



ALTICE INTERNATIONAL S.à r.l.

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016**

**AND REPORT OF THE
REVISEUR D'ENTREPRISES AGREE**

Table of Contents

Consolidated Statement of Income	2
Consolidated Statement of Other Comprehensive Income	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6
1 About Altice International and the Altice Group	
2 Significant accounting policies	
3 Scope of consolidation	
4 Segment reporting	
5 Goodwill	
6 Intangible assets	
7 Property, plant and equipment	
8 Financial assets	
9 Inventories	
10 Trade and other receivables	
11 Cash and cash equivalents and restricted cash	
12 Sole Partner Equity	
13 Provisions	
14 Borrowings and other financial liabilities	
15 Financial risk factors	
16 Fair value of financial assets and liabilities	
17 Obligations under leases	
18 Trade and other payables	
19 Other liabilities	
20 Taxation	
21 Operating expenses	
22 Depreciation, amortization and impairment losses	
23 Average workforce	
24 Net finance costs	
25 Related party transactions and balances	
26 Contractual obligations and commercial commitments	
27 Litigation	
28 Going concern	
29 Revised information	
30 Events after the reporting period	
31 List of entities included in the scope of consolidation	
Report of the réviseur d'entreprises agréé	68

Altice International S.à r.l.

Consolidated Financial statements as of December 31, 2016

Consolidated Statement of Income For the year ended December 31, 2016 (€m)	Notes	Year ended December 31, 2016	Year ended December 31, 2015 (revised *)
Revenues	4	4,513.8	3,492.8
Purchasing and subcontracting costs	4	(1,025.7)	(786.2)
Other operating expenses	4, 21	(890.6)	(764.9)
Staff costs and employee benefit expenses	4	(459.0)	(339.9)
Depreciation, amortization and impairment	4, 22	(1,471.5)	(1,221.5)
Other expenses and income	4	(157.3)	(101.5)
Operating profit	4	509.7	278.8
Interest relative to gross financial debt	24	(654.1)	(480.8)
Other financial expenses	24	(80.5)	(191.6)
Financial income	24	86.6	11.5
Net result on extinguishment of financial liabilities		(88.0)	-
Finance costs, net	24	(736.0)	(660.9)
Net result on disposal of businesses	3.3	112.6	27.5
Share of profit of associates		2.5	2.1
Loss before income tax		(111.2)	(352.5)
Income tax expense	20	(131.6)	(48.7)
Loss for the period		(242.8)	(401.2)
<i>Attributable to equity holders of the parent</i>		(231.1)	(397.2)
<i>Attributable to non-controlling interests</i>		(11.7)	(4.0)

Consolidated Statement of Other Comprehensive Income For the year ended December 31, 2016 (€m)	Note	Year ended December 31, 2016	Year ended December 31, 2015 (revised *)
Loss for the period		(242.8)	(401.2)
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		22.4	55.3
Revaluation of available for sale financial assets, net of taxes		0.5	0.5
Gain on cash flow hedge, net of taxes	14	(140.8)	(80.7)
Actuarial losses, net of taxes		(36.2)	(5.1)
Total other comprehensive loss		(154.1)	(30.0)
Total comprehensive loss		(396.9)	(431.2)
<i>Attributable to equity holders of the parent</i>		(386.6)	(428.5)
<i>Attributable to non-controlling interests</i>		(10.3)	(2.7)

(*) Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2015 financial year. For the details of the revision refer to note 29.

The accompanying notes from page 6 to 67 form an integral part of these consolidated financial statements.

Altice International S.à r.l.

Consolidated Financial statements as of December 31, 2016

Consolidated Statement of Financial Position	Notes	December 31, 2016	December 31, 2015
As at December 31, 2016			(revised *)
(€m)			
Non-current assets			
Goodwill	5	3,642.3	3,709.2
Intangible assets	6	2,927.6	2,748.4
Property, plant & equipment	7	4,164.5	4,440.8
Investment in associates	3.3	14.1	308.0
Financial assets	8	170.8	400.3
Deferred tax assets	30	91.8	36.7
Other non-current assets		135.4	36.6
Total non-current assets		11,146.5	11,680.0
Current assets			
Inventories	9	158.0	82.7
Trade and other receivables	10	1,291.5	995.7
Current tax assets		16.9	33.2
Financial assets	8	571.5	3.0
Cash and cash equivalents	11	266.0	266.0
Restricted cash	11	19.4	0.4
Total current assets		2,323.4	1,381.0
<i>Assets classified as held for sale</i>	3.3	416.7	122.1
Total assets		13,886.6	13,183.1
Issued capital	12.1	309.3	309.3
Additional paid in capital	12.2	311.6	311.6
Other reserves	12.3	453.2	609.0
Accumulated losses		(1,072.6)	(777.8)
Equity attributable to owners of the Company		1.5	452.1
Non-controlling interests	3.1	26.9	(5.8)
Total equity		28.4	446.3
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	14	8,295.1	7,843.3
Other non-current financial liabilities and related hedging instruments	14	964.5	1,020.8
Provisions	13	945.4	1,006.6
Deferred tax liabilities	20	103.4	112.8
Other non-current liabilities	19	165.4	22.9
Total non-current liabilities		10,473.8	10,006.4
Current liabilities			
Short-term borrowings, financial liabilities	14	351.7	216.6
Other financial liabilities	14	643.9	463.1
Trade and other payables	18	1,831.8	1,498.3
Current tax liabilities		87.2	97.0
Provisions	13	82.3	67.3
Other current liabilities	19	344.6	303.5
Total current liabilities		3,341.5	2,645.8
<i>Liabilities directly associated with assets classified as held for sale</i>	3.3	42.9	84.6
Total liabilities		13,858.2	12,736.8
Total equity and liabilities		13,886.6	13,183.1

(*) Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2015 financial year. For the details of the revision refer to note 29.

The accompanying notes from page 6 to 67 form an integral part of these consolidated financial statements.

Altice International S.à r.l.

Consolidated Financial statements as of December 31, 2016

Consolidated Statement of Changes in Equity For the year ended December 31, 2015		Share capital	Additional paid in capital	Accumulated losses	Other reserves	Currency translation reserve	Cash Flow hedge reserve	Available for sale	Employee Benefits	Total equity attributable to equity holders of the parent	Non- controlling interests	Total equity
	Number of ordinary shares											
Equity at January 1, 2015 (revised *)	30,925,700,000	309.3	318.4	(380.0)	(393.8)	(6.6)	-	1.9	(1.5)	(152.3)	(2.6)	(154.9)
Loss for the period		-	-	(397.2)	-	-	-	-	-	(397.2)	(4.0)	(401.2)
Other comprehensive profit/(loss)		-	-	-	-	54.1	(80.7)	0.5	(5.1)	(31.2)	1.2	(30.0)
Comprehensive profit/(loss)		-	-	(397.2)	-	54.1	(80.7)	0.5	(5.1)	(428.5)	(2.8)	(431.2)
Equity portion of issuance of hybrid instruments		-	-	-	1,040.8	-	-	-	-	1,040.8	-	1,040.8
Transactions with non-controlling interests		-	(6.8)	-	-	-	-	-	-	(6.8)	(0.1)	(6.9)
Others		-	-	(0.6)	(0.7)	-	-	-	-	(1.3)	(0.2)	(1.5)
Equity at December 31, 2015 (revised)	30,925,700,000	309.3	311.6	(777.8)	646.3	47.5	(80.7)	2.4	(6.6)	451.9	(5.8)	446.3

Consolidated Statement of Changes in Equity For the Year ended Decemer 31, 2016		Share capital	Additional paid in capital	Accumulated losses	Other reserves	Currency translation reserve	Cash Flow hedge reserve	Available for sale	Employee Benefits	Total equity attributable to equity holders of the parent	Non- controlling interests	Total equity
	Number of ordinary shares											
Equity at January 1, 2016 (revised *)	30,925,700,000	309.3	311.6	(777.8)	646.3	47.5	(80.7)	2.4	(6.6)	451.9	(5.8)	446.3
Loss for the period		-	-	(231.1)	-	-	-	-	-	(231.1)	(11.7)	(242.8)
Other comprehensive profit/(loss)		-	-	-	-	20.9	(140.8)	0.5	(36.2)	(155.6)	1.5	(154.2)
Comprehensive profit/(loss)		-	-	(231.1)	-	20.9	(140.8)	0.5	(36.2)	(386.7)	(10.2)	(396.9)
Transaction with non-controlling interests		-	-	(55.8)	-	-	-	-	-	(55.8)	43.2	(12.6)
Other		-	-	(7.9)	-	-	-	-	-	(7.9)	(0.5)	(8.3)
Equity at December 31, 2016	30,925,700,000	309.3	311.6	(1,072.6)	646.3	68.4	(221.5)	2.8	(42.8)	1.5	26.9	28.4

(*) Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2015 financial year. For the details of the revision refer to note 29.

The accompanying notes from page 6 to 67 form an integral part of these consolidated financial statements.

Altice International S.à r.l.

Consolidated Financial statements as of December 31, 2016

Consolidated Cash Flow Statement For the year ended December 31, 2016 (€m)	Notes	Year ended December 31, 2016	Year ended December 31, 2015 (revised *)
Net loss, including non-controlling interests		(242.8)	(401.2)
Adjustments for:			
Depreciation, amortization and impairments	22	1,471.5	1,221.6
Share in income of associates		(2.5)	(2.1)
Gains and losses on disposals		(112.6)	(31.3)
Payments related to pension plan		(131.2)	(81.2)
Other non-cash operating gains, net ¹		(43.9)	(25.7)
Net result on extinguishment of financial liabilities		88.0	-
Finance costs recognized in the statement of income		648.0	660.9
Income tax expense recognized in the statement of income	4, 20	131.6	48.7
Income tax paid		(67.2)	(77.8)
Changes in working capital		(167.7)	129.5
Net cash provided by operating activities		1,571.2	1,441.3
Payments to acquire tangible and intangible assets	4	(1,125.8)	(674.3)
Payments to acquire financial assets		(11.4)	(283.0)
Consideration received on disposal of businesses		754.1	76.0
Proceeds from disposal of tangible, intangible and financial assets		-	13.9
Investment in associates	3.3	(359.8)	(260.5)
Payment to acquire subsidiaries, net		(38.2)	(114.5)
Net cash used in investing activities		(781.1)	(1,242.4)
Proceeds from issuance of debts	14	3,407.0	4,487.50
Proceeds from issuance of hybrid instruments		-	2,055.0
Payments to redeem debt instruments	14	(3,313.6)	(679.1)
Proceeds from factoring arrangements ³		72.7	-
Payments to acquire non-controlling interests		(26.2)	-
Advances to sole partner		(322.1)	-
Payments to redeem outstanding debt on acquisition ²		-	(5,593.9)
Interest paid		(610.1)	(386.1)
Net cash used in financing activities		(792.3)	(116.6)
Classification of cash as held for sale		(0.9)	(6.8)
Effects of exchange rate changes on the balance of cash held in foreign currencies		3.2	2.4
Net decrease in cash and cash equivalents		-	77.9
Cash and cash equivalents at beginning of period	11	266.0	188.1
Cash and cash equivalents at end of the period	11	266.0	266.0

1 Other non-cash operating gains and losses mainly include allowances and writebacks for provisions (including those for restructuring), and gains and losses recorded on the disposal of tangible and intangible assets.

2 Relates to the repayment of certain debts at PT Portugal in 2015

3 Proceeds from factoring arrangements includes cash received on vendor financing and securitisation for an aggregate amount of €72.7 million.

(*) Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2015 financial year. For the details of the revision refer to note 29.

The accompanying notes from page 6 to 67 form an integral part of these consolidated financial statements.

1. About Altice International and the Altice Group

Altice International S.à r.l. (the “Company”, the “Group”, or “Altice”) is a private limited liability company (“*société à responsabilité limitée*”) incorporated in Luxembourg, headquartered at 5, rue Eugène Ruppert, L-2453, Luxembourg, in the Grand Duchy of Luxembourg.

The controlling shareholder of the Company is Altice Luxembourg S.A., which holds 100% of the share capital, and is itself controlled by Altice N.V. (headquartered at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands). The financial statements of the Company are consolidated into the financial statements of Altice N.V. The controlling shareholder of Altice N.V. is Next Alt S.à r.l., which holds 59.07% of the share capital, and is controlled by Mr. Patrick Drahi.

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

1.1. Basis of presentation of the consolidated financial statements

The consolidated financial statements of Altice International S.à r.l. as of December 31, 2016 and for the year then ended were approved by the Board of Managers and authorized for issue on April 28, 2017.

The consolidated financial statements as of December 31, 2016 and for the year then ended, are presented in millions of Euros, except as otherwise stated, and have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union (“IFRS”) (“the consolidated financial statements”).

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

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.

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 (see note 16)

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 and relevance.

1.1.1. Comparative information

The impairment line is now included in the line “Depreciation, amortisation and impairment”; prior year amounts were reclassified to match the current year’s presentation.

1.2. Correction of errors

During the year ended December 31, 2016, we concluded that the consolidated financial statements for the year ended December 31, 2015 should be revised in accordance with IAS 8 - *Accounting Policies, Changes in Accounting estimates and Errors*, in order to reflect the impact of the foreign exchange result of a net investment in foreign operation signed between Altice International S.à r.l. and Cool Holding Ltd S.A.. As per the requirements of IAS 21 - *The Effects of Changes in Foreign Exchange Rates*, exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation shall be recognised in other comprehensive income in the consolidated financial statements.

These revisions result in an increase of the caption 'other financial expenses' and a decrease of the caption currency translation reserve' as of December 31, 2015 for an amount of €42.6 million. These revisions had no impact on our previously reported consolidated statement of income or the consolidated statement of financial position (except the two captions mentioned above), nor the consolidated statement of cash flows.

In addition to the above, for the year ended December 31, 2016, we concluded that the consolidated financial statements for the year ended December 31, 2015 should be revised in accordance with IAS8 *Accounting Policies, Changes in Accounting estimates and Errors*, in order to reflect the impact of the put agreement signed between Altice Content and News Participation, the holding company owned by Alain Weil (see Note 2). As part of the transactions with GNP and the subsequent minority investment in Altice Content Luxembourg, the Group had entered into a put agreement with the non-controlling interests (News Participation). As per the requirements of IAS 39, the put was measured and recorded at its fair value in the caption, 'other financial liabilities' with a counterpart in the caption 'Total Equity' for an amount of €56.8 million.

These revisions resulted in an increase of the caption 'other financial liabilities' and a decrease of the caption 'Total equity' as of December 31, 2015 for an amount of €56.8 million (€50.0 million attributable to Non-Controlling Interests and €6.8 million to the Group). These revisions had no impact on our previously reported consolidated statement of income, consolidated statement of financial position (except the two captions mentioned above) and consolidated statement of cash flows.

1.3. Significant accounting judgments and estimates

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

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

These judgments and estimates relate principally to the provisions for legal claim, the post-employments benefits, revenue recognition, fair value of financial instruments, deferred taxes, impairment of goodwill, useful lives of intangible assets and property, plant and equipment and trade receivables and other receivables. These estimates and assumptions are described in the note 2.26 to the consolidated financial statements for the year ended December 31, 2016.

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

1.4.1. New and revised IFRSs that are mandatorily effective for the year ended December 31, 2016

In the current year, the Group has applied a number of amendments to IFRSs and an interpretation issued by the International Accounting Standards Board (IASB) and adopted in the European Union that are mandatorily effective for an accounting period that begins on or after January 1, 2016.

- 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.
- 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. The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice. The amendments clarify that materiality applies to the whole financial statements and that information which is not material need not be presented in the primary financial statements or disclosed in the notes.
- Annual improvements cycle 2012-2014 including amendments of IFRS 5 Non-current Asset Held for Sale and Discontinued Operation, IFRS 7 Financial Instruments Disclosures, IAS 19 Employee Benefits.

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

1.4.2. Standards issued but not yet effective for the year ended December 31, 2016

In its consolidated financial statements, the Group has not early adopted the following standards and interpretations, for which application is not mandatory for periods started from January 1, 2016.

1.4.2.1. IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 which establishes a single comprehensive 5-step model to account for revenue arising from contracts with customers. IFRS 15 will supersede all 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.

Under IFRS 15, an entity recognises revenue when 'control' of the goods or services is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific situations. Furthermore, extensive disclosures are required by IFRS 15. In addition, in April 2016, the IASB issued Clarifications to IFRS 15 in response to feedback received by the IASB and FASB Joint Transition Resource group for Revenue recognition. The clarifications provide additional guidance on identifying performance obligations, principal versus agent consideration and licensing application guidance.

The standard (as amended in September 2015) is effective for annual periods beginning on or after January 1, 2018. The Group is required to retrospectively apply IFRS 15 to all contracts that are not complete on the date of initial application and have the option to either:

- restate each prior period and recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at the beginning of the earliest period presented; or
- retain prior period figures as reported under the previous standards and recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application. This approach will also require additional disclosures in the year of initial application to explain how the relevant financial statement line items would be affected by the application of IFRS 15 as compared to previous standards.

The effects are analyzed as part of a Group-wide project for implementing this new standard across all significant revenue streams in all significant geographies. The assessment phase is being performed and the implementation plan including the development of new IT tools is in progress. Based on the assessment phase so far, the Group anticipates 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.

Mobile activities: The most significant impact is expected in the mobile activities (B2C and B2B transactions) as some arrangements include multiple elements that are being bundled: a handset component sold at a discounted price and a communication service component. In application of IFRS 15, the Group has identified those items as

separate performance obligations. Total revenue will be allocated to both elements based on their stand-alone selling price, leading to more revenue being allocated to the handset upfront. This will also impact the timing of revenue recognition as the handset is delivered up-front, even though total revenue will not change in most cases over the life of the contract. Other IFRS 15 topics impacting the accounts include:

- capitalization of commissions which will be broader than the current capitalization model, along with depreciation pattern which will require estimates relating to the contract duration in some instances (prepaid business for example),
- impact of early termination and early renewals as well as contract modifications.

In the B2B activities, the same will apply along with the effect of variable considerations such as bonus and sometimes, the identification of options for additional handsets at a discounted price.

Fixed activities: In most cases, the service and the equipment will not be considered as distinct performance obligations. Additional services will be examined separately. Other identified topics relate to connection fees, related costs and capitalization of commissions. Related estimates include the determination of capitalized assets depreciation period based on contract period and additional periods related to anticipated contract that the Group can specifically identify.

Wholesale activities: No major impact has been identified so far except for the effect of constraint on variable consideration.

Other activities: The identification of IFRS topics related to other revenue streams (content, media etc) is still in progress.

The Group has decided to adopt the standard based on the full retrospective approach. It is not yet practicable to provide a reasonable estimate of the quantitative effects until the project has been completed.

1.4.3. IFRS 16 Leases

IFRS 16 Leases issued on January 13, 2016 is the IASB's replacement of IAS 17 Leases. IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. The Group has the option to:

- apply IFRS 16 with full retrospective effect; or
- recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

IFRS 16 will have a significant impact on Altice's Consolidated Statement of Financial Position due to the recognition of the right of use of the leased assets and corresponding lease liabilities. Also, an impact is expected on Altice's Consolidated Statement of Profit or Loss as operating lease fees will no longer be part of operating expenses but will become part of depreciation and interest expenses. An impact is also expected on the consolidated statement of cash flows given payment for the lease liabilities will be presented within financial activities.

The effects are analysed as part of a Group-wide project for implementing this new standard. It is not yet practicable to provide a reasonable estimate of the quantitative effects until the projects have been completed. IFRS 16 has not yet been endorsed by the European Union.

1.4.4. IFRS 9 Financial Instruments

IFRS 9 Financial Instruments issued on July 24, 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 standard is applicable for annual periods beginning on or after January 1, 2018.

The Board of Managers of the Company anticipates 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.

1.4.5. Amendments to IFRS 2: Classification and Measurement of Share-based payments

In June 2016, the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The standard is applicable for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Board of Managers of the Company anticipate that the application of IFRS 2 in the future may have a material impact on amounts reported in respect of the Group's consolidated financial statements.

1.4.6. Amendments to IAS 7 Disclosure Initiative

In January 2016, the IASB issued amendments to IAS 7 related to the cash flow statements. The amendments will require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including non-cash changes and changes arising from cash flows. These requirements become effective for reporting periods beginning on or after January 1, 2017. Earlier application is permitted. The application of the standard will result in additional disclosures related to the financing activities.

1.4.7. Interpretation 22—Foreign Currency Transactions and Advance Consideration

In December 2016, the IFRIC issued Interpretation 22—Foreign Currency Transactions and Advance Consideration. IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The interpretation is applicable for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The application of these amendments may have a material impact on the amounts recognised in the Group's consolidated financial statements.

1.4.8. Recognition of Deferred Tax Assets for unrealized Losses (Amendments to IAS 12)

The amendment clarifies the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments are applicable for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The application of these amendments may have a material impact on the amounts recognised in the Group's consolidated financial statements.

2. Significant accounting policies

The Group's principal accounting policies are described below.

2.1. Basis of consolidation

2.1.1. 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.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

2.1.2. Joint ventures

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

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

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

2.1.3. Associates

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

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

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

2.2. Foreign currencies

The presentation currency of the consolidated financial statements is euros. The functional currency, which is the currency that best reflects the economic environment in which the subsidiaries of the Group operate and conduct their 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.

2.2.1. 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 consolidated statement of income.

2.2.2. 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 consolidated statements of income and cash flow are translated using the average exchange rates for the period. Foreign exchange differences resulting from such translations are either recorded in shareholders' equity under "Currency translation reserve" (for the Group share) or under "Non-controlling interests" (for the share of non-controlling interests) as deemed appropriate.

The exchange rate of the main currencies were as follows:

Foreign exchange rates used (€)	Annual average rate		Rate at the reporting date	
	2016	2015	Dec 31, 2016	Dec 31, 2015
Dominican Pesos (DOP)	0.01965	0.02001	0.02035	0.02017
Israeli Shekel (ILS)	0.23536	0.23190	0.24705	0.23540
United States Dollar (USD)	0.90342	0.90131	0.94868	0.91853
Swiss Franc (CHF)	0.91730	0.93642	0.93119	0.92294
Moroccan Dirham (MAD)	n/a	n/a	0.09422	n/a

2.3. Revenue recognition

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

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:

2.3.1. 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.

2.3.2. 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 point 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.

2.3.3. 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 DSL 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.

2.3.4. 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— 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.

2.3.5. 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.

2.3.6. Advertising revenues

Advertising revenues are recognized when commercials are aired.

2.3.7. 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 market 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, net

Finance costs, net 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;
- Ineffective portion of hedges that qualify for hedge accounting;
- Foreign exchange gains and losses on monetary transactions;
- Interest income relating to cash and cash equivalents;
- Gains/losses on extinguishment of financial liability;
- Investment securities and investment securities pledged as collateral (Comcast investment) are classified as trading securities and are stated at fair value with realized and unrealized holding gains and losses included in net financial result.

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.

2.5.1. 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.

2.5.2. 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.

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 to the Group, liabilities incurred by the Group from 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 Employee Benefits 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 Share-based payments 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 Financial instruments, 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.

2.7.1. Acquisition under common control

In the absence of specific guidance under IFRS for transactions between entities under common control, the Company considered and applied standards on business combination and transactions between entities under common control issued by the accounting standard-setting bodies in the United States (Accounting Standards Codification Topic 810-10-45-10 and Topic 810-10-55-1B Consolidation and SEC Regulation S-X Article 3A – Consolidated and Combined Financial Statements) and in the United Kingdom (FRS 6 Acquisitions and mergers) to prepare the consolidated financial statements.

Acquisition under common control uses the following methods and principles:

- Carrying values of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value on consolidation, although appropriate adjustments should be made to achieve uniformity of accounting policies in the combining entities;
- The results and cash flows of all the combining entities should be brought into the consolidated financial statements of the combined entity from the beginning of the financial year in which the combination occurred, adjusted so as to achieve uniformity of accounting policies;
- The difference, if any, between the nominal value of the shares issued plus the fair value of any other consideration given, and the nominal value of the shares received in exchange should be shown as a movement on Additional Paid in Capital in the consolidated financial statements;

Any existing balance on the share premium account of the new subsidiary undertaking should be brought in by being shown as a movement on Additional Paid in Capital. These movements should be shown in the reconciliation of movements in shareholders' equity.

2.8. 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 tested 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.

<i>The useful lives of the intangible assets are as follows:</i>	Duration
Software	3 years
Brands	5 to 15 years
Customer relations	4 to 17 years
Licences	over the period of licences
Indefeasible Right of use	3-30 years
Subscriber purchase costs	based on average duration of subscriptions

Customer relations established in connection with acquisitions that are finite lived are amortized using the straight-line basis over their respective estimated useful lives.

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 Service Concession Arrangements. 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 use or access rights obtained. Amortization is generally calculated on a straight-line basis over the shorter of the contractual term and 30 years.

Research costs are expensed as incurred. Development costs 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.

2.8.1. Content rights

Exclusive sports broadcasting rights are recognised in the consolidated statement of financial position from the point at which the legally enforceable licence period begins. Rights for which the licence period has not started are disclosed as contractual commitments in note 25. Payments made to acquire broadcasting rights in advance of the legal right to broadcast the programmes are classified as prepayments in the caption “other financial assets” in the statement of financial position. Broadcasting rights are initially recognised at cost and are amortised from the point at which they are available for use, on a straight line basis over the broadcasting period. The amortisation charge is recorded in the caption “depreciation and amortisation” in the consolidated statement of income. The costs of exclusive in-house content and external content are recognised as an intangible asset. 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. The amortisation charge is recorded in the caption “depreciation and amortisation” in the income statement.

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.

<i>The estimated useful lives of property, plant and equipment were:</i>	Duration
Buildings	5 to 50 years
Cables and mobile 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

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.

2.11.1. 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 period 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.

2.11.2. The Group as lessee

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

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (see note 2.12 below). Contingent rentals are recognized as expenses in the periods in which they are incurred. Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis,

except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.12. Borrowing costs

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

2.13. Government grants

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

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market interest rate is measured at the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

2.14. Financial assets

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

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

2.14.1. Available-for-sale financial assets

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

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

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

2.14.2. 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.

2.14.3. Held-to-maturity financial assets

Held-to-maturity financial assets are financial assets with fixed or determinable payments and fixed maturity that the Company has both the intention and ability to hold to maturity. Financial assets that are designated as held-to-maturity are measured at amortized cost, in accordance with the effective interest rate method. They are reviewed for impairment on an individual basis if there is any indication that they may be impaired.

2.14.4. Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short term profit-taking;
- it is a derivative that is not designated and effective as a hedge instrument.

Financial assets at FVTPL are stated at fair value, with any gains and losses arising on remeasurement recognised in the caption "Other Financial expense" or "Other Financial income" in the income statements.

2.15. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Cost of inventories is determined using the weighted average cost method. The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.

2.16. Cash and cash equivalents

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

2.17. Restricted cash

Restricted cash can consist of balances dedicated to the repayment of the Company's liabilities to banking entities in accordance with the Company's credit agreement and therefore amounts that the Group cannot use at its discretion. Restricted cash can also consist of cash held in escrow to finance certain acquisitions (in the period between the agreement to acquire and the actual closing of the acquisition and the transfer of shares and cash and other considerations). Restricted cash may also consist of guarantees provided by different Group companies to financial institutions related to financing or other activities. Restricted cash is not considered as a component of cash and cash equivalents since such balances are not held for the purposes of meeting short-term cash commitments.

2.18. Derivatives

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

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

underlying component.

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

2.19. Hedge accounting

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

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

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

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

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

2.20. Classification as debt or equity

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

2.20.1. Equity instruments

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

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

2.21. Financial liabilities

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

2.21.1. 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.

2.21.2. Financial liabilities 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.

2.21.3. Liabilities related to put options granted to non-controlling interests

The Group granted put options to third parties with non-controlling interests in certain consolidated subsidiaries, with these options giving the holders the right to sell part or all of their investment in these subsidiaries. These financial liabilities do not bear interest.

At inception, in accordance with IAS 32, Financial instruments: presentation, when non-controlling interests hold put options enabling them to sell their investment in the Group, a financial liability is recognized for an amount corresponding to the present value of liability assumed and the counterpart of the liability arising from these obligations is:

- on the one hand, the reclassification as debt of the carrying amount of the corresponding non-controlling interests;
- on the other, a reduction in the equity - Group share: the difference between the present value of the strike price of the options granted and the carrying amount of non-controlling interests is presented as a reduction of other reserves attributable to equity holders of the parent. This item is adjusted at the end of each reporting period to reflect changes in the strike price of the options and the carrying amount of non-controlling interests.

The Group, in the absence of specific IFRS guidance, has elected to recognize future increases (or decreases) of the fair value of put options in equity, as an increase to (or a deduction from) other reserves attributable to equity holders of the parent. The Group is closely monitoring the work of the IASB and the IFRIC, which could lead to a revision of the treatment of put options granted to non-controlling interests.

2.22. Provisions

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

of the market in respect of the time frame of the money and in certain cases, the risks that are specific to the liability.

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

2.22.1. Claims

A provision regarding 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.

2.22.2. 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.

2.22.3. Restructuring

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

2.23. Liabilities for employment benefits

2.23.1. 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 service cost and the net interest expense in profit or loss in the line item “Staff cost and employee benefit expenses” and “Other financial expenses” respectively. 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.

2.23.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick

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

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

2.24. Share based payments

2.24.1. Share-based payment transactions

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.

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

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

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

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

2.25. Non-current assets held for sale and discontinued operations

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

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

2.26. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Board of Managers of the Company 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.

2.26.1. Claims

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

2.26.2. 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.

2.26.3. Revenue recognition

Judgement and estimates are made for i) the identification of the separable elements of a packaged offer and allocation on the basis of the relative fair values of each element; ii) the period of deferred revenues related to costs to access the service on the basis of the type of product and the term of the contract; iii) presentation as net or gross revenues depending on whether the Group is act as agent or principle.

2.26.4. Fair value of financial instruments

Fair value is determined by reference to the market price at the end of the period, when the data is available. 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), call options and put options granted to non-controlling interests 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.

2.26.5. Deferred tax assets

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

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

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.

2.26.6. 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.

2.26.7. 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.

2.26.8. Trade receivables and other receivables

Allowance for trade receivables are recorded based on experience of recoverability of the customers and/or based on a specific analysis of the recoverability of the customers.

3. Scope of consolidation

A full list of subsidiaries is included in note 31.

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

Non-controlling interests		Ownership interests held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
Name of subsidiary	Place of incorporation	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Altice Technical Services	Luxembourg	49.00%	n/a	5.7	-	51.0	-
Deficom Telecom S.à r.l. ¹	Luxembourg	26.00%	26.00%	(8.1)	(3.1)	(26.3)	(18.4)
Altice Content Luxembourg S.à r.l.	Luxembourg	0.00%	24.00%	-	0.2	-	(0.4)
Others	Various			(9.3)	(1.1)	2.2	13.0
Total				(11.7)	(4.0)	26.9	(5.8)

¹ Deficom Telecom is the holding company through which the Group invests in Belgium and Luxembourg.

3.2. Variations in non-controlling interests

Variations in non-controlling interests	December 31, 2016	December 31, 2015
December 31, 2016		
(€m)		(revised)*
Balance at beginning of the year	(5.8)	(2.6)
Share of loss for the year	(11.7)	(4.0)
Other comprehensive income	1.5	1.2
Transactions with non-controlling interests in Altice Content Luxembourg	-	(0.7)
Non-controlling interests on acquisition of Altice Technical Services	45.0	-
Other variations	(2.1)	0.3
Balance at end of the year	26.9	(5.8)

The variations in non-controlling interests was mainly due to the acquisition of Altice Technical Services on November 25, 2016, where the Group completed the acquisition of a controlling stake (51%) in Altice Technical Services S.A. (see note below for more information).

3.3. Modification in the scope of consolidation

3.3.1. Disposal of Cabovisao and ONI

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

3.3.2. Acquisition of Intelcia (Altice Customer Services or ACS)

On December 22, 2016, the Group completed the acquisition of a controlling stake in its supplier Intelcia Group S.A., a French language-focussed player in the customer relations management outsourcing industry. As per the terms of the deal, the Group acquired 88.87% of the share capital of Intelcia; the remaining 11.13% was acquired by the Group on January 30, 2017. Certain managers in Intelcia subsequently reinvested part of their proceeds to acquire a 35% stake in the parent company of Intelcia. The Group believes that the acquisition of a controlling stake in the company will enable the operating subsidiaries of the Group to provide their customers with fully integrated services, will enhance their expertise and will ensure further quality of service improvements.

3.3.3. Acquisition of Parilis S.A (Altice Technical Services, or ATS)

On November 25, 2016, the Group completed the acquisition of a 51% stake in its supplier Parilis S.A., an all-round technical services company offering among others network deployment, upgrade and maintenance. The Group believes that the acquisition of a controlling stake in the company will enable the operating subsidiaries of the Group to provide their customers with fully integrated services, will enhance their expertise and will ensure further quality of service improvements.

3.3.4. Consolidation of NextRadioTV

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

The Company, through its indirect subsidiary, Altice Content Luxembourg, was a co-investor in Groupe News Participation S.A.S. ('GNP'), of which it owned 49% of the economic and voting rights as of December 31, 2015. Mr. Alain Weill owned the remaining 51% through his holding, News Participations ('NP'). On December 17, 2015, GNP notified the *Autorité des marchés financiers* (the "AMF") of its intention to file a public tender for the outstanding shares of NextRadioTV. The public tender offer was successfully closed on February 1, 2016, with 95.47% of the holders of common shares opting to accept the offer price (GNP needed to acquire at least 95% to complete the tender offer and squeeze out the remaining shareholders). The stock was delisted from Euronext Paris on February 8, 2016.

As of December 31, 2015, the Company had determined that it exercised a significant influence over GNP by virtue of the economic rights and governance rights that it has obtained as a result of its investment and thus had accounted for the investment as an associate. Following the successful closing of the public tender offer on February 1, 2016, and the appointment of Mr. Weill to the executive committee of Altice, the Group determined that its investment in GNP met the criteria for consolidation as per IFRS 10. As of this date, the Company, which was previously recognized as an associate, was consolidated in SFR Group, and therefore is no longer part of the Altice International Group.

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

3.3.5. Acquisition of Altice Management International

On December 30 2016, the parent company of the Group, Altice Luxembourg S.A., sold to the Group its participation in Altice Management International S.A. (“AMI”), a Switzerland based company. AMI provides management services to group entities including services related to the Altice Way. This transaction is considered as a transaction under common control as such is not in the scope of IFRS 3 Business Combination. The assets and liabilities of AMI were transferred at their net book value.

3.3.6. Disposal of Coditel

On December 22, 2016, the Company and its indirect subsidiary Coditel Holding S.A. entered into an agreement to sell the Group’s Belgian and Luxembourg (Belux) telecommunication businesses, which are operated by Coditel Brabant SPRL and Coditel S.à r.l., to Telenet Group BVBA, a direct subsidiary of Telenet Group Holding N.V. The transaction, which is subject to the clearance of the Belgian competition authorities, valued the Group’s Belgian and Luxembourg telecommunication businesses at an enterprise value of €400 million.

As a result, Coditel is classified as a disposal group held for sale, in accordance with IFRS 5 – *Non-current assets held for sale*. The Belux business, part of the “Others” segment, was classified under two separate lines in the statement of financial position which are “Assets classified as held for sale” and “Liabilities directly associated with assets classified as held for sale”. The Board of Managers has not identified any material indicator of impairment as of December 31, 2016. A summary of the Coditel disposal group classified as held for sale is as follows:

Disposal groups held for sale (€m)	December 31, 2016
Goodwill	295.5
Tangible and intangible assets	99.9
Other assets	21.2
Total assets held for sale	416.7
Other non-current liabilities	(5.5)
Current trade payables	(13.9)
Other current liabilities	(23.5)
Total liabilities related to asset held for sale	(42.9)

3.4. Acquisitions of businesses

The major classes of assets and liabilities acquired at acquisition date in the Group’s acquisitions were:

Acquisitions of businesses (€m)	Groupe News Participation	Altice Technical Services	Altice Customer Services	Total
Consideration transferred	0.3	158.1	27.7	186.1
Allocation to minority interests	(60.1)	45.0	-	(15.1)
ASSETS				
Intangible assets	201.8	0.1	4.4	206.3
Property, plant and equipment	10.9	5.4	11.8	28.2
Non-current financial assets	1.8	-	-	1.8
Deferred tax assets	25.0	-	-	25.0
Investments in associates	-	-	0.1	0.1
Other non-current assets	-	0.5	-	0.5
Inventories	-	31.0	-	31.0
Trade receivables and others	111.4	119.1	66.2	296.7
Tax receivables	-	5.6	-	5.6
Cash and cash equivalents	18.6	79.8	10.0	108.3
Other current assets	-	3.5	-	3.5
Total assets	369.4	245.2	92.5	707.1
EQUITY AND LIABILITIES				
Non-current liabilities	760.7	18.6	35.0	814.4
Current liabilities	125.0	163.7	59.0	347.7
Total liabilities	885.8	182.3	94.0	1,162.1
Net assets	(516.4)	62.9	(1.5)	(455.0)
Residual goodwill	456.6	140.2	29.1	625.9

The profit or loss of entities acquired during the year ended December 31, 2016, from the period up to acquisition

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

date (the date from which the entities results were included in these consolidated financial statements) was:

Profit or loss before acquisition by the Group (€m)	Altice Technical Services	Altice Customer Services	Total
Revenues	498.3	113.8	612.1
Purchases and subcontracting services	(285.7)	(26.9)	(312.6)
Other operating expenses	(35.9)	(3.0)	(38.9)
Staff costs and employee benefits	(77.2)	(62.7)	(139.9)
Depreciation and amortization	(1.4)	(4.8)	(6.2)
Other expenses and income	3.1	-	3.1
Operating profit	101.3	16.3	117.7
Profit for the period	88.1	12.4	100.5

Had the acquisitions above all been completed on January 1, 2016, on a pro-forma basis, the Group would have earned total revenues of €4,886 million (unaudited) for the year ended December 31, 2016, including intercompany eliminations of €241.8 million.

4. Segment reporting

Given the geographical spread of the Group entities, analysis by geographical areas is inalienable to the Group strategy of managing its different businesses. It has thus been decided by the executive board members to analyse the business across geographies and then by activity. Other activities such as content, data-centers and holding company operations are classified as others. Such presentation is consistent with the reporting used internally by the executive board members of the Group to track operational and financial performance.

The following geographies have been identified:

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

Additional information on the revenue split is presented as follows:

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

Altice operates high-speed cable, fiber or DSL based fixed line networks in all its operating segments. Consistent with its strategy to invest in convergent networks, the Group also operates 4G/LTE and 3G networks in Portugal, Israel and Dominican Republic, as well as in its businesses in the French Overseas Territories, which are included in the Other segment. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Further details on the Group's segments is provided below.

- **Portugal:** Altice owns PT Portugal, it is the largest telecom operator in Portugal and caters to fixed and mobile B2C, B2B and wholesale clients using the Meo brand.
- **Israel:** Fixed and mobile services are provided using the HOT and HOT Mobile brands to B2C, B2B clients. HOT also produces award winning exclusive content that it distributes using its fixed network.
- **Dominican Republic:** Fixed and mobile services are provided to B2C, B2B and wholesale clients using the Tricom (cable network) and Orange (under licence) brands.
- **Other:** This segment includes the operations in the French Overseas Territories, Belgium and Luxembourg and Switzerland, as well as the Content, Technical Service and Customer Service business, and all corporate entities. The Board of Managers believes that these operations are not substantial enough to require a separate reporting segment, and so are reported under "Other".

Intersegment revenues represented less than 1% of total revenues for the years ended December 31, 2016, and December 31, 2015. Intersegment revenues mainly relate to services rendered by certain centralised group functions (relating to content production, customer service) to the operational segments of the Group, and are

eliminated in the consolidated financial statements.

4.1. Segment information

4.1.1. Operating profit per geographical segment

Year ended December 31, 2016 (€m)	Portugal	Israel	Dominican Republic	Others ¹	Total
Revenue before intercompany elimination	2,311.5	955.5	717.5	564.4	4,548.9
Intersegment eliminations	(7.9)	-	(1.8)	(25.5)	(35.1)
Group consolidated revenues	2,303.7	955.5	715.7	538.9	4,513.8
Purchasing and subcontracting costs	(524.5)	(235.1)	(146.9)	(119.2)	(1,025.7)
Other operating expenses	(408.8)	(222.3)	(164.1)	(95.4)	(890.6)
Staff costs and employee benefit expenses	(282.2)	(66.9)	(30.0)	(80.0)	(459.0)
Adjusted EBITDA	1,088.1	431.2	374.9	244.4	2,138.4
Depreciation, amortisation and impairment	(770.5)	(331.2)	(165.1)	(204.8)	(1,471.5)
Other expenses and income	(100.3)	(22.8)	(24.6)	(9.6)	(157.3)
Operating profit	217.3	77.2	185.2	30.0	509.7

Year ended December 31, 2015 (€m)	Portugal	Israel	Dominican Republic	Others	Total
Revenue before intercompany elimination	1,496.1	923.3	694.8	380.9	3,495.2
Intersegment eliminations	(0.2)	-	-	(2.1)	(2.3)
Group consolidated revenues	1,495.9	923.3	694.8	378.8	3,492.8
Purchasing and subcontracting costs	(326.6)	(222.1)	(141.3)	(96.2)	(786.2)
Other operating expenses	(327.6)	(197.8)	(166.0)	(73.5)	(764.9)
Staff costs and employee benefit expenses	(201.2)	(73.7)	(27.1)	(38.0)	(339.9)
Adjusted EBITDA	640.5	429.7	360.4	171.1	1,601.8
Depreciation, amortisation and impairment	(574.7)	(326.1)	(176.3)	(144.3)	(1,221.5)
Other expenses and income	(54.6)	(18.9)	(8.1)	(20.0)	(101.5)
Operating profit	11.2	84.8	176.0	6.8	278.8

1. "Others" includes the results of GNP from February 8, 2016 to the date of sale to SFR Group. Following the sale, in May 2016, the results are presented under the France segment. GNP contributed €71.6 million to revenues and €13.3 million to adjusted EBITDA for the year ended December 31, 2016.

4.1.2. Other expenses and income

Other expenses and income pertain mainly to provisions for ongoing and announced restructuring, transaction costs and other non-cash expenses (gains and losses on disposal of assets, provisions for litigation, etc.). Details for costs incurred during the years ended December 31, 2016 and 2015 are given below:

Details of other expenses and income (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Restructuring costs ¹	43.7	23.9
Deal fees ²	6.1	22.0
Management fees ³	67.0	28.9
Provisions for litigation ⁴	3.3	-
Other expenses net ⁵	39.0	30.6
Gain on disposals of assets	(1.7)	(3.9)
Other expenses and income	157.3	101.5

- 1) Restructuring costs mainly include costs related to provisions for employee redundancies and contract termination fees of €31.9 million at PT Portugal related to the curtailment of outsourced services and an insourcing plan.
- 2) Deal fees includes the discretionary fees paid to legal counsel, M&A counsel and any other consultants whose services the Group has employed in order to facilitate various acquisitions performed during the year; they do not include any financing costs, as these are capitalized and amortized as per the requirements of IAS 39 – *Financial Instruments: Recognition and Measurement*.
- 3) Management fees refer to fees paid by various operating segments of the Group to other companies of the Altice Luxembourg Group as part of the implementation of the "Altice Way". This fee is calculated a percentage of total revenues for the segment and covers the know-how, methodologies, best practices, processes and unique services provided by Altice's management team to the operating segments. The management fees in 2016 were partially offset by the reversal of provisions for management fees payable from Altice International to Altice Luxembourg in 2016, following the change in the way that management fees were charged. Refer to note 4.2.2.2 below for further details about the Altice Way.
- 4) Provisions for litigation are detailed in note 27.
- 5) The other expenses mainly related to allowances and reversals for other provisions (non-cash) and other cash expenses, including €10 million of payments related to the resolution of tax disputes in the Dominican Republic.

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

4.1.2.1. Restructuring in PT Portugal

Restructuring costs in Portugal were mainly related to an employee redundancy plan implemented by Management during the year 2016 for a total of 250 employees and costs incurred related to an insourcing plan, whereby certain suppliers were replaced by internal talent identified by local management.

4.1.2.2. Management fees – the “Altice Way”

The Altice model or “Altice Way” includes, amongst others, the following core areas of expertise:

- improving network quality, upgrading and building out very high speed communications networks;
- improving customer relationship management and maximizing customer experience, notably by leveraging efficient IT platforms, focusing on digitalization and simplifying processes;
- leveraging Altice’s international media and content organization as part of our global ambition of convergence;
- delivering to our customers the best news channels, the best sport content, the best documentary programs and creating the best series and movies;
- delivering key technology services and market-leading research and development through Altice Labs, the Group’s global research and development arm, promoting innovation and transforming technical knowledge into marketable competitive advantages (including the creation and monetization of world-class data analytics);
- developing, launching and integrating new products, services and business models, including the creation of the next generation communications access and content convergence platforms with market-leading home hubs;
- leveraging branding, sales and marketing strategies and synergies; and
- selecting strategic suppliers and improving technical and commercial negotiations through centralized procurement to leverage Altice’s global scale.

The fees paid by segment for the year ended December 31, 2016 amounted to:

- Portugal: €56.6 million, (2.4% of revenue before intercompany elimination),
- Israel: €14.3 million (1.5% of revenue before intercompany elimination), and
- Dominican Republic: €14.6 million (2.0% of revenue before intercompany elimination)

As noted earlier, these fees were partially offset by the reversal of provisions for management fees payable from Altice International to Altice Luxembourg in 2016, following the change to the management fees structure.

4.1.3. Revenue split by activities

Year ended December 31, 2016 (€m)	Portugal	Israel	Dominican Republic	Others	Total
Fixed - B2C	684.4	642.5	109.6	136.2	1,572.7
Fixed - B2B	419.5	75.6	39.3	27.4	561.8
Wholesale	303.8	-	70.8	12.4	386.9
Mobile - B2C	584.9	185.5	425.3	83.0	1,278.7
Mobile - B2B	202.5	51.9	50.6	4.7	309.7
Other	116.4	-	21.9	300.7	439.1
Total standalone	2,311.5	955.5	717.5	564.4	4,548.9
Intersegment eliminations	(7.9)	-	(1.8)	(25.5)	(35.1)
Total	2,303.7	955.5	715.7	538.9	4,513.8

Year ended December 31, 2015 (€m)	Portugal	Israel	Dominican Republic	Others	Total
Fixed - B2C	484.6	645.3	106.9	141.3	1,378.0
Fixed - B2B	299.7	72.9	37.8	28.8	439.2
Wholesale	170.5	-	62.7	10.6	243.7
Mobile - B2C	346.3	151.0	414.0	100.1	1,011.5
Mobile - B2B	122.5	54.0	50.7	4.8	232.0
Other	72.6	-	22.7	95.3	190.6
Total standalone	1,496.1	923.3	694.8	380.9	3,495.2
Intersegment eliminations	(0.2)	-	-	(2.1)	(2.3)
Total	1,495.9	923.3	694.8	378.8	3,492.8

4.1.4. Capital expenditure

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

Capital expenditure December 31, 2016 (€m)	Portugal³	Israel⁴	Dominican Republic	Others^{1,2}	Total
Capital expenditure (accrued)	438.8	312.8	122.3	583.7	1,457.6
Capital expenditure - working capital items	(56.1)	1.9	12.3	(289.9)	(331.8)
Payments to acquire tangible and intangible assets	382.7	314.7	134.6	293.8	1,125.8

Capital expenditure December 31, 2015 (€m)	Portugal	Israel	Dominican Republic	Others	Total
Capital expenditure (accrued)	208.6	284.9	124.1	93.3	710.9
Capital expenditure - working capital items	(24.7)	-	(11.1)	(0.9)	(36.7)
Payments to acquire tangible and intangible assets	183.9	284.9	113.1	92.4	674.3

- 1) Includes the capitalization of content rights for a total amount of €413.8 million during the year ended December 31, 2016; refer to the note below for further details.
- 2) Includes a one-off capital expenditure related to an IRU on the use of a datacenter at Green datacenter in the Swiss business, for a total amount of €29.6 million.
- 3) Includes €44.0m of capitalised exclusive content costs in Portugal for multi-year contracts.
- 4) Israel's accrued capex includes amounts related to jump in for network sharing agreement with Partner Telecom for a total amount of €61.7 million (NIS 250 million equivalent), of which €12.2 million (NIS 85 million equivalent) remained unpaid as of December 31, 2016.

4.1.4.1. Content rights

During the year, the Group, secured exclusive content rights to broadcast certain sports (English Premier League Football, French Basketball League and English Rugby Premiership) in France and other territories, by SFR; the rights are for periods of between three and six years. The content rights were capitalised in accordance IAS 38-*Intangible Assets* and are amortised on a straight-line basis over their respective useful lives. Where appropriate, the nominal cash flows were discounted to their present value on initial recognition of the asset. The amortization recorded for the year ended December 31, 2016 was:

Content rights	Amortisation (€m)	Useful life	Amortisation period 2016
English Premier League Football	52.7	3 years	5 months
French Basketball League	17.4	4 years	3 months
English Rugby Premiership	0.8	6 years	4 months
Total	70.9		

4.2. Financial Key Performance Indicators ("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 financial KPIs tracked by the Board of Managers are:

- Revenues: by segment and in terms of activity
- Adjusted EBITDA: by segment
- Capital expenditure (capex): by segment.

Adjusted EBITDA and capex are non-GAAP measures. These measures are useful to readers of Altice Group's financials as it provides them with a measure of the operating results which excludes certain items that Altice's executive board members consider outside of its recurring operating activities or that are non-cash, making trends more easily observable and providing information regarding operating results and cash flow generation that allows investors to better identify trends in its financial performance. The non-GAAP measures are 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. Such performance measures are

also the de facto metrics used by investors and other members of the financial community to value other companies operating in the same businesses as the Group and thus enables a better comparison between the Group and its peers. Moreover, the debt covenants of the Group are based on the Adjusted EBITDA and other associated metrics.

Adjusted EBITDA is defined as operating income before depreciation and amortization, and non-recurring items (capital gain, non-recurring litigation, restructuring costs) and other adjustments (equity based compensation expenses). This 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 is an important indicator to follow, as the profile varies greatly between the Group's 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.
- Other capex: Mainly relates to the acquisition of content rights

5. Goodwill

Goodwill recorded in the statement of financial position of the Group was allocated to the different groups of cash generating units ("GCGU") as defined by the Group.

Goodwill	January 1, 2016	Recognized on business combination	Changes in foreign currency translation	Held for sale	Disposals	December 31, 2016
(€m)						
Portugal	1,706.2	-	-	-	-	1,706.2
Dominican Republic	859.1	-	32.2	-	-	891.3
Israel	697.8	-	34.5	-	-	732.3
GNP	-	456.6	-	-	(456.6)	-
Others	594.8	169.2	-	(295.5)	-	468.5
Total gross value	3,857.9	625.8	66.7	(295.5)	(456.6)	3,798.3
Portugal	-	-	-	-	-	-
Dominican Republic	-	-	-	-	-	-
Israel	(144.1)	-	(7.2)	-	-	(151.3)
GNP	-	-	-	-	-	-
Others	(4.6)	-	-	-	-	(4.6)
Total cumulative impairment	(148.7)	-	(7.2)	-	-	(155.9)
Portugal	1,706.2	-	-	-	-	1,706.2
Dominican Republic	859.1	-	32.2	-	-	891.3
Israel	553.7	-	27.3	-	-	581.0
GNP	-	456.6	-	-	(456.6)	-
Others	590.2	169.2	-	(295.5)	-	463.9
Net book value	3,709.2	625.8	59.5	(295.5)	(456.6)	3,642.3

Goodwill	January 1, 2015	Recognized on business combination	Changes in foreign currency translation	Held for sale	Disposals	December 31, 2015 (revised)*
(€m)						
Portugal	1.3	1,706.2	-	(1.3)	-	1,706.2
Dominican Republic	767.3	-	91.8	-	-	859.1
Israel	627.2	-	70.6	-	-	697.8
Others	594.8	-	-	-	-	594.8
Total gross value	1,990.6	1,706.2	162.4	(1.3)	-	3,857.9
Portugal	-	-	-	-	-	-
Dominican Republic	-	-	-	-	-	-
Israel	(129.4)	-	(14.7)	-	-	(144.1)
Others	(4.6)	-	-	-	-	(4.6)
Total cumulative impairment	(134.0)	-	(14.7)	-	-	(148.7)
Portugal	1.3	1,706.2	-	(1.3)	-	1,706.2
Dominican Republic	767.3	-	91.8	-	-	859.1
Israel	497.8	-	55.9	-	-	553.7
Others	590.2	-	-	-	-	590.2
Net book value	1,856.6	1,706.2	147.7	(1.3)	-	3,709.2

5.1. Impairment of goodwill

The Group has chosen to organise its GCGUs based on the geographies that it operates in. For more details on the GCGUs, please refer to the note 4 “Segment Reporting”.

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. Goodwill is tested annually at the GCGU level for impairment as of December 31, 2016. 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.

The value in use of each GCGU 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 4.9% to 11%. Assumptions for churn rates and operating income, or EBIT (and the EBIT margin) were based on historical experience and expectations of future changes in the market. 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 or GCGUs 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

Key assumptions used in estimating value in use	Portugal	Israel	DR	Others
At December 31, 2016				
Average perpetuity growth rate (%)	1.0%	1.5%	2.0%	1.5%
5 year average EBIT margin (%)	29.7%	13.3%	37.1%	14.6%
Post tax weighted average cost of capital 2015 (%)	8.10%	10.0-11.0%	9.60%	4.90-6.70%
At December 31, 2015				
Average perpetuity growth rate (%)	-	1.5%	2.0%	2.0%
5 year average EBIT margin (%)	31.4%	17.2%	36.3%	25.0%
Post tax weighted average cost of capital (%)	7.9%	10.0-11.0%	9.5%	5.6-7.1%

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, 2016.

- The growth rates are provided by individual CGU and the GCGU allocation is indicated.
- 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.

- Capex was indexed to the revenues, as the Board of Managers tracks the capex spend 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.

5.1.1. Sensitivity analysis

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 the GCGUs is presented below, given a changes to the material inputs to the respective valuations:

Excess fair value above carrying amount given the following changes to assumptions: (€m)	Portugal	Israel	DR	Others
0.5% increase in the discount rate	1,145.2	579.9	1,184.1	243.3
1.0% decrease in the perpetual growth rate	826.1	510.4	1,093.4	199.6

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.

5.2. Business combinations

5.2.1. Altice Customer Services (ACS)

On December 22, 2016, the Group finalized the acquisition of 88.87% of the share capital of Intelcia, and certain managers in ACS subsequently reinvested part of their proceeds to acquire a 35% stake. Total consideration transferred to the vendors amounted to €27.7 million (excluding purchase price adjustments) on a cash free debt free basis.

	€m
Total consideration transferred	27.7
Fair value of identifiable assets, liabilities and contingent liabilities	(1.5)
Goodwill	29.1

The provisional value of assets transferred in consideration for the values mentioned above are detailed in note 3.4. The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of ACS. Due to the proximity of the date of acquisition to the balance sheet date, the Group is yet to assess the fair value of the identifiable assets and liabilities. The exercise will be completed within the measurement period as defined by IFRS 3.

5.2.2. Altice Technical Services (ATS)

On November 22, 2016, the Group finalized the 51% acquisition of Parilis SA. Total consideration transferred to the vendors amounted to €158.1 million (excluding purchase price adjustments) on a cash free debt free basis.

	€m
Total consideration transferred	158.1
Allocation to minority interests	45.0
Fair value of identifiable assets, liabilities and contingent liabilities	62.9
Goodwill	140.2

The provisional value of assets transferred in consideration for the values mentioned above are detailed in note 3.4. The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of ATS. Due to the proximity of the date of acquisition to the balance sheet date, the Group is yet to assess the fair value of the identifiable assets and liabilities. The exercise will be completed within the measurement period as defined by IFRS 3.

5.2.3. PT Portugal

During the year ended December 31, 2016, the Group finalized the purchase price allocation regarding the

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

acquisition of PT Portugal. Total consideration transferred to the vendors amounted to €195.1 million (excluding purchase price adjustments) on a cash free debt free basis.

The Group identified the following assets and liabilities to which the purchase price has been allocated as described above. The fair value was determined by an independent external appraiser based on a business plan prepared as of the date of the acquisition:

- Customer relationships: determined for each operating segment of PT Portugal, namely B2C, B2B and Wholesale customers (for both the fixed and mobile businesses). They were evaluated using the excess earnings method and the useful life reflects the economic life of the asset. The total value of customer relationships was €1,211.0 million (previously €1,247.0 million).
- Brand: The Meo brand was preliminary measured at its fair value using the relief from royalty method, and a useful life of 15 years. The fair value amounted to €227.0 million (previously €160.0 million).
- Frequencies: represents the investments in spectrum in order to provide mobile services, the mobile licenses were revalued for an amount of €56.0 million (no change from €56.0 million at December 31, 2015).
- Property, Plant and Equipment: Property plant and equipment was re-measured at its fair value. The PPE was revalued for an amount of €177.0 million (was not yet revalued at December 31, 2015).

Following the purchase price allocation, the final allocation between the different classes of assets and liabilities is given below. The difference has been recorded as goodwill in the consolidated financial statements for the year ended December 31, 2016:

	€m
Total consideration transferred	195.1
Fair value of identifiable assets, liabilities and contingent liabilities	(1,511.1)
Goodwill	1,706.2

5.2.4. Groupe News Participations (NextRadioTV)

Following the public tender offer, GNP was consolidated fully in the Group financial statements. This transaction qualified as a step acquisition as per IFRS 3, *Business Combinations*, and goodwill was allocated to the France GCGU, following the internal transfer to SFR Group. The fair value was determined by an independent external appraiser based on a business plan prepared as of the date of acquisition as follows:

- Brands: Two families of brands were identified and valued using the relief from royalty method, being BFM and RMC, the fair value amounted to €43.3 million.
- Exclusive distribution agreements/broadcast licenses (for radio and TV), the fair value amounted to €107.6 million, which were valued using the excess earnings method.
- Exclusive content agreements and libraries, the fair value amounted to €22.6 million, valued using the net asset value method.

	€m
Total consideration transferred	0.3
Allocation to minority interests	(60.1)
Fair value of identifiable assets, liabilities and contingent liabilities	(516.4)
Goodwill	456.6

Following the sale of GNP to the SFR Group, the goodwill and other revalued assets were derecognized.

6. Intangible assets

Intangible assets December 31, 2016 (€m)	January 1, 2016	Additions	Disposals¹	Business Combi- nations	Changes in foreign currency	Held for sale	Other	December 31, 2016
Software	206.7	32.0	(1.2)	0.1	10.7	(3.6)	4.4	249.0
Brand name	320.5	0.1	(43.3)	43.4	2.3	(7.7)	-	315.3
Customer relations	1,771.5	16.6	-	-	19.0	(36.4)	2.2	1,772.9
Licenses	292.2	421.9	(116.9)	105.8	2.9	(19.9)	1.0	687.1
R&D costs acquisitions	20.0	1.8	-	4.7	-	-	3.4	29.9
Subscriber acquisition costs	293.1	31.9	-	-	17.4	-	-	342.4
Intangible assets under construction	18.5	32.1	(1.0)	-	(0.1)	-	(28.2)	21.3
Other intangible assets	949.8	218.6	(80.8)	56.9	17.5	(19.0)	(93.4)	1,049.6
Total Gross Value	3,872.3	755.0	(243.2)	211.0	69.7	(86.6)	(110.6)	4,467.5
Software	(144.9)	(39.7)	1.9	-	(9.0)	2.2	-	(189.5)
Brand name	(67.1)	(22.9)	1.0	-	(1.2)	7.7	-	(82.5)
Customer relations	(343.7)	(224.2)	-	-	(12.7)	33.3	0.5	(546.8)
Licenses	(65.0)	(94.0)	6.5	-	(1.3)	9.8	5.3	(138.8)
R&D costs acquisitions	(5.6)	(7.8)	-	-	-	-	(0.1)	(13.5)
Subscriber acquisition costs	(288.1)	(29.4)	-	-	(17.0)	-	-	(334.5)
Intangible assets under construction	-	(1.0)	1.0	-	-	-	-	-
Other intangible assets	(209.5)	(167.2)	50.9	-	(9.3)	11.8	89.0	(234.2)
Total Cumulative amortization	(1,123.9)	(586.2)	61.3	-	(50.5)	64.8	94.8	(1,539.9)
Software	61.8	(7.6)	0.7	0.1	1.7	(1.4)	4.4	59.7
Brand name	253.4	(22.8)	(42.4)	43.4	1.1	-	-	232.7
Customer relations	1,427.8	(207.6)	-	-	6.3	(3.0)	2.6	1,226.1
Licenses	227.2	327.9	(110.4)	105.8	1.6	(10.1)	6.3	548.3
R&D costs acquisitions	14.4	(6.1)	-	4.7	-	-	3.3	16.3
Subscriber acquisition costs	5.0	2.5	-	-	0.4	-	-	7.9
Intangible assets under construction	18.5	31.1	-	-	(0.1)	-	(28.2)	21.3
Other intangible assets	740.3	51.4	(29.9)	56.9	8.2	(7.2)	(4.4)	815.4
Total Net book value	2,748.4	168.8	(182.0)	211.0	19.2	(21.7)	(15.9)	2,927.6

Intangible assets December 31, 2015 (€m)	January 1, 2015	Additions	Disposals	Business Combi- nations	Changes in foreign currency	Held for sale	Other	December 31, 2015 (revised*)
Software	138.8	25.9	(1.7)	15.6	21.7	(20.0)	26.4	206.7
Brand name	141.1	-	-	227.0	6.1	(53.8)	0.1	320.5
Customer relations	507.4	15.0	-	1,211.0	48.6	(10.2)	(0.3)	1,771.5
Licenses	217.5	10.5	-	56.1	14.9	(12.0)	5.2	292.2
R&D costs acquisitions	4.9	3.1	-	6.6	-	(0.1)	5.5	20.0
Subscriber acquisition costs	232.5	31.9	(0.1)	-	29.5	(0.7)	-	293.1
Intangible assets under construction	9.9	19.5	-	44.1	0.5	(0.4)	(55.1)	18.5
Other intangible assets	280.4	118.9	(3.5)	577.2	24.2	(14.8)	(32.6)	949.8
Total Gross Value	1,532.5	224.8	(5.3)	2,137.6	145.5	(112.0)	(50.8)	3,872.3
Software	(89.0)	(41.2)	1.7	-	(16.8)	16.8	(16.4)	(144.9)
Brand name	(22.2)	(75.7)	-	-	(1.1)	31.9	-	(67.1)
Customer relations	(156.3)	(177.2)	-	-	(18.8)	8.6	-	(343.7)
Licenses	(38.7)	(31.2)	-	-	(2.7)	7.6	-	(65.0)
R&D costs acquisitions	-	(5.8)	-	-	-	0.2	-	(5.6)
Subscriber acquisition costs	(226.2)	(33.1)	-	-	(28.8)	-	-	(288.1)
Intangible assets under construction	-	-	-	-	-	-	-	-
Other intangible assets	(165.4)	(101.8)	2.6	-	(16.3)	2.8	68.6	(209.5)
Total Cumulative amortization	(697.8)	(466.0)	4.3	-	(84.5)	67.9	52.2	(1,123.9)
Software	49.8	(15.3)	-	15.6	4.9	(3.2)	10.0	61.8
Brand name	118.9	(75.7)	-	227.0	5.0	(21.9)	0.1	253.4
Customer relations	351.1	(162.2)	-	1,211.0	29.8	(1.6)	(0.3)	1,427.8
Licenses	178.8	(20.7)	-	56.1	12.2	(4.4)	5.2	227.2
R&D costs acquisitions	4.9	(2.7)	-	6.6	-	0.1	5.5	14.4
Subscriber acquisition costs	6.3	(1.2)	(0.1)	-	0.7	(0.7)	-	5.0
Intangible assets under construction	9.9	19.5	-	44.1	0.5	(0.4)	(55.1)	18.5
Other intangible assets	115.0	17.1	(0.9)	577.2	7.9	(12.0)	36.0	740.3
Total Net book value	834.7	(241.2)	(1.0)	2,137.6	61.0	(44.1)	1.4	2,748.4

1 The disposals relate mainly to the sale of GNP to SFR Group.

Further details on several captions in the tables above include:

- Customer relations have been valued using the excess earnings method upon acquisition. These are amortized on the basis of the local churn rate. The carrying amount of customer relations by segment was: (i) Portugal: €1,013.3 million, (ii) Israel: €146.5 million (iii) Others: €66.6 million.
- 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.
- Brand names includes the carrying amount of different brands owned by the Group and recognized as part of different purchase price allocations. The carrying amounts of the different brands of the Group allocated to the segments is: (i) Meo in Portugal: €203.0 million, (ii) HOT in Israel: €18.8 million and (iii) Others: €10.2 million.
- The increase in licenses for the year ended December 31, 2016 is mainly related to the acquisition of sports content rights by a subsidiary of the Group for a total amount of €413.8 million, as described in note 4.2.4.1.

7. Property, plant and equipment

Property, plant and equipment December 31, 2016	January 1, 2016	Additions	Disposals	Business Combi- nations	Changes in foreign currency	Held for sale	Other	December 31, 2016
(€m)								
Land	204.7	-	(1.4)	0.0	0.2	(0.1)	0.5	203.9
Buildings	646.5	8.1	(0.7)	9.1	4.7	(0.1)	(0.3)	667.3
Technical and other equipment	5,171.5	452.9	(91.6)	8.5	162.7	(119.1)	(48.7)	5,536.1
Assets under constructions	162.4	156.6	(.2)	0.8	1.1	-	(177.7)	143.0
Other tangible assets	49.5	32.2	(15.2)	12.3	1.5	(1.3)	(24.0)	55.1
Total Gross Value	6,234.6	649.8	(109.1)	30.8	170.2	(120.6)	(250.2)	6,605.3
Land	-	-	-	-	-	-	-	-
Buildings	(67.4)	(47.0)	0.7	-	(2.8)	0.1	5.3	(111.1)
Technical and other equipment	(1,691.5)	(831.7)	85.8	-	(122.3)	41.7	200.2	(2,317.8)
Assets under constructions	(0.7)	(0.8)	-	-	(0.0)	-	-	(1.5)
Other tangible assets	(34.2)	(5.7)	11.4	-	(2.1)	0.8	19.1	(10.8)
Total Cumulative amortization	(1,793.8)	(885.2)	97.9	-	(127.2)	42.6	224.6	(2,441.2)
Land	204.7	-	(1.4)	-	0.2	(0.1)	0.5	203.9
Buildings	579.1	(38.9)	-	9.1	1.9	-	5.0	556.2
Technical and other equipment	3,480.1	(378.8)	(5.8)	8.5	40.4	(77.4)	151.4	3,218.4
Assets under constructions	161.7	155.8	(0.2)	0.8	1.0	-	(177.7)	141.4
Other tangible assets	15.3	26.5	(3.7)	12.3	(0.6)	(0.5)	(4.9)	44.5
Total Net book value	4,440.8	(235.4)	(11.1)	30.8	42.9	(78.0)	(25.6)	4,164.5

Property, plant and equipment December 31, 2015	January 1, 2015	Additions	Disposals	Business Combi- nations	Changes in foreign currency	Held for sale	Other	December 31, 2015 (revised*)
(€m)								
Land	29.5	-	(5.0)	177.8	2.0	(0.3)	0.7	204.7
Buildings	115.0	4.1	(1.2)	517.5	13.2	-	(2.1)	646.5
Technical and other equipment	2,421.6	354.2	(37.0)	2,330.5	176.7	(193.1)	118.6	5,171.5
Assets under constructions	74.2	144.6	(0.4)	97.5	6.4	(3.3)	(156.6)	162.4
Other tangible assets	31.5	1.8	(3.3)	31.5	3.1	(7.8)	(7.3)	49.5
Total Gross Value	2,671.8	504.7	(46.9)	3,154.8	201.4	(204.5)	(46.7)	6,234.6
Land	-	-	-	-	-	-	-	-
Buildings	(29.2)	(35.7)	0.7	-	(6.2)	0.2	2.8	(67.4)
Technical and other equipment	(1,141.0)	(721.7)	34.0	-	(64.0)	165.0	36.2	(1,691.5)
Assets under constructions	(0.3)	(0.3)	-	-	(0.1)	-	-	(0.7)
Other tangible assets	(43.8)	2.3	2.6	-	(5.3)	3.5	6.5	(34.2)
Total Cumulative amortization	(1,214.3)	(755.4)	37.3	-	(75.6)	168.7	45.5	(1,793.8)
Land	29.5	-	(5.0)	177.8	2.0	(0.3)	0.7	204.7
Buildings	85.8	(31.6)	(0.5)	517.5	7.0	0.2	0.7	579.1
Technical and other equipment	1,280.6	(367.5)	(3.0)	2,330.5	112.7	(28.1)	154.8	3,480.1
Assets under constructions	73.9	144.3	(0.4)	97.5	6.3	(3.3)	(156.6)	161.7
Other tangible assets	(12.3)	4.1	(0.7)	31.5	(2.2)	(4.3)	(0.8)	15.3
Total Net book value	1,457.5	(250.7)	(9.6)	3,154.8	125.8	(35.8)	(1.2)	4,440.8

The increase in the property, plant and equipment was mainly a result of continued capital expenditure by other Group companies, as part of their efforts to drive customer acquisition and growth. Further details on the captions in the table above include:

- Buildings mostly comprises the hosting of technical sites, buildings and their respective fittings.
- Technical equipment principally includes network equipment (radio, switching, network administration, network core) and transmissions. It also includes the Cable network owned across the Group, which provides the ability to supply cable based pay television, broadband internet and fixed line telephony services to its subscribers.

Other tangible assets include:

- Call centers that represent centralized offices used for the purpose of receiving or transmitting a large volume of administrative, technical or commercial requests by telephone.
- Office furniture and equipment that refer to furnishings and IT equipment.
- Communication network infrastructure that include the digital technologies for the transmission of multi-channel television services.

As part of the various debt issuances completed 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 Altice Hispaniola (other than licenses and real estate assets valued at less than €5 million), and the assets of PT Portugal.

8. Financial assets

Other financial assets (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Investments held as available for sale	7.2	6.5
Loans and receivables	607.5	323.8
Derivative financial assets	120.3	60.1
Other financial assets	7.2	12.9
Total	742.1	403.3
Current assets	571.5	3.0
Non-current assets	170.8	400.3

8.1. Investment in available for sale financial assets

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 neighbouring 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 modelled on a business plan prepared by Wananchi's management. The carrying amount of the Group's investment in Wananchi amounted to €1.2 million for the year ended December 31, 2016.

8.2. Loans and receivables

As of December 31, 2016, this caption includes an investment in Wananchi, in return for which it was issued convertible notes, convertible at the discretion of the holder. The investment amounts to €45.2 million (\$44 million equivalent, excluding accrued interests) and bears interest at a rate of 11% per annum payable in kind and matures in October 2021 (15% as of December 31, 2015).

This caption also includes advances made by the Group to its sole partner Altice Luxembourg S.A. for an aggregate amount of €531.2 million (€262.7 million for the year ended December 31, 2015). These advances bear no interest and are considered to have short term maturities as they are repayable on demand.

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

8.3. Derivative financial assets

As part of the issuance of new debts to finance the acquisition of PT Portugal, the Group issued debt in US Dollars. In order to cover the exchange rate risk related to this issuance (refer to note 14), the parties entered into cross currency swaps with different banks, which were classified as cash flow hedges.

This caption also includes the fair value of various call options held by the Group on non-controlling interests in Altice Customer Services and Altice Technical Services, refer to note 14 for details about the fair value of these instruments.

9. Inventories

Inventories are almost exclusively comprised of consumable goods corresponding to customer premises equipment (modems, decoders, mobile handsets etc.), which is used in the daily business activity of the Group's subsidiaries. The Board of Managers considers that inventory will be fully renewed in the next twelve months and is therefore classified as a current asset in the Statement of Financial Position. The increase in inventory for the year ended December 31, 2016 mainly relates to the acquisition of Altice Technical Services.

The cost of inventories recognized in the consolidated statement of income during the year was €42.8 million (€3.0 million expensed in 2015).

Inventories (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Raw materials and consumables	117.9	73.8
Work in progress	57.8	29.1
Gross value	175.8	102.9
Raw materials and consumables	(15.2)	(16.6)
Work in progress	(2.6)	(3.6)
Allowance for obsolescence	(17.8)	(20.2)
Raw materials and consumables	102.8	57.2
Work in progress	55.2	25.5
Total carrying amount	158.0	82.7

9.1. Inventory obsolescence

Inventory obsolescence (€m)	Raw materials and consumables	Finished/semi-finished goods	Total
Opening balance: January 1, 2016	(16.6)	(3.6)	(20.2)
Business combinations	(0.3)	-	(0.3)
Allowances/Write-backs	1.8	1.0	2.7
Variation	0.0	(0.0)	0.0
Held for sale	-	-	-
Other	(0.1)	-	(0.1)
Closing balance: December 31, 2016	(15.2)	(2.6)	(17.8)

Inventory obsolescence (€m)	Raw materials and consumables	Finished/semi-finished goods	Total
Opening balance: January 1, 2015	(3.9)	-	(3.9)
Business combinations	(16.7)	(3.4)	(20.1)
Allowances/Write-backs	4.1	(0.2)	3.9
Variation	0.1	0.0	0.1
Held for sale	0.0	-	0.0
Other	(0.3)	-	(0.3)
Closing balance: December 31, 2015	(16.6)	(3.6)	(20.2)

10. Trade and other receivables

Trade and other receivables (€m)	Note	Year ended December 31, 2016	Year ended December 31, 2015
Trade receivables	10.1	983.4	767.7
Other receivables	10.2	308.1	228.0
Total		1,291.5	995.7

10.1. Trade receivables

Trade and other receivables (€m)	Gross trade receivables	Allowance for doubtful debts	Total
Opening balance: January 1, 2016	1,057.1	(289.4)	767.7
Recognised through business combinations	187.3	(3.5)	183.8
Net increase/(decrease)	1.6	17.7	19.3
Held for sale	(10.5)	4.5	(6.0)
Other changes	30.3	(11.7)	18.6
Closing balance: December 31, 2016	1,265.8	(282.4)	983.4

Trade and other receivables (€m)	Gross trade receivables	Allowance for doubtful debts	Total
Opening balance: January 1, 2015	265.9	(62.1)	203.8
Recognised through business combinations	832.8	(224.6)	608.2
Net increase/(decrease)	(13.8)	(29.3)	(43.0)
Held for sale	(41.1)	26.1	(15.0)
Other changes	13.3	0.5	13.7
Closing balance: December 31, 2015	1,057.1	(289.4)	767.7

10.1.1. Aging of trade receivables

Age of trade receivables (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Not yet due	505.3	406.2
30 - 90 days	268.2	149.8
More than 90 days	210.0	211.7
Total	983.4	767.7

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 (in the Group's largest segments a major portion of clients pay using direct debit, credit cards or online banking). For the B2B business, the top 20 clients of the Group represent less than 5% of total Group revenues.

10.2. Other receivables

Other receivables (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Prepaid expenses	70.1	50.4
Business taxes receivable	56.8	33.0
Other	181.1	144.6
Total	308.1	228.0

10.2.1. Prepaid expenses

Prepaid expenses mainly relate to services for which payments are made before the service is rendered (such as rental, insurance or other services).

10.2.2. Business taxes receivable

This captions comprises mostly receivables due from VAT payments made on supplier invoices.

10.2.3. Other

Other is mainly composed of receivables due from social security and other state run organisms that manage employee benefits. The increase compared to 2015 was mainly a result of an increase across most Group companies in social security receivable.

11. Cash and cash equivalents and restricted cash

Cash and cash equivalents and restricted cash (€m)	December 31, 2016	December 31, 2015
Term deposits	98.6	128.1
Bank balances	167.4	137.9
Cash and cash equivalents	266.0	266.0
Restricted cash	19.4	0.4
Total	285.4	266.4

12. Sole Partner's Equity
12.1. Issued capital

There were no changes in the issued capital of the Group during the year; total issued capital of the Company as at December 31, 2016 remains €309.3 million, comprising 30,925,700,000 outstanding ordinary shares, with a nominal value of € 0.01 each.

12.2. Additional paid in capital

There were no changes in the additional paid in capital of the Group for the year ended December 31, 2016; total additional paid-in capital of the Group was €311.6 million.

12.3. Other reserves

The tax effect of the Group's currency, available for sale, cash flow hedge and employee benefits reserves is provided below:

Other reserves (€m)	December 31, 2016			December 31, 2015 (revised)*		
	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Actuarial gains and losses	(56.8)	13.9	(42.8)	(6.6)	-	(6.6)
Items not reclassified to profit or loss	(56.8)	13.9	(42.8)	(6.6)	-	(6.6)
Available for sale reserve	2.8	-	2.8	2.4	-	2.4
Currency reserve	68.4	-	68.4	47.5	-	47.5
Cash flow hedge reserve	(312.9)	91.4	(221.5)	(114.0)	33.3	(80.7)
Items potentially reclassified to profit or loss	(241.7)	91.4	(150.3)	(64.1)	33.3	(30.8)
Total	(298.5)	105.4	(193.1)	(70.7)	33.3	(37.4)

13. Provisions

Provisions (€m)	Note	December 31, 2016	December 31, 2015
Provisions for litigation, site renovation and other	13.1	156.7	147.3
Employee benefit provisions	13.2	871.0	926.7
Total provisions		1,027.7	1,074.0
Current		82.3	67.3
Non-current		945.4	1,006.6

13.1. Provisions for litigation, site renovation and other items

A breakdown of the main types of provisions, and their movements during the year, is presented in the following table.

Provisions December 31, 2016 (€m)	January 1, 2016	Business Combi- nations	Additions	Utilization	Held for sale	Other	December 31, 2016
Litigation	109.5	1.3	11.5	(25.4)	-	2.7	99.7
Site renovation costs	0.9	-	5.3	-	-	0.3	6.5
Restructuring	-	-	3.9	-	-	(0.0)	3.9
Other	36.9	19.3	2.5	(0.7)	(1.4)	(10.1)	46.5
Total	147.3	20.7	23.3	(26.0)	(1.4)	(7.2)	156.7

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

Provisions December 31, 2015 (€m)	January 1, 2015	Business Combi- nations	Additions	Utilization	Held for sale	Other	December 31, 2015
Litigation	28.7	57.4	18.9	(10.8)	(0.2)	15.5	109.5
Site renovation costs	-	-	-	-	-	0.9	0.9
Restructuring	-	-	-	-	-	-	-
Other	19.3	21.1	5.2	(3.1)	(10.2)	4.6	36.9
Total	48.0	78.5	24.1	(13.9)	(10.4)	20.9	147.3

13.1.1. Provisions for litigation & other disputes

These mainly relate to litigations that have been brought against the Group for which the Board of Managers believes that the risk of cash outflows is probable. The Board of Managers considers that all potential risks of cash outflows on such litigations and claims is properly evaluated and represented correctly in the consolidated financial statements for the year ended December 31, 2016. Such litigations cover tax and VAT related risks as well.

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 27, Litigation and in the note 19, Taxation, for all tax related litigation. All litigation pending against the Group is either being heard or appealed at the date of this report.

13.1.2. Site renovation costs

In certain cases, the Company and its subsidiaries (mainly PT Portugal and HOT) have contractual obligation to repair and renovate its technical sites and network components that are leased at the end of the contractual period or in case of an anticipated contract cancellation.

13.1.3. Restructuring

During the year the Group announced restructuring plans at PT Portugal as described in note 4.3.2.

13.1.4. Other provisions

Other provisions mainly include provisions for risks involving distributors and suppliers, material not returned, disputes with employees and related to investments in associates, amongst others.

13.2. Employee benefit provisions

Depending on the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits. The notes below describe the defined benefit plans across the Group and provide information about the amounts recognised in the financial statements during the year. The amount included in the consolidated statement of financial position in respect of defined benefit plans is as follows:

Defined benefit plan (€m)	December 31, 2016	December 31, 2015
Present value of defined benefit obligation	1,041.6	1,112.8
Fair value of plan assets	(170.6)	(186.1)
Unfunded status	871.0	926.7

*13.2.1. Details of the significant defined benefit plans**13.2.1.1. Portugal*

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

- Pension supplements - Retirees and employees of Companhia Portuguesa Rádio Marconi, S.A. ("Marconi", a company merged into PT in 2002) hired prior to February 1, 1998 and retirees and employees of Telefones de Lisboa e Porto, S.A. ("TLP", a company merged into PT in 1994) and Teledifusora de Portugal, S.A. ("TDP", a company merged into PT in 1994) hired prior to June 23, 1994 are entitled to receive a supplemental pension benefit, which complements the pension paid by the

Portuguese social security system. In addition, on retirement, PT pays a lump sum gratuity of a fixed amount which depends on the length of service completed by the employee and its salary. Employees hired by PT or any of its predecessor companies after the dates indicated above are not entitled to these benefits and are thus covered only by the general Portuguese Government social security system.

- Healthcare benefits - PT sponsors the payment of post-retirement health care benefits to certain suspended employees, pre-retired employees and retired employees and their eligible relatives. Health care services are rendered by PT - Associação de Cuidados de Saúde ("PT ACS"), which was incorporated with the only purpose of managing PT's Health Care Plan. This plan, sponsored by PT, includes all employees hired by PT until December 31, 2000 and by Marconi until February 1, 1998. The financing of the Health Care Plan comprises defined contributions made by participants to PT ACS and the remainder by PT, which incorporated an autonomous fund in 2004 for this purpose.
- Salaries to suspended and pre-retired employees - PT and other subsidiaries of PT Portugal are also responsible for the payment of salaries to suspended and pre-retired employees until the retirement age, which result from agreements between both parties. These liabilities are not subject to any legal funding requirement and therefore the monthly payment of salaries is made directly by each of the subsidiaries of PT Portugal.

13.2.1.2. Israel

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.

13.2.2. Defined benefit obligations and fair value of plan assets

13.2.2.1. Movements in the present value of the defined benefit obligation

Defined benefit obligations (€m)	2016	2015
Opening balance at January 1	1,112.8	34.1
Business combinations	6.3	1,153.6
Interest expense/(income)	12.4	8.2
Current service cost	6.8	5.5
Participant contribution	0.4	0.7
Benefits paid	(158.9)	(100.4)
Curtailment	9.0	6.7
Net actuarial gain in OCI	55.1	1.2
Held for sale	(3.5)	-
Other	1.2	3.2
Closing balance at December 31	1,041.6	1,112.8
<i>including commitments not financed</i>	<i>550.6</i>	<i>643.9</i>
<i>including commitments totally financed or partially financed</i>	<i>491.0</i>	<i>468.9</i>

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

13.2.2.2. Fair value of plan assets

Fair value of plan assets (€m)	2016	2015
Opening balance at January 1	186.1	23.0
Business combinations	10.8	177.1
Interest expense/(income)	3.7	3.4
Participant contribution	(17.1)	0.4
Benefits paid	(10.3)	(19.2)
Deposits paid by employer into the plan	2.2	2.5
Net actuarial gain/(loss) in OCI	5.0	(3.7)
Held for sale	(10.9)	-
Other	1.0	2.6
Closing balance at December 31	170.6	186.1

1 The business combination line includes the effect of the acquisition PT Portugal in 2015.

Fair value of plan assets (€m)	December 31, 2016		December 31, 2015	
	Amount	%	Amount	%
Shares	23.7	13.9%	23.9	12.8%
Bonds	59.9	35.1%	60.9	32.7%
Real estate	2.1	1.2%	4.2	2.3%
Other ¹	84.9	49.8%	97.0	52.1%
Closing balance at December 31	170.6	100.0%	186.1	100.0%

1 Included in other are mainly cash and cash equivalents and investment funds held.

13.2.2.3. Amounts recognized in comprehensive income

Defined benefit plan: amounts recognised in comprehensive income (€m)	December 31, 2016	December 31, 2015
Current service cost	6.8	5.5
Net interest expense	8.7	4.8
Curtailement	9.0	6.7
Net actuarial gain/(loss)	-	(0.1)
Expenses recognised in profit or loss	24.5	16.9
Differences arising from experience	25.8	19.7
Differences arising from changes in assumptions	29.5	(18.5)
Return on plan assets (excluding interest income)	(5.0)	3.7
Expenses recognised in other comprehensive income	50.2	4.9
Total expenses recorded in comprehensive income	74.7	21.8

13.2.2.4. Defined benefit plan valuation assumptions

The principal assumptions used in the actuarial valuations were as follows:

Assumptions used in actuarial valuation: Portugal (%)	December 31, 2016	December 31, 2015
Expected rate of salary increase	0-2	0-2
Discount rate - pension	1.6	1.9
Discount rate - salaries to suspended and pre-retired	0.3	0.5
Discount rate - healthcare	1.8	2.3
Inflation rate	2.0	2.0

Assumptions used in actuarial valuation: Israel and Dominican Republic (%)	December 31, 2016	December 31, 2015
Expected rate of salary increase	1-4	1-4
Discount rate - pension	2.5	2.1
Inflation rate	1.2	1.2

13.2.2.5. Sensitivity analysis

The discount rate is the main assumption used in the actuarial valuation that can have a significant effect on the defined benefit obligation. A variation of the discount rate would have the following impact on the liability:

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

Sensitivity to a change in discount rate (€m)	December 31, 2016	December 31, 2015
Discount rate decreases 0.25%	24.0	18.9
Discount rate increases 0.25%	(19.0)	(18.2)

14. Borrowings and other financial liabilities

Borrowings and other financial liabilities (€m)	December 31, 2016	December 31, 2015
Long term borrowings, financial liabilities and related hedging instruments	8,295.1	7,843.3
- <i>Debentures</i>	7,696.9	5,639.8
- <i>Loans from financial institutions</i>	491.5	2,201.7
- <i>Derivative financial instruments</i>	106.7	1.8
Other non-current financial liabilities:	964.5	1,020.8
- <i>Finance leases</i>	78.4	62.8
- <i>Other financial liabilities</i>	886.1	958.0
Non-current liabilities	9,259.6	8,864.1
Short term borrowing, financial liabilities:	351.7	216.6
- <i>Debentures</i>	31.1	29.7
- <i>Loans from financial institutions</i>	320.5	186.9
Other financial liabilities:	643.9	463.1
- <i>Other financial liabilities</i>	371.5	296.8
- <i>Bank overdraft</i>	7.5	0.9
- <i>Accrued interests</i>	243.4	137.7
- <i>Finance leases</i>	21.5	27.7
Current liabilities	995.6	679.7
Total	10,255.2	9,543.8

14.1. Debentures and loans from financial institutions

Debentures and loans from financial institutions (€m)	Note	December 31, 2016	December 31, 2015
Debentures	14.1.1	7,728.0	5,669.5
Loans from financial institutions	14.1.2	812.0	2,388.6
Total		8,540.1	8,058.1

14.1.1. Debentures

Maturity of debentures (€m)	< 1 year	One year or more	December 31, 2016	December 31, 2015
Altice Financing	-	6,109.2	6,109.2	4,069.1
Altice Finco	-	1,382.9	1,382.9	1,345.7
HOT Telecom	31.1	204.8	235.9	254.7
Total	31.1	7,696.9	7,728.0	5,669.5

The credit ratings of the entities, and details of where the debt is publicly traded, as at December 31, 2016, is provided in the table below:

Issuer of debt	Type of debt	Credit rating of notes Moody's/Standard & Poor's	Markets (if any) bonds are traded on
Altice Financing	Senior secured notes	B1/BB-	Euro MTF Market
Altice Finco	Senior notes	B3/B-	Euro MTF Market
HOT Telecom	Debentures	Not rated	Tel Aviv stock exchange

The table below provides details of all debentures, shown in order of maturity.

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

Instrument	Issuer	Face value	Coupon	Year of maturity	Fair value	Carrying amount	Fair value	Carrying amount
					December 31, 2016		December 31, 2015	
Debentures	HOT Telecom Ltd.	ILS 957 million	6.90%	2018	253.3	236.6	278.5	225.0
Senior Secured Notes	Altice Financing S.A.	\$460 million	7.88%	2019	-	-	439.4	422.5
Senior Secured Notes	Altice Financing S.A.	€210 million	8.00%	2019	-	-	218.7	210.0
Senior Notes	Altice Finco S.A.	\$425 million	9.88%	2020	425.4	403.2	408.4	391.4
Senior Secured Notes	Altice Financing S.A.	€300 million	6.50%	2022	315.0	300.0	314.5	300.0
Senior Secured Notes	Altice Financing S.A.	\$900 million	6.50%	2022	890.1	853.8	816.3	826.7
Senior Notes	Altice Finco S.A.	€250 million	9.00%	2023	284.4	250.0	278.3	250.0
Senior Secured Notes	Altice Financing S.A.	\$2,060 million	6.63%	2023	2,012.9	1,954.3	1,863.80	1,892.2
Senior Secured Notes	Altice Financing S.A.	€500 million	5.25%	2023	530.0	500.0	498.3	500.0
Senior Notes	Altice Finco S.A.	\$400 million	8.13%	2024	393.7	379.5	351.8	367.4
Senior Notes	Altice Finco S.A.	€385 million	7.63%	2025	368.9	365.2	326.2	385.0
Senior Secured Notes	Altice Financing S.A.	\$2,750 million	7.50%	2027	2,700.2	2,608.9	-	-
<i>Transaction costs</i>						(123.4)		(100.7)
Total value					8,173.8	7,728.0	5,794.2	5,669.5
Of which due within one year						31.1		29.7
Of which due after one year						7,696.8		5,639.8

Details of the debt by issuer, and changes in the debentures over the year ended December 31, 2016 are provided below:

14.1.1.1. Altice Financing S.A.

On April 19, 2016, Altice Financing S.A. announced that it had successfully priced a new 10-year Senior Secured Note for an aggregate amount of \$2,750 million paying a coupon of 7.5% (approximately 5.8% swapped into euros). The proceeds from this issuance were used to refinance the following debts:

- \$460 million senior secured notes due 2019;
- €210 million senior secured notes due 2019;
- \$1,013 million of loans under the 2019 Term Loan facility; and
- €855 million of loans under the 2022 Term Loan facility (\$500 million and €400 million respectively).

At the date of the refinancing, the average maturity of debt of Altice Financing S.A was increased from 6.0 years to 7.7 years. As a result of this transaction, the Group recognised a loss on extinguishment of financial liabilities of €88.0 million during the year ended December 31, 2016.

14.1.1.2. HOT Telecom

There were no changes in the debentures issued by HOT Telecom during the year. These debentures have the following characteristics:

- HOT's Series A' debentures: €151 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: €127.5 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.

As the debentures are repaid semi-annually, a portion is classified as current liabilities as noted in the maturity table above.

14.1.2. Loans from financial institutions

Maturity of loans from financial institutions (€m)	< 1 year	One year or more	December 31, 2016	December 31, 2015
Altice Financing (including RCF)	314.9	433.8	748.7	2,354.6
Altice Customer Services	-	28.0	28.0	-
Others	5.6	29.7	35.3	34.0
Total	320.5	491.5	812.0	2,388.6

The decrease in the loans from financial institutions was mainly due to the prepayment of different term loan facilities by the Group during the year. The term loans were repaid prior to their maturity through the issuance of

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

new debentures, as explained earlier in note 14.1.1.1. The following term loans were repaid as part of the refinancing:

- \$1,013 million of Altice Financing Term Loans under the 2019 Term Loan facility;
- €855 million of Altice Financing Term Loans under the 2022 Term Loan facility (\$500 million and €400 million respectively).

14.2. Covenants

The debt issued by the subsidiaries of the Company is subject to certain restrictive covenants, which apply in the case of debt issued by:

- (i) Altice Financing S.A. and Altice Finco S.A., to the restricted subsidiaries

Other than the HOT debentures and the revolving credit facilities described below, such debt issued by the subsidiaries of the Company 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.

Senior Secured [Notes](#) are subject to an incurrence test of 3:1 (Adjusted EBITDA to Net Debt) and [Senior Notes](#) are subject to an incurrence test of 4:1 (Adjusted EBITDA to Net Debt).

The Company or its relevant subsidiaries are allowed to fully consolidate the EBITDA from any subsidiaries in which they have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments.

The Group has access to various revolving credit facilities (refer note 14.5), which are subject to maintenance covenants. The terms of these facilities are no more restrictive than the incurrence covenants contained in other debt instruments. The covenants for the RCFs that had been drawn on for the year ended December 31, 2016 are given below:

Facility	Amount (€m)	Financial covenant
Altice International	986.9	Consolidated net leverage ratio greater than or equal to 5.25:1

The Group was in compliance with the covenant described above, as of December 31, 2016.

14.3. Derivatives financial instruments

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 floating to floating cross-currency and interest rate swaps ("CCIRS") that cover against foreign currency and interest rate risk, FX forwards that cover against foreign exchange risk only, or interest rate swaps covering interest rate risk only.

14.3.1. Derivatives designated as hedged instruments

The Group applies hedge accounting for those hedging operations that meet the eligibility criteria as defined by IAS 39. Refer to note 14.3.2 for derivatives that do not meet the hedge accounting criteria.

Where subsidiaries of the Group have issued debt in a currency that is different to the functional currency of the subsidiary, for example, issuing USD denominated debt in its European subsidiaries, the Group has entered into CCIRS in order to mitigate risks arising from the variations in foreign exchange rates. These instruments secure future cash flows in the subsidiaries functional currency and they are designated as cash flow hedges by the Group. The principal characteristics are given below:

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

Issuer	Hedged item	Hedged amount	Pay leg (US)	Receive leg (EUR)	Year of maturity
Fixed to fixed CCIRS					
Altice Financing S.A.	\$2,060 million senior secured notes	\$2,060 million	6.63%	5.30%	2023
Altice Finco S.A.	\$385 million senior notes	\$385 million	7.63%	6.25%	2025
Altice Financing S.A.	\$2,750 million senior secured notes				
	- Instrument 1	\$780 million	7.50%	5.80%	2026
	- Instrument 2	\$541 million	7.50%	6.42%	2026
	- Instrument 3	\$500 million	7.50%	6.04%	2026

As part of the refinancing transactions the Group entered into new swaps and modified the conditions of existing swaps on the refinanced debt to maintain its hedging strategy. The following table provides a summary of the modified and new swap contracts that were designated as cash flow hedges during the year:

Fixed:fixed CCIRS	Nominal USD (m)	Nominal EUR (m)	USD/EUR exchange rate	Effective date	Maturity date ¹	USD coupon	EUR coupon	Modified / new
Altice Financing S.A.	779.2	686.4	1.1352	3/05/2016	15/07/2024	7.50%	5.573% to 5.816%	New
Altice Financing S.A.	540.5	415.5	1.301	3/05/2016	15/07/2024	7.50%	5.91% to 6.4%	Modified
Altice Financing S.A.	500	442.1	1.132	3/05/2016	15/07/2024	7.50%	5.95% to 6.06%	Modified

The modified fixed/fixed cross currency swaps at Altice Financing were previously designated as held for trading and designated as fair value through profit and loss (FVTPL) instruments. Following the modifications, these instruments were designated as cash flow hedge instruments.

The change in fair value of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the year ended December 31, 2016. Before the impact of taxes, losses of €198.8 million were recorded in other comprehensive income (€140.8 million net of taxes).

14.3.2. Derivatives not eligible for hedge accounting

The remainder of the Group's derivatives are not hedge accounted. The change in fair value of these derivatives is recognised immediately in profit or loss. A summary of CCIRS instruments that the Group has entered into that were not eligible for hedge accounting is provided below:

Debt related to	Derivative amount	Pay/Receive	Maturity	Floating rate / fixed rate, spread
Coupon only CCIRS				
\$2,750 million notes ¹	\$225 million	ILS/USD	15/12/2017	ILS TELBOR 3M / 5.9% - 7.6%
\$2,750 million notes ¹	€100 million	ILS/EUR	15/12/2017	ILS TELBOR 3M / 5.775%
\$425 million notes	\$200 million	ILS/USD	15/12/2017	ILS TELBOR 3M / 8.0% - 9.7%
\$2,750 million notes ¹	\$292.8 million	ILS/USD	15/11/2018	ILS TELBOR 3M / 5.0% - 5.6%
Forward transactions on Coupon only CCIRS				
\$2,750 million notes ¹	\$225 million	ILS/USD	15/12/2017	4.29-4.33 ILS/USD
\$2,750 million notes ¹	€100 million	ILS/EUR	15/12/2017	5.439 ILS/USD
\$425 million senior notes	\$200 million	ILS/USD	15/12/2017	4.29-4.33 ILS/USD
Forward transactions on principal payments due at maturity				
\$885 million notes ²	\$550 million	ILS/USD	15/12/2017	4.281-4.33 ILS/USD
\$885 million notes ²	\$239.5 million	ILS/USD	15/12/2017	3.678 ILS/USD
\$2,750 million notes ¹	\$292.8 million	ILS/USD	15/11/2018	3.678 ILS/USD

¹ The \$2,750 million notes were issued during the year and refinanced debt as described earlier in note 14.

² These notes include the \$425 million note and the \$460 million notes (refinanced with the proceeds from the \$2,750 million notes issued during the year).

In addition, the Group enters interest rate swaps to cover its interest rate exposure in line with its treasury policy. These swaps cover the interest Group's debt portfolio and do not necessarily relate to specific debt issued by the Group. The details of the new swaps are provided below:

Issuer	Derivative nominal value	Pay leg	Receive leg	Year of maturity
Altice Financing S.A.	\$750 million	Euribor 3m	-0.13%	2023
Altice Financing S.A.	\$720 million	1.81%	Libor 6m	2026

14.4. Reconciliation to swap adjusted debt

As mentioned in the note above, the Group has entered into various hedge transactions in order to mitigate interest rate and FX risks on the different debt instruments issued by the Group. Such instruments cover both the principal and the interests due on different debts (both debentures and loans from financial institutions).

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

Reconciliation of debentures and loans from financial institutions to swap adjusted debt (€m)	December 31, 2016
Debentures and loans from financial institutions (as reported in the Statement of Financial Position)	8,540.1
Transaction costs	100.5
Total (excluding transaction costs and fair value adjustments)	8,640.6
Conversion of debentures and loans in foreign currency (at closing spot rate)	(5,072.6)
Conversion of debentures and loans in foreign currency (at hedged rates)	4,775.6
Total swap adjusted value	8,343.5

14.5. Available credit facilities

Available credit facilities (€m)	Total facility	Drawn
Altice Financing S.A.	986.9	310.0
Revolving credit facilities	986.9	310.0
Altice Financing S.A.	15.0	-
Guarantees	15.0	-
Total	1,001.9	310.0

14.6. Other financial liabilities

The non-current portion of €964.5 million comprises mainly:

- Mandatory Convertible Notes (MCN) issued for an aggregate amount of €2,055 million, which were entirely subscribed by the Company's sole Partner, Altice S.A.. These instruments are compound financial instruments that contains both a liability and an equity component. The non-current portion of the liability amounted to €758.0 million as of December 31, 2016.
- As part of the acquisition of Altice Customer Services during the year, the Group entered into a put agreement with the non-controlling interests. As per the requirements of IAS 39, the instrument was measured and recorded at its fair value: €39.0 million.

The current portion of €643.9 million comprises mainly:

- Current portion of the MCN liability (€218.1 million, including €74.2 million of accrued interests)
- Related party short-term payables to companies within the Altice N.V. group, but not included in the Altice International Group, mainly €66.2 million at Altice Management International S.A.
- Debts related to securitisation and reverse factoring across the Group, combined liabilities of €164.6 million, an increase of €53.5 million from 2015.
- Accrued interest of €243.4 million, which increased from €137.7 million in 2015

14.7. Maturity of financial liabilities

Maturity of financial liabilities (€m)	Less than 1 year	Between 1 and 5 years	More than 5 years	December 31, 2016
Loans, debentures and related hedging instruments	351.7	1,206.9	7,088.3	8,646.8
Finance leases	21.5	51.0	27.4	99.9
Accrued interest	243.4	-	-	243.4
Bank overdraft	7.5	-	-	7.5
Other financial liabilities	371.5	843.1	42.9	1,257.6
Nominal value of borrowings	995.6	2,101.0	7,158.6	10,255.2

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

Maturity of financial liabilities (€m)	Less than 1 year	Between 1 and 5 years	More than 5 years	December 31, 2015
Loans, debentures and related hedging instruments	216.6	2,156.3	5,687.0	8,059.9
Finance leases	27.7	62.8	-	90.5
Accrued interest	137.7	-	-	137.7
Bank overdraft	0.9	-	-	0.9
Other financial liabilities	296.8	68.8	889.2	1,254.8
Nominal value of borrowings	679.7	2,287.9	6,576.2	9,543.8

14.8. Currency of borrowings

Currency of borrowings (€m)	Euro (EUR)	US Dollar (USD)	Israël Shekel (ILS)	Swiss Franc (CHF)	Others	December 31, 2016 Total
Loans, debentures and related hedging instruments	3,025.4	5,323.3	235.9	34.3	28.0	8,646.8
Finance leases	57.4	2.2	7.0	28.3	4.9	99.9
Accrued interest	53.1	187.1	3.2	-	-	243.4
Bank overdraft	0.6	-	-	-	6.8	7.5
Other financial liabilities	1,116.7	54.0	86.6	0.3	-	1,257.6
Nominal value of borrowings	4,253.3	5,566.5	332.8	62.9	39.7	10,255.2

Currency of borrowings (€m)	Euro (EUR)	US Dollar (USD)	Israël Shekel (ILS)	Swiss Franc (CHF)	Others	December 31, 2015 Total
Loans, debentures and related hedging instruments	2,230.9	5,624.5	254.7	39.1	-	8,149.2
Finance leases	73.2	7.1	9.1	1.0	-	90.4
Accrued interest	36.6	97.7	3.3	-	-	137.6
Bank overdraft	0.9	-	-	-	-	0.9
Other financial liabilities	1,085.6	2.0	69.3	0.3	8.5	1,165.7
Nominal value of borrowings	3,427.2	5,731.3	336.4	40.4	8.5	9,543.8

14.9. Nature of interest rate

Nature of interest rate (€m)	December 31, 2016			December 31, 2015		
	Fixed	Floating	Total	Fixed	Floating	Total
Loans, debentures and related hedging instruments	7,728.0	918.8	8,646.8	5,669.5	2,390.4	8,059.9
Finance leases	99.9	-	99.9	90.5	-	90.5
Accrued interest	243.4	-	243.4	109.5	28.2	137.7
Bank overdraft	7.5	-	7.5	0.9	-	.9
Other financial liabilities	1,257.6	-	1,257.6	1,254.8	-	1,254.8
Nominal value of borrowings	9,336.4	918.8	10,255.2	7,125.2	2,418.6	9,543.8

15. Financial risk factors

In the course of its business, the Group is exposed to several financial risks: credit risk, liquidity risk, market risk (including foreign currency risk and interest rate risk) and other risks, including equity price 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 executive management establishes objectives in line with these policies.

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

15.1. 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 counterparty 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 Europe (Portugal, Belgium, Luxembourg and Switzerland), Israel, the Dominican Republic and in certain French Overseas Territories. 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, retail customers represent a major portion of revenues and these clients generally pay in advance for the services they buy, or in more significant regions, retail customers generally pay using direct debit, a practice that reduces the Group's 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.

15.2. 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 external debt is issued and managed centrally, executive Directors of the Group have a significant amount of control and visibility over the payments required to satisfy obligations under the different external debts.

Additionally, the Group has access to undrawn revolving credit facilities for an aggregate amount of €691.9 million (after having drawn €310.0 million as of December 31, 2016, further reducing the amount able to be drawn) to cover any liquidity needs not met by operating cash flow generation.

15.3. 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.

15.3.1. 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 (€m)	December 31, 2016	December 31, 2015
Financial debt at fixed rates	9,336.4	7,125.2
Financial debt at variable rates	918.8	2,418.6
Total	10,255.2	9,543.8

The Group's proportion of variable rate debt decreased from 25% for the year ended December 31, 2015 to 9% for the year ended December 31, 2016. When it can, the Group endeavours to issue fixed rate debt (which also typically offers longer maturities).

The Group has entered into different hedging contracts to manage interest rate risk related to debt instruments with variable interest rates. See note 14.3 for more information. No sensitivity analysis was performed on the impact of an increase of interest rates applicable to floating rate debt, given the Euribor/Libor floor in place. The Group does not expect that in a near future a reasonable change in interest rate would lead to Euribor/Libor rate greater than the floor rate.

15.3.2. Israeli CPI risk

The Group has borrowed from banks and issued debentures that are linked to the changes in the Israeli CPI (Consumer Price Index). 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 €129.7 million (525 million Israeli Shekel) as of December 31, 2016 (€181.5 million or 771 million Israeli Shekel as of December 31, 2015).

15.3.3. Foreign currency risk

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.

The Group estimates that a 10% variation of foreign currencies against euro parity is a relevant change of variables and reasonably possible risk in any given year. The table below provides the assessment of the impact of a 10% change in foreign currencies against euro on net result and reserves.

Sensitivity to variations in exchange rates (€m)	ILS	CHF	DOP	Total
Profit/(loss) for the year				
Increase of 10% in exchange rate	(9.0)	0.6	(4.7)	(13.1)
Decrease of 10% in exchange rate	9.0	(0.6)	4.7	13.1
Equity				
Increase of 10% in exchange rate	(35.8)	(1.0)	(19.9)	(56.8)
Decrease of 10% in exchange rate	35.8	1.0	19.9	56.8

Sensitivity to variations in exchange rates (€m)	ILS	CHF	DOP	Total
Profit/(loss) for the year				
Increase of 10% in exchange rate	1.4	(1.1)	(4.3)	(4.0)
Decrease of 10% in exchange rate	(1.4)	1.1	4.3	4.0
Equity				
Increase of 10% in exchange rate	99.5	0.5	0.8	100.8
Decrease of 10% in exchange rate	(99.5)	(0.5)	(0.8)	(100.8)

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 net gain of €50.2 million in 2016 (2015: net loss of €59.8 million). Additionally, the Group is exposed to foreign currency risk on the different debt instruments that it has issued over time. The Board of Managers believes that the FX price risk related to such debt issuance is limited as foreign currency debt issued in currencies other than Euros or USD is borne by companies that have issued such debt in their functional currencies.

15.3.4. 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, 2016, the carrying amount of these investments was €7.2 million (€5.3 million as of December 31, 2015).

16. Fair value of financial assets and liabilities
16.1.1. Fair value of assets and liabilities

Fair values of assets and liabilities (€m)	December 31, 2016		December 31, 2015	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	266.0	266.0	266.0	266.0
Restricted cash	19.4	19.4	0.4	0.4
Financial assets	571.5	571.5	3.0	3.0
Current assets	856.9	856.9	269.4	269.4
Loans and receivables	36.1	36.1	323.8	323.8
Available for sale financial assets	7.2	7.2	6.5	6.5
Other financial assets	127.5	127.5	70.0	70.0
Non-current assets	170.8	170.8	400.3	400.3
Short term borrowings and financial liabilities	351.7	351.7	216.6	216.6
Other financial liabilities	643.9	643.9	463.1	463.1
Current liabilities	995.6	995.6	679.7	679.7
Long term borrowings and financial liabilities	8,295.1	8,740.9	7,843.3	7,843.3
Other financial liabilities	964.5	964.5	1,020.8	1,020.8
Non-current liabilities	9,259.6	9,705.4	8,864.1	8,864.1

During the year there were no transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements. The Group's trade and other receivables and trade and other payables are not shown in the table above as their carrying amounts approximate their fair values.

16.1.2. Fair value hierarchy

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).

Fair value measurement (€m)	Note	Fair value	Valuation technique(s)	December 31, 2016	December 31, 2015
Financial Liabilities					
Derivative financial instruments	14	Level 2	Discounted cash flows	106.7	1.8
Minority put options - Altice Customer Services	14	Level 3	Black and Scholes model	39.0	-
Financial Assets					
Derivative financial instruments	9	Level 2	Discounted cash flows	120.3	60.1
Minority call options	15	Level 3	Black and Scholes model	26.7	-
- with NCI in Altice Technical Services				20.2	-
- with NCI in Altice Customer Services				6.5	-
Available for sale financial assets:					
- Wananchi	9	Level 3	Discounted cash flows	1.2	1.2
- Partner and Co.	9	Level 1	Quoted price in an active market	5.9	5.3

17. Obligations under leases

The Group leased certain of its office facilities and datacenters under financial leases. 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. In addition, the Group has operating leases relating to building space and other technical assets and other assets such as automobiles under long term contracts. The future minimum lease payments on operating and finance leases to which the Group is committed are shown as follows:

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

Lease obligations (€m)	December 31, 2016		December 31, 2015	
	Operating leases	Finance leases	Operating leases	Finance leases
Less than one year	164.3	26.6	81.3	30.8
Between one and two years	37.7	18.8	63.1	16.7
Between two and three years	29.7	18.4	52.7	14.2
Between three and four years	23.9	16.8	48.3	13.7
Five years and beyond	46.6	25.2	69.8	23.2
Total minimum payments	302.2	105.8	315.2	98.6
Less: future finance expenses		(5.9)		(8.1)
Nominal value of contracts		99.9		90.5
Included in the consolidated financial statements as:				
- <i>Current borrowings (note 14)</i>		21.5		27.7
- <i>Non-current borrowings (note 14)</i>		78.4		62.8

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

18. Trade and other payables

Trade and other payables (€m)	December 31, 2016	December 31, 2015
Trade payables	1,607.7	1,359.0
Corporate and social security contributions	87.5	44.9
Indirect tax payables	136.6	93.5
Other payables	-	0.9
Total	1,831.8	1,498.3

The increase in trade payables from the prior year is largely a result of the acquisitions completed during the year.

19. Other liabilities

Other liabilities (€m)	December 31, 2016	December 31, 2015
Deferred revenue	246.5	275.5
Other	98.1	28.0
Current liabilities	344.6	303.5
Fixed asset payables	155.6	4.8
Deferred revenue	0.3	4.5
Other	9.5	13.6
Non-current liabilities	165.4	22.9
Total	510.0	326.4

19.1. Deferred revenues

Current deferred revenues refer to revenues recognized from customers billed in advance of the monthly cut-off as well as those generated by sales of prepaid mobile contracts at PT Portugal and Altice Hispaniola. Non-current deferred revenues result from multi-year contracts with business customers.

19.2. Fixed asset payables

Fixed asset payables mainly related to payments due to suppliers of premium sports content acquired by the Group during the course of 2016 (refer to note 4.1.4.1).

19.3. Other

The increase in other current liabilities was mainly due to factoring payables in the newly acquired Altice Technical Services, for a total amount of €44.0 million.

20. Taxation

Tax expense (€m)	December 31, 2016	December 31, 2015
Current tax	(136.1)	(90.9)
Deferred tax	4.5	42.2
Total	(131.6)	(48.7)

20.1. Reconciliation to effective tax rate

Reconciliation between effective tax rate and theoretical tax rate (€m)	December 31, 2016	December 31, 2015
Loss for the year	(938.8)	(243.5)
Share of profit in associates	(1.4)	8.1
Tax charge expense	(107.2)	(239.5)
Loss before income tax and associates	(830.2)	(12.1)
Statutory tax rate	29.2%	29.2%
Income tax calculated on theoretical tax	242.6	3.5
Impact of:		
Differences between Parent company and foreign income tax rates	13.1	(82.8)
Effect of SFR earnout (refer note 26)	-	285.0
Effect of permanent differences ¹	(154.2)	(115.2)
Effect of change in tax rate ³	118.7	(26.7)
French business tax	(49.0)	(41.0)
Recognition of tax losses and variation in related allowances ²	(242.3)	(174.7)
Other movements	(36.1)	(87.6)
Income tax (expense)/income	(107.1)	(239.5)
Effective tax rate	-12.90%	-1979.87%

1 Permanent differences are mainly due to financial interests that are non-deductible, penalties and other non-deductible expenses.

2 Recognition of tax losses and variation in tax allowance line is related mainly to the non-recognition of the tax losses of Holding companies.

3 Proposed changes in the corporate income tax rate in Luxembourg from 29.22% to 27.08% in 2017 and 26.01% in 2018.

20.2. Deferred tax

The following tables show the deferred tax balances before netting deferred tax assets and liabilities by fiscal entity:

Components of deferred tax balances (€m)	December 31, 2016	December 31, 2015
Employee benefits	281.6	303.6
Other temporary non-deductible provisions	73.9	95.8
Fair value adjustment (derivative)	61.2	(8.0)
Difference between tax and accounting depreciation	(603.6)	(700.5)
Other temporary tax deductions	9.2	8.0
Net operating losses and tax carry forward, net of allowance	1,134.9	1,052.2
Valuation allowance on tax losses and tax carry forwards	(903.9)	(827.1)
Valuation allowance on deferred tax asset	(64.9)	-
Total	(11.6)	(76.1)
Comprising:		
Deferred tax assets	91.8	36.7
Deferred tax liabilities	(103.4)	(112.8)

Variation in deferred tax balances (€m)	December 31, 2016	December 31, 2015
Opening balance	(76.1)	(122.9)
Deferred tax on income	4.5	42.2
Deferred tax on shareholder's equity	66.0	33.3
Change in consolidation scope	0.5	(19.5)
Currency translation adjustment	(6.4)	(9.2)
Closing balance	(11.6)	(76.1)

20.3. Net operating losses and carried forward tax credits

Variation in deferred tax balances (€m)	December 31, 2016	December 31, 2015
Within one year	2.5	72.3
Between two and five years	1.1	23.0
More than five years	306.7	209.6
Unlimited	824.5	747.2
Net operating losses and tax carry forward, gross	1,134.8	1,052.2
Valuation allowance	(903.9)	(827.1)
Net operating losses and tax carry forward, net	230.9	225.1

Net operating losses and tax carry forward are related mainly to holding companies and PT Portugal. The Group does not believe that the unrecognized deferred tax losses can be used given the Group's current structure, but the Group will continue exploring opportunities to offset these against any future profits that the Company or its subsidiaries may generate.

20.4. Tax litigation

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

20.4.1. Dominican Republic

On October 26, 2016, the Group has reached an agreement with the Dominican Republic Tax Authorities related to the level of deductibility of the financial interests related to financial liabilities. The agreement covers fiscal years 2014 to 2016 and agrees the deductibility ratio for each local company (Tricom S.A and Altice Hispaniola S.A). As of December 31, 2016, €41.6 million was recorded in the consolidated financial statements to reflect the impact of the transaction.

20.4.2. PT Portugal

The Company estimates that the probable tax contingencies arising from tax audits conducted by Portuguese tax authorities on various Group companies amount to €28.7 million. In addition, Meo received Value Added Tax ("VAT") assessments for 2012 and 2013 related to indemnities charged as result of the breach of loyalty contracts by post-paid customers.

21. Operating expenses

Operating expenses (€m)	December 31, 2016	December 31, 2015
Technical and maintenance costs	(298.8)	(231.9)
Customer services	(146.3)	(163.6)
Business Taxes	(46.9)	(31.6)
Sales and marketing expenses	(265.8)	(235.4)
General and administrative expenses	(132.8)	(102.4)
Total	(890.6)	(764.9)

22. Depreciation, amortization and impairment losses

Depreciations, amortization and impairment losses for the year amounted to €1,471.5 million (2015: €1,221.5 million) consisted of:

- amortization of intangible assets for a total of €586.2 million (2015: €466.0 million), and
- depreciation of tangible assets for a total of €885.2 million (2015: €755.4 million).

In 2015, the Group recognised an impairment of the ONLY brand in the French Overseas Territories for an amount of €20.9 million.

23. 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.

Average workforce	December 31, 2016	December 31, 2015
Managers	440	445
Technicians	6,748	7,212
Employees	8,856	7,655
Total	16,044	15,312

24. Net finance costs

Net finance costs (€m)	December 31, 2016	December 31, 2015
Net result on extinguishment of financial liabilities	(88.0)	-
Foreign exchange gain	50.2	-
Interest income	9.2	7.0
Other financial income	27.2	4.4
Finance income	86.6	11.4
Interests charges on borrowings	(645.7)	(590.1)
Mark-to-Market effect on borrowings	(8.5)	109.2
Interest relative to gross financial debt	(654.2)	(480.8)
Other financial expenses	(80.4)	(156.2)
Impairment of available for sale financial assets	-	(35.2)
Other financial expenses	(80.4)	(191.4)
Finance costs, net	(736.0)	(660.9)

As a result of the refinancing operations performed during the year ended December 31, 2016 (refer to note 14), the Group recognized net losses on extinguishment of financial liabilities amounting to €88.0 million.

25. Related party transactions and balances

Transactions with related parties are mainly related to transactions with other companies that are consolidated in the accounts of Altice N.V. (associated companies of the Altice International Group). The largest transactions are with the sole partner of the Group, Altice Luxembourg and with the SFR Group.

Transactions with related parties are not subject to any guarantees. All such transactions are at arm's length and settled in cash. The table below shows a summary of the Group's related party transactions for the year, and outstanding balances as at December 31, 2016.

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

Related party transactions - revenue and expense (€m)	December 31, 2016			December 31, 2015		
	Revenue	Operating expenses	Financial income	Revenue	Operating expenses	Financial expenses
Equity holders	-	3.5	150.1	0.3	59.6	155.6
Executive managers	-	-	-	-	-	-
Associate companies	132.5	81.4	0.9	40.8	31.1	.6
Total	132.5	84.9	151.0	41.1	90.7	156.2

Related party transactions - assets (€m)	December 31, 2016			December 31, 2015		
	Loans and receivables	Trade receivables and other	Current accounts	Loans and receivables	Trade receivables and other	Current accounts
Equity holders	428.0	11.1	132.3	280.9	38.8	-
Executive managers	-	-	-	-	-	-
Associate companies	45.0	166.6	68.8	358.9	32.7	-
Total	473.0	177.7	201.1	639.8	71.5	-

Related party transactions - liabilities (€m)	December 31, 2016			December 31, 2015		
	Other financial liabilities	Trade payables and other	Current accounts	Loans and receivables	Trade receivables and other	Current accounts
Equity holders	978.4	113.1	64.4	1,169.0	146.4	-
Executive managers	-	-	-	-	-	-
Associate companies	83.9	68.6	-	5.4	38.0	-
Total	1,062.3	181.7	64.4	1,174.4	184.4	-

The related party transactions for operating expenses and revenues mainly includes the following transactions:

- Revenues from sale of services sold to SFR Group for a total €109.1 million (of which €63.3 million related to the sale of sports channels)
- Management fees paid to the Altice Luxembourg Group for a total of € 67.0 million (see note 4.1.2)

The balances in other financial liabilities mainly relate to:

- An agreement for the exclusive use of a datacentre located in Switzerland and owned by a company controlled by the controlling shareholder of the Group, for an amount of €29.6 million.
- Financial liabilities of the subsidiaries of the Altice N.V. and Altice Luxembourg Group that are not included in the Altice International group. The transactions and balances between SFR Group (€78.6 million) and Altice Luxembourg (€978.4 million) and entities within the Altice International Group are recognised as related party transactions in these financial statements.
- The put agreements with the minority shareholders in Altice Customer Services (€39.0 million), as described in note 3.

The increase in trade and other receivables is mainly related to outstanding balances between companies of the Group and SFR related to the sale of sports channels and balances between ATS and ACS and the SFR related to the technical and customer services. This balance also includes receivables from the American subsidiaries of the Altice N.V. Group and Altice Management International.

26. 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 16).

Unrecognised contractual commitments December 31, 2016	< 1 year	Between 1 and 2 years	Between 2 and 4 years	Five years or more	Total
Goods and service purchase commitments	330.7	193.0	424.8	637.8	1,586.3
Investment commitments	75.2	3.8	1.5	-	80.5
Guarantees given to suppliers/customers	4.9	0.4	2.5	64.8	72.6
Guarantees given to government agencies	18.4	0.0	24.7	58.2	101.4
Other commitments	-	-	-	-	-
Total	429.3	197.2	453.5	760.8	1,840.9

Unrecognised contractual commitments December 31, 2015	< 1 year	Between 1 and 2 years	Between 2 and 4 years	Five years or more	Total
Goods and service purchase commitments	224.4	78.4	36.8	.2	339.8
Investment commitments	334.0	173.0	232.6	550.5	1,290.1
Guarantees given to suppliers/customers	3.6	.5	2.0	21.0	27.1
Guarantees given to government agencies	14.1	14.2	-	87.0	115.3
Other commitments	57.4	-	-	-	57.4
Total	633.5	266.1	271.4	658.7	1,829.7

26.1. 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:

- At PT Portugal, commitments amounting to a total of €924.7 million include commitments to purchase inventory (mainly mobile phones, set-top-boxes and Home Gateways), commitments for other services, primarily related to maintenance contracts as well as commitments under football-related content agreements, namely:
 - agreements entered into in the end of 2015 for the acquisition of the exclusive broadcasting rights of home football games of several clubs (Porto, Vitória de Guimarães, Rio Ave, Boavista and Desportivo das Aves), including sponsorship agreement with Porto;
 - an agreement entered into with the other Portuguese telecom operators in July 2016 for the reciprocal sharing of broadcasting rights of football-related content for an eight year period, in accordance with which the acquisition cost of such rights is split between all operators based on their market share and accordingly PT has commitments to pay a portion of the acquisition cost of the rights acquired by its competitors based on PT's market share and is entitled to recharge other operators for a portion of the acquisition cost of its own exclusive rights based on the market share of such operators; and
 - a distribution agreement entered into with the Portuguese sports premium channel (Sport TV) in July 2016, for a two-season period, in accordance with which PT is committed to pay a non-contingent fixed component.
 - These commitments were recorded as investment commitments for the year ended December 31, 2016.
- At Altice Entertainment News and Sport, commitments include a total of €407.4 million related to content agreements, including the Discovery Communications and NBC Universal agreements.

26.2. Investment commitments

Investment commitments decreased from the prior year due to the starting of the broadcasting period of sports content rights referred to in note 4.3.2 and the restatement of sports rights acquired in Portugal from investment commitments to commitments to acquire good and services (See 26.1 above). The commitments this year mainly refer to commitments made by different Group companies to suppliers of tangible and intangible assets (including content capex). 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.

26.3. Guarantees given to suppliers/customers

This caption mainly consists of guarantees given to suppliers or customers given by different companies in the course of their business.

26.4. Guarantees given to government agencies

This caption mainly consists of guarantees given by the different companies to government agencies as part of its regular operations. At PT Portugal, guarantees to government agencies for an amount of €58 million include a guarantee granted to the Portuguese telecom regulator (Anacom) under the acquisition of the 4G license and bank guarantees related to tax litigation.

26.5. Other commitments and guarantees

This caption mainly consists of guarantees given by different companies in the course of their business.

27. 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 recognised by the Group when management believe that it is more likely than not that such lawsuits shall incur expenses, and the magnitude of these expenses can be reliably estimated. Where the Group is not able to reliably measure the financial effect, the litigation is disclosed as a contingent liability.

The magnitude of the provisions recognised is based on the best estimate of the level of risk on a case-by-case basis, taking into account that the occurrence of events in the course of the legal action involves constant 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 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 details the Group's significant ongoing legal disputes as at December 31, 2016. Tax disputes as at December 31, 2016 are described in note 20.

27.1. PT Portugal*27.1.1. Optimus - Interconnection agreement*

This legal action is dated from 2001 and relates to the price that Telecomunicações Móveis Nacionais ("TMN", PT Portugal's mobile operation at that time) charged Optimus - Comunicações S.A. ("Optimus", one of Meo's mobile competitors at that time, currently NOS) for mobile interconnection services, price that Optimus did not agree with. TMN transferred to PT Comunicações (PT Portugal's fixed operation at that time, currently named Meo) the receivables from Optimus, and subsequently PT Comunicações offset those receivables with payables due to Optimus. NOS argues for the annulment of the offset made by PT Comunicações and accordingly claims from PT Comunicações the settlement of the payables due before the offset plus accrued interest. In August 2015, the court decided that the transfer of the interconnection receivables from TMN to PT Comunicações and consequently the offset of those receivables with payables due by PT Comunicações to Optimus were not legal and therefore sentenced Meo to settle those payables plus interest up to date in the total amount of approximately €35 million. Meo appealed from this decision in October 2015 to the Court of Appeal of Lisbon. In September 2016, Meo was notified of the decision from the Court of Appeal of Lisbon, which confirmed the initial ruling against Meo, as a result of which Meo decided to appeal to the Supreme Court. On March 13, 2017, Meo was notified of the Supreme Court's decision of dismissal of its appeal.

27.1.2. TV Tel - Restricted access to the telecommunication ducts

In March 2004, TV TEL Grande Porto - Comunicações, S.A. ("TVTEL", subsequently acquired by NOS), a telecommunications company based in Oporto, filed a claim against PT Comunicações in the Lisbon Judicial Court. TV TEL alleged that, since 2001, PT Comunicações has unlawfully restricted and/or refused access to its telecommunication ducts in Oporto, thereby undermining and delaying the installation and development of TV TEL's telecommunications network. TV TEL is claiming an amount of approximately Euro 15 million from Meo for damages and losses allegedly caused and yet to be sustained by that company as a result of the delay in the installation of its telecommunications network in Oporto. PT Comunicações submitted its defence to these claims in June 2004, stating that (1) TV TEL did not have a general right to install its network in PT Comunicações's ducts, (2) all of TV TEL's requests were lawfully and timely responded to by PT Comunicações according to its general infra-structure management policy, and (3) TV TEL's claims for damages and losses were not factually sustainable. After an initial trial and based in a judicial decision, a new trial is yet to be scheduled to appreciate new facts on this matter. Recently the court notified Meo to present the list of witnesses, which are scheduled to be heard during the first half of 2017.

27.1.3. Anacom litigation

Meo has several outstanding proceedings filed from Anacom, for some of which Meo has not yet received formal condemnations. This litigation includes matters such as the violation of rules relating to portability, TDT, the non-

compliance of obligations under the universal service (fixed voice and public phones) and restricting the access to phone numbers starting at 760. Historically, Meo paid amounts significantly lower than the administrative fines set by Anacom in final decisions. The initial value of the proceedings is normally set at the maximum applicable amount of the administrative fine until the final decision is formally issued.

27.1.4. Zon TV Cabo Portugal – Violation of portability rules

Zon TV Cabo Portugal (currently NOS) claims that Meo has not complied with the applicable rules for the portability of fixed numbers, as a result of which claims for an indemnity of €22 million corresponding to profits lost due to unreasonable rejections and the delay in providing the portability of the number. An expert indicated by each party and a third party expert evaluated this matter and presented the final report to the court. Meo has also filed a claim against NOS regarding portability compensations, the trial of which is scheduled to take place in 2016.

27.1.5. Optimus - Abuse of dominant position in the wholesale market

In March 2011, Optimus filed a claim against Meo in the Judicial Court of Lisbon for the payment of approximately €11 million, as a result of an alleged abuse of dominant position by Meo in the wholesale offer. Optimus sustained its position by arguing that they suffered losses and damages as a result of Meo's conduct. In 2016, the court decided entirely in favour of Meo. As of December 31, 2016, Meo had not been informed yet on whether an appeal would be filed by NOS/Optimus.

27.1.6. Municipal taxes and rights-of-way

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

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

Some municipalities however, continue to perceive that the Law 5/2004 does not expressly revoke other taxes that the municipalities wish to establish, because Law 5/2004 is not applicable to the public municipality domain. Currently, there are legal actions with some municipalities regarding this matter and some of the municipalities have initiated enforcement proceedings against Meo to demand the payment of those taxes.

28. Going concern

As of December 31, 2016, the Group had net current liability position of €1,018.2 million (mainly due to trade payables amounting to €1,831.8 million) and a negative working capital of €382.0 million. During the year ended December 31, 2016, the Group registered a net loss of €242.8 million (2015: €401.2 million) and generated cash flows from operations of €1,571.2 million. As of December 31, 2016, the Group had an equity position of €28.4 million (€446.3 million as of December 31, 2015).

The loss generated as of December 31, 2016 was mainly due to one-off costs incurred on the extinguishment of certain financial liabilities (€88.0 million) and the recognition of management fees payable to the Altice Luxembourg Group (€67.0 million).

The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short 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 (€1,291.4 million vs. €1,831.8 million). Payables due the following month are covered by revenues and cash flows from operations (if needed).

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

As of December 31, 2016, the Group's short term borrowings mainly comprised of accrued interests of €243.4 million on the debenture and loans from financial institutions, which are repaid on a semi-annual basis, and the amortization of some bonds and term loans. Those short-term obligations are expected to be covered by the cash flows from operations of the operating subsidiaries. The revolving credit facilities of Altice Financing S.A were drawn in an aggregate of 310.0 million. A listing of available credit facilities, by silo, is provided in note 14.5. The amounts available per segment are sufficient to cover the short term debt and interest expense needs of each of these segments, if required.

Given the above, the Board of Managers has considered the following elements in determining that the use of the going concern assumption is appropriate:

- The Group has a strong track record of generating positive EBITDA and generated strong positive operating cash flows for the year ended December 31, 2016 (€1,571.2 million).
- Adjusted EBITDA amounted to €2,138.4 million, an increase of 33.4% compared to December 31, 2015. The Board of Managers is of the view that such adjusted EBITDA and the consequent cash flows are sufficient to service the working capital of the Group.
- The Group had healthy unrestricted cash reserves (€266.0 million as of December 31, 2016, €266.0 million as of December 31, 2015), which would allow it to cover any urgent cash needs. In addition to this, it has receivables from its sole partner Altice Luxembourg, which are reimbursable on demand.
- Additionally, as of December 31, 2016, the Group had access to Revolving Credit Facilities ("RCF") and guarantee facilities of up to €1,001.9 million (of which €310.0 million was drawn as of December 31, 2016).

The Board of Managers 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.

29. Revised information

Consolidated Statement of Financial Position	December 31,	Revision	December 31,
At 31 December 2015	2015		2015
(€m)	(reported)		(revised)
Goodwill	3,860.0	(150.8)	3,709.2
Intangible asset	2,717.3	31.1	2,748.4
Property plant and equipment	4,376.5	64.3	4,440.8
Other non-current assets	744.8	-	744.8
Deferred tax assets	442.7	(406.0)	36.7
Non-current assets	12,141.4	(461.4)	11,680.0
Current assets	1,381.0	-	1,381.0
<i>Assets classified as held for sale</i>	122.1	-	122.1
Total assets	13,644.5	(461.2)	13,183.3
Equity	584.7	(138.4)	446.3
Other non-current liabilities	9,836.7	56.9	9,893.6
Deferred tax liabilities	492.6	(379.8)	112.8
Non-current liabilities	10,329.3	(322.9)	10,006.4
Current liabilities	2,645.9	(0.1)	2,645.8
<i>Liabilities directly associated with assets classified as held for sale</i>	84.6	-	84.6
Total liability and equity	13,644.5	(461.4)	13,183.1

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

Consolidated Statement of Income Year ended 31 December 2015 (€m)	December 31, 2015 (reported)	Revision	December 31, 2015 (revised)
Revenue	3,492.8	-	3,492.8
Operating expenses	(1,891.0)	-	(1,891.0)
Depreciation, amortisation and impairment	(1,108.8)	(112.7)	(1,221.5)
Other expenses and income	(101.5)	-	(101.5)
Operating profit	391.5	(112.7)	278.8
Net finance costs	(618.4)	(42.5)	(660.9)
Gain on disposal of businesses	27.5	-	27.5
Share of profit in associates	2.1	-	2.1
Loss before taxes	(197.3)	(155.2)	(352.4)
Income tax expense	(79.7)	31.0	(48.7)
Loss for the period	(277.0)	(124.2)	(401.2)
Comprehensive income	(349.7)	(81.5)	(431.2)

30. Events after the reporting period***Acquisition of a stake in Sport TV***

On February 24, 2017, PT Portugal entered the capital of SPORT TV, a sports broadcaster based in Portugal, strengthening its shareholder structure as a 25% shareholder along with, NOS, Olivedesportos and Vodafone. This new structure benefits, above all, PT Portugal's customers and the Portuguese market, guaranteeing all of the operators access to the sports content considered essential in fair and non-discriminatory market conditions.

Acquisition of TEADS

On March 21, 2017, the Company announced that it has entered into an agreement to acquire TEADS, the no. 1 online video advertising marketplace in the world. The proposed transaction values TEADS at an enterprise value of up to €285 million on a cash and debt free basis. The payment of the full purchase price is subject to TEADS achieving certain revenue targets in 2017: 75% of the purchase price will be due at closing, the remaining 25% being subject to TEADS' 2017 revenue performance and becoming payable in early 2018. The proposed transaction is subject to certain competition reviews and is expected to close in mid-2017.

The acquisition of TEADS is another critical component for the Group's global advertising strategy. The Group will provide its clients with data-driven, audience-based advertising solutions on multiscreen platforms including TV, digital, mobile and tablets. It will also provide an open and intelligent advertising platform to the media industry, programmers and multichannel video programming distributors. Together with sophisticated return on investment analysis capabilities, leveraging multiscreen subscriber data information, this will put the Group in a unique position to grow its global advertising platform and better monetize its core telecommunications access and content business.

Refinancing of a portion of the existing debt of Altice International group

On March 23, 2017, the Group announced that Altice Financing successfully priced \$910 million of 8.25-year term loan B. The new term loans will have a margin of 275bps over Libor (for the Dollar loans) and 300bps over Euribor (for the Euro loan) and be issued at an OID of 99.75. The refinancing closed on April 19, 2017. The proceeds of the term loans B were used respectively to refinance the €446 million principal amount of loans under the 2015 Altice Financing Credit Facility Agreement that mature in July 2023 and redeem the entire \$425 million of the 2012 Senior Notes. The refinancing extended the average maturity of Altice International group's debt from 6.7 to 7 years and reduce the weighted average cost of its debt from 6.2% to 5.9%.

31. List of entities included in the scope of consolidation

The table on the following pages provides a list of all entities consolidated into the Group's financial statements. The method of consolidation is provided; fully consolidated ("FC") or consolidated using the equity method ("EM"), as is the percentage of capital held by the Group and the entity's country of incorporation.

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Altice International S.à r.l..	Luxembourg	Parent Entity	Parent Entity
Altice Africa S.à r.l..	Luxembourg	FC	100%
Altice Bahamas S.à r.l..	Luxembourg	FC	97.2%
Altice Blue Two	France	FC	99.9%
Altice Caribbean S.à r.l..	Luxembourg	FC	100%
Altice Content S.à r.l..	Luxembourg	FC	100%
Altice Customer Services S.à r.l..	Luxembourg	FC	65%
Altice Entertainment News & Sport Lux S.à r.l..	Luxembourg	FC	100%
Altice Entertainment News & Sport S.A.	Luxembourg	FC	100%
Altice Financing S.A.	Luxembourg	FC	100%
Altice Finco S.A.	Luxembourg	FC	100%
Altice Hispaniola, S.A.	Dominican Republic	FC	97.2%
Altice Holdings S.à r.l..	Luxembourg	FC	100%
Altice Labs, S.A.	Portugal	FC	100%
Altice Management International	Switzerland	FC	100%
Altice Picture S.à r.l..	Luxembourg	FC	100%
Altice Portugal, S.A.	Portugal	FC	100%
Altice Securities S.à r.l..	Luxembourg	FC	100%
Altice Technical Services S.A.	Luxembourg	FC	51%
Altice West Europe S.à r.l..	Luxembourg	FC	100%
Atento Maroc S.A.	Morocco	FC	58%
Auberimmo S.A.S.	France	FC	100%
Auto Venda Já, S.A.	Portugal	EM	50%
Capital Criativo - Scr, S.A.	Portugal	EM	11%
City Call Ltd	Mauritius	FC	97%
Coditel Brabant S.P.R.L.	Belgium	FC	84.4%
Coditel Holding Lux Ii S.à r.l..	Luxembourg	FC	84.4%
Coditel Holding Lux S.à r.l..	Luxembourg	FC	84.4%
Coditel Holding S.A.	Luxembourg	FC	84.4%
Coditel Management S.à r.l..	Luxembourg	FC	84.4%
Coditel S.à r.l..	Luxembourg	FC	84.4%
Contact Cabo Verde - Telemarketing E Serviços De Informação, S.A.	Portugal	FC	100%
Cool Holdings Limited	Israel	FC	100%
CPA Lux S.à r.l...	Luxembourg	FC	100%
Deficom Telecom S.à r.l...	Luxembourg	FC	74%
Drom Hasharon Telecommunication (1990) Ltd	Israel	FC	100%
Emashore S.A.	Morocco	FC	58%
Ericsson Inovação S.A.	Portugal	EM	49%
ERT Holding France S.A.S.	France	FC	28.5%
ERT Luxembourg S.A.	Luxembourg	FC	28.5%
ERT Technologies S.A.S.	France	FC	28.5%
Global Interlink	Bahamas	FC	97.2%
Green Datacenter AG	Switzerland	FC	100%
Green.Ch AG	Switzerland	FC	100%
Groupe Outremer Telecom	France	FC	99.9%
H. Hadaros 2012 Ltd	Israel	FC	100%
Hot Eidan Israel Cabele System 1987 Ltd	Israel	FC	100%
Hot Mobile International Telecommunications Ltd	Israel	FC	100%
Hot Mobile Ltd	Israel	FC	100%
Hot Net Internet Services Ltd	Israel	FC	100%
Hot Telecom Ltd	Israel	FC	100%
Hot Telecom Ltd Partnership	Israel	FC	100%
Hot Telecommunications Systems Ltd	Israel	FC	100%
Hungaro Digitel Kft (Hdt)	Portugal	EM	45%

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Informatique Telematique Ocean Indien SARL	France	FC	99.9%
Icart S.A.S.	France	FC	28.5%
Inovendys S.A.	Morocco	FC	58%
Intelcia Cameroun S.A.	Cameroon	FC	40%
Intelcia France S.A.S.	France	FC	58%
Intelcia Group S.A.	Morocco	FC	58%
Intelcia Senegal S.A.S.	Senegal	FC	58%
Isracable Ltd	Israel	FC	100%
Janela Digital-Informática E Telecomunicações, Lda	Portugal	EM	50%
Martinique TV Cable	France	FC	99.9%
MCS S.A.S.	France	FC	100%
Meo-Serviços De Comunicações E Multimédia, S.A.	Portugal	FC	100%
Mobius S.A.S.	France	FC	99.5%
Multicert - Serviços De Certificação Electrónica, S.A.	Portugal	EM	20%
New Post A.C.E.	Portugal	FC	51%
OMT Invest	France	FC	99.5%
OMT Ltd	Mauritius	FC	97%
OMT Madagascar	Madagascar	FC	99.5%
OMT Océan 1	France	FC	99.5%
OMT Océan 2	France	FC	99.5%
Open Idea Morocco, Sarlau	Portugal	FC	100%
Open Labs Pesquisa E Desenvolvimento Ltda	Portugal	FC	100%
Openidea Tecnologias De Telecomunicações E Sistemas De Informação, S.A. (Aveiro)	Portugal	FC	100%
Openidea, Tecnologias De Telecomunicações E Sistemas De Informação S.A. (Angola)	Portugal	FC	100%
OPS	France	FC	97%
Outremer Telecom	Mauritius	FC	99.5%
Phi	Israel	EM	50%
Portugal Telecom Brasil, S.A.	Portugal	FC	100%
Portugal Telecom Data Center, S.A.	Portugal	FC	100%
Portugal Telecom Inovação Brasil, S.A.	Portugal	FC	100%
Previsão-Sociedade Gestora De Fundos De Pensões, Sa	Portugal	FC	82%
Pt Blueclip -Serviços De Gestão, S.A.	Portugal	FC	100%
Pt Cloud E Data Centers, S.A.	Portugal	FC	100%
Pt Contact-Telemarketing E Serviços De Informação, S.A.	Portugal	FC	100%
Pt Imobiliária, Sa	Portugal	FC	100%
Pt Móveis, Sgps, Sa	Portugal	FC	100%
Pt Multimédia.Com Brasil, Ltda.	Portugal	FC	100%
Pt Pay, S.A.	Portugal	FC	100%
Portugal Telecom, Sgps, S.A.	Portugal	FC	100%
Pt Prestações - Mandatária De Aquisições E Gestão De Bens, S.A.	Portugal	FC	100%
Pt Sales - Serviços De Telecomunicações E Sistemas De Informação, S.A.	Portugal	FC	100%
Rhon'telecom S.A.S.	France	FC	30.6%
Sadotel S.A.S.	Dominican Republic	FC	30.6%
Sarl Rezo Télécom	France	FC	100%
South Sharon Communications (1990) Ltd	Israel	FC	100%
Siresp, Gestão Redes Digitais Segurança E Emergência,S.A.	Portugal	EM	31%
Smartshore SARL	Morocco	FC	17.3%
SNC Outremer Communication 1	France	FC	100%
SNC Outremer Communication 2	France	FC	100%
SNTC	France	FC	80%
Sportinvest Multimédia, Sgps, S.A.	Portugal	EM	50%

Altice International S.à r.l.

Notes to the consolidated financial statements as of December 31, 2016

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Sudtel S.A.	Portugal	FC	35.7%
TAT S.à r.l.	Israel	FC	26%
Tnord S.A.	Portugal	FC	30.6%
TRC Belgium Sprl	Belgium	FC	28.5%
Tricom, S.A.	Dominican Republic	FC	97.2%
TWW S.A.	Morocco	FC	58%
Wll Antilles Guyane S.A.S.	France	FC	97%
Wll Réunion S.A.S.	France	FC	97%
World Satellite Guadeloupe	France	FC	99.5%
Yunit Serviços, S.A.	Portugal	EM	33%
Zira Ltd.	Israel	EM	20%

To the Sole Partner of
Altice International S.à r.l.
5, rue Eugène Ruppert
L-2453 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

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, 2016, and the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of 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 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.

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, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

For Deloitte Audit, *Cabinet de révision agréé*

John Psaila, *Réviseur d'entreprises agréé*
Partner

April 28, 2017