Financial Half Year Report 2015

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 2014 Annual Report, which was published on March 27, 2015 (the "Annual Report"), a copy of which is available on the Company's website at http://investors.telenet.be.

Presentation of financial and other information

The condensed consolidated Interim Financial Statements of Telenet Group Holding NV as of and for the period ended June 30, 2015 and 2014 and the audited consolidated annual financial statements as of and for the year ended December 31, 2014 have in each case been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS"). The financial information included in this report is not intended to comply with SEC reporting requirements.

Forward-looking statements

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

About Telenet

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 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

(1) 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 divestitures. Operating charges or credits related to acquisitions or divestitures 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 24.

(2) 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.

(3) Free Cash Flow is defined as net cash provided by the Company's continuing operations, plus cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and divestitures, less (i) purchases of property and equipment and purchases of intangibles of its continuing operations, (ii) principal payments on capital-related 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.

(4) Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over the Combined Network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards, or other integrated or virtual technologies

that we use to provide our enhanced service offerings. With the exception of Revenue Generating Units ("RGUs") that we count on an equivalent billing unit ("EBU") basis, we count RGUs on a unique premises basis. In other words, a subscriber with multiple outlets in one premise is counted as one RGU and a subscriber with two homes and a subscription to our video service at each home is counted as two RGUs.

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

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

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

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

(9) Customer Relationships are the number of customers who receive at least one of our video, internet or fixed-line telephony services that we count as RGUs, without regard to which or to how many services they subscribe. To the extent that RGU counts include EBU adjustments, we reflect corresponding adjustments to our Customer Relationship counts. Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g. a primary home and a vacation home), that individual generally will count as two Customer Relationships. We exclude mobile-only customers from Customer Relationships.

(10) Average monthly revenue ("ARPU") per 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, B2B revenue, 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.

(11) Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant. Our Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results.

(12) RGU is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Fixed-line Telephony Subscriber. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer to our enhanced video service, fixed-line telephony

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

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

(14) 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' Consolidated Annualized EBITDA.

Important reporting changes

Revenue by nature: In 2015, Telenet changed the way it presents the disclosure of its revenue in order to further align with its controlling shareholder and to provide a greater level of transparency on the underlying evolution of (i) its traditional cable subscription revenue, (ii) the revenue generated by its mobile telephony customers, (iii) Telenet's B2B revenue and (iv) other revenue, which includes amongst others the revenue generated from the sale of set-top boxes and handsets, interconnection revenue and carriage fees. Telenet has also applied these changes retroactively to the prior year quarters.

RGU adjustment: In 2015, Telenet changed the way it calculates certain operational key performance indicators to further align with its controlling shareholder. From January 1, 2015, RGUs are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of Telenet's services in two premises (for instance a primary and a secondary home) that individual will count as two RGUs for that service. This definition adjustment also impacted certain other derived operational parameters, including amongst others multiple-play penetration levels, the number of services per unique customer and the underlying ARPU generated by such unique customers. In 2015, Telenet also modified certain video subscriber definitions to better align these definitions with the underlying services received by its customers and have replaced "digital cable TV" and "analog cable TV" subscriber definitions with

”enhanced video” and ”basic video” respectively. Telenet has also applied these changes retroactively to the prior year quarters.

Free Cash Flow: In 2015, Telenet changed its Free Cash Flow definition to further align with its controlling shareholder. From January 1, 2015, Free Cash Flow is defined as net cash provided by Telenet’s continuing operations, plus cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, less (i) purchases of property and equipment and purchases of intangibles of Telenet’s continuing operations, (ii) principal payments on capital-related 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 Telenet’s consolidated statement of cash flows. Telenet has also applied these changes retroactively to the prior year quarters.

Reclassification of certain device-related payments: In 2014, Telenet changed the classification of certain device-related payments from purchases of property and equipment in the investing section of its consolidated cash flow statement to working capital changes and other non-cash items in the operating section of its consolidated cash flow statement. Telenet has applied this classification retroactively to January 1, 2014. Accordingly, €26.7 million of device-related payments during the six months ended June 30, 2014 were reclassified to working capital changes and other non-cash items in the operating section of Telenet’s consolidated cash flow statement. The reclassification of these cash flows did not impact Telenet’s net results or Free Cash Flow.

Management's Discussion & Analysis of the six months ended June 30, 2015

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, 2015 and 2014 and the audited consolidated financial statements of Telenet Group Holding NV as of and for the year ended December 31, 2014, 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 provider of video services 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 NYSE Euronext Brussels Stock Exchange under the ticker symbol TNET and it is part of the BEL20 stock market index.

Telenet offers basic and enhanced video services, including high definition ("HD"), pay television and video-on-demand ("VOD") services, high-speed broadband internet and fixed-line 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 video, 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 and medium-sized ("SMEs") and large businesses throughout Belgium and parts of Luxembourg.

As of June 30, 2015, Telenet served 2,181,400 customer relationships, which represented approximately 75% of the 2,926,000 homes passed by its leading HFC network. As of June 30, 2015, Telenet provided 4,794,700 services (excluding Telenet's mobile RGUs), which was up 2% compared to June 30, 2014. Telenet's RGU count at June 30, 2015 included 2,063,800 video subscribers, 1,543,400 broadband internet subscribers and 1,187,500 fixed-line telephony RGUs. In addition, approximately 82% of Telenet's video subscribers had upgraded to its enhanced video platform at June 30, 2015. Telenet also served 953,700 mobile postpaid subscribers as of June 30, 2015, representing a solid 16% increase compared to June 30, 2014 despite the intensely competitive environment. For the six months ended June 30, 2015, Telenet's total revenue was €892.1 million, a 6% increase compared to the six months ended June 30, 2014, and its Adjusted EBITDA was €481.4 million, a 5% increase over the six months ended June 30, 2014. Telenet's Adjusted EBITDA for the six months ended June 30, 2015 and 2014 included favorable impacts of €7.6 million and €12.5 million, respectively, from the release of accruals related to certain operational contingencies.

The Combined Network is fully bi-directional and EuroDocsis 3.0 enabled, and provides a spectrum bandwidth capacity of 600 MHz. In August 2014, Telenet announced a €500.0 million network investment program as it plans to increase the capacity of its HFC network to 1 GHz within the next five years, enabling download speeds of up to 1 Gbps in the future. At June 30, 2015, an average of 490 homes was connected to each optical node, down from approximately 1,400 homes at the start of the node splitting project in 2010. As a result, Telenet has been able to increase both download and upload speeds, while supporting new internet applications and enhanced services and technology. As not all homes connected subscribe to broadband internet services from Telenet, the number of active broadband households per optical node approximated 260 at June 30, 2015.

Telenet is increasingly focused on offering its subscribers broadband internet and telephony subscriptions and services together with its video 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, 2015, Telenet's ARPU per customer relationship was €48.8, an increase of 5% compared to the six months ended June 30, 2014 when the ARPU per customer relationship was €46.6. Growth in the ARPU per customer relationship was underpinned by (i) a higher proportion of multiple-play subscribers in the overall customer mix, (ii) a larger share of enhanced video customers subscribing to Telenet's "Play" and "Play More" premium entertainment services and, (iii) the benefit from the selective price increase on certain fixed services as of January 25, 2015. These favorable impacts were offset to some extent by a growing proportion of bundle discounts and other discounts.

1.2 TOTAL VIDEO

Cable television is the principal medium for the provision of television services in Flanders, and Telenet is the largest provider of video services in Belgium. Almost all Flemish television households are passed by the Combined Network. The high penetration of Telenet's video business has resulted in a steady source of revenue and cash flow. As of June 30, 2015, Telenet provided video services to 2,063,800 unique residential subscribers, or 71% of homes passed by the Combined Network. All of Telenet's basic video subscribers have access to at least 21 basic analog television channels and an average of 26 analog radio channels. Telenet generally provides its basic cable television services under individual contracts with its subscribers, the majority of whom pay monthly.

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

1.3 ENHANCED VIDEO

Telenet's interactive enhanced video service includes a combination of premium sports and film channels, a range of extended thematic channels, a selection of films and broadcast content available on an on-demand basis and a variety of interactive features. Telenet's enhanced video offering is available to all subscribers passed by the Combined Network. As of June 30, 2015, Telenet served 1,693,900 enhanced video customers, an increase of 2% compared to June 30, 2014. Telenet's digitalization ratio, which measures the total base of enhanced video customers relative to Telenet's total video subscriber base, continued to grow, and reached approximately 82% at June 30, 2015 compared to approximately 79% at June 30, 2014.

Enhanced video subscribers can extend their TV experience beyond the traditional TV screen, to their smartphones, tablets, laptops or desktops through "Yelo Play", Telenet's over-the-top ("OTT") digital platform. In early December 2014, Telenet revamped its OTT application by introducing a new user interface ("UI") and adding functionality such as improved smart search, swipe TV and a recommendation engine. At June 30, 2015, around 21% of Telenet's enhanced video subscribers were actively using this application.

In December 2014, Telenet introduced its revamped subscription VOD packages "Play" and "Play More", replacing the former "Rex" and "Rio" packages. Priced at €10.0 per month (including VAT), "Play" represents an attractive entry point for enhanced video television customers who want to take full control of when, where and how they watch TV. Currently, Telenet is the only operator in Belgium to bundle the content of local broadcasters, an extensive collection of international movies and series, and TV functionalities such as 7-day catch-up TV, in one single add-on product. At June 30, 2015, "Play" and "Play More" had 220,900 customers, up a strong 25% compared to March 31, 2015 and driven in part by temporary promotions.

In June 2011, Telenet acquired certain exclusive broadcasting rights for the Belgian football championship (the "Jupiler Pro League") for the three seasons starting July 2011. From the 2012-2013 season onwards, Telenet has broadcast all league matches of the Jupiler Pro League, which has resulted in incremental subscriber growth. In June 2014, the Jupiler Pro League awarded Telenet broadcasting rights for a further three years on a non-exclusive basis. As a result, Telenet will be able to broadcast all league matches through the 2016-2017 season. As of June 30, 2015, 203,700 customers subscribed to Telenet's pay television sports channels. In July 2015, Telenet launched "Play Sports", replacing its former "Sporting Telenet" sports pay televisions channels. "Play Sports" combines domestic and foreign football with other major sport events including golf, Formula One racing, volleyball, basketball and hockey. In addition, "Play Sports" features unrestricted 7-day catch-up TV, while the accompanying ”Play Sports” app enables a TV anywhere/anytime experience across a myriad of devices and ecosystems, enriched with live updated statistics and match summaries.

1.4 BROADBAND INTERNET

Telenet is the leading provider of residential broadband internet services in Flanders. 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 Fiber 200”, which offers end users a downstream speed of up to 200 Mbps. All new bundled broadband internet customers enjoy download speeds of at least 100 Mbps, which exceeds the base tier download speeds of Telenet’s direct competitors. The average download speed per broadband internet subscriber reached approximately 109 Mbps as of June 30, 2015 compared to approximately 43 Mbps prior to the launch of the new all-in-one bundles ”Whop” and ”Whoppa” in June 2013. As of June 30, 2015, Telenet served 1,543,400 broadband internet subscribers, an increase of 4% as compared to June 30, 2014. As a result, 52.7% of the homes passed by the Combined Network subscribed to one of its broadband internet products as compared to 51.1% at June 30, 2014.

As a result of ongoing 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 has also made further progress with the deployment of WiFi Homespots across its footprint. At June 30, 2015, Telenet has deployed almost 1.2 million active WiFi Homespots and operated approximately 2,000 WiFi hotspots in public areas. Through a partnership with the Walloon cable operator Nethys, operating under the ”VOO” brand, broadband internet customers from Telenet and Nethys can freely use the WiFi Homespots on either company’s network.

1.5 TELEPHONY

1.5.1 Fixed-line telephony

Telenet offers its residential subscribers local, national and international long distance fixed-line telephony services and a variety of value added features. In Flanders, Telenet believes it is currently the largest competitor of Proximus NV/SA (”Proximus”), the Belgian incumbent (formerly known as Belgacom NV/SA), due in part to Telenet’s emphasis on customer service and innovative flat-fee rate plans. Substantially all of Telenet’s fixed-line telephony subscribers use voice-over-internet protocol (”VoIP”) technology, which utilizes the open standards EuroDocsis protocol, and through which Telenet is able to provide both internet and fixed-line telephony services. As of June 30, 2015, Telenet provided fixed-line telephony services to 1,187,500 subscribers, an increase of 7% as compared to June 30, 2014. As a result, 40.6% of the homes passed by the Combined Network as of June 30, 2015 subscribed to its fixed-line telephony service as compared to 38.3% as of June 30, 2014.

1.5.2 Mobile telephony

Telenet offers its mobile telephony services under the Telenet brand name. Telenet currently provides this service through a mobile virtual network operator ("MVNO") partnership with Mobistar NV, the second largest mobile operator in Belgium, (the "MVNO Arrangement"), which has been extended until the end of 2017. Pursuant to the MVNO Arrangement, Telenet offers its customers mobile voice and data services, including 4G/LTE ("Long Term Evolution"), through Mobistar's mobile telecommunications network. Through a partnership with Telenet, Nethys also uses the MVNO Arrangement to provide mobile services for its cable customers. The MVNO Arrangement 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. Subject to the closing of the acquisition of BASE Company NV ("BASE Company" or "BASE"), as described in more detail below, Telenet intends to migrate its current and future mobile subscribers to the BASE network after termination of the MVNO Arrangement at the end of 2017.

In March 2014, Telenet extended and improved its existing "King" and "Kong" mobile product line-up, while providing its mobile telephony subscribers with free access to 4G technology. In October 2014, Telenet announced the roll-out of the EAP functionality on its WiFi routers, enabling customers to automatically and seamlessly connect to its WiFi network, allowing Telenet to exploit the full potential of WiFi offloading. In April 2015, Telenet launched its "Family Deal" proposition, offering both new and existing "Whop" and "Whoppa" triple-play households recurring monthly discounts of €1 and €2, respectively, on their mobile tariff plans, when subscribing to two or more mobile services. At June 30, 2015, Telenet served 953,700 mobile postpaid subscribers, which was up 16% compared to June 30, 2014.

On April 18, 2015, a subsidiary of Telenet entered into a sale and purchase agreement to acquire all of the outstanding shares of BASE Company from subsidiaries of Koninklijke KPN N.V. ("KPN" or the "sellers") for €1,324.4 million. The acquisition of BASE Company is subject to customary closing conditions, including merger approval from the relevant competition authorities, and is expected to close by the end of March 2016. The sale and purchase agreement provides that in the event the relevant competition authorities fail to approve the transaction, Telenet would be required to pay the sellers a termination fee of €100.0 million. If the transaction is completed, the acquisition is expected to provide Telenet long-term mobile access to effectively compete for future growth opportunities in the mobile market.

1.5.3 Interconnection

Interconnection is the means by which users of one telephony network are able to communicate with users of another telephony network. For a subscriber located on one telephony network to complete a telephone call to an end user served by another telephony network, the subscriber's network service provider must connect to the network serving the end user. Typically, the network serving the end user charges the subscriber's service provider a fee to terminate the communication on its network, which is based on a call set-up charge and on the length of the telephone call. Telenet's principal interconnection agreements are with Proximus and the main telecommunication operators in Belgium and Luxembourg. Proximus provided fixed-line telephony services to an estimated 63% of the Belgian fixed-line market at the end of 2013 according to the most recent 2013 Annual Report from the Belgian Institue for Postal and Telecommunication services ("BIPT"). The MVNO Arrangement with Mobistar necessitated a number of new interconnection agreements to allow other domestic operators to connect to Telenet's mobile core network. Interconnection agreements with the main network operators in Belgium are in service. In the context of Telenet's mobile interconnection discussions with Proximus, a definitive interconnection agreement was signed. A number of other fixed domestic operators have shown interest in setting up a direct interconnection agreement with Telenet. For the purpose of serving mobile telephony subscribers roaming abroad, Telenet has closed a roaming agreement with an international provider, acting as a roaming hub provider. In the premium service mobile business, Telenet connects to content aggregators, and as such provides mobile telephony subscribers access to value-added services.

Interconnection revenue and expenses have a significant impact on Telenet's financial results. As a result, Telenet is focused heavily on managing this cost. For the six months ended June 30, 2015, Telenet incurred interconnection expenses of €85.9 million (€75.6 million for the six months ended June 30, 2014) and received interconnection revenue of €50.3 million (€45.4 million for the six months ended June 30, 2014). Telenet reports the interconnection revenue generated by its fixed-line and mobile telephony subscribers under 'Other' revenue, while the incurred interconnection fees are included in 'Network operating and service costs'.

Telenet's interconnection practices are subject to comprehensive regulation by the BIPT. Mobile termination rates have been capped for each mobile network operator at €1.08 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. The BIPT has not released mobile termination caps for 2014. Currently, the BIPT is working on a new cost model to set fixed-line and mobile termination rates for future periods.

1.6 BUSINESS SERVICES

Under the "Telenet Business" brand, Telenet offers a range of voice, data and internet products and services that are tailored to the size and needs of each customer. Telenet Business also offers its business customers an extensive range of reliable value-added services, including hosting, managed security and cloud services. Telenet provides services to business customers throughout Belgium and parts of Luxembourg. Telenet's business customers include SMEs with up to one hundred employees; larger corporations; public, healthcare and educational institutions; and carrier customers that include international voice, data and internet service providers. For the six months ended June 30, 2015, Telenet's business services operations generated €58.4 million of revenue, which was up 14% compared to the six months ended June 30, 2014.

1.7 NETWORK

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

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

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

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. Telenet has reduced the number of homes connected to an optical node from an average 1,400 since the start of the node splitting project in 2010 to an average of 490 homes at June 30, 2015. As not all homes connected subscribe to broadband internet services from Telenet, the number of active broadband households per optical node approximated 260 at June 30, 2015.

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

In August 2014, Telenet announced that it is planning to invest €500.0 million over the next five years to upgrade the Combined Network's minimum spectrum bandwidth capacity from 600 MHz to 1 GHz, enabling download speeds of up to 1 Gbps, with the objective of allowing Flanders to offer some of the highest-capacity digital infrastructure in Europe.

1.8 STRATEGY

Telenet's strategy is to be the best-in-class and preferred provider of enhanced video, broadband internet and telephony services while improving its revenue, profitability and cash flow. Telenet aims to accomplish this by continuing to improve the quality of its network and offer cutting-edge technologies and innovative services to its customers. The key components of Telenet's strategy are to:

Offer the best and most reliable technology and provide a great customer experience. Telenet aims to provide innovative and competitive fixed and mobile products accompanied by high-quality and effective customer service, so that customers can enjoy their digital lifestyle at home and away. Telenet believes its proven long-term multiple-play strategy enables it to increase ARPU per customer relationship, as more customers choose Telenet for all their digital services, while it continues to focus on customer satisfaction to reduce churn. Telenet's focus is on delivering leading broadband and flat-fee fixed-line telephony services alongside a fully interactive and rich enhanced video platform and, therefore, it will continue to invest in the Combined Network to stay ahead of other platforms and outperform competing product offerings. At the same time, Telenet aims to further excel in customer service and loyalty. Telenet will therefore continue to focus on optimizing its processes and platforms with the customers' interest in mind. By creating a better and smarter system, Telenet will be able to better control its cost base, which will allow further investments in the growth of its business.

Maintain speed and service leadership over competitive technologies. Telenet currently offers download speeds of up to 200 Mbps for certain residential customers and up to 240 Mbps for certain B2B customers. Telenet believes that the combination of an optimization of its network bandwidth and the introduction of EuroDocsis 3.1 will allow Telenet to remain in a leading position to deliver high-speed services in the years to come. Telenet will closely monitor its capital expenditure levels to ensure that its investments drive incremental returns.

Continue to upsell single-play customers to its attractive multiple-play offers. Telenet continues to see many opportunities to upsell its single-play customers, which still represented 29% of its overall customer base as of June 30, 2015, to triple- and quadruple-play services and aims to convert its remaining basic video subscribers, which constitute 18% of its video subscribers, to the higher ARPU enhanced video platform. Concurrently, Telenet will seek to increase the proportion of enhanced video subscribers subscribing to additional premium content offerings. As of June 30, 2015, around 21% of its enhanced video customers subscribed to additional premium content offerings (excluding "Play Sports"). The introduction of "Play" and "Play More", Telenet's two new unlimited subscription video-on-demand packages, in December 2014 has also further enhanced Telenet's unique and leading positioning in terms of both local and international premium content. At June 30, 2015,

”Play” and ”Play More” had 220,900 customers, up 25% compared to March 31, 2015, and driven in part by temporary promotions.

Offer inspiring entertainment services, including premium and sports content, to its customers. In June 2014, Telenet successfully renewed the Jupiler Pro League broadcasting rights for another three years. This extension on a non-exclusive basis allows Telenet to continue to offer all matches of the Jupiler Pro League on its sports pay TV channels, alongside the main international leagues and other international sports events to grow its subscriber base, while optimizing its investment costs. In June 2014, Telenet also announced a strategic 50% investment in the Flemish media company De Vijver Media for €58.0 million. De Vijver Media owns two free-to-air commercial channels (”VIER” and ”VIJF”) and a content production house (”Woestijnvis”). Telenet believes that its investments drives innovation in local content and, together with Telenet’s existing strong portfolio of channels, will continue to enable Telenet to offer Flemish viewers high quality and technologically advanced multimedia entertainment, while continuing to secure strategic access to local content. In September 2014, Telenet announced that it will be producing its own television series, ”Chaussée d’amour”, in collaboration with the local production company deMENSEN. The series will consist of 10 episodes, which will all be available in 2016 for ”Play” and ”Play More” customers.

Increase presence and market share in the business market. Telenet continues to see further opportunities for subscriber growth in the business broadband market through a combination of sustained product and speed leadership and customer service. Telenet has recently made significant investments in its business services unit, ”Telenet Business”, to enable it to provide business customers with an integrated portfolio of leading connectivity, security and hosting solutions with a strong focus on widely available coax products.

Cross-sell mobile services across its vast cable customer base. Telenet believes that its successful repositioning in the mobile telephony market and its focus on more cost-effective mobile subscriber acquisitions will contribute to revenue and Adjusted EBITDA growth. Telenet believes that its customers value Telenet’s simple, transparent and competitive mobile offering, which also creates an opportunity for Telenet to cross-sell mobile telephony to its large fixed-line telephony subscriber base. As of June 30, 2015, 20% of Telenet’s customer base also subscribed to its mobile products, which Telenet believes to be an indication of a considerable growth opportunity to increase its mobile telephony subscriber base. Telenet believes that completion of the recently announced acquisition of BASE Company, which is pending regulatory approval, is expected to provide Telenet long-term mobile access to effectively compete for future growth opportunities in the mobile market. As a result of the acquisition, Telenet expects to be able to meet the rising demand from both residential and business customers for the full range of fixed and mobile services.

Invest in innovation in Flanders. Innovation is of prime importance to Telenet. Telenet believes it can play a role in promoting innovation in Flanders. The company will therefore invest in promising Flemish digital entrepreneurial talent to stimulate innovation. This takes the form of a partnership with Idealabs. In March 2015, Telenet announced the incorporation of Idealabs Telenet Fund, whereby NIKEVENTURES BVBA and Telenet Service Center BVBA each own 50% of the shares. Idealabs Telenet Fund has been incorporated with the purpose of organizing a start-up incubator and accelerator program. Separately, Telenet is also working together with iMinds on the iStart programme and in that respect offers all newly selected firms an all-in-one business solution for one year with high-performance internet connectivity and telephony and CloudOffice for the staff.

2 Discussion of the condensed consolidated interim financial statements

2.1 REVENUE BY SERVICE

For the six months ended June 30, 2015, Telenet generated revenue of €892.1 million, representing a solid 6% increase compared to the six months ended June 30, 2014 when Telenet produced revenue of €838.8 million. All of Telenet's revenue growth in the period was organic and directly driven by (i) solid multiple-play growth with the number of triple-play subscribers at June 30, 2015 up 8% compared to June 30, 2014, (ii) the benefit from the selective price increase on certain fixed services in January 2015, (iii) a €13.3 million higher contribution from mobile activities, up 16% compared to the six months ended June 30, 2014, and (iv) a 14% increase in business services revenue. Telenet's revenue for the six months ended June 30, 2015 remained well balanced with video, including basic and enhanced video, broadband internet and fixed-line telephony all representing significant proportions of its total revenue.

2.1.1 Video

Telenet's video revenue represents the monthly fee paid by its video subscribers for the channels they receive in the basic tier and the revenue generated by its enhanced video subscribers which includes, amongst others, (i) recurring set-top box rental fees, (ii) fees for supplemental premium content offerings, including the revamped subscription VOD packages "Play", "Play More" and "Play Sports", and (iii) Telenet's VOD platform, including both transactional and broadcasting-on-demand features. For the six months ended June 30, 2015, video revenue amounted to €274.9 million compared to €271.6 million for the six months ended June 30, 2014. This modest 1% increase was driven by (i) higher recurring set-top box rental fees and (ii) growth in the premium subscription VOD business, partly offset by (i) a gradual decline in the total video subscriber base and (ii) lower revenue from transactional VOD services.

2.1.2 Broadband internet

The revenue generated by Telenet's 1.5 million residential and small business broadband internet RGUs totaled €270.6 million for the six months ended June 30, 2015 and was up 6% compared to the six months ended June 30, 2014 when broadband internet revenue amounted to €254.5 million. Revenue growth was driven by (i) 4% growth in the subscriber base and (ii) the benefit from the aforementioned price increase effective from the end of January 2015, in part offset by the increased proportion of bundle discounts.

2.1.3 Fixed-line telephony

Fixed-line telephony revenue includes recurring subscription-based revenue from Telenet's fixed-line telephony subscribers and variable usage-related revenue, but excludes the interconnection revenue generated by these customers which is reported under 'Other' revenue. For the six months ended June 30, 2015, fixed-line telephony revenue increased 8% to €112.5 million compared to €103.7 million for the six months ended June 30, 2014 driven by (i) a 7% increase in fixed-line telephony subscribers and (ii) the benefit from the aforementioned January 2015 price increase, partly offset by a growing proportion of bundle discounts.

2.1.4 Mobile telephony

Mobile telephony revenue represents the subscription-based revenue generated by Telenet's mobile telephony subscribers and out-of-bundle revenue, but excludes both (i) the interconnection revenue generated by these customers and (ii) revenue earned from handset sales. For the six months ended June 30, 2015, mobile telephony revenue amounted to €98.9 million, up €13.3 million compared to the six months ended June 30, 2014. This robust 16% revenue increase compared to the six months ended June 30, 2014 reflected continued double-digit growth in the number of postpaid subscribers, partially offset by a decrease in usage-related revenue per user.

2.1.5 Business services

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. Revenue generated by Telenet's business customers on all coax-related products is allocated to one of the aforementioned revenue lines and is not captured within Telenet Business, which is Telenet's business services division. Telenet Business generated revenue of €58.4 million for the six months ended June 30, 2015, which was up 14% compared to the six months ended June 30, 2014 when Telenet's business services yielded revenue of €51.1 million. B2B revenue growth was primarily driven by (i) higher security-related revenue, (ii) higher revenue from business connectivity solutions, and (iii) higher revenue from carrier services for mobile.

2.1.6 Other

Other revenue primarily includes, among other items, (i) mobile handset sales, (ii) channel carriage fees, (iii) interconnection revenue from both Telenet's fixed-line and mobile telephony customers, (iv) product activation and installation fees, and (v) set-top box sales revenue. Other revenue reached €76.8 million for the six months ended June 30, 2015 compared to €72.3 million for the six months ended June 30, 2014. This 6% revenue increase compared to the six months ended June 30, 2014 was predominantly driven by higher interconnection revenue generated by mobile customers, partially offset by lower set-top box sales revenue.

2.2 TOTAL EXPENSES

For the six months ended June 30, 2015, Telenet incurred total operating expenses of €614.0 million, representing an increase of 9% compared to the six months ended June 30, 2014 when total operating expenses reached €561.6 million. A 16% increase in network operating and service costs, reflecting the €12.5 million favorable impact from the settlement of certain operational contingencies for the six months ended June 30, 2014, in combination with 10% higher depreciation and amortization charges in the six months ended June 30, 2015 was partly offset by a 19% decrease in other costs, which included a €7.6 million favorable impact for the six months ended June 30, 2015 from the resolution of a contingency associated with universal service obligations. Excluding these nonrecurring benefits in both the six months ended June 30, 2015 and 2014, the underlying growth of total operating expenses would have been lower.

Telenet’s operating expenses represented approximately 69% of revenue for the six months ended June 30, 2015 as compared to approximately 67% for the six months ended June 30, 2014. Cost of services provided as a percentage of revenue reached approximately 55% for the six months ended June 30, 2015 as compared to approximately 53% for the six months ended June 30, 2014. Selling, general and administrative expenses represented approximately 14% of overall revenue for both the six months ended June 30, 2015 and the six months ended June 30, 2014.

2.3 EXPENSES BY NATURE

2.3.1 Employee benefits

Employee benefits reached €77.1 million for the six months ended June 30, 2015 and were broadly stable compared to the six months ended June 30, 2014 as a result of modest growth in Telenet’s employee base, offset by lower bonus accruals.

2.3.2 Depreciation and amortization, including gains on disposal of property and equipment and other intangible assets

Depreciation and amortization, including gains on disposal of property and equipment and other intangible assets, reached €193.0 million for the six months ended June 30, 2015 compared to €176.0 million for the six months ended June 30, 2014. The 10% increase compared to the six months ended June 30, 2014 primarily reflected higher depreciation expenses related to set-top boxes and IT.

2.3.3 Network operating and service costs

Network operating and service costs continue to represent the largest portion of Telenet’s total operating expenses and include all direct expenses such as costs related to handset sales and subsidies, interconnection, programming, copyrights, call center and network-related expenses. Compared to the six months ended June 30, 2014, network operating and service costs increased €39.0 million from €239.0 million to €278.0 million for the six months ended June 30, 2015. This 16% increase in network operating and service costs compared to the six months ended June 30, 2014 was primarily driven by (i) higher copyrights and content-related expenses, (ii) higher interconnection costs driven by continued growth in both Telenet's mobile and fixed-line telephony subscriber base and (iii) higher costs related to handset sales and subsidies leading to robust mobile telephony net subscriber additions for the six months ended June 30, 2015. As a reminder, network operating and service costs for the six months ended June 30, 2014 reflected a nonrecurring €12.5 million favorable impact from the settlement of certain operational contingencies, without which the increase in network operating and service costs would have been lower.

2.3.4 Advertising, sales and marketing

Advertising, sales and marketing expenses of €31.0 million for the six months ended June 30, 2015 were broadly stable compared to the six months ended June 30, 2014.

2.3.5 Other costs, incl. operating charges related to acquisitions or divestitures and restructuring charges

Other costs, including operating charges related to acquisitions or divestitures and restructuring charges, amounted to €28.2 million for the six months ended June 30, 2015 compared to €31.8 million for the six months ended June 30, 2014. Other costs included a €7.6 million nonrecurring benefit from the resolution of a contingency associated with universal service obligations. Excluding this impact, Telenet's other costs would have increased compared to the six months ended June 30, 2014, reflecting higher business-supporting corporate advisory and legal fees.

2.4 ADJUSTED EBITDA

For the six months ended June 30, 2015, Telenet realized Adjusted EBITDA of €481.4 million, up 5% compared to the six months ended June 30, 2014 when Adjusted EBITDA amounted to €460.1 million. Adjusted EBITDA for the six months ended June 30, 2015 and 2014 included favorable impacts of €7.6 million and €12.5 million, respectively, as mentioned above. Excluding these impacts in both the six months ended June 30, 2015 and 2014, the underlying growth in Adjusted EBITDA would have been slightly higher. The solid growth in Adjusted EBITDA growth versus the six months ended June 30, 2014 was primarily driven by (i) accretive multiple-play growth, including the impact from the January 2015 price adjustments, and (ii) Telenet's continued focus on managing its overhead expenses, partly offset by (i) higher content-related expenses, (ii) higher interconnection costs driven by growth in both the mobile and fixed-line telephony subscriber base and (iii) higher costs related to handset sales and subsidies. Telenet's Adjusted EBITDA margin reached 54.0% for the six months ended June 30, 2015 compared to 54.9% for the six months ended June 30, 2014. This decline was mainly driven by a higher proportion of lower-margin mobile and premium content revenue in the overall mix and higher costs associated with handset sales and subsidies relative to the six months ended June 30, 2014.

	For the six months ended June 30,	
	2015	2014
	(in thousands of euro)	
Adjusted EBITDA	**481,359**	**460,085**
Adjusted EBITDA margin	54.0%	54.9%
Share based compensation	(6,725)	(5,340)
Operating charges related to acquisitions or divestitures	(4,051)	(1,565)
Restructuring charges	518	-
EBITDA	**471,101**	**453,180**
Depreciation, amortization and impairment	(193,018)	(176,021)
Operating profit	**278,083**	**277,159**
Net finance expense	(78,606)	(183,790)
Share of the result of equity accounted investees	(2,195)	344
Income tax expense	(72,971)	(44,878)
Total comprehensive income for the period	**124,311**	**48,835**

2.5 OPERATING PROFIT

Operating profit reached €278.1 million for the six months ended June 30, 2015, which was broadly stable compared to the six months ended June 30, 2014 when operating profit reached €277.2 million. Excluding the aforementioned nonrecurring benefits in both the six months ended June 30, 2015 and 2014, growth in operating profit would have been slightly higher as a result of 6% growth in Telenet's top line, partly offset by (i) higher network operating and service costs and, (ii) higher depreciation and amortization charges.

2.6 NET FINANCE EXPENSES

For the six months ended June 30, 2015, net finance expenses totaled €78.6 million compared to €183.8 million of net finance expenses incurred for the six months ended June 30, 2014. The 57% decrease in net finance expenses compared to the six months ended June 30, 2014 was primarily driven by (i) a €40.0 million gain on derivative financial instruments recorded for the six months ended June 30, 2015 reflecting a more favorable mark-to-market valuation of both Telenet's interest rate derivatives and foreign exchange derivatives, (ii) lower interest expenses as a result of last year's refinancing and optimization of the interest rate derivatives portfolio, and (iii) a loss on extinguishment of debt of €7.3 million for the six months ended June 30, 2014 following the prepayment of certain Term Loans and the Senior Secured Notes due 2016 following the April 2014 refinancing.

Interest income and foreign exchange gain was €0.9 million for the six months ended June 30, 2015, up €0.6 million compared to the six months ended June 30, 2014, reflecting a relatively higher average cash balance compared to the six months ended June 30, 2014. 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.

Interest expenses, foreign exchange loss and other finance expenses reached €119.5 million for the six months ended June 30, 2015 compared to €131.7 million for the six months ended June 30, 2014. The 9% decrease compared to the six months ended June 30, 2014 was driven by (i) the net decrease of €147.7 million in Telenet's overall indebtedness upon early redemption of the remaining outstanding amounts under certain Term Loans following the April 2014 refinancing and (ii) the favorable effects of the partial unwinding of Telenet's derivatives portfolio in December 2014. Please refer to Section 2.10 - *Debt profile, cash balance and net leverage ratio* for detailed information about our debt maturity profile.

2.7 INCOME TAXES

Telenet recorded income tax expenses of €73.0 million for the six months ended June 30, 2015 compared to income tax expense of €44.9 million for the six months ended June 30, 2014, up 63% compared to the six months ended June 30, 2014.

2.8 NET INCOME

Net income amounted to €124.3 million for the six months ended June 30, 2015, which was substantially higher compared to the €48.8 million for the six months ended June 30, 2014, boosted by a €40.0 gain on derivative financial instruments whereas the six months ended June 30, 2014 showed a loss of €45.1 million in this respect.

2.9 CASH FLOW AND LIQUIDITY

2.9.1 Net cash from operating activities

Telenet's operating activities yielded net cash of €328.2 million for the six months ended June 30, 2015, representing a 3% increase compared to the six months ended June 30, 2014 when net cash from operating activities reached €317.3 million. For the six months ended June 30, 2015, Telenet improved its working capital relative to the six months ended June 30, 2014 as a result of its increased focus on a tighter working capital management. Furthermore, cash interest expenses were €20.6 million lower compared to the six months ended June 30, 2014 for the reasons mentioned above. The solid growth in Adjusted EBITDA, the improvement in working capital and lower cash interest expenses were partly offset by €77.6 million higher cash taxes

2.9.2 Net cash used in investing activities

Telenet used €236.3 million of net cash in investing activities for the six months ended June 30, 2015, an increase of 50% compared to the six months ended June 30, 2014. The cash used in investing activities comprised the cash payments for capital expenditures, including (i) a cash payment of €15.7 million for the Belgian football broadcasting rights covering the second leg of the 2014-2015 season, and (ii) a payment of €58.0 million for the 50% investment in the local media company De Vijver Media. Please refer to Section 2.11 – *Capital expenditures* for detailed information about the underlying accrued capital expenditures.

2.9.3 Free Cash Flow

Free Cash Flow for the six months ended June 30, 2015 reached €145.1 million, representing a 4% decrease compared to the six months ended June 30, 2014 when Free Cash Flow amounted to €151.6 million. Despite significantly higher cash taxes paid for the six months ended June 30, 2015, Telenet achieved a 3% improvement in net cash from operating activities, which was more than offset by higher cash capital expenditures as mentioned above.

	For the six months ended June 30,	
	2015	2014
	(in thousands of euro)	
Net cash from operating activities	328,172	317,303
Cash payments for direct acquisition and divestiture costs	1,947	1,037
Purchases of property and equipment	(117,046)	(109,024)
Purchases of intangibles	(61,326)	(50,978)
Principal payments on capital leases (excluding network-related leases assumed in acquisitions)	(900)	(2,472)
Principal payments on post acquisition additions to network leases	(5,709)	(4,230)
Free Cash Flow	**145,138**	**151,636**

2.9.4 Net cash from financing activities

Net cash used in financing activities was €49.1 million for the six months ended June 30, 2015 compared to net cash used in financing activities of €192.0 million for the six months ended June 30, 2014. The net cash used in financing activities for the six months ended June 30, 2015 primarily reflected (i) €40.0 million of cash used within the framework of the Share Repurchase Program 2015, partly offset by €1.5 million of cash received from the sale of treasury shares, and (ii) €10.6 million related to capital lease repayments and other financial payments. The net cash used in financing activities for the six months ended June 30, 2014 primarily reflected: (i) a net decrease of €147.7 million in the overall indebtedness as excess cash was used to repay the remaining outstanding amounts under certain Term Loans following the April 2014 refinancing, (ii) the repurchase of 1.1 million shares under the Share Repurchase Program 2014 for an aggregate amount of €48.2 million offset by the proceeds from the sale of treasury shares amounting to €14.3 million, and (iii) €10.4 million related to capital lease repayments and other financial payments.

2.10 DEBT PROFILE, CASH BALANCE AND NET LEVERAGE RATIO

2.10.1 Debt profile

As of June 30, 2015, Telenet carried a total debt balance (including accrued interest) of €3,748.7 million, of which €1,357.0 million principal amount is owed under the 2010 Amended Senior Credit Facility and €1,900.0 million principal amount is related to the Senior Secured Notes issued in 2010, 2011 and 2012. The total debt balance at June 30, 2015 also included €38.5 million for the outstanding portion of the 3G mobile spectrum including accrued interest. The remainder primarily represents the capital lease obligations associated with the Interkabel Acquisition.

In April 2015, Telenet issued two new debt facilities under the 2010 Amended Senior Credit Facility for an aggregate amount of €1,000 million linked to the acquisition of BASE Company. Through Telenet International Finance S.à r.l., which acts as the group's financing center, Telenet issued a floating rate €800.0 million Term Loan ("Term Loan AA") with a maturity of June 30, 2023 and a 3.50% margin over Euribor. In addition, Telenet secured an additional €200.0 million Revolving Credit Facility ("Facility Z") with a maturity of June 30, 2018 and a margin of 2.25% over Euribor. As the acquisition of BASE Company is still subject to regulatory approval, both facilities were fully undrawn at June 30, 2015. In addition to the new undrawn debt facilities discussed above, Telenet also had full access on June 30, 2015 to two committed revolving facilities for a total amount of €322.9 million. Please refer to note 5.25 – *Subsequent events* for updated information about our debt profile.

2.10.2 Debt overview and payment schedules

Please refer to note 5.13 – *Loans and borrowings* for an overview of the debt instruments and payment schedule at June 30, 2015.

2.10.3 Cash balance and availability of funds

At June 30, 2015, Telenet held €231.9 million of cash and cash equivalents compared to €181.9 million at June 30, 2014. 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. At June 30, 2015, Telenet had access to three committed revolving facilities of €522.9 million, subject to compliance with the covenants mentioned below, and excluding the fully undrawn Term Loan AA of €800.0 million.

2.10.4 Net leverage ratio

As of June 30, 2015, the outstanding balance of the 2010 Amended Senior Credit Facility and outstanding cash balance resulted in a Net Total Debt to Consolidated Annualized EBITDA ratio of 3.4x as compared to 3.6x at June 30, 2014. The decrease in the net leverage ratio was primarily attributable to the robust growth in Consolidated Annualized EBITDA and the absence of meaningful shareholder disbursements beyond the €50.0 million Share Repurchase Program 2015 effective February 12, 2015. As a reminder, the net leverage ratio does not yet reflect the acquisition of BASE Company, which is pending regulatory approval. Telenet's current net leverage ratio is significantly below the covenant of 6.0x and the availability test of 5.0x.

2.11 CAPITAL EXPENDITURES

Accrued capital expenditures reached €161.1 million for the six months ended June 30, 2015, representing approximately 18% of revenue versus approximately 22% for the six months ended June 30, 2014. Compared to the six months ended June 30, 2014, accrued capital expenditures showed a substantial decrease of 14%, driven by (i) significantly lower set-top box related capital expenditures and (ii) 14% lower capital expenditures for customer installations, partly offset by higher network-related investments. Accrued capital expenditures for the six months ended June 30, 2015 and 2014 reflected the recognition of the Jupiler Pro League broadcasting rights for the Jupiler Pro League for the 2015-2016 and 2014-2015 seasons, respectively. Under EU IFRS, these non-exclusive broadcasting rights have been capitalized as intangible assets and will be amortized on a pro-rata basis as the season progresses. Excluding these broadcasting rights, accrued capital expenditures represented around 15% of revenue for the six months ended June 30, 2015 and around 18% for the six months ended June 30, 2014.

Set-top box related capital expenditures decreased €16.8 million from €20.0 million for the six months ended June 30, 2014 to €3.2 million for the six months ended June 30, 2015, reflecting modest growth in the enhanced video subscriber base offset by continued decreases in inventory levels. For the six months ended June 30, 2015, set-top box related capital expenditures reached approximately 2% of total accrued capital expenditures excluding the Belgian football broadcasting rights for the 2015-2016 season.

Capital expenditures for customer installations totaled €29.5 million for the six months ended June 30, 2015, or approximately 22% of total accrued capital expenditures excluding the Belgian football broadcasting rights for the 2015-2016 season. The 14% decline in customer installations capital expenditures compared to the six months ended June 30, 2014 mirrored a lower level of net new subscriber growth for Telenet's advanced fixed services of broadband internet, enhanced video and fixed-line telephony as compared to the six months ended June 30, 2014, while Telenet continued to benefit from efficiencies as customers increasingly opted for self-installation. In July 2015, Telenet accelerated proactive visits to its existing customer base to ensure optimal connectivity for its customers to Telenet's services. Consequently, Telenet expects capital expenditures for customer installations to gradually increase for the six months ending December 31, 2015.

Accrued capital expenditures for network growth and upgrades increased 21% to €47.1 million for the six months ended June 30, 2015, and represented approximately 36% of total accrued capital expenditures excluding the Belgian football broadcasting rights for the 2015-2016 season. The higher spending versus the six months ended June 30, 2014 was primarily driven by higher investments in the HFC network as part of Telenet's €500.0 million five-year network investment program "De Grote Netwerf".

The remainder of accrued capital expenditures included refurbishments and replacements of network equipment, sports content acquisition costs, and recurring investments in the IT platform and systems. These reached €81.3 million for the six months ended June 30, 2015 compared to €94.4 million for the six months ended June 30, 2014 and included the Belgian football broadcasting rights for the 2015-2016 and 2014-2015 seasons, respectively, as mentioned above.

This implies that approximately 60% of accrued capital expenditures for the six months ended June 30, 2015 were scalable and subscriber growth related excluding the Belgian football broadcasting rights. Going forward, Telenet will continue to closely monitor its capital expenditures in order to make sure that they drive incremental returns.

3 Risk factors

3.1 GENERAL INFORMATION

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;
- Economic and business conditions and industry trends in which Telenet and the entities in which it has interests, operate;
- The competitive environment in which Telenet, and the entities in which it has interests, operate, including competitor responses to its products and services;
- 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;
- The outcome of any pending or threatened litigation;
- Fluctuations in currency exchange rates and interest rates;
- Instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- Consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- Changes in consumer television viewing preferences and habits;
- Consumer acceptance of existing service offerings, including Telenet's analog and digital cable television, broadband internet, fixed telephony, mobile telephony and business service offerings, and of

new technology, programming alternatives and other products and services that Telenet may offer in the future;

- Telenet's ability to manage rapid technological changes;
- Telenet's ability to maintain or increase the number of subscriptions to its digital cable television, broadband internet services, fixed-line telephony and mobile services offerings 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 our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- Changes in laws or treaties relating to taxation, or the interpretation thereof, in Belgium;
- Changes in laws and government regulations that may impact the availability and cost of credit and the derivative instruments that hedge certain of Telenet's financial risks;
- The ability of suppliers and vendors to timely deliver quality products, equipment, software and services;
- The availability of attractive programming for Telenet's analog and digital cable television services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- Uncertainties inherent in the development and integration of new business lines and business strategies;
- Telenet's ability to adequately forecast and plan for future network requirements;
- The availability of capital for the acquisition and/or development of telecommunications networks and services;
- Telenet's ability to successfully integrate and recognize anticipated efficiencies from the businesses it may acquire;
- Leakage of sensitive customer data;
- The loss of key employees and the availability of qualified personnel and Telenet's ability to interact with labor councils and unions;
- Changes in the nature of key strategic relationships with partners and joint ventures; and
- Events that are outside 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 2014 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 5.22, Telenet discusses certain of these lawsuits and contingent liabilities and provides updates on certain regulatory matters. There have not been any major lawsuits other than those reported in Telenet's 2014 Annual Report or explained in note 5.22 that are expected to have a material adverse impact on the Company's business or consolidated financial position. Telenet notes, however, that the outcome of legal proceedings can be extremely difficult to predict with certainty, and Telenet offers no assurances in this regard.

4 Fair view statement by the management of the Company

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

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

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

John Porter	Birgit Conix
CEO	CFO

Condensed consolidated interim financial statements

1 Condensed consolidated interim statement of financial position

	Note	June 30, 2015	December 31, 2014
Assets		(in thousands of euro)	
Non-current assets:			
Property and equipment	5.4	1,374,807	1,417,539
Goodwill	5.5	1,241,813	1,241,813
Other intangible assets	5.6	255,959	248,386
Deferred tax assets	5.15	97,289	101,984
Investments in and loans to equity accounted investees	5.7	58,999	1,395
Other assets	5.9	6,810	2,301
Total non-current assets		**3,035,677**	**3,013,418**
Current assets:			
Inventories	5.10	19,198	17,060
Trade receivables	5.8	120,758	111,665
Other current assets	5.9	72,342	77,869
Cash and cash equivalents	5.11	231,900	189,076
Total current assets		**444,198**	**395,670**
Total assets		**3,479,875**	**3,409,088**
Equity and Liabilities			
Equity:			
Share capital	5.12	12,721	12,711
Share premium and other reserves	5.12	1,004,703	1,019,107
Retained loss	5.12	(2,275,759)	(2,394,309)
Remeasurements	5.12	(10,545)	(10,545)
Total equity attributable to owners of the Company		**(1,268,880)**	**(1,373,036)**
Non-controlling interests	5.12	10,734	10,757
Total equity		**(1,258,146)**	**(1,362,279)**
Non-current liabilities:			
Loans and borrowings	5.13	3,657,334	3,654,731
Derivative financial instruments	5.14	82,954	114,152
Deferred revenue	5.18	1,116	1,709
Deferred tax liabilities	5.15	135,544	133,448
Other liabilities	5.16	73,486	82,533
Total non-current liabilities		**3,950,434**	**3,986,573**
Current liabilities:			
Loans and borrowings	5.13	91,414	78,757
Trade payables		109,537	114,377
Accrued expenses and other current liabilities	5.17	332,896	325,190
Deferred revenue	5.18	75,860	73,048
Derivative financial instruments	5.14	24,316	28,421
Current tax liability	5.15	153,564	165,001
Total current liabilities		**787,587**	**784,794**
Total liabilities		**4,738,021**	**4,771,367**
Total Equity and liabilities		**3,479,875**	**3,409,088**

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	As of and for the six months ended June 30,	
	Note	2015	2014
		(in thousands of euro, except per share data)	
Profit for the period			
Revenue	5.18	892,062	838,795
Cost of services provided	5.19	(491,938)	(444,790)
Gross profit		**400,124**	**394,005**
Selling, general and administrative expenses	5.19	(122,041)	(116,846)
Operating profit		**278,083**	**277,159**
Finance income		40,889	350
Net interest income and foreign exchange gain	5.20	935	350
Net gain on derivative financial instruments	5.14	39,954	-
Finance expense		(119,495)	(184,140)
Net interest expense, foreign exchange loss and other finance expense	5.20	(119,495)	(131,733)
Net loss on derivative financial instruments	5.14	-	(45,107)
Loss on extinguishment of debt	5.20	-	(7,300)
Net finance expenses	5.20	**(78,606)**	**(183,790)**
Share of the result of equity accounted investees	5.7	(2,195)	344
Profit before income tax		197,282	93,713
Income tax expense	5.15	(72,971)	(44,878)
Profit for the period		**124,311**	**48,835**
Other comprehensive income for the period, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Deferred tax		-	(744)
Other comprehensive income for the period, net of income tax		**-**	**(744)**
Total comprehensive income for the period		**124,311**	**48,091**
Profit attributable to:		**124,311**	**48,835**
Owners of the Company		124,311	48,834
Non-controlling interests		-	1
Total comprehensive income for the period, attributable to:		**124,311**	**48,091**
Owners of the Company		124,311	48,090
Non-controlling interests		-	1
Earnings per share			
Basic earnings per share in €	5.21	1.07	0.42
Diluted earnings per share in €	5.21	1.06	0.42

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

3 Condensed consolidated interim statement of changes in equity

(in thousands of euro, except share data)	Note	Attributable to equity holders of the Company: Number of shares	Share capital	Share premium	Equity-based compensation reserve	Legal reserve	Reserve for own shares	Other reserves	Retained loss	Remeasurements	Total	Non-controlling interest	Total equity
January 1, 2015		**116,908,039**	**12,711**	**55,565**	**62,691**	**74,396**	**(1,448)**	**827,903**	**(2,394,309)**	**(10,545)**	**(1,373,036)**	**10,757**	**(1,362,279)**
Total comprehensive income for the period													
Profit for the period		-	-	-	-	-	-	-	124,311	-	124,311	-	124,311
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**124,311**	**-**	**124,311**	**-**	**124,311**
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Company													
Reallocation of prior year's profit to legal reserve	5.12	-	-	-	-	4,618	-	-	(4,618)	-	-	-	-
Recognition of share-based compensation	5.12	-	-	-	6,725	-	-	-	-	-	6,725	-	6,725
Own shares acquired	5.12	-	-	-	-	-	(39,375)	-	-	-	(39,375)	-	(39,375)
Own shares sold	5.12	-	-	-	-	-	12,272	-	(1,143)	-	11,129	-	11,129
Proceeds received upon exercise of Warrants and Options	5.12	-	10	1,356	-	-	-	-	-	-	1,366	-	1,366
Total contributions by and distributions to owners of the Company		**-**	**10**	**1,356**	**6,725**	**4,618**	**(27,103)**	**-**	**(5,761)**	**-**	**(20,155)**	**-**	**(20,155)**
Changes in ownership interests in subsidiaries													
Capital contributions by NCI		-	-	-	-	-	-	-	-	-	-	(23)	(23)
Total transactions with owners of the Company		**-**	**10**	**1,356**	**6,725**	**4,618**	**(27,103)**	**-**	**(5,761)**	**-**	**(20,155)**	**(23)**	**(20,178)**
June 30, 2015		**116,908,039**	**12,721**	**56,921**	**69,416**	**79,014**	**(28,551)**	**827,903**	**(2,275,759)**	**(10,545)**	**(1,268,880)**	**10,734**	**(1,258,146)**

(in thousands of euro, except share data)	Note	Attributable to equity holders of the Company: Number of shares	Share capital	Share premium	Equity-based compensation reserve	Legal reserve	Reserve for own shares	Other reserves	Retained loss	Remeasurements	Total	Non-controlling interest	Total equity
January 1, 2014		**115,719,152**	**12,582**	**32,686**	**54,380**	**72,447**	**(5,713)**	**828,363**	**(2,465,933)**	**(7,498)**	**(1,478,686)**	**8,292**	**(1,470,394)**
Total comprehensive income for the period													
Profit for the period		-	-	-	-	-	-	-	48,834	-	48,834	1	48,835
Other comprehensive income		-	-	-	-	-	-	-	-	(744)	(744)	-	(744)
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**48,834**	**(744)**	**48,090**	**1**	**48,091**
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Company													
Reallocation of prior year's profit to legal reserve	5.12	-	-	-	-	1,949	-	-	(1,949)	-	-	-	-
Recognition of share-based compensation	5.12	-	-	-	5,340	-	-	-	-	-	5,340	-	5,340
Cost of equity transactions	5.12	-	-	-	-	-	-	(34)	-	-	(34)	-	(34)
Own shares acquired	5.12	-	-	-	-	-	(48,205)	-	-	-	(48,205)	-	(48,205)
Own shares sold	5.12	-	-	-	-	-	37,285	(16)	(22,948)	-	14,321	-	14,321
Proceeds received upon exercise of Warrants	5.12	236,109	25	3,381	-	-	-	-	-	-	3,406	-	3,406
Issuance of share capital through Employee Share Purchase Plan	5.12	352,650	38	12,534	-	-	-	-	-	-	12,572	-	12,572
Total contributions by and distributions to owners of the Company		**588,759**	**63**	**15,915**	**5,340**	**1,949**	**(10,920)**	**(50)**	**(24,897)**	**-**	**(12,600)**	**-**	**(12,600)**
Changes in ownership interests in subsidiaries													
Capital contributions by NCI		-	-	-	-	-	-	-	-	-	-	339	339
Total transactions with owners of the Company		**588,759**	**63**	**15,915**	**5,340**	**1,949**	**(10,920)**	**(50)**	**(24,897)**	**-**	**(12,600)**	**339**	**(12,261)**
June 30, 2014		**116,307,911**	**12,645**	**48,601**	**59,720**	**74,396**	**(16,633)**	**828,313**	**(2,441,996)**	**(8,242)**	**(1,443,196)**	**8,632**	**(1,434,564)**

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, 2015	2014
Cash flows provided by operating activities:		(in thousands of euro)	
Profit for the period		124,311	48,835
Adjustments for:			
Depreciation, amortization, impairment and restructuring	5.19	193,034	177,131
Gain on disposal of property and equipment and other intangible assets	5.19	(534)	(1,110)
Income tax expense	5.15	72,971	44,878
Decrease/(increase) in allowance for bad debt	5.8	70	(931)
Net interest income and foreign exchange gain	5.20	(935)	(350)
Net interest expense, foreign exchange loss and other finance expense	5.20	119,495	131,733
Net (gain)/loss on derivative financial instruments	5.14 & 5.20	(39,954)	45,107
Loss on extinguishment of debt	5.20	-	7,300
Share of the result of equity accounted investees	5.7	2,195	(344)
Share based payments	5.19	6,725	5,340
Change in:			
Trade receivables		(9,164)	(25,073)
Other assets		15,493	(131)
Deferred revenue		2,219	(1,549)
Trade payables		(4,840)	23,247
Other liabilities		(4,735)	(5,563)
Accrued expenses and other current liabilities		25,087	(14,993)
Interest paid		(95,764)	(116,426)
Interest received		120	214
Income taxes paid	5.15	(77,622)	(12)
Net cash provided by operating activities		**328,172**	**317,303**
Cash flows used in investing activities:			
Purchases of property and equipment		(117,046)	(109,024)
Purchases of intangibles		(61,326)	(50,978)
Acquisition of and loans to equity accounted investees	5.7	(59,818)	-
Proceeds from sale of property and equipment and other intangibles		1,920	2,493
Purchases of broadcasting rights for resale purposes		-	(7,115)
Proceeds from the sale of broadcasting rights for resale purposes		-	7,115
Net cash used in investing activities		**(236,270)**	**(157,509)**
Cash flows used in financing activities:			
Repayments of loans and borrowings		-	(721,355)
Proceeds from loans and borrowings		-	573,683
Payments of finance lease liabilities		(14,042)	(14,076)
Payments for debt issuance costs		-	(12,362)
Repurchase of own shares	5.12	(40,000)	(48,205)
Sale of own shares	5.12	1,507	14,321
Proceeds from exercise of options and warrants	5.12	1,366	3,406
Proceeds from capital transactions with equity participants		2,092	-
Proceeds from issuance of share capital through Employee Share Purchase Plan		-	12,572
Payments related to capital reductions and dividends		(1)	(2)
Net cash used in financing activities		**(49,078)**	**(192,018)**
Net increase/(decrease) in cash and cash equivalents		**42,824**	**(32,224)**
Cash and cash equivalents:			
at January 1	5.11	189,076	214,103
at June 30	5.11	231,900	181,879

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

Please refer to *Important reporting changes* on page 9 for detailed information regarding the reclassification of certain device-related payments for the six months ended June 30, 2014.

5 Notes to the condensed consolidated interim financial statements for the six months ended June 30, 2015

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 video services, including premium video services, broadband internet and fixed-line telephony services to residential subscribers in Flanders and certain communes in Brussels as well as broadband internet, data and voice services in the business market throughout Belgium and parts of Luxembourg. The Company also offers mobile telephony services through a MVNO partnership with Mobistar. 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 ("EU IFRS"). They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2014. Results for the six months ended June 30, 2015 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 24, 2015.

5.1.3 Functional and presentation currency

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

5.1.4 Use of estimates and judgments

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

- note 5.3.2: Financial instruments: fair values
- note 5.4: Property and equipment
- note 5.5: Goodwill
- note 5.6: Other intangible assets
- note 5.14: Derivative financial instruments
- note 5.15: Deferred taxes

The significant judgements made by management in applying the Group's accounting policies were the same as those applied to the consolidated financial statements as of and for the year ended 31 December 2014.

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

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

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

For further information about the assumptions made in measuring fair values, please refer to note 5.3.2 *Financial instruments*.

5.1.5 Segment reporting

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

The CEO, the Senior Leadership Team and the board of directors of Telenet manage the Company's telecommunications business 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.

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

5.2 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, 2014.

The following changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as of and for the year ending December 31, 2015.

- IFRIC 21 *Levies* provides guidance on accounting for levies in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*;

- Annual Improvements: *IFRS 2010-2012 cycle and IFRS 2011-2013 cycle* is a collection of minor improvements to a number of standards;

- Amendments to *IAS 19 Employee Benefits – Defined Benefit Plans*: Employee Contributions introduces a relief that reduces the complexity and burden of accounting for certain contributions from employees or third parties.

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

5.3 FINANCIAL INSTRUMENTS

5.3.1 Financial risk management

During the six months ended June 30, 2015, 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, 2014.

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 their levels in the fair value hierarchy are summarized in the table below. The fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation techniques.

The following tables show the carrying amounts and fair values of financial assets and liabilities, including their levels of fair value hierarchy.

The table below does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

June 30, 2015	Note	Carrying amount	Fair value			
(in thousands of euro)				Level 1	Level 2	Level 3
Financial assets						
Financial assets carried at fair value						
Derivative financial assets	5.14	4,991	4,991	-	4,991	-
Total financial assets carried at fair value		4,991	4,991	-	4,991	-
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.14	107,270	107,270	-	107,270	-
Total financial liabilities carried at fair value		107,270	107,270	-	107,270	-
Financial Liabilities carried at amortized cost						
Loans, borrowings and finance lease liabilities (excluding deferred financing fees)	5.13					
- 2010 Amended Senior Credit Facility		1,367,108	1,365,576	-	1,365,576	-
- Senior Secured Fixed Rate Notes		1,528,581	1,628,366	1,628,366	-	-
- Senior Secured Floating Rate Notes		400,686	403,686	403,686	-	-
- Finance lease obligations		374,473	327,449	-	327,449	-
- Clientele fee > 20 years		93,856	79,992	-	79,992	-
- 3G Mobile Spectrum		38,479	33,585	-	33,585	-
Total financial liabilities carried at amortized cost		3,803,183	3,838,654	2,032,052	1,806,602	-

December 31, 2014	Note	Carrying amount	Fair value			
(in thousands of euro)				Level 1	Level 2	Level 3
Financial assets						
Financial assets carried at fair value						
Derivative financial assets	5.14	9	9	-	9	-
Total financial assets carried at fair value		9	9	-	9	-
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.14	142,573	142,573	-	142,573	-
Total financial liabilities carried at fair value		142,573	142,573	-	142,573	-
Financial Liabilities carried at amortized cost						
Loans, borrowings and finance lease liabilities (excluding deferred financing fees)	5.13					
- 2010 Amended Senior Credit Facility		1,357,903	1,350,837	-	1,350,837	-
- Senior Secured Fixed Rate Notes		1,528,581	1,651,240	1,651,240	-	-
- Senior Secured Floating Rate Notes		400,748	403,248	403,248	-	-
- Finance lease obligations		370,427	327,426	-	327,426	-
- Clientele fee > 20 years		90,123	80,384	-	80,384	-
- 3G Mobile Spectrum		38,479	32,406	-	32,406	-
Total financial liabilities carried at amortized cost		3,786,261	3,845,541	2,054,488	1,791,053	-

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Loans, borrowings and finance lease liabilities : - 2010 Amended Senior Credit Facility	Market comparison technique : The fair values are based on broker quotes. The brokers providing the quotes are among the most active in the trading of the Senior Credit Facility, and regularly provide quotes to the market. No adjustments to this pricing are needed.	Not applicable.	Not applicable.
Loans, borrowings and finance lease liabilities : - Finance lease obligations - Clientele fee > 20 years - 3G Mobile spectrum	Discounted cash flows.	Discount rate.	The estimated fair value would increase (decrease) if : - the discount rate were lower (higher).

During the six months ended June, 30, 2015, no financial assets or liabilities have been transferred between the levels of the fair value hierarchy.

5.4 PROPERTY AND EQUIPMENT

(in thousands of euro)	Land, buildings, and leasehold improvements	Network	Construction in progress	Furniture, equipment, and vehicles	Total
Cost					
At January 1, 2015	**115,204**	**2,433,269**	**65,350**	**50,340**	**2,664,163**
Additions	148	-	91,970	-	92,118
Transfers	3,600	70,296	(77,383)	3,487	-
Disposals	-	(7,417)	-	(2,083)	(9,500)
Write-off of fully depreciated assets	-	(17,175)	-	-	(17,175)
At June 30, 2015	**118,952**	**2,478,973**	**79,937**	**51,744**	**2,729,606**
Accumulated Depreciation					
At January 1, 2015	**45,774**	**1,162,283**	**-**	**38,567**	**1,246,624**
Depreciation charge for the year	3,031	128,367	-	2,609	134,007
Disposals	-	(6,592)	-	(2,065)	(8,657)
Write-off of fully depreciated assets	-	(17,175)	-	-	(17,175)
At June 30, 2015	**48,805**	**1,266,883**	**-**	**39,111**	**1,354,799**
Carrying Amount					
At June 30, 2015	70,147	1,212,090	79,937	12,633	1,374,807
At January 1, 2015	69,430	1,270,986	65,350	11,773	1,417,539

Accrued capital expenditures for property and equipment reached €92.1 million for the six months ended June 30, 2015, representing the following additions:

- accrued capital expenditures for network growth and upgrades for an amount of €47.1 million;
- capital expenditures for customer installations for an amount of €29.5 million;
- refurbishments and replacements of network equipment for an amount of €12.3 million; and
- set-top box related capital expenditures for an amount of €3.2 million.

For the six months ended June 30, 2015, the Company removed €17.2 million of gross cost and accumulated depreciation related to fully depreciated assets which are no longer used by the Company.

Disposals of property and equipment for the six months ended June 30, 2015 had a total carrying value at €0.8 million and resulted in a net gain on disposal of €0.5 million.

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, 2014.

5.6 OTHER INTANGIBLE ASSETS

The following table shows the components of the Company's other intangible assets, all of which have a finite useful life.

(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, 2015	**102,222**	**121,514**	**415,974**	**212,776**	**77,480**	**21,125**	**951,091**	**-**	**951,091**
Additions	-	-	33,780	-	35,148	-	68,928	40	68,968
Disposals	-	-	(2,679)	-	-	-	(2,679)	(40)	(2,719)
Write-off of fully amortized assets	-	-	(134)	-	(35,640)	(2,128)	(37,902)	-	(37,902)
At June 30, 2015	**102,222**	**121,514**	**446,941**	**212,776**	**76,988**	**18,997**	**979,438**	**-**	**979,438**
Accumulated Amortization									
At January 1, 2015	**102,222**	**111,420**	**296,986**	**153,950**	**35,055**	**3,072**	**702,705**	**-**	**702,705**
Amortization charge of the year	-	4,043	21,683	8,865	24,808	146	59,545	-	59,545
Disposals	-	-	(869)	-	-	-	(869)	-	(869)
Write-off of fully amortized assets	-	-	(134)	-	(35,640)	(2,128)	(37,902)	-	(37,902)
At June 30, 2015	**102,222**	**115,463**	**317,666**	**162,815**	**24,223**	**1,090**	**723,479**	**-**	**723,479**
Carrying Amount									
At June 30, 2015	-	6,051	129,275	49,961	52,765	17,907	255,959	-	255,959
At January 1, 2015	-	10,094	118,988	58,826	42,425	18,053	248,386	-	248,386

Following a tendering procedure in June 2014, the Company acquired the non-exclusive broadcasting rights for the Belgian football championship for three seasons starting July 2014. As of June 30, 2015, the rights related to the second season (2015-2016) met the recognition criteria for intangible assets, which resulted in additional broadcasting rights of €28.6 million. The write-off of fully amortized assets consists mainly of the broadcasting rights related to the 2014-2015 season which were written-off upon season end in May 2015. For the six months ended June 30, 2015, the Company disposed software with a net book value of €1.8 million.

5.7 INVESTMENTS IN AND LOANS TO EQUITY ACCOUNTED INVESTEES

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

(in thousands of euro)	De Vijver Media NV	Other	Total
Investments in Associates			
At January 1, 2015	**-**	**1,556**	**1,556**
Additions	58,000	285	58,285
Direct Acquisition Costs	966	146	1,112
At June 30, 2015	**58,966**	**1,987**	**60,953**
Share in the result of Associates			
At January 1, 2015	**-**	**(161)**	**(161)**
Share in the result	(2,203)	8	(2,195)
At June 30, 2015	**(2,203)**	**(153)**	**(2,356)**
Loans granted to Associates			
At January 1, 2015	**-**	**-**	**-**
New loans granted	-	400	400
Accrued interest	-	2	2
At June 30, 2015	**-**	**402**	**402**
Carrying Amount			
At June 30, 2015	56,763	2,236	58,999
At January 1, 2015	-	1,395	1,395

On June 16, 2014, Telenet signed an agreement for the acquisition of 50% of the capital of De Vijver Media NV, a Belgian media company active in free-to-air broadcasting (through its TV channels "VIER" and "VIJF") and content production (through its production company "Woestijnvis"). The European Commission approved the investment in February 2015 and the 50% stake was acquired by the Company through a combination of share purchases (€26.0 million) and share subscription (€32.0 million). The remaining 50% of the shares of De Vijver Media is held by Waterman & Waterman (the holding company of the management duo Wouter Vandenhaute and Erik Watté) and Corelio NV (a Belgian print and online media group).

The 50% investment in De Vijver Media qualifies as a joint venture and is accounted for using the equity method. The initial carrying amount of the investment was €59.0 million, and includes €1.0 million directly attributable transaction costs. Telenet recognized its €2.2 million share in the net loss of De Vijver Media for the period beginning on the transaction closing date, resulting in a carrying value of the investment of €56.8 million on June 30, 2015. The allocation of the consideration transferred is currently ongoing and will be finalized in the fourth quarter of 2015.

5.8 TRADE RECEIVABLES

	June 30, 2015	December 31, 2014
	(in thousands of euro)	
Trade receivables	122,790	113,626
Less: allowance for bad debt	(2,032)	(1,961)
Trade receivables, net	**120,758**	**111,665**

5.9 OTHER ASSETS

5.9.1 Non-current

	June 30, 2015	December 31, 2014
	(in thousands of euro)	
Outstanding guarantees to third parties for own liabilities (cash paid)	955	888
Receivables from sale of sports broadcasting rights	-	1,404
Derivative financial instruments	4,198	9
Prepayments	1,446	-
Other	211	-
Other non-current assets	**6,810**	**2,301**

5.9.2 Current

	June 30, 2015	December 31, 2014
	(in thousands of euro)	
Recoverable withholding taxes	284	279
Prepaid content	8,690	7,004
Prepayments	18,512	22,900
Unbilled revenue	38,101	41,688
Receivables from sale of sports broadcasting rights	2,211	2,061
Other	4,544	3,937
Other current assets	**72,342**	**77,869**

5.10 INVENTORIES

As of June 30, 2015, inventories amounted to €19.2 million (December 31, 2014: €17.1 million) and consisted mainly of mobile handsets as well as tablets, HD Digiboxes, other DTV materials, wireless modems and powerline adaptors.

The increase compared to December 31, 2014 of €2.1 million was mainly due to an increase in handsets inventory of €3.6 million partially compensated by a decrease in tablets, HD Digiboxes and wireless modems inventory for a total of €1.7 million.

The net book value of inventories also included inventory impairments to reduce the carrying values to the net realizable value. These inventory impairments amounted to €0.6 million as of June 30, 2015 compared to €0.7 million as of December 31, 2014.

5.11 CASH AND CASH EQUIVALENTS

	June 30, 2015	December 31, 2014
	(in thousands of euro)	
Cash at bank and on hand	53,851	155,158
Certificates of deposit	178,049	33,918
Total cash and cash equivalents	**231,900**	**189,076**

5.12 SHAREHOLDERS' EQUITY

5.12.1 Shareholders' equity

As of June 30, 2015, the share capital amounted to €12.7 million (December 31, 2014: €12.7 million).

Warrants exercised during the six months ended June 30, 2015 resulted in a capital increase of €9,573.93, an increase of share premium of €1,355,548.53 and the issuance of 88,054 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 2010 primo warrants	81,847	April 13, 2015	€ 54.53
Warrant Plan 2010 ter warrants	6,207	April 13, 2015	€ 54.53

As a result of the Company's shareholders disbursements policy and disbursements made in prior years, the Interim Financial Statements as of June 30, 2015 showed a negative (consolidated) equity amounting to €1,258.1 million. The Company plans its optimal equity structure on a consolidated level, based on a certain net leverage range, even in case of a negative equity on a consolidated level. The board of directors has considered the Company's net equity position 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 earnings for the next years,
- a projected steadily strong positive cash flow,
- maturities of the loans and borrowings as disclosed in note 5.13.

Own shares

As of June 30, 2015, the Company held 568,034 own shares. During the six months ended June 30, 2015, the Company acquired 777,306 own shares under the Share Repurchase Program 2015, for a total amount of €39.3 million. In addition, the Company prepaid €0.7 million to the bank for the purchase of Telenet shares on its behalf. As a consequence, the total of the own shares repurchased by the Company as at June 30, 2015 amounted to €40.0 million. On June 17, 2015, the Company redeemed its outstanding liability under the stock lending agreement of December 17, 2014 by returning the 200,000 shares that were formerly borrowed from Binan Investments B.V.. Stock options exercised during the six months ended June 30, 2015 resulted in a payment of €1.5 million to the Company and the delivery of 43,750 own shares by the Company to the concerned stock option holders.

The details of the exercises are summarized in the following table:

Class of stock options	Number of stock options exercised	Exercise date (date delivery shares)	Share price at exercise date (closing price)
Employee Stock Option Plan 2013 primo	41,750	April 13, 2015	€ 54.53
Employee Stock Option Plan 2013 bis	2,000	April 13, 2015	€ 54.53

5.12.2 Employee share based compensation

Employee Stock Option Plan 2014

On December 5, 2014, the board of directors approved a general stock option plan for employees, for a total number of 830,500 stock options on existing shares, under the condition of approval and within the limits of the authorized capital as approved by the general shareholders' meeting of April 24, 2013 (the "Employee Stock Option Plan 2014" or "ESOP 2014"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

On December 12, 2014, the board of directors authorized a grant under this plan to certain beneficiaries. On January 31, 2015, a total of 766,500 stock options were accepted.

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

CEO Stock Option Plan 2015

On March 13, 2015, the board of directors approved a specific stock option plan for the Company's CEO for a total number of 180,000 options on existing shares (the "CEO Stock Option Plan 2015" or "CEO SOP 2015"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

The grant of these 180,000 stock options, with an exercise price of €50.57 per option occurred on March 13, 2015 and was accepted on May 11, 2015.

The vesting of the stock options under the CEO SOP 2015 is contingent upon the achievement of certain (cumulative) performance criteria over a period of three years, including the achievement of a minimum level of Operating Cash Flow (OCF). The Remuneration and Nomination Committee has determined for each installment the performance criteria and it is the Remuneration and Nomination Committee that will decide whether these criteria have been met.

The details regarding the stock option plans granted by the Company for the six months ended June 30, 2015 are summarized in the table below:

	Grant Date (for accounting purposes)	Fair Value at grant date (in euro)	Share Price (in euro)	Exercise Price (in euro)		Expected Volatility	Expected Option Life	Expected Dividends	Risk-free interest rate
				Initially	Adjusted				
ESOP 2014 Stock Options	January 31, 2015	8.54 - 10.57	49.21	45.27	-	20.9% - 22.1%	4.3 years	0.0% (*)	-0.01% - 0.00%
CEO SOP 2015 Stock Options	June 30, 2015 (*)	7.28 (*)	49.26 (*)	50.57	-	19.6% (*)	4.0 years (*)	0.0% (*)	0.15% (*)
"	June 30, 2015 (*)	8.00 (*)	49.26 (*)	50.57	-	21.5% (*)	4.0 years (*)	0.0% (*)	0.15% (*)
"	June 30, 2015 (*)	7.73 (*)	49.26 (*)	50.57	-	20.8% (*)	4.0 years (*)	0.0% (*)	0.15% (*)

(*) The Board of Directors has significant discretion to allow a deviation of 5% on the determined absolute performance criteria. As a result, grant date is not achieved from accounting perspective and therefore is re-measured periodically until the discretion clause is removed.
The assumptions included in the table above reflect the fair value calculation based on a grant dateas per June 30, 2015.

Total compensation expense associated with the Company's stock option and warrant plans was €6.0 million and €5.5 million for the six months ended June 30, 2015 and 2014, respectively.

Performance shares

In June 2015, Telenet granted its Senior Leadership Team members (other than its Chief Executive Officer) and one other manager a total of 26,104 performance shares ("the 2015 Telenet Performance Shares"). The performance target applicable to the 2015 Telenet Performance Shares is the achievement of a compound annual growth rate ("CAGR") for Operating Cash Flow ("OCF"), when comparing the OCF during the period started as of January 1, 2015 and ending on December 31, 2017 to the OCF for the period started on January 1, 2014 and ended on December 31, 2014. A performance range of 75% to 150% of the target OCF CAGR would generally result in award recipients earning 50% to 150% of their 2015 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The earned 2015 Telenet Performance Shares will vest on June 18, 2018. Any compensation costs attributable to the 2015 Telenet Performance Shares are 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 six months ended June 30, 2015, Telenet recognized €0.7 million of compensation expense in respect of the Telenet Performance Shares plans (for the six months ended June 30, 2014: €-0.2 million).

5.13 LOANS AND BORROWINGS

The debt balances specified below include accrued interest and commitment fees as of June 30, 2015 and December 31, 2014.

	June 30, 2015	December 31, 2014
	(in thousands of euro)	
2010 Amended Senior Credit Facility:		
Revolving Credit Facility S	73	74
Revolving Credit Facility X	690	699
Revolving Credit Facility Z	241	-
Term Loan W	476,738	474,128
Term Loan Y	888,238	883,002
Term Loan AA	1,128	-
Senior Secured Fixed Rate Notes		
€500 million Senior Secured Notes due 2020	504,073	504,073
€300 million Senior Secured Notes due 2021	307,508	307,508
€450 million Senior Secured Notes due 2022	460,625	460,625
€250 million Senior Secured Notes due 2024	256,375	256,375
Senior Secured Floating Rate Notes		
€400 million Senior Secured Notes due 2021	400,686	400,748
Finance lease obligations	374,473	370,427
3G Mobile Spectrum	38,479	38,479
Clientele fee > 20 years	93,856	90,123
	3,803,183	**3,786,261**
Less: deferred financing fees	(54,435)	(52,773)
	3,748,748	**3,733,488**
Less: current portion	(91,414)	(78,757)
Total non-current loans and borrowings	**3,657,334**	**3,654,731**

As of June 30, 2015, the Company carried a total debt balance (including accrued interest) of €3,748.7 million, of which €1,357.0 million principal amount is owed under the 2010 Amended Senior Credit Facility and €1,900.0 million principal amount is related to the Senior Secured Notes issued in 2010, 2011 and 2012. The Company's total debt balance at June 30, 2015 also included €38.5 million for the outstanding portion of the 3G mobile spectrum including accrued interest. The remainder primarily represents the finance lease obligations associated with the Interkabel Acquisition.

In April 2015, the Company issued two new debt facilities under the 2010 Amended Senior Credit Facility for an aggregate amount of €1,000 million linked to the acquisition of BASE Company. Through Telenet International Finance S.à r.l., which acts as the group's financing center, the Company issued a floating rate €800.0 million Term Loan ("Facility AA") with a maturity of June 30, 2023 and a 3.50% margin over Euribor. In addition, the Company secured an additional €200.0 million Revolving Credit Facility ("Facility Z") with a maturity of June 30, 2018 and a margin of 2.25% over Euribor. As the acquisition of BASE Company is still subject to regulatory approval, both facilities were fully undrawn at June 30, 2015. In addition to the new undrawn debt facilities discussed above, the Company also had full access on June 30, 2015 to a committed Revolving Facility of €322.9 million, as shown in the table below. Please refer to Section 5.25 – *Subsequent events* for updated information about our debt maturity profile.

The table below provides an overview of the Company's debt instruments and payment schedule at June 30, 2015:

	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate	Interest payments due
	June 30, 2015 (in thousands of euro)					
2010 Amended Senior Credit Facility:						
Term Loan W	474,084	474,084	-	June 30, 2022	Floating | 3-month Euribor + 3.25%	Quarterly (Jan., April, July, Oct.)
Term Loan Y	882,916	882,916	-	June 30, 2023	Floating | 3-month Euribor + 3.50%	Quarterly (Jan., April, July, Oct.)
Term Loan AA	800,000	-	800,000	June 30, 2023	Floating | 3-month Euribor + 3.50%	Not applicable
Revolving Credit Facility (Facility S)	36,851	-	36,851	December 31, 2016	Floating | 1-month Euribor + 2.75%	Not applicable
Revolving Credit Facility (Facility X)	286,000	-	286,000	September 30, 2020	Floating | 1-month Euribor + 2.75%	Not applicable
Revolving Credit Facility (Facility Z)	200,000	-	200,000	June 30, 2018	Floating | 1-month Euribor + 2.25%	Not applicable
Senior Secured Fixed Rate Notes						
€500 million Senior Secured Notes due 2020	500,000	500,000	-	November 15, 2020	Fixed | 6.375%	Semi-annually (May and Nov.)
€300 million Senior Secured Notes due 2021	300,000	300,000	-	February 15, 2021	Fixed | 6.625%	Semi-annually (Feb. and Aug.)
€450 million Senior Secured Notes due 2022	450,000	450,000	-	August 15, 2022	Fixed | 6.25%	Semi-annually (Feb. and Aug.)
€250 million Senior Secured Notes due 2024	250,000	250,000	-	August 15, 2024	Fixed | 6.75%	Semi-annually (Feb. and Aug.)
Senior Secured Floating Rate Notes						
€400 million Senior Secured Notes due 2021	400,000	400,000	-	June 15, 2021	Floating | 3-month Euribor+3.875%	Quarterly (March, June, Sep. and
Total notional amount	**4,579,851**	**3,257,000**	**1,322,851**			

At June 30, 2015, the Company's revolving credit facilities S, X and Z were fully undrawn, in addition to the €800.0 million Term Loan AA maturing on June 30, 2023.

5.14 DERIVATIVE FINANCIAL INSTRUMENTS

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

	June 30, 2015	December 31, 2014
	(in thousands of euro)	
Current assets	793	-
Non-current assets	4,198	9
Current liabilities	(24,316)	(28,421)
Non-current liabilities	(82,954)	(114,152)
	(102,279)	**(142,564)**
Interest rate derivatives	(102,386)	(142,478)
Foreign exchange forwards	137	-
Embedded derivatives	(30)	(86)
	(102,279)	**(142,564)**

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

	For the six months ended June 30,	
	2015	**2014**
	(in thousands of euro)	
Change in fair value		
Interest rate derivatives	40,093	(45,647)
Foreign exchange forwards	137	547
Stocklending	(332)	-
Embedded derivatives	56	(7)
	39,954	**(45,107)**

The gain for the six months ended June 30, 2015 of €40.0 million is the result of an upward shift in the euro swap curve, which had a favorable impact on the mark-to-market valuation of the Company's interest rate derivatives.

5.15 CURRENT AND DEFERRED TAXES

	For the six months ended June 30,	
	2015	**2014**
(in thousands of euro)		
Current tax expense	66,181	48,200
Deferred tax expense/(income)	6,790	(3,323)
Income tax expense	**72,971**	**44,877**

The Company recognized €66.2 million of current tax expense for the six months ended June 30, 2015, which combined with the payment of €77.6 million of income taxes for the six months ended June 30, 2015, brought the current tax liability to €153.6 million as at June 30, 2015 (December 31, 2014: €165.0 million).

Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €673.9 million and €581.8 million as of June 30, 2015 and December 31, 2014, respectively. Under current Belgian and Luxembourg tax laws, these loss carry forwards have an indefinite life and may be used to offset future taxable income of Telenet Group Holding NV and its subsidiaries.

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

The Company did not recognize deferred tax assets of €147.6 million and €129.6 million as of June 30, 2015 and December 31, 2014, respectively, in respect of tax losses carried forward, because it is not considered more likely than not that these net deferred tax assets will be utilized in the foreseeable future.

5.16 OTHER NON-CURRENT LIABILITIES

	June 30, 2015	December 31, 2014
	(in thousands of euro)	
Employee benefit obligations	16,589	16,184
Other personnel related obligations	936	1,012
Long service awards	7,908	7,670
Interkabel out of market opex liability	14,323	14,065
Asset retirement obligations	1,925	1,912
Liabilities regarding sports broadcasting rights	2,808	8,342
Restructuring provision Norkring	27,639	29,385
Other	1,358	3,963
Total Other non-current liabilities	**73,486**	**82,533**

5.17 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	June 30, 2015	December 31, 2014
	(in thousands of euro)	
Customer deposits	22,736	22,797
Compensation and employee benefits	44,335	51,272
VAT and withholding taxes	33,836	25,589
Accrued programming fees	46,883	44,676
Accrued capital expenditure	40,471	31,213
Accrued other liabilities - invoices to receive regarding:		
Goods received and services performed	16,611	35,538
Professional fees	10,442	15,571
Warehouse items received	3,061	3,814
Interconnect	23,099	20,172
Advertising, marketing and public relations	8,602	7,231
Infrastructure	7,051	9,933
Other	19,762	19,463
Restructuring provision Norkring	4,421	4,480
Liabilities regarding sports broadcasting rights	40,873	18,812
Liabilities resulting from stocklending	-	9,288
Other current liabilities	10,713	5,341
Total Accrued expenses and other current liabilities	**332,896**	**325,190**

Compared to December 31, 2014, total accrued expenses and other current liabilities increased by €7.7 million to €332.9 million as of June 30, 2015. The increase can mainly be explained by the recognition of the Jupiler Pro League broadcasting rights for the 2015-2016 season in H1 2015. This is partly offset by a decrease relating to invoices to receive for goods received and services performed from €35.5 million to €16.6 million and a decrease in liabilities as Telenet redeemed its stock lending agreement to Binan Investments B.V. by means of returning the underlying 200,000 borrowed Telenet shares on June 17, 2015.

5.18 REVENUE

The Company's revenue was comprised of the following:

	For the six months ended June 30,	
	2015	**2014**
	(in thousands of euro)	
Subscription revenue		
Video	274,919	271,655
Broadband internet	270,603	254,504
Fixed-line telephony	112,466	103,750
Cable Subscription revenue	**657,988**	**629,909**
Mobile telephony	98,936	85,643
Total Subscription revenue	**756,924**	**715,552**
Business services	58,415	51,101
Other	76,723	72,142
Total Revenue	**892,062**	**838,795**

As of 2015, Telenet changed the way it presents the disclosure of its revenue in order to further align with its controlling shareholder and to provide a greater level of transparency on the underlying evolution of (i) its traditional cable subscription revenue, (ii) the revenue generated by its mobile telephony customers, (iii) Telenet's B2B revenue and (iv) other revenue, which includes amongst others the revenue generated from the sale of set-top boxes and handsets, interconnection revenue and carriage fees. Telenet has also applied these changes retroactively to the prior year quarters.

For the six months ended June 30, 2015, the Company generated revenue of €892.1 million, representing a solid 6% increase compared to the six months ended June 30, 2014 when the Company produced revenue of €838.8 million. The revenue growth for the six months ended June 30, 2015 was fully organic and directly driven by (i) solid multiple-play growth with the number of triple-play subscribers at June 30, 2015 up 8% compared to June 30, 2014, (ii) the benefit from the selective price increase on certain fixed services in January 2015, (iii) a €13.3 million higher contribution from Telenet's mobile activities, up 16% compared to the six months ended June 30, 2014, and (iv) a 14% increase in our business services revenue.

The Company also had deferred revenue as follows:

	June 30, 2015	December 31, 2014
	(in thousands of euro)	
Subscription revenue		
Video	36,071	35,274
Broadband internet	12,278	12,213
Fixed-line telephony	3,395	3,268
Cable Subscription revenue	**51,744**	**50,755**
Mobile telephony	5,165	4,977
Total Subscription revenue	**56,909**	**55,732**
Business services	14,278	13,747
Other	5,789	5,278
Total Deferred Revenue	**76,976**	**74,757**

Deferred revenue generally refers to 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	As of and for the six months ended June 30,	
		2015	2014
		(in thousands of euro)	
Employee benefits:			
Wages, salaries, commissions and social security costs		65,270	66,197
Other employee benefit costs		11,858	12,030
		77,128	**78,227**
Depreciation	5.4	134,007	123,142
Amortization	5.6	34,737	29,295
Amortization of broadcasting rights	5.6	24,808	24,694
Restructuring charges		(518)	-
Gain on disposal of property and equipment and other intangible assets		(534)	(1,110)
Network operating and service costs		278,002	239,038
Advertising, sales and marketing		30,993	31,249
Share-based payments granted to directors and employees	5.12	6,725	5,340
Operating charges related to acquisitions or divestitures		4,051	1,565
Other costs		24,580	30,196
Total costs and expenses		**613,979**	**561,636**

For the six months ended June 30, 2015, Telenet incurred total operating expenses of €614.0 million, representing an increase of 9% compared to the six months ended June 30, 2014 when total operating expenses reached €561.6 million. A 16% increase in network operating and service costs, reflecting the €12.5 million favorable impact from the settlement of certain operational contingencies for the six months ended June 30, 2014, in combination with 10% higher depreciation and amortization charges in the six months ended June 30, 2015 was partly offset by a 19% decrease in other costs, which included a €7.6 million favorable impact from the resolution of a contingency associated with universal service obligations. Excluding these nonrecurring benefits in both the six months ended June 30, 2015 and 2014, the underlying growth of total operating expenses would have been lower.

5.20 FINANCE INCOME / EXPENSE

	Note	As of and for the six months ended June 30, 2015	2014
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		305	198
Interest income on receivables		58	152
Net foreign exchange gain		572	-
		935	**350**
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		(103,124)	(106,367)
Net interest expense on derivatives at fair value through profit or loss		(13,279)	(21,776)
Amortization of financing cost		(3,092)	(3,476)
Net foreign exchange loss		-	(114)
		(119,495)	**(131,733)**
Net gain/loss on derivative financial instruments	5.14	**39,954**	**(45,107)**
Loss on extinguishment of debt		**-**	**(7,300)**
Net finance expenses		**(78,606)**	**(183,790)**

5.21 EARNINGS PER SHARE

5.21.1 Basic

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

	As of and for the six months ended June 30, 2015	2014
	(in thousands of euro, except share and per share data)	
Net profit attributable to the equity holders of the Company	124,311	48,834
Weighted average number of ordinary shares	116,593,880	115,464,134
Weighted average number of shares used in the calculation of basic earnings per share	**116,593,880**	**115,464,134**
Basic earnings per share in €	1.07	0.42

5.21.2 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, 2015, the Company had four categories of dilutive potential ordinary shares:

- Warrant Plan 2007 septies
- Warrant Plan 2010 primo
- Warrant Plan 2010 bis
- Warrant Plan 2010 ter

During the six months ended June 30, 2014, the Company had six categories of dilutive potential ordinary shares:

- Warrant Plan 2007 quater
- Warrant Plan 2007 sexies
- Warrant Plan 2007 septies
- 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.

	As of and for the six months ended June 30,	
	2015	**2014**
Weighted average number of shares used in the calculation of basic earnings per share	116,593,880	115,464,134
Adjustment for:		
Warrant Plan 2007 quater Warrants	-	267,063
Warrant Plan 2007 sexies Warrants	-	5,375
Warrant Plan 2007 septies Warrants	26,836	70,645
Warrant Plan 2010 primo Warrants	189,050	383,564
Warrant Plan 2010 bis Warrants	3,808	13,019
Warrant Plan 2010 ter Warrants	46,816	59,397
Weighted average number of shares used in the calculation of diluted earnings per share	**116,860,390**	**116,263,197**
Diluted earnings per share in €	1.06	0.42

5.22 COMMITMENTS AND CONTINGENCIES

5.22.1 Pending litigations

Litigation concerning the agreement-in-principle concluded between Telenet and the PICs, Interkabel and INDI

On November 26, 2007, Telenet and the PICs announced a non-binding agreement-in-principle (the "agreement-in-principle") to transfer the analog and digital television activities of the PICs, including all existing subscribers, to Telenet. Subsequently, on June 28, 2008, Telenet and the PICs entered into the binding PICs Agreement, which became effective on October 1, 2008. Telenet has been involved in various litigations concerning the PICs Agreement and the agreement-in-principle preceding the PICs Agreement.

Beginning in December 2007, Proximus, the incumbent telecommunications operator in Belgium, instituted several proceedings seeking to block implementation of these agreements. Proximus lodged summary proceedings with the President of the Court of First Instance of Antwerp to obtain a provisional injunction preventing the PICs from effecting the agreement-in-principle on the basis that the PICs should have organized a tendering procedure or public market consultation before entering into the agreement-in-principle, and that the failure to organize such a consultation violates the equality, non-discrimination and transparency principles. In March 2008, the President of the Court of First Instance of Antwerp ruled in favor of Proximus in the summary proceedings, which ruling was overturned by the Court of Appeal of Antwerp in June 2008. Proximus brought this appeal judgment before the Belgian Supreme Court (Hof van Cassatie/Cour de Cassation), which confirmed the appeal judgment in September 2010.

Proximus further initiated a civil procedure on the merits before the Court of First Instance in Antwerp, claiming the annulment of the agreement-in-principle (and any agreement entered into in connection therewith) and the compensation for damages incurred by it since September 2008 in case the agreement-in-principle is annulled. Again, Proximus founded its claim on the basis that the PICs should have organized a tendering procedure or public market consultation and on the violation of the equality, non-discrimination and transparency principles. On April 6, 2009, the Court of First Instance of Antwerp ruled in favor of the PICs and Telenet, dismissing Proximus' request for the annulment of the agreement-in-principle and the PICs Agreement. On June 12, 2009, Proximus appealed this judgment with the Court of Appeal of Antwerp. In this appeal, Proximus is also seeking compensation for damages should the PICs Agreement not be rescinded. However, the claim for compensation has not yet been quantified. At the introductory hearing, which was held on September 8, 2009, the proceedings on appeal were postponed indefinitely at the request of Proximus. The appeal proceedings currently remain pending.

In parallel with the above proceedings, Proximus filed a complaint with the Government Commissioner seeking suspension of the approval by the PICs' board of directors of the agreement-in-principle and initiated suspension and annulment procedures before the Belgian Council of State against these approvals and subsequently against the board resolutions of the PICs approving the PICs Agreement. In this complaint, Proximus' primary argument was that the PICs should have organized a public market consultation before entering into the agreement-in-principle and the PICs Agreement. Proximus' efforts to suspend approval of these agreements were unsuccessful. In the annulment cases, the Council of State decided on May 2, 2012 to refer a number of questions of interpretation under EU law for preliminary ruling to the European Court of Justice (ECJ). On November 14, 2013, the ECJ ruled that the reasons invoked by the PICs for not organizing a market consultation were not overriding reasons of public interest to justify abolishing the PIC's duty to organize such consultation. The annulment cases were resumed with the Belgian Council of State, which was required to follow the interpretation given by the ECJ with respect to the points of EU law. On January 16, 2014, the Auditor of the Belgian Council of State issued a negative advisory opinion. On May 26, 2014, the Belgian Council of State ruled in favor of Proximus and (i) rendered the decision of the PICs not to organize a public market consultation void and (ii) annulled the decision from the PICs' board of directors which approved the PICs Agreement. However, the ruling did not annul the PICs Agreement itself. It is now possible for Proximus to resume the civil proceedings that were postponed indefinitely on September 8, 2009, in order to have the PICs Agreement annulled and claim damages. We have not received any notice from Proximus that it will initiate these proceedings. No assurance can be given as to the outcome of these proceedings. However, an unfavorable outcome of these proceedings could lead to the annulment of the PICs Agreement and/or to an obligation on Telenet to pay compensation for damages to Proximus and/or the PICs, the latter being subject to the relevant provisions of the PICs Agreement, which stipulate that Telenet is only responsible for damages in excess of €20.0 million. In light of the fact that Proximus has not quantified the amount of damages that it is seeking and Telenet has no basis for assessing the amount of losses Telenet would incur in the unlikely event that the PICs Agreement were to be annulled, Telenet cannot provide a reasonable estimate of the range of loss that would be incurred in the event the final decision in this matter were to be unfavorable to Telenet. However, Telenet does not expect the final decision in this matter to have a material impact on its results of operations, cash flows or financial position.

Furthermore, in light of the above negative judgment, it is also possible that another third party or public authority will initiate further legal proceedings, based on similar or different grounds, in an attempt to block the integration of the PICs' analog and digital television activities or annul the PICs Agreement. No assurance can be given with respect to the outcome of such proceedings if initiated.

Litigation regarding cable access

In December 2010, the members of the CRC (BIPT, VRM, CSA and Medienrat) published their respective draft decisions reflecting the results of their analysis of the broadcasting market in Belgium. At the same time, the BIPT published its draft decision regarding the analysis of the broadband market in Belgium. After a public consultation, the draft decisions were submitted by the CRC to the European Commission. The European Commission issued a notice on the draft decisions which criticized the analysis of the broadcasting markets on several grounds, including the fact that the CRC failed to analyze upstream wholesale markets. It also expressed doubts as to the necessity and proportionality of the various remedies.

The CRC nevertheless 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 Proximus), (ii) an obligation to grant third-party operators (except Proximus) 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 Proximus). 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).

After Telenet submitted draft reference offers in February 2012 to meet the three obligations described above in each of Flanders and Brussels, the CRC made its observations and launched a national consultation process and consulted with the European Commission. Although the European Commission expressed doubts regarding the proportionality of the analog resale obligation on August 8, 2013, the European Commission did not object to the CRC draft decision on the reference offers. On September 9, 2013, the CRC then published the final decisions that it had issued on September 3, 2013. According to the CRC decision, the regulated wholesale services must be available within six months after a third-party operator files a letter of intent and pays an advance payment to each cable operator.

On April 2, 2013, the CRC 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. On October 8, 2013, the European Commission received a draft quantitative decision from the CRC in which they changed the "retail minus" tariffs to minus 30% for basic TV (basic analog and digital video package) and to minus 23% for the bundle of basic TV and broadband internet services. Even though the European Commission made a number of comments regarding the appropriateness of certain assumptions in the proposed costing methodology, the CRC adopted such retail minus tariffs on December 11, 2013.

On December 27, 2013, wireless operator Mobistar submitted a letter of intent to Telenet to obtain access to three regulated products of Telenet: (i) resale of the analog television offering; (ii) access to the digital television platform; and (iii) resale of the broadband access offering. Mobistar paid the advance payment on January 10, 2014. Telenet implemented the access obligations as described in its reference offers, and complied with its implementation obligation towards Mobistar in due time, i.e. within the period of six months as set forth by the regulator. Since June 23, 2014, access to the Telenet network has become operational and can be applied by Mobistar to offer analog television, digital television and the bundle television plus broadband internet to its clients (but it has not yet done so). On November 14, 2014, Proximus also submitted a request to start access negotiations. The VRM and BIPT are currently considering the reasonableness of this request.

Telenet filed an appeal against the July 2011 Decision with the Brussels Court of Appeal. On November 12, 2014, the Brussels Court of Appeal rejected Telenet's appeal and accepted Proximus' claim that Proximus should be allowed access to Telenet's (among other operators) broadband internet and digital television platforms. Telenet is currently considering the possibility of filing an appeal against this decision with the Supreme Court. Telenet also filed an appeal with the Brussels Court of Appeal against the decision regarding the qualitative and the quantitative aspects of the reference offer. Telenet and the CRC have in the meantime agreed to end the proceedings with respect to the qualitative aspects (decision of September 3, 2013). A court hearing is fixed on June 24, 2015 to confirm the withdrawal of the appeal. A decision with respect to the appeal regarding the quantitative aspects is not expected before the end of 2015. There can be no certainty that Telenet's appeal will be successful.

Between May 27, 2015, and June 16, 2015, the BIPT, VRM, CSA and Medienrat started public consultations relating to their respective draft decisions reviewing the wholesale tariffs for the services for access to the cable in their respective regions. In these draft decisions, the regulators have stated that cable operators' retail offerings generally contain additional services (such as webmail, webspace, free content or content at a reduced price, access to public WiFi, et cetera), which are reflected in the price of the retail offering. These additional services have been identified in the report and the regulators have aimed to identify the reference prices for these services. It is proposed that the basis for calculating the "retail minus" tariffs will be reduced accordingly, which would lead to significantly lower "retail minus" tariffs. The public consultation of the Medienrat has in the meantime been closed and the consultations of the other regulators close on July 15, 2015. The draft decision will then be sent for review to the European Commission, the Body of European Regulators for Electronic Communications (BEREC) and the national regulators of the other EU Member States. A final decision is not expected before Q3 2015.

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 the extent to which competitors, such as Mobistar, take advantage of the resale access ultimately afforded to Telenet's network and other competitive factors or market developments. Mobistar currently has a number of test clients active on the Telenet network and it is expected that it will launch its television and broadband internet offer over the Telenet network in the near future. The potential success of Mobistar's television and broadband internet offer and the impact thereof on Telenet are difficult to predict and will depend on a number of factors which Telenet cannot control, such as the marketing efforts, the technical specifications and the pricing of the offer by Mobistar. However, any such implementation could have a material adverse effect on Telenet's business, prospects, results of operations and financial condition.

Copyright related legal proceedings

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

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

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

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

In the case of the appeal against the judgment of April 12, 2011 of the Court of First Instance of Mechelen, the Court of Appeal of Antwerp rendered an intermediate ruling on February 4, 2013. The Court of Appeal rejected the claims of the collecting societies with regard to simulcasting and confirmed that direct injection is a single copyright relevant operation (royalties should therefore be paid only once). The case was re-opened to allow the collecting societies to provide further proof of their actual claims. On January 20, 2014 and on May 5, 2014, respectively, Numéricable (previously Coditel) and Telenet appealed this intermediate ruling before the Supreme Court mainly because of the incorrect qualification of the fees to be paid for the communication to the public as if it would be "retransmission" rights. The Supreme Court has not yet issued its judgment in this matter. In the meantime Numéricable has reached a settlement with the collecting societies, and withdrew its appeal.

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

Legal proceedings regarding the MVNO Arrangement

Telenet and Mobistar are currently in dispute over amounts payable to Mobistar with respect to certain provisions of the MVNO Arrangement. As part of this dispute, Mobistar initiated legal proceedings against Telenet claiming, among other things, that the migration period after termination or expiration of the MVNO Arrangement should be shortened from 24 months to 6 months. Telenet believes it has strong arguments against Mobistar's claims and intends to defend itself vigorously. We cannot currently predict the outcome of these proceedings; however, in the unlikely event that the migration period is shortened, Telenet's mobile business could be adversely impacted.

5.22.2 Other contingent liabilities

Pending acquisition of BASE Company NV

On April 18, 2015, Telenet entered into a definitive agreement (the "BASE Agreement") to acquire BASE Company NV for a purchase price of €1,324.4 million. BASE is the third-largest mobile network operator in Belgium. We expect that this acquisition will provide the Company with cost-effective long-term mobile access to effectively compete for future growth opportunities in the Belgium mobile market. Telenet intends to finance the acquisition of BASE through a combination of €1.0 billion of new debt facilities and existing liquidity. The acquisition of BASE is subject to customary closing conditions, including merger approval from the relevant competition authorities, and is expected to close by the end of March 2016. The BASE Agreement provides that in the event the relevant competition authorities fail to approve the transaction, Telenet would be required to pay the seller a termination fee of €100.0 million.

Regulation 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

In addition to the foregoing items, the Company has 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, (iii) disputes over certain contracts and (iv) disputes over programming and copyright fees. While the Company generally expects that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts it has accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on the Company's 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, the Company cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

5.23 RELATED PARTIES

The related parties of the Company mainly comprise its shareholders that have the ability to exercise significant influence or control. This consisted of the Liberty Global Consortium for both 2015 and 2014. Related parties further include Pebble Media NV, Doccle CVBA, Doccle.Up NV, Idealabs Telenet Fund NV and De Vijver Media NV.

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

5.23.1 Statement of financial position

	June 30, 2015	December 31, 2014
	(in thousands of euro)	
Trade receivables		
Liberty Global Consortium (parent)	1,818	2,650
Associates	277	453
Loans granted		
Liberty Global Consortium (parent)	-	-
Associates	402	-
Trade payables and accrued trade liabilities		
Liberty Global Consortium (parent)	33,507	28,057
Associates	527	454
Accrued other liabilities		
Liberty Global Consortium (parent)	-	9,288
Associates	-	-
Property and equipment		
Liberty Global Consortium (parent)	30,721	31,677
Associates	-	-

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

5.23.2 Statement of profit and loss and other comprehensive income

	As of and for the six months ended June 30,	
	2015	2014
	(in thousands of euro)	
Revenue		
Liberty Global Consortium (parent)	2,199	90
Associates	461	887
Operating expenses (Cost recuperations)		
Liberty Global Consortium (parent)	2,656	(864)
Associates	840	797

5.23.3 Key management compensation

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

	As of and for the six months ended June 30,	
	2015	2014
	(in thousands of euro)	
Salaries and other short-term employee benefits	3,306	3,577
Post-employment benefits	225	240
Share-based payments (compensation cost recognized)	4,137	2,225
	7,668	**6,042**

5.24 NON CASH INVESTING AND FINANCING TRANSACTIONS AND OFF-BALANCE SHEET ARRANGEMENTS

	As of and for the six months ended June 30,	
	2015	2014
	(in thousands of euro)	
Non cash investing and financing transactions		
Acquisition of property and equipment in exchange for finance lease obligations	14,536	24,888
Acquisition of sports broadcasting rights (mainly Belgian football broadcasting rights) in exchange for investing obligations	29,431	28,972
Off balance sheet arrangements		
Deferred financing fees contingent upon closing acquisition of Base	11,808	-

5.25 SUBSEQUENT EVENTS

Net €85.0 million increase to the Company's total Revolving Credit Facility

On July 1, 2015, Telenet International Finance S.à r.l., which acts as the group's financing center, entered into an additional €95.0 million Revolving Credit Facility ("Facility X2", subsequently merged into Facility X). A total of €85.0 million net new commitments were complemented by a €10.0 million transfer from Facility S (maturity: December 31, 2016). The terms and conditions of this new facility are identical to the ones of Facility X, meaning (i) an availability period up to September 30, 2020; (ii) a margin of 2.75% over Euribor and; (iii) a commitment fee of 40% of the aforementioned margin to be paid on a quarterly basis. As a result, the Company now has full access to a committed Revolving Credit Facility of €607.9 million, subject to compliance with certain covenants and debt service requirements.

New €530 million 4.875% Senior Secured Fixed Rate Notes due 2027

On July 22, 2015, the Company announced the issuance of €530 million 4.875% Senior Secured Fixed Rate Notes due 2027 (the "Notes"). The Notes have been issued by Telenet Finance VI Luxembourg S.C.A. (the "Issuer"), an independent financing company, which is consolidated by and was incorporated at the direction of Telenet to issue the Notes in the international debt markets. The proceeds of the Notes will be loaned by the Issuer to Telenet International Finance S.à r.l. as an additional facility under Telenet's existing Senior Credit Facility (the "Senior Credit Facility"). The Notes will be the obligations of the Issuer alone and not of, or guaranteed in any way by, Telenet Group Holding NV, Telenet NV or any of their subsidiaries. Telenet International Finance S.à r.l. intends to use the net proceeds from the additional facility to prepay Facility M under the Senior Credit Facility. Telenet Finance Luxembourg S.C.A. will in turn use the proceeds from the prepayment of Facility M to redeem its €500 million aggregate principal amount of Senior Secured Notes due 2020.

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 30 June 2015 and for the 6-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Telenet Group Holding NV as at 30 June 2015, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the 6-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2015 and for the 6-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Brussels, 24 July 2015

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises
Statutory auditor
represented by

Filip De Bock
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