ALTICE S.A.

QUARTERLY REPORT

FOR THE PERIOD ENDED JUNE 30, 2014

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DEFINITIONS

Definitions of certain terms used in this quarterly report and certain financial and operating data can be found below.

"2012 Notes" collectively refers to the 2012 Senior Secured Notes and the 2012 Senior Notes.

"2012 Revolving Credit Facility" refers to the revolving facility agreement, dated November 27, 2012, as amended and restated on December 12, 2012, as further amended, restated, supplemented or otherwise modified from time to time among, *inter alios*, Altice Financing, as borrower, the lenders from time to time party thereto, Citibank International PLC as facility agent and Citibank, N.A., London Branch as security agent.

"2012 Senior Notes" refers to the $425 million aggregate principal amount of $9^{7}/_{8}$% senior notes due 2020 issued by Altice Finco under the 2012 Senior Notes Indenture.

"2012 Senior Notes Indenture" refers to the indenture dated as of December 12, 2012, as amended, among, *inter alios*, Altice Finco, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2012 Senior Notes.

"2012 Senior Notes Proceeds Loan" refers to the proceeds loan agreement dated the 2012 Transaction Completion Date between Altice Finco and Altice Financing pursuant to which the proceeds of the 2012 Senior Notes were on- lent by Altice Finco to Altice Financing.

"2012 Senior Secured Notes" collectively refers to the €210 million aggregate principal amount of 8% senior secured notes due 2019 and the $460 million aggregate principal amount of $7^{7}/_{8}$% senior secured notes due 2019 issued by Altice Financing under the 2012 Senior Secured Notes Indenture.

"2012 Senior Secured Notes Indenture" refers to the indenture dated as of December 12, 2012, among, *inter alios*, Altice Financing, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2012 Senior Secured Notes.

"2012 Transaction" collectively refers to the Take Private Transaction, the refinancing of certain indebtedness of Cool Holding and HOT, the entering into of the 2012 Revolving Credit Facility Agreement, the issuing of the HOT Refinancing Notes, the Acquisition Note and the Cool Proceeds Note, the making of the 2012 Senior Notes Proceeds Loan and the offering and sale of the 2012 Notes.

"2012 Transaction Completion Date" refers to December 27, 2012 and is the date on which the 2012 Transaction completed.

"2013 Coditel Acquisition" refers to the acquisition by Altice International of all remaining shares in Coditel Holding from certain minority shareholders which was consummated in November 2013.

"2013 December Transactions" refers to the acquisition of ODO which closed on April 9, 2014, the acquisition of Tricom which closed on March 12, 2014, and the related issuance of the 2013 Dollar Senior Notes, 2013 Dollar Senior Secured Notes, and 2013 Euro Senior Secured Notes.

"2013 Dollar Senior Notes" refers to the € 250 million aggregate principal amount of 9% Notes due 2023 Issued by Altice Finco on June 14, 2013.

"2013 Dollar Senior Notes Indenture" refers to the indenture governing the 2013 Dollar Senior Notes.

"2013 Dollar Senior Notes Proceeds Loan" refers to the proceeds loan agreement between Altice Finco and Altice Financing pursuant to which the proceeds of the 2013 Dollar Senior Notes were on-lent by Altice Finco to Altice Financing.

"2013 Dollar Senior Secured Notes" refers to the $900 million aggregate principal amount of $6^{1}/_{2}$% Senior Secured Notes due 2022 issued by Altice Financing on December 12, 2013.

"2013 Euro Senior Secured Notes" refers to the €300 million aggregate principal amount of $6^{1}/_{2}$% Senior Secured Notes due 2022 issued by Altice Financing on December 12, 2013.

"2013 Guarantee Facility" refers to the guarantee facility agreement dated July 1, 2013, as amended, restated, supplemented or otherwise modified from time to time, among Altice Financing as borrower, the lenders from time to time party thereto, Wilmington Trust (London) Limited as facility agent and Citibank, N.A., London Branch as security agent.

"2013 June Transactions" refers collectively to the Fold in, the ABO Refinancing, the Cabovisão Refinancing, the Coditel Refinancing, the ONI Transaction, the Outremer Transaction, the 2013 Coditel Acquisition and the Acquisition of Content Subsidiaries.

"2013 Margin Loan" refers to the €324 million facility agreement dated November 7, 2013 and amended on January 16, 2014, between, among others, Altice France, as borrower, the lenders party thereto and ING Bank N.V as facility agent and as security agent, which is expected to be fully repaid and extinguished in connection with the Transactions.

"2013 Revolving Credit Facility" refers to the revolving facility agreement, dated July 1, 2013, as amended, restated, supplemented or otherwise modified from time to time, among Altice Financing as borrower, the lenders from time to time party thereto Citibank International Plc as facility agent and Citibank, N.A., London Branch as security agent.

"2013 Senior Notes" refers to the €250 million aggregate principal amount of 9% senior notes due 2023 issued by Altice Finco under the 2013 Senior Notes Indenture.

"2013 Senior Notes Indenture" refers to the indenture dated as of June 14, 2013, as amended, among, *inter alios*, Altice Finco, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2013 Senior Notes.

"2013 Senior Notes Proceeds Loan" refers to the intercompany loan made with the proceeds of the offering of the 2013 Senior Notes by Altice Finco as lender to Altice Financing as borrower in connection with the 2013 June Transactions.

"2013 Senior Secured Notes" collectively refers to the 2013 Dollar Senior Secured Notes and the 2013 Euro Senior Secured Notes.

"2013 Senior Secured Notes Indenture" refers to the indenture governing the 2013 Senior Secured Notes.

"2013 Term Loan" refers to the term loan credit agreement on or prior to June 19, 2013 between Altice Financing as borrower and the persons listed in Schedule 2.01 thereto as lenders, an agent to be mutually agreed among the borrower and the lenders as the Administrative Agent and Citibank, N.A., London Branch as security agent.

"2014 Dollar Notes" refers to the $ 2,900 million Senior Notes due 2022 issued by the Company on May 8, 2014.

"2014 Euro Notes" refers to the €2,075 million Senior Notes due 2022 issued by the Company on May 8, 2014.

"2014 Senior Notes" collectively refers to the 2014 Euro Notes and the 2014 Dollar Notes.

"ABO" refers to Altice Blue One S.A.S., a *société par actions simplifiée*, incorporated under the laws of France.

"ABO Proceeds Loan" refers to the intercompany loan made by Altice Holdings as lender to ABO as borrower in connection with the ABO Refinancing and the 2013 June Transactions.

"ABO Refinancing" refers to ABO's refinancing of approximately €70 million of its existing indebtedness to third parties with the proceeds of the 2013 Term Loan and the 2013 Senior Notes on July 2, 2013.

"Acquisition Note" refers to SPV1's NIS 955.5 million aggregate principal amount of notes due 2019 issued to Altice Financing on the 2012 Transaction Completion Date.

"Acquisition of Content Subsidiaries" refers to the acquisition by Altice International of Ma Chaîne Sport S.A. and its subsidiary, Sportv S.A., in November 2013.

"AH Proceeds Loan" refers to the intercompany loan made by Altice Financing as lender to Altice Holdings as borrower in connection with the 2013 June Transactions.

"Altice Bahamas" refers to Altice Bahamas S.à r.l., a private limited liability company (*société à responsabilité limitée*), incorporated under the laws of the Grand Duchy of Luxembourg.

"Altice Blue Two" refers to Altice Blue Two S.A.S., a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France.

"Altice Caribbean" refers to Altice Caribbean S.à r.l. a private limited liability company incorporated under the laws of the Grand Duchy of Luxembourg.

"Altice Financing" refers to Altice Financing S.A., a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg.

"Altice Financing Pledged Proceeds Notes" collectively refers to the AH Proceeds Loan, the 2013 December AH Proceeds Loans, the Cool Proceeds Note, the Acquisition Note and the HOT Refinancing Notes.

"Altice Finco" refers to Altice Finco S.A., a public limited liability company (*société anonyme*), incorporated under the laws of Luxembourg.

"Altice S.A. Equity Financing" means the offering of €569 million in value of ordinary shares or equity-linked securities of the Company to be issued in connection with the Transactions.

"Altice France" refers to Altice France S.A., formerly named Altice Six S.A., a public limited liability company (*société anonyme*) existing under the laws of the Grand Duchy of Luxembourg.

"Altice Group" refers to, collectively, the Group and the Numericable Group, unless the context otherwise requires.

"Altice Holdings" refers to Altice Holdings S.à r.l., a private limited liability company (*société à responsabilité limitée*), incorporated under the laws of the Grand Duchy of Luxembourg.

"Altice International" refers to Altice International S.à r.l., previously named Altice VII S.à r.l., a private limited liability company (*société à responsabilité limitée*), existing under the laws of the Grand Duchy of Luxembourg.

"Altice International Group" refers to Altice International and its subsidiaries.

"Altice Portugal" refers to Altice Portugal S.A., a public limited liability company (*sociedade anónima*) incorporated under the laws of Portugal.

"Altice S.A. Intercreditor Agreement" refers to the intercreditor agreement to be dated on or about May 8, 2014, as amended from time to time, among, *inter alios*, the Company, and Deutsche Bank AG, London Branch, as the security agent.

"Altice S.A. Revolving Credit Facility Agreement" refers to the €200 million revolving credit facility agreement to be entered into on or about May 8, 2014, as amended, restated, supplemented or otherwise modified from time to time, among the Company, as borrower, the lenders from time to time party thereto, Deutsche Bank, as facility agent, and Deutsche Bank, as security agent.

“Altice West Europe” refers to Altice West Europe S.à r.l. a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg.

“Cabovisão” refers to Cabovisão—Televisão por Cabo, S.A., a public limited liability company (*sociedade anónima*) incorporated under the laws of Portugal.

“Cabovisão Bridge Facility” refers to the facility agreement, dated March 6, 2013 (as amended and restated on April 18, 2013), among, *inter alios*, Altice Holdings, as the borrower, Altice International, as the parent, Altice Portugal and Cabovisão, as original guarantors, Goldman Sachs International, Morgan Stanley Bank International Limited and Crédit Agricole Corporate and Investment Bank, as the arrangers, and Wilmington Trust (London) Limited as agent and security agent, which was refinanced pursuant to the Cabovisão Refinancing and the 2013 June Transactions.

“Cabovisão Proceeds Notes” refers to the outstanding bonds issued by Cabovisão and subscribed for by Altice Holdings on April 23, 2013 (“Original Cabovisão Proceeds Notes”) and on July 2, 2013 (“New Cabovisão Proceeds Notes”).

“Cabovisão Refinancing” refers to the repayment by Altice Financing of the outstanding indebtedness under the Cabovisão Bridge Facility of €203 million with the proceeds of the 2013 Term Loan and the 2013 Senior Notes on July 2, 2013.

“Carlyle” refers to Carlyle Cable Investment SC, an entity affiliated with The Carlyle Group.

“Cinven” refers to CCI (F3) S.à r.l., a fund affiliated with Cinven Ltd.

“Cinven Carlyle Roll Over” has the meaning ascribed to it in the section entitled “Post Balance Sheet Date Events – Cinven Carlyle Roll Over” of this quarterly report.

“Clearstream” refers to Clearstream Banking, *société anonyme.*

“Coditel Belgium” refers to Coditel Brabant S.P.R.L., a private limited liability company (*société privée à responsabilité limitée*) incorporated under the laws of Belgium.

“Coditel Holdco” refers to Coditel Holding Lux II S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg.

“Coditel Holding” or “Coditel Holding S.A.” or “Coditel” refers to Coditel Holding S.A., a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, or collectively, Coditel Holding S.A. and its subsidiaries, as the context requires.

“Coditel Luxembourg” refers to Coditel S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg.

“Coditel Refinancing” refers to the prepayment by Coditel Holding of approximately €7 million of its €138 million indebtedness outstanding under the Coditel Senior Facility and the purchase by Altice Holdings of substantially all of the remaining interests of the existing lenders under the Coditel Senior Facility with the proceeds of the 2013 Term Loan and the 2013 Senior Notes on July 2, 2013.

“Coditel Senior Facilities Agreement” refers to the senior facilities agreement, dated November 29, 2011, among, *inter alios*, Coditel Holding Lux S.à r.l. as parent, Coditel Holding as the company, GE Corporate Finance Bank S.A.S., HSBC France, ING Belgium SA/NV, KBC Bank NV and Natixis as mandated lead arrangers, ING Bank N.V. as agent and security agent.

“Collateral” refers to the collateral securing the 2014 Senior Notes.

“Combined France Group” refers to Numericable Group S.A. and its subsidiaries after giving effect to the Transactions, including SFR and its subsidiaries.

"Company" refers to Altice S.A., a public limited liability company (*société anoyme*) incorporated under the laws of Luxembourg.

"Completion Date" has the meaning ascribed to it in the section entitled "Post Balance Sheet Date Events – Cinven Carlyle Roll Over" of this quarterly report.

"Contribution" has the meaning ascribed to it in the section entitled "Post Balance Sheet Date Events – Numericable Group Tranactions – The SFR Acquisition" of this quarterly report.

"Cool Holding" refers to Cool Holding Ltd., (a) a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg and (b) a private limited liability company incorporated under the laws of Israel.

"Cool Proceeds Note" refers to Cool Holding's NIS 1,052.8 million aggregate principal amount of notes due 2019 issued to the Senior Secured Notes Company on the 2012 Transaction Completion Date.

"Cool Shareholder Loan" refers to the amended and restated interest free loan agreement dated January 11, 2013 between Altice International and Cool Holding pursuant to which Altice International agreed to grant Cool Holding a loan in a maximum aggregate amount of NIS 1.5 billion.

"DTC" refers to The Depository Trust Company.

"Escrow Agent" refers to Deutsche Bank AG, London Branch, acting in its capacity as escrow agent under the Escrow Agreement.

"Existing Altice Financing Revolving Credit Facilities" collectively refers to the 2012 Revolving Credit Facility and the 2013 Revolving Credit Facility.

"Existing Coditel Intercreditor Agreement" refers to the intercreditor agreement, dated November 29, 2011 between, *inter alios*, Coditel Holding Lux S.à r.l., Coditel Holding, the companies listed therein as original debtors, ING Bank N.V. as senior agent, Wilmington Trust (London) Limited as mezzanine agent and ING Bank N.V. as security agent.

"Existing Coditel Mezzanine Facility" refers to the facility available under the Existing Coditel Mezzanine Facility Agreement.

"Existing Coditel Mezzanine Facility Agreement" refers to the mezzanine facility agreement, dated November 29, 2011, among, *inter alios*, Coditel Holding Lux S.à.r.l., Coditel Holding as the company, Wilmington Trust (London) Limited as agent and ING Bank N.V. as security agent.

"Existing HOT Unsecured Notes" refers to the NIS 825 million notes (Series A) and the NIS 675 million notes (Series B) of HOT, offered to Israeli investors pursuant to an Israeli shelf offering report dated March 29, 2011 under an Israeli shelf prospectus dated February 28, 2011, as amended on March 29, 2011, and as amended from time to time.

"Existing Indentures" collectively refers to the 2013 Senior Secured Notes Indenture, the 2013 Dollar Senior Notes Indenture, the 2013 Senior Notes Indenture, the 2012 Senior Notes Indenture and the 2012 Senior Secured Notes Indenture and "Existing Indenture" refers to the 2013 Senior Secured Notes Indenture, the 2013 Dollar Senior Notes Indenture, the 2013 Senior Notes Indenture, 2012 Senior Notes Indenture or the 2012 Senior Secured Notes Indenture, as the context requires.

"Existing Intercreditor Agreement" refers to the intercreditor agreement dated December 12, 2012, as amended from time to time, among, *inter alios*, Altice Finco, Altice Financing, Cool Holding, and Citibank, N.A., London Branch, as the security agent.

"Existing Notes" collectively refers to the Existing Senior Notes and the Existing Senior Secured Notes.

"Existing Numericable Indebtedness" refers to all indebtedness outstanding under the Ypso France Senior Facility Agreement, including the Numericable February 2012 Notes and the Numericable October 2012 Notes, which is expected to be fully repaid and extinguished with the proceeds from certain financing transactions to be executed in connection with the Transactions.

"Existing Senior Notes" collectively refers to the 2013 Dollar Senior Notes, the 2013 Senior Notes and the 2012 Senior Notes.

"Existing Senior Notes Indentures" collectively refers to the 2013 Dollar Senior Notes Indenture, the 2013 Senior Notes Indenture and the 2012 Senior Notes Indenture and "Existing Senior Notes Indenture" refers to the 2013 Dollar Senior Notes Indenture, the 2013 Senior Notes Indenture or 2012 Senior Notes Indenture, as the context requires.

"Existing Senior Notes Collateral" refers to the collateral securing the Existing Senior Notes.

"Existing Senior Secured Notes" collectively refers to the 2012 Senior Secured Notes and the 2013 Senior Secured Notes.

"Existing Senior Secured Guarantors" collectively refers to Altice International, Cool Holding, H Hadaros 2012 Ltd, SPV1, Altice Holdings, Altice West Europe, Altice Caribbean, Green, Altice Portugal, Cabovisão, Winreason, ONI S.G.P.S., Onitelecom, Knewon and Altice Bahamas. ODO and Tricom are expected to become an Existing Senior Secured Guarantor in the first half of 2014.

"Existing Senior Secured Notes Guarantees" collectively refers to the guarantees issued by the Existing Senior Secured Notes Guarantors.

"Fold in" refers to the transfer by Altice International of all of the share capital of Altice Holdings and certain of its subsidiaries, including Altice Portugal, Cabovisão, Coditel Holding, ABO, Green and Le Cable into the Group in connection with the 2013 June Transactions.

"French Overseas Territories" refers to Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte.

"Global Interlinks Ltd." refers to Global Interlinks Ltd., a corporation organized under the laws of The Bahamas.

"Green" refers to green.ch AG (company registration no. CHE- 113.574.742; formerly Solution25 AG), a Swiss company limited by shares (*Aktiengesellschaft*), incorporated and existing under the laws of Switzerland.

"Green Datacenter" refers to Green Datacenter AG (company registration no. CHE-115.555.342), a Swiss company limited by shares (*Aktiengesellschaft*), incorporated and existing under the laws of Switzerland.

"Group" refers to the Company and its subsidiaries.

"Groupe Outremer Telecom" refers to Groupe Outremer Telecom S.A., a public limited liability company incorporated under the laws of France, or collectively, Group Outremer Telecom S.A. and its subsidiaries as the context requires.

"HOT" refers to HOT Telecommunication Systems Ltd., or collectively, HOT Telecommunication Systems Ltd. and its subsidiaries, as the context requires.

"HOT Mobile" refers to HOT Mobile Ltd., formerly known as MIRS Communications Ltd.

"HOT Net" refers to HOT Net Internet Services Ltd.

"HOT Proceeds RCF Note" refers to HOT's NIS 320 million aggregate principal amount of notes issued to Altice Financing on the 2012 Transaction Completion Date subject to the terms of the revolving loan agreement dated December 27, 2012 among Altice Financing, HOT, the HOT Refinancing Note Guarantors and Citibank, N.A., London Branch as security agent.

"HOT Proceeds Term Note" refers to HOT's NIS 1,900 million aggregate principal amount of notes issued to Altice Financing on the 2012 Transaction Completion Date.

"HOT Refinancing Note Collateral" refers to the pledge over substantially all of the assets of HOT (including all of the share capital of HOT Mobile) and the HOT Refinancing Note Guarantors securing the HOT Refinancing Notes, but, in each case, excluding licenses granted by the Israeli Ministry of Communication and certain end-user equipment, with respect to which HOT is not permitted to grant a security interest, securing the HOT Refinancing Notes. The 2014 Senior Notes will not benefit from the HOT Refinancing Note Collateral.

"HOT Refinancing Note Guarantors" refers to HOT Net, HOT Telecom, Hot Vision Ltd., HotIdan Cable Systems Israel Ltd., HotIdan Cable Systems (Holdings) 1987 Ltd., HotEdom Ltd., Hot T.L.M Subscribers Television Ltd. and HotCable System Media Haifa Hadera Ltd.

"HOT Refinancing Notes" collectively refers to the HOT Proceeds RCF Note and the HOT Proceeds Term Note.

"HOT Telecom" refers to HOT Telecom Limited Partnership.

"IFRS" refers to the International Financial Reporting Standards as adopted by the European Union, unless the context otherwise requires.

"Indenture" refers to the indenture dated May 8, 2014 governing the 2014 Senior Notes.

"Initial Purchasers" refers to, with respect to the Euro notes, J.P. Morgan Securities plc, with respect to the Dollar Notes, J.P. Morgan Securities LLC, with respect to the 2014 Senior Notes, each of Goldman Sachs International, Deutsche Bank AG, London Branch, Barclays Bank plc, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Morgan Stanley & Co. International plc and ING Bank N.V., London Branch and with respect to the Euro Notes, Natixis.

"Knewon" refers to Knewon, S.A., a public limited liability company (*sociedade anónima*) incorporated under the laws of Portugal.

"Le Cable" collectively refers to Le Cable Martinique and Le Cable Guadeloupe.

"Le Cable Guadeloupe" refers to World Satellite Guadeloupe S.A., a public limited liability (*société anonyme*) company incorporated under the laws of France.

"Le Cable Martinique" refers to Martinique TV Câble S.A. a public limited liability company (*société anonyme*) incorporated under the laws of France.

"Le Cable Proceeds Loans" collectively refers to the intercompany loans by Altice Holdings as lender to Le Cable Martinique and Le Cable Guadeloupe as borrowers in connection with the refinancing of Le Cable and the 2013 June Transactions.

"Luxembourg" refers to the Grand Duchy of Luxembourg.

"Mobius Acquisition" refers to the acquisition by Altice Blue Two (a wholly-owned subsidiary of Altice International) of the Mobius Group in January 2014.

"Mobius Group" refers to the group headed by Mobius S.A.S., a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France.

"Mobius Transaction" refers collectively to the following transactions: (i) the purchase by Altice Blue Two of all of the outstanding share capital of the Mobius Group and (ii) the reinvestment of certain managers of the Mobius Group in Altice Blue Two.

"New Numericable Senior Secured Notes" refers to the €6,040 million (equivalent) aggregate principal amount of Senior Secured Notes to be issued by Numericable on May 8, 2014.

"New Numericable Term Loan" refers to the term loan facility established under the facility agreement dated on or about May 8, 2014, as amended, restated, supplemented or otherwise modified from time to time, among, inter alios, Numericable, Ypso France and Numericable U.S. LLC as borrowers, the lenders from time to time party thereto, and Deutsche Bank AG, London Branch as administrative agent and as security agent.

"New Revolving Credit Facilities" collectively refers to the facilities under the Altice S.A. Revolving Credit Facility Agreement and the Numericable Group Revolving Credit Facilities Agreement.

"Next L.P." refers to Next Limited Partnership Incorporated, a limited partnership with separate legal personality registered in Guernsey, acting by its general partner, Next GP Limited, a limited liability company registered in Guernsey.

"Numericable" refers to Numericable Group S.A.

"Numericable Acquisition" refers to the acquisition by Altice France of additional shares in Numericable bringing Altice France's total shareholding in Numericable to 40%, which occurred in February 2014.

"Numericable February 2012 Notes" refers to the $12^3/_8$% senior secured notes due 2019 that were issued by Numericable Finance & Co. S.C.A. on February 14, 2012 in an aggregate principal amount of €360.2 million.

"Numericable Group" refers to Numericable Group S.A. and its subsidiaries.

"Numericable Group Intercreditor Agreement" refers to the intercreditor agreement to be dated on or about May 8, 2014, as amended from time to time, among, *inter alios*, Numericable and Deutsche Bank AG, London Branch as the security agent.

"Numericable Group Revolving Credit Facilities Agreement" refers to the revolving facilities agreement, dated on or about May 8, 2014, as amended, restated, supplemented or otherwise modified from time to time, among Numericable and certain of its subsidiaries as borrowers, the lenders from time to time party thereto, Deutsche Bank AG, London Branch as facility agent and Deutsche Bank AG, London Branch as security agent.

"Numericable Group Transactions" refers to the transactions described under the heading "Numericable Group Transactions" in the section entitled "Post Balance Sheet Date Events" of this quarterly report.

"Numericable October 2012 Notes" refers to the existing $8^3/_4$% Senior Secured Notes due 2019 that were issued by Numericable Finance & Co. S.C.A. on October 25, 2012 in an aggregate principal amount of €225.0 million.

"Numericable Refinancing Transactions" has the meaning ascribed to it in the section entitled "Post Balance Sheet Date Events" of this quarterly report.

"Numericable Rights Issue" has the meaning ascribed to it in the section entitled "Post Balance Sheet Date Events – Numericable Refinancing Transactions – Financing of the Numericable Group Transactions" of this quarterly report.

"ODO" refers to Orange Dominicana S.A.

"ODO Acquisition" refers to the acquisition by Altice Dominican Republic II SAS of ODO which was completed on April 9, 2014.

"ODO Acquisition Agreement" has the meaning ascribed to it in the section entitled "Post Balance Sheet Date Events - ODO Acquisition" of this quarterly report.

"Offer" has the meaning ascribed to it in the section entitled "Post Balance Sheet Date Events - Numericable Group Transactions – The SFR Acquisition" of this quarterly report.

"OMT Invest" refers to OMT Invest S.A.S. (Société par actions simplifieé), incorporated under the laws of France.

"ONI" and "ONI Group" refer to Winreason, ONI S.G.P.S., Onitelecom and/or their subsidiaries as the context requires.

"ONI Acquisition" refers to the purchase by Cabovisão of all of the outstanding shares of Winreason and Winreason shareholders' credits, which was consummated on August 8, 2013.

"ONI Facility Agreement" refers to the facility agreement dated 10 November 2011 between, amongst others, Onitelecom, as borrower, and Banco Efisa, S.A., as agent.

"ONI Hedging Agreements" refers to the hedging agreements entered into by Onitelecom in connection with the ONI Facility Agreement.

"ONI Refinancing" refers to, collectively, the repayment of the outstanding indebtedness under the ONI Facility Agreement by Altice Financing and the termination of, and repayment of the outstanding indebtedness under, the ONI Hedging Agreements by Onitelecom, which were consummated on August 8, 2013.

"ONI S.G.P.S." refers to ONI S.G.P.S., S.A. a holding company (*sociedade gestora de particiopações sociais*) incorporated under the laws of Portugal.

"Onitelecom" refers to Onitelecom—Infomunicações, S.A., a public limited liability company (*sociedade anónima*) incorporated under the laws of Portugal.

"Onitelecom Proceeds Notes" refers to the outstanding bonds issued by ONI and subscribed for by Altice Holdings.

"ONI Transaction" refers to, collectively, the ONI Acquisition and the ONI Refinancing.

"Outremer" refers to Groupe Outremer Telecom and its subsidiaries.

"Outremer Investment Agreement" refers to the investment agreement between the parties to the Outremer Purchase Agreement.

"Outremer Proceeds Loans" collectively refers to the intercompany loans made by Altice Holdings as lender to Altice Caribbean, Altice Blue Two, OMT Invest and Group Outremer Telecom as borrowers in connection with the Outremer Transaction.

"Outremer Purchase Agreement" refers to the sale and purchase agreement dated June 7, 2013 between Altice International and certain of its subsidiaries and the existing investors in, and certain managers of, OMT Invest and certain of its affiliates.

"Outremer Transaction" refers collectively to the following transactions: (i) the purchase by Altice (through Altice Blue Two) of all of the outstanding share capital of OMT Invest other than shares that were contributed separately pursuant to the Outremer Investment Agreement and the refinancing of all of the outstanding indebtedness of OMT Invest and its subsidiaries pursuant to the Outremer Purchase Agreement; and (ii) the contribution by the Group of all of the outstanding share capital of Le Cable Martinique and Le Cable Guadeloupe to Altice Blue Two and the contribution by the managers of OMT Invest of all of the outstanding shares of OMT Invest not sold to Altice under the Outremer Purchase Agreement to Altice Blue Two pursuant to the Outremer Investment Agreement. The Outremer Transaction was consummated on July 5, 2013.

"Pledged Proceeds Notes" collectively refers to the Covenant Party Pledged Proceeds Loans and the Senior Secured Notes Company Pledged Proceeds Notes.

"Revolving Credit Facility Agreements" collectively refers to the Existing Altice Financing Revolving Credit Facilities, the Altice S.A. Revolving Credit Facility Agreement and the Numericable Group Revolving Credit Facilities Agreement.

"Security Agent" refers to Deutsche Bank AG, London Branch.

"Senior Notes" collectively refers to the 2014 Senior Notes and the Existing Senior Notes.

"Senior Notes Proceeds Loans" collectively refers to the 2013 Dollar Senior Notes Proceeds Loan, the 2012 Senior Notes Proceeds Loan and the 2013 Senior Notes Proceeds Loan.

"SFR" refers to SFR S.A., a public limited liability company (*société anonyme*) organized and existing under the laws of France, SIG 50 and their subsidiaries (excluding SPT, a holding company of Maroc Telecom), unless the context otherwise requires.

"SFR Acquisition" has the meaning ascribed to it in the section entitled "Post Balance Sheet Date Events - Numericable Group Transactions – The SFR Acquisition" of this quarterly report.

"SIG 50" refers to SIG 50, a French corporation incorporated as a *société anonyme,* registered under identification number 421 345 026 Paris and its subsidiaries.

"SPV1" refers to H. Hadaros 2012 Ltd.

"Take Private Transaction" refers to the acquisition by Cool Holding and SPV1 of all the outstanding shares of HOT (other than certain share options) and the subsequent delisting from the Tel Aviv Stock Exchange of the shares of HOT, which was completed on the 2012 Transaction Completion Date.

"Transactions" has the meaning ascribed to it in in the section entitled "Post Balance Sheet Date Events" in this quarterly report.

"Tricom" refers collectively to Tricom S.A., a corporation (*Sociedad Anónima*) incorporated under the laws of the Dominican Republic and Global Interlinks Ltd.

"Tricom Acquisition" refers to the acquisition by Altice Dominican Republic SAS of Tricom which occurred in March 2014.

"Trustee" refers to Deutsche Bank AG, London Branch, acting in its capacity as trustee under the Indenture.

"U.S. Exchange Act" refers to the U.S. Securities Exchange Act of 1934, as amended.

"U.S. Securities Act" refers to the U.S. Securities Act of 1933, as amended.

"Vivendi" refers to Vivendi S.A., a French corporation incorporated as a *société anonyme* registered under sole identification number 343 059 564 RLS Paris.

"Winreason" refers to Winreason, S.A., a public limited liability company (*sociedade anónima*) incorporated under the laws of Portugal.

"Ypso France Senior Facility Agreement" refers to the senior facility agreement, dated June 6, 2006, as amended and restated on July 18, 2006, July 28, 2006 and March 2, 2007, as amended by a letter dated June 24, 2008, as amended and restated on December 9, 2009, as amended and restated on September 16, 2011, and as amended most recently on November 25, 2013 between, among others, Ypso Holding S.à r.l., as parent; Ypso France S.A.S., Altice France EST S.A.S., Coditel Debt S.à r.l., Est Videocommunication S.A.S., Numericable S.A.S. and NC Numericable S.A.S., as original borrowers and original guarantors; BNP Paribas, CALYON, Lehman Brothers Bankhaus AG, London Branch and Morgan Stanley Bank International Limited, as mandated lead arrangers; BNP Paribas, as agent and security agent; and the Lenders named therein.

PRESENTATION OF FINANCIAL INFORMATION

All historical financial information presented in this report has been prepared on the basis of (i) the condensed consolidated financial statements of Altice S.A. as of, and for the six and three months ended, June 30, 2014 (included in the interim report issued for the period ended June 30, 2014) and (ii) the condensed combined financial statements of Altice France and Altice International as of, and for the three months ended, June 30, 2013, which has been presented for comparative purposes. This historical financial information, pertaining to the three and six month period ended June 30, 2013 has not been audited. See Note 1 to the Condensed Consolidated Financial Statements included herein for a discussion on how these accounts have been prepared.

Pro-forma and aggregated information presented in this report has been prepared assuming that any and all acquisitions made by Altice S.A. and its subsidiaries over the period presented herein had occurred on January 1, 2013.

The pro-forma information presented herein has not been audited. Persons reading this report should be aware that this information may be modified or adjusted, including if it were subject to a review or an audit by our external auditors.

The pro-forma information presented in this report does not include any financial information pertaining to the SFR acquisition, except in the sources of liquidity sections, where we present the debt and corresponding restricted cash held in escrow, which will be used to close the transaction.

Altice S.A.

(Société anonyme)

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

Condensed consolidated statement of income

For the three and six months ended June 30, 2014

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

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

Condensed consolidated statement of other comprehensive income

For the three and six months ended June 30, 2014

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

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

Condensed consolidated statement of financial position

As of June 30, 2014

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

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

Condensed consolidated statement of financial position

As of June 30, 2014

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

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

Condensed consolidated statement of changes in equity

For the six months ended June 30, 2014

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

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

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

Condensed consolidated statement of cash flows

for the six months ended June 30, 2014

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

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

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

Nature of the business

Altice S.A. (the "Company") is a public limited liability company (*Société Anonyme*) incorporated in the Grand Duchy of Luxembourg whose head office is in Luxembourg and has been formed on January 3, 2014. Upon admission of the Company's shares on Euronext Amsterdam on January 31, 2014, the Company received the contribution of two entities incorporated in the Grand Duchy of Luxembourg: Altice France S.A. and Altice International S.à r.l.. Altice France S.A. is hereafter referred to as "Altice France" and Altice International S.à r.l. and its subsidiaries are hereafter referred to as "Altice International" or "Altice International Group".

Altice France

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

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

Altice International

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

Television service offerings include basic and premium programming, and, in most markets, incremental product and service offerings such as enhanced pay-per-view programming, including video-on-demand (''VoD'') and near-video-on-demand (''NVoD''), digital video recorders (''DVR''), high definition (''HD'') television services and, in certain areas, exclusive content, purchased or produced. The Altice International Group tailors its basic and premium channel line-up to each country of operation according to culture, demographics, programming preferences and local regulation. The Altice International Group also offers broadband Internet access services and fixed-line telephony in all its footprints. It also owns and operates mobile infrastructures in certain geographies (French Overseas Territories, Dominican Republic) and offers mobile services through an MVNO (Israel, Mobile Virtual Network Operator) arrangement in Belgium.

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

- Israel (Cable and mobile)
- Dominican Republic (Cable and mobile)
- French Overseas Territories (Cable and mobile)
- Portugal (Cable)

- Belgium and Luxembourg (Cable and mobile through MVNO)
- Others (mainly cable based operations in Switzerland, content companies and holding activities)

Basis of presentation

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

As Altice France and Altice International, before being contributed to Altice S.A. on January 31, 2014, were and remained entities under common control (controlled by Patrick Drahi through Next L.P.), the contribution transactions do not constitute acquisitions within the meaning of IFRS 3 *Business Combinations*. The Group has opted to account for this transaction using the book values, and the condensed consolidated financial statements disclose the amounts as if the contribution of the equity securities of Altice France and Altice International had occurred before January 1, 2010. For this reason, the financial information presented for comparative purposes reflect the historical assets, liabilities, revenues, expenses and cash flows that were directly related to the sub-groups, Altice France and Altice International, which formed two separate groups as of December 31, 2013.

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

Accounting policies

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

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

New standards applied for the first time in the current period

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

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

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

- Amendments to IAS 36–Recoverable Amount Disclosures:

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

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

Judgments

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

Estimates and assumptions

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (herein after referred to as "CGU" or "CGUs") to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Legal claims

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

Post-employment benefits

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

Deferred tax asset

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

Hedge accounting

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

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

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

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

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

Note 2 – Main changes in the scope of consolidation

2.1 France

<u>Numericable Group S.A. ("NG")</u>

On February 3, 2014 the Group, through its direct subsidiary Altice France S.A., completed the acquisition of a 10% stake in Numericable Group S.A. (herein after referred to as "NG"), the leading cable operator in France. Prior to the acquisition of the 10% stake, the Group owned a 30% stake in NG (including 2.6% related to options provided by other shareholders). The acquisition of the additional 10% stake triggered a change in control of NG, with the Group becoming able to nominate 5 out of 10 board (the "Board") members of Numericable Group, as well as the Chairman of the Board, whose vote is considered to be casting in case of a tie.

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

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

Total consideration paid to the vendors for the shares of the acquired entity amounted to €317.0 million on a cash free, debt free basis. Additionally, in accordance with the share purchase agreement, the Group paid an earnout to the vendors amounting to € 42.1 million, bringing the total consideration transferred to €359.1 million.

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

Book value of investment in associate (prior to change in control):	€679.1 million
Variation in investment in associates until February 3, 2014:	€1.3 million
Gain on step acquisition (resulting from change in control):	€256.3 million
Non-controlling interests (post change in control):	€193.3 million
Total consideration for acquisition of additional shares (including earnout):	€359.1 million
Fair value of NG at acquisition:	€1,489.1 million

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

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

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

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

2.1.1 Acquisition of SFR

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

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

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

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

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

2.1.2 Acquisition of Virgin Mobile

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

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

2.2 Dominican Republic

<u>Tricom S.A. and Global Interlinks Limited ("Tricom" and "GLX")</u>

On March 12, 2014, the Group, through its indirect subsidiary, Altice Dominican Republic, completed the acquisition of an approximately 97.2% stake in Tricom S.A., a cable and mobile operator with a 4G license based in the Dominican Republic, and Global Interlinks limited, the owner of a submarine cable, through which it sells data and voice transmission services to other operators based in the region (and including its sister concern, "Tricom S.A"). Through this acquisition, the Group expects to consolidate and expand its cable operations in the

Caribbean Islands and explore synergies through the vertical integration of its operations in the region and synergies with other operations in the region.

Since March 12, 2014 Tricom and Global Interlinks contributed €47.6 million in revenue and €7.3 million to operating profit to the Group's result for the six months ended June 30, 2014.

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

Total consideration paid to the vendors for the shares of the acquired entities amounted to €299.2 million on a cash free, debt free basis.

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

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

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

On April 9 2014, the Group, through its direct subsidiary Altice International S.à r.l., completed the acquisition of a 97.2% stake in Orange Dominicana S.A., the leading mobile operator in the Dominican Republic. ODO operates a high end, 4G enabled mobile network in the Dominican Republic covering up to 86% of the territory of the Dominican Republic.

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

Since April 9, 2014, ODO contributed €107.0 million to the Group revenue and €27.4 million to the Group operating profit for the six months ended June 30, 2014.

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

Total consideration paid to the vendors for the shares of the acquired entity amounted to €1,034.0 million on a cash free, debt free basis.

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

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

As part of the purchase agreement, the vendor agreed to finance the acquisition of a spectrum license to provide 3G services in the Dominican Republic using ODO's existing network. The price of this license was adjusted when calculating the purchase price. The total amount due for the license amounted to €20.8 million ($ 28.5 million). This investment is recorded as capital investment in the accounts of Orange Dominicana as of June 30, 2014, however, it relates to an investment that was not paid for by the Group.

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

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

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

2.3 French Overseas Territories ("FOT")

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

On January 15, 2014, the Company, through its subsidiary, Altice Blue Two S.A.S., obtained control over Mobius, a telecommunications operator in the French Overseas Territories (La Reunion), by acquiring 99.9% of the shares and voting interests in the company. This acquisition enables the Group to further expand and consolidate its footprint in the French Overseas Territories.

Since January 1, 2014, Mobius contributed €9.0 million to revenue and €0.1 million to the Group operating profit for the six months ended June 30, 2014.

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

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

- The total value of assets transferred in consideration for the values mentioned above amounted to €14.8 million, comprising mainly of intangible assets for a net value of €7.1 million, property, plant and equipment for a total value of €1.2 million, financial assets for a total value of €3.2 million and trade and other receivables for a total amount of €2.9 million. Total liabilities amounted to €13.8 million, comprising of €5.1 of non-current liabilities and €8.7 million of current liabilities. The residual value of €17.8 million was recognised provisionally as goodwill.

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

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

Total consideration transferred	€18.8 million
Fair value of identifiable assets and liabilities	€1.0 million
Goodwill	€17.8 million

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

	NG	Tricom	ODO
	(in € millions)		
Revenues	108.5	38.7	108.8
Purchases and subcontracting services	(51.7)	(11.1)	(27.4)
Gross Profit	**56.8**	**27.6**	**81.4**
Other operating expenses	1.5	(4.2)	(10.3)
General and administrative expenses	-	(1.7)	(6.7)
Other sales and marketing expenses	-	(2.2)	(19.0)
Staff costs and employee benefits	(14.0)	(5.3)	-
Operating profit before depreciation and amortization	**44.3**	**14.1**	**45.5**
Depreciation and amortization	(25.6)	(5.1)	(14.3)
Management fees	-	(0.8)	(2.9)
Operating profit	**18.8**	**8.2**	**25.5**
Profit for the period	**4.6**	**5.4**	**19.3**

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

On June 6, 2014, the Group, through its fully owned subsidiary Altice France S.A., exercised a call option it held on shares in Numericable Group S.A. ('NG'). These shares represented 2.6% of the share capital of NG, totalling 3,247,612 shares.

The shares were repurchased at an agreed price of €37.39 per share, thus bringing the total consideration paid to €121.7 million. The acquisition was financed through an increase in the existing margin loan facility at Altice France S.A.. Subsequent to this transaction, the Group holds a 40% stake in NG.

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

As per the agreement signed on March 13, 2014, the managers of Outremer Telecom ("OMT") contributed a 17.5% stake held directly in ABT and all their shares held in OMT Ocean 3 S.A.S. (an investment vehicle held by certain members of OMT's senior management and holding a 5.4% stake in ABT), for a base value of € 55.2 million plus two separate earn-out clauses that could become applicable only upon the achievement of certain operational and financial targets and the settlement of certain lawsuits.

Note 3 - Goodwill

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

For the six months period ended June 30, 2014, the Management has decided to reorganize the way the cash generating units (CGUs) are presented, in order to be consistent with the structuring process that the Group has undergone in its different jurisdictions and that is aligning to the way management operates the different segments of the Group (see note 9). To this end, CGUs will now reflect specific geographic areas in which one or several legal structures can be found (eg. Cabovisao and ONI will form Portugal, Tricom/GLX and ODO, Dominican Republic). Historically, each CGU was presented as a standalone legal entity, as the Group had only one operating entity per geography. The rapid expansion of the Group and the push to achieve synergies between fixed, cable and mobile networks in its relevant operating geographies prompted Management to acquire new structures in the regions where it was already operating. Management believes that combining individual acquired entities is the most economic method of capturing synergies between new, complementary businesses in each operational region. This is underlined by the technical synergies between the different networks, the fact that the teams are now integrated and as a result the bundle offers to the client. An illustrative example is the integration of support functions in the French Overseas Territories (between OMT and Le Cable), in Portugal with Cabovisao and ONI and the on-going restructuring of the Dominican entities, in order to have a single, functional support team in the finance, marketing and technical departments. In addition to this, contracts with service providers are negotiated by one entity for the relevant geographies thus providing better purchasing power for the CGU as a whole. Moreover, internal tracking and monthly financial and operation reviews performed by Management are based on specific geographies and not on individual companies, thus the new presentation provides an accurate vision of how Management tracks and runs its businesses internally.

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

The value in use of the CGUs was determined by estimating cash flows for a period of five years, giving due consideration to the nature of the industry in which each CGU operates. Assumptions for churn rates and EBIT margin were based on historical experience and expectations of future changes in the market. Cash flow forecasts were derived from the most recent financial plans approved by management.

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

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

Note 4 – Restricted cash

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

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

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

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

- Cash held in escrow at Numericable - € 8,770 million;

- Rights issue subscribed by Altice France- € 3,528 million; and

- Rights issue subscribed by public/free float - € 1,202 million.

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

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

Note 5 – Issued capital and share premium

5.1 Issued capital

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

As of June 30, 2014, total issued capital of the Company amounts to € 2.2 million, and is composed of 222,970,617 outstanding ordinary shares, with a nominal value of € 0.01 each.

The share capital at incorporation amounted to € 0.03 million and was increased through successive capital increases.

On January 31, 2014, the Group successfully completed its initial public offering ("IPO") on the Euronext Stock Exchange based in Amsterdam. As part of this offering, the Group raised € 750 million through the issuance of 26,548,673 new shares to investors at a price of €28.25 per share.

The fees incurred in connection with the issuance of additional equity instruments have been recognized in equity for a total of €29.7 million, while the fees linked to the placement of existing shares have been recognized in profit and loss under the "Restructuring, non-recurring costs and other expenses" caption (See note 12).

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

5.2 Additional Paid in Capital

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

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

A restructuring of the shareholder debts held by Next L.P. against Altice International and Altice France, was carried out before the IPO. As a result of this restructuring, the shareholder debts were contributed by Next L.P. to Altice S.A., in exchange for new shares issued by the Company.

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

Note 6 – Earnings per share

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

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

Note 7 – Other reserves

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

Note 8 – Borrowings and other financial liabilities

Total financial liabilities are broken down as follows:

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

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

8.1 Borrowings

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

The maturities of borrowings is given below:

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

8.1.1 Bonds

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

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

8.1.2 Loans

A summary of borrowings for financial institutions is presented below:

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

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

    - A EUR tranche of 1,900 million, with a maturity in May 2020 and bearing interest at Euribor+3.75% (excluding an interest rate floor at 0.75% and interest rate hedging);

    - A first USD tranche of 1,394 million (€ 1,018 million equivalent as of June 30, 2014), with a maturity in May 2020 and bearing interest at LIBOR+3.75% (excluding an interest rate floor at 0.75% and interest rate hedging);

    - A second USD tranche of 1,206 million (€ 881 million equivalent as of June 30, 2014) with a maturity in May 2020 and bearing interest at LIBOR+3.75% (excluding an interest rate floor at 0.75% and interest rate hedging).

- On May 21, 2014, Numericable Group S.A. used this term loan facility to refinance its existing debt for a total amount of € 2,750 million, of which € 2,638 million related to the principal amount refinanced and € 88.0 million related to breakage fees and € 77.0 million related to transaction costs on the new issued debt.

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

8.2 Other financial liabilities

This corresponds mainly to:

- Cancellation of Altice Blue Two put: The minority shareholders of Altice Blue Two exchanged their shares in Altice Blue Two against common shares in Altice S.A. As a result of this exchange, the put agreement in place at Altice Blue Two was cancelled (considered to be unexercised), leading to the reversal of a debt amounting to € 53.2 million;
- Repayment and conversion of vendor notes: Vendor notes held by Altice IV and Valemi Corp were respectively reimbursed and exchanged against common shares of Altice S.A. as part of the IPO, leading to a total decrease in other financial liabilities of € 20.7 million;
- Deposits for € 44.4 million; and
- Preferred Equity Certificates ("PECs") for €30.0 million at the level of Deficom Telecom S.à r.l..

8.3 Derivative instruments and hedge accounting

On May 8, 2014, the Company and one of its subsidiary, Numericable Group S.A. issued debt to finance the acquisition of the SFR group. A part of this debt was issued in USD, which is different from the functional currency of the entities. In order to mitigate risks arising from the variations in foreign exchange rates (the benefiting operating entities generate cash flows in euros which will be used to service this debt), the Group has entered into cross currency swaps for interest and principal payments in order to secure future cash flows in its functional currency.

As part of this operation, a hedging transaction was implemented to swap the entire amount of the USD tranche into EUR at a fixed exchange rate. Additionally, the fixed coupon on the USD tranche was swapped into a fixed rate to match the swap into EUR. As per the provisions of IAS 39, the Company has decided to apply hedge accounting for the first time to record this hedging transaction.

The Company has decided to designate the instrument as a cash flow hedge. The features of the hedge are given below:

- Hedged item: $ 2,900 million USD bonds bearing interest at a coupon of 7.75%
- Hedging instruments: Cross currency swaps, swapping fixed USD coupon payments into fixed euro payments. The fixed EUR/USD rate was fixed at 1.3827.

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

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

*The swap with one of the counterparty was extended for three years as the counterparty offered favorable conditions for booking an extension. The Company has the option to extend the swaps with other counterparties and may choose to do so in the future.

As part of the SFR debt issuance, Numericable Group S.A. also entered into hedge transactions with the same counterparties as the Company. The hedges at Numericable cover both the fixed income debt, which are hedged using cross currency swaps (USD/Fixed to EUR/Fixed) with the same general conditions as that of the Company's transactions. In addition to the cross currency swaps mentioned above, Numericable has also entered into an interest rate swap that swaps LIBOR indexed debts into Euribor indexed debts. However these debts are not completely covered as the LIBOR indexed debt includes a floor of 0.75% which is not included in the Euribor swap.

Thus, the fair value of the derivative instrument was recorded in other comprehensive income for the six month and three month period ended June 30, 2014. Before the impact of taxes, an expense of €192.6 million was recorded as OCI (€123.9 million net of taxes).

8.4 Classification and fair value of financial assets and liabilities

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

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

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

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

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

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

- Other financial liabilities at FVTPL (derivative instruments)	142.3	-	142.3	-

Note 9 – Segmental analysis

9.1 Definitions of segments

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

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

Activities have been split as follows:

- Fixed
- Mobile
- Others (Content/others)

Following the acquisition and full integration of Numericable Group and the acquisitions of ODO, Tricom and GLX, two new geographic segments, France and Dominican Republic, corresponding to the sole geographic zones of operation of these new entities, were added to the segmental analysis.

In addition, in the context of the anticipated acquisition and integration of the French mobile operator SFR into the Group, the Board of Directors has decided to amend the presentation of its operational segments, by regrouping Cable and B2B into a single line called 'Fixed', and by maintaining the mobile segment (a significant portion of SFR's activity is mobile based). Other activities such as content, datacenters and holding company operations are classified under Others. Such presentation is consistent with the presentation used by the Management of the Group. The presentation was amended for comparative purposes for the three months ended June 30, 2013 and the six months ended June 30, 2013.

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

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

9. 2 Segment information

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

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

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

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

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

9.3 Definition of EBITDA

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

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

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

Note 10 – Equity based compensation

As part of the listing process, the Group adopted a new remuneration policy and company stock options were issued to executive directors and some senior management of the Group. The expenses associated with the issuance of these stock options were calculated and recorded in accordance with 'IFRS 2 – Share Based Payments' for the first time during the period ended June 30, 2014.

The options were valued using the Black and Scholes model, considering the modalities of the options as described in the articles and bylaws of the Company. The Company reserved the right to grant options of up to € 250 million upon admission, of which € 220.85 million were granted at IPO under the conditions listed below, as well as further options for an aggregate amount of €100 million for new hires and to promote employees and officers. Additional options worth € 20 million were granted to a member of the management team with conditions at admission different to those described below.

The conditions considered for the valuation of the options are given as follows:

- Options can only be issued on the issue date, defined as (i) the date of admission of Altice S.A.'s shares on Euronext Amsterdam (January 31, 2014) or (ii) the date on which an employee or another person designated by Altice S.A. becomes eligible to participate in the plan. Participants who will be granted options upon admission will not be eligible to receive more options until the fourth anniversary after the issue date;
- Each option granted will entitle the holder to acquire one ordinary share of the Company;
- Options will vest on a non-linear basis as per the following schedule:
    - A first tranche of 50% vests two years after the allocation of the options;
    - A second tranche of 25% vests three years after the allocation of the options ; and
    - The final tranche of 25% will vest four years after the allocation of the options.
- Vested options can be exercised at any time until the 10^{th} anniversary of the issue date, after which they will be considered to have lapsed;
- The exercise price for the options is either (i) if issued on admission, the offer price of the Company's shares upon admission (€ 28.25) or, (ii) the weighted average price at which the shares are traded on Euronext Amsterdam for a period of six months preceding the issue date.

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

Based on these conditions, for the six month period ended June 30, 2014, Altice S.A. recorded € 5.5 million as expenses related to stock options in the line item, 'staff costs and employee benefits'. A stock option plan has also been established by Numericable Group S.A. for its employees and key management personnel, and an expense amounting to € 2.2 million has been recognized for the six month period ended June 30, 2014 (€1.1 million for the three months ended June 30, 2014).

Note 11 – Gain on step acquisition / Investments in associates

On February 3, 2014, Altice France, a direct subsidiary of the Company, completed the acquisition of an additional 10% stake in Numericable Group S.A. (hereafter referred to as NG). This acquisition triggered a change in control of Numericable S.A., with Altice France becoming the largest shareholder in NG, with 5 out of 10 seats on the Board and the ability to name the Chairman, who carries a casting vote. Thus, for the six month period ended June 30, 2014, NG has been fully consolidated into the financial statements of Altice S.A.

As a result of this change, the investment in associates recorded in the accounts of the Company was reversed and the fair value of the investment in Numericable Group S.A. was recorded in the accounts of Altice S.A. as investments in subsidiaries. The difference between the value previously recorded in the financial statements of Altice S.A. and the fair value of the investment (€ 936.6 million) was recorded as a gain on step acquisition in the condensed consolidated statement of income of Altice S.A. for the six months ended June 30, 2014.

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

Balance as of December 31, 2013	**679.1**
Increase	1.3
Balance as of February 3, 2014 (a)	**680.4**

Calculation of fair value of investment in associates as of February 3, 2014
(in € million except when stated otherwise)

No. of shares held at change of control	**33.9**
Observed share price at February 3, 2014 (expressed in €)	27.6
Fair value of investment on February 3, 2014 (b)	**936.6**

Gain on step acquisition (b) – (a) = 256.3

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

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

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

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

Note 13 –Related party transactions

Trading and financial transactions

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

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

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

Note 14 – Compensation of key management personnel

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

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

Note 15 – Income tax

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

Note 16 – Commitments and contingent liabilities

16.1.1 Provisions and contingent liabilities

16.1.1.A France

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

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

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

16.1.1.1 Tax audits

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

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

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

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

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

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

In 2013, the tax administration initiated a tax audit of Altice B2B France and Completel in respect of fiscal years 2010 and 2011, resulting in the submission on December 19, 2013 of proposed adjustments. The adjustments focus on the challenge of charges for services provided to the companies in 2009, 2010 and 2011. A tax contingency provision covering all adjustments considered (income tax, VAT, withholding tax, penalties, surcharges and default interest) in the amount of € 11.4 million was set aside December 31, 2013. In addition, the proposed adjustment results in a reduction of tax loss carryforwards in the amount of € 28.5 million. The NG Group challenged all adjustments on February 17, 2014.

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

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

16.1.1.2 Commercial disputes

A.) In-depth inquiry of the European Commission into the transfer of cable infrastructures by certain local authorities

On July 17, 2013 the European Commission signaled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to Numericable was consistent with European Union State aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believes that the sale of public assets to a private company without proper compensation gives it an economic advantage not enjoyed by its competitors, and that it therefore constitutes state aid within the meaning of the rules of the European Union. It argues that the transfer free of charge of the cable networks and ducts by 33 French municipalities in favor of Numericable confers a benefit of this type and, as such, state aid. The European Commission has expressed doubts about the compatibility of the alleged aid with the rules of the European Union.

The Group firmly denies the existence of any state aid. In addition, the decision to open an investigation concerns a relatively small number of network connections (200,000), the majority of which have not been migrated to EuroDocsis 3.0 and accordingly only allow access to a limited number of the Group's television services. The European Commission's decision of July 17, 2013 was published in the Official Journal of the European Union on September 17, 2013. Since then, discussions have continued within the framework of the procedure in respect of observations of third parties as well as those of the parties to the proceedings as to the allegation of the existence of aid and its extent, with the Group firmly challenging the existence of any state aid.

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

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

The NG Group entered into four non-exclusive IRUs with Orange on May 6, 1999, May 18, 2001, July 2, 2004 and December 21, 2004, in connection with the acquisition by the Group of certain companies operating cable networks built by Orange. These cable networks, accessible only through the civil engineering installations of Orange (mainly its ducts), are made available to the Group by Orange through these non-exclusive IRUs over such civil engineering installations. Each of these IRUs covers a different geographical area and was entered into for a term of 20 years.

Following ARCEP's decision 2008-0835 of July 24, 2008, Orange published, on September 15, 2008, a technical and commercial offer made to telecommunication operators pursuant to which such operators can roll out their own fiber networks in Orange's ducts. The terms of this mandatory technical and commercial offer are more restrictive than the terms that the Group enjoys under the Orange IRUs. As a result, Orange asked the Group to comply with the general rules regarding access to Orange's ducts for the purpose of maintaining and upgrading its network. This issue was litigated, and both ARCEP and the Paris Court of Appeal ruled in favor of Orange on November 4, 2010 and June 23, 2011 respectively. Numericable appealed the decision before the French Supreme Court (*Cour de Cassation*), which upheld, for the most part, the decision of the Paris Court of Appeal.

Moreover, on October 21, 2011, ARCEP initiated penalty proceedings against Numericable, arguing that it had not complied with its November 4, 2010 decision. Consequently, in December 2011, Numericable and Orange signed amendments to the IRUs in order to comply with the November 4, 2010 ARCEP decision and to align the operating procedures set out in the IRUs with the procedures set out in the Orange generic technical and commercial offer.

In the meantime, the penalty proceedings initiated by ARCEP were not stopped by the execution of the amendments to the IRUs, and Numericable was fined € 5.0 million on December 20, 2011 for noncompliance with ARCEP's November 4, 2010 decision. The fine was paid in full during fiscal 2012. Numericable filed an appeal against the decision before the Council of State. Within the framework of this appeal, Numericable having raised a question of Constitutional law, referred to the Constitutional Court, on the compliance with the Constitution of Article L. 36-11 of the CPCE, which sets out ARCEP's powers. On July 5, 2013, the Constitutional Court found in Numericable's favor and invalidated paragraphs 1 to 12 of Article L. 36-11 of the CPCE, on the basis of which ARCEP's December 20, 2011 decision to impose the aforementioned penalty was made. Numericable asked the Council of State to take the conclusions of this decision into consideration and accordingly to cancel ARCEP's December 20, 2011 decision. On October 21, 2013, the Council of State annulled the penalty imposed by ARCEP on December 20, 2011, which had condemned Numericable and NC Numericable to a fine of € 5 million for non-compliance with ARCEP's November 4, 2010 ruling.

Lastly, Numericable initiated parallel proceedings against Orange before the Commercial Court of Paris on October 7, 2010 claiming damages of € 2.7 billion for breach and modification of the IRUs by Orange. On April 23, 2012, the Commercial Court of Paris ruled in favor of Orange and dismissed the Group's claims for damages, ruling that there were no material differences between the original operational procedures and the new operational procedures published by Orange on September 15, 2008. Numericable appealed this decision before the Paris Court of Appeal and claimed the same amount of damages. Orange, in turn, claims that the proceedings materially impaired its brand and image, and claims damages of € 50 million. On June 20, 2014 the Paris Court of Appeal rejected the appeal of Numericable.

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

C.) Litigation with Free relating to an advertising campaign

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

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

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

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

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

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

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

E.) Dispute with the Ligue de Football Professionnel

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

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

F.) Action by Colt, Free and Orange before the General Court of the European Union concerning the DSP 92 project

Colt, Free, and Orange, in three separate proceedings against the European Commission, filed a request with the General Court of the European Union for the cancellation of the final decision of the European Commission dated September 30, 2009 (Decision No. C (2009) 7426), which held that the compensation of € 59 million granted within the framework of the public service concession for the establishment and operation of a high-capacity electronic communications network in the department of Hauts de Seine does not constitute state aid within the meaning of the rules of the European Union. The Group is not party to this proceeding. Its subsidiary Sequalum is acting as the civil party, as well as the French state and the department of Hauts de Seine. In three rulings dated September 16, 2013, the General Court of the European Union rejected the requests of the three applicants and confirmed the aforementioned decision of the European Commission. Free and Orange have appealed to the Court of Justice of the European Union.

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

G.) Complaint of Bouygues Telecom

In late October 2013, the Numericable Group received a claim from Bouygues Telecom on the “white label” contract concluded between the two companies on May 14, 2009, initially for five years and extended once for an additional five years for the supply to Bouygues Telecom of double- and triple-play broadband offers. In its letter, Bouygues Telecom claimed damages totaling € 53 million as a result of this contract. Bouygues Telecom alleges a prejudice that justifies, according to Bouygues Telecom, damages including (i) an amount of € 17.3 million due to an alleged pre-contractual fraud (provision of incorrect information prior to the conclusion of the contract), (ii) an amount of € 33.3 million as a result of alleged failure by Group companies in the execution of the contract and (iii) an amount of € 2.4 million to repair the alleged damage to Bouygues Telecom’s image. The Numericable Group considers these claims unfounded both in fact and in contractual terms, and rejects both the allegations of Bouygues Telecom and the amount of damages claimed. It nevertheless intends to continue regular discussions between the parties regarding the implementation of this contract, for which Bouygues Telecom is requesting modifications in the context of its claim. Notwithstanding this claim, which has not been brought before the courts, the parties have continued their day-to-day cooperation in conditions identical to those prevailing before October 2013. The contract, which runs until 2019, generated € 37.3 million in revenues in 2012, 49.6% of total white label B2C revenues of € 75.3 million and 2.8% of the Group’s total revenues.

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

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

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

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

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

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

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

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

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

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

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

I.) Litigation with employees

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

16.1.1.B Israel

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

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

In the opinion of the management of the Group, the amount of the additional exposure, in an amount of approximately € 511.0 million (NIS 2.4 billion) (over and above the provisions that have been recorded in these Condensed Consolidated financial statements), as of June 30, 2014, as a result of lawsuits that have been filed against companies in the HOT group on various matters, is as follows:

- An amount of approximately €255.5 million (NIS 1.2 billion) to cover claims which HOT’s management and legal team estimate to have less than a 50% chance of succeeding.
- An amount of approximately €85.2 million (NIS 0.4 billion) towards claims for which no assessment is possible, or towards those class action lawsuits that were presented very close to the date of the financial statements.
- An amount of approximately €170.3 million (NIS 0.8 billion) to cover claims which HOT’s management and legal team estimate to have more than a 50% chance of succeeding.

The following is an abbreviated summary of the Hot group's contingent liabilities effective as of June 30, 2014, in accordance with groupings having similar characteristics:

The nature of the lawsuit	The amount of the additional exposure in excess of the provision recorded as of June 30, 2014	The amount of the lawsuits that cannot be assessed and which were presented close to the date of the financial statements (primarily applications for approval as class actions)	Provisions recorded in the financial statements as of June 30, 2014	Provisions recorded in the financial statements as of December 31, 2013	Updating of the expense (income), net in the reporting period
	(€ millions)				
Customers	437.8	84.3	2.6	4.3	(1.7)
Copyrights	1.1	0.6	4.0	6.4	(0.4)
Suppliers	17.5	1.7	0.6	0.4	0.2
Employees	1.3	-	0.2	0.2	-
The merger transaction	47.3	-	4.0	-	4.0
Total	504.8	86.7	11.5	11.3	2.1

16.1.1.C Dominican Republic

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

16.1.1.D Portugal

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

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

16.1.2 Commitments and contractual liabilities

16.1.2.A France

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

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

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

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

The maturities of operating leases are provided above.

Finance leases

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

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

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

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

16.1.2.B Dominican Republic

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

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

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

16.2 Other subsidiaries of the group

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

Note 17 – Going concern

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

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

As of June 30, 2014, the Company had a positive equity position of € 1,649.0 million, of which €1,597.7 million attributable to the equity holders. This positive position results from the initial public offering of shares of Altice S.A. on Euronext Amsterdam, as well as the conversion and contribution of various vendor debts and minority interests stakes into the equity of Altice S.A.. The Group also issued new shares in a private placement for a total amount of €911.1 million in June 2014, thus demonstrating the Group's ability to raise equity financing if required to fund its activities.

In view of the current financial situation of the Company, Management is confident that the Group will continue to act as a going concern for the next twelve months, given its earnings and cash flow generating ability.

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

Note 18– Subsequent events

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

On July 4, 2014, Altice France fully repaid the margin loan entered into to acquire a controlling stake in the Numericable Group in November 2013 and the subsequent purchase of a 2.6% stake from other minority shareholders in Numericable Group. The total amount issued in two phases amounted to € 456.6 million, of which € 323.9 million were issued in November 2013 and an additional tranche of €121.7 issued in June 2014. The total amount reimbursed included accrued interests of €10.0 million.

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

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

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

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

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

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

Note 19 – Approval of the condensed consolidated financial statements

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

MANAGEMENT DISCUSSION OF OPERATIONAL PERFORMANCE AND RESULTS (ON A PRO-FORMA CONSOLIDATED BASIS)

1. SUMMARY FINANCIALS

Q2-14 (€m)

	Israel	Dominican Republic	Belgium and Luxembourg	Portugal	French Overseas Territories[1]	Others[2]	Total International	France	Total
Revenue									
Cable	171.9	21.4	15.2	25.2	19.1	-	252.7	220.2	473.0
Mobile	41.9	110.9	0.3		34.6	-	187.7		187.7
B2B and others		14.8	2.5	22.6	5.9	17.0	62.8	115.9	178.6
Adjustments	-	-			(1.3)	-	(1.3)	(1.3)	(2.6)
Total Revenue	**213.8**	**147.1**	**18.0**	**47.8**	**58.2**	**17.0**	**501.9**	**334.8**	**836.7**
EBITDA[3]	**105.3**	**65.3**	**12.2**	**15.2**	**24.7**	**2.6**	**225.3**	**158.0**	**383.3**
EBITDA margin	*49.2%*	*44.4%*	*67.7%*	*31.8%*	*42.4%*	*15.4%*	*44.9%*	*47.2%*	*45.8%*
Capex	**49.4**	**12.9**	**5.3**	**6.5**	**11.5**	**7.9**	**93.4**	**87.7**	**181.1**
Capex / Revenue	*23.1%*	*8.8%*	*29.4%*	*13.6%*	*19.7%*	*46.3%*	*18.6%*	*26.2%*	*21.6%*
Operating FCF	**55.9**	**52.4**	**6.9**	**8.7**	**13.2**	**(5.3)**	**131.9**	**70.3**	**202.2**
OpFCF / Revenue	*26.2%*	*35.6%*	*38.3%*	*18.2%*	*22.7%*	*-30.9%*	*26.3%*	*21.0%*	*24.2%*

Q2-13 (€m)

	Israel[1]	Dominican Republic	Belgium and Luxembourg	Portugal	French Overseas Territories	Others	Total International	France	Total
Revenue									
Cable	177.6	22.8	17.0	28.0	20.0	-	265.4	215.0	480.4
Mobile	46.8	109.9	0.3		33.3	-	190.4	-	190.4
B2B and others	-	15.8	0.1	25.8	6.0	18.5	66.2	110.6	176.8
Adjustments		-			(0.1)	-	(0.1)		(0.1)
Total Revenue	**224.4**	**148.5**	**17.4**	**53.8**	**59.2**	**18.5**	**521.9**	**325.6**	**847.5**
EBITDA	**92.0**	**55.7**	**12.3**	**15.4**	**20.0**	**4.1**	**199.6**	**153.8**	**353.4**
EBITDA margin	*41.0%*	*37.5%*	*70.5%*	*28.6%*	*33.8%*	*22.2%*	*38.2%*	*47.2%*	*41.7%*
Capex	**51.0**	**23.1**	**5.9**	**7.3**	**10.3**	**4.3**	**101.9**	**64.3**	**166.2**
Capex / Revenue	*22.7%*	*15.5%*	*33.8%*	*13.5%*	*17.4%*	*23.2%*	*19.5%*	*19.7%*	*19.6%*
Operating FCF	**41.0**	**32.6**	**6.4**	**8.1**	**9.7**	**(0.2)**	**97.7**	**89.5**	**187.2**
OpFCF / Revenue	*18.3%*	*22.0%*	*36.7%*	*15.1%*	*16.4%*	*-1.1%*	*18.7%*	*27.5%*	*22.1%*

Notes to the Condensed consolidated financial statements

Notes to Summary Financials

(1) For the French Overseas Territories, cable revenue includes revenues from cable services we provide in Guadeloupe and Martinique as well as xDSL based broadband Internet (including IPTV) and fixed-line telephony services we provide in Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte.

(2) Comprises our B2B telecommunications solutions business and datacentre operations in Switzerland (Green and Green Datacenter), our datacentre operations in France (Auberimmo) and our content production and distribution business in France (Ma Chaîne Sport and Sportv.) Also includes Corporate costs which includes holding company salaries, administration, accounting, legal, professional and other costs.

(3) EBITDA is defined as operating profit before depreciation and amortization, other expenses, net, management fees, reorganization and extraordinary costs, share of profit of associates and equity based compensation.

2. KEY PERFORMANCE INDICATORS

Q2-14

	As and for the quarter ended June 30, 2014 in thousands except percentages and as otherwise indicated						
	France	Israel[6]	Dominican Republic	Belgium and Luxembourg	Portugal	French Overseas Territories[7]	Total[8]
CABLE-BASED SERVICES							
Market and Network							
Homes passed	9,965	2,319	473	233	909	154	14,053
Docsis 3.0 upgraded	56%	100%	100%	100%	100%	91%	-
Unique Customers							
Cable customers[1]	1,343	1,108	115	111	230	41	2,948
Cable customer net adds	3	(8)	3	(2)	(3)	2	(5)
Triple-play customers	857	478	12	50	134	22	1,553
Triple-play penetration	64%	43%	11%	45%	58%	53%	53%
RGUs & Penetration[2, 3]							
Total RGUs	3,253	2,298	188	237	588	85	6,649
Pay TV	1,130	874	113	125	218	41	2,501
Pay TV net adds	2	2	2	(2)	(3)	2	3
Pay TV penetration	11%	38%	24%	54%	24%	27%	18%
Broadband	1,075	739	38	59	154	22	2,086
Broadband net adds	13	-	3	1	(1)	3	20
Broadband penetration	11%	32%	8%	25%	17%	14%	15%
Telephone	1,049	685	37	53	217	22	2,062
Telephone net adds	15	6	6	-	(2)	3	27
Telephone penetration	11%	30%	8%	23%	24%	14%	15%
RGUs per cable customer	2.42	2.07	1.64	2.14	2.56	2.06	2.26
ARPU[4]							
Cable ARPU	€ 39.92	€ 48.61	€ 29.22	€ 43.00	€ 34.35	€ 56.70	-
xDSL / NON-CABLE							
RGUs							
Total RGUs	77	-	342	-	-	203	597
Broadband	33	-	98	-	-	76	207
Telephone	33	-	244	-	-	113	390
MOBILE							
Market and Network							
UMTS mobile coverage	-	57%	77%	-	-	90%	-
Subscribers							
Total mobile subscribers[5]	221	889	3,768	4	-	368	5,250
Mobile net adds	18	41	79	1	-	(6)	133
Postpaid subscribers	220	884	686	4	-	203	1,996
Prepaid subscribers	0	5	3,083	-	-	166	3,254
ARPU[4]							
Mobile ARPU	€ 11.39	€ 14.94	€ 8.47	€ 31.10	-	€ 28.27	-

Q2-13	As and for the quarter ended June 30, 2013 in thousands except percentages and as otherwise indicated						
	France	Israel[6]	Dominican Republic	Belgium and Luxembourg	Portugal	French Overseas Territories[7]	Total[8]
CABLE-BASED SERVICES							
Market and Network							
Homes passed	9,890	2,279	423	233	906	154	13,885
Docsis 3.0 upgraded	50%	100%	78%	100%	90%	50%	-
Unique Customers							
Cable customers[1]	1,331	1,172	106	116	243	39	3,007
Cable customer net adds	(4)	(16)	0	(2)	(5)	(0)	(27)
Triple-play customers	818	447	6	50	139	14	1,474
Triple-play penetration	61%	38%	5%	43%	57%	37%	49%
RGUs & Penetration[2, 3]							
Total RGUs	3,145	2,356	148	240	617	67	6,573
Pay TV	1,148	894	106	131	231	39	2,548
Pay TV net adds	(10)	(4)	0	(2)	(6)	(0)	(23)
Pay TV penetration	12%	39%	25%	56%	26%	25%	18%
Broadband	1,016	774	25	56	156	14	2,041
Broadband net adds	10	0	2	1	(2)	1	12
Broadband penetration	10%	34%	6%	24%	17%	9%	15%
Telephone	982	688	17	53	230	14	1,984
Telephone net adds	12	4	2	-	(6)	1	12
Telephone penetration	10%	30%	4%	23%	25%	9%	14%
RGUs per cable customer	2.36	2.01	1.39	2.07	2.54	1.74	2.19
ARPU[4]							
Cable ARPU	€ 39.83	€ 47.88	€ 30.73	€ 41.00	€ 35.14	€ 53.87	-
xDSL / NON-CABLE							
RGUs							
Total RGUs	27	-	350	-	-	214	578
Broadband	13	-	96	-	-	80	189
Telephone	13	-	254	-	-	123	389
MOBILE							
Market and Network							
UMTS mobile coverage	-	49%	77%	-	-	89%	-
Subscribers							
Total mobile subscribers[5]	151	761	3,529	3	-	369	4,813
Mobile net adds	15	3	63	-	-	(10)	71
Postpaid subscribers	148	746	609	3	-	184	1,690
Prepaid subscribers	2	15	2,920	-	-	185	3,123
ARPU[4]							
Mobile ARPU	€ 12.76	€ 17.08	€ 9.43	€ 36.30	-	€ 26.89	-

Notes to Group KPIs

(1) Cable Customers represents the number of individual end users who have subscribed for one or more of our cable based services (including pay television, broadband or telephony), without regard to how many services to which the end user subscribed. It is calculated on a unique premises basis. Cable Customers does not include subscribers to either our mobile or ISP services. Cable Customers for France excludes white-label subscribers.

(2) RGUs relate to sources of revenue, which may not always be the same as customer relationships. For example, one person may subscribe for two different services, thereby accounting for only one subscriber, but two RGUs. RGUs for pay television and broadband are counted on a per service basis and RGUs for telephony are counted on a per line basis.

(3) Penetration rates for our pay television, broadband and telephony services are presented as a percentage of homes passed.

(4) ARPU is an average monthly measure that we use to evaluate how effectively we are realizing revenue from subscribers. ARPU is calculated by dividing the revenue for the service provided after certain deductions for non-customer related revenue (such as hosting fees paid by channels) for the respective period by the average number of customer relationships for that period and further by the number of months in the period. The average number of customer relationships is calculated as the number of customer

relationships on the first day in the respective period plus the number of customer relationships on the last day of the respective period, divided by two. For Israel and Dominican Republic, ARPU has been calculated by using the following exchange rates: (i) average rate for Q2-13, €1 = NIS 4.74 / DOP 54.8 and (ii) average rate for Q2-14, €1 = NIS 4.75 / DOP 61.6. For Dominican Republic Mobile ARPU, only the ARPU for Orange Dominica is shown i.e. it excludes Tricom

(5) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on our mobile network. In Israel, the total number of mobile subscribers for our iDEN and UMTS services were as follows:

	As of June 30,	
	2013	2014
	in thousands	
Mobile Subscribers		
iDEN	247	196
UMTS	514	693
Total	**761**	**889**

(6) In Israel, Homes Passed is the number of total Israeli Homes. Our cable network passes a vast majority of Israel's 2.2 million households.

(7) Cable-based information only relates to the cable based services (pay television, broadband Internet and fixed-line telephony) we provide in Guadeloupe and Martinique and excludes the xDSL based broadband Internet (including IPTV) and fixed-line telephony services we provide in Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte following our acquisition of a controlling interest in Outremer in July 2013

(8) Total represents the aggregate of the respective key operating measures across all the regions in which we currently operate even though we may not have owned or controlled such business for the entire duration of the periods presented.

(9) Excludes French Guiana.

3. MANAGEMENT DISCUSSION AND ANALYSIS

for quarter ended June 30, 2014 compared to quarter ended June 30, 2013

HISTORICAL CONSOLIDATED BASIS

Revenue for the quarter was €836.7m, up from €288.4m in Q2-13. Operating profit before depreciation, amortization and non-recurring costs was €373.6m, up from €119.7m. Growth in both these figures was mainly due to the several acquisitions that we have made in the last twelve months as well as organic growth in our existing and acquired businesses.

- In July 2013, we acquired Outremer Telecom in the French Overseas Territories.
- In August 2013, we acquired ONI in Portugal
- In October 2013, we acquired Ma Chaine Sport and Sportv
- In January 2014, we acquired Mobius in the French Overseas Territories
- In February 2014, we acquired a controlling stake in the Numericable Group allowing us to fully consolidate the results of the Numericable Group.
- In March 2014, we acquired Tricom in the Dominican Republic, which was followed by the acquisition of Orange Dominicana (ODO) in April 2014.

Operating profit decreased from €(24.9)m to €(217.1)m as the increased operating profit before depreciation, amortization and non-recurring costs was partially offset by increased depreciation and amortization which resulted from the acquisitions, as well as increased finance costs incurred related to the accrued interest on the new debt issued in context of the SFR transaction.

Loss for the quarter decreased from €(28.8)m to €(220.0)m, mainly due to finance costs increased due to debt issued to finance some of our acquisitions (as mentioned above).

Group

Total group revenue of €836.7m, decreased 1.3% mainly due to declines in Israel and Portugal, partially offset by growth elsewhere. Dominican Republic revenue was affected by adverse currency movements; underlying growth here was very strong at 11% on a constant currency basis. Total group revenue increased by 0.7% on a constant currency basis.

Group EBITDA increased by 8.5% to €383.3m mainly due to cost reductions in Israel and the Dominican Republic. Growth on a constant currency basis was 10%. EBITDA margin expanded by 4.1% points to 45.8%.

Group Capex was up 7.5% at €181.1m mainly due to the ongoing network upgrade in France.

Group OpFCF increased by 8.0% to €202.2m mainly due to the EBITDA growth, partially offset by the increased capex in France. International OpFCF grew by 35% to €131.9m.

France

Total revenue in France of €334.8m increased by 2.8% due to growth in both cable and B2B and other revenue. This is an acceleration of growth compared to the previous quarter, when growth was 0.4%.

Cable revenue increased by 2.4% mainly due to customer growth. Total customers, including whitelabel grew by 3.6% over the last twelve months to 1.7m. The number of multiplay customers has grown by 6.0% to 1,062,000.

Customer growth is being driven by demand for high-speed broadband and the innovations of La Box, Numericable's high-end set top box. The number of broadband subscribers has grown by 5.9% to 1,075,000. The number of La Box subscribers has now reached nearly 380,000 which is around 35% of multi-play subscribers.

B2B and other revenue increased by 4.8% mainly due to growth in data revenue and the effect of the acquisition of LTI Telecom. This was partially offset by declining voice and wholesale revenues which have been affected by decreases in regulated termination rates.

EBITDA was up 2.7% at €158.0m. EBITDA margin was flat at 47.2%. Capex was up 36% at €87.7m due to the ongoing network upgrade to Docsis 3.0. Upgraded homes increased by 632,000 in the last twelve months and by 204,000 in the second quarter to reach 5.6m homes. We are in the first year of a new three-year programme to upgrade over three million homes at a total cost of €220m to €230m.

Israel

Total revenue in Israel was €213.8m, down 4.7%. The Israeli shekel weakened slightly over the last twelve months versus the Euro. Accordingly, at a constant exchange rate, total revenue decreased by 4.5%, cable revenue decreased 3.0% and mobile revenue decreased 10%.

Cable revenue was down as a 2.0% constant currency increase in ARPU was offset by a 5.5% decline in cable customers.

Our cable customer base declined by 64,000 or 5.5% in the last twelve months to 1,108,000, mainly due to natural evolution towards triple-play. Also in the second half of 2013, our third party customer service and technical support provider had not allocated sufficient resources to manage the intake and connection arrangements for potential new subscribers. However, customer losses have slowed to just 8,000 in the second quarter, compared to 12,000 in the previous quarter and 16,000 in the same quarter last year.

ARPU increased mainly due to our successful focus on growing triple-play penetration and increasing the take-up of higher-value superfast broadband services. This has been helped by the launch of our HOT Fibre box, which now has 15,000 subscribers, and the launch of 200Mb broadband.

Triple play penetration grew from 38% to 43% but an even higher proportion, 60% of gross additions, are now taking triple-play, compared to 52% a year ago. Broadband mix is also improving, with 65% of our broadband customer base on speeds of at least 30Mb, compared to 39% a year ago.

We began a phased price increase across our customer base on February 1st 2014. Approximately 346,000 customers had received a price increase by the end of the quarter. We also increased the price of our VOD service on February 1st.

Mobile revenue decreased mainly due to a decrease in handset sales, partially offset by increased service revenue. Handset sales declined by 34% to €5.4m on a constant currency basis due to intensive price competition.

Total mobile service revenues increased by 2.1% to €39.9m on a constant currency basis as growth in the UMTS subscriber base offset a decrease in the iDEN subscriber base and lower ARPU.

The UMTS subscriber base increased by 35% to 693,000. The iDEN subscriber base decreased by 21% to 196,000 as a result of reduced demand for this older technology.

Total mobile ARPU declined by 12% on a constant currency basis due to continued intensive price competition and the shift in mix from higher ARPU iDEN to lower ARPU UMTS.

Total EBITDA in Israel was €105.3m, up 15% on a constant currency basis. EBITDA margin expanded by 8.2% pts to 49.2% mainly due to lower operating expenses as a result of our cost restructuring programme and our new mobile roaming agreement.

Capex in Israel decreased from €51.0m to €49.4m.

Dominican Republic

Total revenue in the Dominican Republic of €147.1m decreased by 1.0% as adverse currency movements outweighed very strong underlying growth. The Dominican Peso weakened over the last twelve months versus the Euro by 11% on average. Accordingly, at a constant exchange rate, total revenue actually increased by 11%. The Peso weakened by 4.2% versus the dollar, which is a more relevant comparison as it is a dollar-linked economy and we financed our acquisitions in the Dominican Republic with dollar denominated debt.

Mobile revenue increased by 14% on a constant currency basis to €110.9m, mainly due to the strong growth in the mobile subscriber base, which grew 6.8% to 3.8m. We attribute this to favourable market dynamics in the Dominican Republic, increased market share due to the positive perception of the Orange brand and the quality of our service, on-going network improvements and Orange Dominicana's ("ODO") competitive offers. ODO's mobile ARPU was up 1.1% on a constant currency basis at DOP 522 (€8.47 at average Q2-14 exchange rate.)

On a constant currency basis, cable revenue increased by 5.7% to €21.4m. We grew the cable customer base by 8.5% as we increased network coverage and upgraded broadband speeds.

EBITDA in the Dominican Republic was €65.3m. On a constant currency basis, EBITDA increased by 32%. EBITDA margin expanded from 37.5% to 44.4% mainly due to the improving revenue trend and cost savings and synergies following our acquisition.

Capex fell by 37% on a constant currency basis to €12.9m, primarily due to lower network spend. In addition, Orange Dominicana spent a one-off €20.8m on a 3G mobile spectrum licence in the quarter. The purchase price that Altice paid for Orange Dominicana was reduced by this amount and therefore we have not included this in Capex.

Portugal

Total revenue in Portugal of €47.8m decreased by 11%, reflecting a 10% decline in cable revenue to €25.2m and a 12% decline in B2B and other revenue to €22.6m.

Cable revenue declined mainly due to customer losses during the year. The cable customer base fell by 3,000 in the quarter and by 13,500 or 5.5% in the last twelve months to 230,000. This was the result of intense competition, with aggressive promotions and pricing policies adopted by competitors, combined with adverse economic conditions and austerity measures in Portugal. Cable ARPU fell by 2.2% to €34.35 due to more aggressive discounting and promotional offers.

The decrease in B2B and other revenue in Portugal was primarily due to the loss of and reduced activity at certain business clients, some contract renewals at lower prices and the impact of lower regulated termination rate cuts.

EBITDA in Portugal was relatively flat at €15.2m. EBITDA margin expanded from 28.6% to 31.8% mainly due to improved margins at our recently acquired B2B business, ONI, which expanded from 15% to 23%.

Capex in Portugal was down from €7.3m to €6.5m.

French Overseas Territories (FOT)

Total revenue in the French Overseas Territories of €58.2m declined by 1.6% as a 3.8% increase in mobile revenue was offset by a 4.6% decrease in cable revenue.

Mobile revenue increased by 3.8% to €34.6m mainly due to a shift mix from lower ARPU prepaid subscribers to postpaid subscribers, which drove a 5.3% increase in ARPU. Cable revenue decreased mainly due to lower DSL revenues.

EBITDA in FOT was €24.7m, up 24%. EBITDA margin expanded from 33.8% to 42.4% mainly as a result of the cost optimization programme at Outremer Telecom following its acquisition.

Capex was up from €10.3m to €11.5m.

Belgium and Luxembourg (Benelux)

Total revenue in Benelux was up 3.3% at €18.0m. EBITDA was flat at €12.2m. EBITDA margin remained strong at 67.7%. Capex was relatively flat at €5.3m.

Others

Other revenue was down from €18.5m to €17.0m. EBITDA was down from €4.1m to €2.6m. Capex increased from €4.3m to €7.9m due to a new data centre being built in Switzerland.

4. LIQUIDITY AND CAPITAL RESOURCES

Pro-forma cash and debt profile

A description of our debt obligations on a pro-forma consolidated basis for the period ended June 30, 2014 is presented below.

Our material indebtedness (excluding the Existing Revolving Credit Facilities, the 2013 Guarantee Facility, the Altice S.A. Revolving Credit Facility, the New Altice Financing Revolving Credit Commitment, the Numericable Group Revolving Credit Facilities Agreement and finance leases and other long term and short term liabilities) and principal repayment obligations, giving effect to the Transactions but without giving effect to any hedging transaction and excluding accrued interest and debt issuance costs, with respect to such indebtedness are set forth below. The terms of our debt instruments contain certain restrictions, including covenants that restrict our ability to incur additional debt. As a result, additional debt financing is only a potential source of liquidity if the incurrence of any new debt is permitted by the terms of our existing debt instruments.

	Amount (local currency)	(€m equivalent) Actual	Pro forma SFR related debt[2]	Coupon / Margin	Maturity
HOT Unsecured Notes	NIS 1.3bn	266		3.90 - 6.90%	2018
Unsecured Coditel Mezzanine	€ 114m	114		8.50% / 5.25% PIK	2017
Green Data Center Debt	CHF 42m	35		L+1.700%	2022
Senior Secured Notes (USD)	USD 460m	336		7.875%	2019
Senior Secured Notes (EUR)	€ 210m	210		8.000%	2019
Term Loan[3]	USD 1,031m	752		L+4.500%	2019
Senior Secured Notes (USD) - DR	USD 900m	657		6.500%	2022
Senior Secured Notes (EUR) - DR	€300m	300		6.500%	2022
Other		4		E+3.500%	2018
Altice International Senior Debt		**2,673**			
Senior Notes (USD)	USD 425m	310		9.875%	2020
Senior Notes (EUR)	€ 250m	250		9.000%	2023
Senior Notes (USD) - DR	USD 400m	292		8.125%	2024
Altice International Total Debt		**3,526**			
Cash - Altice International		(109)			
Altice International Net Total Debt		**3,417**	**3,417**		
Numericable - Adjusted Net Debt		**2,779**	**11,713**		
Altice SA Senior Notes (EUR)		2,075	2,075	7.250%	2022
Altice SA Senior Notes (USD)		2,097	2,097	7.750%	2022
Margin loan		446			
Cash - ASA		(5,156)	**(1,076)**		
Holding Company Net Debt		**(538)**	**3,097**		
Total Altice SA Consolidated Net Debt		**5,658**	**18,227**		

(1) Pro forma for debt related to SFR acquisition by Numericable

Sources of Liquidity

Our principal source of liquidity is expected to be the operating cash flows of our operating subsidiaries and if required there is $80.0 million and €60.0 million of available borrowings under the Existing Revolving Credit Facilities, €75 million under the 2013 Guarantee Facility. As of June 30, 2014, we had €181.4 million equivalent of borrowing capacity under the Existing Revolving Credit Facilities and the 2013 Guarantee Facility. As of June 30, 2014, all drawn amounts on the $80 million and the €60 million RCF facilities had been repaid, with the exception of €3.5 million that was repaid in July 2014. In connection with the Transactions, we entered into the €200 million Altice S.A. Revolving Credit Facility Agreement and the €750 million Numericable Group Revolving Credit Facilities Agreement. We expect to use these sources of liquidity to fund operating expenses, working capital requirements, capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our cash and cash equivalents, the cash provided from the operations of our operating subsidiaries and any available borrowings under the Existing Revolving Credit Facilities, the 2013 Guarantee Facility, the Altice S.A. Revolving Credit Facility Agreement, the Numericable Group Revolving Credit Facilities Agreement and the New Altice Financing Revolving Credit Facility Commitments will be sufficient to fund our currently anticipated working capital needs, capital expenditures, and debt service requirements during the next 12 months, although no assurance can be given that this will be the case. However, as our debt matures in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and accordingly, our future liquidity and financial position. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

The Existing Revolving Credit Facilities, the 2013 Guarantee Facility, the Altice S.A. Revolving Credit Facility Agreement and the Numericable Group Revolving Credit Facilities Agreement require, while there are any utilizations outstanding, us to maintain compliance with the leverage ratios specified therein, tested as of the end of each fiscal quarter. The HOT Unsecured Notes contain certain financial covenants which require HOT to maintain compliance with a maximum consolidated leverage ratio of 6.0 (calculated on a net debt basis) and minimum equity of NIS 300 million. Further, HOT may only distribute dividends if its consolidated leverage ratio (calculated on a net debt basis) is 5.5 or less. In addition, under the Coditel Mezzanine Facility, Coditel's financial and operating performance is monitored by a financial covenant package that requires it to maintain the ratios including cash flow cover ratio, net interest cover ratio and leverage ratio that vary over time and to observe limitations on capital expenditure. For the twelve month period ending on December 31, 2013, the required leverage ratio is 5.65:1 and will fall to 2.60:1 at the termination date. Our ability to maintain compliance with our financial covenants is dependent primarily on our or the relevant operating subsidiaries' ability to maintain or increase EBITDA and to achieve adequate returns on our capital expenditures and acquisitions. In addition, our ability to obtain additional debt financing is limited by the incurrence leverage covenants contained in our various debt instruments. Further, if our EBITDA were to decline, we could be required to repay or limit borrowings under the Revolving Credit Facilities, the HOT Unsecured Notes and the Coditel Mezzanine Facility, in order to maintain compliance with applicable covenants. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment.

The Company is a holding company with no direct source of operating income. It is therefore dependent on dividends, servicing of intercompany loans and other payments from its operating subsidiaries to meet its liquidity requirements.

Working Capital

As of March 31, 2014, we had a negative net working capital position of €612.8 million compared to a negative working capital position of €185.8 million as of June 30, 2013. 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 in the beginning of the following month, thus generating a negative working capital. Payables due the following month are generally covered by operating cash flow. We expect our operating cash flows and, if required, available borrowings under the Existing Revolving Credit Facilities, the 2013 Guarantee Facility, the Altice S.A. Revolving Credit Facility, the New Altice Financing Revolving Credit Facility Commitment and the Numericable Group Revolving Credit Facilities Agreement will be sufficient to meet our working capital requirements during the next 12 months.

POST BALANCE SHEET DATE EVENTS

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

On July 4, 2014, Altice France fully repaid the margin loan entered into to acquire a controlling stake in the Numericable Group in November 2013 and the subsequent purchase of a 2.6% stake from other minority shareholders in Numericable Group. The total amount issued in two phases amounted to € 456.6 million, of which € 323.9 million were issued in November 2013 and an additional tranche of €121.7 issued in June 2014. The total amount reimbursed included accrued interests of €10.0 million.

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

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

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

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

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

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