FINANCIAL REPORT
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Introduction

Introduction

Telenet Group Holding NV (hereafter collectively referred to as the "Company" or "Telenet") is a company organized under the laws of Belgium. Other notations and definitions herein apply as presented in the Company's 2016 Annual Report, which was published on March 24, 2017 (the "Annual Report"), a copy of which is available on the Company's website at http://investors.telenet.be.

Presentation of financial and other information

The condensed consolidated Interim Financial Statements of Telenet Group Holding NV as of and for the period ended June 30, 2017 and 2016 and the audited consolidated annual financial statements as of and for the year ended December 31, 2016 have in each case been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS"). The financial information included in this report is not intended to comply with SEC reporting requirements.

Forward-looking statements

Various statements contained in this document constitute "forward-looking statements" as that term is defined under the U.S. Private Securities Litigation Reform Act of 1995. Words like "believe," "anticipate," "should," "intend," "plan," "will," "expects," "estimates," "projects," "positioned," "strategy," and similar expressions identify these forward-looking statements related to our financial and operational outlook; future growth prospects; strategies; product, network and technology launches and expansion and the anticipated impact of the acquisitions of BASE[1], Coditel Brabant SPRL and Coditel S.à r.l. on our combined operations and financial performance, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted whether expressed or implied, by these forward-looking statements. These factors include: potential adverse developments with respect to our liquidity or results of operations; potential adverse competitive, economic or regulatory developments; our significant debt payments and other contractual commitments; our ability to fund and execute our business plan; our ability to generate cash sufficient to service our debt; interest rate and currency exchange rate fluctuations; the impact of new business opportunities requiring significant up-front investments; our ability to attract and retain customers and increase our overall market penetration; our ability to compete against other communications and content distribution businesses; our ability to maintain contracts that are critical to our operations; our ability to respond adequately to technological developments; our ability to develop and maintain back-up for our critical systems; our ability to continue to design networks, install facilities, obtain and maintain any required governmental licenses or approvals and finance construction and development, in a timely manner at reasonable costs and on satisfactory terms and conditions; our ability to have an impact upon, or to respond effectively to, new or modified laws or regulations; our ability to make value-accretive investments; and our ability to sustain or increase shareholder distributions in future periods. We assume no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

About Telenet

As a provider of entertainment and telecommunication services in Belgium, Telenet Group is always looking for the perfect experience in the digital world for its customers. Under the brand name Telenet, the company focuses on offering digital television, high-speed Internet and fixed and mobile telephony services to residential customers in Flanders and Brussels. Under the brand name BASE, it supplies mobile telephony in Belgium. The Telenet Business department serves the business market in Belgium and Luxembourg with connectivity, hosting and security solutions. More than 3,000 employees have one aim in mind: making living and working easier and more pleasant. Telenet Group is part of Telenet Group Holding NV and is quoted on Euronext Brussel under ticker symbol TNET. For more information, visit www.telenet.be. Telenet is 57% owned by Liberty Global - the world's largest international TV and broadband company, investing, innovating and empowering people in more than 30 countries across Europe, Latin America and the Caribbean to make the most of the digital revolution.

1. BASE refers to Telenet Group BVBA (formerly BASE Company NV), which was acquired on February 11, 2016.

Definitions

For purposes of calculating **rebased growth** rates on a comparable basis for the six months ended June 30, 2017, we have adjusted our historical revenue and Adjusted EBITDA to (i) include the pre-acquisition revenue and Adjusted EBITDA of BASE (fully consolidated since February 11, 2016) and SFR BeLux (fully consolidated since June 19, 2017) in our rebased amounts for the six months ended June 30, 2016 to the same extent that the revenue and Adjusted EBITDA of such entities are included in our results for the six months ended June 30, 2017 and (ii) exclude the revenue and Adjusted EBITDA of the disposals of certain legacy fixed-line products at BASE and Ortel made during Q1 2017 to the same extent that the revenue and Adjusted EBITDA of these disposed business is excluded from our results for the six months ended June 30, 2017. We have reflected the revenue and operating profit of BASE and SFR BeLux in our 2016 rebased amounts based on what we believe to be the most reliable information that is currently available (generally pre-acquisition financial statements), as adjusted for the estimated effects of (i) any significant effects of acquisition accounting adjustments, (ii) any significant differences between our accounting policies and those of the acquired entities and (iii) other items we deems appropriate. We do not adjust pre-acquisition periods to eliminate non-recurring items or to give retroactive effect to any changes in estimates that might be implemented during post-acquisition periods. As we did not own or operate the acquired businesses during the pre-acquisition periods, no assurance can be given that we have identified all adjustments necessary to present the revenue and Adjusted EBITDA of these entities on a basis that is comparable to the corresponding post-acquisition amounts that are included in our historical results or that the pre-acquisition financial statements we have relied upon do not contain undetected errors. In addition, the rebased growth percentages are not necessarily indicative of the revenue and Adjusted EBITDA that would have occurred if these transactions had occurred on the dates assumed for purposes of calculating our rebased amounts or the revenue and Adjusted EBITDA that will occur in the future. The rebased growth percentages have been presented as a basis for assessing growth rates on a comparable basis, and are not presented as a measure of our pro forma financial performance.

Under "**Choose Your Device**" contractual arrangements, which include separate contracts for the mobile handset and airtime, Telenet generally recognizes the full sales price for the mobile handset upon delivery as a component of other revenue, regardless of whether the sales price is received upfront or in installments. Revenue associated with the airtime services is recognized as mobile subscription revenue over the contractual term of the airtime services contract. Prior to the launch of "Choose Your Device" in July 2015, handsets were generally provided to customers on a subsidized basis. As a result, revenue associated with the handset was only recognized upfront to the extent of cash collected at the time of sale, and the monthly amounts collected for both the handset and airtime were included in mobile subscription revenue over the term of the contract. Handset costs associated with "Choose Your Device" handset revenue are expensed at the point of sale.

EBITDA is defined as profit before net finance expense, the share of the result of equity accounted investees, income taxes, depreciation, amortization and impairment. **Adjusted EBITDA** is defined as EBITDA before stock-based compensation and restructuring charges, and before operating charges or credits related to successful or unsuccessful acquisitions or divestitures. Operating charges or credits related to acquisitions or divestitures include (i) gains and losses on the disposition of long-lived assets, (ii) due diligence, legal, advisory and other third-party costs directly related to the Company's efforts to acquire or divest controlling interests in businesses, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Adjusted EBITDA is an additional measure used by management to demonstrate the Company's underlying performance and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.

Accrued capital expenditures are defined as additions to property, equipment and intangible assets, including additions from capital leases and other financing arrangements, as reported in the Company's consolidated statement of financial position on an accrued basis.

Adjusted Free Cash Flow is defined as net cash provided by the Company's operating activities, plus (i) cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and divestitures and (ii) expenses financed by an intermediary, less (i) purchases of property and equipment and purchases of intangibles as reported in the Company's consolidated statement of cash flows, (ii) principal payments on amounts financed by vendors and intermediaries, (iii) principal payments on capital leases (exclusive of network-related leases that were assumed in acquisitions), and (iv) principal payments on post acquisition additions to network leases, each as reported in the Company's consolidated statement of cash flows. Adjusted Free Cash Flow is an additional measure used by management to demonstrate the Company's ability to service debt and fund new investment opportunities and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.

Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives Telenet's video service over the Combined Network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards, or other integrated or virtual technologies that Telenet uses to provide its enhanced service offerings. Telenet counts Revenue Generating Unites ("RGUs") on a unique premises basis. In other words, a subscriber with multiple outlets in one premise is counted as one RGU and a subscriber with two homes and a subscription to Telenet's video service at each home is counted as two RGUs.

Enhanced Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives Telenet's video service over the Combined Network via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Enhanced Video Subscribers are counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives Telenet's video service in one premise is generally counted as just one subscriber. An Enhanced Video Subscriber is not counted as a Basic Video Subscriber. As Telenet migrates customers from basic to enhanced video services, Telenet reports a decrease in its Basic Video Subscribers equal to the increase in Telenet's Enhanced Video Subscribers.

Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over the Combined Network.

Fixed-line Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives fixed-line voice services over the Combined Network. Fixed-line telephony Subscribers exclude mobile telephony subscribers.

Telenet's mobile subscriber count represents the number of active subscriber identification module ("SIM") cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (via a dongle) would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from Telenet's mobile telephony subscriber counts after a 90-day inactivity period.

Customer Relationships are the number of customers who receive at least one of Telenet's video, internet or telephony services that Telenet counts as RGUs, without regard to which or to how many services they subscribe. Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives Telenet's services in two premises (e.g. a primary home and a vacation home), that individual generally will count as two Customer Relationships. Telenet excludes mobile-only customers from Customer Relationships.

Average Revenue Per Unit ("ARPU") refers to the average monthly subscription revenue per average customer relationship and is calculated by dividing the average monthly subscription revenue (excluding mobile services, Business-to-Business ("B2B") services, interconnect, channel carriage fees, mobile handset sales and installation fees) for the indicated period, by the average of the opening and closing balances for customer relationships for the period.

Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to the Combined Network without materially extending the distribution plant. Telenet's Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results.

RGU is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Fixed-line Telephony Subscriber. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer subscribed to Telenet's enhanced video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Basic Video, Enhanced Video, Internet and Fixed-line Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of Telenet's services in two premises (e.g. a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or fixed-line telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g. VIP subscribers, free service to employees) generally are not counted as RGUs. Telenet does not include subscriptions to mobile services in its externally reported RGU counts.

Customer Churn represents the rate at which customers relinquish their subscriptions. The annual rolling average basis is calculated by dividing the number of disconnects during the preceding 12 months by the average number of customer relationships. For the purpose of computing churn, a disconnect is deemed to have occurred if the customer no longer receives any level of service from Telenet and is required to return Telenet's equipment. A partial product downgrade, typically used to encourage customers to pay an outstanding bill and avoid complete service disconnection is not considered to be disconnected for purposes of Telenet's churn calculations. Customers who move within Telenet's cable footprint and upgrades and downgrades between services are also excluded from the disconnect figures used in the churn calculation.

Telenet's **ARPU per mobile subscriber** calculation that excludes interconnect revenue refers to the average monthly mobile subscription revenue per average mobile subscribers in service and is calculated by dividing the average monthly mobile subscription revenue (excluding activation fees, handset sales and late fees) for the indicated period, by the average of the opening and closing balances of mobile subscribers in service for the period. Telenet's ARPU per mobile subscriber calculation that includes interconnect revenue increases the numerator in the above-described calculation by the amount of mobile interconnect revenue during the period.

Net leverage ratio is calculated as per the 2015 Amended Senior Credit Facility definition, using net total debt, excluding (i) subordinated shareholder loans, (ii) capitalized elements of indebtedness under the Clientele and Annuity Fees, (iii) any finance leases entered into on or prior to August 1, 2007, and (iv) any indebtedness incurred under the network lease entered into with the pure intermunicipalities up to a maximum aggregate amount of €195.0 million, divided by last two quarters' Consolidated Annualized EBITDA.

Important reporting changes

Reclassification of wholesale revenue: As of January 1, 2017, Telenet changed the way it presents the revenue generated by its fixed and mobile wholesale partners. As of January 1, 2017, this revenue is accounted for under other revenue, whereas prior to that date Telenet's mobile wholesale revenue was presented under mobile telephony revenue. Telenet also applied this change retroactively to the prior year period.

Reclassification of expenses related to truck rolls for customer premises equipment ("CPE"): As of January 1, 2017, Telenet changed the way it presents the expenses incurred for CPE-related truck rolls. As of January 1, 2017, such expenses are recognized under network operating expenses, whereas before that date they were presented under professional services and outsourced labor. Telenet also applied this change retroactively to the prior year period.

1. Information on the Company

The following Management Discussion and Analysis is based on the condensed consolidated Interim Financial Statements of Telenet Group Holding NV as of and for the six months ended June 30, 2017 and 2016 and the audited consolidated financial statements of Telenet Group Holding NV as of and for the year ended December 31, 2016, prepared in accordance with EU IFRS. We have included selected financial information on Telenet Group Holding NV as of and for the relevant periods. You should read the condensed consolidated interim financial statements attached hereto, including the notes thereto, together with the following discussion and analysis.

1.1 Overview

At June 30, 2017, Telenet provided its 2,212,400 unique customers with 5,034,400 fixed subscription services ("RGUs") across its footprint of 3,328,000 homes passed. Telenet's reported number of homes passed, as well as both its unique subscriber and RGU count as of June 30, 2017 reflected the acquisition of SFR BeLux on June 19, 2017 through which Telenet has been able to extend its footprint in Brussels, while adding presence in parts of Wallonia and parts of Luxembourg. As a result, Telenet extended its footprint by 319,100 homes passed and gained 90,800 unique customer relationships and 190,400 RGUs consisting of 82,200 video, 60,100 broadband internet and 48,100 fixed-line telephony subscriptions.

On a product level - and including SFR BeLux - Telenet's RGU base consisted of 2,062,000 video, 1,668,400 broadband internet and 1,304,000 fixed-line telephony subscriptions. In addition, around 87% of Telenet's video subscribers had upgraded to its enhanced video platform at June 30, 2017, so they can enjoy a much richer TV experience, including access to a wider range of digital, HD and pay television sports channels, a vast library of domestic and international video-on-demand ("VOD") content both on a transactional and subscription basis and access to our over-the-top ("OTT") platform "Yelo Play". Telenet ended the six months ended June 30, 2017 with a bundling ratio of 2.28 RGUs per customer (June 30, 2016: 2.25), as approximately 53% of its customers subscribed to a triple-play product, approximately 21% subscribed to a double-play product and approximately 26% subscribed to a single-play product, offering continued up-sell opportunity within the existing customer base. At June 30, 2017, Telenet also served 2,838,700 active mobile customers as compared to 3,007,900 at June 30, 2016, which reflects the sale of its direct subsidiary Ortel Mobile NV ("Ortel") to Lycamobile as per March 1, 2017 and the impact of the mandatory prepaid registration as of June 2017.

During the six months ended June 30, 2017, Telenet continued its value-accretive multiple-play strategy so customers can fully enjoy the benefits of their digital lifestyle both at home and on the move. Telenet's all-in-one converged package for families and businesses, "WIGO", which it launched in June last year, reached 224,400 subscribers at June 30, 2017. All three residential "WIGO" bundles, each priced between €100.0 and €140.0 per month (including 21% VAT), include a superfast broadband connection, WiFi access, unlimited fixed and mobile calls in Belgium and a mobile data allowance to be shared among individual family members. At the end of June 2017, Telenet further improved its "WIGO" product line-up by increasing the mobile data allowance at unchanged prices.

The Combined Network is fully bi-directional and EuroDocsis 3.0 enabled, and provides a spectrum bandwidth capacity of 600 MHz. In August 2014, Telenet announced a €500.0 million network investment program as it plans to increase the capacity of its HFC network to 1 GHz within the next five years, enabling download speeds of at least 1 Gbps in the future. At June 30, 2017, around half of the nodes in Telenet's hybrid fiber coaxial ("HFC") network had been upgraded.

Telenet is increasingly focused on offering its subscribers advanced fixed services - broadband internet, enhanced video and fixed-line telephony - together with its mobile telephony services in the form of attractively priced multiple-play bundles. Telenet has derived, and believes it can continue to derive, substantial benefits from the trend towards bundled subscriptions, through which it is able to sell more products to individual subscribers, resulting in significantly higher ARPU per customer relationship and, in its experience, the reduction of customer churn. The ARPU per customer relationship, which excludes mobile telephony revenue and certain other types of revenue, yielded €54.7 for the six months ended June 30, 2017, up €1.7 or +3% compared to the six months ended June 30, 2016. Growth in the ARPU per customer relationship was underpinned by (i) a higher proportion of multiple-play subscribers in the overall customer mix, (ii) a larger share of enhanced video customers subscribing to Telenet's paying premium entertainment services, (iii) the benefit from the selective price increase on certain fixed services as of mid-February 2017 and (iv) a decrease in the total number of unique customer relationships as a result of an intensified competitive environment. These impacts were offset to some extent by a growing proportion of bundle discounts and other discounts.

1.2 Video

Cable television is the principal medium for the provision of television services in Flanders, and Telenet is the largest provider of video services in Belgium. Almost all Flemish television households are passed by the Combined Network. The high penetration of Telenet's video business has resulted in a steady source of revenue and cash flow. As of June 30, 2017, Telenet provided video services to 2,062,000 unique residential subscribers, or 62.0% of homes passed by the Combined Network, including 82,200 inorganic additions through the SFR BeLux acquisition. All of Telenet's basic video subscribers have access to at least 21 basic analog television channels and an average of 26 analog radio channels. Telenet generally provides its basic cable television services under individual contracts with its subscribers, the majority of whom pay monthly.

Telenet's basic video subscribers who have installed a set-top box or CI + module, and activated a smart card, have access to more than 70 digital channels, including 15 High Definition ("HD") channels, and approximately 36 digital radio channels, for no additional fee. Telenet offers its basic video services in digital for no additional fee in order to encourage its subscribers to migrate to its enhanced video services giving them access to a more enriched TV experience, including access to electronic program guides ("EPGs"), additional thematic content packs, exclusive movies and sports channels and a large video-on-demand ("VOD") library of both local and international programs.

Relative to December 31, 2016, subscribers to total basic and enhanced video services decreased by 36,400 on an organic basis as a result of the increased competitive environment including the effects from regulated cable wholesale. The aforementioned organic loss rate excludes migrations to Telenet's enhanced video service and represents customers churning to competitors' platforms, such as other digital television, OTT and satellite providers, or customers terminating their television service or having moved out of Telenet's service footprint. Given the historical video penetration in its footprint, the limited expansion of the number of homes passed and strong competition in the domestic TV market, Telenet anticipates further churn of total video subscribers.

1.3 Enhanced video

Telenet's interactive enhanced video service includes a combination of premium sports and film channels, a range of extended thematic channels, a selection of films and broadcast content available on an on-demand basis and a variety of interactive features. Telenet's enhanced video offering is available to all subscribers passed by the Combined Network.

At June 30, 2017, Telenet served 1,796,500 enhanced video customers, including 74,700 from the SFR BeLux acquisition, an increase of 4% compared to June 30, 2016. Telenet's digitalization ratio, which measures the total base of enhanced video customers relative to Telenet's total video subscriber base, continued to grow, and reached approximately 87% at June 30, 2017 compared to approximately 85% at June 30, 2016. All of Telenet's enhanced video subscribers can access the "Yelo Play" app, through which they can enjoy a unique content experience on multiple connected devices in the home and out-of-home through Telenet's WiFi Homespots and hotspots. At June 30, 2017, Telenet's subscription VOD packages "Play" and "Play More" had 393,100 customers, 19% up compared to June 30, 2016 and driven in part by temporary promotions and the revamp of its premium entertainment platform "Play More" as Telenet enriched the linear viewing experience while introducing a new user interface with improved search and recommend features. During the six months ended June 30, 2017, Telenet also announced plans to continue to invest in promising local content in 2017 and beyond, both through co-productions with its co-owned commercial channels "VIER" and "VIJF" as well as certain proprietary content. And through an exclusive partnership with HBO, Telenet also recently broadcast the third "Twin Peaks" season on its premium entertainment platform as well as the start of the seventh season of "Game of Thrones".

In addition to the premium pay television channels, Telenet also provides the broadest sports offerings within its footprint through "Play Sports", which combines domestic and foreign football with other major sport events including golf, Formula One racing, volleyball, basketball and hockey. Telenet recently also added tennis with the ATP World Tour Masters to its sports line-up. At June 30, 2017, 223,100 customers subscribed to Telenet's sports pay television channels, a decrease of 1% compared to June 30, 2016. During the six months ended June 30, 2017, Telenet extended the non-exclusive broadcasting rights for the Jupiler Pro League for the next three seasons until the 2019-2020 season. In addition, Telenet also gained the exclusive OTT rights, while through its 50% shareholding in the local media company De Vijver Media Telenet also holds the exclusive rights on the match summaries.

1.4 Broadband internet

Telenet is the leading provider of residential broadband internet services in Flanders. Today, Telenet offers consumers and businesses data download speeds of up to 200 and 500 Mbps, respectively, and upload speeds of 20 and 50 Mbps, respectively. Through Telenet's €500.0 million five-year "Grote Netwerf" investment program, which kicked off in early 2015 and is expected to be completed mid-2019, Telenet aims to boost the capacity of its network from 600 MHz currently to 1 GHz, enabling data download speeds of at least 1 Gbps in the future. At the six months ended June 30, 2017, just over half of the nodes in Telenet's HFC network had been upgraded.

As customers increasingly expect to enjoy seamless superfast connectivity whether at home, at work or on the move, WiFi remains one of the cornerstones of Telenet's connectivity strategy. Today, Telenet has deployed 1.4 million WiFi Homespots and operates nearly 2,000 WiFi hotspots in public areas. Through partnerships with its majority shareholder Liberty Global, certain of its affiliates, and Walloon cable operator VOO, broadband internet customers from both cable companies can freely use the WiFi Homespots on either company's network in Wallonia and in certain other European countries where service is offered through other Liberty Global and certain affiliate networks. At the end of June 2017, Telenet boosted both the data upload and download speeds of its "Basic Internet" product. Priced at €27.8 per month (including 21% VAT) and providing a data download speed of 50 Mbps, Telenet's "Basic Internet" offer remains one of the most attractive entry packages both within a Belgian and a wider European context.

At June 30, 2017, Telenet served 1,668,400 broadband internet subscribers (+5% year-on-year), including 60,100 subscribers added through the SFR BeLux acquisition and equivalent to 50.1% of the homes passed by its HFC network. For the six months ended June 30, 2017, net organic subscriber additions for Telenet's broadband internet service were 7,800. Telenet's annualized churn rate was impacted by the intensely competitive environment and reached 8.6% for the six months ended June 30, 2017 as compared to 7.6% for the six months ended June 30, 2016.

1.5 Telephony

1.5.1 Fixed-line telephony

Telenet offers its residential subscribers local, national and international long distance fixed-line telephony services and a variety of value-added features. In Flanders, Telenet believes it is currently the largest competitor of Proximus NV/SA ("Proximus"), the Belgian incumbent (formerly known as Belgacom NV/SA), due in part to Telenet's emphasis on customer service and innovative flat-fee rate plans. Substantially all of Telenet's fixed-line telephony subscribers use voice-over-internet protocol ("VoIP") technology, which utilizes the open standards EuroDocsis protocol, and through which Telenet is able to provide both internet and fixed-line telephony services.

Telenet served 1,304,000 fixed-line telephony subscribers at June 30, 2017 (+5% year-on-year), including 48,100 inorganic additions from its acquisition of SFR BeLux and equivalent to 39.2% of the homes passed by its network. For the six months ended June 30, 2017, Telenet achieved a net organic inflow of 1,300 fixed-line telephony subscribers. Compared to the six months ended June 30, 2016, annualized churn rate increased 130 basis points to 9.8% for the six months ended June 30, 2017, reflecting the intensely competitive environment and an overall declining market trend.

1.5.2 Mobile telephony

In February 2016, Telenet finalized the acquisition of Belgian mobile operator BASE. Telenet offers its mobile telephony services under both the "Telenet" and "BASE" brand names and has entered into several wholesale partnerships. In addition to BASE's mobile radio access network, Telenet has historically been operating through a mobile virtual network operator ("MVNO") partnership with Orange Belgium (previously named Mobistar NV), the second largest mobile operator in Belgium, (the "MVNO Arrangement"). Pursuant to the MVNO Arrangement, Telenet offers its cable customers mobile voice and data services, including 4G/LTE ("Long Term Evolution"), through Orange Belgium's mobile network. Through a partnership with Telenet, Nethys also uses the MVNO Arrangement to provide mobile services to its cable customers. At the end of May 2016, Orange Belgium and Telenet reached an agreement setting the terms and conditions for the future termination of their MVNO Arrangement. The MVNO Arrangement will run until the end of 2018, implying Telenet's mobile customers can continue to use Orange Belgium's network until the end of 2018. Telenet committed to a minimum payment of €150.0 million (excluding VAT) over the 3-year period 2016-2018. The actual amount paid by Telenet could exceed this minimum amount in case of higher network usage. Beyond 2018, an optional 6-month extension period has been agreed upon with a minimum payment of €15.0 million (excluding VAT) if triggered. Through the termination Agreement, all outstanding legal disputes between both companies, including the judicial recovery of invoices under the MVNO Arrangement, have now been settled.

At June 30, 2017, Telenet served a total of 2,838,700 active mobile subscribers, including 2,218,600 postpaid subscribers and 4,300 postpaid subscribers recorded through the acquisition of SFR BeLux. The remaining mobile subscribers receive prepaid services under the BASE brand and various branded reseller contracts, including JIM Mobile amongst others. Compared to June 30, 2016, Telenet recorded a 6% decrease in the total number of active mobile subscribers as a result of the sale of Ortel to Lycamobile as per March 1, 2017 and the impact from the mandatory prepaid registration as of June this year. As such, a total of 157,900 and 53,300 mobile customers have been removed from Telenet's subscriber count in the three months ended March 31, 2017 and the three months ended June 30, 2017, respectively.

During the six months ended June 30, 2017, Telenet saw a robust intake of 103,200 net postpaid subscribers, driven by the continued uptake of its "WIGO" bundles and positive postpaid subscriber momentum at BASE following the recent launch of attractive mobile data promotional offers. Telenet's performance in the prepaid segment during the six months ended June 30, 2017 was impacted by the mandatory prepaid registration that became effective in June 2017. Telenet managed to register around 92% of its active prepaid subscriber base across the different channels and customer touch points, implying that on an absolute basis Telenet registered the highest number of prepaid subscribers in the overall Belgian market. At the end of June 2017, Telenet further improved its mobile line-up under the "Telenet" brand, by going back to the initial "King" and "Kong" simplicity approach. As such, Telenet significantly boosted the data allowance for both new and existing "King" customers at unchanged prices, while Telenet lowered headline prices for its "Kong" offer to €25 per month (including 21% VAT).

1.5.3 Interconnection

Interconnection is the means by which users of one telephony network are able to communicate with users of another telephony network. For a subscriber located on one telephony network to complete a telephone call to an end user served by another telephony network, the subscriber's network service provider must connect to the network serving the end user. Typically, the network serving the end user charges the subscriber's service provider a fee to terminate the communication on its network, which is based on a call set-up charge and on the length of the telephone call.

Telenet and Telenet Group (former BASE Company NV) are being considered as two separate networks, both with their own interconnection set-up. Telenet and Telenet Group's principal interconnection agreements are with Proximus and the main telecommunication operators in Belgium. Proximus provided fixed-line telephony services to an estimated 53% of the residential and 77% of the business fixed-line market in Belgium at the end of 2015 according to the most recent Annual Report from the Belgian Institute for Postal and Telecommunication services ("BIPT"). In the premium service mobile business, Telenet and Telenet Group connect to content aggregators, and as such provide mobile telephony subscribers access to value-added services. For the purpose of serving its mobile telephony subscribers roaming abroad, Telenet Group has over 600 bilateral roaming agreements. For this purpose, Telenet has closed a roaming agreement with an international provider, acting as a roaming hub provider.

Interconnection revenue and expenses have a significant impact on Telenet's financial results. As a result, Telenet is focused heavily on managing this cost. For the six months ended June 30, 2017, Telenet incurred interconnection expenses of €113.6 million (€123.1 million for the six months ended June 30, 2016) and reflected a full six-month impact from BASE versus as of February 2016 during the six months ended June 30, 2016. For the six months ended June 30, 2017, Telenet received interconnection revenue of €93.9 million (€96.5 million for) the six months ended June 30, 2016) and included BASE's interconnection revenue since the acquisition in February 2016. Telenet reports the interconnection revenue generated by its fixed-line and mobile telephony subscribers under 'Other' revenue, while the incurred interconnection fees are included in 'Direct costs'.

Telenet and Telenet Group's interconnection practices are subject to comprehensive regulation by the BIPT. Mobile termination rates have been capped for each mobile network operator at €1.08 cents per minute starting January 2013 (while still taking into account inflation versus year of reference). This marks a 60% decline compared to the average mobile termination rate of €2.67 cents per minute, which was applicable as of January 1, 2012. On September 14, 2015, the BIPT published its draft decision on the relevant market for call termination on individual mobile networks. Telenet and Telenet Group have been designated in the draft decision as having significant market power ("SMP"). In the draft decision, the BIPT adopts a bottom-up long-run incremental cost model to calculate tariffs for call termination on individual mobile networks, resulting in an average of €0.74 cents per minute over the review period. The BIPT has organized a public consultation on this draft decision which was open until November 14, 2015. A final decision has not yet been published, but is expected later this year.

On July 14, 2015, the BIPT published its draft decision on the relevant market for call termination on individual fixed networks. Following the adoption of a bottom-up long-run incremental cost model, this will result in one single tariff - thus abolishing the set-up and duration as well as the peak and off peak principle - of €0.079 cents per minute. The BIPT has organized a public consultation on this draft decision which was open until September 15, 2015. A final decision has been published in August 2016, defining the charge of call termination on individual fixed networks to be 0,092 cents per minute as from November 1, 2016.

1.6 Business services

Under the "Telenet Business" brand, Telenet offers a range of voice, data and internet products and services that are tailored to the size and needs of each customer. Telenet Business also offers its business customers an extensive range of reliable value-added services, including hosting, managed security and cloud services. Telenet provides services to business customers throughout Belgium and parts of Luxembourg. Telenet's business customers include small and medium-sized enterprises ("SMEs") with up to one hundred employees; larger corporations; public; healthcare and educational institutions; and carrier customers that include international voice, data and internet service providers. Telenet Business generated revenue of €64.8 million for the six months ended June 30, 2017, up 7% compared to the six months ended June 30, 2016 on a rebased basis. B2B revenue growth was primarily driven by higher security-related revenue and higher revenue from business connectivity solutions in the SME segment.

1.7 Network

In 1996, Telenet acquired the exclusive right to provide point-to-point services, including broadband internet and fixed-line telephony services, and the right to use a portion of the capacity of the broadband communications network owned by the pure intermunicipalities (the "PICs"), the Partner Network. Currently, under the PICs Agreement through Telenet BVBA and Telenet Vlaanderen NV, Telenet has full rights to use substantially all of the Partner Network under a long-term lease (***erfpacht/emphythéose***) entered into in 2008 for an initial period of 38 years, for which Telenet is required to pay recurring fees in addition to the fees paid under certain pre-existing agreements with the PICs.

Telenet refers to the Combined Network when describing the combination of its own network and the Partner Network. Through the Combined Network, Telenet provides video in analog, digital and HD formats, broadband internet and fixed-line telephony services to both residential and business customers who reside in its service area. Telenet's Combined Network consists of a fiber backbone with local loop connections constructed of coaxial cable with a minimum capacity of 600 MHz. The Combined Network uses EuroDocsis 3.0 technology, which enables Telenet to currently offer downstream speeds of up to 240 Mbps for certain of its business customers. Telenet's Combined Network assets include approximately 12,000 kilometers of fiber backbone, of which Telenet owns 7,300 kilometers, utilizes approximately 2,600 kilometers pursuant to long-term leases and has access to 2,100 kilometers through its agreements with the PICs. The fiber backbone connects to approximately 68,000 kilometers of coaxial local loops, of which 50,000 kilometers is in the Telenet Network and the balance is in the Partner Network. Telenet owns the primary and secondary fiber backbone on the Combined Network and the fiber and coaxial cable on the Telenet Network. The PICs own the additional fiber and the coaxial cable included in the HFC access loops on the Partner Network.

In addition to its HFC network, Telenet offers services to business customers across Belgium and in parts of Luxembourg through a combination of electronic equipment that it owns and fiber that is predominantly leased. Telenet has also installed equipment necessary to provide voice, data and internet services using Digital Subscriber Line ("DSL") technology. DSL technology enables Telenet to serve business customers that are not close to the Combined Network in a more cost effective manner.

Telenet's fiber backbone is running All-IP and carries all of its communications traffic. Telenet also uses fully converged multi-protocol label switching ("MPLS") to route its IP traffic, which enables it to more efficiently tag data to better manage traffic on the Combined Network. This means, for example, that voice packets can be given priority over data packets to avoid interruption to voice communications.

Customers connect to the Combined Network through a coaxial connection from one of Telenet's nodes. Amplifiers are used on the coaxial lines to strengthen both downstream and return path signals on the local loop. Network quality usually deteriorates as customer penetration rates on any particular node increases. When required, the scalability of Telenet's network enables it to address this problem, within limits, through node splits. Telenet uses node splits, among other measures, to manage potential congestion in certain parts of the Combined Network.

Telenet's network operating center in Mechelen, Belgium, monitors performance levels on the Combined Network on a continuous basis. Telenet has a separate disaster recovery site for back office systems, and its network has been designed to include redundant features to minimize the risk of network outages and disasters with the fiber optic rings designed to reroute traffic in the opposite direction around the ring in the event that a section of the ring is cut. Telenet has insured its buildings, head end stations, nodes and related network equipment against fire, floods, earthquakes and other natural disasters, but is not insured against war, terrorism (except to a limited extent under its general property insurance) and cyber risks. Telenet carries insurance on its fiber optic network up to a capped amount, but does not carry property damage insurance for its coaxial network.

In August 2014, Telenet announced that it is planning to invest €500.0 million over the next five years to upgrade the Combined Network's minimum spectrum bandwidth capacity from 600 MHz to 1 GHz, enabling download speeds of at least 1 Gbps, with the objective of allowing Flanders to offer some of the highest-capacity digital infrastructure in Europe. At June 30, 2017, around half of the nodes in Telenet's HFC network had been upgraded.

1.8 Strategy

In 2017 and beyond, Telenet wants to continue to lead on superior converged connectivity. Telenet's solid network infrastructure is the backbone of its services, allowing businesses to grow and consumers to enjoy a seamless experience. Telenet's technology needs to be flawless on the go, at home and at the office. And on every device at any time. Telenet's converged fixed and mobile network is a key enabler to make this happen. Telenet's ambition is clear: Telenet goes for an ever more seamless, safer, faster and more powerful connected experience. Having upgraded just over half of all 2,800 macro sites at the end of June 30, 2017, having completed the roll-out of over 100 new mobile sites and having achieved a rate of around half upgraded nodes in the core HFC network, both Telenet's mobile network (€250.0 million) and fixed network upgrade (€500.0 million) programs are well on track to be substantially completed by mid-2018 and mid-2019, respectively.

Beyond that, Telenet aspires to bring inspiring entertainment to its customers. Entertainment is the number one reason why people rely on connectivity. And nothing creates a stronger bond than shared emotions. That is why Telenet is committed to offer customers compelling entertainment content. At the end of June 2017, around 39% of Telenet's enhanced video customer base had subscribed to premium entertainment packages, showing the future growth potential in this area. Not only does Telenet offer international top content, Telenet also plays an important role in local media production. Telenet's ambition is to be the leading entertainment provider people turn to, any time and on any device.

In the business market, digital is a fact and all companies, organizations and entrepreneurs have to get on board. Telenet Business wants to help businesses turn these digital challenges into opportunities. Every day, over 500 employees are doing their utmost to offer the best business solutions with the best customer service. This is how Telenet wants to grow together with its customers.

2. Discussion of the consolidated financial statements

2.1 Revenue by service

For the six months ended June 30, 2017, Telenet generated revenue of €1,238.3 million, representing a 5% increase compared to the six months ended June 30, 2016 when Telenet recorded revenue of €1,178.6 million. Telenet's reported revenue increase was primarily driven by inorganic movements such as a full six-month contribution from mobile operator BASE, whereas during the six months ended June 30, 2016 BASE was only included in Telenet's results since February 11, 2016. In addition, Telenet's results for the six months ended June 30, 2017 reflected the acquisition of Altice's former Belgian and Luxembourg cable operations ("Coditel Brabant" and "Coditel S.à r.l.", together "SFR BeLux"), which Telenet acquired on June 19, 2017, contributing €1.9 million to Telenet's revenue for the six months ended June 30, 2017. These inorganic movements were partially offset by the sale of Ortel to Lycamobile as per March 1, 2017 and the discontinuation of certain fixed legacy products at BASE.

On a rebased basis, Telenet achieved flat revenue growth for the six months ended June 30, 2017. Telenet's cable business delivered solid mid-single-digit rebased revenue growth for the six months ended June 30, 2017 driven by a 2% increase in Telenet's cable subscription revenue and higher business services revenue. On the negative side, mobile telephony revenue fell 2% on a rebased basis due to (i) a lower out-of-bundle usage generated by Telenet's mobile subscribers, (ii) a higher proportion of "WIGO"-related discounts allocated to mobile telephony revenue and (iii) structural challenges in the prepaid segment as illustrated by the continued lower number of active subscribers. Finally, Telenet also generated 4% lower other revenue on a rebased basis compared to the six months ended June 30, 2016 as a result of significantly lower handset sales and lower interconnection revenue, which was only partially offset by higher revenue from Telenet's commercial and regulated wholesale partners.

For further information, we refer to note 5.18 to the Interim Financial Statements of the Company.

2.1.1 Video

Video revenue represents the monthly fee paid by Telenet's video subscribers for the channels they receive in the basic tier and the revenue generated by its enhanced video subscribers which primarily includes (i) recurring set-top box rental fees, (ii) fees for supplemental premium content offerings, including Telenet's subscription VOD packages "Play", "Play More" and "Play Sports" and (iii) transactional and broadcasting-on-demand services. For the six months ended June 30, 2017, video revenue amounted to €284.1 million, which was broadly stable as compared to €283.7 million for the six months ended June 30, 2016 and included a two-week contribution from SFR BeLux as mentioned before. Higher recurring set-top box rental fees and growth in Telenet's premium subscription VOD business was offset by a gradual decline in the total video subscriber base and slightly lower revenue from transactional VOD services.

2.1.2 Broadband internet

The revenue generated by Telenet's residential and small business broadband internet RGUs totaled €298.5 million for the six months ended June 30, 2017 and was up 6% compared to the six months ended June 30, 2016 when Telenet recorded broadband internet revenue of €282.0 million. Broadband internet revenue growth was driven by (i) continued growth for Telenet's "WIGO" propositions driving a favorable tier mix effect, (ii) the acquisition of SFR BeLux and (iii) the benefit from the aforementioned February 2017 price increase, partially offset by the increased proportion of bundle discounts.

2.1.3 Fixed-line telephony

Fixed-line telephony revenue includes recurring subscription-based revenue from Telenet's fixed-line telephony subscribers and variable usage-related revenue, but excludes the interconnection revenue generated by these customers which is reported under other revenue. For the six months ended June 30, 2017, fixed-line telephony revenue decreased 2% to €119.4 million compared to €121.3 million for the six months ended June 30, 2016. Higher subscription revenue driven by the SFR BeLux acquisition and the benefit from the aforementioned February 2017 price increase were more than offset by a growing proportion of bundle discounts and lower traffic.

2.1.4 Mobile telephony

Mobile telephony revenue represents the subscription-based revenue generated by Telenet's direct mobile telephony subscribers and out-of-bundle revenue, but excludes (i) the interconnection revenue generated by these customers, (ii) the revenue earned from handset sales and (iii) revenue recognized under Telenet's "Choose Your Device" programs which are all recorded in other revenue. For the six months ended June 30, 2017, Telenet generated mobile telephony revenue of €269.3 million, up €27.7 million compared to the six months ended June 30, 2016. This 11% revenue increase compared to the six months ended June 30, 2016 reflects the acquisition of BASE, which was effective February 11, 2016. On a rebased basis, Telenet's mobile telephony revenue decreased 2% compared to the six months ended June 30, 2016 with continued healthy net postpaid subscriber growth being more than offset by (i) lower out-of-bundle revenue generated by Telenet's mobile subscribers in excess of their monthly bundle, (ii) higher bundle-related discounts following the success of Telenet's quad-play "WIGO" propositions and (iii) a continued decline in the number of prepaid subscribers, including the impacts of the mandatory prepaid registration as of June 2017.

2.1.5 Business services

The revenue reported under business services relates to (i) the revenue generated on non-coax products, including fiber and leased DSL lines, (ii) Telenet's carrier business and (iii) value-added services such as hosting and managed security. Revenue generated by business customers on all coax-related products is allocated to Telenet's cable subscription revenue lines and is not captured within Telenet Business, Telenet's business services division. Telenet Business generated revenue of €64.8 million for the six months ended June 30, 2017, up 7% compared to the six months ended June 30, 2016 on a rebased basis. B2B revenue growth was primarily driven by higher security-related revenue and higher revenue from business connectivity solutions in the SME segment.

2.1.6 Other

Other revenue primarily includes (i) interconnection revenue from both Telenet's fixed-line and mobile telephony customers, (ii) mobile handset sales, including the revenue earned under "Choose Your Device" programs, (iii) wholesale revenue generated through both Telenet's commercial and regulated wholesale businesses, (iv) product activation and installation fees and (iv) set-top box sales revenue. Other revenue reached €202.2 million for the six months ended June 30, 2017, reflecting a decrease of 4% on a rebased basis as a result of lower handset sales and interconnection revenue compared to the six months ended June 30, 2016, which was only partially offset by higher wholesale revenue.

2.2 Total expenses

For the six months ended June 30, 2017, Telenet incurred total expenses of €1,003.6 million, representing an increase of 11% compared to the six months ended June 30, 2017 when Telenet incurred total expenses of €906.9 million and which included a €6.0 million nonrecurring benefit following the settlement of the Full-MVNO Agreement with Orange Belgium. In addition, Telenet's total expenses for the six months ended June 30, 2017 reflected (i) a full six-month contribution from BASE, (ii) the impact of the SFR BeLux acquisition as of June 19, 2017 and (iii) the sale of Ortel as mentioned above.

On a rebased basis, total expenses increased 3% for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016 as (i) higher depreciation and amortization charges, (ii) higher costs related to professional services and (iii) higher network operating expenses were only partially offset by (i) lower costs related to handset sales and subsidies, (ii) lower sales and marketing expenses and (iii) lower staff-related expenses.

Telenet's total operating expenses represented approximately 81% of revenue for the six months ended June 30, 2017. Cost of services provided as a percentage of revenue represented approximately 62% of total revenue for the six months ended June 30, 2017, while selling, general and administrative expenses represented approximately 19% of total revenue for the six months ended June 30, 2017.

For further information, we refer to note 5.19 to the Interim Financial Statements of the Company.

2.3 Expenses by nature

2.3.1 Network operating expenses

Network operating expenses reached €91.0 million for the six months ended June 30, 2017 compared to €77.2 million for the six months ended June 30, 2016 (+18% compared to the six months ended June 30, 2016) and primarily reflected the effects of the BASE and SFR BeLux acquisitions as mentioned above. On a rebased basis, network operating expenses increased a mere 1% for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016 despite higher license and maintenance fees and higher electricity costs.

2.3.2 Direct costs (programming and copyrights, interconnect and other)

Direct costs include all direct expenses such as (i) costs related to interconnection, (ii) handset sales and subsidies and (iii) programming and copyrights. For the six months ended June 30, 2017, direct costs were €296.9 million, up 2% compared to the six months ended June 30, 2016, mainly impacted by the aforementioned acquisitions, which was partially offset by a decrease due to the sale of Ortel. Telenet's direct costs for the six months ended June 30, 2016 also reflected a €6.0 million one-off favorable impact linked to the settlement of the Full-MNVO Agreement with Orange Belgium. Excluding this impact, direct costs would have remained broadly stable despite the aforementioned inorganic movements. On a rebased basis, direct costs decreased 4% compared to the six months ended June 30, 2016 driven by substantially lower costs related to handset sales and subsidies and lower copyright expenses on the back of a moderate decrease in Telenet's video customer base.

2.3.3 Staff-related expenses

Staff-related expenses increased €2.5 million to €126.6 million for the six months ended June 30, 2017 and reflected a full six-month consolidation of BASE and a two-week inclusion of SFR BeLux. On a rebased basis, staff-related expenses showed a 4% decrease for the six months ended June 30, 2017 as higher salary-related expenses were more than offset by an increase in capitalized labor driven by the modernization of Telenet's fixed and mobile infrastructures.

2.3.4 Sales and marketing expenses

Sales and marketing expenses for the six months ended June 30, 2017 decreased to €42.9 million compared to €47.4 million for the six months ended June 30, 2016. On a rebased basis, sales and marketing expenses substantially decreased by €6.1 million for the six months ended June 30, 2017 as the the six months ended June 30, 2016 was characterized by various major marketing campaigns, including handset promotions.

2.3.5 Outsourced labor and professional services

Costs related to outsourced labor and professional services were €19.1 million for the six months ended June 30, 2017 compared to €14.4 million for the six months ended June 30, 2016 which included €6.1 million integration and transformation costs related to the BASE acquisition. On a rebased basis, costs related to outsourced labor and professional services increased €2.9 million for the six months ended June 30, 2017 on the back of higher outsourced labor costs.

2.3.6 Other indirect expenses

Other indirect expenses reached €69.4 million for the six months ended June 30, 2017, representing a 3% decrease compared to the six months ended June 30, 2016. On a rebased basis, other indirect expenses for the six months ended June 30, 2017 decreased 11% compared to the six months ended June 30, 2016, mainly driven by lower IT-related expenses and Telenet's continued focus on managing our overhead expenses.

2.3.7 Depreciation and amortization, incl. gains on disposal of property and equipment and other intangible assets

Depreciation and amortization, including gains on disposal of property and equipment and other intangible assets, reached €347.1 million for the six months ended June 30, 2017 compared to €269.9 million for the six months ended June 30, 2016. This increase primarily reflected the impact from the BASE acquisition and higher depreciation expenses related to the start of the mobile network upgrade project as announced in August 2016, and IT platforms and systems.

2.4 Net finance expenses

For the six months ended June 30, 2017, net finance expenses totaled €129.1 million compared to €246.7 million of net finance expenses incurred for the six months ended June 30, 2016. A €27.4 million higher non-cash loss on derivatives and a €29.6 million higher non-cash loss on the extinguishment of debt following the early redemption of certain debt instruments during the six months ended June 30, 2017 were more than offset by a €143.6 million non-cash foreign exchange gain on Telenet's outstanding USD-denominated debt the six months ended June 30, 2017. As a result, net interest income and foreign exchange gain was €143.8 million for the six months ended June 30, 2017 as compared to €0.3 million for the six months ended June 30, 2016. Net interest expense, foreign exchange loss and other finance expense decreased 22% from €143.9 million for the six months ended June 30, 2016 to €112.8 million for the six months ended June 30, 2017 as a result of certain recent refinancings which both extended the average maturity of Telenet's debt and lowered overall interest expenses.

For further information, we refer to note 5.20 to the Interim Financial Statements of the Company.

2.5 Income taxes

The Company recorded income tax expense of €27.5 million for the six months ended June 30, 2017 compared to income tax expense of €42.7 million for the six months ended June 30, 2016, a decrease of 36% compared to the six months ended June 30, 2016.

2.6 Net income

Telenet realized a net profit of €76.8 million for the six months ended June 30, 2017 compared to a net loss of €19.6 million for the six months ended June 30, 2016, resulting in a net profit margin of 6.2% compared to a net loss margin of 1.7% for the six months ended June 30, 2016. The significant improvement in Telenet's net profit for the six months ended June 30, 2017 versus the six months ended June 30, 2016 was primarily caused by the aforementioned €143.6 million foreign exchange gain. Excluding this item, net profit would have been lower.

2.7 Adjusted EBITDA

For the six months ended June 30, 2017, Telenet realized Adjusted EBITDA of €592.4 million, up 7% compared to the six months ended June 30, 2016 when Telenet produced Adjusted EBITDA of €552.5 million. Telenet's Adjusted EBITDA for the six months ended June 30, 2017 included (i) the contribution of BASE from February 11, 2016, (ii) the acquisition of SFR BeLux as of June 19, 2017 contributing €1.1 million to Adjusted EBITDA in the period and (iii) reflected the sale of Ortel as of March 1, 2017, as mentioned above. Adjusted EBITDA for the six months ended June 30, 2016 included a €6.0 million nonrecurring favorable impact without which Telenet's underlying Adjusted EBITDA growth would have been stronger.

Compared to the six months ended June 30, 2016, Telenet achieved robust rebased Adjusted EBITDA growth of 5% for the six months ended June 30, 2017. Growth in Telenet's rebased Adjusted EBITDA was supported by (i) lower costs related to handset sales and subsidies relative to the promotional activity for the three months ended March 31, 2016, (ii) significantly lower sales and marketing expenses due to phasing, (iii) lower integration and transformation costs linked to the BASE acquisition as compared to the six months ended June 30, 2016 and (iv) tight cost control, including an increased focus on our overhead expenses. Telenet's Adjusted EBITDA margin reached 47.8% for the six months ended June 30, 2017 compared to 46.9% on a reported basis for the six months ended June 30, 2016. As such, Telenet was able to fully absorb a higher proportion of lower-margin premium content revenue and mobile telephony revenue in its revenue mix, including BASE's contribution since the acquisition.

(in thousands of euro)	For the six months ended June 30,	
	2017	2016
Profit (loss) for the period	**76,770**	**(19,556)**
Income tax expense	27,497	42,686
Other income	1,364	1,898
Net finance expense	129,060	246,717
Depreciation, amortization and impairment	347,170	269,909
EBITDA	**581,861**	**541,654**
Share based compensation	7,799	4,673
Operating charges related to acquisitions or divestitures	1,898	6,422
Restructuring charges	877	(200)
Adjusted EBITDA	**592,435**	**552,549**
Adjusted EBITDA margin	47.8%	46.9 %
Net profit (loss) margin	6.2%	(1.7)%

2.8 Cash flow and liquidity

2.8.1 Net cash from operating activities

For the six months ended June 30, 2017, Telenet's operations yielded €380.7 million of net cash compared to €285.0 million generated during the six months ended June 30, 2016. The net cash from operating activities for the six months ended June 30, 2017 reflected (i) a full six-month contribution from BASE, (ii) the sale of Ortel as of March 1, 2017 and (iii) a two-week contribution from SFR BeLux. The net cash generated by operating activities increased 34% compared to the six months ended June 30, 2016 as the six months ended June 30, 2016 included a €23.5 million cash outflow following a favorable contract renegotiation and the payment of €18.7 million of ticking fees linked to the BASE acquisition. In addition, growth in net cash from operating activities was driven by (i) robust underlying Adjusted EBITDA growth as mentioned above, (ii) €16.9 million lower cash interest expenses as a result of recent refinancing transactions and (iii) an improved trend in working capital, partially offset by €22.3 million higher cash taxes paid.

2.8.2 Net cash used in investing activities

The Company used €650.4 million of net cash in investing activities for the six months ended June 30, 2017 compared to €1,406.1 million of net cash used in investing activities for the six months ended June 30, 2016 which reflected the acquisition of BASE as of February 11, 2016. Net cash used in investing activities for the six months ended June 30, 2017 reflected the acquisition of SFR BeLux as of June 19, 2017. The net cash used in investing activities for the six months ended June 30, 2017 also included cash payments for Telenet's capital expenditures, including semi-annual cash payments for the Belgian football broadcasting rights. As of the nine months ended September 30, 2016, Telenet implemented a vendor financing program through which it is able to extend payment terms for certain suppliers to 360 days at an attractive all-in cost. During the six months ended June 30, 2017, Telenet acquired €44.8 million of assets through capital-related vendor financing, favorably impacting its net cash used in investing activities for the equivalent amount. Please refer to Section 2.10 - Capital expenditures for detailed information about the underlying accrued capital expenditures.

2.8.3 Net cash from financing activities

The net cash from financing activities was €194.5 million for the six months ended June 30, 2017 compared to €860.0 million of net cash from financing activities for the six months ended June 30, 2016 when net cash from financing activities was impacted by debt borrowings related to the BASE acquisition in February 2016. The net cash from financing activities for the six months ended June 30, 2017 reflected (i) the impacts from certain refinancing transactions during the three months ended June 30, 2017 (see 2.9 - Debt profile), (ii) the draw-down of €210.0 million under Telenet's revolving credit facilities and (iii) additions to its vendor financing program. In addition, Telenet incurred €37.2 million of financing-related fees for the six months ended June 30, 2017, notably (i) a make-whole premium of €19.1 million linked to the early redemption of its 6.25% €450.0 million Senior Secured Notes due 2022 and (ii) €18.1 million of debt issuance fees linked to the new debt issuances. During the six months ended June 30, 2017, Telenet spent €1.1 million on share repurchases under the Share Repurchase Program 2017, net of the sale of treasury shares following the exercise of certain stock options. The remainder of the net cash from financing activities primarily consisted of capital lease repayments and other financial payments.

2.8.4 Adjusted Free Cash Flow

For the six months ended June 30, 2017, Telenet generated Adjusted Free Cash Flow of €137.1 million compared to Adjusted Free Cash Flow of €59.3 million for the six months ended June 30, 2016 when Adjusted Free Cash Flow was impacted by a nonrecurring €23.5 million cash outflow following a favorable contract renegotiation and the payment of €18.7 million of ticking fees linked to the BASE acquisition. Telenet's

Adjusted Free Cash Flow for the six months ended June 30, 2017 was impacted by €22.3 million higher cash taxes relative to the six months ended June 30, 2016 and higher cash capital expenditures as a result of Telenet's network modernization programs. Both items were more than offset by (i) Telenet's underlying robust Adjusted EBITDA growth, (ii) lower cash interest expenses as mentioned above, (iii) the aforementioned benefit from Telenet's vendor financing program and (iv) an improved working capital trend.

For further information, we refer to the consolidated interim statement of cash flows of the Company.

(in thousands of euro)	For the six months ended June 30,	
	2017	**2016**
Net cash provided by operating activities	380,675	285,069
Cash payments for direct acquisition and divestiture costs	76	8,522
Expenses financed by an intermediary	29,895	—
Purchases of property and equipment	(179,881)	(121,227)
Purchases of intangibles, net of proceeds from sale of other intangibles	(81,082)	(105,244)
Principal payments on amounts financed by vendors and intermediaries	(3,340)	—
Principal payments on capital leases (excluding network-related leases assumed in acquisitions)	(900)	(900)
Principal payments on post acquisition additions to network leases	(8,396)	(6,864)
Adjusted Free Cash Flow	**137,147**	**59,356**

2.9 Debt profile, cash balance and net leverage ratio

2.9.1 Debt profile

As of June 30, 2017, Telenet carried a total debt balance (including accrued interest) of €4,954.1 million, of which €3,555.2 million principal amount is owed under its 2015 Amended Senior Credit Facility, including the amounts drawn under its revolving credit facilities, and €780.0 million principal amount is related to the Senior Secured Fixed Rate Notes with maturities ranging from 2024 through 2027. Telenet's total debt balance at June 30, 2017 also included €108.8 million of short-term debt related to its vendor financing program and €23.7 million for the outstanding portion of the 3G mobile spectrum including accrued interest. The remainder primarily represents the capital lease obligations associated with the Interkabel Acquisition.

In April 2017, Telenet successfully syndicated and priced a new €1.33 billion Term Loan facility ("Facility AH") due on March 31, 2026 and a new USD 1.8 billion Term Loan facility ("Facility AI") due on June 30, 2025. Facility AH carries a margin of 3.0% over EURIBOR with a 0% floor and was issued at 99.75% of par. Facility AI carries a margin of 2.75% over LIBOR with a 0% floor and was issued at 99.75% of par. The net proceeds of these issuances were used in May 2017 to entirely prepay the following credit facilities under the 2015 Amended Senior Credit Facility: (i) Facility AE (€1.6 billion due January 2025, EURIBOR +3.25%, 0% floor), and (ii) Facility AF (USD 1.5 billion due January 2025, LIBOR + 3.00%, 0% floor).

In May 2017, Telenet successfully issued an additional USD 500.0 million Term Loan (“Facility AI2”). Facility AI2 carries the same characteristics as the initial Facility AI which was issued on April 4, 2017. As such, Facility AI2 carries (i) a margin of 2.75% over LIBOR, (ii) a 0% floor and (iii) a maturity of June 30, 2025. Term Loan AI2 was issued at par and has been merged into the initial Facility AI. The net proceeds were used mid-June 2017 to prepay the 6.25% €450.0 million Senior Secured Notes due August 2022. Through the two aforementioned transactions, Telenet succeeded in extending the average tenor of its debt maturities at attractive market conditions, while locking in long-term attractive interest rates.

In June 2017, Telenet drew €210.0 million under its revolving credit facilities to partially fund the €400.0 million acquisition of SFR BeLux of which €120.0 million under its RCF Z and the remaining €90.0 million under the longer-dated RCF AG. Currently, Telenet faces no debt maturities prior to August 2024, excluding the aforementioned revolving credit facilities which Telenet intends to repay in the short to medium term through its excess cash balance.

2.9.2 Debt overview and payment schedules

For an overview of the Company’s debt instruments and payment schedule at June 30, 2017, we refer to note 5.13 to the Interim Financial Statements of the Company.

2.9.3 Cash balance and availability of funds

At June 30, 2017, Telenet held €24.0 million of cash and cash equivalents compared to €99.2 million at December 31, 2016. To minimize the concentration of counterparty risk, Telenet's cash equivalents and AAA-rated money market funds are placed with highly rated European and US financial institutions. The marked decrease in Telenet's cash balance compared to December 31, 2016 was primarily due to the €400.0 million acquisition of SFR BeLux in June 2017 for which Telenet drew €210.0 million under its revolving credit facilities and settled the remainder through available cash and cash equivalents. In addition, Telenet incurred €37.2 million of financing-related fees for the six months ended June 30, 2017 including (i) a make-whole premium of €19.1 million linked to the early redemption of the 6.25% €450.0 million Senior Secured Notes due 2022 and (ii) €18.1 million of debt issuance fees linked to the new debt issuances described above. Currently, Telenet has access to €310.0 million of available commitments under Revolving Credit Facility AG, subject to compliance with the covenants mentioned below. In addition, Telenet entered into a €25.0 million banking overdraft facility in September 2016, allowing for a tighter management of its outstanding cash balances.

For further information, we refer to note 5.11 to the Interim Financial Statements of the Company.

2.19.4 Net leverage ratio

As of June 30, 2017, the outstanding balance of Telenet's consolidated total borrowings and total cash and cash equivalents - as defined under the 2015 Amended Senior Credit Facility - resulted in a Net Total Debt to Consolidated Annualized EBITDA ratio of 3.4x (December 31, 2016: 3.5x). As per the 2015 Amended Senior Credit Facility, Telenet's Consolidated Annualized EBITDA includes certain unrealized synergies with regards to both the acquisition of BASE and SFR BeLux, while its Net Total Debt excludes the amounts drawn under its revolving credit facilities. Telenet's current net leverage ratio is significantly below the covenant of 6.0x and the availability test of 5.0x.

2.10 Capital expenditures

Accrued capital expenditures reached €279.1 million for the six months ended June 30, 2017, representing approximately 23% of revenue versus approximately 26% for the six months ended June 30, 2016. Accrued capital expenditures for the six months ended June 30, 2016 reflected the recognition of the non-exclusive Jupiler Pro League broadcasting rights for the previous 2016-2017 season, which was the final season under the current contract, and the extension of the exclusive UK Premier League broadcasting rights for the next three seasons as of the 2016-2017 season. Under EU IFRS, these broadcasting rights have been capitalized as intangible assets and will be amortized on a pro-rata basis as the season progresses. In early May 2017, Telenet successfully extended the broadcasting rights for the domestic Jupiler Pro League for the next three seasons on a non-exclusive basis. As the new contract with the Pro League was not yet signed on June 30, 2017, Telenet did not yet recognize any football broadcasting rights during the six months ended June 30, 2017.

Set-top box related capital expenditures for the six months ended June 30, 2017 represented €12.8 million, which marked an 18% decrease compared to the six months ended June 30, 2016 driven by lower enhanced video subscriber growth on a gross basis and higher churn due to the intensely competitive environment. For the six months ended June 30, 2017, set-top box related capital expenditures represented approximately 5% of total accrued capital expenditures.

Capital expenditures for customer installations totaled €31.5 million for the six months ended June 30, 2017, or approximately 11% of total accrued capital expenditures, as compared to €36.8 million for the six months ended June 30, 2016. The 14% decrease in customer installations capital expenditures as compared to the six months ended June 30, 2016 reflected lower gross sales for Telenet's advanced fixed services of enhanced video, broadband internet and fixed-line telephony and increased efficiencies in its install processes.

The vast majority of Telenet's capital expenditures are geared towards targeted investments in both Telenet's fixed and mobile infrastructures, aimed at boosting the customer experience and allowing Telenet to unlock MVNO-related synergies by moving its Telenet mobile subscribers over to the acquired BASE network. Following the BASE acquisition in February 2016, Telenet aims to invest up to €250.0 million in the upgrade of the acquired mobile network, including (i) the upgrade of an estimated 2,800 macro sites equipped with the latest technologies, (ii) the roll-out of 800 to 1,000 new mobile sites across the whole of Belgium and (iii) targeted investments in fiber backhaul for the vast majority of its current and future macro sites. In addition, Telenet has embarked on a €500.0 million five-year network investment program "De Grote Netwerf", aimed at boosting the data capacity of its HFC network to 1 GHz, which is expected to end mid-2019. Accrued capital expenditures for network growth and upgrades amounted to €132.1 million for the six months ended June 30, 2017, and represented approximately 47% of total accrued capital expenditures.

The remainder of accrued capital expenditures included refurbishments and replacements of network equipment, sports content acquisition costs, and recurring investments in IT platform and systems. These reached €102.7 million for the six months ended June 30, 2017 compared to €169.0 million for the six months ended June 30, 2016 and were impacted by the recognition of the aforementioned football broadcasting rights during the the six months ended June 30, 2016.

The above implies that approximately 63% of Telenet's accrued capital expenditures for the six months ended June 30, 2017 were scalable and subscriber growth related. Telenet will continue to closely monitor its capital expenditures in order to make sure that they drive incremental returns.

3. Risk factors

3.1 General information

Certain statements in this Half Year Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. To the extent that statements in this Half Year Report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under Item 1. ***Information on the Company*** may contain forward-looking statements, including statements regarding our business, product, foreign currency and finance strategies in 2017, subscriber growth and retention rates, competitive, regulatory and economic factors, the timing and impacts of proposed transactions, the maturity of our markets, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated changes in our revenue, costs or growth rates, our liquidity, credit risks, foreign currency risks, target leverage levels, our future projected contractual commitments and cash flows and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the risks and uncertainties discussed under Note 5.3. ***Risk Management*** of the Company's 2016 Annual Report, as well as the following list of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends;
- the competitive environment across the industries in which we operate, including competitor responses to Telenet's products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of Telenet's existing service offerings, including Telenet's cable television, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- Telenet's ability to manage rapid technological changes;
- Telenet's ability to maintain or increase the number of subscriptions to its cable television, broadband internet, fixed-line telephony and mobile service offerings and its average revenue per household;
- Telenet's ability to provide satisfactory customer service, including support for new and evolving products and services;
- Telenet's ability to maintain or increase rates to its subscribers or to pass through increased costs to its subscribers;
- the impact of Telenet's future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in Belgium and adverse outcomes from regulatory proceedings;
- government intervention that requires opening Telenet's broadband distribution networks to competitors;
- Telenet's ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- Telenet's ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from, and implement its business plan with respect to, the businesses we have acquired, such as BASE, or that we expect to acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in Belgium;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of Telenet's financial risks;
- the ability of suppliers and vendors (including Telenet's third-party wireless network providers under Telenet's mobile virtual network operator (MVNO) arrangements) to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for Telenet's video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- Telenet's ability to adequately forecast and plan future network requirements;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;

- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint ventures;
- events that are outside of Telenet's control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

Additional risks and uncertainties not currently known to the Company or that the Company now deems immaterial may also harm it.

3.2 Legal proceedings

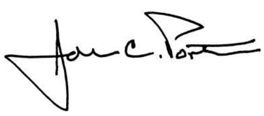
Telenet is involved in a number of legal proceedings that have arisen in the ordinary course of its business. Telenet discusses in its 2016 Annual Report certain pending lawsuits in which the Company is involved, which may have, or have had in the recent past, significant effects on its financial position or profitability. In note 5.23, Telenet discusses certain of these lawsuits and contingent liabilities and provides updates on certain regulatory matters. There have not been any major lawsuits other than those reported in Telenet's 2016 Annual Report or explained in note 5.23 that are expected to have a material adverse impact on the Company's business or consolidated financial position. Telenet notes, however, that the outcome of legal proceedings can be extremely difficult to predict with certainty, and Telenet offers no assurances in this regard.

4. Fair view statement by the management of the Company

We, the undersigned, John Porter, Chief Executive Officer of Telenet Group Holding NV, and Birgit Conix, Chief Financial Officer of Telenet Group Holding NV, declare that to our knowledge:

- The set of condensed consolidated interim financial statements drawn up in accordance with the prevailing accounting standards on Interim Financial Statements (IAS 34 as adopted by the European Union), gives a true and fair view of the assets, liabilities, financial position and profit and loss of the issuer and the companies included within its consolidation;

- The interim management's discussion and analysis provides a fair overview of the important events and major transactions of the issuer which occurred during the first six months of the financial year, and their impact on the set of condensed consolidated interim financial statements, and a description of the main risks and uncertainties which the issuer is exposed to.



John Porter

CEO

Birgit Conix

CFO

Telenet Group Holding NV Condensed consolidated interim financial statements

1. Condensed consolidated interim statement of financial position

(in thousands of euro)	Note	**June 30, 2017**	**December 31, 2016**
Assets			
Non-current assets:			
Property and equipment	5.4	2,115,214	2,046,824
Goodwill	5.5	1,863,234	1,540,946
Other intangible assets	5.6	660,525	709,175
Deferred tax assets	5.15	208,485	135,532
Investments in and loans to equity accounted investees	5.7	26,020	27,372
Other investments	5.7	3,807	1.757
Derivative financial instruments	5.14	13,987	49,658
Trade receivables	5.8	4,016	4,793
Other non-current assets	5.9	16,217	16,480
Total non-current assets		**4,911,505**	**4,532,537**
Current assets:			
Inventories	5.10	21,943	21,702
Trade receivables	5.8	209,790	205,979
Other current assets	5.9	132,838	125,209
Cash and cash equivalents	5.11	23,964	99,203
Derivative financial instruments	5.14	27,316	22,825
Total current assets		**415,851**	**474,918**
Total assets		**5,327,356**	**5,007,455**

Equity and liabilities

(in thousands of euro)	Note	June 30, 2017	December 31, 2016
Equity:			
Share capital	5.12	12,758	12,758
Share premium and other reserves	5.12	989,182	966,132
Retained loss	5.12	(2,134,828)	(2,190,107)
Remeasurements	5.12	(14,798)	(14,798)
Total equity attributable to owners of the Company		**(1,147,686)**	**(1,226,015)**
Non-controlling interests	5.12	19,989	18,372
Total equity		**(1,127,697)**	**(1,207,643)**
Non-current liabilities:			
Loans and borrowings	5.13	4,541,533	4,642,485
Derivative financial instruments	5.14	172,067	94,695
Deferred revenue	5.18	530	675
Deferred tax liabilities	5.15	163,558	166,047
Other non-current liabilities	5.16	107,774	94,608
Total non-current liabilities		**4,985,462**	**4,998,510**
Current liabilities:			
Loans and borrowings	5.13	412,577	139,372
Trade payables		188,178	182,284
Accrued expenses and other current liabilities	5.17	531,085	559,230
Deferred revenue	5.18	105,955	101,731
Derivative financial instruments	5.14	25,818	16,015
Current tax liability	5.15	205,978	217,956
Total current liabilities		**1,469,591**	**1,216,588**
Total liabilities		**6,455,053**	**6,215,098**
Total equity and liabilities		**5,327,356**	**5,007,455**

The notes are an integral part of these condensed consolidated interim financial statements.

2. Condensed consolidated interim statement of profit or loss and other comprehensive income

(in thousands of euro, except per share data)		For the six months ended June 30,	
	Note	**2017**	**2016 as represented** (*)
Profit/(Loss) for the period			
Revenue	5.18	1,238,300	1,178,563
Cost of services provided	5.19	(767,042)	(667,151)
Gross profit		**471,258**	**511,412**
Selling, general and administrative expenses	5.19	(236,567)	(239,667)
Operating profit		**234,691**	**271,745**
Finance income		143,812	272
Net interest income and foreign exchange gain	5.20	143,812	272
Finance expense		(272,872)	(246,989)
Net interest expense, foreign exchange loss and other finance expense	5.20	(112,759)	(143,942)
Net loss on derivative financial instruments	5.14 & 5.20	(113,580)	(86.194)
Loss on extinguishment of debt	5.20	(46.533)	(16,853)
Net finance expenses	5.20	**(129,060)**	**(246,717)**
Share in the loss of equity accounted investees	5.7	(1,364)	(1,898)
Profit before income tax		104,267	23,130
Income tax expense	5.15	(27,497)	(42,686)
Profit/(Loss)for the period		**76,770**	**(19,556)**

(in thousands of euro, except per share data)		**For the six months ended June 30,**	
	Note	**2017**	**2016 as represented (*)**
Other comprehensive income (loss) for the period, net of income tax			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability/(asset)		—	—
Deferred tax		—	—
Other comprehensive income (loss) for the period, net of income tax		**—**	**—**
Total comprehensive income (loss) for the period		**76,770**	**(19,556)**
Profit (loss) attributable to:		**76,770**	**(19,556)**
Owners of the Company		75,138	(19,493)
Non-controlling interests		1,632	(63)
Total comprehensive income (loss) for the period, attributable to:		**76,770**	**(19,556)**
Owners of the Company		75,138	(19,493)
Non-controlling interests		1,632	(63)
Earnings (loss) per share			
Basic earnings (loss) per share in €	5.21	0.65	(0.17)
Diluted earnings (loss) per share in €	5.21	0.65	(0.17)

The notes are an integral part of these condensed consolidated interim financial statements.

(*) We refer to Note 5.1.6 Reporting changes for detailed information regarding the reclassification of (i) wholesale revenue and (ii) expenses related to truck rolls for customer premises equipment ("CPE").

3. Condensed consolidated interim statement of changes in shareholders' equity

Attributable to equity holders of the Company *(in thousands of euro, except share data)*	Note	Number of shares	Share capital	Share premium	Equity-based compensation reserve
January 1, 2017		**117,335,623**	**12,758**	**62,366**	**75,271**
Total comprehensive income for the period					
Profit (loss) for the period		—	—	—	—
Other comprehensive income		—	—	—	—
Total comprehensive income for the period		**—**	**—**	**—**	**—**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Reallocation of prior year's profit to legal reserve	5.12	—	—	—	—
Recognititon of share-based compensation	5.12	—	—	—	4,294
Cost of equity transactions	5.12	—	—	—	—
Own shares acquired	5.12	—	—	—	—
Proceeds received upon exercise of stock options	5.12	—	—	—	—
Total contribution by and distributions to owners of the Company		**—**	**—**	**—**	**4,294**
Changes in ownership interests in subsidiaries					
Capital contributions by NCI		—	—	—	—
Total transactions with owners of the Company		**—**	**—**	**—**	**4,294**
June 30, 2017		**117,335,623**	**12,758**	**62,366**	**79,565**

Legal reserve	Reserve for own shares	Other reserves	Retained loss	Remeasurements	Total	Non-controlling interest	Total equity
86,317	**(85,767)**	**827,945**	**(2,190,107)**	**(14,798)**	**(1,226,015)**	**18,372**	**(1,207,643)**
—	—	—	75,138	—	75,138	1,632	76,770
—	—	—	—	—	—	—	—
—	**—**	**—**	**75,138**	**—**	**75,138**	**1,632**	**76,770**
12,796	—	—	(12,796)	—	—	—	—
—	—	—	—	—	4,294	—	4,294
—	118	(110)	—	—	8	—	8
—	(26,333)	—	—	—	(26,333)	—	(26,333)
—	32,285	—	(7.063)	—	25,222	—	25,222
12,796	**6,070**	**(110)**	**(19,859)**	**—**	**3,191**	**—**	**3,191**
—	—	—	—	—	—	(15)	(15)
12,796	**6,070**	**(110)**	**(19,859)**	**—**	**3,191**	**(15)**	**3,176**
99,113	**(79,697)**	**827,835**	**(2,134,828)**	**(14,798)**	**(1,147,686)**	**19,989**	**(1,127,697)**

Attributable to equity holders of the Company *(in thousands of euro, except share data)*	Note	Number of shares	Share capital	Share premium	Equity-based compensation reserve
January 1, 2016		**117,278,706**	**12,751**	**61,271**	**71,346**
Total comprehensive income for the period					
Profit for the period		—	—	—	—
Other comprehensive income		—	—	—	—
Total comprehensive income for the period		**—**	**—**	**—**	**—**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Recognition of share-based compensation	5.12	—	—	—	3,697
Own shares acquired	5.12	—	—	—	—
Proceeds received upon exercise of warrants and stock options	5.12	6,801	1	130	—
Total contribution by and distributions to owners of the Company		**6,801**	**1**	**130**	**3,697**
Changes in ownership interests in subsidiaries					
Capital contributions by NCI		—	—	—	—
Total transactions with owners of the Company		**6,801**	**1**	**130**	**3,697**
June 30, 2016		**117,285,507**	**12,752**	**61,401**	**75,043**

The notes are an integral part of these condensed consolidated interim financial statements.

Legal reserve	Reserve for own shares	Other reserves	Retained loss	Remeasurements	Total	Non-controlling interest	Total equity
79,269	**(38,487)**	**827,903**	**(2,224,874)**	**(9,286)**	**(1,220,107)**	**16,648**	**(1,203,459)**
—	—	—	(19,493)	—	(19,493)	(63)	(19,556)
—	—	—	—	—	—	—	—
—	**—**	**—**	**(19,493)**	**—**	**(19,493)**	**(63)**	**(19,556)**
—	—	—	—	—	3,697	—	3,697
—	—	273	—	—	273	—	273
—	(40,022)	—	—	—	(39,891)	—	(39,891)
—	**(40,022)**	**273**	**—**	**—**	**(35,921)**	**—**	**(35,921)**
—	—	—	—	—	—	(17)	(17)
—	**(40,022)**	**273**	**—**	**—**	**(35,921)**	**(17)**	**(35,938)**
79,269	**(78,509)**	**828,176**	**(2,244,367)**	**(9,286)**	**(1,275,521)**	**16,568**	**(1,258,953)**

4. Condensed consolidated interim statement of cash flows

(in thousands of euro)		**For the six months ended June 30,**	
	Note	**2017**	**2016**

Cash flows provided by operating activities:

Profit/Loss for the period		76,770	(19,556)
Adjustments for:			
Depreciation, amortization, impairment and restructuring	5.19	347,498	270,856
Gain/Loss on disposal of property and equipment and other intangible assets	5.19	549	(947)
Income tax expense	5.15	27,497	42,686
Increase/(decrease) in allowance for bad debt	5.8	97	(1,409)
Net interest income and foreign exchange gain	5.20	(143,812)	(272)
Net interest expense, foreign exchange loss and other finance expense	5.20	112,759	143,942
Net loss on derivative financial instruments	5.14 & 5.20	113,580	86,194
Loss on extinguishment of debt	5.20	46,533	16,853
Other loss	5.7	1,364	1,898
Share based payments	5.12	7,799	4,673
Change in:			
Trade receivables		10,662	(24,428)
Other assets		28,139	39,567
Deferred revenue		(2,316)	1,591
Trade payables		(1,995)	(13,314)
Other liabilities		4,053	(2,114)
Accrued expenses and other current liabilities		(26,395)	(44,459)
Interest paid		(112,533)	(124,675)
Interest received		4,772	—
Income taxes paid	5.15	(114,346)	(92,017)
Net cash provided by operating activities		**380,675**	**285,069**

(in thousands of euro)		For the six months ended June 30,	
	Note	**2017**	**2016**

Cash flows used in investing activities:

Purchases of property and equipment		(179,881)	(121,227)
Purchases of intangibles		(81,082)	(105,244)
Acquisitions of other investments		(2,050)	(1,757)
Acquisitions of and loans to equity accounted investees			(465)
Acquisitions of subsidiaries, net of cash acquired		(389,329)	(1,180,542)
Proceeds from sale of property and equipment and other intangibles		1,936	3,159
Purchases of broadcasting rights for resale purposes		(80)	(216)
Proceeds from the sale of broadcasting rights for resale purposes		80	216
Net cash used in investing activities		**(650,406)**	**(1,406,076)**

Cash flows provided by financing activities:

Repayments of loans and borrowings	5.13	(723,362)	(997,001)
Proceeds from loans and borrowings	5.13	977,171	1,956,593
Payments of finance lease liabilities		(21,025)	(14,263)
Payments for debt issuance costs	5.13	(18,069)	(27,789)
Payments for early termination of loans and borrowings	5.13	(19,112)	(9,939)
Payments for early termination of derivative financial instruments	5.14	—	(10,735)
Payments for other financing activities		—	(49)
Repurchase of own shares	5.12	(26,333)	(40,000)
Proceeds received upon exercise of warrants & stock options	5.12	25,222	130
Proceeds from capital transactions with equity participants		—	3,017
Payments related to capital reductions and dividends		—	—
Net cash provided by (used in) financing activities		**194,492**	**859,964**

Net increase (decrease) in cash and cash equivalents		**(75,239)**	**(261,043)**
Cash and cash equivalents:			
at January 1	5.11	99,203	277,273
at June 30	5.11	23,964	16,230

The notes are an integral part of these condensed consolidated interim financial statements.

5. Notes to the condensed consolidated interim financial statements for the six months ended June 30, 2017

5.1 Reporting entity and basis of preparation

5.1.1 Reporting entity

The accompanying condensed consolidated interim financial statements (the "Interim Financial Statements") present the operations of Telenet Group Holding NV, its subsidiaries and other consolidated companies (hereafter collectively referred to as the "Company" or "Telenet"). Through its broadband network, the Company offers basic and enhanced video services, including pay television services, broadband internet and fixed-line telephony services to residential subscribers in Flanders and certain communes in Brussels as well as broadband internet, data and voice services in the business market throughout Belgium and parts of Luxembourg. The Company also offers mobile telephony services through an MVNO Arrangement with Orange and through its own mobile network following the acquisition of BASE on February 11, 2016.

On June 19, 2017, the Company acquired Altice's former Belgian and Luxembourg cable operations ("Coditel Brabant" and "Coditel S.à r.l.", together "SFR BeLux"), which operates under the SFR brand and provides cable services to households and businesses in Brussels, Wallonia and Luxembourg and offers mobile telephony services in Belgium through an MVNO Agreement with BASE.

Telenet Group Holding NV and its principal operating subsidiaries are limited liability companies organized under Belgian law. Subsidiaries and structured financing entities ("SEs") have been incorporated in Luxembourg and the Netherlands in order to structure the Company's financing operations.

5.1.2 Basis of preparation

The Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU ("EU IFRS"). They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2016. Results for the six months ended June 30, 2017 are not necessarily indicative of future results.

The Interim Financial Statements have been prepared on the historical cost basis, except for certain financial instruments and the net assets acquired as a result of the acquisition of SFR BeLux on June 19, 2017, which are measured at fair value. The methods used to measure fair values are discussed in Note 5.3.2. The Interim Financial Statements were approved for issue by the board of directors on July 31, 2017.

5.1.3 Functional and presentation currency

The Interim Financial Statements are presented in euro ("€"), which is the Company's functional currency, rounded to the nearest thousand except when indicated otherwise.

5.1.4 Use of estimates and judgments

The preparation of financial statements in accordance with EU IFRS requires the use of certain critical accounting estimates and management judgment in the process of applying the Company's accounting policies that affects the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim Financial Statements are disclosed in the following notes:

- note 5.3.2: Financial instruments: fair values
- note 5.4: Property and equipment
- note 5.5: Goodwill
- note 5.6: Other intangible assets
- note 5.14: Derivative financial instruments
- note 5.15: Deferred taxes
- note 5.16: Other non-current liabilities - Asset retirement obligation
- note 5.17: Accrued expenses and other current liabilities - Liabilities for tax on sites
- note 5.22: Acquisition of subsidiary - Purchase price allocation

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2016. In addition to those significant judgments, Telenet's management made additional significant judgments related to its accounting for the acquisition of Coditel in its condensed consolidated interim financial statements for the six months ended June 30, 2017.

A number of the Company's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Company uses market observable data to the extent available.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the fair value techniques, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For further information about the assumptions made in measuring fair values we refer to note 5.3.2 Financial Instruments.

5.1.5 Segment reporting

Operating segments are the individual operations of a company that the chief operating decision maker ("CODM") reviews regularly in allocating resources to these segments and in assessing segment performance. Telenet's segment reporting is presented based on how Telenet's internal financial information is organized and reported to the CEO, who is Telenet's CODM, the Senior Leadership Team and the board of directors.

The CEO, the Senior Leadership Team and the board of directors of Telenet manage the Company's telecommunication business, inclusive of the recent acquisition of SFR BeLux, as a single operation, driven by the Company's fixed and mobile convergence strategy for both the residential and business markets which is demonstrated in the Company's all-in offer called WIGO. They assess the Company's performance and make resource allocation decisions based on an overall Profit and Loss Statement. The Profit and Loss Statement is analyzed at least on a monthly basis with only revenue and direct costs allocated to separate product and service lines. The primary measure of profit within the Profit and Loss Statement used by the CODM to assess performance is Adjusted EBITDA, and the Profit and Loss Statement does not present Adjusted EBITDA for separate product and service lines. Notwithstanding that revenue and direct costs are allocated to the separate product and service lines, as a differentiated Profit and Loss Statement is not used by the CODM to manage Telenet's operations, assess performance or make resource allocation decisions, Telenet has determined that its operations constitute one single segment.

In respect of the Company's 50% investment in De Vijver Media NV, the Company determined that the De Vijver Media business is a separate operating segment that is not a reportable segment.

5.1.6 Reporting changes

As of 2017 onwards, the Company changed the way it presents the revenue generated by its fixed and mobile wholesale partners, as well as the presentation of the expenses incurred for CPE-related truck rolls.

Reclassification of wholesale revenue

As of January 1, 2017, the revenue generated by the Company's fixed and mobile wholesale partners is accounted for under other revenue, whereas prior to that date wholesale revenue was presented under mobile telephony revenue. The Company also applied this change retroactively to the prior year period. Accordingly, €16.3 million related to the six months ended June 30, 2016 was reclassified to other revenues.

Reclassification of expenses related to truck rolls for customer premises equipment ("CPE")

As of January 1, 2017, expenses incurred for CPE-related truck rolls are recognized under network operating expenses, whereas before that date they were presented under professional services and outsourced labor. The Company also applied this change retroactively to the prior year period. Accordingly, €12.4 million related to the six months ended June 30, 2016 was reclassified to network operating expenses.

5.2 Significant accounting policies

The accounting policies applied by the Company in these Interim Financial Statements are the same as those applied in the Company's consolidated financial statements as of and for the year ended December 31, 2016, except for the following amendments and interpretations which became effective for the Group during the six months ended June 30, 2017:

- ***Amendments to IAS 7 Statement of Cash Flows*** : requiring disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities (effective for annual periods beginning on or after January 1, 2017). These amendments have not yet been endorsed by the EU.
- ***Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)*** clarifies the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. Further, the amendments provide guidance on estimating probable future taxable profits when assessing the recognition of deferred tax assets when there are insufficient taxable temporary differences relating to the same taxation authority and the same taxable entity. The amendments are effective for annual periods beginning on or after 1 January 2017, with earlier adoption permitted. The amendments are not expected to have a material impact on the Group's consolidated financial statements. These amendments have not yet been endorsed by the EU.
- ***Annual improvements to IFRSs 2014-2016 Cycle***, issued on 8 December 2016 but not yet endorsed by the EU, clarifies that IFRS 12 Disclosure of Interests in Other Entities also applies

to interests that are classified as held for sale or distribution (effective for annual periods beginning on or after 1 January 2017).

None of these amendments and interpretations had a material impact on the Company's condensed consolidated interim financial statements.

The following standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2018, or later periods, but the Company has not early adopted them:

IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1, 2018) includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements, which align hedge accounting more closely with risk management. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. With respect to the provision for impairment of trade receivables, the Company will apply under IFRS 9 a new forward looking impairment model based on an expected credit loss model rather than the currently applied actual credit loss model. The Company does not expect a material impact on its consolidated financial statements with respect to the application of IFRS 9.

IFRS 15 Revenue from Contracts with Customers requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. IFRS 15 will replace existing revenue recognition guidance when it becomes effective. This new standard permits the use of either the retrospective or cumulative effect transition method. The Company will adopt IFRS 15 effective January 1, 2018 using the cumulative effect transition method. While we are continuing to evaluate the effect that IFRS 15 will have on our consolidated financial statements, we have identified a number of our current revenue recognition policies that will be impacted by the new revenue recognition standard, including the accounting for (i) time-limited discounts and free service periods provided to our customers, (ii) certain up-front fees charged to our customers and (iii) multiple element arrangements. These impacts are discussed below:

- When the Company enters into contracts to provide services to its customers, the Company often provides time-limited discounts or free service periods. Under current accounting rules, the Company recognizes revenue net of discounts during the promotional periods and does not recognize any revenue during free service periods. Under IFRS 15, revenue recognition will be accelerated for these contracts as the impact of the discount or free service period will be recognized uniformly over the total contractual period.

- When the Company enters into contracts to provide services to our customers, the Company often charges installation or other up-front fees. Under current accounting rules, installation fees related to services provided over our cable networks are recognized as revenue during the period in which the installation occurs to the extent these fees are equal to or less than direct selling costs. Under IFRS 15, these fees will generally be deferred and recognized as revenue over the contractual period, or longer if the up-front fee results in a material renewal right.

- Under the current revenue recognition guidance, revenue related to multiple element arrangements is generally recognized based on amounts billed to the customer. Under IFRS 15, revenue will generally be recognized based on delivery of goods and/or services at their relative fair values. Customer premise equipment (CPE) sold is deemed to have no standalone value as the settop boxes can only be used with a connection to the Company's network.

As the above revenue recognition changes have offsetting impacts and both result in a relatively minor shift in the timing of revenue recognition, we currently do not expect IFRS 15 to have a material impact on our reported revenue.

IFRS 15 will also impact our accounting for certain upfront costs directly associated with obtaining and fulfilling customer contracts. Under our current policy, these costs are expensed as incurred unless the costs are in the scope of another accounting topic that allows for capitalization. Under IFRS 15, the upfront costs that are currently expensed as incurred will be recognized as assets and amortized to other operating expenses over a period that is consistent with the transfer to the customers of the goods or services to which the assets relate, which we have generally interpreted to be the expected life of the customer relationship. The impact of the accounting change for these costs will be dependent on numerous factors, including the number of new subscriber contracts added in any given period, but we expect the adoption of this accounting change will initially result in the deferral of a significant amount of operating and selling costs.

The ultimate impact of adopting IFRS 15 for both revenue recognition and costs to obtain and fulfill contracts will depend on the promotions and offers in place during the period leading up to and after the adoption of IFRS 15.

IFRS 16 Leases (effective for annual periods beginning on or after January 1, 2019) makes a distinction between a service contract and a lease based on whether the contract conveys the right to control the use of an identified asset and introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. With respect to the impact of IFRS 16, we refer to note 5.3 and 5.26.3 of the Company's Consolidated Financial Statements of December 31, 2016. The Company is in the process of analyzing its operational lease agreements and corresponding obligations in order to apply IFRS 16. The conversion approach that will be applied is not yet determined.

5.3 Financial instruments

5.3.1 Financial risk management

During the six months ended June 30, 2017, the Company did not change its financial risk management objectives or policies and, as a result, they are still consistent with the disclosures in the consolidated financial statements as of and for the year ended December 31, 2016.

5.3.2 Financial instruments: fair values

Carrying amount versus fair value

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated interim statement of financial position and their levels in the fair value hierarchy are summarized in the table below. The fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation techniques.

June 30, 2017	Note	**Carrying amount**	**Fair value**			
(in thousands of euro)				Level 1	Level 2	Level 3
Financial assets						
Financial assets carried at fair value						
Money market funds	5.11	4,400	4,400	4,400	—	—
Derivative financial assets	5.14	41,303	41,303	—	41,303	—
Total financial assets carried at fair value		**45,703**	**45,703**	**4,400**	**41,303**	**—**
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.14	197,885	197,885	—	197,885	—
Total financial liabilities carried at fair value		**197,885**	**197,885**	**—**	**197,885**	**—**
Financial liabilities carried at amortized cost						
Loans, borrowings and finance lease liabilities (excluding deferred financing fees)	5.13					
- 2015 Amended Senior Credit Facility		3,564,866	3,579,822	—	3,579,822	—
- Senior Secured Fixed Rate Notes		798,289	873,401	873,401	—	—
- Overdraft facility		70	70	—	70	—
- Global Handset Finco Ltd Loan		12,740	12,740	—	12,740	—
- Coditel network right of use		4,243	4,243	—	4,243	—
- Vendor financing		108,790	108,790	—	108,790	—
- Finance lease obligations		366,473	330,704	—	330,704	—
- Clientele fee > 20 years		110,399	103,676	—	103,676	—
- 3G Mobile Spectrum		23,680	21,761	—	21,761	—
Total financial liabilities carried at amortized cost		**4,989,550**	**5,035,207**	**873,401**	**4,161,806**	**—**

December 31, 2016	Note	**Carrying amount**	**Fair value**			
(in thousands of euro)				Level 1	Level 2	Level 3
Financial assets						
Financial assets carried at fair value						
Money market funds	5.11	82,000	82,000	82,000	—	—
Derivative financial assets	5.14	72,483	72,483	—	72,483	—
Total financial assets carried at fair value		**154,483**	**154,483**	**82,000**	**72,483**	**—**
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.14	110,710	110,710	—	110,710	—
Total financial liabilities carried at fair value		**110,710**	**110,710**	**—**	**110,710**	**—**
Financial liabilities carried at amortized cost						
Loans, borrowings and finance lease liabilities (excluding deferred financing fees)	5.13					
- 2015 Amended Senior Credit Facility		3,032,638	3,132,411	—	3,132,411	—
- Senior Secured Fixed Rate Notes		1,258,913	1,341,013	1,341,013		—
- Overdraft facility		35	35	—	35	—
- Global Handset Finco Ltd Loan		12,740	12,740	—	12,740	—
- Vendor financing		34,652	34,652		34,652	
- Finance lease obligations		358,815	319,075	—	319,075	—
- Clientele fee > 20 years		106,008	98,564	—	98,564	—
- 3G Mobile Spectrum		23,680	20,821	—	20,821	—
Total financial liabilities carried at amortized cost		**4,827,481**	**4,959,311**	**1,341,013**	**3,618,298**	**—**

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Unobservable inputs	Inter-relationship between unobservable inputs and fair value measurements
Interest rate derivatives	Discounted cash flows : the fair value of the cross currency and interest rate derivatives is calculated by the Company based on swap curves flat, taking into account the credit risk of both the Company and the respective counterparties to the instruments. The Company also compares the calculated fair values to the respective instruments' fair value as provided by the counterparty.	The credit risk of both the Company and the respective counterparties to the instruments.	The estimated fair value would increase (decrease) if : - the credit risk of the company were lower (higher) - the credit risk of the countercompany were higher (lower).
Foreign exchange forwards and embedded derivatives	Discounted cash flows : the fair value of forward exchange contracts is calculated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. This calculation is compared to the listed market price, if available.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Loans, borrowings and finance lease liabilities : - 2015 Amended Senior Credit Facility - Money Market funds - Overdraft facilities	Market comparison technique : The fair values are based on broker quotes. The brokers providing the quotes are among the most active in the trading of the Senior Credit Facility, and regularly provide quotes to the market. No adjustments to this pricing are needed.	Not applicable.	Not applicable.
Loans, borrowings and finance lease liabilities : - Finance lease obligations - Clientele fee > 20 years - 3G Mobile spectrum - Global Handset Loan - Vendor Financing - Coditel network right of use	Discounted cash flows.	Discount rate.	The estimated fair value would increase (decrease) if : - the discount rate were lower (higher).

During the six months ended June 30, 2017, no financial assets or liabilities measured at fair value have been transferred between the levels of the fair value hierarchy.

5.4 Property and equipment

(in thousands of euro)	Land, buildings, and leasehold improvements	Network	Construction in progress	Furniture, equipment, and vehicles	Total
Cost					
At At January 1, 2017	**149,663**	**3,178,340**	**144,051**	**55,280**	**3,527,334**
Additions	1,150	71,308	138,168	785	211,411
Acquisition of Coditel	323	83,247	—	746	84,316
Transfers	2,685	175,368	(182,882)	4,829	—
Disposals	(507)	(2,705)	—	(100)	(3,312)
Write off of fully depreciated assets	—	(21,871)	—	(40)	(21,911)
At At June 30, 2017	**153,314**	**3,483,687**	**99,337**	**61,500**	**3,797,838**
Accumulated Depreciation					
At At January 1, 2017	**60,686**	**1,389,550**	**—**	**30,274**	**1,480,510**
Depreciation charge for the year	5,226	217,905	—	4,101	227,232
Disposals	(456)	(2,705)	—	(46)	(3,207)
Write off of fully depreciated assets	—	(21,871)	—	(40)	(21,911)
At At June 30, 2017	**65,456**	**1,582,879**	**—**	**34,289**	**1,682,624**
Carrying Amount					
At June 30, 2017	87,858	1,900,808	99,337	27,211	2,115,214
At January 1, 2017	88,977	1,788,790	144,051	25,006	2,046,824

As a result of the SFR BeLux acquisition, property and equipment increased by €84.3 million mainly consisting of its cable network and CPE material. With respect to the status of the preliminary purchase price allocation, we refer to Note 5.22.

Accrued capital expenditures for property and equipment reached €211.4 million for the six months ended June 30, 2017, representing the following additions:

- accrued capital expenditures for both the broadband and the mobile network growth and upgrades for an amount of €132.1 million
- capital expenditures for customer installations for an amount of €31.5 million;
- refurbishments and replacements of network equipment for an amount of €35.0 million; and
- set-top box related capital expenditures for an amount of €12.8 million.

For the six months ended June 30, 2017, the Company removed €21.9 million of gross cost and accumulated depreciation related to fully depreciated assets which are no longer used by the Company.

The Company recognized a loss on disposal of assets of €0.5 million for the six months ended June 30, 2017, mainly attributable to modems, set-up boxes and the sale of scrap material.

5.5 Goodwill

The total amount of goodwill as of June 30, 2017 amounted to €1,863.2 million (December 31, 2016 : €1,540.9 million). The increase of €322.3 million was attributable to the SFR BeLux acquisition.

(in thousands of euro)	
January 1, 2017	**1,540,946**
Acquisition of subsidiaries	322,288
June 30, 2017	**1,863,234**

For detailed information regarding the acquisition of SFR BeLux, we refer to note 5.22.

5.6 Other intangible assets

(in thousands of euro)	Network user rights	Trade name	Software	Customer relationships	Broadcasting rights	Other	Total
Cost							
At January 1, 2017	**261,089**	**157,448**	**636,162**	**314,304**	**109,568**	**21,125**	**1,499,696**
Acquisition of subsidiary	—	—	4,997	—	—	—	4,997
Additions	—	—	54,593	—	13,493	—	68,086
Disposals	—	(2,282)	(1,408)	(1,861)	—	—	(5,551)
Capitalized borrowing costs	—	—	500	—	—	—	500
Write-off of fully amortized assets	—	—	—	—	(37,116)	—	(37,116)
At June 30, 2017	**261,089**	**155,166**	**694,844**	**312,443**	**85,945**	**21,125**	**1,530,612**
At January 1, 2017	**70,298**	**123,225**	**358,010**	**202,578**	**32,724**	**3,686**	**790,521**
Amortization charge of the year	22,367	522	48,754	16,305	31,266	175	119,389
Disposals	—	—	(846)	(1,861)	—	—	(2,707)
Write-off of fully amortized assets	—	—	—	—	(37,116)	—	(37,116)
At June 30, 2017	**92,665**	**123,747**	**405,918**	**217,022**	**26,874**	**3,861**	**870,087**
At June 30, 2017	168,424	31,419	288,926	95,421	59,071	17,264	660,525
At January 1, 2017	190,791	34,223	278,152	111,726	76,844	17,439	709,175

The Company's intangible assets other than goodwill each have finite lives and are comprised primarily of network user rights (mainly mobile spectrum), trade name, software development and acquisition costs, customer relationships, broadcasting rights, out of market component of future leases and contracts with suppliers.

The Company acquired €5.0 million of intangible software assets through the SFR BeLux acquisition. With respect to the status of the preliminary purchase price allocation, we refer to Note 5.22.

The write-off of fully amortized assets consisted mainly of the broadcasting rights related to the 2016-2017 season of the Jupiler Pro League which was written-off upon the end of the season in May 2017 (€ 29.1 million).

On March 1, 2017, the Company disposed of its investment in Ortel Mobile NV resulting in the disposal of the tradename with a net book value of €2.3 million. The disposal of Ortel Mobile NV and its underlying assets resulted in a loss of €2.1million. In June, 2017, the Company disposed of customer lists related to its prepaid branded reseller customer base for an amount of €1.9 million, resulting in a loss on disposal of €1.3 million.

5.7 Investments in and loans to equity accounted investees and other investments

5.7.1 Investments in and loans to equity accounted investees

The following table shows the components of the Company's investments in equity accounted investees:

(in thousands of euro)	De Vijver Media NV	Other	Total
Investments in Associates			
At January 1, 2017	**28,362**	**1,944**	**30,306**
Additions	—	—	—
Direct Acquisition Costs	—	—	—
At June 30, 2017	**28,362**	**1,944**	**30,306**
Share in the result of Associates			
At January 1, 2017	**(4,208)**	**5**	**(4,203)**
Share in the result	(1,180)	(184)	(1,364)
At June 30, 2017	**(5,388)**	**(179)**	**(5,567)**
Loans granted to Associates			
At January 1, 2017	**—**	**1,269**	**1,269**
Accrued interest	—	12	12
At June 30, 2017	**—**	**1,281**	**1,281**
Carrying Amount			
At June 30, 2017	22,974	3,046	26,020
At January 1, 2017	24,154	3,218	27,372

5.7.2 Other investments

Belgian Mobile ID

In June 2017, Telenet contributed an amount of €1.5 million in cash as part of a capital increase of Belgian Mobile ID NV (f.k.a. Belgian Mobile Wallet NV). The Company's stake in the share capital of Belgian Mobile ID remains at 16.67%. Belgian Mobile Wallet NV launched a Belgian standard for payments via smartphones in spring 2014 allowing consumers to use their smartphones in the future to pay for goods and services, exchange coupons, or use their customer cards.

Imec.istart Fund

On March 15, 2017, Telenet Group Holding NV took an 8% stake in the share capital of Imec.istart Fund for €0.2 million. This Fund was incorporated to invest in pre-seed and seed stage opportunities in privately held technology companies which are selected for the imec.istart program and which have a potential for significant value creation in fast growing market segments in or outside of the territory of the European Union.

Recneps NV

On March 30, 2017, Telenet Group Holding NV took a 10% stake in the share capital of Recneps NV, an existing company previously incorporated by 1105 (Eleven Five) NV. Telenet contributed €0.3 million in cash and in return received 10% of the shares of the company.

5.8 Trade receivables

5.8.1 Non-current

(in thousands of euro)	June 30, 2017	December 31, 2016
Trade receivables	4,016	4,793
Less : allowance for bad debt	—	—
Trade receivables, net	**4,016**	**4,793**

Non-current trade receivables are comprised of long-term receivables from handset financing contracts with external customers.

5.8.2 Current

(in thousands of euro)	June 30, 2017	December 31, 2016
Trade receivables	222,935	215,638
Less: allowance for bad debt	(13,145)	(9,659)
Trade receivables, net	**209,790**	**205,979**

The current trade receivables amounting to €209.8 million as of June 30, 2017 also include the trade receivables acquired in connection with the SFR BeLux acquisition which amounted to €14.5 million for the period ended June 30, 2017.

When a trade receivable is uncollectible, it is written off against the provision for impairment of trade receivables. Trade receivables impairment losses have been included in cost of services provided in the condensed consolidated statement of profit or loss and other comprehensive income. Allowances for bad debt increased with €3.5 million, of which €3.7 million is related to bad debt provisions of Coditel acquired at the occasion of the SFR BeLux acquisition, partially offset by a €0.2 million release of bad debt allowances during the first six months of 2017.

The Company does not hold any receivables in foreign currency.

5.9 Other assets

5.9.1 Non-current

(in thousands of euro)	June 30, 2017	December 31, 2016
Outstanding guarantees to third parties for own liabilities (cash paid)	1,263	1,102
Deferred financing fees	4,481	5,064
Receivables from sale of sports broadcasting rights	6,080	6,130
Other	4,393	4,184
Other non-current assets	**16,217**	**16,480**

Deferred financing fees related to undrawn Revolving Credit Facilities are presented other non-current assets.

5.9.2 Current

(in thousands of euro)	Note	**June 30, 2017**	**December 31, 2016**
Recoverable withholding taxes		316	291
Prepaid content		7,330	7,506
Prepayments		32,402	18,547
Unbilled revenue		77,332	71,387
Receivables from sale of sports broadcasting rights		5,541	7,057
Indemnification receivable for pylon taxes	5.23	4,687	4,687
Settlement receivables		953	9,940
Other		4,277	5,794
Other current assets		**132,838**	**125,209**

As per June 30, 2017, the other current assets amounted to €132.8 million (December 31, 2016: €125.2 million). Prepayments and unbilled revenue increased €13.9 million and €5.9 million, respectively, partially offset by a €9.0 million decrease in settlement receivables. The increase in prepayments is due to (i) increased prepaid BIPT's annual fees with respect to 2G and 3G mobile spectrum (€7.8 million), (ii) increased prepaid rent (€3.2 million) and (iii) increased prepaid programming (€2.4 million).

Unbilled revenue generally represents revenue for which the Company has already provided a service or product in accordance with the customer agreement but for which the customer has not yet been invoiced.

5.10 Inventories

As of June 30, 2017, inventories amounted to €21.9 million (December 2016: €21.7 million) and consisted mainly of mobile handsets as well as tablets, HD Digiboxes, other DTV materials, wireless modems and powerline adaptors.

Mobile handsets and accessories inventory increased €0.4 million to €17.7 million as of June 30, 2017.

The telephony and internet related customer premise equipment represented a total value of €6.7 million, which is an increase compared to year end 2016 of €0.4 million.

The net book value of inventories also includes inventory impairments to reduce the carrying values to the net realizable value. These inventory impairments amounted to €2.5 million as of June 30, 2017 compared to €1.9 million as of December 31, 2016.

5.11 Cash and cash equivalents

(in thousands of euro)	**June 30, 2017**	**December 31, 2016**
Cash at bank and on hand	19,564	17,203
Money market funds	4,400	82,000
Total cash and cash equivalents	**23,964**	**99,203**

At June 30, 2017, the Company held €24.0 million of cash and cash equivalents compared to €99.2 million at December 31, 2016. To minimize the counterparty risk, the Company's cash equivalents are placed with European and US financial institutions with a minimum Standard & Poors rating of A-. The decrease in the cash balance compared to December 31, 2016 was primarily due to the SFR BeLux acquisition for €391.0 million (see note 5.22) and the payment of early termination fees and debt issuance fees resulting from the refinancings in May and June 2017. Telenet also paid €114.3 million of taxes during the six months ended June 30, 2017.

At June 30, 2017, the Company had access to €310.0 million of available commitments under Revolving Credit Facility AG and €25.0 million under its overdraft facility with BNP, subject to compliance with the covenants mentioned above.

5.12 Shareholders' equity

5.12.1 Shareholders' equity

As of June 30, 2017, the share capital amounted to €12.8 million (December 31, 2016: €12.8 million).

The condensed consolidated interim financial statements as of June 30, 2017 showed a negative consolidated equity amounting to €1,127.7 million, mainly as a result of the Company's historical shareholder disbursements policy, including various capital reductions.

The Company considers its most optimal equity structure on a consolidated level, based on a certain net leverage range, even in case of a negative equity on a consolidated level and taking into account that the amount of current liabilities exceeded the amount of current assets.

The board of directors has considered the Company's net equity position and has prepared the consolidated financial statements applying the accounting policies consistently on a going concern basis taking into account amongst others:

- the forecasted earnings for the next year;
- a projected strong and steady positive cash flow for the next year;
- maturities of financial obligations as disclosed in note 5.13.

Own shares

As of June 30, 2017, the Company held 1,653,826 own shares. During the six months ended June 30, 2017, the Company acquired 479,177 own shares under the Share Repurchase Program 2017, for a total amount of €26.3 million.

Stock options exercised during the six months ended June 30, 2017 resulted in the delivery of 677,404 own shares by the Company to the stock option holders. The cash received at the occasion of the exercise of the options amounted to €25.2 million. Since the cost of the own shares delivered amounted to €32.3 million, the Company realized a loss of €7.1 million. The details of the exercises are summarized in the following table:

Class of Stock options	Number of stock options exercised	Exercise date (date delivery shares)	Share price at exercise date (closing price)
ESOP 2013	245,200	1st quarter of 2017	€55.03
ESOP 2013bis	30,200	1st quarter of 2017	€55.03
ESOP 2014	28,750	1st quarter of 2017	€55.03
ESOP 2015	225	1st quarter of 2017	€55.03
ESOP 2016	12,210	1st quarter of 2017	€55.03
ESOP 2013	162,964	2nd quarter of 2017	€55.15
ESOP 2013bis	3,700	2nd quarter of 2017	€55.15
SOP 2013	75,000	2nd quarter of 2017	€55.15
ESOP 2014	59,500	2nd quarter of 2017	€55.15
ESOP 2015	19,700	2nd quarter of 2017	€55.15
ESOP 2016	5,555	2nd quarter of 2017	€55.15
ESOP 2016bis	34,400	2nd quarter of 2017	€55.15

5.12.2 Employee share based compensation

Stock Option Plan 2016 bis

On October 25, 2016, the board of directors approved a new general stock option plan for the employees for a total number of 467,000 stock options on existing shares, under the condition of approval and within the limits of the authorized capital as approved by the general shareholders' meeting of April 29, 2015 (the "Employee Stock Option Plan 2016 bis" or "ESOP 2016 bis"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

On November 7, 2016, the board of directors authorized a grant under this plan to certain beneficiaries. On January 6, 2017, a total of 359,000 stock options were accepted.

The vesting of these stock options occurs quarterly over a period of 4 years, with a vesting of 10% of the total stock options granted during each of the first 4 quarters and a vesting of 5% of the total stock options granted during each of the 12 following quarters.

The details regarding the stock option plan granted by the Company are summarized in the table below:

	Grant Date (for accounting purposes)	Fair Value at grant date (in euro)	Share Price (in euro)	Exercise Price (in euro)	Expected Volatility	Expected Option Life	Expected Dividends	Risk-free interest rate
ESOP 2016 bis Stock Options	January 6, 2017	10.01 - 11.53	52.85	46.97	21.27% - 23.88%	4.3 years	0.0%	-0.60% - -0.39%

Stock Option Plan 2017

On March 20, 2017, the board of directors approved Telenet's General Stock Option Plan 2017 for the Company's Senior Leadership, one other manager and the the Company's CEO for a total number of 553,292 stock options on existing shares ("ESOP 2017"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

The grant of these 553,292 stock options, with an exercise price of €58,14 per stock option, occurred on June 8, 2017. On June 30, 2017 a total of 403,266 stock options were accepted.

The vesting of the stock options under the ESOP 2017 occurs quarterly over a period of 4 years, with a vesting of 10% of the total stock options granted during each of the first 4 quarters and a vesting of 5% of the total stock options granted during each of the 12 following quarters.

The details regarding the stock option plan granted by the Company are summarized in the table below:

	Grant Date (for accounting purposes)	Fair Value at grant date (in euro)	Share Price (in euro)	Exercise Price (in euro)	Expected Volatility	Expected Option Life	Expected Dividends	Risk-free interest rate
ESOP 2017 Stock Options	June 30, 2017	5.81 - 8.33	55.15	58.14	20.96% - 22.69%	4.3 years	0.0%	-0.46% - -0.23%

Performance shares

On March 20, 2017 the board of directors decided that in 2017 no performance shares would be granted to the Senior Leadership Team members, its CEO and one other manager.

In May 2014, Telenet granted its Senior Leadership Team members (other than its chief executive officer) and one other manager a total of 27,694 performance shares ("the 2014 Telenet Performance Shares"). The performance target applicable to the 2014 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for Adjusted EBITDA, when comparing the Adjusted EBITDA during the period started as of January 1, 2014 and ending on December 31, 2016 to the Adjusted EBITDA for the period started on January 1, 2013 and ended on December 31, 2013. A performance range of 75% to 150% of the target Adjusted EBITDA CAGR would generally result in award recipients earning between 50% to 150% of their 2014 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. On February 14, 2017 The Remuneration & Nomination Committee and the Board of Directors decided that the performance criteria for the 2014 Telenet Performance Shares have been achieved, and as a consequence, the earned 2014 Telenet Performance Shares vested at 62% on May 22, 2017. This particular performance share plan was paid out in cash for an amount of €0.4 million.

In the six months ended June 30, 2017, Telenet recognized €7.8 million of compensation expense for the Telenet share based compensation plans, being €4.3 million related to the equity settled stock option awards and €3.5 million related to the cash settled performance share awards. Total compensation expense for the six months ended June 30, 2016 amounted to €4.7 million.

5.13 Loans and borrowings

The balances of loans and borrowings specified below include accrued interest as of June 30, 2017 and December 31, 2016.

(in thousands of €)	**June 30, 2017**	**December 31, 2016**
2015 Amended Senior Credit Facility:		
Revolving Credit Facility Z	120,132	61
Revolving Credit Facility AG	90,522	477
Term Loan AE	—	1,607,511
Term Loan AF	—	1,424,589
Term Loan AH	1,336,318	—
Term Loan AI	2,017,894	—
Senior Secured Fixed Rate Notes:		
€450 million Senior Secured Notes due 2022	—	460,625
€250 million Senior Secured Notes due 2024	256,375	256,375
€530 million Senior Secured Notes due 2027	541,914	541,913
Overdraft Facility	70	35
Global Handset Finco Ltd Loan	12,740	12,740
Coditel network right of use	4,243	—
Vendor financing	108,790	34,652
Finance lease obligations	366,473	358,815
3G Mobile Spectrum	23,680	23,680
Clientele fee > 20 years	110,399	106,008
	4,989,550	**4,827,481**
Less: deferred financing fees	(35,440)	(45,624)
Total non-current and current loans and borrowings	**4,954,110**	**4,781,857**
Less: current portion	(412,577)	(139,372)
Total non-current loans and borrowings	**4,541,533**	**4,642,485**

As of June 30, 2017, the Company carried a total debt balance (including accrued interest) of €4,954.1 million, of which €3,730.5 million principal amount is owed under our 2015 Amended Senior Credit Facility, including the amounts drawn under our revolving credit facilities, and €780.0 million principal amount is related to the Senior Secured Fixed Rate Notes with maturities ranging from 2024 through 2027. The Company's total debt balance at June 30, 2017 also included €108.8 million of short-term debt related to our vendor financing program and €23.7 million for the outstanding portion of the 3G mobile spectrum including accrued interest. The remainder primarily represents the capital lease obligations associated with the Interkabel Acquisition

On May 4, 2017, the Company issued a € 1,330.0 million Term Loan ("Facility AH") due March 31, 2026 and a USD 1,800.0 million Term Loan ("Facility AI") due June 30, 2025. Facility AH bears interest at 3.00% over EURIBOR (with a 0% floor) and was issued at 99.75% of par. Facility AI bears interest at 2.75% over LIBOR (with a 0% floor) and was issued at 99.75% of par. Telenet entered into several cross-currency and interest rate swap transactions to hedge both the underlying currency and floating interest rate exposure. Telenet used the net proceeds from these transactions to prepay the following credit facilities under the existing Senior Credit Facility: (i) Facility AE (€ 1,600.0 million due January 31, 2025, EURIBOR + 3.25% with a 0% floor issued at par), and (ii) Facility AF (USD 1,500.0 million due January 31, 2025, USD LIBOR + 3.00% with a 0% floor issued at 99.50% of par.

On May 15, 2017, the Company issued an additional USD 500.0 million Term Loan ("Facility AI2") due June 30, 2025. Facility AI2 bears interest at 2.75% over LIBOR (with a 0% floor) and was issued at 100% of par .The net proceeds were ultimately used by Telenet International Finance S.a.r.l to prepay Facility U under Telenet's2015 Amended Senior Credit Facility, of which the lender is Telenet Finance V Luxembourg S.C.A. ("TFLV"). TFLV in its turn used the proceeds from the prepayment of Facility U to redeem the €450.0 million Senior Secured Notes due August 2022.

Through the above mentioned transactions, the Company succeeded in extending the average tenor of its debt maturities from 8.3 years at the end of April 2017 to 8.1 years post-refinancing at attractive market conditions, while locking in long-term attractive interest rates. After the repayment of the Senior Secured Notes, the Company does not face debt amortizations (except for the Revolving Facilities) prior to 2024.

As a result of the above mentioned refinancing transactions, the Company recognized a total loss on extinguishment of debt amounting to €46.5 million (Note 5.20) consisting of (i) unamortized deferred financing fees related to Term Loan Facilities AE and AF for an amount of €18.2 million, (ii) new financing fees relating to Term Loans AH and

AI amounting to €3.7 million, (iii) unamortized deferred financing fees related to Facility U amounting to €5.5 million, and (iv) an early termination fee related to Facility U for €19.1 million cash paid at June 30, 2017.

Of the deferred financing fees related to the early repaid Term Loans AE and AF, €12.2 million was allocated to the new Term Loans AH and AI. In addition, the Company recognized new deferred financing fees amounting to €15.9 million incurred related to the Term Loan AH, AI and AI2 refinancing transactions.

On June 19, 2017, Telenet used its Revolving Facilities under the 2015 Amended Senior Credit Facility for the financing of the SFR BeLux acquisition for an aggregate amount of €210.0 million, including (i) €120.0 million under Revolving Credit Facility Z with a maturity of June 30, 2018 and a 2.25% margin of EURIBOR and (ii) €90.0 million under Revolving Credit Facility AG with a maturity of June 30, 2023 and a 2.75% margin over EURIBOR.

The table below provides an overview of the aggregate future principal payments of the total borrowings under all of the Company's loans and borrowings other than the finance leases and other types of financing as of June 30, 2017:

(in thousands of €)	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate	Interest payments due
		June 30, 2017				
BNP Overdraft Facility						
BNP Overdraft Facility	25,000	—	25,000	December 31, 2017	Floating | 1-month Euribor +1.60%	Not applicable
2015 Amended Senior Credit Facility:						
Term Loan AH	1,330,000	1,330,000	—	March 31, 2026	Floating | 3-month Euribor + 3.00%	Quarterly (Jan., April, July, Oct.)
Term Loan AI (2,3 billion USD)	2,015,246	2,015,246	—	June 30, 2025	Floating | Libor + 2,75%	Monthly until Dec 2018 Quarterly from 2019 (March, June, Sept., Dec.)
Revolving Credit Facility (Facility AG)	400,000	90,000	310,000	June 30, 2023	Floating | 1-month Euribor + 2.75%	Monthly
Revolving Credit Facility (Facility Z)	120,000	120,000	—	June 30, 2018	Floating | 1-month Euribor + 2.25%	Quarterly (Sep., Dec., Mar., June.)
Senior Secured Fixed Rate Notes:						
€250 million Senior Secured Notes due 2024 (Term Loan V)	250,000	250,000	—	August 15, 2024	Fixed | 6.75%	Semi-annually (Feb. and Aug.)
€530 million Senior Secured Notes due 2027 (Term Loan AB)	530,000	530,000	—	July 15, 2027	Fixed | 4.875%	Semi-annually (Jan. and Jul.)
Total notional amount	**4,670,246**	**4,335,246**	**335,000**			

At June 30, 2017, the Company has access to €310.0 million available commitment under Revolving Credit Facility AG and to €25.0 million on its banking overdraft facility.

5.14 Derivative financial instruments

The Company has entered into various derivative financial instruments to manage interest rate and foreign currency exposure. The following tables provide details of the fair value of the Company's financial and derivative instrument assets (liabilities), net:

(in thousands of euro)	**June 30, 2017**	**December 31, 2016**
Current assets	27,316	22,825
Non-current assets	13,987	49,658
Current liabilities	(25,818)	(16,015)
Non-current liabilities	(172,067)	(94,695)
	(156,582)	**(38,227)**
Interest rate derivatives	(85,364)	(105,391)
Cross Currency Interest Rate Swaps	(69,507)	64,405
Foreign exchange forwards	(1,712)	2,835
Embedded derivatives	1	(76)
	(156,582)	**(38,227)**

Realized and unrealized gains (losses) on derivative financial instruments are comprised of the following amounts:

(in thousands of euro)	**June 30, 2017**	**June 30, 2016**
Early termination of derivative financial instruments	**—**	**(10,735)**
Change in fair value		
Cross Currency Interest Rate Swaps	(126,317)	1,331
Interest rate derivatives	15,767	(76,420)
Foreign exchange forwards	(3,108)	(383)
Embedded derivatives	78	13
Total change in fair value	**(113,580)**	**(75,459)**
Net loss on derivative financial instruments	**(113,580)**	**(86,194)**

The loss for the six months ended June 30, 2017 of €113.6 million is mainly the result of a downward shift in the euro swap curve, which had a unfavorable impact on the mark-to-market valuation of the Company's cross currency interest rate swaps and interest rate derivatives.

For cross currency interest rate swaps and interest rate derivatives, the change in fair value includes the change in interest accrual.

5.15 Income taxes

(in thousands of euro)	For the six months ended June 30,	
	2017	**2016**
Current tax expense	(99,235)	(82,771)
Deferred tax expense/(income)	71,738	40,085
Income tax expense	**(27,497)**	**(42,686)**

The Company recognized €99.2 million of current tax expense for the six months ended June 30, 2017, which combined with the payment of €114.3 million of income taxes for the six months ended June 30, 2017, brought the current tax liability to €206.0 million as of June 30, 2017 which includes a tax liability of €3.1 million recognized following the Coditel acquisition (December 31, 2016: €218.0 million).

Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €1,341.3 million and €1,227.6 million as of June 30, 2017 and December 31, 2016, respectively. Under current Belgian and Luxembourg tax laws, these loss carry forwards have indefinite lives and may be used to offset future taxable income of Telenet Group Holding NV and its subsidiaries.

Deferred tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

The Company did not recognize deferred tax assets of €187.0 million and €185.3 million as of June 30, 2017 and December 31, 2016, respectively, related to tax loss carry forward, because it is not considered more likely than not that these net deferred tax assets will be utilized in the foreseeable future.

5.16 Other non-current liabilities

(in thousands of euro)	**June 30, 2017**	**December 31, 2016**
Employee benefit obligations	23,751	23,596
Other personnel related obligations	901	893
Long service awards	8,488	8,079
Interkabel out of market opex	15,435	15,135
Asset retirement obligations	8,713	8,700
Liabilities regarding sports broadcasting rights	23,632	24,718
Restructuring liability Norkring	10,608	11,343
Liabilities regarding pylon taxes	6,600	—
Other	9,646	2,144
Total Other non-current liabilities	**107,774**	**94,608**

The other non-current liabilities mainly consist of long term accrued stock based compensation expenses related to the cash settled performance share plans.

5.17 Accrued expenses and other current liabilities

(in thousands of euro)	June 30, 2017	December 31, 2016
Customer deposits	24,085	21,046
Compensation and employee benefits	61,996	73,921
VAT and withholding taxes	45,277	23,877
Dividend payable to shareholders	982	986
Accrued programming fees	55,117	52,036
Accrued capital expenditure	93,108	116,543
Accrued other liabilities - invoices to receive regarding:		
Goods received and services performed	27,667	39,858
Professional fees	16,250	14,732
Warehouse items received	4,366	4,310
Interconnect	41,699	28,254
Advertising, marketing and public relations	6,746	3,673
Infrastructure	11,022	9,579
Facilities	7,448	6,490
Other	29,901	37,205
Credit notes to issue	12,673	13,797
Accrued stock compensation	1,054	690
Non-income tax contingencies (IFRS 3)	5,537	5,933
Liabilities regarding pylon taxes	22,042	29,135
Accrued interest on derivatives	—	1
Accrued deferred financing costs	1,696	560
Accounts receivable with credit balance	19,702	18,419
Restructuring liability Norkring	2,250	2,250
Restructuring liability other	1,503	1,110
Liabilities regarding sports broadcasting rights	17,129	38,426
Other current liabilities	21,835	16,399
Total Accrued expenses and other current liabilities	**531,085**	**559,230**

Compared to December 31, 2016, total accrued expenses and other current liabilities decreased by €28.1 million to €531.1 million as of June 30, 2017.

Compared to December 31, 2016, VAT and withholding taxes payable increased €21.4 million due to the prepayments made in November for the December VAT, thus resulting in a lower outstanding VAT payable at year end. This increase was offset by a decrease in accrued capital expenditures which decreased from €116.5 million to €93.1 million at the end of June 2017. The decrease in liabilities related to sports broadcasting rights (-€21.3 million) is primarily explained by the settlement of the remaining liability regarding the 2016-2017 season of the Jupiler Pro League during the first half of 2017. With respect to the rights for the next three seasons of the Jupiler Pro League (being seasons 2017-2018, 2018-2019 and 2019-2020), no final contract was signed at June 30, 2017, and consequently, the broadcasting rights, nor the corresponding liability were recognized. The decrease in the liability regarding compensation and employee benefits is due to the payment of bonuses and double vacation pay during the first six months of 2017. Accrued expenses and other current liabilities acquired as part of the SFR BeLux acquisition amounted to €12.3 million as per June 30, 2017.

5.18 Revenue

The Company's revenue is comprised of the following:

(in thousands of euro)	For the six months ended June 30,		
	2017	**2016 as represented (*)**	**2016 as reported**
Subscription revenue			
Video	284,086	283,762	283,971
Broadband internet	298,484	281,912	282,240
Fixed-line telephony	119,425	121,352	121,309
Cable Subscription revenue	**701,995**	**687,026**	**687,520**
Mobile telephony	269,303	241,639	257,367
Total Subscription revenue	**971,298**	**928,665**	**944,887**
Business services	64,793	60,767	60,619
Other	202,209	189,131	173,057
Total Revenue	**1,238,300**	**1,178,563**	**1,178,563**

(*) We refer to Note 5.1.6

For the six months ended June 30, 2017, the Company generated revenue of €1,238.3 million, representing a 5% increase compared to the six months ended June 30, 2016 when we recorded revenue of €1,178.6 million. The reported revenue increase was primarily driven by inorganic movements such as a full six-month contribution from mobile operator BASE, whereas in the first six months of 2016 BASE was only included in the Company's results since February 11, 2016. In addition, the Company's results for the six months period ended June 30, 2017 reflected the acquisition of SFR BeLux, which Telenet acquired on June 19, 2017, contributing €1.9 million to our revenue in the period. These inorganic movements were partially offset by the sale of Ortel to Lycamobile as per March 1, 2017 and the discontinuation of certain fixed legacy products at BASE. Telenet's cable business delivered solid revenue growth for the six months ended June 30, 2017 driven by a 2% increase in cable subscription revenue and higher business services revenue. For the six months ended June 30, 2017, we generated mobile telephony revenue of €269.3 million, up €27.7 million compared to the six months ended June 30, 2016. This 11% year-on-year revenue increase reflected the acquisition of BASE, which was effective February 11, 2016. Finally, We generated €202.2 million of other revenue, reflecting the impact from the BASE acquisition.

The Company also had deferred revenue as follows:

(in thousands of euro)	June 30, 2017	December 31, 2016
Subscription revenue		
Video	24,316	20,796
Broadband internet	17,020	13,920
Fixed-line telephony	10,352	8,139
Cable Subscription revenue	**51,688**	**42,855**
Mobile telephony	29,444	38,305
Total Subscription revenue	**81,132**	**81,160**
Business services	14,231	14,092
Other	11,122	7,154
Total Deferred Revenue	**106,485**	**102,406**

5.19 Expenses by nature

(in thousands of euro)	For the six months ended June 30,		
	2017	2016 as represented (*)	2016 as reported
Network operating expenses	90,989	77,303	64,868
Direct costs (programming, copyrights, interconnect and other)	296,893	291,785	291,785
Staff-related expenses	126,564	124,069	124,069
Sales and marketing expenses	42,874	47,378	47,378
Outsourced labor and Professional services	19,117	14,390	25,973
Other indirect expenses	69,428	71,089	71,941
Operating expenses	**645,865**	**626,014**	**626,014**
Restructuring gains	877	(200)	(200)
Operating charges related to acquisitions or divestitures	1,898	6,422	6,422
Share-based payments granted to directors and employees	7,799	4,673	4,673
Depreciation	227,232	173,235	173,235
Amortization	88,123	71,736	71,736
Amortization of broadcasting rights	31,266	25,885	25,885
Gain on disposal of property and equipment	549	(947)	(947)
Non-cash and non-recurring items	**357,744**	**280,804**	**280,804**
Total costs and expenses	**1,003,609**	**906,818**	**906,818**

(*) We refer to Note 5.1.6

For the first six months ended June 30, 2017, Telenet incurred total expenses of €1,003.6 million, representing an increase of 11% compared to the prior year period when the Company incurred total expenses of €906.9 million and which included a €6.0 million nonrecurring benefit following the settlement of our Full-MVNO Agreement with Orange Belgium. In addition, the Company's total expenses in the first six months ended June 30, 2017 reflected (i) a full six-month contribution from BASE, (ii) the impact of the SFR BeLux acquisition as of June 19, 2017 and (iii) the sale of Ortel as mentioned above. The Company's total expenses increased for the first six months ended June 30, 2017 as compared to the same period last year as (i) higher depreciation and amortization charges, (ii) higher costs related to professional services and (iii) higher network operating expenses were only partially offset by (i) lower costs related to handset sales and subsidies, (ii) lower sales and marketing expenses and (iii) lower staff-related expenses. Telenet's total operating expenses represented approximately 81% of the Company's revenue for the first six months of 2017. Cost of services provided as a percentage of Telenet's revenue represented approximately 62% of the total revenue for the first six months ended June 30, 2017, while selling, general and administrative expenses represented approximately 19% of the total revenue for the first six months ended June 30, 2017.

5.20 Finance income / expense

		For the six months ended June 30,	
(in thousands of euro)	Note	**2017**	**2016**
Recognized in the statement of profit or loss and comprehensive income			
Finance income			
Net interest income and foreign exchange gain			
Interest income on bank deposits and commercial paper		170	268
Interest income on receivables		—	4
Net foreign exchange gain		143,642	—
		143,812	**272**
Finance expense			
Net interest expense, foreign exchange loss and other finance expense			
Interest expense on financial liabilities measured at amortized cost, and other finance expense		(109,850)	(115,977)
Amortization of financing cost		(2,909)	(3,803)
Net foreign exchange loss		—	(24,162)
		(112,759)	**(143,942)**
Net loss on derivative financial instruments			
Early termination of derivative financial instruments	5.14	—	(10,735)
Change in fair value	5.14	(113,580)	(75,459)
		(113,580)	**(86,194)**
Loss on extinguishment of debt		**(46,533)**	**(16,853)**
Net finance expenses		**(129,060)**	**(246,717)**

For the first six months ended June 30, 2017, net finance expenses totaled €129.1 million compared to €246.7 million of net finance expenses incurred for the first six months ended June 30, 2016. A €27.4 million higher non-cash loss on the Telenet's derivatives and a €29.6 million higher non-cash loss on the extinguishment of debt following the early redemption of certain debt instruments during the first six months of 2017 were more than offset by a €143.6 million non-cash foreign exchange gain on the Company's outstanding USD-denominated debt in the first half of 2017. As a result, net interest income and foreign exchange gain was €143.8 million in the first six months ended June 30, 2017 as compared to €0.3 million for the same period last year. Net interest expense, foreign exchange loss and other finance expense decreased 22% from €143.9 million in the first six months ended June 30, 2016 to €112.8 million in the first six months ended June 30, 2017 as a result of certain recent refinancings which both extended the average maturity of the Company's debt and lowered the Company's overall interest expenses

5.21 Earnings (loss) per share

5.21.1 Basic

The earnings and weighted average number of shares used in calculating basic earnings (loss) per share are:

(in thousands of euro, except share and per share data)	For the six months ended June 30,	
	2017	**2016**
Net (loss)/profit attributable to the equity holders of the Company	75,138	(19,493)
Weighted average number of ordinary shares	115,430,484	116,184,949
Weighted average number of shares used in the calculation of basic earnings per share	**115,430,484**	**116,184,949**
Basic (loss)/earnings per share in €	**0.65**	**(0.17)**

5.21.2 Diluted

Diluted earnings (loss) per share are calculated by using the treasury stock method by adjusting the weighted average number of shares used in the calculation of basic earnings per share to assume full conversion of all dilutive potential ordinary shares.

For the six months ended June 30, 2016, the Company had one category of dilutive potential ordinary shares:

- Warrant Plan 2010 ter

The earnings used in the calculation of diluted earnings per share measures are the same as those for the basic earnings per share measures, as outlined above.

	For the six months ended June 30,	
	2017	**2016**
Weighted average number of shares used in the calculation of basic earnings (loss) per share	115,430,484	116,184,949
Adjustment for:		
Warrant Plan 2010 ter Warrants	—	30,536
Weighted average number of shares used in the calculation of diluted earnings per share	**115,430,484**	**116,215,485**
Diluted (loss)/earnings per share in €	**0.65**	**(0.17)**

5.22 Acquisition and disposal of a subsidiary

5.22.1 Coditel Brabant SPRL

On June 19, 2017, pursuant to a definitive agreement and following regulatory approval, Telenet acquired 100% of the shares of Coditel Brabant SPRL for a cash purchase price of €391.0 million (the "SFR BeLux" acquisition). Coditel Brabant SPRL, operating under the SFR brand (formerly Numéricable), provides cable services to households and businesses in Brussels, Wallonia and Luxembourg and offers mobile telephony services in Belgium through an MVNO Agreement with BASE (Telenet Group BVBA).

In 2017, the Company incurred acquisition-related costs of €1.3 million on legal fees and due diligence costs. These have been included in 'Selling, general and administrative expenses'. Total acquisition-related costs incurred for the SFR BeLux acquisition amounts to €2.9 million.

Through this acquisition, Telenet extends its cable footprint beyond the current Flemish and Brussels coverage areas to parts of Wallonia and the Grand Duchy of Luxembourg, while covering roughly two-thirds of the Brussels footprint after this acquisition. We expect that the SFR BeLux acquisition will provide Telenet with certain annual cost-efficiencies, mainly driven by (1) an extended footprint in Brussels, (2) the introduction of competitive and appealing quadruple-play offers (combination of video, high-speed internet, fixed and mobile telephony), (3) B2B growth and (4) overall cost synergies.

The SFR BeLux acquisition was funded through a combination of two revolving debt facilities for an aggregate amount of €210.0 million (see Note 5.13), and existing liquidity of Telenet. The acquisition was approved by the Belgian Competition Authority subject to conditions intended to ensure that Orange will have access to Coditel's cable network. Telenet has in particular committed that Orange will be able to access Coditel's cable network within four months of completion of the transaction, and this at wholesale prices comparable to those applicable in the Flanders.

We account for the SFR BeLux acquisition using the acquisition method of accounting, whereby the total purchase price is allocated to the acquired identifiable net assets of Coditel based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. Due to the restricted access to financial and operational data prior to closing of the acquisition, which occurred on June 19, 2017, the Company was not able to perform a detailed allocation of the total purchase price as of June 30, 2017. The preliminary opening balance sheet is therefore subject to adjustment based on our assessment of the fair values of the acquired identifiable assets and liabilities. The items with the highest likelihood of changing upon the valuation process include property and equipment, goodwill, intangible assets associated with customer relationships and income taxes. The SFR brand was not part of the acquisition and will be terminated in Belgium and Luxembourg by the end of 2019 at the latest.

A summary of the purchase price and the provisional identifiable assets acquired and liabilities assumed for the SFR BeLux acquisition at the acquisition date is presented in the following table:

(in thousands of euro)	IFRS opening balance sheet	Fair value adjustments	Fair value of identifiable net assets
Assets			
Non-current assets:			
Property and equipment	84,316	—	84,316
Goodwill	45,208	(45,208)	—
Other intangible assets	4,997	—	4,997
Other assets	77	—	77
Total non-current assets	**134,598**	**(45,208)**	**89,390**
Current assets:			
Inventories	—	—	—
Trade receivables	16,857	—	16,857
Other current assets	1,522	—	1,522
Cash and cash equivalents	1,651	—	1,651
Total current assets	**20,030**	**—**	**20,030**
Total assets acquired	**154,628**	**(45,208)**	**109,420**
Liabilities			
Non-current liabilities:			
Loans and borrowings	4,102	—	4,102
Deferred tax liabilities	1,686	—	1,686
Other liabilities	16	—	16
Total non-current liabilities	**5,804**	**—**	**5,804**
Current liabilities:			
Loans and borrowings	160	—	160
Trade payables	8,562	—	8,562
Accrued expenses and other current liabilities	13,229	—	13,229
Deferred revenue	9,866	—	9,866
Current tax liability	3,107	—	3,107
Total current liabilities	**34,924**	**—**	**34,924**
Total liabilities assumed	**40,728**	**—**	**40,728**
Fair value of identifiable net assets acquired			**68,692**
Total consideration transferred			**390,980**
Provisional goodwill arising from the acquisition			**322,288**

The accounting of the acquisition will be revised based on the ongoing purchase price allocation which will be completed within one year of the date of acquisition.

In the period as from June 19, 2017 till June 30, 2017, SFR BeLux contributed revenue of €1.9 million and a profit of €0.4 million to the Company's results. If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue would have been €1,270.7 million, and consolidated operating result for the period would have been €243.1 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

5.22.2 Ortel Mobile NV

On February 10, 2017, Telenet Group BVBA sold all shares of its MVNO subsidiary Ortel Mobile NV to LycaMobileBelgium Limited. The agreed upon transfer date of the shares was March 1, 2017.
The consideration received consisted of (1) the purchase price of 1 EUR, (2) the cash and cash equivalents of Ortel Mobile NV on the transfer date amounting to €1.7 million, (3) a discount of €1.7 million on future MVNO services to settle prepaid credits and (4) the agreement for the provision of full MVNO services under the Amended MVNO agreement. Telenet determined that the net assets of Ortel Mobile NV on March 1, 2017 amounted to €2.1 million. Telenet recorded a net loss on disposal of €2.1 million.

5.23 Commitments and contingencies

5.23.1 Pending litigations

Interkabel Acquisition

On November 26, 2007, Telenet and the PICs announced a non-binding agreement-in-principle to transfer the analog and digital television activities of the PICs, including all existing subscribers to Telenet. Subsequently, Telenet and the PICs entered into a binding agreement (the 2008 PICs Agreement), which closed effective October 1, 2008. Beginning in December 2007, Proximus NV/SA (Proximus), the incumbent telecommunications operator in Belgium, instituted several proceedings seeking to block implementation of these agreements. Proximus lodged summary proceedings with the President of the Court of First Instance of Antwerp to obtain a provisional injunction preventing the PICs from effecting the agreement-in-principle and initiated a civil procedure on the merits claiming the annulment of the agreement-in-principle. In March 2008, the President of the Court of First Instance of Antwerp ruled in favor of Proximus in the summary proceedings, which ruling was overturned by the Court of Appeal of Antwerp in June 2008. Proximus brought this appeal judgment before the Cour de Cassation (the Belgian Supreme Court), which confirmed the appeal judgment in September 2010. On April 6, 2009, the Court of First Instance of Antwerp ruled in favor of the PICs and Telenet in the civil procedure on the merits, dismissing Proximus's request for the rescission of the agreement-in-principle and the 2008 PICs Agreement. On June 12, 2009, Proximus appealed this judgment with the Court of Appeal of Antwerp. In this appeal, Proximus is now also seeking compensation for damages should the 2008 PICs Agreement not be rescinded. While these proceedings were suspended indefinitely, other proceedings were initiated, which resulted in a ruling by the Belgian Council of State in May 2014 annulling (i) the decision of the PICs not to organize a public market consultation and (ii) the decision from the PICs' board of directors to approve the 2008 PICs Agreement. In December 2015, Proximus resumed the civil proceedings pending with the Court of Appeal of Antwerp seeking to have the 2008 PICs Agreement annulled and claiming damages of €1.4 billion.

Telenet intends to defend itself vigorously in the resumed proceedings and does not expect an outcome before the end of 2017. No assurance can be given as to the outcome of these or other proceedings. However, an unfavorable outcome of existing or future proceedings could potentially lead to the annulment of the 2008 PICs Agreement and/or to an obligation of Telenet to pay compensation for damages, subject to the relevant provisions of the 2008 PICs Agreement, which stipulate that Telenet is responsible for damages in excess of €20.0 million . We do not expect the ultimate resolution of this matter to have a material impact on our results of operations, cash flows or financial position. No amounts have been accrued by us with respect to this matter as the likelihood of loss is not considered to be probable.

Litigation regarding cable access

In December 2010, BIPT and the regional regulators for the media sectors (together, the Belgium Regulatory Authorities) published their respective draft decisions reflecting the results of their joint analysis of the broadcasting market in Belgium. The Belgium Regulatory Authorities adopted a final decision on July 1, 2011 (the July 2011 Decision) with some minor revisions. The regulatory obligations imposed by the July 2011 Decision include (1) an obligation to make a resale offer at "retail minus'' of the cable analog package available to third-party operators (including Proximus), (2) an obligation to grant third-party operators (except Proximus) access to digital television platforms (including the basic digital video package) at "retail minus", and (3) an obligation to make a resale offer at "retail minus'' of broadband internet access available to beneficiaries of the digital television access obligation that wish to offer bundles of digital video and broadband internet services to their customers (except Proximus).

In February 2012, Telenet submitted draft reference offers regarding the obligations described above, and the Belgium Regulatory Authorities published the final decision on September 9, 2013. Telenet has implemented the access obligations as described in its reference offers and, on March 1, 2016, Orange Belgium NV (Orange Belgium), formerly known as Mobistar SA, launched a commercial offer combining a cable TV package and broadband internet access for certain of their mobile customers. In addition, as a result of the November 2014 decision by the Brussels Court of Appeal described below, on November 14, 2014, Proximus submitted a request to Telenet to commence access negotiations. Telenet contests this request and has asked the Belgium Regulatory Authorities to assess the reasonableness of the Proximus request. The timing for a decision regarding this assessment by the Belgium Regulatory Authorities is not known.

On December 14, 2015, the Belgium Regulatory Authorities published a draft decision, which amended previously-issued decisions, and sets forth the "retail minus" tariffs of minus 26% for basic television (basic analog and digital video package) and minus 18% for the bundle of basic television and broadband internet services during an initial two-year period. Following this two-year period, the tariffs would change to minus 15% and 7%, respectively. The draft decision was notified to the E.U. Commission and a final decision was adopted on February 19, 2016. A "retail minus" method of pricing involves a wholesale tariff calculated as the retail price for the offered service by Telenet, excluding value added tax (VAT) and copyrights, and further deducting the retail costs avoided by offering the wholesale service (such as costs for billing, franchise, consumer service, marketing and sales).

Telenet filed an appeal against the July 2011 Decision with the Brussels Court of Appeal. On November 12, 2014, the Brussels Court of Appeal rejected Telenet'sappeal of the July 11 Decision and accepted Proximus's claim that Proximus should be allowed access to Telenet's, among other operators, digital television platform and the resale of bundles of digital video and broadband internet services. On November 30, 2015, Telenet filed an appeal of this decision with the Belgian Supreme Court. In 2014, Telenet and wireless operator Orange Belgium each filed an appeal with the Brussels Court of Appeal against the initial retail minus decision. These appeals are still pending. On April 25, 2016, Telenet also filed an appeal with the Brussels Court of Appeal challenging the February 19, 2016 retail minus decision. There can be no certainty that Telenet's appeals will be successful.

The July 2011 Decision aims to, and in its application may, strengthen Telenet's competitors by granting them resale access to Telenet's network to offer competing products and services notwithstanding Telenet's substantial historical financial outlays in developing the infrastructure. In addition, any resale access granted to competitors could (1) limit the bandwidth available to Telenet to provide new or expanded products and services to the customers served by its network and (2) adversely impact Telenet's ability to maintain or increase its revenue and cash flows. The extent of any such adverse impacts ultimately will be dependent on the extent that competitors take advantage of the resale access ultimately afforded to Telenet's network and other competitive factors or market developments.

Orange request for access to Coditel's network

On 11 February 2016, Orange Belgium SA ("Orange") made an official request for access to the cable network of Coditel, which was acquired by Telenet Group on 19 June 2017. On 19 February 2016, Orange transferred a sum of EUR 600,000 to Coditel as required to launch the six-month implementation period to put in place the necessary measures to give Orange access to the cable network pursuant to the July 2011 Decision. In principle, the implementation period ended on 19 August 2016. As Orange had not yet obtained effective access to Coditel's network in December 2016, Orange brought a claim for damages against Coditel on 29 December 2016 in front of the French-speaking Commercial Court of Brussels. Orange claimed to have suffered a loss of EUR 8,973 per day of delay. On 16 January 2017, Orange also initiated interim proceedings, but these have in the meantime been withdrawn.

As at 30 June 2017, the proceedings in front of the French-speaking Commercial Court of Brussels were still ongoing and Coditel was considering its options, also in view of the fact that it considers that Orange has in the meantime obtained effective access to Coditel's cable network.

Cable ownership related legal proceedings

The municipality of Sint-Lambrechts-Woluwe granted the right to operate the cable network on its territory to WoluTV ASBL ("WoluTV") in 1971. Telenet provided a number of technical services to WoluTV in accordance with agreements dated February 11, 1998 (analog television) and September 3, 2007 (digital television). Telenet and WoluTV also concluded two agreements on May 7 and September 3, 2007 respectively, pursuant to which Telenet provided, in its own name and for its own account, internet and telephony services on the municipality's cable network. On December 16, 2014, WoluTV terminated the agreements with Telenet with effect on December 31, 2015.

The agreements terminated by WoluTV provide that WoluTV must compensate Telenet for all costs, damages and losses as a consequence of termination of the agreements. WoluTV has disputed that this clause is valid under Belgian law and has therefore refused to designate an expert to determine the amount of the compensation owed to Telenet. Telenet brought a claim against WoluTV before the Commercial Court of Brussels on November 10, 2015, whereby Telenet requested provisional compensation of €1 million (increased with interest), and that the Court appoint an expert to determine the compensation owed by WoluTV. The case is currently pending before the Commercial Court of Brussels.

Separately, on April 28, 2015, the municipality of Sint-Lambrechts-Woluwe decided to sell its cable network. On June 29, 2015, the municipality awarded the purchase contract to Coditel Brabant SPRL (SFR) ("Coditel") for €18 million. Telenet, who had also submitted an offer to purchase the cable network, brought an action for annulment of the municipality's decision before the Council of State. Telenet has withdrawn its action for annulment in view of the acquisition of Coditel.

Copyright related legal proceedings

The issue of copyrights and neighboring rights to be paid for the distribution of television has during the last two decades given rise to a number of litigations. Already in 1994, the Belgian Radio and Television Distributors Association (Beroepsvereniging voor Radio- en Televisiedistributie / Union professionnelle de radio et de télédistribution) (the "RTD", renamed afterwards to "Cable Belgium") was involved in discussions with various copyrights collecting agencies regarding the fees to be paid to the latter for the analogue broadcasting of various television programs. In November 2002, the RTD, together with certain Belgian cable operators (among which Telenet), began reaching settlements with the copyright collecting agencies and broadcasters. Pursuant to those settlement agreements, to which Telenet acceded, Telenet agreed to make certain upfront payments as well as to make increased payments over time. Consequently, in August 2003, Telenet increased the copyright fee it charges its subscribers. In July 2004, the Association for the Collection, Distribution and Protection of the Rights of the Artists, Interpreters and Performers (CVBA Vereniging voor de inning, repartitie en de verdediging van de vertolkende en uitvoerende kunstenaars) ("Uradex", later renamed to "Playright") filed a claim against the RTD for €55 million plus interest concerning neighboring rights owed by the members of the RTD to artists and performers represented by Uradex during the period from August 1994 through the end of July 2004.

After the roll-out of digital television, Telenet in 2006 started a judicial procedure against a number of collecting agencies. This procedure is related to a discussion between Telenet and these collecting agencies about the legal qualification of (i) simulcast (i.e. channels distributed both in analogue and in digital quality), (ii) direct injection (i.e. channels delivered to the distributor over a non-publicly accessible transmission channel) and (iii) all rights included contracts (i.e. contracts in which broadcasters engage to deliver their signals and programs after having cleared all rights necessary for the communication to the public over the distributor's networks).

On April 12, 2011, the Court of First Instance of Mechelen rendered a positive judgment in the procedure against Sabam, Agicoa, Uradex and other collecting agencies, and as part of which procedure several collecting agencies (Sabam not included) filed counterclaims against Telenet for the payment of the invoices that Telenet disputed. The Court validated Telenet's arguments in each of the claims and counterclaims that were the subject of the procedure and, as a result: (i) no retransmission fees have to be paid by Telenet in case of direct injection of a broadcaster's signal into Telenet's network, (ii) no retransmission fees have to be paid in case of simulcast of an analog and digital signal (and consequently, Telenet does not have to pay extra for the distribution of linear digital television signals) and (iii) all-rights-included contracts are deemed legally valid, which means that if Telenet agrees with a broadcaster that the latter is responsible for clearing all copyrights, Telenet is not liable towards the collecting agencies. The collecting agencies lodged an appeal (see below).

Since Sabam had not filed any counterclaim for the payment of invoices as part of the aforesaid judgment, on April 6, 2011, Sabam (not the other collecting agencies) initiated judicial proceedings before the Commercial Court of Antwerp, claiming payment by Telenet of invoices relating to (a) fees for a period from January 1, 2005 until December 31, 2010 for Telenet's basic digital television package, and (b) fee advances for the first semester of 2011 for Telenet's basic and optional digital television packages. The claims mainly related to (i) direct injection and (ii) all-rights-included contracts. Sabam's claim was based on arguments substantially similar to those rejected by the Court of First Instance in Mechelen on April 12, 2011. Simultaneously, Sabam initiated a summary procedure before the President of the Commercial Court of Antwerp, to receive provisional payment of the contested fees and fee advances. On June 30, 2011, the President of the Commercial Court of Antwerp rendered a positive judgment for Telenet in this procedure. Sabam lodged an appeal. On June 27, 2012, the Court of Appeal of Antwerp confirmed this judgment and dismissed the claim in summary proceedings of Sabam.

In the case of the appeal against the judgment of April 12, 2011 of the Court of First Instance of Mechelen, the Court of Appeal of Antwerp rendered an intermediate ruling on February 4, 2013. The Court of Appeal rejected the claims of the collecting societies with regard to simulcasting and confirmed that direct injection is a single copyright relevant operation (royalties should therefore be paid only once). The case was re-opened to allow the collecting societies to provide further proof of their actual claims. On January 20, 2014 and on May 5, 2014, respectively, Numéricable (previously Coditel) and Telenet appealed this intermediate ruling before the Supreme Court mainly because of the incorrect qualification of the fees to be paid for the communication to the public as if it would be "retransmission" rights. The Supreme Court has issued its judgment in this matter on September 30, 2016. The Supreme Court accepted the argument of Telenet that direct injection only involves a single communication to the public and therefore cannot constitute "retransmission" as this requires two communications to the public. The Supreme Court has referred the case to the Court of Appeal of Brussels, where the case has recently been activated upon request of Sabam. In view of the complexity of the matter and the number of parties involved, it will take at least another year before a decision is rendered. Numéricable had reached a settlement with the collecting societies before, and has already withdrawn its appeal.

Telenet does not expect the ultimate resolution of this matter to have a material impact on its results of operations or financial condition.

Pylon taxes

Since the second half of the 1990s, certain municipalities (mainly in the Brussels-Capital and Walloon Regions), provinces and the Walloon Region have levied local taxes, on an annual basis, on pylons, masts and/or antennas dedicated to mobile telecom services located on their territory, on the basis of various municipal, provincial and regional regulations. These taxes have systematically been contested by Telenet Group BVBA (formerly BASE Company NV) ("Telenet Group") before the Courts on various grounds.

In particular, Telenet Group has argued that such tax regulations are discriminatory because they apply only to pylons, masts and antennas dedicated to mobile telecom services and not to comparable equipment used for other purposes (whether telecom-related or not). Telenet believes that there is no objective and reasonable justification for such differentiated tax treatment. Telenet is therefore of the view that the contested tax regulations violate the general non-discrimination principle. The Courts have in a number of instances accepted this argument (cf. positive judgment of the Supreme Court of September 25, 2015).

There was also a question as to whether article 98 §2 of the Belgian law of March 21, 1991 on the reform of certain public economic companies (the "1991 Law") prohibits municipalities from taxing the economic activity of telecom operators on their territories through the presence (whether on public or private domain) of mobile telephone pylons, masts or antennas dedicated to this activity. The Belgian Constitutional Court held on December 15, 2011 that this was not the case. That interpretation was confirmed by the Belgian Supreme Court in its judgments of March 30, 2012.

In the case between Telenet Group and the City of Mons, the European Court of Justice ruled on October 6, 2015 that the municipal tax on GSM pylons levied by the City of Mons, as disputed by Telenet Group, does not fall within the scope of Article 13 of Directive 2002/20/EC of the European Parliament and of the Council of 7 March 2002 on the authorization of electronic communications networks and services (the "Authorization Directive") and is therefore not prohibited on the basis van Article 13 of the Authorization Directive.

By Decree of December 11, 2013 (the "2014 Walloon Decree"), the Walloon Region implemented an annual tax on masts, pylons and antennas for mobile operators with effect of January 1, 2014. Under this Decree, all municipal taxes on pylons, mast and antennas in the Walloon Region have been abolished. The Decree does however allow municipalities to levy surcharges. The tax amounts to EUR 8,000 per 'site'. Under the Decree all users of 'sites' are jointly liable towards the Walloon Region for the tax related to shared sites. On December 12, 2014, a Walloon Decree was adopted that maintains this tax for 2015 and subsequent years, with the same scope and tax payable (EUR 8,000 per 'site', subject to indexation as of 2015) (the "2015 Walloon Decree"). The three Belgian mobile network operators brought a request for annulment of these Decrees before the Constitutional Court.

On July 16, 2015, the Constitutional Court annulled the 2014 Walloon Decree, but decided to maintain its effects. By judgment of May 25, 2016, the Constitutional Court also annulled the 2015 Walloon Decree, without maintaining its effects. On December 22, 2016, Telenet and the other mobile operators concluded a settlement with the Walloon Region. In addition to payment of a settlement fee to end the dispute related with the 2014 Walloon Decree, this settlement also includes an undertaking from the Walloon Region not to levy any taxes on telecom infrastructure and a commitment for Telenet to invest EUR 20 million until 2019 on top of the investments already planned in the Walloon Region.

Telenet intends to continue challenging any local tax regulations applicable to its mobile telecom equipment. As per June 30, 2017, Telenet has recognised a provision of €28.6 million in this respect. Telenet and the KPN Group have moreover agreed on certain recourse arrangements in respect of certain (pre-2015) pylon taxes in their sale and purchase agreement with respect to BASE Company NV (now Telenet Group BVBA). It can however not be excluded that other taxes on telecom equipment will in the future be imposed, which may have a significant negative financial impact on Telenet.

5.23.2 Other contingent liabilities

Regulation regarding signal integrity

In July 2013, the Flemish Parliament adopted legislation imposing strict integrity of broadcasting signals on distributors and the requirement that distributors must request authorization from broadcasters when they contemplate offering, among other things, program recordings through an electronic program guide. The impetus for this legislation were the broadcasters' arguments that the high penetration of personal video recorders (PVRs) in the Flemish market have resulted in viewers fast-forwarding large volumes of advertisements, which resulted in a decrease in the revenues of broadcasters. The legislation requires broadcasters and distributors to find a commercial solution. If this fails, the legislation provides for a mediation procedure, which, if unsuccessful, can be followed by civil litigation.

There is a risk that this legislation will negatively impact Telenet's ability to launch new innovative applications and increase Telenet's financial contribution to broadcasters. The current distribution agreements with SBS, VRT and Medialaan entered into in 2014 allow Telenet to distribute the broadcasters' signal in an unaltered manner. The relevant broadcasters have given Telenet the right to offer their customers a "slightly delayed viewing" and a PVR functionality. Telenet is required to pay a higher fee for each customer using these functionalities.

Other

On July 7, 2017, the Belgian Regulatory Authorities published draft market review decisions for public consultation regarding the regulation of the wholesale broadband and broadcasting markets. In summary, these draft market review decisions include the following regulatory obligations based on so-called "reasonable tariffs" on cable operators within their respective footprints (1) an obligation to grant third-party operators access to digital television platforms (including the basic digital video package and analogue TV) and separately (2) an obligation to make a bitstream offer of broadband internet access available (including fixed voice as option). The Belgian Regulatory Authorities also propose the continuation of access regulation to Proximus for DSL, adding access to FTTH and multicast. DSL would continue to be regulated on cost orientation, while FTTH would be regulated at "reasonable tariffs". The public consultation runs until September 15, 2017, followed by a notification to the European Commission for advice by the end of 2017. If these draft market review decisions are adopted in 2018, they will replace the July 2011 Decision. However Telenet has serious concerns with these proposals as they would lead to regulating two broadband infrastructures, which is consistent with the European Single Market Strategy to simulate further investments in broadband network. Telenet is currently preparing its submission to the public consultation.

5.24 Related parties

The related parties of the Company mainly comprise its shareholders that have the ability to exercise significant influence or control. This consisted of the Liberty Global Consortium for both 2017 and 2016. Related parties further include transactions with Pebble Media NV, Doccle CVBA and Doccle.Up NV, Idealabs Telenet Fund NV and De Vijver Media NV.

The following tables summarize material related party balances and transactions for the period:

5.24.1 Statement of financial position

(in thousands of euro)	**June 30, 2017**	**December 31, 2016**
Trade receivables		
Liberty Global Consortium (parent)	7,987	6,248
Associates	1,497	319
Trade payables and accrued trade liabilities		
Liberty Global Consortium (parent)	16,693	7,692
Associates	1,623	378
Loans and borrowings payable		
Liberty Global Consortium (parent)	12,740	12,740
Loans and borrowings receivable		
Associates	1,281	320
Property and equipment		
Liberty Global Consortium (parent)	6,941	33,401

The transactions with the entities of the Liberty Global Consortium mainly consisted of the purchase of certain property and equipment and other services within the normal course of business from Liberty Global Services B.V. All transactions with related parties were at regular market conditions.

5.24.2 Statement of profit or loss and other comprehensive income

(in thousands of euro)	For the six months ended June 30	
	2017	**2016**
Revenue		
Liberty Global Consortium (parent)	6,909	1,990
Associates	1,820	653
Operating expenses		
Liberty Global Consortium (parent)	2,545	180
Associates	5,353	2,422

5.24.3 Key management compensation

For purposes of this footnote, key management is identified as people involved in strategic orientation of the Company.

(in thousands of euro)	For the six months ended June 30,	
	2017	**2016**
Salaries and other short-term employee benefits	3,834	3,894
Post-employment benefits	294	294
Share-based payments (compensation cost recognized)	4,450	3,326
	8,578	**7,514**

5.25 Subsequent events

Extension of Jupiler Pro League broadcasting rights

In early May 2017, Telenet extended the non-exclusive broadcasting rights for the Jupiler Pro League for the next three seasons until the 2019-2020 season. In addition, Telenet also gained the exclusive OTT rights, while through its 50% shareholding in the local media company De Vijver Media Telenet also holds the exclusive rights on the match summaries. At the end of July 2017, a formal agreement was signed by all parties. As in previous years, these broadcasting rights will be capitalized under EU IFRS and amortized as the seasons progress. As a result, Telenet will recognize these broadcasting rights in its accrued capital expenditures in Q3 2017.

Statutory auditor's report to board of directors of Telenet Group Holding NV on the review of the condensed consolidated interim financial information as at 30 June 2017 and for the 6-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Telenet Group Holding NV as at 30 June 2017, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the 6-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2017 and for the 6-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Brussels, 31 July 2017

KPMG Bedrijfsrevisoren
Statutory Auditor
represented by

Filip De Bock
Bedrijfsrevisor

Notes

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