Altice International S.à r.l.

(formerly Altice VII S.à r.l.)

(Société à responsabilité limitée)

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2014 AND REPORT OF THE REVISEUR D'ENTREPRISES AGREE

L-2449 Luxembourg, 3, boulevard royal
R.C.S. Luxembourg B 143.725

Share capital EUR 309.257.000

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Deloitte.

Deloitte Audit
Société à responsabilité limitée

560, rue de Neudorf
L-2220 Luxembourg
B.P. 1173
L-1011 Luxembourg

Tel: +352 451 451
Fax: +352 451 452 992
www.deloitte.lu

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Sole Partner of
Altice International S.à r.l. (formerly Altice VII S.à r.l.)
3, boulevard Royal
L-2449 Luxembourg
Grand-Duchy of Luxembourg

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

Responsibility of the Board of Managers for the consolidated financial statements

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

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

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

For Deloitte Audit, *Cabinet de révision agréé*

John Psaila, *Réviseur d'entreprises agréé*
Partner

April 30, 2015

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

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
		(In millions €)	
Revenues	21	**1,893.2**	**1,286.8**
Purchasing and subcontracting expenses	21	(448.7)	(367.8)
Other operating expenses	22	(255.7)	(185.5)
Staff costs and employee benefit expenses		(146.0)	(134.7)
General and administrative expenses		(48.7)	(36.2)
Other sales and marketing expenses		(125.3)	(43.9)
Operating profit before depreciation, amortization and restructuring costs		**868.8**	**518.8**
Depreciation and amortization	23	(596.5)	(399.6)
Management fees		(0.9)	(0.6)
Restructuring costs and other expenses	24	(108.7)	(76.2)
Operating profit		**162.8**	**42.3**
Finance income	25	131.8	93.6
Finance costs	25	(477.0)	(336.9)
Loss before income tax		**(182.4)**	**(201.0)**
Income tax expenses	20	(12.4)	(7.4)
Loss for the year		**(194.8)**	**(208.4)**
Attributable to equity holders of the parent		*(188.8)*	*(186.2)*
Attributable to non-controlling interests		*(6.1)*	*(22.2)*

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

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

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
		(In millions €)	
Loss for the year		**(194.8)**	**(208.4)**
Other comprehensive (expenses)/income			
Exchange differences on translating foreign operations		(0.3)	0.3
Revaluation of available for sale financial assets, net of taxes		2.3	1.7
Actuarial gains and losses, net of taxes	13	(2.2)	0.6
Total other comprehensive (expenses)/income		**(0.2)**	**2.6**
Total comprehensive loss for the year		**(195.0)**	**(205.9)**
Attributable to equity holders of the parent		*(189.1)*	*(183.8)*
Attributable to non-controlling interests		*(5.9)*	*(22.1)*

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

Consolidated statement of financial position
December 31, 2014

	Notes	December 31, 2014	December 31, 2013
ASSETS		*(In millions €)*	
Current assets			
Cash and cash equivalents	10	188.1	61.3
Restricted cash	10	-	1,242.8
Trade and other receivables	9	268.7	230.9
Inventories	8	21.6	11.0
Current tax assets	20	29.9	14.6
Total Current assets		**508.2**	**1,560.6**
Non-current assets			
Deferred tax assets	20	98.0	47.4
Other financial assets	7	57.4	50.6
Trade and other receivables		27.8	22.8
Property, plant & equipment	6	1,456.7	1,134.2
Intangible assets	5	837.1	579.6
Goodwill	4	1,856.3	1,100.7
Total non-current assets		**4,333.1**	**2,935.4**
Assets classified as held for sale	*21.6*	*77.3*	-
Total assets		**4,918.8**	**4,496.0**

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

Consolidated statement of financial position
December 31, 2014

EQUITY AND LIABILITIES	Notes	December 31, 2014	December 31, 2013
Current liabilities		*(In millions €)*	
Borrowings	14.1, 14.2	225.7	57.6
Deferred revenue	18	104.4	55.9
Trade and other payables	17	552.4	516.6
Other current liabilities	14	36.4	15.9
Provisions	12	1.0	2.1
Current tax liabilities	20	87.8	57.1
Total current liabilities		**1,007.7**	**704.9**
Non-current liabilities			
Borrowings	14.1, 14.2	3,575.9	3,421.3
Loans from related parties	14.5	-	99.2
Other financial liabilities	14.6	153.5	271.6
Deferred revenue	18	8.3	10.6
Trade and other payables	17	25.9	29.0
Retirement benefit obligations	13	11.1	8.2
Provisions	12	46.9	29.0
Deferred tax liabilities	20	221.3	183.1
Total non-current liabilities		**4,042.8**	**4,052.0**
Liabilities directly associated with assets classified as held for sale	*21.6*	*22.5*	-
Equity			
Issued capital	11.1	309.3	7.4
Additional paid in capital	11.2	318.4	5.4
Other reserves		(399.8)	(82.9)
Accumulated losses		(379.4)	(190.6)
Equity attributable to owners of the Company		**(151.6)**	**(260.7)**
Non-controlling interests	3.1	(2.6)	(0.5)
Total equity		**(154.2)**	**(261.2)**
Total equity and liabilities		**4,918.8**	**4,496.0**

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

Consolidated statement of changes in equity
For the Year ended December 31, 2013

	number of issued shares	Issued capital	Additional paid in capital	Accumulated losses	Other reserves: Other reserves	Other reserves: Currency reserve	Other reserves: Available for sale	Other reserves: Employee Benefits	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Equity at January 1, 2013	**743,011,510**	7.4	-	(4.4)	285.8	(6.4)	(2.1)	0.2	**(280.6)**	5.2	**(285.7)**
Shareholder Contribution		-	5.4	-	(198.7)	-	-	-	**(193.3)**	0.1	**(193.2)**
Change in scope		-		-	(28.7)	-	-	-	**(28.7)**	1.5	**(27.2)**
Transaction with non-controlling interests					(135,2)				**(135,2)**	14.5	**(120.7)**
Loss for the period		-	-	(186.2)	-	-	-	-	**(186.2)**	(22.1)	**(208.3)**
Other comprehensive income		-	-	-	-	0.1	1,7	0.6	**(2.3)**	0.2	**2.6**
Equity at December 31, 2013	**743,011,510**	**7.4**	**5.4**	**(190.6)**	**(76.9)**	**(6.3)**	**(0.4)**	**0.8**	**(260.7)**	**(0.5)**	**(261.2)**

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

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

	number of issued shares	Issued capital	Additional paid in capital	Accumulated losses	Other reserves: Other reserves	Other reserves: Currency reserve	Other reserves: Available for sale	Other reserves: Employee Benefits	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Equity at January 1, 2014	**743,011,510**	7.4	5.4	(190.6)	(76.9)	(6.3)	(0.4)	0.8	**(260.7)**	(0.5)	**(261.2)**
Shareholder Contribution	**30,182,688,490**	301.8	313.0	-	(317.0)	-	-	-	**297.8**	-	**297.8**
Loss for the period		-	-	(188.8)	-	-	-	-	**(188.8)**	(6.1)	**(194.8)**
Other comprehensive income		-	-	-	-	(0.3)	2.3	(2.2)	**(0.2)**	-	**(0.2)**
Other movement		-	-	-	0.4	-	-	-	**0.4**	4.1	**4.5**
Equity at December 31, 2014	**30,925,700,000**	**309.3**	**318.4**	**(379.4)**	**(393.8)**	**(6.6)**	**1.9**	**(1.5)**	**(151.6)**	**(2.6)**	**(154.2)**

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

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

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
		(In millions €)	
Loss for the year, including non-controlling interests		**(194.8)**	**(208.4)**
Adjustments for:			
Depreciation and amortization		596.5	399.6
Gains and losses on disposals		-	(1.0)
Other non-cash operating gains and losses		(22.9)	(13.0)
Finance costs recognized in profit and loss		345.2	232.1
Income tax (benefit)/expense recognized in the statement of income	20	12.4	7.4
Income tax paid		(53.1)	(2.3)
Changes in working capital		59.2	24.6
Net cash provided by operating activities		**742.4**	**439.2**
Payments to acquire tangible and intangible assets	5, 6	(433.8)	(288.8)
Payments to acquire financial assets		(9.0)	(18.1)
Proceeds from disposal of tangible, intangible and financial assets		1.7	1.5
Increase in non-current financial assets		-	0.8
Use of restricted cash to acquire subsidiaries		1,244.0	-
Payment to acquire subsidiaries, net	3.3	(1,272.3)	(253.1)
Transactions with non-controlling interests	3.4	(8.9)	(120.9)
Net cash used in investing activities		**(478.3)**	**(678.8)**
Proceeds from issuance of equity instruments	11.1	95.3	1.8
Proceeds from issuance of debts		231.9	2,452.0
Payments to redeem debt instruments		(221.2)	(657.1)
Payments to holders of convertible preferred equity certificates		-	(212.5)
Proceeds from restricted cash			(1,234.9)
Interest paid		(249.4)	(178.6)
Net cash (used in) / provided by financing activities		**(143.3)**	**170.7**
Effects of exchange rate changes on the balance of cash held in foreign currencies		5.9	0.1
Net increase/(decrease) in cash and cash equivalents		**126.8**	**(68.7)**
Cash and cash equivalents at beginning of year	10	61.3	129.7
Cash and cash equivalents at end of year	10	**188.1**	**61.3**

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

1 Presentation, basis of preparation

1.1 Presentation

Altice International S.à r.l. (previously Altice VII S.à r.l.) (the "Company", the "Group", "Altice" or "Altice Group") is a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg on December 15, 2008, and registered under the number B 143.725 in Luxembourg. The Group refers to the Company and its subsidiaries. The Company was initially established as a public limited company (société anonyme) and then converted to a private limited liability company on October 7, 2009.

The registered office of the Company is established at 3, boulevard Royal, L-2449 Luxembourg, and as at December 31, 2014 its sole equity holder is Altice S.A. The ultimate controlling party is considered to be Patrick Drahi.

On January 31, 2014, Next LP contributed all its economic interests in Altice International S.à r.l. to Altice S.A. ("Altice S.A.") in exchange for shares in Altice S.A..

The Group provides cable and mobile-based telephony services to clients in diverse geographic locations, stretching from the Dominican Republic to Israel.

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

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

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

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

1.2 Basis of presentation of the consolidated financial statements

The consolidated financial statements were approved by the Board of Managers on April 30, 2015. They have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board ("**IASB**") and as adopted in the European Union.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

The standard is applicable for annual periods beginning on or after January 1, 2017, however IASB has decided to propose to defer the effective date of IFRS 15 to January 1, 2018.

The Board of Managers of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

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

IFRIC 21 Levies

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

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

The Board of Managers of the Company anticipate that the application of IFRIC 21 will have no significant impact on the consolidated financial statements.

IFRS 9 Financial Instruments

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

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

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

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

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

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

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset.

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

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

Other standards issued but not yet effective

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

- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*. The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans,
- Amendments to IFRS 11 *Accounting for Acquisitions in Joint Operations*. The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 *Business Combinations*,
- Amendments to IAS 1 *Disclosure initiative*
- Annual improvements cycle 2010-2012, 2011-2013, 2012-2014.

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

2 Significant accounting policies

The principal accounting policies are set out below.

2.1 Basis of consolidation

Subsidiaries

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

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

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

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

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

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

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

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

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

Joint ventures

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

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

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

Associates

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

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

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

2.2 Foreign currencies

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

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

Monetary transactions

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

Translation of financial statements denominated in foreign currencies

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

The exchange rate of the main currencies are as follows:

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

2.3 Revenue recognition

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

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

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

Revenues from the sale of equipment

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

Revenues on separable components of bundle packages

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

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

Revenue from service

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

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

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

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

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

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

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

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

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

Access to telecommunications infrastructures

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

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

Sales of infrastructure

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

Loyalty programs

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

Income from credit arrangements

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

2.4 Finance costs and income

Finance costs and income primarily comprise:

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

2.5 Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

2.6 Site dismantling and restoration

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

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

2.7 Goodwill and business combinations

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

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

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

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

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

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

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

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

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

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

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

2.8 Other intangible assets

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

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

The useful lives of the intangible assets are as follows:

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

(*) some brands may have indefinite useful lives.

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

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

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

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

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

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

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

2.9 Impairment of tangible and intangible assets

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

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

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

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

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

2.10 Property, plant and equipment

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

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

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

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

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

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

2.11 Leasing

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

The Group as lessor

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

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

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

The Group as lessee

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

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

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

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

2.12 Borrowing costs

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

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

2.13 Government grants

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

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

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

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

2.14 Financial assets

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

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

Available-for-sale financial assets

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

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

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

Loans and receivables

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

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

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

Held-to-maturity financial assets

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

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

2.15 Inventories

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

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

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

2.16 Cash and cash equivalents

Cash consists of cash in banks and deposits.

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

2.17 Restricted cash

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

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

2.18 Derivatives

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

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

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.19 Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the value of the proceeds received, net of direct issue costs.

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

2.20 Financial liabilities

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

Financial liabilities at amortized cost

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

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

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

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

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

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

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

2.21 Provisions

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

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

Legal claims

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

Warranty

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

Onerous contracts

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

Restructuring

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

2.22 Liabilities for employment benefits

Retirement benefit costs and termination benefits

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

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

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- net interest expense or income; and

- Re-measurement.

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

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

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

Short-term and other long-term employee benefits

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

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

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

2.23 Non-current assets held for sale and discontinued operations

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

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

2.24 Hedge accounting

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

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

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

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

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

2.25 Share based payments

Share-based payment transactions of the Company

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

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

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

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

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

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

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

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

2.26 Critical accounting judgments and key sources of estimation uncertainty

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

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

i) Legal claims

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

ii) Post-employment benefits

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

iii) Revenue recognition

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

iv) Fair value of financial instruments

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

v) Deferred taxes

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

vi) Intangible assets and Property, plant and equipment

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

vii) Impairment of goodwill

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

3. Scope of consolidation

3.1 The entities included in the scope of consolidation

Name of subsidiary	Place of incorporation and operation	Method of consolidation December 31, 2014	Method of consolidation December 31, 2013	Proportion of ownership interest and voting power held by the Group December 31, 2014	Proportion of ownership interest and voting power held by the Group December 31, 2013
Altice International S.à r.l.	Luxembourg	FC(1)	FC(1)	Parent Company	Parent Company
Cool Holding LTD	Israel	FC(1)	FC(1)	100%	100%
H. Hadaros 2012 LTD	Israel	FC(1)	FC(1)	100%	100%
HOT Telecommunication Systems LTD	Israel	FC(1)	FC(1)	100%	100%
Hot Telecom Limited Partnership	Israel	FC(1)	FC(1)	100%	100%
Hot Mobile LTD	Israel	FC(1)	FC(1)	100%	100%
Hot Cable Telecommunications Systems LTD	Israel	FC(1)	FC(1)	100%	100%
Hot Net Internet Services LTD (Formerly Hot Investments and Finance LTD)	Israel	FC(1)	FC(1)	100%	100%
Hot Vision LTD	Israel	FC(1)	FC(1)	100%	100%
Nonstop Ventures LTD	Israel	Equity method	Equity method	50%	50%
South Saron Communications LTD	Israel	FC(1)	FC(1)	100%	100%
Iscarable LTD	Israel	FC(1)	FC(1)	100%	100%
Hot TLM Subscription Television LTD	Israel	FC(1)	FC(1)	100%	100%
Hot Eden Cables Systems LTD	Israel	FC(1)	FC(1)	100%	100%
Hot Israel Cables Systems LTD	Israel	FC(1)	FC(1)	100%	100%
Hot Net Limited Partnership	Israel	FC(1)	FC(1)	100%	100%
Hot EDOM LTD	Israel	FC(1)	FC(1)	100%	100%
Zira (Copyrights on the Internet) LTD	Israel	Equity method	Equity method	25%	25%
Altice Securities S.à r.l.	Luxembourg	FC(1)	FC(1)	100%	100%
Altice Holdings S.à r.l.	Luxembourg	FC(1)	FC(1)	100%	100%
Altice Africa S.à r.l.	Luxembourg	FC(1)	FC(1)	100%	100%
Altice Blue One S.A.S.	France	FC(1)	FC(1)	100%	100%
MTVC S.A.	France	FC(1)	FC(1)	99.36%	76.97%
WSG S.A.	France	FC(1)	FC(1)	99.36%	76.97%
Green.ch	Switzerland	FC(1)	FC(1)	99.57%	99.12%
Auberimmo S.A.S.	France	FC(1)	FC(1)	100%	100%
Green Datacenter AG	Switzerland	FC(1)	FC(1)	98.63%	97,3%
Deficom Telecom S.à r.l.	Luxembourg	FC(1)	FC(1)	74%	74%
Coditel Holding Lux II S.à r.l.	Luxembourg	FC(1)	FC(1)	84.4%	84.4%
Coditel Holding Lux S.à r.l.	Luxembourg	FC(1)	FC(1)	84.4%	84.4%
Coditel Holding S.A.	Luxembourg	FC(1)	FC(1)	84.4%	84.4%
Coditel Brabant S.p.r.l.	Belgium	FC(1)	FC(1)	84.4%	84.4%
Coditel S.à r.l.	Luxembourg	FC(1)	FC(1)	84.4%	84.4%
Coditel Management S.à r.l.	Luxembourg	FC(1)	FC(1)	84.4%	84.4%
Altice Caribbean S.à r.l.	Luxembourg	FC(1)	FC(1)	100%	100%
Altice Portugal S.A.	Portugal	FC(1)	FC(1)	100%	100%
Cabovisao S.A.	Portugal	FC(1)	FC(1)	100%	100%
Altice Finco S.A.	Luxembourg	FC(1)	FC(1)	100%	100%
Altice Financing S.A.	Luxembourg	FC(1)	FC(1)	100%	100%
Altice West Europe S.à r.l.	Luxembourg	FC(1)	FC(1)	100%	100%
OMT Invest S.A.S.	France	FC(1)	FC(1)	99.36%	76.97%
Groupe Outremer Telecom S.A.	France	FC(1)	FC(1)	99.36%	76.97%

Name of subsidiary	Place of incorporation and operation	Method of consolidation December 31, 2014	Method of consolidation December 31, 2013	Proportion of ownership interest and voting power held by the Group December 31, 2014	Proportion of ownership interest and voting power held by the Group December 31, 2013
Outremer Télécom S.A.S.	France	FC[1]	FC[1]	99.36%	76.97%
Outremer Télécom Océan Indien S.A.S.	France	FC[1]	FC[1]	99.36%	76.97%
Altice Blue Two S.A.S.	France	FC[1]	FC[1]	99.36%	76.97%
City Call Ltd	Mauritius	FC[1]	FC[1]	99.36%	76.97%
Outremer Telecom Ltee	Mauritius	FC[1]	FC[1]	99.36%	76.97%
Telecom Reunion SNC	France	FC[1]	FC[1]	99.36%	76.97%
Telecom 2004 SNC	France	FC[1]	FC[1]	99.36%	76.97%
OPS S.A.S.	France	FC[1]	FC[1]	99.36%	76.97%
WLL Antilles-Guyane S.A.S.	France	FC[1]	FC[1]	99.36%	76.97%
WLL Réunion S.A.S.	France	FC[1]	FC[1]	99.36%	76.97%
ONI S.G.P.S., S.A. [2]	Portugal	FC[1]	FC[1]	100%	100%
Winreason S.A. [2]	Portugal	FC[1]	FC[1]	100%	100%
Onitelecom-Infomunicações, S.A., [2]	Portugal	FC[1]	FC[1]	100%	100%
Knewon S.A. [2]	Portugal	FC[1]	FC[1]	100%	100%
Onitelecom Açores S.A. [2]	Portugal	FC[1]	FC[1]	100%	100%
Onitelecom Madeira S.A. [2]	Portugal	FC[1]	FC[1]	100%	100%
Altice Content S.à r.l.	Luxembourg	FC[1]	FC[1]	100%	100%
Ma Chaine Sport S.A.S.	France	FC[1]	FC[1]	100%	100%
Sport Lux S.à r.l.	Luxembourg	FC[1]	FC[1]	100%	100%
Sportv S.A.	Luxembourg	FC[1]	FC[1]	100%	100%
CPA Lux S.à r.l.	Luxembourg	FC[1]	FC[1]	100%	100%
Altice Bahamas S.à r.l.	Luxembourg	FC[1]	FC[1]	97.2%	100%
Altice Hispaniola S.A.	Dominican Republic	FC[1]	-	97.2%	-
Tricom S.A.	Dominican Republic	FC[1]	-	97.2%	-
Global Interlinks Ltd	Dominican Republic	FC[1]	-	97.2%	-
Mobius S.A.S.	France	FC[1]	-	99.85%	-

(1) FC stands for “Full Consolidation”.

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

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

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

		Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
Name of subsidiary	**Place of incorporation and operation**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
					(In millions €)		
Altice Bahamas S.à r.l.	Luxembourg	2.8%	-	(0.3)	-	1.9	-
Altice Blue Two S.A.S.	France	0.64%	23%	0.3	(2.7)	0.7	(1.4)
Deficom Telecom S.à r.l.	Luxembourg	26%	26%	(6.2)	(17.1)	(15.3)	(9.3)
Green.ch..................	Switzerland	0.44%	0.88%	-	-	0.2	0.3
Green Datacenter AG	Switzerland	1.37%	3%	-	-	0.1	0.2
Cool Holding Ltd.....	Israel	-	-	-	-	9.4	9.3
Altice Portugal S.A. .	Portugal	-	-	-	(2.3)	0.4	0.4
Total.......................				**(6.2)**	**(22.2)**	**(2.6)**	**(0.5)**

3.1.2 Variations in non-controlling interests

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

	December 31, 2014	**December 31, 2013**
	(In millions €)	
Balance at beginning of year	**(0.5)**	**5.2**
Share in loss for the year..	(6.1)	(22.1)
Acquisition of non-controlling interests in Dominican entities............	2.2	-
Acquisition of non-controlling interests in Altice Portugal S.A.	-	(9.1)
Acquisition of non-controlling interests in OMT Invest S.A.S.	0.1	1.3
Acquisition of non-controlling interests in Winreason S.A..................	-	0.4
Acquisition of non-controlling interests in Coditel Holding Lux II S.à r.l.	-	23.6
Effect of foreign exchange translation..	2.6	0.2
Other variations..	(0.9)	-
Balance at end of year	**(2.6)**	**(0.5)**

3.2 Modification of the scope of consolidation

3.2.1 Main acquisitions in 2014

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As part of the purchase agreement, the vendor agreed to finance the acquisition of a spectrum license to provide 3G services in the Dominican Republic using ODO's existing network. The price of this license was adjusted when calculating the purchase price. The total amount due for the license amounted to $ 28.5 million (€20.7 million).

This investment is recorded as an intangible asset in the consolidated financial statements as of December 31, 2014.

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

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

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

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

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

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

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

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

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

3.2.2 French Overseas Territories ("FOT")

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

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

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

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

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

- The total value of assets transferred in consideration for the values mentioned above amounted to €18.9 million, comprising mainly intangible assets for a net value of €7.1 million, property, plant and equipment for a total value of €8.0 million, trade and other receivables for a total amount of €2.9 million, cash and cash equivalents for a total amount of €0.3 million and other current assets in a total amount of €0.6 million. Total liabilities amounted to €17.9 million, comprising €8.1 million of non-current liabilities and €9.8 million of current liabilities. The residual value of €17.9 million was recognised provisionally as goodwill.

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

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

Total consideration transferred	€18.9 million
Fair value of identifiable assets and liabilities	€0.9 million
Goodwill	€17.9 million

3.3 Acquisitions of businesses

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

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

	Total Business Combinations	**Dominican Republic**	**French Overseas Territories**
		(In millions €)	
Consideration transferred	1,354.0	1,335.2	18.8
ASSETS			
Intangible assets	283.2	276.1	7.1
Property, plant and equipment	412.9	404.9	8.0
Deferred tax assets	10.4	10.4	-
Other non-current assets	24.7	24.7	-
Inventories	17.8	17.8	-
Trade receivables and others	121.0	118.1	2.9
Cash and cash equivalents	39.6	39.3	0.3
Other current assets	10.8	10.2	0.6
Total assets	**920.4**	**901.5**	**18.9**
EQUITY AND LIABILITIES			
Non-current liabilities	86.6	78.7	7.9
Current liabilities	165.0	155.2	9.8
Total liabilities	**251.6**	**233.9**	**17.9**
Net assets	668.9	667.6	0.9
Residual goodwill	**685.2**	**667.5**	**17.9**
Impact of NCI	-	-	-

Profit and loss before acquisition by the Group

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

	Tricom	ODO
	(In millions €)	
Revenues	**38.7**	**108.8**
Purchases and subcontracting services	(11.1)	(27.4)
Gross Profit	**27.6**	**81.4**
Other operating expenses	(4.2)	(10.3)
General and administrative expenses	(1.7)	(6.7)
Other sales and marketing expenses	(2.2)	(19.0)
Staff costs and employee benefits	(5.3)	-
Operating profit before depreciation and amortization	**14.1**	**45.5**
Depreciation and amortization	(5.1)	(15.3)
Management fees	(0.8)	(2.9)
Operating profit	**8.2**	**27.4**
Profit for the period	**5.4**	**19.3**

Had the acquisitions listed above all been completed as of January 1, 2014, on a pro-forma basis, the Group would have revenues of €2,033.6 million (after net intercompany eliminations of €5.9 million between various Group companies on a pro-forma basis) for the year ended December 31, 2014.

Operating profit would amount to € 198.4 million, had the acquisition been completed as of January 1, 2014.

3.4 Change in the Company's ownership interest in 2014

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

As per the agreement signed on March 13, 2014, the managers of Outremer Telecom ("OMT") contributed a 17.5% stake held directly in AB2 and all their shares held in OMT Ocean 3 S.A.S. (an investment vehicle held by certain members of OMT's senior management and holding a 5.4% stake in ABT), for a base value of € 55.2 million, against new shares issued by Altice S.A.. Altice S.A. subsequently contributed its shares in Altice Blue Two S.A.S. and OMT Ocean 3 S.A.S to Altice International S.à r.l. (see note 11).

4. Goodwill

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

	December 31, 2013	Recognized on business combina-tions	Variations	Impairment losses	Changes in foreign currency translation	Held for sale	Disposals	December 31, 2014
				(In millions €)				
Dominican Republic.....	-	667.5	-	-	99.3	-	-	766.9
Israel	620.3	-	-	-	6.9	-	-	627.2
FOT...........	298.5	17.9	-	-	-	(35.3)	-	281.1
Belux..........	295.5	-	-	-	-	-	-	295.5
Green.ch	17.8	0.5	-	-	-	-	-	18.3
Portugal......	1.3	-	-	-	-	-	-	1.3
Total Gross Value	**1,233.4**	**685.9**	**-**	**-**	**106.2**	**(35.3)**	**-**	**1,990.3**
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)**
Dominican Republic.....	-	667.5	-	-	99.3	-	-	766.9
Israel	492.3	-	-	-	5.5	-	-	497.8
FOT...........	293.9	17.9	-	-	-	(35.3)	-	276.5
Belux..........	295.5	-	-	-	-	-	-	295.5
Green.ch.....	17.8	0.5	-	-	-	-	-	18.3
Portugal......	1.3	-	-	-	-	-	-	1.3
Total Net book value	**1,100.7**	**685.9**	**-**	**-**	**104.8**	**(35.3)**	**-**	**1,856.3**

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

The carrying amount of goodwill as at December 31, 2014 was €1,856.3 million (€1,110.7 million as of December 31, 2013).

For the year ended December 31, 2014, the Board of Managers has decided to reorganize the way the cash generating units (CGUs) and group of cash generating units (GCGUs) are presented, in order to be consistent with the structuring process that the Group has undergone in its different jurisdictions and that is aligning to the way management operates the different segments of the Group (see note 21). To this end, GCGUs now reflect specific geographic areas in which one or several legal structures can be found (eg. Cabovisao and ONI will form Portugal, Tricom/GLX and ODO, Dominican Republic). Historically, each CGU was presented as a standalone legal entity, as the Group had only one operating entity per geography. The rapid expansion of the Group and the push to achieve synergies between fixed, cable and mobile networks in its relevant operating geographies prompted the Board of Managers to acquire new structures in the regions where it was already operating. The Board of Managers believes that combining individual acquired entities is the most economic method of capturing synergies between new, complementary businesses in each operational region. This is underlined by the technical synergies between the different networks, the fact that the teams are now integrated and as a result of the bundle offers to the client. An illustrative example is the integration of support functions in the French Overseas Territories (between OMT and Le Cable; together ”FOT”), in Portugal with Cabovisao and ONI and the on-going restructuring of the Dominican entities, in order to have a single, functional support team in the finance, marketing and technical departments. In addition to this, contracts with service providers are negotiated by one entity for the relevant geographies thus providing better purchasing power for the GCGU as a whole. Moreover, internal tracking and monthly financial and operation reviews performed by the Board of Managers are based on specific geographies and not on individual companies, thus the new presentation provides an accurate vision of how the Board of Managers tracks and runs its businesses internally.

Goodwill is reviewed at the level of each GCGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. For 2014, goodwill was tested at the GCGU level for impairment as of December 31, 2014. The GCGU is at the country level where the subsidiaries operate. The recoverable amounts of the GCGUs are determined based on their value in use. The Group determined to calculate value in use for purposes of its impairment testing and, accordingly, did not determine the fair value of the GCGUs. The key assumptions for the value in use calculations are primarily the pre-tax discount rates, the terminal growth rate and the EBIT margin during the period. The impairment tests did not result in impairment for any periods presented in these consolidated financial statements.

As per the requirements of IAS 36, impairment of assets, other intangible assets with an indefinite useful life must also be tested for impairment annually, irrespective of whether any indicators of impairment exist or not. To this end, the Group has performed impairment testing on the brands recognized on previous acquisitions, namely Cabovisao, Coditel, ONI and Only. Despite the reorganization of GCGUs, for the purpose of brand testing, revenue growth parameters for individual subsidiaries were used. Following the results of the testing, the Board of Managers has determined that the ONI brand should be subject to an impairment of €8.2 million. Additionally, the Board of Managers fully impaired the Numericable brand, the carrying amount of €5.4 million was thus written off.

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

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

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

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

	Dominican Republic	**Israel**	**French Overseas Territories**	**Belgium & Luxembourg**	**Portugal**	**Others**
Average long term growth rate in 2014 (in %)	2.0	1.5-2.0	2.0	2.0	1.0-1.5	2.0
Average long term growth rate in 2013 (in %)	-	1.5-2.0	2.0	2.0	1.0-1.5	2.0

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Only: a decrease of 50 bps in the royalty rate decreases the excess of recoverable amount to €22.8 million and therefore an impairment of €1.5 million would be required.
- Coditel: a decrease of 50 bps in the royalty rate decreases the excess of recoverable amount to €3.8 million and therefore no impairment would be required.
- Oni: a decrease of 50 bps in the royalty rate decreases the excess of recoverable amount to €10.8 million and therefore an additional impairment of €5.4million will be required.
- Cabovisao: a decrease of 50 bps in the royalty rate decreases the excess of recoverable amount to €26.6 million and therefore an impairment of €3.0 million will be required.
- Green: a decrease of 50 bps in the royalty rate decreases the excess of recoverable amount to €21.4 million and therefore no impairment would be required.

5. Intangible assets

	December 31, 2013	Additions and related depreciation and amortization	Disposals	Business Combinations	Changes in foreign currency translation adjustment	Held for sale or discontinued operations	Other	December 31, 2014
				(In millions €)				
Software	91.2	22.9	-	12.4	6.6	-	5.7	138.9
Brand name[3]	129.9	-	-	10.9	1.6	(3.4)	-	139.0
Customer relations[1]	386.7	7.4	-	107.9	14.5	(15.5)	-	501.0
Licences	56.8	2.3	(5.8)	132.8	14.4	(2.4)	30.4	228.3
R&D costs acquisitions	3.8	0.8	-	-	-	(3.6)	3.3	4.4
Subscriber acquisition costs[2]	200.3	29.6	(0.1)	-	2.6	-	-	235.5
Intangible assets under construction	6.5	39.6	-	7.4	0.5	(0.1)	(44.1)	9.9
Other intangible assets	186.3	77.5	(3.4)	11.8	4.9	(4.0)	5.2	278.3
Total Gross Value	**1,061.5**	**180.2**	**(9.4)**	**283.2**	**45.1**	**(29.0)**	0.5	**1,532.5**
Software	(55.5)	(28.4)	-	-	(5.1)		-	(89.0)
Brand name[3]	(5.0)	(17.1)	0.4	-	(0.4)	2.3	-	(19.8)
Customer relations[1]	(91.5)	(61.5)	-	-	(2.8)	2.1	-	(153.7)
Licenses	(17.2)	(23.5)	0.9	-	(1.9)	1.3	-	(40.4)
R&D costs	(0.7)	(1.7)	-	-	-	3.1	-	0.7
Subscriber acquisition costs[2]	(194.1)	(29.6)	-	-	(2.6)	-	-	(226.2)
Intangible assets under construction		-	0.1	-	-	-	-	-
Other intangible assets	(118.3)	(47.8)	2.1	-	(3.3)	0.7	(0.4)	(166.9)
Total Cumulative amortization and depreciation	**(482.3)**	**(209.9)**	**3.5**	**-**	**(16.0)**	**9.5**	**(0.4)**	**(695.3)**
Software	35.7	(5.5)	-	12.4	1.5	-	5.7	50.3
Brand name[3]	124.9	(17.1)	0.4	10.9	1.2	(1.1)	-	119.0
Customer relations[1]	295.2	(54.1)	-	107.9	11.7	(13.5)	-	347.3
Licenses	39.6	(21.2)	(5.0)	132.8	12.5	(1.1)	30.3	188.0
R&D costs	3.1	(0.9)	-	-	-	(0.5)	3.3	4.9
Subscriber acquisition costs[2]	6.2	0.1	(0.1)	-	0.1	-	-	6.3
Intangible assets under construction	6.5	39.6	0.1	7.4	0.5	(0.1)	(44.1)	10.0
Other intangible assets	68.0	29.7	(1.3)	11.8	1.6	(3.2)	4.8	111.5
Total Net book value	**579.6**	**(29.4)**	**(5.9)**	**283.2**	**29.1**	**(19.5)**	**0.1**	**837.1**

	December 31, 2012	Additions and related depreciation and amortization	Disposals	Business Combinations	Changes in foreign currency translation adjustment	Other	December 31, 2013
				(In millions €)			
Software	64.9	23.5	-	-	3.0	0.1	91.2
Brand name [3]........................	79.8	0.3	-	49.1	0.7	-	129.9
Customer relations[1].............	325.6	-	-	52.9	8.2	-	386.7
Licenses................................	31.9	6.2	-	14.7	0.5	3.6	56.8
R&D costs acquisitions…………	-	-	-	1.8	-	2.1	3.8
Subscriber acquisition costs[2]	173.9	20.2	-	-	6.2	-	200.3
Intangible assets under construction	-	5.2	(0.5)	7.7	-	(5.9)	6.5
Other intangible assets...........	118.9	37.1	(0.7)	28.0	2.5	0.5	186.3
Total Gross Value	**795.0**	**92.5**	**(1.2)**	**154.1**	**21.1**	**0.5**	**1,061.9**
Software	(28.1)	(25.4)	-	-	(1.9)	(0.1)	(55.5)
Brand name[3	(2.6)	(2.2)	-	-	(0.2)	-	(5.0)
Customer relations[1].............	(52.9)	(36.1)	-	-	(2.5)	-	(91.5)
Licenses................................	(9.9)	(7.3)	-	-	(0.1)	0.1	(17.2)
R&D costs…………………	-	(0.7)	-	-		-	(0.7)
Subscriber acquisition costs[2]	(166.3)	(21.8)	-	-	(6.0)	-	(194.1)
Intangible assets under construction	-	-	-	-	-	-	
Other intangible assets...........	(76.7)	(40.7)	0.7	-	(1.6)	-	(118.3)
Total Cumulative amortization and depreciation	**(336.5)**	**(134.1)**	**0.7**	**-**	**(12.3)**	**-**	**(482.3)**
Software	36.8	(1.9)	-	-	1.1	-	36.0
Brand name[3	77.2	(1.9)	-	49.1	0.5	-	124.9
Customer relations[1].............	272.7	(36.1)	-	52.9	5.8	-	295.3
Licenses................................	22.0	(1.1)	-	14.7	0.4	3.8	39.7
R&D costs………………	-	(0.7)	-	1.8	-	2.1	3.1
Subscriber acquisition costs[2]	7.6	(1.6)	-	-	0.2	-	6.2
Intangible assets under construction	-	5.2	(0.5)	7.7	-	(5.9)	6.5
Other intangible assets...........	42.2	(3.6)	-	28.0	0.9	0.5	68.0
Total Net book value...........	**458.5**	**(41.7)**	**(0.5)**	**154.1**	**8.7**	**0.5**	**579.6**

(1) Customer relations have been valued on the basis of the fair value of the existing customers. These are amortized on the basis of the local churn rate. The carrying amount of customer relations by segment was: (i) Israel: €169.9 million, (ii) DR: €103.9 million, (iii) Other segments (Portugal, FOT, Belgium Luxembourg and Others): € 82.2 million.

(2) Subscriber acquisition costs were recognized in respect of the costs of acquisition of subscribers (including additional sales commissions). The amortization expenses are linked to the length of the average commitment of the subscribers.

(3) This caption includes the carrying amount of different brands owned by the Group and recognized as part of different purchase price allocations. The brands recognized as part of acquisitions during the year 2014 are disclosed in note 3. The carrying amount of brands with a definite useful life was € 29.9 million (allocated to the segments (i) Israel: €20.5 million and (ii) Dominican Republic: €9.4 million) and that of brands with an indefinite useful life was €89.5 million (allocated to the segments (i) Portugal: €45.8 million, (ii) FOT: €24.3 million, (iii) Green.ch: €17.1 million and (iv) Belux: €2.2 million).

6. Property, Plant & Equipment

	December 31, 2013	Additions and related depreciation and amortization	Disposals	Business Combinations	Changes in foreign currency translation adjustment	Held for sale	Other	December 31, 2014
				(In millions €)				
Land	3.3	-	-	23.9	2.2	-	0.6	30.0
Buildings(1)	86.8	1.7	(2.0)	26.5	5.1	(7.6)	3.5	114.0
Technical equipment and other equipment (2)	1,831.1	181.8	(19.1)	307.4	93.3	(40.0)	60.1	2,414.6
Tangible assets under construction	25.2	72.7	(0.4)	44.6	4.2	(0.3)	(66.1)	79.8
Prepayments on tangible assets	-	1.4	(0.2)	0.9	0.1	(0.1)	-	2.1
Other tangible assets	15.5	2.3	(0.2)	9.8	1.5	-	0.7	29.6
Total Gross Value	**1,961.9**	**259.9**	**(22.0)**	**413.0**	**106.4**	**(48.0)**	**(1.2)**	**2,670.0**
Buildings(1)	(22.6)	(11.8)	1.6	-	(2.5)	4.6	-	(30.7)
Technical equipment and other equipment (2)	(790.2)	(335.6)	17.0	-	(57.6)	28.1	(0.3)	(1,138.6)
Tangible assets under construction	(0.1)	-	-	-	(0.1)	-	(0.1)	(0.3)
Other tangible assets	(14.8)	(28.0)	0.2	-	(0.7)	-	(0.5)	(43.8)
Total Cumulative amortization and depreciation	**(827.7)**	**(375.4)**	**18.8**	**-**	**(61.0)**	**32.7**	**(0.8)**	**(1,213.3)**
Land	3.3	-	-	23.9	2.2		0.6	30.0
Buildings(1)	64.2	(10.2)	(0.4)	26.5	2.6	(3.0)	3.5	83.3
Technical equipment and other equipment (2)	1,040.9	(153.7)	(2.1)	307.4	35.7	(11.9)	59.8	1,276.0
Tangible assets under construction	25.1	72.7	(0.4)	44.6	4.1	(0.3)	(66.2)	79.6
Prepayments on tangible assets	0.0	1.4	(0.2)	0.9	0.1	(0.1)	-	2.1
Other tangible assets	0.7	(25.6)	-	9.8	0.7		0.3	(14.2)
Total Net book value	**1,134.2**	**(115.5)**	**(3.1)**	**413.0**	**45.4**	**(15.3)**	**(2.0)**	**1,456.7**

	December 31, 2012	Additions and related depreciation and amortization	Disposals	Business Combinations	Changes in foreign currency translation adjustment	Other	December 31, 2013
				(In millions €)			
Land	2.9	0.2	-	0.2	-	-	3.3
Buildings	68.6	8.7	-	5.6	1.4	2.5	86.8
Technical equipment and other equipment (2)	1,501.1	163.6	(24.5)	95.6	65.3	30.1	1,831.1
Tangible assets under construction	17.0	19.9	-	19.9	0.0	(31.6)	25.2
Prepayments on tangible assets	3.1	0.3	-	0.7	(0.0)	(4.1)	-
Other tangible assets	9.5	4.0	(0.1)	1.0	0.5	0.6	15.5
Total Gross Value	**1,602.1**	**196.7**	**(24.6)**	**123.0**	**67.2**	**(4.3)**	**1,961.9**
Buildings	(12.9)	(9.0)	-	-	(0.7)	-	(22.6)
Technical equipment and other equipment (2)	(514.6)	(254.1)	19.7	-	(40.9)	(0.3)	(790.2)
Tangible assets under construction	(0.3)	-	-	-	-	0.3	(0.1)
Other tangible assets	(6.4)	(8.0)	-	-	(0.5)	0.1	(14.8)
Total Cumulative amortization and depreciation	**(534.3)**	**(271.1)**	**19.7**	**-**	**(42.1)**	**0.1**	**(827.7)**
Land	2.9	0.2	-	0.2	-	-	3.3
Buildings	55.7	(0.3)	-	5.6	0.7	2.5	64.2
Technical equipment and other equipment (2)	986.4	(90.4)	(4.8)	95.6	24.4	29.8	1,040.9
Tangible assets under construction	16.6	19.9	-	19.9	-	(31.3)	25.1
Prepayments on tangible assets	3.1	0.3	-	0.7	-	(4.1)	0.0
Other tangible assets	3.1	(4.0)	(0.1)	1.0	-	0.7	0.7
Total Net book value	**1,067.8**	**(74.4)**	**(4.9)**	**123.0**	**25.1**	**(2.4)**	**1,134.2**

(1) The caption is mostly composed of the hosting of technical sites, buildings and their respective fittings. Technical equipment principally includes network equipment (radio, switching, network administration, network core) and transmissions.

(2) This caption includes:

Cable network: the Group owns, directly and indirectly through its subsidiaries, cable or fibre network which allow it to supply cable based pay television, broadband internet and fixed line telephony services to its subscribers;

Call centers that represent centralized offices used for the purpose of receiving or transmitting a large volume of administrative, technical or commercial requests by telephone;

Office furniture and equipment that refer to furnishings and IT equipment; and

Communication network infrastructure that include the digital technologies for the transmission of multi-channel television services.

As part of the various debt issuances done by the Group, the assets of certain subsidiaries have been pledged as collateral. This includes all material assets of HOT Telecom including the cable network, all material assets of ODO (other than licenses and real estate assets valued at less than €5 million), all assets of Cabovisao, ONI, OMT and Tricom (Including network and PPE).

The increase in the property, plant and equipment of the Company can mainly be attributed to the acquisitions of ODO and Tricom during the course of the year.

In addition to this, property plant and equipment also increased as a result of continued capital expenditure by other group companies, as part of their efforts to drive customer acquisition and growth.

7. Other financial assets

	December 31, 2014	December 31, 2013
	(In millions €)	
Investments held as available for sale(1)	42.0	40.3
Loans and receivables(2)	12.8	3.0
Other financial assets	2.0	5.5
Restricted cash	0.6	1.8
Total	**57.4**	**50.6**

(1) Investment in available for sale financial assets are composed of:

- Partner Communications LTD: The Group holds 1,459,926 regular shares in Partner Communications LTD, (hereinafter-Partner), constituting approximately 0,9% of Partner's share capital which is engaged in the provision of mobile communications services and whose shares are traded on stock exchanges in the United States of America, in the United Kingdom and in Israel.

- Wananchi Group Holdings Ltd (hereinafter Wananchi): The Group, through an indirect subsidiary, holds a 17.4% equity interest and three board seats in Wananchi Group Holdings Ltd, a cable, DTH and B2B operator based out of Kenya and providing services in Kenya and other neighboring East African countries. The Board of Managers has classified this investment as an available for sale asset. The Company holds less than 20% of Wananchi and has no significant influence over the operational or financial decision making in Wananchi. The investment in Wananchi is carried at its fair value, which was calculated by the Board of Managers based on a discounted cash flow model, which was modeled on a business plan prepared by Wananchi's management. A re-evaluation gain of €4.6 million has been recognized in the consolidated financial statements. The discounted cash flow valuation was performed using the following parameters:

  Weighted average cost of capital: 13.6%

  Evaluation period: 10 years

  Terminal revenue growth rate: 5%

(2) Loans and receivables

As of December 31, 2014, this caption includes an additional investment made by the company in Wananchi, in return for which it was issued convertible notes, convertible at the discretion of the holder. The investment amounted to €12.8 million ($14 million equivalent) and bears interest at a rate of 15% per annum payable in kind and a maturity of 3 years starting December 2013 (12.5% if the loan is not converted into equity by December 31, 2015).

8. Inventories

	December 31, 2014	December 31, 2013
	(In millions €)	
Raw materials and consumables	0.2	-
Work in progress	-	0.1
Finished/semi-finished goods	23.9	12.4
Total Gross Value	**24.0**	**12.5**
Raw materials and consumables	-	-
Work in progress	-	-
Finished/semi-finished goods	(2.4)	(1.5)
Total Depreciation	**(2.4)**	**(1.5)**
Raw materials and consumables	0.2	0.1
Work in progress	-	-
Finished/semi-finished goods	21.4	10.9
Total Net book value	**21.6**	**11.0**

Inventories are almost exclusively of finished goods corresponding to customer premises equipment (modems, decoders, mobile handsets etc.), which is used in the daily business activity of the Company. The Board of Managers considers that inventory will be fully renewed in the next twelve months.

The cost of inventories recognized as an expense during the year was €4.6 million (€4.4 million in 2013).

The increase in inventory for the year ended December 31, 2014 mainly relates to the acquisitions of ODO and Tricom. Inventories of ODO and Tricom mainly concern mobile phones that are sold as part of their commercial offerings. Movement for allowance for obsolescence of inventory or slow moving inventory is made as follows:

	December 31, 2013	Variation	Held for sale or discontinued operations	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2014
			(In millions €)		
Raw materials and consumables	-	-	-	-	-
Work in progress (goods)	-	-	-	-	-
Finished/semi-finished goods	(1.5)	(1,3)	0.6	(0.2)	(2.4)
Total Cumulative amortization and depreciation	**(1.5)**	**(1.3)**	**0.6**	**(0.2)**	**(2.4)**

	December 31, 2012	Variation	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2013
Work in progress (goods)	(0.1)	0.1	-	-
Finished/semi-finished goods	(1.0)	(0.5)	-	(1.5)
Total Cumulative amortization and depreciation	**(1.1)**	(0.4)	-	**(1.5)**

9. Current trade and other receivables

	December 31, 2014	December 31, 2013
	(In millions €)	
Trade receivables	203.8	194.0
Other receivables..	64.9	36.9
Total current trade and other receivables...	**268.7**	**230.9**

9.1 Trade receivables

	December 31, 2013	Business Combinations	Net decrease	Reversal	Held for sale or discontinued operations	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2014
				(In millions €)			
Trade receivables	224.3	69.1	(57.3)	-	(5.8)	4.4	234.6
Allowance for doubtful debts	(30.3)	(9.7)	(17.3)	25.1	0.8	0.6	(30.8)
Trade receivable, net....	**194.0**	**59.3**	**(74.6)**	**25.1**	**(5.0)**	**5.0**	**203.8**

	December 31, 2012	Business Combinations	Net decrease	Reversal	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2013
			(In millions €)			
Trade receivables	175.6	50.0	(6.8)	-	5.5	224.3
Allowance for doubtful debts	(24.8)	-	(10.1)	7.0	(2.4)	(30.3)
Trade receivable, net	**150.8**	**50.0**	**(16.9)**	**6.9**	**3.1**	**194.0**

The increase in trade receivables is explained mainly by the acquisition of ODO and Tricom during the year ended December 31, 2014.

9.2 Age of trade receivables

	December 31, 2014	December 31, 2013
	(In millions €)	
Not yet due	133.5	137.1
30-90 days	58.9	22.1
91-121 days	11.4	34.8
Total	**203.8**	**194.0**

9.3 Other current receivables

	December 31, 2014	December 31, 2013
	(In millions €)	
Loans to related parties	0.1	0.1
Prepaid expenses(1)	29.4	20.9
Other current assets(2)	35.4	15.9
Total	**64.9**	**36.9**

(1) The increase in prepaid expenses is mainly explained by the acquisition of ODO and Tricom during 2014.

(2) Other current assets are mainly composed of receivables due from social security and other state run organisms that manage employee benefits. The increase is mainly due to the acquisition of ODO and Tricom during the course of 2014.

The Group routinely evaluates the credit that is provided to its customers, while checking their financial situations; however it does not demand collateral for those debts. The Group records a provision for doubtful debts, based on the factors that affect the credit risks of certain customers, past experience and other information. The Group is of the opinion that there is no risk of concentration of counterparties given the much diversified customer basis, especially on the B2C side.

For the B2B business, the top 20 clients of the Group represent less than 5% of total Group revenues.

10. Cash and cash equivalents and current restricted cash

	December 31, 2014	December 31, 2013
	(In millions €)	
Term deposits	-	1.4
Bank overdraft	-	(0.3)
Bank balances	188.1	60.1
Cash and cash equivalents	**188.1**	**61.3**
Restricted cash (1)	-	1,242.8
Restricted cash	**-**	**1,242.8**

(1) Restricted cash held on the statement of financial position as of December 31, 2013 was used to close the transactions of ODO and Tricom, in April and March 2014, respectively.

11. Issued capital and additional paid in capital

11.1 Issued capital

As of December 31, 2014, total issued capital of the Company amounted to € 309.3 million, and was composed of 30,925,700,000 outstanding ordinary shares, with a nominal value of € 0.01 each.

As part of its initial public offering, the Company's sole partner, Altice S.A. performed a restructuring of the equity structure of the Company.

As part of this restructuring, all convertible preferred equity certificates (CPECs) and other shareholder debts held by Altice S.A. were contributed in exchange for shares in the Company. Details are given below:

	December 31, 2014	December 31, 2013
	(in € millions)	
Opening balance	**7.4**	**7.4**
Conversion of convertible instruments ("CPECs")	290.5	-
Conversion of Valemi Corp S.A. vendor note	0.7	-
Capital increase relating to Tricom S.A. closing	1.1	-
Capital increase relating to Orange Dominicana S.A. closing	8.6	-
Capital increase relating to transaction with non-controlling interests	0.9	
Closing balance	**309.3**	**7.4**

11.2 Additional paid in capital

Total additional paid in capital of the Group increased by € 309.4 million to reach € 318.4 million as of December 31, 2014 (€ 5.4 million as of December 31, 2013). This variation is explained below:

	December 31, 2014	December 31, 2013
	(in € millions)	
Opening balance	**5.4**	**-**
Share premium issuance	-	5.4
Conversion of shareholder debts	137.3	-
Conversion of Altice IV S.A. vendor note	13.9	-
Conversion of Valemi Corp S.A. vendor note	6.1	-
Share premium relating to Tricom S.A. closing	10.2	-
Share premium relating to the Orange Dominicana S.A. closing	77.8	-
Share premium relating to the Altice Blue Two S.A.S. contribution	59.7	-
Share premium relating to transaction with non-controlling interests	8.0	-
Closing balance	**318.4**	**5.4**

A restructuring of the shareholder debts held by Altice S.A. against Altice International was carried out at the beginning of 2014. As a result of this restructuring, the shareholder debts were contributed by Next L.P. to Altice S.A. in exchange for newly issued shares of Altice S.A.. All outstanding Yield Free Preferred Equity Certificates (€ 38.3 million), Asset Linked Preferred Equity Certificates (including accrued interests, € 95.0 million) and interest free loans (€ 3.9 million) were then contributed to the Company at their nominal value.

Altice IV S.A. and Valemi Corp S.A., the holders of vendor notes against the Company (pertaining to the acquisition of Ma Chaine Sports S.A. and SportV S.A. in Q4 2013), contributed these assets to Altice S.A. at their nominal values of € 13.9 million and € 6.1 million respectively, in exchange for new shares issued by Altice S.A., who further contributed these instruments to Altice International, in exchange for new shares issued by the Company.

On March 12, 2014 and April 9, 2014, Altice S.A. subscribed to a capital issuance of the Company for amounts that included €10.2 million and €77.8 million of share premium, related to the closing of the Tricom S.A. and Orange Dominicana S.A. acquisitions respectively.

As mentioned in note 3.4 on June 27, 2014, Altice S.A. contributed its stake in Altice Blue Two to Altice International and €59.7 million was recognised as share premium.

On July 1, 2014, the Group acquired non-controlling interests in Green and Green Data Center. These businesses are located in Switzerland and were already under the control of the Group as at acquisition date. The transaction have been financed by a cash contribution from the shareholder amounting to € 8.9 million corresponding to a capital increase of 0.9 million (see note 11.1) and € 8.0 million allocated to share premium.

12 Provisions

	December 31, 2013	Business Combinations	Addition	Utilization	Held for sale or discontinued operations	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2014
				(In millions €)			
Litigations[(1)]	18.0	4.6	15.3	(9.2)	(0.3)	0.3	28.7
Other risks[(2)]	7.9	0.1	7.1	(0.9)	-	(1.7)	12.4
Provisions for other expenses..	5.3	2.7	0.1	(0.3)	(1.6)	0.7	6.9
TOTAL	**31.1**	**7.5**	**22.4**	**(10.4)**	**(1.9)**	**(0.8)**	**47.9**

	December 31, 2012	Business Combinations	Addition	Utilization	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2013
			(In millions €)			
Litigations[1]	15.8	3.2	3.7	(6.9)	2.2	18.0
Other risks[2]	8.0	0.2	1.3	(0.1)	(1.6)	7.9
Provisions for other expenses.....	1.8	4.7	0.5	(0.7)	(1.0)	5.3
TOTAL	**25.7**	**8.2**	**5.5**	**(7.7)**	**(0.4)**	**31.1**

(1) Provisions for litigations are mainly relating to litigations that have been brought against the group for which the Board of Managers believes that a significant risk of cash out is probable.

The increase in provisions is related mainly to the acquisition of ODO and Tricom during 2014.

(2) Provisions for other risks/litigations: These provisions include amounts for which the nature and amounts cannot be disclosed on a case by case basis as this might expose the group to further litigation. Such cases are outlined in note 28, contingent liabilities, commitments and guarantees. All litigation pending against the Group is either being heard or appealed at the date of this report.

The Board of Managers considers that all potential risks of cash outflows on such litigations and claims are properly evaluated and represented correctly in the consolidated financial statements for the year ended December 31, 2014. The current portion of provisions totalled €1.0 million for the year ended December 31, 2014.

Provisions for retirement obligations and employee benefits are detailed in note 13.

13 Employee benefits

Depending on the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits, among others:

- In Switzerland, the Group has defined contributions plans, in accordance with which the Group makes regular payments without it having a legal or implicit commitment to pay additional payments even if sufficient funds have not accumulated in the funds to pay all of the benefits to an employee that relate to the employee’s current and previous employment. The portion of severance payments that is not covered by deposits, is treated as a defined benefit plan in accordance with which a liability is recorded in respect of employee benefits and the group deposits amount in central severance pay funds and in appropriate insurance policies in respect of it.

- In Israel, the plans are normally financed by contributions to insurance companies and classified as defined contribution plans or as defined benefit plans. The Group has defined contribution plans pursuant to Section 14 of the Severance Pay Law under which the Group pays regular contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods. In addition, the Group has a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the Law, employees are entitled to receive severance pay upon dismissal or retirement. In respect of its severance pay obligation to certain of its employees, the Group makes current deposits in pension funds and insurance companies ("the plan assets"). Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Group's own creditors and cannot be returned directly to the Group.

The amount included in the consolidated statement of financial position in respect of defined benefit plans is as follows:

	December 31, 2014	December 31, 2013
	(In millions €)	
Present value of defined benefit obligation	34.1	29.3
Fair value of plan assets	(23.0)	(21.1)
Funded status	***11.1***	***8.2***

Movements in the present value of defined benefit obligation were as follows:

PRESENT VALUE OF DEFINED BENEFIT OBLIGATION	December 31, 2014	December 31, 2013
	(In millions €)	
Balance at the start of the year	**29.3**	**34.9**
Business combinations	-	2.2
Interest expense	0.9	0.9
Current service cost	3.1	4.0
Participant contribution	0.3	0.3
Benefit paid	(2.8)	(10.4)
Transfer of employee to section 14 – Israel	-	(2.1)
Curtailment	(0.2)	-
Net actuarial loss/gain in net income	3.0	-
Net actuarial loss/gain in other comprehensive income	6.0	(0.4)
Other	0.3	(0.4)
Balance at the end of the year	**34.1**	**29.3**
including commitments not financed	*3.1*	*2.7*
including commitments totally financed or partially financed	*31.0*	*26.7*

PRESENT VALUE OF PLAN ASSETS	December 31, 2014	December 31, 2013
	(In millions €)	
Balance at the start of the year	**21.1**	**25.4**
Interest income	0.6	0.7
Deposits paid by the employer into the plan	2.2	4.1
Participant contributions	0.3	0.3
Benefits paid	(1.8)	(7.9)
Transfer of employees to section 14 – Israel	-	(2.1)
Net actuarial loss/gain in other comprehensive income	0.3	0.6
Other (including currency translation adjustment)	0.3	(0.1)
Balance at the end of the year	**23.0**	**21.1**
Total net liabilities	**11.1**	**8.2**

	December 31, 2014	December 31, 2013
	(In millions €)	
Current service cost	3.1	4.0
Net Interest expense	0.3	0.2
Net actuarial loss/gain	0.1	-
Total expenses in respect of employee benefits in profit and loss	**3.4**	**4.2**
Net actuarial loss/gain	2.7	(0.1)
Other OCI (including currency translation adjustment)	0.1	-
Total expenses in respect of employee benefits in Other comprehensive income	**2.8**	**(0.1)**

	December 31, 2014	December 31, 2013
Net actuarial (loss)/gain		
- actuarial differences from experience - Defined benefit obligation...........	0.2	-
-actuarial differences from change in assumptions- Defined benefit obligation	3.0	0.6
-actuarial return on plan assets (excluding interests income)......................	(0.3)	-
Total **...**	**2.8**	**0.6**

The principal actuarial assumptions used for the purposes of the actuarial valuations were as follows:

PRINCIPAL ASSUMPTIONS

	December 31, 2014	December 31, 2013
Discount rate	2.4%	3.3%
Expected rate of salary increases	2.3%	2.4%

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

ALLOCATION OF PENSION PLAN ASSETS - in %

Shares...	6.7%
Bonds	10.9%
Real estate	7.2%
Other(*)	75.2%
Total	**100%**

(*) The plan assets in Israel include assets that are held by a long term employee benefit fund as well as in appropriate insurance policies. They are presented in the line Other and consist of various financial assets.

14 Borrowings and other financial liabilities

Total financial liabilities are broken down as follows:

	December 31, 2014	December 31, 2013
	(In millions €)	
Borrowings	3,575.9	3,421.3
Loans from related parties	-	99.2
Other financial liabilities:	153.5	271.6
- Finance leases	*16.8*	*23.4*
- Other financial liabilities	*109.0*	*105.9*
- Financial instruments	*27.7*	*142.3*
Non-current liabilities	**3,729.4**	**3,792.1**
Borrowings:	225.7	57.6
- Loans from financial institutions and bonds	*166.6*	*26.4*
- Bank overdraft	*0.1*	-
- Accrued interest	*58.9*	*31.2*
Other financial liabilities:	36.4	15.9
- Other financial liabilities	*27.9*	*4.5*
- Finance leases	*8.6*	*11.4*
Current liabilities	**262.2**	**73.5**
Total	**3,991.6**	**3,865.6**

14.1 Loans from financial institutions and bonds

As at December 31, 2014, the details of the loans from financial institutions and bonds are given in the sections that follow.

The maturities of borrowings are given below:

	December 31, 2014	< 1 year	One year or more	December 31, 2013
		(In millions €)		
Bonds	2,756.5	26.7	2,729.8	2,553.4
Loans from financial institutions	986.0	139.9	846.1	894.3
Total	**3,742.5**	**166.6**	**3,575.9**	**3,447.7**

14.2 Bonds

No new bonds were issued by the Company or its subsidiaries for the year ended December 31, 2014.

Instrument	Issuer	Fair value in millions of euros December 31, 2014	Coupon	Year of maturity	Carrying amount December 31, 2014	Carrying amount December 31, 2013
- Debentures	HOT Telecom Ltd.	266.1	Between 3.9% and 6.9% + Consumer Price Index	2018	257.0	280.1
- Senior Secured Notes USD 460 M	Altice Financing S.A.	391.2	7.875%	2019	368.7	305.1
- Senior Secured Notes EUR 210M	Altice Financing S.A.	221.8	8.00%	2019	200.8	201.7
- Senior Secured Notes EUR 300M	Altice Financing S.A.	307.1	6.5%	2022	292.6	292.8
- Senior Secured Notes USD 900M	Altice Financing S.A.	720.9	6.5%	2022	729.3	637.2
- Senior Notes USD 425M	Altice Finco S.A.	376.4	9.875%	2020	339.9	309.0
- Senior Notes EUR 250M	Altice Finco S.A.	273.8	9.00%	2023	245.7	245.2
- Senior Notes USD 400M	Altice Finco S.A.	315.4	8.125%	2024	322.7	282.5
Total value of bonds		**2,872.7**			**2,756.5**	**2,553.4**
Of which due within one year		*26.7*			*26.7*	*26.8*
Of which due after one year		2,846.0			2,729.8	2,527.0

All instruments listed above are level 1 financial instruments.

Depending on its type, each instrument has a different credit rating. All Senior Secured Notes at Altice Financing are rated B1/BB-, while the Senior Notes issued by Altice Finco are rated B3/B-.

The Senior Notes and Senior Secured Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market of the Luxembourg Stock Exchange.

In accordance with the Group financing strategy, other than the following debt that has been issued locally by HOT, all of the bonds described above have been issued either by Altice Financing S.A. or by Altice Finco S.A.:

- HOT’s Series A’ debentures-€167 million, linked to the Consumer Prices Index for Tel Aviv. Series A’ debentures which are repayable in 13 semi-annual payments commencing on September 30, 2012 and up to September 30, 2018. They bear yearly interest at a fixed rate of 3.9%.

- HOT’s Series B’ debentures-€137 million which bear yearly interest at a fixed rate of 6.9%. Series B’ debentures are repayable in 13 semi-annual payments commencing on September 30, 2012 and up to September 30, 2018.

Except for the amortising bond issued by HOT, no other bonds have any current portions. The bonds issued by Hot Telecom Ltd. are listed on Tel Aviv Stock Exchange and rated A1 with a stable outlook by the Midroog rating agency.

14.3 Covenants

The debts issued by the Group are subject to certain restrictive covenants, which apply in the case of debts issued by Altice Financing S.A. and Altice Finco S.A., to Altice International S.à r.l. and its restricted subsidiaries.

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

In order to be able to incur additional debt under an applicable debt instrument, the relevant restricted group must either meet the ratio test described below (on a pro forma basis for any contemplated transaction giving rise to the debt incurrence) or have available capacity under the general debt basket described below or meet certain other exceptions to the limitation on indebtedness covenant in such debt instrument.

Debt	Applicable Restricted Group	Ratio Test for Additional Debt Incurrence	General Debt Basket
Senior Secured Notes USD 460M due 2019; Senior Secured Notes EUR 210M due 2019; and Senior Notes USD 425M due 2020	Altice International and its restricted subsidiaries	Secured debt, if Consolidated Senior Secured Leverage Ratio of Altice International ≤3:1** Unsecured debt, if Consolidated Leverage Ratio of Altice International ≤4:1**	Greater of $75million and 4% of Total Assets of Altice International
Senior Notes EUR 250M due 2023 and Altice Financing Term Loan	Altice International and its restricted subsidiaries	Secured debt, if Consolidated Senior Secured Leverage Ratio of Altice International ≤3:1** Unsecured debt, if Consolidated Leverage Ratio of Altice International ≤4:1**	Greater of €100 million and 4% of Total Assets of Altice International
Senior Secured Notes EUR 300M due 2022; Senior Secured Notes USD 900M due 2022 and Senior Notes USD 400M due 2024	Altice International and its restricted subsidiaries	Secured debt, if Consolidated Senior Secured Leverage Ratio of Altice International ≤3:1** Unsecured debt, if Consolidated Leverage Ratio of Altice International ≤4:1**	Greater of €100 million and 4% of Total Assets of Altice International
Senior Secured Notes EUR 500M due 2023; Senior Secured Notes USD 2,060M due 2023 and Senior Notes USD 385M due 2025*	Altice International and its restricted subsidiaries	Secured debt, if Consolidated Net Senior Secured Leverage Ratio of Altice International ≤3:1 Unsecured debt, if Consolidated Net Leverage Ratio of Altice International ≤4:1	Greater of €500 million and 4% of Total Assets of Altice International

* Debt issued post December 31, 2014

** Tested on a gross debt basis

The Group is allowed to fully consolidate the EBITDA from any subsidiaries in which they have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments. If the ratio test is exceeded and there is no additional capacity to incur debt under general debt basket, subject to certain additional exceptions to the limitation on debt covenant contained in the debt instruments, the relevant restricted group cannot incur any additional debt until the ratio test can be complied with.

The Group also has access to the following revolving credit facilities and guarantee facility which provides additional liquidity to the Group. The terms of these facilities include certain incurrence based covenants that are no more restrictive than the incurrence covenants contained in our other debt instruments. In addition, these facilities also include financial covenants at the levels described below.

Facility	Applicable Restricted Group	Financial Covenant	Testing
Altice International Super Senior RCF EUR 80M, Super Senior RCF USD 80M and Pari Passu Guarantee Facility EUR 15M	Altice International and its restricted subsidiaries	Consolidated Net Leverage Ratio of Altice International ≤5.25:1	Quarterly
Altice International Pari Passu RCF EUR 501M (*)	Altice International and its restricted subsidiaries	Consolidated Net Leverage Ratio of Altice International ≤5.25:1	If there are utilisations outstanding at the end of each relevant period
Altice International Super Senior RCF EUR 330M (*)	Altice International and its restricted subsidiaries	Consolidated Net Leverage Ratio of Altice International ≤5.25:1	If there are utilisations outstanding at the end of each relevant period

* RCF entered into post December 31, 2014

As of December 31, 2014, the Group was in compliance with all covenants listed above.

Unsecured debentures issued by HOT and listed on the Tel Aviv Stock Exchange include the following financial covenants measured on HOT's performance, which mainly include:

- A debt to EBITDA ratio, which is not to exceed 6 for a period that exceeds two consecutive quarters;
- No distribution of a dividend when HOT exceeds a debt to EBITDA ratio of 5.5.

As of December 31, 2014, HOT was in compliance with all of the required financial covenants.

14.4 Loans from financial institutions

Compared to the year ended December 31, 2013, the increase in the loans from financial institutions mainly increased due to movements in the foreign exchange rate (impact of the appreciation of the USD vs. the Euro).

The following movements occurred in the loans from financial institutions for the year ended December 31, 2014.

- On December 2, 2014, the Coditel mezzanine facility was repaid in its entirety at its first call date (at a call price of 106.875%). A total of €125.2 million was repaid (including accrued PIK interest of €2.7 million and the call premium of €8.0 million), which was raised by drawing on both the $80 million and the €80 million senior secured revolving credit facilities, which are classified under the current portion of the borrowings.

As of December 31, 2014, the loans from financial institutions are composed of the following:

	December 31, 2014	< 1 year	One year or more	December 31, 2013
		(In millions €)		
Coditel mezzanine facility	-	-	-	100.0
Altice Financing Term Loan USD	820.1	8.5	811.6	793.7
Altice Financing RCF	126.2	126.2	-	-
Others	39.8	5.3	34.5	0.6
Total	**986.0**	**139.9**	**846.1**	**894.3**

Available credit facilities:

As of December 31, 2014, the Group had access to the following credit and guarantee facilities, for a total amount of euro equivalent amount of €221.1 million:

Revolving credit facilities:

- Altice Financing S.A.: € 80 million
- Altice Financing S.A..: € 66.1 million equivalent ($80 million)

Guarantee facilities:

- Altice Financing S.A.: € 75 million

As of December 31, 2014, the Group had fully drawn on the €80 million RCF and partially drawn on the $ 80 million RCF ($56 million/€46.2 million).

14.5 Loans from related party

As part of the initial public offering of Altice S.A., a restructuring of loans from related parties was carried out, following which all existing related party loans held by Next L.P. and issued by Altice International S.à r.l. were contributed by Next L.P. in exchange for shares of Altice S.A.

14.6 Other financial liabilities

Other financial liabilities mainly consist of:

(i) Preferred Equity Certificates ("PECs") for €31.8 million at the level of Deficom Telecom S.à r.l. classified in non-current financial liabilities.

(ii) A shareholder loan from Altice S.A. to the Company for a total amount of €46.0 million, bearing no interest and maturing on December 31, 2014; which maturity has been extended to December 31, 2017 post year end.

The following significant movements also occurred during the year:

(i) Variation in other financial liabilities is explained mainly by the cancellation of Altice Blue Two put. The minority shareholders of Altice Blue Two exchanged their shares in Altice Blue Two against common shares in Altice S.A. As a result of this exchange, the put agreement in place at Altice Blue Two was cancelled (considered to be unexercised), leading to the reversal of a debt amounting to € 53.2 million.

(i) Altice IV S.A. and Valemi Corp S.A., the holders of vendor notes against Altice International (pertaining to the acquisition of MCS and SportV S.A. in Q4 2013), contributed these assets to Altice S.A. at their nominal values of € 13.9 million and € 6.8 million respectively, in exchange for new shares issued by Altice S.A., who further contributed these instruments to Altice International, in exchange for new shares issued by the Company.

(ii) In the third quarter of 2014, the Company received a loan from its sole parent, Altice S.A. for a total amount of €46.0 million.

14.7 Maturity of financial liabilities

	December 31, 2014	< 1 year	Between 1 and 5 years	> 5 years
		(In millions €)		
Borrowings	3,742.7	166.6	1,630.2	1,945.6
Finance leases	25.4	8.6	16.8	-
Accrued interest	58.9	58.9	-	-
Bank overdraft	0.1	0.1	-	-
Other financial liabilities	136.9	27.9	109.0	-
Financial instruments	27.7	-	27.7	-
Nominal value of borrowings	**3,991.6**	**262.2**	**1,783.7**	**1,945.6**

	December 31, 2013	< 1 year	Between 1 and 5 years	> 5 years
		(In millions €)		
Borrowings	3,447.7	26.4	253.7	3,167.6
Related party bonds	99.2	-	-	99.2
Finance leases	34.8	11.4	23.4	-
Accrued interest	31.2	31.2	-	-
Other financial liabilities	110.4	2.0	59.3	49.1
Financial instruments	142.3	-	142.3	-
Nominal value of borrowings	**3,865.6**	**71.4**	**478.7**	**3,315.6**

14.8 Currency of borrowings

	December 31, 2014	Euro (EUR)	US Dollar (USD)	Israeli Shekel	Swiss Franc	Dominican Pesos
			(In millions €)			
Borrowings	3,742.5	820.8	2,626.1	256.9	38.8	-
Finance leases	25.4	7.1	-	16.8	1.5	-
Bank overdraft	0.1	0.1	-	-	-	-
Accrued interest	58.9	19.9	35.6	3.4	-	-
Other financial liabilities	136.9	102.4	0	23.8	0.6	10.1
Financial instruments	27.7	27.7	-	-	-	-
TOTAL	**3,991.6**	**978.1**	**2,662.1**	**300.6**	**40.7**	**10.1**

	December 31, 2013	Euro (EUR)	US Dollar (USD)	Israeli Shekel	Swiss Franc
			(In millions €)		
Borrowings	3,447.7	1,609.4	1534.0	280.6	23.4
Related party bonds	99.2	99.2			
Finance leases	34.8	5.8	-	26.5	2.5
Accrued interest	31.2	25.8	5.4	-	-
Other financial liabilities	110.4	107.1	-	3.0	0.2
Financial instruments	142.3	142.3	-	-	-
TOTAL	**3,865.6**	**1,989.6**	**1,539.4**	**310.1**	**26.4**

14.9 Nature of interest rate

	December 31, 2014	Fixed interest rate	Floating interest rate
		(In millions €)	
Borrowings	3,742.5	2,756.5	986.0
Finance leases	25.4	25.4	-
Bank overdraft	0.1	0.1	-
Accrued interest	58.9	57.0	1.9
Other financial liabilities	136.9	136.9	-
Financial instruments	27.7	-	27.7
TOTAL	**3,991.6**	**2,975,9**	**1,015.6**

	December 31, 2013	Fixed interest rate	Floating interest rate
		(In millions €)	
Borrowings	3,447.7	2,683.1	764.3
Related party bonds	99.2	5.0	94.2
Finance leases	34.8	34.8	-
Accrued interest	31.2	15.4	15.8
Other financial liabilities	110.4	103.3	7.1
Financial instruments	142.3	-	142.3
TOTAL	**3,865.6**	**2,841.8**	**1,023.8**

14.10 Derivatives

As part of its financial risk management strategy, the Group has entered into certain hedging operations. These are split mainly into either fixed to fixed or fixed to floating cross-currency swaps that cover against interest rate risk, or forward swaps that cover against foreign exchange risk. A summary is provided below:

- A coupon only cross-currency swap transaction covering USD 200 million of the USD 425 million principal of Altice Finco's Senior Notes (of which USD 25 million is unhedged), based on which Altice pays Israeli Shekels and receives US Dollars, amounting to a Euro equivalent of 145 million with a maturity date on December 15, 2017 and an interest rate composed of an ILS TELBOR 3M floating rate and a fixed spread of between 8.0% and 9.7%

- A coupon only cross-currency swap transaction covering USD 225 million of the USD 460 million principal of Altice Financing's Senior Secured USD Notes (of which USD 10 million is unhedged), on the basis of which Altice pays Israeli Shekels and receives US Dollars, amounting to a Euro equivalent of €186 million with a maturity date on December 15, 2017 and an interest rate composed of an ILS TELBOR 3M floating rate and a fixed spread of between 5.9% and 7.6%

- A coupon only cross-currency swap transaction covering €100 million of the €210 million principal of Altice Financing's Senior Secured Euro Notes (of which €10 million is unhedged), based on which Altice pays Israeli Shekels and receives Euros, amounting to €100 million with a maturity date on December 15, 2017 and an interest rate composed of an ILS TELBOR 3M floating rate and a fixed spread of 5.775%

- A coupon only cross-currency swap transaction covering a part of the USD 1,034 million Term loan notional (USD 292.8 million), in which Altice pays Israeli Shekels and receives US Dollars, amounting to USD 212 million with a maturity date on October 31, 2018 and an interest rate composed of an ILS TELBOR 3M floating rate and a fixed spread of between 5.0% and 5.6%

- A coupon only cross-currency swap transaction covering part of the USD 1,034 million Term loan notional (USD 540.5 million), in which Altice pays Euros and receives US Dollars, amounting to €446 million with a maturity date on October 31, 2018 and an interest rate composed of an EURIBOR 3M floating rate and a fixed spread between 4.5% and 4.8%

As of December 31, 2014, the Company has entered into the following forward transactions:

- A forward transaction covering USD 550 million of the total USD nominal due at maturity of the Altice Finco USD Senior Notes and Altice Financing USD Senior Secured Notes (USD 885 million of which USD 95.5 million is unhedged) based on which Altice pays Israeli Shekels and receives US Dollars, with a hedged rate ranging from 4.127-4.317 ILS/USD.

- A forward transaction covering USD 239.5 million of the total USD nominal due at maturity of the Altice Finco USD Senior Notes and Altice Financing USD Senior Secured Notes (USD 885 million of which USD 95.5 million is unhedged) based on which Altice pays Israeli Shekels and receives US Dollars, with a hedged rate of 3.678 ILS/USD.

- A forward transaction to cover the repayment of a part of the nominal of the USD 1,034 million Term loan (of which USD 200 is unhedged) at maturity, in which Altice pays Israeli Shekels and Euros to receive US Dollars. As part of the transaction, Altice will pay ILS 1,076 million and receive USD 293 million at a hedged rate of 3.678 ILS/USD and will pay €415 million and receive USD 541 million at a hedged rate of 1.301.

- A coupon only forward transaction covering USD 200 million of the USD 425 million Senior Notes issued by Altice Finco (of which USD 25 million are unhedged), in which Altice pays Israeli Shekels and receives US Dollars, with an average hedged exchange rate of 4.127 ILS/USD.

- A coupon only forward transaction covering USD 225 million of the USD 460 million Senior Secured Notes issued by Altice Financing (of which USD 10 million are unhedged), in which Altice pays Israeli Shekels and receives US Dollars, with an average hedged exchange rate of 4.127 ILS/USD.

- A coupon only forward transaction covering €100 million of the €210 million Senior Secured Notes issued by Altice Financing (of which €10 million are unhedged), in which Altice pays Israeli Shekels and receives Euros, with an average hedged exchange rate of 5.164 ILS/EUR.

The fair value of the derivatives instruments as at December 31, 2014 is € 27.7 million compared to € 142.3 million, the movement was recognized in the statement of income.

15 Obligations under finance leases

The Group leased certain of its office facilities and data-centers under financial leases. The average lease term is 5 years (2013: 5 years). The Group has options to purchase the assets for a nominal amount at the end of the lease terms. Obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.5% to 5.5% (2013: 3.75% to 6%) per annum.

An overview of the maturity of the leasing obligations of the Group is given below.

	Minimum lease payments *(In € millions)*	
	December 31, 2014	**December 31, 2013**
Less than one year	8.6	12.6
Between one and two years	9.7	7.3
Between two and three years	4.2	5.0
Between three and five years	2.7	2.8
More than five years	2.8	7.6
Less: future finance expenses	(2.7)	(3.4)
Present value of minimum lease payments	**25.4**	**32.4**

	31 December, 2014	**31 December, 2013**
Included in the consolidated financial statements as:		
Current borrowings (note 14)	8.6	11.4
Non-current borrowings (note 14)	16.8	23.4
Total	**25.4**	**34.8**

16 Financial risk factors

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

Financial risk management is an integral part of the way the Group is managed. The Board of Managers establishes the Group's financial policies and the Chief Executive Officer establishes objectives in line with these policies.

The Group is not subject to any externally imposed capital requirements.

16.1 Credit risk

The Group does not have significant concentrations of credit risk. The credit risk may arise from the exposures of commitments under a number of financial instruments with one body or as the result of commitments with a number of groups of debtors with similar economic characteristics, whose ability to meet their commitments could be similarly affected by economic or other changes.

The Group's income mainly derives from customers in Israel, in the French Overseas Territories and in Europe (Belgium, Luxembourg, Portugal and Switzerland). The Group regularly monitors its customers' debts and provisions for doubtful debts are recorded in the consolidated financial statements, which provide a fair value of the loss that is inherent to debts whose collection lies in doubt. Additionally, our retail customers represent a major portion of our revenues and these clients generally pay in advance for the services they buy for us, or in our more significant regions, such as Israel, our retail customers generally pay using direct debit, a practice that reduces our credit risk.

The Group does not have significant concentration of credit risk, as a result of the Group's policy, which ensures that the sales are mostly made under standing orders or via credit cards.

16.2 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Managers, which manages liquidity risk by maintaining adequate reserves, banking facilities and reserves borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has a strong track record of driving operating free cash flow generation and specializes in turning around struggling businesses and optimizing the cash generation of existing businesses. As all our external debt is issued and managed centrally, Managers of the Group have a significant amount of control and visibility over the payments required to satisfy our obligations under the different external debts.

Additionally, the Group has access to undrawn revolving credit facilities for an aggregate amount of €94.9 million (notwithstanding an additional €501 million facility which can be activated as and when required) to cover any liquidity needs not met by operating cash flow generation.

16.3 Market risks

The Group is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and anticipated future transactions.

16.3.1 Interest rate risk

Interest rate risk comprises the interest price risk that results from borrowings at fixed rates and the interest cash flow risk that results from borrowings at variable rates.

The Company has an exposure to changes of interest rate in the market, deriving from long-term loans that have been received and which bear variable rate interest.

Interest structure of non-current financial debt :

	December 31, 2014	December 31, 2013
	(In millions €)	
Financial debt at fixed rates	2,975.9	2,841.8
Financial debt at variable rates	1,015.6	1,023.8
TOTAL	**3,991.6**	**3,865.6**

The Group's proportion of variable rate debt remained stable between 2013 and 2014 at 26.5%.

The Group has entered into different hedging contracts to manage interest rate risk related to debt instruments with variable interest rates. See note 14.10 for more information.

16.3.2 Israeli CPI risk

The Group has borrowed from banks and issued debentures that are linked to the changes in the Israeli CPI. Also, the Group has deposits and gave loans that are linked to the changes in the Israeli CPI. The net amount of the financial instruments that are linked to the Israeli CPI and for which the Company is exposed to changes in the Israeli CPI amounted to approximately €180.5 million (NIS 853 million) as of December 31, 2014 (€187.0 million/NIS 895 million as of December 31, 2013).

16.3.3 Foreign currency management

1. Foreign currency sensitivity analysis

The Group is exposed to foreign currency risk from transactions and translation. Transactional exposures are managed within a prudent and systematic hedging policy in accordance with the Company's specific business needs. Translation exposure arises from the consolidation of the financial statements of foreign operations in euros, which is, in principle, not hedged. The Group's objective is to manage its foreign currency exposure through the use of currency forwards, futures and swaps.

	December 31, 2014			
	Israeli Shekel	Swiss Franc	Dominican Pesos	Total
		(In millions €)		
Profit for the year				
Increase of 10% in exchange rate	3.4	0.3	(0.7)	**2.9**
Decrease of 10% in exchange rate	(3.4)	(0.3)	0.7	**(2.9)**
Equity				
Increase of 10% in exchange rate	113.3	1.4	147.8	**262.5**
Decrease of 10% in exchange rate	(113.3)	(1.4)	(147.8)	**(262.5)**

	December 31, 2013		
	Israeli Shekel	Swiss Franc	Total
	(In millions €)		
Profit for the year			
Increase of 10% in exchange rate	(12.8)	(0.2)	**(12.9)**
Decrease of 10% in exchange rate	12.8	0.2	**12.9**
Equity			
Increase of 10% in exchange rate	5.6	2.1	**7.6**
Decrease of 10% in exchange rate	(5.6)	(2.1)	**(7.6)**

On the basis of the analysis provided above, the Board of Managers believes that the Group's exposure to FX rate risks is limited. Exchange differences recorded in the income statement represented a loss of €143.5 million in 2014 (2013: profit of €66.5 million).

The Group estimates that a 10% variation of foreign currencies against euro parity is a relevant change of variables and reasonably possible risk in a year and the presented above allows to assess the impact of a 10% increase of foreign currencies against euro on net result and reserves. A 10% decrease would have a symmetrical impact with the same amounts but in the opposite direction.

16.3.4 Price risk

The Group has investments in listed financial instruments, shares and debentures that are classified as available-for-sale financial assets and financial assets at fair value through profit or loss in respect of which the Group is exposed to risk of fluctuations in the security price that is determined by reference to the quoted market price. As of December 31, 2014, the carrying amount of these investments was €5.5 million (€8.4 million as of December 31, 2013).

16.4 Fair value of financial assets and liabilities

16.4.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input (s)	Significant unobservable differences	Relationship of unobservable differences
	31/12/2014	31/12/2013				
	(In millions €)					
Financial Liabilities						
Foreign currency forward contracts (see note 14.10)	(89.5)	(104.9)	Level 2	Zero curve	N/A	N/A
Interest rate swaps (see note 14.10)	61.8	(37.9)	Level 2	Zero curve	N/A	N/A
Financial Assets						
AFS						
- Wananchi [(1)]	36.5	31.9	Level 3	Discounted cash flows	N/A	N/A
- Partner and Co.	5.5	8.4	Level 1	Quoted price in an active market	N/A	N/A

(1) A gain of €4.6 million was recognized in the statement of comprehensive income related to this investment.

16.4.2 Reconciliation of Level 3 fair value measurements

	Available for sale (unlisted shares)	Others	Total
December 31, 2014			
Opening balance	31.9	–	31.9
Total gains or losses:			
– in profit or loss	–	–	–
– in other comprehensive income	4.6	–	4.6
Closing balance	36.5	–	36.5

	Available for sale (unlisted shares)	Others	Total
December 31, 2013			
Opening balance	-	-	-
Purchases	31.9	-	31.9
Closing balance	31.9	–	31.9

17 Trade and other payables

	December 31, 2014	December 31, 2013
	(In millions €)	
Trade payables	470.5	392.2
Corporate and social security contributions	35.0	29.8
Other payables	46.8	94.3
Amounts due to related parties	0.1	0.1
Deposit and guarantee received	-	0.4
Total current payables	**552.4**	**516.6**
Trade payables	4.8	13.0
Other payables	21.1	16.0
Total non-current payables	**25.9**	**29.0**

The increase in trade and other payables is mainly attributable to the acquisitions of ODO and Tricom.

18 Deferred revenues

	December 31, 2014	December 31, 2013
	(In millions €)	
Current deferred revenue	104.4	55.9
Non-current deferred revenue	8.3	10.6
Total deferred revenues	**112.7**	**66.5**

Current deferred revenues refer to revenues recognized from customers billed in advance of the monthly cut-off. Non-current deferred revenues result from multi-year contracts with business customers. Current deferred revenues are also generated by sales of prepaid mobile contracts at ODO, Tricom and Outremer Telecom.

The increase in deferred revenues for the year ended December 31, 2014 was mainly due to the acquisition of ODO and Tricom.

19 Classification and fair value of financial assets and liabilities

On December 31, 2014 and 2013, the principles for measuring financial instruments and their market value break down as follows:

	December 31, 2014			
			Fair Value	
	Book value	Amortized cost	Derivative instruments	Assets available for sale
	(In millions €)			
Current assets				
Cash and cash equivalents	188.1	188.1	-	-
Restricted cash	-	-	-	-
Trade receivables	203.8	203.8	-	-
Other receivables	64.9	64.9	-	-
Non-current assets			-	-
Restricted cash	0.6	0.6	-	-
Loans and receivables	12.8	12.8		
Available for Sale	42.0	-	-	42.0
Other Financial assets	2.1	2.1	-	-
Other long-term trade receivables	27.8	27.8	-	-
	541.8	**500.7**	**-**	**42.0**

	Book value	Amortized cost	Fair value
Current liabilities			
Borrowings	225.6	225.6	-
Trade payables	470.5	470.5	-
Others payables	81.8	81.8	-
Other current liabilities	36.4	36.4	-
Non-current liabilities			-
Borrowings	3,575.9	3,575.9	-
Other financial liabilities	118.7	109.0	-
Other non-current liabilities	44.6	16.8	27.7
	4,553.5	**4,516.0**	**27.7**

	December 31, 2013			
			Fair Value	
	Book value	Amortized cost	Derivative instruments	Assets available for sale
		(In millions €)		
Current assets				
Cash and cash equivalents	61.3	61.3	-	-
Restricted cash	1,242.7	1,242.7	-	-
Trade receivables	194.0	194.0	-	-
Other receivables	37.1	37.1	-	-
Non-current assets			-	-
Restricted cash	1.8	1.8	-	-
Loans and receivables	3.0	3.0		
Available for Sale	40.3	-	-	40.3
Long-term trade receivables	5.5	5.5	-	-
Other long-term trade receivables	22.8	22.8	-	-
	1,608.5	**1,568.3**	**0.0**	**40.3**

	Book value	Amortized cost	Fair value
Current liabilities			
Credit from banking corporations and debentures	57.6	57.6	-
Loans from related parties	-	-	-
Trade payables	383.4	383.4	-
Others payables	246.0	246.0	-
Other current liabilities	15.9	15.9	-
Non-current liabilities			-
Loans from banking corporations and debentures	3,520.5	3,520.5	-
Other financial liabilities	271.6	129.3	142.3
Other non-current liabilities	39.6	39.6	-
	4,534.6	**4,392.3**	**142.3**

20 Taxation

20.1 Income tax benefit/(expense)

	December 31, 2014	December 31, 2013
	(In millions €)	
Current income tax	(34.2)	(38.0)
Deferred taxes on deductible temporary differences	21.8	30.6
TOTAL	**(12.4)**	**(7.4)**

	December 31, 2014	December 31, 2013
	(In millions €)	
Current tax assets	29.9	14.6
Current tax liabilities	(87.8)	(57.1)
TOTAL	**(57.9)**	**(42.5)**

20.2 Deferred tax assets and liabilities

	December 31, 2013	Business combination	Movements in comprehensive income	Movements in profit and loss	December 31, 2014
			(In millions €)		
Property Plant & Equipment	0.4	44.4	-	(3.8)	40.9
Employee Benefits	0.8	-	0.4	-	1.3
Financial Instruments	43.7	(80.6)	78.8	(0.6)	41.4
Intangible assets	1.4	(39.7)		2.1	(36.2)
Provisions	-	(0.1)	-	(0.1)	(0.2)
Tax losses	-	1.4	-	6.7	8.2
Other	1.1	84.9	(51.7)	8.3	42.6
Total deferred tax assets	**47.4**	**50.0**	**27.5**	**10.5**	**98.0**

	December 31, 2013	Business combination	Movements in comprehensive income	Movements in profit and loss	December 31, 2014
			(In millions €)		
Customer relationships	62.0	9.5	0.9	(11.6)	60.8
Brand	30.8	1.0	-	(3.8)	27.9
Intangible assets	57.3	15.3	1.9	(3.8)	70.7
Borrowing Costs	10.9	-	-	(1.5)	9.4
Tangible assets	35.2	8.3	0.2	(5.5)	38.3
Present value of yield free financial instrument	10.8	-	(10.8)	-	-
Other	(23.8)	0.6	28.0	9.4	14.2
Total deferred tax liabilities	**183.2**	**34.7**	**20.2**	**(16.8)**	**221.3**

	December 31, 2012	Reclassi-fications	Business combination	From equity	From profit and loss	December 31, 2013
			(In millions €)			
Other	0.4	0.2	-	-	-	0/4
Employee Benefits	-	(0.2)	-	0.7	0.3	0.8
Tangible assets	(0.6)	0.6	-	-	-	-
Intangible assets	-	-	1.3	-	0.1	1.4
Financial Instruments	19.0	-	-	(1.5)	26.2	43.7
Other	0.4	(6.2)	-	4.9	2.1	1.1
Total deferred tax assets	**19.3**	**(6.1)**	**1.3**	**4.1**	**28.7**	**47.4**

	December 31, 2012	Reclassi-fication	Business combination	From equity	From profit and loss	December 31, 2013
			(In millions €)			
Customer relationships	51.3	(.3)	15.1	-	(4.1)	62.0
Brand	16.7	.3	13.7	-	-	30.8
Other Intangible assets	21.3	14.1	2.0	2.3	17.6	57.3
Reevaluation of Tangible assets	30.1	(8.8)	.2	.0	(4.1)	17.4
Borrowing Costs	3.1	-	-	-	-	3.1
Depreciable fixed assets	(8.8)	(4.9)	-	(.4)	32.0	17.8
Present value of yield free financial instrument	9.3	-	-	1.1	0.4	10.8
Capitalisation of transaction costs	-	-	-	-	7.8	7.8
Temporary differences	22.3	(22.3)	-	-	-	-
Other	3.1	15.9	-	6.6	(49.4)	(23.8)
Total deferred tax liabilities	**148.2**	**(6.0)**	**31.0**	**9.6**	**0.2**	**183.2**

20.3 Reconciliation between the effective tax rate and the theoretical tax rate

	December 31, 2014	December 31, 2013
	(In millions €)	
Net income	**(194.8)**	**(208.4)**
Tax charge (expenses)/income	(12.4)	(7.4)
Earnings/(Loss) before tax	**(182.4)**	**(201.0)**
Theoretical tax rate	29.22%	29.22%
Income tax calculated on theoretical tax	53.3	58.7
Impact of:		
Effect of different tax rates of subsidiaries depending in other jurisdictions	10.7	(6.5)
Effect of permanent differences	(58.9)	(9.5)
Restatements without tax impact	12.5	(2.9)
Utilization of previously non capitalized tax credits	12.8	13.9
Other movements	-	0.0
Effect of tax loss carry forwards of the period	(42.9)	(61.2)
Effective Tax	**(12.4)**	**(7.4)**
Effective tax rate	6.8%	4%

Permanent differences present are summarized below:

	December 31, 2014	December 31, 2013
Permanent differences	(46.0)	13.6
Tax adjustments	(12.8)	(6.9)
Earn out adjustment	-	(13.5)
Others	(0.1)	(2.7)
Total	**(58.9)**	**(9.5)**

Permanent differences mainly arise from the recognition of deferred tax on unrealised FX loss/gain on foreign currency transactions at Altice Financing S.A..

20.4 Tax assessments

20.4.1 Hot Telecom

On December 29, 2013, an agreement was signed between Cool Holdings Ltd and all of its subsidiary companies (except for HOT Mobile Ltd.) (hereinafter in this section – the Companies) and the Israeli Income Tax Authority for the closure of disputes that had arisen in the assessment discussions for the years 2006 – 2011 and in continuation of the tax assessments that had been received in December 2009 and during the course of 2010 for the 2006 – 2008 tax years. Pursuant to the compromise agreements the companies will be required to pay an additional amount of tax in respect of the said tax years, primarily in respect of timing differences in respect of the depreciation of the infrastructure and the cables network and the amortization of intangible assets.

The implementation of the compromise agreements resulted in the Group having chargeable income in the years 2012 to 2014.

HOT's management, based on the assessment of its professional advisors has recorded an appropriate provision in connection with the assessments in its financial statements in the past.

The impact of the assessment agreement on the Companies' financial statements in the year 2013, including in respect of the updating of the Companies' deferred tax balances was the recording of net income of €5.1 million (NIS 24 million).

The Companies, except for HOT Mobile, have been issued with final tax assessments up to and including the 2011 tax year. HOT Mobile has been issued with tax assessments up to and including the 2009 tax year, which are deemed to be final.

20.4.2 Cabovisao

For the year 2014, Cabovisão was subject to corporate income at a rate of 23%, increased (i) up to a maximum of 1.5% of taxable income through a municipal tax; and (ii) by a 3% to 7% state tax applicable on taxable income over €1,5 million, in accordance with the article 87- A of the Portuguese Corporate Income Tax code, resulting in a maximum aggregate tax rate of approximately 31,5%.

In accordance with article 88º of the Portuguese Corporate Income Tax code, the Company is subject to an autonomous taxation over some expenses at the rates defined in that article.

As at December 31, 2014, the Company's tax returns, for the fiscal periods of 2009 and 2010, are being reviewed by Portuguese tax authorities. During the year ended December 31, 2014, the Company already received a tax notification, adjusting the Company's tax losses obtained in the fiscal year ended in 2008, for an amount of approximately €5.8 million. However, as of December 31, 2014, any carrying forward tax losses obtained in the fiscal year ended in 2008 will expire in December 31, 2014, and therefore cannot be used to reduce future taxable profits.

20.4.3 Other entities

The Board of Managers has not identified any other material tax assessments in other group entities.

20.5 Unrecognized deferred tax assets

As at December 31, 2014, unrecognized deferred tax assets amounted to €226.2 million (€253.0 million in 2013). Such unrecognized deferred tax assets mainly exist at HOT, Altice Financing and the Company. The Group doesn't believe that the unrecognized deferred tax losses can be used in the actual structuring but will continue exploring opportunities to use these in the future and offset against any future profits that the Group may generate.

21 Segment analysis

21.1 Definitions of segments

Given the geographic spread of the various Group entities, it logically follows that an analysis and control by geographical areas is inalienable to Group strategy of managing its different businesses. It has thus been decided by the senior management to analyse the business across geographies and then by activity. The following geographies have been identified:

- Israel,
- Dominican Republic,
- French Overseas Territories (Antilles and Indian Ocean),
- Portugal,
- Belgium and Luxembourg,
- Others (Switzerland, Africa, content, corporate and financing entities).

Similarly, activities have been split as follows:

- Fixed (includes services provided to B2C and B2B clients using either cable or ADSL networks)
- Mobile
- Others (Includes revenues from our content or data-center businesses).

Following the acquisition and full integration of ODO, Tricom and GLX, a new geographic segment, Dominican Republic, corresponding to the sole geographic zones of operation of these new entities, was added to the segmental analysis.

In addition, in the context of the acquisition and integration of the French mobile operator SFR into the Altice S.A. group, the senior management has decided to amend the presentation of its operational segments, by regrouping Cable and B2B into a single line called 'Fixed', and by maintaining the mobile segment (a significant portion of SFR's activity is mobile based). Other activities such as content, datacenters and holding company operations are classified under others. Such presentation is consistent with the presentation used by the Board of Managers of the Group.

The presentation was amended for comparative purposes for the year ended December 31, 2013.

There are few operational transactions between the different segments defined by the Board of Managers above. Intersegment revenues are considered to be non-material by the Board of Managers and, hence, not in the scope of regular operational reviews. Intersegment revenues represented less than 0.5% of total revenues for the years ended December 31, 2014 and 2013, respectively.

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

21.1.1 Operational KPIs

It has also been decided by the Board of Managers that operating subsidiaries shall report operational KPIs every week, using a standard reporting format.

The main operational KPIs that will be tracked will be:

- Subscriber base evolution (both cable and mobile),
- ARPU (Average Revenue per Unit) (cable and mobile),
- Other relevant cost drivers.

These KPIs are benchmark indicators followed throughout the industry and allow for a thorough and accurate analysis of the business and strategic decision making.

21.1.2 Financial KPIs

The Board of Managers has defined certain financial KPIs that are tracked and reported by each operating segment every month to the senior executives of the company. The Board of Managers believes that these indicators offer them the best view of the operational and financial efficiency of each segment and this follows best practices in the rest of the industry, thus providing investors and other analysts a suitable base to perform their analysis of the group's results. The KPIs tracked by the Board of Managers are:

Revenues (by segment and also in terms of activity)

Operating profit before depreciation, amortization restructuring costs and other expenses (by segment), Capital expenditure (capex) (by segment and also in terms of activity).

Operating profit before depreciation, amortization and restructuring costs

The Group has included the subtotal "Operating profit before depreciation, amortization and restructuring costs" on the face of the consolidated statement of income. The Board of Managers believes that this subtotal is useful to users of the consolidated financial statements as it provides them with a measure of the operating results which excludes non-cash elements such as depreciation and amortization as well as non-recurring transactions and management fees, enhancing the predictive value of the consolidated financial statements and providing information regarding the results of the Group's ongoing trading activities and cash-flow generation that allows investors to better identify trends in the Group's financial performance.

This non-IFRS GAAP measure is used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel.

The Group's subtotal within operating income may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of depreciation, amortization and impairment, excluded from this measure do ultimately affect the operating results, which is also presented within the consolidated financial statements in accordance with IAS 1 "Presentation of Financial Statements".

Capital expenditure (Capex) is an important indicator to follow, as the profile varies greatly between the two activities:

The fixed business has fixed Capex requirements that are mainly discretionary (network, platforms, general), and variable Capex requirements related to the connection of new customers and the purchase of Customer Premise Equipment (TV decoder, modem, etc).

Mobile Capex are mainly driven by investment in new mobile sites, upgrade to new mobile technology and licenses to operate. Once Capex are engaged and operational, there are limited Capex requirement.

The Board of Managers believes that neither the operations in Switzerland nor in the Content industry are currently substantial enough to require a separate reporting segment, and will be reported under 'Other'. However, as these activities grow, it is intended that they are also reported under a separate segment with relevant operating KPIs specific to the activity.

21.2 Regional specificities

21.2.1 Israel

Israel is currently an important contributor to the Group revenues and operating profit before depreciation, amortization and restructuring costs (EBITDA) and has particularities that differentiate it. For this reason, it is classified as a separate region.

It is characterised by a high broadband and cable penetration and a very technology-savvy population. Segments within the Israeli telecom market show different level of maturity and competition, with relatively frequent interventions from the regulator. The Board of Managers is factoring expectations for price pressure and increasing competition in its strategic plan.

The regulatory environment does not yet allow for quadruple play packages (coupling fixed and mobile services), which the Board of Managers need to consider when setting up integration plans and operational synergies. The prevailing political environment in the region can also have adverse impacts on the development of the business, as a deterioration of the situation may have serious repercussions on the market environment and may even lead to physical damage of the infrastructure.

21.2.2 Dominican Republic

The Dominican market is a high growth segment for the group, where it has a presence in both the fixed and mobile markets, through the acquisition of Tricom and ODO in 2014. Tricom is the leading cable operator in the

Dominican Republic and also has licenses to provide mobile services. Tricom operates a Docsis 3.0 compliant network. ODO is the second largest mobile operator in the country and has a good market presence and brand recognition.

Growth in the Dominican market is expected to come mainly from the increase in cable based services customers, which represent a higher ARPU base compared to ADSL customers. Synergies are also expected from the mutualisation of the sales and operational network of the two companies, which has already allowed the Board of Managers to make significant improvements in the operating profit before depreciation, amortization and restructuring costs EBITDA margins.

21.2.3 French Overseas Territories

The French Overseas Territories present growth opportunities with relatively limited competition and room to attract more subscribers on our cable infrastructure. Additional growth potential exists notably through the deployment of multiple-play services and efficiency gains in distribution network, as multiple-play packages penetration remains low. Price pressure is low in these regions and customers are willing to pay more for value added services.

Additional opportunities have been identified and pursued in the e-banking sector.

21.2.4 Portugal

The Portuguese market is marked by a high concentration of double play subscribers and a mature telecommunications market, which, when coupled with slow economic recovery, makes it difficult to achieve revenue growth. This market is currently marked by high subscriber attrition and downward migration from high to low ARPU offers, notably due to a difficult economic environment.

The challenge in Portugal is to maintain a subscriber base and migrate the customer base from double play to triple play offers.

21.2.5 Belgium and Luxembourg

The Belgian and Luxembourg territories have a high standard of living and well developed economies, which translates into higher prices for services. The markets are quite mature, with high broadband penetration. Customers are willing to pay more for premium services and hence price pressure appears limited.

These regions are marked by the presence of many well established local cable operators with limited overlapping network. Customer retention is a key factor in maintaining strong profit margins.

Given the density and presence of mobile operators, the mobile strategy has been driven by Mobile Virtual Network operations, through the deployment of quadruple play packages in Belgium.

21.3 Segment information

Details regarding revenues, cost of sales and gross profit for our cable, mobile and other segments are as follows:

	December 31, 2014						
	Israel	Dominican Republic	French Overseas Territories	Portugal	Belgium & Luxembourg	Others	Total
				(In millions €)			
Total Revenues	**857.4**	**464.5**	**236.0**	**182.9**	**75.6**	**76.7**	**1,893.2**
Total Purchasing and subcontracting costs	(173.5)	(100.9)	(56.2)	(77.9)	(12.1)	(28.0)	**(448.7)**
Other operating expenses [(1)]	(272.6)	(138.0)	(77.8)	(47.3)	(12.9)	(27.2)	**(575.7)**
Operating profit before depreciation, amortization and restructuring costs	411.4	225.7	102.1	57.8	50.3	21.6	**868.8**
Depreciation and amortization [(2)]							**(596.5)**
Restructuring costs and other expenses							**(109.6)**
Operating profit							**162.7**
Net finance costs							(345.2)
Loss before income tax							**(182.4)**

(1) This caption is the sum of the line items ‘other operating expenses, other sales and marketing expenses, general and administrative expenses and staff costs and employee benefits expenses as reported in the consolidated statement of income.

(2) Includes impairment expenses of €8.3 and €5.4 million recorded on the brands at Portugal and Belgium & Luxembourg level as mentioned in note 4

	December 31, 2013					
	Belgium & Luxembourg	Israel	French Overseas Territories	Portugal	Others	Total
			(In millions €)			
Total Revenues	**71.9**	**881.8**	**126.9**	**150.5**	**55.7**	**1,286.8**
Total Purchasing and subcontracting costs	(12.9)	(237.4)	(36.9)	(58.4)	(22.1)	**(367.8)**
Operating expenses	(12.9)	(281.7)	(40.5)	(43.0)	(22.0)	**(400.2)**
Operating profit before depreciation, amortization and restructuring costs	46.1	362.7	49.5	49.1	11.6	**518.8**
Depreciation and amortization						**(399.6)**
Restructuring costs and other expenses						**(76.9)**
Operating profit						**42.3**
Net finance costs						**(243.3)**
Profit before income tax						**(201.0)**

21.4 Revenues split by activity

	December 31, 2014						
	Israel	Dominican Republic	French Overseas Territories	Portugal	Belgium & Luxembourg	Others	Total
	(In millions €)						
Fixed	680.4	110.5	105.8	182.9	74.2	31.6	1,185.5
Mobile	177.0	354.0	130.2	-	1.3	-	662.5
Other	-	-	-	-	-	45.1	45.1
Total	**857.4**	**464.5**	**236.0**	**182.9**	**75.6**	**76.7**	**1,893.2**

	December 31, 2013					
	Belgium & Luxembourg	Israel	French Overseas Territories	Portugal	Others	Total
	(In millions €)					
Fixed	70.7	694.2	59.6	150.5	33.6	1,008.6
Mobile	1.2	187.6	67.3	-	-	256.1
Other	-	-	-	-	22.1	22.1
Total	**71.9**	**881.8**	**126.9**	**150.5**	**55.7**	**1,286.8**

21.5 Assets and liabilities by reporting segment

	Israel	Dominican Republic	French Overseas Territories	Portugal	Belgium & Luxembourg	Others	December 31, 2014
	(In millions €)						
Total Non-current assets	1,747.3	1,567.3	472.7	111.1	389.2	54.8	4,333.3
Total Current assets	118.1	169.4	47.8	37.7	23.1	112.0	508.2
Total non-current assets classified as held for sale	-	-	*77.3*	-	-	-	*77.3*
Total assets	**1,865.4**	**1,736.7**	**588.7**	**148.8**	**412.2**	**166.8**	**4,918.6**
Total Non-current liabilities	375.6	99.2	29.7	33.3	16.9	3,502.4	4,052.7
Total Current liabilities	356.5	159.3	89.4	64.7	(26.7)	354.8	998.0
Total Liabilities of assets classified as held for sale	-	-	*22.5*	-	-	-	*22.5*
Total liabilities	**732.1**	**258.5**	**137.2**	**98.0**	**(9.8)**	**3,857.1**	**5,073.2**
Total equity	**1,133.4**	**1,478.2**	**451.5**	**50.9**	**422.1**	**(3,690.3)**	**(154.3)**

21.6 Assets held for sale

In April 2014, Numericable Group S.A. an entity controlled by Altice S.A., entered into a share purchase agreement regarding Société Francaise du Radiotéléphone S.A. ("SFR"), the second largest mobile operator in France. The French Competition Authority approved this acquisition in October 2014, subject to several conditions including the disposal by OMT of its 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 21 – Segment analysis. The Group is currently in negotiation with a potential buyer as disclosed in the note 30 and the Board of Managers expect that the fair value less costs to sell of the business will be higher than the aggregate carrying amount of the related assets and liabilities. Therefore no impairment loss was recognized on reclassification of the assets and liabilities as held for sale as at December 31, 2014.

These assets were considered as assets held for sale as per the requirements of IFRS 5, Non-current assets held for sale and discontinued operations as at December 31, 2014. As at December 31, 2014, OMT's mobile business are accounted for under two separate lines in the statement of financial position which are "Assets classified as held for sale" and "Liabilities directly associated with assets classified as assets held for sale".

The Board of Managers has considered that the Group's operations in Reunion and Mayotte form a disposal group as defined by IFRS 5. This disposal group is made up of operations forming part of the French Overseas Territories Group of Cash Generating Unit.

Given the overall materiality of the revenue and net profit attributable to the assets held for sale for the period since the assets were classified as held for sale and the year end, no restatements have been made to the consolidated statements of income neither for the year ended December 31, 2014 nor for the year ended December 31, 2013 as this transaction doesn't qualify as a discontinued operation.

This asset is reported in the 'French Overseas Territories' segment.

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

Statement of financial position

	December 31, 2014
	(In € millions)
Goodwill (1)	35.3
Other intangible assets (2)	19.5
Property, Plant and equipment (2)	15.3
Other non-current assets (2)	7.2
Total assets held for sale	**77.3**
Other non-current liabilities (2)	2.4
Current trade payables (2)	11.1
Other current liabilities (2)	9.0
Total liabilities related to asset held for sale	**22.5**

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

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

Statement of financial income

	December 31, 2014
	(In € millions)
Revenues	
Operating income	6.1
Finance costs, nets	-
Income tax	(2.4)
Net income attributed to asset held for sale	**3.8**

Statement of cash flows

(In € millions)	**December 31, 2014**
Net cash provided by operating activities	13.7
Net cash used in investing activities	(3.6)
Net cash used in financing activities	-
Net change in cash and cash equivalents	**10.1**

22 Other operating expenses

	December 31, 2014	**December 31, 2013**
	(In millions €)	
Technical and maintenance costs	(198.0)	(149.0)
Customer services	(50.8)	(32.9)
Taxes	(6.9)	(3.6)
Total	**(255.7)**	**(185.5)**

23 Depreciation, amortization and impairment

It consists in (i) amortization of intangible assets for a total of €209.6 million (2013: €134.1 million), including impairments on the ONI's brand for a total of €8.3 million in the Portugal segment and Numericable brand recognized in the Belgium and Luxembourg segment for a total of €5.4 million, (ii) depreciation of tangible assets for a total of €375.4 (2013: €251.4 million) and (iii) other additions and reversals for a total of €11.4 million (2013: €14.8 million) mainly related to additional depreciation on inventories and trade receivables.

24 Restructuring costs and other expenses

Restructuring, non-recurring costs and other expenses incurred in the years ended December 31, 2014 and 2013 pertain mainly to one-off payments and transaction costs relating to acquisitions or other similar operations. Details are given below:

	December 31, 2014	**December 31, 2013**
	(In millions €)	
HOT Mobile restructuring costs (related to network sharing deal)	16.9	31.6
Restructuring costs (employee provisions, contract negotiations)	40.6	2.9
Restructuring costs	**57.5**	**34.5**
Fees related to the closing of the ODO & Tricom transaction	7.0	-
Other deal fees*	24.8	26.7
Capital loss on the disposal of assets	3.2	-
Other expenses	16.1	15.1
Deal fees and related expenses	**51.1**	**41.8**
Total Restructuring costs and other expenses	**108.7**	**76.2**

*Deal fees incurred in the year ended December 31, 2013 mainly relate to fees paid for the HOT take private transaction (December 2012) and the Cabovisao minority stake buyout (April 2013) and the acquisitions of ONI and OMT (July 2013).

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

25 Net finance costs

	December 31, 2014	December 31, 2013
	(In millions €)	
Gain arising on fair value of financial instruments(1)	128.5	0.1
Net foreign exchange gains	-	91.0
Other financial income	3.3	2.5
Finance income	**131.8**	**93.6**
Interest charges on borrowings and overdrafts (2)	(295.9)	(199.2)
Loss arising on fair value of financial instruments	-	(99.4)
Interest on subordinated debt	-	(37.6)
Foreign exchange losses	(143.5)	(24.5)
Cost of extinguishment of financial instruments	(37.5)	(13.6)
Finance costs	**(477.0)**	**(336.9)**
Total	**(345.2)**	**(243.3)**

(1) The increase in the gain arising on fair value of financial instruments related to the Mark-to-Market of the various hedging instruments held by the Group.

(2) The increase in interest expense for the year ended December 31, 2014 was primarily due to (i) the issuance of new debts to finance the acquisition of the Dominican entities (€88.0 M for the year ended December 31, 2014) and full year impact of the debts issued in July 2013.

As of December 31, 2014, pro-forma for the acquisition of Portugal Telecom, the pre-tax weighted average cost of debt of the Group was 5.9%.

26 Average workforce

The workforce employed by the Group, expressed in the form of full-time-equivalent employees, is presented below. The full time equivalence of each employee is calculated based on the number of hours worked by the employee in a given period, compared to the maximum number of hours/period allowed as per the local law prevalent in the country of operation.

	December 31, 2014	December 31, 2013
Managers	470	352
Technicians	1,782	857
Employees	3,762	3,011
	6,014 (1)	**4,220**

(1) The increase in personnel was mainly due to the acquisition of the Dominican entities.

27 Transaction with related parties

27.1 Trading and financial transaction

Transactions with related parties are mainly related to transactions with Altice S.A., Next L.P, i24 News, the Numericable-SFR group and certain executives of the Company. Such transactions are limited to (i) debt and equity transactions between the Group, and certain managers and executives and the sole equity holder, (ii) exchange of services between different group companies, Numericable-SFR S.A. and i24 News, (iii) consulting services invoiced by certain executives of the Company.

Transactions between i24 News, Numericable-SFR and companies of the Group are limited to certain exchange of goods and services.

Transactions with related parties are not subject to any guarantees. All such transactions are at arm's length and settled in cash.

	Revenue		Operating expenses		Financial expenses	
Consolidated Income and expenses	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
			(In millions €)			
Equity holders	0.2	0.1	2.6	0.2	0.8	0.6
Executive managers	-	-	2.4	-	-	-
Associate companies	8.5	0.1	9.8	0.7	0.3	-
TOTAL	**8.7**	**0.2**	**14.8**	**0.9**	**1.1**	**0.6**

	Loans and receivables		Trade accounts receivable and other		Current accounts	
Assets	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
			(In millions €)			
Equity holders	2.8	-	0.4	0.2	-	-
Executive managers	-	-	-	-	-	-
Associate companies	0.7	-	7.6	0.8	0.3	-
TOTAL	**3.5**	**-**	**8.0**	**1.0**	**0.3**	**-**

	Other financial liabilities		Trade accounts payable and other		Current accounts	
Liabilities	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
			(In millions €)			
Equity holders	46.2	100.7	0.1	-	-	-
Executive managers	-	-	-	-	-	-
Associate companies	0.9	-	20.3	6.6	-	-
TOTAL	**47.1**	**100.7**	**20.4**	**6.6**	**-**	**-**

27.2 Compensation of key management personnel

The remuneration of Managers and other members of key management personnel during the year was as follows:

	December 31, 2014	December 31, 2013
Short-term benefits	0.5	2.3
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Termination benefits	-	-
TOTAL	**0.5**	**2.3**

Following the Group restructuring, compensation of key management personnel has been shifted to Altice S.A., the parent entity of the Group.

28 Contractual obligations and commercial commitments

The Group has contractual obligations to various suppliers, customers and financial institutions that are summarized below. A detailed breakdown by operating entity is provided below. These contractual obligations listed below do not contain operating leases (detailed in note 28.3).

	December 31, 2014					
Unrecognised contractual commitments	**< 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Five years or more**	**Total**
Goods and service purchase commitments	65.3	36.9	2.6	-	-	104.9
Investment commitments	119.8	40.4	68.1	-	-	228.3
Guarantees given to suppliers/customers	12.7	2.0	2.0	1.9	2.0	20.6
Guarantees given to financial institutions	9.0	-	-	-	-	9.0
Guarantees given to government agencies	9.4	2.6	4.5	18.2	5.6	40.3
Other commitments	51.9	-	-	-	-	51.9
Total contingent liabilities	**268.1**	**82.0**	**77.3**	**20.1**	**7.6**	**455**

	December 31, 2013					
Unrecognised contractual commitments	**< 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Five years or more**	**Total**
Goods and service purchase commitments	103.4	70.0	36.0	1.4	21.9	232.7
Investment commitments	38.9	1.2	0.6	-	-	40.7
Guarantees given to suppliers/customers	5.8	2.7	2.3	2.3	1.2	14.3
Guarantees given to government agencies	14.1	7.5	0.5	4.0	22.3	48.3
Other commitments	(2.1)	51.5	-	-	-	49.4
Total	**160.1**	**132.9**	**39.3**	**7.7**	**45.4**	**385.3**

28.1.1 Commitment to purchase goods and services

Commitments to purchase goods and services mainly refer to long term contracts that different operating entities have entered into with suppliers of goods and services that are used to provide services to end customers:

(1) HOT Telecom and HOT Mobile have commitments to purchase goods and services for a total of €51.9 million over the next three years. Such commitments include commitments to purchase inventory and engineering and IT related services.

(2) Cabovisao has commitments to purchase customer premises equipment and other services for a total of €47.0 million.

28.1.2 Investment commitments

Investment commitments mainly refer to commitments made by different Group companies to suppliers of tangible and intangible assets (capex suppliers). It also includes commitments made to government or local bodies to make certain investments in the context of Public-Private Partnerships ("PPP") entered into by some subsidiaries of the Group.

(1) At HOT, a total of €217.1 million has been committed to suppliers of capex and content (€100.9 million and €116.2 million respectively) over the next three years.

(2) At ODO, commitments to purchase mobile handsets for a total amount of €9.5 million.

28.1.3 Guarantees given to suppliers/customers

This caption includes €9.7 million and €9.0 million in bank guarantees provided by ONI and Cabovisao respectively.

28.1.4 Guarantees given to financial institutions

This caption consists of bank guarantees given by Cabovisao in the course of its business.

28.1.5 Guarantees given to government agencies

The entire amount of this caption corresponds to guarantees given by the HOT group (consisting of HOT Telecom and HOT Mobile) to government agencies as part of its regular operations. Some of these are listed below:

(1) Bank guarantees to the Ministry of Communications, in respect of the national operator license that was granted to HOT Telecom amounting to €6.9 million, in force until December 2017 and December 2025.

(2) Guarantees in an amount of €7.2 million to the Council in respect of the broadcasting license, which are in force until May 2015.

(3) Up to November 21, 2013, a bank guarantee in an amount of €147.1 million (NIS 695 million), which was made available by HOT Mobile within the context of its win in a tender for the allocation of frequencies and as collateral for its commitment in favor of the Ministry of Communications, which is in force until December 31, 2018. On November 21, 2013, HOT Mobile achieved the target market share that is requires under the terms of the guarantee and accordingly the amount of the guarantee has been reduced to €16.9 million (NIS 80 million), which represents the commitment to achieve a target for the deployment of the network. In accordance with the wording of the guarantee that was written by the Ministry of Communications, there is no restriction in the guarantee on the endorsement, assignment or transfer of the guarantee to a third party. Furthermore, HOT Mobile has a duty to bear any expense that is involved in the exercise or the extension of the guarantee. In the light of the aforesaid terms, HOT Mobile has signed on a letter of undertaking and indemnification vis-à-vis the bank, in accordance with which the company waives and is prevented from raising any claim against the bank in connection with the wording of the said guarantee, and it will indemnify and compensate the bank in respect of any expenses incurred for the purpose of conducting administrative and/or legal proceedings in connection with the said issues. HOT Mobile has reduced the irrevocable letter of commitment vis-à-vis the bank, accordingly. The letter of undertaking was signed as a condition for the making available of a guarantee as collateral for the Company's commitments vis-à-vis the Ministry of Communications within the context of the Company's win in a frequencies tender for the setting up of a third generation cellular network (UMTS).

28.1.6 Other commitments and guarantees

These consist of €51.9 million at HOT, relating to €12.4 million provided as guarantees to certain equipment suppliers, €25.7 million provided as guarantees to financial partners in the context of reverse factoring agreements and €12.9 million of guarantees provided to other agencies at HOT Telecom.

28.2 Litigation

In the normal course of its activities, the Group is accused in a certain number of governmental, arbitration and administrative law suits.

Provisions are booked by the Group when it is more likely than not that such lawsuits shall incur expenses to the Group and also if the magnitude of these expenses can either be quantified or estimated within a reasonable range. In this case, the provisions corresponds to our best estimate of the risks. The magnitude of the provisions retained is based on the estimate of the level of risk on a case-by-case basis, it being taken into account that the occurrence of events in the course of the legal action can involve a constant a re-estimation of this risk.

The Group is not aware of other dispute, arbitration, governmental or legal action or exceptional fact (including any legal action of which the issuer is aware, which is outstanding or by which it is threatened) that may have been or is in progress during the last twelve months and that has a significant effect on the financial position, the earnings, the activity and the assets of the company and the group, other than those described below.

This note lists below all significant Group ongoing legal and fiscal disputes as at December 31, 2014.

28.2.1 Tax audits and litigation

Tax litigation pending in Portugal

As a result of the inspections from the Portuguese tax authorities (refer to note 20) for the fiscal years 2003 to 2008, the following judicial processes are pending:

- An assessment of the Portuguese Tax Authorities related to 2005, requested an adjustment of tax losses in the amount of €17.2 million, as well as an additional tax payment in the amount of €4.1 million for withholding tax and stamp tax. The Group paid €2.9 million and contested this decision through an appeal, but has not received the final decision yet. The unpaid amount of, approximately, €1.0 million (excluding related late payment interests) was contested on appeal. In the year ended August 31, 2012, the Corporate Tax Authority accepted the claim. As of today, there were not any subsequent deliberations after that decision. The Board of Managers believes that the final outcome of this matter will be favorable to the Group.

- An assessment of the tax payable concluded that there was withholding tax due in the amount of approximately €5.2 million (excluding related late payment interests). The Group does not agree with this assessment, having filed a gracious complaint and subsequently a judicial appeal and submitted a bank guarantee in the amount of approximately €6.8 million. As of December 31, 2014, the administrative and tax court of Almada didn't pronounce itself on that claim. The Board of Managers believes that the final outcome of this matter will be favorable to the Group.

28.2.2 Commercial disputes

Litigations and claims against the HOT group

During the routine course of business, lawsuits have been filed against the companies that comprise the HOT group and various legal proceedings are outstanding against it.

In the opinion of the Board of Managers of the Group, based, inter alia, on legal opinions in respect of the chances of the lawsuits, a fair provision of €14.6 million has been recorded in the consolidated financial statements as of December 31, 2014, where provisions are required, in order to cover the exposure as the result of the lawsuits.

In the opinion of the Board of Managers of the Group, the amount of the additional exposure, in an amount of approximately €547.8 (over and above the provisions that have been recorded in these consolidated financial statements), as of December 31, 2014, as a result of lawsuits that have been filed against companies in the HOT group on various matters, is as follows:

- An amount of approximately €357.3 million to cover claims which the Board of Managers and legal team estimate to have less than a 50% chance of succeeding.

- An amount of approximately €63.5 million towards claims for which no assessment is possible, or towards those class action lawsuits that were presented very close to the date of the financial statements.

- An amount of approximately €127.0 million to cover claims which the Board of Managers and legal team estimate to have more than a 50% chance of succeeding.

The following is an abbreviated summary of the Hot group's contingent liabilities effective as of December 31, 2014, in accordance with groupings having similar characteristics:

The nature of the lawsuit	The amount of the additional exposure in excess of the provision recorded as of December 31, 2014	The amount of the lawsuits that cannot be assessed and which were presented close to the date of the financial statements (primarily applications for approval as class actions)	Provisions recorded in the financial statements as of December 31, 2014	Provisions recorded in the financial statements as of December 31, 2013	Updating of the expense (income), net in the reporting period
			(In millions €)		
Customers	533.8	68.6	7.6	4.2	3.6
Copyrights	-	-	2.8	6.3	(1.1)
Suppliers	12.7	-	0.8	0.4	0.4
Employees	1.3	-	0.2	0.2	-
Others	-	-	3.2	-	3.2
Total	547.8	68.6	14.6	11.2	6.1

28.3 Commitments to lease assets (operational leases)

Certain subsidiaries of the Group have obligations to lease assets which are under operational lease contracts. Such operating leases exist at the level of HOT and ODO. These companies rent out building space and other commodities such as automobiles under long term contracts that generate an obligation to pay rent for these companies.

In some cases, the rental space under contract maybe be sublet, which generates revenues and hence reduce the obligation under such leasing contracts.

Such obligations are listed below:

	Minimal future leasing fees
	(In € millions)
One year or less	48.0
Between two and five years	70.3
Greater than five years	15.2
Total operating leases	**133.5**

28.4 Other commitments

Provision regarding the contribution of Cabovisão and ONI for the Universal Service

Provisions of, approximately, €2.6 million and €2.2 million were recorded for the contribution of respectively Cabovisão and Oni for the Universal Service, under the terms determined by ANACOM (Portuguese telecommunications regulator). Those provisions related to the period 2007-2011. The contribution for the period 2012-2014 has not yet been determined, and there is no information available to estimate it reliably.

29 Going concern

As at December 31, 2014, the Group had net current liabilities position of €499.5 million (mainly due to current trade and other payables of €552.4 million) and a negative working capital of €262.1 million. During the year ended December 31, 2014, the Group registered a net loss of €194.8 million (loss of €208.4 million in financial year 2013) and generated cash flows from operations of €759.6 million. The positive cash flow from operations balance was mainly due to strong earnings growth and EBITDA generation. The net loss recorded in the financial year was mainly driven by the increased finance costs on the issuance of new debt to finance the acquisition of the Dominican entities. 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 (€268.7 million vs. €552.4 million). Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of December 31, 2014, the Group's short term borrowings mainly comprised of the accrued interests (€58.9 million) on the bonds and loans from financial institutions which are repaid on a semi-annual basis and some local bonds (€26.7 million). Those short term obligations are expected to be covered by the cash flows from operations of the operating subsidiaries.

The long term debt of the Group commences to mature in 2019 (see note 14).

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

- The Group has a strong track record of generating positive EBITDA and generated strong positive operating cash flows in 2014 (€742.4 million). EBITDA amounted to €868.8 million, an increase of 67.5% compared to financial year 2013. This increase in EBITDA is mainly due to the integration of newly acquired entities (see note 3) which contributed to this increase compared to prior year. The Board of Managers is of the view that such EBITDA and the consequent cash flows are sufficient to service the working capital of the Group.

- The Group had healthy unrestricted cash reserves at the end of 2014 (€188.1 million vs. €61.3 million in 2013), which would allow it to cover any urgent cash needs. Additionally, as of December 31, 2014, the Group had access to Revolving Credit Facilities ("RCF") and guarantee facilities of up to €221.1 million (out of which €126.2 million has been drawn as at December 31, 2014). In addition, the Group repaid its USD RCF for a total amount of €46.2 million ($56 million) (see note 30 on the events after the reporting period) confirming the Group's capacity to meet its repayment obligations. Additionally, Group may access another Revolving Credit Facility for a total aggregate amount of €501 million which can be drawn upon the satisfaction of certain customary conditions precedent.

- As of December 31, 2014, the Group had improved its equity position to €(154.2) million (resulting from an improvement in the net profit of the group, as well as the conversion of certain shareholder loans into equity during 2014), from €(261.2) million as of December 31, 2013. Additionally, the Group has access to equity markets via its direct and unique shareholder, Altice S.A. to meet any financing needs that it may have.

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

The Board of Managers also tracks operational key performance indicators (KPIs) on a weekly basis, thus closely tracking top line trends very closely. This allows the Board of Managers 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 Managers is of the view that the Group will continue to act as a going concern for 12 months from the date of approval of these consolidated financial statements and has hence deemed it appropriate to prepare these consolidated financial statements using the going concern assumption.

30 Events after the reporting period

Acquisition of Portugal Telecom

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

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

EU Competition authorities approved the acquisition on April 20, 2015. As part of the approval, the Group has agreed to the disposal off its current operations in Portugal, namely Cabovisao and ONI. The closing of the transaction is expected to occur in Q2 2015

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

On January 31, 2015, Altice announced the pricing of an offering of (i) €750 million in aggregate principal amount of its 6¼% Senior Notes due 2025 and $1,480 million aggregate principal amount of its 7⅝% Senior Notes due 2025 (the "Senior Notes"), (ii) $2,060 million aggregate principal amount of Altice Financing S.A.'s 6⅝% Senior Secured Notes due 2023 and €500 million aggregate principal amount of Altice Financing S.A.'s 5¼% Senior Secured Notes due 2023 (the "Altice Financing Senior Secured Notes") and (iii) $385 million aggregate principal amount of Altice Finco S.A.'s 7⅝% Senior Notes due 2025 (the "Altice Finco Senior Notes", and together with the Altice Financing Senior Secured Notes and the Senior Notes, the "Notes"). The offering of the Senior Notes has closed on February 4, 2015, and the proceeds from such offering are now held in segregated escrow accounts pending satisfaction of certain escrow release conditions (including the completion of the Portugal Telecom acquisition).

In addition, Altice Financing entered into a new term loan with several banks and divided into a €400 million tranche and a $500 million, both having a variable interests and maturing in 2023.

In addition, upon condition of the completion of the acquisition, the Group would have access to an additional Revolving Credit Facility agreement for a total aggregated amount of €330 million.

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

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