ALTICE INTERNATIONAL S.A.R.L
(PREVIOUSLY KNOWN AS ALTICE VII S.A.R.L)

QUARTERLY REPORT
FOR THE PERIOD ENDED JUNE 30, 2014

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TABLE OF CONTENTS

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 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.

“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 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 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.

“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.

"Company" refers to Altice S.a.R.L, a private limited liability company (*société a responsabilite limitee*) incorporated under the laws of Luxembourg.

"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.

"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.

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

"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.

"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.

“Security Agent” refers to Deutsche Bank AG, London Branch.

“Senior Notes” refers to 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.

“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.

“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.

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

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.

Altice International S.à r.l.

(formerly Altice VII S.à r.l.)

(Société à responsabilité limitée)

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

Table of contents

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 month periods 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		866.8	572.6	504.2	288.5
Purchase and subcontracting services		(211.3)	(158.9)	(123.8)	(76.6)
Other operating expenses		(118.0)	(80.3)	(65.5)	(41.6)
Staff costs and employee benefit expenses	11	(72.7)	(65.6)	(38.8)	(31.3)
General and administrative expenses		(26.8)	(17.1)	(11.9)	(9.9)
Other sales and marketing expenses		(51.2)	(17.9)	(35.9)	(9.3)
Operating profit before depreciation, amortization, management fees, restructuring, non-recurring-costs and other expenses		**386.6**	**232.8**	**228.3**	**119.7**
Depreciation and amortization		(252.4)	(177.8)	(137.5)	(92.3)
Management fees		(0.6)	(0.8)	(0.1)	(0.6)
Restructuring, non-recurring costs and other expenses	9	(42.6)	(15.5)	(27.7)	(8.1)
Operating profit		**91.0**	**38.6**	**63.0**	**18.8**
Finance income		46.6	52.8	45.1	7.5
Finance costs		(216.8)	(98.4)	(92.2)	(59.0)
(Loss)/ Profit before income tax (expenses)/benefits		**(79.1)**	**(7.0)**	**15.9**	**(32.7)**
Income tax expenses	12	(1.2)	(13.1)	(6.2)	(3.9)
(Loss)/ Profit for the period		**(80.3)**	**(20.1)**	**9.7**	**(36.5)**
Attributable to equity holders of the parent		(78.8)	(14.7)	9.4	(33.9)
Attributable to non-controlling interests		(1.5)	(5.4)	0.3	(2.6)

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 month periods 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)/ Profit for the period		**(80.3)**	**(20.1)**	**9.7**	**(36.5)**
Other comprehensive income					
Exchange differences on translation of foreign operations		(13.8)	1.4	(13.8)	(1.3)
Net fair value loss on available-for-sale financial assets		(1.0)	-	(1.0)	-
Employee benefits		(0.2)	0.2	-	-
Total comprehensive loss for the period		**(95.3)**	**(18.5)**	**(5.1)**	**(37.8)**
Attributable to equity holders of the parent		(93.3)	(13.8)	(4.9)	(35.4)
Attributable to non-controlling interests		(2.0)	(4.7)	(0.2)	(2.4)

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		108.7	61.3
Restricted cash	4	-	1,242.8
Trade and other receivables		306.8	230.9
Inventories		26.5	11.0
Current tax assets		17.2	14.6
Total current assets		**459.2**	**1,560.6**
Non-current assets			
Deferred tax assets		116.1	47.4
Financial assets		48.6	50.6
Trade and other receivables		25.6	22.8
Property, plant & equipment		1,452.9	1,134.2
Intangible assets		659.9	579.6
Goodwill	3	1,974.5	1,100.7
Total non-current assets		**4,277.6**	**2,935.4**
Total assets		**4,736.8**	**4,496.0**

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	7	110.4	57.6
Deferred revenue		103.5	55.9
Trade and other payables		574.5	516.6
Other current liabilities	7	13.4	15.9
Provisions		2.4	2.1
Current tax liabilities		78.8	57.1
Total current liabilities		**882.9**	**705.2**
Non-current liabilities			
Borrowings	7	3,403.6	3,421.3
Loans from related parties	7	-	99.2
Other financial liabilities	7	252.2	271.6
Deferred revenue		11.8	10.6
Trade and other payables		23.4	29.0
Retirement benefit obligations		8.3	8.2
Provisions		37.0	29.0
Deferred tax liabilities		173.2	183.1
Total non-current liabilities		**3,909.5**	**4,052.0**
Equity			
Issued capital	5	308.4	7.4
Additional Paid In Capital	5	310.5	5.4
Other reserves	6	(406.6)	(82.9)
Accumulated losses	6	(269.4)	(190.6)
Total equity attributable to the shareholders of the parent		**(57.2)**	**(260.7)**
Non-controlling interests		1.6	(0.5)
Total equity		**(55.6)**	**(261.2)**
Total liabilities and equity		**4,736.8**	**4,496.0**

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, 2013

						Reserves					
	number of issued shares	Share capital	Additional paid in capital	Retained losses	Other reserves	Currency reserve	Available for sale	Employee Benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	000	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Equity at January 1, 2013	**743,011.5**	7.4	-	(4.4)	285.8	(6.4)	(2.1)	0.2	**280.5**	5.2	**285.7**
Transaction with shareholder		-	5.4	-	(155.2)	-	-	-	**(149.8)**	-	**(149.8)**
Transaction with non-controlling interests		-	-	-	(82.6)	-	-	-	**(82.6)**	(7.5)	**(90.1)**
Change in scope		-	-	-	3.4	-	-	-	**3.4**	-	**3.4**
Comprehensive income		-	-	(14.7)	-	-	-	-	**(14.7)**	(5.4)	**(20.1)**
Other comprehensive income		-	-	-	-	0.7	-	0.2	**0.9**	0.7	**1.6**
Equity at June 30, 2013	**743,011.5**	**7.4**	**5.4**	**(19.1)**	**51.4**	**(5.7)**	**(2.1)**	**0.4**	**37.8**	**(7.0)**	**30.8**

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

Notes to the Condensed consolidated financial statements

Condensed consolidated statement of changes in equity

For the six months ended June 30, 2014

					Reserves						
	number of issued shares	Share capital	Additional paid in capital	Retained losses	Other reserves	Currency reserve	Available for sale	Employee Benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	000	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Equity at January 1, 2014	**743,011.5**	7.4	5.4	(190.6)	(76.6)	(6.7)	(0.4)	0.8	**(260.7)**	(0.5)	**(261.2)**
Shareholder Contribution	**30,093,688**	300.9	305.1	-	(316.9)	-	-	-	**289.0**	-	**289.0**
Change in scope		-		-	7.6	-	-	-	**7.6**	4.0	**11.6**
Comprehensive income		-	-	(78.8)		-	-	-	**(78.8)**	(1.5)	**(80.3)**
Other comprehensive income		-	-	-		(13.3)	(1.0)	(0.2)	**(14.5)**	(0.6)	**(15.1)**
Other movement					0.1				**0.1**	0.2	**0.3**
Equity at June 30, 2014	**30,836,700**	**308.4**	**310.5**	**(269.4)**	**(385.7)**	**(20.0)**	**(1.4)**	**0.6**	**(57.2)**	**1.6**	**(55.6)**

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	Six months ended June 30, 2014	Six months ended June 30, 2013
		(€ in millions)	
Loss for the period		**(80.3)**	**(20.1)**
Adjustments for :			
Depreciation and amortization		252.4	177.7
Gains and losses on disposals		0.2	(0.9)
Other non-cash operating gains and losses		3.9	0.4
Net cash provided by operating activities before changes in working capital, finance costs and income tax		**176.2**	**157.1**
Finance costs, net		170.2	45.1
Income tax expense recognised in profit and loss		1.2	13.1
Income tax paid		(7.5)	(0.7)
Changes in working capital		(22.6)	(49.0)
Net cash provided by operating activities		**317.5**	**165.5**
Purchases of tangible and intangible assets		(192.9)	(118.0)
Proceeds from disposal of assets		1.0	
Acquisitions of available for sale financial assets		-	(15.5)
Use of restricted cash	**4**	1,243.7	0.8
Transactions with non-controlling interests	**2**	-	(90.1)
Net payments on acquisition of subsidiaries	**2**	(1,278.1)	-
Net cash used in investing activities		**(226.4)**	**(222.7)**
Shareholder contribution		86.4	1.8
Proceeds from debt issuance	**8**	59.7	200.0
Repayment of debt	**8**	(95.5)	(28.1)
Distribution to CPEC's holders		-	(40.5)
Interest paid		(102.1)	(86.1)
Net cash (used in)/provided by financing activities		**(51.4)**	**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		**38.5**	**(10.0)**
Cash and cash equivalents at the beginning of the period		61.3	129.8
Net increase/(decrease) in cash and cash equivalents		38.5	(10.0)
Cash and cash equivalents at the end of the period		**99.8**	**119.7**
Cash and cash equivalent		*108.7*	*119.7*
Bank overdraft		*(8.9)*	-

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

Notes to the Condensed consolidated financial statements

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

Nature of the business

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

The registered office of the Company is established at 3, boulevard Royal, L 2449 Luxembourg, and as at June 30, 2014 its sole equity holder is Altice S.A. The ultimate controlling party is considered to be Patrick Drahi.

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

Altice is listed on Euronext in Amsterdam. The condensed consolidated financial statements of Altice are available at the registered address of Altice: 3, boulevard Royal, L 2449 Luxembourg and on its website : www.altice.net.

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 Group companies aim at sharing skills and best practices across the various operations of the 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, the Group 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").

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 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 a historical cost basis, except for (i) available for sale financial assets, (ii) derivative financial instruments and which are measured at fair value (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.

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, as it does not practice hedge accounting.

- 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 condensed 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 Board of Managers 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 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.

Note 2 – Main changes in the scope of consolidation

2.1 Dominican Republic

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

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 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 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 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 million of 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 €134.9 million. 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 the Group accounting 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

2.2 French Overseas Territories ("FOT")

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

On January 15, 2014, the Company, through its subsidiary, Altice Blue Two S.A.S., 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 provisionally 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:

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

Profit for the period	**5.4**	**19.6**

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

On June 27, 2014, Altice S.A., the direct shareholder of the Company, transferred its stake in Altice Blue Two to Altice Caribbean, the direct shareholder of Altice Blue Two. Following this transaction, Altice Caribbean now holds a 99.85% stake in Altice Blue Two.

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 8). 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 Managers 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)			
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**	**859.8**	-	**16.1**	-	**2,104.6**
Dominican Republic	-	-	-	-	-	-
Israel	(128.0)	-	-	(2.2)	-	(130.2)
FOT	-	-	-	-	-	-
Belux	-	-	-	-	-	-
Switzerland	-	-	-	-	-	-
Portugal	-	-	-	-	-	-
Total Cumulative impairment	**(128.0)**	-	-	**(2.2)**	-	**(130.2)**
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**	**859.8**	-	**13.9**	-	**1,974.5**

Note 4 – Restricted cash

Restricted cash presented on the statement of financial position as of December 31, 2013 has been fully used to consummate the Tricom/GLX and ODO transactions. See note 2 for more details.

Note 5 – Issued capital and share premium

5.1 Issued capital

As of June 30, 2014, total issued capital of the Company amounted to € 308.4 million, and was composed of 30,836,700,000 outstanding ordinary shares, with a nominal value of € 0.01 each.

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

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

	June 30, 2014	December 31, 2013
	(in € millions)	
Opening balance	**7.4**	**7.4**
Conversion of convertible instruments (“CPECs”)	290.5	-
Conversion of Valemi Corp S.A. vendor note	0.7	-
Capital increase relating to Tricom S.A. closing	1.1	-
Capital increase relating to Orange Dominicana S.A. closing	8.6	-
Closing balance	**308.4**	**7.4**

5.2 Additional Paid in Capital

Total additional paid in capital of the Group increased by € 305.1 million to reach € 310.5 million as of June 30, 2014 (€ 5.4 million as of December 31, 2013). This variation is explained below:

	June 30, 2014	December 31, 2013
	(in € millions)	
Opening balance	**5.4**	**-**
Share premium issuance	-	5.4
Conversion of shareholder debts	137.3	-
Conversion of Altice IV S.A. vendor note	13.9	-
Conversion of Valemi Corp S.A. vendor note	6.1	-
Capital increase relating to Tricom S.A. closing	10.2	-
Capital increase relating to the ODO closing	77.8	-
Capital increase relating to the ABT contribution	59.7	-
Closing balance	**310.5**	**5.4**

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

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

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

As mentioned in note 2.3, on June 27, 2014, Altice S.A. contributed its stake in ABT to Altice Caribbean, through a series of cascading capital increases, starting with Altice International, of which €59.7 million was recognised as share premium.

Note 6 – Reserves

A detailed description of the consolidated reserves of the Group is provided below:

	June 30, 2014	December 31, 2013
	(in millions of euros)	
CPEC reserve	-	290.5
Discounting reserve	-	25.3
Employee benefits reserve	0.6	0.8
Change of foreign exchange translation	(20.0)	(6.7)
Impact of changes in ownership interests	(63.9)	(71.5)
Other reserves	(323.5)	(321.3)
Group reserves	**(406.6)**	**(82.9)**

Variations in Group reserves as of June 30, 2014 resulted mainly from the impact of the conversion of various shareholder debts into equity of the Company, see note 7.2.

Note 7 – Borrowings and other financial liabilities

Total financial liabilities are broken down as follows:

	June 30, 2014	December 31, 2013
	(in millions of euros)	
Borrowings	3,403.6	3,421.3
Loans from related parties	-	99.2
Finance leases	8.4	23.4
Other financial liabilities	45.3	105.9
Financial instruments	198.5	142.3
Non-current liabilities	**3,655.8**	**3,792.1**
Borrowings	32.9	26.8
Finance leases(*)	10.0	11.4
Bank overdraft	8.9	-
Other financial liabilities (*)	3.4	4.5
Accrued interest	68.6	30.8
Current liabilities	**123.8**	**73.5**
Total	**3,779.6**	**3,865.6**

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

7.1 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	2,558.6	26.8	2,531.8	2,554.0
Borrowings from financial institutions	877.9	6.1	871.8	894.1
Total	**3,436.5**	**32.9**	**3,403.6**	**3,448.1**

7.1.1 Bonds

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 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
Nominal value of bonds	**2,877.5**			**2,558.6**	**2,554.0**
Of which due within one year	*26.8*			*26.8*	*26.8*
Of which due after one year	2,850.7			2,531.8	2,527.2

7.1.2 Borrowings from financial institutions

- In the period ended June 30, 2014, €17.5 million was repaid to lenders of the € 60.0 million RCF facility, which was drawn in January 2014 to finance the acquisition of Mobius S.A.S. the remaining portion of €3.5 million was repaid in July 2014.
- New debt was issued by Green Datacenter for a total amount of € 8.2 million in order to finance the construction of additional datacentre capacities to support its commercial development.

7.2 Loans from related parties

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

As per the accounting standards, such instruments, being interest free in nature, had been recorded at their fair value in the consolidated financial statements. In 2014, these instruments were contributed at their nominal value and converted into share capital and share premium of the Company thus, previous discounting reserves recorded in the accounts of Altice International were reversed, thus leading to an adjustment of € (1.1) million to the Group's consolidated reserves. See note 6.

As of June 30, 2014, no loans from related parties were outstanding.

7.3 Other financial liabilities

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

7.4 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	-	-
- Other financial assets at FVTPL	0.2	-	-	0.2
Financial liabilities				
- Other financial liabilities at FVTPL (derivative instruments)	198.5	-	196.6	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 8 – Segmental analysis

8.1 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 Managers to analyse the business across geographies and then by activity. The following geographies have been identified:

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 integration of Tricom S.A.& Global Interlinks Ltd. and the subsequent acquisition of Orange Dominicana S.A. in Q2 2014, a new geographical segment, Dominican Republic S.A., corresponding to the sole geographic zone of operation of the two new entities, was added to the segmental analysis.

In addition, in the context of the anticipated acquisition and integration of the French mobile operator Société Francaise du Radiotéléphone S.A. ("SFR") into the Altice S.A. Group, the Board of Directors of the latter has decided to amend the presentation of its operational segments, by regrouping the cable and B2B into a single line called 'Fixed', and by maintaining the mobile segment (SFR mainly has a mobile based activity). Other activities such as content, datacenters and holding company operations are classified under others. Such presentation is coherent with the presentation used by the Management of the Group.

Though this acquisition does not directly impact the Group, Altice S.A. Management expects to track the operational performance of its international segments (operating companies that are part of the Altice International perimeter) on the same basis as its French businesses (Numericable Group S.A. and SFR in the future) and thus has decided to apply the same split at Altice International as well.

The businesses that the Group owns and operates do not show significant seasonality.
There are only few operational transactions between the different segments defined by Management. Intersegment revenues are considered to be non-material by the Board of Managers and, hence, not in the scope of regular operational reviews. Intersegment revenues represented less than 0.5% of total revenues for the six month periods ended June 30, 2014 and 2013 respectively.
All corporate entities revenues and expenses have been allocated to the segment "Others".

8.2 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).

Notes to the Condensed consolidated financial statements

	For the six months ended June 30, 2014						
	Israel	Belux	Portugal	FOT	Dominican Republic	Others	Total
	(in € millions)						
Fixed							
Revenue	340.6	35.5	93.8	53.2	43.7	16.0	582.8
Cost of sales	(58.4)	(5.1)	(39.3)	(12.5)	(13.3)	(7.7)	(136.5)
Gross Profit	**282.2**	**30.4**	**54.5**	**40.7**	**30.3**	**8.3**	**446.3**
Mobile							
Revenue	86.4	0.8	-	65.4	110.9	-	263.4
Cost of sales	(25.7)	(0.8)	-	(17.0)	(26.0)	-	(69.5)
Gross Profit	**60.6**	-	-	**48.4**	**84.9**	-	**193.8**
Others							
Revenue	-	-	-	-	-	20.6	20.1
Cost of sales	-	-	-	-	-	(5.3)	(5.3)
Gross Profit	-	-	-	-	-	**15.3**	**15.3**
Total Revenue	**427.0**	**36.2**	**93.8**	**118.6**	**154.6**	**36.6**	**866.8**
Total cost of sales	**(84.1)**	**(5.9)**	**(39.3)**	**(29.5)**	**(39.3)**	**(12.8)**	**(211.3)**
Total Gross Profit	**342.8**	**30.4**	**54.5**	**89.1**	**115.2**	**23.6**	**655.5**
Profit / (Loss) before income tax expenses	**21.4**	**(0.8)**	**(12.4)**	**17.6**	**34.5**	**(139.4)**	**(79.1)**

Notes to the Condensed consolidated financial statements

	For the three months ended June 30, 2014						
	Israel	**Belux**	**Portugal**	**FOT**	**Dominican Republic**	**Others**	**Total**
			(in € millions)				
Fixed							
Revenue	171.9	17.7	47.8	25.9	36.1	7.9	307.3
Cost of sales	(29.8)	(2.5)	(20.5)	(5.0)	(11.7)	(3.8)	(73.3)
Gross Profit	**142.2**	**15.3**	**27.3**	**20.9**	**24.4**	**4.2**	**234.0**
Mobile							
Revenue	41.9	0.3	-	32.9	110.9	-	186.0
Cost of sales	(12.6)	(0.4)	-	(8.4)	(26.0)	-	(47.4)
Gross Profit	**29.4**	**(0.1)**	**-**	**24.6**	**84.9**	**-**	**138.7**
Others							
Revenue	-	-	-	-	-	10.8	10.8
Cost of sales	-	-	-	-	-	(3.1)	(3.1)
Gross Profit	-	-	-	-	-	**7.7**	**7.7**
Total Revenue	**213.8**	**18.0**	**47.8**	**58.9**	**147.0**	**18.7**	**504.2**
Total cost of sales	**(42.4)**	**(2.9)**	**(20.5)**	**(13.4)**	**(37.7)**	**(6.9)**	**(123.8)**
Total Gross Profit	**171.5**	**15.1**	**27.3**	**45.5**	**109.3**	**11.8**	**380.4**
Profit / (Loss) before income tax expenses	**8.3**	**1.9**	**(6.5)**	**9.5**	**33.5**	**(30.8)**	**15.9**

	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**
Profit / (Loss) before income tax expenses	**19.5**	**(7.5)**	**6.9**	**0.4**	**(26.4)**	**(7.0)**

	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	-	-	-	-	**3.8**	**3.8**
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**
Profit / (Loss) before income tax expenses	**11.7**	**(4.9)**	**3.3**	**(0.3)**	**(42.5)**	**(32.7)**

Note 9 –Restructuring, non-recurring costs and other expenses

Restructuring, non-recurring costs and other expenses incurred in the three & six month periods 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 renegotiations)	11.3	6.2	8.6	0.7
Restructuring costs	**25.8**	**6.2**	**12.1**	**0.7**
Fees related to the closing of the ODO transaction	6.7	-	5.4	-
Other deal fees*	10.1	9.3	10.2	7.4
Other expenses and other non-recurring costs	**16.8**	**9.3**	**15.6**	**7.4**
Total Restructuring, non-recurring costs and other expenses	**42.6**	**15.5**	**27.7**	**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 10 –Related party transactions

Trading and financial transactions

Income and expenses	Revenue		Operating expenses		Financial expenses	
	June 30,					
	2013	2014	2013	2014	2013	2014
	(€ in millions)					
Shareholders	-	-	(0.3)	-	-	(0.8)
Executive directors	-	-	(1.2)	(1.0)	-	-
Associated companies	-	3.6	(0.5)	(3.8)	-	(0.2)
TOTAL	**-**	**3.6**	**(2.0)**	**(4.8)**	**-**	**(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	-	-	-
Executive directors	-	-	-	-	-	-
Associated companies	-	-	0.8	4.2	-	0.3
TOTAL	**-**	**-**	**1.0**	**4.2**	**-**	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	99.2	-	-	-	-	-
Executive directors	-	-	-	-	-	-
Associated companies	-	0.6	6.6	10.0	-	-
TOTAL	99.2	0.6	6.6	10.0	**-**	**-**

Note 11 – Compensation of key management personnel

The compensation given to the key management personnel of the Company, 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).

Note 12 – Income tax

The Group registered an income tax expense of € 1.2 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 13 – Commitments and contingent liabilities

13.1 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

13.2 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.

13.3 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.

13.4 Commitments and contractual liabilities

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

<u>13.5 Other subsidiaries of the group</u>

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 14 – Going concern

As of June 30, 2014, the Group had a net current liability position of €423.7 million (mainly due to trade and other payables of €574.5 million and a decrease in restricted cash resulting from the closing of the Tricom and ODO acquisition). During the six month period ended June 30, 2014, the Group recorded a net loss of €80.3 million (€20.1 million as of June 30, 2013), positive cash flow from operations of €317.5 million (€ 165.5 million for the six months ended June 30, 2013), and negative working capital of €241.2 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 finance costs related to the financial debt of the Group and also the increase in non-cash financial expenses related to the fair value of derivative instruments used by the Group to hedge its cash flows on interest payments.

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 (€306.8 million as of June 30, 2014 compared to €574.5 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 negative equity position of € 55.6 million, of which €(57.2) million attributable to the equity holders. The net equity position of the Company continued to improve (increase of € 205.6 million compared to the year ended December 31, 2013 (€ 261.2 million), mainly driven by the conversion of loans from related parties granted by Altice S.A. into share capital and share premium of the Company. Going forward, the Company will have access to capital markets through its sole shareholder, Altice S.A., and this is expected to further improve the equity position of the Company.

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 €108.7 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 € 118.4 million to finance any liquidity needs it might have.

Note 15– Subsequent events

No significant events have occurred in the period since June 30, 2014.

Note 16 – Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Managers and authorized for issue on August 13, 2014.

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

1. SUMMARY FINANCIALS

Q2-14 (€m)

	Israel	ODO	Tricom	Dominican Republic	Belgium and Luxembourg	Portugal	French Overseas Territories[1]	Others: Euro Denominated	Others: CHF Denominated	Others[2]	Total International
Revenue											
Cable	171.9	-	21.4	21.4	15.2	25.2	19.1			-	252.7
Mobile	41.9	107.0	4.0	110.9	0.3		34.6			-	187.7
B2B and others		-	14.8	14.8	2.5	22.6	5.9	7.9	10.7	18.6	64.4
Adjustments	-		-	-			(0.6)			-	(0.6)
Total Revenue	**213.8**	**107.0**	**40.1**	**147.1**	**18.0**	**47.8**	**58.9**	**7.9**	**10.7**	**18.6**	**504.2**
EBITDA[3]	**105.3**	48.2	17.1	**65.3**	**12.2**	**15.2**	**24.7**	1.4	4.2	**5.6**	**228.3**
EBITDA margin	*49.2%*	*45.0%*	*42.6%*	*44.4%*	*67.7%*	*31.8%*	*41.9%*	*18.0%*	*39.3%*	*30.2%*	*45.3%*
Capex	**49.4**	8.4	4.5	**12.9**	**5.3**	**6.5**	**11.5**	5.7	2.2	**7.9**	**93.4**
Capex / Revenue	*23.1%*	*7.9%*	*11.1%*	*8.8%*	*29.4%*	*13.6%*	*19.5%*	*71.9%*	*20.6%*	*42.4%*	*18.5%*
Operating FCF	**55.9**	39.8	12.6	**52.4**	**6.9**	**8.7**	**13.2**	(4.3)	2.0	**(2.3)**	**134.9**
OpFCF / Revenue	*26.2%*	*37.2%*	*31.5%*	*35.6%*	*38.3%*	*18.2%*	*22.4%*	*-53.8%*	*18.7%*	*-12.1%*	*26.7%*

Q2-13 (€m)

	Israel[1]	ODO	Tricom	Dominican Republic	Belgium and Luxembourg	Portugal	French Overseas Territories	Others: Euro Denominated	Others: CHF Denominated	Others	Total International
Revenue											
Cable	177.6	-	22.8	22.8	17.0	28.0	20.0			-	265.4
Mobile	46.8	107.3	2.6	109.9	0.3		33.3			-	190.4
B2B and others	-	-	15.8	15.8	0.1	25.8	6.0	7.1	11.4	18.5	66.2
Adjustments				-			(0.1)			-	(0.1)
Total Revenue	**224.4**	**107.3**	**41.2**	**148.5**	**17.4**	**53.8**	**59.2**	**7.1**	**11.4**	**18.5**	**521.9**
EBITDA	**92.0**	42.5	13.3	**55.7**	**12.3**	**15.4**	**20.0**	(0.1)	4.2	**4.1**	**199.6**
EBITDA margin	*41.0%*	*39.6%*	*32.1%*	*37.5%*	*70.5%*	*28.6%*	*33.8%*	*-1.4%*	*36.8%*	*22.2%*	*38.2%*
Capex	**51.0**	14.5	8.6	**23.1**	**5.9**	**7.3**	**10.3**	2.8	1.5	**4.3**	**101.9**
Capex / Revenue	*22.7%*	*13.5%*	*20.9%*	*15.5%*	*33.8%*	*13.5%*	*17.4%*	*39.4%*	*13.2%*	*23.2%*	*19.5%*
Operating FCF	**41.0**	28.0	4.6	**32.6**	**6.4**	**8.1**	**9.7**	(2.9)	2.7	**(0.2)**	**97.7**
OpFCF / Revenue	*18.3%*	*26.1%*	*11.2%*	*22.0%*	*36.7%*	*15.1%*	*16.4%*	*-40.8%*	*23.7%*	*-1.1%*	*18.7%*

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.

Notes to the Condensed consolidated financial statements

2. KEY PERFORMANCE INDICATORS

Q2-14	As and for the quarter ended June 30, 2014 in thousands except percentages and as otherwise indicated					
	Israel[6]	Dominican Republic	Belgium and Luxembourg	Portugal	French Overseas Territories[7]	Total[8]
CABLE-BASED SERVICES						
Market and Network						
Homes passed	2,319	473	233	909	154	4,089
Docsis 3.0 upgraded	100%	100%	100%	100%	91%	-
Unique Customers						
Cable customers[1]	1,108	115	111	230	41	1,605
Cable customer net adds	(8)	3	(2)	(3)	2	(9)
Triple-play customers	478	12	50	134	22	696
Triple-play penetration	43%	11%	45%	58%	53%	43%
RGUs & Penetration[2, 3]						
Total RGUs	2,298	188	237	588	85	3,396
Pay TV	874	113	125	218	41	1,371
Pay TV net adds	2	2	(2)	(3)	2	1
Pay TV penetration	38%	24%	54%	24%	27%	34%
Broadband	739	38	59	154	22	1,011
Broadband net adds	-	3	1	(1)	3	6
Broadband penetration	32%	8%	25%	17%	14%	25%
Telephone	685	37	53	217	22	1,014
Telephone net adds	6	6	-	(2)	3	13
Telephone penetration	30%	8%	23%	24%	14%	25%
RGUs per cable customer	2.07	1.64	2.14	2.56	2.06	2.12
ARPU[4]						
Cable ARPU	€ 48.61	€ 29.22	€ 43.00	€ 34.35	€ 56.70	-
xDSL / NON-CABLE						
RGUs						
Total RGUs	-	342	-	-	203	530
Broadband	-	98	-	-	76	174
Telephone	-	244	-	-	113	357
MOBILE						
Market and Network						
UMTS mobile coverage	57%	77%	-	-	90%	-
Subscribers						
Total mobile subscribers[5]	889	3,768	4	-	368	5,029
Mobile net adds	41	79	1	-	(6)	115
Postpaid subscribers	884	686	4	-	203	1,776
Prepaid subscribers	5	3,083	-	-	166	3,253
ARPU[4]						
Mobile ARPU	€ 14.94	€ 8.47	€ 31.10	-	€ 28.27	-

Notes to the Condensed consolidated financial statements

Q2-13

As and for the quarter ended June 30, 2013
in thousands except percentages and as otherwise indicated

	Israel[6]	Dominican Republic	Belgium and Luxembourg	Portugal	French Overseas Territories[7]	Total[8]
CABLE-BASED SERVICES						
Market and Network						
Homes passed	2,279	423	233	906	154	3,995
Docsis 3.0 upgraded	100%	78%	100%	90%	50%	-
Unique Customers						
Cable customers[1]	1,172	106	116	243	39	1,676
Cable customer net adds	(16)	0	(2)	(5)	(0)	(23)
Triple-play customers	447	6	50	139	14	656
Triple-play penetration	38%	5%	43%	57%	37%	39%
RGUs & Penetration[2, 3]						
Total RGUs	2,356	148	240	617	67	3,428
Pay TV	894	106	131	231	39	1,400
Pay TV net adds	(4)	0	(2)	(6)	(0)	(12)
Pay TV penetration	39%	25%	56%	26%	25%	35%
Broadband	774	25	56	156	14	1,025
Broadband net adds	0	2	1	(2)	1	2
Broadband penetration	34%	6%	24%	17%	9%	26%
Telephone	688	17	53	230	14	1,002
Telephone net adds	4	2	-	(6)	1	0
Telephone penetration	30%	4%	23%	25%	9%	25%
RGUs per cable customer	2.01	1.39	2.07	2.54	1.74	2.05
ARPU[4]						
Cable ARPU	€ 47.88	€ 30.73	€ 41.00	€ 35.14	€ 53.87	-
xDSL / NON-CABLE						
RGUs						
Total RGUs	-	350	-	-	214	553
Broadband	-	96	-	-	80	176
Telephone	-	254	-	-	123	376
MOBILE						
Market and Network						
UMTS mobile coverage	49%	77%	-	-	89%	-
Subscribers						
Total mobile subscribers[5]	761	3,529	3	-	369	4,663
Mobile net adds	3	63	-	-	(10)	55
Postpaid subscribers	746	609	3	-	184	1,542
Prepaid subscribers	15	2,920	-	-	185	3,121
ARPU[4]						
Mobile ARPU	€ 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

HISTORICAL CONSOLIDATED BASIS

Revenue for the quarter was €504.2m, up from €288.4m in Q2-13. Operating profit before depreciation, amortization and non-recurring costs was €228.3m, 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 March 2014, we acquired Tricom in the Dominican Republic
- In Arpil 2014, we acquired Orange Dominicana in the Dominican Republic.

Operating profit increased from €63.0m to €18.8m mainly as a result of the increase in revenues and the operating profit before depreciation and amortization, as result of the acquisitions made as compared to Q2-13.

Profit for the quarter increase from a loss €36.5m in Q2-13 to a profit of €9.7m, mainly due to increased finance income resulting from the impact of foreign exchange rate variations..

PROFORMA AND AGGREGATED BASIS

Group

Total group revenue of €504.2m, decreased 3.4% 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 decreased by 0.2% on a constant currency basis.

Group EBITDA increased by 14.4% to €228.3m mainly due to cost reductions in Israel and the Dominican Republic. Growth on a constant currency basis was 18.2%. EBITDA margin expanded by 7.1% points to 45.3%.

Group Capex was down 8.3% at €93.4m mainly due to a decrease in capex in the Dominican Republic.

Group OpFCF increased by 38.0% to €134.9m mainly due to the EBITDA growth and decrease in Capex in the Dominican Republic.

A more in-depth analysis by region is given below.

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 €58.9m declined by 0.5% 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 stable at around €18.6m (compared to €18.5m for Q2 2013). EBITDA was up from €4.1m to €5.6m. 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 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.

		(€m equivalent)		
	Amount (local currency)	Actual	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**		

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 €184.9 million equivalent of borrowing capacity under the Existing Revolving Credit Facilities and the 2013 Guarantee Facility. On January 14, 2014, we drew €20.5 million under the 2013 Revolving Credit Facility, of which we repaid €17.0 million in the three month period ended June 30, 2014. 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 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, 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 June 30, 2014, we had a negative net working capital position of €241.2 million compared to a negative working capital position of €181.1 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 and the New Altice Financing Revolving Credit Facility Commitment will be sufficient to meet our working capital requirements during the next 12 months.

POST BALANCE SHEET DATE EVENTS

No significant events occurred after June 30, 2014.