ALTICE VII S.À R.L.

QUARTERLY REPORT

FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Altice VII S.À R.L
3, boulevard royal,
L-2449 Luxembourg
Grand Duchy of Luxembourg

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Condensed consolidated income statement
for the period ended September 30, 2013

	Notes	Nine months ended September 30, 2013	Nine months ended September 30, 2012
		(€ in millions)	
Revenues	**8**	**928.4**	813.0
Purchases and subcontracting services	**8**	(262.2)	(216.6)
Other operating expenses		(192.3)	(189.1)
Staff costs and employee benefits expenses		(19.6)	(19.2)
General and administrative expenses	**9**	(24.0)	(22.6)
Other sales and marketing expenses		(53.3)	(60.8)
Operating profit before depreciation and amortization (*)		**377.1**	304.7
Depreciation and amortization		(277.6)	(290.9)
Other expenses, net		(8.9)	(14.4)
Management fees		(0.7)	(2.6)
Restructuring and other non-recurring costs		(3.4)	(8.4)
Operating profit/(loss)		**86.5**	(11.5)
Finance income		36.2	4.3
Finance costs		(184.3)	(114.4)
Loss before income tax expenses		**(61.6)**	(121.7)
Income tax expenses	**12**	(27.5)	(1.0)
Loss for the period		**(89.1)**	(122.7)
Attributable to equity holders of the parent		*(83.1)*	*(92.4)*
Attributable to non-controlling interests		*(6.0)*	*(30.3)*

(*) Operating profit before depreciation and amortization is further referred to as “EBITDA” in these condensed consolidated financial statements.

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

Altice VII S.à r.l.
Condensed consolidated statement of other comprehensive income
for the period ended September 30, 2013

	Notes	Nine months ended September 30, 2013	Nine months ended September 30, 2012
		(€ in millions)	
Loss for the period		**(89.1)**	**(122.7)**
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		0.6	(3.6)
Other items		3.6	5.3
Total comprehensive loss for the period		**(84.9)**	**(121.0)**
Attributable to equity holders of the parent		*(79.6)*	*(92.5)*
Attributable to non-controlling interests		*(5.3)*	*(28.5)*

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

Altice VII S.à r.l.
Condensed consolidated statement of financial position
As of September 30, 2013

	Notes	September 30, 2013	December 31, 2012
		(€ in millions)	
ASSETS			
Current assets			
Cash and cash equivalents		61.9	129.7
Trade & other receivables		279.7	183.2
Inventories		11.1	6.1
Current tax assets		10.8	5.5
Total current assets		**363.4**	**324.5**
Non-current assets			
Restricted cash		10.2	9.6
Deferred tax assets		38.9	19.3
Investments in financial assets held as available for sale		39.2	6.1
Trade & other receivables		37.8	43.3
Property, Plant & Equipment		1,141.2	1,067.8
Other Intangible assets		555.1	458.5
Goodwill	**3**	1,126.7	790.9
Total non-current assets		**2,949.0**	**2,395.5**
Total assets		**3,312.4**	**2,720.0**
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings from banking corporations and debentures	**7**	47.6	113.2
Trade and other payables		482.4	419.4
Current loans from related parties	**7**	5.7	2.7
Current tax liabilities		19.9	10.7
Provisions		2.2	-
Total current liabilities		**557.9**	**546.0**
Non-current liabilities			
Borrowings from banking corporations and debentures	**7**	2,232.0	1,373.1
Non-current loans from related parties	**7**	101,2	109.0
Other financial liabilities	**7**	203.8	173.5
Provisions		27.2	25.6
Other non-current liabilities		49.8	49.5
Retirement benefit obligations		9.0	9.1
Deferred tax liabilities		219.6	148.2
Total non-current liabilities		**2,842.7**	**1,888.3**
Equity			
Issued capital	**4**	7.4	7.4
Share premium	**4**	5.4	-
Other reserves	**6**	(3.5)	277.5
(Accumulated losses)/retained earnings		(4.4)	144.5
Loss for the period		(83.1)	(148.9)
Equity attributable to shareholders of the parent		**(78.1)**	**280.5**
Non-controlling interests		**(9.8)**	**5.2**
Total equity		**(87.8)**	**285.7**
Total equity and liabilities		**3,312.4**	**2,720.0**

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

Altice VII S.à r.l.
Condensed consolidated statement of changes in equity
for the nine months ended September 30, 2013

	Issued capital	Share Premium	Other Reserves	Retained earnings/ (Accumulated losses)	Net income	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
				(€ in millions)				
Equity at January 1, 2012	**7.4**	**-**	**232.9**	**25.8**	**118.4**	**384.5**	**349.2**	**733.6**
Allocation to retained earnings	-	-	-	118.4	(118.4)			
Loss for the period	-	-	-	-	(92.3)	(92.3	(30.4)	(122.7)
Movement in Currency Translation Reserve	-	-	1.5	-	-	1.5	(5.1)	(3.6)
Increase or decrease of ownership interest	-	-	14.1	-	-	14.1	(50.9)	(36.9)
Change in method of consolidation	-	-	-	-	-	-	(26.1)	(26.1)
Other movements	-	-	(1.6)	-	-	(1.6)	6.9	5.3
Equity at September 30, 2012	**7.4**	**-**	**246.8**	**144.2**	**(92.3)**	**306.1**	**243.5**	**549.6**
Equity at January 1, 2013	7.4	-	277.5	144.5	(148.9)	280.5	5.2	285.7
Allocation to retained earnings	-	-	-	(148.9)	148.9			
Loss for the period	-	-	-	-	(83.1)	(83.1)	(6.0)	(89.1)
Variation in CPEC	-	-	68.1	-	-	68.1	-	68.1
Distribution to CPEC holders	-	-	(275.3)	-	-	(275.3)	-	(275.3)
Issuance of share premium	-	**5.4**	-	-	-	5.4	-	5.4
Movement in Currency Translation Reserve	-	-	-	-	-	-	0.6	0.6
Increase or decrease of ownership interest	-	-	(79.7)	-	-	(79.7)	(9.6)	(89.3)
Other movements	-	-	6.0	-	-	6.0	0.1	6.1
Equity at September 30, 2013	**7.4**	**5.4**	**(3.5)**	**(4,4)**	**(83.1)**	**(78.1)**	**(9.8)**	**(87.8)**

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

Altice VII S.à r.l.
Condensed consolidated statement of cash flows
for the nine months ended September 30, 2013

	Notes	September 30, 2013	September 30, 2012
		(€ in millions)	
Loss for the period		**(89.1)**	**(122.7)**
Adjustments for :			
Depreciation and amortization		277.6	290.9
Gains and losses on disposals		(4.1)	4.6
Other non-cash operating gains and losses		6,5	16.8
Net cash provided by operating activities before changes in working capital, finance costs and income tax		**190.9**	**189.6**
Finance costs, net		152.4	102.4
Income tax expense recognised in profit and loss		27.0	0.6
Income tax paid		(4.8)	(1.6)
Changes in working capital		(76.5)	32.5
Net cash provided by operating activities		**289.0**	**323.5**
Purchases of tangible and intangible assets		(184.1)	(267.5)
Acquisitions of available for sale financial assets		(18.3)	-
Proceeds from disposal of tangible, intangible and financial assets		1.9	-
Increase / (Decrease) in loans and other non-current financial assets		7.4	(17.6)
Increased/ (Decrease) of restricted cash		(0.6)	19.5
Transactions with non-controlling interests	**5**	(105)	0.0
Net payments on acquisition of subsidiaries	**2**	(203.5)	(35.1)
Net cash used in investing activities		**(502.3)**	**(300.6)**
Proceeds from issuance of share premium	**2**	1.8	-
Dividends paid		0.0	(26.1)
Proceeds from debt issuance	7	1,021.9	268.4
Repayment of debt	7	(546.4)	(161.2)
Distribution to CPEC's holders		(212.5)	0.0
Interest paid		(119.4)	(91.3)
Net cash provided by/ (used in) financing activities		**145.4**	**(10.2)**
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	0.2
Net increase in cash and cash equivalents		**(67.9)**	**12.9**
Cash and cash equivalents at the beginning of the period		129.7	19.8
Net (decrease)/increase in cash and cash equivalents		(67.9)	12.9
Cash and cash equivalents at the end of the period		**61.9**	**32.6**

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

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

Nature of the business

Altice VII S.à r.l. (the "Company") was incorporated on December 15, 2008 as a public limited company (société anonyme) under the laws of the Grand-Duchy of Luxembourg and is registered under B143.725 with the Luxembourg Company Register. The Company was converted into a private limited liability company (société à responsabilité limitée) on October 7, 2009. References to the "Group" refer to the Company and its subsidiaries.

The registered office of the Company is established at 3, boulevard Royal, L-2449 Luxembourg, and its sole equity holder is Next LP. The ultimate controlling party is considered to be Patrick Drahi.

The Group offers a variety of services over its cable and mobile infrastructure, including, but not limited to, pay television, broadband Internet access and fixed-line telephony, and in certain countries mobile telephony to residential customers and corporate customers.

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 Group tailors its basic and premium channel line-up to each country of operation according to culture, demographics, programming preferences and local regulation. The 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) and offers mobile services through an MVNO (Mobile virtual network operator) arrangement in Belgium.

Available cable-based service offerings depend on the bandwidth capacity of its cable networks and whether they have been upgraded for two-way communications. Where possible, the 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.

Basis of presentation

The Condensed Consolidated Financial Statements of the Company as of and for the nine months ended September 30, 2013 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, 2012 which have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS").

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 (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, 2012.

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.

The preparation of financial statements in conformity with IFRS recognition and measurement principles requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The Board of Managers reviews its estimates on an on-going basis using information available at that point in time. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates.

IFRS 13: *Fair value measurement*

The Group has applied IFRS 13 for the first time in the current period. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instruments and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions which are within the scope of IFRS 2 Share based payment, leasing transactions, that are within the scope of IAS 17 leases and measurements that have some similarities to fair value but are not fair value.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation techniques. IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from January 1, 2013.

Amendment to IFRS 7 disclosure – *Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to IFRS 7 disclosures – Offsetting financial assets and liabilities for the first time in the current period, The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral pricing agreements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have an offsetting arrangement in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the condensed consolidated financial statements.

Annual improvements to IFRSs 2009-2011 cycle issued in May 2012

The *Annual Improvements to IFRSs 2009-2011Cycle* include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013. Amendments to IFRS include:

Amendments to IAS 16 *Property Plant and Equipment; and*

Amendments to IAS 32 *Financial Instruments: Presentation.*

Amendments to IAS 16

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of the property, plant and equipment in IAS 16 and as inventory otherwise. This amendment does not have a significant impact on the Group's condensed consolidated financial statements.

Amendments to IAS 32

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *income taxes.* This amendment does not have a significant impact on the Group's condensed consolidated financial statements.

Note 2 - Business combinations

Outremer Telecom S.A. (“OMT”)

On July 5, 2013 the Group obtained control of OMT, a telecommunications operator in the French Overseas Territories, by acquiring 76.3% of the shares and voting interests in the company. This acquisition enables the Group to expand its footprint in the French Overseas Territories.

Since July 5, 2013 OMT contributed €51.0 million to revenue and €8.3 million to operating profit to the Group’s results for the nine months ended September 30, 2013.

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 €228.6 million, including cash at closing of €33.6 million (used at closing to refinance existing debts). Additionally, the vendor has a put option to sell the minority stake of 23.7% starting in July 2016, currently valued at €53.2 million in the accounts of the Group.

The total value of assets transferred in consideration for the values mentioned above amounted to €255.3 million, comprising mainly of intangible assets for a net value of €106.7 million, property, plant and equipment for a total value of €69.5 million and trade receivables for a total amount of €30.7 million. Other miscellaneous assets totalled €44.8 million. Total liabilities amounted to €320.7 million, comprising of €231.4 of non-current liabilities and €89.3 million of current liabilities. The residual value of €294.0 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 values derived from a third party valuation performed in 2013 and preliminary updated by an independent expert during 2013. The Company is continuously assessing the fair valuation of the identifiable assets and liabilities assumed and shall complete this exercise within twelve months from the acquisition date.

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

Total consideration transferred	€228.6 million
Fair value of identifiable assets and liabilities	€(70.8) million
Goodwill	€294.0 million

Winreason S.A. (“ONI”)

On August 8, 2013 the Group obtained control of ONI, a business to business telecommunications operator in Portugal, by acquiring 100% of the shares and voting interests in the company. This acquisition enables the Group to expand its footprint in Portugal and eventually realise synergies with the Group’s other business within the same country.

Since August 8, 2013 ONI contributed €17.4 million in revenue and €1.2 million in operating loss to the Group’s result for the nine months ended September 30, 2013.

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 amounted to €22.3 million, of which €0.2 million was paid to minority controlling interests. This amount included cash at closing of €0.9 million. In addition, €47.5 was provided to the acquired entity to refinance existing financial debts.

The total value of assets transferred in consideration for the purchase price amounted to €93.5 million and was mainly comprised of intangible assets for €10.8 million, property plant and equipment for €51.9 million and trade receivables for €19.7 million. Other miscellaneous assets totalled €11.2 million.

Total liabilities totalled €154.5 million, including €75.6 million in non-current and €78.2 million in current liabilities. Both posts included debts towards the previous shareholder for €28.2 and €28.0 million respectively, which were considered at a zero value asset by the new buyers and hence excluded for the purpose of calculating the net acquired asset position. Thus, the adjusted net liability position stood at €97.8 million, hence leaving a net liability position of €4.2 million. Residual goodwill was provisionally recognised for an amount of €26.5 million.

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 Winreason 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.

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

Total consideration transferred	€22.3 million
Fair value of identifiable assets, liabilities and contingent liabilities	€(4.2) million
Goodwill	€26.5 million

The profit and loss of these two new subsidiaries for the period from January 1, 2013 to the date of their consolidation into the Group's accounts is given below:

	OMT	**ONI**
	(€ in millions)	
Revenues	96.5	59.0
Purchases and subcontracting services	(30.1)	(31.3)
Gross Profit	**66.4**	**27.7**
Other operating expenses	(19.8)	(11.2)
General and administrative expenses	(6.1)	(5.9)
Other sales and marketing expenses	(7.3)	(1.3)
Operating profit before depreciation and amortization	**33.2**	**9.2**
Depreciation and amortization	(11.4)	(9.9)
Other expenses, net	(2.0)	(1.7)
Management fees	(0.4)	-
Reorganization and non-recurring costs	-	(0.5)
Operating profit	**19.4**	**(2.8)**
Profit / (loss) for the period (including non-controlling interests)	**10.9**	**(8.8)**

Note 3 - Goodwill

Goodwill is tested at the cash-generating units ("CGU") level for impairment annually, as of December 31, or whenever changes in circumstances indicate that the carrying amount may not be recoverable. In all cases, the CGU represents the lowest level at which goodwill is monitored for internal management purposes. The recoverable amounts of the CGUs are determined based on their value in use. The key assumptions for the value in use calculations are primarily the discount rates, growth rates, expected changes to telecom prices and direct costs during the period.

The value in use of each CGU was determined by estimating cash flows for a period of five years for the operating activities. Cash flow forecasts are derived from the most recent business plans approved by the Board of Managers. Beyond the specifically forecasted period of five years, the Company extrapolates cash flows for the remaining years based on an estimated constant growth rate between 1,5-2%. This rate does not exceed the average long-term growth rate for the relevant markets.

The Board of Managers estimates discount rates using pre-tax rates that reflect current market rates for investments of similar risk. The rate for each CGU was estimated from the weighted average cost of capital.

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 September 30, 2013.

Note 4 – Issued capital and share premium

Issued capital

On September 30, 2013, the issued capital amounted to €7.4 million and was divided into 743,011,510 fully paid equity interests with a nominal value of €0.01 each.

A capital increase amounting to €4.500 took place on May 30, 2013 and the 450.000 equity interests have been fully subscribed by Next LP, the sole equity holder.

Share premium

In the nine month period ended September 30, 2013, the share premium increased by a total amount of €5.4 million. This increase is a consequence of the following operations:

- €1.8 million related to the capital increase dated May 30, 2013; and
- €3.6 million resulting from capitalization of a debt instrument granted by Next LP.

Note 5 – Transactions with minority shareholders

On April 23, 2013, the Group proceeded to the buy-out of the minority interests held by APAX Partners in its Portuguese subsidiary Cabovisao. The total amount of the consideration paid amounted to €105.0 million, of which €90.1 million was attributable to the equity buy-out and €15.0 million corresponded to the repayment of a shareholder loan.

Note 6 – Reserves

	September 30, 2013	**December 31, 2012**
	(€ in millions)	
Master CPECs/CPECs	164.8	219.1
Distribution to CPECs holder	(170.4)	(17.5)
Master YFPECs/YFPECs	22.7	22.7
IFL	2.6	-
Employee benefits	0.5	0.3
Currency Translation Reserve	(6.8)	(6.7)
Impact of changes of ownership interest	(18.5)	61.3
Other	1.5	(1.7)
Group reserves	**(3.5)**	**277.5**

The Convertible Preferred Equity Certificates (“CPEC”) have maturities comprised between 2058 and 2061.

The movement in the value of CPECs is explained by the redemptions of CPECs for a total amount of €54.3 million and the conversion and subscription of additional Master CPECs totaling €122.4 million together with distributions amounting to €275.3 million.

The Master Yield Free Preferred Equity Certificates (“YFPEC”) have been valued using a discount rate of 4.76% given their preferred interest rate which therefore values these certificates at €8.3 million as of September 30, 2013.

The carrying value of YFPECs remained stable as compared to the year ended December 31, 2012. Fair value adjustments on these instruments are recorded in the condensed consolidated statement of income and booked in the line item ‘finance costs’. For the period ended September 30, 2013, a charge of €2.5 million was recorded in the Condensed Consolidated Financial Statements.

On June 6, 2013, all categories of CPECs (A to I) and YFPECs (letters C to K) issued from 2009 to 2012 have been converted, respectively, into Master CPECs and YFPECs categories. Following this transfer, the main characteristics of CPECs and YFPECs instruments remain materially unchanged (specifically, maturity date and conditions of redemption).

The movement in the changes of ownership interest was due to the buyout of the minority stake in Cabovisao on April 23, 2013. The total impact on equity was of €90.1 million, of which €79.7 million was attributable to the Group and the remainder to intermediary minority shareholders.

Note 7 – Borrowings and other financial liabilities

The total financial liabilities are broken down as follows:

	September 30, 2013	**December 31, 2012**
	(€ in millions)	
Bonds	1,333.3	1,108.5
Loans from related parties	101.2	109.0
Bank credit facilities	897.0	257.2
Finance leases	1.7	7.4
Other financial liabilities	116.5	111.0
Financial instruments	87.3	62.5
Non-current financial liabilities [(1)]	**2,537.0**	**1655.6**
Bonds	40.6	25.4
Bank credit facilities	0.7	86.5
Finance leases	0.8	1.4
Bank overdraft	0.1	-
Other financial liabilities	5.4	-
Accrued interests	5.7	2.7
Current financial liabilities [(2)]	**53.3**	**116.3**

[(1)] Non-current financial liabilities are contained in the condensed consolidated statement of financial position under the line items, 'Non-current borrowings from banking corporations and debentures', 'Non-current loans from related parties', and 'other financial liabilities'
[(2)] Current financial liabilities are contained in the condensed consolidated statement of financial position under the line items, 'Current borrowings from banking corporations and debentures' and 'current loans from related parties'.

The decrease in current bank credit facilities is mainly explained by the repayment of the Altice Blue One loan, for a total amount of €65.9 million on July 2, 2013.

Bonds and Loans from related parties

Issuer	Effective interest rate	Year of maturity	Carrying amount September 30, 2013	Carrying amount December 31, 2012
Bonds				
- Debentures	Variable (3.9 % and 6.9 % + Consumer Price Index)	2018	254.5	269.2
- Senior Secured Notes	between 7.9% and 9.9%	2019/2020	506.0	516.7
- Senior Secured Notes	between 7.9% and 9.9%	2019/2020	572.7	322.7
Related party loans				
- Alpecs	Variable	2057 to 2061	91.9	104.6
- Yfpecs	4.76%	2058 to 2061	8.3	4.4
Nominal value of bonds			**1,432.3**	**1,217.6**
Of which due within one year			-	-
Of which due after one year			1,432.3	1,217.6

For the period ended September 30, 2013, the Group's long term financial liabilities were mainly comprised of debentures issued in Israel by HOT (the "HOT bond) and in Luxembourg by Altice Financing S.A. and Altice Finco S.A. and of the Term Loan B issued by Altice Financing S.A. during June 2013.

The details of the HOT bond are given below:

- The Series A debentures – €167.0 million, are linked to the Consumer Prices Index for the month of February, 2011, and bear interest at a rate of 3.9% a year. The Series A debentures are repayable in 13 semi-annual payments commencing on September 30, 2012 and ending on September 30, 2018.
- The Series B debentures – €137.0 million bear interest at a fixed rate of 6.9% a year. Series B debentures are repayable in 13 semi-annual payments commencing on September 30, 2012 and ending on September 30, 2018.

Bonds also include Senior Notes and Senior secured Notes in Altice Finco S.A. and Altice Financing S.A.:

The senior notes in U.S. dollar, issued by Altice Finco S.A and with a face value of $425.0 million (€322.0 million) mature on December 15, 2020 and bear coupons of 9,875% annually

The senior secured notes in U.S. dollars, issued by Altice Financing S.A. and with a face value of $460 million (€348.5 million) mature on December 15, 2019 and bear coupons of 7,875% annually.

The senior secured notes in Euro, issued by Altice Financing S.A and with a face value of €210.0 million mature on December 15, 2019 and bear coupons of 8% annually.

Altice Finco S.A. issued €250.0 million Senior Notes during the period sended September 30, 2013 bearing an annual interest rate of 9% and maturing in 2023. The Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on its Euro MTF Market.

In addition, Altice Financing S.A. obtained a covenant lite term loan (the Term Loan B) in USD, for a Euro equivalent of €795.0 million ($1,034 million), maturing on July 2, 2019 and bearing interest at 3 month USD LIBOR + 4.5%. To date, the Group has drawn €714.0 million of these available amounts. Interest payments on the term loan B are due every quarter, starting on July 31, 2013.

Financial instruments

Subordinated financial instruments have been issued by Altice VII S.à r.l. and Coditel Holding S.A. and consist mainly of:

Master YFPECs: Yield Free Preferred Equity Certificates;

Master ALPECs: Asset Linked Preferred Equity Certificate;

In 2013, all categories of ALPECs (letters A to J) and YFPECs (letters C to K) issued from 2009 to 2012 have been transferred in a master ALPECs and master YFPECs. Following this transfer, main characteristics of ALPEC and YFPEC instruments remain unchanged (specifically, maturity date and conditions of redemption).

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 September 30, 2013, the classification of financial instruments is summarized below:

For the nine month period ended September 30, 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 Communications Co.	7.3	7.3		
Financial liabilities				
- Finco - Other derivatives financial liabilities at FVTPL (currency hedge)	87.3		87.3	

As of September 30, 2013, the level 3 classification has been based on the latest capital increase that occurred of the Wananchi Group level.

For the year ended December 31, 2012	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				
- Partner Communication Co.	5.7	5.7		
Financial liabilities				
- Finco - Other derivatives financial liabilities at FVTPL (currency hedge)	62.5		62.5	

The swap contracts exchange Shekel and Euros into Dollars.

Except as detailed in the following table, the Board of Managers considers that the carrying amount of financial assets and liabilities recorded at amortized cost in the condensed consolidated financial statements are approximately equal to fair values, except as follows:

	Carrying amount		Fair value	
	September 30, 2013	**December 31,2012**	**September 30, 2013**	**December 31, 2012**
		(€ in millions)		
Financial liabilities				
- YFPECs	37.7	36.3	4.7	4.4
- IFL	3.9		0.2	

Note 8 – Segmental analysis

Definitions of segments

Given the geographic spread of the various Group entities, it logically follows that an analysis and control by geography 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 (Western Europe)
- Portugal (Western Europe)
- French Overseas Territories (Antilles and Indian Ocean)
- Other (Switzerland, others)

Activities have been split as follows:

- Cable
- Mobile
- Others (B2B/Content/others)

There has been no change in the basis of segmentation or in the basis of measurement of segment profit or loss in the period.

Segment information

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

	Nine months ended September 30, 2013					
	Israel	**Belgium & Luxembourg**	**Portugal**	**French Overseas Territories**	**Others**	**Total**
Cable			***(€ in millions)***			
Revenue	527.0	45.7	83.4	37.1	1.3	694.5
Purchases and subcontracting services	(101.6)	(7.2)	(26.2)	(8.7)	(0.3)	(143.9)
Gross Profit	**425.4**	**38.5**	**57.3**	**28.3**	**1.0**	**550.6**
Mobile						
Revenue	142.4	0.8	-	32.7	-	175.9
Purchases and subcontracting services	(82.8)	(0.7)	-	(10.3)	-	(93.8)
Gross Profit	**59.6**	**0.1**	**-**	**22.4**	**-**	**82.1**
Other						
Revenue	-	6.7	17.5	-	33.9	58.0
Purchases and subcontracting services	-	(1.3)	(10.2)	-	(12.9)	(31.0)
Gross Profit		**5.4**	**7.2**		**20.9**	**27.0**
Total Revenue	**669.4**	**53.2**	**100.9**	**69.8**	**35.1**	**928.4**
Total Purchases and subcontracting services	**(184.4)**	**(9.1)**	**(36.4)**	**(19.1)**	**(13.2)**	**(262.2)**
Total Gross Profit	**485.0**	**44.1**	**64.5**	**50.7**	**21.9**	**666.2**
Operating expenses	(215.1)	(8.6)	(28.7)	(22.3)	(14.3)	(289.1)
Operating income before depreciation and amortisation..	**269.9**	**35.4**	**35.8**	**28.5**	**7.6**	**377.1**
Depreciation and Amortisation	(200.5)	(12.3)	(44.4)	(12.8)	(7.6)	(277.6)
Other expenses, net	(8.7)	(4.0)	(3.0)	(2.8)	9.4	(9.1)
Operating income	**60.7**	**18.9**	**(12.6)**	**12.0**	**9.6**	**86.5**
Net Financial income/(costs	(33.9)	(10.6)	(6.1)	(10.8)	(86.7)	(148.1)
(Loss)/profit before income tax expenses	**26.9**	**8.3**	**(18.7)**	**1.2**	**(79.2)**	**(61.6)**

Nine months ended September 30, 2012

	Israel	Belgium & Luxembourg	Portugal	French Overseas Territories	Others	Total
Cable			***(€ in millions)***			
Revenue	509.6	45.2	68.8	19.2	1.8	644.7
Purchases and subcontracting services	(120.2)	(8.0)	(27.3)	(3.0)	(0.4)	(158.9)
Gross Profit	**389.4**	**37.2**	**41.6**	**16.2**	**1.4**	**485.8**
Mobile						
Revenue	125.3	-	-	-	-	175.9
Purchases and subcontracting services	(43.1)	-	-	-	-	(93.8)
Gross Profit	**82.1**	**-**	**-**	**-**	**-**	**82.1**
Other						
Revenue	-	7.6	-	-	35.4	76.3
Purchases and subcontracting services	-	(0.5)	-	-	(14.1)	(31.0)
Gross Profit	**-**	**7.1**	**-**	**-**	**21.3**	**45.3**
Total Revenue	**634.9**	**52.8**	**68.8**	**19.2**	**37.2**	**813.0**
Total Purchases and subcontracting services	**(163.4)**	**(8.5)**	**(27.3)**	**(3.0)**	**(14.5)**	**(216.6)**
Total Gross Profit	**471.5**	**44.3**	**41.6**	**16.2**	**22.7**	**596.4**
Operating expenses	(242.3)	(9.0)	(21.8)	(6.2)	(12.3)	(291.6)
Operating income before depreciation and amortisation	**229.2**	**35.3**	**19.8**	**10.0**	**10.4**	**304.7**
Depreciation and Amortisation	(286.2)	(11.6)	16.5	-	(9.5)	(290.9)
Other expenses, net	(14.4)	(4.0)	(1.9)	(1.7)	(1.0)	(14.4)
Operating income	**(68,0)**	**19.7**	**28.7**	**8.3**	**(0.2)**	**(11.5)**
Net Financial income/(costs	(45.5)	(10.6)	(1.6)	(0.8)	(51.5)	(110.1)
(Loss)/profit before income tax expenses	**(113.6)**	**9.0**	**27.1**	**7.5**	**(51.7)**	**(121.7)**

Note 9 – Equity based compensation

Equity based compensations are included in the line item “General and Administrative expenses” in the condensed consolidated financial statements for the 9 months ended September 2012 and amounted to € 3.8 million.

Note 10 – Related party transactions

Trading and financial transactions

Consolidated Income and expenses	**Revenue**		**Operating expenses**		**Financial expenses**	
	September 30,					
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
	(€ in millions)					
Shareholders	-	-	-	(9.1)	-	-
Executive directors	-	-	-	-	-	-
Remuneration and benefits in kind	-	-	(2.4)	(1.8)	-	-
Associated companies	-	-	-	-	(0.6)	-
TOTAL	**-**	**-**	**(2.4)**	**(10.9)**	**(0.6)**	-

Assets	**Loans and receivables**		**Trade accounts receivable and other**		**Current accounts**	
	Dec 31, 2012	**Sep 30, 2013**	**Dec 31, 2012**	**Sep 30, 2013**	**Dec 31, 2012**	**Sep 30, 2013**
	(€ in millions)					
Shareholders	-	-	-	-	-	-
Executive directors	2.7	2.7	-	-	-	-
Associated companies	-	-	-	-	-	-
TOTAL	**2.7**	2.7	-	-	-	-

Liabilities	**Other financial liabilities**		**Trade accounts payable and other**		**Current accounts**	
	Dec 31, 2012	**Sep 30, 2013**	**Dec 31, 2012**	**Sep 30, 2013**	**Dec 31, 2012**	**Sep 30, 2013**
	(€ in millions)					
Shareholders	-	16.8	-	-	-	0.6
Executive directors	-	-	-	-	-	-
Associated companies	-	14.4	-	-	-	-
TOTAL	**-**	**31.2**	-	-	**-**	**0.6**

The related party Altice IV S.A. acquired in January 2013 an amount of $13.0 million of bonds with a coupon interest of 7.875% with a maturity date on December 15, 2019 and an amount of $6.5 million of bonds with a coupon interest of 9.875% with a maturity date on December 15, 2020 issued during the year ended 31 December 2012 by Altice Financing S.A.

Note 11 – Compensation of key management personnel

The compensation given to the key management personnel, in respect of their duties as Chairman of the Board or member of the Board of Altice VII, for the 9 months period ended September 30, 2013, was €1.7 million and €1.8 million for the 9 month period ended September 30, 2013.

Note 12 – Income tax

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 42.9% (Tax rate for the nine month period ended September 30, 2012: 0.8%). This change in the effective tax rate can be explained by higher profit before tax at the operating companies level (especially at HOT) together with new companies in the scope of consolidation which resulted in a higher income tax expense in P&L for the period ended September 30, 2013 as compared to December 31, 2012.

Note 13 – Commitments and contingent liabilities

HOT Telecom

During the routine course of business, lawsuits have been filed against the companies in the Group and various legal proceedings are outstanding against it (hereinafter, “The Legal Claims”).

In the opinion of the management of the Company and each of its subsidiaries, based, inter alia, on legal opinions in respect of legal proceedings being initiated against them, a fair provision of NIS 69 million (€14.5 million) has been recorded in the financial statements as of September 30, 2013, where provisions are required, to provide for the exposure to lawsuits.

In the opinion of the management of the Company and each of its subsidiaries, the amount of the additional exposure, in an amount of approximately NIS 3 billion (€628.5 million) (over and above the provisions that have been recorded in these financial statements), as of September 30, 2013, as a result of the legal proceedings that have been filed against the Company's Subsidiaries on various matters, is as follows:

a. An amount of approximately NIS1.7 billion (€356.1 million) in respect of claims, in respect of which in the assessment of the Company's management, in reliance on the opinion of its legal advisors, the chances of their being accepted do not exceed 50%.

b. An amount of approximately NIS0.1 billion (€20.9 million) in respect of claims, which it is not yet possible, at this stage, to make an assessment, the main ones being in connection with applications for the approval of class actions that were presented close to the date of the financial statements.

c. An amount of approximately NIS1.42 billion (€297.5 million) in respect of claims which, in the assessment of the Company's management, in reliance upon the opinions of its legal advisors, their chances of being accepted exceed 50% and in respect of which a provision has been recorded for in accordance with the assessments of the managements of the Company's Subsidiaries and the opinion of the legal advisors, as aforesaid.

The following is an abbreviated summary of the Group's contingent liabilities effective as of September 30, 2013, 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 September 30, 2013	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 September 30, 2013	Provisions recorded in the financial statements as of December 31, 2012	Updating of the expense (income), net in the reporting period
			(€ in millions)		
Customers	574	21	4	4	-
Lawsuits after the balance sheet date in respect of customers	34	34	-	-	-
Copyrights	-	-	10	11	(2)
Suppliers	13	5	1	1	(0)
Employees	1	-	-	-	-
The merger transaction (1)	50	-	-	-	-
Total	**638**	**26**	**15**	**16**	**(2)**

(1) Refers to the 'take-private' operation of HOT consummated in December 2012.
As of September 30, 2013, Hot's guarantee commitments amounted to €265.4 million.

HOT's obligation under operating leases outstanding as of September 30, 2013 are given below:

	NIS	€
	(in millions)	
2013	7.0	1.5
2014	30.0	6.3
2015	26.0	5.5
2016	18.0	3.4
2017 or later	23.0	5.0
Total	**104.0**	**21.8**

Cabovisao

Cabovisao's total commitments amounted to €1.4 million for the nine months ended September 30, 2013 and were related to the purchase of property plant and equipment in the financial year that shall end in 2014.

Real Guarantees

On September 28, 2012, Cabovisao issued a bond in the amount of €25 million which was fully underwritten by Goldman Sachs International. A collateralized financial first degree pledge of all bank accounts held by Cabovisao (except the bank deposit account in HSBC France and a current account with Caixa Geral de Depositos, S.A.) and of the shares representing Cabovisao's share capital and shareholders' rights was provided by Cabovisao for this offering.

This bond was repaid and refinanced by an intercompany loan on April 23, 2013, following the acquisition of minority interests in Cabovisao. The total amount paid was € 23.7 million, and impacted the line item, 'repayment of debts' in the condensed consolidated statements of cash flows and the line item 'bonds' in the condensed consolidated statement of financial position.

Other contingent liabilities

As a result of Cabovisao challenging a decision by the municipality of Almada requesting the payment of municipality taxes referred to above effective since September 2010, enforcement procedures for payment of fees from 2006 to 2009, amounting to approximately €0.7 million. It is the understanding of the Board of Directors, based on the opinion of its legal counsel, that the probability of the claim being upheld is limited.

Additionally, there are several legal proceedings, initiated by third parties, in particular, claims by several suppliers, with responsibilities related to the supplies of equipment and services to Cabovisao, amounting to approximately €0.4 million in total. Cabovisao has not recorded any provisions for these claims, as it is the understanding of the Board of Managers that the outcome of any such claim will be favourable to Cabovisao.

Contingent assets

Cabovisao has outstanding claims against various municipalities for municipal taxes that it deems were charged illegally. The amount of such outstanding claims was € 3.6 million as of the nine months ended September 30, 2013, of which € 0.1 million have been received from seven municipalities, while recovery is on-going with others.

French overseas Territories

	Period ending December 31,					
	2013	**2014**	**2015**	**2016**	**2017 or later**	**Total**
			(€ in millions)			
Long-term debt obligations	0.5	3.8	1	0.3	-	**5.6**
Finance leases	0.2	0.2	0.1	-	-	**0.5**
Purchase of property, plant and equipment	7.1	16.6	2.1	1.1	0.7	**27.6**
Operating leases	1.9	6.4	4.4	2.8	6.3	**21.8**
Total	**9.7**	**27**	**7.6**	**4.2**	**7**	**55.5**

Agreements signed with ZTE Corporation

Outremer Telecom SAS continues to build a denser network and to migrate its networks to 3.5 G. As part of this drive, it has signed a contract for the supply of telecommunications equipment and associated services with ZTE Corporation ("ZTE").

Under this agreement, ZTE granted Outremer Telecom SAS a renewable credit line of maximum €20 million, which was partly drawn down in several tranches in 2011, 2012 and 2013. The remainder of this financing amounted to €5.4 million on September 30, 2013.

To guarantee payment of all sums owed under this vendor financing arrangement, ZTE is entitled to:

- a pledge on the equipment supplied,
- a joint guarantee of the commitments accepted by the subsidiary Outremer Telecom SAS, issued by Groupe Outremer Telecom SA, and
- a commitment by Outremer Telecom SAS to deposit, in an escrow account, the revenue from marketing prepaid cards and from billing roaming services for mobile telephone networks in Guadeloupe and Guyana.

Agreements with Alcatel Lucent

As part of the agreements signed in July 2012 between Outremer Telecom SAS and Alcatel-Lucent France in order to deploy a microwave-links transmission network, Electro-Banque granted Outremer Telecom SAS a credit of €2.8 million, to be repaid over a period of 3 years.

On 30 September 2013, the outstanding liabilities remaining of this credit amounted to €1.1 million.

To guarantee payment of all sums owed by virtue of this credit facility, the lender has a joint lien on the commitments accepted by Outremer Telecom SAS, granted by Groupe Outremer Telecom S.A..

<u>Others</u>

The shares, bank accounts and receivables of Altice VII and its following subsidiaries Altice Finco S.A., Altice Financing S.A., Cool Holdings Ltd S.A., H.Hadaros 2012 Ltd., Hot Telecommunications System Ltd, Cabovisao S.A., Altice Blue Two S.A.S. and its subsidaries, Coditel Holding S.A. and its subsidiaries have been pledged for the issued Senior Secured Notes and Senior Notes. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

ONI Telecom

	Period ending December 31,					
	2013	**2014**	**2015**	**2016**	**2017 or later**	**Total**
			(€ in millions)			
Long-term debt obligations	2.5	1.8	1.8	1.9	3.3	**11.3**
Finance leases	0.2	1.0	0.5	-	-	**1.7**
Operating Leases	0.2	0.6	0.4	0.9	-	**2.0**
Total	**2.9**	**3.3**	**2.7**	**2.7**	**3.4**	**15.0**

Note 14 – Going concern

As of September 30, 2013, the Group had a net current liability position of €557.9 million (mainly due to trade and other payables of €484.2 million). During the nine month period ended September 30, 2013, the Group recorded a net loss of €89.1 million (€122.7 million as of September 30, 2012), positive cash flow from operations of €289.0 million (€ 323.5 for the nine months ended September 30, 2012), and negative working capital of €194.5 million. The positive cash flow from operations balance was mainly due to strong earnings growth and EBITDA generation. The net loss recorded for the period is a primarily a consequence of increased financing costs for the Group as compared to the same period in the year ended December 31, 2012, with cost of debt increasing by €69,9 million to reach €184.2 million in Sep 2013, driven by the issuance of new debt by the Company. This increase in financing costs was offset by higher EBITDA generation, which resulted in a net decrease in loss for the year of €33.6 million.

The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short DSOs (Days of sales outstanding) and suppliers are paid in the beginning of the following month, thus generating a negative working capital, as evidenced by the difference in the level of receivables and payables (€363.4 million as of September 30, 2013 compared to €557.9 million). Payables due the following month are covered by revenues and operating cash (if needed). As of 30 September 2013, the Group had few short term current liabilities as all new debt is composed of bonds (reimbursement of capital due in-fine), or a term loan with amortisation beginning only in 2014.

As at September 30, 2013, the Company had a negative net equity position of €87.8 million. The net equity was impacted by a €152.9 million fair value adjustment on subordinated financial instruments of the Group, driven by a sharp decrease in the blended average cost of debt of the Group, as compared to the coupon payments on the subordinated debt. However, the Board of Managers estimates that net equity should be assessed together with subordinated financial instruments held by the shareholders of the Group. The equity position was also affected by the buyout of minority interests in Cabovisao, which had a negative impact of €80.9 million on the Group’s reserves.

Despite the net current liability position, management is of the view that the Group will continue to act as a going concern for twelve months from the date of approval of these Condensed Consolidated Financial Statements based on the following:

The Group has a strong track record of generating positive operating income before amortisation and depreciation and generated strong positive operating cash flows in the nine months ended September 30, 2013 (€289.0 million). Operating income before depreciation and amortisation amounted to €377.1 million, and increased compared to the same period in 2012, thus reaffirming management’s ability to drive profits in the different operating companies.

The Group had sufficient cash reserves as of September 30, 2013 (€61.9 million) to cover any urgent cash needs. Additionally, the Group had access to a revolving credit facility (“RCF”) of up to USD 80 million.

In addition to the points enumerated above, the Group has implemented a new budgeting exercise, with monthly account reviews with CFOs (Chief Financial Officers) of operating companies to track budget accuracy. The results of this exercise are clearly evidenced by the increase in sales and EBITDA for the 9 months and three months ended September 30, 2013.

Note 15 – Subsequent events

Tricom Acquisition

On October 31, 2013, Altice Caribbean S.à r.l. (a wholly-owned subsidiary of Altice VII) and Hispaniola Telecom Holdings, Ltd., a company controlled by Amzak Capital Management and Inversiones Bahía (the “Tricom Sellers”), entered into agreements (the “Tricom Purchase Agreements”) pursuant to which Altice Caribbean S.à r.l. will purchase shares representing approximately 88% of the outstanding equity interests in each of Tricom S.A. and Global Interlink Ltd. (together, “Tricom”) from the Tricom Sellers (the “Tricom Acquisition”). Tricom is a leading telecommunications operator in the Dominican Republic, providing (i) cable and xDSL-based multiple-play services and stand-alone pay television, broadband Internet and fixed-line telephony services and (ii) 3G and 4G mobile telephony services relying on its mobile network. The consummation of the Tricom Acquisition pursuant to the Tricom Purchase Agreement is expected to occur in the first quarter of 2014 and is subject to the satisfaction of customary closing conditions, including the approval of the Dominican regulatory authority Indotel.

For the year ended December 31, 2012, Tricom generated revenues of approximately $218.0 (€169.5 million) million and Adjusted EBITDA of approximately $62.0 million (€48.2 million). Tricom defines Adjusted EBITDA as earnings before interest, tax, depreciation and amortization and before management fee, other non-recurring expenses, impact of tower sale and leasebacks and installation costs relating to network roll-outs.

2013 Coditel Acquisition

As of the date of this report, Deficom Telecom S.à r.l., a majority owned subsidiary of Altice VII, is the owner of 60% of the outstanding shares of Coditel Holding and various funds advised by Apax Partners MidMarket SAS (the “Coditel Minority Shareholder”) is the owner of the remaining outstanding shares of Coditel Holding. On March 7, 2013, Altice VII and the Coditel Minority Shareholder entered into a purchase and sale agreement (the “Coditel Purchase Agreement”) pursuant to which Altice VII will, through a wholly owned subsidiary, purchase all of the outstanding shares of Coditel Holding held by the Coditel Minority Shareholder (the “2013 Coditel Acquisition”). The consummation of the 2013 Coditel Acquisition is not subject to regulatory approvals and Altice VII has until November 29, 2013 to pay the consideration to the Coditel Minority Shareholder under the Coditel Purchase Agreement. It is expected that the 2013 Coditel Acquisition will be consummated on or prior to November 29, 2013 and will be funded in part by using the remaining amounts available under the 2013 covenant lite term loan (See Note 5).

Acquisition of Ma Chaîne Sport and Sportv

On October 4, 2013, Altice IV and Altice VII entered into sale and purchase agreements relating (i) to the sale on the same day by Altice IV and Valemi Corp of their respective shareholding (of approximately 65% and 35%, respectively) in Sportv S.A. (a producer of sport related content) to Ma Chaîne Sport S.A.S (a producer of sports related content) and (ii) to the sale on the same day by Altice IV and Valemi Corp of all or part of their respective shareholdings (of approximately 68% and 32%, respectively) in Ma Chaîne Sport S.A.S to Altice VII. In addition, on October 10, 2013, the general shareholders' meeting of Ma Chaîne Sport S.A.S decided on a capital decrease of €5.0 million by way of a share buy-back of the remaining shares in Ma Chaîne Sport S.A.S held by Valemi Corp which was not sold under the sale and purchase agreement. The share buy-back program will be closed during the week of November 11, 2013. As a result of this transaction, Altice VII now holds all of the outstanding equity interests in Ma Chaîne Sport S.A.S which in turn holds 100% of Sportv S.A..

As this is a common control transaction, the requirements of IFRS 3 in relation to acquisition accounting shall not be applicable and it is expect that the Group shall elect to utilise the pooling-of-interest method to record this acquisition.

Acquisition of the Mobius Group

On October 22, 2013, Altice Blue Two (a subsidiary of Altice VII) entered into an agreement pursuant to which Altice Blue Two will acquire the Mobius Group (the “Mobius Acquisition”). The Mobius Group is a telecommunications operator in the Overseas Territory of La Reunion, providing Internet access to professional clients under the “Mobius Technology” brand and double and triple play services based on xDSL technology to residential customers under the “IZI” brand. The consummation of the Mobius Acquisition is expected to occur in the first quarter of 2014 and is subject to the satisfaction of customary closing conditions, including the approval of the French regulatory authority.

Network Sharing Agreement

On November 8, 2013, HOT Mobile entered in to a network sharing agreement (the “Network Sharing Agreement”) with Partner Communications Company Ltd. Pursuant to the terms of the Network Sharing Agreement, HOT Mobile and Partner will each own 50% of a newly formed limited partnership, which shall hold, develop and operate an advanced shared mobile network for both companies. Network Sharing Agreement enables HOT Mobile and Partner to share antennas and frequencies, and facilitates optimum utilization of the spectrum. In addition, while HOT Mobile and Partner will continue to maintain and operate separate core networks, Partner has agreed to grant HOT Mobile a right of use in its cellular communication network for the purpose of providing nation-wide cellular coverage to HOT Mobile’s customers.

Also, as part of the engagement the Group will grant a guarantee on behalf of Hot Mobile Ltd. In addition, in several cases as determined in the agreements the Company will be required to grant an additional guarantee for example in case of a change in the finance ranking of the Company. The Network Sharing Agreement is subject to regulatory approvals of the Ministry of communication and the restrictive trade practices controller, which as of the balance sheet date were not achieved.

As a result of this new agreement, the existing agreement with Pelephone will be phased out until the contractual end of the agreement in 2014.

Reduction of Guarantees to the State of Israel

HOT Mobile has informed the Ministry of Communications that as of September 26, 2013, it had reached an average market share in the private sector of 11.3%, constituting an addition of 9.52% on HOT Mobile’s market share at the time of the expansion of the general license for the provision of mobile radio telephone services under the cellular method (hereinafter - the license), on September 26, 2011.

In the light of HOT Mobile achieving the market share that is required as of the time of the first check, HOT Mobile has requested the Ministry to reduce the amount of the guarantee that was deposited by HOT Mobile, from an amount of NIS 695.0 (€144.6 million) million to an amount of NIS 80 (€16.6 million) million. This was in addition to an amount of NIS 10.0 (€2.0 million) million that it paid upon the receipt of the license.

As of the date of the approval of the financial statements, the response of the Ministry of Communications has not yet been received and the guarantee therefore remained in the same amount.

Other Transactions

The Group intends to designate Green Datacenter and Auberimmo as unrestricted subsidiaries in accordance with the terms of our debt instruments and upon such designation these entities will not be subject to the covenants under the terms of our debt instruments.

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 November 12, 2013.

CERTAIN DEFINITIONS

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

"2012 Revolving Credit Facility" refers to the facility made available under the revolving credit facility agreement entered into on November 27, 2012 between, among others, Altice Financing as borrower and certain other guarantors party thereto, certain lenders party thereto, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Credit Suisse AG, London Branch, Goldman Sachs Bank USA, HSBC Bank plc, ING Bank N.V., J.P. Morgan Limited and Morgan Stanley Bank International Limited as Mandated Lead Arrangers, Citibank International plc as Facility Agent and Citibank, N.A., London Branch as Security Agent, as amended.

"2012 Senior Notes" refers to the $425 million 9 7/8% senior notes due 2020 issued by Altice Finco

"2012 Senior Secured Notes" refers to the (i) $460 million 7 7/8% senior secured notes due 2019 issued by Altice Financing and the (ii) €210 million 8% senior secured notes due 2019 issued by Altice Financing

"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, Citibank International Plc as facility agent and Citibank, N.A., London Branch as Security Agent.

"2013 Revolving Credit Facility" refers to the facility made available under the revolving credit facility agreement entered into, 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 €250 million 9% senior notes due 2023 issued by Altice Finco.

"2013 Term Loan" refers to the term loan credit agreement dated on or about 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.

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

"Altice Financing" refers to Altice Financing S.A. (*société anonyme*), incorporated under the laws of Luxembourg, with registered address 3, boulevard royal, L-2449 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B171162.

"Altice Finco" refers to Altice Finco S.A. (*société anonyme*), incorporated under the laws of Luxembourg, with registered address 3, boulevard royal, L-2449 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B171151.

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

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

"Coditel Holding" 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.

"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.\

"Green" refers to green AG, a company limited by shares (*Aktiengesellschaft*), incorporated under the laws of Switzerland

"Green Datacenter" refers to Green Datacenter AG, a company limited by shares (*Aktiengesellschaft*), incorporated under the laws of Switzerland.

‘‘Group’’ refers to Altice VII and its subsidiaries.

“HOT” refers to HOT-Telecommunication Systems Ltd.

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

“Luxembourg” refers to the Grand Duchy of Luxembourg.

“Ma Chaîne” refers to Ma Chaîne Sport S.A.S., (*société par actions simplifiée*), a limited liability company incorporated under the laws of France.

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

“Outremer” 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.

“Overseas Territories” refers to Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte. Upon closing of the Tricom Acquisition, Overseas Territories will also include the Dominican Republic.

“Revolving Credit Facilities” refers to, collectively, the 2012 Revolving Credit Facility and the 2013 Revolving Credit Facility.

“SportV” refers to SportV S.A., (*société anonyme*), a company limited by shares incorporated under the laws of France.

“Tricom Acquisition” has the meaning given to it under “*Post Balance Sheet Date Events*” elsewhere in this quarterly report.

“Valvision” refers to Valvision S.A. (*société par actions simplifiée*), a limited liability company incorporated under the laws of France.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF ALTICE VII

The following discussion and analysis is intended to assist in providing an understanding of the Group’s financial condition, changes in financial condition and results of operations and should be read together with the Company’s interim consolidated financial statements for the three and nine months ended September 30, 2012, and 2013, and with the Company’s pro forma financial statements for the nine months ended September 30, 2012 and 2013, including the accompanying notes, included elsewhere in this quarterly report.

In this section, we use “pro forma consolidated basis” or similar terms to describe financial information derived from the Pro Forma Consolidated Financial Information and when used in this context, the terms “we”, “our”, “Company”, “us” or the “Group” refer to the business constituting the Group as of the date of this quarterly report even though we may not have owned such business for the entire duration of the periods presented.

Forward Looking Statements

Certain statements in this quarterly report contain “forward looking statements” as that term is defined by the U.S. federal securities laws. To the extent that statements in this quarterly report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Forward looking statements in this quarterly report may include statements regarding business, product and finance strategies, our capital expenditures, subscriber growth and retention rates, potential synergies and cost savings, competitive and economic factors and liquidity. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In addition to the risk factors described in our 2012 annual report, the following are some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- our substantial leverage and debt service obligations;
- our ability to generate sufficient cash flow to service our debt and to control and finance our capital expenditures and operations;
- restrictions and limitations contained in the agreements governing our debt;
- our ability to raise additional financing or refinance or existing indebtedness;
- fluctuations in currency exchange rates, inflation and interest rates;
- risks associated with our structure, this offering, and our other indebtedness;
- the competitive environment and downward price pressure in the broadband communications, television sector, fixed line telephony and mobile telephony in Israel and the other regions in which we operate;
- risks related to royalties payments and our licenses;
- economic and business conditions and trends in the industries in which we and the entities in which we have interests operate;
- changes in consumer television viewing preferences and habits and our ability to maintain and increase the number of subscriptions to our digital television, telephony and broadband Internet services and the average revenue per household;
- capital spending for the acquisition and/or development of telecommunications networks and services and equipment and competitor responses to our products and services, and the products and services of the entities in which we have interests;

- increases in operating costs and inflation risks;
- consumer acceptance of existing service offerings, including our analog and digital video, fixed-line and cellular telephony and broadband Internet services and or multiple-play packages and consumer acceptance of new technology, programming alternatives and broadband services that we may offer;
- perceived or actual health risks and other environmental requirements relating to our mobile operations;
- our ability to achieve cost savings from network sharing arrangements for our cellular services in Israel;
- the availability of attractive programming for our analog and digital video services or necessary equipment at reasonable costs;
- technical failures, equipment defects, physical or electronic break-ins to the services, computer viruses and similar description problems;
- the ability of third party suppliers and vendors to timely deliver qualitative products, network infrastructure, equipment, software and services;
- our ability to protect our intellectual property rights and avoid any infringement of any third party's intellectual property rights;
- our ability to successfully integrate and recognize anticipated efficiencies from the businesses we have recently acquired or may acquire in the future;
- any disruptions in the credit and equity markets which could affect our credit instruments and ash investments;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in laws or treaties relating to taxation in Israel, Luxembourg and the other jurisdictions in which we operate, or the interpretation thereof;
- our ability to maintain subscriber data and comply with data privacy laws;
- our ability to manage our brand;
- changes in, or failure or inability to comply with, government regulations and adverse outcomes from regulatory proceedings;
- the application of law generally and government intervention that opens our fixed-line and mobile networks to competitors, which may have the effect of increasing competition and reducing our ability to reach the expected returns on investment;
- our ability to obtain building and environmental permits for the building and upgrading of our networks, including our mobile network in Israel, and to comply generally with city planning laws;
- our inability to completely control the prices we charge to customers or the programming we provide;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel and a deterioration of the relationship with employee representatives;
- inability to integrate acquired businesses;
- our ability to maintain adequate managerial controls and procedures as the business grows;

- our ultimate parent's interest may conflict with our interests;

- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;

- events that are outside of our control, such as political unrest in international markets, terrorist attacks, natural disasters, pandemics and other similar events; and

- other factors discussed in this quarterly report.

The cable television, broadband Internet infrastructure access, fixed-line telephony, Internet service provider ("ISP") services, mobile services and B2B industries are changing rapidly and, therefore, the forward looking statements of expectations, plans and intent in this quarterly report are subject to a significant degree of risk. These forward looking statements and such risks, uncertainties and other factors speak only as of the date of this quarterly report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward looking statement.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward looking statements to reflect events or circumstances after the date of this quarterly report.

Overview

We are a multinational cable and telecommunications company with presence in three regions—Israel, Western Europe and the Overseas Territories. As at September 30, 2013, we passed 3.6 million homes with 1.5 million Cable customer relationships and had 1.1 million mobile telephony RGUs. We provide cable based services (high quality pay television, fast broadband Internet and fixed line telephony) and, in certain countries, mobile telephony services to residential customers and corporate customers. Our cable networks enable us to offer download speeds of at least 100 Mbps to a vast majority of homes passed in our footprint. In the short to medium term, we expect that our networks can offer download speeds of up to 360 Mbps with limited network and customer premises equipment upgrades given the existing technological capability of our networks. As part of our growth strategy, we target operators with what we believe to be quality networks in attractive markets from an economic, competitive and regulatory standpoint and create value at the acquired businesses by implementing operational improvements and leveraging economies of scale, as well as pursuing in-market consolidation and attractive diversification with B2B, DSL and mobile add-on opportunities. We aim to substantially improve the operational performance of businesses we acquire within a short period after taking ownership, thereby providing the cash flow generation to help fund future growth. We are the largest cable television operator and the second largest broadband Internet access services provider and a leading provider of multiple-play services in our service areas. We offer bundled triple-play services at attractive prices and focus our marketing efforts on our multiple-play offerings. We had 3.2 million cable based RGUs and an average of 2.1 services per Cable Customer Relationship as of September 30, 2013. Cable-based services are our core business and on a pro forma consolidated basis represented 61% of our revenues and 74% of our gross profit for the nine months ended September 30, 2013.

Basis of Presentation

This discussion and analysis for each of the periods presented in this quarterly report is based on the financial information derived from the unaudited historical consolidated financial statements of the Company as of and for the nine months ended September 30, 2012 and 2013 (the "Historical Consolidated Financial Information").

The Company is a holding company which, since its formation in 2008, has from time to time made significant equity investments in a number of cable and telecommunication businesses in various jurisdictions. The following is a summary of the key investments and disposals made by the Company during, the previous fiscal year and the nine months ended September 30, 2013, which have had a significant impact on the Historical Consolidated Financial Information.

The year ended December 31, 2012 was marked by the following two significant acquisitions by the Company: (i) in the first quarter of 2012, the Company acquired 60% of the equity interests in Cabovisão—Televisão por Cabo, S.A. ("Cabovisão"), a Portuguese telecommunications company (the financial information of which is consolidated in the historical consolidated financial statements of the Company with effect from February 28, 2012); and (ii) in the fourth quarter of 2012, the Company completed the take-private transaction of the HOT Group whereby it acquired substantially all of the equity interests in HOT-Telecommunication Systems Ltd. it did not previously own. In addition, during 2012 the Company initiated its equity investment in Wananchi ("Wananchi"), a Kenyan cable operator, which is accounted for using the equity method.

The Company added to its portfolio of holdings in 2013 with the following acquisitions: (i) in the first quarter of 2013, the Company acquired substantially all of the equity interests in Cabovisão that it did not already own; (ii) in the third quarter of 2013, the Company acquired a controlling equity interest in Groupe Outremer Telecom S.A. ("Outremer"), a telecommunications company with operations in the Overseas Territories (the financial information of which is consolidated in the historical consolidated financial statements of the Company with effect from July 5, 2013); and (iii) in the third quarter of 2013, the Company (through its subsidiary Cabovisão) acquired 100% of the equity interests in Winreason S.A., the owner of Portuguese telecommunications operator Oni SGPS S.A. and its subsidiaries ("ONI") (the financial information of which is consolidated in the historical consolidated financial statements of the Company with effect from August 8, 2013). In addition, on June 27, 2013, the Company disposed of its interests in Valvision and, in October 2013, acquired the content subsidiaries, Ma Chaîne Sport S.A.S. ("Ma Chaîne Sport") and Sportv S.A. ("Sportv"), which produce sport content.

As a result of the series of these significant acquisitions, and the intra-year timing of such acquisitions, the Historical Consolidated Financial Information does not consolidate the results of operations of the entire business undertaking of the Group as it exists for the periods presented in this quarterly report and the comparability of the Historical Consolidated Financial Information over each of these periods presented may be significantly limited. Therefore, in order to facilitate an understanding of the Group's results of operations, this discussion and analysis is being supplemented by financial information derived from the pro forma consolidated financial statements of the Company (giving effect to each such significant acquisition as if such acquisitions had occurred by January 1, 2012) for the nine months ended September 30, 2012 and 2013 (the "Pro Forma Consolidated Financial Information"). For further details regarding the basis of preparation of the Pro Forma Consolidated Financial Information, please see Note 1 to the pro forma consolidated financial statements of the Company included elsewhere in this quarterly report. The Pro Forma Consolidated Financial Information include the results of operations of Valvision even though we disposed of our interests in Valvision on June 27, 2013. In the nine months ended September 30, 2012 and 2013, respectively, Valvision contributed €1.9 million and €1.3 to aggregated revenues and €0.7 million and €0.5 million to aggregated EBITDA. This discussion and analysis should be read together with the Company's historical financial statements for the three and nine months ended September 30, 2012 and 2013 and the Company's pro forma financial statements as of and for the nine months ended September 30, 2012 and 2013, including the accompanying notes, included elsewhere in this quarterly report.

The Pro Forma Consolidated Financial Information included in this quarterly report has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act. The Pro Forma Consolidated Financial Information has not been audited in accordance with any generally accepted auditing standards. The Pro Forma Consolidated Financial Information is based on certain assumptions that we believe are reasonable. Our assumptions may prove to be inaccurate over time. Accordingly, the Pro Forma Consolidated Financial Information may not reflect what our results of operations and financial condition would have been had we been a combined company during the periods presented, or what our results of operations and financial condition will be in the future.

As we have the ability to control Coditel Holding and Outremer through which we conduct our operations in Belgium and Luxembourg and the Overseas Territories respectively, we consolidate 100% of their revenue and expenses in our consolidated statements of income despite the fact that third parties own significant interests in these entities. The non-controlling owners' interests in the operating results of Coditel Holding and Outremer are reflected in the line item profit or loss attributable to non-controlling interests in our consolidated income statements of income.

Non-IFRS Measures

This report contains measures and ratios (the "Non-IFRS Measures"), including EBITDA, Adjusted EBITD and LQ2A EBITDA and information derived from such measure, that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting standards. We present Non-IFRS measures because we believe that they are of interest for the investors and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The Non-IFRS measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our, or any of our subsidiaries', operating results as reported under IFRS or other generally accepted accounting standards. Non-IFRS measures such as EBITDA are not measurements of our, or any of our subsidiaries', performance or liquidity under IFRS or any other generally accepted accounting principles. In particular, you should not consider EBITDA as an alternative to (a) operating profit or profit for the period (as determined in accordance with IFRS) as a measure of our, or any of our operating entities', operating performance, (b) cash flows from operating, investing and financing activities as a measure of our, or any of our subsidiaries', ability to meet its cash needs or (c) any other measures of performance under IFRS or other generally accepted accounting standards. In addition, these measures may also be defined and calculated differently than the corresponding or similar terms under the terms governing our existing debt.

Key Operating Measures

We use several key operating measures, including number of homes passed, Cable Customer Relationships, RGUs, RGUs per Cable Customer Relationship and ARPUs to track the financial and operating performance of our business. None of these terms are measures of financial performance under IFRS, nor have these measures been audited or reviewed by an auditor, consultant or expert. All of these measures are derived from our internal operating and financial systems. As defined by our management, these terms may not be directly comparable to similar terms used by competitors or other companies.

	As of and for the year ended December 31, 2011 in thousands except percentages and as otherwise indicated				
	Israel(6)	**Belgium and Luxembourg**	**Portugal**	**Overseas Territories(7)**	**Total(8)**
CABLE-BASED SERVICES					
Market and Network					
Homes Passed	2,204	213	906	154	3,477
Docsis 3.0 Upgraded (%)	100%	100%	85%	17%	92%
Unique Customers					
Cable Customer Relationships(1)	1,245	117	264	41	1,667
Triple-Play Cable Customer Relationships	348	49	154	9	560
RGUs & Penetration(2) (3)					
Total RGUs	2,294	241	669	59	3,263
Pay Television RGUs	891	135	256	41	1,323
Pay Television Penetration (%)	40%	63%	28%	27%	38%
Broadband Internet RGUs	768	54	162	9	993
Broadband Internet Penetration (%)	35%	25%	18%	6%	29%
Fixed-Line Telephony RGUs	635	52	251	9	947
Fixed-Line Telephony Penetration (%)	29%	24%	28%	6%	27%
RGUs Per Cable Customer Relationship	1.8x	2.1x	2.5x	1.4x	2.0x
ARPU(4)					
Cable ARPU (€)	42.4	36.7	36.9	43.1	-
MOBILE					
Market and Network					
UMTS Mobile Coverage of Territory (%)	-	-	-	88%(9)	-
Subscribers					
Total Mobile Subscribers(5)	444	-	-	355	799
Postpaid	389	-	-	158	547
Prepaid	55	-	-	197	252
ARPU(4)					
Mobile ARPU (€)	25.5	-	-	28.9	-

	As of and for the year ended December 31, 2012 in thousands except percentages and as otherwise indicated				
	Israel[6]	Belgium and Luxembourg	Portugal	Overseas Territories[7]	Total[8]
CABLE-BASED SERVICES					
Market and Network					
Homes Passed	2,243	233	906	154	3,536
Docsis 3.0 Upgraded (%)	100%	100%	94%	37%	95%
Unique Customers					
Cable Customer Relationships[1]	1,198	120	255	39	1,612
Triple-Play Cable Customer Relationships	413	50	147	12	626
RGUs & Penetration[2] [3]					
Total RGUs	2,343	244	648	63	3,298
Pay Television RGUs	896	136	245	39	1,316
Pay Television Penetration (%)	40%	58%	27%	25%	37%
Broadband Internet RGUs	771	55	159	12	997
Broadband Internet Penetration (%)	34%	24%	18%	8%	28%
Fixed-Line Telephony RGUs	676	53	243	12	984
Fixed-Line Telephony Penetration (%)	30%	23%	27%	8%	28%
RGUs Per Cable Customer Relationship	2.0x	2.0x	2.5x	1.6x	2.0x
ARPU[4]					
Cable ARPU (€)	44.4	39.5	34.9	48.3	-
MOBILE					
Market and Network					
UMTS Mobile Coverage of Territory (%)	41%	-	-	89%[9]	-
Subscribers					
Total Mobile Subscribers[5]	766	2	-	385	1,153
Postpaid	738	2	-	183	923
Prepaid	28	-	-	203	231
ARPU[4]					
Mobile ARPU (€)	19.4	14.7	-	26.7	-

	As of and for the nine months ended September 30, 2012 in thousands except percentages and as otherwise indicated				
	Israel[6]	Belgium and Luxembourg	Portugal	Overseas Territories[7]	Total[8]
CABLE-BASED SERVICES					
Market and Network					
Homes Passed	2,233	233	906	154	3,526
Docsis 3.0 Upgraded (%)	100%	100%	92%	35%	95%
Unique Customers					
Cable Customer Relationships[1]	1,207	122	261	39	1,629
Triple-Play Cable Customer Relationships	401	50	152	11	614
RGUs & Penetration[2] [3]					
Total RGUs	2,333	246	663	61	3,303
Pay Television RGUs	893	138	253	39	1,323
Pay Television Penetration (%)	40%	59%	28%	25%	37%
Broadband Internet RGUs	768	55	161	11	995
Broadband Internet Penetration (%)	34%	24%	18%	7%	28%
Fixed-Line Telephony RGUs	672	54	250	11	987
Fixed-Line Telephony Penetration (%)	30%	23%	28%	7%	28%
RGUs Per Cable Customer Relationship	1.9x	2.02x	2.5x	1.6x	2.0x
ARPU[4]					
Cable ARPU (€)	44.2	39.3	34.9	47.5	-
MOBILE					
Market and Network					
UMTS Mobile Coverage of Territory (%)	32%	-	-	89%[9]	-
Subscribers					
Total Mobile Subscribers[5]	687	-	-	372	1059
Postpaid	652	1	-	175	828
Prepaid	35	-	-	197	232
ARPU[4]					
Mobile ARPU (€)	20.4	-	-	26.6	-

	As of and for the nine months ended September 30, 2013 in thousands except percentages and as otherwise indicated				
	Israel[6]	Belgium and Luxembourg	Portugal	Overseas Territories[7]	Total[8]
CABLE-BASED SERVICES					
Market and Network					
Homes Passed	2,272	233	906	154	3,565
Docsis 3.0 Upgraded (%)	100%	100%	99%	49%	98%
Unique Customers					
Cable Customer Relationships[1]	1,145	115	240	38	1,538
Triple-Play Cable Customer Relationships	448	51	136	15	650
RGUs & Penetration[2] [3]					

Total RGUs	2,316	239	609	69	3,233
Pay Television RGUs	881	130	227	38	1,276
Pay Television Penetration (%)	39%	56%	25%	25%	36%
Broadband Internet RGUs	755	56	156	15	982
Broadband Internet Penetration (%)	33%	24%	17%	10%	28%
Fixed-Line Telephony RGUs	680	53	226	15	974
Fixed-Line Telephony Penetration (%)	30%	23%	25%	10%	27%
RGUs Per Cable Customer Relationship	2.0x	2.1x	2.5x	1.8x	2.1x
ARPU(4)					
Cable ARPU (€)	47.6	41.1	35.1	50.8	-
MOBILE					
Market and Network					
UMTS Mobile Coverage of Territory (%)	50%	-	-	89%(9)	-
Subscribers					
Total Mobile Subscribers(5)	773	3	-	367	1,143
Postpaid	762	3	-	188	953
Prepaid	11	-	-	179	190
ARPU(4)					
Mobile ARPU (€)	16.9	40.9	-	26.8	-

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

(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 Internet are counted on a per service basis and RGUs for fixed-line telephony are counted on a per line basis.

(3) Penetration rates for our pay television, broadband Internet and fixed-line 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, cable based ARPU has been calculated by using the following exchange rates: (i) average rate for the year ended December 31, 2011 €0.2008 = NIS 1.00, (ii) average rate for the year ended December 31, 2012 €0.2018 = NIS 1.00, (iii) average rate for the nine months ended September 30, 2012, €0.2019 = NIS 1.00 and (iv) average rate for the nine months ended September 30, 2013, €0.2087 = NIS 1.00.

(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 September 30,	
	2012	2013
	in thousands	
Mobile Subscribers		
iDEN	371	234
UMTS	316	539
Total	**687**	**773**

(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) 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. In 2011 and 2012 respectively, our xDSL services accounted for 58,000 and 57,000 broadband Internet RGUs and 89,000 and 83,000 fixed-line telephony RGUs. In the nine months ended September 30, 2012 and 2013 our xDSL services accounted for 57,000 and 55,000 broadband Internet RGUs and 82,000 and 80,000 fixed-line telephony RGUs.

(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. Israel represents operating measures of HOT and HOT Mobile; Belgium and Luxembourg represents operating measures of Coditel Belgium and Coditel Luxembourg; Portugal represents operating measures of Cabovisão (in which we acquired a controlling interest in February 2012); Overseas Territories represents operating measures of Le Cable and in respect of mobile services only, Outremer (in which we acquired a controlling interest in July 2013).

(9) Excludes French Guiana.

Key Income Statement Items

Revenue

Revenue consists of income generated from the delivery of cable-based services, mobile services and B2B and other services to our residential and business subscribers. Revenue is recognised at the fair value of the consideration received or receivable net of value-added tax, returns, rebates and discounts and after eliminating intercompany sales within the group. We record revenue generated from the following services:

Cable-based services: Revenue from cable-based services consists of revenue from pay television services, including related services such as VOD, broadband Internet services, fixed-line telephony services and ISP services to our customers. This primarily includes (i) recurring subscription revenue for pay television services, broadband Internet and fixed-line telephony (which are recognised in revenue on a straight-line basis over the subscription period), (ii) variable usage fees from Video On Demand ("VOD") and fixed-line telephony calls (which are recognised in revenue when the service is rendered), (iii) installation fees (which are recognised in revenue when the service is rendered if consideration received is lower than the direct costs to acquire the contractual relationship) and (iv) interconnection revenue received for calls that terminate on our cable network.

Mobile services: Revenue from mobile telephony services primarily consists of (i) recurring subscription revenue for our post-paid mobile services (which are recognised in revenue on a straight-line basis over the subscription period), (ii) revenue from purchases of our pre-paid mobile services (which are recognised in revenue when the service is rendered), (iii) variable usage fees for mobile telephony calls (which are recognised in revenue when the service is rendered), (iv) revenue from the sale of handsets (which are recognised on the date of transfer of ownership), and (v) interconnection revenue received for calls that terminate on our mobile network.

B2B and others: Revenue from the B2B and others segment includes broadband Internet access, telephony, virtual private network, leased lines, data centre services and other corporate fixed-line services to large and small businesses or government agencies. However, it does not include revenue from standard pay television, broadband Internet, fixed-line telephony and mobile services to businesses, which are included under cable or mobile revenue as the case may be. In addition, it also includes revenue from other businesses units such as content delivery and production, provided either directly to customers or to other cable network operators. These primarily include revenue from our B2B business in Portugal, certain pure B2B services in Belgium and Luxembourg, our datacentre and B2B businesses in Switzerland and our content business.

Purchasing and subcontracting services

Purchasing and subcontracting services consists of direct costs associated with the delivery of cable-based services, mobile services and B2B and other services to our residential and business subscribers. We record purchasing and subcontracting services paid for the procurement of the following services:

Cable-based services: Purchasing and subcontracting services associated with cable based services consists of all direct costs related to the (i) procurement of non-exclusive television content, royalties and licences to broadcast, (ii) transmission of data services, (iii) interconnect costs related to fixed-line telephony. In addition, it includes costs incurred in providing VOD or other interactive services to subscribers and accounting variations arising from changes in inventories of customer premises equipment (such as modems, set top boxes and decoders). In Israel, costs relating to the procurement of exclusive television content from third party providers were included in purchasing and subcontracting services for cable based services until March 31, 2013, but these costs have been capitalized thereafter.

Mobile services: Purchasing and subcontracting services associated with mobile services consists primarily of mobile interconnect fees, including roaming charges and accounting variations arising from the changes in inventories of mobile handsets.

B2B and others: Purchasing and subcontracting services associated with B2B and other services consist of, (i) cost of renting space for datacentres (subject to certain exceptions), (ii) utility costs related to the operation of datacentres (such as power and water supply costs), (iii) hosting and interconnect fees for telephony and broadband services to corporate clients or small businesses, and (iv) costs of professional services. In addition, it includes in relation to the content activity of the Group, technical costs associated with the delivery of content, such as satellite rental costs.

Other operating expense

Other operating expenses consist mainly of the following subcategories:

Customer service costs: Customer service costs include all costs related to billing systems, bank commissions, external costs associated with operating call centres, allowances for bad customer debts and recovery costs associated therewith.

Technical and maintenance: Technical and maintenance costs include all costs related to infrastructure rental, equipment, equipment repair, costs of external subcontractors, maintenance of backbone equipment and datacentre equipment, maintenance and upkeep of the cable and mobile networks, costs of utilities to run network equipment and those costs related to customer installations that are not capitalised (such as service visits, disconnection and reconnection costs).

Staff expenses: Staff expenses include all costs related to wages and salaries, bonuses, social security, pension contribution and other outlays paid to Group employees involved in technical operations and customer services functions (except for Outremer, which historically has accounted for all salary expenses under this item).

Business taxes: Business taxes includes all costs related to payroll and professional taxes or fees.

General and administrative expenses

General and administrative expenses consist of salary and associated payments related to administrative personnel, office rent and maintenance, professional and legal advice, recruitment and placement, welfare and other administrative expenses.

Other sales and marketing expenses

Other sales and marketing expenses consist of salary and associated payments for sales and marketing personnel, advertising and sale promotion, office rent and maintenance, commission's for marketers, external sales and storage and other expenses related to sales and marketing efforts.

Depreciation and amortization

Depreciation and amortization includes depreciation of tangible assets related to production, sales and administrative functions and amortization of intangible assets.

Other expenses, net

Other expenses, net includes any one-off or non-recurring income or expenses incurred during the on-going financial year, excluding reorganization and non recurring costs. This includes deal fees paid to external consultants for merger and acquisition activities.

Reorganization and non-recurring costs

Reorganisation and non-recurring costs include one-off expenses incurred to reorganise existing or newly acquired businesses. Cost incurred are categorised under: (i) operating and maintenance costs when related to equipment redundancies, (ii) rents and other general and administrative expenses when related to building or redundancies of general installations and (iii) staff expenses, when related to employee redundancies.

Management fees

Management fees includes all consulting and management fees paid to related parties. These fees are primarily related to consulting services provided on mergers and acquisitions and negotiations with vendors and banks.

Share of profit of associates

Share of profit of associates includes revenue arising from activities that are accounted for using the equity method for associates in the consolidation perimeter of the Group.

Finance income

Finance income consists of changes in the net fair value of the financial derivatives, gains from the disposal of financial assets, net exchange rate differences, and other finance income.

Finance costs

Finance costs includes financing expenses for short-term credit facilities, changes in the net fair value of the financial derivatives that do not qualify as hedges for accounting purposes, financing expenses for banking and credit card companies' commissions, financing expenses for long-term loans, financing expenses for bonds, net exchange rate differences and other expenses paid for financing operations recognised at amortised cost.

Income tax expenses

Income tax expenses or income comprise current tax and deferred tax. Taxes on income are recognised in the income statement except when the underlying transaction is recognised in other comprehensive income, at which point the associated tax effect is also recognised under other comprehensive income or in equity.

Discussion and Analysis of Our Results of Operations

Nine Months Ended September 30, 2013 compared to the Nine Months Ended September 30, 2012

	Historical Consolidated Financial Information			
	For the nine months ended September 30,		**Change**	
Statement of Income Items	**2012**	**2013**	**Amount**	**%**
Revenue	**€ in millions except percentages**			
Cable based services	644.7	694.5	31.4	5.2
Mobile services	125.3	175.9	50.6	40.4
B2B and others	43.0	58.0	33.4	77.4
Total Revenue	**813.0**	**928.4**	115.4	**14.2**
Purchasing and subcontracting services	(216.6)	(262.2)	45.5	21.1
Gross Profit	**596.4**	**666.2**	**69.8**	**11.7**
Other operating expenses	(189.1)	(192.3)	3.2	1.7
General and administrative expenses[(1)]	(41.7)	(43.6)	1.9	4.3
Other sales and marketing expenses	(60.8)	(53.3)	(7.5)	(12.3)
Operating income before depreciation and amortization	**304.7**	**377.1**	**72.4**	**23.8**
Depreciation and amortization	(290.9)	(277.6)	(13.3)	(4.6)
Other expenses, net	(14.4)	(8.9)	(5.5)	(38.2)
Management fees	(2.6)	(0.7)	(1.9)	(73.1)
Reorganization and extraordinary costs	(3.9)	(0.8)	3.2	(80.9)
Share of profit of associates	-	-	-	-
Operating profit	**(11.5)**	**85.8**	**98.4**	**853.2**
Finance income	4.3	36.2	31.9	741.9
Finance costs	(114.4)	(184.3)	69.9	61.1
Profit before taxes on revenue	**(121.7)**	**(61.6)**	**(60.1)**	**(49.4)**
Income tax benefits/(expenses)	(1.0)	(27.5)	26.5	2650.0
Profit for the year	**(122.7)**	**(89.1)**	**(33.6)**	**(27.4)**

(1) Also includes staff costs and employee benefits

Significant Events Affecting Historical Results

Our results of operations for the nine months ended September 30, 2013 and September 30, 2012 were significantly impacted by the following events:

- in February 2012, the Company acquired a controlling equity interest in Cabovisão (the results of which are consolidated in the Historical Consolidated Financial Information of the Company with effect from February 28, 2012). Cabovisão contributed €68.8 million to revenue, €28.7 million to operating profit and €19.8 million to EBITDA of the Company on a consolidated basis, in the nine months ended September 30, 2012 since February 28, 2012. In the first two months of 2012, Cabovisão had €19.8 million of revenue, €1.5 million of operating loss and €2.5 million of EBITDA, which are not consolidated in the Historical Consolidated Financial Information of the Company. In the first quarter of 2013, the Company acquired the remaining equity interests in Cabovisão it did not already own.

- in the third quarter of 2013 the Company acquired a controlling equity interest in Outremer (the financial information of which is consolidated in the Historical Consolidated Financial Information with effect from July 5, 2013). Outremer contributed €51.0 million to revenue, €8.3 million to operating profit and €18.1 million to EBITDA of the Company on a consolidated basis in the nine months ended September 30, 2013 since July 5, 2013. In the nine months ended September 30, 2013 (from January 1 until July 5), Outremer had €96.5 million of revenue, €19.3 million of operating profit and €33.2 million of EBITDA, which are not consolidated in the Historical Combined Consolidated Financial Information of the Company.

- in the third quarter of 2013, the Company acquired a 100% equity interest in ONI (through its subsidiary Cabovisão), the financial information of which is consolidated in the Historical Consolidated Financial Information of the Company with effect from August 8, 2013. ONI contributed €17.4 million to revenue, a loss of €1.2 million to operating loss and €2.0 million to EBITDA of the Company on a consolidated basis in the nine months ended September 30, 2013 since August 8, 2013. In the nine months ended September 30, 2013 (from January 1 until August 8), ONI had €59.0 million of revenue, €2.9 million of operating profit and €9.2 million of EBITDA, which are not consolidated in the Historical Combined Consolidated Financial Information of the Company. Revenue

Historical Consolidated Basis

For the nine months ended September 30, 2013, we generated total revenue of €928.4 million, a 14.2% increase compared to €813.0 million for the nine months ended September 30, 2012. Our total revenue by our key regions in the nine months ended September 30, 2013 and 2012, respectively, were: (i) in Israel, €669.4 million and €634.9 million, (ii) Belgium and Luxembourg, €53.2 million and €52.8 million, (iii) in Portugal, €100.9 million and €68.8 (revenue for the nine months ended September 30, 2012 was impacted by the consolidation of Cabovisão only with effect from March 1, 2012 and revenue for the nine months ended September 30, 2012 and 2013 were impacted by the consolidation of ONI only with effect from August 8, 2013), and (iv) in the Overseas Territories, €69.8 million and €19.2 million (revenue for the nine months ended September 30, 2012 and 2013 were impacted by the consolidation of Outremer only with effect from July 5, 2013). Foreign exchange translation movements between the NIS and the euro had a positive impact of €21.7 million on total revenue.

Cable based services: For the nine months ended September 30, 2013, we generated cable based services revenue of €694.5 million, a 7.7% increase compared to €644.7 million for the nine months ended September 30, 2012. The increase was primarily due to the inclusion of cable based services revenue from Portugal for the entire duration of nine months ended September 30, 2013 of €83.4 million compared to €68.8 million for the nine months ended September 30, 2012, following the acquisition of Cabovisão on February 28, 2012, the inclusion of Outremer's cable based services revenue of €18.3 million for the period ended September 30, 2013 (with effect from July 5, 2013), and an increase in Israel's revenue due to the factors discussed below. Foreign exchange translation movements between the NIS and the euro had a positive impact of €17.1 million on cable based services revenues.

Mobile services: For the nine months ended September 30, 2013, we generated mobile services revenue of €175.9 million, a 40.4% increase compared to €125.3 million for the nine months ended September 30, 2013. This was primarily due to an increase in Israel's mobile services revenue due to the factors discussed below and the inclusion of €32.7 million in mobile services revenue generated by Outremer for the nine months ended September 30, 2013 (with effect from July 5, 2013). Foreign exchange translation movements between the NIS and the euro had a positive impact of €4.6 million on mobile revenues.

B2B and others: For the nine months ended September 30, 2013, we generated B2B and other services revenue of €58.0 million, a 34.9% increase compared to €43.0 million for the nine months ended September 30, 2012, predominately due to the inclusion of €17.5 million in B2B services revenue generated by ONI, slightly offset by a decline in sales at the Group's other B2B and other operations as described below.

Pro Forma Consolidated Basis

The following table sets forth our revenue by country of operation and on a Pro Forma Consolidated Basis based on the Pro Forma Consolidated Financial Information.

	Pro Forma Consolidated Financial Information											
	For the nine months ended September 30, 2012						For the nine months ended September 30, 2013					
	€ in millions											
	Israel	Belgium & Luxembourg	Portugal	Overseas Territories(2)	Others(1)	Total	Israel	Belgium & Luxembourg	Portugal	Overseas Territories(2)	Others(1)	Total
Revenue												
Cable based services.....	509.6	45.2	88.6	67.9	1.8	713.1	527.0	45.7	83.4	63.7	1.3	721.1
Mobile Services	125.3	-	-	95.4	-	220.7	142.4	0.8	-	102.6	-	245.8
B2B and others........	-	7.6	85.9	-	48.7	142.3	-	6.7	76.4	-	52.1	135.2
Total Revenue ...	**634.9**	**52.8**	**174.6**	**163.3**	**50.5**	**1,076.1**	**669.4**	**53.1**	**159.6**	**166.3**	**53.4**	**1,102.1**

(1) Comprises primarily of 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.)

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

Israel: For the nine months ended September 30, 2013, we generated total revenue in Israel of €669.4 million, a 5.4% increase compared to €634.9 million for the nine months ended September 30, 2012. As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our cable based services revenue increased by 3.4% and our mobile services revenue increased by 13.6%. Foreign exchange translation movements between the NIS and euro had a positive impact of €21.7 million on total revenue, €17.1 million on cable services revenue and €4.6 million on mobile services revenue. Accordingly, at a constant exchange rate, our total revenue in Israel increased by 2.0%, our cable-based service revenue remained relatively stable and our mobile services revenue increased by 10.0%.

Cable based services revenue in Israel was positively impacted due to the increase in cable based services ARPU of 7.7% (4.2% at a constant exchange rate) from €44.2 for the nine months ended September 30, 2012 to €47.6 for the nine months ended September 30, 2013 primarily as a result of our strategic focus on multiple-play offerings and an increase in the take-up of our higher value higher speed broadband Internet services (despite a decrease in total broadband Internet RGUs). We experienced an increase in the number of Cable Customer Relationships subscribing for our triple-play service as a result of our bundling strategy, with the number of triple-play Cable Customer Relationships increasing from 401,000 as of September 30, 2012 to 448,000 as of September 31, 2013. We intend to continue focusing on increasing ARPUs by increasing our triple play penetration. The positive impact of the increase in cable based services ARPU on cable based services revenue was offset by a 17,000 net decrease in our total cable RGUs, comprising a 12,000 net decrease in pay television RGUs, a 13,000 net decrease in broadband Internet infrastructure access RGUs and a 8,000 net increase in fixed-line telephony RGUs. The decrease in our cable RGUs was mainly due to the fact that during July and August 2013, respectively, 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 and had focused on providing relevant assistance and support to existing subscribers only. This temporary misallocation of resources has now been rectified.

The increase in mobile services revenue in Israel was primarily due to the increase in the number of subscribers for our UMTS based services which were launched in May 2012. For the nine months ended September 30, 2013, we had 773,000 total mobile RGUs in Israel comprising 234,000 iDEN customers and 539,000 UMTS customers compared to 687,000 mobile customers comprising 371,000 iDEN customers and 316,000 UMTS RGUs as of September 30, 2012. The increase in mobile services revenue was offset by the churn of customers for our iDEN services as a result of decreased marketing efforts and the termination of our contract with the Israeli Defense Force in the third quarter of 2012. The gradual migration of the iDEN subscribers under the expired contract with the Israeli Defense Forces to the new service provider was completed in March 2013. Mobile services revenue was further offset by a decrease in mobile ARPU by €3.5, or 17.2%, to €16.9 for the nine months ended September 30, 2013 compared to €20.4 for the nine months ended September 30, 2012, mainly due subscribers disconnecting from our higher ARPU iDEN mobile network and offset by an increase in our lower ARPU UMTS based network subscribers. Consequently, ARPU from gross-adds to our mobile RGUs were generally lower than the ARPU for customers churned. Mobile ARPU was also negatively impacted by highly competitive prices for mobile services, in particular for UMTS based 3G services.

Belgium and Luxembourg: For the nine months ended September 30, 2013, we generated total revenue in Belgium and Luxembourg of €53.1 million, a 0.6% increase compared to €52.8 million for the nine months ended September 30, 2012. As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our cable based services revenue increased by 1.1% and our B2B and other services revenue decreased by 12.5%. In addition, we launched mobile services (as an MNVO) in Belgium in September 2012 and generated €0.8 million in mobile services revenue in the nine months ended September 30, 2013.

The increase in cable based services revenue in Belgium and Luxembourg was primarily due to an increase in cable based ARPU by €1.8, or 4.6%, to €41.1 for the nine months ended September 30, 2013 compared to €39.3 for the nine months ended September 30, 2012. The increase in cable based services ARPU was due to price increases in our triple-play packages as well as stand alone pay television offerings. The increase in cable based services revenue can also be attributed to the full period impact of revenues we generated from AIESH, a Belgian municipality, for which we acquired a concession in the third quarter of 2012, to provide pay television services to existing analog customers served by the AIESH network and to upgrade the AIESH network. Cable based services revenue was also positively impacted by a slight increase in broadband Internet RGUs which was primarily due to our ability to offer subscribers higher speeds and increased bandwidth capacity compared to providers relying on alternative technologies such as xDSL and mobile broadband networks, our attractive pricing of broadband Internet services and due to increase in uptake of our triple-play bundles, which includes broadband Internet services. These factors were offset by a decline in television RGUs, including a net decrease of 1,600 digital television RGUs, due to customers churning to different platforms such as digital television providers over DSL and satellite operators, customers terminating their television service or having moved out of Coditel's network areas. We also experienced a decline in fixed line telephony RGUs due the general trend of to customers switching to mobile services and a net decline in AIESH customers (although this did not have a substantial impact on revenue as we only acquired such AIESH customers in the third quarter of 2012).

The AIESH concession is for a period of 30 years and can be extended for a further period of 20 years. We have upgraded a substantial portion of the AIESH network, which upgrade is scheduled to be completed in the fourth quarter of 2013, and we plan to convert the analog customers served by the upgraded AIESH network into digital multiple-play customers over time.

The decrease in B2B and other revenue in Belgium and Luxembourg was primarily due to higher installation fees earned from our project for the Brussels police involving installation of fibre links for the CCTV network in the nine months ended September 30, 2012, a portion of which reflects non-recurring revenues, slightly offset by an increase in recurring revenue earned for fibre links leased to the Brussels police as part of this project in the nine months ended September 30, 2013.

Portugal: For the nine months ended September 30, 2013, we generated total revenue in Portugal of €159.6 million, a 8.6% decrease compared to €174.6 million for the nine months ended September 30, 2012. As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our revenue in Portugal for our cable based services decreased by 5.9% and our B2B and other services revenue decreased by 11.1%.

The decrease in cable based services revenue in Portugal was primarily driven by a net decrease in total number of cable RGUs by 54,000, comprising of a net decrease of 26,000 pay television RGUs, 24,000 fixed-line telephony RGUs and 5,000 broadband Internet RGUs. These were the result of intense competition in the Portuguese cable services market during 2013, with aggressive promotions and pricing policies adopted by competitors and their increased focus on competing multiple-play offerings, as well as the adverse economic conditions and austerity measures in Portugal which had a negative effect on consumer confidence pushing them to opt for cheaper packages. Our strategic decision during the course of 2012 to cease offering certain aggressively priced packages and to migrate customers to triple-play offerings also contributed to the decline in cable RGUs. Cable based services ARPU increased slightly by €0.2, or 0.6%, to €35.1 for the nine months ended September 31, 2013 compared to €34.9 for the nine months ended September 31, 2012, predominately due to an increase in the prices at which we offer our products which we implemented in January 2013 and the strategic decision during the course of 2012 to cease offering certain aggressively priced packages to reduce the decrease of ARPU we were experienced in 2012, however partially offset by the impact of aggressive competition in each segment of the cable services market which required us to offer certain discounts and undertake other promotional offers. As a result, the ARPU from gross-adds to our RGUs were generally lower than the ARPU for customers churned. We have implemented certain measures which are aimed at improving our competitive position in future periods, including improvements to our website which will enable customers to directly subscribe for our products online, rolling out additional stores and entering into arrangements with distributors (primarily supermarkets). There can however be no assurance that these measures will be successful in achieving RGU or ARPU growth in future periods.

The decrease in B2B and other revenue in Portugal was primarily due to the higher level of business with carriers (transit) and sales of equipment that occurred in the first nine months of 2012, linked to certain specific projects undertaken by ONI during this period.

Overseas Territories: For the nine months ended September 30, 2013, we generated total revenue in the Overseas Territories of €166.3 million, a 1.8% increase compared to €163.3 million for the nine months ended September 30, 2012. As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our revenue in the Overseas Territories for our cable based services decreased by 1.2% and our mobile services revenue increased by 4.1%.

The €4.2 million decrease in cable based services revenue in the Overseas Territories was due to (i) a €2.2 million decrease in fixed-line revenue of Outremer, which in turn was mainly as a result of a net decrease of 2,000 fixed-line telephony RGUs due to continuation in the trend of customers switching from traditional voice telephony towards multiple-play VoIP packages and (ii) a €1.8 million decrease in broadband Internet services revenue of Outremer which in turn was mainly as a result of a net decrease of 2,000 xDSL broadband Internet RGUs due to increased competition particularly in La Reunion and the limited ability and marketing investment to provide triple-play services, limited marketing innovation in Outremer's broadband Internet product line and the limited nature of IPTV provided to DSL broadband Internet customers during the nine months ended September 30, 2013, prior to the integration of Outremer in the Group. This was partially offset by a 11.2% increase in cable based services ARPU with respect to our cable based services offered by Le Cable in Guadeloupe and Martinique to €50.8 for the nine months ended September 30, 2013 compared to €47.5 for the nine months ended September 30, 2012 and a net increase of 8,000 total cable RGUs during this period largely as a result of our strategic focus on triple-play offerings and an increase in triple-play Cable Customer Relationships to 15,000 as of September 30, 2013 from 11,000 as of September 30. 2012.

The €7.3 million increase in mobile services revenue in the Overseas Territories, all of which is attributable to Outremer, was primarily due to a net increase of 14,000 postpaid mobile subscribers over the period. This increase was a result of the revamping of Outremer's mobile post-paid offering, particularly due to the success of flat-fee rate plans with unlimited calls within the Overseas Territories and mainland France, which Outremer introduced in the first half of 2012 as well as a decrease in termination rates. Mobile ARPUs increased slightly by €0.2 million primarily due to the improvement in product mix with greater demand of Outremer's higher value post paid packages following the revamping of its mobile product offering despite the sharp decrease in mobile termination rates from €0.028 in 2012 to €0.01 in 2013 prescribed by the French national regulatory authority for electronic communications, the ARCEP resulting in lower mobile interconnection revenues.

Gross Profit

Historical Consolidated Basis

For the nine months ended September 30, 2013, our total gross profit was €666.2 million, a 11.7% increase compared to €596.4 million for the nine months ended September 30, 2012. Our gross profit by our key regions in the nine months ended September 30, 2012 and 2013, respectively, were: (i) in Israel, €485.0 million and €471.5 million, (ii) Belgium and Luxembourg, €44.1 million and €44.3 million, (iii) in Portugal, €64.5 million and €41.6 million (gross profit for the nine months ended September 30, 2012 was impacted by the consolidation of Cabovisão only with effect from March 1, 2012 and gross profit for the nine months ended September 30, 2012 and 2013 was impacted by the consolidation of ONI only with effect from August 8, 2013), and (iv) in the Overseas Territories, €16.2 million and €50.7 million (gross profit for the nine months ended September 30, 2012 and 2013 was impacted by the consolidation of Outremer only with effect from July 5, 2013). Our gross margin decreased from 73.4% in the nine months ended September 30, 2012 to 71.8% in the nine months ended September 30, 2013. Foreign exchange translation movements between the NIS and the euro had a positive impact of €15.7 million on total gross profit.

Cable based services: For the nine months ended September 30, 2013, our gross profit from our cable based services was €550.6 million, a 13.3% increase compared to €485.8 million for the nine months ended September 30, 2012. The increase was primarily due to the inclusion of cable based services gross profit from Portugal for the entire duration of the nine months ended September 30, 2013 of €57.3 million compared to €41.6 million for the nine months ended September 30, 2012, following the acquisition of Cabovisão on February 28, 2012, the inclusion of Outremer's cable based services gross profit of €18.3 million for the period ended September 30, 2013 (with effect from July 5, 2013), and an increase in Israel's gross profit due to the factors discussed below. Foreign exchange translation movements between the NIS and the euro had a positive impact of €13.8 million on cable based services gross profit. Our gross margin for cable based services increased from 75.3% in the nine months ended September 30, 2012 to 79.2% in the nine months ended September 30, 2013.

Mobile services: For the nine months ended September 30, 2013, our gross profit from our mobile services remained relatively stable at €82.1 million compared to the same period in the previous year. Although we saw a decrease in gross profit of €22.5 million in Israel, due the factors discussed below, it was offset by the inclusion of gross profit of €22.4 million of Outremer's mobile services with effect from July 5, 2013. Our gross margin for mobile services decreased from 65.4% in the nine months ended September 30, 2012 to 46.7% in the nine months ended September 30, 2013. Foreign exchange translation movements between the NIS and the euro had a positive impact of €1.9 million on mobile services gross profit.

B2B and others: For the nine months ended September 30, 2013, our gross profit from B2B and others was €33.6 million, a 18.2% increase compared to €28.4 million for the nine months ended September 30, 2012. Our gross margin for B2B and other services decreased from 66.0% in the nine months ended September 30, 2012 to 57.9% in the nine months ended September 30, 2013. The increase in gross profit was primarily due to the inclusion of B2B services gross profit of €7.2 million generated by ONI, offset by a decrease in gross profit in Belgium and Luxembourg due to the factors discussed below.

Pro Forma Consolidated Basis

The following table sets forth our purchasing and subcontracting services by country of operation and on a Pro Forma Consolidated Basis based on the Pro Forma Consolidated Financial Information.

	Pro Forma Consolidated Financial Information											
	For the nine months ended September 30, 2012						**For the nine months ended September 30, 2013**					
	€ in millions											
	Israel	**Belgium & Luxembourg**	**Portugal**	**Overseas Territories(2)**	**Others(1)**	**Total**	**Israel**	**Belgium & Luxembourg**	**Portugal**	**Overseas Territories(2)**	**Others(1)**	**Total**
Purchasing and subcontracting services												
Cable based services..........	120.2	8.0	36.0	19.8	0.4	184.4	101.6	7.2	26.2	17.2	0.3	152.4
Mobile Services	43.1	-	-	28.9	-	72.0	82.8	0.7	-	31.6		115.1
B2B and others.............	-	0.5	47.9	-	16.7	65.1	-	1.3	41.4	-	17.6	60.2
Total purchasing and subcontracting services.....	**163.3**	**8.5**	**84.0**	**48.6**	**17.1**	**321.6**	**184.4**	**9.1**	**67.5**	**48.8**	**17.9**	**327.7**

(1) Comprises primarily of 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).

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

Israel: For the nine months ended September 30, 2013, our purchasing and subcontracting services in Israel was €184.4 million, a 12.9% increase compared to €163.4 million for the nine months ended September 30, 2012. As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our purchasing and subcontracting services for cable based services decreased by 15.5% and our purchasing and subcontracting services for mobile services increased by 91.7%. Foreign exchange translation movements between NIS and euro had the impact of increasing purchasing and subcontracting services by €6.0 million (including €3.3 million of cable based services purchasing and subcontracting services and €2.7 million of mobile services purchasing and subcontracting services). Accordingly, at a constant exchange rate, our total purchasing and subcontracting services in Israel increased by 9.2%, our cable based service purchasing and subcontracting services decreased by 18.3% and our cellular services revenue increased by 85.8%

The decrease in purchasing and subcontracting services for cable based services in Israel was primarily due to a decrease in interconnection fees paid as a result of lower call volumes by our customers due to customers switching from fixed-line telephony services to mobile services, as a result of the competitive prices and unlimited price plan packages, and a decrease in the royalties paid to the State of Israel following the regulations enacted under the Communications Law pursuant to which the rate of royalties applicable to our cable telecommunication licenses have been reduced to 0% with effect from January 2, 2013. Purchasing and subcontracting services for cable based services also decreased due to the capitalization of costs arising from the purchase of exclusive third party content from April 1, 2013, as previously, we were able to capitalize exclusive in-house content costs only. In the nine months ended September 30, 2013 we capitalized €5.7 million of costs relating to exclusive third party content.

The increase in purchasing and subcontracting services for mobile services in Israel was primarily due to an increase in interconnection fees of €63.4 million we incurred in the nine months ended September 30, 2013 with respect to our 3G mobile services which was launched in May 2012 compared to €24.0 million in the nine months ended September 30, 2012. Interconnection fees in the nine months ended September 30, 2013 included national roaming costs of €37.5 million compared to €9.9 million in the nine months ended September 30, 2012.

Belgium and Luxembourg: For the nine months ended September 30, 2013, our purchasing and subcontracting services in Belgium and Luxembourg were €9.1 million, a 7.1% increase compared to €8.5 million for the nine months ended September 30, 2012. As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our purchasing and subcontracting services for cable based services decreased by 10.0% and our purchasing and subcontracting services for B2B services increased by 160.0% (from €0.5 million to €1.3 million). We began providing mobile services in Belgium in September 2012 as an MVNO and incurred costs of sales in an amount of €0.7 million in the nine months ended September 30, 2013.

The decrease in purchasing and subcontracting services for cable based services in Belgium and Luxembourg resulted from (i) a surplus in the provisions we had made for payments to copyright holders (such as authors' rights societies), having finalized the terms of certain contracts and the relevant payment obligations thereto, (ii) change of supplier and (iii) slightly lower VOD costs, which were partially offset by an increase in amounts paid to television channels due to the addition of more expensive premium channels in Coditel's television packages.

The increase in purchasing and subcontracting services for mobile services in Belgium and Luxembourg was due to an increase in expenses associated with the launch of our mobile operation in September 2012.

The increase in cost of sale for B2B services and others in Belgium and Luxembourg was due to (i) the nature of B2B projects undertaken in 2013 as compared to the same period in the previous year (for which costs were primarily in the form of capital expenditures) and (ii) promotional offers and incentives in responses to the strategy adopted by our competitors.

Portugal: For the nine months ended September 30, 2013, our purchasing and subcontracting services in Portugal was €67.5 million, a 19.6% decrease compared to €84.0 million for the nine months ended September 30, 2012. As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our purchasing and subcontracting services for cable based services decreased by 27.2% and our purchasing and subcontracting services for B2B and others decreased by 13.6%.

The 27.2% decrease in purchasing and subcontracting services for cable based services in Portugal can primarily be attributed to the larger impact in the nine months ended September 30, 2013 compared to the prior year period of an operational optimization program implemented by the Group following the acquisition of Cabovisão in February 2012, which included savings through renegotiations of television content rights.

The 13.6% decrease in costs of sales for B2B and others in Portugal was due to the higher level of ONI's business with carriers (transit) and sales of equipment in the nine months ended September 30, 2012, which are projects that inherently have a lower gross profit margin.

Overseas Territories: For the nine months ended September 30, 2013, our purchasing and subcontracting services in the Overseas Territories were €49.2 million, a 1.0% increase compared to €48.7 million for the nine months ended September 30, 2012. As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our purchasing and subcontracting services for cable based services decreased by 13.1% and our purchasing and subcontracting services for mobile services increased by 9.3%.

The decrease in purchasing and subcontracting services for cable based services in the Overseas Territories was primarily due to the decrease in interconnection rates and the decrease in Outremer's fixed-line telephony and broadband Internet RGUs, which resulted in lower revenues and purchasing and subcontracting services.

The increase in costs of sales for mobile services in the Overseas Territories was mainly due to the increase in interconnections costs with the success of Outremer's flat-fee rate plans which include unlimited calls, and was partially offset by the decrease in termination rates.

As a result of the factors described above, our gross profit and gross margin by country of operation on a Pro Forma Consolidated Basis based on the Pro Forma Consolidated Financial Information was as follows:

	Pro Forma Consolidated Financial Information											
	For the nine months ended September 30, 2012						For the nine months ended September 30, 2013					
	€ in millions											
	Israel	Belgium & Luxembourg	Portugal	Overseas Territories(2)	Others(1)	Total	Israel	Belgium & Luxembourg	Portugal	Overseas Territories(2)	Others(1)	Total
Gross profit												
Cable based services.......	389.4	37.2	52.6	48.2	1.4	528.7	425.4	38.5	57.3	46.5	1.0	568.7
Mobile Services......	82.1	-	-	66.5	-	148.7	59.6	0.1	-	71.0	-	130.8
B2B and others..........	-	7.1	38.0	-	32.0	77.1	-	5.4	35.1	-	34.5	75.0
Total gross profit..........	**471.5**	**44.3**	**90.6**	**114.7**	**33.4**	**754.6**	**485.0**	**44.0**	**92.3**	**117.5**	**35.5**	**774.4**

	Pro Forma Consolidated Financial Information											
	For the nine months ended September 30, 2012						For the nine months ended September 30, 2013					
	Israel	Belgium & Luxembourg	Portugal	Overseas Territories(2)	Others(1)	Total	Israel	Belgium & Luxembourg	Portugal	Overseas Territories(2)	Others(1)	Total
Gross margin												
Cable based services (%)...............	76.4	82.3	59.4	70.9	77.8	74.8	80.7	84.3	68.7	72.9	76.9	74,1
Mobile Services (%)...............	65.5	-	-	69.7	-	66.7	41.9	12.5	-	69.2	-	67.3
B2B and others (%)......	-	93.4	44.2	-	65.7	58.0	-	80.9	45.9	-	65.3	54.2
Total gross margin (%)	**74.3**	**83.9**	**51.9**	**70.2**	**66.1**	**70.1**	**72.5**	**82.9**	**57.7**	**70.6**	**65.5**	**70.1**

(1) Comprises primarily of 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).

(2) For the Overseas Territories, cable based services includes gross profit and gross margin for cable based services we provide in Guadeloupe and Martinique as well as the xDSL based broadband Internet (including IPTV) and fixed-line telephony services we provide in Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte.

Foreign exchange translation movements between the NIS and euro had a positive impact of €15.7 million on total gross profit in Israel, €13.8 million for cable based services and €1.9 million for mobile services.

Operating Expenses and EBITDA

Historical Consolidated Basis

For the nine months ended September 30, 2013, our total operating expenses (other than purchasing and subcontracting services) were €288.9 million, a 0.9% decrease compared to €291.6 million for the nine months ended September 30, 2012. Our total operating expenses comprise of other operating expenses, which increased by 1.7%, general and administrative expenses, which increased by 4.6% and other sales and marketing expenses, which decreased by 12.3%, in each case in the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012.

Our total operating expenses by our key regions in the nine months ended September 30, 2012 and 2013, respectively, were: (i) in Israel, €242.3 million and €215.1 million, (ii) Belgium and Luxembourg, €9.2 million and €8.6 million, (iii) in Portugal, €21.8 million and €28.7 million (operating expenses for the nine months ended September 30, 2012 was impacted by the consolidation of Cabovisão only with effect from March 1, 2012 and operating expenses for the nine months ended September 30, 2012 and 2013 were impacted by the consolidation of ONI only with effect from August 8, 2013), and (iv) in the Overseas Territories, €6.2 million and €22.3 million (operating expenses for the nine months ended September 30, 2012 and 2013 were impacted by the consolidation of Outremer only with effect from July 5, 2013).

We define EBITDA in our Historical Consolidated Financial Statements as operating profit before depreciation and amortization, other expenses, net, management fees, reorganization and extraordinary costs and share of profit of associates. We define Adjusted EBITDA as EBITDA before equity based compensation expenses.

As a result, for the nine months ended September 30, 2013, our EBITDA was €377.7 million a 23.7% increase compared to €304.7 million for the nine months ended September 30, 2012. Our EBITDA by our key regions for the nine months ended September 30, 2013 and 2012, respectively, were: (i) in Israel, €229.2 million and €269.9 million, (ii) Belgium and Luxembourg, €35.3 million and €35.4 million, (iii) in Portugal, €19.8 million and €35.8 (EBITDA for the nine months ended September 30, 2012 was impacted by the consolidation of Cabovisão only with effect from March 1, 2012 and operating expenses for the nine months ended September 30, 2012 and 2013 were impacted by the consolidation of ONI only with effect from August 8, 2013), and (iv) in the Overseas Territories, €10.0 million and €28.5 million due to (EBITDA for the nine months ended September 30, 2013 were impacted by the consolidation of Outremer only with effect from July 5, 2013). Our EBITDA margin for the nine months ended September 30, 2013 was 40.6% compared to 37.5% for the nine months ended September 30, 2012. Our Adjusted EBITDA by key regions in the nine months ended September 30, 2013 and 2012, respectively, were: (i) in Israel, €269.9 million and €233.0 million, (ii) Belgium and Luxembourg, €35.3 million and €35.4 million, (iii) in Portugal, €35.8 million and 19.8, and (iv) in the Overseas Territories, €28.5 million and €10.0 million (with the only adjustment being for equity related compensation in an amount of €3.8 million in Israel in the nine months ended September 30, 2012).

Pro Forma Consolidated Basis

For the nine months ended September 30, 2013, our total operating expenses based on the Pro Forma Consolidated Financial Information were €344.3 million, a 10.1% decrease compared to €383.0 million for the nine months ended September 30, 2012.

Israel: For the nine months ended September 30, 2013, our total operating expenses in Israel were €215.1 million, a 11.2% decrease compared to €242.3 million for the nine months ended September 30, 2012. Foreign exchange translation movements between NIS and euro had the impact of increasing operating expenses by €8.7 million. Accordingly, at a constant exchange rate, our total operating expenses in Israel decreased by 14.1%.

Other operating expenses: As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our other operating expenses in Israel decreased by 5.9% from €167.8 million to €157.9 million. This decrease was primarily due to a decrease in salaries and social benefits and a reduction in head count as part of the measures implemented to maximize cost structure efficiency. In addition, in July 2013, our customer services and technical support functions were outsourced which also contributed to the decrease in salaries and social benefits expenses. We were able to apply these measures due to an increase in the quality of our network resulting from recent investments in and the improvement of our technical service systems. The decrease of other operating expenses was also impacted by a decrease in cable network maintenance and set-top box maintenance expenses due to recent investments leading to the improvement of our network and a more efficient maintenance process for set-top boxes.

General and administrative expenses: As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our general and administrative expenses in Israel decreased by 14.1% from €24.2 million to €20.8 million. This decrease was primarily as a result of a decrease in salary and social benefits expenses due to a reduction in administrative personnel and equity based compensation of €3.8 million in the nine months ended September 30, 2012 pertaining to HOT stock options.

Other sales and marketing expenses: As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our other sales and marketing expenses in Israel decreased by 27.8% from €50.4 million to €36.4 million. Compared to the prior year period, our sales and marketing expenses decreased as a result of a decrease in sales commissions to retailers, advertising costs and sales promotions and decreases in salaries and social benefits of sales personnel resulting from the measures implemented to maximize cost structure efficiency.

EBITDA: As a result of the factors discussed, for the nine months ended September 30, 2013, in Israel our EBITDA was €269.9 million, a 17.8% increase compared to €229.2 million for the nine months ended September 30, 2012 and our EBITDA margin was 40.3% in the nine months ended September 30, 2013 compared to 36.1% in the nine months ended September 30, 2012. Foreign exchange translation movements between the NIS and euro had a positive impact of €8.7 million on total EBITDA.

Belgium and Luxembourg: For the nine months ended September 30, 2013, our total operating expenses in Belgium and Luxembourg were €8.6 million, a 4.2% decrease compared to €9.0 million for the nine months ended September 30, 2012.

Other operating expenses: As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our other operating expenses in Belgium and Luxembourg increased by 17.4% from €2.3 million to €2.7 million. This increase was primarily due to an increase in maintenance costs as well as an increase in customer service (call centre outsourcing) costs.

General and administrative expenses: As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our general and administrative expenses in Belgium and Luxembourg decreased by 15.8% from €5.7 million to €4.8 million. This decrease was primarily due the renewal of our lease agreement for the property we occupy in Brussels, incentivised through no rent charged from February 2013 onwards, for a twelve month period.

Other sales and marketing expenses: As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our other sales and marketing expenses in Belgium and Luxembourg increased by 20.2% from €1.0 million to €1.2 million. This increase was primarily due higher sales and marketing expenses in the nine months ended September 30, 2013 associated with the launch of 'La Box' in Belgium in Q2 2013.

EBITDA: As a result of the factors discussed, for the nine months ended September 30, 2013, our EBITDA in Belgium and Luxembourg was €35.4 million, a 0.3% increase compared to €35.3 million for the nine months ended September 30, 2012. Our EBITDA margin was 66.7% in the nine months ended September 30, 2013 compared to 64.2% in the nine months ended September 30, 2012.

Portugal: For the nine months ended September 30, 2013, our total operating expenses in Portugal were €47.2 million, a 19.5% decrease compared to €58.7 million for the nine months ended September 30, 2012. This decrease was due to the larger impact in the nine months ended September 30, 2013, compared to the prior year period, of an operational optimization program implemented by the Group following the acquisition of Cabovisão in February 2012 and a reduction in operational expenses by ONI, from €28.5 million for the nine months ended September 2012 to €23.7 million for the nine months ended September 30, 2013 achieved as a result of the optimization efforts in several areas.

Other operating expenses: As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our other operating expenses in Portugal decreased by 13.0% from €33.9 million to €29.5 million. This decrease was primarily due to savings at Cabovisão resulting from the renegotiation of information technology maintenance and support contracts as well as headcount reductions.

General and administrative expenses: As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our general and administrative expenses in Portugal decreased by 27.9% from €14.7 million to €10.5 million. This decrease was primarily due to savings from head count reductions in corporate and administrative staff and savings through cancelation and renegotiation of certain contracts for administrative services, in each case relating to Cabovisão.

Other sales and marketing expenses: As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our other sales and marketing expenses in Portugal decreased by 28.7% from

€10.1 million to €7.3 million. This decrease was mainly due to the cancelation and renegotiation of certain marketing and advertising contracts and headcount reduction in sales personnel, in each case relating to Cabovisão.

EBITDA: As a result of the factors discussed, for the nine months ended September 30, 2013, our EBITDA in Portugal was €45.0 million, a 44.4% increase compared to €31.9 million for the nine months ended September 30, 2012. Our EBITDA margin was 28.2% in the nine months ended September 30, 2013 compared to 18.3% in the nine months ended September 30, 2012.

Overseas Territories: For the nine months ended September 30, 2013, our total operating expenses in the Overseas Territories were €55.5 million, a 4.0% decrease compared to €57.8 million for the nine months ended September 30, 2012.

Other operating expenses: As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our other operating expenses in the Overseas Territories decreased by 3.9% from €33.6 million to €32.3 million. This decrease was primarily due to measures taken by Outremer to optimize its fixed costs, including to reduce payroll through (i) automated cash recovery systems with the roll-out of self-service payment machines in each of its 81 outlets, (ii) reallocation of customer care staff from local centers in the Overseas Territories to its offshoring center in Mauritius, thereby reducing headcount in the Overseas Territories and (iii) an increased use of online self-care systems. These cost savings were partially offset by increased costs related to measures taken to improve its quality of service, in particular the densification of mobile networks.

General and administrative expenses: As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our general and administrative expenses in the Overseas Territories increased by 18.9% from €10.6 million to €12.1 million. This increase was primarily due to a non-recurring expense indirectly related to the acquisition of Outremer by Altice VII.

Other sales and marketing expenses: As compared to the nine months ended September 30, 2012, for the nine months ended September 30, 2013 our other sales and marketing expenses in the Overseas Territories decreased by 17.9% from €13.6 million to €11.0 million. This decrease was predominantly due to the absence of major product launches during the nine months ended September 30, 2013, while the corresponding period in 2012 was marked by increased activities relating to new product introductions, in particular the mobile flat-fee rate plans, which Outremer began offering in the second quarter of 2012.

EBITDA: As a result of the factors discussed, for the nine months ended September 30, 2013, our EBITDA in the Overseas Territories was €62.0 million, a 9.0% increase compared to €56.9 million for the nine months ended September 30, 2012. Our EBITDA margin was 37.3% in the nine months ended September 30, 2013 compared to 34.8% in the nine months ended September 30, 2012.

The following tables set forth our EBITDA across our segments for the nine months ended September 30, 2012 and 2013.

	Pro Forma Consolidated Financial Information											
	For the nine months ended September 30, 2012						For the nine months ended September 30, 2013					
	Israel(3)	Belgium & Luxembourg	Portugal	Overseas Territories	Others(2)	Total	Israel(3)	Belgium & Luxembourg	Portugal	Overseas Territories	Others(2)	Total
EBITDA(1)	229.2	35.3	31.9	56.9	18.2	371.5	269.9	35.4	45.0	61.7	17.7	429.7

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

(2) Comprises (i) €7.8 million and €10.1 million of EBITDA generated by our content production and distribution business for the nine months ended September 30, 2012 and 2013, respectively, (ii) €12.1 million and €12.4 million of EBITDA generated by Green Datacenter/Green.ch for the nine months ended September 30, 2012 and 2013 (iii) €1.7 million and €4.8 million of negative EBITDA generated by our other holding entities (including corporate expenses) of for the nine months ended September 30, 2012 and 2013, respectively.

(3) In Israel, costs relating to the purchase of exclusive third party content have only been capitalized with effect from April 1, 2013. Consequently, EBITDA for the nine months ended September 30, 2012 reflects costs relating to the purchase of exclusive third

party content for the entire period and EBITDA for the nine months ended September 30, 2013 reflects costs relating to the purchase of exclusive third party content incurred in the period prior to April 1, 2013.

	Pro Forma Consolidated Financial Information — For the nine months ended September 30,	
	2012	2013
	€ in millions	
EBITDA	371.5	429.7
Equity based compensation(1)	3.8	-
Adjusted EBITDA	375.3	429.7
LQ2A EBITDA(2)	-	587.0

(1) Equity-based compensation consists of €3.8 million in expenses pertaining to employee stock options provided to employees of HOT.

(2) L2QA EBITDA is calculated by multiplying Adjusted EBITDA for the six months period ended September 30, 2013, by two. There can be no assurance, and you should not assume, that this annualized presentation represents an accurate forecast of our actual results of operations.

	As of the six months ended June 30, 2013	As of the nine months ended September 30, 2013	L2QA EBITDA(3)
	€ in millions		
Total Adjusted EBITDA	**145**	**149**	**587**
Green Data Center EBITDA(1)	(3)	(3)	(11)
Total EBITDA excluding Green Data Center	**142**	**146**	**576**
Synergies ONI/OMT			13
HOT Mobile Network Sharing Agreement (2)			41
Total EBITDA including Synergies and HOT Mobile Agreement			**629**

(1) The Group intends to designate Green Datacenter as unrestricted subsidiary in accordance with the terms of our debt instruments and upon such designation it will not be subject to the covenants under the terms of our debt instruments. See Post Balance Sheet Events.

(2) Annualized EBITDA impact

(3) L2QA EBITDA is calculated by multiplying Adjusted EBITDA for the six months period ended September 30, 2013, by two. There can be no assurance, and you should not assume, that this annualized presentation represents an accurate forecast of our actual results of operations

Depreciation and Amortization

For the nine months ended September 30, 2013, depreciation and amortization on a historical consolidated basis totalled €277.6 million, a 4.6% decrease compared to €290.9 million for the nine months ended September 30, 2012. These were impacted by the factors listed under "*—Discussion and Analysis of our Results of Operations—Nine months ended September 30, 2013 compared to the Nine months ended September 30, 2012—Significant Events Affecting Historical Results*".

Depreciation and amortization in the nine months ended September 30, 2013 was impacted by (i) the acquisitions and subsequent consolidation Outremer (with effect from July 5, 2013) and ONI (with effect from August 8, 2013) and (ii) the impact of the consolidation of Cabovisão for the entire nine months period, following its acquisition on February 28, 2012. However, the increase in depreciation and amortization as a result of the above factors were more than offset due to the recognition of an impairment charge in 2012 of NIS 604 million (€122.1 million equivalent) as a result of a valuation by Cool Holding, with the assistance of an external appraiser, pursuant to which Cool Holding concluded that the recoverable amount of the in-country fixed line communication segment was lower than its carrying amount.

Operating Profit

For the nine months ended September 30, 2013, on a historical consolidated basis, (i) other expenses, net totalled €8.9 million, a 38.2% decrease compared to €14.4 million for the nine months ended September 30, 2012 (primarily due to certain non-recurring penalties and fines paid in Israel partially offset by the reversal of a related provision); (ii) management fees primarily relating to consulting services totalled €0.7 million compared to €2.6 million for the nine months ended September 30, 2012 and (iii) reorganization and non-recurring costs totalled €3.4 million compared to reorganization and non-recurring costs of €8.4 million for the nine months ended September 30, 2012 (primarily due to a decrease in restructuring cost of €3.1 million associated with the restructuring undertaking for Cabovisão in 2012).

As a result of the factors described above, for the nine months ended September 30, 2013, our operating profit was €85.8 million, compared to an operating loss of €11.5 million for the nine months ended September 30, 2012.

Finance costs (net)

For the nine months ended September 30, 2013, on a historical consolidated basis, our net finance costs totalled €148.1 million, a 34.4% increase compared to €110.1 million for the nine months ended September 30, 2012 which was primarily due to an increase in the debt levels incurred by the Group to finance the take private transaction of HOT in December 2012 and the acquisition of Outremer and ONI in 2013.

Income tax benefits/(expenses)

For the nine months ended September 30, 2013, on a historical consolidated basis, our total income tax expense was €27.5 million compared to an income tax expense of €1.0 million for the nine months ended September 30, 2012 which was primarily due to higher income tax expense in Israel due to higher profit before tax, the increase in the tax rate from 25% in 2012 to 26.5% in 2013 and a decrease in deferred tax assets.

Profit for the year

As a result of the factors discussed above, on a historical consolidated basis, for the nine months ended September 30, 2013, our loss for the year was €89.1 million compared to a loss of €122.7 million for the nine months ended September 30, 2012.

Liquidity and Capital Resources

Cash and Debt Profile

As of September 30, 2013, our consolidated cash and cash equivalents amounted to €61.9 million on an actual basis. Each of our operating subsidiaries maintains cash and cash equivalents to fund their day-to-day requirements.

Our most significant financial obligations are our debt obligations. As a result of the various acquisitions we have made since 2010 and the financing transactions that we entered into to fund such acquisitions, our financing profile has undergone a substantial change in this period. In particular, in December 2012 and June 2013 we entered into significant financing transactions, among other things, to finance investments in certain of our subsidiaries and to refinance certain existing indebtedness. Our total debt as of September 30, 2013 was €2.3 billion (assuming full draw down of the 2013 Term Loan), in each case excluding finance leases and other long term and short term liabilities. Furthermore, as of September 30, 2013, Altice Financing made a renewal request for a guarantee of up to a maximum amount of €1.7 million to be issued under the 2013 Guarantee Facility, which represents a contingent liability of the Group. Our material indebtedness (excluding the Revolving Credit Facilities, the 2013 Guarantee Facility, finance leases and other long term and short term liabilities) and principal repayment obligations, without giving effect to any hedging transaction and excluding accrued interest and debt issuance costs, with respect to such indebtedness are set forth below. As of September 30, 2013, we had €192.0 million equivalent of additional borrowing capacity under the Revolving Credit Facilities and the 2013 Guarantee Facility. 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.

	Period ending December 31,					
	2013	2014	2015	2016	2017 or later	Total
	€ in millions					
HOT Unsecured Notes [1]	-	**27**	**27**	**27**	**197**	**278**
Coditel Mezzanine Facility	-	-	-	-	**106**	**106**
2012 Senior Secured Notes[2]	-	-	-	-	**550**	**550**
2013 Term Loan Facility[3]	-	**8**	**8**	**8**	**771**	**795**
2012 Senior Notes[2]	-	-	-	-	**314**	**314**
2013 Senior Notes	-	-	-	-	**250**	**250**
Total	-	**35**	**35**	**35**	**2,188**	**2,293**

(1) The amount is based on the exchange rate as of September 30, 2013 of NIS 0.2094 = €1.00

(2) The amount is based on the exchange rates as of September 30, 2013 of $1.352 = €1.00.

(3) Assumes the maximum amount of $1,034 million available under the 2013 Term Loan Facility is drawn. The 2013 Term Loan Facility permits the borrower, upon prior notice to the lenders thereunder, to draw term loans up to the committed principal amount on up to four occasions until November 30, 2013, so long as the incurrence of the indebtedness would have been permitted by the covenants in the 2013 Indenture, the 2012 Indentures, the 2012 Revolving Credit Facility, the 2013 Revolving Credit Facility, the 2013 Guarantee Facility and the 2013 Term Loan Facility. Availability of the 2013 Term Loan Facility at each drawing is subject to specified conditions precedent. As of September 30, 2013, we have drawn a total amount of €714.3 million under the 2013 Term Loan Facility. The amount is based on a fixed exchange rate of $1.301 = €1.00.

The following table sets forth the outstanding indebtedness (giving effect to debt issuance costs and accrued interest but without giving effect to any hedging transactions) of the Group as it existed on September 30, 2013:

	As of the nine months ended September 30, 2013	Maturity
	€ in millions	
HOT Unsecured Notes[1]	278	2018
Coditel Mezzanine Facility	106	2017
Green Data Center Debt[3]	24	2022
Finance Leases	27	
2012 Senior Secured Notes[2]	550	2019
2013 Term Loan Facility[4]	714	2020
2012 Senior Notes[2]	314	2020
2013 Senior Notes[2]	250	2023
Total Financial Debt	**2,236**	

(1) This amount is based on the exchange rates as of September 30, 2013 of NIS 0.2094 = €1.00

(2) Reflects $460 million and €210 million 2012 Senior Secured Notes, $425 million 2012 Senior Notes and €250 million 2013 Senior Notes outstanding using an exchange rates as of September 30, 2013 of $1.352=€1.00

(3) The Group intends to designate Green Datacenter as unrestricted subsidiary in accordance with the terms of our debt instruments and upon such designation it will not be subject to the covenants under the terms of our debt instruments. See Post Balance Sheet Events.

(4) The 2013 Term Loan Facility permits the borrower, upon prior notice to the lenders thereunder, to draw term loans up to the committed principal amount on up to four occasions until November 30, 2013, so long as the incurrence of the indebtedness would have been permitted by the covenants in the 2013 Indenture, the 2012 Indentures, the 2012 Revolving Credit Facility, the 2013 Revolving Credit Facility, the 2013 Guarantee Facility and the 2013 Term Loan Facility. As of the September 30, 2013, we have drawn a total amount of €714.3 million under the 2013 Term Loan Facility which is recorded using a fixed exchange rate of $1.301=€1.00.

As of the nine months ended September 30, 2013	€ in millions
Altice VII Gross Total Debt	**2,236**
Unrestricted Debt at Green Data Center[1]	(24)
Drawn Coditel (November)	81
Altice VII Pro Forma Gross Total Debt	**2,293**

(1) Does not include Green Data Center debt of €24m. The Group intends to designate Green Datacenter as unrestricted subsidiary in accordance with the terms of our debt instruments and upon such designation it will not be subject to the covenants under the terms of our debt instruments. See Post Balance Sheet Events

Sources of Liquidity

Our principal source of liquidity is expected to be the operating cash flows of our operating subsidiaries and if required is \$80.0 million and €60.0 million of available borrowings under the Revolving Credit Facilities and €75 million under the 2013 Guarantee Facility. As of September 30, 2013, we had €192.0 million equivalent of borrowing capacity under the Revolving Credit Facilities and the 2013 Guarantee Facility. 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 Revolving Credit Facilities and under the 2013 Guarantee Facility 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 unfavourable impact on our cash flows and liquidity.

The Revolving Credit Facilities and the 2013 Guarantee Facility requires us to maintain compliance with a consolidated leverage ratio, calculated on a net basis, tested as of the end of each fiscal quarter of no more than 4.5:1. 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 September 30, 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 favourable 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 September 30, 2013, we had a negative net working capital position of €238.1 million compared to a negative working capital position of €324.5 million as of September 30, 2012.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.

Consolidated Cash Flow Statements

	Historical Consolidated Financial Information	
	For the nine months ended September 30,	
	2012	2013
	€ in millions	
Cash and cash equivalents at beginning of period	19.8	129.7
Net cash provided by (used in) operating activities	323.5	289.0
Net cash provided by (used in) investing activities	(300.6)	(502.3)
Net cash provided by (used in) financing activities	(10.2)	145.4
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	-
Cash and cash equivalents at end of period	32.6	61.9

Nine Months Ended September 30, 2013 compared to the Nine Months Ended September 30, 2012

Changes in the Company's cash flows in the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012 were impacted by the significant acquisitions and related financing arrangements described under "*—Discussion and Analysis of our Results of Operations—Nine months ended September 30, 2013 compared to the Nine months ended September 30, 2012—Significant Events Affecting Historical Results*".

Net cash provided by (used in) operating activities

Net cash provided by operating activities decreased by 10.7% to €289.0 million for the nine months ended September 30, 2013 compared to €323.5 million for the nine months ended September 30, 2012. The decrease was primarily due a €109.0 million negative impact from the movement in changes in working capital mainly driven by an increase in trade receivables in Israel as a result of migrating to invoicing on a post-services basis as opposed to pre-services, which we were required by the Council for Cable and Satellite Broadcasting to complete by the end of 2012. The decrease in net cash provided by operating activities was partially offset by an €72.3 million increase in EBITDA a as a result of the factors described under "—D*iscussion and Analysis of our Results of Operations—Nine months ended September 30, 2013 compared to the Nine months ended September 30, 2012*"

Net cash provided by (used in) investing activities

Net cash used in investing activities increased by 67.0% to €502.3 million for the nine months ended September 30, 2013 compared to €300.6 million for the nine months ended September 30, 2012. The increase was primarily due to the higher cash outflows of €203.5 million in the nine months ended September 30, 2013 relating to the acquisition of Outremer and ONI on July 5, 2013 and August 8, 2013, compared to €35.1 million in the nine months ended September 30, 2012. In addition to these acquisitions a total amount of € 105 million was paid to finance the buy back of minority interests in Cabovisao The increase in net cash used in investment activities was offset by a decrease in capital expenditure of €64.6 million, compared to the same period in the previous year as discussed under "*—Capital Expenditures—Nine months ended September 30, 2013 compared to the Nine months ended September 30, 2012*".

Net cash provided by (used in) financing activities

Net cash provided by financing activities increased by 1498.1% to €145.4 million for the nine months ended September 30, 2013 compared to net cash used in financing activities of €10.2 million for the nine months ended September 30, 2012, due to higher levels of debt incurred for purposes other than refinancing of existing indebtedness (in an amount of €496.5 million versus €92.8 million in the nine months ended September 30, 2012) to, among other things, finance the acquisitions of the Outremer and ONI on July 5, 2013 and August 8, 2013, respectively. Furthermore, €212.5 million net cash was used to redeem preferred securities held by shareholders. The increase in interest paid in the nine months ended September 30, 2013 was €119.4 million compared to €91.3 in the nine months ended September 30, 2012.

Capital Expenditures

We classify our capital expenditures in the following categories.

Cable based services related: Includes capital expenditures related to (i) connection of customer premises and investment in hardware, such as set-top boxes, routers and other equipment, which is directly linked to RGU growth ("CPEs and installation related"); (ii) investment in improving or expanding our cable network, investments in the television and fixed-line platforms and investments in Docsis network capacity ("cable network and construction related") and (iii) other capital expenditures related to our cable based business.

Mobile services related: Includes capital expenditures related to improving or expanding our mobile networks and platforms and other investments relating to our mobile business.

B2B and others: Includes capital expenditures relating to data centres, backbone network, connection fees of clients premises, rental equipment to customers and other B2B operations as well as content related capital expenditures relating to our subsidiaries that produce and distribute content. Capital expenditures relating to network and equipment that is common to the delivery of cable or mobile services on the one hand and B2B on the other hand are reflected in cable capital expenditures or mobile capital expenditures as the case may be.

	Historical Consolidated Financial Information	
	For the nine months ended September 30,	
	2012	2013
	€ in millions	
Cable based services	194.8	137.7
Mobile services	66.3	38.9
B2B and others	8.5	9.9
Total Capital Expenditures	**269.6**	**186.6**

Nine months ended September 30, 2013 compared to the Nine months ended September 30, 2012

Capital expenditures on a Historical Consolidated Basis

For the nine months ended September 30, 2013, our total capital expenditures were €186.6 million (representing 20.1% of revenue), a 30.7% decrease compared to €269.6 million for the nine months ended September 30, 2012 (representing 33.2% of revenue).

Cable based services related: For the nine months ended September 30, 2013, cable based services capital expenditures were €137.7 million (representing 73.8% of total capital expenditures), a 29.3% decrease compared to €194.8 million (representing 72.5% of total capital expenditures) for the nine months ended September 30, 2012.

Mobile services related: For the nine months ended September 30, 2013, mobile services capital expenditures were €38.9 million (representing 20.8% of total capital expenditures), a 41.3% decrease compared to €66.3 million (representing 24.7% of total capital expenditures) for the nine months ended September 30, 2012.

B2B and others: For the nine months ended September 30, 2013, B2B and other capital expenditures were €9.9 million (representing 5.3% of total capital expenditures), a 16.4% increase compared to €8.5 million (representing 2.8% of total capital expenditures) for the nine months ended September 30, 2012.

Capital expenditures on a Pro Forma Consolidated Basis

The following table sets forth our capital expenditures by country of operation and on a total aggregate basis based on the Pro Forma Consolidated Financial Information.

	Pro Forma Consolidated Financial Information											
	For the nine months ended September 30, 2012						For the nine months ended September 30, 2013					
	€ in millions											
	Israel(3)	**Belgium and Luxembourg**	**Portugal**	**Overseas Territories(2)**	**Others(1)**	**Total**	**Israel(3)**	**Belgium and Luxembourg**	**Portugal**	**Overseas Territories(2)**	**Others(1)**	**Total**
Capital expenditures												
CPEs and installations	74.0	3.3	6.3	4.7	-	88.3	35.0	5.8	7.9	3.1	-	51.8
Cable network and constructions	45.0	1.8	4.9	4.0	-	55.7	25.0	2.1	4.1	5.1	-	36.3
Other cable	45.0	5.8	0.9	0.2	-	51.9	40.0	5.6	2.7	0.2	-	48.5
Cable based services	164.0	10.9	12.1	8.8	-	195.8	100.0	13.5	14.7	8.4	-	136.6
Mobile services	60.0	0.7	-	7.9	-	74.6	36.0	1.2	-	8.9	-	46.1
B2B and others.....	-	-	8.3	4.9	13.5	26.7		-	5.6	9.8	13.4	28.8
Total capital expenditures	**230.0**	**11.6**	**20.4**	**21.6**	**13.5**	**297.0**	**136.0**	**14.7**	**20.3**	**27.1**	**13.4**	**211.5**
EBITDA - total capital expenditures	**(0.8)**	**23.7**	**11.5**	**35.3**	**8.6**	**78.3**	**133.9**	**20.7**	**24.7**	**34.6**	**4.3**	**218.2**

(1) Comprises primarily of 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).

(2) For the Overseas Territories, cable based services capital expenditures includes capital expenditures relating to cable based services we provide in Guadeloupe and Martinique as well as the xDSL based broadband Internet (including IPTV) and fixed-line telephony services we provide in Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte.

(3) In Israel, costs relating to the purchase of exclusive third party content have only been capitalized with effect from April 1, 2013. Consequently, the capital expenditures for the nine months ended September 30, 2012 do not include any costs relating to the purchase of exclusive third party content and the capital expenditures for the nine months ended September 30, 2013 do not include costs relating to the purchase of exclusive third party content incurred in the period prior to April 1, 2013.

Israel: For the nine months ended September 30, 2013, our total capital expenditures in Israel were €136.0 million (representing 63.6% of total capital expenditures), a 41.0% decrease compared to €230.0 million for the nine months ended September 30, 2012 (representing 77.4% of total capital expenditures). This decrease was primarily due to higher capital expenditures during the nine months ended September 30, 2012 related mainly to a one time capital expenditure for the purchase of a building for our call center operations, capital expenditures relating to the purchase of our new set top boxes, HOT Magic HD, and higher cable network and constructions related capital expenditure related to the completion of the upgrade to 100Mb capacity throughout our cable network and the fiber roll out in certain areas in 2012. The decrease in capital expenditures in the mobile segment was primarily due to higher expenditures relating to the expansion of our UMTS network in the nine months ended September 30, 2012 prior to the launch of our UMTS based cellular services in May 2012.

Belgium and Luxembourg: For the nine months ended September 30, 2013, our total capital expenditures in Belgium and Luxembourg were €14.7 million (representing 6.8% of total capital expenditures), a 25.6% increase compared to €11.6 million for the nine months ended September 30, 2012 (representing 3.9% of total capital expenditures). The increase was due to the installation work we conducted following the acquisition of the AIESH concession and the launch of La Box in 2013, having installed a substantial number of set-top boxes during the nine months ended September 30, 2013

Portugal: For the nine months ended September 30, 2013, our total capital expenditures in Portugal were €20.3 million (representing 9.5% of total capital expenditures), relatively stable compared to €20.4 million for the nine months ended September 30, 2012 (representing 6.9% of total capital expenditures). This was due to a decrease in B2B and other capital expenditure incurred by ONI in the nine months ended September 30, 2013 offset by an increase in cable capital expenditures mainly due to the high level of investments made during the nine months ended September 30, 2013 to deploy “La Box”.

Overseas Territories: For the nine months ended September 30, 2013, our total capital expenditures in the Overseas Territories were €27.1 million (representing 12.4% of total capital expenditures), a 25.5% increase compared to €21.6 million for the nine months ended September 30, 2012 (representing 7.1% of total capital expenditures). The increase was primarily due to (i) an increase in other capital expenditures as a result of certain major renovation work relating to Outremer's distribution network, and the development of a payment platform offering value-added payment services to Outremer's customers, (ii) the work related to the expansion of our 3G mobile network in Martinique, Guadeloupe, French Guyana, Mayotte and La Reunion, and (iii) the acquisition of KERTELcom, a small fixed line French operator.

Others: Capital expenditures for our other businesses were relatively stable and decreased by 0.7% in the nine month period ended September 30, 2013 to reach €13.4 million as compared to €13.5 million for the nine period ended September 30, 2013.

Contractual obligations

The following table summarises the payments that we will be obligated to make under our material contractual commitments as of September 30, 2013 other than operating leases for which commitments are calculated on an annual basis and for which we have provided payments due as of December 31, 2012. The information presented in the table below reflects management's estimates of the contractual maturities of our obligations. These maturities may differ significantly from the actual maturity of these obligations.

Payments due by period

	Period ending December 31,					
	2013	2014	2015	2016	2017 or later	Total
			€ in millions			
Long-term debt obligations	13.0	34.0	34.0	34.0	2,249.0	2,336.0
Finance leases	8.7	8.4	6.9	3.7	4.7	32.3
Operating leases(1)	40.6	37.3	29.4	21.2	68.2	196.7
Total	**62.3**	**79.7**	**70.3**	**58.9**	**2,321.9**	**2,565.0**

(1) Includes lease of buildings, office equipment and vehicles for various terms through 2020. Does not take into account any optional extension periods.

In addition, we have other contractual obligations incurred in the ordinary course of business, including commitments relating to building or upgrading network infrastructure, purchase of set-top boxes, modems, mobile handsets and other end-user equipment and various maintenance and support contracts primarily relating to the maintenance and support of network infrastructure and equipment, purchase commitments for content, royalty payments to regulatory authorities and authors' rights to societies and commitments under interconnection contracts. For further details regarding our significant contractual commitments, see note 10 to the Company's financial statements as of and for the nine months ended September 30, 2013 included elsewhere in this quarterly report.

In addition, we have obligations under defined benefit and defined contribution pension plans. Our cash outflow relating to these obligations will vary depending on a number of factors. In the case of defined benefit plans, we recognise a liability regarding employee benefits in the statement of financial position of the Company which represents the present value of the defined benefits liability less the fair value of the plan assets, and the past service costs. The liability in respect of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions with regards, 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. Actuarial gains and losses are reflected in the statement of income in the period in which they arise, as part of the salary costs. Deposits in a defined contribution plan in respect of severance pay or in respect of emoluments are recognised as an expense at the time of the deposit in the plan, in parallel to the receipt of the labour services from the employee and no additional provision is recognised in the financial statements. As of September 30, 2013, out total pension liabilities were €9.0 million.

Off Balance Sheet Arrangements

We are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources, other than the contractual commitments relating to purchase of property plant, and equipment, operating leases and others described under "—Contractual Obligations" or as disclosed below.

Guarantees

In connection with our operations, we are required to provide a certain number of commitments in terms of performance guarantees for the completion of work, guarantees to municipalities, guarantees to suppliers and guarantees to regulators and other government agencies. At September 30, 2013, these guarantees amounted to approximately €300 million.

HOT and its subsidiaries are required to provide guarantees, often by way of a bank guarantee, to the Israel Ministry of Communications and Israeli Broadcast Council in connection with various operating and broadcasting licenses, including provided a bank guarantee in the amount of NIS 695 million in connection with HOT Mobile winning a frequency allotment and receiving a mobile license in 2011. We believe that as of the first testing date on September 26, 2013, we have achieved a market share calculated in accordance with the license agreement that would entitle us to a deduction of the entire amount of the NIS 695 million license fee outstanding. We have accordingly requested the Israeli Ministry of Communications to reduce the amount of the bank guarantee to an amount of NIS 80 million as guarantee of our obligation to achieve certain territorial coverage requirements under our license.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks relating to fluctuations in interest rates and foreign exchange rates, primarily as between the U.S. dollar, euro and New Israeli Shekels, and use financial instruments to manage our exposure to interest rate and foreign exchange rate fluctuations.

Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for our short, medium and long-term funding and liquidity management requirements. We manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Interest Rate and Related Risk

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not our earnings or cash flows. Accordingly, interest rate risk and changes in fair market value should not have a significant effect on the fixed rate debt until we would be required to refinance such debt at maturity or, with respect to the HOT Unsecured Notes, pursuant to amortization obligations. On a consolidated basis, our primary fixed rate debt obligations were in an amount equivalent to €1.4 billion (excluding finance leases and other financial liabilities) comprising of the 2012 Senior Secured Notes, the 2012 Senior Notes, the 2013 Senior Notes and the HOT Unsecured Notes while our primary floating rate debt obligations (excluding finance leases and other liabilities) were in an amount equivalent to €716.0 million comprising of the 2013 Term Loan. In addition, any borrowings we make under the Revolving Credit Facilities and the 2013 Guarantee Facility will bear interest at a floating rate. In addition, a portion of our debt in an amount of NIS 280.9 million (€58.6 million equivalent), comprising Series A of the HOT Unsecured Notes, is linked to the Consumer Price Index in Israel and therefore actual amounts outstanding may vary from time to time and differ from the nominal amount outstanding. As we have not entered into interest rate hedges, we are exposed to interest rate fluctuations with respect to our floating rate debt.

Foreign Currency Risk

Our business is exposed to fluctuations in currency exchange rates. The HOT Group's primary transactional currency is the New Israel Shekel. The primary transactional currency of Green is Swiss Francs. The primary transactional currency of the Company and its other operating subsidiaries is the euro. We conduct, and will continue to conduct, transactions in currencies other than such primary transactional currencies, particularly the U.S. dollar. Our existing debt is primarily denominated in U.S. dollars, euros and New Israeli Shekels although the amounts incurred in euros and New Israeli Shekels do not necessarily match the amount we earn in the corresponding currency. We seek to manage such transactional foreign currency exposures though our hedging policy in accordance with our specific business needs. As of September 30, 2013, we had the following derivative instruments outstanding to secure foreign currency liabilities and to reduce foreign currency exposure:

- Foreign exchange forward contract relating to a swap of a notional amount of $550 million into New Israeli Shekels (maturing on December 15, 2017);

- Foreign exchange forward contract relating to interest rate hedging on a notional amount of $98.9 million and €40.1 million (maturing on each interest payment date under the 2012 Senior Secured Notes and the 2012 Senior Notes until December 15, 2017), which exchanges fixed euro and U.S. dollar payments into fixed New Israeli Shekels payments;

- Cross currency swaps on notional principal amounts of $200 million, $225 million and €100 million, each swapping into New Israeli Shekels at certain specified rates (maturing on December 15, 2017); and

- Cross currency swaps on notional principal amounts of $293 million, $407 million and $133 million, each swapping into New Israeli Shekels and euro respectively at certain specified rates (maturing between July and November 2018).

In addition, because the reporting currency of the Company is the euro while the reporting currency of the HOT Group and Green is New Israeli Shekels and Swiss Francs respectively, we are exposed to translation foreign currency exchange risk arising from the consolidation of such entities into the Company's consolidated financial statements. For more information on our foreign currency translation risk and sensitivity analyses, please see note 5 to the Company's financial statements as of and for the nine months ended September 30, 2013 included elsewhere in this quarterly report.

Critical Accounting Policies, Judgments and Estimates

See Note 1 to the Company's financial statements as of and for the nine months ended September 30, 2013 included elsewhere in this quarterly report.

POST BALANCE SHEET DATE EVENTS

Recent Developments

Tricom Acquisition

On October 31, 2013, Altice Caribbean S.à r.l. (a wholly-owned subsidiary of Altice VII) and Hispaniola Telecom Holdings, Ltd., a company controlled by Amzak Capital Management and Inversiones Bahía (the "Tricom Sellers"), entered into agreements (the "Tricom Purchase Agreements") pursuant to which Altice Caribbean S.à r.l. will purchase shares representing 88% of the outstanding equity interests in each of Tricom S.A. and Global Interlink Ltd. (together, "Tricom") from the Tricom Sellers (the "Tricom Acquisition"). Tricom is a leading telecommunications operator in the Dominican Republic, providing (i) cable and xDSL-based multiple-play services and stand-alone pay television, broadband Internet and fixed-line telephony services and (ii) 3G and 4G mobile telephony services relying on its mobile network. The consummation of the Tricom Acquisition pursuant to the Tricom Purchase Agreement is expected to occur in the first quarter of 2014 and is subject to the satisfaction of customary closing conditions, including the approval of the Dominican regulatory authority Indotel.

Overview of Tricom's Business

Tricom provides pay television, broadband Internet and fixed-line telephony services through its HFC cable network and its xDSL network as well as mobile telephony services through its mobile network. Tricom's cable television offering includes over 250 channels with 79 channels available in HD, which is the most extensive HD offering currently available in the Dominican Republic market. Tricom provides Internet access primarily through its xDSL network, although it is currently experiencing an increase in sales of cable broadband services. Tricom offers both pre-paid and post-paid fixed-line telephony plans which include unlimited calls within its network. While Tricom continues to utilize its xDSL network to provide fixed-line telephony services, it also offers VoIP to homes passed by its cable network. Tricom also leverages its wireless network to transmit fixed-line voice services. Tricom benefits from the opportunity to up-sell its mobile service offering to its fixed-line subscriber base, particularly following the launch of 4G services in May 2013, which provides it with a competitive advantage. Tricom's mobile offering includes 3G as well as 4G/LTE plans (depending on the handset) and mobile customers who subscribe to one of Tricom's triple-play offers benefit from a free 4G-enabled smartphone. Tricom is the only mobile operator in the Dominican Republic market to offer unlimited mobile voice, texts and data. As of December 31, 2012, Tricom's cable network passed approximately 371,000 one-way and two-way homes and Tricom had approximately 126,000 pay television subscribers, 108,000 broadband subscribers (including xDSL and cable), 258,000 fixed-line telephony subscribers (including DSL, VOIP, fiber and WLL) and 289,000 mobile subscribers.

As of June 30, 2013, Tricom has upgraded 80% of its cable network to bi-directional capability. Up to a maximum of 750 homes are served by each optical node in Tricom's network. Tricom's entire cable network is digital and capable of supporting HD and DVR services. Tricom is in the process of expanding the reach of its cable network and relies on an in-house team which designs approximately 150-200 kilometres of network each month, as well as third party construction teams which implement in-house design and build approximately 70-80 kilometres of network each month. Tricom has in-house capability to activate, and perform quality control procedures on, its network. In addition, Tricom has focussed on maintaining its xDSL network to serve customers in areas not reached by its cable network.

Tricom provides its mobile telephony services through its wireless network and has 25 MHz of spectrum in the 850 MHz frequency, allowing it to offer its customers 3G mobile services, and 30 MHz in of spectrum in the 1,900 MHz frequency, allowing it to offer 4G/LTE mobile services. Tricom has an additional 30MHz of spectrum in the 3,500 MHz band. Tricom launched 4G mobile services in May 2013, thereby becoming the first operator in the Dominican Republic to offer such service. Tricom's network in the 850 MHz and 1,900 MHz frequencies cover approximately 65% and 25% of the Dominican Republic population, respectively. Tricom's 4G and 3G services are capable of supporting mobile download speeds of up to 50 Mbps and 3 Mbps, respectively.

At the core of Tricom's fixed-line services strategy is a focus on triple-play package packages which provides an attractive value proposition to its residential customers. In addition, Tricom leverages its 4G mobiles services launched in May 2013 to provide integrated quadruple-play services. Multiple-play subscribers currently receive a discount on fixed-line services and on mobile services when such services are purchased as part of a bundle. As a result of this strategy, the percentage of Tricom's triple-play customers has increased from approximately 7% in 2010 to approximately 16% as of August 2013.

For the year ended December 31, 2012, Tricom generated revenues of approximately $218 million and Adjusted EBITDA of approximately $62 million. Tricom defines Adjusted EBITDA as earnings before interest, tax, depreciation and amortization and before management fee, other non-recurring expenses, impact of tower sale and leasebacks and installation costs relating to network roll-outs. For the year ended December 31, 2012, Tricom incurred capital expenditures of approximately $71 million (including $23 million on capital expenditure relating to the upgrade to 4G/LTE technology).

Overview of the Dominican Republic Market

According to the World Broadband Information Service, the Dominican Republic had an estimated 23% broadband penetration rate and an estimated 42% pay television penetration rate as of June 30, 2013. These penetration rates are typically lower than those measured in a number of Latin American countries and evidence significant potential for growth in the Dominican Republic. The pay television market in the Dominican Republic is highly fragmented with over 80 pay television operators, although only a limited number operate a two way network, and only seven other players have a subscriber base exceeding 10,000. According to the World Cellular Information Service, mobile penetration rate in the Dominican Republic as of June 30, 2013 was approximately 105%, lower than mobile penetration rates in Brazil, Argentina or Chile. With a population of 10.4 million according to the United Nations database and a strong commercial relationship with the United States, the United States being the Dominican Republic's largest export and import partner, the Dominican Republic benefits from favourable demographics. The number of Dominicans residing in the United States has nearly doubled between 2000 and 2010, with remittances into the Dominican Republic from the United States showing similar growth.

By total RGUs in the Dominican Republic, Tricom is the number two pay television operator with an estimated market share of 25% and the number one cable television operator, the number two broadband operator with an estimated 24% market share and the number two fixed-line telephony operator with an estimated 25% market share, in each case second only to the incumbent, Claro. Tricom has an estimated 7% market share in the Dominican Republic mobile services market.

2013 Coditel Acquisition.

As of the date of this report, Deficom Telecom S.à r.l., a majority owned subsidiary of Altice VII, is the owner of 60% of the outstanding shares of Coditel Holding and various funds advised by Apax Partners MidMarket SAS (the "Coditel Minority Shareholder") is the owner of the remaining outstanding shares of Coditel Holding. On March 7, 2013, Altice VII and the Coditel Minority Shareholder entered into a purchase and sale agreement (the "Coditel Purchase Agreement") pursuant to which Altice VII will, through a wholly owned subsidiary, purchase all of the outstanding shares of Coditel Holding held by the Coditel Minority Shareholder (the "2013 Coditel Acquisition"). The consummation of the 2013 Coditel Acquisition is not subject to regulatory approvals and Altice VII has until November 29, 2013 to pay the consideration to the Coditel Minority Shareholder under the Coditel Purchase Agreement. It is expected that the 2013 Coditel Acquisition will be consummated on or prior to November 29, 2013 and will be funded in part by using the remaining amounts available under the 2013 Term Loan.

Acquisition of Ma Chaîne Sport and Sportv

On October 4, 2013, Altice IV and Altice VII entered into sale and purchase agreements relating (i) to the sale on the same day by Altice IV and Valemi Corp of their respective shareholding (of approximately 65% and 35%, respectively) in Sportv S.A. (a producer of sport related content) to Ma Chaîne Sport S.A.S (a producer of sports related content) and (ii) to the sale on the same day by Altice IV and Valemi Corp of all or part of their respective shareholdings (of approximately 68% and 32%, respectively) in Ma Chaîne Sport S.A.S to Altice VII. In addition, on October 10, 2013, the general shareholders' meeting of Ma Chaîne Sport S.A.S decided on a capital decrease of €5 million by way of a share buy-back of the remaining shares in Ma Chaîne Sport S.A.S held by Valemi Corp which was not sold under the sale and purchase agreement. As a result of these transactions, Altice VII now holds all of the outstanding equity interests in Ma Chaîne Sport S.A.S which in turn holds 100% of Sportv S.A. Ma Chaîne Sport S.A.S produces and assembles a diverse range of content including live broadcasts of sports events and other programmes relating to football, tennis, handball, boxing and other sports as well as general health and well-being. It broadcasts such content via four specialised French channels, Ma Chaîne Sport, Ma Chaîne Tennis, Ma Chaîne Extreme and Ma Chaîne Bien-Etre. Sportv S.A. produces and assembles pay television content focused primarily on extreme and combat sports for distribution via its French television channel, Kombat Sport. We offer the channels distributed by Ma Chaîne Sport and Sportv as part of our pay television packages in several of our geographies. In addition, Ma Chaîne Sport and Sportv also distribute their television channels to third party service providers including Numericable France, Zeop, Canalt, Orange, Startime, Maroc Telecom, Naxoo and Netdream. In 2012, Ma Chaîne Sport S.A.S and Sportv S.A. generated EBITDA of €9.0 million and 0.8 million respectively and had an EBITDA margin of 56.7% and 62.5% respectively.

Acquisition of the Mobius Group

On October 22, 2013, Altice Blue Two (a subsidiary of Altice VII) entered into an agreement pursuant to which Altice Blue Two will acquire the Mobius Group (the "Mobius Acquisition"). The Mobius Group is a telecommunications operator in the Overseas Territory of La Reunion, providing Internet access to professional clients under the "Mobius Technology" brand and double and triple play services based on xDSL technology to residential customers under the "IZI" brand. The consummation of the Mobius Acquisition is expected to occur in the first quarter of 2014 and is subject to the satisfaction of customary closing conditions, including regulatory approval.

Network Sharing Agreement

On November 8, 2013, HOT Mobile entered in to a network sharing agreement (the "Network Sharing Agreement") with Partner Communications Company Ltd ("Partner"). Pursuant to the terms of the Network Sharing Agreement, HOT Mobile and Partner will each own 50% of a newly formed limited partnership, which shall hold, develop and operate an advanced shared mobile network for both companies. The Network Sharing Agreement enables HOT Mobile and Partner to share antennas and frequencies, and facilitates optimum utilization of the spectrum. In addition, while HOT Mobile and Partner will continue to maintain and operate separate core networks, Partner has agreed to grant HOT Mobile a right of use in its cellular communication network for the purpose of providing nation-wide cellular coverage to HOT Mobile's customers. The agreement was signed for a period of 15 years and shall be valid until December 31, 2028 and is subject to all required regulatory approvals. We expect the Network Sharing Agreement to result in saving relating to roaming, network and maintenance expenses and to have a positive impact on EBITDA in 2013 of NIS 195 million (€41.0 million) on an annualised basis.

Others

The Group intends to designate Green Datacenter and Auberimmo as unrestricted subsidiaries in accordance with the terms of our debt instruments and upon such designation these entities will not be subject to the covenants under the terms of our debt instruments. For the nine months ended September 30, 2012 and 2013, on a Pro Forma Consolidated Basis, Green Datacenter contributed €7.7 million and €8.8 million to aggregated revenue and €6.7 million and €7.6 million to aggregated EBITDA. Auberimmo contributed €0.7 million and €0.5 million to aggregated revenue and €0.7 million and €0.5 million to aggregated EBITDA.

The Group is evaluating its opportunities in accessing equity and debt capital markets and has undertaken preliminary steps in connection with a potential initial public offering. Consequently, Altice VII or a parent of Altice VII may seek to commence an initial public offering in the short or medium term, although there is no assurance that any such transaction will be executed.

We expect to launch the La Box in Israel (which can deliver very high speed Internet, digital television services with a capacity up to 300 channels and fixed-line telephony with two telephone lines and combines VOD functionality, HD technology and recording capabilities in a single set-top box) in 2014. We have already launched the La Box in Belgium and Luxembourg and Portugal.