, 2012 SFR filed a complaint against Orange with the Paris Commercial Court for practices abusing its dominant position in the retail mobile telephony services market for non-residential customers.

On February 12, 2014, the Paris Commercial Court ordered Orange to pay to SFR €51 million for abuse of dominant position in the second homes market.

On April 2, 2014 Orange filed an emergency motion against SFR with the Senior Justice of the Paris Court of Appeal to suspend the provisional enforcement. This motion was denied by the Senior Justice on July 4, 2014.
On April 2, 2014, Orange appealed the decision of the Commercial Court on the merits. On October 8, 2014 the Paris Court of Appeal overturned the Paris Commercial Court's ruling of February 12, 2014 and dismissed SFR's requests. The Court of Appeal ruled that it had not been proven that a pertinent market limited to second homes actually exists. In the absence of such a market, there was no exclusion claim to answer, due to the small number of homes concerned. On October 13, 2014 SFR received notification of the judgment of the Paris Court of Appeal

of October 8, 2014 and repaid the €51 million to Orange in November 2014. On November 19, 2014 SFR appealed the ruling.

On April 12, 2016, the French Supreme Court overturned the Court of Appeal's decision and referred the case back to the Paris Court of Appeal.

Orange returned €52.7 million to SFR on May 31, 2016. Orange refiled the case in the Paris Court of Appeal on August 30, 2016.

Orange v. SFR and Bouygues Telecom (Sharing Agreement)
On April 29, 2014, Orange applied to the French Competition Authority to disallow the agreement signed on January 31, 2014 by SFR and Bouygues Telecom to share their mobile access networks, based on Article L. 420-1 of the French Commercial Code and Article 101 of the Treaty on the Functioning of the European Union (TFEU). In addition to this referral, Orange asked the Competition Authority for a certain number of injunctions, as a provisional measure, against the companies involved.

In a decision dated September 25, 2014, the Competition Authority dismissed all of Orange's requested injunctions to stop SFR and Bouygues Telecom from implementing the agreement that they had signed to share part of their mobile networks.

The Competition Authority ruled that "no serious and immediate harm to the general economy, the sector, consumers or the plaintiff, can be described based on the section of the agreement relating to network sharing or from the 4G roaming capability associated with it."

Orange appealed the Competition Authority's decision to dismiss its request for provisional measures.
The Court of Appeal upheld this decision on January 29, 2015. Orange is now appealing the matter to the French Supreme Court. The Court of Cassation rendered a decision dismissing the appeal filed by Orange on October 4, 2016.

Claim by Bouygues Telecom against Numericable, Completel and NC Numericable
In late October 2013, Numericable, Completel and NC Numericable received a claim from Bouygues Telecom regarding the "white label" contract signed 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 very-high-speed offers. In its letter, Bouygues Telecom claimed damages totaling €53 million because of this contract. Bouygues Telecom alleges a loss that, according to Bouygues Telecom, justifies damages including (i) €17.3 million for alleged pre-contractual fraud (providing erroneous information prior to signing the contract), (ii) €33.3 million for alleged non-performance by the Group companies of their contractual obligations and (iii) €2.4 million for alleged damage to Bouygues Telecom's image. The 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.
On July 24, 2015, Bouygues Telecom filed suit against NC Numericable and Completel concerning the performance of the contract to supply very-high-speed links (2P/3P). Bouygues Telecom is accusing NC Numericable and Completel of abusive practices, deceit and contractual faults, and is seeking nullification of certain provisions of the contract and indemnification of €79 million. On June 21, 2016, Bouygues Telecom filed revised pleadings, increasing its claims for indemnification to a total of €180 million.

The matter was heard in a new procedural hearing on September 27, 2016.

eBizcuss.com against Virgin
eBizcuss.com filed a complaint against Virgin on April 11, 2012 before the French Competition Authority regarding an anticompetitive vertical agreement between Apple and its wholesale distributors (including Virgin).

Complaint by Numericable to the French Competition Authority
On May 20, 2015, Numericable filed a complaint against Groupe Canal Plus before the French Competition Authority based upon an abuse of dominant position of Groupe Canal Plus regarding its self-distribution.

12.2 Consumer disputes

CLCV's summons and complaint against SFR
On January 7, 2013, the consumer association CLCV filed a complaint against SFR in the Paris Commercial Court. CLCV claimed that some of the clauses in SFR's general terms of subscription, and those of some other

telephone operators, were unfair. It also asked for compensation for the collective loss suffered. The Paris District Court ruled that the clauses were unfair. SFR has appealed this ruling.

Free v. SFR: unfair practices for non-compliance with consumer credit provisions in a subsidized offer
On May 21, 2012, Free filed a complaint against SFR in the Paris Commercial Court. Free challenged the subsidy used in SFR's "Carrés" offers sold over the web between June 2011 and December 2012, claiming that it constituted a form of consumer credit and, as such, SFR was guilty of unfair practices by not complying with the consumer credit provisions, in particular in terms of prior information to customers. Free asked the Paris Commercial Court to require SFR to inform its customers and to order it to pay €29 million in damages. On January 15, 2013, the Commercial Court dismissed all of Free's requests and granted SFR €0.3 million in damages. On January 31, 2013, Free appealed the decision,

On March 9, 2016, the Paris Court of Appeal confirmed the Paris Commercial Court's ruling and denied all claims filed by Free. The amount of damages payable by Free to SFR was increased to €0.5 million from €0.3 million. On May 6, 2016, Free filed an appeal.

12.3 Providers disputes

Arvato v. SFR
On June 29, 2016, Arvato filed a motion against SFR before the Paris Commercial Court for summary proceedings and petitioned the court to order SFR, pursuant to a call center service level agreement expiring on September 30, 2016, to maintain an activity volume similar to the March 2016 volume under penalty of a fine until the decision on the merits (subject of the summary proceeding) is rendered.

On June 29, 2016, Arvato filed a motion against SFR before the Paris Commercial Court, at short notice, and petitioned the court to order SFR to comply with a reasonable notice period supposed to end on September 30, 2018 without the possibility of reducing the volumes, and to do so under penalty of a fine.

On July 13, 2016, the presiding judge of the Paris Commercial Court issued an order compelling SFR to maintain the activity volumes entrusted to Arvato at a level similar to the levels of March 2016, under penalty of a fine, until September 30, 2017.

SFR has appealed this order. In September 2016, the Court of Appeal overturned the order, finding that there were no grounds for an emergency hearing or provisional measures.

Bouygues Telecom versus SFR
On July 24, 2015, Bouygues Telecom sued NC Numericable and Completel in the context of disagreements about the contract of May 14, 2009 relating to the supply of the High-Speed Broadband double and triple play offers. Bouygues Telecom is contesting certain contractual stipulations and considers that it has been the victim of a margin squeeze, pre-contractual fraud, and other breaches, and is claiming the sum of €180 million from NC Numericable and Completel, a portion of which will correspond to cancelled invoices.

12.4 Other disputes

Operations, inspections and seizures
By Order of March 25, 2015, the Nanterre District Court authorized the *rapporteur-general* of the Competition Authority to conduct inspections and seizures in order to find proof of actions prohibited by Article L 430-8-II of the Commercial Code and any evidence of such actions (before the authorization of the proposed combination between SFR Group and OMEA Telecom), of commercial collaboration between SFR Group, Omea Telecom and SFR. On April 9, 2015, SFR Group appealed the authorization of the District Court of Nanterre and filed an appeal against the conduct of the inspection and seizure operations with the Senior Justice of the Court of Appeal of Versailles. SFR withdrew its appeal as part of the settlement offer concluded with the Competition Authority (see note 16).

In addition to the above, on June 27, 2016, the rapporteur-general sent a report to SFR Group and Altice Luxembourg S.A. denouncing the implementation of actions that suggested the implementation of commercial collaboration ("gun jumping") before it was authorized by the Competition Authority (actions prohibited by Article L 430-8-II of the French Commercial Code). The hearing before the Authority Board was held on April 18, 2016, and a decision was rendered in November 2016. See note 16 for more details.

13 Related party disclosure

Compared to the year ended December 31, 2015, the Board has identified the following transactions with related parties that had a significant impact on the condensed consolidated accounts of the Group for the nine months ended September 30, 2016:

1) A vendor note of €100 million with the ultimate beneficial owner related to the acquisition of AMG by SFR, due in 2017, recorded as other current financial liabilities;
2) An increase in finance leases of €29.6 million related to the exclusive use of a datacenter owned by an entity controlled by the controlling shareholder;

In addition to the movements mentioned above, transactions with GNP, have been reported as intercompany transactions for the nine months ended September 30, 2016 and hence eliminated (following the change in method of consolidation of GNP, see note 2).

14 Going concern

As of September 30, 2016, the Group had net current liability position of €4,718.6 million (mainly due to trade payables amounting to €6,178.6 million) and a negative working capital of €1,771.4 million. During the nine month period ended September 30, 2016, the Group registered a net loss of €544.7 million (compared to an income of €338.2 million for the nine month period ended September 30, 2016 (which was mainly due to a one-off gain on step acquisition as explained in note 9) and generated cash flows from operations of €3,640.9 million. As of September 30, 2016, the Group had a negative equity position of €459.6 million.

The loss generated as of September 30, 2016 was mainly due to one off costs incurred on the extinguishment of certain financial liabilities (€223.4 million) and restructuring costs (see note 3). The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short DSOs (Days of Sales Outstanding) and suppliers are paid under standard commercial terms, thus generating a negative working capital, as evidenced by the difference in the level of receivables and payables (€4,068.7 million vs. €6,178.6 million). Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of September 30, 2016, the Group's short term borrowings mainly comprised of accrued interests for €532.7 million on the debenture and loans from financial institutions which are repaid on a semi-annual basis, and the amortization of some bonds and term loans. Those short term obligations are expected to be covered by the cash flows from operations of the operating subsidiaries. As of September 30, 2016, the revolving credit facilities at SFR remained drawn in an aggregate amount of €100.0 million. The RCFs previously drawn at Altice Financing S.A. were fully repaid in May.

As mentioned in note 6, the Group has pushed back its most significant debt reimbursements to 2022 through some refinancing that were completed in April 2016 and October 2016 (refer note 16).

In determining the appropriateness of the use of the going concern assumption, the Board of Directors has considered the following elements:

- The Group has a strong track record of generating positive EBITDA and generated strong positive operating cash flows for the nine month period ended September 30, 2016 (€3,640.9 million).
- EBITDA amounted to €4,440.1 million, an increase of 8.8% compared to September 30, 2015. This increase in EBITDA is mainly due to the full nine month contribution of PT-Portugal to the Group's results compared to prior year. The Board of Directors is of the view that such EBITDA and the consequent cash flows are sufficient to service the working capital of the Group.
- The Group had healthy unrestricted cash reserves as of September 30, 2016 (€668.1 million vs. €625.7 million as of December 31, 2015), which would allow it to cover any urgent cash needs. Additionally, as of September 30, 2016, the Group had access to Revolving Credit Facilities ("RCF") and guarantee facilities of up to €2,322.7 million (of which €100.0 million drawn as of September 30, 2016).

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

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

15 Revised information

As per the provisions of IFRS 3 Business Combination, the impact of the recognition of the identifiable tangible and intangible assets of SFR, Virgin Mobile and PT at their fair value was revised for the three and nine months ended September 30, 2015. The total impact for the condensed statement of financial position and income statement as of September 30, 2015 was:

Consolidated Statement of Financial Position **At 30 September 2015** **(€m)**	**September 30** **2015** **(reported)**	**Revision**	**September 30** **2015** **(revised)**
Goodwill	18,642.4	(3,247.6)	15,394.8
Intangible asset	5,820.3	4,999.2	10,819.5
Property plant and equipment	10,233.2	(42.8)	10,190.4
Other non-current assets	2,635.7	(124.4)	2,511.3
Deferred tax assets	660.9	326.9	987.8
Non-current assets	**37,992.5**	**1,911.4**	**39,903.9**
Current assets	**6,515.1**	**129.6**	**6,644.7**
Assets classified as held for sale	119.9	-	119.9
Total assets	**44,627.5**	**2,041.0**	**46,668.5**
Equity	**1,860.7**	**(200.8)**	**1,659.9**
Other non-current liabilities	32,150.1	2,262.5	34,412.6
Deferred tax liabilities	464.9	1,936.8	2,401.7
Non-current liabilities	**32,615.0**	**4,199.3**	**36,814.3**
Current liabilities	**10,068.3**	**(1,958.6)**	**8,109.7**
Liabilities directly associated with assets classified as held for sale	84.6	-	84.6
Total liability and equity	**44,628.6**	**2,039.8**	**46,668.4**

Consolidated Statement of Income **Nine months ended 30 September 2015** **(€m)**	**September 30** **2015** **(reported)**	**Revision**	**September 30** **2015** **(revised)**
Revenue	10,648.9	-	10,648.9
Other expenses	(6,645.0)	76.6	(6,568.4)
Depreciation, amortisation and impairment	(2,495.4)	(276.7)	(2,772.1)
Other expenses and income	(165.3)	(20.8)	(186.1)
Operating profit	**1,343.2**	**(220.9)**	**1,122.3**
Net finance costs	(1,317.1)	(1.3)	(1,318.4)
Gain recognized on extinguishment of a financial liability	643.5	-	643.5
Net result on disposal of a business	27.5	-	27.5
Share of profit in associates	4.0	-	4.0
Loss before taxes	**701.1**	**(222.2)**	**478.9**
Income tax expense	(175.0)	34.3	(140.7)
Loss for the period	**526.1**	**(187.9)**	**338.2**
Comprehensive income	**550.6**	**(188.0)**	**362.6**

Consolidated Statement of Income Three months ended 30 September 2015 (€m)	September 30 2015 (reported)	Revision	September 30 2015 (revised)
Revenue	3,869.2	-	3,869.2
Other expenses	(2,356.7)	25.3	(2,331.4)
Depreciation, amortisation and impairment	(865.6)	(154.3)	(1,019.9)
Other expenses and income	(44.9)	-	(44.9)
Operating profit	**602.0**	**(129.0)**	**473.0**
Net finance costs	(571.0)	(0.6)	(571.6)
Gain recognized on extinguishment of a financial liability	-	-	-
Net result on disposal of a business	27.5	-	27.5
Share of profit in associates	1.2	-	1.2
Loss before taxes	**59.7**	**(129.6)**	**(69.9)**
Income tax expense	(77.1)	27.6	(49.5)
Loss for the period	**(17.4)**	**(102.0)**	**(119.4)**
Comprehensive income	**110.3**	**(101.8)**	**8.5**

16 Events after the reporting period

Refinancing activities

The Group completed refinancing activities in France on October 17, 2016, comprising a $1,790 million Term Loan and a €700 million Term Loan within the SFR Group. The Term Loans have a January 2025 maturity. The $1,790 million Term Loan is priced at 3.25% over LIBOR with a 0.75% LIBOR floor. The €700 million Term Loan is priced at 3.00% over EURIBOR with a 0.75% EURIBOR floor and is priced at par. The proceeds will be used to repay the entire amount of the: (i) $550 million term loan due June 2022 (priced at LIBOR plus 3.81% points); (ii) the $1,340 million and €500 million term loans due January 2023 (priced at LIBOR plus 4.0% and EURIBOR plus 4.0% respectively), and; (iii) €100 million of the aggregate principal amount outstanding under the RCF. The refinancing represents a significant reduction to the margins on the term loans being repaid. The transaction will improve SFR's debt maturity profile (from 7.3 to 7.6 years, pro forma as of September 30, 2016) and reduce the weighted average cost of debt (from 5.3% to 5.2%).

Decision of the French Antitrust authority

On November 08, 2016, Altice and SFR Group acknowledged receipt of the decision of the French Competition Authority sentencing them to a €80 million gun-jumping fine in connection with the 2014 acquisition of SFR and Virgin Mobile.

The denounced practices, which aimed to make the new entity operational as soon as possible after obtaining clearance of the transaction, were performed in good faith, in the midst of legal uncertainty.

The Group chose not to refute these practices and to accept the French Competition Authority's settlement offer. The Group chose to settle the matter in order to limit its financial exposure, given the level of penalties imposed for this type of procedural violation under the French Commercial Code.

Planned acquisitions of technical and call center services companies

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

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

REVIEW REPORT OF THE REVISEUR D'ENTREPRISES AGREE

ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Altice Luxembourg S.A. as of September 30, 2016, the related condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the three and nine month periods 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.

For Deloitte Audit, *Cabinet de révision agréé*

Originally signed by John Psaila, *Réviseur d'entreprises agréé*
Partner

November 18, 2016