ALTICE LUXEMBOURG S.A.

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

AND REPORT OF THE REVISEUR D'ENTREPRISES AGREE

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Consolidated Statement of Income For the year ended December 31, 2016 (€m)	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Revenues	4	15,380.2	14,483.9
Purchasing and subcontracting costs	4	(4,867.3)	(4,633.9)
Other operating expenses	22	(3,138.6)	(3,220.0)
Staff costs and employee benefit expenses	4	(1,457.1)	(1,236.5)
Depreciation, amortization and impairment	24	(4,036.6)	(3,864.9)
Other expenses and income	4	(598.7)	(416.0)
Operating profit	4	**1,281.9**	**1,112.6**
Interest relative to gross financial debt	27	(1,942.9)	(1,728.0)
Other financial expenses	27	(152.1)	(239.1)
Finance income	27	101.7	171.4
Net result on extinguishment of a financial liability	26	(223.4)	643.5
Finance costs, net	27	**(2,216.7)**	**(1,152.2)**
Net result on disposal of businesses	2	104.6	27.5
Share of (loss)/profit of associates		(1.4)	8.1
Loss before income tax		**(831.6)**	**(4.0)**
Income tax expense	21	(107.2)	(239.5)
Loss for the year		**(938.8)**	**(243.5)**
Attributable to equity holders of the parent		(850.2)	(389.8)
Attributable to non-controlling interests		(88.6)	146.3

Consolidated Statement of Other Comprehensive Income For the year ended December 31, 2016 (€m)	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Loss for the year		**(938.8)**	**(243.5)**
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		22.2	11.3
Revaluation of available for sale financial assets, net of taxes		0.5	0.5
Loss on cash flow hedge, net of taxes	15	(498.0)	(127.4)
Actuarial losses, net of taxes		(45.1)	(0.1)
Total other comprehensive loss		**(520.4)**	**(115.7)**
Total comprehensive loss for the year		**(1,459.2)**	**(359.2)**
Attributable to equity holders of the parent		(1,309.4)	(366.0)
Attributable to non-controlling interests		(149.8)	6.8

The accompanying notes from page 6 to 84 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position As at December 31, 2016 (€m)	Notes	December 31, 2016	December 31,, 2015
Non-current assets			
Goodwill	5	15,799.5	15,274.7
Intangible assets	6	10,624.8	10,939.8
Property, plant & equipment	7	10,389.0	10,296.9
Investment in associates	8	60.4	417.7
Financial assets	9	2,884.8	2,804.8
Deferred tax assets	21	109.3	38.3
Other non-current assets		156.2	93.6
Total non-current assets		**40,024.0**	**39,865.8**
Current assets			
Inventories	10	393.6	368.5
Trade and other receivables	11	4,237.3	3,664.7
Current tax assets		175.6	304.5
Financial assets	9	68.6	11.4
Cash and cash equivalents	12	719.9	625.7
Restricted cash	12	19.6	.6
Total current assets		**5,614.6**	**4,975.4**
Assets classified as held for sale	*3.3*	476.0	122.1
Total assets		**46,114.6**	**44,963.3**
Issued capital	13.1	2.5	2.5
Additional paid in capital	13.2	840.7	1,016.1
Other reserves	13.3	(675.1)	(215.8)
Accumulated losses		(2,104.6)	(1,276.3)
Equity attributable to owners of the Company		**(1,936.5)**	**(473.5)**
Non-controlling interests	3.1	775.4	939.0
Total equity		**(1,161.1)**	**465.5**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	15	32,370.1	31,032.0
Other non-current financial liabilities and related hedging instruments	15	519.7	412.2
Provisions	14	1,784.8	1,733.4
Deferred tax liabilities	21	807.6	1,140.6
Other non-current liabilities	20	782.2	803.4
Total non-current liabilities		**36,264.4**	**35,121.6**
Current liabilities			
Short-term borrowings, financial liabilities	15	419.9	248.6
Other financial liabilities	15	2,173.4	1,236.7
Trade and other payables	19	6,637.0	6,252.9
Current tax liabilities		294.1	284.6
Provisions	14	535.2	378.1
Other current liabilities	20	862.5	890.7
Total current liabilities		**10,922.1**	**9,291.6**
Liabilities directly associated with assets classified as held for sale	*3.3*	89.2	84.6
Total liabilities		**47,275.7**	**44,497.8**
Total equity and liabilities		**46,114.6**	**44,963.3**

The accompanying notes from page 6 to 84 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity For the year ended December 31, 2015	**Number of shares**	**Share capital**	**Invested equity**	**Additional paid in capital**	**Accumulated losses**	**Currency translation reserve**	**Cash Flow hedge reserve**	**Available for sale**	**Employee Benefits**	**Total equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
Equity at January 1, 2015	-	-	**1,945.9**	-	-	-	-	-	-	**1,945.9**	**3,278.2**	**5,224.1**
Loss for the year	-	-	-	-	(389.8)	-	-	-	-	**(389.8)**	146.3	**(243.5)**
Other comprehensive profit/(loss)	-	-	-	-	-	10.4	(132.2)	0.5	(1.2)	**(122.5)**	6.8	**(115.7)**
Comprehensive profit/(loss)	-	-	-	-	**(389.8)**	**10.4**	**(132.2)**	**0.5**	**(1.2)**	**(512.3)**	**153.1**	**(359.2)**
Incorporation of Altice Luxembourg S.A.	3,100,000	-	-	-	-	-	-	-	-	-	-	-
Contribution by Altice S.A.	247,950,186	2.5	(1,945.9)	2,971.0	(934.4)	(7.0)	(85.4)	1.9	(2.8)	-	-	-
Share based payment	-	-	-	-	25.9	-	-	-	-	**25.9**	2.1	**28.0**
Transaction with non-controlling shareholders	-	-	-	64.1	-	-	-	-	-	**64.1**	-	**64.1**
Transaction with non-controlling interests	-	-	-	(2,018.1)	-	-	-	-	-	**(2,018.1)**	(1,945.9)	**(3,964.0)**
Dividends	-	-	-	-	-	-	-	-	-	-	(555.5)	**(555.5)**
Other	-	-	-	(0.9)	22.0	-	-	-	-	**21.1**	6.9	**28.0**
Equity at December 31, 2015	**251,050,186**	**2.5**	-	**1,016.1**	**(1,276.3)**	**3.4**	**(217.6)**	**2.4**	**(4.0)**	**(473.5)**	**939.0**	**465.5**

Consolidated Statement of Changes in Equity For the Year ended Decemer 31, 2016	**Number of shares**	**Share capital**	**Invested equity**	**Additional paid in capital**	**Accumulated losses**	**Currency translation reserve**	**Cash Flow hedge reserve**	**Available for sale**	**Employee Benefits**	**Total equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
Equity at January 1, 2016	**251,050,186**	**2.5**	-	**1,016.1**	**(1,276.3)**	**3.4**	**(217.6)**	**2.4**	**(4.0)**	**(473.5)**	**939.0**	**465.5**
Loss for the year		-	-	-	(850.2)	-	-	-	-	**(850.2)**	(88.6)	**(938.8)**
Other comprehensive profit/(loss)		-	-	-	-	20.4	(437.1)	0.5	(43.1)	**(459.3)**	(61.2)	**(520.5)**
Comprehensive profit/(loss)		-	-	-	**(850.2)**	**20.4**	**(437.1)**	**0.5**	**(43.1)**	**(1,309.5)**	**(149.8)**	**(1,459.2)**
Dividends		-	-	-	-	-	-	-	-	-	(7.7)	**(7.7)**
Share based payment		-	-	-	21.9	-	-	-	-	**21.9**	0.9	**22.8**
Transaction with non-controlling interests		-	-	(92.7)	-	-	-	-	-	**(92.7)**	57.1	**(35.6)**
Other		-	-	(82.7)	-	-	-	-	-	**(82.7)**	(64.1)	**(146.8)**
Equity at December 31 2016	**251,050,186**	**2.5**	-	**840.7**	**(2,104.6)**	**23.9**	**(654.7)**	**2.8**	**(47.1)**	**(1,936.4)**	**775.4**	**(1,161.1)**

The "Other" caption includes the impact of the common control acquisition of Altice Media Group by SFR (-€147.8 million for the Group and -€11.4 million with non-controlling interests).

Following the corporate restructuring, as described in Note 1 to the Consolidated Financial Statements, Altice S.A. is the Former Parent Entity of Altice Luxembourg S.A. and all the changes in equity presented in the table above corresponds to the movements of Altice S.A.. Altice S.A. itself was a successor entity of Altice France S.A. and Altice International S.à r.l..

The accompanying notes from page 6 to 84 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended December 31, 2016 (€m)	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Net (loss)/profit, including non-controlling interests		**(938.8)**	**(243.5)**
Adjustments for:			
Depreciation, amortization and impairments	24	4,036.6	3,864.9
Share of income of associates		1.4	(8.1)
Net gain on disposal of businesses		(104.6)	153.4
Net result recognized on extinguishment of financial liabilities	26	223.4	(643.5)
Expenses related to share based payment	23	22.8	28.0
Other non-cash operating gains, net[1]		196.7	7.4
Pension liability payments	14	(131.2)	(81.7)
Finance costs recognized in the statement of income		1,993.3	1,795.7
Income tax expense recognized in the statement of income	21	107.2	239.5
Income tax paid		(144.2)	(317.8)
Changes in working capital		(286.4)	(174.1)
Net cash provided by operating activities		**4,976.3**	**4,620.3**
Payments to acquire tangible and intangible assets	4	(3,647.9)	(2,614.6)
Payments to acquire financial assets		(43.6)	(19.4)
Consideration received on disposal of businesses		137.7	94.0
Proceeds from disposal of tangible, intangible and financial assets		47.9	76.2
Payments to acquire investments in associates	8	(359.8)	(309.3)
Payment to acquire subsidiaries, net		(169.8)	(114.5)
Net cash used in investing activities		**(4,035.5)**	**(2,887.6)**
Proceeds from issuance of debts	15	13,110.1	10,335.6
Transaction with non-controlling interests		9.8	(1,865.7)
Payments to redeem debt instruments	15	(12,851.1)	(4,027.7)
Payments to redeem outstanding debt on acquisition[2]		-	(5,593.9)
Interest paid		(1,696.8)	(1,394.5)
Divdends paid		-	(555.5)
Other cash provided by financing activities[3]		580.5	438.0
Net cash used in financing activities		**(847.6)**	**(2,663.7)**
Classification of cash as held for sale		(2.2)	(0.2)
Effects of exchange rate changes on the balance of cash held in foreign currencies		3.4	(6.8)
Net decrease in cash and cash equivalents		**94.3**	**(938.0)**
Cash and cash equivalents at beginning of period	12	625.7	1,563.6
Cash and cash equivalents at end of the period	12	**719.9**	**625.7**

1 Other non-cash operating gains and losses mainly include allowances and writebacks for provisions (including those for restructuring), and gains and losses recorded on the disposal of tangible and intangible assets.
2 Relates to the repayment of certain debts at PT Portugal in 2015
3 Cash provided by other financing activities includes cash received on vendor financing and securitisation for an aggregate amount of €580.5 million.

The accompanying notes from page 6 to 84 form an integral part of these consolidated financial statements.

1. About Altice Luxembourg and the Altice Group

Altice Luxembourg S.A. (the "Company", the "Group", or "Altice") is a public limited liability company ("*société anonyme*") incorporated in Luxembourg, headquartered at 5, rue Eugène Ruppert, L-2453, Luxembourg, in the Grand Duchy of Luxembourg.

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

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

Corporate restructuring

On May 27, 2015, Altice S.A. incorporated a new subsidiary Altice Luxembourg S.A. On June 26, 2015, Altice S.A. announced the proposed cross-border merger between a newly formed Dutch entity, Altice N.V. ("Parent Company") as the acquiring company and Altice S.A. ("Former Parent Company") as the company ceasing to exist (the "Merger").

Prior to the Merger becoming effective, Altice S.A. has transferred substantially all of its assets and liabilities to the Company (the "Transfer"). Both the Transfer and the Merger required approval by a majority of at least two third of the votes cast at an extraordinary general meeting ("EGM") in which at least half of the share capital of Altice S.A. would be present or represented. The EGM's were held on August 6, 2015 with an appropriate quorum. The Merger was approved by 91.54% of the votes casted, while the Transfer was approved by 90.07% of the votes casted. The Transfer was effective as of August 6, 2015, while the Merger was effective on Sunday, August 9, 2015. The Former Parent Entity was ultimately controlled by Patrick Drahi (via Next Alt S.à r.l. "Next Alt") prior to the Merger, while the Company remained under control of Next Alt post-Merger. The Company, at that time, was fully held by Altice N.V..

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors paragraph 10, judgment has been applied in developing and applying an accounting policy that results in information that is relevant and reflect the economic substance of the transaction. As a result, the acquisition method, as defined in IFRS 3 Business Combinations (Revised 2008) ("IFRS 3"), has not been applied to reflect the Corporate Restructuring.

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

The Company also refers to the existing accounting policy on Acquisition under common control (See Note 2.7 Goodwill and Business Combination in the consolidated financial statements of Altice S.A. as at December 31, 2014 and for the year then ended).

Acquisition under common control uses the following methods and principles:

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

On December 21, 2015, Altice N.V. transferred all its investment in Altice Luxembourg S.A. to Altice Group Luxembourg S.à r.l..

As a consequence of the Corporate Restructuring described above, the comparative figures included in the consolidated financial statements as at and for the year-end December 31, 2015 reflect the historical assets, liabilities, revenues, expenses and cash flows of Altice S.A. as Altice Luxembourg S.A. was only incorporated on May 27, 2015.

1.1. Basis of presentation of the consolidated financial statements

The consolidated financial statements of Altice Luxembourg S.A. as of December 31, 2016 and for the year then ended were approved by the Board of Directors and authorized for issue on April 24, 2017.

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability (see note 17)

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

1.1.1. Comparative information

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

1.2. Significant accounting judgments and estimates

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

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

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

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

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

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

- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset.
- Amendments to IFRS 11 Accounting for Acquisitions in Joint Operations. The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations,
- Amendments to IAS 1 Disclosure initiative. The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice. The amendments clarify that materiality applies to the whole financial statements and that information which is not material need not be presented in the primary financial statements or disclosed in the notes.
- Annual improvements cycle 2012-2014 including amendments of IFRS 5 Non-current Asset Held for Sale and Discontinued Operation, IFRS 7 Financial Instruments Disclosures, IAS 19 Employee Benefits.

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

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

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

1.3.2.1. IFRS 15 Revenue from Contracts with Customers

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

including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

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

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

The effects are analyzed as part of a Group-wide project for implementing this new standard across all significant revenue streams in all significant geographies. The assessment phase is being performed and the implementation plan including the development of new IT tools is in progress. Based on the assessment phase so far, the Group anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the consolidated financial statements.

Mobile activities: The most significant impact is expected in the mobile activities (B2C and B2B transactions) as some arrangements include multiple elements that are being bundled: a handset component sold at a discounted price and a communication service component. In application of IFRS 15, the Group has identified those items as separate performance obligations. Total revenue will be allocated to both elements based on their stand-alone selling price, leading to more revenue being allocated to the handset upfront. This will also impact the timing of revenue recognition as the handset is delivered up-front, even though total revenue will not change in most cases over the life of the contract. Other IFRS 15 topics impacting the accounts include:

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

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

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

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

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

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

1.3.3. IFRS 16 Leases

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

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

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

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

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

1.3.4. IFRS 9 Financial Instruments

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

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

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

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

The standard is applicable for annual periods beginning on or after January 1, 2018.

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

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

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

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

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

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

1.3.6. Amendments to IAS 7 Disclosure Initiative

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

1.3.7. Interpretation 22—Foreign Currency Transactions and Advance Consideration

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

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

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

2. Significant accounting policies

The Group’s principal accounting policies are described below.

2.1. Basis of consolidation

2.1.1. Subsidiaries

Entities are fully consolidated if the Group has all the following:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.
The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:
- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the

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

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

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

2.1.2. Joint ventures

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

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

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

2.1.3. Associates

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

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

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

2.2. Foreign currencies

The presentation currency of the consolidated financial statements is euros. The functional currency, which is the currency that best reflects the economic environment in which the subsidiaries of the Group operate and conduct their transactions, is separately determined for subsidiaries and associates accounted for using the equity method, and is used to measure their financial position and operating results.

2.2.1. Monetary transactions

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

2.2.2. Translation of financial statements denominated in foreign currencies

Assets and liabilities of foreign entities are translated into euros on the basis of the exchange rates at the end of the reporting period. The consolidated statements of income and cash flow are translated using the average exchange rates for the period. Foreign exchange differences resulting from such translations are either recorded

in shareholders' equity under "Currency translation reserve" (for the Group share) or under "Non-controlling interests" (for the share of non-controlling interests) as deemed appropriate.

The exchange rate of the main currencies were as follows:

Foreign exchange rates used	Annual average rate		Rate at the reporting date	
(In €)	2016	2015	Dec 31, 2016	Dec 31, 2015
Domincan Pesos (DOP)	0.0197	0.0200	0.0204	0.0202
Israeli Shekel (ILS)	0.2354	0.2319	0.2471	0.2354
Morrocan Dirham (MAD)	n/a	n/a	0.0942	n/a
Swiss franc (CHF)	0.9173	0.9364	0.9312	0.9229
United States dollar (USD)	0.9034	0.9013	0.9487	0.9185

2.3. Revenue recognition

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

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating intercompany sales within the group. Revenue is recognized as follows, in accordance with IAS 18 Revenue:

2.3.1. Revenues from the sale of equipment

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

2.3.2. Revenues on separable components of bundle packages

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

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

2.3.3. Revenue from service

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

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

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

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

to DSL connection services, bandwidth services, and IP connectivity services, are recognized over the expected duration of the contractual relationship and the provision of the principal service.

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

Revenues linked to switched services are recognized each time traffic is routed. Revenues from bandwidth, IP connectivity, high-speed local access and telecommunications services are recorded as and when the services are delivered to the customers.

2.3.4. Access to telecommunications infrastructures

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

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

2.3.5. Sales of infrastructure

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

2.3.6. Advertising revenues

Advertising revenues are recognized when commercials are aired.

2.3.7. Income from credit arrangements

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

2.4. Finance costs, net

Finance costs, net primarily comprise:

- Interest charges and other expenses paid for financing operations recognized at amortized costs ;
- Changes in the fair value of interest rate derivative instruments;
- Ineffective portion of hedges that qualify for hedge accounting;
- Foreign exchange gains and losses on monetary transactions;
- Interest income relating to cash and cash equivalents;
- Gains/losses on extinguishment of financial liability;
- Investment securities and investment securities pledged as collateral (Comcast investment) are classified as trading securities and are stated at fair value with realized and unrealized holding gains and losses included in net financial result.

2.5. Taxation

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

2.5.1. Current tax

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

2.5.2. Deferred tax

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

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

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

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

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

2.6. Site dismantling and restoration

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

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

2.7. Goodwill and business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based payments at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

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

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

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

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

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

2.7.1. Acquisition under common control

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

Acquisition under common control uses the following methods and principles:

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

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

2.8. Intangible assets

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

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

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

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

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

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

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

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

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

- the technical feasibility of the project and the availability of the adequate resources for the completion of the intangible assets;
- the ability of the asset to generate future economic benefit;
- the ability to measure reliably the expenditures attributable to the asset; and

- the feasibility and intention of the Group to complete the intangible asset and use or sell it.

2.8.1. Content rights

Exclusive sports broadcasting rights are recognised in the consolidated statement of financial position from the point at which the legally enforceable licence period begins. Rights for which the licence period has not started are disclosed as contractual commitments in note 29. Payments made to acquire broadcasting rights in advance of the legal right to broadcast the programmes are classified as prepayments in the caption "other financial assets" in the statement of financial position. Broadcasting rights are initially recognised at cost and are amortised from the point at which they are available for use, on a straight line basis over the broadcasting period. The amortisation charge is recorded in the caption "depreciation and amortisation" in the consolidated statement of income. The costs of exclusive in-house content and external content are recognised as an intangible asset. The cost of the rights is recognized at the cost of production of the shows and is amortized on the basis of the actual screenings. The amortisation charge is recorded in the caption "depreciation and amortisation" in the income statement.

2.9. Impairment of tangible and intangible assets

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

2.10. Property, plant and equipment

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

Depreciation is calculated using the straight line method over the estimated useful lives of the assets.

The estimated useful lives of property, plant and equipment were:	**Duration**
Buildings	5 to 50 years
Cables and mobile network	5 to 40 years
Converters and modems	3 to 5 years
Computers and ancillary equipment	2 to 8 years
Office furniture and equipment	3 to 15 years

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

Elements of a fixed asset item, having a cost that is significant in comparison to the overall cost of the item, are

depreciated separately, using the components method. The depreciation is calculated in accordance with the straight line method at annual rates that are considered to be sufficient in order to depreciate the assets over the length of their estimated useful lives.

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

2.11. Leasing

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

2.11.1. The Group as lessor

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

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

2.11.2. The Group as lessee

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

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

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

2.12. Borrowing costs

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

2.13. Government grants

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

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

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

2.14. Financial assets

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

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

2.14.1. Available-for-sale financial assets

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

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

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

2.14.2. Loans and receivables

Loans and receivables are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition. After initial recognition, they are measured at amortized cost using the effective interest rate method. This category mainly includes trade receivables and other receivables as well as loan to associate and to non-consolidated entities.

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

2.14.3. Held-to-maturity financial assets

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

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

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

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages

together and has a recent actual pattern of short term profit-taking;
- it is a derivative that is not designated and effective a s hedge instrument.

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

2.15. Inventories

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

2.16. Cash and cash equivalents

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

2.17. Restricted cash

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

2.18. Derivatives

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

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

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

2.19. Hedge accounting

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

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

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

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

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

2.20. Classification as debt or equity

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

2.20.1. Equity instruments

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

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

2.21. Financial liabilities

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

2.21.1. Financial liabilities at amortized cost

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

2.21.2. Financial liabilities measured at fair value through profit or loss

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

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

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

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

that significantly modifies the cash flows that would otherwise be required.

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

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

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

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

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

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

2.22. Provisions

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

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

2.22.1. Claims

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

2.22.2. Onerous contracts

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

2.22.3. Restructuring

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement

the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

2.23. Liabilities for employment benefits

2.23.1. Retirement benefit costs and termination benefits

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

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Re-measurement.

The Group presents the service cost and the net interest expense in profit or loss in the line item “Staff cost and employee benefit expenses” and “Other financial expenses” respectively. Curtailment gains and losses are accounted for as past service costs.

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

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

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

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

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

2.24. Share based payments

2.24.1. Share-based payment transactions

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

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

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

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

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

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

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

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

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

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

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

2.26. Critical accounting judgments and key sources of estimation uncertainty

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

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

2.26.1. Claims

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

2.26.2. Post-employment benefits

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

2.26.3. Revenue recognition

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

2.26.4. Fair value of financial instruments

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

2.26.5. Deferred tax assets

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

2.26.6. Intangible assets and Property, plant and equipment

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

2.26.7. Impairment of goodwill

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

2.26.8. Trade receivables and other receivables

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

3. Scope of consolidation

A full list of subsidiaries is included in note 33.

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

Non-controlling interests		Ownership interests held by non-controlling interests		Result allocated to non-controlling interests		Accumulated non-controlling interests	
Name of subsidiary	**Place of incorporation**	**December 31 2016**	**December 31 2015**	**December 31 2016**	**December 31 2015**	**December 31 2016**	**December 31 2015**
SFR Group S.A.	France	22.3%	21.9%	(75.0)	150.4	749.9	944.6
Deficom Telecom[1]	Luxembourg	26.0%	26.0%	(8.0)	(3.1)	(26.2)	(18.4)
Altice Technical Services	Luxembourg	49.0%	0.0%	4.0	-	49.8	-
Others	Various			(9.5)	(0.9)	1.9	12.8
Total				**(88.5)**	**146.4**	**775.4**	**939.0**

1 Deficom Telecom is the holding company through which the Group's investments in the Belgium and Luxembourg operations are held.

3.2. Variations in non-controlling interests

Variations in non-controlling interests (€m)	December 31, 2016	December 31, 2015
Balance at beginning of the year	**939.0**	**3,278.2**
Share of (loss)/profit for the year	(88.6)	146.3
Other comprehensive income	(61.2)	6.8
Transactions with non-controlling interests in SFR Group S.A.	(56.6)	(2,492.2)
Non-controlling interests on acquisition of Altice Technical Services	45.1	-
Other variations	(2.4)	(0.1)
Balance at end of the year	**775.4**	**939.0**

The variations in non-controlling interests was mainly due the Group completing the acquisition of a controlling stake (51%) in Altice Technical Services S.A. (see note below for more information). In 2015, the variation in non-controlling interests was mainly due to the acquisition of an additional stake in SFR Group via the buyout of Vivendi's 20% stake.

Summarised financial information for each of the Group's subsidiaries with material non-controlling interests is provided below. The summary information is before intra-group eliminations.

3.2.1. SFR Group

For the year ended December 31, 2016	€m
Non-current assets	26,986.0
Current assets	4,121.0
Net equity	3,572.0
Non-current liabilities	19,568.0
Current liabilities	7,968.0
Revenue	10,991.0
Net income	(218.0)
Comprehensive income	(502.0)
Net cash flows from operating activities	3,378.0
Net cash flows from investing activities	(3,247.0)
Net cash flows from financing activities	40.0

3.3. Modification in the scope of consolidation

3.3.1. Consolidation of NextRadioTV

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

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

As of December 31, 2015, the Company had determined that it exercised a significant influence over GNP by virtue of the economic rights and governance rights that it has obtained as a result of its investment and thus had accounted for the investment as an associate. Following the successful closing of the public tender offer on February 1, 2016, and the appointment of Mr. Weill to the executive committee of Altice, the Group determined that its investment in GNP met the criteria for consolidation as per IFRS 10.

GNP contributed €238.2 million to revenues, €9.2 million to operating loss and €29.8 million to the net loss of the Group for the year ended December 31, 2016.

3.3.2. Acquisition of Altice Media Group France ("AMG") by SFR Group

On April 27, 2016, SFR Group announced that it had entered into exclusive negotiations to acquire AMG, a leading diversified and profitable media group in France, which publishes more than 20 major national titles, including iconic and well-known brands such as Libération, L'Express, L'Expansion, L'Etudiant and Stratégies. AMG operates an international news channel - i24 News - and has positioned itself as the second largest operator in the French digital press sector. In addition, AMG France is a leading event organizer: its "Salon de l'Etudiant" trade fair, in particular, has attracted 2 million visitors annually for more than 30 years.

This transaction represented a unique opportunity to develop SFR Group into a true cross-media content publisher, capitalizing on a highly diversified portfolio of premium brands. The acquisition supports the Group's business strategy by accelerating the deployment of the global convergence of telecoms, media/content and advertising. The acquisition of AMG was successfully completed on May 25, 2016, using a combination of cash and vendor financing of €100.0 million provided by the sellers of AMG.

AMG contributed €134.1 million to revenues, €4.3 million to operating loss and €29.0 million to the net loss of the Group for the year ended December 31, 2016.

3.3.3. Disposal of Cabovisao and ONI

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

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

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

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

On November 25, 2016, the Group completed the acquisition of a 51% stake in its supplier Parilis S.A. (including

its subsidiary ERT Group), an all-round technical services company offering among others network deployment, upgrade and maintenance. The Group believes that the acquisition of a controlling stake in the company will enable the operating subsidiaries of the Group to provide their customers with fully integrated services, will enhance their expertise and will ensure further quality of service improvements.

3.3.6. Disposal of Coditel

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

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

A summary of the Coditel disposal group classified as held for sale is as follows:

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

3.3.7 Other assets held for sale

In addition to the Coditel business being held for sale, SFR Group entered negotiations for a new partnership with NewsCo and l'Etudiant. In the context of the proposed project, Marc Laufer would become the owner of NewsCo and l'Etudiant. SFR Group would remain a co-shareholder, with a 25% stake. As a result of the negotiations, SFR Group's assets (€59.3 million) and liabilities (€46.2 million) related to this disposal group were classified as held for sale as at December 31, 2016.

3.4. Acquisitions of businesses

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

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

The profit or loss of entities acquired during the year ended December 31, 2016, from the period up to acquisition date (the date from which the entities results were included in these consolidated financial statements) was:

Profit or loss before acquisition by the Group (€m)	Altice Techncial Services	Altice Customer Services	Total
Revenues	**498.3**	**113.8**	**612.1**
Purchases and subcontracting services	(285.7)	(26.9)	(312.6)
Other operating expenses	(35.9)	(3.0)	(38.9)
Staff costs and employee benefits	(77.2)	(62.7)	(139.9)
Depreciation and amortization	(1.4)	(4.8)	(6.2)
Other expenses and income	3.1	-	3.1
Operating profit	**101.3**	**16.3**	**117.6**
Profit for the period	**88.1**	**12.4**	**100.5**

Had the acquisitions above all been completed on January 1, 2016, on a pro-forma basis, the Group would have earned total revenues of €15,508.49 million (unaudited) for the year ended December 31, 2016, including intercompany eliminations of €488.3 million.

4. Segment reporting

4.1. Definition of segments

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

The following geographies have been identified:

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

Additional information on the revenue split is presented as follows:

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

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

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

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

Intersegment revenues represented 2.1% of total revenues for the years ended December 31, 2016, an increase compared to 0.5% of total revenues for the year ended December 31, 2015 (€316.8 million compared to €69.2 million). Intersegment revenues mainly relate to services rendered by certain centralised group functions (relating to content production, customer service) to the operational segments of the Group, and are eliminated in the consolidated financial statements.

4.2. Segment information

4.2.1. Operating profit per geographical segment

Segment results	**Year ended December 31, 2016**					
Year ended December 31, 2016 (€m)	**France[1]**	**Portugal**	**Israel**	**Dominican Republic**	**Others[2]**	**Total**
Revenues before intersegment eliminations	**10,990.5**	**2,311.5**	**955.5**	**717.5**	**721.9**	**15,697.0**
Intersegment eliminations	(43.7)	(34.6)	(0.3)	(3.7)	(234.5)	(316.8)
Revenues	**10,946.9**	**2,276.9**	**955.2**	**713.8**	**487.4**	**15,380.2**
Purchasing and subcontracting costs	(3,843.8)	(507.4)	(235.9)	(144.7)	(135.4)	(4,867.3)
Other operating expenses	(2,245.0)	(407.7)	(220.7)	(164.7)	(100.6)	(3,138.6)
Staff costs and employee benefit expenses	(945.0)	(281.9)	(67.2)	(30.0)	(133.0)	(1,457.1)
Total	**3,913.0**	**1,079.9**	**431.3**	**374.5**	**118.5**	**5,917.2**
Stock options and other adjustments in EBITDA	4.0	-	-	-	18.7	22.8
Adjusted EBITDA	**3,917.1**	**1,079.9**	**431.3**	**374.5**	**137.2**	**5,940.0**
Depreciation, amortisation and impairment	(2,565.1)	(770.5)	(331.2)	(165.1)	(204.8)	(4,036.6)
Stock options and other adjustments in EBITDA	(4.0)	-	-	-	(18.7)	(22.8)
Other expenses and income	(541.8)	(96.1)	(23.0)	(24.2)	86.3	(598.7)
Operating profit	**806.2**	**213.3**	**77.2**	**185.2**	**-**	**1,281.9**

Year ended December 31, 2015 (€m)	France[1]	Portugal	Israel	Dominican Republic	Others[2]	Total
Revenues before intersegment eliminations	**11,039.1**	**1,496.2**	**923.2**	**694.8**	**400.6**	**14,553.9**
Intersegment eliminations	(21.2)	(3.9)	-	-	(44.9)	(70.0)
Revenues	**11,017.9**	**1,492.3**	**923.2**	**694.8**	**355.7**	**14,483.9**
Purchasing and subcontracting costs	(3,862.0)	(324.8)	(221.8)	(141.3)	(84.0)	(4,633.9)
Other operating expenses	(2,447.0)	(327.6)	(197.2)	(166.0)	(82.2)	(3,220.0)
Staff costs and employee benefit expenses	(877.0)	(201.2)	(73.7)	(27.1)	(57.6)	(1,236.5)
Total	**3,831.9**	**638.7**	**430.4**	**360.5**	**132.0**	**5,393.5**
Stock options and other adjustments in EBITDA	54.8	-	-	-	18.5	73.3
Adjusted EBITDA	**3,886.7**	**638.7**	**430.4**	**360.5**	**150.5**	**5,466.8**
Depreciation, amortisation and impairment	(2,643.4)	(574.7)	(326.1)	(176.3)	(144.3)	(3,864.9)
Stock options and other adjustments in EBITDA	(54.8)	-	-	-	(18.5)	(73.3)
Other expenses and income	(340.6)	(52.0)	(19.6)	(8.1)	4.3	(416.0)
Operating profit	**847.9**	**12.0**	**84.7**	**176.1**	**(8.0)**	**1,112.6**

1. The France segment includes the results of SRR, a direct subsidiary of SFR S.A., which operates in the French Overseas Territories of La Reunion and Mayotte. Management has decided to leave SRR in the France segment given it reports separately from the rest of the FOT business (reported in Others) as it is fully integrated in the France business, operationally and in terms of reporting.
2. Includes the results of GNP from February 8, 2016 to the date of sale to SFR Group. Following the sale, in May 2016, the results are presented under the France segment. GNP contributed €71.6 million to revenues and €13.3 million to adjusted EBITDA for the year ended December 31, 2016.

4.2.2. Other expenses and income

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

Details of other expenses and income (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Stock option expenses	22.8	28.0
Other adjustments[1]	-	45.3
Stock option and other expenses outside EBITDA	**22.8**	**73.3**
Restructuring costs[2]	223.5	116.7
Deal fees[3]	5.0	57.0
Penalties[4]	95.0	-
Provisions for litigation[5]	128.2	-
Management fees[6]	28.0	-
Loss on disposals of assets[7]	56.0	183.8
Other expenses[8]	63.1	58.5
Other expenses and income	**598.7**	**416.0**
Total adjustments	**621.5**	**489.3**

1) Contract renegotiation costs that were classified as other adjustments in 2015 and are now included in EBITDA.
2) Restructuring costs mainly include costs related to provisions for employee redundancies and contract termination fees:
   a. €180.4 million in France, including €135.0 million related to new restructuring plans in France, see the note below.
   b. €31.9 million at PT Portugal related to the curtailment of outsourced services and an insourcing plan.
3) Deal fees includes the discretionary fees paid to legal counsel, M&A counsel and any other consultants whose services the Group has employed in order to facilitate various acquisitions performed during the year; they do not include any financing costs, as these are capitalized and amortized as per the requirements of IAS 39 – *Financial Instruments: Recognition and Measurement*.
4) Penalties mainly comprised €80 million relating to a fine levied by the French competition authority on suspicions of operational collaboration between the Numericable and SFR groups (“Gun Jumping”) prior to the formal approval of the acquisition and a €15 million penalty imposed by the French anti-trust authority on price increases in the FOT region.
5) Provisions for litigation are detailed in note 30.
6) Management fees: mainly relates to management fees paid by Altice Management International to Altice N.V. the ultimate shareholder of the Group (€46.2 million). The Group also recorded income from management fees paid by the US subsidiaries of Altice N.V., as compensation for services rendered by the Group (€18.6 million).
7) Mainly related to a loss recognized on the disposal of the network of Sequalum in France, €116 million.
8) The other expenses mainly related to allowances and reversals for other provisions (non-cash) and other cash expenses, including €10 million of payments related to the resolution of tax disputes in the Dominican Republic.

4.2.2.1. *Restructuring plans in France*

On August 4, 2016, Management and some representative unions of the SFR Group telecom division signed an agreement to allow the Group to adapt more quickly to the demands of the telecom market by building a more

competitive and efficient organization. This agreement reaffirms the commitments, made at the time of the acquisition of the SFR Group, to maintain jobs until July 1, 2017 and defines the internal assistance guarantees as well as the conditions for voluntary departures implemented as of the second half of 2016. This agreement stipulates three steps:

- The reorganization of retail stores, presented to the staff representatives on September 2016, resulted in a voluntary departure plan as of the 4th quarter of 2016 and is accompanied by a change in channel distribution and the closing of stores;
- The preparation of a new voluntary departure plan to be launched in July 2017, preceded by the possibility for employees who would like to benefit from this plan to request suspension of their employment contract in the 4th quarter of 2016 in order to pursue their professional plans outside the company; and
- A period between July 2017 and September 2019 during which employees could also benefit from a voluntary departure plan under conditions to be defined.

In any case, the Group has made a commitment that the SFR Group telecom division will have no less than 10,000 employees during the period from 2017 to 2018.

During 2016, €135 million was recognized for restructuring of retail stores as provisions. No provision was recognized for measures provided in steps 2 and 3 described above, as IAS 19 and IAS 37 criteria were not met as of December 31, 2016. The GPEC Group Agreement was signed on February 1, 2017 by the majority of the representative unions of the SFR Group telecom division. It specifies the external mobility scheme offered to the employees for the period before June 30, 2017.

4.2.2.2. Restructuring in PT Portugal

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

4.2.2.3. Penalties

Sanctions by the French Competition Authority against SFR Group and Altice Luxembourg

On April 19, 2016, the French Competition Authority (i) found non-performance of commitments related to the sale of the mobile telecommunication activities of Outremer Telecom in Réunion and Mayotte under Decision 14-DCC-160 of October 30, 2014 concerning the exclusive takeover of SFR Group by the Altice group, and (ii) levied a financial sanction of €15 million jointly against Altice Luxembourg and SFR Group. SFR Group contested this decision before the Council of State. The penalty was paid by the Group in July 2016.

Sanction by the French Competition Authority for violation of the suspensive nature of the control of concentrations

On November 8, 2016, SFR Group and Altice were notified of the decision of the French Competition Authority sentencing them to a €80 million gun-jumping fine in connection with the 2014 acquisition of SFR and Virgin Mobile. The denounced practices, which aimed to make the new entity operational as soon as possible after obtaining clearance of the transaction, were performed in good faith, in the midst of legal uncertainty. SFR Group chose not to refute these practices and to accept the French Competition Authority's settlement offer, thus choosing to settle the matter in order to limit its financial exposure, given the level of penalties imposed for this type of procedural violation under the French Commercial Code. The payment of this fine, fully borne by SFR Group, was made in February 2017.

4.2.3. Revenue split by activities

Year ended December 31, 2016 (€m)	France	Portugal	Israel	Dominican Republic	Others	Total
Fixed - B2C	2,839.9	684.4	642.5	109.6	136.2	**4,412.6**
Fixed - B2B	1,367.3	419.5	75.6	39.3	41.5	**1,943.2**
Wholesale	1,323.1	303.8	-	70.8	12.4	**1,710.0**
Mobile - B2C	4,513.8	584.9	185.5	425.3	83.0	**5,792.6**
Mobile - B2B	645.6	202.5	51.9	50.6	4.7	**955.3**
Other	300.7	116.4	-	21.9	444.2	**883.3**
Revenues before intercompany elimination	**10,990.5**	**2,311.5**	**955.5**	**717.5**	**721.9**	**15,697.0**
Intersegment eliminations	(43.7)	(34.6)	(0.3)	(3.7)	(234.5)	**(316.8)**
Revenues	**10,946.9**	**2,276.9**	**955.2**	**713.8**	**487.4**	**15,380.2**

Year ended December 31, 2015 (€m)	France	Portugal	Israel	Dominican Republic	Others	Total
Fixed - B2C	2,873.1	484.6	645.3	106.9	141.3	**4,251.2**
Fixed - B2B	1,402.8	299.7	72.9	37.8	28.8	**1,842.0**
Wholesale	1,328.1	170.5	-	62.7	10.6	**1,571.9**
Mobile - B2C	4,722.2	346.3	151.0	414.0	99.6	**5,733.1**
Mobile - B2B	712.9	122.5	54.0	50.7	4.8	**944.9**
Other	-	72.6	-	22.7	115.5	**210.8**
Revenues before intercompany elimination	**11,039.1**	**1,496.2**	**923.2**	**694.8**	**400.6**	**14,553.9**
Intersegment eliminations	(21.2)	(3.9)	-	-	(44.9)	**(70.0)**
Revenues	**11,017.9**	**1,492.3**	**923.2**	**694.8**	**355.7**	**14,483.9**

4.2.4. Capital expenditure

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

Capital expenditure December 31, 2016 (€m)	France	Portugal[3]	Israel[4]	Dominican Republic	Others[1,2]	Total
Capital expenditure (accrued)	2,307.4	438.8	312.8	122.3	583.7	**3,765.0**
Capital expenditure - working capital items	214.7	(56.1)	1.9	12.3	(289.9)	**(117.1)**
Payments to acquire tangible and intangible assets	2,522.1	382.7	314.7	134.6	293.8	**3,647.9**

Capital expenditure December 31, 2015 (€m)	France	Portugal	Israel	Dominican Republic	Others	Total
Capital expenditure (accrued)	2,369.7	208.6	284.9	124.1	93.3	**3,080.7**
Capital expenditure - working capital items	(451.1)	(24.7)	-	(10.2)	19.9	**(466.1)**
Payments to acquire tangible and intangible assets	1,918.7	183.9	284.9	113.9	113.2	**2,614.6**

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

4.2.4.1. Content rights

During the year, the Group, via entities included in the Altice International sub-group, secured exclusive content rights to broadcast certain sports (English Premier League Football, French Basketball League and English Rugby Premiership) in France and other territories; the rights are for periods of between three and six years. The content rights were capitalised in accordance IAS 38- *Intangible Assets* and are amortised on a straight-line basis over

their respective useful lives. Where appropriate, the nominal cash flows were discounted to their present value on initial recognition of the asset. The amortization recorded for the year ended December 31, 2016 was:

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

4.3. Financial Key Performance Indicators ("KPIs")

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

The financial KPIs tracked by the Board of Directors are:

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

Adjusted EBITDA and capex are non-GAAP measures. These measures are useful to readers of Altice Group's financials as it provides them with a measure of the operating results which excludes certain items that Altice's executive board members consider outside of its recurring operating activities or that are non-cash, making trends more easily observable and providing information regarding operating results and cash flow generation that allows investors to better identify trends in its financial performance. The non-GAAP measures are used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the de facto metrics used by investors and other members of the financial community to value other companies operating in the same businesses as the Group and thus enables a better comparison between the Group and its peers. Moreover, the debt covenants of the Group are based on the Adjusted EBITDA and other associated metrics.

Adjusted EBITDA is defined as operating income before depreciation and amortization, and non-recurring items (capital gain, non-recurring litigation, restructuring costs) and other adjustments (equity based compensation expenses). This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of depreciation, amortization and impairment, excluded from this measure do ultimately affect the operating results, which is also presented within the consolidated financial statements in accordance with IAS 1 - *Presentation of Financial Statements*.

Capital expenditure is an important indicator to follow, as the profile varies greatly between the Group's activities:

- The fixed business has fixed capex requirements that are mainly discretionary (network, platforms, general), and variable capex requirements related to the connection of new customers and the purchase of Customer Premise Equipment (TV decoder, modem, etc).
- Mobile capex are mainly driven by investment in new mobile sites, upgrade to new mobile technology and licenses to operate. Once capex are engaged and operational, there are limited capex requirement.
- Other capex: Mainly relates to the acquisition of content rights

5. Goodwill

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

Goodwill (€m)	January 1, 2016	Recognized on business combination	Changes in foreign currency translation	Held for sale	Disposals	December 31, 2016
France[1]	11,565.5	591.6	-	-	-	12,157.2
Portugal	1,706.2	-	-	-	-	1,706.2
Israel	697.8	-	34.5	-	-	732.3
Dominican Republic	858.9	-	32.0	-	-	890.9
Others	594.9	169.2	-	(295.5)	-	468.6
Gross value	**15,423.3**	**760.9**	**66.6**	**(295.5)**	**-**	**15,955.2**
France	-	-	-	-	-	-
Portugal	-	-	-	-	-	-
Israel	(144.0)	-	(7.2)	-	-	(151.2)
Dominican Republic	-	-	-	-	-	-
Others	(4.6)	-	-	-	-	(4.6)
Cumulative impairment	**(148.6)**	**-**	**(7.2)**	**-**	**-**	**(155.9)**
France	11,565.5	591.6	-	-	-	12,157.2
Portugal	1,706.2	-	-	-	-	1,706.2
Israel	553.8	-	27.3	-	-	581.1
Dominican Republic	858.9	-	32.0	-	-	890.9
Others	590.3	169.2	-	(295.5)	-	464.1
Net book value	**15,274.7**	**760.9**	**59.4**	**(295.5)**	**-**	**15,799.5**

1 Goodwill in France includes existing goodwill acquired as a result of the integration of AMG. For more details, refer note 3.3.2

Goodwill (€m)	January 1, 2015	Recognized on business combination	Changes in foreign currency translation	Held for sale	Disposals	December 31, 2015
France	11,565.5	-	-	-	-	11,565.5
Portugal	1.3	1,706.2	-	(1.3)	-	1,706.2
Israel	627.2	-	70.6	-	-	697.8
Dominican Republic	767.3	-	91.6	-	-	858.9
Others	594.9	-	.1	-	-	594.9
Gross value	**13,556.1**	**1,706.2**	**162.3**	**(1.3)**	**-**	**15,423.3**
France	-	-	-	-	-	-
Portugal	-	-	-	-	-	-
Israel	(129.4)	-	(14.7)	-	-	(144.0)
Dominican Republic	-	-	-	-	-	-
Others	(4.6)	-	-	-	-	(4.6)
Cumulative impairment	**(134.0)**	**-**	**(14.7)**	**-**	**-**	**(148.6)**
France	11,565.5	-	-	-	-	11,565.5
Portugal	1.3	1,706.2	-	(1.3)	-	1,706.2
Israel	497.8	-	55.8	-	-	553.8
Dominican Republic	767.3	-	91.6	-	-	858.9
Others	590.3	-	.1	-	-	590.3
Net book value	**13,422.1**	**1,706.2**	**147.5**	**(1.3)**	**-**	**15,274.7**

5.1. Impairment of goodwill

The Group has chosen to organise its GCGUs based on the geographies that it operates in. For more details on the GCGUs, please refer to the note 4 "Segment Reporting". Goodwill is reviewed at the level of each GCGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill is tested annually at the GCGU level for impairment as of December 31, 2016. The GCGU is at the country level where the subsidiaries operate. The recoverable amounts of the GCGUs are determined based on their value in use except for the France GCGU, for which the fair value less cost of disposal is used. The Group determined to calculate value in use for purposes of its impairment testing and, accordingly, did not determine the fair value of the GCGUs. The key assumptions for the value in use calculations are primarily the pre-tax discount rates, the terminal growth rate and the EBIT margin during the period. The impairment tests did not result in impairment for any periods presented in these consolidated financial statements.

The value in use of each GCGU (except for France) 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 Directors. Beyond the specifically forecasted period of five years, the Company extrapolates cash flows for the remaining years based on an estimated constant growth rate between 1-2%. This rate does not exceed the average long-term growth rate for the relevant markets. Discount rates have been computed using WACC approach and range from 4.9% to 11%. Assumptions for churn rates and operating income, or EBIT (and the EBIT margin) were based on historical experience and expectations of future changes in the market. Recurring capex is expected to be proportional to sales and thus is indexed to the growth in revenues.

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

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

The impairment testing for France is based on the fair value less cost of disposal of the SFR Group (based on the observable share price), and therefore, the assumptions discussed below do not apply to the impairment testing for the France GCGU.

Key assumptions used in estimating value in use	France	Portugal	Israel	Dominican Republic	Others
At December 31, 2016					
Quoted share price (€)	26.83	n/a	n/a	n/a	n/a
Average perpetuity growth rate (%)	n/a	1.0%	1.8%	2.0%	1.5%
5 year average EBIT margin (%)	n/a	29.7%	13.3%	37.1%	14.6%
Post tax weighted average cost of capital 2015 (%)	n/a	8.1%	10.0 - 11.0%	9.6%	4.9 - 6.7%
At December 31, 2015					
Quoted share price (€)	33.5	n/a	n/a	n/a	n/a
Average perpetuity growth rate (%)	n/a	-	1.50%	2.0%	2.0%
5 year average EBIT margin (%)	n/a	31.4%	17.2%	36.3%	25.0%
Post tax weighted average cost of capital (%)	n/a	7.9%	10.0 - 11.0%	9.5%	5.6 - 7.8%

The Group has made use of various external indicators and internal reporting tools to estimate the revenue growth rates considered for the purpose of impairment testing for the year ended December 31, 2016.

- The growth rates are provided by individual subsidiaries and the GCGU allocation is indicated.
- The Board of Directors estimated discount rates using post-tax rates that reflected current market rates for investments of similar risk. The discount rate for the GCGUs was estimated from the weighted average cost of capital ("WACC") of companies which operate a portfolio of assets similar to those of the Company's assets.
- Capex was indexed to the revenues, as the Board of Directors tracks the capex spend expressed in a % of sales as a key KPI. The Board of Directors believes that recurring capex should be related to the acquisition of new clients and hence is indexed to the growth in revenues.

5.1.1. Sensitivity analysis

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

Excess of fair value above carrying amount given the following changes in assumptions (€m)	France	Portugal	Israel	Dominican Republic	Others
0.5% increase in the discount rate	n/a	1,145.2	579.9	1,184.1	243.3
1.0% decrease in the perpetual growth rate	n/a	826.1	510.4	1,093.4	199.6
10% decrease in the SFR Group share price	3,349.0	n/a	n/a	n/a	n/a

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

5.2. Business combinations

5.2.1. Altice Customer Services (ACS)

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

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

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

5.2.2. Altice Technical Services (ATS)

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

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

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

5.2.3. Groupe News Participations (NextRadioTV)

As discussed in note 3.2.1, following the public tender offer, GNP was consolidated fully in the Group financial statements. This transaction qualified as a step acquisition as per IFRS 3, *Business Combinations*, and goodwill was allocated to the France GCGU, following the internal transfer to SFR Group. The fair value was determined by an independent external appraiser based on a business plan prepared as of the date of acquisition as follows:

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

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

5.2.4. Other main variations in goodwill (France)

On May 25, 2016, AMG was transferred to the Group by Altice Media Group S.à r.l.. This is considered as a related party transaction, as Altice Media Group S.à r.l. shares the same controlling shareholder as the Group. The transaction allows the Group to pursue its strategy of convergence between communication and media. In the

absence of specific guidance in IFRS concerning the accounting for common control transactions, and in line with similar transactions carried out by the Group in the past, no purchase price allocation was performed. However, as part of the acquisition of AMG, the Group acquired existing goodwill recorded at AMG resulting from historic acquisitions made by AMG. The goodwill arose on acquisition of Libération, NewsCo and i24news and totals €129.0 million. AMG had identified and evaluated the brands at a fair value of €54.0 million (€35.0 million net of taxes).

6. Intangible assets

Intangible assets December 31, 2016 (€m)	January 1, 2016	Additions	Disposals	Business Combi-nations	Changes in foreign currency	Held for sale	Other	December 31, 2016
Software	1,851.4	351.2	(47.9)	4.0	10.7	(3.6)	80.9	2,246.7
Brand name	1,472.7	0.1	-	141.8	2.3	(34.6)	(43.3)	1,539.0
Customer relations	4,886.5	16.6	-	-	19.0	(36.4)	2.2	4,887.9
Licenses	2,653.0	421.9	(0.6)	89.1	2.9	(19.9)	(7.6)	3,138.9
R&D costs acquisitions	15.5	1.8	-	5.4	-	-	3.3	26.1
Subscriber acquisition costs	617.9	153.7	-	-	17.4	-	-	788.9
Intangible assets under construction	212.0	172.3	(2.5)	2.1	(0.1)	-	(119.6)	264.3
Other intangible assets	2,549.8	436.8	(111.2)	212.0	17.6	(25.6)	(277.7)	2,801.7
Total Gross Value	**14,258.8**	**1,554.3**	**(162.1)**	**454.4**	**69.9**	**(120.0)**	**(361.8)**	**15,693.5**
Software	(654.9)	(484.9)	47.6	-	(9.0)	2.2	26.9	(1,072.2)
Brand name	(184.6)	(154.8)	-	-	(1.2)	7.7	1.0	(332.0)
Customer relations	(802.7)	(651.4)	-	-	(12.7)	33.3	0.5	(1,433.1)
Licenses	(385.7)	(243.0)	1.8	-	(1.3)	9.7	11.7	(606.8)
R&D costs acquisitions	(1.1)	(8.1)	-	-	-	-	(0.1)	(9.3)
Subscriber acquisition costs	(511.7)	(119.7)	-	-	(17.0)	-	-	(648.4)
Intangible assets under construction	0.1	(1.0)	4.0	-	-	-	(3.0)	0.1
Other intangible assets	(778.4)	(454.7)	102.9	-	(9.3)	16.6	155.8	(967.1)
Total Cumulative amortization	**(3,319.0)**	**(2,117.5)**	**156.3**	**-**	**(50.6)**	**69.5**	**192.6**	**(5,068.7)**
Software	1,196.5	(133.8)	(0.3)	4.0	1.7	(1.4)	107.8	1,174.5
Brand name	1,288.1	(154.7)	-	141.8	1.1	(26.9)	(42.4)	1,207.1
Customer relations	4,083.8	(634.9)	-	-	6.3	(3.0)	2.6	3,454.8
Licenses	2,267.3	178.9	1.2	89.1	1.6	(10.1)	4.1	2,532.1
R&D costs acquisitions	14.4	(6.3)	-	5.4	-	-	3.2	16.7
Subscriber acquisition costs	106.2	34.0	-	-	0.4	-	-	140.6
Intangible assets under construction	212.1	171.4	1.5	2.1	(0.1)	-	(122.6)	264.4
Other intangible assets	1,771.4	(17.8)	(8.2)	212.0	8.2	(9.1)	(121.9)	1,834.6
Total Net book value	**10,939.8**	**(563.2)**	**(5.8)**	**454.4**	**19.3**	**(50.5)**	**(169.2)**	**10,624.8**

Intangible assets December 31, 2015 (€m)	January 1, 2015	Additions	Disposals	Business Combi-nations	Changes in foreign currency	Held for sale	Other	December 31, 2015
Software	1,398.9	324.8	(52.1)	16.4	21.7	(20.0)	161.7	1,851.4
Brand name	1,292.3	.2	-	227.0	6.9	(53.8)	0.1	1,472.7
Customer relations	3,610.4	15.0	-	1,211.0	48.6	(10.2)	11.7	4,886.5
Licenses	2,144.4	476.5	-	56.1	15.0	(12.0)	(27.0)	2,653.0
R&D costs acquisitions	6.4	3.1	-	6.6	-	(0.1)	(0.5)	15.5
Subscriber acquisition costs	412.4	131.5	(0.1)	-	29.5	(0.7)	45.4	617.9
Intangible assets under construction	165.7	161.6	(16.8)	44.1	0.5	(0.4)	(142.6)	212.0
Other intangible assets	1,900.5	270.5	(220.5)	577.2	23.5	(14.8)	13.5	2,549.8
Total Gross Value	**10,931.0**	**1,383.3**	**(289.5)**	**2,138.4**	**145.5**	**(112.0)**	**62.3**	**14,258.8**
Software	(149.1)	(488.6)	44.0	-	(16.8)	16.8	(61.2)	(654.9)
Brand name	(50.2)	(165.2)	-	-	(1.1)	31.9	-	(184.6)
Customer relations	(220.7)	(563.7)	-	-	(18.8)	8.6	(8.1)	(802.7)
Licenses	(221.1)	(169.5)	-	-	(2.7)	7.6	-	(385.7)
R&D costs acquisitions	(0.7)	(6.2)	-	-	-	0.2	5.6	(1.1)
Subscriber acquisition costs	(315.2)	(145.4)	-	-	(28.8)	0.1	(22.4)	(511.7)
Intangible assets under construction	0.1	-	-	-	-	-	-	0.1
Other intangible assets	(466.3)	(431.1)	97.0	-	(16.3)	2.8	35.5	(778.4)
Total Cumulative amortization	**(1,423.2)**	**(1,969.5)**	**141.0**	**-**	**(84.5)**	**68.0**	**(50.6)**	**(3,319.0)**
Software	1,249.8	(163.8)	(8.1)	16.4	4.9	(3.2)	100.5	1,196.5
Brand name	1,242.1	(165.0)	-	227.0	5.8	(21.9)	0.1	1,288.1
Customer relations	3,389.7	(548.7)	-	1,211.0	29.8	(1.6)	3.6	4,083.8
Licenses	1,923.3	307.0	-	56.1	12.3	(4.4)	(27.0)	2,267.3
R&D costs acquisitions	5.7	(3.1)	-	6.6	-	0.1	5.1	14.4
Subscriber acquisition costs	97.2	(13.9)	(0.1)	-	0.7	(0.6)	23.0	106.2
Intangible assets under construction	165.8	161.6	(16.8)	44.1	0.5	(0.4)	(142.6)	212.1
Other intangible assets	1,434.2	(160.6)	(123.5)	577.2	7.2	(12.0)	49.0	1,771.4
Total Net book value	**9,507.8**	**(586.4)**	**(148.5)**	**2,138.4**	**61.0**	**(44.0)**	**11.7**	**10,939.8**

Further details on several captions in the tables above include:

- Customer relations have been valued using the excess earnings method upon acquisition. These are amortized on the basis of the local churn rate. The carrying amount of customer relations by segment was: (i) France: €2,228.7 million, (ii) Portugal: €1,013.3 million, (iii) Israel: €146.5 million (iv) Others: €66.6 million.
- Subscriber acquisition costs were recognized in respect of the costs of acquisition of subscribers (including additional sales commissions). The amortization expenses are linked to the length of the average commitment of the subscribers.
- The Licenses caption up to December 31, 2015 mainly included the rights to use the cable and other installations constructed by France Telecom (the historical public telecoms operator in France), mobile licenses of SFR Group of €1,984.5 million. The increase was related mainly to the capitalization of sports content rights by a subsidiary of the Group for a total amount of 413.8m euros as described in note 4.2.4.1.
- Brand names includes the carrying amount of different brands owned by the Group and recognized as part of different purchase price allocations. The carrying amounts of the different brands of the Group allocated to the segments is: (i) in France, SFR €973.8 million, (ii) Meo in Portugal: €203.0 million, (iii) HOT in Israel: €18.8 million and (iv) Others: €10.2 million. The Group also allocated €141.8 million to the brands acquired on the acquisition of GNP and AMG.

7. Property, plant and equipment

Property, plant and equipment December 31, 2016 (€m)	January 1, 2016	Additions	Disposals	Business Combi-nations	Changes in foreign currency	Held for sale	Other	December 31, 2016
Land	293.2	1.4	(1.4)	0.0	0.2	(0.1)	1.6	295.0
Buildings	2,184.8	133.3	(95.8)	9.2	4.7	(0.1)	28.3	2,264.4
Technical and other equipment	9,305.2	1,137.0	(427.5)	17.1	163.1	(119.1)	21.4	10,097.3
Assets under constructions	492.5	547.2	(11.7)	7.8	1.1	-	(385.9)	651.0
Other	1,237.5	352.6	(146.6)	17.2	1.6	(2.2)	113.4	1,573.5
Total Gross Value	**13,513.2**	**2,171.5**	**(683.0)**	**51.4**	**170.7**	**(121.5)**	**(221.1)**	**14,881.2**
Land	-	-	-	-	-	-	-	-
Buildings	(206.4)	(175.2)	80.2	-	(2.8)	0.0	1.4	(302.8)
Technical and other equipment	(2,598.3)	(1,396.9)	375.5	-	(122.6)	41.7	174.1	(3,526.6)
Assets under constructions	1.3	5.8	-	-	(0.0)	-	-	7.0
Other	(412.9)	(351.2)	127.6	-	(2.1)	1.5	(32.7)	(669.9)
Total Cumulative amortization	**(3,216.3)**	**(1,917.5)**	**583.3**	**-**	**(127.6)**	**43.2**	**142.7**	**(4,492.2)**
Land	293.2	1.4	(1.4)	0.0	0.2	(0.1)	1.6	295.0
Buildings	1,978.4	(41.9)	(15.6)	9.2	1.9	(0.1)	29.7	1,961.6
Technical and other equipment	6,706.9	(259.9)	(52.0)	17.1	40.5	(77.4)	195.5	6,570.7
Assets under constructions	493.8	553.0	(11.7)	7.8	1.0	-	(385.9)	658.1
Other	824.6	1.4	(19.0)	17.2	(0.5)	(0.7)	80.7	903.7
Total Net book value	**10,296.9**	**254.0**	**(99.7)**	**51.4**	**43.1**	**(78.3)**	**(78.4)**	**10,389.0**

Property, plant and equipment December 31, 2015 (€m)	January 1, 2015	Additions	Disposals	Business Combi-nations	Changes in foreign currency	Held for sale	Other	December 31, 2015
Land	113.3	3.3	(5.0)	177.8	2.1	(0.3)	2.0	293.2
Buildings	1,550.0	104.8	(17.5)	517.1	13.2	0.4	16.8	2,184.8
Technical and other equipment	6,114.6	999.4	(373.5)	2,316.1	355.4	(193.1)	86.3	9,305.2
Assets under constructions	397.8	309.3	(27.6)	97.5	6.4	(3.3)	(287.6)	492.5
Other tangible assets	928.0	300.9	(97.6)	45.9	3.5	(8.3)	65.1	1,237.5
Total Gross Value	**9,103.7**	**1,717.7**	**(521.2)**	**3,154.4**	**380.6**	**(204.6)**	**(117.4)**	**13,513.2**
Land	-	-	-	-	-	-	-	-
Buildings	(46.1)	(175.9)	13.7	-	(6.2)	0.2	7.9	(206.4)
Technical and other equipment	(1,704.2)	(1,316.0)	331.1	-	(241.3)	165.0	167.1	(2,598.3)
Assets under constructions	2.1	(0.7)	-	-	(0.1)	-	-	1.3
Other tangible assets	(6.4)	(381.8)	87.2	-	(5.3)	3.5	(110.1)	(412.9)
Total Cumulative amortization	**(1,754.6)**	**(1,874.4)**	**432.0**	**-**	**(252.9)**	**168.7**	**64.9**	**(3,216.3)**
Land	113.3	3.3	(5.0)	177.8	2.1	(0.3)	2.0	293.2
Buildings	1,503.9	(71.1)	(3.8)	517.1	7.0	0.6	24.7	1,978.4
Technical and other equipment	4,410.4	(316.6)	(42.4)	2,316.1	114.1	(28.1)	253.4	6,706.9
Assets under constructions	399.9	308.6	(27.6)	97.5	6.3	(3.3)	(287.6)	493.8
Other tangible assets	921.6	(80.9)	(10.4)	45.9	(1.8)	(4.8)	(45.0)	824.6
Total Net book value	**7,349.1**	**(156.7)**	**(89.2)**	**3,154.4**	**127.7**	**(35.9)**	**(52.5)**	**10,296.9**

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

- Buildings mostly comprises the hosting of technical sites, buildings and their respective fittings.
- Technical equipment principally includes network equipment (radio, switching, network administration, network core) and transmissions. It also includes the Cable network owned across the Group, which provides the ability to supply cable based pay television, broadband internet and fixed line telephony services to its subscribers.
- "Other" includes:
  - Call centers that represent centralized offices used for the purpose of receiving or transmitting a large volume of administrative, technical or commercial requests by telephone.
  - Office furniture and equipment that refer to furnishings and IT equipment.
  - Communication network infrastructure that include the digital technologies for the transmission of multi-channel television services.

As part of the various debt issuances completed by the Group, the assets of certain subsidiaries have been pledged

as collateral. This includes all material assets of HOT Telecom including the cable network, all material assets of Altice Hispaniola (other than licenses and real estate assets valued at less than €5 million), the assets of SFR Group and PT Portugal.

8. Investment in associates

Investments in associates (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Associates of SFR Group	46.3	77.7
GNP	-	297.3
Other	14.1	42.7
Total	**60.4**	**417.7**

The main change in the carrying amount of investment in associates is primarily related to the consolidation of GNP into the financial statements of the Group from February 1, 2016. The investment in GNP was previously classified as an investment in associate.

In January 2016, SFR Group entered into an agreement with Bull and Caisse des Dépôts to acquire their stake in Numergy, following which Numergy's results were fully consolidated into the consolidated financial statements of the Group (previously reported as an investment in associates as of December 31, 2015).

The other entities are associates of SFR Group (total associates of €46.3 million):

- *La Poste Telecom*: In 2011, SFR Group and La Poste created La Poste Telecom, held at 49% and 51%, respectively. This subsidiary is a mobile virtual network operator on the retail mobile telephony market under the La Poste Mobile brand. As the carrying amount of the equity investment was less than zero, SFR Group recorded a provision of €24.9 million to account for its investment in La Poste Telecom as of December 31, 2016.
- *Synerail:* On February 18, 2010, a group created by SFR, Vinci and AXA (with 30% each) and TDF (10%) signed a GSM-R public-private partnership agreement with Réseau Ferré de France. This agreement, with a 15-year duration and an overall amount of €1,000 million, involves providing the financing, construction, operation and maintenance for a digital telecommunications network that will allow for providing communications (voice and data) between trains and ground regulation staff in conference mode. It will be deployed progressively over 14,000 km of traditional and high-speed railways in France. As the carrying amount of the equity investment was less than zero, SFR Group recorded a provision of €0.5 million to account for its investment in Synerail as of December 31, 2016
- *PHO Holding:* On April 1, 2016, NextRadio TV completed the acquisition of a 39% stake in PHO holding, a company that itself holds a 100% stake in Diversite TV, which produces and broadcasts the free to air channel Numero 23.

The key financial information of the significant investments in associates is listed below:

Associates	La Poste Telecom		Synerail		Numergy	GNP
(€m)	2016	2015	2016	2015	2015	2015
Revenues	214.0	202.0	81.7	167.0	4.0	17.8
Net profit/(loss)	(19.0)	(9.0)	11.0	2.0	(16.0)	(1.5)
Net equity	(90.0)	(83.0)	(2.7)	(15.0)	168.0	218.6
Cash (-)/Net debt (+)	56.0	51.0	526.0	487.0	2.0	252.0
Total Assets	45.0	38.0	610.1	598.0	175.0	593.8

9. Financial assets

Other financial assets (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Investments held as available for sale	7.2	6.5
Loans and receivables	310.3	249.6
Derivative financial assets	2,617.2	2,530.2
Other financial assets	18.7	29.9
Total	**2,953.5**	**2,816.2**
Current	68.6	11.4
Non-current	2,884.8	2,804.8

9.1. Investment in available for sale financial assets

Partner Communications LTD: The Group holds 1,459,926 regular shares in Partner Communications LTD, (hereinafter-Partner), constituting approximately 0.9% of Partner's share capital which is engaged in the provision of mobile communications services and whose shares are traded on stock exchanges in the United States of America, in the United Kingdom and in Israel.

Wananchi Group Holdings Ltd (hereinafter Wananchi): The Group, through an indirect subsidiary, holds a 17.4% equity interest and three board seats in Wananchi Group Holdings Ltd, a cable, DTH and B2B operator based out of Kenya and providing services in Kenya and other neighbouring East African countries. The Board of Directors has classified this investment as an available for sale asset. The Company holds less than 20% of Wananchi and has no significant influence over the operational or financial decision making in Wananchi. The investment in Wananchi is carried at its fair value, which was calculated by the Board of Directors based on a discounted cash flow model, which was modelled on a business plan prepared by Wananchi's management. The carrying amount of the Group's investment in Wananchi amounted to €1.2 million for the year ended December 31, 2016.

9.2. Loans and receivables

As of December 31, 2016, this caption includes an investment in Wananchi, in return for which it was issued convertible notes, convertible at the discretion of the holder. The investment amounts to €45.2 million ($44 million equivalent, excluding accrued interests) and bears interest at a rate of 11% per annum payable in kind and matures in October 2021 (15% as of December 31, 2015). It also includes €124.0 million corresponding to a guarantee provided by Vivendi to SFR Group, as well as financial assets related to pension assets at PT Portugal for an aggregate amount of €13.8 million.

9.3. Derivative financial assets

As part of the issuance of new debts to finance the acquisition of SFR Group and PT Portugal, the Group issued debt in US Dollars. In order to cover the exchange rate risk related to this issuance, refer to note 17, the Group entered into cross currency swaps with different banks, which were classified as cash flow hedges.

This caption also includes the fair value of various call options held by the Group on non-controlling interests in Altice Customer Services and Altice Technical Services, refer to note 17 for details about the fair value of these instruments.

10. Inventories

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

A cost of €7.9 million was recorded in the consolidated statement of income to account for the change in inventories (€31.3 million expensed in 2015).

Inventories (€m)	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Raw materials and consumables	398.7	403.2
Work in progress	57.8	30.3
Gross value	**456.5**	**433.5**
Raw materials and consumables	(60.3)	(61.3)
Work in progress	(2.6)	(3.6)
Allowance for obsolensce	**(62.9)**	**(65.0)**
Raw materials and consumables	338.4	341.8
Work in progress	55.2	26.7
Total carrying amount	**393.6**	**368.5**

10.1. Inventory obsolescence

Inventory obsolesence (€m)	Raw materials and consumables	Work in progress (goods)	Finished/semi-finished goods	Total
Opening balance: January 1, 2016	**(61.3)**	**-**	**(3.6)**	**(65.0)**
Business combinations	(0.9)	-	-	(0.9)
Allowances/Write-backs	3.2	-	1.0	4.2
Variation	(1.2)	-	(0.0)	(1.2)
Held for sale	0.1	-	-	0.1
Other	(0.1)	-	-	(0.1)
Closing balance: December 31, 2016	**(60.3)**	**-**	**(2.6)**	**(62.9)**

Inventory obsolesence (€m)	Raw materials and consumables	Work in progress (goods)	Finished/semi-finished goods	Total
Opening balance: January 1, 2015	**(47.4)**	**-**	**-**	**(47.4)**
Business combinations	(16.7)	-	(3.4)	(20.1)
Allowances/Write-backs	2.7	-	(0.2)	2.4
Variation	0.3	-	0.0	0.3
Held for sale	0.0	-	-	0.0
Other	(0.3)	-	-	(0.3)
Closing balance: December 31, 2015	**(61.3)**	**-**	**(3.6)**	**(65.0)**

11. Trade and other receivables

Trade and other receivables (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Trade receivables	2,982.1	2,765.0
Other receivables	1,255.2	899.7
Total	**4,237.3**	**3,664.7**

11.1. Trade receivables

Trade and other receivables (€m)	Gross trade receivables	Allowance for doubtful debts	Total
Opening balance: January 1, 2016	**3,496.8**	**(731.8)**	**2,765.0**
Recognised through business combinations	330.0	(10.7)	319.3
Net decrease	(79.3)	(24.0)	(103.2)
Held for sale	(33.3)	5.3	(28.0)
Other changes	40.8	(11.7)	29.1
Closing balance: December 31, 2016	**3,755.0**	**(772.9)**	**2,982.1**

Trade and other receivables (€m)	Gross trade receivables	Allowance for doubtful debts	Total
Opening balance: January 1, 2015	**2,573.2**	**(535.8)**	**2,037.4**
Recognised through business combinations	831.7	(224.6)	607.0
Net increase	117.7	13.0	130.7
Held for sale	(41.1)	26.1	(15.0)
Other changes	15.3	(10.5)	4.9
Closing balance: December 31, 2015	**3,496.8**	**(731.8)**	**2,765.0**

11.1.1. Aging of trade receivables

Age of trade receivables (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Not yet due	2,598.4	2,423.6
30 - 90 days	194.0	136.1
91 - 120 days	189.7	205.3
Total	**2,982.1**	**2,765.0**

The Group routinely evaluates the credit that is provided to its customers, while checking their financial situations; however it does not demand collateral for those debts. The Group records a provision for doubtful debts, based on the factors that affect the credit risks of certain customers, past experience and other information. The Group

is of the opinion that there is no risk of concentration of counterparties given the much diversified customer basis, especially on the B2C side (in the Group's largest segments a major portion of clients pay using direct debit, credit cards or online banking). For the B2B business, the top 20 clients of the Group represent less than 5% of total Group revenues.

The largest clients of the Group are telecom operators in France and Portugal (such as Orange, Bouygues Telecom, Free Mobile, Vodafone, Optimus etc.). The risk of recoverability for these clients is quite low, given the balance in interconnection transactions between these companies and different companies of the Group. Orange, the largest client in the operator segment, is also the largest supplier of the Group.

11.2. Other receivables

Other receivables (€m)	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Prepaid expenses	258.0	158.9
Business taxes receivable	750.0	559.2
Other	247.3	181.6
Total	**1,255.2**	**899.7**

11.2.1. Prepaid expenses

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

11.2.2. Business taxes receivable

This captions comprises mostly receivables due from VAT payments made on supplier invoices. The increase from 2015 is largely a result of an increase in business taxes receivable at SFR Group of €153.7 million.

11.2.3. Other

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

12. Cash and cash equivalents and restricted cash

Cash and cash equivalents and restricted cash (€m)	**December 31, 2016**	**December 31, 2015**
Term deposits	185.3	220.3
Bank balances	534.6	405.4
Cash and cash equivalents	**719.9**	**625.7**
Restricted cash	19.6	0.6
Total	**739.5**	**626.3**

13. Shareholders' Equity

13.1. Issued capital

As of December 31, 2016, the issued share capital of the Company amounted to €2.5 million and was composed of 251,050,186 common shares with a value of €0.01 each.

13.2. Additional paid in capital

As of December 31, 2016, total additional paid in capital of the Group amounted to €840.7 million, compared to €1,016.1 million as of December 31, 2015. Changes in additional paid in capital were mainly related to:

- Transactions under common control: mainly related to the acquisition of AMG France by the SFR Group in May 2016 (see note 3.3.2).
- Others: related mainly to put options held by non-controlling interests in ACS and also the acquisition of an additional stake in our Swiss business.

13.3. Other reserves

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

Other reserves (€m)	December 31, 2016 Pre-tax amount	Tax effect	Net amount	December 31, 2015 Pre-tax amount	Tax effect	Net amount
Actuarial gains and losses	(64.2)	17.1	(47.1)	(3.5)	(0.5)	(4.0)
Items not reclassified to profit or loss	**(64.2)**	**17.1**	**(47.1)**	**(3.5)**	**(0.5)**	**(4.0)**
Available for sale reserve	2.8	-	2.8	2.4	-	2.4
Currency reserve	23.9	-	23.9	3.4	-	3.4
Cash flow hedge reserve	(959.3)	304.6	(654.7)	(317.9)	100.3	(217.6)
Items potentially reclassified to profit or loss	**(932.6)**	**304.6**	**(628.0)**	**(312.1)**	**100.3**	**(211.8)**
Total	**(996.8)**	**321.7**	**(675.1)**	**(315.6)**	**99.8**	**(215.8)**

14. Provisions

Provisions (€m)	Note	December 31, 2016	December 31, 2015
Provisions	14.1	1,287.7	1,059.8
Employee benefit provisions	14.2	1,032.3	1,051.7
Total		**2,320.1**	**2,111.5**
Current		535.2	378.1
Non-current		1,784.8	1,733.4

14.1. Provisions for litigation, site renovation and other items

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

Provisions December 31, 2016 (€m)	January 1, 2016	Business Combi-nations	Additions	Utilization	Held for sale	Other	December 31, 2016
Litigation and other disputes	673.9	4.8	255.9	(191.0)	(0.4)	64.7	807.9
Site renovation costs	161.5	-	5.4	(16.0)	-	0.3	151.2
Restructuring	54.6	25.5	107.4	(39.5)	(0.1)	1.7	149.5
Other	169.8	18.9	58.7	(48.0)	(1.4)	(18.9)	179.2
Total	**1,059.8**	**49.3**	**427.4**	**(294.6)**	**(1.9)**	**47.8**	**1,287.7**

Provisions December 31, 2015 (€m)	January 1, 2015	Business Combi-nations	Additions	Utilization	Held for sale	Other	December 31, 2015
Litigation and other disputes	544.8	57.4	114.3	(66.2)	(0.2)	23.9	673.9
Site renovation costs	135.4	-	5.7	(22.2)	-	42.5	161.5
Restructuring	11.4	-	56.4	(27.5)	-	14.3	54.6
Other	182.4	21.1	64.9	(66.5)	(10.2)	(21.9)	169.8
Total Gross Value	**874.0**	**78.5**	**241.2**	**(182.4)**	**(10.4)**	**58.8**	**1,059.8**

14.1.1. Provisions for litigation & other disputes

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

These provisions include amounts for which the nature and amounts cannot be disclosed on a case by case basis as this might expose the Group to further litigation. Such cases are outlined in note 30, Litigation and in the note 21, Taxation, for all tax related litigation. All litigation pending against the Group is either being heard or appealed at the date of this report.

14.1.2. Site renovation costs

In certain cases, the Company and its subsidiaries (mainly SFR Group, PT Portugal) have contractual obligation

to repair and renovate its technical sites and network components that are leased at the end of the contractual period or in case of an anticipated contract cancellation.

14.1.3. Restructuring

During the year the Group announced restructuring plans at SFR Group and PT Portugal as described in note 4.2.2.

14.1.4. Other provisions

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

14.2. Employee benefit provisions

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

Defined benefit obligation (€m)	**December 31, 2016**	**December 31, 2015**
Defined benefit obligation	1,202.9	1,237.8
Fair value of plan assets	(170.6)	(186.1)
Unfunded status	**1,032.3**	**1,051.7**

14.2.1. Details of the significant defined benefit plans

14.2.1.1. Portugal

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

- Pension supplements - Retirees and employees of Companhia Portuguesa Rádio Marconi, S.A. (“Marconi”, a company merged into PT in 2002) hired prior to February 1, 1998 and retirees and employees of Telefones de Lisboa e Porto, S.A. (“TLP”, a company merged into PT in 1994) and Teledifusora de Portugal, S.A. (“TDP”, a company merged into PT in 1994) hired prior to June 23, 1994 are entitled to receive a supplemental pension benefit, which complements the pension paid by the Portuguese social security system. In addition, on retirement, PT pays a lump sum gratuity of a fixed amount which depends on the length of service completed by the employee and its salary. Employees hired by PT or any of its predecessor companies after the dates indicated above are not entitled to these benefits and are thus covered only by the general Portuguese Government social security system.
- Healthcare benefits - PT sponsors the payment of post-retirement health care benefits to certain suspended employees, pre-retired employees and retired employees and their eligible relatives. Health care services are rendered by PT - Associação de Cuidados de Saúde (“PT ACS”), which was incorporated with the only purpose of managing PT’s Health Care Plan. This plan, sponsored by PT, includes all employees hired by PT until December 31, 2000 and by Marconi until February 1, 1998. The financing of the Health Care Plan comprises defined contributions made by participants to PT ACS and the remainder by PT, which incorporated an autonomous fund in 2004 for this purpose.
- Salaries to suspended and pre-retired employees - PT and other subsidiaries of PT Portugal are also responsible for the payment of salaries to suspended and pre-retired employees until the retirement age, which result from agreements between both parties. These liabilities are not subject to any legal funding requirement and therefore the monthly payment of salaries is made directly by each of the subsidiaries of PT Portugal.

14.2.1.2. France

The rights to conventional retirement benefits vested by employees are measured individually, based on various parameters and assumptions such as the employee's age, position, length of service and salary, according to the terms of their employment agreement. This plan is considered to be a defined benefit plan in accordance with IAS 19. In addition in France, the employees of the Group benefit from a general pension plan. Accordingly the Group

contributes to mandatory social security plans. This regime is considered to be a defined contribution plan in accordance with IAS 19. In France, severance payments are made in accordance with the collective agreement of the company to which they are attached.

14.2.1.3. Israel

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

14.2.2. Defined benefit obligations and fair value of plan assets

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

Defined benefit obligation (€m)	**December 31, 2016**	**December 31, 2015**
Opening balance at January 1	**1,237.8**	**154.1**
Business combinations[1]	19.9	1,154.7
Interest expense	15.0	10.7
Current service cost	17.7	15.8
Participant contrbution	0.4	0.6
Benefits paid	(159.7)	(100.9)
Curtailment	7.6	6.7
Net actuarial gain/(loss) in OCI	68.9	(7.1)
Held for sale	(6.0)	-
Other	1.2	3.2
Closing balance at December 31	**1,202.9**	**1,237.8**
Including commitments not financed	*711.6*	*769.0*
Including commitments totally financed or partially financed	*491.3*	*468.8*

14.2.2.2. Fair value of plan assets

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

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

Fair value of plan assets	**December 31, 2016**		**December 31, 2015**	
(€m)	**Amount**	**%**	**Amount**	**%**
Shares	23.7	13.9%	23.9	12.8%
Bonds	59.9	35.1%	60.9	32.7%
Real estate	2.2	1.3%	4.2	2.3%
Other[1]	84.9	49.7%	97.0	52.2%
Closing balance at December 31	**170.6**	**100.0%**	**186.0**	**100.0%**

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

14.2.2.3. Amounts recognized in comprehensive income

Defined benefit plan (€m)	**December 31, 2016**	**December 31, 2015**
Current service cost	17.7	15.8
Net interest expense	11.3	7.2
Settlement	-	-
Curtailment	7.6	6.7
Net actuarial gain/(loss)	-	(0.1)
Expenses recognised in profit or loss	**36.7**	**29.6**
Differences arising from experience	25.1	15.4
Differences arising from changes in assumptions	43.9	(22.5)
Return on plan assets (excluding interest income)	(5.0)	3.6
Expenses recognised in other comprehensive income	**64.0**	**(3.5)**
Total expenses recorded in comprehensive income	**100.8**	**26.1**

14.2.2.4. Defined benefit plan valuation assumptions

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

Assumptions used in actuarial valuation: Europe (%)	**December 31, 2016**	**December 31, 2015**
Expected rate of salary increase	0-2%	0-2%
Discount rate - pension	1.6%	1.9%
Discount rate - salaries to suspended and pre-retired	0.25%	0.5%
Discount rate - healthcare	1.75%	2.25%
Inflation rate	2.0%	2.0%

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

14.2.2.5. Sensitivity analysis

The discount rate is the main assumption used in the actuarial valuation that can have a significant effect on the defined benefit obligation.

A variation of the discount rate would have the following impact on the liability:

Sensitivity to a change in discount rate (€m)	**December 31, 2016**	**December 31, 2015**
Discount rate decreases 0.25%	31.0	24.7
Discount rate increases 0.25%	(26.0)	(23.7)

15. Borrowings and other financial liabilities

Borrowings and other financial liabilities (€m)	**December 31, 2016**	**December 31, 2015**
Long term borrowings, financial liabilities and related hedging instruments	**32,370.1**	**31,032.0**
- Debentures	*26,775.9*	*21,680.3*
- Loans from financial institutions	*5,228.0*	*9,252.0*
- Derivative financial instruments	*366.2*	*99.7*
Other non-current financial liabilities:	**519.7**	**412.2**
- Finance leases	*118.2*	*97.9*
- Other financial liabilities	*401.5*	*314.3*
Non-current liabilities	**32,889.8**	**31,444.2**
Short term borrowing, financial liabilities:	**419.9**	**248.6**
- Debentures	*31.1*	*29.7*
- Loans from financial institutions	*388.7*	*219.0*
Other financial liabilities:	**2,173.4**	**1,236.7**
- Other financial liabilities	*1,214.9*	*521.3*
- Bank overdraft	*59.6*	*126.6*
- Accrued interests	*834.0*	*530.6*
- Finance leases	*64.9*	*58.2*
Current liabilities	**2,593.3**	**1,485.3**
Total	**35,483.0**	**32,929.5**

Debentures and loans from financial institutions

Debentures and loans from financial institutions (€m)	**Note**	**December 31, 2016**	**December 31, 2015**
Debentures	15.1.1	26,807.0	21,710.0
Loans from financial institutions	15.1.2	5,616.7	9,471.0
Total		**32,423.8**	**31,181.0**

15.1.1. Debentures

Maturity of debentures (€m)	**< 1 year**	**One year or more**	**December 31, 2016**	**December 31, 2015**
SFR Group	-	12,197.3	12,197.3	9,305.0
Altice Luxembourg	-	6,881.8	6,881.8	6,735.5
Altice Financing	-	6,109.2	6,109.2	4,069.1
Altice Finco	-	1,382.9	1,382.9	1,345.7
HOT Telecom	31.1	204.8	235.9	254.7
Total	**31.1**	**26,775.9**	**26,807.0**	**21,710.0**

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

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

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

Instrument	Issuer	Face value	Coupon	Year of maturity	Fair value	Carrying amount	Fair value	Carrying amount
					December 31, 2016		December 31, 2015	
Debentures	HOT Telecom Ltd.	ILS 957 million	6.90%	2018	253.3	236.6	278.5	225.0
Senior secured notes	Altice Financing S.A.	$460 million	7.88%	2019	-	-	439.4	422.5
Senior secured notes	Altice Financing S.A.	€210 million	8.00%	2019	-	-	218.7	210.0
Senior secured notes	SFR Group S.A.	$2,400 million	4.88%	2019	-	-	2,182.40	2,204.5
Senior notes	Altice Finco S.A.	$425 million	9.88%	2020	425.4	403.2	408.4	391.4
Senior notes	Altice Luxembourg S.A.	$2,900 million	7.75%	2022	2,947.2	2,751.2	2,397.40	2,663.7
Senior notes	Altice Luxembourg S.A.	$2,075 million	7.25%	2022	2,220.3	2,075.0	1,931.00	2,075.0
Senior secured notes	Altice Financing S.A.	€300 million	6.50%	2022	315.0	300.0	314.5	300.0
Senior secured notes	Altice Financing S.A.	$900 million	6.50%	2022	890.1	853.8	816.3	826.7
Senior secured notes	SFR Group S.A.	$4,000 million	6.00%	2022	3,880.1	3,794.7	3,545.50	3,674.1
Senior secured notes	SFR Group S.A.	€1,000 million	5.38%	2022	1,050.0	1,000.0	1,022.50	1,000.0
Senior notes	Altice Finco S.A.	$250 million	9.00%	2023	284.4	250.0	278.3	250.0
Senior secured notes	Altice Financing S.A.	$2,060 million	6.63%	2023	2,012.9	1,954.3	1,863.80	1,892.2
Senior secured notes	Altice Financing S.A.	€500 million	5.25%	2023	530.0	500.0	498.3	500.0
Senior notes	Altice Finco S.A.	$400 million	8.13%	2024	393.7	379.5	351.8	367.4
Senior secured notes	SFR Group S.A.	$1,375 million	6.25%	2024	1,314.2	1,304.4	1,218.80	1,263.0
Senior secured notes	SFR Group S.A.	€1,250 million	5.63%	2024	1,320.3	1,250.0	1,263.90	1,250.0
Senior notes	Altice Luxembourg S.A.	$1,480 million	7.63%	2025	1,474.2	1,404.0	1,162.30	1,359.4
Senior secured notes	Altice Luxembourg S.A.	€750 million	6.25%	2025	784.7	750.0	630.3	750.0
Senior notes	Altice Finco S.A.	$385 million	7.63%	2025	368.9	365.2	326.2	385.0
Senior secured notes	SFR Group S.A.	$5,200 million	7.38%	2026	5,028.3	4,923.6	-	-
Senior secured notes	Altice Financing S.A.	$2,750 million	7.50%	2027	2,700.2	2,608.9	-	-
Transaction costs						(297.4)		(300.0)
Total value of bonds					**28,193.1**	**26,807.1**	**21,148.3**	**21,709.9**
Of which due within one year						*31.1*		*29.7*
Of which due after one year						*26,775.9*		*21,680.2*

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

15.1.1.1. SFR Group

SFR Group undertook refinancing activities during the year. On April 7, 2016, SFR Group announced the successful placement of a new 10-year Senior Secured Note for an aggregate amount of $5,200 million. The proceeds from this issuance were used to refinance the following debts:

- $2,400 million notes due 2019;
- €450 million drawn on the €1,125 million revolving credit facility (RCF); and
- €1,900 million term loan due 2019 (three tranches of €627.0 million, €399.0 million and $1,142.0 million respectively).

The debt was priced at 7.375%. The equivalent swapped coupon for the euro repayments is approximately 6.2%. At the date of the refinancing, the average maturity of SFR Group's debt increased from 5.8 years to 7.9 years.

As a result of the refinancing described above, the Group recognised a loss on extinguishment of a financial liability for an amount of €135.4 million during the year ended December 31, 2016.

15.1.1.2. Altice Financing S.A.

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

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

At the date of the refinancing, the average maturity of debt of Altice Financing S.A was increased from 6.0 years to 7.7 years. As a result of this transaction, the Group recognised a loss on extinguishment of financial liabilities of €70.0 million during the year ended December 31, 2016.

15.1.1.3. HOT Telecom

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

- HOT's Series A' debentures: €151 million, linked to the Consumer Prices Index for Tel Aviv. Series A' debentures which are repayable in 13 semi-annual payments commencing on September 30, 2012 and up to September 30, 2018. They bear yearly interest at a fixed rate of 3.9%.
- HOT's Series B' debentures: €127.5 million which bear yearly interest at a fixed rate of 6.9%. Series B' debentures are repayable in 13 semi-annual payments commencing on September 30, 2012 and up to September 30, 2018.

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

15.1.2. Loans from financial institutions

Maturity of loans from financial institutions (€m)	< 1 year	One year or more	December 31, 2016	December 31, 2015
SFR Group	68.2	4,736.5	4,804.7	7,082.3
Altice Financing	314.9	433.8	748.7	2,354.6
Altice Customer Services	-	28.0	28.0	
Others	5.6	29.8	35.4	34.0
Total	**388.7**	**5,228.0**	**5,616.7**	**9,470.9**

The decrease in the loans from financial institutions was mainly due to the prepayment of different term loan facilities by the Group during the year. The term loans were repaid prior to their maturity through the issuance of new debentures, as explained earlier in note 15.1.1. The following term loans were repaid as part of the refinancing:

- €1,900 million of SFR Group term loans due 2019 (three tranches of €627 million, €399 million and $1,142 million respectively);
- $1,013 million of Altice Financing Term Loans under the 2019 Term Loan facility;
- €855 million of Altice Financing Term Loans under the 2022 Term Loan facility ($500 million and €400 million respectively).

In addition to these repayments, the Group also extended the maturities of the term loans totalling €2,300 million, the tranches extended comprised:

- $1,425 million due in 2024 (with principal repayments of 1% per annum), paying interest of Libor 3m+4.25% (with a 0.75% floor), and
- €850 million due in 2023 (with principal repayments of 1% per annum), paying interest of Libor 3m+3.75% (with a 0.75% floor).

15.1.2.1. SFR Group

On October 17, 2016, SFR Group debt comprising a $1,790 million Term Loan and a €700 million Term Loan were repriced. The Term Loans have a January 2025 maturity. The $1,790 million Term Loan is priced at 3.25% over LIBOR with a 0.75% LIBOR floor. The €700 million Term Loan is priced at 3.00% over EURIBOR with a 0.75% EURIBOR floor and is priced at par. The proceeds were used to repay the entire amount of the: (i) $550 million term loan due June 2022 (priced at L+381bps); (ii) the $1,340 million and €500 million term loans due January 2023 (priced at LIBOR + 4.00% and EURIBOR +4.00% respectively), and; (iii) €100 million of the aggregate principal amount outstanding under the RCF. The refinancing represents a significant reduction to the margins on the term loans being repaid. At the time of the refinance, the transaction improved SFR Group's debt maturity profile from 7.3 to 7.6 years and reduced the weighted average cost of debt from 5.3% to 5.2%.

15.2. Covenants

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

(i) Altice Luxembourg, to Altice Luxembourg and its restricted subsidiaries,
(ii) Altice Financing S.A. and Altice Finco S.A., to Altice International S.à r.l and its restricted subsidiaries
(iii) SFR Group, to SFR Group and its restricted subsidiaries,

Other than the HOT debentures and the revolving credit facilities described below, such debt issued by the subsidiaries of the Company is subject to incurrence based covenants, which do not require ongoing compliance with financial ratios, but place certain limitations on the relevant restricted group's ability to, among other things, incur or guarantee additional debt (including to finance new acquisitions), create liens, pay dividends and other distributions to shareholders or prepay subordinated indebtedness, make investments, sell assets, engage in affiliate transactions or engage in mergers or consolidations. These covenants are subject to a number of important exceptions and qualifications. In order to be able to incur additional debt under an applicable debt instrument, the relevant restricted group must either meet the ratio test described below (on a pro forma basis for any contemplated transaction giving rise to the debt incurrence) or have available capacity under the general debt basket described below or meet certain other exceptions to the limitation on indebtedness covenant in such debt instrument.

Senior Secured Debt is subject to an incurrence test of 3:1 (Adjusted EBITDA to Net Debt) and Senior Debt is subject to an incurrence test of 4:1 (Adjusted EBITDA to Net Debt), with the exception of secured debt of the SFR Group, which is subject to an incurrence test of 3.25:1 (Adjusted EBITDA to Net Debt).

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

The Group has access to various revolving credit facilities (refer note 15.5), which are subject to maintenance covenants. The terms of these facilities are no more restrictive than the incurrence covenants contained in other debt instruments. The covenants for the RCFs that had been drawn on for the year ended December 31, 2016 are given below:

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

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

15.3. Derivatives financial instruments

As part of its financial risk management strategy, the Group has entered into certain hedging operations. These are split mainly into either fixed to fixed or floating to floating cross-currency and interest rate swaps ("CCIRS") that cover against foreign currency and interest rate risk, forward swaps that cover against foreign exchange risk only, or interest rate swaps covering interest rate risk only.

15.3.1. Derivatives designated as hedged instruments

The Group applies hedge accounting for those hedging operations that meet the eligibility criteria as defined by IAS 39. Refer to note 15.3.2 for derivatives that do not meet the hedge accounting criteria.

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

Issuer	Hedged item	Hedged amount	Pay leg (US)	Receive leg (EUR)	Year of maturity
Fixed to fixed CCIRS					
Altice Luxembourg S.A.	$2,900 million senior notes	$2,900 million	7.75%	7.34%	2022
SFR Group S.A.	$4,000 million senior secured notes	$4,000 million	6.00%	5.15%	2022
Altice Financing S.A.	$2,060 million senior secured notes	$2,060 million	6.63%	5.30%	2023
SFR Group S.A.	$1,375 million senior secured notes	$1,375 million	6.25%	5.38%	2024
Altice Luxembourg S.A.	$1,480 million senior notes	$1,480 million	7.63%	6.50%	2025
Altice Finco S.A.	$385 million senior notes	$385 million	7.63%	6.25%	2025
SFR Group S.A.	$5,200 million senior secured notes				
	- Instrument 1	$2,400 million	7.38%	6.78%	2026
	- Instrument 2	$2,790 million	7.38%	5.75%	2026
Altice Financing S.A.	$2,750 million senior secured notes				
	- Instrument 1	$780 million	7.50%	5.80%	2026
	- Instrument 2	$541 million	7.50%	6.42%	2026
	- Instrument 3	$500 million	7.50%	6.04%	2026
Floating to floating CCIRS [1]					
SFR Group S.A.	$1,790 million term loan	$550 million	L + 3.25%	E + 2.73%	2022
SFR Group S.A.	$1,790 million term loan	$1,240 million	L + 4.00%	E + 4.15%	2023
SFR Group S.A.	$1,425 million term loan	$1,425 million	L + 4.25%	E + 4.57%	2024

1 The floating rate swaps have a floor of 0.75% on both the EURIBOR (E) and LIBOR (L) legs.

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

Fixed:fixed CCIRS	Nominal USD (m)	Nominal EUR (m)	USD/EUR exchange rate	Effective date	Maturity date [1]	USD coupon	EUR coupon	Modified / new
SFR Group [1]	2,400	1,736	1.3827	8/05/2014	15/07/2024	7.38%	6.78%	Modified
SFR Group	2,790	2,458	1.135	11/04/2016	15/04/2024	7.38%	5.75%	New
Altice Financing S.A.	779.2	686.4	1.1352	3/05/2016	15/07/2024	7.50%	5.573% to 5.816%	New
Altice Financing S.A. [2]	540.5	415.5	1.301	3/05/2016	15/07/2024	7.50%	5.91% to 6.4%	Modified
Altice Financing S.A. [2]	500	442.1	1.132	3/05/2016	15/07/2024	7.50%	5.95% to 6.06%	Modified
Floating:floating CCIRS								
SFR Group [3]	1,425	1,030	1.3834	8/05/2014	15/01/2024	L+4.25%	E+4.570%	Modified

1) The modified fixed/fixed cross currency swap at SFR Group was previously designated as a hedged instrument and accounted for as a cash flow hedge since its inception.
2) The modified fixed/fixed cross currency swaps at Altice Financing were previously designated as held for trading and designated as fair value through profit and loss (FVTPL) instruments. Following the modifications, these instruments were designated as cash flow hedge instruments.
3) The floating/floating swap at SFR Group covers the principal and interest due at the maturity of the loan.

The change in fair value of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the year ended December 31, 2016. Before the impact of taxes, losses of €734.4 million were recorded in other comprehensive income (€498.0 million net of taxes).

15.3.2. Derivatives not eligible for hedge accounting

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

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

1 The $2,750 million notes were issued during the year and refinanced debt as described earlier in note 17.
2 These notes include the $425 million note, plus the $460 million notes that were refinanced with the $2,750 million notes during the year.

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

Issuer	Derivative nominal value	Pay leg	Receive leg	Year of maturity
SFR Group	€4,000 million	Euribor 3m	-0.12%	2023
Altice Financing S.A.	$750 million	Euribor 3m	-0.13%	2023
Altice Financing S.A.	$720 million	1.81%	Libor 6m	2026

15.4. Reconciliation to swap adjusted debt

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

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

Reconciliation of debentures and loans from financial institutionsto swap adjusted debt (€m)	December 31, 2016
Debentures and loans from financial institutions (as reported in the Statement of Financial Position)	**32,423.8**
Transaction costs	395.3
Total (excluding transaction costs and fair value adjustments)	**32,819.0**
Conversion of debentures and loans in foreign currency (at closing spot rate)	(22,300.4)
Conversion of debentures and loans in foreign currency (at hedged rates)	18,886.6
Total swap adjusted value	**29,405.3**

15.5. Available credit facilities

Available credit facilities (€m)	Total facility	Drawn
SFR Group	1,125.0	-
Altice Financing S.A.	986.9	310.0
Altice Luxembourg S.A.	200.0	-
Revolving credit facilities	**2,311.9**	**310.0**
Altice Financing S.A.	15.0	-
Guarantees	**15.0**	**-**
Total	**2,326.9**	**310.0**

15.6. Other financial liabilities

The non-current portion of €519.7 million comprises mainly:

- SFR Group liabilities of €151.0 million, mostly related to deposits and guarantees provided by customers for equipment they have been provided.
- Finance leases of €118.2 million, refer to note 18.
- As part of the acquisition of GNP and the subsequent minority investment in Altice Content Luxembourg, the Group has entered into a put agreement with the non-controlling interests. As per the requirements of IAS 39, the put was measured and recorded at its fair value of €61.8 million.
- As part of the acquisition of Altice Customer Services during the year, the Group entered into a put agreement with the non-controlling interests. As per the requirements of IAS 39, the instrument was measured and recorded at its fair value: €39.0 million.

The current portion of €2,173.4 million comprises mainly:

- Debts related to securitisation and reverse factoring:
  - o at SFR Group of €263.0 million for securitisation and €374.0 million, which was a total increase of €225.0 million from 2015, and
  - o across the remainder of the Group, combined liabilities of €164.6 million, an increase of €53.5 million from 2015.
- The issuance of unsecured commercial paper by SFR Group for an aggregate amount of €249.0 million.
- A vendor note amounting to €100.0 million related to SFR Group's acquisition of AMG; this note has a coupon of 3.8% and is due to mature on May 24, 2017. Refer also to the related parties description in note 28.
- Accrued interest of €834.0 million, which increased from €530.6 million in 2015 due to the increased debt portfolio following the acquisitions during the year.
- The increase compared to 2015 was partially offset by a decrease in bank overdrafts from €126.6 million to €59.6 million.

15.7. Maturity of financial liabilities

Maturity of financial liabiities (€m)	**Less than 1 year**	**Between 1 and 5 years**	**More than 5 years**	**December 31, 2016**
Loans, debentures and related hedging instruments	419.9	8,653.4	23,715.8	32,789.0
Financial instruments	-	-	-	-
Finance leases	64.9	91.2	26.9	183.0
Accrued interest	834.0	-	-	834.0
Bank overdraft	59.6	-	-	59.6
Other financial liabilities	1,214.9	202.4	200.0	1,617.3
Nominal value of borrowings	**2,593.3**	**8,947.0**	**23,942.8**	**35,483.0**

Maturity of financial liabiities (€m)	**Less than 1 year**	**Between 1 and 5 years**	**More than 5 years**	**December 31, 2015**
Loans, debentures and related hedging instruments	248.6	8,981.9	21,950.4	31,180.9
Financial instruments	-	-	99.7	99.7
Finance leases	58.3	97.9	-	156.2
Accrued interest	530.6	-	-	530.6
Bank overdraft	126.6	-	-	126.6
Other financial liabilities	521.3	257.4	56.8	835.5
Nominal value of borrowings	**1,485.4**	**9,337.2**	**22,106.9**	**32,929.5**

15.8. Currency of borrowings

Currency of borrowings (€m)	Euro	US Dollar	Israeli Shekel	Swiss Franc	Others	December 31, 2016
Loans, debentures and related hedging instruments	9,123.8	23,368.0	235.9	34.3	28.0	32,789.9
Finance leases	140.5	2.2	7.0	28.3	4.9	183.0
Accrued interest	288.6	542.2	3.2	-	-	834.0
Bank overdraft	52.8	-	-	-	6.8	59.6
Other financial liabilities	1,506.9	54.0	86.3	.3	-	1,647.5
Nominal value of borrowings	**11,112.6**	**23,966.4**	**332.5**	**62.9**	**39.7**	**35,514.1**

Currency of borrowings (€m)	Euro	US Dollar	Israeli Shekel	Swiss Franc	Others	December 31, 2015
Loans, debentures and related hedging instruments	10,478.5	20,513.5	254.7	34.0	-	31,280.7
Finance leases	73.2	72.7	9.1	1.0	-	156.0
Accrued interest	138.3	389.1	3.3	-	-	530.7
Bank overdraft	0.9	125.6	-	-	-	126.5
Other financial liabilities	137.3	638.8	40.8	10.4	8.3	835.6
Nominal value of borrowings	**10,828.2**	**21,739.7**	**307.9**	**45.4**	**8.3**	**32,929.5**

15.9. Nature of interest rate

Nature of interest rate	December 31, 2016			December 31, 2015		
(€m)	Fixed	Floating	Total	Fixed	Floating	Total
Loans, debentures and related hedging instruments	27,041.3	5,748.6	32,789.9	21,710.0	9,570.7	31,280.7
Finance leases	177.6	5.4	183.0	156.0	-	156.0
Accrued interest	832.8	1.2	834.0	453.5	77.2	530.7
Bank overdraft	59.6	-	59.6	126.5	-	126.5
Other financial liabilities	1,587.9	59.5	1,647.5	835.6	-	835.6
Nominal value of borrowings	**29,699.2**	**5,814.8**	**35,514.1**	**23,281.6**	**9,647.9**	**32,929.5**

16. Financial risk factors

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

Financial risk management is an integral part of the way the Group is managed. The Board of Directors establishes the Group's financial policies and the executive management establishes objectives in line with these policies. The Group is not subject to any externally imposed capital requirements.

16.1. Credit risk

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

The Group's income mainly derives from customers in Europe (France, Portugal, Belgium, Luxembourg and Switzerland), Israel, the Dominican Republic and in certain French Overseas Territories. The Group regularly monitors its customers' debts and provisions for doubtful debts are recorded in the consolidated financial statements, which provide a fair value of the loss that is inherent to debts whose collection lies in doubt.

Additionally, retail customers represent a major portion of revenues and these clients generally pay in advance for the services they buy, or in more significant regions, such as France, retail customers generally pay using direct debit, a practice that reduces the Group's credit risk.

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

16.2. Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which manages liquidity risk by maintaining adequate reserves, banking facilities and reserves borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group has a strong track record of driving operating free cash flow generation and specializes in turning around struggling businesses and optimizing the cash generation of existing businesses. As all external debt is issued and managed centrally, executive Directors of the Group have a significant amount of control and visibility over the payments required to satisfy obligations under the different external debts.

Additionally, the Group has access to undrawn revolving credit facilities for an aggregate amount of €2,326.9 million (after having drawn €310.0 million as of December 31, 2016, further reducing the amount able to be drawn) to cover any liquidity needs not met by operating cash flow generation.

16.3. Market risks

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

16.3.1. Interest rate risk

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

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

Interest structure of non-current financial debt (€m)	**December 31, 2016**	**December 31, 2015**
Financial debt at fixed rates	29,699.2	23,281.6
Financial debt at variable rates	5,814.8	9,647.9
Total	**35,514.1**	**32,929.5**

The Group's proportion of variable rate debt decreased from 29% for the year ended December 31, 2015 to 16% for the year ended December 31, 2016. When it can, the Group endeavours to issue fixed rate debt (which also typically offers longer maturities).

The Group has entered into different hedging contracts to manage interest rate risk related to debt instruments with variable interest rates. See note 15.3 for more information. No sensitivity analysis was performed on the impact of an increase of interest rates applicable to floating rate debt, given the Euribor/Libor floor in place. The Group does not expect that in a near future a reasonable change in interest rate would lead to Euribor/Libor rate greater than the floor rate.

16.3.2. Israeli CPI risk

The Group has borrowed from banks and issued debentures that are linked to the changes in the Israeli CPI (Consumer Price Index). Also, the Group has deposits and gave loans that are linked to the changes in the Israeli CPI. The net amount of the financial instruments that are linked to the Israeli CPI and for which the Company is exposed to changes in the Israeli CPI amounted to approximately €129.7 million (525 million Israeli Shekel) as of December 31, 2016 (€181.5 million or 771 million Israeli Shekel as of December 31, 2015).

16.3.3. Foreign currency risk

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

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

change in foreign currencies against euro on net result and reserves.

Sensitivity to variations in exchange rates (€m)	Israeli Sheckel	Swiss Francs	Dominican Pesos	Total
Profit for the year				
Increase of 10% in exchange rate	(9.0)	0.5	(4.7)	**(13.2)**
Decrease of 10% in exchange rate	9.0	(0.5)	4.7	**13.2**
Equity				
Increase of 10% in exchange rate	(35.8)	(1.0)	(19.9)	**(56.8)**
Decrease of 10% in exchange rate	35.8	1.0	19.9	**56.8**

Sensitivity to variations in exchange rates (€m)	Israeli Sheckel	Swiss Francs	Dominican Pesos	Total
Profit for the year				
Increase of 10% in exchange rate	1.4	(1.1)	(4.3)	**(4.0)**
Decrease of 10% in exchange rate	(1.4)	1.1	4.3	**4.0**
Equity				
Increase of 10% in exchange rate	99.5	0.5	0.8	**100.8**
Decrease of 10% in exchange rate	(99.5)	(0.5)	(0.8)	**(100.8)**

On the basis of the analysis provided above, the Board of Directors believes that the Group's exposure to FX rate risks is limited. Exchange differences recorded in the income statement represented a net gain of €55.8 million in 2016 (2015: net loss of €52.8 million).

Additionally, the Group is exposed to foreign currency risk on the different debt instruments that it has issued over time. The Board of Directors believes that the FX price risk related to such debt issuance is limited as:

- Foreign currency debt issued in currencies other than Euros or USD is borne by companies that have issued such debt in their functional currencies.
- A portion of the USD debt issued by SFR Group and other subsidiaries of the Group is hedged to manage the associated FX risk. A reconciliation between the nominal amount of the total debt measured at its balance sheet rate and the swap adjusted debt is presented in note 15.

16.3.4. Price risk

The Group has investments in listed financial instruments, shares and debentures that are classified as available-for-sale financial assets and financial assets at fair value through profit or loss in respect of which the Group is exposed to risk of fluctuations in the security price that is determined by reference to the quoted market price. As of December 31, 2016, the carrying amount of these investments was €7.2 million (€6.5 million as of December 31, 2015).

17. Fair value of financial assets and liabilities

17.1.1. Fair value of assets and liabilities

Fair values of assets and liabilities	December 31, 2016		December 31, 2015	
(€m)	Carrying value	Fair value	Carrying value	Fair value
Financial assets	68.6	68.6	11.4	11.4
Cash and cash equivalents	719.9	719.9	625.7	625.7
Restricted cash	19.6	19.6	0.6	0.6
Current assets	**808.1**	**808.1**	**637.7**	**637.7**
Available for sale financial assets	7.2	7.2	6.5	6.5
Derivative instruments	2,556.3	2,556.3	2,530.2	2,530.2
Other financial assets	321.4	321.4	268.1	268.1
Non-current assets	**2,884.8**	**2,884.8**	**2,804.8**	**2,804.8**
Short term borrowings and financial liabilities	419.9	419.9	248.6	248.6
Other financial liabilities	2,173.4	2,173.4	1,236.7	1,236.7
Current liabilities	**2,593.3**	**2,593.3**	**1,485.3**	**1,485.3**
Long term borrowings and financial liabilities	32,370.1	33,251.1	31,032.0	30,499.9
Other financial liabilities	519.7	519.7	412.2	412.2
Non-current liabilities	**32,889.8**	**33,770.8**	**31,444.2**	**30,912.1**

During the year there were no transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements. The Group's trade and other receivables and trade and other payables

are not shown in the table above as their carrying amounts approximate their fair values.

17.1.2. Fair value hierarchy

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Fair value measurement (€m)	Note	Fair value	Valuation technique(s)	December 31, 2016	December 31, 2015
Financial Liabilities					
FX forward contracts and interest rate swaps	15	Level 2	Discounted cash flows	366.2	99.7
Minority put options	15	Level 3	Discounted cash flows	100.8	56.8
- with NCI in GNP				*61.8*	*56.8*
- with NCI in ACS				*39.0*	-
Financial Assets					
Interest rate swaps	9	Level 2	Discounted cash flows	2,617.2	2,530.2
Minority call options	15	Level 3	Black and Scholes model	26.7	-
- with NCI in ATS				*20.2*	-
- with NCI in ACS				*6.5*	-
Conversion option GNP	15	Level 3	Black and Scholes model	-	12.5
AFS					
- Wananchi	9	Level 3	Discounted cash flows	1.2	1.2
- Partner and Co.	9	Level 1	Quoted price in an active market	5.9	5.3

17.1.3. Reconciliation of movement in fair value of Level 3 financial instruments

Reconciliation of change in fair value of level 3 instruments (€m)	Available for sale unlisted shares	Minority put options	Minority call options	December 31, 2016
Opening balance	**1.3**	**(56.8)**	**12.5**	**(43.0)**
Additions	-	(44.0)	26.7	(17.3)
Disposals	-	-	(12.5)	(12.5)
Gain/(loss) recognised in profit or loss	-	-	0.1	0.1
Closing balance	**1.3**	**(100.8)**	**26.7**	**(72.7)**

Reconciliation of change in fair value of level 3 instruments (€m)	Available for sale unlisted shares	Minority put options	Minority call options	December 31, 2015
Opening balance	36.5	-	-	36.5
Additions	-	(56.8)	12.5	(44.3)
Gain/(loss) recognised in profit or loss	(35.2)	-	-	(35.2)
Closing balance	**1.3**	**(56.8)**	**12.5**	**(43.0)**

18. Obligations under leases

The Group leased certain of its office facilities and datacenters under financial leases. The Group has options to purchase the assets for a nominal amount at the end of the lease terms. Obligations under finance leases are secured by the lessors' title to the leased assets. In addition, the Group has operating leases relating to building space and other technical assets and other assets such as automobiles under long term contracts. The future minimum lease payments on operating and finance leases to which the Group is committed are shown as follows:

Lease obligations	**December 31, 2016**		**December 31, 2015**	
(€m)	**Operating leases**	**Finance leases**	**Operating leases**	**Finance leases**
Less than one year	478.0	71.5	353.3	61.3
Between one and two years	307.9	36.8	293.1	30.6
Between two and three years	275.3	18.5	257.7	15.9
Between three and four years	236.2	16.4	235.3	14.9
Five years and beyond	879.0	45.8	851.8	41.8
Total minimum payments	**2,176.5**	**189.0**	**1,991.2**	**164.5**
Less: future finance expenses		(5.9)		(8.4)
Nominal value of contracts		**183.1**		**156.1**
Included in the consolidated financial statements as:				
- Current borrowings (note 15)		64.9		58.2
- Non-current borrowings (note 15)		118.2		97.9

In some cases, the rental space under contract may be sublet, which generates revenues and hence reduces the obligation under such leasing contracts. The minimum leases payments are presented after including such revenues that amounts to €334.0 million (2015: €316.0 million).

19. Trade and other payables

Trade and other payables	**December 31,**	**December 31,**
(€m)	**2016**	**2015**
Trade payables	5,412.5	5,296.1
Corporate and social security contributions	482.4	427.6
Indirect tax payables	739.5	525.1
Other payables	2.6	4.1
Total	**6,637.0**	**6,252.9**

20. Other liabilities

Other liabilities	**December 31,**	**December 31,**
(€m)	**2016**	**2015**
Deferred revenue	723.2	783.6
Other	139.3	107.2
Current liabilities	**862.5**	**890.7**
Fixed asset payables	332.6	444.6
Deferred revenue	391.8	310.2
Other	57.8	48.5
Non-current liabilities	**782.2**	**803.4**
Total	**1,644.7**	**1,694.1**

20.1. Deferred revenues

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

20.2. Fixed asset payables

Fixed asset payables mainly related to payments due to suppliers of premium sports content acquired by the Group during the course of 2016 (see note 4.2.4).

20.3. Other

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

21. Taxation

Tax expense (€m)	December 31, 2016	December 31, 2015
Current tax	(323.9)	(323.3)
Deferred tax	216.8	83.9
Total	**(107.2)**	**(239.5)**

21.1. Reconciliation to effective tax rate

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

1 Permanent differences are mainly due to financial interests that are non-deductible, penalties and other non-deductible expenses.
2 The recognition of tax losses and variation in tax allowance line is related mainly to the non-recognition of the tax losses of Holding companies.
3 The change in tax rate in France, Article 11 of the Budget Act 2017 prescribes a progressive decrease of the income tax rate at 28.0% (28.9% included the social surtax of 3.3%) after 2020 for all companies. This new rate was applied to all temporary differences whose maturity appears the earliest in 2020. For the financial statements as of December 31, 2015, the rate used to calculate deferred taxes decreased from 38% to 34.43%.

21.2. Deferred tax

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

Components of deferred tax balances (€m)	December 31, 2016	December 31, 2015
Employee benefits	330.9	348.4
Other temporary non-deductible provisions	201.0	142.6
Fair value adjustment (derivative)	122.0	(86.2)
Difference between tax and accounting depreciation	(1,529.9)	(1,841.0)
Other temporary tax deductions	2.5	72.0
Net operating losses and tax carry forward, net of allowance	1,897.8	1,943.6
Valuation allowance on tax losses and tax carry forwards	(1,456.1)	(1,428.4)
Valuation allowances for deferred tax asset	(266.5)	(253.2)
Total	**(698.3)**	**(1,102.2)**
Comprising:		
Deferred tax assets	109.3	38.3
Deferred tax liabilities	(807.6)	(1,140.6)

Variation in deferred tax balances (€m)	December 31, 2016	December 31, 2015
Opening balance	(1,102.2)	(1,181.0)
Deferred tax on income	216.8	82.6
Deferred tax on shareholder's equity	195.3	18.1
Change in consolidation scope	(1.7)	(19.5)
Currency translation adjustment	(6.4)	(2.5)
Closing balance	**(698.3)**	**(1,102.2)**

21.3. Net operating losses and carried forward tax credits

Expiry of deferred tax on net operating losses (€m)	December 31, 2016	December 31, 2015
Within one year	2.5	72.3
Between two and five years	1.2	23.6
More than five years	308.1	210.3
Unlimited	1,586.0	1,637.4
Net operating losses and tax carry forward, gross	**1,897.7**	**1,943.6**
Valuation allowance	(1,456.1)	(1,428.4)
Net operating losses and tax carry forward, net	**441.6**	**515.2**

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

21.4. Tax litigation

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

21.4.1. SFR Group

21.4.1.1. NC Numericable

The French tax authorities have conducted audits of various Group companies since 2005 with respect to the VAT rates applicable to multi-play offerings. Under the French General Tax Code, television services are subject to a reduced VAT rate of 5.5%, which was increased to 7% as of January 1, 2012 and to 10% from January 1, 2014, while Internet and telephony services are subject to the normal VAT rate of 19.6%, increased to 20% from January 1, 2014. When marketing multi-play offerings, the Group applies a price reduction on the price the Group would charge for these services on a stand-alone basis. This discount is primarily applied to the portion of its multi-play offers corresponding to its Internet and telephony services; the television service is the principal offer of the audited companies. As a result, the VAT charged to the Group's multi-play subscribers is lower than if the discount applied to the television portion of its packages or if it were prorated on all services.

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

The Group has also received proposed adjustments for fiscal years 2011 and 2012 for NC Numericable, Numericable and Est Vidéocommunication primarily affecting the application of the VAT on the multi-play offers, despite the change in rules on January 1, 2011 that supports the Group's practice in this area.

On February 1, 2016, the Company received notice of a tax audit from the French tax authorities for fiscal years 2013 and 2014 and on August 8, 2016 for the first half of 2016. The Group is disputing all of the proposed reassessments planned and has initiated appeals and dispute proceedings, which are at different stages, depending on the fiscal year in question for each of the fiscal years subject to reassessments. The proposed assessments have been provisioned in the financial statements as of December 31, 2016 in the amount of €68 million.

21.4.1.2. SFR

In a proposed adjustment received on December 23, 2014, the tax authorities have contested the merger of Vivendi Telecom International (VTI) and SFR dated December 12, 2011 and therefore intend to challenge SFR's inclusion in the Vivendi tax consolidation group for fiscal year 2011. The tax authorities thus intended to tax SFR separately from the Vivendi tax consolidation group, leading to a corporate tax of €711 million (principal) plus late interest and surcharges amounting to €663 million, for a total adjustment of €1,374 million. It should be noted that, under the agreement signed on February 27, 2015 by Vivendi, Altice France and Numericable-SFR, Vivendi agreed to repay to SFR, if applicable, any taxes and levies charged to SFR for fiscal year 2011, which SFR had already paid to Vivendi at the time, subject to a maximum €711 million, if the 2011 merger of SFR and VTI is ruled invalid

for tax purposes. SFR believes it has strong legal grounds to defend the merger.

At the same time, an accounting audit of the years 2012 and 2013 led the tax authorities to make various adjustments in the principal amount of the corporate tax. The company, which is disputing the assessments proposed, recognized a provision of €47 million at December 31, 2016. Finally, the tax authorities notified the Company of a tax audit during the first semester of 2016.

21.4.2. Dominican Republic

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

21.4.3. PT Portugal

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

22. Operating expenses

Operating expenses (€m)	**December 31, 2016**	**December 31, 2015**
Technical and maintenance costs	(1,066.5)	(1,035.8)
Customer services	(685.4)	(674.3)
Business Taxes	(279.4)	(254.3)
Sales and marketing expenses	(783.9)	(846.0)
General and administrative expenses	(323.4)	(409.6)
Total	**(3,138.6)**	**(3,220.0)**

23. Equity based compensation

23.1. Overview of the stock option plans

23.1.1. Altice N.V.

Altice N.V. recharges the stock option expense to Altice Management International. The stock option plan (“SOP”) issued by the Company has been considered as a replacement of equity instruments issued by Altice S.A. and was based on the fair value of the new SOP at the modification date. The Company continues to expense the initial fair value not yet recognised over the original vesting period. The expenses associated with the issuance of these stock options were calculated and recorded in accordance with IFRS 2 – Share Based Payments.

Each option granted entitles the holder to acquire one Common Share A of the Company;

- Options vest on a non-linear basis as per the following schedule:
  - A first tranche of 50% vests two years after the allocation of the options;
  - A second tranche of 25% vests three years after the allocation of the options ; and
  - The final tranche of 25% will vest four years after the allocation of the options.
- Vested options can be exercised at any time until the 10th anniversary of the issue date, after which they will be considered to have lapsed.

Compared to the year ended December 31, 2015, the Group has made amendments to the stock option plan (“SOP”), and instituted a new Long Term Incentive Plan (“LTIP”) and made grants under these plans. Under the amended plan, grants of new awards will comprise 50% equity and 50% cash components; in contrast the original SOP, was 100% equity based. The vesting of these awards will differ based on whether the employee had received grants under the original SOP. For employees who had previously received awards, future grants will vest 100% three years following grant date. The vesting of awards granted to employees the first time will follow the vesting pattern of the original SOP (i.e. 50% two years from grant date and 25% in each of years three and four

following grant date). All cash components to these awards are subject to performance criteria. During the year ended December 31, 2016, the Group incurred expenses of €3.5 million related to the cash component.

The options were valued using the Black and Scholes model, considering the modalities of the options as described in the SOP.

23.1.2. SFR Group

The Board of Directors of SFR Group adopted, starting from 2013, stock option plans for its employees and key management personnel. The exercise of options is subject to conditions of presence and performances (based on consolidated revenue and EBITDA-capex).

The vesting occurs in three periods:
- A first tranche of 50% vests two years after the allocation of the options;
- A second tranche of 25% vests three years after the allocation of the options; and
- The final tranche of 25% will vest four years after the allocation of the options.

23.2. Summary of grants and fair value of the stock options

For the year ended December 31, 2016, the Group has recorded expenses related to stock options in the line item "staff costs and employee benefits" €4.0 million for SFR Group (2015: €9.5 million). In addition, 18.5 million of expense was recharged to the Group from Altice N.V. Details of the material grants of options under the stock option plans are given below.

Altice N.V SOP and LTIP	**Number granted (m)**	**Weighted average exercise price (€)**
Options outstanding as at January 1, 2015	**36.8**	**7.30**
Granted	4.5	19.20
Exercised	-	-
Cancelled, lapsed	(1.2)	7.10
Options outstanding as at December 31, 2015	**40.1**	**8.60**
Granted	4.4	15.09
Exercised	-	7.06
Cancelled, lapsed	(1.3)	12.00
Options outstanding as at December 31, 2016	**43.2**	**9.16**

SFR Group SOP	**Number granted (m)**	**Weighted average exercise price (€)**
Options outstanding as at January 1, 2015	**8.2**	**15.40**
Granted	0.5	43.10
Exercised	(1.9)	13.90
Cancelled, lapsed	(0.4)	17.90
Adjustment 12/2015	1.1	21.80
Options outstanding as at December 31, 2015	**7.5**	**18.40**
Granted	-	-
Exercised	(2.4)	12.52
Cancelled, lapsed	(2.0)	24.78
Options outstanding as at December 31, 2016	**3.1**	**18.90**

The fair value of the stock option plan is measured using a Black and Scholes valuation model, using the following assumptions:

Altice N.V. SOP	**January 11, 2016**	**May 13, 2016**	**July 8, 2016**	**November 11, 2016**
Units granted (m)	0.44	1.40	0.53	0.40
Expiry date	January, 2026	May, 2026	July, 2026	November, 2026
Unit fair value at the grant date (€)[3]	1.24	1.09	1.68	1.57
Share price at the grant date (€)	14.17	14.03	12.75	16.19
Exercise price of the option (€)	17.00	13.48	13.74	16.45
Anticipated volatility (weighted average)[1]	24.36%	23.86%	30.34%	22.62%
Anticipated dividends[2]	2.50%	2.50%	2.50%	2.50%
Risk free interest rate (governments bonds)	0.54%	0.12%	0.00%	0.31%

SFR Group	April, 2015	September, 2015
Units granted (m)	0.4	0.1
Expiry date	April, 2023	September, 2023
Unit fair value at the grant date (€)	7.5	5.7
Exercise price of the option (€)	44.21	38.81
Anticipated volatility (weighted average)	26%	27%
Anticipated dividends	4%	4%
Risk free interest rate (governments bonds)	0.00%	0.00%

24. Depreciation, amortization and impairment losses

Depreciation and amortization for the year amounted to €4,036.6 million (2015: €3,864.9 million) consisted of:

- amortization of intangible assets for a total of €2,117.5 million (2015: €1,969.5 million), and
- depreciation of tangible assets for a total of €1,917.5 million (2015: €1,874.5 million).

In 2016, the Group recorded an impairment on the customer relationships recognised as part of SFR Group's acquisition of Virgin Mobile for an aggregate amount of €41.5 million. In 2015, the Group recognised an impairment of the ONLY brand in the French Overseas Territories for an amount of €20.9 million.

25. Average workforce

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

Average workforce	December 31, 2016	December 31, 2015
Managers	10,711.0	8,787.0
Technicians	6,748.0	7,212.0
Employees	16,254.0	15,134.0
Total	**33,713.0**	**31,133.0**

26. Net result on extinguishment of financial liability

As a result of the refinancing operations performed during the year ended December 31, 2016 (refer to note 15), the Group recognized net losses on extinguishment of financial liabilities amounting to €223.4 million.

During the previous year, as part of the acquisition of SFR by Numericable, the earn-out due to Vivendi was cancelled. This was carried at its fair value of €643.5 million as of the extinguishment date. As per the provisions of IAS 39 and IFRS 3, on derecognition, the gain on earn-out was recognized entirely in profit or loss (in financial income) as the cancellation was a result of an event separate from the original contract.

27. Net finance costs

Net finance costs (€m)	December 31, 2016	December 31, 2015
Net result on extinguishment of financial liabilities	**(223.4)**	**643.5**
Foreign exchange gains	55.8	-
Seller's guarantee granted by Vivendi S.A.	-	124.0
Interest income	11.9	31.9
Other financial income	34.0	15.5
Finance income	**101.7**	**171.4**
Interests charges on borrowings	(1,833.9)	(1,757.2)
Mark-to-Market effect on borrowings	(108.9)	29.1
Interest relative to gross financial debt	**(1,942.9)**	**(1,728.0)**
Foreign exchange losses	-	(52.9)
Other financial expenses	(149.5)	(138.4)
Impairment of available for sale financial assets	(2.5)	(47.7)
Other financial expenses	**(152.1)**	**(239.1)**
Finance costs, net	**(2,216.6)**	**(1,152.2)**

28. Related party transactions and balances

Transactions with related parties are mainly related to transactions with associates of the various operating entities of the Group, such as SFR Group. Such transactions are limited to exchange of services between SFR Group and its associate companies (see note 8 for more details on SFR Group's associates). The Group also entered into rental agreements for office space in France for the SFR Group with Quadrans, a company controlled by the ultimate beneficiary owner of the Group.

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

Related party transactions - income and expense	December 31, 2016			December 31, 2015		
(€m)	Revenue	Operating expenses	Financial income	Revenue	Operating expenses	Financial expenses
Equity holders	-	59.9	-	0.3	3.5	-
Executive managers	-	-	-	-	1.0	-
Associate companies	129.6	95.7	3.4	118.2	46.0	0.7
Total	**129.6**	**155.6**	**3.4**	**118.5**	**50.5**	**0.7**

Related party balances - assets	December 31, 2016			December 31, 2015		
(€m)	Loans and receivables	Trade receivables and other	Current accounts	Loans and receivables	Trade receivables and other	Current accounts
Equity holders	-	-	-	14.7	1.2	-
Executive managers	-	-	-	-	-	-
Associate companies	119.4	31.4	-	408.3	30.6	-
Total	**119.4**	**31.4**	**-**	**423.0**	**31.8**	**-**

Related party balances - liabilities	December 31, 2016			December 31, 2015		
(€m)	Other financial liabilities	Trade payables and other	Current accounts	Other financial liabilities	Trade payables and other	Current accounts
Equity holders	-	-	29.7	12.9	0.3	-
Executive managers	-	-	-	-	-	-
Associate companies	302.1	6.8	-	5.4	96.9	-
Total	**302.1**	**6.8**	**29.7**	**18.3**	**97.2**	**-**

The increase in the related party transactions and balances for operating expenses, accounts receivables, accounts payables and revenues is mainly driven by transactions that the SFR Group has with its associate companies (for details refer to note 8). These transactions were limited to telephony with La Poste Telecom GSM-R PPP with Synerail.

The transactions and balances with equity holders includes the amounts recharged by Altice N.V. to related Group companies, and any outstanding balances. No such fees were recognised in 2015. These include the recharge of:

- the operating expense of €41.3 million related to fees invoiced by its controlling shareholder, Next Alt as part of a brand licence and service agreement entered into between the two parties in 2016. This related to the transaction whereby the parent company of the Group paid brand licensing fees to the ultimate beneficiary owner of the Altice N.V. group, amounting to 0.2% of the total consolidated revenues of the Altice N.V. Group. A total amount of €41.2 million was invoiced by Altice N.V. to the Group to cover the costs arising from the brand licensing agreement.
- The share option expense of €18.5 million, as described in note 23.

The decrease in loans and receivables compared to December 31, 2016 is mainly due to the full consolidation of GNP by the Group for the year ended December 31, 2016. GNP was accounted for as an associate as of December 31, 2015. Such loans and receivables amounted to €297.3 million as of December 31, 2015.

The increase in other financial liabilities is mainly related to:

- A vendor note for a nominal amount of €100 million, bearing interest at 3.8% and due on May 24, 2017, relating to the acquisition of AMG by SFR Group from a company controlled by the controlling shareholder of the Group.

- An agreement for the exclusive use of a datacenter located in Switzerland and owned by a company controlled by the controlling shareholder of the Group, for an amount of €29.6 million.
- The put agreements with the minority shareholders in Altice Customer Services (€39.0 million), as described in note 3.

29. Contractual obligations and commercial commitments

The Group has contractual obligations to various suppliers, customers and financial institutions that are summarized below. A detailed breakdown by operating entity is provided below. These contractual obligations listed below do not contain operating leases (detailed in note 18).

Unrecognised contractual commitments December 31, 2016	< 1 year	Between 1 and 2 years	Between 2 and 4 years	Five years or more	Total
Goods and service purchase commitments	488.0	308.0	550.8	607.1	**1,953.9**
Investment commitments	628.0	52.1	36.4	106.6	**823.2**
Guarantees given to suppliers/customers	4.9	0.4	2.5	64.8	**72.6**
Guarantees given to financial institutions	25.3	0.8	10.4	57.8	**94.3**
Guarantees given to government agencies	20.0	0.2	26.0	62.1	**108.3**
Other commitments	-	-	5.4	29.9	**35.3**
Total	**1,166.4**	**361.5**	**631.5**	**928.2**	**3,087.6**

Unrecognised contractual commitments December 31, 2015	< 1 year	Between 1 and 2 years	Between 2 and 4 years	Five years or more	Total
Goods and service purchase commitments	283.4	98.4	31.8	(38.8)	**374.8**
Investment commitments	764.0	204.0	279.6	716.5	**1,964.1**
Guarantees given to suppliers/customers	3.6	0.5	2.0	21.0	**27.1**
Guarantees given to financial institutions	71.0	-	12.0	48.0	**131.0**
Guarantees given to government agencies	18.1	14.2	18.0	88.0	**138.3**
Other commitments	57.4	-	5.0	30.0	**92.4**
Total	**1,197.5**	**317.1**	**348.4**	**864.7**	**2,727.7**

29.1. Commitment to purchase goods and services

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

- At PT Portugal, commitments amounting to a total of €924.7 million include commitments to purchase inventory (mainly mobile phones, set-top-boxes and Home Gateways), commitments for other services, primarily related to maintenance contracts as well as commitments under football-related content agreements, namely:
    - agreements entered into in the end of 2015 for the acquisition of the exclusive broadcasting rights of home football games of several clubs (Porto, Vitória de Guimarães, Rio Ave, Boavista and Desportivo das Aves), including sponsorship agreement with Porto;
    - an agreement entered into with the other Portuguese telecom operators in July 2016 for the reciprocal sharing of broadcasting rights of football-related content for an eight year period, in accordance with which the acquisition cost of such rights is split between all operators based on their market share and accordingly PT has commitments to pay a portion of the acquisition cost of the rights acquired by its competitors based on PT's market share and is entitled to recharge other operators for a portion of the acquisition cost of its own exclusive rights based on the market share of such operators; and
    - a distribution agreement entered into with the Portuguese sports premium channel (Sport TV) in July 2016, for a two-season period, in accordance with which PT is committed to pay a non-contingent fixed component.
- At Altice Entertainment News and Sport, commitments include a total of €407.4 million related to content agreements, including the Discovery Communications and NBC Universal agreements.
- SFR Group had total commitments amounting to €367.6 million.

29.2. Investment commitments

Investment commitments decreased from the prior year due to the starting of the broadcasting period of sports content rights, refer to the note 4.2.4.1. The commitments this year mainly refer to commitments made by different Group companies to suppliers of tangible and intangible assets (including content capex). It also includes

commitments made to government or local bodies to make certain investments in the context of Public-Private Partnerships ("PPP") entered into by some subsidiaries of the Group. At SFR Group, a total of €583 million was committed to suppliers of tangible and intangible assets over a period of over five years. Additionally, a total of €160 million has been committed to PPPs entered between various local governments in France and SFR Group to connect houses with Fiber to the Home (FTTH) sockets and also to deploy FTTH in moderately dense areas.

29.3. Guarantees given to suppliers/customers

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

29.4. Guarantees given to financial institutions

This caption mainly consists of bank guarantees given by different companies in the course of their business. It mainly includes a commitment of €64.0 million made by SFR Group as part of a Public Private Partnership that it has entered with Vinci, AXA and TDF along with Réseau Ferré de France (R.F.F.).

29.5. Guarantees given to government agencies

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

29.6. Other commitments and guarantees

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

29.7. Other commitments

29.7.1. Network sharing agreement

In the mobile segment, the Group has signed Network sharing agreements in several subsidiaries. In France, on January 31, 2014 SFR and Bouygues Telecom signed a strategic agreement to share their mobile networks. They will deploy a new shared-access mobile network in an area covering 57% of the population. The agreement allows the two operators to improve their mobile coverage and to achieve significant savings over time. The deployment of the RAN sharing has started in September 2015 and 4,634 sites have been deployed as of December 31, 2016. SFR consider that the agreement's commitments given amount to approximately €1,672 million and commitments received amount to approximately €2,029 million, which results in a net commitment received of approximately €357 million over the long term agreement period.

29.7.2. Commitments linked to telecommunications activities

Furthermore, SFR Group is paying a contribution to the spectrum development fund for frequency bands which were thus developed, as decided by the French Government (700 MHz, 800 MHz, 2.1 GHz and 2.6 GHz,) as well as a tax to the National Frequencies Agency intended to cover the complete costs incurred by this establishment for the collection and treatment of claims of users of audiovisual communications services relating to interference caused by the start-up of radio-electric stations (700 MHz and 800 MHz).

30. Litigation

In the normal course of its activities, the Group is accused in a certain number of governmental, arbitration and administrative law suits. Provisions are recognised by the Group when management believe that it is more likely than not that such lawsuits shall incur expenses, and the magnitude of these expenses can be reliably estimated. Where the Group is not able to reliably measure the financial effect, the litigation is disclosed as a contingent liability.

The magnitude of the provisions recognised is based on the best estimate of the level of risk on a case-by-case basis, taking into account that the occurrence of events in the course of the legal action involves constant re-estimation of this risk.

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

This note details the Group's significant ongoing legal disputes as at December 31, 2016. Tax disputes as at December 31, 2016 are described in note 21.

30.1. France

30.1.1. Complaint by Bouygues Telecom against SFR and Orange

The French Competition Council received a complaint from Bouygues Telecom against SFR and Orange claiming that the latter were engaged in anticompetitive practices in the mobile call termination and mobile telephony markets. On May 15, 2009, the French Competition Authority postponed its decision and remanded the case for further investigation. On August 18, 2011, SFR received a complaint claiming unfair pricing. On December 13, 2012, the Competition Authority fined SFR €66.0 million for abuse of dominant position, which SFR paid.

SFR appealed the decision. The case was heard by the Paris Court of Appeal on February 20, 2014. The Paris Court of Appeal rendered its judgment on June 19, 2014, dismissing SFR's appeal (the judgment was appealed to the Court of Cassation, the French Supreme Court, by SFR on July 9, 2014; on October 6, 2015, the Court of Cassation rejected SFR's appeal) and asked the European Commission to provide an Amicus Curiae to shed light on the economic and legal issues raised by the case. The Court of Appeal postponed ruling on the merits of the case pending the Commission's opinion. The Commission rendered its opinion on December 1, 2014, which went against SFR. The hearing on the merits of the case was held on December 10, 2015. The Court of Appeal issued its ruling on May 19, 2016; it granted a 20% fine rebate to SFR due to the new nature of the infraction. The French treasury (Trésor Public) returned €13.1 million to SFR. SFR appealed on a point of law on June 20, 2016. As a result of the French Competition Authority's decision of December 13, 2012, Bouygues Telecom, OMEA and EI Telecom (NRJ Mobile) brought suit against SFR in the Commercial Court for damages. In accordance with the transaction between SFR and Bouygues Telecom in June 2014, the closing hearing of the conciliation proceedings was held on December 5, 2014. The motion for discontinuance granted on September 11, 2014 ended the legal action between the two companies. With respect to the claim by OMEA (€67.9 million) and EI Telecom (€28.6 million), SFR applied for stay on a ruling pending the decision of the Paris Court of Appeal, and obtained it. OMEA withdrew on May 24, 2016. EI Telecom decided to recommence its legal proceedings and updated its loss to €28.4 million.

30.1.2. Claim by Mundio Mobile against SFR

Mundio Mobile, an MVNO on the SFR network, brought a claim in the form of a filing against SFR on November 5, 2014 in the Paris Commercial Court. Mundio Mobile is claiming €63.6 million in damages from SFR. Mundio Mobile accuses SFR of unfair practices under the MVNO contract (by launching the offer of its former subsidiary Buzz Mobile). Mundio is also challenging certain aspects of the contract including its pricing terms. The parties settled their dispute out of the court during the fiscal year.

30.1.3. Complaint by Orange Réunion and Orange Mayotte against SRR and SFR

Differential on-net/off-net pricing in the mobile telephony market in Mayotte and Reunion

Orange Réunion Orange Mayotte and Outremer Telecom filed a complaint with the French Competition Authority in June 2009 alleging unfair differential on-net/off-net pricing by SRR in the mobile telephony market on Mayotte and Réunion seeking conservatory measures from the Competition Authority. On September 15, 2009 the French Competition Authority announced provisional measures against SRR, pending its decision on the merits. SRR had to discontinue any price spread exceeding its actual "off-net/on-net" costs in the network concerned.

As the French Competition Authority found that SRR had not fully complied with its injunction, it fined SRR €2 million on January 24, 2012. In the proceedings on the merits, with regard to the "Consumers" component of the case, SRR requested and obtained a "no contest" on the complaints on July 31, 2013. On June 13, 2014, the Authority rendered its decision for the "Consumers" component of the case, fining SFR and its subsidiary SRR €45.9 million.

Non-residential mobile telephony market in Mayotte and Réunion

The SRR premises were raided and records seized on September 12, 2013. The operation focused on the non-residential mobile telephony market in Réunion and Mayotte and was also in response to the complaint filed by Outremer Telecom. SRR appealed to the Senior Justice of the Saint-Denis Court of Appeals of Réunion against the decision authorizing the operation and a second appeal against its procedure. On June 13, 2014, the Senior Justice of the Saint-Denis Court of Appeals of Réunion handed down an order rescinding all the seizures at SRR in September 2013. The Competition Authority appealed this order.

With respect to the proceedings on the merits, the Competition Authority on February 12, 2015 sent a notice of complaints to SFR and SRR, which decided not to dispute the complaints. A report of no contest was signed on April 1, 2015. A session in front of the Authority board was held on September 15, 2015. On November 30, 2015, the French Competition Authority fined SRR (and SFR as the parent company) €10.8 million.

Compensation disputes

On October 8, 2014, Orange Reunion sued SRR and SFR jointly and severally to pay €135.3 million for the loss suffered because of the practices sanctioned by the Competition Authority. To date, the merits of the case have not yet been heard and various procedural issues have been raised, on which a judgment is pending. The Court rendered its ruling on June 20, 2016 stating that the petitions of Orange Réunion cannot relate to the period preceding October 8, 2009 and therefore refused to exonerate SFR.

On December 20, 2016, following the Court's judgment, Orange updated its estimate of the loss it believes it suffered after October 8, 2009 and reached the amount of €88 million (which represents the non-time-barred portion of the alleged loss).

30.1.4. Orange suit against SFR in the Paris Commercial Court (overflows case)

Orange filed a claim on August 10, 2011 with the Paris Commercial Court asking the Court to order SFR to immediately cease its unfair "overflow" practices and to order SFR to pay €309.5 million in contractual penalties. It accused SFR of deliberately organizing overflows onto the Orange network for the purpose of economically optimizing its own network (under designing the Primary Digital Block (PBN)). In a ruling of December 10, 2013 the Court ordered SFR to pay Orange €22.1 million. SFR and Orange both appealed the ruling. On January 16, 2015 the Paris Court of Appeals upheld the Commercial Court's ruling and SFR paid €22.1 million. On January 13, 2017, SFR appealed the ruling.

On August 11, 2014, SFR also petitioned the District Court enforcement judge, who rendered his decision on May 18, 2015 by ordering SFR to pay €0.6 million (assessment of penalty for 118 abusive overflows).

On October 5, 2016, Orange sent SFR a formal notice to pay Orange €11.8 million pursuant to contractual penalty clauses concerning spillovers alleged between July 2011 and July 2014.

30.1.5. Orange v. SFR and Bouygues Telecom (Sharing Agreement)

On April 29, 2014, Orange applied to the French Competition Authority to disallow the agreement signed on January 31, 2014 by SFR and Bouygues Telecom to share their mobile access networks, based on Article L. 420-1 of the French Commercial Code and Article 101 of the Treaty on the Functioning of the European Union (TFEU). In addition to this referral, Orange asked the Competition Authority for a certain number of injunctions against the companies involved.

In a decision dated September 25, 2014, the Competition Authority dismissed all of Orange's requested injunctions to stop SFR and Bouygues Telecom from implementing the agreement that they had signed to share part of their mobile networks. Orange appealed the Competition Authority's decision to dismiss its request for provisional measures. The Court of Appeal upheld this decision on January 29, 2015. Orange is now appealing the matter to the Court of Cassation. The Court of Cassation rendered a decision dismissing the appeal filed by Orange on October 4, 2016. The investigation of the merits continues.

30.1.6. Claim by Bouygues Telecom against NC Numericable and Completel

In late October 2013, NC Numericable and Completel received a claim from Bouygues Telecom regarding the "white label" contract signed on May 14, 2009, initially for five years and extended once for an additional five years for the supply to Bouygues Telecom of double- and triple-play very-high-speed offers. In its letter, Bouygues Telecom claimed damages totaling €53 million because of this contract. Bouygues Telecom alleges a loss that, according to Bouygues Telecom, justifies damages including (i) €17.3 million for alleged pre-contractual fraud (providing erroneous information prior to signing the contract), (ii) €33.3 million for alleged non-performance by the Group companies of their contractual obligations and (iii) €2.4 million for alleged damage to Bouygues Telecom's image. The Group considers these claims unfounded both in fact and in contractual terms, and rejects both the allegations of Bouygues Telecom and the amount of damages claimed.

On July 24, 2015, Bouygues Telecom filed suit against NC Numericable and Completel concerning the performance of the contract to supply very-high-speed links (2P/3P). Bouygues Telecom is accusing NC Numericable and Completel of abusive practices, deceit and contractual faults, and is seeking nullification of certain provisions of the contract and indemnification of €79 million. On June 21, 2016, Bouygues Telecom filed revised pleadings, increasing its claims for indemnification to a total of €180 million.

The matter was heard in a new procedural hearing on September 27, 2016. With regard to these issues, Bouygues Telecom is claiming €138.4 million in reparation for the loss suffered. The case has been postponed until March 15, 2017 to appoint the reporting judge.

In addition, in a counter-claim, NC Numericable and Completel are seeking €10.8 million in addition to the contractual interest as well as €8 million in royalties due for fiscal year 2015.

30.1.7. Free v. SFR: unfair practices for non-compliance with consumer credit provisions in a subsidized offer

On May 21, 2012, Free filed a complaint against SFR in the Paris Commercial Court. Free challenged the subsidy used in SFR's "Carrés" offers sold over the web between June 2011 and December 2012, claiming that it constituted a form of consumer credit and, as such, SFR was guilty of unfair practices by not complying with the consumer credit provisions, in particular in terms of prior information to customers. Free asked the Paris Commercial Court to require SFR to inform its customers and to order it to pay €29 million in damages. On January 15, 2013, the Commercial Court dismissed all of Free's requests and granted SFR €0.3 million in damages. On January 31, 2013, Free appealed the decision.

On March 9, 2016, the Paris Court of Appeal confirmed the Paris Commercial Court's ruling and denied all claims filed by Free. The amount of damages payable by Free to SFR was increased to €0.5 million from €0.3 million. On May 6, 2016, Free filed an appeal. SFR's pleadings in defense were filed on November 8, 2016.

30.1.8. Disputes regarding the transfer of customer call centers from Toulouse, Lyon and Poitiers

Following the transfer of customer call centers from Toulouse and Lyon to the company Infomobile and the Poitiers call centers to a subsidiary of the Bertelsmann Group, the former employees at those sites filed legal actions at Labor Tribunals in each city to penalize what they claim were unfair employment contracts constituting fraud under Article L. 1224-1 of the French Labor Code and also contravening the legal provisions regarding dismissal for economic reasons. The rulings in 2013 were mixed as the Toulouse Court of Appeals penalized SFR and Téléperformance in half of the cases while the Lyon and Poitiers courts ruled in favor of SFR. The cases are now at different stages of proceedings: Labor Tribunal, Court of Appeals and Court of Cassation.

30.1.9. Litigation over distribution in the independent network (Consumer market and SFR Business Team)

SFR, like companies operating an indirect distribution model, faces complaints from a certain number of its distributors and almost routinely from former distributors. Such recurring complaints revolve around claims of sudden breach of contractual relations, abuse of economic dependency and/or demands for requalification as a sales agent as well as, more recently, demands for requalification as a contractual branch manager and requalification as SFR contracted point of sale staff. SFR, after receiving four adverse judgments by the Court of Cassation regarding the status of branch manager, was recently successful in various Courts of Appeals. Regarding the requalification of employment contracts and sales contracts in these disputes, despite rare exceptions, SFR received favorable judgments.

30.1.10. In-depth inquiry of the European Commission into the assignment of cable infrastructures by certain local authorities

On July 17, 2013, the European Commission signalled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to Numericable was consistent with European Union government aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believes that the sale of public assets to a private company without proper compensation gives the latter an economic advantage not enjoyed by its competitors, and that it therefore constitutes government aid within the meaning of the rules of the European Union and that the free-of-charge transfer of the cable networks and ducts by 33 French municipalities to Numericable, they have argued, confers a benefit of this type and, as such, is government aid. The European Commission has expressed doubts about the compatibility of the alleged aid with the rules of the European Union. The Group firmly denies the existence of any government aid. In addition, the decision to open an investigation concerns a relatively small number of network connections (approximately 200,000), the majority of which have not been migrated to DOCSIS 3.0 and only allow access to a limited number of the Group's television services. The European Commission's decision of July 17, 2013 was published in the Official Journal of the European Union on September 17, 2013. Since then, discussions have continued within the framework of this process both in terms of comments from third parties as well as those from the parties to the proceedings as to the allegation of the existence of aid and its extent, with the Group firmly challenging the existence of any government aid.

30.1.11. Dispute with Orange concerning certain IRUs

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

Following ARCEP's Decision 2008-0835 of July 24, 2008, Orange published, on September 15, 2008, a technical and commercial offer made to telecommunication operators allowing them access to the civil engineering infrastructures of the local wire-based network, pursuant to which the operators can roll out their own fiber networks in Orange's ducts. The terms of this mandatory technical and commercial offer are more restrictive than the terms that the Group enjoys under the Orange IRUs.

As a result, in December 2011, NC Numericable and Orange signed amendments to the IRUs in order to comply with the November 4, 2010 ARCEP decision and to align the operating procedures set out in the IRUs with the procedures set out in the Orange general technical and commercial offer.

Lastly, NC Numericable initiated parallel proceedings against Orange before the Commercial Court of Paris on October 7, 2010 claiming damages of €2.7 billion for breach and modification of the IRUs by Orange. On April 23, 2012, the Commercial Court of Paris ruled in favor of Orange and dismissed the Group's claims for damages, ruling that there were no material differences between the original operational procedures and the new operational procedures imposed on NC Numericable by Orange under the terms of its general technical and commercial offer, published on September 15, 2008. NC Numericable appealed this decision before the Paris Court of Appeals and claimed the same amount of damages as it had before the Paris Commercial Court. Orange, in turn, claims that this proceeding materially impaired its brand and image, and is seeking an order to make NC Numericable pay damages of €50 million. In a ruling dated June 20, 2014, the Paris Court of Appeals dismissed NC Numericable's appeal, which was referred to the Court of Cassation on August 14, 2014. On February 2, 2015, the Court of Cassation set aside the ruling of the Paris Court of Appeals except in that it recognized NC Numericable's interest in acting and referred the case back to the Paris Court of Appeals.

30.1.12. Action by Colt, Free and Orange in the General Court of the European Union concerning the DSP 92 project

Colt, Free and Orange, in three separate motions filed against the European Commission before the General Court of the European Union seeking to annul the European Commission's final decision of September 30, 2009 (Decision C (2009) 7426), which held that the compensation of €59 million granted for the establishment and operation of a high-speed electronic communications network in the department of Hauts-de-Seine does not constitute government aid within the meaning of the rules of the European Union. The Group is not party to this proceeding. Its subsidiary Sequalum is acting as the civil party, as well as the French government and the

department of Hauts-de-Seine. In three rulings dated September 16, 2013, the General Court of the European Union rejected the requests of the three applicants and confirmed the aforementioned decision of the European Commission. Free and Orange have appealed to the Court of Justice of the European Union.

30.1.13. Litigation between Sequalum and CG 92 regarding DSP 92

A disagreement arose between the Hauts-de-Seine General Council ("CG92") and Sequalum regarding the terms of performance of a utilities public service concession contract ("THD Seine") signed on March 13, 2006 between Sequalum, a subsidiary of the Group, and the Hauts-de-Seine General Council; the purpose of this delegation was to create a very-high-speed fiber optic network in the Hauts-de-Seine region. The Hauts-de-Seine General Council meeting of October 17, 2014 decided to terminate the public service delegation agreement signed with Sequalum "for misconduct by the delegatee for whom it is solely responsible." The Hauts-de-Seine General Council demanded the payment of penalties totaling approximately €45 million for delays, advanced by the sole delegator and disputed by Sequalum, in the deployment of fiber optics and connections to buildings.

The demand for payment was contested in a motion filed with the Administrative Court of Cergy Pontoise on September 3, 2014. Its enforcement and the payment of the sums requested have been suspended pending a ruling on the merits.

On May 7, 2015, the General Council sent a second demand for an order for payment in the amount of €51.6 million, orders disputed by Sequalum on July 11, 2015.

Sequalum claims that the termination was unlawful and is continuing to perform the contract, subject to any demands that the delegator may impose. Should the competent courts confirm this interpretation of unlawful termination, Sequalum may primarely have (i) to repay the public subsidies received for the DSP 92 project, normally the outstanding component of the subsidies (the company received €25 million in subsidies from the General Council), (ii) to reimburse any deferred income (estimated at €32 million by the Department) and (iii) to compensate the Department for any losses suffered (amount estimated by the Department of €212 million).

In turn, the department of Hauts-de-Seine will receive the returnable assets of the DSP on July 1, 2015. Furthermore, the General Council will have to pay compensation to Sequalum, which essentially corresponds to the net value of the assets.

On October 16, 2014, Sequalum filed a motion in the Administrative Court of Cergy Pontoise requesting the termination of the public service concession because of *force majeure* residing in the irreversible disruption of the structure of the contract, with the resulting payment of compensation in Sequalum's favor.

At December 31, 2015, the assets were removed from Sequalum's accounts in the amount of €116 million. Income receivable in the amount of €139 million related to the expected indemnification was also recognized, an amount fully provisioned given the situation.

On July 11, 2016, the Department established a breakdown of all amounts due (in its opinion) by each Party for the various disputes, and issued demands based on said breakdown. Each amount was subject to a decision by the public accountant dated July 13, 2016 (final amount established by the latter for €181.6 million, taking into account the carrying amount due in his opinion to Sequalum). This breakdown, the various demands and the compensation decision were subject to applications for annulment filed by Sequalum with the Administrative Court of Cergy Pontoise on September 10, 12 and 14, 2016. These applications remain pending, except for the application for annulment relating to the breakdown (the court having considered that the breakdown was not a measure which could be appealed. Sequalum appealed this decision before the Versailles Administrative Court of Appeals). SFR Group states that it also has its own fiber optics in the department of Hauts-de-Seine to service its customers.

Pursuant to two decisions rendered on March 19, 2017, the Administrative Court of Cergy Pontoise rejected the actions brought by Sequalum against two enforcement measures issued by the department of Hauts-de-Seine in respect of penalties, for amounts of €51.6 million and €45.0 million. Sequalum intends to appeal the decisions.

30.1.14. Faber agreement ruling by French Competition Authority

By Decision No.14-DCC-160 dated October 30, 2014, the French Competition Authority authorized Numericable Group, a subsidiary of the Altice Group, to take exclusive control of SFR. This authorization was subject to a

certain number of commitments, including those subject to the procedure initiated by the Competition Authority relating to the performance of a joint investment agreement entered into by SFR and Bouygues Telecom on November 9, 2010 ("Faber Agreement"). Under the terms of this Agreement, SFR and Bouygues Telecom committed to jointly invest in the rollout of a horizontal fiber optic network in a defined number of towns and districts located in high density areas.

Insofar as Numericable was already highly present with the very high speed offers of its FTTB cable network in this high density area, the Authority considered that the takeover of SFR by Numericable may have cast doubts over SFR's incentive to honor its commitments to its joint investors, and in particular to Bouygues. To address this potential risk, the Authority therefore requested commitments were made to guarantee that the new group would supply the buildings requested by Bouygues Telecom under the Agreement. These commitments covered three main points:

- The obligation to provide distribution services for all Termination Points delivered as of October 30,2014 within two years;
- The drawing up of a rider to the Faber Agreement allowing Bouygues Telecom to order a list of buildings of its choice for the distribution to Termination Points delivered after October 30, 2014 within three months (excluding performance constraints);
- The provision of maintenance for the FTTH infrastructure in a transparent and non-discriminatory manner using specially introduced quality indicators.

By Decision No.15-SO-14 dated October 5, 2015, the Competition Authority officially opened an inquiry into the conditions under which Altice and SFR Group respect these commitments. By Decision No. 17-D-04 dated March 8, 2017, the Competition Authority decided to levy a financial sanction of €40 million against Altice and SFR Group, and imposed periodic penalty payments for each day of delay, for not having respected the commitments set out in the "Faber Agreement".

SFR contests this totally incriminating decision, the arguments on which it is based, and the amount of the financial sanction. The Group will appeal the decision.

30.1.15. SFR v. Orange: abuse of dominant position in the second homes market

On April 24, 2012 SFR filed a complaint against Orange with the Paris Commercial Court for practices abusing its dominant position in the retail market for mobile telephony services for non-residential customers.

On February 12, 2014, the Paris Commercial Court ordered Orange to pay to SFR €51 million for abuse of dominant position in the second homes market.

On April 2, 2014, Orange appealed the decision of the Commercial Court on the merits. On October 8, 2014 the Paris Court of Appeals overturned the Paris Commercial Court's ruling of February 12, 2014 and dismissed SFR's requests. The Court of Appeals ruled that it had not been proven that a pertinent market limited to second homes actually exists. In the absence of such a market, there was no exclusion claim to answer, due to the small number of homes concerned. On October 13, 2014 SFR received notification of the judgment of the Paris Court of Appeals of October 8, 2014 and repaid the €51 million to Orange in November 2014. On November 19, 2014 SFR appealed the ruling.

On April 12, 2016, the French Supreme Court overturned the Court of Appeal's decision and referred the case back to the Paris Court of Appeal. Orange returned €52.7 million to SFR on May 31, 2016. Orange refiled the case before the Paris Court of Appeal on August 30, 2016.

30.1.16. Complaint against Orange to the Competition Authority regarding the market in mobile telephony services for businesses

On August 9, 2010, SFR filed a complaint against Orange with the Competition Authority for anticompetitive practices in the business mobile telephony services market.

On March 5, 2015 the Competition Authority sent a notice of complaints to Orange. Four complaints were filed against Orange. On December 17, 2015, the Authority ordered Orange to pay a fine of €350 million.

On June 18, 2015, SFR filed suit against Orange in the Commercial Court and is seeking €2.4 billion in damages subject to adjustment as remedy for the loss suffered as a result of the practices in question in the proceedings

with the Competition Authority. On June 21, 2016, Orange filed an injunction to disclose several pieces of confidential data in SFR's economic report for July 21, 2016. A judge must rule on this procedural issue, after which the hearing on the merits can begin.

30.2. PT Portugal

30.2.1. Optimus - Interconnection agreement

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

30.2.2. TV Tel - Restricted access to the telecommunication ducts

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

30.2.3. Anacom litigation

Meo has several outstanding proceedings filed from Anacom, for some of which Meo has not yet received formal condemnations. This litigation includes matters such as the violation of rules relating to portability, TDT, the non-compliance of obligations under the universal service (fixed voice and public phones) and restricting the access to phone numbers starting at 760. Historically, Meo paid amounts significantly lower than the administrative fines set by Anacom in final decisions. The initial value of the proceedings is normally set at the maximum applicable amount of the administrative fine until the final decision is formally issued.

30.2.4. Zon TV Cabo Portugal – Violation of portability rules

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

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

In March 2011, Optimus filed a claim against Meo in the Judicial Court of Lisbon for the payment of

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

30.2.6. Municipal taxes and rights-of-way

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

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

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

31. Going concern

As of December 31, 2016, the Group had net current liability position of €5,307.6 million (mainly due to trade payables amounting to €6,637.0 million) and a negative working capital of €2,006.2 million. During the year ended December 31, 2016, the Group registered a net loss of €938.8 million (2015: €243.5 million) and generated cash flows from operations of €4,976.3 million. As of December 31, 2016, the Group had a negative equity position of €1,161.1 million (positive position of €465.5 million as of December 31, 2015). This negative equity position mainly resulted from the impact of the accumulated impact of the buy back of a 20% stake in SFR from Vivendi during the year ended December 31, 2015 (€4,016.0 million).

The loss generated as of December 31, 2016 was mainly due to one-off costs incurred on the extinguishment of certain financial liabilities (€223.4 million) and certain provisions for restructuring and litigation incurred in the year ended December 31, 2016.

The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding and suppliers are paid under standard commercial terms, thus generating a negative working capital, as evidenced by the difference in the level of receivables and payables (€4,237.3 million vs. €6,637.0 million). Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of December 31, 2016, the Group's short term borrowings mainly comprised of accrued interests of €834.0 million on the debenture and loans from financial institutions which are repaid on a semi-annual basis, and the amortization of some bonds and term loans. Those short-term obligations are expected to be covered by the cash flows from operations of the operating subsidiaries. As of December 31, 2016, the revolving credit facilities at Altice Financing S.A. were drawn in an aggregate of €310.0 million. A listing of available credit facilities by silo is provided in note 15.5 and the amounts available per segments are sufficient to cover the short term debt and interest expense needs of each of these segments if needed.

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

- The Group has a strong track record of generating positive EBITDA and generated strong positive operating cash flows for the year ended December 31, 2016 (€4,976.3 million).
- Adjusted EBITDA amounted to €5,940.0 million, an increase of 8.6% compared to December 31, 2015. The Board of Directors is of the view that such adjusted EBITDA and the consequent cash flows are sufficient to service the working capital of the Group.

- The Group had healthy unrestricted cash reserves (€719.9 million as of December 31, 2016, €625.7 million as of December 31, 2015), which would allow it to cover any urgent cash needs. Cash reserves in France, which carries debt obligations, were €451.9 million.
- Additionally, as of December 31, 2016, the Group had access to Revolving Credit Facilities ("RCF") and guarantee facilities of up to €2,326.9 million (of which €310.0 million was drawn as of December 31, 2016).

The Board of Directors tracks operational key performance indicators (KPIs) on a weekly basis, thus closely tracking top line trends very closely. This allows the Board of Directors and local CEOs to ensure proper alignment with budget targets and respond with speed and flexibility to counter any unexpected events and ensure that the budgeted targets are met.

On the basis of the above, the Board of Directors is of the view that the Group will continue to act as a going concern for 12 months from the date of approval of these consolidated financial statements and has hence deemed it appropriate to prepare these consolidated financial statements using the going concern assumption.

32. Events after the reporting period

New phase of the strategic partnership between SFR Group and NextRadioTV

On January 30, 2017, SFR Group announced that it intends to take over the exclusive control of NextRadioTV and to that effect, has filed the necessary application with the French regulatory authorities (CSA and French Competition Authority) in order to obtain their clearance of the proposed transaction, which will be implemented through the conversion of existing convertible bonds.

Acquisition of a stake in Sport TV

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

Next Generation Enterprise Network Alliance

On February 27, 2017, the Group announced that it became a partner of the Next Generation Enterprise Network Alliance ("NGENA") in the market of VPN services for B2B clients. Being part of NGENA is an opportunity for the operating Group companies to address B2B clients which have entities in several countries and would like to have their high performance private network with cloud services availability. NGENA is building and managing an alliance between service providers aiming at a global coverage of VPN services based on its innovative platform. Each operating Group company will benefit from the alliance for selling VPN services to its B2B clients. Joining the alliance helps the Group companies to gain immediate awareness and credibility as a worldwide service provider, to jumpstart on the VPN expertise and to accelerate penetration of the B2B market.

Judgement of the Paris Court of Appeal on the AMF decision of October 4, 2016

On October 4, 2016, the AMF decided to oppose the public exchange offer of the Company for its subsidiary SFR Group announced on September 5, 2016. As a result of the AMF decision, the offer was terminated, but the Company filed an appeal with the Court of Appeal of Paris against the decision of the AMF, which it believes was made in breach of applicable stock market regulations. On March 14, 2017, the Court of Appeal of Paris rejected the Company's appeal.

Acquisition of TEADS

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

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

Refinancing of a portion of the existing debt of Altice International group and SFR Group credit pools

On March 23, 2017, the Group announced that SFR Group successfully priced $1,420 million and €1,145 million of 8.25-year term loans B, and that Altice Financing successfully priced $910 million of 8.25-year term loan B. The new term loans will have a margin of 275bps over Libor (for the Dollar loans) and 300bps over Euribor (for the Euro loan) and be issued at an OID of 99.75. Closing of the new financing is subject to closing conditions. The proceeds of the term loans B will be used respectively to (i) refinance the €850 million and $1.418 billion principal amount of loans under the 2014 SFR Credit Facility Agreement that mature respectively in April 2023 and in January 2024, and €297 million principal amount of loans under the 2014 SFR Credit Facility Agreement that mature in July 2023, and (ii) refinance the €446 million principal amount of loans under the 2015 Altice Financing Credit Facility Agreement that mature in July 2023 and redeem the entire $425 million of the 2012 Senior Notes. Such refinancing will extend the average maturity of SFR Group debt from 7.3 to 7.6 years and reduce the weighted average cost of its debt from 5.2% to 4.9%, and extend the average maturity of Altice International group's debt from 6.7 to 7 years and reduce the weighted average cost of its debt from 6.2% to 5.9%.

33. List of entities included in the scope of consolidation

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

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Altice Luxembourg S.A.	Luxembourg	Parent Entity	Parent Entity
2 SIP S.A.S.	France	FC	78%
AF 83 S.A.S.	France	EM	19%
Alpha Distri S.A.S.	France	FC	78%
Alsace Connexia S.A.S.	France	FC	54%
Altice Africa S.à r.l	Luxembourg	FC	100%
Altice B2B France S.A.S.	France	FC	78%
Altice Bahamas S.à r.l	Luxembourg	FC	97.2%
Altice Blue Two	France	FC	99.9%
Altice Caribbean S.à r.l	Luxembourg	FC	100%
Altice Content France S.A.S.	France	FC	59%
Altice Content Luxembourg S.A.	Luxembourg	FC	59%
Altice Content S.à r.l	Luxembourg	FC	100%
Altice Customer Services S.à r.l	Luxembourg	FC	59%
Altice Entertainment News & Sport Lux S.à r.l	Luxembourg	FC	100%
Altice Entertainment News & Sport S.A.	Luxembourg	FC	100%
Altice Financing S.A.	Luxembourg	FC	100%
Altice Finco S.A.	Luxembourg	FC	100%
Altice France Bis S.à r.l	Luxembourg	FC	100%
Altice France S.A.	Luxembourg	FC	100%
Altice Hispaniola, S.A.	Dominican Republic	FC	97.2%
Altice Holdings S.à r.l	Luxembourg	FC	100%
Altice International S.à r.l	Luxembourg	FC	100%
Altice Labs, S.A.	Portugal	FC	100%
Altice Management International	Switzerland	FC	100%
Altice Media Events S.A.S.	France	FC	78%
Altice Media Publicite S.A.S.	France	FC	78%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
A Nous Paris S.A.S	France	FC	100%
Altice Picture S.à r.l	Luxembourg	FC	100%
Altice Portugal, S.A.	Portugal	FC	100%
Altice Securities S.à r.l	Luxembourg	FC	100%
Altice Technical Services S.A.	Luxembourg	FC	51%
Altice West Europe S.à r.l	Luxembourg	FC	100%
SFR Press Distribution	France	FC	78%
Animotion E.U.R.L.	France	FC	78%
Ariège Telecom S.A.S.	France	FC	78%
Atento Maroc S.A.	Morocco	FC	58%
Auberimmo S.A.S.	France	FC	100%
Audience Square S.A.S	France	EM	14%
Auto Venda Já, S.A.	Portugal	EM	50%
Automotive Media E.U.R.L.	France	FC	78%
B3G International B.V.	Netherlands	FC	78%
BFM Business TV	France	FC	29%
BFM Paris S.A.S	France	FC	29%
BFM Sport S.A.S	France	FC	29%
BFMTV S.A.S	France	FC	29%
Business FM S.A.S	France	FC	29%
Buyster S.A.	France	EM	19%
Cap Connexion S.A.S.	France	FC	78%
Capital Criativo - Scr, S.A.	Portugal	EM	11%
CBFM	France	FC	29%
CID S.A.	France	FC	78%
City Call Ltd	Mauritius	FC	97%
Coditel Brabant S.P.R.L.	Belgium	FC	84.4%
Coditel Holding Lux Ii S.à r.l	Luxembourg	FC	84.4%
Coditel Holding Lux S.à r.l	Luxembourg	FC	84.4%
Coditel Holding S.A.	Luxembourg	FC	84.4%
Coditel Management S.à r.l	Luxembourg	FC	84.4%
Coditel S.à r.l	Luxembourg	FC	84.4%
Completel S.A.S.	France	FC	78%
Comstell S.A.S.	France	FC	39%
Contact Cabo Verde - Telemarketing E Serviços De Informação, S.A.	Portugal	FC	100%
Cool Holdings Limited	Israel	FC	100%
CPA Lux S.à r.l.	Luxembourg	FC	100%
Debitex Telecom S.A.S.	France	FC	78%
Decovery S.A.S	France	FC	78%
Deficom Telecom S.à r.l.	Luxembourg	FC	74%
Diversite TV France S.A.S.	France	EM	12%
Dokeo TV S.A.S.	France	EM	39%
Drom Hasharon Telecommunication (1990) Ltd	Israel	FC	100%
Emashore S.A.	Morocco	FC	58%
Ericsson Inovação S.A.	Portugal	EM	49%
ERT Holding France S.A.S.	France	FC	28.5%
ERT Luxembourg S.A.	Luxembourg	FC	28.5%
ERT Technologies S.A.S.	France	FC	28.5%
Eur@Seine S.A.S.	France	FC	78%
Eure Et Loir Thd S.A.S.	France	FC	78%
Fischer Telecom S.A.S.	France	EM	26%
FOD SND	France	FC	78%
Foncière Rimbaud 1 S.A.S.	France	EM	39%
Foncière Rimbaud 2 S.A.S.	France	EM	39%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Foncière Rimbaud 3 S.A.S.	France	EM	39%
Foncière Rimbaud 4 S.A.S.	France	EM	39%
Foncière Velizy Sci	France	FC	78%
Forum De L'investissement S.A.	France	FC	78%
Futur Telecom S.A.S.	France	FC	78%
Global Interlink	Bahamas	FC	97.2%
Gravelines Network S.A.S.	France	FC	78%
Green Datacenter AG	Switzerland	FC	100%
Green.Ch AG	Switzerland	FC	100%
Groupe L'express S.A. (Ex-Groupe Altice Media)	France	FC	78%
Groupe News Participations S.A.S.	France	FC	29%
Groupe Outremer Telecom	France	FC	99.9%
Groupe Tests Holding S.A.S.	France	FC	29%
H. Hadaros 2012 Ltd	Israel	FC	100%
Haut-Rhin Telecom S.A.S.	France	FC	78%
Holco B S.A.S.	France	FC	78%
Hot Eidan Israel Cabele System 1987 Ltd	Israel	FC	100%
Hot Mobile International Telecommunications Ltd	Israel	FC	100%
Hot Mobile Ltd	Israel	FC	100%
Hot Net Internet Services Ltd	Israel	FC	100%
Hot Telecom Ltd	Israel	FC	100%
Hot Telecom Ltd Partnership	Israel	FC	100%
Hot Telecommunications Systems Ltd	Israel	FC	100%
Hungaro Digitel Kft (Hdt)	Portugal	EM	45%
Informatique Telematique Ocean Indien SARL	France	FC	49%
I24 News S.A.S.	Luxembourg	FC	78%
Icart S.A.S.	France	FC	28.5%
Infracos S.A.S.	France	IP	42%
Inolia S.A.	France	FC	47%
Inovendys S.A.	Morocco	FC	58%
Intelcia Cameroun S.A.	Cameroon	FC	40%
Intelcia France S.A.S.	France	FC	58%
Intelcia Group S.A.	Morocco	FC	58%
Intelcia Senegal S.A.S.	Senegal	FC	58%
Iris 64 S.A.S.	France	FC	54%
Irisé S.A.S.	France	FC	19%
Isracable Ltd	Israel	FC	100%
IT For Business SARL	France	FC	78%
Janela Digital-Informática E Telecomunicações, Lda	Portugal	EM	50%
Job Rencontres S.A.	France	FC	78%
La Banque Audiovisuelle S.A.S.	France	FC	29%
La Poste Telecom S.A.S.	France	EM	38%
LD Communications B.V.	Netherlands	FC	78%
LD Communications Italie Srl	Italy	FC	78%
LD Communications Suisse S.A.	Switzerland	FC	78%
L'etudiant S.A.S.	France	FC	78%
L'express Ventures S.A.S.	France	FC	54%
Liberation SARL	France	FC	75%
Liberation Medias SARL	France	FC	75%
Loiret Thd S.A.S.	France	FC	78%
Ltbr S.A.	France	FC	78%
Macs Thd S.A.S.	France	FC	78%
Manche Telecom S.A.S.	France	FC	54%
Martinique TV Cable	France	FC	99.9%
MCS S.A.S.	France	FC	100%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Medi@Lys S.A.S.	France	FC	54%
Media Consumer Group S.A.	France	FC	78%
Meo-Serviços De Comunicações E Multimédia, S.A.	Portugal	FC	100%
Microscoop S.à. r.l.	France	FC	78%
Middle East News Ltd	Israel	FC	78%
Mobius S.A.S.	France	FC	99.5%
Moselle Telecom Part. S.A.S.	France	FC	44%
Moselle Telecom S.A.S.	France	FC	30%
Multicert - Serviços De Certificação Electrónica, S.A.	Portugal	EM	20%
NC Numericable S.A.S.	France	FC	78%
New Post A.C.E.	Portugal	FC	51%
Newco B S.A.S.	France	FC	29%
Newco C S.A.S.	France	FC	29%
Newco E S.A.S.	France	FC	29%
Newsco Digital E.U.R.L.	France	FC	78%
Newsco Events S.à. r.l	France	FC	78%
Newsco Group S.A.S.	France	FC	78%
Newsco Mag S.A.S	France	FC	78%
Newsco Regies E.U.R.L.	France	FC	78%
Newsco Services E.U.R.L.	France	FC	78%
Nextdev S.A.S.	France	FC	29%
Nextinteractive S.A.S.	France	FC	29%
Nextprod S.A.S.	France	FC	29%
Nextradiotv S.A.S.	France	FC	29%
Nextradiotv Production S.A.S.	France	FC	29%
Nextrégie S.A.S.	France	FC	29%
Numergy S.A.S.	France	FC	78%
Numericable US LLC	USA	FC	78%
Numericable US S.A.S.	France	FC	78%
Ocealis S.A.S.	France	EM	19%
Oise Numérique S.A.S.	France	FC	78%
Omea Holding S.A.S.	France	FC	78%
Omea Telecom S.A.S.	France	FC	78%
Omer Telecom Ltd	United Kingdom	FC	78%
OMT Invest	France	FC	99.5%
OMT Ltd	Mauritius	FC	97%
OMT Madagascar	Madagascar	FC	99.5%
OMT Océan 1	France	FC	99.5%
OMT Océan 2	France	FC	99.5%
Opalys Telecom S.A.S.	France	FC	78%
Open Idea Morocco, Sarlau	Portugal	FC	100%
Open Labs Pesquisa E Desenvolvimento Ltda	Portugal	FC	100%
Openidea Tecnologias De Telecomunicações E Sistemas De Informação, S.A. (Aveiro)	Portugal	FC	100%
Openidea, Tecnologias De Telecomunicações E Sistemas De Informação S.A. (Angola)	Portugal	FC	100%
OPS	France	FC	97%
Outremer Telecom	Mauritius	FC	99.5%
Pampa Presse E.U.R.L.	France	FC	78%
Partenaires Development SARL	France	EM	19%
Pays Voironnais Network Part. S.A.S	France	FC	78%
Pays Voironnais Network S.A.S.	France	FC	78%
Phi	Israel	EM	50%
Pho Holding S.A.S	France	EM	12%
Phone Marketing Mediterrane S.A.S.	France	FC	58%
Phone Marketing Rhone Alpes S.A.S.	France	FC	58%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Presse Media Particpations S.A.S.	France	FC	81%
PMP Holding S.A.S.	France	FC	78%
Pole Electro E.U.R.L.	France	FC	78%
Portugal Telecom Brasil, S.A.	Portugal	FC	100%
Portugal Telecom Data Center, S.A.	Portugal	FC	100%
Portugal Telecom Inovação Brasil, S.A.	Portugal	FC	100%
Prelude & Fugue S.A.S.	France	FC	78%
Previsão-Sociedade Gestora De Fundos De Pensões, Sa	Portugal	FC	82%
Pt Blueclip -Serviços De Gestão, S.A.	Portugal	FC	100%
Pt Cloud E Data Centers, S.A.	Portugal	FC	100%
Pt Contact-Telemarketing E Serviços De Informação, S.A.	Portugal	FC	100%
Pt Imobiliária, Sa	Portugal	FC	100%
Pt Móveis, Sgps, Sa	Portugal	FC	100%
Pt Multimédia.Com Brasil, Ltda.	Portugal	FC	100%
Pt Pay, S.A.	Portugal	FC	100%
Portugal Telecom, Sgps, S.A.	Portugal	FC	100%
Pt Prestações - Mandatária De Aquisições E Gestão De Bens, S.A.	Portugal	FC	100%
Pt Sales - Serviços De Telecomunicações E Sistemas De Informação, S.A.	Portugal	FC	100%
Publi-News S.à. r.l.	France	FC	78%
Rennes Métropole Telecom S.A.S.	France	FC	78%
Rhon'telecom S.A.S.	France	FC	30.6%
Rimbaud Gestion B Sci	France	FC	78%
RMC S.A. Monegasque	France	FC	29%
RMC - BFM Production S.A.S	France	FC	29%
RMC BFM Edition S.A.S	France	FC	29%
RMC Découverte S.A.S	France	FC	29%
RMC Sport S.A.S	France	FC	29%
S2C SARL	France	FC	78%
Sadotel S.A.S.	Dominican Republic	FC	30.6%
Sarl Rezo Télécom	France	FC	100%
South Sharon Communications (1990) Ltd	Israel	FC	100%
Sequalum Participation S.A.S.	France	FC	78%
Sequalum S.A.S.	France	FC	78%
SFCM S.A.	France	FC	78%
SFR Business Distribution (Ex. Cinq Sur Cinq Sa)	France	FC	78%
SFR Business Morocco S.A. (Ex. Telindus Morocco Sa)	Morocco	FC	78%
SFR Business Solutions S.A.S. (Ex. Telindus France)	France	FC	78%
SFR Collectivités S.A.	France	FC	78%
SFR Développement S.A.S.	France	FC	78%
SFR Distribution (Ex. SFD S.A.)	France	FC	78%
SFR Group	France	FC	78%
SFR Participation	France	FC	78%
SFR Presse (Ex- Altice Media Group France)	France	FC	78%
SFR S.A.	France	FC	78%
SFR Service Client S.A.	France	FC	78%
SHD S.A.	France	FC	78%
SID SCS	France	FC	78%
SIG 50 S.A.	France	FC	78%
Siresp, Gestão Redes Digitais Segurança E Emergência,S.A.	Portugal	EM	31%
Smartshore SARL	Morocco	FC	17.3%
SNC Outremer Communication 1	France	FC	100%
SNC Outremer Communication 2	France	FC	100%
SNTC	France	FC	80%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Sofialys S.A.S.	France	EM	19%
Sportinvest Multimédia, Sgps, S.A.	Portugal	EM	50%
Sportscotv S.A.S.	France	FC	29%
SRR SCS	France	FC	78%
Sud Partner SARL	France	EM	19%
Sudtel S.A.	Portugal	FC	35.7%
Synerail Construction S.A.S.	France	EM	31%
Synerail Exploitation S.A.S.	France	FC	47%
Synerail S.A.S.	France	EM	23%
TAT S.à r.l	Israel	FC	26%
Technologues Culturels S.A.S.	France	FC	78%
Telecom Presse SARL	France	FC	78%
Teloise S.A.S.	France	FC	54%
The Marketing Group S.A.S.	France	FC	58%
Tme France S.A.	France	FC	78%
Tnord S.A.	Portugal	FC	30.6%
Topix Medias S.à .r.l.	France	FC	78%
TRC Belgium Sprl	Belgium	FC	28.5%
Tricom, S.A.	Dominican Republic	FC	97.2%
TWW S.A.	Morocco	FC	58%
Valofibre S.A.S.	France	FC	78%
Vod Factory S.A.S.	France	EM	31%
Voix Du Nord L'etudiant SA.	France	EM	39%
Wll Antilles Guyane S.A.S.	France	FC	97%
Wll Réunion S.A.S.	France	FC	97%
WMC S.A.S.	France	FC	29%
World Satellite Guadeloupe	France	FC	99.5%
Ypso Finance S.à r.l	Luxembourg	FC	78%
Ypso France S.A.S.	France	FC	78%
Ypso Holding S.à r.l	Luxembourg	FC	78%
Yunit Serviços, S.A.	Portugal	EM	33%
Zira Ltd.	Israel	EM	20%

To the Sole Shareholder of
Altice Luxembourg S.A.
5, rue Eugène Ruppert
L-2453 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

We have audited the accompanying consolidated financial statements of Altice Luxembourg S.A., which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the consolidated financial statements

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

Responsibility of the réviseur d'entreprises agréé

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Altice Luxembourg S.A. as of December 31, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

For Deloitte Audit, *Cabinet de révision agréé*

John Psaila, *Réviseur d'entreprises agréé*
Partner

April 24, 2017