Altice S.A.
(Société anonyme)

Interim Financial Report

L-2449 Luxembourg, 3, boulevard Royal

R.C.S. Luxembourg number B 183.391

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INTERIM MANAGEMENT REPORT
(AS AND FOR THE 6 MONTHS ENDED JUNE 30, 2015)

Introduction

The Board of Directors of Altice S.A. (the “Company” or “Altice”) has the pleasure in presenting its interim report, which constitutes the interim management report (“Interim Management Report”) as defined by the Luxembourg law dated 10 August 1915 concerning commercial companies as amended, together with the audited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) as at and for the three and six months periods ended June 30, 2015. This report, along with the condensed consolidated financial statements, form the Interim Financial Report of the Company.

The Creation of Altice

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

Altice S.A. has its registered office at 3, boulevard Royal, L-2449 Luxembourg and is registered with the Luxembourg Register of Commerce and Companies under the number B183.391.

Principal Activities of the Group

The Company, though its various subsidiaries, provides mainly cable and mobile based telephony, internet and television services to residential and B2B customers in Western Europe (France, Portugal, Belgium & Luxembourg and Switzerland), Israel, the French Antilles and Indian Ocean territories and the Dominican Republic. As used herein, (i) the Altice International Group refers to Altice International S.à r.l. and its subsidiaries (which operate in Western Europe, which comprise Portugal, Belgium and Luxembourg and Switzerland), Israel and the Overseas Territories (including the Dominican Republic and some French Overseas Territories in the Caribbean and the Indian Ocean regions).

DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS OF THE GROUP

Significant Events Affecting Historical Results

A summary of the significant events since the last balance sheet date (December 31, 2014), that had a material impact on the condensed consolidated financial statements as of June 30, 2015, are given below:

Acquisition of Portugal Telecom:

On January 22, 2015, an extraordinary general meeting of the shareholders of PT S.G.P.S voted in favour of the sale of PT S.G.P.S’s Portuguese assets to Altice. On February 2, 2015, the new debentures and loans issued by the Company and its subsidiaries to finance the acquisition were received and held in escrow.

On June 2, 2015, the Company, through its indirect subsidiary, Altice Portugal, successfully completed the previously announced acquisition of a 100% stake in the Portuguese assets of PT Portugal S.G.P.S (“PT”). PT is the incumbent telephone operator in Portugal and the largest operator of fixed and mobile services in the country and an industry leader in fixed-mobile convergence. Through this acquisition, the Group has further strengthened its position in the Western European market and especially its reputation as a leader in fixed-mobile convergence.

Since June 2, 2015, PT contributed €200.9 million to Group revenues and €32.3 million to Group operating profit for the six months ended June 30, 2015.

As part of the conditions attached to the acquisition of PT, the Group is required to dispose of its previously acquired assets in Portugal (Cabovisao and ONI). The assets and liabilities of these two companies were held for sale as of June 30, 2015 and the sale process was on-going as of the date of this report.

Sale of mobile activities in La Reunion and Mayotte

Following the French Competition Authority's conditional approval to the purchase of SFR by the Group, the Group has agreed to dispose of OMT's mobile business in the Reunion Islands and Mayotte. OMT's Indian Ocean assets are included in the reporting segment French Overseas Territories (FOT) in note 3 – Segment analysis.

On March 6, 2015, Altice announced that it has entered into exclusive negotiation with the Hiridjee Group, controlling shareholder of Telma, the leading telecom operator in Madagascar, for the sale of its mobile activities in La Reunion and Mayotte in order to comply with the aforesaid requirement of the French antitrust authority.

The acquisition was completed on July 31, 2015, for an enterprise value (excluding any eventual purchase price adjustments) of € 80 million, which represents a substantial premium over the net asset value, thus ruling out any impairment of the assets held for sale.

Buyback of Vivendi's stake in NSFR

On May 6, 2015, the Company, through its subsidiaries Altice France S.A., and Numericable-SFR successfully concluded the acquisition of an additional 20% stake in Numericable-SFR, for a price of €40 per share. Numericable-SFR ("NSFR") acquired half of Vivendi's stake through a share buyback program while the remainder of Vivendi's stake was acquired by Altice France Bis S.à r.l., a wholly owned subsidiary of Altice France S.A. NSFR financed its portion of the share purchase partly using cash on balance sheet for an amount of €897 million and drawing on its revolving credit facility for the remainder (€1,050 million). The purchase of the Numericable-SFR shares by Altice France Bis S.à r.l. is being financed by a vendor loan franchised to Altice France Bis S.à r.l.. for an amount of €1,948 million. This vendor loan bears interest at 3.8% annually. In connection with this acquisition, the Group has obtained commitments from a syndicate of financial institutions to underwrite or place up to €2,025 million of common share equity linked securities of the Company at a price to be determined by the Company and such financial institutions acting reasonably and in good faith and in light of prevailing market conditions. This transaction will in particular result in the termination of the shareholders' agreement and the call options agreements entered into between Altice France and Vivendi in connection with the SFR acquisition. Upon this transaction, Altice France's direct and indirect stake in the share capital and voting rights of NSFR increased from 60.4% to 70.4% (i.e. 78.2% excluding treasury shares held by NSFR). The Board of Directors of Numericable-SFR has elected to cancel the treasury shares acquired on May 28, 2015.

Furthermore, the Group and Vivendi agreed on a purchase price adjustment (as per the sale and purchase agreement) of €120 million payable by Vivendi (related to net debt adjustments at closing), related to the acquisition of SFR.

As part of this agreement, the earn-out of €750 million due to Vivendi and contingent upon the completion of certain financial and operational KPIs was extinguished resulting in a gain of €643.5 million. The transfer of the Numericables-SFR' shares also causes the extinguishment of the call options held by Altice France S.A. on the Numericable-SFR shares held by Vivendi as well as the shareholder agreement between the parties.

Acquisition of Suddenlink Communications:

On May 19, 2015, Cequel Corporation (together with its subsidiaries, "Suddenlink"), entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Altice, certain other direct or indirect wholly-owned subsidiaries of Altice (the "Purchasers"), direct and indirect stockholders of Cequel Corporation (the "Sellers"), and Cequel III, LLC, a Delaware limited liability company, with respect to the sale of equity interests in Cequel Corporation. As of the date hereof, Cequel Corporation is directly or indirectly owned by investment funds advised by BC Partners Limited ("BCP"), CPPIB-Suddenlink LP, a wholly owned subsidiary of Canada Pension Plan Investment Board ("CPPIB" and together with BCP, the "Sponsors"), and IW4MK Carry Partnership LP (the "Management Holder" and together with the Sponsors, the "Stockholders"). Pursuant to the Purchase Agreement, the Purchasers will purchase from the Sellers approximately 70% of the total outstanding equity interests in Cequel Corporation (the "Suddenlink Acquisition"). The consideration for the acquired equity interests is based on a total equity valuation for 100% of the capital and voting rights of Cequel Corporation of $4,132.0 million, which includes $2,908.9 million of cash consideration, $723.2 million of retained equity held by the Sponsors and $500 million funded by the issuance by a subsidiary of Altice of a senior vendor note that will be subscribed by the Sponsors. Following the closing of the Suddenlink Acquisition, the Sponsors will retain equity interests in Cequel Corporation representing, in the aggregate, 30% of Cequel Corporation's outstanding capital stock on a post-closing basis. In addition, the Purchase Agreement provides that the carry interest plans of the Stockholders will be cashed out based on an agreement between the Sponsors and the Management Holder whereby payments will be made to participants in such carry interest plans, including certain officers and directors of Cequel and Cequel Corporation. The Purchase Agreement includes customary representations, warranties and covenants. The completion of the Suddenlink Acquisition is also subject to customary conditions, including receipt of certain regulatory approvals and receipt of certain governmental approvals (including in respect of certain U.S. anti-trust laws). The Suddenlink Acquisition is expected to close on or prior to January 31, 2016.

In connection with the Suddenlink Acquisition, on June 12, 2015, certain newly incorporated subsidiaries of Altice issued (i) $320 million principal amount of senior holdco notes due 2025 (the "Holdco Notes"), (ii) $300 million principal amount of senior notes due 2025 (the "Senior Notes") and (iii) $1.1 billion principal amount of senior secured notes due 2023 (the "Senior Secured Notes"), the proceeds from which were placed in escrow, to finance a portion of the purchase price for the Suddenlink Acquisition. The Holdco Notes were issued by Altice US Finance S.A, an indirect subsidiary of Altice, bear interest at a rate of 7.75% per annum and were issued at a price of 98.275%. The Senior Notes were issued by Altice US Finance II Corporation, an indirect subsidiary of Altice, bear interest at a rate of 7.75% per annum and were issued at a price of 100.00%. The Senior Secured Notes were issued by Altice US Finance I Corporation, an indirect subsidiary of Altice, bear interest at a rate of 5.375% per annum and were issued at a price of 100.00%. Interest on the Holdco Notes, the Senior Notes and the Senior Secured Notes is payable semi-annually on January 15 and July 15. The Holdco Notes will automatically exchange into an equal aggregate principal amount of Senior Notes once sufficient restricted payment capacity has been built and subject to the ability to incur additional indebtedness in excess of the aggregate amount of the Holdco Notes.

In connection with the Suddenlink Acquisition, Suddenlink received consent from holders of its existing notes due 2020 (the "Suddenlink 2020 Notes") to, among other things, waive any obligation that Suddenlink may have under the indenture governing the Suddenlink 2020 Notes (the "Suddenlink 2020 Indenture") to repurchase the Suddenlink 2020 Notes as a result of the consummation of the Suddenlink Acquisition and make certain related changes to the Suddenlink 2020 Indenture (the "Indenture Amendments"), and the relevant Suddenlink issuers entered into a first supplemental indenture to the Suddenlink 2020 Indenture with U.S. Bank National Association, as trustee (the "First Supplemental Indenture"), containing the Indenture Amendments. In exchange for this consent, holders who consented to these amendments will receive an aggregate fee of approximately $26.3 million upon the closing of the Suddenlink Acquisition, at which time the Indenture Amendments will become effective.

In connection with the Suddenlink Acquisition, Suddenlink received consent from lenders under the credit and guaranty agreement, dated February 14, 2012, entered into by Cequel Communications, LLC, Cequel Communications Holdings II, LLC, certain subsidiaries of Cequel Communications, LLC and a syndicate of lenders, as amended, which provides for up to $2.7 billion of loans in the aggregate, consisting of a $2.2 billion term loan facility and a $500.0 million revolving credit facility (collectively, the "Existing Suddenlink Credit Facility"), to amend the definition of change of control and certain other related definitions therein so that the consummation of the Suddenlink Acquisition will not constitute a change of control and corresponding event of default thereunder (the "Existing Suddenlink Credit Facility Amendments"), and entered into a Second Amendment and Consent to the Existing Credit Facility (the "Second Amendment and Consent") with the lenders thereunder, containing, among other things, the Existing Suddenlink Credit Facility Amendments. In exchange for this consent, Altice paid lenders who consented to these amendments an aggregate fee of approximately $6.8 million.

In addition, as of June 12, 2015, lenders holding (a) $290.0 million of loans and commitments under the existing revolving credit facility under the Existing Suddenlink Credit Facility and (b) approximately $810.2 million of loans under the existing term loan facility under the Existing Suddenlink Credit Facility have consented to roll over, on a cashless basis, such lenders' loans and commitments under the Existing Suddenlink Credit Facility into loans and commitments of the same amount under a new credit facility (the "New Credit Facility") made available to Altice US Finance I Corporation to become effective upon the consummation of the Suddenlink Acquisition (the "Roll Consents"). The rollover option will continue to be available to other lenders at any time on or prior to a date selected by Altice US Finance I Corporation in consultation with the agent under the Existing Suddenlink Credit Facility that is prior to the consummation of the Suddenlink Acquisition. The New Credit Facility will mature on December 14, 2022, or sooner if certain amounts of the Suddenlink 2020 Notes, Suddenlink's existing notes due 2021 (the "Suddenlink 2021 Notes") or the Senior Secured Notes remain outstanding at certain future dates. Upon the closing of the Suddenlink Acquisition, the $290.0 million of loans and commitments under the existing revolving credit facility under the Existing Suddenlink Credit Facility that lenders have elected to rollover into the New Credit Facility, plus $60.0 million of new revolving commitments from other lenders, will form a new $350 million revolving credit facility under the New Credit Facility, and all remaining commitments under the existing $500 million revolving credit facility under the Existing Suddenlink Acquisition Credit Facility will be terminated. The consummation of the Suddenlink Acquisition is subject to the conditions and approvals set out in the Purchase Agreement. There can be no assurance that such conditions will be met or approvals will be obtained in a timely manner, if at all.

Suddenlink is the 7th largest US cable operator with 1.5 million residential and 90,000 business customers. With operations primarily focused in Texas, West Virginia, Louisiana, Arkansas and Arizona, Suddenlink is present in attractive growth markets for both residential and business services. In 2014, Suddenlink generated $2.3 billion in revenue and over $900 million in credit agreement adjusted EBITDA with a balanced revenue mix between residential video, broadband, telephony and business services.

The transaction is to be financed with $6.7 billion of new and existing debt at Suddenlink, a $500 million vendor loan note from BC Partners and CPP Investment Board, and $1.2 billion of cash from Altice. Debt issuance at Suddenlink will remain ring-fenced from the existing indentures currently in place within the Altice Group, and Suddenlink will hence not be restricted under such indentures.

Credit Agreement Adjusted EBITDA, as used herein, is defined by Suddenlink as net (loss)/income plus interest expense, (benefit)/provision for income taxes, depreciation, amortization, non-cash share based compensation expense, loss on sale of assets, loss on termination of derivative instruments, loss on extinguishment of debt, transaction fees and other expenses related to the acquisition of Suddenlink by its existing equity owners in 2012, interest income, non-recurring expenses and pro forma adjusted EBITDA for acquisitions, less pro forma adjusted EBITDA for dispositions.

Significant Events without impact on the condensed financial statements as of June 30, 2015

Corporate restructuring of Altice S.A.

On June 26, 2015, Altice S.A. announced the proposed cross-border merger between a newly formed Dutch entity, Altice N.V., as the acquiring company and Altice S.A. as the company ceasing to exist (the "Merger").

Pursuant to the Merger, the shareholders of Altice S.A. (“Shareholders”) will receive 3 common shares A (“Common A Shares”) of Altice N.V. with 1 voting right each and a nominal value of one eurocent, and 1 common share B (“Common B Shares”) of Altice N.V. with 25 voting rights each and a nominal value of 25 eurocents, in exchange for each issued and outstanding share in the capital of Altice S.A. Both Common A Shares and Common B Shares will have equal economic rights and will be listed on Euronext Amsterdam (AMX). Following the listing and admission to trading of the Consideration Shares on Euronext Amsterdam (the “Listing”), the shareholders in Altice N.V. will be permitted to convert their Common B Shares into Common A Shares at a 1:1 ratio. The Boards of Directors of both Altice N.V. and Altice S.A. have approved and unanimously recommend the Merger.

It is envisaged that prior to the Merger becoming effective, Altice S.A. will transfer substantially all of its assets and liabilities to a newly incorporated subsidiary Altice Luxembourg S.A., a public limited liability company (*société anonyme*) governed by the laws of the Grand Duchy of Luxembourg (the "Transfer" and together with the merger, the “Restructuring”). The Transfer has been approved and unanimously recommended by the Boards of Directors of Altice S.A. and Altice Luxembourg S.A.

Both the Transfer and the Merger require approval by a majority of at least two third of the votes cast at an extraordinary general meeting ("EGM") in which at least one half of the share capital of Altice S.A. is present or represented. Shareholders holding, in the aggregate, approximately 64.6% of the shares of Altice S.A. have irrevocably undertaken to vote in favour of the Transfer and the Merger. The EGM has been convened for August 6, 2015, and the Transfer and the Merger are expected to be effected, in the first two weeks of August. It is expected that trading of the A Shares and B Shares on an ‘as if and when issued’ basis will commence upon or shortly after the Merger becoming effective.

Refinancing of RCFs

In July 2015, the Group refinanced the RCFs drawn at Altice Financing and Numericable-SFR through the issuance of term loans of aggregate amounts of €450 million and €800 million (equivalent) (at Altice Financing and Numericable-SFR respectively). The Altice financing term loans bear interest at Euribor 3m+3.5% (with a 1% floor).

Numericable-SFR issued a term loan with a $550 million USD tranche bearing interest at Libor 3m+3.25% for a total term of seven years and a €300 million tranche bearing interest at Euribor 3m+3.25% also for a term of seven years. Both term loans have a Libor/Euribor floor of 0.75%.

Share Performance

The evolution of the price of the Company's shares from December 31, 2014 to June 30, 2015 is presented below and is based on data available from public sources. *[Source: Euronext Amsterdam]*:

The Company's stock continued its strong performance in equity markets in the first semester of 2015, driven by the successful closing of the PT acquisition and the announcement of the Suddenlink transaction, as well as the successful restructuring and the impressive increase in earnings at NSFR and the Dominican entities.

The closing price of € 123.55 on June 30, 2015 represented an increase of 89% over the closing price as of December 31, 2014, while the volume weighted average price of € 98.14 as of June 30, 2015 represents an average growth of 50.4% compared to the closing price as of December 31, 2014.

As of the date of this report 248,304,168 shares of the Company were outstanding and Next Alt S.à r.l. ("Next Alt") (controlled by Patrick Drahi, chairman of the board of Directors), held 58.5% of the share capital of the Group.

Future Developments

The Group currently records the tax on added value payable in France, (the "CVAE") as an operating expense. In accordance with the guidance of the IFRS, the French national accounting commission (the Comité National de Comptabilité, CNC) and current Group policy, a project is currently underway at Numericable-SFR to record the CVAE as an income tax expense instead of an operating expense. The Board of Directors expects to complete this transition by the end of Q4 2015.

Principal Risks and Uncertainties

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

The risks and uncertainties listed below reflect an update of the risks and uncertainties as disclosed in the Annual Report of the Group for the year ended December 31, 2014 and take into account significant events that have impacted the condensed consolidated financial statements for the three and six months ended June 30, 2015.

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

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

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

All of these limitations will be subject to certain exceptions and qualifications, including the ability to pay dividends or make investments. However, these covenants could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. In addition, our ability to comply with these restrictions may be affected by events beyond our control. In addition, we are also subject to the affirmative covenants contained in certain of the debt agreements we are party to which require us to maintain specified financial ratios. Our ability to meet these financial ratios may be affected by events beyond our control and, as a result, we cannot assure you that we will be able to meet these ratios.

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

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

As of June 30, 2015, our primary floating rate debt obligations (excluding finance leases and other liabilities) were in an amount equivalent to €7,121.3 million comprising mainly of term loans. Since December

31, 2014, Altice S.A. and its subsidiaries has incurred an additional € 1,022 million of floating rate debt in relation to the planned acquisition of Portugal Telecom. Further, as of June 30, 2015 we had an amount equivalent to €156.5 million (equivalent) outstanding under Series A of the HOT Unsecured Notes which is linked to the consumer price index in Israel. An increase in the interest rates on our debt will reduce the funds available to repay our debt and to finance our operations, capital expenditures and future business opportunities. Although we enter into various derivative transactions to manage exposure to movements in interest rates, there can be no assurance that we will be able to continue to do so at a reasonable cost.

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

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

Risks related to Portugal Telecom's Business, Technology and Competition

In Portugal, following the PT Portugal Acquisition, we provide telecommunication services primarily through the PT Portugal brand. The competitive risks PT Portugal faces are described below.

Multiplay offerings. In 2008, PT Portugal launched a nationwide Pay- TV service under the "MEO" brand, primarily using its fixed network (IPTV over ADSL2+ and FTTH and direct-to-home, or DTH satellite technology). This service required PT Portugal to make significant investments in its network in order to increase the bandwidth and offer a better service quality than their competitors. In January 2013, PT Portugal announced the rebranding of MEO and the launch of a quadruple-play service as "M4O", offering Pay-TV broadband internet, fixed telephone and mobile telephone services. This launch has required additional marketing expenditures and will entail ongoing investments in infrastructure to remain competitive with other market participants.

Notwithstanding gains in PT Portugal's revenues and market share from Pay-TV services in recent years and the quality of its service, PT Portugal has experienced pressure from its competitors to reduce monthly subscription fees. In addition, PT Portugal's efforts to build scale to enable it to negotiate better programming costs with content suppliers, especially certain premium content owned by one of its competitors, may not prove successful.

The competitive landscape has changed significantly in Portugal as a result of the merger in 2013 of ZON Multimédia—Serviços de Telecomunicações e Multimédia, SGPS, S.A., or ZON, the largest cable operator, and Optimus SGPS, S.A., or Optimus, the third-largest mobile operator, to create NOS SGPS, S.A. ("NOS"), a new integrated telecommunications operator in Portugal. This transaction has further increased the focus on bundled offers and the evolution from triple-play to quadruple-play services as NOS has leveraged its position as an integrated telecommunications operator and a content distributor. Cabovisão, which is currently our asset held for sale, also offers triple-play services.

PT Portugal's revenues from residential services, enterprise services (where bundled offers are becoming increasing important) and its financial position could be significantly affected if it is not successful in competing to provide these bundled services, particularly as its Pay-TV services have become increasingly important as a retention tool of its fixed line and broadband internet customers. PT Portugal's revenues from enterprise services could also be significantly affected by the competition presented by NOS, which has announced its strategy to grow its enterprise services.

Fixed-Lined Telephony. As a result of the trend toward the use of mobile services instead of fixed telephone services (mobile usage grew 63% between 2007 and 2013, whereas fixed traffic reduced by 2.5% in the same period), combined with the increase in competition from other operators, PT Portugal has experienced, and may continue to experience, erosion of market share of both access lines and of outgoing domestic and international traffic. Additionally, all mobile players have launched fixed telephony services based on their mobile networks, which are directly competing for the same customers. Competition is intensified by mobile operators NOS and Vodafone with large mobile operations but a limited (although growing) fixed line network. Mobile operators can bypass PT Portugal's international wireline network by interconnecting directly with fixed line and mobile networks either in its domestic network or abroad. Competition is also forcing down the prices of fixed line voice services for long-distance and international calls, as operators have been offering unlimited voice communications for all national and several international fixed destinations. Lowering international call prices has caused a decline in PT Portugal's revenues from international fixed line voice services. We expect competition from operators with services based on Voice over Internet Protocol, or VoIP, also to place increasing price pressure on voice tariffs. In addition, ANACOM decided to heavily reduce fixed termination fees, from €0.1114 to €0.068, effective as of October 1, 2013. This has contributed to a decrease in our revenues from fixed telephone services. The decrease in fixed line voice traffic and lower tariffs resulting from competition has significantly affected PT Portugal's overall revenues, and we expect these factors to continue to negatively affect revenues.

Broadband Internet. We believe that competition in broadband internet access in Portugal is intensifying. The intensification of competition is driven by the development of technologies such as broadband wireless access through 3G and 4G, as well as high-speed broadband supported by the deployment of a fiber optic network. PT Portugal may have increased competition from Vodafone Portugal, which intends to expand its currently limited FTTH footprint from 700,000 homes as of March 2014, to 1.5 million homes by mid-2015, as well as NOS whose high-speed broadband coverage (including HFC and FTTH) as of March 2014 was larger than that of PT Portugal. As the result of such intensified competition, PT Portugal may face additional pricing pressure on its services, which could result in the loss of revenues from both residential and enterprise customers.

Mobile Services. We believe that PT Portugal's existing mobile competitors, Vodafone and NOS, will continue to market their services aggressively, resulting in similarly priced offers for all major mobile players in the market. These aggressive pricing strategies have boosted voice and data usage at the expense of eroding retail revenues. A clear example was the launch, in 2008, of the so-called "tribal plans." Although initially designed to provide special calling and texting advantages for "restricted" user groups, their widespread success soon resulted in a significant pressure on revenues. We believe that PT Portugal's success against competitors will depend on its ability to differentiate its products based on services offered, quality, simplicity and targeting of pricing plans, and it may not be successful in doing so. We also believe quadruple-play will play a major role in the mobile Portuguese market. Although PT Portugal was the first operator to launch a quadruple-play offer, in January 2013, it will be increasingly difficult to sustain this competitive advantage, particularly following the merger resulting in the creation of NOS.

Reduced interconnection rates have negatively affected PT Portugal's revenues for its Portuguese telecommunications businesses and will continue to do so in the second half of 2015.

In recent years, ANACOM has imposed price controls on interconnection rates for the termination of calls on mobile networks. These reductions have had a significant impact on interconnection revenues of PT Portugal's mobile subsidiary, Meo, S.A., and, consequently, on its earnings.

ANACOM has issued successive decisions that have reduced mobile termination rates over time. Most recently, in March 2012, ANACOM issued a final decision reducing mobile termination rates progressively to € 0.0127 by December 2012. The reductions in mobile termination rates have had and will continue to have a negative effect on PT Portugal's cash flows and revenues.

The Portuguese Competition Authority also completed an analysis of mobile rates for originating calls to non-geographic numbers in January 2012, finding origination rates to be excessive, and issued a recommendation that mobile operators must reduce their rates to a level reflecting their costs or face the possibility of being sanctioned. In March, 14, 2014, the Portuguese Competition Authority requested Meo, S.A. information regarding its mobile origination rates for calls to non-geographic numbers. Meo, S.A. responded to this request in April, 1, 2014, and there are no further developments since then.

With respect to the wholesale market for voice call termination on individual public telephone networks at a fixed location (Relevant Market 3), on March 7, 2013, ANACOM published a draft decision, proposing to set an average symmetrical fixed termination rate, or FTR, of €0.1091 from October 1, 2013, to July 1, 2014. This rate was calculated as the average FTR of the countries that had already notified the European Commission of their decisions with respect to their national markets based on pure Bottom Up Long-Run Average Incremental Cost, or BU-LRIC, cost models. In August 2013, after the European Commission expressed serious concerns in respect of ANACOM's draft decision, ANACOM decided to withdraw its decision and instead to impose interim and urgent measures. Under its revised measures, ANACOM determined that the maximum average prices to be adopted by operators identified as having significant market power in Relevant Market 3 should be €0.1114 per minute as of October 1, 2013, and that as of July 1, 2014, the price will be set using a pure LRIC cost model that is being developed. In November 2013, ANACOM issued a new decision imposing additional interim and urgent measures for the termination market (this decision has defined the prices PTC must adopt regarding each of the three levels of interconnection of the termination services provided and imposed similar obligations on the remaining operators who have complex prices), and launched a consultation regarding the development and implementation of a cost model for the fix termination market. On July 10, 2014, ANACOM approved (i) a draft decision regarding the definition of the fix termination wholesale market, the evaluation of significant market power in that market and the imposition, maintenance, modification and suppression of regulatory obligations in that market, and (ii) a draft decision regarding the cost model for the fixed termination market (which had been preceded by a public consultation launched in November 2013). Pursuant to Portuguese law, both draft decisions were submitted for public consultation for a period of 30 business days. We expect a final report to be published by ANACOM in the near future.

ANACOM's interconnection price controls may also negatively affect PT Portugal's revenues from fixed line residential services because it is required to reflect the reduction in these interconnection charges in our retail prices for calls from its fixed line network in Portugal. We expect ANACOM to lift these price controls following the designation of NOS as the universal service obligation, or USO, provider for fixed lines. We expect that the reduction in interconnection charges will continue to have an impact on PT Portugal's revenues from fixed line residential services in Portugal.

In addition, the lower interconnection rates have slightly reduced revenues for PT Portugal's wholesale business, which records revenues from international incoming calls transiting through its network that terminate on the networks of mobile and other fixed operators. The prices PT Portugal charge to international operators (and hence its revenues) also depend on the interconnection fees charged by mobile and fixed operators for international incoming calls terminating on their networks, and these fees have been decreasing. We expect that lower interconnection rates will continue to have a negative impact on PT Portugal's wholesale revenues.

Unfunded post-retirement benefits obligations may put PT Portugal at a disadvantage to its competitors and could adversely affect our financial performance

Following the PT Portugal Acquisition, PT Portugal became a part of the Group. The PT Portugal Group has unfunded post-retirement benefits obligations that may limit its future use and availability of capital and adversely affect its financial and operating results. Although in December 2010, PTC transferred to the Portuguese government the post-retirement benefits obligations relating to regulated pensions of Caixa Geral de Aposentações and Marconi, it retained all other obligations, including (1) salaries to suspended and pre-retired employees amounting to €688.9 million as of June 30, 2015, which PT Portugal must pay monthly directly to the beneficiaries until their retirement age and (2) €366.9 million in obligations related to pension supplements and healthcare as of June 30, 2015, which are backed by plan assets with a market value of €161.1 million, resulting in unfunded obligations of €205.8 million as of June 30, 2015.

Any decrease in the market value of PT Portugal's plan assets relating to its pension supplements and healthcare obligations could increase its unfunded position. Although there is an investment policy in place with capital preservation targets, in the current economic and financial crisis, in particular, the market value of its plan assets is volatile and poses a risk. In addition, PT Portugal's obligations to pay salaries to suspended and pre- retired employees are unfunded. The value of the obligations referred to above may also fluctuate, depending on demographic, financial, legal or regulatory factors that are beyond our control. For example, the Portuguese government has recently announced that the retirement age will be raised to 66 in 2015 and 66 and two months in 2016 and may raise it further in the future. A rise in the retirement age would increase our obligations to pay salaries to suspended and pre-retired employees. Any significant increase in PT Portugal's unfunded obligations could adversely affect its ability to raise capital, require it to use cash flows that it would otherwise use for capital investments, implementing its strategy or other purposes and adversely affect perceptions of its overall financial strength.

PT Portugal and its subsidiaries have significant post-retirement benefit and healthcare obligations the payment of which may have an adverse effect on its business and, therefore, the ability of the Issuer to make payments of principal and interest on the Notes.

As of June 30, 2015, the projected benefits obligations of the PTC's post-retirement benefits, including pension supplements, healthcare benefits and salaries payable to pre-retired and suspended employees amounted to €923.3 million (€28.6 million for pension supplements, €205.8 million for healthcare benefits and €688.9 million for salaries payable to pre-retired and suspended employees). Salaries payable to pre-retired and suspended employees are obligations under individual agreements with employees to pay employees a significant portion of their existing salary to not work (or work part-time) until retirement.

The market value as of June 30, 2015 of the funds related to PT's pension supplements and healthcare benefits amounted to €92.2 million and €161.1 million. In Portugal, there is no legislation on the establishment of funds to cover the healthcare obligations and the salaries for pre-retired and suspended employees, and PT (and now PT OpCo) is required to pay for these benefits only when the salaries are paid to pre-retired and suspended employees, or when healthcare expenses are incurred. Accordingly, there is no requirement to fund these benefits obligations at present. Although the PT Portugal Group has set up a fund managed by a subsidiary, PT Prestações—Mandatária de Aquisições e Gestão de Bens, S.A., or PT Prestações, to finance the Group's healthcare post-retirement liabilities, no similar fund has been established to pay salaries owed to pre-retired and suspended employees.

The payment of these obligations by PT may have an adverse effect on its business, the performance of the Group and, therefore, the ability to make payments of principal and interest on the Group's existing indebtedness.

Risks related to the Suddenlink acquisition

The Suddenlink Acquisition is subject to significant uncertainties and risks.

The consummation of the Suddenlink Acquisition is subject to certain conditions, including: (i) the absence of an order or law enjoining, restraining or making illegal the Suddenlink Acquisition, (ii) the expiry or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvement Act, (iii) the approval of the Committee on Foreign Investment in the United States, and (iv) the obtaining of various governmental consents or approvals. There can be no assurance that such conditions will be met or approvals will be obtained in a timely manner, if at all. The completion of the Suddenlink Acquisition may also be subject to litigation that if realized may result in a material adverse effect on, including delay in completion of, the Suddenlink Acquisition.

Anticipated synergies from the Suddenlink acquisition may not materialize.

Upon completion of the Suddenlink Acquisition, we expect to achieve certain synergies relating to the operations of Suddenlink once it is part of the Altice Group. Any or all of the anticipated synergies of the Suddenlink Acquisition that we currently anticipate may not be realized. Among the synergies that we currently expect are operational synergies in the following areas: subcontractor rationalization, increased buying power through combined procurement, reduction in international minutes and data traffic costs, renegotiation of price lists with suppliers, network maintenance savings, optimization of sales force, distribution channels and customer care services and simplification of operating practices. Our estimated synergies from the Suddenlink Acquisition are subject to a number of assumptions about the timing, execution and costs associated with realizing the synergies. There can be no assurance that such assumptions are correct and, as a result, the amount of synergies that are actually realized over time may differ significantly from the ones that we currently estimate. We may not be successful in integrating Suddenlink into the Altice Group as currently anticipated which may have a material adverse effect on our business and operations.

The integration of Suddenlink into the Altice Group could result in operating difficulties and other adverse consequences.

The consummation of the Suddenlink Acquisition and the integration of Suddenlink as anticipated into the Altice Group may create unforeseen operating difficulties and expenditures and pose significant management, administrative and financial challenges to our business. These challenges include:

• integration of Suddenlink into the Altice Group's current structure in a cost effective manner, including management information and financial control systems, marketing, branding, customer service and product offerings;

• outstanding or unforeseen legal, regulatory, contractual, labor or other issues arising from the Suddenlink Acquisition;

• integration of different company and management cultures; and

• retention, hiring and training of key personnel.

In such circumstances, the failure to effectively integrate Suddenlink into the Altice Group could have a material adverse effect on our financial condition and results of operations. Moreover, the Suddenlink Acquisition has required, and will likely continue to require, substantial amounts of certain of our management's time and focus, which could potentially affect their ability to operate our business.

We may be unable to fund a change of control offer that may be required by Suddenlink 2021 Notes Indentures, which may cause a default under those indentures.

We may be required under the indentures governing the Suddenlink 2021 Notes (the "Suddenlink 2021 Notes Indentures") to offer to repurchase the Suddenlink 2021 Notes if the Suddenlink Acquisition results in the occurrence of a change of control triggering event under the terms of the relevant Suddenlink 2021 Notes Indentures, which is subject to the occurrence of a ratings downgrade or withdrawal of ratings with respect to the Suddenlink 2021 Notes by both Standard & Poor's and Moody's (or if either or both such rating agency has not made a rating on the Suddenlink 2021 Notes publicly available, one or more other nationally recognized statistical rating agencies) at any time prior to ninety days following the consummation of the acquisition (which period may be extended for so long as such ratings are under publicly announced consideration for downgrade by the applicable rating agency). No waiver or amendment has been obtained from the holders of the Suddenlink 2021 Notes with respect to such obligations under the Suddenlink 2021 Notes Indentures. The rating agencies may change the ratings on the Suddenlink 2021 Notes at any time, and we cannot assure you the Suddenlink 2021 Notes will not be downgraded at any time prior to ninety days following the consummation of the Suddenlink Acquisition. We may not have sufficient funds at the time of a change of control event under the Suddenlink 2021 Notes Indentures to make the required repurchase of the Suddenlink 2021 Notes. If we fail to repurchase the Suddenlink 2021 Notes upon a change of control event, we will be in default under Suddenlink 2021 Notes Indentures which would also cause a default under the Existing Suddenlink Credit Facility, the Suddenlink 2020 Notes Indenture and the New Credit Facility. The aggregate principal amount of Suddenlink 2021 Notes outstanding as of June 30, 2015 is $1,250 million.

We cannot assure you that until consummation of the Suddenlink Acquisition, Suddenlink' s business will be operated in the same way that the Altice Group would operate it.

The Altice Group does not currently own Suddenlink. The Altice Group will not acquire Suddenlink until completion of the Suddenlink Acquisition and we cannot assure you that during the interim period, Suddenlink's business will be operated in the same way that the Altice Group would operate it.

Risks related to the cross border merger

The Consideration Shares issued to Shareholders pursuant to the Merger will carry different rights and preferences than the ordinary shares of Altice S.A..

Upon the effective date of the Merger (the "Merger Effective Date"), the Shareholders will receive Consideration Shares with rights and preferences that are different from the rights and preferences of the ordinary shares of Altice S.A. (the "Shares"). The rights and preferences of the Consideration Shares are governed by the Articles of Association and Dutch law and will be different from the rights and preferences attributed to the Shares under the Company's Articles and under the laws of Luxembourg.

The Common Shares A are expected to become more liquid than the Common Shares B and accordingly may trade at a higher price than the Common Shares B over time. There may also be some loss of demand as only the most liquid class of common shares issued by Altice N.V. will be included in the index which may negatively affect the aggregate value of the Consideration Shares.

Following the Listing, Altice N.V. will in principle issue Common Shares A as consideration for acquisitions or to increase its resources. It is anticipated that this will increase the liquidity of the Common Shares A as compared to the liquidity of the Common Shares B, whereby, in time, the liquidity of the Common Shares B is expected to reduce significantly. Due to the anticipated diminished liquidity of the Common Shares B, the share price of the Common Shares B may in time be less than the share price of the Common Shares A. However, this expectation may turn out to be incorrect.

Currently, the Shares are included in the AEX-Index. Following the Restructuring, only the most liquid class of common shares issued by Altice N.V. (the "Common Shares") will be included in this index, which is expected to be the Common Shares A. This may result in some loss of 'index demand' which could potentially have a negative impact on the value (taken in the aggregate) of the Consideration Shares compared to the current value of the Shares.

If the Merger is not completed, the business and share price of the Company could be negatively impacted.

If the Merger is not completed, there may be various consequences, including that:

- the market prices of the Shares might decline to the extent that the current market prices reflect a market assumption that the Merger will be completed;
- the Company may experience negative reactions from the financial markets and from their respective customers and employees;
- the business and prospects of the Altice Group may be adversely impacted by the reduced possibilities to enter into new business combinations or make investments in other businesses;
- the Company will have paid certain costs relating to the Restructuring, such as significant fees and expenses relating to legal, accounting, financial adviser and printing fees, without realising any of the anticipated benefits of completing the Merger.

Execution risk could cause the market price of the Shares to decline.

The market price of the Shares may decline as a result of the Merger, among other reasons, if:

- the Altice Group does not achieve the expected benefits of the Restructuring as rapidly or to the extent anticipated by us, financial analysts or investors, or at all; or

- former Shareholders sell a significant number of Consideration Shares after completion of the Merger.

If a significant portion of the Consideration Shares were to be sold within a short period after completion of the Merger, this could create selling pressure in the market or a perception that such selling pressure may develop, either of which may adversely affect the market for, and the market price of, the Consideration Shares.

Whether or not the Merger is completed, the announcement and prospect of the successful completion of the Merger could cause disruptions in the businesses of the Altice Group.

Whether or not the Merger is completed, the announcement and prospect of the successful completion of the Merger could cause disruptions in the business of the Altice Group. Altice S.A. has numerous strategic relationships and business alliances with other companies to deliver and market their products and services to customers. As a result of the Merger, some of these relationships may change in a manner adverse to the Altice S.A. business. Although since the announcement of the Merger, Altice S.A. has not experienced any material change in its customers' purchasing decisions and their strategic relationships and business alliances have not been negatively affected in a material way as a result of the announcement of the Merger, customers of Altice S.A., in response to the announcement of the Merger or due to any ongoing uncertainty about the Merger, may delay or defer purchasing decisions or elect to switch to other suppliers. Any delay, deferral or change in purchasing decisions by the customers of Altice S.A. could seriously harm its business. If Altice S.A. fails to manage these risks effectively, the business and financial results of Altice S.A. could be adversely affected and the market price of the Shares or the Consideration Shares may fall.

The Company will incur transaction, integration and restructuring costs in connection with the Restructuring.

The Company expects that it will incur significant, non-recurring costs in connection with consummating the Restructuring. The Company currently expects to incur non-recurring advisory, legal and other transaction costs directly associated with the Restructuring of approximately €1 million. Although the parties expect that the realisation of benefits related to the Restructuring may offset this transaction, integration and restructuring costs over time, no assurances can be made that this net benefit will be achieved in the near term, or at all.

Prior to the Merger Effective Date, the Company, any other member of the Altice Group and/or Altice N.V. may announce material acquisitions for which purpose Altice N.V. will issue Common Shares A, subject to Listing.

Making acquisitions and investing in other businesses is a critical part of the strategy of Altice to drive consolidation and increase scale. As part of its strategy, Altice has in recent years successfully closed on average one or two acquisitions per year. Accordingly, Altice is constantly in talks with other parties on potential transactions and this may also be the case prior to the Merger Effective Date. It may very well be possible that shortly after launch of the Merger or at any time prior to the Merger Effective Date, Altice announces that it has reached agreement on a material corporate transaction for which purpose Altice N.V. will issue Common Shares A as consideration under such transaction or for financing of such transaction subject to Listing.

Any such issuance of Common Shares A will lead to dilution of holders of Consideration Shares.

The interests of Next Alt as controlling shareholder of Altice N.V. may be inconsistent with the interest of Altice N.V. and Altice N.V.'s other shareholders.

Next Alt, which is controlled by Patrick Drahi, owns 58.5% of the voting interests in the Company. Next Alt wishes to maintain its controlling interest in the Altice Group and will obtain an economic and voting interest of at least 58.5% in Altice N.V. following the Merger.

As controlling shareholder of Altice N.V., Next Alt will be able to control and/or significantly influence matters requiring approval by the Altice N.V. General Meeting and may vote its Common Shares without taking into account Altice N.V.'s best interest or in a way which other shareholders do not agree. This may include (without limitation) the nomination and election of members of the Altice N.V. Board directors and the entering into transactions involving a potential change of control. The controlling shareholder may support strategies and directions that are in its best interest but which may differ from the interests of the Altice Group and other shareholders. In particular, the controlling shareholder may pursue additional acquisition or business opportunities that may compete with the business of the Altice Group and may use its voting power at the Altice N.V. General Meeting to vote on transactions in which it is a direct or indirect counterparty. However, Patrick Drahi has undertaken to, until such time as the voting rights of Next Alt or any other entity controlled by Patrick Drahi on the Common Shares fall below 30%, present to Altice N.V. all new corporate opportunities it believes are capable of execution and relating to a business opportunity.

Further, for so long as the controlling shareholder continues to hold more than 30% of the voting rights in Altice N.V., it may increase such shareholding without incurring any obligation under the Applicable Rules to make a takeover bid in respect of Altice N.V.

In addition, Next Alt could sell a substantial number of its shareholding in Altice N.V. in the public market. Such sales, or the perception that such sales could occur, may materially and adversely affect the market price of the Common Shares. This may make it more difficult for shareholders of Altice N.V. to sell the their shares in Altice N.V. at a time and price that they deem appropriate, and could also impede Altice N.V.'s ability to issue equity securities in the future.

Risks Relating to Our Business, Technology and Competition

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

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

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

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

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

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

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

A significant portion of our operations, our networks and some of our suppliers are located in Israel and are affected by political and military conditions. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries. Hostilities involving Israel, any interruption or curtailment of trade between Israel and its trading partners and political instability within Israel or its neighboring countries are likely to cause our revenues to fall and harm our business. In particular, in recent conflicts, missile attacks have occurred on civilian areas, which could cause substantial damage to our networks, reducing our ability to continue serving our customers as well as our overall network capacity. In addition, in the event that recent political unrest and instability in the Middle East, including changes in some of the governments in the region, cause investor concerns resulting in a reduction in the value of the New Israeli Shekel, our expenses in non-shekel currencies may increase, with a material adverse effect on our financial results.

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

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

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

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

Iran's nuclear program. In the event the conflict escalates, especially if Iran has nuclear weapons capabilities, the impact on our business could be significant.

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

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

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

The pay television, broadband Internet, fixed-line telephony, mobile and B2B businesses in which we operate are capital intensive. Significant capital expenditures are required to add customers to our networks, including expenditures for equipment and labor costs. In Israel, we recently completed an upgrade to our cable network that made our entire network Docsis 3.0- enabled, which enables us to expand the transfer volume on the network to improve the provision of services that require substantial bandwidth like VoD and increase the number of channels that we can offer our subscribers. We are also in the process of selectively rolling out "FTTx" improvements to our last mile fixed-line network and may need to make similar capital expenditures in the future to keep up with technological advancements. In addition, we are continuing to invest in the expansion of our UMTS mobile network in Israel to provide 3G mobile services, which we launched on May 15, 2012 and which offers subscribers faster network capabilities and better roaming coverage as compared to our iDEN platform and the ability to use 3G phones. In addition, the relevant authorities in Israel have initiated an application process to award spectrum for the provision of LTE mobile telephony services. We have submitted our offer in response to this tender. On January 12, 2015, the Israeli Ministry of Communications informed HOT Mobile that based on the results of the tender it would be awarded a frequency bandwidth of 2X5MHz in the 1.8 GHz spectrum, for a license fee of NIS 34.5 million (up to half of which may be paid by way of provision of a bank guarantee, which may be refunded, in whole or in part, upon HOT Mobile reaching certain market share milestones). The tender results will be brought before the Minister of Communications for approval and in case of such approval, we will need to upgrade our mobile network and roll out an LTE network, which could involve a significant amount of capital expenditure (which we expect will be made through investment in the newly formed limited partnership to be set up pursuant to the Network Sharing Agreement between HOT Mobile and Partner. In France, we are seeking to upgrade and expand our network and expect to incur substantial capital expenditure in the process. We intend to continue acquiring spectrum frequencies in our different segments, as and when such frequencies are put up for auction. We intend to keep upgrading our cable network to fiber in order to make them compatible with Docsis 3.0, which we expect will require significant capital expenditure. We also expect to develop our FTTH networks in the context of public-private partnerships in France, such as our DSP 94 project.

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

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

We believe that one of our core competitive advantages in the majority of our geographies is the strength and speed of our fiber/cable networks. On a blended basis, approximately 99.5% of the Altice International Group's (excluding PT Portugal) networks is Docsis 3.0-enabled and over an aggregate of approximately 85% of the Altice France Group's networks is Docsis 2.0- or Docsis 3.0-enabled, in each case as of June 30, 2015. Following the PT Portugal Acquisition we will also benefit from PT Portugal's FTTH network. The parts of our networks that have been upgraded to FTTx and use Docsis 3.0 technology allow for speed levels that cannot currently be matched by xDSL networks that have not been upgraded to fiber, which is the technology deployed by most of our competitors, and allows for the connection of several devices without impairing the quality of the television signal.

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

Bezeq, through its DSL network, is the leading broadband Internet infrastructure access provider in Israel with 1.4 million subscriptions as of March 31, 2015 including business and residential customers. Based on Bezeq's public filings, Bezeq is currently rolling out FTTH/FTTB infrastructure. Bezeq has reported that, as of December 31, 2014, approximately 98% of its 1.2 million broadband internet customers have been migrated to its next generation network. On August 29, 2012, Bezeq announced its decision to broaden the deployment of optical fibers to reach as close as possible to its customers through FTTH or FTTB, in an effort to form the basis of the future supply of advanced communications services and with greater bandwidth than currently provided. In 2015, Bezeq announced it had deployed FTTH to 1,000,000 households and businesses in Israel, with the aim of reaching 1,300,000 households and businesses in Israel by the end of 2015.

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

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

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

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

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

Additionally, our businesses are also dependent on certain sophisticated critical systems, including our switches, billing and customer service systems, which could be damaged by any of the aforementioned risks. For example, if we experience problems in the operation of our billing systems, it may be difficult to resolve the issue in a timely and cost effective manner. In addition, the hardware that supports our switches, billing and customer service systems is housed in a relatively small number of locations and if damage were to occur to any of such locations, or if those systems develop other problems, it could have a material adverse effect on our business. Moreover, we may incur liabilities and reputational damages to the extent that any accident or security breach results in a loss of or damage to customers' data or applications, or inappropriate disclosure of confidential information. Additionally, we rely on hardware, software, technical services and customer support provided by third parties. We do not control the proper functioning of such third party equipment, and to the extent hardware, software, technical services and customer support provided by third parties fails, our business operations may be adversely affected.

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

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

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

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

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

Our brands are subject to reputational risks.

The brands under which we sell our products and services, including HOT, Meo, SFR, Numericable, Coditel, Completel, Cabovisão (business currently held for sale), ONI (business currently held for sale), Izi, Only and Tricom are well-recognized brands their respective location. We have developed the brands we use through extensive marketing campaigns, website promotions, customer referrals, and the use of a dedicated sales force and dealer networks.

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

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

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

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

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

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

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

Risks Relating to Legislative and Regulatory Matters

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

Our activities as a cable television, broadband Internet infrastructure access provider, ISP, fixed-line and international long distance telephony and mobile operator are subject to regulation and supervision by various regulatory bodies, including local and national authorities in the jurisdictions in which we operate. Such regulation and supervision, as well as future changes in laws or regulations or in their interpretation or enforcement that affect us, our competitors or our industry, strongly influence how we operate our business. Complying with existing and future law and regulations may increase our operational and administrative expenses, restrict our ability or make it more difficult to implement price increases, affect our ability to introduce new services, force us to change our marketing and other business practices, and/or otherwise limit our revenues. In particular, our business could be materially and adversely affected by any changes in relevant laws or regulations (or in their interpretation) regarding, for example, licensing requirements, access and price regulation, interconnection arrangements or the imposition of universal service obligations, or any change in policy allowing more favorable conditions for other operators or increasing competition. There can be no assurance to you that the provision of our services will not be subject to greater regulation in the future.

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

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

Regulatory risks related to the acquisition of PT Portugal

PT Portugal's obligations as a universal service provider in Portugal could adversely affect its results of operations and profitability

On October 12, 2012, following ANACOM's decision on the designation of a universal service provider, the Portuguese Ministries of Finance, Economy and Employment launched a public tender to designate the universal service providers, which included a compensation fund for universal service providers. PT submitted bids for certain tenders. On October 18, 2013, the Portuguese government determined the designation of Optimus and ZON as the universal service providers for the connection to a public electronic communications network at a fixed location and the provision of publicly available telephone services, and of PT as the universal service provider for publicly available telephone (payphones). In addition, on July 29, 2013, the Portuguese government decided to initiate a direct award procedure in respect of the provision of comprehensive directory and directory inquiry services for a period of 12 months, with the possibility of such period being extended for an additional six months. PT was the only company that presented a proposal and was awarded the contract to provide directories and directory inquiry services.

As the universal service provider for payphones, directories and directory inquiry services, PT is required to make available those services in accordance with Portuguese regulations whether or not they are profitable to us. In addition, PT will be required to contribute to the compensation fund for universal services providers according to its share of the revenues of the national telecommunications sector. These obligations could adversely affect the expenses and PT's profitability.

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

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

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

The interests of Next Alt, our main shareholder, may conflict with our interests

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

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

RELATED PARTY TRANSACTIONS

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

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

Compared to the year ended December 31, 2014, the Board of Directors has not identified any significant changes in transactions with related parties.

Transactions with managers and executives are mainly related to equity purchases made by such executives in relation to the management investment plan that has been put in place by the company. Such transactions have been included in note 14 to the condensed consolidated financial statements, share capital and additional paid in capital.

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

- Telephony with La Poste Telecom
- Cloud computing services purchased from Numergy
- Transactions with Synerail related to the GSM-R private-public-partnership
- The construction of the new SFR headquarters with Fonciere Rimbaud.

In addition to the transactions mentioned above, the Group employed the services of PJT Partners, a New-York based consultancy firm, of which an independent board member is a partner. PJT Partners has not received any cash consideration for the work performed on behalf of the Group.

Statement of Responsible Persons

Luxembourg, on August 7, 2015.

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

1. The condensed consolidated financial statements of Altice S.A. as at and for the three month and six month periods ended June 30, 2015, prepared in conformity with International Accounting Standards 34, *Interim Financial Reporting*, as adopted in the European Union, give a true and fair view of the assets and liabilities, financial position, profit or loss of the Company and significant off balance sheet arrangements.

2. The interim management report includes a fair review of the material events that occurred in the first six months of the financial year 2015 and their impact on the condensed consolidated financial statements, of the main related party transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

By order of the Board of Directors,

Dexter Goei

Chief Executive Officer

Dennis Okhuijsen

Chief Financial Officer

ALTICE S.A.

SOCIETE ANONYME (PUBLIC LIMITED LIABILITY COMPANY)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2015

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Condensed consolidated statement of income
For the six months ended June 30, 2015

	Notes	Six months ended June 30, 2015	Six months ended June 30, 2014 (revised *)	Three months ended June 30, 2015	Three months ended June 30, 2014 (revised *)
		(In millions €)		*(In millions €)*	
Revenues	3	**6,779.7**	**1,415.1**	**3,516.6**	**836.7**
Purchasing and subcontracting costs		(2,168.7)	(340.6)	(1,091.6)	(203.2)
Other operating expenses		(1,582.8)	(323.8)	(783.6)	(192.4)
Staff costs and employee benefit expenses		(536.9)	(117.8)	(278.8)	(67.1)
Depreciation and amortization		(1,609.9)	(416.3)	(885.8)	(242.4)
Impairment losses	3	(19.8)	(5.4)	-	-
Other expenses and income	3	(120.4)	(63.3)	(95.6)	(37.8)
Operating profit		**741.2**	**147.9**	**381.5**	**94.1**
Gain recognized on step acquisition	10	**-**	256.3	**-**	-
Interest relative to gross financial debt		(752.2)	(377.6)	(506.2)	(245.2)
Other financial expenses		(39.1)	(161.4)	(155.8)	(146.5)
Finance income		45.3	43.6	-	49.1
Gain recognized on extinguishment of a financial liability	11	643.5	-	-	-
Finance costs, net		**(102.5)**	**(495.3)**	**(662.0)**	**(342.7)**
Share of profit of associates		2.8	1.3	1.9	-
Profit before income tax		**641.5**	**(89.9)**	**(278.6)**	**(248.5)**
Income tax (expenses)/income	12	(97.8)	68.5	(12.2)	58.3
Profit/(loss) for the period		**543.7**	**(21.4)**	**(290.8)**	**(190.3)**
Attributable to equity holders of the parent		*328.4*	*47.8*	*(309.3)*	*(109.5)*
Attributable to non-controlling interests		*215.3*	*(69.2)*	*18.5*	*(80.8)*
Earnings per share (Basic)		*1.32*	*0.28*	*(1.25)*	*(0.53)*
Earnings per share (Diluted)		*1.27*	*0.23*	*(1.20)*	*(0.46)*

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

(*) For the details of the revision see note 17

Condensed consolidated statement of other comprehensive income
For the six months ended June 30, 2015

	Notes	Six months ended June 30, 2015	Six months ended June 30, 2014 (revised *)	Three months ended June 30, 2015	Three months ended June 30, 2014 (revised *)
			(In million €)		
Profit/(loss) for the period		**543.7**	**(21.4)**	**(290.8)**	**(190.3)**
Other comprehensive (loss)/income					
Exchange differences on translating foreign operations		(0.1)	(10.5)	0.6	(10.4)
Revaluation of available for sale financial assets, net of taxes		(2.3)	4.9	(0.3)	1.5
Gain on cash flow hedge, net of taxes..........................	5.3,7.6	(132.8)	(123.9)	(196.5)	(123.9)
Actuarial gains and (losses), net of taxes…………………………….	9	31.8	(0.2)	31.8	-
Total other comprehensive loss		**(103.4)**	**(129.7)**	**(164.4)**	**(132.8)**
Total comprehensive profit/(loss) for the period		**440.3**	**(151.1)**	**(455.2)**	**(323.1)**
Attributable to equity holders of the parent		*221.3*	*(28.2)*	*(443.3)*	*(188.6)*
Attributable to non-controlling interests		*219.0*	*(122.8)*	*(11.8)*	*(134.5)*

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

(*) For the details of the revision see note 17

Condensed consolidated statement of financial position
June 30, 2015

	Notes	June 30, 2015	December 31, 2014 (revised *)
ASSETS		*(In millions €)*	
Non-current assets			
Goodwill	4	18,678.5	15,458.2
Intangible assets		6,031.3	5,671.2
Property, plant & equipment		10,365.7	7,602.8
Investment in associates		144.4	130.0
Financial assets	7	2,313.9	1,343.2
Deferred tax assets		857.3	549.0
Other non-current assets		90.1	78.7
Total non-current assets		**38,481.3**	**30,833.2**
Current assets			
Inventories		331.4	277.2
Trade and other receivables		3,631.5	3,211.9
Current tax assets		170.5	268.7
Current financial assets		4.3	-
Cash and cash equivalents	8	712.9	1,563.6
Restricted cash	8	1,514.9	-
Total Current assets		**6,365.4**	**5,321.4**
Assets classified as held for sale	*3.4*	*199.2*	*77.3*
Total assets		**45,046.8**	**36,231.9**

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

(*) For the details of the revision see note 17

Condensed consolidated statement of financial position
June 30, 2015

EQUITY AND LIABILITIES	Notes	June 30, 2015	December 31, 2014 (revised *)
Equity			
Issued capital	5.1	2.5	2.5
Additional paid in capital	5.2	990.2	2,971.0
Other reserves	5.3	(200.2)	(93.1)
Accumulated losses		(570.2)	(927.0)
Equity attributable to owners of the Company		**222.2**	**1,953.4**
Non-controlling interests	5.4	1,587.2	3,283.2
Total equity		**1,809.4**	**5,236.6**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	7	29,497.1	20,483.2
Other non-current financial liabilities and related hedging instruments	7	397.5	890.4
Non-current provisions	9	1,344.3	384.9
Deferred tax liabilities		564.5	483.4
Other non-current liabilities		560.9	416.2
Total non-current liabilities		**32,364.2**	**22,658.0**
Current liabilities			
Short-term borrowings, financial liabilities	7	530.4	166.6
Other financial liabilities	7	2,752.0	1,072.2
Trade and other payables		6,106.7	5,812.5
Current tax liabilities		83.1	267.5
Current provisions		356.8	300.1
Other current liabilities		924.3	695.5
Total current liabilities		**10,753.5**	**8,314.7**
Liabilities directly associated with assets classified as held for sale	*3.4*	*120.0*	*22.5*
Total Liabilities		43,237.6	30,995.3
Total equity and liabilities		**45,046.8**	**36,231.9**

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

(*) For the details of the revision see note 17

Condensed consolidated statement of changes in equity
For the six months ended June 30, 2015

	Number of issued shares	Share capital	Additional paid in capital	Accumulated losses	Reserves: Currency reserve	Reserves: Cash Flow hedge reserve	Reserves: Available for sale	Reserves: Employee Benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
						(In millions €)					
Equity at January 1, 2015 (revised *)	**247,950,186**	**2.5**	**2,971.0**	**(927.0)**	**(7.0)**	**(85.4)**	**1.9**	**(2.6)**	**1,953.4**	**3,283.2**	**5,236.6**
Profit for the period..............................	-	-	-	328.4	-	-	-	-	**328.4**	215.3	543.7
Other comprehensive income...............	-	-	-	-	(0.1)	`(136.6)	(2.3)	31.8	**(107.1)**	3.8	(103.4)
Comprehensive income......................	**-**	**-**	**-**	**328.4**	**(0.1)**	**(136.6)**	**(2.3)**	**31.8**	**221.3**	**219.0**	**440.3**
Issuance of new shares.........................	-	-	-	-	-	-	-	-	-	-	-
Share based payment	-	-	-	10.5	-	-	-	-	**10.5**	1.8	**12.3**
Actuarial loss.......................................	-	-	-	-	-	-	-	-	-	-	-
Transaction with non-controlling interests	-	-	(1,981.9)	-	-	-	-	-	**(1,981.9)**	**(1,929.3)**	**(3,911.2)**
Changes in accounting policies............	-	-	-	17.8					**17.8**	**11.5**	**29.3**
Other items	-	-	1.0	-	-	-	-	-	**1.0**	0.9	**2.0**
Equity at June 30, 2015......................	**247,950,186**	**2.5**	**990.2**	**(570.2)**	**(7.1)**	**(222.0)**	**(0.4)**	**29.2**	**222.2**	**1,587.2**	**1,809.4**

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

(*) For the details of the revision see note 17

Condensed consolidated statement of changes in equity
For the six months ended June 30, 2014 (revised *)

						Reserves						
	Number of issued shares	**Share capital**	**Invested equity**	**Additional paid in capital**	**Accumulated losses**	**Currency reserve**	**Cash Flow hedge reserve**	**Available for sale**	**Employee Benefits**	**Total equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
							(In millions €)					
Equity at January 1, 2014..................	-	-	95.8	-	-	-	-	-	-	**95.8**	**(0.5)**	**95.3**
Loss for the period	-	-	-	-	47.8	-	-	-	-	**47.8**	(69.2)	**(21.4)**
Other comprehensive income...............	-	-	-	-	-	(10.0)	(70.7)	4.9	(0.2)	**(76.0)**	(53.7)	**(129.7)**
Comprehensive income......................												
Incorporation of Altice S.A.	3,100,000	-	(95.8)	624.2	(522.1)	(6.7)	-	(0.4)	0.8	-	-	-
Contribution of Altice France and Altice International...	172,900,000	1.7	-	(66.8)	-	-	-	-	-	**(65.1)**	-	**(65.1)**
Issuance of new shares.........................	44,617,188	0.5	-	1,635.8	-	-	-	-	-	**1,636,3**	-	**1,636.3**
Share based payment	-	-	-	-	5.5	-	-	-	-	**5.5**	-	**5.5**
Transaction with non-controlling interests	2,353,429	-	-	(32,1)	-	-	-	-	-	**(32,1)**	(3.6)	**(35.7)**
Change in scope...................................	-	-	-	-	-	-	-	-	-	**-**	438.0	**438.0**
Other items	-	-	-	-	-	-	-	-	-	-	(0.3)	**(0.2)**
Equity at June 30, 2014 (revised *)	**222,970,617**	**2.2**	**-**	**2,161.0**	**(468.9)**	**(16,7)**	**(70.7)**	**4.5**	**0.6**	**1,612.1**	**310.8**	**1,922.8**

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

(*) For the details of the revision see note 17

Condensed consolidated statement of cash flows
For the six months ended June 30, 2015

	Notes	Six months ended June 30, 2015	Six months ended June 30, 2014 (revised *)
		(In millions €)	
Net profit, including non-controlling interests		**543.7**	**(21,4)**
Adjustments for:			
Depreciation, amortization and impairments		1,629.7	421.7
Share in income of associates		(2.8)	(1.3)
Gains and losses on disposals		18.7	-
Gain on step acquisition	10	-	(256.3)
Gain on extinguishment of a financial liability	11	(643.5)	-
Expenses related to share based payment		12.3	7.7
Other non-cash operating gains, net		16.6	0.6
Finance costs recognized in the statement of income		746.0	495.3
Income tax expense recognized in the statement of income		97.8	(6.6)
Income tax paid		(108.4)	(7.5)
Changes in working capital		(57.9)	11.5
Net cash provided by operating activities		**2,252.2**	**581.9**
Payments to acquire tangible and intangible assets		(1,099.2)	(353.3)
Payments to acquire financial assets		(14.4)	-
Proceeds from disposal of tangible, intangible and financial assets		22.6	2.5
Use of restricted cash to acquire subsidiaries		-	(11,908.7)
Payment to acquire subsidiaries, net	2	(114.5)	(1,525.9)
Transaction with non-controlling interests	2	(1,831.28)	(121.7)
Net cash used in investing activities		**(3,036.8)**	**(13,907.1)**
Proceeds from issue of equity instruments		-	1,636.7
Proceeds from issuance of debts	7	8,237.8	15,928.6
Payments to redeem debt instruments		(624.9)	(2,747.5)
Payments to redeem PT outstanding debt on acquisition	2	(5,593.9)	-
Payments to holders of convertible preferred equity certificates		-	(190.0)
Proceeds from restricted cash	8	(1,533.0)	-
Interest paid		(578.5)	(238.4)
Other cash provided by financing activities		20.0	-
Net cash (used in)/provided by financing activities		**(72.5)**	**14,389.4**
Effects of exchange rate changes on the balance of cash held in foreign currencies		6.7	(1.2)
Net increase/(decrease) in cash and cash equivalents		**(850.7)**	**1,063.0**
Cash and cash equivalents at beginning of period	8	1,563.6	61.6
Cash and cash equivalents at end of the period	8	**712.9**	**1,124.6**

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

(*) For the details of the revision see note 17

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 - Basis of preparation

The condensed consolidated financial statements of Altice S.A. (the "Company", the "Group", "Altice" or "Altice Group") as of June 30, 2015 and for the three and six month periods then ended were approved by the Board of Directors and authorized for issue on August 7, 2015.

The condensed consolidated financial statements of the Group as of June 30, 2015 and for the three and six 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 and the notes thereto as of and for the year ended December 31, 2014 which have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS").

The accounting policies applied for the consolidated financial statements as of June 30, 2015 do not differ from those applied for the consolidated financial statements as of and for the year ended December 31, 2014 with the exception of those texts or amendments that must be applied for periods beginning the January 1, 2015 described in note 1 to the consolidated financial statements as of and for the year ended December 31, 2014:

(i) The application of IFRIC 21 Levies, applicable retrospectively from January 1, 2015.

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

- IFRIC 21 has mainly affected the timing of recognition of certain levies in France such as "C3S" and the flat-rate levy on French network operators ("IFER"). The impact on shareholders equity as of January 1, 2015 is €13.0 million after taxes. The impact on the statement of income of IFER and C3S for the six months period ended June 30, 2014 is not significant due to the fact that SFR only entered the scope at the end of November 2014. For the six months period ended June 30, 2015, the recognition of the French levies (IFER,C3S) on the condensed consolidated statement of income amounts to €52.0 million net of taxes (€77.0million before taxes).

(ii) Annual improvements 2011-2013 which include amendments to the following standards:
- IFRS 3 Business Combination - Scope of exception for joint ventures,
- IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
- IAS 40 Investment Property - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

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

(iii) Also as of December 31, 2014, brands acquired in a business combination had either definite or indefinite useful lives. During the six months ended June 30, 2015, the Board of Directors has reviewed the useful lives of the brands currently recognized and assessed that these brands have a definite useful life, based on the Group's strategy. This change has been applied prospectively. A total expense of €55.2 million (before tax impact) was recorded in the condensed consolidated statement of income for the six months ended June 30, 2015.

Significant accounting judgments and estimates used in the preparation of the condensed 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 and useful lives of intangible assets and property, plant and equipment. These estimates and assumptions are described in the note 2.26 to the consolidated financial statements for the year end December 31, 2014.

Revised information

Within the framework of these condensed consolidated financial statements, the Board of Directors has decided to change the presentation of the consolidated statement of income and the consolidated statement of financial position. The Board of Directors believes that the revised presentation further enhanced the presentation of the Group's result and financial position more fairly and more reliably. The change mentioned above did not affect the reported results or the Company's financial position. The comparative information for the six months ended June 30, 2014 and for the year ended December 31, 2014 has been revised to reflect the new presentation.

A summary of the changes is provided below:

Condensed consolidated statement of income:

1. The line items, 'sales and marketing expenses', 'other operating expenses' and 'general and administrative expenses' have been regrouped under the line item, 'other operating expenses'.
2. Previously, the allowance and reversal for provisions were recorded exclusively in the line item, 'depreciation and amortisation'. From the current period onwards, allowances and reversals for operating provisions will be recorded in the line item, 'other expenses and income', allowances and reversals for employee benefits will be recorded in the line item, 'staff costs and employee benefit expenses'.
3. The Group has modified the presentation of Finance costs, net to provide more details on the interest rate relative to gross financial debt, other financial expenses and financial income.

Condensed consolidated statement of financial position:

1. The Group has decided to modify the presentation of gross financial debt by including the fair value of derivative instruments in the line item, 'long term borrowings, financial liabilities and related hedging instruments' (reclassification of €27.8 million from Other financial liabilities to long term borrowings, financial liabilities and related hedging instruments)

The Board of Directors has concluded that the impacts of these changes on the comparative information for the three and six month period ended June 30, 2014 is non material.

In addition, the comparative information for the three and six months ended June 30, 2014 and for the year ended December 31, 2014 has been revised to reflect the impact of the finalization of the purchase price of Numericable Group S.A., Tricom S.A. and Altice Hispaniola S.A. (previously Orange Dominicana S.A.) acquired during the course of the year ended December 31, 2014 (See note 17).

The comparative information has also been revised to take into account the purchase price adjustments regarding SFR described in note 2.1 and in note 4.2.3.

2 – Main changes in the scope of consolidation

2.1 Changes in consolidation scope as of June 30, 2015

PT Portugal ("PT Portugal" ;"PT")

On June 2, 2015, the Company, through its indirect subsidiary, Altice Portugal, successfully completed the previously announced acquisition of a 100% stake in the Portuguese assets of PT Portugal S.G.P.S ("PT"). PT is the incumbent telephone operator in Portugal and the largest operator of fixed and mobile services in the country and an industry leader in fixed-mobile convergence. Through this acquisition, the Group has further strengthened its position in the Western European market and especially its reputation as a leader in fixed-mobile convergence.

Since June 2, 2015, PT contributed €200.9 million to Group revenues and €32.3 million to Group operating profit for the three and six months ended June 30, 2015.

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

Total consideration paid to the vendors for the shares of the acquired entity amounted to €195.1 million on a cash free debt free basis. Additionally the vendors are eligible to receive an earn-out of €500 million upon the achievement of certain total revenues for a fiscal year between 2015 and 2019. As per the provisions of IFRS 3, Business combinations, this earn out was booked at its fair value and estimated to be nil as of June 30, 2015.

The provisional value of assets transferred in consideration for the values mentioned above amounted to €4,919.5 million, comprising mainly of intangible assets for a net value of €644.3 million, property, plant and equipment for a total value of €2,956.2 million and trade and other receivables for a total amount of €1,110.9 million. Total liabilities amounted to €7,819.6 million, comprising of €5,433.0 million of non-current liabilities and €2,386.6 million of current liabilities. The residual value of € 3,095.7 million was recognised provisionally as goodwill.

The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of PT (with the exception of real estate assets, which were already recorded in the accounting records of PT at their fair value). The Company is continuously assessing the fair valuation of the identifiable assets and liabilities assumed and shall complete this exercise within twelve months from the acquisition date.

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

Fair value of Consideration transferred	€195.1 million
Fair value of identifiable assets, liabilities and contingent liabilities	€ (2,900.1) million
Goodwill	€3,095.7 million

The profit and loss statement for Portugal Telecom for period that it was not integrated in the Group is given below.

	PT
	In € millions
Revenues	**983.4**
Purchases and subcontracting services	(207.6)
Other operating expenses	(243.9)
Staff costs and employee benefits	(162.2)
Depreciation and amortisation	(261.7)
Non-recurring and restructuring costs	(39.8)
Operating profit	**69.2**
Profit for the period	**121.6**

Buy-out of minorities in Numericable-SFR

On May 6, 2015, the Company, through its subsidiaries Altice France Bis S.a.R.L, and Numericable-SFR successfully concluded the acquisition of an additional 20% stake in Numericable-SFR, for a price of 40 euros per share. Numericable-SFR ("NSFR") acquired half of Vivendi's stake through a share buyback program while the remainder of Vivendi's stake was acquired by Altice France Bis S.à .r.l., a wholly owned subsidiary of Altice France S.A. NSFR financed its portion of the share purchase partly using cash on balance sheet for an amount of €897 million and drawing on its revolving credit facility for the remainder (€1,050 million). The purchase of the NSFR shares by Altice France Bis S.à r.l. is being financed by a vendor loan to Altice France Bis S.a.R.L for an amount of €1,948 million. This vendor loan bears interest at 3.8% annually and is due by April 7th, 2016. In connection with this acquisition, the Group has obtained commitments from a syndicate of financial institutions to underwrite or place up to €2,025 million of common shares or common equity linked securities of the Company at a price to be determined by the Company and such financial institutions acting reasonably and in good faith and in light of prevailing market conditions. This transaction has in particular resulted in the termination of the shareholders' agreement and the call options agreements entered into between Altice France and Vivendi in connection with the SFR acquisition. Upon this transaction, Altice's stake in the share capital and voting rights of NSFR increased from 60.4% to 78.2% following the cancellation of the treasury shares acquired by NSFR as approved by NSFR Board of Directors on May 28, 2015.

Furthermore, the Group and Vivendi agreed on a purchase price adjustment (as per the sale and purchase agreement) of €120 million payable by Vivendi (related to net debt adjustments at closing), related to the acquisition of SFR (see note 4.2.3).

As part of this agreement, the earn-out of €750 million due to Vivendi and contingent upon the completion of certain financial and operational KPIs was extinguished resulting in a gain of €643.5 million (See note 11). This impact was already recorded in the condensed consolidated financial statements as of March 31, 2015 and for the three month period then ended.

2.2 Transactions in progress as of June 30, 2015

Expected acquisition of Suddenlink

In May 2015, the Group has signed a definitive agreement to acquire 70% of the share capital in Suddenlink from existing shareholders BC Partners, CPP Investment Board and Suddenlink management. BC Partners and CPP Investment Board will retain a 30% stake in Suddenlink after the transaction has closed.

Suddenlink is the 7th largest US cable operator with 1.5 million residential and 90,000 business customers. With operations primarily focused in Texas, West Virginia, Louisiana, Arkansas and Arizona, Suddenlink is present in attractive growth markets for both residential and business services. In 2014, Suddenlink generated $2.3 billion in revenue and over $900 million in Credit agreement adjusted EBITDA with a balanced revenue mix between residential video, broadband, telephony and business services.

The transaction is to be financed with $6.7 billion of new and existing debt at Suddenlink, a $500 million vendor loan note from BC Partners and CPP Investment Board and $1.2 billion of cash from Altice. Debt issuance at Suddenlink will remain ring-fenced from the existing indentures currently in place within the Altice Group, and Suddenlink will hence not be restricted under such indentures.

A total of $1,720 million of new debt have been issued by the Group to finance this acquisition (see note 7.2).

The transaction is expected to close in the fourth quarter of 2015 once applicable regulatory approvals have been obtained.

3 – Segment reporting

The segments presented are consistent with the ones presented in the consolidated financial statements as at December 31, 2014. 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 is also impacted by the timing of preparation of the annual budgets of public and private sector companies.

There are few operational transactions between the different segments defined by the Board of Directors above. Intersegment revenues are considered to be non-material by the Board of Directors and, hence, not in the scope of regular operational reviews. Intersegment revenues represented less than 0.5% of total revenues for the three and six months ended June 30, 2015 and 2014, respectively.

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

Following the change in the presentation of the financial statements for the 3 and 6 month period ended June 30, 2015, the segment information for the three and six months ended June 30, 2015 and 2014 has been revised to reflect the new presentation.

3.2 Segment information

3.2.1 Reconciliation of information with condensed consolidated financial statements

A reconciliation between operating profit, EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) and adjusted EBITDA is presented below:

(In € millions)	**Six months ended June 30, 2015**		
	Consolidated financial statements	*Non-recurring items and other adjustments*	*Adjusted*
Revenue	6,779.7	-	6,779.7
Cost of sales	(2,168.7)	-	(2,168.7)
Other operating expenses	(1,582.8)	78.6	(1,504.2)
Staff costs and employee benefit expenses	(536.9)	12.3	(524.6)
EBITDA	**2,491.4**	**90.9**	**2,582.2**
Depreciation and amortisation	(1,609.9)		
Impairment losses	(19.8)		
Other expenses and income	(120.4)		
Operating income	**741.2**		

(In € millions)	**Three months ended June 30, 2015**		
	Consolidated financial statements	*Non-recurring items and other adjustments*	*Adjusted*
Revenue	3,516.6	-	3,516.6
Cost of sales	(1,091.6)	-	(1,091.6)
Other operating expenses	(783.6)	37.1	(746.5)
Staff costs and employee benefit expenses	(278.8)	6.1	(272.7)
EBITDA	**1,362.6**	**43.1**	**1,405.7**
Depreciation and amortisation	(885.8)		
Impairment losses	-		
Other expenses and income	(95.6)		
Operating income	**381.5**		

(In € millions)	**Six months ended June 30, 2014**		
	Consolidated financial statements	*Non-recurring items and other adjustments*	*Adjusted*
Revenue	1,415.1	-	1,415.1
Cost of sales	(340.6)	-	(340.6)
Other operating expenses	(323.8)	7.1	(316.7)
Staff costs and employee benefit expenses	(117.8)	7.7	(110.1)
EBITDA	**632.9**	**14.8**	**647.7**
Depreciation and amortisation	(416.3)		
Impairment losses	(5.4)		
Other expenses and income	(63.3)		
Operating income	**147.9**		

(In € millions)	Three months ended June 30, 2014		
	Consolidated financial statements	*Non-recurring items and other adjustments*	*Adjusted*
Revenue	836.7	-	836.7
Cost of sales	(203.2)	-	(203.2)
Other operating expenses	(192.4)	5.4	(187.0)
Staff costs and employee benefit expenses	(67.1)	4.4	(62.7)
EBITDA	**374.1**	**9.7**	**383.8**
Depreciation and amortisation	(242.4)		
Impairment losses	-		
Other expenses and income	(37.8)		
Operating income	**94.1**		

3.2.2 Non-recurring items and other adjustments

Restructuring, deal fees and related expenses incurred in the three and six month periods ended June 30, 2015 and 2014 pertain mainly to one-off payments and transaction costs relating to acquisitions or other similar operations. Details are given below:

	Six months ended June 30, 2015	**Six months ended June 30, 2014**	**Three months ended June 30, 2015**	**Three months ended June 30, 2014**
	(In € millions)			
Non-recurring items and other adjustments in EBITDA				
Stock option expenses	12.3	7.7	6.1	4.4
CVAE (Business value added contribution)	42.5	4.8	20.8	3.1
Other adjustments	36.1	2.3	16.3	2.3
Total non-recurring items and other adjustments in EBITDA	**90.9**	**14.8**	**43.1**	**9.7**
Non-recurring items and other adjustments below EBITDA				
Restructuring costs	47.1	14.5	43.8	3.5
Agreement negotiation	-	15.9	-	8.6
Deal fees (1)	52.1	24.5	47.9	21.1
Other expenses/(income) net	2.0	8.3	(8.8)	4.6
Loss on disposals of assets	19.2	-	12.6	-
Non-recurring items and other adjustments below EBITDA	**120.4**	**63.3**	**95.6**	**37.8**
Total non-recurring items and other adjustments	**211.3**	**78.1**	**138.7**	**47.5**

(1) Deal fees do not include any financing costs, as these are capitalised and amortised as per the requirements of IAS 23, borrowing costs. Thus the deal fees shown above only include discretionary fees paid to legal counsel, M&A counsel and any other consultants whose services the Group might have employed in order to facilitate various acquisitions performed during the course of the year.

Restructuring costs mainly include costs related to provisions for employee redundancies.

3.2.3 Operating income per geographical segment

	Six months ended June 30, 2015							
(in € millions)	**France (*)**	**Israel**	**Dominican Republic**	**French Overseas Territories**	**Portugal**	**Belgium and Luxembourg**	**Others**	**Total**
Revenue	**5,512.0**	**457.6**	**341.9**	**116.8**	**276.1**	**35.3**	**40.0**	**6,779.7**
Cost of sales	(1,887.3)	(107.9)	(69.4)	(21.1)	(64.8)	(4.2)	(14.0)	**(2,168.7)**
Other operating expenses	(1,279.2)	(110.7)	(78.7)	(31.8)	(66.0)	(4.4)	(12.0)	**(1,582.8)**
Staff costs and employee benefit expenses	(435.4)	(23.5)	(14.0)	(8.7)	(36.7)	(1.3)	(17.3)	**(536.9)**
Total	**1,910.1**	**215.4**	**179.8**	**55.2**	**108.7**	**25.3**	**(3.3)**	**2,491.4**
Non-recurring items and other adjustments in EBITDA	82.2	-	-	0.8	-	-	7.9	**90.9**
Adjusted EBITDA	**1,992.3**	**215.4**	**179.8**	**56.0**	**108.7**	**25.3**	**4.6**	**2,582.2**
Depreciation and amortisation	(1,215.1)	(152.7)	(83.4)	(21.5)	(91.2)	(12.0)	(34.0)	(1,609.9)
Impairment losses (1)	-	-	-	(19.8)	-	-	-	(19.8)
Non-recurring items and other adjustments	(159.5)	(13.4)	(6.1)	(12.8)	(3.6)	(4.5)	(11.4)	(211.3)
Operating profit	**617.7**	**49.3**	**90.3**	**1.9**	**13.8**	**8.9**	**(40.8)**	**741.2**

	Three months ended June 30, 2015							
(in € millions)	**France (*)**	**Israel**	**Dominican Republic**	**French Overseas Territories**	**Portugal**	**Belgium and Luxembourg**	**Others**	**Total**
Revenue	**2,775.5**	**232.9**	**172.8**	**59.7**	**237.1**	**17.8**	**20.8**	**3,516.6**
Cost of sales	(931.6)	(56.9)	(35.0)	(9.0)	(49.9)	(2.2)	(7.1)	**(1,091.6)**
Other operating expenses	(606.8)	(52.2)	(39.8)	(18.1)	(58.8)	(2.3)	(5.6)	**(783.6)**
Staff costs and employee benefit expenses	(213.1)	(12.7)	(7.1)	(4.0)	(32.9)	(0.7)	(8.3)	**(278.8)**
Total	**1,024.0**	**111.1**	**90.8**	**28.6**	**95.5**	**12.7**	**(0.1)**	**1,362.6**
Non-recurring items and other adjustments in EBITDA	38.5	-	-	0.8	-	-	3.9	**43.1**
Adjusted EBITDA	**1,062.5**	**111.1**	**90.8**	**29.4**	**95.5**	**12.7**	**3.7**	**1,405.7**
Depreciation and amortisation	(694.2)	(76.4)	(44.3)	(8.0)	(50.4)	(5.3)	(6.9)	(885.8)
Impairment losses	-	-	-	-	-	-	-	-
Non-recurring items and other adjustments	(102.0)	(8.7)	(2.0)	(8.1)	(2.3)	(2.5)	(12.6)	(138.7)
Operating profit	**266.2**	**26.0**	**44.5**	**13.1**	**42.7**	**4.9**	**(15.8)**	**381.5**

	Six months ended June 30, 2014							
(in € millions)	**France**	**Israel**	**Dominican Republic**	**French Overseas Territories**	**Portugal**	**Belgium and Luxembourg**	**Others**	**Total**
Revenue	**552.0**	**427.0**	**154.6**	**117.7**	**93.8**	**36.2**	**33.9**	**1,415.1**
Cost of sales	(130.9)	(84.1)	(39.4)	(28.4)	(39.3)	(5.5)	(12.9)	**(340.6)**
Other operating expenses	(125.5)	(98.2)	(39.9)	(29.9)	(16.3)	(4.2)	(9.9)	**(323.8)**
Staff costs and employee benefit expenses	(39.9)	(37.4)	(7.0)	(11.8)	(8.3)	(1.7)	(12.0)	**(117.8)**
Total	**255.7**	**207.3**	**68.3**	**47.6**	**29.9**	**24.7**	**(0.9)**	**632.9**
Non-recurring items and other adjustments in EBITDA	9.3	-	-	-	-	-	5.5	**14.8**
Adjusted EBITDA	**265.0**	**207.3**	**68.3**	**47.6**	**29.9**	**24.7**	**4.6**	**647.7**
Depreciation and amortisation	(160.0)	(140.7)	(32.7)	(23.8)	(37.1)	(9.0)	(13.0)	(416.3)
Impairment losses (2)	-	-	-	-	-	(5.4)	-	(5.4)
Non-recurring items and other adjustments in EBITDA	(18.7)	(20.5)	(10.0)	(6.1)	(5.2)	(4.1)	(13.1)	(78.1)
Operating profit	**86.2**	**46.0**	**25.6**	**17.7**	**(12.4)**	**6.3**	**(21.5)**	**147.9**

	Three months ended June 30, 2014							
(in € millions)	**France**	**Israel**	**Dominican Republic**	**French Overseas Territories**	**Portugal**	**Belgium and Luxembourg**	**Others**	**Total**
Revenue	**334.8**	**213.8**	**147.0**	**58.2**	**47.8**	**18.0**	**17.0**	**836.7**
Cost of sales	(80.4)	(42.3)	(37.8)	(12.8)	(20.5)	(2.6)	(6.7)	**(203.2)**
Other operating expenses	(77.4)	(47.8)	(36.6)	(15.6)	(7.8)	(2.3)	(4.9)	**(192.4)**
Staff costs and employee benefit expenses	(25.5)	(18.4)	(7.0)	(5.1)	(4.3)	(0.9)	(6.4)	**(67.1)**
Total	**151.5**	**105.3**	**65.6**	**24.7**	**15.2**	**12.2**	**(1.0)**	**374.1**
Non-recurring items and other adjustments in EBITDA	6.5	-	-	-	-	-	3.3	**9.7**
Adjusted EBITDA	**158.0**	**105.3**	**65.6**	**24.7**	**15.2**	**12.2**	**2.3**	**383.8**
Depreciation and amortisation	(97.9)	(72.2)	(31.4)	(11.9)	(19.1)	(5.0)	(4.8)	(242.4)
Impairment losses	-	-	-	-	-	-	-	-
Non-recurring items and other adjustments in EBITDA	(14.7)	(11.7)	(9.7)	(3.4)	(2.5)	(1.8)	(3.2)	(47.5)
Operating profit	**45.4**	**21.4**	**24.6**	**9.4**	**(6.5)**	**5.5**	**(5.6)**	**94.1**

**-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.*

(1) - Includes an expense of €19.8 million relating to the discontinued use of the ONLY brand in the Antilles-Guyane region of the French Overseas Territories segment, following the replacement of the ONLY brand with the SFR brand.

(2) - Includes an expense of €5.4 million related to the impairment of the Numericable brand used in the Belgium and Luxembourg segment following the acquisition of a controlling stake in the Numericable Group in February 2014.

(*) For the revision impact please see note 17

3.3 Revenue split by activities

As had been previously disclosed, and following the integration of Numericable, Altice Hispaniola and SFR in 2014, the Board of Directors has reviewed its operating segments. In order to better reflect the evolving business lines of the Group, the Board of Directors has decided to provide additional information on the revenue split as follows:

- Fixed in the business to customer market (B2C),
- Fixed in the business to business market (B2B),
- Wholesale market,
- Mobile in the business to customer market (B2C),
- Mobile in the business to business market (B2B),
- Other

The presentation was amended for comparative purposes for the three and six months ended June 30, 2014.

Intersegment revenues are presented in the line 'adjustments' below and represent less than 0.5%.

Revenues split by activity are presented below:

	Six months ended June 30, 2015							
(in € millions)	**France**	**Israel**	**Dominican Republic**	**French Overseas Territories**	**Portugal**	**Belgium and Luxembourg**	**Others**	**Total**
Fixed – B2C	1,441.9	321.7	53.6	34.3	101.4	28.3	7.3	**1,988.5**
Fixed B2B	709.5	35.7	18.3	8.0	65.0	3.3	3.4	**843.3**
Wholesale	664.6	-	30.4	3.2	28.8	-	3.4	**730.4**
Mobile – B2C	2,314.7	73.5	204.6	64.7	48.0	0.6	3.7	**2,709.9**
Mobile B2B	381.3	26.7	24.8	2.9	17.8	-	-	**453.5**
Other	-	-	10.1	3.7	15.1	3.1	22.2	**54.2**
Adjustments	-	-	-	-	-	-	-	-
Total	**5,512.0**	**457.6**	**341.9**	**116.8**	**276.1**	**35.3**	**40.0**	**6,779.7**

	Three months ended June 30, 2015							
(in € millions)	**France**	**Israel**	**Dominican Republic**	**French Overseas Territories**	**Portugal**	**Belgium and Luxembourg**	**Others**	**Total**
Fixed – B2C	724.3	164.8	27.2	16.7	78.7	14.1	3.6	**1,029.3**
Fixed B2B	349.8	17.3	9.1	4.1	52.6	1.6	1.8	**436.2**
Wholesale	336.6	-	16.1	1.5	25.7	-	3.4	**383.3**
Mobile – B2C	1,181.6	37.5	102.8	32.4	48.0	0.3	3.7	**1,406.3**
Mobile B2B	183.1	13.3	12.7	1.5	17.8	-	-	**228.4**
Other	-	-	5.0	3.5	14.4	1.8	8.4	**33.1**
Adjustments		-	-	-	-	-	-	-
Total	**2,775.5**	**232.9**	**172.8**	**59.7**	**237.1**	**17.8**	**20.8**	**3,516.6**

(in € millions)	France	Israel	Dominican Republic	French Overseas Territories	Portugal	Belgium and Luxembourg	Others	Total
	Six months ended June 30, 2014							
Fixed – B2C	388.6	307.4	22.0	58.7	50.1	29.1	6.5	**862.4**
Fixed B2B	134.6	35.0	7.8	38.1	29.6	3.2	3.2	**251.5**
Wholesale	31.4	-	11.7	2.9	13.8	-	-	**59.8**
Mobile – B2C		61.4	87.0	8.2	-	0.7	-	**157.3**
Mobile B2B		28.4	9.9	3.4	-	-	-	**41.7**
Other		-	5.9	10.1	0.5	3.2	24.2	**44.1**
Adjustments	*(2.8)*	*(5.2)*	*10.4*	*(3.7)*	*(0.3)*	-	-	***(1.6)***
Total	**552.0**	**427.0**	**154.6**	**117.7**	**93.8**	**36.2**	**33.9**	**1,415.1**

(in € millions)	France	Israel	Dominican Republic	French Overseas Territories	Portugal	Belgium and Luxembourg	Others	Total
	Three months ended June 30, 2014							
Fixed – B2C	242.4	154.3	22.0	29.3	24.6	14.6	3.3	**490.5**
Fixed B2B	82.5	17.6	7.8	19.1	14.8	1.6	1.6	**145.0**
Wholesale	10.7	-	11.7	1.5	8.1	-	-	**32.0**
Mobile – B2C		30.8	87.0	4.1	-	0.4	-	**122.1**
Mobile B2B		14.1	9.9	1.7	-	-	-	**25.6**
Other		-	5.9	2.6	0.3	1.6	12.2	**22.6**
Adjustments	*(1.1)*	*(2.9)*	*2.8*	-	-	*(0.2)*	-	***(1.2)***
Total	**334.8**	**213.8**	**147.0**	**58.2**	**47.8**	**18.0**	**17.0**	**836.7**

3.4 Assets held for sale

Sale of OMT's mobile business

The Group has agreed to dispose of OMT's mobile business in the Reunion Islands and Mayotte. The Group was in negotiation with the Hiridjee Group, the owners of Telma, a Madagascar based Telecoms Company. The transaction was approved for sale by the French anti-trust authorities on June 21, 2015 and was closed on July 31, 2015.

These assets were considered as assets held for sale as per the requirements of IFRS 5, *Non-current assets held for sale and discontinued operations* as at December 31, 2014. As at December 31, 2014, OMT's mobile business were accounted for under two separate lines in the statement of financial position which are "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale". The same accounting treatment has been applied as at June 30, 2015 and the Board of Directors has not noted any impairment indicator as of June 30, 2015.

These assets are reported in the 'French Overseas Territories' segment.

The acquisition was successfully closed on July 31, 2015 for an enterprise value of €80.0 million (excluding any eventual purchase price adjustments).

ONI and Cabovisao businesses in Portugal

In the context of Portugal Telecom acquisition, ONI and Cabovisao have been considered as assets held for sale as per the requirements of IFRS 5, *Non-current assets held for sale and discontinued operations* as at June 30, 2015. ONI and Cabovisao's businesses are accounted for under two separate lines in the statement of financial position which are "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale". The Board of Directors has not identified any material indicator of impairment as of June 30, 2015.

These assets are reported in the 'Portugal' segment.

The financial data related to OMT's Indian Ocean mobile business and Portugal businesses are set out below:

Statement of financial position

(In € millions)	June 30, 2015				December 31, 2014
	FOT (1) (2)	*Cabovisao*	*ONI*	*Total*	*FOT (1)(2)*
Goodwill	35.3	-	1.3	36.6	35.3
Tangible and intangible assets	35.6	3.3	71.2	110.1	34.8
Other non-current assets	1.7	0.5	0.9	3.1	7.2
Other current assets	11.6	14.1	23.7	49.4	
Total assets held for sale	**84.2**	**17.9**	**97.1**	**199.2**	**77.3**
Other non-current liabilities	2.4	6.7	1.2	10.3	2.4
Current trade payables	9.0	22.3	33.7	65.0	11.1
Other current liabilities	9.3	22.3	13.0	44.7	9.0
Total liabilities related to asset held for sale	**20.7**	**51.3**	**48.0**	**120.0**	**22.5**

(1) The allocation of goodwill to the available for sale assets was done based on the pro-rata contribution of these assets to the operating cash flows of the French Overseas Territories segment. The EBITDA-Capex number was used as a proxy for determining the operating cash flows.

(2) All other assets and liabilities for the FOT assets were allocated based on carve out accounts prepared by local Management for the purpose of the sale of the assets.

Statement of financial income (from January 1, 2015 or from the date of classification as held for sale)

(In € millions)	June 30, 2015			December 31, 2014
	FOT	*Cabovisao*	*ONI*	*FOT*
Revenues	25.2	22.2	14.0	
Operating income	7.2	6.9	3.6	6.1
Finance costs, nets	-	(0.7)	(1.2)	-
Income tax	(2.6)	-	-	(2.4)
Net income attributed to asset held for sale	**4.6**	**6.2**	**2.4**	**3.8**

Statement of cash flows

(In € millions)	June 30, 2015			December 31, 2014
	FOT	*Cabovisao*	*ONI*	*FOT*
Net cash provided by operating activities	7.2	7.9	6.0	13.7
Net cash used in investing activities	(2.5)	(3.8)	(7.1)	(3.6)
Net cash used in financing activities	-	(1.7)	1.1	-
Net change in cash and cash equivalents	**4.7**	**2.4**	**(0.1)**	**10.1**

4 - Goodwill

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

	December 31, 2014 (*revised)	**Recognized on business combina-tions**	**Variations**	**Impairment losses**	**Changes in foreign currency translation**	**Held for sale**	**Disposals**	**June 30, 2015**
				(In millions €)				
France........	13,601.7	-	-	-	-	-	-	13.601.7
Dominican Republic	767.3	-	-	-	66.2	-	-	833.4
Israel	627.2	-	-	-	75.0	-	-	702.2
FOT...........	281.1	-	-	-	-	-	-	281.1
Belux	295.5	-	-	-	-	-	-	295.5
Green.ch ...	18.3	-	-	-	0.1		-	18.3
Portugal	1.3	3,095.7	-	-	-	(1.3)	-	3,095.7
Total Gross Value	**15,592.3**	**3,095.7**	**-**	**-**	**141.3**	**(1.3)**	**-**	**18,828.0**
France........	-	-	-	-	-	-	-	-
Dominican Republic	-	-	-	-	-	-	-	-
Israel	(129.4)	-	-	-	(15.5)	-	-	(144.9)
FOT...........	(4.6)	-	-	-	-	-	-	(4.6)
Belux	-	-	-	-	-	-	-	-
Green.ch	-	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	-	-
Total Cumulative impairment	**(134.0)**	**-**	**-**	**-**	**(15.5)**	**-**	**-**	**(149.5)**
France........	13,601.7	-	-	-	-	-	-	13.601.7
Dominican Republic	767.3	-	-	-	66.2	-	-	833.4
Israel	497.8	-	-	-	59.5	-	-	557.3
FOT...........	276.5	-	-	-	-	-	-	276.5
Belux	295.5	-	-	-	-	-	-	295.5
Green.ch	18.3	-	-	-	0.1	-	-	18.3
Portugal	1.3	3,095.7	-	-	-	(1.3)	-	3,095.7
Total Net book value	**15,458.5**	**3,095.7**	**-**	**-**	**125.8**	**(1.3)**	**-**	**18,678.5**

(*) For the revision impact please see note 17

	December 31, 2013	Recognized on business combina-tions	Variations	Impairment losses	Changes in foreign currency translation	Held for sale	Disposals	December 31, 2014 (*revised)
				(In millions €)				
France(**) .	-	13,601.7	-	-	-	-	-	13,601.7
Dominican Republic	-	668.0	-	-	99.3	-	-	767.3
Israel	620.3		-	-	6.9	-	-	627.2
FOT	298.5	17.9	-	-	-	(35.3)	-	281.1
Belux	295.5	-	-	-	-	-	-	295.5
Green.ch ...	17.8	0.5	-	-	0.0	-	-	18.3
Portugal	1.3	-	-	-	-	-	-	1.3
Total Gross Value	**1,233.4**	**14,287.6**	**-**	**-**	**106.2**	**(35.3)**	**-**	**15,592.3**
France........	-	-	-	-	-	-	-	-
Dominican Republic	-	-	-	-	-	-	-	-
Israel	(128.0)	-	-	-	(1.4)	-	-	(129.4)
FOT	(4.6)	-	-	-	-	-	-	(4.6)
Belux	-	-	-	-	-	-	-	-
Green.ch	-	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	-	-
Total Cumulative impairment	**(132.6)**	**-**	**-**	**-**	**(1.4)**	**-**	**-**	**(134.0)**
France........	-	13,601.7	-	-	-	-	-	13,601.7
Dominican Republic	-	668.0	-	-	99.3	-	-	767.3
Israel	492.3		-	-	5.5	-	-	497.8
FOT	293.9	17.9	-	-	-	(35.3)	-	276.5
Belux	295.5	-	-	-	-	-	-	295.5
Green.ch	17.8	0,5	-	-	0.0	-	-	18.3
Portugal	1.3	-	-	-	-	-	-	1.3
Total Net book value	**1,100.7**	**14,287.6**	**-**	**-**	**104.8**	**(35.3)**	**-**	**15,458.2**

(*) For the revision impact please see note 17

(**)*See note 4.2,1 and note 4.2.3*

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 2014, goodwill was tested at the GCGU level for impairment as of December 31, 2014. The GCGU is at the country level where the subsidiaries operate. The recoverable amounts of the GCGUs are determined based on their value in use. The Group determined to calculate value in use for purposes of its impairment testing and, accordingly, did not determine the fair value of the GCGUs. The key assumptions for the value in use calculations are primarily the pre-tax discount rates, the terminal growth rate and the EBIT margin during the period, 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 six months ended June 30, 2015.

4.2 Purchase price allocation

During the six months period ended June 30, 2015, the Group has finalised the purchase price allocation of acquisitions completed during the year 2014. The final fair values attributed to various class of assets for the Numericable Group S.A., Altice Hispaniola S.A. and Tricom S.A. are given below:

4.2.1 France - Numericable Group S.A. (“NG”)

As mentioned in note 3.2.1.1 to the consolidated financial statements of the Group as of December 31, 2014, the purchase price allocation has been completed as per the provisions of IFRS 3 in the six month period ended June 30, 2015.

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

Book value of investment in associate (prior to change in control):	€679.1 million
Variation in investment in associates until February 3, 2014:	€1.3 million
Gain on step acquisition (resulting from change in control):	€256.3 million
Non-controlling interests post re-valuation of tangible and intangible assets:	€448.1 million
Total consideration for acquisition of additional shares (including earnout):	€359.1 million
Fair value of consideration transferred at acquisition of NG:	€1,743.7 million

The Group identified the following assets and liabilities at acquisition, which were revalued at their fair value. The valuation of these assets was finalised in the six month period ended June 30, 2015 and the results are presented below:

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

b) Client relationships: €239.7 million (€157.1 million net of deferred tax), was recognised and allocated amongst operating segments. The average useful life of the assets was determined based on specific reporting segments of the target and are summarised below. The fair value of client relationships was identified for each operating segment, using the following parameters:

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

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

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

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

Following the purchase price allocation, the preliminary allocation between the different classes of assets and liabilities is given below. The difference has been recorded as goodwill in the condensed consolidated financial statements for the six months period ended June 30, 2015:

Fair value at acquisition	€1,743.7 million
Fair value of identifiable assets, liabilities and contingent liabilities	€(768.1) million
Goodwill	€2,511.8 million

4.2.2 Dominican Entities

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

As mentioned in note 3.2.1.2 to the consolidated financial statements of the Group as of December 31, 2014, the purchase price allocation has been completed as per the provisions of IFRS 3 in the six months period ended June 30, 2015.

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

The final fair values attributed to the identifiable assets of Tricom and GLX were as follows:

a) Property plant and equipment: A final value of €22.3 million (€16.3 million net of taxes) was attributed to the property, plant and equipment of Tricom and GLX.

b) Brand: An additional value of €5.5 million (€4.0 million net of taxes) was attributed to the Tricom brand

c) Licences: Tricom's mobile licences were valued at €53.0 million (€38.7 million net of taxes).

d) Client relationships: €33.5 million was attributed to customer relationships (€24.5 million net of taxes).

Following the purchase price allocation, the residual amount of €72.7 million over the consideration paid was recognised as goodwill in the Group's condensed consolidated financial statements for the six months period ended June 30, 2015.

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

As mentioned in note 3.2.1.2 to the consolidated financial statements of the Group as of December 31, 2014, the purchase price allocation has been completed as per the provisions of IFRS 3 in the six months period ended June 30, 2015.

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

The final fair values attributed to the identifiable assets of ODO were as follows:

a) Property plant and equipment: A final value of €5.2 million (€ 3.7 million net of taxes) was attributed to the property, plant and equipment of ODO.

b) Licences: ODO's existing mobile licences were valued at €59.1 million (€43.2 million net of taxes).

c) Client relationships: €79.2 million was attributed to customer relationships (€57.8 million net of taxes).

Following the purchase price allocation, the residual amount of €595.3 million over the consideration paid was recognised as goodwill in the Group's condensed consolidated financial statements for the six month period ended June 30, 2015.

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

Total consideration transferred	€1,335.2 million
Fair value of identifiable assets, liabilities and contingent liabilities	€667.2 million
Goodwill	€668.0 million

4.2.3 France - Societe Francaise de Radiophonie ("SFR") and Virgin Mobile ('Virgin')

In accordance with the provisions of IFRS 3, Business combinations, the Group is continually assessing the fair value of the assets and liabilities of SFR and Virgin (acquired on November 28, 2014 and December 4, 2014 respectively).

As of June 30, 2015, the Group had allocated the initial goodwill to the following assets and liabilities for which the Group has already performed a fair value exercise:

a) The capitalisation of subscriber acquisition costs for a net book value of €91 million, gross of taxes. A net amount of €56 million (after considering the impact of deferred taxes) was allocated from goodwill to intangible assets.

b) The capitalisation of internal costs related to the development of network and IT systems, costs of installation and costs of refurbishment of customer premises equipment. The net book value of such capitalisation amounted to €168 million net of tax (€271 million before tax impact).

In addition, during the fourth quarter of 2014, Numericable-SFR S.A. informed Vivendi S.A. of a purchase price adjustment of up to €220 million. During the six months ended June 30, 2015, the two parties finalised the purchase price adjustment at €120 million. This adjustment, being directly related to the consideration transferred to acquire the share capital of SFR S.A. was reflected in the amount of the provisional goodwill recognised at acquisition.

The definitive allocation will be based on valuation and studies by experts. As such, the goodwill disclosed is preliminary.

The Group continues to assess and evaluate the fair values and liabilities of the two acquired businesses as per the provisions of IFRS 3 and expects to complete the allocation before the end of the measurement period prescribed therein.

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

5.1 Issued capital

As of June 30, 2015, the authorised share capital is €5 million of ordinary shares and a maximum of €20 million of Class B shares. The total class B shares issued as at June 30, 2015, is nil.

All ordinary shares have equal voting rights and a right to receive dividends.

As of June 30, 2015, total issued capital of the Company amounts to €2.5 million, and is composed of 247,950,186 outstanding ordinary shares, with a nominal value of €0.01 each.

There were no changes in the issued capital of the Group for the six month period ended June 30, 2015.

5.2 Additional paid in capital

As of June 30, 2015, total additional paid in capital of the Group amounted to €990.2 million.

The decrease in the additional paid in capital compared to the year ended December 31, 2014 is due to the recognition of the acquisition of a supplementary 20% stake in NSFR from Vivendi S.A.

5.3 Other reserves

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

(in € millions)	**June 30, 2015**			**December 31, 2014 (*revised)**		
	Pre-tax amount	**Tax effect**	**Net amount**	**Pre-tax amount**	**Tax effect**	**Net amount**
Actuarial gains and losses	38.4	(9.2)	29.2	(2.6)	-	(2.6)
Items not potentially reclassified to profit and loss	**38.4**	**(9.2)**	**29.2**	**(2.6)**	**-**	**(2.6)**
Available for sale	(0.4)	-	(0.4)	1.9	-	1.9
Currency reserve	(7.1)	-	(7.1)	(7.0)	-	(7.0)
Cash flow hedge	(324.9)	102.9	(222.0)	(133.0)	47.6	(85.4)
Items potentially reclassified to profit and loss	**(332.4)**	**102.9**	**(229.5)**	**(138.1)**	**47.6**	**(90.5)**
Total other reserves	**(294.0)**	**93.7**	**(200.2)**	**(140.7)**	**47.6**	**(93.1)**

Variations of the amount of the cash flow hedge reserve are further explained in note 7.6.

5.4 Variations in non-controlling interests

The variations of non-controlling interests based on the nature of the transaction is given below. As mentioned in note 2.2, non-controlling interests were impacted by the buy-back of the 20% stake previously held in NSFR by Vivendi S.A.

	June 30, 2015	December 31, 2014 (*revised)
	(In millions €)	
Balance at beginning of the year	**3,283.2**	**(0.5)**
Share of profit/(loss) for the period/year	215.3	(144.9)
Other comprehensive income	3.8	2.6
Acquisition of non-controlling interests in Numericable-SFR S.A.	(1,915.6)	3,424.6
Acquisition of non-controlling interests in Dominican entities	-	2.2
Non-controlling interests on acquisition of PT	0.4	-
Acquisition of non-controlling interests in OMT Invest S.A.S.	-	0.1
Other variations	0.1	(0.8)
Balance at end of the period/year	**1,587.2**	**3,283.2**

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

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014 (*revised)	June 30, 2015	December 31, 2014 (*revised)
Numericable-SFR SA	France	21.8%	39.7%	217.7	(138.8)	1,591.0	3,285.8
Deficom Telecom S.à r.l.	Luxembourg	26%	26%	(1.9)	(6.2)	(17.2)	(15.3)
Altice Bahamas S.à r.l.	Luxembourg	2.8%	2.8%	(0.6)	(0.2)	2.1	2.0
Cool Holding Ltd	Israel	-	-	-	-	9.4	9.4
Altice Blue Two S.A.S	France	0.15%	0.15%	-	0.3	0.7	0.7
Other	-	-	-	-	-	1.3	0.7
Total				**215.3**	**(144.9)**	**1,587.2**	**3,283.2**

The decrease in non-controlling interests as of June 30, 2015 is due to the recognition of the impact of the buyout of certain non-controlling interests in Numericable-SFR.

(*) For the revision impact please see note 17

6 - Earnings per share

	Six months Ended June 30, 2015	Six months ended June 30, 2014 (Revised *)	Three months ended June 30, 2015	Three months ended June 30, 2014 (Revised*)
	(In millions €)			
Earnings				
Earnings for the period	328.4	47.8	(309.3)	(109.5)
Basic earnings per share (in €)	*1.32*	*0.28*	*(1.25)*	*(0.53)*
Number of shares				
Weighted average number of ordinary shares for basic EPS	248.0	173.0	248.0	205.6
Effect of dilutive potential ordinary shares:				
Stock options and management investment plan (**)	9.6	9.4	9.6	9.4
Shares to be provided to other shareholders	0.5	24.8	0.5	24.8
Weighted average number of ordinary shares for the purposes of diluted EPS	**258.1**	**207.2**	**258.1**	**239.8**
Diluted earnings per share (in €)	*1.27*	*0.23*	*(1.20)*	*(0.46)*

(*) For the revision impact please see note 17

(**) this figure does not take into account the cancellation of the stock option plan described in note 18, given that a new stock option plan will be setup by Altice N.V. bearing the same conditions.

7 - Borrowings and other financial liabilities

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

	June 30, 2015	December 31, 2014
	(In millions €)	
Long term borrowings. Financial liabilities and related hedging instruments	29,497.1	20,483.2
- Debentures	*22,784.6*	*15,780.5*
- Loans from financial institutions	*6,620.6*	*4,674.9*
-Derivative financial instruments	*91.5*	*27.8*
Other non-current financial liabilities:	397.5	890.4
- Finance leases	*103.4*	*49.4*
- Other financial liabilities	*294.1*	*841.0*
Non-current liabilities	**29,894.2**	**21,373.6**
Short term borrowing, liabilities and related hedging instruments	530.4	166.6
- Debentures	*29.8*	*26.7*
- Loans from financial institutions	*500.7*	*139.9*
Other financial liabilities:	2,752.0	1,072.2
- Other financial liabilities	*2,058.3*	*581.7*
-Bank overdraft	*72.2*	*41.5*
-Accrued interests	*560.0*	*403.9*
- Finance leases	*61.5*	*45.1*
Current liabilities	**3,282.6**	**1,238.8**
Total	**33,176.8**	**22,612.4**

7.1 Debentures and loans from financial institutions

As at June 30, 2015, the details of the loans from financial institutions and debentures are given in the sections that follow.

	June 30, 2015	**December 31, 2014**
Debentures........................	22,814.4	15,807.2
Loans from financial institutions........................	7,121.3	4,814.8
Total.................................	**29,935.7**	**20,622.0**

7.2 Debentures

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

Compared to the year ended December 31, 2014, in relation with its acquisition of the Portuguese assets of PT S.G.P.S and the announced acquisition of Suddenlink Communications, the Group issued the following new debentures.

(i) €750 million in aggregate principal amount of its 6¼% Senior Notes due 2025 and $1,480 million aggregate principal amount of its 7⅝% Senior Notes due 2025 (the "Senior Notes");

(ii) $2,060 million aggregate principal amount of Altice Financing S.A.'s 6⅝% Senior Secured Notes due 2023 and €500 million aggregate principal amount of Altice Financing S.A.'s 5¼% Senior Secured Notes due 2023 (the "Altice Financing Senior Secured Notes");

(iii) $385 million aggregate principal amount of Altice Finco S.A.'s 7⅝% Senior Notes due 2025 (the "Altice Finco Senior Notes", and together with the Altice Financing Senior Secured Notes and the Senior Notes, the "Notes");

(iv) $320 million in aggregate principal amount of $7^{3/4}$% Senior Holdco Notes due 2025 issued by Altice US Finance S.A.;

(v) $300 million in aggregate principal amount of $7^{3/4}$% Senior Notes due 2025 issued by Altice US Finance I Corporation; and

(vi) $1,100 million in aggregate principal amount of $5^{3/8}$% Senior Secured Notes due 2023 issued by Altice US Finance I Corporation;

The proceeds from the issuances of debts listed under (iv), (v) and (vi) are held in escrow and recorded as restricted cash as of June 30, 2015 (see note 8).

During the six months ended June 30, 2015, there was no significant reimbursement of bonds.

7.3 Covenants

The debt issued by the Group is subject to certain restrictive covenants, which apply (i) in the case of debt issued by the Company, to the Company and its restricted subsidiaries, (ii) in the case of debt issued by Altice Financing S.A. and Altice Finco S.A., to Altice International S.à r.l. and its restricted subsidiaries and (iii) in the case of debt issued by Numericable-SFR S.A., to Numericable-SFR S.A. and its restricted subsidiaries and (iv) in the case of debt issued by Altice US Finance, Altice US Finance II Corporation and Altice US I Corporation, following the completion of the Suddenlink acquisition, to the relevant issuer and its restricted subsidiaries.

Other than the HOT Debentures and the revolving credit facilities described in the note 15.3 of the consolidated financial statements as of December 31, 2014, such debt issued by the Company and its subsidiaries is subject to incurrence based covenants, which do not require ongoing compliance with financial ratios, but place certain limitations on the relevant restricted group's ability to, among other things, incur or guarantee additional debt (including to finance new acquisitions), create liens, pay dividends and other distributions to shareholders or prepay subordinated indebtedness, make investments, sell assets, engage in affiliate transactions or engage in mergers or consolidations.

The financial covenants related to the borrowings are described in the consolidated financial statements as of December 31, 2014 (see Note 15.3), except for the covenants incurred on the issuance of the new debt which will be used to finance the acquisition of Suddenlink communication (see below).

The following incurrence based debt covenants are applicable on the new notes issued for the Suddenlink acquisition:

<u>Debt issuance</u>	**New Senior Secured Notes due 2023**	**New Senior Notes due 2025**	**New Holdco Notes due 2025**
Ratio Debt	Net Leverage Ratio through OpCo ≤5.5 to 1.0 Net of cash and excluding hedging obligations and revolving debt Expense and cost reductions and synergies not exceed 10% of Pro Forma EBITDA	Net Leverage Ratio through Senior Notes Issuer ≤5.5 to 1.0 Net of cash and excluding hedging obligations and revolving debt Expense and cost reductions and synergies not exceed 10% of Pro Forma EBITDA Note that ratio debt incurrence is subject to Priority Debt Limitation	Net Leverage Ratio through Holdco Notes Guarantor ≤5.5 to 1.0 Net of cash and excluding hedging obligations and revolving debt Expense and cost reductions and synergies not exceed 10% of Pro Forma EBITDA Note that ratio debt incurrence is subject to Priority Debt Limitation
Priority Debt Limitations	None	Issuer and Restricted Subsidiaries may only incur secured ratio debt, secured bank debt and non-guarantor debt so long as ratio of such debt to L2QA Pro Forma EBITDA is not greater than 4.0 to 1.0 determined on a pro forma basis and net of cash, hedging and RCF	Issuer and Restricted Subsidiaries may only incur secured ratio debt, secured bank debt and non-guarantor debt so long as ratio of such debt L2QA Pro Forma EBITDA is not greater than 5.5 to 1.0 determined on a pro forma basis and net of cash, hedging and RCF

As at June 30, 2015, the Group is not in breach of any of its financial covenants.

7.4 Loans from financial institutions

Compared to the year ended December 31, 2014, the increase in the loans from financial institutions is mainly explained by the issuance of new term loans by the Company's subsidiary, Altice Financing S.A., the proceeds from which were used to finance the Portugal Telecom acquisition:

(i) A €400 million term loan facility with a maturity of seven years and bearing interest at Euribor (3m)+4.25%, with a Euribor floor of 1%, and
(ii) A $500 million (€464.7 million equivalent) term loan facility with a maturity of seven years and bearing interest at Libor (3m)+4.25%, with a Libor floor of 1%.

A mandatory quarterly repayment of 0.25% of the nominal amount is effective from the first full quarter following the acquisition of Portugal Telecom for both the term loans listed above.

As of June 30, 2015, the loans from financial institutions are composed of the following:

	June 30, 2015	**< 1 year**	**One year or more**	**December 31, 2014**
		(In millions €)		
Numericable-SFR Term Loans............	4,125.4	42.2	4,083.2	3,828.8
Altice Financing Term Loans..............	1,716.3	17.2	1,699.1	820.1
Altice Financing RCF..........................	436.0	436.0	-	126.2
Numericable-SFR RCF(1)..................	800.0	-	800.0	
Others	43.6	5.3	38.3	39.8
Total...	**7,121.3**	**500.7**	**6,620.6**	**4,814.8**

(1) The 800 RCF drawdown on Numericable-SFR RCF is considered to have a maturity over one year given the contractual arrangement in place and respect of certain covenant.

Available credit facilities:

As of June 30, 2015, the Group had access to the following revolving credit and guarantee facilities, for a total amount of euro equivalent amount of €2,322.5 million:

- Revolving credit facilities:

- Altice S.A.: €200 million;
- Altice Financing S.A.: €80 million, €501 million and €330 million;
- Altice Financing S.A.: $80 million, equivalent to €72.0 million as at June 30, 2015;
- Numericable-SFR S.A.: €1,125 million, and

- Guarantee facilities:

- Altice Financing S.A.: €15 million.

On April 23, 2015, the aggregate principal amount available under the Numericable-SFR RCF was increased by €375 million, thus bringing the total available amount to €1,125 million, while following the closing of the PT acquisition, Altice Financing S.A. has access to an additional RCF of upto €330 million, as specified above.

As of June 30, 2015, compared to December 31, 2014, the €80 million RCF facility remained fully drawn, and the Group had repaid the partially drawn portion of the $80 million RCF ($56 million/€52.0 million equivalent). In addition to the drawdowns described above, the NSFR group drew on its RCF for an aggregate amount of €1,050 million (of which €250 million were subsequently repaid), in order to finance part of its acquisition of Vivendi's 10% stake in NSFR. Altice Financing S.A. fully drew on its €330 million facility and drew an additional €26.0 million on its €501 million facility to partly finance the acquisition of PT.

7.5 Other financial liabilities

The following significant movements occurred during the six months ended June 30, 2015:

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

(ii) Following the acquisition of 10% of the share capital of NSFR from Vivendi, the Group has a payable due to Vivendi in the form of a vendor note for an aggregate amount of €1,948 million and presented within *Other financial liabilities*. This vendor loan bears interest at 3.8% annually. In connection with this acquisition, the Group has obtained commitments from a syndicate of financial institutions to underwrite or place up to €2,025 million of shares of common equity linked securities of the Company at a price to be determined by the Company and such financial institutions acting reasonably and in good faith and in light of prevailing market conditions.

The decrease of the caption *Other non-current financial liabilities* is linked to the extinguishment of the financial liability described in note 11.

7.6 Derivatives and hedge accounting

On February 4, 2015, the Group issued debt to finance the acquisition of Portugal Telecom. A part of this debt was issued in USD, which is different from the functional currency of the underlying entities. In order to mitigate risks arising from the variations in foreign exchange rates (the benefiting operating entities generate cash flows in euros which will be used to service this debt), the Group has entered into cross currency swaps for the interest and principal payments in order to secure future cash flows in its functional currency.

As part of this operation, a hedging transaction was implemented to swap the entire amount of the USD tranche into € at a fixed exchange rate. Additionally, the fixed coupon on the USD tranche was swapped into a fixed rate to match the swap into EUR. The Company has decided to apply hedge accounting to record this hedging transaction. In addition to the fixed/fixed cross currency swaps, the Group has also entered into a floating/floating cross-currency swap for its USD nominated term loans, which swap a Libor indexed interest rate into a Euribor indexed interest rate. As per analysis performed by the Group, these hedge transactions were not eligible to be designated as cash flow hedges as per the provisions of IAS 39, as these debts include a minimum interest rate floor of 1%.

On June 26, 2015, the Group entered into a FX forward transaction to cover the equity portion of the consideration due for its acquisition of a 70% stake in Suddenlink communications. This equity portion amounts to $1,100 million and as per the terms of the new contract, the Group will pay €981.8 million in exchange for $1,100.0 million at a forward rate of 1.1203 USD/EUR. The Group has decided to classify this transaction as a cash flow hedge in the condensed consolidated accounts as of June 30, 2015.

Since January 1, 2015 the Group has decided to designate the following instruments as a cash flow hedge. The features of the hedge are given below:

- Hedged items:
    - $2,060 million bonds bearing interest at a coupon of 6.625%, $385 million bonds bearing interest at 7.625% and $1,480.0 million bonds bearing interest at a coupon of 7.625%.
    - $1,100 million equity payment due as part of the consideration transferred for the acquisition of a 70% stake in Suddenlink communications.
- Hedging instruments:
    - Cross currency swaps, swapping fixed USD coupon payments into fixed euro payments. The fixed EUR/USD rate was fixed at 1.1312.
    - FX forward transaction, changing $1,100 million to €981.8 million at a forward rate of 1.1203 USD/EUR.

The table below summarizes the details of the swap and its novation:

Nominal USD *(In millions)*	**Nominal EUR** *(In millions)*	**Effective date**	**Termination date**	**USD coupon**	**EUR coupon**
Fixed/Fixed cross currency swap (debts issued for the PT acquisition)					
2,060.0	1,821.1	04/02/2015	15/02/2023	6.625%	5.236% to 5.306%
385.0	340.3	04/02/2015	15/02/2023	7.625%	6.184% to 6.245%
1,480.0	1,308.3	04/02/2015	15/02/2023	7.625%	6.434% to 6.504%
LIBOR/EURIBOR Interest rate swap (debts issued for the PT acquisition)					
500.0	442.0	04/02/2015	12/02/2023	L+4.25%	E+4.163% to E+4.233%
EUR to USD FX Forward (Equity portion of the Suddenlink transaction)					
1,100	981.8	26/06/2015	16/11/2015	-	-

Thus, the fair value of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the six month period ended June 30, 2015. Before the impact of taxes, an income of €186.0 million was recorded as other comprehensive income (€132.8 million net of taxes).

7.6.1 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).

A reconciliation between the carrying amount of the Group's financial debt and the due amount of the debts after taking into account the effect of the hedge operations are given below:

	June 30, 2015		
	In million €		
	Nominal amount as recorded in statement of financial position	Transaction Costs	Nominal Amount Excl. impact of transaction costs
Total debenture and loans from financial institutions	29,935.7	449.1	30,384.8
Value of debenture and loans from financial institutions in foreign currency converted at closing spot rate	-	-	(17,268.9)
Value of debenture and loans from financial institutions in foreign currency converted at hedged rates	-	-	14,954.4
Total swap adjusted value of debentures and loans from financial institutions	**29,935.7**	**449.1**	**28,070.3**

7.7 Fair value of financial assets and liabilities

Fair value of financial assets and liabilities is presented below:

	June 30, 2015		December 31, 2014	
	Carrying value	Fair value	Carrying value	Fair value
	(In millions €)			
Current assets				
Cash and cash equivalents...............	712.9	712.9	1,563.6	1,563.6
Restricted cash	1,514.9	1,514.9	-	-
Non-current assets				
Restricted cash	-	-	0.6	0.6
Available for Sale............................	39.6	39.6	42.0	42.0
Derivative instruments	2,114.0	2,114.0	1,195.8	1,195.8
Other Financial assets	160.3	160.3	104.2	104.2
Financial assets..............................	**2,313.9**	**2,313.9**	**1,342.6**	**1,342.6**

	June 30, 2015		December 31, 2014	
	Carrying value	Fair value	Carrying value	Fair value
	(In millions €)			
Current liabilities				
Short term borrowings, financial liabilities and related hedging instruments......	530.4	530.4	166.0	166.0
Other financial liabilities.................	2,752.0	2,752.0	1,072.2	1,072.2
Non-current liabilities				
Long term borrowings, financial liabilities and related hedging instruments......	29,497.1	29,602.9	20,483.2	20,926.6
Other financial liabilities.................	397.5	397.5	890.4	890.4

During the six months ended June 30, 2015, 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.

8 - Cash and cash equivalents and current restricted cash

	June 30, 2015	December 31, 2014
	(In millions €)	
Term deposits..	505.9	550.4
Bank balances	207.0	1,013,2
Cash and cash equivalents	**712.9**	**1,563.6**
Restricted cash (1)...	1,514.9	-
Restricted cash..	**1,514.9**	-

(1) Restricted cash held on the statement of financial position as of June 30, 2015 is linked to the debt issuance for the acquisition of Suddenlink (see notes 2.2 and 7.2).

The decrease in the balance of cash and cash equivalents results from the use of cash to pay a portion of Numericable-SFR's purchase of the 10% stake held by Vivendi and payment to Carlyle and Cinven.

9 – Employee benefits and pensions

The note below describes the most significant changes in the post-retirement benefits, pension and employee benefits compared to the year ended December 31, 2014. The changes mainly relate to pension liabilities and assets acquired by the Group with the closing of the PT acquisition. Pension liabilities and related employee benefits at PT are recorded in the caption, 'non-current provisions' and are described below.

PT sponsors defined benefit plans, under which it is responsible for the payment of pension supplements to retired and active employees and healthcare services to retired employees and eligible relatives. In addition, PT and other subsidiaries of PT Portugal are also responsible for the payment of salaries to suspend and pre-retired employees until retirement age. A detailed nature of these benefits is presented below

- Pension supplements - Retirees and employees of Companhia Portuguesa Rádio Marconi, S.A. ("Marconi", a company merged into PT in 2002) hired prior to February 1, 1998 and retirees and employees of Telefones de Lisboa e Porto, S.A. ("TLP", a company merged into PT in 1994) and Teledifusora de Portugal, S.A. ("TDP", a company merged into PT in 1994) hired prior to June 23, 1994 are entitled to received a supplemental pension benefit, which complements the pension paid by the Portuguese social security system. In addition, on retirement, PT pays a lump sum gratuity of a fixed amount which depends on the length of service completed by the employee and its salary. Employees hired by PT or any of its predecessor companies after the dates indicated above are not entitled to these benefits and are thus covered only by the general Portuguese Government social security system.

- Healthcare benefits - PT sponsors the payment of post-retirement health care benefits to certain suspended employees, pre-retired employees and retired employees and their eligible relatives. Health care services are rendered by PT - Associação de Cuidados de Saúde ("PT ACS"), which was incorporated with the only purpose of managing PT's Health Care Plan. This plan, sponsored by PT, includes all employees hired by PT until December 31, 2000 and by Marconi until February 1, 1998. The financing of the Health Care Plan comprises defined contributions made by participants to PT ACS and the remainder by PT, which incorporated an autonomous fund in 2004 for this purpose.

- Salaries to suspended and pre-retired employees - PT and other subsidiaries of PT Portugal are also responsible for the payment of salaries to suspended and pre-retired employees until the retirement age, which result from agreements between both parties. These liabilities are not subject to any legal funding requirement and therefore the monthly payment of salaries is made directly by each of the subsidiaries of PT Portugal.

The last actuarial valuations of PT's defined benefit plans were dated December 31, 2014 and were computed based on the projected unit credit method. The table below presents the main financial and demographic actuarial assumptions considered in the 2014 actuarial valuation, which were maintained as at June 2, 2015 for purposes of the opening statement of financial position, and the actuarial assumptions as at June 30, 2015 that reflect only a change in discount rates:

In million €	**June 30, 2015**
Financial assumptions	
Discount rate:	
Pension supplements	2.00%
Salaries to suspended and pre-retired	0.75%
Healthcare	2.50%
Salary growth rate	0% - 1.75%
Pension growth rate	GDP linked
Social Security sustainability factor	Applicable
Inflation rate	2.00%
Healthcare cost trend growth rate	3.00%
Demographic assumptions	
Mortality tables for active and non-active beneficiaries:	
Males	PA (90)m adjusted
Females	PA (90)f adjusted
Retirement age	66
Disability table (Swiss Reinsurance Company)	25%
Active employees with spouses under the plan	35%
Turnover of employees	Nil

During the period from June 2, 2015 to June 30, 2015, changes in post-retirement benefits obligations, net of the fair value of plan assets, were as follows:

In million €	Pension supplements	Healthcare benefits	Salaries due to pre-retired and suspended employees	**June 30, 2015**
June 2, 2015 (acquisition date)	**27.5**	**237.8**	**709.5**	**974.8**
Periodic post-retirement benefits costs	0.1	0.7	0.3	**1.1**
Actuarial losses/(gains) (excl tax impact)	1.1	(31.2)	(10.9)	**(41.0)**
Payments, contributions and reimbursements	(0.2)	(1.4)	(10.0)	**(11.6)**
Closing balance	**28.6**	**205.8**	**688.9**	**923.3**

As at June 30, 2015, the breakdown of unfunded obligations between projected benefits obligations and fund assets is as follows:

In million €	**June 30, 2015**
Unfunded pension supplements obligations	
Projected benefits obligations	120.7
Pension funds at fair value	92.2
	28.6
Unfunded healthcare benefits obligations	
Projected benefits obligations	366.9
Pension funds at fair value	161.1
	205.8
Salaries due to pre-retired and suspended employees	**688.9**
Total unfunded obligations	**923.3**
Plans with a deficit position (recorded in non-current provisions)	925.3
Plans with a surplus position	(2.1)

Detail of post-retirement benefits costs during period from June 2, 2015 to June 30, 2015 is as follows:

In million €	**June 30, 2015**
Periodic service cost [(a)]	0.4
Net interest cost [(a)]	0.7
Total post-retirement benefits costs	**1.1**

(a) Prior to the acquisition of PT by Altice, service and interest costs were recorded as other expenses and not as staff costs and employee benefits. Following the acquisition, service costs have been restated to the line 'staff costs and employee benefits', thus impacting the EBITDA indicator as reported by the Group. Net interest costs have been recorded as 'other financial expenses'.

In million €	**June 30, 2015**
Differences between actual data and actuarial assumptions (i)	(1.2)
Changes in actuarial assumptions (ii)	42.2
Net changes in actuarial assumptions, excl tax impacts (recorded in OCI)	**41.0**

Net actuarial gains recorded in the Consolidated Statement of Comprehensive Income during the period from June 2, 2015 to June 30, 2015 amounted to €41.0 million, and include the impact of the change in the discount rates mentioned above (gain of €42.2 million) and the difference between actual and expected return on plan assets (loss of €1.2 million).

Net cash out flows relating to post retirement benefits during the period from June 2, 2015 to June 30, 2015 are as follows:

In million €	**June 30, 2015**
Payments of salaries to pre-retired and suspended employees	10.0
Payments of healthcare expenses	1.4
Payments of pension complements benefits	0.2
	11.6
Service cost related to liabilities transferred to the Portuguese State (a)	1.7
Net payments on employee benefits	**9.9**

(a) Prior to the acquisition of PT by Altice, these service costs were recorded as other expenses and not as staff costs and employee benefits. Following the acquisition, service costs have been restated to the line, ‘staff costs and employee benefits’, thus impacting the EBITDA indicator as reported by the Group.

PT has three funds of assets that were incorporated for the purpose of the financing of pension supplements obligations. These funds are subject to the regulation of the Insurance and Pension Funds Supervision Authority, mainly in relation to the investment policy and composition of the fund assets. As at June 30, 2015, the fair value of the portfolio of pension plan assets is as follows:

	June 30, 2015	
In million €	**Amount**	**%**
Equities (i)	21.7	23.5%
Bonds (i)	58.8	63.8%
Property	2.3	2.5%
Other (ii)	9.4	10.2%
	92.2	**100.0%**

(i) The fair value of equity investments and bonds is quoted on active markets.

(ii) This caption includes deposits amounting to €2.4 million.

The financing of healthcare benefits obligations comprises defined contributions made by participants to PT-ACS and the remainder is assured by PT that incorporated an autonomous fund in 2014 for this purpose. This fund is managed by PT Prestações and is not subject to the regulation of the Insurance and Pension Funds Supervision Authority as the pension fund assets. As at June 30, 2015, the fair value of the portfolio of this autonomous fund is as follows:

	June 30, 2015	
In million €	**Amount**	**%**
Equities	4.3	4.3%
Bonds	3.5	3.5%
Other (i)	93.3	92.3%
	101.1	**100.0%**

(i) The fair value of equity investments and bonds is quoted on active markets.

As at June 30, 2015, this caption includes investments in the private equity funds “Ongoing International Capital Markets” and “Ongoing International Private Equity” totalling €17 million, which are managed by Global Investment Opportunities SICAV, investments in other private equity funds, amounting to €27 million, and receivables from customers of PT totalling €48 million, following agreements entered into with that entity for the transfer of those receivables to the fund assets

10 - Gain recognized on step-acquisition

For the period ended June 30, 2014, a gain was realised on the step acquisition of Numericable Group S.A., and amounted to €256.3 million. No such transaction or gain was recognised for the period ended June 30, 2015.

11- Gain recognized on extinguishment of a financial liability

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.

12- Income taxes

For the six month period ended June 30, 2015 the Group recorded an income tax expense of €97.8 million compared to an income tax credit of €68.5 million for the six months ended June 30, 2014. The variations in the income tax recorded resulted mainly from an income tax expense of €44.7 million for the six months ended June 2015 (compared to an expense of €22.8 million in 2014), owing to an increase in profits at different Group companies. The Group also recorded a deferred tax expense of €53.1 million for the six months ended June 30, 2015 (compared to a credit of €91.8 million in 2014) mainly owing to the fair value gains recorded on certain derivative instruments in 2015.

13 – Litigations

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

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, 2014 and that have had or that may have a significant effect on the financial position of the Group.

13.1 France

Litigation between Sequalum and CG 92 regarding DSP 92

A disagreement arose between the department of Hauts-de-Seine ("CG 92") and Sequalum on the conditions of execution of the Service Concession agreement "THD Seine" entered into on March 13, 2006 between Sequalum, a subsidiary of NG, and the department of Hauts-de-Seine. This public service concession arrangement is aimed at building a high-capacity fiber network throughout the department of the Hauts-de-Seine.

At the session held on October 17, 2014, the department of Hauts-de-Seine decided to cancel the concession for 'faults and damages caused exclusively by the concessionaire'. The department asked for penalties amounting to a total of €45 million related to the delays, which was subsequently contested by Sequalum. Within the framework of the Service Concession Agreement, the department of Hauts-de-Seine also asked the financial institution involved to implement the guarantee granted by Sequalum for €10 million, this amount corresponding to the maximum amount that could be guaranteed with respect to the Service Concession Agreement. So far, the financial institution did not respond favorably to this request, considering that the request was not sufficient, in terms of form and documentation, to allow the implementation of the guarantee.

The penalties were contested through a request recorded by the administrative court on September 3, 2014. The execution and the payment of the penalties are suspended until a decision is made on this litigation.

The decision of the department of Hauts-de-Seine to terminate the agreement has not yet been notified to Sequalum who intends to contest the termination before the competent courts. Looking forward to the reception of this notification, Sequalum continues to perform its duties, subject to potential requests the delegator may impose. Should the courts confirm the arguments of the department of Hauts-de-Seine, Sequalum could be obliged to reimburse the grants received (the portion of grants not yet amortized). The department of Hauts-de-Seine, for its part, would receive all the assets built within the framework of the DSP 92 on July 1, 2015. The department of Hauts-de-Seine would have to indemnify Sequalum at a level corresponding to the net book value of these assets.

On October 16, 2014 Sequalum filed a request before the administrative court of Cergy Pontoise which aims at ending the Service Concession agreement due to "force majeure" in the context of irreversible changes in the contractual economy.

On May 7, 2015, the department of Hauts-de-Seine issued a new notice for payments of penalties and indemnities due for an aggregate amount of €51 million, which was also contested by the Group. The department once again asked that the financial institution pay the guarantee of €10 million. The matter is pending before the commercial court of Nanterre and the decision is expected after the hearing scheduled on July 28, 2015.

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

The Group has deployed its own fiber optic network in the department concerned, which allows it to service its clients in any case. The revenues generated by the DSP 92 project are considered non-material compared to the total revenue of the Group.

Investigation by the French anti-trust authorities

France's competition authority searched the offices of Numericable-SFR after several competitors raised concerns over whether Numericable and SFR began working together before they received the official approval of the merger from the antitrust body on October 31, 2014. The Group has contested the facts put forward by its competitors.

Litigation related to white label contract between Bouygues Telecom and Numericable-SFR

On July 24, 2015, Bouygues Telecom delivered notice to NC Numericable and Completel (predecessor entities of Numericable Groupe S.A.) for failure to keep their contractual obligations under the tripartite white label contract entered into by these companies on May 14, 2009. Bouygues claims that Numericable did not satisfy certain contractual and pre-contractual conditions stipulated in the contract and has asked the commerce court to cancel certain clauses of the agreement, while at the same time demanding the payment of up to €53 million in damages and claims. NC Numericable and Completel intend to contest the entirety of claims made by Bouygues Telecom.

Tax investigation related to the merger between SFR and VTI

As part of the agreement signed February 27, 2015, between Vivendi and Altice, Vivendi agreed to repay, if required, any taxes and related expenses that may be reclaimed from SFR, and that SFR has already paid to Vivendi in 2011 for a total amount of €711 million. These payments cover the entire period that SFR was part of Vivendi's tax integration group. French tax authorities have challenged the tax breaks resulting from the merger between SFR and VTI. Altice and Vivendi have agreed to cooperate to commonly contest the tax authorities' position.

13.2 Portugal

As of June 30, 2015, the PT Group had the following outstanding litigations pending against it. A brief summary of the pending legal actions is provided below:

13.2.1 Litigations

(a) Optimus - Interconnection agreement

This legal action is dated from 2001 and relates to the price that Telecomunicações Móveis Nacionais ("TMN", PT Portugal's mobile operation at that time) charged Optimus - Comunicações S.A. ("Optimus", one of MEO's mobile competitors at that time, currently NOS) for mobile interconnection services, price that Optimus did not agree with. TMN transferred to PT Comunicações (PT Portugal's fixed operation at that time, currently named MEO) the receivables from Optimus, and subsequently PT Comunicações offset those receivables with payables due to Optimus. NOS argues for the cancellation of the offset made by PT Comunicações and accordingly claims from PT Comunicações the settlement of the payables due before the offset plus accrued interest, totalling €25 million.

(b) TV Tel - Restricted access to the telecommunication ducts

In March 2004, TV TEL Grande Porto - Comunicações, S.A. ("TVTEL", subsequently acquired by NOS), a telecommunications company based in Oporto, filed a claim against PT Comunicações in the Lisbon Judicial Court. TV TEL alleged that, since 2001, PT Comunicações has unlawfully restricted and/or refused access to its telecommunication ducts in Oporto, thereby undermining and delaying the installation and development of TV TEL's telecommunications network. TV TEL is claiming an amount of approximately Euro 15 million from MEO for damages and losses allegedly caused and yet to be sustained by that company as a result of the delay in the installation of its telecommunications network in Oporto. PT Comunicações submitted its defence to these claims in June 2004, stating that (1) TV TEL did not have a general right to install its network in PT Comunicações's ducts, (2) all of TV TEL's requests were lawfully and timely responded to by PT Comunicações according to its general infra-structure management policy, and (3) TV TEL's claims for damages and losses were not factually sustainable. After an initial trial and based in a judicial decision, a new trial is yet to be scheduled to appreciate new facts on this matter.

(c) Anacom litigation

MEO has several outstanding proceedings filed from Anacom, for some of which MEO has not yet received formal accusations. This litigation includes matters such as the violation of rules relating to the pre-selection, portability, TDT, the non-compliance of obligations under the universal service (fixed voice, and public phones) and restricting the access to phone numbers starting at 760. Historically, Meo paid amounts significantly lower than the administrative fines set by Anacom in final decisions. The initial value of the proceedings are normally set at the maximum applicable amount of the administrative fine until the final decision is formally issued. A provision of €2.3 million has been recorded in the condensed consolidated financial statements of the Group ended June 30, 2015.

(d) Zon TV Cabo Portugal – Violation of portability rules

Zon TV Cabo Portugal (currently NOS) claims that Meo has not complied with the applicable rules for the portability of fixed numbers, as a result of which claims for an indemnity of €22 million corresponding to profits lost due to unreasonable rejections and the delay in providing the portability of the number. Meo has also filed a claim against NOS regarding portability compensations. No provision is booked in the condensed consolidated financial statements as at June 30, 2015 with respect to this litigation.

(e) Optimus - Abuse of dominant position in the wholesale market

In March 2011, Optimus filed a claim against MEO in the Judicial Court of Lisbon for the payment of approximately €11 million, as a result of an alleged abuse of dominant position by MEO in the wholesale offer. Optimus sustained its position by arguing that they suffered losses and damages as a result of MEO's conduct. No provision is booked in the condensed consolidated financial statements as at June 30, 2015 with respect to this litigation.

(f) Municipal taxes and rights-of-way

Pursuant to a statute enacted on August 1, 1997, as an operator of a basic telecommunications network, Meo was exempt from municipal taxes and rights-of-way and other fees with respect to its network in connection with its obligations under the Concession. The Portuguese Government has advised Meo in the past that this statute confirmed the tax exemption under Meo's former Concession and that it will continue to take the necessary actions in order for Meo Comunicações to maintain the economic benefits contemplated by the former Concession.

Law 5/2004, dated February 10, 2004, established a new rights-of-way regime in Portugal whereby each municipality may establish a fee, up to a maximum of 0.25% of each wireline services bill, to be paid by the customers of those wireline operators which network infra-structures are located in each such municipality. Meanwhile, Decree-Law 123/2009, dated 21 May 2009, clarified that no other tax should be levied by the municipalities in addition to the tax established by Law 5/2004. This interpretation was confirmed by the Supreme Administrative Court of Portugal in several legal actions.

Some municipalities however, continue to interpret that the Law 5/2004 does not expressly revoke other taxes that the municipalities wish to establish, because Law 5/2004 is not applicable to the public municipality domain. Currently, there are legal actions with some municipalities regarding this matter. No provision is booked in the condensed consolidated financial statements as at June 30, 2015 with respect to this litigation.

(g) Zon TV Cabo Portugal – Acquisition of SAP licenses

In connection with the spin-off of Zon TV Cabo Portugal ("Zon") from PT Group in 2007, Zon acquired from entities of PT Group licenses and specific developments for SAP for an amount that it believes to be excessive, claiming that it is entitled to receive back an amount of approximately €5.5 million.

(h) Invesfundo II - Disposal of plots of land

Invesfundo II acquired from one of Meo's former pension fund assets a group of plots of land for a total amount of €41 million, including one plot of land that Invesfundo II argues that it was not Meo's property, as a result of which Investfund II had to acquire that plot of land from a third party for €4 million, amount that it is claiming from Meo. No provision is booked in the condensed consolidated financial statements as at June 30, 2015 with respect to this litigation.

(i) Disposal of PrimeSys

In 2005, Portugal Telecom Brasil ("PT Brasil"), a subsidiary of PT Portugal, disposed of its investment in PrimeSys Soluções Empresariais, S.A. to Embratel. Under this disposal, it was agreed that PT Brasil had to indemnify Embratel for any future tax contingencies up to R$103 million (€27.4 million equivalent), corresponding to 30% of the disposal price. In December 2008, PT Brasil was notified that PrimeSys had been fined for a total amount of R$288 million (€76.6 million equivalent) in relation to the period 2004-2008 regarding the payment of Value Added Tax. PT Brasil is responsible only for the period until the disposal of the investment (2005) and limited to the above mentioned amount. The legal action is still taking place. No provision is booked in the condensed consolidated financial statements as at June 30, 2015 with respect to this litigation.

12.2.2 Tax assessments

The following tax assessments for PT Portugal are currently pending with Portuguese tax authorities. The Company believes that these the risk of a cash out on these litigations is very low and hence these are classified as 'remote contingencies':

(a) Tax assessments received from the tax authorities questioning the deductibility for income tax purposes of certain financial costs incurred between 2004 and 2010, and
(b) Tax assessments received from the tax authorities claiming that Meo should have paid Value Added Tax on certain indemnities invoiced to its customers as a result of the violation of loyalty contracts.

14 – Commitments

For the first six months of 2015, the Board of Directors has not identified any significant changes to the commitments of the subsidiaries of the Group as compared to the year ended December 31, 2014 (with the exception of commitments at the PT Portugal, which are described below). The commitments regarding the February 2015 issuance have been disclosed in the notes to the consolidated financial statements as at December 31, 2014.

14.1 Portugal

As of June 30, 2015, PT had the following commitments:

FINANCIAL COMMITMENTS	June 30, 2015	N+1	N+2	N+3	N+4	>N+5
	(in millions €)					
For the acquisition of fixed assets	21.5	15.9	3.8	1.9	-	-
For the acquisition of stocks	25.9	25.9	-	-	-	-
For services (mainly maintenance contracts)	50.6	42.4	4.3	2.9	1.0	-
For broadcasting rights of pay-tv channels	112.0	73.0	29.0	9.5	0.5	-
Total	**210.0**	**157.2**	**37.0**	**14.2**	**1.5**	**-**

GOODS & SERVICE PURCHASE AND INVESTMENT COMMITMENTS	June 30, 2015	N+1	N+2	N+3	N+4	>N+5
	(in millions €)					
Goods and services purchase commitments	188.5	141.2	33.3	12.4	1.5	-
Investment commitments	21.5	15.9	3.8	1.9	-	-
Total	**210.0**	**157.2**	**37.0**	**14.2**	**1.5**	**-**

This table includes off-balance sheet financial commitments, reflecting purchase orders already made but not yet satisfied, thus not including those for which an accrual was recorded in the balance sheet.

Goods and service purchase commitments include (1) commitments for the acquisition of stocks, mainly mobile phones, set-top-boxes and Home Gateways, (2) commitments under contracts entered into with channels included in our pay-tv offer, and (3) commitments for other services, primarily related to maintenance contracts.

Investment commitments are related mainly to the acquisition of network equipment, software licenses and evolving/upgrading maintenance contracts.

In addition, bank guarantees for a total amount of €18.3 million were contracted by PT and issued by several bank institutions in relation to if favour of tax authorities.

15 – Related party disclosure

During the first six months of 2015, no operations had significant effect on the amounts of the transactions with related parties as compared to the year ended December 31, 2014.

During the six months ended June 30, 2015, the Group employed the services of PJT partners limited, a New York based consultancy firm of which one of the independent directors of Altice S.A. is a partner. For the six months ended June 30, 2015, PJT partners has received no cash compensation for the services that they have provided to the Company.

16 - Going concern

As of June 30, 2015, the Group had net current liabilities position of €4,387.8 million (mainly due to trade payables of €6,106.7) and a negative working capital of €2,143.8 million. During the 6 months period ended June 30, 2015, the Group registered a net income of €543.7 million (compared to a loss of €21.4 million for the 6 month period ended June 30, 2014) and generated cash flows from operations of €2,252.2 million. The positive cash flow from operations balance was mainly due to strong earnings growth and EBITDA generation. The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short DSOs (Days of Sales Outstanding) and suppliers are paid under standard commercial terms, thus generating a negative working capital, as evidenced by the difference in the level of receivables and payables (€3,631.5million vs. €6,106.7 million). Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of June 30, 2015, the Group's short term borrowings mainly comprised of accrued interests for €560.3 million on the debenture and loans from financial institutions which are repaid on a semi-annual basis and some local bonds, amortization on certain term loans and drawdown on RCF for €530.4 million. Those short term obligations are expected to be covered by the cash flows from operations of the operating subsidiaries. The Altice Financing RCFs were repaid in full in July 2015, following the issuance of new term loans (see note 18).

The long term debt of the Group commences to mature in 2019.

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 6 month period ended 30 June 2015 (€2,252.2 million). EBITDA amounted to €2,491.4 million, an increase of 294% compared to June 30, 2014. This increase in EBITDA is mainly due to the integration of newly acquired entities (see note 3) which contributed to this increase compared to prior year. The Board of Directors is of the view that such EBITDA and the consequent cash flows are sufficient to service the working capital of the Group.
- The Group had healthy unrestricted cash reserves as of June 30, 2015 (€712.9 million vs. €1,563.6 million as of December 31, 2014), which would allow it to cover any urgent cash needs. Additionally, as of June 30, 2015, the Group had access to Revolving Credit Facilities ("RCF") and guarantee facilities of up to €2,322.5 million (out of which €1,236 million has been drawn as at June 30, 2015). In addition, the Group repaid its debt (€529.2 million) towards Carlyle and Cinven in February 2015 (see note 7) confirming the Group's capacity to meet its repayment obligations. In July, the Group also issued new term loans at Altice Financing and NSFR to repay the drawn RCFs in order to free up these facilities in case the Group needs them.
- As of June 30, 2015, the Group had a positive equity position of €1,809.4 million, of which €222.2 million attributable to the equity owners of the Company.

In addition to the points enumerated above, the Group has implemented a budgeting exercise, with monthly account reviews with CFOs of operating companies to track budget accuracy. This exercise is complemented by a mid-year reforecast based on real first semester numbers.

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

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

17 – Revised information

As per the provisions of IFRS 3 Business Combination, the impact of the recognition of the identifiable tangible and intangible assets of the Numericable Group, Tricom and ODO at their fair value was revised for the six months ended June 30, 2014 and for the year ended December 31, 2014.

The total impact for the statement of financial position and income statement as of December 31, 2014 is:

	December 31, 2014 (previously reported)	**Revision**	**December 31, 2014 (revised)**
		(In millions €)	
Goodwill	15,835.4	*(377.1)*	15,458.2
Intangible asset	5,199.1	*472.1*	5,671.2
Property plant and equipment	7,602.1	*0.7*	7,602.8
Other non-current assets	1,551.9	-	1,551.9
Deferred tax assets	648.4	*(99.4)*	549.0
Non-current assets	**30,836.9**	***(3.6)***	**30,833.2**
Current assets	***5,200.9***	***120.5***	**5,321.4**
Assets classified as held for sale	*77.3*	-	*77.3*
Total assets	**36,115.1**	***116.8***	**36,231.9**
Equity	5,196.3	*40.3*	5,236.6
Other non-current liabilities	**22,174.7**	**-**	**22,174.6**
Deferred tax liabilities	**406.9**	***76.5***	**483.4**
Non-current liabilities	**22,581.6**	***76.5***	**22,658.0**
Current liabilities	8,314.8	-	8,314.8
Liabilities directly associated with assets classified as held for sale	*22.5*	-	*22.5*
Total liability and equity	**36,115.1**	***116.8***	**36,231.9**

	December 31, 2014 (previously reported)	**Revision**	**December 31, 2014 (revised)**
		(In millions €)	
Revenue	3,934.5	-	3,934.5
Other expenses	(2,458.6)	-	(2,458.6)
Depreciation and amortisation	(1,098.5)	*(22.2)*	(1,120.7)
Other expenses and income	(219.3)	-	(219.3)
Operating profit	**158.0**	***(22.2)***	**135.9**
Net Finance costs	*(1,136.2)*	-	*(1,136.2)*
Gain on step acquisition	256.3	-	256.3
Share of profit in associates	4.8	-	4.8
Loss before taxes	**(717.1)**	***(22.2)***	**(739.3)**
Income tax expense	164.7	*7.6*	172.3
Loss for the period	**(552.4)**	***(14.6)***	**(567.0)**
Comprehensive income	**(682.9)**	***(14.6)***	**(697.5)**

The total impact for the condensed statement of financial position and income statement as of June 30, 2014 is:

	June 30, 2014 (previously reported)	**Revision**	**June, 2014 (revised)**
		(In millions €)	
Goodwill	4,640.2	*(320.7)*	4,319.5
Intangible asset	958.5	*502.9*	1,461.3
Property plant and equipment	2,958.0	*291.6*	3,249.6
Other non-current assets	94.3	*(1.0)*	93.3
Deferred tax assets	371.8	*62.7*	434.5
Non-current assets	**9,022.7**	***535.5***	**9,558.2**
Current assets	***15,100.5***	**-**	**15,100.5**
Total assets	***24,123.3***	*535.7*	**24,658.8**
Equity	1,648.9	*273.9*	1,922.8
Other non-current liabilities	20,417.8	-	20,417.8
Deferred tax liabilities	**173.2**	***262.5***	**435.8**
Non-current liabilities	**20,591.0**	***262.5***	**20,853.6**
Current liabilities	**1,882.4**	**-**	**1,882.4**
Total liability and equity	**24,123.3**	***536.5***	**24,658.9**

	Six months ended June 30, 2014 (previously reported)	*Revision*	Six months ended June June 30, 2014 (revised)
		(In millions €)	
Revenue	1,415.1	-	1,415.1
Other expenses	(782.2)	-	(782.2)
Depreciation and amortisation	(375.4)	*(46.3)*	(421.7)
Other expenses and income	(63.3)	-	(63.3)
Operating profit	**194.2**	***(46.3)***	**147.9**
Net Finance costs	*(495.3)*	-	*(495.3)*
Gain on step acquisition	256.3	-	256.3
Share of profit in associates	1.3	-	1.3
Profit before taxes	**(43.6)**	***(46.3)***	**(89.9)**
Income tax expense	2.2	*66.3*	68.5
Profit for the period	**(41.4)**	***20.0***	**(21.4)**
Comprehensive income	**(174.3)**	***20.0***	**(151.1)**

	Three months June 30, 2014 (previously reported)	*Revision*	Three months June 30, 2014 (revised)
		(In millions €)	
Revenue	836.7	-	836.7
Other expenses	(462.6)	-	(462.6)
Depreciation and amortisation	(211.0)	*(31.4)*	(242.4)
Other expenses and income	(37.6)	-	(37.6)
Operating profit	**125.5**	***(31.4)***	**94.1**
Net Finance costs	*(342.7)*	-	*(342.7)*
Gain on step acquisition	-	-	-
Share of profit in associates	-	-	-
Profit before taxes	**(217.1)**	***(31.4)***	**(248.5)**
Income tax expense	(2.9)	*61.1*	58.3
Profit for the period	**(220.0)**	***29.7***	**(190.3)**
Comprehensive income	**(356.8)**	***29.7***	**(323.1)**

18- Events after the reporting date

Closing of the sale of Indian Ocean entities

On July 31, 2015, the Group concluded the sale of Outremer's mobile business based in the Indian Ocean to Telma, a Madagascar based mobile operator, for an enterprise value of €80 million (prior to purchase price adjustments, if any).

Refinancing of RCFs

In July 2015, the Group refinanced the RCFs drawn at Altice Financing and Numericable-SFR levels through the issuance of term loans for an aggregate amounts of €450 million and €800 million (equivalent) at Altice Financing and Numericable-SFR respectively. The Altice Financing term loans bear interest at Euribor 3m+3.5% (with a 1% floor).

Numericable-SFR issued term loans with a $550 million USD tranche bearing interest at Libor 3m+3.25% for a total term of seven years and a €300 million tranche bearing interest at Euribor 3m+3.25% also for a term of seven years. Both term loans have a Libor/Euribor floor of 0.75%.

Acquisition of NextRadioTV media group

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.

Alain Weill and Altice will be partners in a joint company ("Next Media TV") in which Mr. Weill will control 51% of the economic and voting rights and assume the role of Executive Chairman. In a first step, Mr. Weill's current stake in NextRadioTV representing 37.77% of economic rights and 48.59% of voting rights will be transferred to Next Media TV.

This new company will then launch in a second step a voluntary tender offer for 100% of NextRadioTV share capital at a price of 37 euros per share, representing a premium of 30.5% to the last-6-months volume weighted average share price as at July 27, 2015.

The filing of the tender offer with the Autorité des Marchés Financiers (« AMF ») will occur after the presentation of the transaction to the relevant regulatory and antitrust authorities (*"Conseil Supérieur de l'Audiovisuel et Autorité de la Concurrence"*). The closing of the tender offer is expected by the end of 2015. Through this new partnership. Mr. Weill will ultimately become a 24% shareholder of a subsidiary of the Group dedicated to investments in media companies, with an on-going focus on international diversification outside of France, where growth and consolidation opportunities are numerous. Mr. Weill will join Altice's Executive Committee as Managing Director of Altice Media responsible for all the media activities of Altice.

New shares issued to the managers of Outremer Telecom and Altice S.A.

In July 2015, the Company performed capital increases for an aggregate amount of € 11.1 million in order to issue new shares to certain managers and co-owners of Outremer Telecom as part of an earn out due on the initial acquisition of Outremer Telecom and also to issue new shares to new members of the Group's management team who have made equity investments in the Group as part of the management investment plan put in place by the Company.

Acquisition of additional shares in Numericable-SFR

On July 31, 2015, the Group acquired 1,298,398 shares in Numericable-SFR at a price per share of €49.75. The total consideration of the transaction is €64.6 million.

On August 5, 2015, the Group acquired 16.197 additional shares in Numericable-SFR at a price per share of €50.11. The total consideration of the transaction is €2.3 million.

Corporate restructuring

On June 26, 2015, Altice S.A. announced the proposed cross-border merger between a newly formed Dutch entity, Altice N.V., as the acquiring company and Altice S.A. as the company ceasing to exist (the "Merger").

Pursuant to the Merger, shareholders of Altice will receive 3 common shares A (“A Shares”) of Altice N.V. with 1 voting right each and a nominal value of one eurocent, and 1 common share B (“B Shares”) of Altice N.V. with 25 voting rights each and a nominal value of 25 eurocents, in exchange for each issued and outstanding share in the capital of Altice. Both A Shares and B Shares will have equal economic rights and will be listed on Euronext Amsterdam (AMX). Following the listing, shareholders in Altice N.V. will be permitted to convert their B Shares into A Shares at a 1:1 ratio. The Boards of Directors of both Altice N.V. and Altice have approved and unanimously recommend the Merger.

It is envisaged that prior to the Merger becoming effective, Altice S.A. will transfer substantially all of its assets and liabilities to a newly incorporated subsidiary, Altice Luxembourg S.A., a public limited liability company (société anonyme) governed by the laws of the Grand Duchy of Luxembourg (the "Transfer"). The Transfer has been approved and unanimously recommended by the boards of directors of Altice S.A. and Altice Luxembourg S.A.

Both the Transfer and the Merger require approval by a majority of at least two third of the votes cast at an extraordinary general meeting ("EGM") in which at least half of the share capital of Altice S.A. is present or represented. Shareholders holding, in the aggregate, approximately 64.6% of the shares of Altice S.A. have irrevocably undertaken to vote in favour of the Transfer and the Merger. It is expected that trading of the A Shares and B Shares on an ‘as if and when issued’ basis will commence upon or shortly after the Merger becoming effective.

The EGM was held on August 6, 2015 and voted to implement the merger, which is expected to be effective on Sunday, August 9, 2015. As previously disclosed in documentation filed concerning the merger, the stock option plan and the Warrant Instruments (described in Section XXIII of the IPO prospectus) have been effectively cancelled pending the adoption of a new stock option plan and a new warrant plan by Altice N.V. If the merger is not effective prior to August 10, 2015, the stock option plan and the Warrant Instruments will be reinstated in their current respective form.

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

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

Introduction

We have reviewed the accompanying condensed consolidated statements of financial position of Altice S.A. as of June 30, 2015, the related condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the three and six months 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*

John Psaila, *Réviseur d'entreprises agréé*
Partner

August 7, 2015