Working on your future

Financial half year report 2013

Table of Contents

Introduction 5

Management's Discussion & Analysis of the six months ended June 30, 2013 9

1 Information on the Company 9
- 1.1 Overview 9
- 1.2 Basic cable television 11
- 1.3 Digital & premium television 12
- 1.4 Broadband internet 14
- 1.5 Telephony 15
- 1.6 Business services 20
- 1.7 Consolidated operating statistics 21
- 1.8 Network 21
- 1.9 Strategy 23

2 Discussion of the condensed consolidated interim financial statements 25
- 2.1 Condensed consolidated interim statement of profit or loss and other comprehensive income 25
- 2.2 Revenue by service 27
- 2.3 Total expenses 29
- 2.4 Expenses by nature 30
- 2.5 Adjusted EBITDA 31
- 2.6 Operating profit 31
- 2.7 Net finance expenses 31
- 2.8 Income taxes 33
- 2.9 Net income 33
- 2.10 Cash flow and liquidity 34
- 2.11 Debt profile, cash balance and net leverage ratio 36
- 2.12 Capital expenditures 37

3 Risk factors 39

Table of Contents

3.1 General information 39

3.2 Legal proceedings and regulatory developments 41

4 Fair view statement by the management of the Company 42

Condensed consolidated interim financial statements 43

1 Condensed consolidated interim statement of financial position 44

2 Condensed consolidated interim statement of profit or loss and other comprehensive income 45

3 Condensed consolidated interim statement of changes in equity 46

4 Condensed consolidated interim statement of cash flows 47

5 Notes to the condensed consolidated interim financial statements for the six months ended June 30, 2013 48

5.1 Reporting entity and basis of preparation 48

5.2 Significant accounting policies 49

5.3 Financial instruments 51

5.4 Property and equipment 53

5.5 Goodwill 53

5.6 Other intangible assets 54

5.7 Trade receivables 54

5.8 Other assets 54

5.9 Inventories 55

5.10 Cash and cash equivalents 55

5.11 Shareholders' equity 55

5.12 Loans and borrowings 60

5.13 Derivative financial instruments 61

5.14 Deferred taxes 61

5.15 Other liabilities 62

5.16 Current tax liability 62

Table of Contents

5.17 Accrued expenses and other current liabilities 63
5.18 Revenue 63
5.19 Expenses by nature 64
5.20 Finance income / expense 65
5.21 equity accounted investees 65
5.22 Earnings per share 65
5.23 Commitments and contingencies 67
5.24 Related parties 69
5.25 Off-balance sheet arrangements 69
5.26 Subsequent events 70

Review report of the Statutory Auditor 71

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 2012 Annual Report which was published on March 22, 2013 (the "Annual Report"), a copy of which is available on the Company's website at http://investors.telenet.be and http://jaarverslag2012.telenet.be/en.

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, 2013 and 2012 and the audited consolidated annual financial statements as of and for the year ended December 31, 2012 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, dividend policy and future growth prospects, 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

Telenet is a leading provider of media and telecommunication services. Its business comprises the provision of cable television, high speed internet and fixed and mobile telephony services, primarily to residential customers in Flanders and Brussels. In addition, Telenet offers services to business customers across Belgium under the brand Telenet for Business. Telenet is listed on the Euronext Brussels Stock Exchange under the ticker symbol TNET and is part of the BEL20 stock market index. Additional information on Telenet and its products can be obtained from the Company's website http://www.telenet.be. Further information regarding the operating and financial data presented herein can be downloaded from the investor relations pages of this website (http://investors.telenet.be).

Definitions

Adjusted EBITDA: EBITDA is defined as profit before net finance expense, 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 divestures. Operating charges or credits related to acquisitions or divestures include (i) gains and losses on the disposition of long-lived assets and (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. 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. A reconciliation of this measure to the most directly comparable EU IFRS measure is disclosed on page 31.

Accrued capital expenditures: 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.

Free Cash Flow: Free Cash Flow is defined as net cash provided by the operating activities of Telenet's continuing operations less (i) purchases of property and equipment and purchases of intangibles of its continuing operations, (ii) principal payments on vendor financing obligations, (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. 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.

Customer relationships: Customer relationships are equal to the sum of analog and digital basic cable TV subscribers on the Combined Network, including the network covered by the long-term lease with the pure intermunicipalities.

ARPU: Average monthly revenue (ARPU) per revenue generating unit (RGU) and ARPU per customer relationship are calculated as follows: average total monthly recurring revenue (including revenue earned from carriage fees and set-top box rentals and excluding interconnection revenue, installation fees, mobile telephony revenue and set-top box sales) for the indicated period, divided by the average of the opening and closing RGU base or customer relationships, as applicable, for the period.

Net leverage ratio: Net leverage ratio is calculated as per the 2010 Amended Senior Credit Facility definition, using net total debt, excluding (a) subordinated shareholder loans, (b) capitalized elements of indebtedness under the Clientele and Annuity Fees, (c) any finance leases entered into on or prior to August 1, 2007, and (d) 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' annualized EBITDA.

Important Reporting Changes

Reclassification of basic digital cable television subscribers: Effective April 1, 2013, Telenet reclassified 166,400 digital cable television subscribers to analog cable television subscribers to reflect a change in the definition of basic digital cable television subscribers. As of Q2 2013, Telenet's analog cable television subscriber base also includes subscribers who may use a purchased set-top box or other means to receive its basic digital cable channels without subscribing to any services that would require the payment of recurring monthly fees in addition to the basic analog service fee ("basic digital cable subscriber"). For comparative reasons, Telenet has retroactively applied the change to the prior year periods.

Free Cash Flow: As from the Q4 2012 reporting, Telenet has changed its definition of Free Cash Flow, aligning with the definition used by Telenet's controlling shareholder Liberty Global plc. As from Q4 2012, Free Cash Flow is reduced by the principal payments on post acquisition additions to network leases, as reported in the Company's consolidated statement of cash flows. See page 6 for the current definition of Free Cash Flow. The retroactive implementation of the new Free Cash Flow definition as from January 1, 2012 onwards would have reduced the Company's Free Cash Flow for the six months ended June 2012 by €1.8 million.

Management's Discussion & Analysis of the six months ended June 30, 2013

The following 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, 2013 and 2012 and the audited consolidated financial statements of Telenet Group Holding NV as of and for the year ended December 31, 2012, 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 Information on the Company

1.1 OVERVIEW

Telenet is the largest cable television operator in Belgium. Telenet's hybrid fiber-coaxial ("HFC") cable network spans the Flanders region, covers approximately 61% of Belgium by homes passed and includes the metropolitan centers of Antwerp and Ghent and approximately one-third of Brussels. Telenet's shares are listed on the Euronext Brussels Stock Exchange under the ticker symbol TNET and it is part of the BEL20 stock market index.

Telenet offers analog and digital cable television and digital pay television, including high definition ("HD") and on-demand television, high-speed broadband internet and fixed and mobile telephony services to residential subscribers who reside in Telenet's network area. Telenet also combines its services into packages, or bundles, which offer subscribers the convenience of being able to purchase television, broadband internet and telephony services from a single provider at an attractive and discounted price. In addition, Telenet offers voice and data services, as well as value-added services including cloud, hosting and security solutions, to small, medium-sized and large businesses throughout Belgium and parts of Luxembourg.

As of June 30, 2013, Telenet had 2,097,500 unique residential subscribers, which represented approximately 73% of the 2,881,300 homes passed by its network. As of June 30, 2013, all of Telenet's 2,097,500 unique residential subscribers subscribed to its basic cable television services, 1,424,700 subscribed to its broadband internet services and 997,400 subscribed to its fixed telephony services. Approximately 69% of its basic cable television subscribers had upgraded from analog to digital television and were generating incremental ARPU beyond the basic cable television subscription fee, and 674,900 customers subscribed to its mobile telephony services. For the six months ended June 30, 2013, Telenet's total revenue was €813.6 million, a 12% increase over the six months ended June 30, 2012, and its Adjusted EBITDA was €417.8 million, an 8% increase over the six months ended June 30, 2012.

Telenet's business was founded on the provision of high-speed broadband internet and fixed telephony services, but following its acquisition of the cable television businesses of the mixed intermunicipalities (the "MICs") in 2002, the provision of standard cable television services became its largest business activity. Because consumers are increasingly looking to receive all of their media and communications services from one provider at attractive prices, Telenet has been increasingly focused on offering its subscribers broadband internet and telephony subscriptions and services together with its basic cable television 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. For the six months ended June 30, 2013, Telenet's ARPU per customer relationship was €47.1 per month, a €2.0 per month increase over Telenet's ARPU per customer relationship for the six months ended June 30, 2012.

Telenet's entire cable network has been upgraded to bi-directional capability, is fully EuroDocsis 3.0 enabled and provides a spectrum bandwidth capacity of 600 MHz. In February 2010, Telenet announced its "Digital Wave 2015" upgrade project, under which it will split optical nodes thereby gradually reducing the number of homes connected to an optical node from an average of 1,400 homes per node to an average of 500 per node by 2015. This increase in the number of nodes throughout Telenet's footprint will allow Telenet to build a next-generation network, with increased download and upload speeds, supporting new internet applications and enhanced services and technology. At the end of June 2013, an average of 650 homes was connected to each optical node, down from approximately 1,400 homes at the start of the project in 2010. As not all homes connected subscribe to broadband internet services from Telenet, the number of active broadband households per optical node approximated 320 at June 30, 2013.

Prior to October 2008, Telenet offered all services to the approximately 1,933,000 homes passed by its network but was only able to offer broadband internet and telephony services to the approximately 829,500 homes passed by the network owned by Interkabel and the pure intermunicipalities (the "PICs") which encompasses about one third of Flanders (the "Partner Network" and together with Telenet's network, the "Combined Network"). Pursuant to an agreement entered into on June 28, 2008 between Telenet, Interkabel, INDI ESV and four PICs in Flanders (the "PICs Agreement"), which effectively closed in October 2008, Telenet acquired full rights to use substantially all of the Partner Network under a long-term lease (*erfpacht/emphytéose*) 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. The PICs remain the legal owners of the Partner Network. Following the PICs Agreement, Telenet now has the direct customer relationship with the analog and digital television

subscribers on the Partner Network and is able to make all of its services available to all of the homes passed in the Partner Network.

1.2 BASIC CABLE TELEVISION

Basic cable television is the principal medium for the provision of television services in Flanders and Telenet is the largest provider of cable television services in Belgium. Almost all Flemish television households are passed by the Combined Network. The high penetration of Telenet's basic cable television business has resulted in a steady source of revenue and cash flow. Currently, Telenet's main source of competition is with the Belgian incumbent's IPTV platform as traditional terrestrial broadcasting and direct-to-home satellite broadcasting are less popular in Flanders or elsewhere in Belgium.

Telenet's basic cable television subscribers have access to at least 21 basic analog television channels and an average of 26 analog radio channels. To facilitate the growing trend towards digital TV, new internet applications and higher broadband speeds in the future, Telenet has partially reduced the bandwidth allocated to analog channels in 2012. Telenet generally provides its basic cable television services under individual contracts with its subscribers, the majority of whom pay on a monthly basis. Subscribers to Telenet's basic cable television service pay a single monthly subscription fee for basic tier content, irrespective of the broadcasting format or number of channels received in the basic tier. Telenet charges its basic tier cable television subscribers an average monthly fee of €9.93, excluding 21% VAT and copyright fees described below. The copyright fee of €2.63 per month, excluding 21% VAT, helps to offset copyright fees paid by Telenet to copyright collection agencies for certain content provided by the public broadcasters that is retransmitted over the Combined Network.

Telenet regularly reviews its pricing policy, carefully weighing the current and future economic and competitive environment. Historically, Telenet has been able to increase the subscription fee for its basic cable television service to offset inflationary impacts on its cost base. In January 2011, Telenet submitted an application to the regulator to increase its basic cable television subscription fee, which was granted in May 2011. In October 2011, Telenet effectively increased its subscription fee by an average 4.2% (€0.55 per month) and raised the associated copyright fee by €0.25 per month on average.

Subscribers to total basic analog and digital cable television services were 2,097,500 at the end of June 2013, which represented approximately 73% of homes passed by Telenet's network. This represented a net organic loss of 20,100 basic cable TV subscribers for the six months ended June 30, 2013. Despite continued competition from other digital platforms, including low-end offers, this marked a sharp improvement compared to the net organic loss of 46,300 basic cable TV subscribers for the six months ended June 30, 2012, which was influenced by the intensely competitive environment and the analog channel reshuffle program of April 2012. The aforementioned organic loss excludes migrations to Telenet's digital television platform and represents customers churning to competitors' platforms, such as other digital television providers and satellite operators, or customers terminating their television service or having moved out of Telenet's service footprint. In addition, Telenet's basic cable television subscriber base was impacted in the three months ended March 31, 2013 by a one-time clean up of 5,100 multi-TV subscribers. Going forward, such multi-TV contracts, in which basic TV services are being provided to multiple TV sets such as in hotels, hospitals and nursing homes, are being treated as business customers. Given the limited expansion of the number of homes passed and strong competition in

the TV market, Telenet anticipates further churn of basic cable TV subscribers, offset by further growth in multiple-play subscribers, generating a much higher ARPU relative to the basic cable TV ARPU.

At the end of June 2013, Telenet launched a new television product, "TV with a card", using the CI+ technology (Common Interface Plus), which comes as standard in the latest TV sets. By placing a CI+ module with a smart card in his TV set, the customer can watch linear television in digital picture and sound quality, without the need of a set-top box or additional cables. Telenet's "HD Digicorder", however, remains the ideal device for customers who require more advanced functionalities such as an EPG, VOD and the ability to record programs.

1.3 DIGITAL & PREMIUM TELEVISION

Historically, Telenet only offered basic analog television services to homes passed by its network. Telenet's interactive digital television service was launched in September 2005 and includes both basic and premium offerings. In general, digital technology compresses video signals into a smaller amount of bandwidth than is currently used by analog transmissions, while also enhancing the audio and visual quality of the transmissions. Telenet is able to broadcast a significantly greater number of channels by converting channels currently used for analog broadcasts into use for digital channels. Current digital interactive capabilities enable subscribers greater flexibility in choosing what content to watch and when, to participate in certain types of programs, to communicate with others through their television set and to utilize electronic program guides ("EPG"), among other features.

Telenet's basic cable television subscribers who have installed a set-top box or CI+ module, and activated a smart card, have access to a total of more than 70 digital channels, including 15 HD channels, and approximately 36 digital radio channels, for no additional fee. Telenet offers its basic cable television services in digital for no additional fee in order to encourage its subscribers to migrate to digital cable television so they can access Telenet's digital pay television services, including sports and movies, video-on-demand ("VOD") and other interactive television services.

In order to access all of Telenet's premium interactive digital television ("iDTV") offerings, subscribers need to install a set-top box, which acts as an interface between the subscriber and the Combined Network, and operates on the Multimedia Home Platform ("MHP") standard, an open standard platform that provides Telenet with the flexibility to integrate applications from a variety of sources. There currently is no dominant standard used for digital set-top box operating platforms, but the MHP standard has been adopted by CableLabs. Telenet offers digital set-top boxes in a sale or a rental model. Telenet offers a choice of "HD Digibox" and "HD Digicorder" set-top boxes with alternative specifications and functionality, such as the ability to record, pause and playback digital content viewed on its service. As of June, 30, 2013, approximately 83% of activated set-top boxes included PVR functionalities and approximately 82% were HD-enabled. The vast majority of digital cable television subscribers rent the "HD Digicorder" as this specific set-top box type is bundled into Telenet's multiple-play bundles and allows for a full high-quality TV viewing experience including pausing, forwarding and recording functionalities.

Telenet's premium 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-demand and a variety of interactive features. Telenet's full premium interactive digital television offering is available to all subscribers passed by its

network. Telenet's premium content is acquired through various studio contracts, including Universal Studios, MGM, Twentieth Century Fox, Paramount, Sony, Disney and Warner Brothers. These contracts generally require Telenet to make payments on the basis of a minimum number of subscribers, with adjustments made on a sliding scale once minimum subscriber levels have been attained. In addition, a few of these contracts require Telenet to share a portion of the additional revenue derived from price increases for its premium television packages with the content provider. The success of Telenet's premium services depends on its ability to obtain attractive content on reasonable terms. Following the launch of Telenet's iDTV service and competing television services in Belgium, competition for premium content in Belgium has increased. If in the future, Telenet is unable to retain certain rights for premium content, its ability to attract and retain subscribers to its premium services, and its profitability, may be adversely affected. In addition, most content agreements entered into by Telenet with the major studios do not allow Telenet to offer content via interactive means. These agreements will therefore need to be renegotiated and content prices may increase.

In cooperation with the local broadcasters, Telenet has built a large broadcasting on-demand library, including historical and current content and previews of local series. In addition, Telenet's digital platform supports additional functionalities such as e-mail, short message services, search and recommend, online photo albums and access to government services and programs. Other features include several interactive search engines such as telephony directories, job searches and travel and transportation information.

In December 2010, Telenet launched "Yelo", a new multimedia platform enabling digital cable television subscribers to watch their favorite television programs beyond the familiar TV screen on their smartphone, tablet, laptop and personal computer. In addition, "Yelo" offers a range of convenient services, such as an EPG, management of recorded content both at home and via the internet, and VOD. In March 2012, Telenet added 14 television channels, allowing for a total of 31 channels that can be viewed on a linear basis through Yelo.be or the Yelo app. In June 2012, the platform was further enriched by adding social media features and capabilities. In March 2013, Telenet introduced a new intuitive and user-friendly interface based on the new "YeloTV" navigation menu, while it added 12 additional channels for linear broadcasting and digital TV customers are now also able to access their recordings from the set-top box on their smartphone, tablet, laptop and personal computer. We already have 400,000 unique customers using "Yelo" on their mobile devices, which has doubled since the introduction of the new app four months ago.

In April 2013, Telenet started deploying its next-generation digital TV platform "YeloTV". This new TV experience provides a significant enhancement to home entertainment as customers benefit from a totally revamped user interface and a seamless media integration with their other digital devices, including their tablets and smartphones. More importantly, "YeloTV" is backwards compatible with the latest generation of Telenet's installed HD PVR set-top boxes, covering more than 50% of its total digital TV customer base thereby avoiding incremental capital expenditures for set-top box replacements.

In June 2011, Telenet acquired certain exclusive broadcasting rights for the Belgian football championship for the three seasons starting July 2011. As a result, Telenet was able to select and exclusively broadcast the three most important league matches from each week of the Jupiler Pro League on its Sporting Telenet pay television channels. From the 2012-2013 season onwards, Telenet was able to broadcast all league matches, including the five remaining matches from each week on a non-exclusive basis, which has resulted in incremental subscriber growth. At the end of June 2013, 196,100 customers subscribed to Telenet's pay television sports channels, representing an increase of 7% as compared to June 30, 2012. Since its acquisition of the Belgian football

broadcasting rights, Telenet has recorded a strong 58% increase in the number of subscribers to its pay television sports channels. Telenet's sports channels, which have been rebranded into Sporting Telenet in July 2012, exclusively broadcast the most important fixtures of the Belgian football championship alongside the most popular international football leagues and other major sporting events, such as NBA basketball and golf. Pricing is dependent on the number of services ordered and ranges from €16.15 per month for triple-play subscribers to €26.95 per month for single-play subscribers (both including 21% VAT).

At the end of June 2013, approximately 69% of Telenet's basic cable TV subscribers were generating incremental revenue on its interactive digital TV platform, which offers a much richer viewing experience and access to a wide variety of thematic channel packs and digital pay TV services as well as an extensive VOD library. This represented a total of 1,453,200 digital TV subscribers, an increase of 12% as compared to June 30, 2012. For the six months ended June 30, 2013, Telenet attracted 53,000 net digital TV subscribers. Compared to the six months ended June 30, 2012, Telenet recorded sharply lower net subscriber growth as last year's commercial performance was significantly boosted by the implementation of the analog channel reshuffle. Going forward, Telenet will continue to focus on migrating the vast majority of its remaining analog TV subscribers to its leading digital TV platform so they can benefit from an enriched viewing experience.

1.4 BROADBAND INTERNET

Telenet is the leading provider of residential broadband internet services in Flanders. Through its HFC upgraded network, Telenet offers its residential subscribers broadband internet service at downstream data transfer speeds of up to 120 Mbps. Telenet's current residential offerings include multiple tiers, which range from "Basic Internet", which allows end users to receive data from the internet at a downstream data transfer speed of up to 30 Mbps, to "Internet 120", which offers end users a downstream speed of up to 120 Mbps. Telenet believes its broadband internet subscriber base is one of the most advanced in Europe given the fact that approximately 99% of its broadband internet customers subscribed to speeds of at least 30 Mbps as of June 30, 2013 with the average download speed per broadband internet subscriber up from 31 Mbps in 2011 to 43 Mbps at June 30, 2013.

In February 2010, Telenet introduced its next generation broadband internet lineup centered around its Fibernet product suite. Powered by the EuroDocsis 3.0 technology, which has been introduced across its entire footprint, Telenet has reaffirmed its market positioning as the fastest internet service provider in its footprint with unrivalled download speeds of up to 120 Mbps. The ISP Monitor Speed Test[1], which ranks the real speeds of all internet providers in Belgium, confirms Telenet's leading position versus all of its main competitors.

Thanks to continuing investments in its leading HFC network, Telenet's customers can continue to enjoy a great broadband internet experience, both at home and on the move. To this end, Telenet made further progress with the deployment of WiFi Homespots across its footprint. A Homespot is a modem that transmits two concurrent signals: one for private use and another for public use. This enables customers, who have a Telenet wireless internet modem, to log onto the WiFi network of friends or relatives with their own login and hence, they can

[1] The ISP Monitor Speed Test is an independent source for bandwidth speed comparison. The results shown on www.ispmonitor.be are a summary of the test results gathered by the users of ISP Monitor software.

use a much faster data network compared to the wireless 3G networks. At June 30, 2013, Telenet operated over 830,000 active WiFi Homespots, which represented approximately 58% of its broadband internet subscriber base. By year-end, Telenet targets over 1 million active Homespots so customers can easily access the internet through multiple devices simultaneously from any location over both Telenet's wired internet connections and its dense network of WiFi Homespots and 1,300 public hotspots. With the introduction of Telenet's new simplified triple-play bundles "Whop" and "Whoppa" at the end of June 2013, all new broadband internet customers will enjoy download speeds of at least 60 Mbps, which exceeds the base tier download speeds of its direct competitors.

At June 30, 2013, Telenet served 1,424,700 broadband internet subscribers, up 6% as compared to the prior year period. As a result, approximately 49.4% of the homes serviceable from its leading HFC network subscribed to one of its leading broadband internet products as compared to 46.9% at June 30, 2012. Despite the intensely competitive environment and the maturing broadband internet penetration in Telenet's footprint, Telenet added 10% more net broadband internet subscribers for the six months ended June 30, 2013 (37,000) as compared to the six months ended June 30, 2012. Annualized churn for its broadband internet service fell 20 basis points from 7.4% for the six months ended June 30, 2012 to 7.2% for the six months ended June 30, 2013 despite the more competitive environment post the introduction of the Telecoms Law.

The broadband internet access market in Belgium is well established, with penetration rates higher than in most other major European markets. As of December 2012, broadband internet access penetration in Belgium stood at approximately 33% of total population based on data from the national telecoms regulator BIPT ("Belgian Institute for Postal Services and Telecommunications"). Together with only eight other European countries, broadband internet access penetration in Belgium exceeded 30% of total population. Broadband internet access penetration in the Flanders region was approximately 34% of total population according to the BIPT's 2012 Annual Report as a result of more intense competition between the two main broadband internet access technologies, DSL and cable, as well as a generally higher GDP per capita in Flanders as compared to the other regions. Telenet's ability to continue to further grow the broadband market will depend in part on increases in the number of households with an internet connectable device in Flanders and parts of Brussels.

1.5 TELEPHONY

1.5.1 Fixed telephony

Telenet offers its residential subscribers local, national and international long distance fixed telephony services and a variety of value-added features. In Flanders, Telenet believes that it is currently the largest competitor to Belgacom NV/SA, the Belgian incumbent, due in part to Telenet's emphasis on customer service and innovative flat-fee rate plans. Substantially all of Telenet's fixed 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 telephony services.

Telenet's "FreePhone" rate plan was launched in December 2004, providing subscribers with unlimited national calls to fixed lines during off-peak hours. In 2005 and 2006, Telenet introduced variations on the "FreePhone" rate plan which have been successful in increasing the penetration of this service, but have also reduced the ARPU Telenet earns from residential fixed telephony. At the end of November 2011, Telenet introduced

"FreePhone Mobile", which allows fixed telephony customers to make free off-peak calls to mobile lines in Belgium. In early May 2013, Telenet enriched its fixed telephony offer through the launch of "Triiing". This application allows fixed telephony subscribers to call with their smartphones over WiFi networks at attractive flat fee rates instead of generally more expensive mobile tariffs. As around 50% of calls originated by mobile phones are made at home, "Triiing" is essentially a money saver for Telenet's customers. After only eight weeks since its launch and whilst being temporarily only available on the iOS platform, the application has been downloaded almost 50,000 times with almost 300,000 calls completed so far.

Telenet's residential telephony subscribers are charged a combination of fixed monthly fees for their telephone line, variable fees based on actual usage and, for certain tariff plans, fixed fees for unlimited calling to national fixed lines at all times. Flat-rate usage charges apply for calls placed to other fixed and mobile lines in Belgium and all European member states during off-peak hours. Telenet seeks to price its residential telephony products to provide a better value alternative to Belgacom. It also offers its residential subscribers enhanced telephony features for an additional fee. Enhanced offerings include packages of features and individual services such as voicemail and caller ID.

At the end of June 2013, Telenet had nearly 1 million fixed telephony subscribers (997,400 RGUs, +8% year-on-year). As a result, approximately 34.6% of the homes passed by its network at June 30, 2013 subscribed to its fixed line telephony service as compared to 32.2% at the end of June 2012. For the six months ended June 30, 2013, Telenet added 28,700 net fixed telephony subscribers. Telenet's performance in fixed telephony for the three months ended June 30, 2013 was impacted by a reduced focus on triple-play bundles in anticipation of the launch of its new simplified bundles "Whop" and "Whoppa" at the end of June 2013. Given Telenet's revamped multiple-play lineup, with only two simple and transparent triple-play bundles, Telenet expects the rate of fixed line telephony subscriber additions to improve going forward. Although annualized churn for its fixed telephony service at 8.3% for the six months ended June 30, 2013 remained higher than last year as a result of cannibalization from sharply lower mobile prices, annualized churn continued to improve on a sequential basis from 8.5% for the three months ended March 31, 2013 to 8.0% for the three months ended June 30, 2013.

1.5.2 Mobile telephony

Telenet's mobile telephony offer was launched in August 2006 under the Telenet Mobile brand name. Telenet provides this service through a mobile virtual network operator ("MVNO") partnership with Mobistar NV, the second largest mobile operator in Belgium, providing Telenet's customers all network services as well as access to Mobistar's mobile telecommunications network. In February 2009, Telenet signed an initial Full-MVNO agreement with Mobistar, which provided Telenet with greater flexibility in terms of product offers and which enabled Telenet to roll out fixed mobile convergent products.

On April 27, 2012, Mobistar and Telenet extended their strategic partnership to 2017. With the renewed Full-MVNO agreement, Telenet can further expand its offer for mobile voice and data using Mobistar's mobile telecommunications network, and will also gain access to Mobistar's future 4G/LTE ("Long-Term Evolution") mobile network. Through a partnership with Telenet, the Walloon cable operator Tecteo SCRL will also be able to make use of this renewed Full-MVNO agreement to provide mobile services for its cable customers. The renewed Full-MVNO agreement can be terminated in case of material breach and certain events, including

changes of control and regulatory events. In the event of termination, an exit plan will apply permitting Telenet to migrate its mobile telephony customers to another radio access network provider.

In July 2011, Telenet Tecteo Bidco NV, a partnership between Telenet NV and the Walloon cable operator Tecteo SCRL, acquired the fourth 3G mobile spectrum license in Belgium, for the minimum reserved price of €71.5 million. In total, Telenet Tecteo Bidco NV now holds 14.8 MHz of paired 3G spectrum in the 2.1 GHz band and it has exercised the option to acquire another 4.8 MHz of paired 2G spectrum in the 900 MHz band and 10 MHz of paired 2G spectrum in the 1800 MHz band, which will both become available as of November 27, 2015. Telenet continues to weigh all available options to operate its frequencies in the 2.1 GHz band, which are also suited for LTE wireless services. It is Telenet's intention to leverage as much as possible on existing infrastructure assets and to seek a more intense collaboration with the existing Belgian mobile network operators through mutually beneficial partnerships. As per the license conditions, Telenet Tecteo Bidco NV must meet coverage obligations of at least 30% of the Belgian population in July 2014, 40% of the Belgian population in July 2015 and 50% of the Belgian population in July 2016. In addition, Telenet Tecteo Bidco NV was required to launch a commercial offer by January 2013, but informed the regulator that it was unable to meet this requirement due to practical and technical constraints. In the meantime, discussions are underway with the regulator to find a practical way forward. If Telenet Tecteo Bidco NV fails to meet the aforementioned obligations, its usage rights may be withdrawn. Applicable legislation includes no express provision as to whether Telenet Tecteo Bidco NV would then need to continue to pay installments and license fees under the license. The Company continues its efforts to use the asset as initially intended by management. Depending on the outcome of these efforts and the Company's assessment of alternative means to use or to monetize this asset, a triggering event might occur which could lead to the impairment of all or part of the carrying value of this asset for the year ending December 31, 2013.

Telenet provides a range of mobile postpaid rate plans. Telenet initially started with zero-subscription plans ("Walk & Talk 0"), with subscribers only paying for their usage. At the end of October 2009, Telenet redesigned its product offers and tariff structures including subsidized smartphones for postpaid subscribers taking a two-year contract. As a result, Telenet has been able to significantly increase its mobile subscriber base despite only cross-selling mobile telephony services to its existing cable customers in Flanders and parts of Brussels and focusing solely on the postpaid segment. At the same time, Telenet has shifted its focus to customers with a higher lifetime value and to the growing proportion of smartphone users, generating a superior ARPU as compared to its legacy mobile customers on the older tariff plans.

In early 2012, Telenet also started to commercialize SIM-only tariff plans with clear-cut and attractive prices in order to further drive mobile subscriber growth. At the end of July 2012, Telenet launched its new mobile rate plans "King" and "Kong", which offer customers simple, transparent and attractively priced subscriptions including a wealth of voice minutes, text messages and mobile data to cater to almost everyone's mobile needs. Additionally, customers who combine these mobile plans with any of Telenet's fixed products receive a recurring monthly discount. In this way, Telenet customers benefit from one of the most advanced convergent offers currently available in the market. In October 2012, Telenet made improvements to its "King" and "Kong" rate plans, including doubling the mobile data volume allowance in the bundles, and later in the quarter it launched subsidized rate plans, including the iPhone 5, and data-only plans, both according to the simplicity of "King" and "Kong".

The introduction of these new rate plans, the improvements to Telenet's mobile offers in late 2012 and the successful launch of targeted subsidized handset plans, has resulted in very strong customer demand. As a result, Telenet's active mobile telephony subscriber base more than doubled from 275,400 active postpaid subscribers at the end of June 2012 to 674,900 at June 30, 2013. Telenet continued to record a solid intake of 49,900 net mobile telephony subscribers for the three months ended June 30, 2013, resulting in 153,300 net mobile telephony subscribers added for the six months ended June 30, 2013. For the three months ended June 30, 2013, Telenet deliberately reduced its promotions, including subsidized handset plans, resulting in more profitable subscriber acquisitions. In addition, the mobile market became much more competitive following a re-pricing by all major mobile operators and the effect from the Telecoms Law, which was introduced in October last year, has meanwhile faded out.

Telenet continues to see ample growth opportunities in the mobile market as only 14% of its customers receive mobile services from Telenet. Telenet's "King" and "Kong" rate plans continue to be well positioned as mobile customers can seamlessly connect to Telenet's vast and growing network of WiFi Homespots and public WiFi hotspots without having to worry about their 3G mobile data consumption. In addition, Telenet's targeted subsidized handset plans, combining its "King" and "Kong" rate plans with attractive high-end smartphones, remain an important subscriber acquisition tool. For the summer months, Telenet recently introduced a 50% discount on all international roaming tariffs within Europe, providing some of the best rate plans for customers spending their holidays abroad.

In addition to Telenet's efforts to attract new mobile subscribers, the Company remained focused on migrating its legacy customers to the new competitive rate plans. Today, "King" and "Kong" represent about approximately 67% of its overall mobile telephony subscriber base compared to approximately 55% at the end of December 2012. Telenet's focus on customer value in mobile resulted in a further improvement of the mobile ARPU. For the six months ended June 30, 2013, Telenet's mobile ARPU (including interconnection) reached €31.6, representing an 18% increase as compared the six months ended June 30, 2012.

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. Interconnection revenue and expenses have a significant impact on Telenet's financial results. As a result, Telenet has focused heavily on managing this cost.

Telenet's interconnection practices are subject to comprehensive regulation by the BIPT. Following the adoption of the EU Regulatory Framework in Belgian law, the BIPT decided in August 2006 to implement a three-year gliding path to near reciprocity starting on January 1, 2007. From January 1, 2009 to March 31, 2012, Telenet was allowed to charge to Belgacom the Belgacom termination charge to Telenet plus 15%. As of April 1, 2012, this 15% surcharge has been canceled by BIPT decision, thus reaching full reciprocity on the Belgian fixed telephony market. In October 2006, Belgacom submitted an appeal to the Court of Appeal in Brussels arguing for a faster reduction in Telenet's interconnection rates. Telenet has also launched an appeal with the Brussels Court of

Appeal arguing that the reduction in its interconnection rates should be cost oriented. If Belgacom were to be successful in its appeal, Telenet could be required to reduce its interconnection rates retroactively.

As for mobile telephony, the BIPT imposed sharply declining prospective mobile termination rates following its market analysis dated June 2010. As a result, mobile termination rates have been capped for each mobile network operator at €1.08 cent 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 cent per minute, which was applicable as of January 1, 2012.

For the six months ended June 30, 2013, Telenet incurred interconnection expenses of €68.5 million (€30.1 million for the six months ended June 30, 2012) and received interconnection revenue of €40.3 million (€14.4 million for the six months ended June 30, 2012). Telenet reports the interconnection revenue generated by its fixed and mobile telephony subscribers under 'Residential telephony', while the incurred interconnection fees are accounted for under 'Network operating and service costs'.

Telenet's principal interconnection agreements are with Belgacom, Belgacom Mobile, Mobistar (including KPN Belgium Business, now called Mobistar Enterprise Services) and Entreprise des P&T Luxembourg. Belgacom provided fixed telephony services to an estimated 69% of the Belgian fixed-line market at the end of 2011. A provisional interconnection agreement governs Telenet's relationship with Belgacom. As of May 1, 2005, the term of Telenet's provisional interconnection agreement with Belgacom was extended for an indefinite term, provided that both parties may terminate the agreement on three months' prior notice. Pursuant to the terms of this agreement, Telenet and Belgacom agree to terminate calls to users on their respective networks. Belgacom charges Telenet its standard tariffs for these services, which is an average of €0.0069 per minute for fixed line calls. Telenet charges higher rates to terminate domestic calls on the Combined Network pursuant to certain decisions of the BIPT, which effectively modified its provisional interconnection agreement with Belgacom. From January 1, 2009 to March 31, 2012, Telenet was allowed to charge to Belgacom, the Belgacom termination charge to Telenet plus 15%. As of April 1, 2012, this 15% surcharge has been canceled by BIPT decision, thus reaching full reciprocity on the Belgian fixed telephony market. In the context of the Telenet mobile interconnection discussions with Belgacom, a definitive interconnection agreement was signed. This agreement between Telenet and Belgacom now replaces the previous provisional agreement. Telenet's agreement with Belgacom Mobile can be terminated by either party on eight-months prior notice. A number of other fixed domestic operators have shown interest in setting up a direct interconnect with Telenet.

In July 2003, Telenet entered into an interconnection agreement with Mobistar in order to reduce the average interconnection and transit charges it incurred when routing calls from the Combined Network to Mobistar via Belgacom's network. Telenet is thus able to interconnect directly with Mobistar and interconnect directly or indirectly with other mobile operators in Belgium. Telenet's agreement with Mobistar can be terminated by either party on eight-months prior notice.

Telenet also has agreements with Verizon Business, iBasis, Cable & Wireless, Mobistar, Colt, Belgacom and Belgacom International Carrier Services that govern interconnection termination rates for international calls that originate on its network. The Electronic Communications Law provides that the providers of public electronic communications services must negotiate in good faith with any provider requesting interconnection to their networks. As part of its regulatory powers, the BIPT has the power to impose such interconnection obligations, as well as its terms, if the parties fail to reach an agreement on the matter. The probability of an entity providing

electronic communications in Belgium terminating an interconnection agreement with Telenet is therefore limited. Currently, Telenet also has contracts with the Walloon cable operator VOO and UPC Business (the Netherlands). Telenet is acting in both cases as a transit operator, providing termination services to mainly the Belgian mobile operators for VOO and is exchanging international traffic from and to the Netherlands with UPC Business.

Telenet's Full-MVNO agreement with Mobistar necessitated a number of new interconnection agreements to allow other domestic operators to connect to its mobile core network. Interconnection agreements with Belgacom, Belgacom Mobile, Mobistar and KPN Group Belgium are in service. For the purpose of serving mobile telephony subscribers roaming abroad, Telenet has closed a roaming agreement with BICS (Belgacom International Carrier Services) who acts as a roaming hub provider. In light of the Full-MVNO agreement, Telenet has also entered into a services agreement with MACH (Multinational Automated Clearing House) for the validation and transmission of billing data with respect to roaming between mobile operators. In the premium service mobile business, Telenet connects to content aggregators, and as such provides mobile telephony subscribers access to premium text and multimedia services.

1.6 BUSINESS SERVICES

Telenet's business customers include small and medium-sized enterprises ("SMEs") with between five and one hundred employees; larger corporations; public, healthcare and educational institutions; and carrier customers that include international voice, data and internet service providers. For the six months ended June 30, 2013, Telenet's business services operations generated €44.2 million in revenue, a decrease of 3% compared to the six months ended June 30, 2012 as a result of lower nonrecurring installation and security revenue. Telenet markets its business services under the Telenet for Business brand name. Telenet's corporate customers generally connect to the Combined Network directly through a fiber optic connection and its SME customers connect to the Combined Network through a fiber, digital subscriber line ("DSL") or coaxial connection, depending on the scope of their needs and their location relative to the Combined Network.

Telenet for Business offers a range of voice, data and internet products and services that are tailored to the size and needs of each customer. Telenet provides services to business customers throughout Belgium and parts of Luxembourg. With the inclusion of DSL services, Telenet has flexibility to target customers throughout Belgium because it is not dependent on such customer's proximity to the Combined Network. Telenet's business customers evaluate its offerings based on price, technology, security, reliability and customer service. Internet products include i-Fiber, WiFi services and internet over copper leased lines, DSL lines or coaxial connections. Voice products include a range of fiber, coaxial and DSL products matched to the capacity needs of customers, as well as other services. Data products consist primarily of various forms of leased lines, which are typically sold to corporate customers and to carriers. Telenet also offers virtual private network ("VPN") customized services for customers of which, in particular, Telenet's IP-enabled product is a strong growing product in its portfolio.

Sales and marketing teams for Telenet's business customers are organized on a regional, business sector and customer size basis. The prices that Telenet offers its corporate, public, healthcare, educational and carrier customers are usually negotiated within fixed parameters, whereas more standardized prices typically apply to Telenet's SME customers. For certain large corporations, Telenet enters into individual agreements under which it must meet minimum service levels.

The availability of EuroDocsis 3.0 represents an important development for Telenet's positioning in the business-to-business market. Given the higher download speeds, better product specifications and improved quality of service over competing technologies, Telenet is in a strong position to increase its market share in the business-to-business market both for select, smaller corporate segments and larger corporate accounts. Telenet's leading connectivity solutions are being complemented by a growing portfolio of value-added services, such as hosting, managed security and cloud computing amongst others. This will enable Telenet for Business to offer a single-user experience for not only connectivity solutions but also for a whole range of additional value-added services.

1.7 CONSOLIDATED OPERATING STATISTICS

	For the six months ended June 30,		
	2013	**2012**	**Change %**
Total Services			
Homes passed - Combined Network	2,881,300	2,856,300	1%
Television			
Analog Cable TV	644,300	856,700	-25%
Digital Cable TV	1,453,200	1,295,500	12%
Total Cable TV	**2,097,500**	**2,152,200**	**-3%**
Internet			
Residential Broadband Internet	1,384,700	1,298,500	7%
Business Broadband Internet	40,000	40,700	-2%
Total Broadband Internet	**1,424,700**	**1,339,200**	**6%**
Telephony			
Residential Telephony	983,900	907,000	8%
Business Telephony	13,500	13,200	2%
Total Telephony	**997,400**	**920,200**	**8%**
Mobile telephony (active customers)	674,900	275,400	145%
Total Services (excl. Mobile)	**4,519,600**	**4,411,600**	**2%**
Churn			
Basic cable television	8.3%	9.9%	
Broadband internet	7.2%	7.4%	
Telephony	8.3%	7.5%	
Customer relationship information - Combined Network			
Triple-play customers	887,400	818,700	8%
Total customer relationships	2,097,500	2,152,200	-3%
Services per customer relationship	2.15	2.05	5%
ARPU per customer relationship (in € / month)	47.1	45.1	4%

1.8 NETWORK

In 1996, Telenet acquired the exclusive rights to provide point-to-point services, including broadband internet and fixed telephony services, and the rights to use a portion of the capacity of the broadband communications network owned by the PICs, the Partner Network. Currently, under the PICs Agreement through Telenet NV and Telenet Vlaanderen NV, Telenet has full rights to use substantially all of the Partner Network under a long-term lease (*erfpacht/emphythéose*) for an initial period of 38 years (of which 34 years are remaining), 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. Telenet uses the Combined Network to provide cable television in analog, digital and HD formats,

broadband internet and fixed telephony services to both residential and business customers who reside in its service area. Telenet's combined broadband HFC network consists of a fiber backbone with local loop connections constructed of coaxial cable with a minimum capacity of 600 MHz. At the end of 2009, Telenet completed the upgrade of its network bandwidth capacity from 450 MHz to 600 MHz. Late 2009, Telenet also completed the implementation of the necessary software and hardware to enable its adoption of the EuroDocsis 3.0 channel bonding standard. Through the EuroDocsis 3.0 technology, Telenet is able to offer downstream speeds of up to 120 Mbps.

Regardless of whether a customer is served by the Telenet Network or the Partner Network, the means by which the services available in the relevant franchise area reach the customer are the same. Telenet's Combined Network assets include approximately 12,000 kilometers of fiber backbone, of which Telenet owns 7,300 kilometers, utilizes 2,580 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 DSL technology. DSL technology enables Telenet to serve business customers that are not currently close to its network in a more cost effective manner than through Belgacom's telephone network.

Telenet's fiber backbone is currently 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. At the beginning of 2010, Telenet announced its next phase of network investments, referred to as Telenet's "Digital Wave 2015" investment program, to further upgrade its network and services as Telenet believes that a fiber-rich and flexible network will provide capacity for future growth which its competitors will have difficulty matching. One of the cornerstones of Telenet's upgrade strategy is its "Pulsar" node splitting project, which will allow Telenet to build a next-generation network capable of capturing the changing consumer needs, new internet applications and future services and technology. The "Pulsar" project includes a further reduction of the number of homes connected to an optical node from an average 1,400 at the start of the program in 2010 to an average of 500 homes per node with the design ready to move to an average of 250 homes per node, thereby significantly increasing the network capacity. Telenet plans to execute this program over five years for a total expenditure of approximately €30.0 million per annum. This amount could vary, however, depending on market conditions, supply arrangements and numerous other factors. Telenet's

"Pulsar" project is well on track. At the end of June 2013, an average of 650 homes was connected to each optical node. As not all homes connected subscribe to broadband internet services from Telenet, the number of active broadband households per optical node approximated 320 at June 30, 2013.

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.

1.9 STRATEGY

The Company's customer-centric goal is to offer the best and most reliable technology for customers to enjoy their digital lifestyles at home and away. By providing innovative and competitive fixed and mobile products accompanied by high-quality and effective customer service, the Company aims to reach this goal. Telenet's proven long-term multiple-play strategy enables the Company to increase the ARPU per customer relationship as more customers choose Telenet for all their digital services. At the same time, its relentless focus on customer satisfaction reduces the propensity to churn. Telenet's focus is on delivering leading broadband and flat-fee fixed telephony services alongside a fully interactive and rich digital TV platform. Therefore, Telenet will continue to invest in its HFC network to stay ahead of other platforms and to outperform competing product offerings.

Today, Telenet's network is able to provide download speeds of up to 120 Mbps, which reaffirms its status as the fastest internet service provider in its footprint. Telenet will continue to invest in its network by bringing the optical network closer to the homes. Today, an average of 650 homes is connected to each optical node, down from an average of 1,400 in 2010, and by 2015 this average will be further reduced to 500. By 2015, Telenet will have tripled the capacity per household as it anticipates growing customer demand for higher internet speeds, data volumes and the rise of other digital services. Telenet is confident that the combination of an optimization of its network bandwidth and the introduction of EuroDocsis 3.1 will keep cable in a leading position to deliver high-speed services in the mid- and long-term future. Telenet will closely monitor its capital expenditure levels in order to make sure that its investments drive incremental returns.

Telenet continues to see many opportunities to upsell its single-play customers, which still represented 27% of its overall customer base as of June 30, 2013, to triple- and quadruple-play services and aims to convert around 31% of the remaining analog cable TV subscribers to the higher ARPU digital platform per annum. Telenet continues to expect further penetration growth for the broadband market in its footprint and to gain additional subscribers through a combination of sustained product and speed leadership and customer service. Telenet remains upbeat about its growth opportunities in the business services market. Its B2B portfolio mainly comprises services, for which market share growth in 2013 and beyond is forecast despite the highly competitive environment. Telenet for Business, Telenet's business services unit, wishes to build on the investments of recent

years by approaching the market with an integrated portfolio of leading connectivity, security and hosting solutions and with a strong focus on widely available coax products.

The Company's successful repositioning in mobile will increasingly contribute to the overall top line growth. Customers value Telenet's simple, transparent and competitive mobile offers, which create an opportunity to cross-sell mobile into its significant fixed subscriber base. At the end of June 2013, only 14% of Telenet's fixed customer base also subscribed to its mobile products, implying a considerable growth opportunity ahead.

Telenet wishes to further excel in customer service and loyalty. Telenet will continue to optimize its processes and platforms putting the customer at the center. By doing things in a better and smarter way, Telenet will be able to control its cost base, which will allow further investments in business growth.

2 Discussion of the condensed consolidated interim financial statements

2.1 CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended June 30,	
	2013	**2012**
	(in million euro, except per share data)	
Profit for the period		
Revenue	813.6	727.0
Cost of services provided	(447.0)	(415.0)
Gross profit	**366.6**	**312.0**
Selling, general and administrative expenses	(124.4)	(120.7)
Operating profit	**242.2**	**191.3**
Finance income	52.6	3.5
Net interest income and foreign exchange gain	1.5	3.5
Net gain on derivative financial instruments	51.1	-
Finance expenses	(132.6)	(145.8)
Net interest expense, foreign exchange loss and other finance expenses	(132.6)	(107.8)
Net loss on derivative financial instruments	-	(38.0)
Net finance expense	**(80.0)**	**(142.3)**
Share of the loss of equity accounted investees	(0.2)	0.0
Profit before income tax	162.0	49.0
Income tax expense	(52.0)	(24.0)
Profit for the period	**110.0**	**25.0**
Other comprehensive income for the period, net of income tax		
Other comprehensive income for the period, net of income tax	**-**	-
Total comprehensive income for the period	**110.0**	**25.0**
Profit attributable to:	**110.0**	**25.0**
Owners of the Company	110.0	25.0
Non-Controlling interests	0.0	(0.0)
Total other comprehensive income for the period, attributable to:		
Equity owners of the Company	-	-
Non-Controlling interests	-	-
Total comprehensive income for the period, attributable to:	**110.0**	**25.0**
Equity owners of the Company	110.0	25.0
Non-Controlling interests	0.0	(0.0)
Earnings per share		
Basic earnings per share	0.96	0.22
Diluted earnings per share	0.95	0.22

For the six months ended June 30, 2013, Telenet generated revenue of €813.6 million, representing an increase of 12% as compared to the six months ended June 30, 2012 when Telenet achieved revenue of €727.0 million. All of Telenet's revenue growth for the six months ended June 30, 2013 was organic and predominantly attributable to the robust growth of its mobile business, characterized by strong RGU and ARPU growth of 145% and 18%, respectively. The Company's fixed business also contributed to revenue growth, driven by both further RGU growth and the benefit from the selective 2.9% price increase on certain fixed services (excluding the basic

cable television subscription fee) since February 2013, partially offset by a growing proportion of bundle discounts allocated to fixed as a result of mobile subscriber growth.

Operating expenses totaled €571.4 million for the six months ended June 30, 2013, representing a 7% increase as compared to the six months ended June 30, 2012 when Telenet incurred operating expenses of €535.7 million. Expense growth was favorably impacted by a €15.7 million reversal of depreciation charges for the three months ended June 30, 2013 following a settlement on set-top box related import duties, and reflected a €5.4 million impact from certain nonrecurring items, primarily related to the resolution of certain contingencies. Excluding these one-time effects, expense growth for the six months ended June 30, 2013 would have been 11% versus achieved revenue growth of 12% over the same period. The underlying growth in the Company's operating expenses was predominantly attributable to higher network operating and service costs, reflecting the growth in Telenet's mobile subscriber base and the impact of costs associated with handset sales and subsidies, as well as higher charges related to share based compensation.

Telenet achieved an operating profit of €242.2 million for the six months ended June 30, 2013, which was up 27% compared to the six months ended June 30, 2012 when the Company's operating profit amounted to €191.3 million. This result was the combined effect of a solid growth in the Company's Adjusted EBITDA, lower depreciation and amortization charges, including the nonrecurring benefit from reversed set-top box import duties, offset by higher charges related to share based compensation.

Net finance expenses reached €80.0 million for the six months ended June 30, 2013, representing a 44% decrease in net finance expenses as compared to the six months ended June 30, 2012 of €142.3 million. A 23% year-on-year increase in interest expenses as a result of an increased debt balance given the issuance of €700.0 million Senior Secured Fixed Rate Notes in August 2012 was more than offset by a shift in the fair value of derivative instruments. While the Company incurred a non-cash loss of €38.0 million on derivatives for the six months ended June 30, 2012, the Company incurred a non-cash gain of €51.1 million for the six months ended June 30, 2013.

Telenet recorded income tax expense of €52.0 million for the six months ended June 30, 2013 compared to income tax expense of €24.0 million for the six months ended June 30, 2012. The aforementioned gain on derivatives for the six months ended June 30, 2013 and the lower depreciation charges increased the profit before income taxes, which had a negative impact on the year-on-year evolution of the current and deferred income tax expense.

For the six months ended June 30, 2013, Telenet earned net income of €110.0 million, which was up sharply compared to the €25.0 million of net income achieved for the six months ended June 30, 2012.

2.2 REVENUE BY SERVICE

Telenet's revenue for the six months ended June 30, 2013 remained well balanced with cable television, including basic cable television, digital and premium cable television, residential broadband internet and residential telephony all representing significant proportions of its total revenue.

	For the six months ended June 30,	
	2013	**2012**
	(in million euro)	
Cable television:		
Basic cable television(1)	157.8	160.7
Premium cable television(1)	119.4	111.0
Residential:		
Broadband internet	225.5	226.1
Telephony(2)	231.9	152.6
Distributors / Other	34.8	31.2
Business services	44.2	45.4
Total Revenue	**813.6**	**727.0**

2.2.1 Basic cable television

Basic cable television revenue, which represents the monthly fee paid by Telenet's basic cable TV subscribers for the analog and digital channels they receive in the basic tier, amounted to €157.8 million for the six months ended June 30, 2013. The 2% year-on-year decrease primarily reflected a gradual decrease in Telenet's active subscriber base and the absence of a price increase for the basic cable television subscription fee in 2013.

2.2.2 Premium cable television

Premium cable television revenue represents the revenue generated by Telenet's digital cable television subscribers on top of the basic cable television revenue described above and includes amongst others recurring set-top box rental revenue and the revenue generated by thematic channels, movies and sports pay television channels and Telenet's VOD platform. Premium cable television revenue grew €8.4 million, or 8%, from €111.0 million for the six months ended June 30, 2012 to €119.4 million for the six months ended June 30, 2013. The more subdued growth in premium cable television revenue reflected a lower net intake of digital TV subscribers, while VOD revenue was impacted by free vouchers awarded to its customers after the February 2013 network outage.

2.2.3 Residential broadband internet

The residential broadband internet revenue generated by Telenet's 1.4 million residential and business broadband internet RGUs totaled €225.5 million for the six months ended June 30, 2013 and was broadly stable compared to the six months ended June 30, 2012. A solid 6% growth in Telenet's RGU base and the benefit of the aforementioned 2.9% price increase was offset by a higher proportion of bundle discounts from both

---

[1] Basic and premium cable television substantially comprises residential customers, but also includes a small proportion of business customers.

[2] Residential telephony revenue includes the recurring subscription-based revenue from both fixed and mobile telephony subscribers as well as the interconnection revenue generated by these customers.

multiple-play and mobile subscriber growth and a higher share of lower tier broadband internet subscribers in the gross sales mix.

2.2.4 Residential telephony

Residential telephony revenue includes the recurring subscription-based revenue from both fixed and mobile telephony subscribers as well as the interconnection revenue generated by these customers. Residential telephony revenue amounted to €231.9 million for the six months ended June 30, 2013, up 52% as compared to the six months ended June 30, 2012. The combined result of an 8% growth in Telenet's RGU base and the benefit of the aforementioned 2.9% price increase since early February 2013 drove a 4% increase in residential fixed telephony revenue from €111.4 million for the six months ended June 30, 2012 to €115.9 million for the six months ended June 30, 2013. The robust postpaid subscriber growth in mobile and the value-driven strategy have resulted in continued revenue growth of Telenet's mobile telephony business, resulting in revenue from its mobile telephony business exceeding revenue from its fixed telephony business for the first time. For the six months ended June 30, 2013, residential mobile telephony revenue totaled €116.0 million, up 181% year-on-year and including €34.2 million of interconnection revenue.

2.2.5 Distributors/Other

Distributors/Other revenue primarily includes (i) set-top box sales revenue, (ii) cable television activation and installation fees, and (iii) third-party sales and stand-alone mobile handset sales. Distributors/Other revenue reached €34.8 million for the six months ended June 30, 2013, up 12% as compared to the six months ended June 30, 2012, as substantially lower revenue from the sale of set-top boxes and cable TV activation fees was more than offset by strong growth in the sale of stand-alone handsets on which Telenet generally earns a low margin.

2.2.6 Business services

Revenue generated by business customers on all coax-related products is allocated to one of the aforementioned revenue lines and is not captured within Telenet for Business, Telenet's business services division. The revenue reported under business services relates to the revenue generated on non-coax products, including fiber and leased DSL lines, Telenet's carrier business, as well as value-added services such as hosting and managed security. Telenet for Business generated revenue of €44.2 million for the six months ended June 30, 2013 as compared to €45.4 million for the six months ended June 30, 2012. Business services revenue was negatively impacted by lower nonrecurring installation and security revenue. Excluding the impact from lower nonrecurring installation and security revenue, business services revenue showed a 4% year-on-year increase for the six months ended June 30, 2013. Telenet's B2B revenue growth was primarily driven by a solid take-up of its core data products, including IP VPN and iFiber, higher mobile service revenue generated by business customers and higher revenue from carrier services for mobile.

2.3 TOTAL EXPENSES

Operating expenses totaled €571.4 million for the six months ended June 30, 2013, representing a 7% increase as compared to the six months ended June 30, 2012 when Telenet incurred operating expenses of €535.7 million. Expense growth was favorably impacted by a €15.7 million reversal of depreciation charges for the three months ended June 30, 2013 following a settlement on set-top box related import duties, and reflected a €5.4 million impact from certain nonrecurring items, primarily related to the resolution of certain contingencies. Excluding these one-time effects, expense growth for the six months ended June 30, 2013 would have been 11% versus achieved revenue growth of 12% over the same period. The underlying growth in the Company's operating expenses was predominantly attributable to higher network operating and service costs, reflecting the growth in Telenet's mobile subscriber base and the impact of costs associated with handset sales and subsidies, as well as higher charges related to share based compensation.

	For the six months ended June 30,	
	2013	**2012**
	(in million euro)	
Cost of services provided	447.0	415.0
Selling, general and administrative expenses	124.4	120.7
Total expenses	**571.4**	**535.7**

For the six months ended June 30, 2013, operating expenses represented approximately 70% of revenue as compared to approximately 74% for the six months ended June 30, 2012. Higher network operating and service costs and higher charges related to share based compensation were offset by lower depreciation and amortization charges, including the benefit from the reversal of set-top box related import duties. Excluding the latter, operating expenses represented approximately 72% of revenue.

2.3.1 Cost of services provided

Cost of services provided for the six months ended June 30, 2013 represented €447.0 million, an 8% increase compared to the six months ended June 30, 2012. Expense growth was favorably impacted by a €15.7 million reversal of depreciation charges for the three months ended June 30, 2013 following a settlement on set-top box related import duties. Excluding this impact, cost of services provided would have grown 11% year-on-year. This increase was primarily growth-related and directly correlated with the continued growth in the number of services. Furthermore, Telenet incurred higher handset purchase and subsidy costs given the strong mobile sales and higher interconnection costs associated with the robust growth in the number of fixed and mobile telephony subscribers. Cost of services provided as a percentage of revenue reached approximately 55% for the six months ended June 30, 2013 as compared to approximately 57% for the six months ended June 30, 2012 as higher network operating and service costs were more than offset by the aforementioned benefit from the reversal of set-top box import duties and overall revenue growth. Excluding this impact, cost of services provided for the six months ended June 30, 2013 remained broadly stable year-on-year at approximately 57% of revenue.

2.3.2 Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses totaled €124.4 million for the six months ended June 30, 2013 compared to €120.7 million for the six months ended June 30, 2012 (+3% year-on-year), reflecting higher

charges related to share based compensation. Selling, general and administrative expenses represented approximately 15% of overall revenue for the six months ended June 30, 2013 as compared to approximately 17% for the six months ended June 30, 2012. Higher charges related to share based compensation were more than offset by robust revenue growth, while both payroll expenses and marketing spend remained broadly flat year-on-year.

2.4 EXPENSES BY NATURE

	For the six months ended June 30,	
	2013	2012
	(in million euro)	
Employee benefits:		
Wages, salaries, commissions and social security costs	62.3	62.3
Other employee benefit costs	11.5	11.6
	73.8	**73.9**
Depreciation and impairment	108.6	129.9
Amortization	40.9	40.0
Amortization of broadcasting rights	20.5	19.5
Loss (gain) on disposal of property and equipment and other intangible assets	(1.2)	2.5
Network operating and service costs	263.2	207.4
Advertising, sales and marketing	33.8	34.3
Share based compensation	6.8	3.6
Operating charges related to acquisitions or divestitures	-	0.2
Other costs	25.0	24.4
Total Expenses	**571.4**	**535.7**

Employee benefits of €73.8 million for the six months ended June 30, 2013 were broadly stable compared to €73.9 million for the six months ended June 30, 2012. The negative impact from the mandatory wage indexation for all employees since early January 2013 was offset by the partial recovery from the government of withholding taxes related to R&D projects, which partly related to payroll expenses in prior years.

Depreciation and amortization, including gains and losses on disposal of property and equipment and other intangible assets, showed a 12% year-on-year decrease from €191.9 million for the six months ended June 30, 2012 to €168.8 million for the six months ended June 30, 2013 and reflected the €15.7 million favorable impact of the reversal of set-top box related import duties. Excluding this one-time effect, depreciation and amortization charges would have shown a 4% year-on-year decrease, primarily caused by an extension to the expected useful life of the latest generation of set-top boxes.

Network operating and service costs, which include all direct expenses such as costs related to handset sales and subsidies, interconnection, programming, copyrights, call center and network-related expenses, continued to represent the largest portion of total operating expenses. For the six months ended June 30, 2013, network operating and service costs totaled €263.2 million, up 27% as compared to the six months ended June 30, 2012. Despite a 60% decline in the average mobile termination rate as of January 2013, interconnection expenses more than doubled year-on-year as a result of the robust growth in Telenet's mobile subscriber base and the continued success of the "FreePhone Mobile" option for fixed telephony customers. For the six months ended June 30, 2013, Telenet also incurred significantly more costs associated with handset sales and subsidies as compared to the six months ended June 30, 2012.

Advertising, sales and marketing expenses remained broadly flat for the six months ended June 30, 2013 compared to the six months ended June 30, 2012 at €33.8 million.

Other costs, which include business-supporting corporate advisory and legal fees, increased €0.4 million, or 2% year-on-year, to €25.0 million for the six months ended June 30, 2013.

2.5 ADJUSTED EBITDA

For the six months ended June 30, 2013, Telenet achieved Adjusted EBITDA of €417.8 million, representing an increase of 8% compared to the six months ended June 30, 2012 when Telenet generated Adjusted EBITDA of €387.0 million. Adjusted EBITDA for the six months ended June 30, 2013 reflected a €5.4 million favorable impact from certain nonrecurring items, primarily related to the resolution of certain contingencies. For the six months ended June 30, 2013, Telenet incurred significantly more costs associated with handset sales and subsidies as compared to the six months ended June 30, 2012. As handset subsidy costs are fully expensed when the handset is delivered to the customer, these costs will not impact the Adjusted EBITDA generated by these customers in future periods. For the six months ended June 30, 2013, Telenet achieved an Adjusted EBITDA margin of 51.4% compared to 53.2% for the six months ended June 30, 2012. The decline in the Company's margin was primarily caused by higher costs related to handset sales and subsidies. Furthermore, the majority of Telenet's top line growth was achieved in mobile, which generally carries a lower margin compared to the Company's fixed operations.

	For the six months ended June 30,	
	2013	2012
	(in million euro)	
Adjusted EBITDA	**417.8**	**387.0**
Adjusted EBITDA margin	51.4%	53.2%
Share based compensation	(6.8)	(3.6)
Operating charges related to acquisitions or divestitures	-	(0.2)
EBITDA	**411.0**	**383.2**
Depreciation, amortization and impairment	(168.8)	(191.9)
Operating profit	**242.2**	**191.3**
Net finance expense	(80.0)	(142.3)
Share of the loss of equity accounted investees	(0.2)	0.0
Income tax expense	(52.0)	(24.0)
Total comprehensive income for the period	**110.0**	**25.0**

2.6 OPERATING PROFIT

Telenet achieved an operating profit of €242.2 million for the six months ended June 30, 2013, which was up 27% compared to the six months ended June 30, 2012 when the Company's operating profit amounted to €191.3 million. This result was the combined effect of a solid growth in the Company's Adjusted EBITDA, lower depreciation and amortization charges, including the nonrecurring benefit from reversed set-top box import duties, offset by higher charges related to share based compensation.

2.7 NET FINANCE EXPENSES

Net finance expenses reached €80.0 million for the six months ended June 30, 2013, representing a 44% decrease in net finance expenses as compared to the six months ended June 30, 2012 of €142.3 million. A 23% year-on-year increase in interest expenses as a result of an increased debt balance given the issuance of €700.0

million Senior Secured Fixed Rate Notes in August 2012 was more than offset by a shift in the fair value of derivative instruments. While the Company incurred a non-cash loss of €38.0 million on derivatives for the six months ended June 30, 2012, the Company incurred a non-cash gain of €51.1 million for the six months ended June 30, 2013.

For further information, we refer to Note 5.20 to the condensed consolidated interim financial statements of the Company.

2.7.1 Interest income and foreign exchange gain

Interest income and foreign exchange gain represented €1.5 million for the six months ended June 30, 2013 as compared to €3.5 million for the six months ended June 30, 2012 when Telenet recorded a €1.1 million foreign exchange gain. The remaining difference was attributable to lower average interest rates on deposits and investments. To minimize the concentration of counterparty risk, cash equivalents, certificates of deposit and money market funds are placed with highly rated European and US financial institutions.

2.7.2 Interest expenses, foreign exchange loss and other finance expenses

Interest expenses, foreign exchange loss and other finance expenses were up 23% from €107.8 million for the six months ended June 30, 2012 to €132.6 million for the six months ended June 30, 2013 and essentially reflected the Company's increased debt balance given the issuance of €700.0 million Senior Secured Fixed Rate Notes in August 2012.

2.7.3 Net gains and losses on derivative financial instruments

The Company has entered into various derivative instruments to significantly reduce its exposure to interest rate increases through the maturity date of the Senior Credit Facility. During the year ended December 31, 2010 and the second half of 2011, the Company further optimized its portfolio of interest rate hedges to lower the average interest rates and extend the hedges' maturities to cover the entire duration of the floating rate debt instruments up to 2021. As of June 30, 2013, the Company had a combination of 2% of caps, 29% of collars and 69% of swap instruments that provide for a maximum average interest rate of 3.5% on top of the respective margins per Term Loan. The Company's derivatives are spread over different financial institutions and geographies to minimize counterparty risks.

In line with EU IFRS accounting standards, interest rate derivatives are valued on a mark-to-market basis, i.e. at fair value, and changes in fair value are reflected in the statement of comprehensive income. These changes in fair value can be volatile and do not have any direct impact on cash flows until such time as the derivatives are fully or partially settled. For the six months ended June 30, 2013, Telenet incurred a gain of €51.1 million versus a loss of €38.0 million for the six months ended June 30, 2012, primarily because of an upward shift in the euro swap curve.

The mark-to-market valuation of the interest rate derivatives depends on the evolution of the forward EURIBOR rates over the lifetime of such an instrument. To the extent the projected interest rates over the respective instruments' lifetime rise (fall), the Company expects the mark-to-market valuation of these instruments to have a positive (negative) impact on its net result.

2.8 INCOME TAXES

Telenet recorded income tax expense of €52.0 million for the six months ended June 30, 2013 compared to income tax expense of €24.0 million for the six months ended June 30, 2012. The aforementioned gain on derivatives for the six months ended June 30, 2013 and the lower depreciation charges increased the profit before income taxes, which had a negative impact on the year-on-year evolution of the current and deferred income tax expense.

2.9 NET INCOME

For the six months ended June 30, 2013, Telenet earned net income of €110.0 million, which was up sharply compared to the €25.0 million of net income achieved for the six months ended June 30, 2012. Excluding the change in the fair value of derivatives in both periods as well as the one-time benefit from the lower depreciation charges for the three months ended June 30, 2013, Telenet's net income would have been €43.2 million and €63.0 million for the six months ended June 30, 2013 and for the six months ended June 30, 2012, respectively. The year-on-year decline in underlying net income, excluding gains and losses on derivatives, primarily reflected a 23% increase in interest expense as a result of the increased debt balance and higher income tax expense.

2.10 CASH FLOW AND LIQUIDITY

	For the six months ended June 30,	
	2013	2012
	(in million euro)	
Cash flows from operating activities		
Profit for the period	110.0	25.0
Depreciation, amortization and impairment	168.8	191.9
Working capital changes and other non cash items	(31.0)	(10.0)
Income tax expense	52.0	20.6
Net interest expense, foreign exchange loss and other finance expenses	131.1	104.3
Net loss (gain) on derivative financial instruments	(51.1)	38.0
Cash interest expenses and cash derivatives	(110.5)	(89.1)
Net cash from operating activities	**269.3**	**280.7**
Cash flows from investing activities		
Purchases of property and equipment	(119.4)	(123.1)
Purchases of intangibles	(46.0)	(38.1)
Investments in equity accounted investees	(0.4)	(0.3)
Proceeds from sale of property and equipment	1.6	1.3
Purchase of broadcasting rights for resale purposes	(7.6)	(6.7)
Proceeds from the sale of broadcasting rights for resale purposes	7.6	6.7
Net cash used in investing activities	**(164.2)**	**(160.2)**
Cash flows from financing activities		
Proceeds from issuance of debt, net of redemptions	-	51.0
Payments related to capital reductions and dividend	(905.2)	(113.4)
Repurchase of own shares	-	(38.8)
Other financing activities (incl. finance leases)	7.9	(8.9)
Net cash used in financing activities	**(897.3)**	**(110.1)**
Net increase (decrease) in cash and cash equivalents		
Cash at beginning of period	906.3	346.6
Cash at end of period	114.1	357.0
Net cash generated (used)	**(792.2)**	**10.4**

2.10.1 Net cash from operating activities

The Company's operating activities generated net cash of €269.3 million for the six months ended June 30, 2013, representing a 4% decrease as compared to the six months ended June 30, 2012 when Telenet generated net cash from operating activities of €280.7 million. A solid 8% year-on-year increase in Adjusted EBITDA was partially offset by higher cash interest expenses, reflecting the first semi-annual cash interest payment on the €700.0 million of Senior Secured Fixed Rate Notes issued in August 2012, and a negative trend in working capital. For the three months ending September 30, 2013, net cash from operating activities will be affected by the second semi-annual cash interest payment on the €700.0 million of Senior Secured Fixed Rates Notes issued in August 2012 of approximately €22.5 million.

2.10.2 Net cash used in investing activities

The Company used €164.2 million of net cash in investing activities for the six months ended June 30, 2013, up 2% year-on-year. The cash used in investing activities comprised the cash payments for capital expenditures, including the cash payment of €10.3 million for the second leg of the Belgian football broadcasting rights of the 2012-2013 football season, net of the proceeds received from other operators and broadcasters using a portion of these rights For the three months ending September 30, 2013, the Company anticipates making an upfront cash payment of approximately €24.9 million for the Belgian football broadcasting rights covering the first leg of

the 2013-2014 season with a final payment scheduled for the three months ending March 31, 2014. Please refer to Section 2.12 – *Capital expenditures* for detailed information about the underlying accrued capital expenditures.

2.10.3 Free Cash Flow

For the six months ended June 30, 2013, the Company generated €100.5 million of Free Cash Flow compared to €115.6 million for the six months ended June 30, 2012, reflecting a 4% decrease in net cash from operating activities as well as slightly higher cash capital expenditures. Relative to the three months ended June 30, 2013, the three months ending September 30, 2013 should show lower Free Cash Flow growth because of the second semi-annual cash interest payment on the €700.0 million Senior Secured Fixed Rate Notes issued in August 2012 and an upfront payment for the Belgian football broadcasting rights for the first leg of the 2013-2014 season.

	For the six months ended June 30,	
	2013	**2012**
	(in million euro)	
Net cash from operating activities	269.3	280.7
Purchases of property and equipment	(119.4)	(123.1)
Purchases of intangibles	(46.0)	(38.1)
Principal payments on capital leases (excluding network-related leases assumed in acquisitions)	(2.3)	(2.1)
Principal payments on post acquisition additions to network leases	(1.1)	(1.8)
Free Cash Flow	**100.5**	**115.6**

2.10.4 Net cash from financing activities

Net cash used in financing activities amounted to €897.3 million for the six months ended June 30, 2013, compared to net cash used in financing activities of €110.1 million for the six months ended June 30, 2012. Net cash used in financing activities for the six months ended June 30, 2013 primarily reflected (i) the payment of the €7.90 per share extraordinary gross dividend in early May 2013 (€905.2 million in aggregate), (ii) €17.5 million of proceeds from the exercise of options and warrants, and (iii) €9.6 million related to various financial payments and capital lease repayments.

Net cash used in financing activities for the six months ended June 30, 2012 primarily reflected (i) the positive net effect from the issuance of a €175.0 million Term Loan T under the existing Senior Credit Facility in February 2012 and the temporary redemption of €124.0 million under Term Loans Q and R, for an aggregate €51.0 million; (ii) €113.4 million in shareholder disbursements used for the payment of the gross dividend of €1.00 per share on May 10, 2012 (€113.2 million) and payments related to shareholder disbursements from prior periods (€0.2 million); (iii) €38.8 million used for the repurchase of own shares under the Share Repurchase Program 2012; (iv) and €8.9 million related to various lease repayments, including the scheduled repayment of the Telenet Partner Network capital lease, proceeds from the exercise of options and warrants, and debt issuance costs.

2.11 DEBT PROFILE, CASH BALANCE AND NET LEVERAGE RATIO

2.11.1 Debt profile

As of June 30, 2013, Telenet carried a total debt balance (including accrued interest) of €3,873.3 million, of which €1,404.6 million principal amount is owed under the 2010 Amended Senior Credit Facility, €1,300.0 million principal amount is related to the four Notes issued in the year ended December 31, 2010 and the year ended December 31, 2011, and €700.0 million principal amount relates to the Senior Secured Fixed Rate Notes due 2022 and 2024 issued in August 2012. The total debt balance at June 30, 2013 also included €53.3 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.

2.11.2 Debt overview and payment schedules

The table below provides an overview of the Company's debt instruments and payment schedule at the end of June 2013.

	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate	Interest payments due
	June 30, 2013 (in million of euro)					
2010 Amended Senior Credit Facility:						
Term Loan Q	431.0	431.0	-	July 31, 2017	Floating - Euribor + 3.25%	Monthly
Term Loan R	798.6	798.6	-	July 31, 2019	Floating - Euribor + 3.625%	Monthly
Term Loan T	175.0	175.0	-	December 31, 2018	Floating - Euribor + 3.50%	Monthly
Revolving Credit Facility	158.0	-	158.0	December 31, 2016	Floating - Euribor + 2.75%	Not applicable
Senior Secured Fixed Rate Notes						
€500 million Senior Secured Notes due 2020	500.0	500.0	-	November 15, 2020	Fixed - 6.375%	Semi-annually (May and Nov.)
€100 million Senior Secured Notes due 2016	100.0	100.0	-	November 15, 2016	Fixed - 5.30%	Semi-annually (May and Nov.)
€300 million Senior Secured Notes due 2021	300.0	300.0	-	February 15, 2021	Fixed - 6.625%	Semi-annually (Feb. and Aug.)
€450 million Senior Secured Notes due 2022	450.0	450.0	-	August 15, 2022	Fixed - 6.25%	Semi-annually (Feb. and Aug.)
€250 million Senior Secured Notes due 2024	250.0	250.0	-	August 15, 2024	Fixed - 6.75%	Semi-annually (Feb. and Aug.)
Senior Secured Floating Rate Notes						
€400 million Senior Secured Notes due 2021	400.0	400.0	-	June 15, 2021	Floating - 3M Euribor+3.875%	Quarterly (March, June, Sep. and Dec.)
Total notional amount	**3,562.6**	**3,404.6**	**158.0**			

2.11.3 Cash balance and availability of funds

The outstanding balance of the Company's cash and cash equivalents decreased sharply quarter-on-quarter as a result of the aforementioned €905.2 million extraordinary dividend payment to shareholders in early May 2013.

At the end of June 2013, the Company held €114.1 million of cash and cash equivalents as compared to €898.8 million at the end of March 2013. Under the 2010 Amended Senior Credit Facility, the Company has access to the additional committed Revolving Facility of €158.0 million, subject to compliance with the covenants mentioned below, with availability up to and including December 31, 2016.

For further information, we refer to Note 5.10 to the condensed consolidated interim financial statements of the Company.

2.11.4 Net leverage ratio

As of June 30, 2013, the outstanding balance of the 2010 Amended Senior Credit Facility and outstanding cash balance resulted in a Net Total Debt to EBITDA ratio of 4.2x compared to 3.4x on December 31, 2012 and 3.5x on March 31, 2013. The increase in the net leverage ratio reflected the payment of the extraordinary dividend to shareholders in early May 2013. The current net leverage ratio is significantly below the covenant of 6.0x and the availability test of 5.0x.

2.12 CAPITAL EXPENDITURES

Accrued capital expenditures were €177.8 million for the six months ended June 30, 2013, up 6% compared to the six months ended June 30, 2012 when Telenet incurred accrued capital expenditures of €167.3 million. Accrued capital expenditures represented approximately 22% and approximately 23% of revenue for the six months ended June 30, 2013 and for the six months ended June 30, 2012, respectively. Accrued capital expenditures for the six months ended June 30, 2013 reflected the extension of the exclusive Premier League football broadcasting rights for three seasons starting August 2013. Under EU IFRS, these broadcasting rights have been capitalized as intangible assets and will be amortized on a pro-rata basis as the seasons progress. On the other hand, accrued capital expenditures were favorably impacted by a €16.1 million reversal of set-top box related import duties. Excluding capitalized football rights and the nonrecurring reversal of import duties, accrued capital expenditures represented 21% of revenue for the six months ended June 30, 2013.

Set-top box related capital expenditures amounted to €22.7 million for the six months ended June 30, 2013 as compared to €41.0 million for the six months ended June 30, 2012. The sharp 45% year-on-year decrease reflected a lower level of net digital TV subscribers as the prior year period was influenced by our analog channel reshuffle program. In addition, Telenet recorded lower set-top box related capital expenditures as a result of the aforementioned reversal of import duties on set-top boxes. Excluding this impact, set-top box related capital expenditures would have shown a 5% decrease year-on-year on a lower net intake of digital TV subscribers. For the six months ended June 30, 2013, set-top box related capital expenditures accounted for approximately 23% of total accrued capital expenditures excluding capitalized football rights and the reversal of import duties.

Capital expenditures for customer installations totaled €36.4 million for the six months ended June 30, 2013, or 21% of total accrued capital expenditures excluding capitalized football rights and the reversal of import duties, compared to €45.0 million for the six months ended June 30, 2012. The year-on-year decline in customer installations capital expenditures mirrored a lower level of net new subscriber growth for Telenet’s advanced

fixed services as compared to the six months ended June 30, 2012 when Telenet benefited from the analog channel reshuffle program. In addition, Telenet benefited from efficiencies in its customer installation processes as customers increasingly opted for self-installation for the six months ended June 30, 2013.

Accrued capital expenditures for network growth and upgrades amounted to €51.4 million for the six months ended June 30, 2013, or approximately 30% of total accrued capital expenditures excluding capitalized football rights and the reversal of import duties, and included investments for the node splitting project. The remainder of accrued capital expenditures includes refurbishments and replacements of network equipment, sports content acquisition costs, including those related to Premier League football, and recurring investments in IT-platform and systems.

This implies that approximately 74% of accrued capital expenditures, excluding capitalized football rights and the reversal of import duties, for the six months ended June 30, 2013 were scalable and subscriber growth related. Telenet will continue to closely monitor capital expenditures in order to make sure that they drive incremental returns.

3 Risk factors

3.1 GENERAL INFORMATION

The Company conducts its business in a rapidly changing environment that gives rise to numerous risks and uncertainties that it cannot control. Risks and uncertainties that the Company faces include, but are not limited to:

- Telenet's substantial leverage and debt service obligations;
- Telenet's ability to generate sufficient cash to service its debt, to control and finance its capital expenditures and operations;
- Telenet's ability to raise additional financing;
- Risks associated with Telenet's structure, and Telenet's indebtedness;
- Risks of default by the counterparties to the Company's derivative and other financial instruments;
- Telenet's relationship with its shareholders;
- Instability in global financial markets, including the sovereign debt issues in the euro zone and related fiscal and monetary responses and reforms;
- Economic and business conditions and industry trends in which Telenet and the entities in which it has interests, operate;
- The competitive environment and downward price pressure (notably, through offerings of bundles) in the broadband communications and television sector in Belgium in which Telenet, and the entities in which it has interests, operate;
- Telenet's penetration of the mobile telephony market;
- Competitor responses to products and services of Telenet, and the products and services of the entities in which it has interests;
- Fluctuations in currency exchange rates and interest rates;
- Increasing operating costs and inflation risks, which may adversely affect the Company's earnings;
- 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 existing service offerings, including Telenet's analog and digital video, fixed and mobile voice and broadband internet services, and of new technology, programming alternatives and broadband services that Telenet may offer;
- Telenet's ability to manage rapid technological changes;

- Telenet's ability to maintain and increase the number of subscriptions to its digital television, telephony and broadband internet services and the 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 increase or maintain 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;
- The outcome of any pending or threatened litigation;
- Changes in, or failure or inability to comply with, government regulations in Belgium and adverse outcomes from regulatory proceedings;
- The application of competition law generally and government intervention that opens Telenet's broadband distribution and television networks to competitors, which may have the effect of reducing Telenet's control over the management of, or the quality of, its network and Telenet's ability to reach the expected returns on investment;
- General adverse regulatory or other developments affecting or restricting the effectiveness and use of Telenet's network or its equipment;
- Telenet's ability to meet the coverage and commercial use obligations of its 3G spectrum licenses, or deploy its mobile offer generally;
- Changes in laws or treaties relating to taxation in Belgium, or the interpretation thereof;
- Uncertainties inherent in the development and integration of new business lines and business strategies;
- Telenet's ability to adequately forecast and plan for future network requirements;
- Capital spending for the acquisition and/or development of telecommunications networks and services and equipment, and obtaining regulatory approvals therefor;
- Telenet's ability to successfully integrate and recognize anticipated efficiencies from the businesses it may acquire;
- The ability of suppliers and vendors to timely deliver quality products, equipment, software and services;
- Telenet may not report net income;
- The availability of attractive programming for Telenet's analog and digital video services at reasonable costs;
- The loss of key employees and the availability of qualified personnel and a deterioration of the relationship with employee representatives;
- Changes in the nature of key strategic relationships with partners and joint ventures;
- Telenet's ability to interact with labor councils and unions; and
- Technical failures, equipment defects, physical or electronic break-ins to the services, computer viruses and 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 AND REGULATORY DEVELOPMENTS

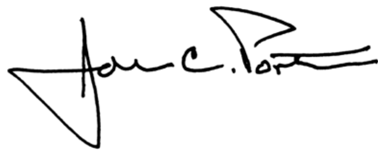
Telenet is involved in a number of legal proceedings that have arisen in the ordinary course of its business. Telenet discusses in its 2012 Annual Report certain pending lawsuits in which the Company is involved, which may have, or have had in the recent past, significant effects on its financial position or profitability. In Note 5.23, Telenet discusses certain contingent liabilities and provides updates on certain regulatory matters. There have not been any major lawsuits other than those reported in Telenet's 2012 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 Renaat Berckmoes, 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

Renaat Berckmoes
CFO

Condensed consolidated interim financial statements

1 Condensed consolidated interim statement of financial position

(in thousands of euro)	Note		June 30, 2013	December 31, 2012 as restated*
Assets				
Non-current assets:				
Property and equipment	5.4		1,363,296	1,337,479
Goodwill	5.5		1,241,798	1,241,798
Other intangible assets	5.6		322,015	340,963
Deferred tax assets	5.14		47,336	42,303
Derivative financial instruments	5.13		199	63
Investments in equity accounted investees	5.21		723	444
Other assets	5.8	5.2.2	9,098	11,185
Total non-current assets			**2,984,465**	**2,974,235**
Current assets:				
Inventories	5.9		20,669	17,788
Trade receivables	5.7		126,910	110,530
Derivative financial instruments	5.13		219	-
Other current assets	5.8		115,376	89,127
Cash and cash equivalents	5.10		114,052	906,300
Total current assets			**377,226**	**1,123,745**
Total assets			**3,361,691**	**4,097,980**
Equity and Liabilities				
Equity:				
Share capital	5.11		12,485	12,331
Share premium and other reserves	5.11		965,821	941,587
Retained loss	5.11	5.2.2	(2,469,893)	(1,674,427)
Remeasurements	5.11	5.2.2	(6,044)	(6,044)
Total equity attributable to owners of the Company			**(1,497,631)**	**(726,553)**
Non-controlling interests	5.11		6,087	6,166
Total equity			**(1,491,544)**	**(720,387)**
Non-current liabilities:				
Loans and borrowings	5.12		3,787,074	3,770,546
Derivative financial instruments	5.13		119,617	164,636
Deferred revenue	5.18		1,788	2,566
Deferred tax liabilities	5.14	5.2.2	93,678	80,470
Other liabilities	5.15	5.2.2	63,810	63,042
Total non-current liabilities			**4,065,967**	**4,081,260**
Current liabilities:				
Loans and borrowings	5.12		86,200	72,486
Trade payables			156,673	148,141
Accrued expenses and other current liabilities	5.17		370,461	380,370
Deferred revenue	5.18		81,981	81,563
Derivative financial instruments	5.13		36,779	42,481
Current tax liability	5.16		55,174	12,066
Total current liabilities			**787,268**	**737,107**
Total liabilities			**4,853,235**	**4,818,367**
Total equity and liabilities			**3,361,691**	**4,097,980**

*Refer to Note 5.2.2

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

	Note	For the six months ended June 30, 2013	2012
		(in thousands of euro, except per share data)	
Profit for the period			
Revenue	5.18	813,584	726,962
Cost of services provided	5.19	(446,980)	(414,964)
Gross profit		**366,604**	**311,998**
Selling, general and administrative expenses	5.19	(124,428)	(120,747)
Operating profit		**242,176**	**191,251**
Finance income		52,589	3,454
Net interest income and foreign exchange gain	5.20	1,525	3,454
Net gain on derivative financial instruments	5.13	51,064	-
Finance expense		(132,639)	(145,746)
Net interest expense, foreign exchange loss and other finance expense	5.20	(132,639)	(107,784)
Net loss on derivative financial instruments	5.13	-	(37,962)
Net finance expenses	5.20	**(80,050)**	**(142,292)**
Share of the loss of equity accounted investees	5.21	(153)	24
Profit before income tax		161,973	48,983
Income tax expense		(51,996)	(24,025)
Profit for the period		**109,977**	**24,958**
Other comprehensive income for the period, net of income tax			
Other comprehensive income for the period, net of tax		**-**	**-**
Total comprehensive income for the period		**109,977**	**24,958**
Profit attributable to:		**109,977**	**24,958**
Owners of the Company		109,969	24,963
Non-controlling interests		8	(5)
Total other comprehensive income for the period, attributable to:		**-**	**-**
Equity owners of the Company		-	-
Non-controlling interests		-	-
Total comprehensive income for the period, attributable to:		**109,977**	**24,958**
Equity owners of the Company		109,969	24,963
Non-controlling interests		8	(5)
Earnings per share			
Basic earnings per share in €	5.22	0.96	0.22
Diluted earnings per share in €	5.22	0.95	0.22

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

3 Condensed consolidated interim statement of changes in 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 compen-sation reserve	Legal reserve	Reserve for own shares	Other reserves	Retained loss	Remeasurements	Total	Non-controlling interest	Total equity
January 1, 2012 as reported	**5.2.2**	**113,516,857**	**294,190**	**79,324**	**36,875**	**69,938**	**(5,763)**	**825,350**	**(1,548,156)**	**-**	**(248,242)**	**9**	**(248,233)**
Impact of changes in accounting policies	5.2.2	-	-	-	-	-	-	-	(169)	(4,777)	(4,946)	-	(4,946)
January 1, 2012 as restated*	**5.2.2**	**113,516,857**	**294,190**	**79,324**	**36,875**	**69,938**	**(5,763)**	**825,350**	**(1,548,325)**	**(4,777)**	**(253,188)**	**9**	**(253,179)**
Total comprehensive income for the period													
Profit for the period		-	-	-	-	-	-	-	24,963	-	24,963	(5)	24,958
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,963**	**-**	**24,963**	**(5)**	**24,958**
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Company													
Recognition of share-based compensation	5.11	-	-	-	3,617	-	-	-	-	-	3,617	-	3,617
Dividend	5.11	-	-	-	-	-	-	-	(113,594)	-	(113,594)	-	(113,594)
Proceeds received upon exercise of Class A Options	5.11	346,025	897	432	-	-	-	-	-	-	1,329	-	1,329
Proceeds received upon exercise of 2007 Warrants	5.11	21,500	56	260	-	-	-	-	-	-	316	-	316
Proceeds received upon exercise of 2007 bis Warrants	5.11	367,234	952	3,081	-	-	-	-	-	-	4,033	-	4,033
Proceeds received upon exercise of 2007 ter Warrants	5.11	19,391	50	166	-	-	-	-	-	-	216	-	216
Proceeds received upon exercise of 2007 quater Warrants	5.11	48,154	125	399	-	-	-	-	-	-	524	-	524
Proceeds received upon exercise of 2007 sexies Warrants	5.11	6,683	17	82	-	-	-	-	-	-	99	-	99
Proceeds received upon exercise of 2007 septies Warrants	5.11	5,000	13	90	-	-	-	-	-	-	103	-	103
Proceeds received upon exercise of 2010 primo Warrants	5.11	59,934	155	1,084	-	-	-	-	-	-	1,239	-	1,239
Proceeds received upon exercise of 2010 bis Warrants	5.11	2,901	8	64	-	-	-	-	-	-	72	-	72
Proceeds received upon exercise of 2010 ter Warrants	5.11	500	1	12	-	-	-	-	-	-	13	-	13
Incorporation of share premium into share capital	5.11	-	84,994	(84,994)	-	-	-	-	-	-	-	-	-
Cost of capital	5.11	-	-	-	-	-	-	(36)	-	-	(36)	-	(36)
Own shares acquired	5.11	-	-	-	-	-	(39,818)	-	-	-	(39,818)	-	(39,818)
Repurchase obligation for own shares	5.11	-	-	-	-	-	-	-	-	-	(10,208)	-	(10,208)
Cancellation of own shares	5.11	(800,492)	-	-	-	-	24,254	-	(24,254)	-	-	-	-
Repayment of capital to shareholders	5.11	-	(369,178)	-	-	-	-	-	-	-	(369,178)	-	(369,178)
Total contributions by and distributions to owners of the Company		**76,830**	**(281,910)**	**(79,324)**	**3,617**	**-**	**(15,564)**	**(36)**	**(137,848)**	**-**	**(521,273)**	**-**	**(521,273)**
Changes in ownership interests in subsidiaries													
Capital contributions by NCI		-	-	-	-	-	-	-	-	-	-	3,720	3,720
Total transactions with owners of the Company		**76,830**	**(281,910)**	**(79,324)**	**3,617**	**-**	**(15,564)**	**(36)**	**(137,848)**	**-**	**(521,273)**	**3,720**	**(517,553)**
June 30, 2012		**113,593,687**	**12,280**	**-**	**40,492**	**69,938**	**(21,327)**	**825,314**	**(1,661,210)**	**(4,777)**	**(749,498)**	**3,724**	**(745,774)**

							Attributable to equity holders of the Company						
(in thousands of euro, except share data)	Note	Number of shares	Share capital	Share premium	Equity-based compen-sation reserve	Legal reserve	Reserve for own shares	Other reserves	Retained loss	Remeasurements	Total	Non-controlling interest	Total equity
January 1, 2013 as reported	**5.2.2**	**113,408,536**	**12,331**	**6,084**	**43,818**	**70,021**	**(5,763)**	**827,427**	**(1,674,300)**	**-**	**(720,382)**	**6,166**	**(714,216)**
Impact of changes in accounting policies	5.2.2	-	-	-	-	-	-	-	(127)	(6,044)	(6,171)	-	(6,171)
January 1, 2013 as restated*	**5.2.2**	**113,408,536**	**12,331**	**6,084**	**43,818**	**70,021**	**(5,763)**	**827,427**	**(1,674,427)**	**(6,044)**	**(726,553)**	**6,166**	**(720,387)**
Total comprehensive income for the period													
Profit for the period		-	-	-	-	-	-	-	109,969	-	109,969	8	109,977
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**109,969**	**-**	**109,969**	**8**	**109,977**
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Company													
Recognition of share-based compensation	5.11	-	-	-	6,781	-	-	-	-	-	6,781	-	6,781
Proceeds received upon exercise of 2007 bis Warrants	5.11	166,791	18	1,640	-	-	-	-	-	-	1,658	-	1,658
Proceeds received upon exercise of 2007 ter Warrants	5.11	6,234	1	62	-	-	-	-	-	-	63	-	63
Proceeds received upon exercise of 2007 quater Warrants	5.11	447,470	48	4,359	-	-	-	-	-	-	4,407	-	4,407
Proceeds received upon exercise of 2007 sexies Warrants	5.11	11,464	1	153	-	-	-	-	-	-	154	-	154
Proceeds received upon exercise of 2007 septies Warrants	5.11	71,000	8	1,322	-	-	-	-	-	-	1,330	-	1,330
Proceeds received upon exercise of 2008 Warrants	5.11	462,252	50	4,979	-	-	-	-	-	-	5,029	-	5,029
Proceeds received upon exercise of 2010 primo Warrants	5.11	229,715	25	4,278	-	-	-	-	-	-	4,303	-	4,303
Proceeds received upon exercise of 2010 bis Warrants	5.11	19,209	2	429	-	-	-	-	-	-	431	-	431
Proceeds received upon exercise of 2010 ter Warrants	5.11	9,711	1	231	-	-	-	-	-	-	232	-	232
Dividend	5.11	-	-	-	-	-	-	-	(905,435)	-	(905,435)	-	(905,435)
Total contributions by and distributions to owners of the Company		**1,423,846**	**154**	**17,453**	**6,781**	**-**	**-**	**-**	**(905,435)**	**-**	**(881,047)**	**-**	**(881,047)**
Changes in ownership interests in subsidiaries													
Capital contributions by NCI		-	-	-	-	-	-	-	-	-	-	(87)	(87)
Total transactions with owners of the Company		**1,423,846**	**154**	**17,453**	**6,781**	**-**	**-**	**-**	**(905,435)**	**-**	**(881,047)**	**(87)**	**(881,134)**
June 30, 2013		**114,832,382**	**12,485**	**23,537**	**50,599**	**70,021**	**(5,763)**	**827,427**	**(2,469,893)**	**(6,044)**	**(1,497,631)**	**6,087**	**(1,491,544)**

*Refer to Note 5.2.2

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

4 Condensed consolidated interim statement of cash flows

	Note	For the six months ended June 30, 2013	2012
Cash flows provided by operating activities:		(in thousands of euro)	
Profit for the period		109,977	24,958
Adjustments for:			
Depreciation, amortization and impairment	5.19	170,013	189,395
(Gains)/Losses on disposal of property and equipment and other intangible assets	5.19	(1,206)	2,456
Income tax expense		51,996	24,025
Decrease in allowance for bad debt	5.7	(1,064)	(4,292)
Net interest income and foreign exchange gain	5.20	(1,525)	(3,454)
Net interest expense, foreign exchange loss and other finance expense	5.20	132,639	107,784
Net (gain)/loss on derivative financial instruments	5.20	(51,064)	37,962
(Gains)/Losses in equity-accounted investees	5.21	153	(24)
Share based payments	5.19	6,781	3,617
Change in:			
Trade receivables		(15,316)	(2,578)
Other assets		(26,687)	(5,021)
Deferred revenue		(361)	(3,140)
Trade payables		8,647	(5,015)
Other liabilities		736	(2,183)
Accrued expenses and other current liabilities		(3,850)	8,697
Interest paid		(111,398)	(93,365)
Interest received		911	4,274
Income taxes paid		(37)	(3,382)
Net cash provided by operating activities		**269,345**	**280,714**
Cash flows used in investing activities:			
Purchases of property and equipment		(119,434)	(123,113)
Purchases of intangibles		(46,023)	(38,050)
Acquisitions of subsidiaries and affiliates, net of cash acquired	5.21	(432)	(298)
Proceeds from sale of property and equipment and other intangibles		1,656	1,311
Purchases of broadcasting rights for resale purposes		(7,597)	(6,711)
Proceeds from the sale of broadcasting rights for resale purposes		7,597	6,711
Net cash used in investing activities		**(164,233)**	**(160,150)**
Cash flows provided by (used in) financing activities:			
Repayments of loans and borrowings	5.12	-	(124,009)
Proceeds from loans and borrowings	5.12	-	175,000
Payments of finance lease liabilities		(7,410)	(11,168)
Payments for debt issuance costs		(374)	(5,784)
Payments for other financing activities		(1,949)	-
Repurchase of own shares	5.11	-	(38,843)
Proceeds from exercise of options and warrants	5.11	17,607	7,944
Capital transactions with equity participants		(83)	157
Payments related to capital reductions and dividends	5.11	(905,151)	(113,437)
Net cash used in financing activities		**(897,360)**	**(110,140)**
Net (decrease) increase in cash and cash equivalents		**(792,248)**	**10,424**
Cash and cash equivalents:			
at January 1	5.10	906,300	346,597
at June 30	5.10	114,052	357,021

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, 2013

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 cable television, including premium television services, broadband internet and 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. The Company also offers mobile telephony services through an MVNO partnership with Mobistar and the Company has an agreement with Norkring België NV regarding the use of DTT spectrum over the latter's broadcasting network. Telenet Group Holding NV and its principal operating subsidiaries are limited liability companies organized under Belgian law. Subsidiaries and special purpose entities have been incorporated in Luxembourg 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. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's consolidated financial statements as of and for the year ended December 31, 2012. Results for the six months ended June 30, 2013 are not necessarily indicative of future results.

The Interim Financial Statements have been prepared on the historical cost basis, except for certain financial instruments, 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 29, 2013.

5.1.3 Functional and presentation currency

The Interim Financial Statements are presented in euro ("€"), which is the Company's functional currency.

5.1.4 Use of estimates and judgments

The preparation of financial statements in accordance with IFRSs as adopted by the EU ("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 Interim 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 5.4: Property and equipment
- Note 5.5: Goodwill
- Note 5.6: Other intangible assets
- Note 5.13: Derivative financial instruments
- Note 5.14: Deferred taxes

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 Executive Team and the board of directors.

The CEO, the Executive Team and the board of directors of Telenet manage the Company as a single operation, and assess its 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.

5.2 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, 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, 2012. The following changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending December 31, 2013.

5.2.1 Changes in accounting policies

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2013.

- IFRS 13 *Fair Value Measurement*
- *Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1)
- IAS 19 *Employee Benefits* (2011)

The nature and effect of the changes are further explained below.

Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value at the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments. Accordingly, the Company has included additional disclosures in this regard (see Note 5.3).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurement of the Company's assets and liabilities.

Presentation of items of other comprehensive income

As a result of the amendments to IAS 1, the Company has modified the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income and will present separately items that would be reclassified to profit or loss in the future from those that would never be.

The adoption of the amendment to IAS 1 has no impact on the recognized assets, liabilities and comprehensive income of the Company.

Defined benefit plans

As a result of IAS 19 (2011), the Company has changed its accounting policy with respect to the basis for determining the income or expense related to the defined benefit plans taking into account taxes on contributions, administration costs and expected changes in mortality.

The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income and hence eliminate the "corridor approach".

The impact of this revised IFRS was disclosed in Note 5.16 of the Company's consolidated financial statements as of and for the year ended December 31, 2012 and is summarized in Note 5.2.2 below.

5.2.2 Quantitative impact of changes in accounting policies

The following table summarizes the impact resulting from the changes in IAS 19 on the Company's consolidated statement of financial position.

(in thousands of euro)	Effect of changes in accounting policies January 1, 2012 as restated	impact of IAS19 (2011)	January 1, 2012 as reported
Assets			
Non-current assets:			
Other assets	35,804	(3,082)	38,886
Total non-current assets	**35,804**	**(3,082)**	**38,886**
Equity and Liabilities			
Equity:			
Retained loss	(1,548,325)	(169)	(1,548,156)
Remeasurements	(4,777)	(4,777)	-
Total equity	**(1,553,102)**	**(4,946)**	**(1,548,156)**
Non-current liabilities:			
Deferred tax liabilities	26,567	(2,547)	29,114
Other liabilities	120,009	4,411	115,598
Total non-current liabilities	**146,576**	**1,864**	**144,712**

(in thousands of euro)	Effect of changes in accounting policies December 31, 2012 as restated	impact of IAS19 (2011)	December 31, 2012 as reported
Assets			
Non-current assets:			
Other assets	11,185	(3,156)	14,341
Total non-current assets	**11,185**	**(3,156)**	**14,341**
Equity and Liabilities			
Equity:			
Retained loss	(1,674,427)	(127)	(1,674,300)
Remeasurements	(6,044)	(6,044)	-
Total equity	**(1,680,471)**	**(6,171)**	**(1,674,300)**
Non-current liabilities:			
Deferred tax liabilities	80,470	(3,286)	83,756
Other liabilities	63,042	6,301	56,741
Total non-current liabilities	**143,512**	**3,015**	**140,497**

5.3 FINANCIAL INSTRUMENTS

5.3.1 Financial risk management

During the six months ended June 30, 2013, 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, 2012.

5.3.2 Financial instruments: 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 the valuation method regarding the financial instruments carried at fair value are summarized in the table below. These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

The different levels are defined 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 (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Note	June 30, 2013				
(in thousands of euro)		Carrying amount	Fair value	For financial instruments measured at fair value		
				Level 1	Level 2	Level 3
Financial assets						
Financial assets carried at fair value						
Derivative financial assets	5.13	418	418	-	418	-
Total financial assets carried at fair value		**418**	**418**	**-**	**418**	**-**
Financial assets carried at amortized cost						
Trade receivables	5.7	126,910	126,910	-	-	-
Other assets	5.8	102,564	102,564	-	-	-
Cash and cash equivalents	5.10	114,052	114,052	-	-	-
Total financial assets carried at amortized cost		**343,526**	**343,526**	**-**	**-**	**-**
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.13	156,396	156,396	-	156,396	-
Total financial liabilities carried at fair value		**156,396**	**156,396**	**-**	**156,396**	**-**
Financial Liabilities carried at amortized cost						
Loans, borrowings and finance lease liabilities (excluding deferred financing fees)	5.12					
- 2010 Amended Senior Credit Facility		1,405,395	1,405,896	-	-	-
- Senior Secured Fixed Rate Notes		1,629,258	1,661,259	-	-	-
- Senior Secured Floating Rate Notes		400,635	400,635	-	-	-
- Deferred Financing Fees		(57,459)	(57,459)	-	-	-
- Finance lease obligations		362,375	329,517	-	-	-
- Clientele fee > 20 years		79,791	72,412	-	-	-
- 3G Mobile Spectrum		53,279	45,497	-	-	-
Trade payables		156,673	156,673	-	-	-
Other liabilities	5.15 5.17	361,941	361,941	-	-	-
Total financial liabilities carried at amortized cost		**4,391,888**	**4,376,371**	**-**	**-**	**-**

The fair value of the 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 fair values thus calculated to the respective instruments' fair value as provided by the counterparty and as calculated in third-party valuation models.

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.

During the six months ended June 30, 2013 no financial assets or liabilities have been transferred from one level to another level.

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 January 1, 2013	**108,389**	**2,326,498**	**131,002**	**50,119**	**2,616,008**
Additions	322	(19,297)	154,057	129	135,211
Transfers	725	124,508	(125,992)	752	(7)
Disposals	-	(2,829)	99	(37)	(2,767)
At June 30, 2013	**109,436**	**2,428,880**	**159,166**	**50,963**	**2,748,445**
Accumulated Depreciation					
At January 1, 2013	**33,737**	**1,208,276**	**-**	**36,516**	**1,278,529**
Depreciation charge for the year	2,890	103,072	-	2,669	108,631
Transfers	-	(7)	-	-	(7)
Disposals	-	(1,967)	-	(37)	(2,004)
At June 30, 2013	**36,627**	**1,309,374**	**-**	**39,148**	**1,385,149**
Carrying Amount					
At June 30, 2013	72,809	1,119,506	159,166	11,815	1,363,296
At January 1, 2013	74,652	1,118,222	131,002	13,603	1,337,479
Carrying Amount of Finance Leases included in Property and Equipment					
At June 30, 2013	31,051	163,234	-	-	194,285
At January 1, 2013	32,398	177,031	-	-	209,429

The negative amount for additions to « Network » shown in the table above primarily reflects an adjustment to capitalized import duties on set-top boxes imported in the period December 2007 until December 2010.

In June 2013, the Company received a formal confirmation from the Belgian Customs authorities that certain custom duties paid in previous periods will be refunded. A corresponding receivable was recognized as per June 30, 2013 (see Note 5.8.2) and EUR 16.1 million of the total amount to be refunded was accounted for as a reduction to Network additions.

5.5 GOODWILL

Goodwill remained unchanged compared to the goodwill reported in the consolidated financial statements as of and for the year ended December 31, 2012.

5.6 OTHER INTANGIBLE ASSETS

(in thousands of euro)	Network user rights	Trade name	Software	Customer relationships	Broadcasting rights	Other	Subtotal	Broadcasting rights for resale purposes	Total
Cost									
At January 1, 2013	**102,222**	**121,514**	**315,283**	**212,776**	**108,788**	**21,125**	**881,708**	**-**	**881,708**
Additions	267	-	20,133	-	22,224	-	42,624	9,652	52,276
Disposals	-	-	(199)	-	(7,924)	-	(8,123)	(9,652)	(17,775)
At June 30, 2013	**102,489**	**121,514**	**335,217**	**212,776**	**123,088**	**21,125**	**916,209**	**-**	**916,209**
Accumulated Amortization									
At January 1, 2013	**41,543**	**95,242**	**234,667**	**115,002**	**51,705**	**2,586**	**540,745**	**-**	**540,745**
Charge of the year	3,803	4,045	22,784	10,102	20,536	112	61,382	-	61,382
Disposals	-	-	(9)	-	(7,924)	-	(7,933)	-	(7,933)
At June 30, 2013	**45,346**	**99,287**	**257,442**	**125,104**	**64,317**	**2,698**	**594,194**	**-**	**594,194**
Carrying Amount									
At June 30, 2013	57,143	22,227	77,775	87,672	58,771	18,427	322,015	-	322,015
At January 1, 2013	60,679	26,272	80,616	97,774	57,083	18,539	340,963	-	340,963

5.7 TRADE RECEIVABLES

	June 30, 2013	December 31, 2012
	(in thousands of euro)	
Trade receivables	130,753	115,437
Less: provision for impairment of trade receivables	(3,843)	(4,907)
Trade receivables, net	**126,910**	**110,530**

5.8 OTHER ASSETS

5.8.1 Non-current

	Note	June 30, 2013	December 31, 2012 as restated*
		(in thousands of euro)	
Outstanding guarantees to third parties for own liabilities (cash paid)	5.3.2	2,095	2,723
Receivables from sale of sports broadcasting rights	5.3.2	7,003	8,462
Other non-current assets		**9,098**	**11,185**

*Refer to Note 5.2.2

5.8.2 Current

	Note	June 30, 2013	December 31, 2012
		(in thousands of euro)	
Recoverable withholding taxes		304	981
Prepaid content		6,019	5,953
Prepayments		15,587	13,697
Unbilled revenue	5.3.2	43,190	45,725
Receivables from sale of sports broadcasting rights	5.3.2	29,958	19,210
Custom duties		17,493	-
Other	5.3.2	2,825	3,561
Other current assets		**115,376**	**89,127**

5.9 INVENTORIES

As of June 30, 2013, inventories amounted to €20.7 million (December 31, 2012: €17.8 million) and consisted mainly of mobile handsets as well as wireless modems, HD Digiboxes and powerline adaptors.

The increase compared to December 31, 2012 of €2.9 million was mainly due to an increase in the mobile handsets inventory of €3.4 million and an increase in the inventory of DTT boxes and WiFi access points of €0.4 million, partly offset by a decrease in the HD Digiboxes inventory of €1.2 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 €0.3 million for the six months ended June 30, 2013 compared to €0.5 million for the year ended December 31, 2012.

5.10 CASH AND CASH EQUIVALENTS

	June 30, 2013	December 31, 2012
	(in thousands of euro)	
Cash at bank and on hand	63,287	508,334
Certificates of deposit	50,765	397,966
Total cash and cash equivalents	**114,052**	**906,300**

5.11 SHAREHOLDERS' EQUITY

5.11.1 Shareholders' equity

As of June 30, 2013, share capital amounted to €12.5 million (December 31, 2012: €12.3 million).

Warrants exercised during the six months ended June 30, 2013 resulted in a capital increase of in total €0.2 million, an increase of share premium of €17.5 million and the issuance of 1,423,846 new shares. The details of the exercises are summarized in the following table:

Class of warrants	Number of warrants exercised	Exercise date	Share price at exercise date (closing price)
Warrant Plan 2007 bis warrants	147,066	January 8, 2013	€ 35.12
Warrant Plan 2007 quater warrants	177,262	January 8, 2013	€ 35.12
Warrant Plan 2010 primo warrants	77,690	January 8, 2013	€ 35.12
Warrant Plan 2007 bis warrants	19,725	April 9, 2013	€ 39.60
Warrant Plan 2007 ter warrants	6,234	April 9, 2013	€ 39.60
Warrant Plan 2007 quater warrants	270,208	April 9, 2013	€ 39.60
Warrant Plan 2007 sexies warrants	11,464	April 9, 2013	€ 39.60
Warrant Plan 2007 septies warrants	71,000	April 9, 2013	€ 39.60
Warrant Plan 2008 warrants	462,252	April 9, 2013	€ 39.60
Warrant Plan 2010 primo warrants	152,025	April 9, 2013	€ 39.60
Warrant Plan 2010 bis warrants	19,209	April 9, 2013	€ 39.60
Warrant Plan 2010 ter warrants	9,711	April 9, 2013	€ 39.60

On April 24, 2013, the ordinary shareholders' meeting of Telenet Group Holding NV approved an extraordinary (gross) dividend disbursement of €7.90 per share outstanding on that date, representing a total amount of €905.4 million. Payment of this extraordinary dividend occurred on May 8, 2013 with an aggregate amount paid through the end of June 2013 of €905.2 million.

As a result of the Company's shareholders disbursements policy, disbursements made in prior years and the approved extraordinary (gross) dividend disbursement of €7.90 per share paid on May 8, 2013, the Interim Financial Statements as of June 30, 2013 showed a negative (consolidated) equity attributable to owners of the Company amounting to €1,497.6 million.

The board of directors has considered this and has prepared the Interim Financial Statements applying the accounting policies consistently assuming the ability to continue as a going concern taking into account amongst others:

- the forecasted future earnings for the next years,
- a projected steadily strong positive cash flow in the future,
- the various modifications to the Company's debt in 2010 and 2011 resulting in a significantly extended average maturity of its financial obligations, spread over balanced maturity dates.

Own shares

As per June 30, 2013, the Company held 220,352 own shares acquired under the Share Repurchase Program 2011 for a total amount of €5.8 million.

5.11.2 Employee share based compensation

Warrant plan 2007, Warrant plan 2008, Warrant plan 2009 and Warrant plan 2010

The details regarding the Warrant Plan 2007, Warrant Plan 2008, Warrant Plan 2009 and Warrant Plan 2010 issued by the Company are summarized in the table below:

	Issuance of warrants		Warrants granted				
Warrant Plan	Date approved by the extraordinary shareholders' meeting	Total number of warrants issued	Name of the grant	Date offered	Number of warrants offered	Number of warrants accepted	Beneficiaries
Warrant Plan 2007	December 27, 2007	3,300,000	Warrant Plan 2007 primo	December 27, 2007	55,000	27,500	certain employees
			Warrant Plan 2007 bis	March 5, 2008	1,294,000	1,058,600	certain employees
			Warrant Plan 2007 ter	August 25, 2008	63,000	43,000	certain employees
			Warrant Plan 2007 quater	June 30, 2009	1,298,000	1,236,000	certain employees
			Warrant Plan 2007 quinquies	December 4, 2009	155,000	155,000	former CEO
			Warrant Plan 2007 sexies	December 18, 2009	117,500	93,000	certain employees
			Warrant Plan 2007 septies	September 28, 2010	189,900	189,900	certain employees
Warrant Plan 2008	May 29, 2008	317,000	Warrant Plan 2008	May 29, 2008	317,000	317,000	former CEO
Warrant Plan 2009	May 28, 2009	180,000	Warrant Plan 2009	May 28, 2009	180,000	180,000	former CEO
Warrant Plan 2010	April 28, 2010	2,800,000	Warrant Plan 2010 primo	September 28, 2010	1,147,600	1,006,700	certain employees
			Warrant Plan 2010 bis	December 10, 2010	70,500	50,500	certain employees
			Warrant Plan 2010 ter	August 11, 2011	184,500	147,500	certain employees

Under all of the aforementioned plans, the warrants vest in equal parts per quarter over a period of four years and each warrant gives the holder the right to subscribe to one new share of the Company.

As of April 9, 2013, there are no more warrants outstanding under the Warrant Plan 2007 primo, the Warrant Plan 2007 ter and under the Warrant Plan 2008.

Specific Stock Option Plan 2010-2014

On March 24, 2010, the board of directors approved a specific stock option plan for the former CEO for a total number of 850,000 stock options on existing options ("the Specific Stock Option Plan 2010-2014" or "SSOP 2010-2014"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company. On April 28, 2010, the extraordinary general shareholder's meeting of the Company approved certain terms and conditions of the SSOP 2010-2014.

The grant of 850,000 stock options under the SSOP 2010-2014 was effectively made to the former CEO on September 4, 2010, who accepted this offer on October 3, 2010.

The vesting of these options is contingent upon the achievement of certain performance criteria. The Remuneration & Nomination Committee, in consultation with the former CEO, determines for each installment the performance criteria and each year the Remuneration & Nomination Committee decides whether these criteria have been met.

In October 2010, the first tranche of 250,000 stock options were granted to the former CEO with an exercise price of €23.00 per option. The Remuneration & Nomination Committee determined in 2011 that the applicable performance criteria had been achieved for 2010, which resulted in the vesting of these 250,000 options (394,891 options after giving effect to the impact of the 2013 extraordinary dividend payment) with an exercise price of €14.57 (after giving effect to the impact of the 2013 extraordinary dividend payment) on March 1, 2011.

In February 2011, the second tranche of 200,000 stock options were granted to the former CEO with an exercise price of €24.00 per option. The Remuneration & Nomination Committee determined on February 15, 2012 that the applicable performance criteria had been achieved for 2011, which resulted in the vesting of these 200,000 options (315,911 options after giving effect to the impact of the 2013 extraordinary dividend payment) with an exercise price of €15.20 (after giving effect to the impact of the 2013 extraordinary dividend payment) on March 1, 2012.

In February 2012, the third tranche of 200,000 stock options was granted to the former CEO with an exercise price of €25.00 per option. The Remuneration & Nomination Committee has determined on February 11, 2013 that the applicable performance criteria have been achieved for 2012, which resulted in the vesting of these 200,000 options (315,911 options after giving effect to the impact of the 2013 extraordinary dividend payment) with an exercise price of €15.83 (after giving effect to the impact of the 2013 extraordinary dividend payment) on March 1, 2013.

On March 14, 2013 the Remuneration & Nomination Committee, in consultation with the former CEO, has determined the performance criteria for the last tranche of 200,000 options under the SSOP 2010-2014 (315,911 options after giving effect to the impact of the 2013 extraordinary dividend payment) with an exercise price of €26.00 per option (€16.46 after giving effect to the impact of the 2013 extraordinary dividend payment), and therefore the grant of these options is for accounting purposes considered to have occurred on that date. Subject to the realisation of certain conditions, these options can still vest (at the latest on March 1, 2014).

Any options that vest pursuant to the Telenet Specific Stock Option Plan 2010-2014 become exercisable during defined exercise periods following January 1, 2014. All options under the SSOP 2010-2014 have an expiration date of September 4, 2017.

The beneficiary of the SSOP 2010-2014 (Telenet's former CEO Mr. Duco Sickinghe) left the Company on March 31, 2013. As part of his exit arrangement, it has been agreed (i) that the vested options under the SSOP 2010-2014 remain exercisable until the end of their term (September 4, 2017) and (ii) that subject to the realization of certain conditions, the fourth tranche of options may still vest.

For accounting purposes, the grant dates of the above mentioned grants were defined as the date the beneficiaries accepted the offer. The fair values of the warrants and the stock options granted subsequent to 2007 were determined using the Black-Scholes option-pricing model.

The grant dates for accounting purposes, as well as the underlying assumptions for determining the grant date fair value can be summarized as follows:

	Grant date	Fair value at grant date (in euro)	Share price (in euro)	Exercise price (in euro) [1]	Expected volatility	Expected option life	Expected dividends	Risk-free interest rate
Warrant Plan 2007 warrants	January 27, 2008	3.83	18.04	19.40	25.5%	3.61 years	0.0%	3.50%
Warrant Plan 2007 bis warrants	April 19, 2008	2.79 - 4.34	14.51	14.50	24.2% - 27.7%	3.61 years	0.0%	4.07% - 4.20%
Warrant Plan 2007 ter warrants	September 25, 2008	3.15 - 4.62	14.78	14.69	25.9% - 28.5%	3.61 years	0.0%	4.17% - 4.39%
Warrant Plan 2007 quater warrants	July 30, 2009	4.91 - 5.93	16.35	14.36	32.2% - 36.4%	3.61 years	0.0%	1.83% - 2.61%
Warrant Plan 2007 quinquies warrants	January 3, 2010	5.24 - 6.26	19.93	19.45	32.5% - 38.8%	3.61 years	0.0%	1.64% - 2.46%
Warrant Plan 2007 sexies warrants	January 17, 2010	6.10 - 7.15	20.97	18.98	32.5% - 38.8%	3.61 years	0.0%	1.45% - 2.33%
Warrant Plan 2007 septies warrants	November 12, 2010	10.04 - 11.72	28.70	24.02	38.7% - 44.6%	3.61 years	0.0%	1.70% - 2.32%
Warrant Plan 2008 warrants	May 29, 2008	3.02 - 4.78	15.89	15.86	24.3% - 27.6%	3.61 years	0.0%	4.48% - 4.51%
Warrant Plan 2009 warrants	June 26, 2009	2.86 - 3.97	14.60	14.22	32.3% - 36.6%	3.61 years	0.0%	1.88% - 2.71%
Warrant Plan 2010 primo warrants	November 12, 2010	10.04 - 11.72	28.70	24.02	38.7% - 44.6%	3.61 years	0.0%	1.70% - 2.32%
Warrant Plan 2010 bis warrants	January 24, 2011	8.04 - 10.43	28.76	28.79	38.8% - 43.8%	3.61 years	0.0%	2.74% - 3.42%
Warrant Plan 2010 ter warrants	September 26, 2011	6.34 - 15.10	27.44	26.35	30.9% - 70.2%	3.61 years	0.0%	2.36% - 2.95%

[1] Exercise price upon grant, i.e. before adjustment for any capital reductions.

	Grant date	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
				Initially	Adjusted				
Specific Stock Option Plan 2010-2014	October 3, 2010	10.18	24.77	23.00	14.57	36.9%	5.7 years	0.0%	2.44%
"	February 23, 2011	15.31	31.39	24.00	15.20	36.9%	5.3 years	0.0%	3.62%
"	February 15, 2012	11.85	28.82	25.00	15.83	32.2%	4.3 years	0.0%	2.08%
"	March 14, 2013	18.24	38.13	26.00	16.46	23.3%	3.3 years	0.00	0.33%

Total compensation expense associated with the Company's stock option and warrant plans amounted to €6.8 million for the six months ended June 30, 2013 (for the six months ended June 30, 2012: €3.6 million).

Effect of the 2013 extraordinary dividend payment on the outstanding options and warrants and SSOP 2010-2014 options

In relation to the payment on May 8, 2013 of the extraordinary dividend as decided upon by the ordinary shareholders' meeting on April 24, 2013, the extraordinary shareholders' meeting of the Company held thereafter on April 24, 2013, had decided to adjust all outstanding options and warrants for that specific extraordinary dividend payment as of the ex-date (i.e. the date on which coupon n°7 was detached from the shares, being May 3, 2013) to ensure that benefits granted to the option and warrant holders were not reduced. The number of options and warrants were increased and the exercise prices were decreased by a factor 0.811905, which is the ratio of the quoted market price of the Telenet Group Holding NV shares on the day immediately preceding the ex-date (May 2, 2013) less the extraordinary dividend of €7.90 per share, versus the quoted market price on the day immediately preceding the ex-date. As a result of these adjustments, fair values of the options and warrants before and after the transaction remained the same for all option and warrant holders resulting in no additional compensation expense.

Performance shares

In December 2011, Telenet granted certain of its Executive Team members (other than its chief executive officer) a total of 31,914 performance shares ("the 2011 Telenet Performance Shares"), or 41,904 performance shares after giving effect to the impact of the 2013 extraordinary dividend payment. The performance target applicable to the 2011 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for operating free cash flow (OFCF), when comparing 2013 OFCF to 2010 OFCF. A performance range of 75% to 150% of the target OFCF CAGR would generally result in award recipients earning 50% to 150% of their 2011 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The earned 2011 Telenet Performance Shares will vest on December 6, 2014. Any compensation costs attributable to the 2011 Telenet Performance Shares will be recognized over the requisite service period of the awards and will be included in stock-based compensation in Telenet's consolidated statements of operations.

For the year ended December 31, 2012 the Company recognized €0.4 million of compensation expense in respect of the 2011 Telenet Performance Shares. For the six months ended June 30, 2013, €0.4 million of compensation expense was recognized in respect of the 2011 Telenet Performance Shares.

In October 2012, Telenet granted certain of its Executive Team members (other than its chief executive officer) and one other manager a total of 33,869 performance shares ("the 2012 Telenet Performance Shares"), or 39,539 performance shares after giving effect to the impact of the 2013 extraordinary dividend payment. The performance target applicable to the 2012 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for operating free cash flow (OFCF), when comparing 2014 OFCF to 2011 OFCF. A

performance range of 75% to 150% of the target OFCF CAGR would generally result in award recipients earning 50% to 150% of their 2012 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The earned 2012 Telenet Performance Shares will vest on October 24, 2015. Any compensation costs attributable to the 2012 Telenet Performance Shares will be recognized over the requisite service period of the awards and will be included in stock-based compensation in Telenet's consolidated statements of operations.

For the year ended December 31, 2012 the Company recognized €0.3 million of compensation expense in respect of the 2012 Telenet Performance Shares. For the six months ended June 30, 2013, €0.2 million of compensation expense was recognized in respect of the 2012 Telenet Performance Shares.

Following the announcement in the second quarter of 2013 of the departure of two members of the Executive Management, as part of their exit arrangements, these members waived their rights on the 2011 Telenet Performance Shares and the 2012 Telenet Performance Shares to which they would be entitled under the terms of the respective plans. Consequently, the remaining 2011 Telenet Performance Shares and 2012 Telenet Performance Shares will be forfeited on the respective termination dates of their employment agreements.

5.12 LOANS AND BORROWINGS

The debt balances specified below include accrued interest and commitment fee as of June 30, 2013 and December 31, 2012.

	June 30, 2013	December 31, 2012
	(in thousands of euro)	
2010 Amended Senior Credit Facility:		
Revolving Credit Facility	299	294
Term Loan Q	431,159	431,038
Term Loan R	798,884	798,634
Term Loan T	175,053	175,000
Senior Secured Fixed Rate Notes		
€500 million Senior Secured Notes due 2020	504,073	503,984
€100 million Senior Secured Notes due 2016	100,677	100,663
€300 million Senior Secured Notes due 2021	307,508	307,453
€450 million Senior Secured Notes due 2022	460,625	460,547
€250 million Senior Secured Notes due 2024	256,375	256,328
Senior Secured Floating Rate Notes		
€400 million Senior Secured Notes due 2021	400,635	400,631
Finance lease obligations	362,375	339,596
3G Mobile Spectrum	53,279	53,279
Clientele fee > 20 years	79,791	76,618
	3,930,733	**3,904,065**
Less: deferred financing fees	(57,459)	(61,033)
	3,873,274	**3,843,032**
Less: current portion	(86,200)	(72,486)
Total non-current loans and borrowings	**3,787,074**	**3,770,546**

5.13 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 our derivative financial instrument assets (liabilities), net:

	June 30, 2013	December 31, 2012
	(in thousands of euro)	
Current assets	219	-
Non-current assets	199	63
Current liabilities	(36,779)	(42,481)
Non-current liabilities	(119,617)	(164,636)
	(155,978)	**(207,054)**
Interest rate derivatives	(155,901)	(205,595)
Foreign exchange forwards	(2)	(1,402)
Embedded derivatives	(75)	(57)
	(155,978)	**(207,054)**

Realized and unrealized gains (losses) on derivative financial instruments comprise the following amounts:

	For the six months ended June 30,	
	2013	**2012**
	(in thousands of euro)	
Interest rate derivatives	49,695	(36,511)
Own shares acquired	-	(166)
Foreign exchange forwards	1,400	(1,222)
Embedded derivatives	(31)	(63)
	51,064	**(37,962)**

The shift from a loss on interest rate derivatives of €36.5 million for the six months ended June 30, 2012 to a gain on interest rate derivatives for the six months ended June 30, 2013 is the result of an upward shift in the euro swap curve which has a positive impact on the mark-to-market valuation of these interest rate derivatives.

5.14 DEFERRED TAXES

As of June 30, 2013, Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €300.4 million (December 31, 2012: €233.9 million). Under current Belgian tax laws, these loss carry forwards have an indefinite life and may be used to offset the future taxable income of Telenet Group Holding NV and its subsidiaries.

Telenet did not recognize deferred tax assets of €82.3 million (December 31, 2012 : €69.3 million) in respect of losses amounting to €242.3 million (December 31, 2012 : €233.9 million) that can be carried forward against future taxable income because it is not considered more likely than not that these net deferred tax assets will be utilized in the foreseeable future.

Taxable profit is reduced by a notional interest deduction which can be carried forward for 7 years for the notional interest deduction stemming from financial year 2011 and before and which can no longer be carried forward for the notional interest deduction stemming from financial year 2012 and after, and by investment

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

5.15 OTHER LIABILITIES

	Note	June 30, 2013	December 31, 2012 as restated*
		(in thousands of euro)	
Employee benefit obligations	5.2.2	12,870	12,661
Other personnel related obligations	5.3.2	1,353	1,322
Long service awards	5.3.2	6,519	6,054
Interkabel out of market opex		13,409	13,224
Asset retirement obligations		3,474	3,465
Liabilities regarding sports broadcasting rights	5.3.2	20,403	20,533
Other		5,782	5,783
Total Other liabilities		**63,810**	**63,042**

*Refer to Note 5.2.2

5.16 CURRENT TAX LIABILITY

As of June 30, 2013, the current tax liability amounted to €55.2 million. The increase compared to December 31, 2012 (€12.1 million) is a result of the fact that Telenet NV's taxable income for the six months ended June 30, 2013 exceeds the amount of the remaining tax losses carried forward as of December 31, 2012.

.

5.17 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	Note	June 30, 2013	December 31, 2012
		(in thousands of euro)	
Customer deposits	5.3.2	23,149	23,264
Compensation and employee benefits	5.3.2	48,036	52,569
VAT and withholding taxes		36,492	38,693
Dividend payable to shareholders	5.3.2	1,969	1,685
Current portion of "Interkabel out of market component" liability		303	936
Accrued programming fees	5.3.2	54,168	49,237
Accrued capital expenditure	5.3.2	20,000	18,597
Accrued other liabilities - invoices to receive regarding:	5.3.2		
Goods received and services performed	5.3.2	21,998	27,044
Professional fees	5.3.2	16,364	20,315
Warehouse items received	5.3.2	9,889	10,638
Interconnect	5.3.2	15,932	21,888
Advertising, marketing and public relations	5.3.2	13,322	15,914
Infrastructure	5.3.2	8,800	8,365
Other	5.3.2	21,944	23,852
Accrued interest on derivatives	5.3.2	4,900	4,855
Liabilities regarding sports broadcasting rights	5.3.2	72,574	61,810
Other current liabilities	5.3.2	621	708
Total Accrued expenses and other current liabilities		**370,461**	**380,370**

5.18 REVENUE

The Company's revenue is comprised of the following:

	For the six months ended June 30,	
	2013	**2012**
	(in thousands of euro)	
Cable television:		
Basic Subscribers [(1)]	157,800	160,683
Premium Subscribers [(1)]	119,361	110,955
Residential:		
Internet	225,500	226,111
Telephony [(2)]	231,864	152,637
Distributors/Other	34,804	31,197
Business	44,255	45,379
Total Revenue	**813,584**	**726,962**

The Company also has deferred revenue as follows:

---

1 Basic and premium cable television substantially comprises residential customers, but also includes a small proportion of business customers.

2 Residential telephony revenue includes the recurring subscription-based revenue from both fixed and mobile telephony subscribers as well as the interconnection revenue generated by these customers.

	June 30, 2013	December 31, 2012
(in thousands of euro)		
Cable television:		
Basic Subscribers [1]	32,551	34,031
Premium Subscribers [1]	380	2,524
Residential:		
Internet	10,768	11,481
Telephony [2]	10,540	9,997
Distributors/Other	27,123	24,568
Business	2,407	1,528
Total Deferred Revenue	**83,769**	**84,129**
Current portion	81,981	81,563
Non-current portion	1,788	2,566

Deferred revenue is generally fees prepaid by the customers and is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the related service period.

5.19 EXPENSES BY NATURE

	Note	For the six months ended June 30,	
		2013	**2012**
		(in thousands of euro)	
Employee benefits:			
Wages, salaries, commissions and social security costs		62,279	62,310
Other employee benefit costs		11,557	11,615
		73,836	**73,925**
Depreciation and impairment	5.4	108,631	129,852
Amortization	5.6	40,846	40,010
Amortization of broadcasting rights	5.6	20,536	19,533
Losses (gains) on disposal of property and equipment and other intangible assets		(1,206)	2,456
Network operating and service costs		263,183	207,428
Advertising, sales and marketing		33,833	34,304
Share-based payments granted to directors and employees		6,781	3,617
Operating charges related to acquisitions or divestitures		-	225
Other costs		24,968	24,361
Total costs and expenses		**571,408**	**535,711**

5.20 FINANCE INCOME / EXPENSE

	For the six months ended June 30,	
	2013	2012
Recognized in the statement of profit or loss and comprehensive income	(in thousands of euro)	
Finance income		
Net interest income and foreign exchange gain		
Interest income on bank deposits and commercial paper	892	1,357
Interest income on receivables	633	906
Net foreign exchange gain	-	1,191
	1,525	**3,454**
Net gain on derivative financial instruments	51,064	-
	52,589	**3,454**
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	(105,797)	(86,572)
Net interest expense on derivatives at fair value through statement of profit or loss and other comprehensive income	(22,726)	(18,213)
Amortization of financing cost	(3,591)	(2,999)
Net foreign exchange loss	(525)	-
	(132,639)	**(107,784)**
Net loss on derivative financial instruments	-	(37,962)
	(132,639)	**(145,746)**
Net finance expenses	**(80,050)**	**(142,292)**

5.21 EQUITY ACCOUNTED INVESTEES

On May 31, 2012, the Company entered into agreements with Acerta CVBA and Nationaal Hulpfonds VZW to incorporate two new companies, Doccle CVBA and Doccle.Up NV. Telenet NV contributed capital of €0.1 million and €0.2 million, respectively, for 33.33% of the shares in Doccle CVBA and Doccle.Up NV. The purpose of the new entities is to develop, operate and exploit an electronic communication platform for creating, managing, sending and archiving digital documents and data.

In April 2013, Doccle.Up NV increased its capital by €1.3 million, of which €0.4 million was paid by Telenet NV.

5.22 EARNINGS PER SHARE

5.22.1 Basic

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

	For the six months ended June 30,	
	2013	2012
	(in thousands of euro, except share and per share data)	
Net profit attributable to the equity holders of the Company	109,969	24,963
Weighted average number of ordinary shares	114,040,067	113,097,217
Weighted average number of shares used in the calculation of basic earnings per share	**114,040,067**	**113,097,217**
Basic earnings per share in €	0.96	0.22

5.22.2 Diluted

Diluted earnings 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. During the six months ended June 30, 2012, the Company had twelve categories of dilutive potential ordinary shares:

- Class A Options
- Warrant Plan 2007
- Warrant Plan 2007 bis
- Warrant Plan 2007 ter
- Warrant Plan 2007 quater
- Warrant Plan 2007 quinquies
- Warrant Plan 2007 sexies
- Warrant Plan 2007 septies
- Warrant Plan 2008
- Warrant Plan 2009
- Warrant Plan 2010 primo
- Warrant Plan 2010 bis

During the six months ended June 30, 2013, the Company had eleven categories of dilutive potential ordinary shares:

- Warrant Plan 2007 bis
- Warrant Plan 2007 ter
- Warrant Plan 2007 quater
- Warrant Plan 2007 quinquies
- Warrant Plan 2007 sexies
- Warrant Plan 2007 septies
- Warrant Plan 2008
- Warrant Plan 2009
- Warrant Plan 2010 primo
- Warrant Plan 2010 bis
- 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,	
	2013	2012
	(in thousands of euro, except share and per share data)	
Weighted average number of shares used in the calculation of basic earnings per share	114,040,067	113,097,217
Adjustment for:		
Class A Options	-	192,519
Warrant Plan 2007 Warrants	-	13,986
Warrant Plan 2007 bis Warrants	14,836	330,232
Warrant Plan 2007 ter Warrants	2,438	19,379
Warrant Plan 2007 quater Warrants	416,715	563,355
Warrant Plan 2007 quinquies Warrants	162,295	98,860
Warrant Plan 2007 sexies Warrants	35,460	37,869
Warrant Plan 2007 septies Warrants	101,726	50,525
Warrant Plan 2008 Warrants	175,214	255,831
Warrant Plan 2009 Warrants	219,956	154,146
Warrant Plan 2010 primo Warrants	412,967	242,734
Warrant Plan 2010 bis Warrants	17,501	6,568
Warrant Plan 2010 ter Warrants	48,668	-
Weighted average number of shares used in the calculation of diluted earnings per share	**115,647,843**	**115,063,220**
Diluted earnings per share in €	0.95	0.22

5.23 COMMITMENTS AND CONTINGENCIES

Belgium Regulatory Developments

In December 2010, the Belgisch Instituut voor Post en Telecommunicatie (the 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.

After a public consultation, the draft decisions were submitted to the European Commission. The European Commission issued a notice on the draft decision that criticized the analysis of the broadcasting markets on several grounds, including the fact that the Belgium Regulatory Authorities failed to analyze upstream wholesale markets. It also expressed doubts as to the necessity and proportionality of the various remedies.

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 (i) an obligation to make a resale offer at "retail minus'' of the cable analog package available to third party operators (including Belgacom), (ii) an obligation to grant third-party operators (except Belgacom) access to digital television platforms (including the basic digital video package) at "retail minus," and (iii) 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 Belgacom). A "retail-minus" method of pricing involves a wholesale tariff calculated as the retail price for the offered service by Telenet, excluding value-added taxes and copyrights, and further deducting the retail costs avoided by offering the wholesale service (such as, for example, costs for billing, franchise, consumer service, marketing, and sales).

On February 1, 2012, Telenet submitted draft reference offers regarding the obligations described above, to which the Belgium Regulatory Authorities subsequently made their observations and launched a national

consultation process. On April 2, 2013, the Belgium Regulatory Authorities issued a draft decision regarding the "retail-minus" tariffs of minus 35% for basic TV (basic analog and digital video package) and minus 30% for the bundle of basic TV and broadband internet services. This decision on the reference offers is still subject to notification to the European Commission before final approval by the Belgium Regulatory Authorities can occur. The final approval of the reference offers by the Belgium Regulatory Authorities is expected to occur during the third quarter of 2013. The July 2011 Decision provides that the regulated wholesale services must be available six months after the approval of the reference offers.

Telenet filed an appeal against the July 2011 Decision with the Brussels Court of Appeal. On September 4, 2012, the Brussels Court of Appeal rejected Telenet's request to suspend the July 2011 Decision pending the proceedings on the merits. Due to this rejection, Telenet will be required to begin the process of implementing its reference offers as soon as such reference offers are approved by the Belgium Regulatory Authorities. A final ruling on the merits can be expected during the second or third quarter of 2014. There can be no certainty that Telenet's appeals will be successful. Accordingly, one or more of these regulatory obligations could be upheld, in present or modified form.

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 (i) limit the bandwidth available to Telenet to provide new or expanded products and services to the customers served by its network and (ii) 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 whether the July 2011 Decision is implemented in its current form and, if implemented, the wholesale rates established by the Belgium Regulatory Authorities, the extent that competitors take advantage of the resale access ultimately afforded to Telenet's network and other competitive factors or market developments.

New draft Flemish Decree regarding signal integrity

The Flemish Parliament adopted legislation imposing on distributors strict integrity of broadcasting signals and the requirement to request authorization from broadcasters when contemplating offering inter alia recording through an electronic program guide. Broadcasters have argued that the high penetration of PVR's in the Flemish market, combined with high ad-skipping as a result, undermines the revenue of broadcasters. The Flemish decree provides that broadcasters and distributors must in first instance try to find a commercial solution. In case the parties concerned cannot find a commercial solution, the Flemish decree provides for a mediation procedure, which, if unsuccessful, can eventually lead to civil litigation. This legislation risks to have a negative impact on the possibility to launch new innovative applications and to increase the Company's financial contribution to broadcasters.

Other contingent liabilities

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property and other tax issues and (iii) disputes over interconnection, programming, copyright and carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations or cash flows in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we

cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

5.24 RELATED PARTIES

The related parties of the Company mainly comprise its shareholders that have the ability to exercise significant influence or control. Related parties include the Liberty Global Consortium and Pebble Media NV for both 2013 and 2012. From May 31, 2012, related parties also include Doccle CVBA and Doccle.Up NV.

The following tables summarize significant related party balances and transactions for the period.

5.24.1 Statement of financial position

	June 30, 2013	December 31, 2012
	(in thousands of euro)	
Trade receivables	417	17
Trade payables and accrued liabilities	1,602	863

5.24.2 Statement of profit and loss and other comprehensive income

	For the six months ended June 30,	
	2013	2012
	(in thousands of euro)	
Operating		
Revenue	781	705
Operating expenses	(1,252)	(1,032)

5.24.3 Key management compensation

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

	For the six months ended June 30,	
	2013	2012
	(in thousands of euro)	
Salaries and other short-term employee benefits	3,218	2,985
Post-employment benefits	91	110
Share-based payments (compensation cost recognized)	6,047	2,611
	9,356	**5,706**

5.25 OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements with any of its affiliates or with any unconsolidated entities.

5.26 SUBSEQUENT EVENTS

There were no significant events subsequent to June 30, 2013, that would require adjustment to or disclosure in the accounting data included in these Interim Financial Statements.

REVIEW REPORT OF THE STATUTORY AUDITOR

Statutory auditor's report to the board of directors of Telenet Group Holding NV on the review of the condensed consolidated interim financial information as at June 30, 2013 and for the six month period then ended

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Telenet Group Holding NV as at June 30, 2013, the condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six 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 June 30, 2013 and for the six 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, July 29, 2013

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises
Statutory auditor
represented by

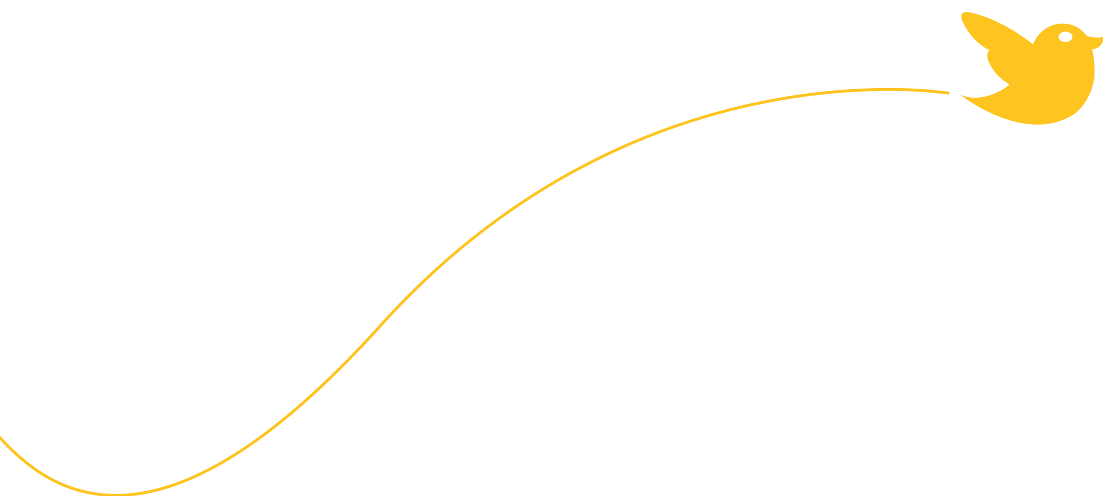
Götwin Jackers
Réviseur d'Entreprises/Bedrijfsrevisor

For more information, please contact our Investor Relations department:

Vincent Bruyneel
SVP Strategy, Investor Relations and Corporate Communications
vincent.bruyneel@staff.telenet.be
Phone: + 32 (0)15 33 56 96

Rob Goyens
Director Investor Relations and Strategic Planning
rob.goyens@staff.telenet.be
Phone: +32 (0)15 33 30 54

http://investors.telenet.be



Corporate Communications
T. 015 33 30 00 - www.telenet.be

Responsible editor
Telenet, Vincent Bruyneel
Liersesteenweg 4, 2800 Mechelen