FINANCIAL REPORT 2016

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Consolidated annual report of the board of directors for 2016 to the shareholders of Telenet Group Holding NV

The board of directors of Telenet Group Holding NV has the pleasure to submit to you its consolidated annual report for the year ended December 31, 2016, in accordance with articles 96 and 119 of the Belgian Company Code.

In this report, the board of directors also reports on relevant corporate governance matters as well as certain remuneration matters. In accordance with article 3 of the Law of April 6, 2010 and with the Royal Decree of June 6, 2010, the board of directors has decided to adopt the 2009 Belgian Corporate Governance Code as the reference code for corporate governance matters.

Introduction

Definitions

(1) For purposes of calculating **rebased growth** rates on a comparable basis for the twelve months ended December 31, 2016, Telenet has adjusted its historical revenue and Adjusted EBITDA to include the pre-acquisition revenue and Adjusted EBITDA of BASE in its rebased amounts for the twelve months ended December 31, 2015 to the same extent that the revenue and Adjusted EBITDA are included in its results for the twelve months ended December 31, 2016 (BASE being fully consolidated since February 11, 2016). Telenet has reflected the revenue and operating profit of BASE in their 2015 rebased amounts based on what they believe to be the most reliable information that is currently available (generally pre-acquisition financial statements), as adjusted for the estimated effects of (i) any significant effects of acquisition accounting adjustments, (b) any significant differences between Telenet's accounting policies and those of the acquired entities and (c) other items Telenet deems appropriate. Telenet does not adjust pre-acquisition periods to eliminate non-recurring items or to give retroactive effect to any changes in estimates that might be implemented during post-acquisition periods. As Telenet did not own or operate the acquired businesses during the pre-acquisition periods, no assurance can be given that Telenet has identified all adjustments necessary to present the revenue and Adjusted EBITDA of these entities on a basis that is comparable to the corresponding post-acquisition amounts that are included in its historical results or that the pre-acquisition financial statements Telenet has relied upon do not contain undetected errors. In addition, the rebased growth percentages are not necessarily indicative of the revenue and Adjusted EBITDA that would have occurred if these transactions had occurred on the dates assumed for purposes of calculating its rebased amounts or the revenue and Adjusted EBITDA that will occur in the future. The rebased growth percentages have been presented as a basis for assessing growth rates on a comparable basis, and are not presented as a measure of its pro forma financial performance.

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

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

(4) **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.

(5) **Adjusted Free Cash Flow** is defined as net cash provided by the Company's operating activities, plus (i) cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and divestitures and (ii) expenses financed by an intermediary, less (i) purchases of property and equipment and purchases of intangibles as reported in the Company's consolidated statement of cash flows, (ii) principal payments on amounts financed by vendors and intermediaries, (iii) principal payments on capital leases (exclusive of network-related leases that were

assumed in acquisitions), and (iv) principal payments on post acquisition additions to network leases, each as reported in the Company's consolidated statement of cash flows. Adjusted Free Cash Flow is an additional measure used by management to demonstrate the Company's ability to service debt and fund new investment opportunities and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.

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

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

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

(9) **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.

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

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

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

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

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

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

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

calculation by the amount of mobile interconnect revenue during the period.

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

Important reporting changes

Rebased information: The acquisition of BASE on February 11, 2016 impacts the reported comparisons of Telenet's operating results for both the year ended December 31, 2016 and the year ended December 31, 2015. In order to provide more meaningful comparisons, Telenet also provides rebased comparisons of the line items that are included within its Adjusted EBITDA metric. For information regarding how Telenet calculates rebased growth, see the definition of rebased growth above.

Reminder fees and carriage fees: In 2016, Telenet changed the way it presents the billed reminder fees and carriage fees in order to further align with its controlling shareholder. As from January 1, 2016, carriage fees will no longer be recognized as revenue, but will be netted off against direct expenses as Telenet considers charged carriage fees and the purchase of distributable content as a single transaction going forward. In addition, reminder fees will be recognized as revenue from January 1, 2016 as these fees are considered to represent a separately identifiable revenue stream, whereas previously reminder fees were recognized net of the related costs in the indirect expense line. The two aforementioned changes in presentation favorably impacted Telenet's revenue for the year ended December 31, 2016 by €14.6 million and Telenet's revenue for the year ended December 31, 2015 by €13.4 million, but did not impact Telenet's Adjusted EBITDA and cash flows. Telenet has also applied these changes retroactively to the prior year.

Expenses by nature: In 2016, Telenet changed the way it presents its total expenses to align with its internal reporting framework. As a consequence, Telenet now provides more detailed disclosure of its operating expenditure, whereas the vast majority of its operating expenses were previously predominantly captured under "network operating and service costs". The representation of Telenet's expenses did not impact its Adjusted EBITDA and operating profit. Telenet has also applied these changes retroactively to the prior year.

1. Information on the Company

1.1 Overview

At December 31, 2016, Telenet provided its 2,149,200 unique customers with 4,874,600 subscription services ("RGUs") across its footprint of 2,987,600 homes passed in Flanders and parts of Brussels. On a product level, Telenet's RGU base consisted of 2,017,500 video, 1,601,700 broadband internet and 1,255,400 fixed-line telephony subscriptions. In addition, approximately 86% of its video subscribers had upgraded to Telenet's enhanced video platform at December 31, 2016 so they can enjoy a much richer TV experience, including access to a wider range of digital, HD and pay television sports channels, a vast library of domestic and international video-on-demand ("VOD") content both on a transactional and subscription basis and access to Telenet's over-the-top ("OTT") platform "Yelo Play". As compared to December 31, 2015, Telenet increased its total RGU base by 1%, or 28,300 RGUs, to a total of 4,874,600 (excluding mobile telephony). Telenet ended 2016 with a bundling ratio of 2.27 RGUs per customer (2015: 2.23), as approximately 53% of its customers subscribed to a triple-play product, 21% subscribed to a double-play product and 26% subscribed to a single-play product, offering continued up-sell opportunity within the existing customer base. At December 31, 2016, Telenet also served 2,991,900 active mobile customers as compared to 1,001,200 at December 31, 2015, including just over 2.1 million postpaid subscribers. This large increase reflected the acquisition of BASE on February 11, 2016.

In the year ended December 31, 2016, Telenet continued its value-accretive multiple-play strategy so customers can fully enjoy the benefits of their digital lifestyle both at home and on the move. Telenet's first all-in-one converged package for families and businesses, "WIGO", which was launched in June last year, reached just over 150,000 subscribers at the end of December 2016 (151,500). Priced between €100.0 and €140.0 per month (including 21% VAT), all three residential "WIGO" bundles include a superfast broadband connection, WiFi access, unlimited fixed and mobile calls in Belgium and a mobile data allowance to be shared among individual family members. Even though the vast majority of "WIGO" subscribers represent customers with whom Telenet had an existing relationship, Telenet continued to enjoy solid net mobile postpaid subscriber growth on the back of its "WIGO" propositions.

For the year ended December 31, 2016, Telenet generated revenue of €2,429.1 million, representing a 33% increase compared to the year ended December 31, 2015 when Telenet produced revenue of €1,821.8 million. Telenet's reported revenue increase was primarily driven by the contribution from BASE, which Telenet acquired on February 11, 2016. On a rebased basis, Telenet achieved revenue growth of 3% for the year ended December 31, 2016. For the year ended December 31, 2016, Telenet realized Adjusted EBITDA of €1,117.1 million, up 18% compared to the year ended December 31, 2015 when Telenet produced Adjusted EBITDA of €943.7 million. Adjusted EBITDA for the year ended December 31, 2016 included the contribution of BASE from February 11, 2016. Adjusted EBITDA for both the year ended December 31, 2016 and the year ended December 31, 2015 included benefits of €6.0 million and €7.6 million, respectively. For the year ended December 31, 2016, Telenet achieved rebased Adjusted EBITDA growth of 3%.

The Combined Network is fully bi-directional and EuroDocsis 3.0 enabled, and provides a spectrum bandwidth capacity of 600 MHz. In August 2014, Telenet announced a €500.0 million network investment program as it plans to increase the capacity of its HFC network to 1 GHz within the next five years, enabling download speeds of at least 1 Gbps in the future. At December 31, 2016, around 36% of the nodes in Telenet's hybrid fiber coaxial ("HFC") network had been upgraded. At December 31, 2016, an average of 480 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. As not all homes connected subscribe to Telenet's broadband internet services, the number of active broadband households per optical node approximated 260 at December 31, 2016.

Telenet is increasingly focused on offering its subscribers advanced fixed services - broadband internet, enhanced video and fixed-line telephony - together with its mobile telephony services in the form of attractively priced multiple-play bundles. Telenet has derived, and believes it can continue to derive, substantial benefits from the trend towards bundled subscriptions, through which it is able to sell more products to individual subscribers, resulting in significantly higher ARPU per customer relationship and, in its experience, the reduction of customer churn. For the year ended December 31, 2016, Telenet's ARPU per customer relationship, which excludes mobile telephony revenue and certain other types of revenue, yielded €53.4, up €2.8, or +6%, compared to the year ended December 31, 2015. 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", "Play More" and "Play Sports" premium entertainment services, (iii) the benefit from the selective price increase on certain fixed services as of mid-February 2016 and (iv) a modest decrease in the total number of unique customer relationships as a result of an intensified competitive environment. These impacts were offset to some extent by a growing proportion of bundle discounts and other discounts.

1.2 Video

Cable television is the principal medium for the provision of television services in Flanders, and Telenet is the largest provider of video services in Belgium. Almost all Flemish television households are passed by the Combined Network. The high penetration of Telenet's video business has resulted in a steady source of revenue and cash flow. As of December 31, 2016, Telenet provided video services to 2,017,500 unique residential subscribers, or 68% 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 High Definition ("HD") channels, and approximately 36 digital radio channels, for no additional fee. Telenet offers its basic video services in digital for no additional fee in order to encourage its subscribers to migrate to its enhanced video services giving them access to a more enriched TV experience, including access to electronic program guides ("EPGs"), additional thematic content packs, exclusive movies and sports channels and a large video-on-demand ("VOD") library of both local and international programs.

Relative to December 31, 2015, subscribers to total basic and enhanced video services decreased by 37,300 as a result of the increased competitive environment including the effects from regulated cable wholesale. The aforementioned organic loss rate excludes migrations to Telenet's enhanced video service and represents customers churning to competitors' platforms, such as other digital television, OTT and satellite providers, or customers terminating their television service or having moved out of Telenet's service footprint. Given the historical video penetration in its footprint, the limited expansion of the number of homes passed and strong competition in the domestic TV market, Telenet anticipates further churn of total video subscribers.

1.3 Enhanced video

Telenet's interactive enhanced video service includes a combination of premium sports and film channels, a range of extended thematic channels, a selection of films and broadcast content available on an on-demand basis and a variety of interactive features. Telenet's enhanced video offering is available to all subscribers passed by the Combined Network. As of December 31, 2016, Telenet served 1,732,900 enhanced video customers, an increase of 1% compared to December 31, 2015. 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 86% at December 31, 2016 compared to approximately 83% at December 31, 2015. At December 31, 2016, approximately 28% of Telenet's enhanced video subscribers were actively using the "Yelo Play" app, through which they can enjoy a unique content experience on multiple connected devices in the home and out-of-home through Telenet's WiFi Homespots and hotspots. At December 31, 2016, Telenet's subscription VOD packages "Play" and "Play More" had 358,000 customers, up 20% compared to December 31, 2015 and driven in part by temporary promotions and the success of Telenet's own proprietary local television series "Chaussée d'Amour" which Telenet broadcast in May last year. With "Chaussée d'Amour" being ranked as the most downloaded series ever on Telenet's platform, Telenet will continue to selectively invest in promising local content in 2017 and beyond. In December 2016, Telenet revamped its premium entertainment platform "Play More" as it enriched the linear viewing experience while introducing a new user interface with improved search and recommend features.

In addition to Telenet's premium pay television channels, Telenet also provides the broadest sports offerings within the footprint through "Play Sports", which 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 platforms, enriched with live updated statistics and match summaries. In 2016, Telenet successfully extended the exclusive UK Premier League broadcasting rights for another three seasons and also renewed the exclusive Formula One broadcasting rights for the next four seasons through 2019. At December 31, 2016, 233,200 customers subscribed to Telenet's sports pay television channels, an increase of 4% compared to the year ended December 31, 2015.

1.4 Broadband internet

Telenet is the leading provider of residential broadband internet services in Flanders. The results of the prestigious Ookla Speed Index, which measure the effective down- and upload speeds of consumers across Belgium over the April-September 2016 timeframe, confirmed Telenet's leading market position as the fastest internet service provider, both across the footprint in Flanders and parts of Brussels as well as across the whole of Belgium. Today, Telenet offers consumers and businesses data download speeds of 200 and 240 Mbps, respectively, and upload speeds of 20 and 30 Mbps, respectively. Through Telenet's €500.0 million five-year "Grote Netwerf" investment program, which kicked off in early 2015 and is expected to be completed mid-2019, Telenet aims to boost the capacity of its network from 600 MHz currently to 1 GHz, enabling data download speeds of at least 1 Gbps in the future. At December 31, 2016, around 36% of the nodes in Telenet's HFC network had been upgraded.

As customers increasingly expect to enjoy seamless superfast connectivity whether at home, at work or on the move, WiFi remains one of the cornerstones of Telenet's connectivity strategy. Today, Telenet has deployed 1.4 million WiFi Homespots and operates approximately 1,600 WiFi hotspots in public areas. Through partnerships with its majority shareholder Liberty Global, certain of its affiliates, and Walloon cable operator VOO, broadband internet customers from both cable companies can freely use the WiFi Homespots on either company's network in Wallonia and in a certain number of European countries where service is offered through other Liberty Global and certain affiliate networks, including those in Germany and the Netherlands.

At December 31, 2016, Telenet served 1,601,700 broadband internet subscribers (+2% year-on-year), equivalent to 53.6% of the homes passed by its leading HFC network. For the year ended December 31, 2016, net subscriber additions for Telenet's broadband internet service were 31,200. Telenet's annualized churn rate was impacted by the intensely competitive environment and reached 7.7% for the year ended December 31, 2016 as compared to 7.1% for the year ended December 31, 2015.

1.5 Telephony

1.5.1 Fixed-line telephony

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

Telenet served 1,255,400 fixed-line telephony subscribers at December 31, 2016 (+3% year-on-year), equivalent to 42.0% of the homes passed by its network. For the year ended December 31, 2016, Telenet achieved a net inflow of 34,400 fixed-line telephony subscribers. Compared to the year ended December 31, 2015, annualized churn rate increased 70 basis points to 8.5% for the year ended December 31, 2016, reflecting the intensely competitive environment.

1.5.2 Mobile telephony

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

At December 31, 2016, Telenet served a total of 2,991,900 active mobile subscribers, including 2,111,100 postpaid subscribers. The remaining mobile subscribers receive prepaid services under the BASE brand and various branded reseller contracts, including JIM Mobile amongst others. For the the year ended December 31, 2016, Telenet added a solid 134,600 net postpaid subscribers despite the intensely competitive environment characterized by revamped mobile offers from all of Telenet's direct competitors. Telenet's net postpaid result was driven by the strong uptake of its "WIGO" offers, partially offset by negative subscriber additions at BASE and intense competition. In addition, Telenet's prepaid business continued to be impacted by structural declines, reinforced by the mandatory registration of prepaid cards in Belgium by early June 2017. Telenet's blended mobile ARPU equaled €21.4 for the year ended December 31, 2016, including interconnection, as compared to €21.8 for the year ended December 31, 2015.

1.5.3 Interconnection

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

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

Interconnection revenue and expenses have a significant impact on Telenet's financial results. As a result, Telenet is focused heavily on managing this cost. For the year ended December 31, 2016, Telenet incurred interconnection expenses of €222.7 million (€170.9 million for the year ended December 31, 2015) and reflected the acquisition of BASE in February 2016. For the year ended December 31, 2016, Telenet received interconnection revenue of €201.8 million (€99.8 million for the year ended December 31, 2015) and included BASE's interconnection revenue since the acquisition in February 2016. Telenet reports the interconnection revenue generated by its fixed-line and mobile telephony subscribers under 'Other' revenue, while the incurred interconnection fees are included in 'Direct costs'.

Telenet and Telenet Group's interconnection practices are subject to comprehensive regulation by the BIPT. Mobile termination rates have been capped for each mobile network operator at €1.08 cents per minute starting January 2013 (while still taking into account inflation versus year of reference). This marks a 60% decline compared to the average mobile termination rate of €2.67 cents per minute, which was applicable as of January 1, 2012. On September 14, 2015, the BIPT published its draft decision on the relevant market for call termination on individual mobile networks. Telenet and Telenet Group have been designated in the draft decision as having significant market power

("SMP"). In the draft decision, the BIPT adopts a bottom-up long-run incremental cost model to calculate tariffs for call termination on individual mobile networks, resulting in an average of €0.74 cents per minute over the review period. The BIPT has organized a public consultation on this draft decision which was open until November 14, 2015. A final decision has not yet been published, but is expected later this year.

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

1.6 Business services

Under the "Telenet Business" brand, Telenet offers a range of voice, data and internet products and services that are tailored to the size and needs of each customer. Telenet Business also offers its business customers an extensive range of reliable value-added services, including hosting, managed security and cloud services. Telenet provides services to business customers throughout Belgium and parts of Luxembourg. Telenet's business customers include small and medium-sized enterprises ("SMEs") with up to one hundred employees; larger corporations; public; healthcare and educational institutions; and carrier customers that include international voice, data and internet service providers. For the year ended December 31, 2016, Telenet's business services operations generated 122.2 million of revenue, which was up 3% compared to the year ended December 31, 2015.

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

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

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

Customers connect to the Combined Network through a coaxial connection from one of Telenet's nodes. Amplifiers are used on the coaxial lines to strengthen both downstream and return path signals on the local loop. Network quality usually deteriorates as customer penetration rates on any particular node increases. When required, the scalability of Telenet's network enables it to address this problem, within limits, through node splits. Telenet uses node splits, among other measures, to manage potential congestion in certain parts of the Combined Network. Telenet 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 480 homes at December 31, 2016. As not all homes connected subscribe to Telenet's broadband internet services, the number of active broadband households per optical node approximated 260 at December 31, 2016.

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

In August 2014, Telenet announced that it is planning to invest €500.0 million over the next five years to upgrade the Combined Network's minimum spectrum bandwidth capacity from 600 MHz to 1 GHz, enabling download speeds of at least 1 Gbps, with the objective of allowing Flanders to offer some of the highest-capacity digital infrastructure in Europe. At December 31, 2016, around 36% of the nodes in Telenet's HFC network had been upgraded.

1.8 Strategy

In 2017 and beyond, Telenet wants to continue to lead on superior converged connectivity. Telenet's solid network infrastructure is the backbone of its services, allowing businesses to grow and consumers to enjoy a seamless experience. Telenet's technology needs to be flawless on the go, at home and at the office. And on every device at any time. Telenet's converged fixed and mobile network is a key enabler to make this happen. Telenet's ambition is clear: Telenet goes for an ever more seamless, safer, faster and more powerful connected experience. Having upgraded just over 500 mobile macro sites at the end of December 2016, having completed the roll-out of 100 new mobile sites and having achieved a rate of 36% upgraded nodes in the core HFC network, both Telenet's mobile network (€250.0 million) and fixed network upgrade (€500.0 million) programs are well on track to be substantially completed by mid-2018 and mid-2019, respectively.

Beyond that, Telenet aspires to bring inspiring entertainment to its customers. Entertainment is the number one reason why people rely on connectivity. And nothing creates a stronger bond than shared emotions. That is why Telenet is committed to offer customers compelling entertainment content. At the end of December 2016, around 39% of Telenet's enhanced video customer base had subscribed to premium entertainment packages, showing the future growth potential in this area. Not only does Telenet offer international top content, Telenet also plays an important role in local media production. Telenet's ambition is to be the leading entertainment provider people turn to, any time and on any device.

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

2. Discussion of the consolidated financial statements

2.1 Revenue by service

For the year ended December 31, 2016, Telenet generated revenue of €2,429.1 million, representing a 33% increase compared to the year ended December 31, 2015 when Telenet produced revenue of €1,821.8 million. Telenet's reported revenue increase was primarily driven by the contribution from BASE, which Telenet acquired on February 11, 2016. On a rebased basis, Telenet achieved revenue growth of 3% for the year ended December 31, 2016. Telenet's cable business delivered solid mid-single-digit revenue growth for the year ended December 31, 2016 driven by a 4% increase in cable subscription revenue and higher business services revenue generated by Telenet's security, core data and mobile wholesale business lines. Growth in Telenet's cable subscription revenue was primarily driven by (i) a larger share of triple-play subscribers, (ii) continued growth for Telenet's premium entertainment propositions and (iii) the favorable impact from the February 2016 price adjustments, partially offset by a growing proportion of bundle-related discounts and a modest decline in the total number of unique customer relationships. The continued robust performance of Telenet's cable business was partly offset by continued pressure on Telenet's acquired mobile business, impacted by (i) structural challenges within Telenet's prepaid business as reflected in the declining number of prepaid subscribers, (ii) lower roaming revenue due to caps imposed by the new EU regulation and (iii) lower interconnection revenue.

For further information, we refer to note 5.19 to the consolidated financial statements of the Company.

2.1.1 Video

Video revenue represents the monthly fee paid by Telenet's video subscribers for the channels they receive in the basic tier and the revenue generated by its enhanced video subscribers which primarily includes (i) recurring set-top box rental fees, (ii) fees for supplemental premium content offerings, including Telenet's subscription VOD packages "Play", "Play More" and "Play Sports" and (iii) transactional and broadcasting-on-demand services. For the year ended December 31, 2016, Telenet's video revenue amounted to €566.4 million compared to €552.1 million for the year ended December 31, 2015. This 3% increase was driven by higher recurring set-top box rental fees and growth in Telenet's premium subscription VOD business, partly offset by a gradual decline in the total video subscriber base and slightly lower revenue from transactional VOD services.

2.1.2 Broadband internet

The revenue generated by Telenet's residential and small business broadband internet RGUs totaled €572.9 million for the year ended December 31, 2016 and was up 5% compared to the year ended December 31, 2015 when Telenet recorded broadband internet revenue of €546.0 million. Revenue growth was driven by 2% growth in Telenet's subscriber base and the benefit from the aforementioned February 2016 price increase, partially offset by the increased proportion of bundle discounts.

2.1.3 Fixed-line telephony

Fixed-line telephony revenue includes recurring subscription-based revenue from Telenet's fixed-line telephony subscribers and variable usage-related revenue, but excludes the interconnection revenue generated by these customers which is reported under other revenue. For the year ended December 31, 2016, fixed-line telephony revenue increased 7% to €243.0 million compared to €226.9 million for the year ended December 31, 2015. Revenue growth was driven by a 3% increase in fixed-line telephony subscribers and the benefit from the aforementioned February 2016 price increase, partly offset by a growing proportion of bundle discounts and lower traffic.

2.1.4 Mobile telephony

Mobile telephony revenue represents the subscription-based revenue generated by Telenet's mobile telephony subscribers and out-of-bundle revenue, but excludes both the interconnection revenue generated by these customers and revenue earned from handset sales and revenue recognized under Telenet's "Choose Your Device" programs which Telenet launched mid-2015. For the year ended December 31, 2016, Telenet generated mobile telephony revenue of €564.5 million, up €361.1 million compared to the year ended December 31, 2015. This 178% year-on-year revenue increase reflected the acquisition of BASE, which was effective February 11, 2016. On a rebased basis, mobile telephony revenue decreased 1% year-on-year with continued healthy net postpaid subscriber growth being offset by (i) lower usage-related revenue per user, (ii) lower roaming revenue due to changed EU Regulation, (iii) the impact of the "Choose Your Device" programs as this revenue is recognized under other revenue versus having been recorded under mobile telephony revenue for Telenet's previous handset installment plans and (iv) higher bundle-related discounts following the success of Telenet's quad-play "WIGO" propositions.

2.1.5 Business services

The revenue reported under business services relates to (i) the revenue generated on non-coax products, including fiber and leased DSL lines, (ii) Telenet's carrier business and (iii) value-added services such as hosting and managed security. Revenue generated by business customers on all coax-related products is allocated to the cable subscription revenue lines and is not captured within Telenet Business, Telenet's business services division. Telenet Business generated revenue of €122.2 million for the year ended December 31, 2016, up 9% compared to the year ended December 31, 2015 on a rebased basis. Telenet's B2B revenue growth was primarily driven by (i) higher revenue from carrier services for mobile, (ii) higher security-related revenue and (iii) higher revenue from business connectivity solutions.

2.1.6 Other

Other revenue primarily includes (i) interconnection revenue from both Telenet's fixed-line and mobile telephony customers, (ii) mobile handset sales, including the revenue earned under "Choose Your Device" programs, (iii) product activation and installation fees and (iv) set-top box sales revenue. Other revenue reached €360.1 million for the year ended December 31, 2016, up 1% on a rebased basis driven by higher revenue from the sale of standalone handsets versus the year ended December 31, 2015 largely attributable to the impact of Telenet's "Choose Your Device" programs launched mid-2015, offset by lower interconnection revenue and lower installation revenue as a result of targeted end-of-year promotions.

2.2 Total expenses

For the year ended December 31, 2016, Telenet incurred total expenses of €1,943.7 million, representing an increase of 52% compared to the year ended December 31, 2015 when Telenet incurred total expenses of €1,278.7 million, and reflecting the impact from the BASE acquisition since mid-February 2016. Total expenses for the year ended December 31, 2016 included a €6.0 million benefit linked to the resolution of certain operational contingencies associated with the settlement of the Full-MVNO Arrangement with Orange Belgium in Q2 2016. In addition, Telenet incurred €8.3 million integration and transformation costs for the year ended December 31, 2016 linked to the BASE acquisition. Telenet's expenses for the year ended December 31, 2015 included a net €17.5 million favorable impact resulting from a €13.8 million favorable impact from the Q4 2015 reversal of restructuring charges as a result of a settlement with Norkring België related to the DTT spectrum license and a €7.6 million favorable impact from the resolution of a contingency associated with universal service obligations in Q2 2015, partially offset by the unfavorable impact of a €3.9 million settlement with the Belgian telecoms regulator BIPT with regards to the 2G mobile spectrum license in Q4 2015. On a rebased basis, total expenses increased 11% for the year ended December 31, 2016 as compared to the year ended December 31, 2015. Total operating expenses represented approximately 80% of revenue for the year ended December 31, 2016.

2.2.1 Cost of services provided

Cost of services provided as a percentage of revenue represented approximately 60% of total revenue for the year ended December 31, 2016 as compared to approximately 54% for the year ended December 31, 2015 and reflected the impact of the BASE acquisition.

2.2.2 Selling, general and administrative expenses

Selling, general and administrative expenses represented approximately 20% of total revenue for the year ended December 31, 2016 as compared to 16% of revenue for the year ended December 31, 2015 and reflected the BASE acquisition.

2.3 Expenses by nature

2.3.1 Network operating expenses

Network operating expenses reached €142.9 million for the year ended December 31, 2016 compared to €68.0 million for the year ended December 31, 2015 (+110% year-on-year) and primarily reflected the effects of the BASE acquisition. On a rebased basis, network operating expenses increased 15% year-on-year for the year ended December 31, 2016 as a result of (i) higher network equipment maintenance, (ii) higher electricity costs partially due to changes in local legislation and (iii) higher pole rental charges.

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

Direct costs include all of Telenet's direct expenses such as (i) costs related to interconnection, (ii) handset sales and subsidies and (iii) programming and copyrights. For the year ended December 31, 2016, direct costs were €607.8 million, up 43% compared to the year ended December 31, 2015, mainly impacted by the BASE acquisition. On a rebased basis, direct costs remained broadly flat for the year ended December 31, 2016, which included the aforementioned benefit of €6.0 million linked to the settlement of the Full-MVNO Agreement with Orange Belgium in Q2 2016. Excluding this favorable impact, direct costs would have increased relative to the year ended December 31, 2015, reflecting higher content-related expenses as a result of Telenet's connected entertainment strategy and higher costs related to handset sales, partially offset by substantially lower handset subsidies and lower interconnection expenses, including MVNO-related costs.

2.3.3 Staff-related expenses

Staff-related expenses increased €78.1 million to €258.4 million for the year ended December 31, 2016 and reflected (i) the acquisition of BASE, (ii) the effect of the mandatory wage indexation since early 2016 and (iii) modest growth in the combined employee base. On a rebased basis, our staff-related expenses for the year ended December 31, 2016 increased a moderate 2% as compared to the year ended December 31, 2015 mainly as a result of the aforementioned wage indexation and modest growth in our joint employee base.

2.3.4 Sales and marketing expenses

Sales and marketing expenses for the year ended December 31, 2016 reached €97.7 million compared to €74.2 million for the year ended December 31, 2015. On a rebased basis, sales and marketing expenses for the year ended December 31, 2016 slightly decreased year-on-year, primarily as a result of phasing in some of Telenet's campaign and increased focus on obtaining a higher return on marketing spend.

2.3.5 Outsourced labor and professional services

Costs related to outsourced labor and professional services were €50.1 million for the year ended December 31, 2016 compared to €41.8 million for the year ended December 31, 2015. On a rebased basis, costs related to outsourced labor and professional services increased €2.4 million, or 5%, year-on-year for the year ended December 31, 2016, primarily including costs linked to the integration of BASE and higher legal fees.

2.3.6 Other indirect expenses

Other indirect expenses reached €155.1 million for the year ended December 31, 2016, up 75% compared to the year ended December 31, 2015, impacted by the BASE acquisition. Moreover, other indirect expenses for the year ended December 31, 2015 included a €7.6 million benefit linked to the resolution of a contingency associated with universal service obligations. On a rebased basis, other indirect expenses for the year ended December 31, 2016 were up 7% compared to the year ended December 31, 2015. For the year ended December 31, 2016, other indirect expenses represented around 6% of total revenue.

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

Depreciation and amortization, including gains on disposal of property and equipment and other intangible assets, reached €609.1 million for the year ended December 31, 2016 compared to €390.4 million for the year ended December 31, 2015. This increase primarily reflected the impact from the BASE acquisition and higher depreciation expenses related to the start of the mobile network upgrade project as announced in August 2016, set-top boxes and IT.

For further information, we refer to note 5.20 to the consolidated financial statements of the Company.

2.4 Net finance expenses

For the year ended December 31, 2016, net finance expenses totaled €369.9 million compared to €263.7 million of net finance expenses incurred for the year ended December 31, 2015. For the year ended December 31, 2016, Telenet incurred a €45.7 million loss on the extinguishment of debt following the June 2016 refinancing of certain Senior Secured Notes due 2021 for an aggregate amount of €700.0 million and the November 2016 refinancing of certain Term Loans for an aggregate amount of €2,962.9 million, as compared to a €30.8 million loss on the extinguishment of debt for the year ended December 31, 2015. Net interest expense, foreign exchange loss and other finance expense increased 33% from €249.4 million for the year ended December 31, 2015 to €330.7 million for the year ended December 31, 2016, largely due to debt incurred in connection with the BASE acquisition and a higher exposure to USD-denominated debt versus 2015.

For further information, we refer to note 5.21 to the consolidated financial statements of the Company.

2.5 Impairment on an investment in an equity accounted investee

For the year ended December 31, 2016, Telenet took a €31.0 million impairment charge on an investment in an equity accounted investee following the re-assessment of their strategic long-range plan in the three months ended December 31, 2016.

2.6 Income taxes

Telenet recorded income tax expense of €43.0 million for the year ended December 31, 2016 compared to income tax expense of €99.6 million for the year ended December 31, 2015, a decrease of 57% year-on-year, reflecting a 69% decrease in pre-tax profit and the impact of the aforementioned impairment charge.

For further information, we refer to note 5.22 to the consolidated financial statements of the Company.

2.7 Net income

Telenet realized net profit of €41.6 million for the year ended December 31, 2016 compared to €175.7 million for the year ended December 31, 2015 (-76% year-on-year), resulting in a net margin of 1.7% for the year ended December 31, 2016 compared to 9.6% for the year ended December 31, 2015. The decrease in net profit was primarily caused by (i) an 11% decrease in operating profit, (ii) a 40% increase in net finance expenses as a result of increased indebtedness in connection with the BASE acquisition, (iii) a €14.9 million higher loss on extinguishment of debt compared to the year ended December 31, 2015 and (iv) the aforementioned €31.0 million impairment charge for the three months ended December 31, 2016.

2.8 Adjusted EBITDA

For the year ended December 31, 2016 Telenet realized Adjusted EBITDA of €1,117.1 million, up 18% compared to the year ended December 31, 2015 when Telenet produced Adjusted EBITDA of €943.7 million. Adjusted EBITDA for the year ended December 31, 2016 included the contribution of BASE from February 11, 2016, as mentioned above. Telenet's Adjusted EBITDA for both the year ended December 31, 2016 and for the year ended December 31, 2015 included benefits of €6.0 million and €7.6 million, respectively, as mentioned above. For the year ended December 31, 2016, Telenet achieved rebased Adjusted EBITDA growth of 3%. Growth in rebased Adjusted EBITDA was supported by a solid rebased top line growth performance of 3%, complemented by tight cost control, including an increased focus on overhead expenses, and lower interconnection and handset subsidy-related costs. Telenet's Adjusted EBITDA margin reached 46.0% for the year ended December 31, 2016 compared to 51.8% on a reported basis for the year ended December 31, 2015. This decline was mainly driven by a higher proportion of lower-margin mobile business, including BASE's contribution since the acquisition, and premium content revenue in the overall mix.

(in thousands of euro)	For the years ended December 31,	
	2016	**2015**
Profit for the period	**41,569**	**175,662**
Income tax expense	43,013	99,652
Share of the result of equity accounted investees	(35)	4,076
Impairment of an investment in an equity accounted investee	31,000	—
Net finance expense	369,885	263,696
Depreciation, amortization and impairment	609,087	390,397
EBITDA	**1,094,519**	**933,483**
Share based compensation	11,655	10,370
Operating charges related to acquisitions or divestitures	8,398	9,736
Restructuring charges (gains)	2,525	(9,932)
Adjusted EBITDA	**1,117,097**	**943,657**
Adjusted EBITDA margin	—	—
Net profit margin	1.7%	9.6%

2.9 Cash flow and liquidity

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

2.9.1 Net cash from operating activities

For the year ended December 31, 2016, Telenet's operations yielded €749.1 million of net cash compared to €665.5 million Telenet generated during the year ended December 31, 2015, and included a 10.5-month contribution of BASE. The net cash generated by Telenet's operating activities increased 13% year-on-year as a result of (i) robust underlying Adjusted EBITDA growth, (ii) the effects from the BASE acquisition and (iii) an improved trend in working capital. These improvements were only partially offset by (i) €29.5 million higher cash interest expenses relative to the year ended December 31, 2015 as a result of increased indebtedness and the payment of €18.7 million ticking fees linked to the BASE acquisition in the three months ended March 31, 2016, (ii) €14.4 million higher cash taxes paid compared to the year ended December 31, 2015 and (iii) a €23.5 million cash outflow in the three months ended March 31, 2016 following a favorable contract renegotiation.

2.9.2 Net cash used in investing activities

The Company used €1,660.2 million of net cash in investing activities for the year ended December 31, 2016 compared to €433.1 million of net cash used in investing activities for the year ended December 31, 2015. The strong year-on-year increase in net cash used in investing activities was primarily driven by the acquisition of BASE for €1,180.5 million net of cash acquired, which closed on February 11, 2016. The net cash used in investing activities for the year ended December 31, 2016 also included cash payments for capital expenditures, including annual cash payments for the Belgian and the UK Premier League football broadcasting rights. In 2016, Telenet implemented a vendor financing program through which Telenet is able to extend its payment terms for certain suppliers to 360 days at an attractive all-in cost. At December 31, 2016, Telenet had €28.5 million of assets acquired through capital-related vendor financing, favorably impacting its net cash used in investing activities for the equivalent amount. Please refer to Section 2.11 - Capital expenditures for detailed information about the underlying accrued capital expenditures.

2.9.3 Net cash from financing activities

The net cash from financing activities was €733.0 million for the year ended December 31, 2016 compared to €144.2 million of net cash used in financing activities for the year ended December 31, 2015. The net cash from financing activities for the year ended December 31, 2016 mainly reflected the net impact from the BASE acquisition financing in February 2016 and the repayment of certain shorter-dated debt facilities through the issuance of new Term Loans. Furthermore, the net cash from financing activities for the year ended December 31, 2016 was adversely impacted by (i) €48.4 million of debt issuance costs related to the May and November 2016 refinancings, (ii) €47.8 million spent under the Share Repurchase Program 2016, (iii) a payment of €10.7 million for the early termination of certain derivative financial contracts linked to the €400.0 million Senior Secured Floating Rate Notes due 2022 and (iv) a €9.9 million payment reflecting the call premium for the voluntary Senior Secured Notes repayment. The remainder of the net cash used in financing activities primarily consisted of capital lease repayments and other financial payments.

2.9.4 Adjusted Free Cash Flow

For the year ended December 31, 2016, Telenet generated Adjusted Free Cash Flow of €265.8 million compared to €279.0 million for the year ended December 31, 2015. As such, the Company almost managed to fully absorb the negative impact from higher cash taxes and cash interest expenses on its Adjusted Free Cash Flow thanks to (i) solid growth in Adjusted EBITDA, (ii) Telenet's increased focus on a tighter working capital management and (iii) the start of a vendor financing program in 2016.

(in thousands of euro)	**For the years ended December 31,**	
	2016	**2015**
Net cash provided by operating activities	749,099	665,533
Cash payments for direct acquisition and divestiture costs	9,635	6,893
Expenses financed by an intermediary	6,154	—
Purchases of property and equipment	(303,429)	(245,988)
Purchases of intangibles, net of proceeds from sale of other intangibles	(178,583)	(132,987)
Principal payments on capital leases (excluding network-related leases assumed in acquisitions)	(1,800)	(1,800)
Principal payments on post acquisition additions to network leases	(15,300)	(12,617)
Adjusted Free Cash Flow	**265,776**	**279,034**

2.10 Debt profile, cash balance and net leverage ration

2.10.1 Debt profile

As of December 31, 2016, Telenet carried a total debt balance (including accrued interest) of €4,781.8 million, of which (i) €3,022.2 million principal amount is owed under the 2015 Amended Senior Credit Facility and (ii) €1,230.0 million principal amount is related to the Senior Secured Fixed Rate Notes with maturities ranging from 2022 through 2027. The total debt balance at December 31, 2016 also included (i) €34.7 million of short-term debt related to the Company's vendor financing program and (ii) €23.7 million for the outstanding portion of the 3G mobile spectrum including accrued interest. The remainder primarily represents the capital lease obligations associated with the Interkabel Acquisition.

In 2016, Telenet has again been active in the leveraged loan markets, both in Europe and the US. In February 2016, the Company drew €1,217.0 million under the 2015 Amended Senior Credit Facility for the financing of the BASE acquisition of which €417.0 million was drawn under the revolving credit facilities. By the end of October 2016, all the outstanding amounts under the revolving credit facilities used for the BASE acquisition had been fully repaid. In May 2016, Telenet successfully tapped the US market, issuing a USD 850.0 million Term Loan ("Facility AD") due June 30, 2024. The net proceeds of this transaction were used to prepay up to €700.0 million of Senior Secured Notes due 2021.

In November 2016, the Company issued a €1.6 billion Term Loan ("Facility AE") and a USD 1.5 billion Term Loan ("Facility AF"), both due January 31, 2025. Facility AE carries a margin of 3.25% over EURIBOR with a 0% floor and was issued at par. Facility AF carries a margin of 3.00% over LIBOR with a 0% floor and was issued at 99.50%. The net proceeds from these issuances were used to entirely prepay the following credit facilities under Telenet's 2015 Amended Senior Credit Facility: (i) Facility W (€474.1 million due June 2022, EURIBOR +3.25%, 0% floor), (ii) Facility Y (€882.9 million due June 2023, EURIBOR + 3.50%, 0% floor), (iii) Facility AA (€800.0 million due June 2023, EURIBOR + 3.50%, 0% floor) and (iv) Facility AD (USD 850.0 million due June 2024, LIBOR + 3.50%, 0.75% floor). Through this transaction, Telenet was able to extend the average tenor of its debt maturities at attractive market conditions from 7 years to just over 8 years post-refinancing, while ensuring increased covenant flexibility going forward. In conjunction with the aforementioned refinancing, Telenet also upsized and extended the outstanding commitments under the undrawn revolving credit facility (previously under Facility X, which was cancelled and replaced with Facility AG) from €381.0 million to €400.0 million and extended the maturity to June 2023 from September 2020. Hence, Telenet faces no debt amortizations prior to August 2022, taking into account the fact that the outstanding amounts under the revolving credit facilities have been repaid in full.

2.10.2 Debt overview and payment schedules

For an overview of the Company's debt instruments and payment schedule at December 31, 2016, we refer to note 5.13.3 to the consolidated financial statements of the Company.

2.10.3 Cash balance and availability of funds

At December 31, 2016, Telenet held €99.2 million of cash and cash equivalents compared to €277.3 million at December 31, 2015. To minimize the concentration of counterparty risk, the Company's cash equivalents, certificates of deposit and money market funds are placed with highly rated European and US financial institutions. The marked decrease in the Company's cash balance compared to December 31, 2015 was primarily due to the voluntary repayment of the drawn amounts under the revolving credit facilities as a result of the BASE acquisition for an aggregate amount of €417.0 million, largely offsetting the net growth coming from Telenet's operating cash flows. In addition, the Company used €137.6 million of net cash for the BASE acquisition, including the cash settlement of financing-related ticking fees and associated arrangement fees resulting from the issuance of certain debt facilities in April 2015, offset by €141.3 million of cash acquired. Telenet also paid €92.0 million of cash taxes in the year ended December 31, 2016 and used €47.8 million of net cash for share repurchases under our Share Repurchase Program 2016, while paying €23.5 million to a counterparty following the 2015 renegotiation of a contract. Currently, the Company has access to €400.0 million and €120.0 million of available commitments under Revolving Credit Facility AG and Revolving Credit Facility Z, respectively, subject to compliance with the covenants mentioned below. In addition, the Company entered into a €25.0 million banking overdraft facility in September 2016, allowing for a tighter management of its outstanding cash balances.

For further information, we refer to note 5.11 to the consolidated financial statements of the Company.

2.10.4 Net leverage ratio

As of December 31, 2016, the outstanding balance of the Company's consolidated total borrowings and total cash and cash equivalents - as defined under the 2015 Amended Senior Credit Facility - resulted in a Net Total Debt to Consolidated Annualized EBITDA ratio of 3.5x. As per the 2015 Amended Senior Credit Facility, the Company's Consolidated Annualized EBITDA includes certain unrealized synergies with regards to the BASE acquisition. Telenet's net leverage ratio ticked up slightly from 3.4x at December 31, 2015 to 3.5x at December 31, 2016. Telenet's net leverage ratio as per December 31, 2016 did not yet reflect the impact of the proposed acquisition of Altice's operations in Belgium and Luxembourg ("SFR BeLux") which is pending regulatory approval. The 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 €626.8 million for the year ended December 31, 2016, representing approximately 26% of revenue versus approximately 21% for the year ended December 31, 2015, and included €161.5 million of accrued capital expenditures for BASE. Accrued capital expenditures for both the year ended December 31, 2016 and the year ended December 31, 2015 reflected the recognition of the non-exclusive Jupiler Pro League broadcasting rights for the 2016-2017 and 2015-2016 seasons, respectively. At the end of May 2017, the Belgian football broadcasting rights will expire and the Company anticipates they will be put up for auction again in the course of the three months ending March 31, 2017. In addition, accrued capital expenditures for the year ended December 31, 2016 reflected the extension of the exclusive UK Premier League broadcasting rights for the next three seasons as of the 2016-2017 season. Under EU IFRS, these broadcasting rights have been capitalized as intangible assets and will be amortized on a pro-rata basis as the season progresses. Excluding these broadcasting rights, accrued capital expenditures represented around 22% of revenue for the year ended December 31, 2016 and around 20% for the year ended December 31, 2015.

Set-top box related capital expenditures increased €12.2 million from €12.6 million for the year ended December 31, 2015 to €24.8 million for the year ended December 31, 2016, reflecting the underlying growth in Telenet's enhanced video subscriber base and underlying inventory effects. For the year ended December 31, 2016, set-top box related capital expenditures represented approximately 5% of total accrued capital expenditures excluding the aforementioned football broadcasting rights.

Capital expenditures for customer installations totaled €73.3 million for the year ended December 31, 2016, or approximately 13% of total accrued capital expenditures excluding the aforementioned football broadcasting rights. The 15% year-on-year increase in customer installations capital expenditures reflected continued net subscriber growth for Telenet's advanced services of broadband internet, enhanced video and fixed-line telephony and included higher costs related to proactive customer visits.

Accrued capital expenditures for network growth and upgrades amounted to €250.6 million for the year ended December 31, 2016, and represented approximately 46% of total accrued capital expenditures excluding the aforementioned football broadcasting rights. The 76% increase versus the year ended December 31, 2015 reflected the effects from the BASE acquisition and the start of the mobile radio access network ("RAN") upgrade program at the end of the three months ended September 30, 2016. Following the BASE acquisition in February 2016, Telenet aims to invest up to €250.0 million in the upgrade of its acquired mobile network, including (i) the upgrade of an estimated 2,800 macro sites equipped with the latest technologies, (ii) the roll-out of 800 to 1,000 new mobile sites across the whole of Belgium and (iii) targeted investments in fiber backhaul for the vast majority of Telenet's current and future macro sites. In addition, the higher spend compared to the year ended December 31, 2015 was also driven by higher investments in Telenet's HFC network as part of its €500.0 million five-year network investment program "De Grote Netwerf" which is expected to end mid-2019.

The remainder of Telenet's accrued capital expenditures included refurbishments and replacements of network equipment, sports content acquisition costs, and recurring investments in Telenet's IT platform and systems. These reached €278.1 million for the year ended December 31, 2016 compared to €165.0 million for the year ended December 31, 2015 and were impacted by the recognition of the aforementioned football broadcasting rights.

The above implies that approximately 64% of Telenet's accrued capital expenditures for the year ended December 31, 2016 were scalable and subscriber growth related excluding the aforementioned 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

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

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

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

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

3.2 Legal proceedings

We refer to note 5.26.1 to the consolidated financial statements of the Company.

4. Information about subsequent events

We refer to note 5.29 to the consolidated financial statements of the Company.

5. Information on research and development

Telenet is taking a diverse approach to innovation by making important investments in several activity domains. By doing so, Telenet sets new standards in the telecom, media and entertainment segments and builds disruptive business models and innovative products that make a real difference in this digital age.

Technological innovation: Building highly performing fixed and mobile connectivity solutions

The explosion of fixed and mobile data usage demands constant expansion of the network capacity. In the Flanders region, Telenet is a leading fixed connectivity provider thanks to its state-of-the- art hybrid network of glass fiber and coaxial cable.

As a first operator in Europe, Telenet wants to expand this performing fixed cable network to a Giga speed network offering even faster network connections to both residential and business customers, with higher data volumes – anytime, anyplace.

The acquisition of BASE in 2016 provides Telenet with an own mobile network, covering all regions of Belgium. Additional investments in this mobile network should further increase coverage and performance.

Product innovation: Anticipating changing customer behaviors

Telenet is actively responding to changing customer behaviors by introducing propositions that offer best-in-class, user-friendly products in simple and transparent bundles. Thanks to these limited offerings, customers can more easily compare products and make a fast and balanced choice that responds to their specific needs and expectations.

Customer service innovation: Creating amazing customer experiences

Positive customer experiences form the foundation for sustainable growth. Telenet is permanently optimizing its customer service models by creating memorable experiences that enhance customer satisfaction.

Strategic partnerships: Stimulating open innovation

Telenet is building strategic partnerships that transform the telecom, media and entertainment business. The Company is also actively involved in open innovation initiatives across industries and sectors. Efforts result in new, disruptive business models and innovative products and solutions that shape the digital age.

6. Use of financial instruments

The Company's activities are exposed to changes in foreign currency exchange rates and interest rates.

The Company seeks to reduce its exposure through the use of certain derivative financial instruments in order to manage its exposure to exchange rate and interest rate fluctuations arising from its operations and funding. The use of derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of derivatives consistent with the Company's risk management strategy.

The Company has entered into various derivative instruments to manage interest rate and foreign currency exchange rates exposure. The Company does not apply hedge accounting to its derivative instruments. Accordingly, changes in the fair values of all other derivative instruments are recognized immediately in the Company's statement of profit or loss and other comprehensive income.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those host contracts and the host contracts are not carried at fair value with unrealized gains or losses reported in the statement of profit or loss and other comprehensive income.

For further information, we refer to note 5.14 to the consolidated financial statements of the Company.

7. Corporate governance statement

Corporate governance can be defined as a framework of rules (laws, institutions and policies) and practices (processes and customs) ensuring the way a company is directed, managed and controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the Company is governed. The principal stakeholders are the shareholders, the board of directors, management, employees, customers, creditors, suppliers, the government and the community at large.

In this chapter, the board of directors discusses factual information regarding the current corporate governance policy at Telenet and relevant events which took place in the year ended December 31, 2016.

7.1 Reference code

The Corporate Governance Charter of the Company has most recently been updated on February 14, 2017, and can be consulted on the investor relations website of the Company (http://investors.telenet.be). In compliance with article 3 of the Law of April 6, 2010 and the Royal Decree of June 6, 2010, the Company has decided to adopt the Belgian Corporate Governance Code 2009 as reference code (http://www.corporategovernancecommittee.be). Except for a minor deviation in relation to provisions 7.17 and 7.18, the Company is fully compliant with the provisions of the Belgian Corporate Governance Code 2009. The deviations are indicated and explained in the relevant sections of this Statement.

7.2 Regulatory developments and their impact on Telenet

Belgium has broadly transposed the Regulatory Framework into law. According to the electronic communications law of June 13, 2005, the Belgisch Instituut voor Post en Telecommunicatie (the BIPT), the Belgian NRA, should perform a market analysis to determine which, if any, operator or service provider has Significant Market Power. In addition, the Federal Parliament prepared legislation to transpose the 2009 revisions to the Regulatory Framework, which became effective as of August 4, 2012.

Telenet has been declared an operator with Significant Market Power on the market for call termination on an individual fixed public telephone network. Since April 1, 2012, reciprocal termination rates have been imposed, which results in Telenet charging the interconnection rate of the incumbent telecommunication operator, Proximus. On August 30, 2016, the BIPT published its final decision regarding the wholesale tariffs for call termination on the public telephone network provided at a fixed location. As of November 1, 2016, the wholesale tariffs for call termination on the fixed public telephone networks is set at 0.092 eurocent/minute. This decision has been appealed before the Court of Appeal in Brussels by Proximus and 3StarsNet and a judgment is expected during the first half of 2017.

Although no determination has been made on whether Telenet as an MVNO has Significant Market Power on the market for call termination on individual mobile networks, its rates have been affected by rate limitations implemented by BIPT. In June 2010, BIPT imposed a steep rate reduction that resulted in (1) an initial 45% decline effective August 1, 2010, over the then average rate and (2) a further decline in January 2013 that was approximately 79% less than the average rate implemented on August 1, 2010. As of January 1, 2013, mobile termination rates have been set by BIPT at €1.08 cents per minute, and to date, new rates have not been set. On September 14, 2015, BIPT published its draft decision on the relevant market for "call termination on individual mobile networks". Telenet, as an MVNO, has been designated in the draft decision as having Significant Market Power. Following its acquisition of BASE, Telenet will be designated as having a Significant Market Power by BIPT. In the draft decision, BIPT adopts a bottom-up long run incremental cost model to calculate tariffs for call termination on individual mobile networks, resulting in a nominal value of €0.81 per minute in 2015 and a declining glide path up and until 2020. BIPT organized public consultation on this draft decision, which was open until November 14, 2015. This draft decision has not yet been submitted to the E.U. Commission for notification. A final decision is expected during the first half of 2017.

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

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

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

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

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

7.3 Capital and shareholders

7.3.1 Capital and securities

The share capital of the Company amounted to €12,757,656.69 as of December 31, 2016 and was represented by 117,335,623 shares without nominal value. All shares are ordinary shares, listed on Euronext Brussels, with the exception of 30 Golden Shares and 94,843 Liquidation Dispreference Shares to which certain specific rights or obligations are attached, as described in the articles of association and the Corporate Governance Charter.

Details on the various stock option plans for employees and the Chief Executive Officer ("CEO"), issued before December 31, 2015, can be consulted in Telenet's 2015 Annual Report.

On March 22, 2016 the board of directors approved the Telenet Equity Plan, on the basis of which Telenet is able to grant its Senior Leadership Team and the Company's CEO (i) stock options (see "ESOP 2016" below) and (ii) performance shares (see "the 2016 Telenet Performance shares" below).

On March 22, 2016, the board of directors approved Telenet's General Stock Option Plan 2016 for the Company's Senior Leadership Team, one other manager and the CEO for a total number of 741,806 stock options on existing shares ("ESOP 2016"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

The grant of these 741,806 stock options, with an exercise price of €45.48 per stock option, occurred on April 14, 2016. On June 14, 2016 a total of 695,631 stock options were accepted.

The vesting of the stock options under the ESOP 2016 occurs quarterly over a period of 4 years, with a vesting of 10% of the total stock options granted during each of the first 4 quarters and a vesting of 5% of the total stock options granted during each of the 12 following quarters.

On October 25, 2016, the board of directors approved a new general stock option plan for employees, for a total number of 467,000 stock options on existing shares (the "ESOP 2016 bis"), to be granted to selected participants (excluding Senior Leadership Team as they were granted "ESOP 2016" see above) under the ESOP 2016 bis. Each of these stock options gives the right to acquire one existing share of the Company under the terms and conditions of the ESOP 2016 bis. The vesting of these stock options occurs quarterly over a period of 4 years, with a vesting of 10% of the total stock options granted during each of the first 4 quarters and a vesting of 5% of the total stock options granted during each of the 12 following quarters. The board of directors or the Remuneration & Nomination Committee can grant the stock options to selected beneficiaries. On November 7, 2016, the board of directors authorized a grant under ESOP 2016 bis to certain beneficiaries. More details on the outstanding stock options under the ESOP 2016 bis can be found in note 5.12.2 to the consolidated financial statements of the Company .

On April 15, 2016, the Company granted its Senior Leadership Team members, its CEO and one other manager a total of 119,842 performance shares ("the 2016 Telenet Performance Shares"). The performance target applicable to the 2016 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for Operating Cash Flow (under USGAAP), when comparing the OCF during the period started as of January 1, 2016 and ending on December 31, 2018 to the OCF for the period started on January 1, 2015 and ended on December 31, 2015. A performance range of 75% to 160% of the target Operating Cash Flow CAGR would generally result in award recipients earning 75% to 300% of their 2016 Telenet Performance Shares, subject to reduction or forfeiture based on service requirements. The earned 2016 Telenet Performance Shares are recognized over the requisite service period of the awards and will be included in stock-based compensation in the statement of profit or loss and other comprehensive income.

More details on previous grants, issued before December 31, 2015, to the SLT can be consulted in Telenet's 2015 Annual Report.

7.3.2 Evolution of the share capital of Telenet Group Holding NV

The following capital movements took place in the year ended December 31, 2016:

- On April 11, 2016, the share capital was increased by €739.47 through the exercise of 6,801 ESOP 2010 ***ter*** warrants, creating 6,801 new ordinary shares. An amount of €130,995.90 was recorded as issue premium.
- On July 12, 2016, the share capital was increased by €1,976.71 through the exercise of 18,180 ESOP 2010 ***ter*** warrants, creating 18,180 new ordinary shares. An amount of €350,169.89 was recorded as issue premium.
- On September 5, 2016, the share capital was increased by €3,472.40 through the exercise of 31,936 ESOP 2010 ***ter*** warrants, creating 31,936 new ordinary shares. An amount of €615,127.92 was recorded as issue premium.

7.3.3 Shareholders

Important movements in shareholdings

Transparency declarations

In the course of the year ended December 31, 2016, the Company received the following transparency declarations:

On January 11, 2016, Telenet received a notification from Liberty Global Plc in accordance with Article 6 of the Law of May 2, 2007. In this notification, Liberty Global Plc provided an update of its notification of August 21, 2015 in which it declared that Binan Investments B.V.'s shareholding in Telenet had exceeded 55% of the securities holding voting rights. This notification of August 21, 2015 was in turn an update of the prior notifications Telenet received on September 18, 2007, on August 28, 2008, on August 27, 2009, on August 31, 2010, on August 29, 2011, on August 28, 2012, on August 27, 2013, on August 22, 2014 and August 21, 2015.

In this notification of January 11, 2016 Liberty Global Plc reported a change in indirect shareholdership of Telenet pursuant to a number of intra-group transactions which took place on November 23, 2015. As part of said intra-group transactions, the entire share capital in Binan Investments B.V. was first transferred from UPC Belgium B.V. to Liberty Global Europe Holding B.V., then from Liberty Global Europe Holding B.V. to Liberty Global Holding B.V, then from Liberty Global Holding B.V. to Liberty Global Europe LLC (previously known as Liberty Global Europe Inc.), and finally from Liberty Global Europe LLC to Liberty Global Broadband II Ltd. All transfers took place between 100% owned subsidiaries of Liberty Global Plc.

In addition, Liberty Global Plc declared that pursuant to certain intra-group transactions Liberty Global Plc is currently the ultimate parent company of Telenet.

Liberty Global Plc further reports that Binan Investments B.V. has not exercised any of the warrants it held in Telenet and that all such warrants have now expired.

This notification of January 11, 2016 did not report any change in the Telenet shareholding of Liberty Global Plc since its last notification of August 21, 2015.

On March 4, 2016, Telenet received a transparency notification from Norges Bank (the Central Bank of Norway) in accordance with Article 6 of the Law of May 2, 2007. This transparency notification showed that following the sale of shares holding voting rights in Telenet on March 2, 2016, Norges Bank holds 2.43% of the voting rights of Telenet. Norges Bank has therefore fallen below the 3% threshold.

On August 2, 2016, Telenet received a transparency notification from BlackRock, Inc. and its affiliated companies (hereafter “BlackRock”) in accordance with Article 6 of the Law of May 2, 2007. This transparency notification showed that following the acquisition by Blackrock of shares holding voting rights in Telenet on July 28, 2016, Blackrock holds 3.54% of the voting rights of Telenet. BlackRock has therefore exceeded the 3% threshold.

On August 19, 2016, Telenet received a notification from Liberty Global Plc and its affiliate Binan Investments B.V. in accordance with Article 74, § 8 of the Law of April 1, 2007 on public take-overs. This notification provided an update of the notification submitted by Liberty Global Plc and its affiliate Binan Investments B.V. on August 21, 2015 according to which Binan Investments B.V. declared to hold an interest in Telenet exceeding 55% of the securities holding voting rights. On January 11, 2016, Telenet also received a notification from Liberty Global Plc in accordance with Article 6 of the Law of May 2, 2007, declaring a change in the indirect shareholding of Telenet as a result of a number of intragroup transactions. The notification of August 19, 2016 did not report any change in the Telenet shareholding of Liberty Global Plc since its notifications of August 21, 2015 and January 11, 2016.

On August 19, 2016, Telenet received a transparency notification from BlackRock in accordance with Article 6 of the Law of May 2, 2007. This transparency notification showed that following the acquisition by Blackrock of shares holding voting rights in Telenet on August 17, 2016, Blackrock holds 5% of the voting rights of Telenet. BlackRock has therefore crossed the 5% threshold.

These declarations can be consulted on the Company’s investor relations website: http://investors.telenet.be.

Share Repurchase Program 2016

On February 10, 2016, the Company announced the initiation of a new share repurchase program, referred to as the “Share Repurchase Program 2016”. Under this program, the Company could acquire from time to time up to a maximum of 1.1 million of its outstanding ordinary shares, for a maximum consideration of €50.0 million, within the six months following February 15, 2016. All repurchased shares are held by the Company to cover the Company's obligations under existing stock option plans.

Through August 3, 2016, the Company had acquired 1,072,548 own shares under the Share Repurchase Program 2016 for a total amount of €47.7 million, representing 1.59% of the total number of outstanding shares at that moment. Taking into account a par value of €0.11 per share on December 31, 2016, this represents an amount of €117,980 in the share capital of the company. Further information about the own shares held at December 31, 2016 can be found in Note 5.12.1 of the consolidated financial statements of the Company.

Share Repurchase Program 2017

On February 16, 2017, the Company announced the initiation of a new share repurchase program, referred to as the “Share Repurchase Program 2017”. Under this program, the Company can acquire from time to time up to a maximum of 1.1 million of its outstanding ordinary shares, for a maximum consideration of €60.0 million, within the six months following February 16, 2017. All repurchased shares will be held by the Company to cover the Company's obligations under existing stock option plans.

Through March 17, 2017, the Company had acquired 239,903 own shares under the Share Repurchase Program 2017 for a total amount of € million, representing 1.54% of the total number of outstanding shares at that moment. Taking into account a par value of €0.11 per share on December 31, 2017, this represents an amount of €26,389 in the share capital of the company.

Shareholder structure

The shareholder structure of the Company on December 31, 2016, based on (i) the shareholders' register of the Company, (ii) all transparency declarations received by the Company, (iii) as well as the latest notification of each relevant shareholder as notified to the Financial Services & Markets Authority ("FSMA"), is as follows:

Shareholders	Outstanding shares	Percentage	Outstanding warrants	Total (fully diluted)	Percentage (fully diluted)
Liberty Global Group (*)	66,342,037	56.54 %		66,342,037	56.54 %
BlackRock, Inc.	5,869,825	5.00 %		5,869,825	5.00 %
BNP Paribas Investment Partners SA	3,832,819	3.27 %		3,832,819	3.27 %
Employees	374,926	0.32 %	—	374,926	0.32 %
Own Shares	1,852,053	1.58 %		1,852,053	1.58 %
Public (**)	39,063,963	33.29 %		39,063,963	33.29 %
Total	**117,335,623**	**100.00%**	**—**	**117,335,623**	**100.00%**

(*) Including 94,827 Liquidation Dispreference Shares
(**) Including 16 Liquidation Dispreference Shares held by Interkabel Vlaanderen CVBA and 30 golden Shares held by the financing intermunicipalities

Relationship with and between shareholders

Please see Note 5.27 of the consolidated financial statements of the Company for an overview of the relationship of the Company with shareholders. Furthermore, the Company is not aware of any agreements between its shareholders.

7.3.4 General meeting of shareholders

According to the Company's articles of association, the annual meeting of shareholders takes place on the last Wednesday of the month of April at 3pm CET. In 2017, this will be on April 26.

The rules governing the convening, admission to meetings, their conduct and the exercise of voting rights, and other details can be found in the articles of association and in the Corporate Governance Charter, which are available on the Company's investor relations website (http://investors.telenet.be).

7.3.5 Consolidated Information related to the elements referred to in article 34 of the Royal Decree of November 14, 2007

Article 34 of the Royal Decree of November 14, 2007 requires that listed companies disclose the relevant elements that may have an impact in the event of a take-over bid. The board of directors hereby gives the following explanations concerning the respective elements to be addressed under these rules:

- A comprehensive overview of the capital structure of the Company can be found in note 5.12 to the consolidated financial statements of the Company.

- Restrictions on the transfer of shares extend only to the 30 Golden Shares. The Company's articles of association provide that the Golden Shares can only be transferred to other partnerships (*samenwerkingsverbanden*) between municipalities and to municipalities, provinces or other public law entities or private companies that are controlled directly or indirectly by public law entities. The Golden Shares can only be transferred per lot of three Golden Shares.

- Any major shareholdings of third parties that exceed the thresholds laid down by law and by the articles of association of the Company are listed in Section 7.3.3 of this Statement.

- On December 31, 2016, the Company had 94,843 Liquidation Dispreference Shares and 30 Golden Shares outstanding. The Liquidation Dispreference Shares can be converted into ordinary shares on a 1.04 to 1.00 ratio.

- The Golden Shares attribute to the financing intermunicipalities (who hold all 30 Golden Shares) the right to appoint representatives in the regulatory board (***regulatoire raad***), which supervises the so called "public interest guarantees", and the right to appoint an observer in the board of directors of the Company, as further described in the articles of association and the Corporate Governance Charter of the Company.

- Warrant and share option plans are described in note 5.12 to the consolidated financial statements of the Company. The ESOP 2013, CEO SOP 2013, CEO SOP 2014 and CEO SOP 2014 ***bis*** all provide that all outstanding stock options would immediately vest upon a change of control, a de-listing of the Company or the launch of a squeeze-out offer in relation to the shares of the Company. The ESOP 2014, CEO SOP 2015, SSOP 2015,ESOP 2015, ESOP 2016 and ESOP 2016 bis provide that all outstanding stock options would immediately vest upon a change of control. All these provisions have been approved by or will be put for approval to the extraordinary general shareholders' meeting in accordance with article 556 of the Belgian Company Code.

- The Company is not aware of any agreement with any shareholder that may restrict either the transfer of shares or the exercise of voting rights.

- Members of the board of directors are elected or removed by a majority of votes cast at the annual general meeting of shareholders. Any amendment to the articles of association requires the board of directors to propose that the shareholders' meeting passes a resolution to that effect. For amendments to the articles of association, the shareholders' meeting must comply with the quorum and majority requirements laid down in the articles of association and in the Belgian Company Code.

- The board of directors is authorized by the shareholders' meeting of April 30, 2014 to repurchase shares of the Company up to the maximum number allowed in accordance with articles 620 and following of the Belgian Company Code, provided that the purchase price per share of the Company may be maximum 20% above, and may not be lower than 20% below, the average closing quotes of the shares of the Company, on a "per share" basis, as traded on Euronext Brussels (or any other regulated market or trading platform on which the shares of the Company are traded at that time at the Company's initiative) during a period of 30 calendar days prior to the acquisition of the shares by the Company. This authorization is valid for 5 years, i.e. until April 30, 2019.

- Certain provisions of the financing agreements of the Company's subsidiaries would become effective or would be terminated in case of a change of control over the Company (e.g. following a public take-over bid). The relevant provisions were approved at the extraordinary shareholders' meeting of the relevant subsidiaries of the Company in accordance with article 556 of the Belgian Company Code.

- The Performance Share Plan 2012, the Performance Share Plan 2013, the Performance Share Plan 2014, the Performance Share Plan 2015 and the Performance Share Plan 2016 (more details on these Performance Shares to be found in section 7.7.2.4 b) of this Statement), all concluded between the Company and certain members of the SLT and one other manager, also contain change of control wording. The Performance Share Plan 2016 was available for all the members of the SLT and one other manager, as well as the chief executive officer. The relevant provisions were approved or will be put for approval at the extraordinary shareholders' meeting in accordance with article 556 of the Belgian Company Code.

- The Company is otherwise not party to any major agreement that would either become effective, be amended and/or be automatically terminated due to any change of control over the Company as a result of a public take-over bid. The Company notes however, that certain of its operational agreements contain change of control provisions, giving the contracting party the right, under certain circumstances, to terminate the agreement without damages.

- Other than the provisions relating to warrants and stock options, as set out above, the Company has not concluded an agreement with its members of the board of directors or employees, which would allow the disbursement of any special severance pay in the case of termination of employment as a result of a public take-over bid.

7.4 Internal control and risk management systems

7.4.1 General

The Company is exposed to various risks within the context of its normal business activities, which could have a material adverse impact on its business, prospects, consolidated results of operations and financial condition. Therefore, controlling these risks is very important to the Company. To support its growth and to help the SLT and the Audit Committee to manage the challenges the Company faces, the Company has implemented risk management and internal control systems. The purpose of risk management and internal control systems is to enable the Company to meet its risk management objectives. The most important components of this system are described in this section.

7.4.2 Components of the internal control and risk management systems

The board of directors has set out the mission, the strategy and the values of the Company (see also section 1 "Information on the Company" to the consolidated annual report of the board of directors). At the level of the board of directors and the Audit Committee, the general risk profile of the Company and the risk appetite of the Company are discussed.

Following the decision of the board of directors of July 29, 2014, and with effect as from 2015, the internal audit function has been performed by the independent internal audit department of Liberty Global. The internal auditor does not only report issues, but also provides the Company with information on the level of effectiveness of controls, formulates recommendations, and triggers the start of action plans for items that require improvement.

The risk management department focuses on internal control over financial reporting, revenue assurance and fraud. Specific teams were set up to oversee, coordinate and facilitate risk management activities within other risk areas (e.g. health & safety, business continuity and information security). In 2016, a dedicated compliance function was defined in the legal department, focusing on legal and regulatory compliance. The risk management department and the compliance function work closely together to develop and maintain the necessary instruments to guarantee the protection of personal data of Telenet's customers, employees, visitors and suppliers. The Audit Committee monitors the effectiveness of the internal control and risk management system of the Company, and reviews it annually. In 2014, the Company and the Audit Committee agreed upon a risk governance strategy to align the risk management activities in key risk areas where appropriate and develop and execute a risk governance roadmap.

Liberty Global, the majority shareholder of the Company,, is subject to the requirements of the US Sarbanes-Oxley Act of 2002 ("SOX"). The Company has been part of Liberty Global'sassessment of internal control over financial reporting ("ICoFR") since 2008, and has not reported any material weaknesses. The acquisition of Base Company NV (now Telenet Group BVBA) was closed in February 2016 and as a consequence Telenet Group will be included in the ICoFR risk and control framework, and in the operational effectiveness testing of ICoFR by year-end 2017. Moreover the risk management teams of Telenet Group and Telenet were integrated to ensure continuity and a consistent approach for the other risk areas as well.

While the SOX requirements mainly cover risks relevant to financial reporting, the scope for internal audit is broader and also covers other objectives in the "COSO 2013" framework (Committee of Sponsoring Organizations of the Treadway Commission), such as compliance with rules and regulations, efficiency and effectiveness of operations.

Control environment

The internal control environment includes (i) the issuance of a Dealing Code handbook, (ii) a Code of Conduct for the SLT and senior management manual, (iii) a Corporate Governance Charter (available on the Company's investor relations website www.investors.telenet.be), (iv) delegation of authority policies, and (v) a recruitment selection and performance evaluation system for employees.

Since 2008, a whistleblower procedure is in place. This mechanism allows employees of the Company to raise concerns about possible improprieties in accounting, internal control or audit matters in confidence via a telephone line or a reporting website. The employees can remain anonymous if requested. All complaints received through the telephone line or reporting website are handled by the Company's Compliance Officer and the chairman of the Audit Committee. At the end of 2012, a Vendor Disclosure form was introduced to ensure vendors comply with the Telenet Code of Conduct (e.g. disclosure of conflicts of interest) and the Telenet Anti-Corruption policy. This Anti-Corruption policy is also communicated to all employees and published on the Company's intranet. Controls for Telenet and Telenet Group will be aligned where appropriate.

The accounting principles used by the Company, and each change thereof, are presented to the Audit Committee and approved by the board of directors.

Risk Assessment

As part of Liberty Global's compliance with the SOX legislation, Liberty Global reviews its scoping for ICoFR purposes, at various stages throughout the year to determine whether additional risks or controls at the Company need to be evaluated and assessed. In addition, for every change in products, services, processes and systems, the impact on management's broader control framework is formally assessed by the Company and appropriate action is taken.

In the area of revenue assurance and fraud, a structured risk management approach was established based upon a formal risk assessment. In 2016, a risk assessment for legal and regulatory compliance was performed by management. These assessments allow the Company to prioritize the in-depth review of relevant risk areas and properly document objectives, risks and controls. As a result of the risk governance project, the same approach is being implemented for other key risk areas like security and business continuity .

Control activities

Liberty Global established a framework for evaluating and assessing ICoFR, incorporating entity level, transaction and process level components of the COSO 2013 framework as well as relevant information technology and operational components. The Company has aligned its ICoFR with this framework.

Controls over financial reporting are formally documented in a Governance, Risk and Compliance tool. The Company has implemented a tool called TRACE ("Track and Assure Control Execution") that provides the control owners with information on all financial reporting controls and related tasks, driving timely control execution by using workflow mechanisms.

Liberty Global designed a framework defining the key elements of a privacy risk and control framework. The Company has already implemented controls to mitigate risks in the areas of amongst others governance policies, privacy by design, incident management, third party management, international data transfers, security and will continue to improve the privacy control environment where appropriate.

The Company has implemented a centrally managed risk management tool to support formal documentation and information sharing on objectives, risks and controls related to revenue assurance and fraud risk.

For other risk areas, each department has worked out specific control procedures covering the risks in their area. The Company has implemented TIM ("Telenet Identity Management") to support authorized user management and automate access request management and periodic access rights certification for key applications. An ISMS ("Information Security Management System") was implemented to support the risk management activities related to information security.

Information and communication

The Company has implemented a data warehouse and reporting platform, collecting all types of relevant transactional data. Utilizing the data warehouse and reporting platform, the Company's business intelligence teams are able to provide the SLT with periodic and ad hoc operational and management reporting.

The Company maintains a central repository with all internal control issues and related actions plans to ensure proper resolution. In addition, all issues and actions are made available on a secured Sharepoint site and action plan owners provide management with monthly status updates.

The result of every internal audit or internal control review and the progress follow up thereof is reported to the SLT and the Audit Committee using a comprehensive scorecard.

On a quarterly basis, the risk management department reports to the SLT and the Audit Committee on the completeness and timeliness of the resolution of all outstanding issues.

Monitoring

A formal monitoring process is in place for internal control over financial reporting: a periodic management self-assessment on design and control effectiveness based upon the frequency of the control, a quarterly self-assessment validation by the risk managementdepartment and annually a direct testing cycle by Liberty Global's internal audit and group compliance.

For some specific risk areas (e.g. revenue assurance) second line monitoring has been established. In addition, a formal risk and control management self assessment approach was implemented in 2012.

In addition, a risk-based internal audit plan, including Telenet Group, and focusing on significant risk areas is proposed annually by Liberty Global's internal audit and, after approval by the Company's Audit Committee, is executed by Liberty Global's internal audit. This internal audit plan is established on the basis of the Telenet Risk Assurance Map and a survey with all members of the SLT as well as on items raised by the Audit Committee, the board of directors, and Liberty Global's internal audit itself.

Assurance

Although the above measures are designed to address the risks inherent to the Company's business and operations to the extent practicable, the determination of the risk framework and the implementation of the control systems provide reasonable but not absolute certainty that these risks will be effectively mitigated.

7.4.3 Most important risks

For a description of the main risks to which the Company is exposed, please see section 3 "Risk factors" to the consolidated annual report of the board of directors.

For an overview of the most important financial risks to which the Company is exposed and the way the Company is dealing with these risks, please see note 5.3 Risk management to the consolidated financial statements of the Company.

7.5 Board of directors

7.5.1 Composition

a) General

On December 31, 2016, the board of directors of the Company was composed of 10 members. With the exception of the Managing Director (CEO), all directors are non-executive directors.

There are currently three independent directors within the meaning of article 526ter of the Belgian Company Code, the Belgian Corporate Governance Code and the articles of association of the Company: (i) IDw Consult BVBA (represented by its permanent representative Mr. Bert De Graeve), (ii) Ms. Christiane Franck, and (iii) JoVB BVBA (represented by its permanent representative Mr. Jo Van Biesbroeck).

These directors (as well as their permanent representatives) are considered independent directors since they all fulfill the independence criteria set out in the articles of association of the Company and in article 526ter of the Belgian Company Code.

The mandate of Mr. John Porter expires at the annual shareholders' meeting of 2017. The mandates of IDw Consult BVBA (represented by its permanent representative Mr. Bert De Graeve), Mr. Jim Ryan and Ms. Christiane Franck expire at the annual shareholders' meeting of 2018. The mandates of JoVB BVBA (represented by its permanent representative Mr. Jo Van Biesbroeck), Mr. Manuel Kohnstamm and Mr. Diederik Karsten expire at the annual shareholders' meeting of 2019. The mandates of the other directors expire at the annual shareholders' meeting of 2020.

At the meeting of the board of directors of February 9, 2016, Mr. Balan Nair resigned as member of the board. At the same meeting, Ms. Dana Strong was co-opted as director of the Company with immediate effect. The annual meeting of shareholders of 27 April 2016 decided on her definitive appointment.

Upon advice of the Remuneration & Nomination Committee, the board of directors will present the following proposals for approval to the general shareholders' meeting:

- the (re)appointment of Mr. John Porter as director of the Company.

As of the general shareholders' meeting of April 25, 2012, Mr. André Sarens has been appointed as "observer" to the board of directors.

The directors have been appointed for a period of maximum four years. In principle, the mandate of the directors terminates at the date of the annual general shareholders' meeting at which time their mandate expires. The directors can be re-appointed.

The general shareholders' meeting (resolving by ordinary majority) can dismiss directors at any time.

If a mandate of a director becomes vacant, the board of directors can fill the vacancy, subject to compliance with the rules of nomination. At the next general shareholders' meeting, the shareholders shall resolve on the definitive appointment, in principle for the remaining term of the mandate of the director who is being replaced.

Except for exceptional, motivated cases, the mandate of directors shall terminate at the first annual shareholders' meeting after they have reached the age of 70.

On December 31, 2016, the board of directors of the Company was composed as follows:

Name	Function	Nominated by
Bert De Graeve (IDw Consult BVBA)	Chairman Bekaert NV	Independent director - CM
Jo Van Biesbroeck (JoVB BVBA)	Director of companies	Independent director
Christiane Franck	Director of companies	Independent director
John Porter	Chief Executive Officer & Managing Director Telenet	
Charles H. Bracken	Executive Vice President & Co-Chief Financial Officer (Principal Financial Officer) of Liberty Global	Liberty Global Group
Diederik Karsten	Executive Vice President, European Broadband Operations of Liberty Global	Liberty Global Group
Dana Strong	Senior Vice President & Chief Transformation Officer of Liberty Global	Liberty Global Group
Manuel Kohnstamm	Senior Vice President & Chief Policy Officer of Liberty Global	Liberty Global Group
Jim Ryan	Senior Vice President & Chief Strategy Officer of Liberty Global	Liberty Global Group
Suzanne Schoettger	Chief of Staff for the Office of the CEO	Liberty Global Group

CM: Chairman

Mr. Bart van Sprundel, Director Legal Affairs at the Company, acts as secretary of the board of directors and its committees.

b) Diversity

The Company strives for diversity within the board of directors, creating a mix of executive directors, non-executive directors and independent directors, their diverse competences and experience, their ages and nationality and their specific knowledge of the telecommunications and media sector.

At December 31, 2016, the board of directors included three female members: Ms. Christiane Franck,Ms. Suzanne Schoettger and Ms. Dana Strong. Telenet aimed at being in line with the gender composition requirements - at least one third of the opposite gender - of its board of directors by early 2017 at the latest. With the appointment of Ms. Dana Strong at the meeting of shareholders of 27 April 2016, Telenet reached this goal already early in 2016.

c) Biographies of directors

The following paragraphs set out the biographical information of the current members of the board of directors of the Company, including the members whose appointment should be confirmed at the next general shareholders' meeting, as well as information on other director mandates held by the members of the board of directors of the Company.

John Porter, Chief Executive Officer and Managing director (°1957)

For the biography of Mr. Porter, we refer to section 7.6 c) of this Statement.

Bert De Graeve, chairman of the board of directors and independent director (representing IDw Consult BVBA) (°1955)

Bert De Graeve is Chairman of the Bekaert Group since May 2014. He started his career in 1980 with Arthur Andersen & Co and joined Alcatel Bell in 1982. In 1991 he became General Manager Shanghai Bell Telephone Equipment Mfg. Cy in Shanghai. In 1994 he was appointed Vice President, Director Operations, Alcatel Trade International and later Director International Affairs, Alcatel Alstom in Paris. In 1996 he became Managing Director of the Flemish Public Radio & TV Broadcaster (VRT) and joined Bekaert in 2002 as CFO, to become CEO from 2006 until 2014. Bert De Graeve holds a Master in Law from the University of Ghent (1980), studied Financial Management at IPO (Antwerp) and became Master in Tax Management at VLEKHO (Brussels). Bert De Graeve is also Chairman of the Board of Directors of Telenet BVBA and Sibelco NV, Independent Director of UCB, Member of the International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC) and Member of the Board of the Concours Reine Elisabeth.

Jo Van Biesbroeck, independent director (representing JoVB BVBA) (°1956)

Up to 2014, Jo Van Biesbroeck (59) has been Chief Strategy Officer of Anheuser-Busch InBev SA/NV (formerly known as InBev SA and Interbrew) where he also started his career in 1978. Anheuser-Busch InBev is the world's leading brewer and is amongst the world's top five companies operating consumer goods. Mr Van Biesbroeck held various positions in controlling and finance and was Senior Vice-President of Corporate Strategy, Chief Business Development Officer, Chief Strategy and Business Development Officer, Chief Sales Officer, and Zone President Western Europe in that order. As of 1 September 2015, Jo Van Biesbroeck is manager of RSC Anderlecht. Jo Van Biesbroeck obtained a Master's degree in Economics at the Roman Catholic University of Leuven. He is also an independent and non-executive director of Kinepolis Group NV.

Ms. Christiane Franck, independent director (°1951)

Christiane Franck has been CEO of Vivaqua in Brussels since 2005, where she also started her career. At Vivaqua, she consecutively held the positions of ICT Manager, Commercial Manager of Distribution and Secretary General. Vivaqua, specialising in water production and distribution, serves over two million inhabitants throughout Belgium through close cooperation with the public authorities at local, regional and federal level. Christiane Franck brings a strong level of service company experience to Telenet. Christiane Franck has a Masters in Mathematics from the University of Brussels (ULB) and is a member of the board of the ULB and a member of the advisory committee of Ethias Mutual Insurance Company.

Charles Bracken, director (°1966)

Charles Bracken is Executive Vice President and Chief Financial Officer for Liberty Global with responsibility for Group Finance and Treasury operations, including tax and financial planning, procurement, and facilities as well as capital allocation and finance operations of our largest operations, and overseeing our accounting, external reporting, Investor Relations and Corporate Responsibility functions. He is responsible for overseeing Liberty Global's business plan and its focus on customer support systems. He is an executive officer of Liberty Global and sits on the Executive Leadership Team and the Investment Committee.

Diederik Karsten, director (°1956)

Diederik Karsten has served as a director of the Company since May 2007. He became Executive Vice President, Chief Commercial Officer for Liberty Global in August 2015. Previously Mr. Karsten served as Executive Vice President, European Broadband Operations. Before that he served as the Managing Director for Liberty Global's broadband operations in the Netherlands. Prior to joining Liberty Global, he held various management positions at PepsiCo and Procter & Gamble in the Netherlands, the United States, Germany and the United Kingdom. Mr. Karsten holds a degree in business economics from Erasmus Universiteit Rotterdam, with specializations in Marketing and Accountancy.

Manuel Kohnstamm, director (°1962)

Manuel Kohnstamm has served as a director of the Company since May 2007. Mr. Kohnstamm is Senior Vice President and Chief Corporate Affairs Officer for Liberty Global, responsible for regulatory strategy, government affairs and internal and external communications. Mr. Kohnstamm joined Liberty Global'spredecessor in 1999 and held several positions in corporate affairs, public policy, and communications. He was appointed to his current position as an executive officer of Liberty Global in January 2012. Before he joined Liberty Global, Mr. Kohnstamm worked at Time Warner Inc., as Vice President of Public Affairs in Brussels and with the consulting group European Research Associates in Brussels. Mr. Kohnstamm has been President of the industry association Cable Europe since 2008, and a member of the Supervisory Board of Unitymedia GmbH, a Liberty Global subsidiary in Germany. Mr. Kohnstamm graduated in Political Science and holds a Doctorandus Degree in International and European Law from the University of

Amsterdam and a Postgraduate Degree in International relations from the Clingendael Diplomat School in The Hague. He also completed the Cable Executive Management Program from Harvard Business School, Boston (MA).

Jim Ryan, director (°1965)

Jim Ryan has served as a director of the Company from May 2007 until April 2013. Mr. Ryan was appointed director during the shareholders' meeting of April 30, 2014 for a term of four years. Mr. Ryan has been with Liberty Global Europe Holding BV and its predecessors since 2000 as Managing Director of Strategy and Corporate Development, a position he has held until December 2011. Since January 2012, he is Senior Vice President & Chief Strategy Officer and is responsible for the global strategy and strategic planning across all regions of Liberty Global's operations. He holds a degree in Politics, Philosophy and economics from St. John's College, Oxford University.

Suzanne Schoettger, director (°1968)

Suzanne Schoettger has worked with Liberty Global and its predecessors since April 1999. Currently Ms. Schoettger holds the position of Managing Director, Chief of Staff for the CEO Office. Prior to this position Ms. Schoettger held the position of Liberty Global's Chief Audit & Compliance Officer. Before that, she held various positions in financial reporting, auditing and internal controls working across Liberty Global's global footprint. Before joining Liberty Global, Ms. Schoettger worked in the audit practice of Arthur Andersen. Ms. Schoettger holds a Masters in Professional Accounting from the University of Texas at Austin and a Bachelor of Arts in Economics from Hastings College. In addition, she has completed Harvard Business School's General Management Program.

Dana Strong, director (°1970)

In January 2015 Dana was appointed Senior Vice President, Chief Transformation Officer at Liberty Global. In this role she is a member of the Executive Leadership Team, and works with Liberty Global's President and CEO Mike Fries on identifying the strategic and operational opportunities that will shape the future success of the business. From July 2013, Dana worked as Chief Operating Officer at Virgin Media where she oversaw a major restructure of parts of the business following Liberty Global's acquisition of Virgin Media. This followed two years as Chief Executive Officer of UPC Ireland, overseeing that operation's strong growth, improved customer satisfaction, and successful track record of product innovation. Before joining UPC Ireland, Dana served as the Chief Operating Officer of AUSTAR Communications in Australia for Liberty Global. Dana is a dual degree graduate from the University of Pennsylvania with a Bachelor of Science in Economics from The Wharton School of Business and a Bachelor of Arts in History from the College of Arts and Sciences .

André Sarens, observer (°1952)

André Sarens has served as a director of the Company since December 2003. Since April 2012, he has been appointed as observer to the board of directors. Mr. Sarens is currently Grid Participations Manager at Engie, having previously held numerous senior finance and administration positions related to Electrabel's utility service distribution activities in Belgium. In these capacities, he has represented Electrabel and the mixed intermunicipalities in their business dealings with Telenet NV from 1999. Mr. Sarens served on the board of directors of several of the mixed intermunicipalities in Belgium, and holds several board positions in Electrabel affiliates as eg. Electrabel Green Projects Flanders.

7.5.2 Functioning of the board of directors

The board of directors determines the values and strategy of the Company, supervises and monitors the organization and execution thereof, decides on the risk profile and key policies of the Company, decides on the executive management structure and determines the powers and duties entrusted to the executive management.

The board of directors convenes as often as the interest of the Company requires and in any case at least four times a year. The functioning of the board of directors is regulated by the articles of association and the provisions of the Corporate Governance Charter.

The board of directors has installed a number of committees to assist the board with the analysis of specific issues. These committees advise the board on the relevant topics, but the decision authority remains with the board of directors as a whole.

In the year ended December 31, 2016, six scheduled board of directors meetings and three non-scheduled board of directors meetings took place. Three meetings were held by conference call.

In principle, the decisions are taken by a simple majority of votes. However, the board of directors strives to take the resolutions by consensus.

In accordance with the Corporate Governance Charter the directors are deemed to avoid, to the extent possible, to perform any actions, to defend certain positions, and to pursue certain interests, if this would conflict, or would give the impression of conflict, with the interests of Telenet. If such conflicts of interest would occur, the director concerned shall immediately inform the chairman hereof. The directors shall then comply with the applicable legal provisions of the Belgian Company Code and, in particular, to the extent legally required, abstain from deliberation and voting on the transaction in which the conflict situation arises. The director shall inform the statutory auditor in writing about the conflict of interest. The minutes shall contain the required information and an excerpt shall be published in the annual report. In 2016, article 523 of the Belgian Company Code was applied once. More information can be found in section 7.5.6 of this Statement.

In accordance with the Corporate Governance Charter, transactions and/or business relationships between directors and one or more companies of the Telenet Group, which do not strictly fall under the application of article 523 of the Belgian Company Code, should always take place at normal market conditions. The director concerned informs the chairman hereof, in advance of such transactions.

7.5.3 Evaluation of the board of directors

On a regular basis, the board of directors assesses its functioning and its relation with the Company's executive management. The evaluation exercise is usually performed by means of a questionnaire, to be filled out by all board members. The completed questionnaires are collected by the Company's corporate secretary, and the results thereof are presented to the Remuneration & Nomination Committee and the board of directors. Appropriate action is taken on those items that require improvement. The last evaluation took place in December 2015 and the Remuneration and Nomination Committee and the board of directors of April 2016 assessed and discussed the results of the same. Once a year, the non-executive directors make an evaluation of their interaction with the executive management, whereby they meet in the absence of the executive director and the management of the Company.

The Remuneration & Nomination Committee regularly reviews the composition, the size and the functioning of the board of directors of the Company, its main subsidiaries and the different committees within the board of directors. The latest assessment took into account different elements, amongst others the composition and functioning of the board of directors and its committees, the thoroughness with which material subjects and decisions are prepared and discussed, the actual contribution of each director in terms of presence at board and/or committee meetings and the constructive involvement in the deliberation and resolutions, the evaluation whether the effective composition corresponds with the desirable or ideal composition, the application of the corporate governance rules within the Company and its bodies, and an evaluation of the specific roles such as chairman of the board and chairman or member of a board committee.

Given the increasing impact and importance of corporate social responsibility and sustainability on Telenet's business, the board of directors decided in 2013 that the design, implementation and monitoring of Telenet's corporate and social responsibility program would be discussed and approved at full board level. The board of directors also formally reviews and approves the Company's sustainability report and ensures that all material aspects are covered.

7.5.4 Board Committees

In accordance with the relevant legal requirements, the board of directors has established an Audit Committee and a Remuneration & Nomination Committee. On December 31, 2016, the two board committees were composed as follows:

Name	Audit Committee	Remuneration & Nomination Committee
Bert De Graeve (IDw Consult BVBA)		CM
Jo Van Biesbroeck (JoVB BVBA)	CM	•
Charles H. Bracken		•
Christiane Franck	•	
Suzanne Schoettger	•	

CM: Chairman

The Audit Committee

The principal tasks of the Audit Committee include regularly convening to assist and advise the board of directors with respect to the monitoring of the financial reporting by the Company and its subsidiaries, the monitoring of the effectiveness of the systems for internal control and risk management of the Company, monitoring of the internal audit and its effectiveness, monitoring of the statutory audit of the annual accounts and the consolidated accounts including follow-up on questions and recommendations of the statutory auditor and assessment and monitoring of the independent character of the statutory auditor, taking into account the delivering of additional services to the Company. The Audit Committee also meets at least annually with the external auditor without the presence of the executive management.

The Audit Committee is composed of three members, including two independent directors of the Company, of whom one is the chairman. All members are non-executive directors. One director is appointed upon nomination of Liberty Global. All members contribute broad experience and skills regarding financial items, which have a positive impact on the committee's operation. This composition conforms to article 526bis §1 of the Belgian Company Code regarding the composition of Audit Committees within listed companies, as introduced in December 2008, and the Corporate Governance Code 2009. The meetings of the Audit Committee are also attended by Mr. André Sarens in his capacity of observer to the board of directors. With regard to the competences of the members of the Audit Committee, particular reference is made to the biography of Mr. Jo Van Biesbroeck, chairman of Telenet's Audit Committee, in section 7.5.1 c) of this Statement. Further reference is made to the biographies of Ms. Suzanne Schoettger and Ms. Christiane Franck, members of the Audit Committee, in section 7.5.1. c) of this Statement.

In the year ended December 31, 2016, the Audit Committee convened six times, to review and discuss the quarterly, semi-annual and annual financial statements before submission to the board of directors and, subsequently, publication. At all of these meetings, apart of the meeting of 5 December 2016, the external and internal auditors were invited in order to discuss matters relating to internal control, risk management and any issues arisen from the audit process. The Audit Committee further discussed and advised the board of directors about procedures for and monitoring of financial reporting to its majority shareholder Liberty Global.

The Company has established a whistleblowing procedure, which has been reviewed by the Audit Committee and approved by the board of directors. The Company implemented the whistleblowing procedure in December 2008. This policy allows employees of the Company to raise concerns about possible improprieties in accounting, internal control or audit matters in confidence via a telephone line or a reporting website. The employees can remain anonymous if requested. Complaints received through the telephone line or reporting website are handled by the Company's compliance officer and the chairman of the Audit Committee.

The chairman of the Audit Committee reports on the matters discussed in the Audit Committee to the board of directors after each meeting and presents the recommendations of the Audit Committee to the board of directors for decision-making.

The Remuneration & Nomination Committee

The principal tasks of the Remuneration & Nomination Committee include formulating proposals to the board of directors with respect to the remuneration policy of non-executive directors and executive management (and the resulting proposals to be presented by the board of directors to the shareholders), the individual remuneration and severance pay of directors and executive management, including variable remuneration and long term performance bonuses, whether or not related to shares, in the form of stock options or other financial instruments (and the resulting proposals to be presented by the board of directors to the shareholders where applicable), the hiring and retention policy, the nomination of the CEO, assisting the CEO with the appointment and succession planning of executive management, the preparation of the remuneration report to be included in the corporate governance statement by the board of directors and the presentation of this remuneration report at the annual general shareholders' meeting.

Furthermore, the Remuneration & Nomination Committee's tasks include designing an objective and professional (re-) appointment procedure for directors, the periodic evaluation of the scope and composition of the board of directors, searching for potential directors and submitting their applications to the board of directors and making recommendations with respect to candidate-directors.

The Committee is composed exclusively of non-executive directors and has three members. Two members are independent directors of the Company. The chairman of the board of directors also serves as chairman of the Remuneration & Nomination Committee. The members of the Committee have ample experience in remuneration matters, amongst other things because they have taken up senior executive roles in large companies in other stages of their careers.

The members of the Remuneration & Nomination Committee as of the date hereof were: (i) IDw Consult BVBA (represented by its permanent representative Mr. Bert De Graeve), chairman; (ii) Mr. Charles Bracken, and (iii) JoVB BVBA (represented by its permanent representative Mr. Jo Van Biesbroeck).

In the year ended December 31, 2016, the Remuneration & Nomination Committee met five times in the presence of the CEO (except for matters where the CEO was conflicted). Among other matters, the Committee addressed the evaluation of the functioning of the board of directors and its relation with the SLT, the determination of the remuneration package of the CEO and the SLT, the composition of the different board committees, the granting of stock options to the CEO, the granting of stock options and performance shares to the SLT, the granting of stock options to selected employees and the possibility to pay bonuses to employees through warrants.

The chairman of the Remuneration & Nomination Committee reports on the matters discussed in the Committee to the board of directors after each meeting and presents the recommendations of the Remuneration & Nomination Committee to the board of directors for decision-making.

7.5.5 Attendance

Please find below the attendance overview of the board and committee meetings. In this overview, all meetings are presented (not exclusively the annually pre-scheduled meetings).

Name	**Board of Directors (9)**	**Audit Committee (6)**	**Remuneration & Nomination Committee (5)**
Bert De Graeve (IDw Consult BVBA)	8 of (9) CM		5 of (5) CM
John Porter	6 of (9)		
Jo Van Biesbroeck (JoVB BVBA)	8 of (9)	5 of (6) (CM)	5 of (5)
Christiane Franck	9 of (9)	5 of (6)	
Charles H. Bracken	9 of (9)		5 of (5)
Diederik Karsten	5 of (9)		
Manuel Kohnstamm	6 of (9)		
Jim Ryan	6 of (9)		
Dana Strong	8 of (9)		
Suzanne Schoettger	5 of (9)	6 of (6)	
André Sarens (Observer)	9 of (9)	5 of (6)	

CM: Chairman

7.5.6 Application of legal rules regarding conflicts of interest

During the meeting of the board of directors of February 9, 2016, article 523 of the Belgian Company Code was applied.

At the meeting of February 9, 2016, the board of directors discussed, amongst other items, the determination of the bonus and merit for the CEO and the determination of the achievement of performance criteria under the CEO SOP 2013, the CEO SOP 2014, the CEO SOP 2014 *bis* and the CEO SOP 2015. the minutes of that meeting mention the following in this respect:

"Prior to the reporting on the discussions held within the Remuneration & Nomination Committee meeting of 8 February 2016 and 9 February 2016 and deliberating and resolving on some of these items (in particular (i) the determination of bonus & merit for the CEO, and (ii) the determination of achievement of performance criteria under the CEO SOP 2013, the CEO SOP 2014, the CEO SOP 2014bis and the CEO SOP 2015), Mr John Porter (CEO and Managing Director) informs the Board that he has a (potential) financial conflict of interest regarding this decision in the meaning of Article 523 of the Belgian Companies Code.

Mr John Porter declares that he will inform the Company's auditor of this conflict of interest. He then leaves the meeting for this specific agenda item."

The chairman of the Remuneration & Nomination Committee reports on the discussions held on the bonus and merit of the CEO within the meeting of the Remuneration & Nomination Committee meeting of February 9, 2016. The Committee decided that:

- that the bonus targets for the CEO for 2015 have been fully achieved;
- that the CEO will be awarded a bonus of 100% of his annual remuneration, (i.e over and above 75% target) i.e. a bonus of €630,000;
- to unanimously advise the board of directors to approve this bonus amount for the CEO;
- that in terms of overall CEO compensation and merit, the chairman of the Committee will take the lead to evaluate the CEO package and shall - in consultation with Mr. Charles Bracken (member of the Committee) - come up with a proposal to be submitted to the Committee and the board of directors. The Committee unanimously mandates the chairman accordingly.

After discussion and taking into account the recommendation of the Remuneration & Nomination Committee, the board decides to confirm, approve and endorse, to the extent necessary, the decisions of the Remuneration & Nomination Committee as set out above.

The chairman of the Remuneration & Nomination Committee reports on the discussions held on the determination of the achievement of the performance criteria under the CEO SOP 2013, the CEO SOP 2014, the CEO SOP 2014 ***bis*** and the CEO SOP 2015. The Committee decided that:

- In accordance with the power granted to the Remuneration & Nomination Committee under the relevant stock option plans in relation to the management of the plans and the determination of the achievement of the performance criteria, the Committee advises the board of directors that the relevant performance targets for the performance year 2015 have been achieved under the CEO SOP 2013, CEO SOP 2014, CEO SOP 2014 ***bis*** and CEO SOP 2015.

After discussion and taking into account the advice of the Remuneration & Nomination Committee, the board decides to confirm, approve and endorse, to the extent necessary, the achievement of the performance criteria under the CEO SOP 2013, CEO SOP 2014, CEO SOP 2014 ***bis*** and CEO SOP 2015.

At the meeting of February 14, 2017, the board of directors discussed, amongst other items, (i) the determination of the bonus and merit for the CEO, (ii) the determination of the achievement of performance criteria under the CEO SOP 2014, the CEO SOP 2014bis and the CEO SOP 2015 and (iii) the revised proposal to be submitted to the annual meeting of shareholders as regards the remuneration for the independent directors.

"Prior to the reporting on the discussions held within the Remuneration & Nomination Committee meeting of 14 February 2017 and resolving on some of these items (in particular (i) the determination of bonus & merit for the CEO, and (ii) the determination of the achievement of the performance criteria under the CEO SOP 2014, the CEO SOP 2014bis and the CEO SOP 2015), Mr. John Porter (CEO and Managing Director) informs the Board that he has a (potential) financial conflict of interest regarding this decision in the meaning of Article 523 of the Belgian Companies Code.

Mr. John Porter declares that he will inform the Company's auditor of this conflict of interest. He then leaves the meeting for this specific agenda item."

The chairman of the Remuneration & Nomination Committee reports on the discussions held on the bonus and merit of the CEO within the meeting of the Remuneration & Nomination Committee meeting of February 14, 2017. The Committee decided that:

- the bonus targets for the CEO for 2016 have been fully achieved;
- the CEO will be awarded a bonus of 100% of his annual remuneration, i.e. a bonus of €630,000;
- to unanimously advise the board of directors to approve this bonus amount for the CEO;

- in terms of overall CEO compensation and merit, the chairman of the board of directors, will take the lead to evaluate the CEO package and shall - in consultation with the Committee members - come up with a proposal to be submitted to a following Committee meeting and the board of directors. The Committee unanimously mandates the chairman of the board of directors accordingly and ask management to liaise with the chairman in providing necessary data.

After discussion and taking into account the recommendation of the Remuneration & Nomination Committee, the board decides to confirm, approve and endorse, the extent necessary, the decisions of the Remuneration & Nomination Committee as set out above.

The chairman of the Remuneration & Nomination Committee reports on the discussions held on the determination of the performance criteria under the CEO SOP 2014, the CEO SOP 2014bis and the CEO SOP 2015. The Committee decided that:

- in accordance with the powers granted to the Committee under the relevant stock option plans in relation to the management of the plans and the determination of the achievement of the performance criteria, the Committee advises the board that the relevant performance targets for the performance year 2016 have been achieved under the CEO SOP 2014, CEO SOP 2014bis and CEO SOP 2015.

After discussion and taking into account the advice of the Remuneration & Nomination Committee, the board decides to confirm, approve and endorse, to the extent necessary, the achievement of the performance criteria under the CEO SOP 2014, the CEO SOP 2014bis and the CEO SOP 2015.

"Prior to the reporting on the discussions held within the Remuneration & Nomination Committee meeting of 14 February 2017 and resolving on some of these items (in particular the remuneration of the independent directors), each of the independent directors, IDw Consult BVBA (with Bert De Graeve as permanent representative), JoVB BVBA (with Jo Van Biesbroeck as permanent representative) and Christiane Franck, declared to have a (potential) personal and conflicting interest falling within the scope of Article 523 of the Belgian Company Code with the proposed decision as the decision would entail a proposal by the board of directors to the shareholders' meeting for an amendment of each such independent director's level of (variable and/or fixed) remuneration.

After this declaration and prior to any discussion or deliberation on this point of the agenda, each of the independent directors confirmed that it would inform the Company's auditor and left the meeting."

In the absence of the Chairman, Mr. John Porter, as invitee on specific topics, of the Company's remuneration committee, explained to the Board that the remuneration committee, at its 14 February 2017 meeting, examined a benchmarking study in relation to the various levels of remuneration of independent directors of Bel20 companies. On this basis and taking into account the manner the independent directors fulfil their role for the Company, the remuneration committee recommends to the Board to increase the (fixed and/or variable) levels of remuneration to match the level of the peer group, as follows:

- to set the fixed annual remuneration of the chairman of the board at €120,000;
- to set the attendance fee for board meetings for the independent directors at €3,500 with a maximum of €24,500 per year;
- to set the attendance fee for the chairman of the Audit Committee for Audit Committee meetings at €4,000 per meeting;
- to set the attendance fee for the other independent directors participating in the Audit Committee at €3,000 per meeting;
- to set the attendance for independent directors participating in the Remuneration & Nomination Committee at €2,000

The Board then examined and discussed the study, considering that the Company needs to attract and continue to attract the highest quality of independent directors given its complexity and its continued demand on directors' time. The Board therefore considered that is was justified and in the Company's best interest that it would align the independent directors' compensation with that of the relevant peer group and taking into account the manner the independent directors fulfil their role, proposed to submit to the general shareholders' meeting to increase in compensation as follows:

- to set the fixed annual remuneration of the chairman of the board at €120,000;
- to set the attendance fee for board meetings for the independent directors at €3,500 with a maximum of €24,500 per year;
- to set the attendance fee for the chairman of the Audit Committee for Audit Committee meetings at €4,000 per meeting;
- to set the attendance fee for the other independent directors participating in the Audit Committee at €3,000 per meeting;
- to set the attendance for independent directors participating in the Remuneration & Nomination Committee at €2,000.

Assuming an equal number of Committee meetings this proposal entails an overall aggregate increase of the level of independent directors' remuneration in an amount of maximum €89,000, which will be submitted for approval to the shareholders' meeting to be held on 26 April 2017, and to be included, in the aggregate and per independent director, in the remuneration report to be submitted for approval to the shareholders' meeting to be held on 26 April 2017. For good order, the remuneration for other directors shall remain as is and unaffected (see 7.7.1).

7.5.7 Comments on the measures taken to comply with the legislation concerning insider dealing and market manipulation (market abuse)

The Company adopted a Dealing Code which intends to ensure that any persons who are in possession of inside information at any given time, do not misuse, and do not place themselves under suspicion of misusing inside information (e.g. by buying or selling shares or other securities of the Company on the basis of inside information) and to ensure that such persons maintain the confidentiality of such inside information and refrain from market manipulation. The Dealing Code is addressed to all employees, temporary staff, members of the boards of directors (or equivalent), managers, consultants and advisers of the Company and its subsidiaries.

The legal basis for this Code is Regulation No 596/2014 on market abuse (the Market Abuse Regulation), together with its implementing regulations and ESMA and FSMA guidance.

Any dealings in Company securities by persons discharging managerial responsibilities and persons closely associated, must be reported as soon as possible to the FSMA and the General Counsel as compliance officer responsible for supervising compliance with the market abuse rules and regulations and the Dealing Code. The Company's Dealing Code was last revised on February 14, 2017.

7.6 Daily management

7.6.1 General

The CEO is responsible for the daily management of the Company. The CEO is assisted by the executive management ("SLT"), of which he is the chairman, and that does not constitute a management committee within the meaning of article 524bis of the Belgian Company Code.

On April 1, 2013, Mr. John Porter was appointed as CEO of the Company.

Mr. Veenod Kurup, Chief Information Officer of Telenet and member of the Senior Leadership Team took up the role of Chief Information Officer within the Liberty organization as of 1 April 2016. Ms. Sam Lloyd replaced Mr. Kurup as Chief Information Officer of Telenet and member of the Senior Leadership Team as of 1 March 2016.

Following this reorganization, the SLT was composed as follows on December 31, 2016:

Name	Year of birth	Position
John Porter	1957	Chief Executive Officer
Birgit Conix	1965	Chief Financial Officer
Luc Machtelinckx	1962	Executive Vice President - General Counsel
Micha Berger	1970	Chief Technology Officer
Sam Lloyd	1974	Chief Information Officer
Patrick Vincent	1963	Chief Transformation Officer
Jeroen Bronselaer	1978	Senior Vice President Residential Marketing
Martine Tempels	1961	Senior Vice President Telenet Business
Claudia Poels	1967	Senior Vice President Human Resources
Dieter Nieuwdorp	1975	Senior Vice President Strategy & Corporate Development
Ann Caluwaerts	1966	Senior Vice President Public Affairs & Media Management
Benedikte Paulissen	1969	Chief Customer Officer

The Chief Executive Officer is authorized to legally bind the Company acting individually within the boundaries of daily management and for specific special powers that were granted to him by the board of directors. In addition, the board of directors has granted specific powers to certain individuals within the Telenet Group. The latest delegation of powers has been published in the Annexes of the Belgian Official Journal on November 25, 2016.

7.6.2 Conflicts of interest

Pursuant to the Corporate Governance Charter, the members of the SLT are deemed to avoid, to the extent possible, to perform any actions, to defend certain positions, and to pursue certain interests, if this would conflict, or would give the impression to conflict, with the interests of the Company. If such conflicts of interest would occur, the concerned member of the SLT shall immediately inform the CEO hereof, who will in turn inform the chairman of the board of directors.

Transactions and/or business relationships between members of the SLT and one or more companies of the Telenet Group should in any case take place at normal market conditions.

7.6.3 Biographies of the members of the SLT

The following paragraphs set out the biographical information of the current members of the SLT of the Company:

John Porter, Chief Executive Officer

John Porter is the Chief Executive Officer of Telenet Group Holding NV a Belgian public limited liability company. In this capacity, he is responsible for the day-to-day operations of the Company, spanning over 2 million customers and accounting for EUR 2 billion of annualized revenue. Telenet's track record of substantial innovation around the customer relationship has delivered some of the lowest churn and highest net promoter scores in the industry. Prior to joining Telenet in 2013, Mr. Porter served as the Chief Executive Officer of AUSTAR United Communications Ltd., at the time a Liberty Global subsidiary and an Australian public company that was a leading provider of subscription television and related products in regional Australia. He held this position until AUSTAR was acquired by Foxtel, a joint venture between News Corporation and Telstra, in May 2012. Mr. Porter led the growth of AUSTAR since inception, becoming its CEO at the time of its 1999 initial public offering. Previously, he served as the Chief Operating Officer for the Asia/Pacific region for a predecessor company of Liberty Global. From 1989 to 1994, Mr. Porter was President, Ohio Division, of Time Warner Communications. He started his career at Group W Broadcasting and Cable, as Director Government Relations before becoming General Manager of Westinghouse Cable Systems in Texas and Alabama. Mr. Porter serves as the Chairman and a non-executive director on the board of the publicly listed company Enero, a diversified marketing services company Australia's . Mr Porter has a Bachelor of Arts from Kenyon College.

Birgit Conix, Chief Financial Officer

Birgit Conix joined Telenet as Chief Financial Officer in October 2013. Ms. Conix has over 20 years of experience in finance across multiple industries, including fast moving consumer goods, medical devices and pharmaceuticals. Prior to joining Telenet, Ms. Conix was Regional Head of Finance for Heineken's Western European organization and a member of Heineken's Western European Management team and Global Finance Leadership team. Prior to joining Heineken in 2011, Ms. Conix held different top-level international positions at Johnson & Johnson in finance, strategy and business operations. Prior to Johnson & Johnson, she worked at Tenneco and Reed-Elsevier. Ms. Conix holds a Master of Science in Business Economics from Tilburg University in the Netherlands and an MBA from the University of Chicago Booth School of Business, USA.

Luc Machtelinckx, Executive Vice President and General Counsel

Luc Machtelinckx joined Telenet as Director Legal Affairs in February 1999. In this function, he was closely involved in the initial commercial steps, as well as the further development of Telenet's telephony and internet offerings. After the acquisition of the cable assets of the mixed intermunicipalities, Mr. Machtelinckx specialized in cable television legal affairs and more specifically, he played an important role in the iDTV project. In January 2007, Mr. Machtelinckx was appointed Vice President and General Counsel and as of January 2008 Senior Vice President and General Counsel. Since April 2009, Mr. Machtelinckx was appointed Executive Vice President and General Counsel. Prior to joining Telenet, Mr. Machtelinckx worked for 11 years at Esso Benelux in various legal and HR functions as well as for three 3 years at BASF Antwerp as Legal Manager and as Communication Manager.

Micha Berger, Chief Technology Officer

Micha Berger joined the Telenet Group in July 2013 and he leads the activities of the Engineering Department, the Service Assurance Group and Mobile Services as Chief Technology Officer ("CTO") since that time. As of July 1, 2013, he also joined Telenet's SLT, reporting directly to the Company's CEO. Mr. Berger has worked for Liberty Global since 2006, initially as Manager of the Engineering Department at UPC Nederland. As Vice President at Liberty Global since 2010, he has been responsible for Horizon Next Generation digital TV development and product roll-out. Before these endeavors, he gained his first experience in the cable industry at HOT Israel, where he was responsible for the development of the interactive digital service platform and the roll-out of video-on-demand.

Sam Lloyd, Chief Information Officer

Sam Lloyd joined Telenet in February 2016 to run the IT function for the combined Telenet and Base group. This division is responsible for running all of the IT systems across Telenet and the newly acquired Base company covering all software and hardware - including websites / Portals, Sales, CRM, Billing, OSS, middleware, BI, Big data and Enterprise / ERP. Responsibilities include all operational support and run & maintain activities, systems security, all software development, and testing of all new releases and technology. Prior to joining Telenet, Sam held the position of Director Development & Delivery at Virgin Media in the UK (a 4.6bn revenue company) where she ran a team of circa 700 FTE and was accountable for all IT applications support, development and project delivery. Sam has more than 20 years experience in the IT sector running and developing IT environments across the Utilities and Telecoms industries. In 2015 she was nominated for Woman of the Year Technology in the Worldwide 12th Annual Stevie Awards for Women in Business held in New York, USA and achieved Silver. Sam has a degree in Business and during her career has undertaken numerous management, people leadership and negotiation training courses.

Patrick Vincent, Chief Transformation Officer

Patrick Vincent joined Telenet in September 2004 as Customer Service & Delivery Director. In 2007 he became EVP Sales & Customer operations . In 2013, Chief Customer Officer. He is currently Chief Transformation Officer in charge of the integration of the Base Company including guidance for new operating models. Mr. Vincent started his career in 1989 in the food industry as Business Unit Manager of the cash and carry division at NV Huyghebaert. From 1994 to 1998, he was responsible for the sales division and in 1998 was promoted to Commercial Director. From 2000 to 2004, he worked at Tech Data, an IT distribution & service company, as Sales Director for Belgium and Luxembourg, and in 2002 was promoted to the role of Country Manager for Belgium and Luxembourg.

Jeroen Bronselaer, Senior Vice President Residential Marketing

Jeroen Bronselaer joined the Telenet Group in September 2010 and was first responsible for the negotiations and relations with broadcasters and content suppliers. Later he took on broader roles managing Telenet's premium sport and movie channels and was named Vice President Product Entertainment, responsible for the entire entertainment product portfolio of Telenet. In September 2015, Jeroen joined the Senior Leadership Team as Senior Vice President Residential Marketing. Prior to joining the Telenet Group, Jeroen Bronselaer worked at the Flemish public broadcaster VRT, where he started out as a TV producer but quickly evolved into more business driven roles within the Media department of VRT. Jeroen Bronselaer holds a Master degree as Commercial Engineer and Post-graduate degree in Communication from the KU Leuven.

Martine Tempels, Senior Vice President Telenet for Business

Martine Tempels joined the Telenet Group in January 2009. She is responsible for the Telenet Group's business-to-business division and joined the Senior Leadership Team in October 2010. Ms. Tempels started her career at NCR (AT&T) and moved to EDS in 1996 to become Account Manager, subsequently assuming additional responsibilities as Business Unit Manager for the financial and commercial sector. In 2007, Ms. Tempels was appointed Application Service Executive for the Northern and Central Region EMEA. Ms. Tempels holds a Master in Business and Economics from Vrije Universiteit Brussel.

Claudia Poels, Senior Vice President Human Resources

Claudia Poels joined the Telenet Group in May 2008 as Vice President Human Resources. Since June 15, 2009, she joined the SLT as Senior Vice President Human Resources. Prior to joining the Telenet group, Ms. Poels worked since 1992 at EDS, where she gained extensive experience working within various human resources disciplines. In 2002, Ms. Poels was promoted to HR Director of the Belgian and Luxembourg entity, and in 2006 she became the HR Operations Director for Northern Europe. Ms. Poels holds a Master degree in Law from KULeuven and a DEA & DESS Degree in European Law from Université Nancy II (France).

Dieter Nieuwdorp, Senior Vice President Strategy & Corporate Development

As of May 1, 2014, Dieter Nieuwdorp joined the SLT as Senior Vice President Strategy & Corporate Development. Besides the development of the general strategy of the company and the structuring of M&A transactions and other partnerships, his function also includes the Project Portfolio Management Office and - since 2016 - the New Business Department. Mr. Nieuwdorp joined Telenet in 2007 as Corporate Counsel and Corporate Secretary and became VP Corporate Counsel & Insurance in 2010. He started his career as a lawyer with Loeff Claeys Verbeke (later Allen & Overy) in 1998. Mr. Nieuwdorp holds a Master of Law degree from KULeuven and a LL.M from the University of Pennsylvania Law School.

Ann Caluwaerts, Senior Vice President Corporate Affairs & Communication

Ann Caluwaerts, Senior Vice President Corporate Affairs and Wholesale, has got more than 20 years of experience in the international telecom and local media industry. Before she began working at Telenet, Ann gained experience at BT and Lernout & Hauspie Speech Products. Her expertise is mainly focused on strategic communications, regulatory affairs, strategy development, change management, marketing and wholesale. Ann graduated as civil engineer and followed different courses at (a.o.) Insead and the Londen Business School. She regularly speaks at conferences and academic organizations.

Benedikte Paulissen, Chief Customer Officer

Benedikte Paulissen studied Applied Economics at the KU Leuven and obtained a post-graduate degree in European law at the UCL. She also worked for Flanders Technology International, a non-profit organization established by the Flemish government to promote technology, innovation and science. In 1998, she switched to Telenet and worked at the communication department and the marketing division to promote Telenet to the general public. In 2004, she was made responsible for all direct sales channels, including telesales and sales via indirect sales channels, including own shops, dealers and Telenet Centres. From 2011 she was also responsible for all customer service activities.

7.7 Remuneration report

7.7.1 Remuneration of directors

The general meeting of shareholders of the Company approved the remuneration principles of the non-executive directors of the Company in its meetings of April 28, 2010, April 24, 2013,April 29, 2015 and April 27, 2016. Each non-executive director's remuneration consists of an annual fixed fee, increased with an attendance fee per attended meeting of the board of directors. All directors, except the CEO and the directors appointed upon nomination of the Liberty Global Group, receive an annual fixed fee of €45,000 each. The chairman of the board of directors receives an annual fixed fee of €100,000. For each attended scheduled meeting of the board of directors, these directors receive an amount of €2,500. The directors appointed upon nomination of the Liberty Global Group, receive an annual fixed fee of €12,000 each. For each attended scheduled meeting of the board of directors, they receive an amount of €2,000. The annual fixed fees are only due if the director attends at least half of the scheduled board meetings. No additional remuneration is awarded for (attending) committee meetings. The observer to the board of directors of Telenet is paid in the same fashion as the independent directors of the Company.

The CEO, who is the only executive director, is not remunerated for the exercise of his mandate as member of the board of directors of any of the Telenet companies.

For the year ended December 31, 2016, the aggregate remuneration of the members of the board of directors (including the observer) amounted to €456,000 for the Company (see table below for individual remuneration).

None of the directors (except the CEO of the Company) receives: variable remuneration within the meaning of the Law of April 6, 2010, and any profit-related incentives, option rights, shares or other similar fees.

Pursuant to Belgian legislation and regulations, all board members (or persons related to them or entities fully controlled by them) must report details of their (transactions in) stock options and shares of the Company to the Belgian Financial Services and Markets Authority.

The individual remuneration paid for each member of the board of directors and the observer to the board in 2016 is set out in the table below.

Name	Renumeration 2016
Bert De Graeve (IDw Consult BVBA) (CCM)	€117,500
John Porter	-
Christiane Franck	€65,000
Jo Van Biesbroeck (JoVB BVBA)	€62,500
Charles H. Bracken	€28,000
Diederik Karsten	€22,000
Manuel Kohnstamm	€24,000
Jim Ryan	€24,000
Dana Strong	€26,000
Suzanne Schoettger	€22,000
André Sarens *	€65,000

CCM: Current Chairman - in function as of 30/04/2014

(*): Observer

The Company expects the remuneration principles of the directors of the Company for the next two financial years to be consistent with the current remuneration policy. Except for the proposal made by the board of directors of 14 February 2017 (item 13 on the AGM agenda) i.e.: to (i) increase the fixed annual remuneration of the chairman of the board of directors from €100,000 to €120,000, (ii) increase the attendance fee for board meetings for the independent directors from €2,500 to €3,500, but with a maximum of €24,500 per year, (iii) introduce an attendance fee for the chairman of the Audit Committee for Audit Committee meetings at €4,000 per meeting, (iv) introduce an attendance fee for the other independent directors participating in the Audit Committee at 3,000 per meeting, and (v) to introduce an attendance fee for independent directors participating in the Remuneration & Nomination Committee at €2,000. All other remunerations remain unaffected.

7.7.2. Remuneration of Executive Management (Senior Leadership Team)

1. General remuneration principles

The determination and evolution of the Company's remuneration practices are closely linked with the growth, results and success of the Company as a whole. The Company'sremuneration policy is built around internal fairness and external market competitiveness. These principles are executed through HR tools like function classification, career paths, and external benchmarking. The Company's strategy aligns competitive pay with the interests of shareholders and other stakeholders, aiming for an optimal balance between offering competitive salaries and avoiding excessive remuneration, while maintaining focus on performance and results. This implies that the Company's policies are reviewed periodically and adapted where needed.

The Company strives for an optimal mix between the different components of the remuneration package, balancing elements of fixed pay and variable pay. As examples, the Company's policy on fringe benefits offers good social support in terms of extra-legal pension, life and disability coverage and medical insurance; all of the Company's employees can benefit from price concessions or additional benefits for Telenet products; and share ownership of the Company is encouraged via employee stock purchase plans and other long-term incentive plans. The Company's experience has shown that this balanced remuneration policy helps to attract and retain top talent.

Performance management and the achievement of results is another anchoring element in the Company's total rewards strategy: the vast majority of its employees are evaluated on and rewarded according to (i) the achievement of individual and/or corporate objectives and (ii) individual performance being in line with the Company's Competence and Leadership Model. Throughout the Company's remuneration policy, customer loyalty (measured by means of a Net Promotor Score ("NPS") - see further below) plays a pivotal role.

2. Remuneration principles for executive management (Senior Leadership Team)

a) General

The Remuneration & Nomination Committee prepares a proposal for the remuneration principles and remuneration level of the CEO and submits it for approval to the board of directors.

The Senior Vice President Human Resources prepares a proposal for determining the remuneration principles and remuneration level of the members of the SLT (other than the CEO) for submission to the Remuneration & Nomination Committee. The Remuneration & Nomination Committee discusses (and possibly amends) the proposal and submits it for approval to the board of directors.

The remuneration policies of the CEO and the members of the SLT are based on principles of internal fairness and external market competitiveness. The Company endeavors to ensure that the remuneration of the Senior Leadership Team consists of an optimal mix between various remuneration elements.

Each member of the SLT is remunerated by taking into account (i) his/her personal functioning and (ii) pre-agreed (company-wide and individual) targets. For the year ended December 31, 2016, 50% of management's bonuses (other than the CEO) depend on financial and operational targets, the other 50% on individual and departmental objectives. The functioning of each member of the SLT is assessed on the basis of the Company's Competence and Leadership Model.

Within the limits of the existing stock option and warrant plans approved by the general shareholders' meeting, the board of directors, upon recommendation of the Remuneration & Nomination Committee, can also grant warrants and/or stock options to the members of the SLT.

The Performance Shares Plans 2016, 2015, 2014 and 2013 for members of the SLT contain a provision regarding "claw back" of variable remuneration granted in case of restatement of the Company's financial statements. None of the Company's other share-based compensation plans, including those with the CEO, have such "claw back" features.

In accordance with Belgian legislation and regulations, details of (transactions in) stock options and shares held by all members of the SLT (or persons related to them or entities fully controlled by them) are reported to the FSMA in Belgium.

In 2011, the variable remuneration of the CEO and the members of the SLT of the Company was reviewed in order to comply with the binding provisions of the Law of April 6, 2010 and the relevant principles of the Belgian Corporate Governance Code on executive remuneration. The general shareholders' meeting of April 27, 2011 and April 2014 approved these remuneration principles of the CEO and the other members of the SLT. The Company expects the remuneration principles of the members of the SLT of the Company for the next two financial years to be consistent with the current remuneration policy.

b) Remuneration principles for the CEO

The CEO's annual remuneration package consists of a fixed part, a variable part, and includes premiums paid for group insurance and benefits in kind.

The variable cash remuneration of the CEO is based on his general performance over the year. Every year, the Remuneration & Nomination Committee formulates a bonus and salary proposal for approval by the board of directors. For 2016, the Remuneration & Nomination Committee proposed to the board of directors (i) to grant a cash bonus to the CEO for 2016 equal to €630,000; (ii) to determine his fixed compensation for 2016 to be €630,000 on an annual basis; (iii) to determine the maximum cash bonus for 2016 to be 100% of the 2016 annual fixed compensation.

The CEO is eligible for share-based remuneration. For details on the share-based remuneration of the CEO (including the share-based remuneration received in 2016), please see section 3.b) below.

c) Remuneration principles for the members of the SLT (excluding the CEO)

The annual remuneration of the members of the SLT (excluding the CEO) consists of a fixed salary (including holiday pay and thirteenth month), a variable remuneration part, and includes premiums paid for group insurance and benefits in kind.

The agreements with the members of the SLT (excluding the CEO) do not contain specific references to the criteria to be taken into account when determining variable remuneration, which deviates from provision 7.17 of the Belgian Corporate Governance Code 2009. The Company sets out the principles of variable remuneration in a general policy because it believes that there should be sufficient flexibility in the determination of the variable remuneration principles that allows for the consideration of prevailing market circumstances.

The variable cash remuneration depends on performance criteria relating to the respective financial year. With respect to the bonus for each member of the SLT (excluding the CEO) for performance year 2016, 100% was linked to the Company's financial and operational targets, an additional multiplier was linked to the individual performance score based on achieving the success of the individual and departmental objectives. Upon advice of the CEO, the Remuneration & Nomination Committee decides on the achievement of the performance criteria of each member of the SLT as leader of their department and as an individual.

For the year ended December 31, 2016, the board of directors approved to grant a total variable remuneration package to the CEO, the members of the SLT and one other manager, composed of a cash bonus and performance shares (the "2016 Telenet Performance Shares"). These performance shares will only be definitively acquired by the beneficiaries after a period of three years, subject to the achievement of certain performance criteria over those three years. These performance shares are contractual rights to receive, subject to certain performance based criteria, existing ordinary shares for free from the Company.

In addition, the payout of the cash bonus to members of the SLT (excluding the CEO) will be linked to meeting certain predetermined performance criteria over a one-year period. When these performance criteria are met, the acquired cash bonus will be paid out in the year following the performance year (and no longer be deferred over a period of 3 years as was the case until 2013). All performance criteria will be determined by the CEO and the Remuneration & Nomination Committee and validated by the board of directors.

The members of the SLT (excluding the CEO) are eligible for share-based remuneration. For details on the share-based remuneration of the members of the SLT (including the share-based remuneration received in 2016), please see section 4.b) below.

The general shareholders' meeting of the Company approved the relevant terms of this remuneration package on April 27, 2011 and April 2014, in accordance with the provisions of the Law of April 6, 2010.

3. Remuneration CEO

a) Cash-based remuneration

The Company's CEO was granted the following remuneration in the year ended December 31, 2016: (i) a fixed remuneration of €630,000, (ii) a variable remuneration of €630,000, and (iii) benefits in kind valued at €150,036.85. As mentioned in section 7.7.1, the CEO is not remunerated for the exercise of his mandate as director of the Company or any other Telenet companies.

The relative weight these components for the year ended December 31, 2016 was: (i) fixed remuneration 44.7%, (ii) variable remuneration 44.7%, and (iii) benefits in kind 10.6%.

This cash-based variable remuneration, together with the relevant part of the share-based variable remuneration under the CEO SOP 2013, the CEO SOP 2014, CEO SOP 2014 ***bis,*** CEO SOP 2015 and ESOP 2016 (see below), constitutes the total variable remuneration of the CEO for purposes of the Law of April 6, 2010, as approved by the general shareholders' meeting of April 27, 2011.

The benefits in kind include insurances for medical costs, life and disability, a company car, school fees for his children and a travel allowance up to certain maximum annual amounts. The CEO further receives a price concession with respect to Telenet products and services he orders.

He receives no benefits in cash linked to a performance period of longer than one year.

b) Share-based remuneration

The Company's CEO did not receive shares or warrants of the Company during the last financial year.

On July 4, 2013, the CEO received 200,000 stock options under the CEO Stock Option Plan 2013 ("CEO SOP 2013"). These stock options are of a contractual nature to acquire existing shares, giving the CEO the right to acquire existing shares of the Company, on a one to one basis.

The term of the stock options is five years, such that, all of the stock options granted under the CEO SOP 2013 have an expiration date of July 4, 2018. The stock options vest in three installments, on July 4, 2014, July 4, 2015 and July 4, 2016, respectively, subject to the achievement of certain performance criteria. All stock options that vest pursuant to the CEO SOP 2013, become exercisable during defined exercise periods as from July 4, 2016.

The exercise price of these stock options is equal to €34.33.

The vesting is performance based. The annual performance based vesting conditions were determined by the Remuneration & Nomination Committee, in consultation with the CEO. Upon a change of control over the Company, a de-listing of the Company or the start of a squeeze-out offer in relation to the shares of the Company, all stock options vest immediately and automatically.

The shares that can be acquired upon the exercise of the stock options are furthermore subject to the following retention features (applicable to each separate exercised tranche): (i) in the 90 days following the exercise of the stock options, the respective shares can only be sold up to an amount required to recover the tax and exercise price related to the exercised stock options, (ii) in the subsequent period of 270 days, a maximum of 50% of the remaining shares acquired upon the exercise of the respective stock options may be sold, and (iii) the balance of the shares may only be sold following the end of the 18th month following the month in which the respective exercise period ended.

The performance based conditions relate to the Adjusted EBITDA of the Telenet Group on a consolidated basis, the customer loyalty/satisfaction achieved by the Telenet Group and the product and services innovation within the Telenet Group. On February 11, 2014, the Remuneration & Nomination Committee determined that these performance criteria had been achieved for 2013, which resulted in the vesting of a first installment of 50,000 stock options on July 4, 2014. On February 10, 2015, the Remuneration & Nomination Committee determined that the performance criteria had also been achieved for 2014, which resulted in the vesting of a second installment of 100,000 stock options on July 4, 2015. On February 9 2016, the Remuneration & Nomination Committee determined that the performance criteria had been met for 2015, which results in the vesting of a third installment of 50,000 stock options on July 4, 2016.

On November 8, 2013, the CEO received 185,000 stock options under the CEO Stock Option Plan 2014 ("CEO SOP 2014"). These stock options are of a contractual nature to acquire existing shares, giving the CEO the right to acquire existing shares of the Company, on a one to one basis.

The term of the stock options is seven years, such that all of the stock options granted under the CEO SOP 2014 have an expiration date of June 26, 2020. The stock options vest in two installments, on respectively June 26, 2016 and on March 1, 2017, subject to the achievement of certain performance criteria. All stock options that vest pursuant to the CEO SOP 2014 become exercisable during defined exercise periods following June 26, 2016.

The exercise price of these stock options is equal to €38.88.

The vesting is performance based. The annual performance based vesting conditions were determined by the Remuneration & Nomination Committee, in consultation with the CEO. Upon a change of control over the Company, a de-listing of the Company or the start of a squeeze-out offer in relation to the shares of the Company, all stock options vest immediately and automatically.

The shares that can be acquired upon the exercise of the stock options are furthermore subject to the following retention features (applicable to each separate exercised tranche): (i) in the 90 days following the exercise of the stock options, the respective shares can only be sold up to an amount required to recover the tax and exercise price related to the exercised stock options, (ii) in the subsequent period of 270 days, a maximum of 50% of the remaining shares acquired upon the exercise of the respective stock options may be sold, and (iii) the balance of the shares may only be sold following the end of the 18th month following the month in which the respective exercise period ended.

The performance based conditions for the first installment of 138,750 stock options relate to the Adjusted EBITDA of the Telenet Group on a consolidated basis and the customer loyalty/satisfaction achieved by the Telenet Group over the period January 1, 2014 through December 31, 2014 and the period January 1, 2015 through December 31, 2015; the performance based conditions for the second installment of 46,250 stock options relate to the Adjusted EBITDA of the Telenet Group on a consolidated basis and the customer loyalty/satisfaction achieved by the Telenet Group over (i) the period January 1, 2014 to December 31, 2015 and (ii) the period January 1, 2016 through December 31, 2016. On February 9, 2016, the Remuneration & Nomination Committee determined that the performance criteria with respect to the first installment had been achieved for 2015, which results in the vesting of the first installment of 138,750 stock options on June 26, 2016. Also on February 9, 2016 the Remuneration & Nomination Committee determined that the performance criteria for the second installment for the period January 1, 2015 through December 31, 2015 have been achieved. On February 14, 2017, the Remuneration and Nomination Committee determined that the performance criteria had been met for 2016, which resulted in the vesting of a second installment of 46,250 stock options on March 1, 2017.

On July 15, 2014, the CEO received 180,000 stock options under the CEO Stock Option Plan 2014 bis ("CEO SOP 2014 bis"). These stock options are options of a contractual nature to acquire existing shares, giving the CEO the right to acquire existing shares of the Company, on a one to one basis.

The term of the stock options is five years, such that all of the stock options granted under the CEO SOP 2014 bis have an expiration date of July 15, 2019. The stock options vest in three installments, on July 15, 2015, July 15, 2016 and July 15, 2017, respectively, subject to the achievement of certain performance criteria. All stock options that vest pursuant to the CEO SOP 2014 bis become exercisable during defined exercise periods as from July 15, 2017.

The exercise price of these stock options is equal to €39.38.

The vesting is performance based. The annual performance based vesting conditions were determined by the Remuneration & Nomination Committee, in consultation with the CEO. Upon a change of control over the Company, a de-listing of the Company or the start of a squeeze-out offer in relation to the shares of the Company, all stock options vest immediately and automatically.
The shares that can be acquired upon the exercise of the stock options are furthermore subject to the following retention features (applicable to each separate exercised tranche): (i) in the 90 days following the exercise of the stock options, the respective shares can only be sold up to an amount required to recover the tax and exercise price related to the exercised stock options, (ii) in the subsequent period of 270 days, a maximum of 50% of the remaining shares acquired upon the exercise of the respective stock options may be sold, and (iii) the balance of the shares may only be sold following the end of the 18th month following the month in which the respective exercise period ended.

The performance based conditions relate to the Adjusted EBITDA of the Telenet Group on a consolidated basis. On February 10, 2015, the Remuneration & Nomination Committee determined that the performance criteria had been achieved for 2014, which resulted in the vesting of a first installment of 45,000 stock options on July 15, 2015. On February 9, 2016, the Remuneration & Nomination Committee determined that the performance criteria had been achieved for 2015, which results in the vesting of a second installment of 67,500 stock options on July 15, 2016. On February 14, 2017, the Remuneration and Nomination Committee determined that the performance criteria had been met for 2016, which results in the vesting of a third installment of 67,500 stock options on July 15, 2017.

On March 13, 2015, the CEO received 180,000 stock options under the CEO Stock Option Plan 2015 ("CEO SOP 2015"). These stock options are options of a contractual nature to acquire existing shares, giving the CEO the right to acquire existing shares of the Company, on a one to one basis.

The term of the stock options is five years, such that all of the stock options granted under CEO SOP 2015 have an expiration date of of March 13, 2020. The stock options vest in three installments, on March 13, 2016, March 13, 2017 and March 13, 2018 respectively, subject to the achievement of certain performance criteria. All stock options that vest pursuant to the CEO SOP 2015 become exercisable during defined exercise periods as from March 13, 2018.

The exercise price of these stock options is equal to €50.57.

The vesting is performance based. The annual performance based vesting conditions were determined by the Remuneration & Nomination Committee, in consultation with the CEO. Upon a change of control over the Company, all stock options vest immediately and automatically. The shares that can be acquired upon the exercise of the stock options are furthermore subject to the following retention features (applicable to each separate exercised tranche): in the 90 days following the exercise of the stock options, the respective shares can only be sold up to an amount required to recover the tax and exercise price related to the exercised stock options, in the subsequent period of 270 days, a maximum of 50% of the remaining shares acquired upon the exercise of the respective stock options may be sold, and the balance of the shares may only be sold following the end of the 18th month following the month in which the respective exercise period ended.

The performance based conditions relate to the OCF under US GAAP of the Telenet Group on a consolidated basis. On February 9, 2016, the Remuneration & Nomination Committee determined that the performance based conditions had been achieved for 2015, which resulted in the vesting of a first installment of 55,000 stock options on

March 13, 2016. Also on February 14, 2017, the Remuneration and Nomination Committee determined that the performance criteria for the second installment for the period January 1, 2016 through December 31, 2016 have been achieved, which resulted in the vesting of a second installment on March 13, 2017.

On April 15, 2016 the CEO received 244, 209 stock options under the ESOP 2016 plan (see also 7.3.1). These stock options are options of a contractual nature to acquire existing shares, giving the CEO the right to acquire existing shares of the Company, on a one to one basis.

The term of the stock options is five years, such that all of the stock options granted under the ESOP 2016 plan, have an expiration of April 15, 2021. The stock options vest in quarterly installments.

During 2016, the CEO did not exercise any stock options nor were any of his stock options forfeited.

As of December 31, 2016, Mr. Porter had been granted the following stock options:

Name Plan	Number of stock options outstanding	Exercise price	Vesting	Expiration date
CEO SOP 2013				
first installment	50,000	€34.33	July 4, 2014	July 4, 2018
second installment	100,000	€34.33	July 4, 2015	July 4, 2018
third installment	50,000	€34.33	July 4, 2016	July 4, 2018
CEO SOP 2014				
first installment	138,750	€38.88	June 26, 2016	June 26, 2020
second installment	46,250	€38.88	March 1, 2017	June 26, 2020
CEO SOP 2014 bis				
first installment	45,000	€39.38	July 15, 2015	July 15, 2019
second installment	67,500	€39.38	July 15, 2016	July 15, 2019
third installment	67,500	€39.38	July 15, 2017	July 15, 2019
CEO SOP 2015				
first installment	55,000	€50.57	March 13, 2016	March 13, 2020
second installment	63,000	€50.57	March 13, 2017	March 13, 2020
third installment	62,000	€50.57	March 13, 2018 (*)	March 13, 2020
ESOP 2016				
	244,209	€45,48	quarterly	April 15, 2021

(*) Vesting subject to achievement of performance based conditions in previous financial year/years

c) Termination arrangements

The CEO has a termination arrangement in his contract with the Company, providing that in case of early termination, the CEO is entitled to a maximum total cash remuneration equal to 12 months remuneration.

4. Remuneration Senior Leadership Team

a) Cash-based remuneration

In 2016, the aggregate remuneration paid to the other members of the SLT (excluding the CEO), amounted to €6,390,233. All members of the SLT (excluding the CEO) have an employment agreement with Telenet BVBA.

This amount is composed of the following elements (for all members jointly, excluding the CEO): (i) a fixed salary of €2,856,117, a variable salary of €2,968,664.57 (constituting 100% of the total cash bonus of 2016 and the vested performance shares), (iii) paid premiums for group insurance for an amount of €344,222.14 and (iv) benefits in kind valued at €221,229.68. All amounts are gross without employer's social security contributions.

The members of the SLT (excluding the CEO) benefit from a defined benefit pension scheme. The plan is financed by both employer and employee contributions. The total service cost (without contributions of the employees) amounted to €232,066.16.

The benefits in kind include insurance for medical costs, a company car, representation allowance, luncheon vouchers and for some members housing and travel expenses.

The members of the SLT (excluding the CEO) further receive a price reduction with respect to Telenet products or services they order.

The members of the SLT receive no benefits in cash linked to a performance period of longer than one year.

b) Share-based compensation

The members of the SLT (excluding the CEO) and one other manager received performance shares of the Company during 2016 (the "2016

Telenet Performance Shares"). The performance target applicable to the 2016 Telenet Performance Shares is the achievement of an OCF CAGR under US GAAP. A performance range of 75% to 160% of the targeted OCF CAGR would generally result in award recipients earning between 75% to 300% of their 2016 Performance Shares.

The 2016 Telenet Performance Shares Plan contains a provision regarding “claw back” of variable remuneration granted in case of restatement of the Company’s financial statements.
An overview of the number of 2016 Telenet Performance Shares granted for the year ended December 31, 2016 to (and accepted by) the members of the SLT can be found below:

Name	Number of performance shares granted and accepted
Berger Micha	12,992
Lloyd Sam	5,342
Caluwaerts Ann	5,342
Conix Birgit	9,744
Machtelinckx Luc	5,342
Poels Claudia	5,342
Tempels Martine	5,342
Vincent Patrick	7,146
Nieuwdorp Dieter	5,342
Paulissen Benedikte	7.146
Bronselaer Jeroen	7,146

On February 9, 2016, the board of directors determined that the performance targets applicable to the 2013 Telenet Performance Shares were met, resulting in the vesting of these performance shares on October 25, 2016. On October 25, 2016 the Remuneration & Nomination Committee decided to settle the vested performance shares in cash instead of in shares of the Company. This particular performance share plan was paid out in cash for an amount of €1.6 million following the specific decision of the Remuneration & Nomination Committee. As this was the second year in a row that a similar performance share plan has been settled in cash, it was decided upon that the historical track record of cash settlements of these particular equity awards did trigger a modification of the equity classification of all performance shares outstanding. As a result, all similar performance share plans have been considered to be cash settled share base payment plans and as a result, the Company represented the related share based compensation expense recognized as liability and no longer in equity. As the performance shares have been fair-valued, the cash paid to settle the 2013 performance share plan did not exceed the fair value of the award on the settlement date, the amount of cash paid to repurchase the equity award was charged to equity and consequently has been presented as a cash outflow from financing activities in the consolidated statement of cash flows.

An overview of the numbers of 2013 Telenet performance shares vested in favor of (current) members of the Senior Leadership Team can be found below:

Name	Number of 2013 performance shares vested
Berger Micha	3,478
Caluwaerts Ann	2,631
Conix Birgit	3,451
Kurup Veenod*	3,478
Machtelinckx Luc	3,009
Poels Claudia	2,552
Smidts Inge*	2,737
Tempels Martine	2,542
Vincent Patrick	3,308

* Ms. Inge Smidts and Mr. Veenod Kurup left the Company in 2015, but are entitled to Performance Shares

On December 31, 2016, the current members of the SLT (excluding the CEO) held in aggregate 236,000 stock options under the ESOP 2013,180,000 under the ESOP 2014, 81,000 under the ESOP 2015 and 139,126 under the ESOP 2016 . Each stock option can be exercised for one share. The vesting of these stock options occurs progressively (per quarter) over a period of four years. The stock options become exercisable after vesting.

During 2016, the members of the SLT also received stock options under the ESOP 2016. An overview of the stock options granted to (and accepted by) the current members of the SLT (excluding the CEO) during 2016 can be found in the table below:

Name	Grant	Number of stock options granted	Number of stock options accepted	Exercise price
Berger Micha	ESOP 2016	81,403	40,000	€45.48
Bronselaer Jeroen	ESOP 2016	44,772	40,000	€45.48
Caluwaerts Ann	ESOP 2016	33,471	33,471	€45.48
Conix Birgit	ESOP 2016	61,052	61,052	€45.48
Lloyd Sam	ESOP 2016	33,471	33,471	€45.48
Machtelinckx Luc	ESOP 2016	33,471	33,471	€45.48
Nieuwdorp Dieter	ESOP 2016	33,471	33,471	€45.48
Paulissen Benedikte	ESOP 2016	44,772	44,772	€45.48
Poels Claudia	ESOP 2016	33,471	33,471	€45.48
Tempels Martine	ESOP 2016	33,471	33,471	€45.48
Vincent Patrick	ESOP 2016	44,772	44,772	€45.48

An overview of the warrants and stock options exercised by the members of the SLT (excluding the CEO) during 2016, while they were members of the SLT, can be found in the table below:

Name	Number of warrants/ stock options exercised	Exercise Price	Plan
Caluwaerts Ann	2,003	19.37	ESOP 2010 ter
Bronselaer Jeroen	1,914	19.37	ESOP 2010 ter

c) Termination arrangements

The employment agreements of some members of the SLT, all concluded before July 2009, contain termination arrangements providing for a notice period which can exceed twelve months in case of termination by Telenet BVBA (other than for cause):

Mr. Luc Machtelinckx has a contractual termination clause, providing for the performance during a notice period in case of termination by the Company (except for cause) to be calculated on the basis of the 'formula Claeys', which may be replaced (with the prior agreement of Mr. Machtelinckx) by an indemnification payment (without performance).

The employment agreement with Ms. Martine Tempels, concluded when she was not yet a member of the SLT (and before May 4, 2010, i.e. the date of entry into force of the Law of April 6, 2010), does contain specific provisions relating to early termination, although it does not contain a clause specifying that severance pay in the event of early termination should not exceed 12 months' remuneration, which for the latter point deviates from provision 7.18. of the Belgian Corporate Governance Code 2009. The Company did not conclude a new agreement with her at the occasion of her appointment as member of the SLT.

The employment agreement with Mr. Dieter Nieuwdorp, and Ms. Benedikte Paulissen concluded when they were not yet members of the SLT (and before May 4, 2010, i.e. the date of entry into force of the Law of April 6, 2010) do not contain specific provisions relating to early termination.

The employment agreements with Mr. Patrick Vincent, Mr. Jeroen Bronselaer, Ms. Sam Lloyd and Ms. Claudia Poels do not contain specific provisions relating to early termination.

The agreements with Ms. Ann Caluwaerts, Mr. Micha Berger and Ms. Birgit Conix, all concluded after May 4, 2010, contain clauses specifying that severance pay in the event of early termination shall not exceed the maximum amount foreseen by law.

Each new agreement concluded with members of the SLT after May 4, 2010, comply with the legal provisions of the Law of April 6, 2010 and the Belgian Corporate Governance Code 2009.

7.8 Audit of the company

7.8.1 External audit by statutory auditors

For details on the audit and non-audit fees paid to the auditor in 2016, we refer to note 5.30 to the consolidated financial statements of the Company.

7.8.2 Internal audit

For the year ended December 31, 2016, the Company's internal audit function was performed by the internal audit department of Liberty Global plc. The internal audit activities are carried out on the basis of a plan annually approved and monitored by the Audit Committee. These internal audit activities cover a wide range of topics and aim at the evaluation and improvement of the specific control environment.

Brussels, March 20, 2017

On behalf of the board of directors

John Porter
Chief Executive Officer

Bert De Graeve
Chairman

Telenet Group Holding NV consolidated financial statements

1. Consolidated statement of financial position

(in thousands of euro)	Note	December 31, 2016	December 31, 2015
Assets			
Non-current assets:			
Property and equipment	5.4	2,046,824	1,411,933
Goodwill	5.5	1,540,946	1,241,813
Other intangible assets	5.6	709,175	241,061
Deferred tax assets	5.15	135,532	108,493
Investments in and loans to equity accounted investees	5.7.1	27,372	57,651
Other investments	5.7.2	1,757	—
Derivative financial instruments	5.14	49,658	7,556
Trade receivables	5.8.1	4,793	4,739
Other non-current assets	5.9.1	16,480	13,235
Total non-current assets		**4,532,537**	**3,086,481**
Current assets:			
Inventories	5.10	21,702	19,261
Trade receivables	5.8.2	205,979	145,907
Other current assets	5.9.2	125,209	68,622
Cash and cash equivalents	5.11	99,203	277,273
Derivative financial instruments	5.14	22,825	941
Total current assets		**474,918**	**512,004**
Total assets		**5,007,455**	**3,598,485**

(in thousands of euro)	Note	**December 31, 2016**	**December 31, 2015**

Equity and liabilities

Equity:			
Share capital	5.12	12,758	12,751
Share premium and other reserves	5.12	966,132	1,001,302
Retained loss	5.12	(2,190,107)	(2,224,874)
Remeasurements	5.12	(14,798)	(9,286)
Total equity attributable to owners of the Company		**(1,226,015)**	**(1,220,107)**
Non-controlling interests	5.12	18,372	16,648
Total equity		**(1,207,643)**	**(1,203,459)**
Non-current liabilities:			
Loans and borrowings	5.13	4,642,485	3,683,320
Derivative financial instruments	5.14	94,695	57,786
Deferred revenue	5.19	675	648
Deferred tax liabilities	5.15	166,047	124,512
Other non-current liabilities	5.16	94,608	59,062
Total non-current liabilities		**4,998,510**	**3,925,328**
Current liabilities:			
Loans and borrowings	5.13	139,372	110,558
Trade payables		182,284	133,512
Accrued expenses and other current liabilities	5.18	559,230	350,313
Deferred revenue	5.19	101,731	73,572
Derivative financial instruments	5.14	16,015	6,181
Current tax liability	5.22	217,956	202,480
Total current liabilities		**1,216,588**	**876,616**
Total liabilities		**6,215,098**	**4,801,944**
Total equity and liabilities		**5,007,455**	**3,598,485**

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

2. Consolidated statement of profit or loss and other comprehensive income

(in thousands of euro, except per share data)		For the years ended December 31,	
	Note	**2016**	**2015 as represented (*)**
Profit for the period			
Revenue	5.19	2,429,120	1,821,848
Cost of services provided	5.20	(1,449,938)	(997,972)
Gross profit		**979,182**	**823,876**
Selling, general and administrative expenses	5.20	(493,750)	(280,790)
Operating profit		**485,432**	**543,086**
Finance income		6,518	16,543
Net interest income and foreign exchange gain	5.21	378	2,754
Net gain on derivative financial instruments	5.14	6,140	13,789
Finance expense		(376,403)	(280,239)
Net interest expense, foreign exchange loss and other finance expense	5.21	(330,752)	(249,392)
Loss on extinguishment of debt	5.21	(45,651)	(30,847)
Net finance expenses	5.21	**(369,885)**	**(263,696)**
Share in the profit (loss) of equity accounted investees	5.7.1	35	(4,076)
Impairment of investments in equity accounted investees	5.7.1	(31,000)	—
Profit before income tax		84,582	275,314
Income tax expense	5.22	(43,013)	(99,652)
Profit for the period		**41,569**	**175,662**

(in thousands of euro, except per share data)		For the years ended December 31,	
	Note	**2016**	**2015 as represented (*)**

Other comprehensive income (loss) for the period, net of income tax

Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability/(asset)	5.17	(5,512)	1,259
Other comprehensive income (loss) for the period, net of income tax		**(5,512)**	**1,259**
Total comprehensive income for the period		**36,057**	**176,921**
Profit attributable to:		**41,569**	**175,662**
Owners of the Company		41,815	175,639
Non-controlling interests		(246)	23
Total comprehensive income for the period, attributable to:		**36,057**	**176,921**
Owners of the Company		36,303	176,898
Non-controlling interests		(246)	23
Earnings per share			
Basic earnings per share in €	5.23	0.36	1.51
Diluted earnings per share in €	5.23	0.36	1.51

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

(*) We refer to Note 5.1.6 Reporting changes for detailed information regarding the reclassification of reminder fees and carriage fees.

3. Consolidated statement of changes in shareholders' equity

Attributable to equity holders of the Company *(in thousands of euro, except share data)*	Note	Number of shares	Share capital	Share premium	Equity-based compensation reserve
January 1, 2016		**117,278,706**	**12,751**	**61,271**	**71,346**
Total comprehensive income for the period					
Profit for the period		—	—	—	—
Other comprehensive income (loss)		—	—	—	—
Total comprehensive income for the period		**—**	**—**	**—**	**—**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Reallocation of prior year's profit to legal reserve		—	—	—	—
Recognition of share-based compensation	5.12	—	—	—	9,485
Cash settlement of PSP 2013 awards	5.12	—	—	—	(1,629)
Reclass Performance Share Plan to cash settled equity award liabilities	5.12	—	—	—	(3,931)
Cost of equity transactions		—	—	—	—
Own shares acquired	5.12	—	—	—	—
Own shares sold	5.12	—	—	—	—
Proceeds received upon exercise of Warrants	5.12	56,917	7	1,095	—
Total contribution by and distributions to owners of the Company		**56,917**	**7**	**1,095**	**3,925**
Changes in ownership interests in subsidiaries					
Capital contributions by NCI		—	—	—	—
Total transactions with owners of the Company		**56,917**	**7**	**1,095**	**3,925**
December 31, 2016		**117,335,623**	**12,758**	**62,366**	**75,271**

Legal reserve	Reserve for own shares	Other reserves	Retained loss	Remeasurements	Total	Non-controlling interest	Total equity
79,269	**(38,487)**	**827,903**	**(2,224,874)**	**(9,286)**	**(1,220,107)**	**16,648**	**(1,203,459)**
—	—	—	41,815	—	41,815	(246)	41,569
—	—	—	—	(5,512)	(5,512)	—	(5,512)
—	**—**	**—**	**41,815**	**(5,512)**	**36,303**	**(246)**	**36,057**
7,048	—	—	(7,048)	—	—	—	—
—	—	—	—	—	9,485	—	9,485
—	—	—	—	—	(1,629)	—	(1,629)
—	—	—	—	—	(3,931)	—	(3,931)
—	—	42	—	—	42	—	42
—	(47,800)	—	—	—	(47,800)	—	(47,800)
—	520	—	—	—	520	—	520
—	—	—	—	—	1,102	—	1,102
7,048	**(47,280)**	**42**	**(7,048)**	**—**	**(42,211)**	**—**	**(42,211)**
—	—	—	—	—	—	1,970	1,970
7,048	**(47,280)**	**42**	**(7,048)**	**—**	**(42,211)**	**1,970**	**(40,241)**
86,317	**(85,767)**	**827,945**	**(2,190,107)**	**(14,798)**	**(1,226,015)**	**18,372**	**(1,207,643)**

Attributable to equity holders of the Company *(in thousands of euro, except share data)*	Note	Number of shares	Share capital	Share premium	Equity-based compensation reserve
January 1, 2015		**116,908,039**	**12,711**	**55,565**	**62,691**
Total comprehensive income for the period					
Profit for the period		—	—	—	—
Other comprehensive income		—	—	—	—
Total comprehensive income for the period		—	—	—	—
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Reallocation of prior year's profit to legal reserve	5.12	—	—	—	—
Recognition of share-based compensation	5.12	—	—	—	10,370
Performance shares	5.12	—	—	—	(1,715)
Own shares acquired	5.12	—	—	—	—
Own shares sold	5.12	—	—	—	—
Proceeds received upon exercise of Warrants and options	5.12	370,667	40	5,706	—
Total contribution by and distributions to owners of the Company		**370,667**	**40**	**5,706**	**8,655**
Changes in ownership interests in subsidiaries					
Capital contributions by NCI		—	—	—	—
Total transactions with owners of the Company		**370,667**	**40**	**5,706**	**8,655**
December 31, 2015		**117,278,706**	**12,751**	**61,271**	**71,346**

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

Legal reserve	Reserve for own shares	Other reserves	Retained loss	Remeasurements	Total	Non-controlling interest	Total equity
74,396	**(1,448)**	**827,903**	**(2,394,309)**	**(10,545)**	**(1,373,036)**	**10,757**	**(1,362,279)**
—	—	—	175,639	—	175,639	23	175,662
—	—	—	—	1,259	1,259	—	1,259
—	**—**	**—**	**175,639**	**1,259**	**176,898**	**23**	**176,921**
4,873	—	—	(4,873)	—	—	—	—
—	—	—	—	—	10,370	—	10,370
—	—	—	—	—	(1,715)	—	(1,715)
—	(50,017)	—	—	—	(50,017)	—	(50,017)
—	12,978	—	(1,331)	—	11,647	—	11,647
—	—	—	—	—	5,746	—	5,746
4,873	**(37,039)**	**—**	**(6,204)**	**—**	**(23,969)**	**—**	**(23,969)**
—	—	—	—	—	—	5,868	5,868
4,873	**(37,039)**	**—**	**(6,204)**	**—**	**(23,969)**	**5,868**	**(18,101)**
79,269	**(38,487)**	**827,903**	**(2,224,874)**	**(9,286)**	**(1,220,107)**	**16,648**	**(1,203,459)**

4. Consolidated statement of cash flows

(in thousands of euro)		For the years ended December 31,	
	Note	**2016**	**2015**

Cash flows provided by operating activities:

Profit for the period		41,569	175,662
Adjustments for:			
Depreciation, amortization, impairment and restructuring	5.20	616,693	382,828
Gain on disposal of property and equipment and other intangible assets	5.20	(5,081)	(2,362)
Income tax expense	5.22	43,013	99,652
Increase (decrease) in allowance for bad debt	5.8	(538)	5,154
Net interest income and foreign exchange gain	5.21	(378)	(2,754)
Net interest expense, foreign exchange loss and other finance expense	5.21	330,752	249,392
Net gain on derivative financial instruments	5.14 & 5.21	(6,140)	(13,789)
Loss on extinguishment of debt	5.21	45,651	30,847
Other income (loss)		(35)	4,076
Impairment of investments in equity accounted investees	5.7.1	31,000	—
Share based payments	5.12 & 5.20	11,655	10,370
Change in:			
Trade receivables		(25,603)	(44,136)
Other assets		46,230	19,939
Deferred revenue		(1,716)	(537)
Trade payables		(21,449)	19,135
Other liabilities		(4,652)	(35,443)
Accrued expenses and other current liabilities		(28,604)	46,835
Interest paid		(231,242)	(201,879)
Interest received		—	166
Income taxes paid		(92,026)	(77,623)
Net cash provided by operating activities		**749,099**	**665,533**

(in thousands of euro)		For the years ended December 31,	
	Note	**2016**	**2015**

Cash flows used in investing activities:

Purchases of property and equipment		(303,429)	(245,988)
Purchases of intangibles		(178,583)	(132,987)
Acquisitions of other investments	5.7.2	(1,757)	(57,218)
Acquisitions of and loans to equity accounted investees	5.7.1	(500)	—
Acquisitions of subsidiaries, net of cash acquired	5.24	(1,180,542)	—
Proceeds from sale of property and equipment and other intangibles		4,629	3,126
Purchases of broadcasting rights for resale purposes		(1,881)	(3,765)
Proceeds from the sale of broadcasting rights for resale purposes		1,881	3,765
Net cash used in investing activities		**(1,660,182)**	**(433,067)**

Cash flows used in financing activities:

Repayments of loans and borrowings	5.13	(1,711,401)	(507,401)
Proceeds from loans and borrowings	5.13	2,589,565	542,740
Payments of finance lease liabilities		(37,025)	(35,498)
Payments for debt issuance costs		(44,648)	(29,244)
Payments for early termination of loans and borrowings		(9,939)	—
Payments for early termination of derivative financial instruments	5.14	(10,735)	(72,973)
Payments for other financing activities		(1,629)	(1,716)
Repurchase of own shares	5.12	(47,800)	(50,017)
Sale of own shares	5.12	520	2,025
Proceeds from exercise of warrants	5.12	1,102	5,746
Proceeds from capital transactions with equity participants		5,003	2,092
Proceeds from issuance of share capital through Employee Share Purchase Plan	5.12	—	—
Payments related to capital reductions and dividends		—	(23)
Net cash provided by (used in) financing activities		**733,013**	**(144,269)**
Net increase (decrease) in cash and cash equivalents		**(178,070)**	**88,197**
Cash and cash equivalents:			
at January 1	5.11	277,273	189,076
at December 31	5.11	99,203	277,273

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

5. Notes to the consolidated financial statements for the year ended December 31, 2016

5.1 Reporting entity and basis of preparation

5.1.1 Reporting entity

The accompanying consolidated financial statements present the operations of Telenet Group Holding NV, its subsidiaries and other consolidated companies (hereafter collectively referred to as the "Company" or "Telenet"). Through its broadband network, the Company offers basic and enhanced video services, including pay television services, broadband internet and fixed-line telephony services to residential subscribers in Flanders and certain communes in Brussels as well as broadband internet, data and voice services in the business market throughout Belgium and parts of Luxembourg. The Company also offers mobile telephony services through an MVNO Arrangement with Orange and through its own mobile network following the acquisition of BASE on February 11,2016. Telenet Group Holding NV and its principal operating subsidiaries are limited liability companies organized under Belgian law. Subsidiaries and structured financing entities ("SEs") have been incorporated in Luxembourg in order to structure the Company's financing operations.

5.1.2 Basis of preparation

In accordance with the EU Regulation 1606/2002 of July 19, 2002, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRS"). The 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 further in note 5.2.8. The principal accounting policies are set out in section 5.2 below.

5.1.3 Functional and presentation currency

These consolidated financial statements are presented in euro ("€"), which is the Company's functional currency, rounded to the nearest thousand except when indicated otherwise.

5.1.4 Use of estimates and judgments

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

- note 5.3.6: Financial instruments: fair values
- note 5.4: Property and equipment
- note 5.5: Goodwill
- note 5.6: Other intangible assets
- note 5.7.1: Investments in and loans to equity accounted investees
- note 5.14: Derivative financial instruments
- note 5.15: Deferred taxes
- note 5.16: Other non-current liabilities - Asset Retirement obligation
- note 5.18: Accrued expenses and other current liabilities - Liabilities for tax on sites
- note 5.24: Acquisition of subsidiary - Purchase price allocation

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

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

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

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For further information about the assumptions made in measuring fair values we refer to note 5.3.6 Financial Instruments and note 5.12.2 Employee share based compensation.

5.1.5 Going Concern

The consolidated financial statements as of December 31, 2016 showed a negative consolidated equity amounting to €1,207.6 million, mainly as a result of the Company's historical shareholder disbursements policy, including various capital reductions.

The Company considers its most optimal equity structure on a consolidated level, based on a certain net leverage range as described in note 5.3.5, 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 consolidated financial statements applying the accounting policies consistently on a going concern basis taking into account amongst others:

- the forecasted earnings for the next year;
- a projected steadily strong positive cash flow for the next year;
- maturities of financial obligations as disclosed in note 5.3.3.

5.1.6 Reporting changes

As of January 1, 2016, carriage fees are no longer recognized as revenue, but are netted off against direct expenses as Telenet considers charged carriage fees and the purchase of distributable content as a single transaction going forward. In addition, reminder fees are recognized as revenue from January 1, 2016 as these fees are considered to represent a separately identifiable revenue stream, whereas previously reminder fees were recognized net of the related costs in the indirect expense line. The two aforementioned changes in presentation favorably impacted Telenet's revenue and unfavorably impacted Telenet's cost of services provided for the year ended December 31, 2016 by €14.6 million and for the year ended December 31, 2015 by €13.4 million, but did not impact the Company's operating profit and cash flows.

5.1.7 Approval by board of directors

These consolidated financial statements were authorized for issue by the board of directors on March 20, 2017.

5.2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

No changes to the significant accounting policies have been made, except as explained in note 5.2.19, which addresses new standards, interpretations, amendments and improvements.

5.2.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company. The consolidated financial statements include the accounts of Telenet Group Holding NV and all of the entities that it directly or indirectly controls. Intercompany balances and transactions, and any income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance.

Structured Entities

The Company has established SEs for financing purposes. The Company does not have any direct or indirect shareholdings in these entities. An SE is consolidated if, based on an evaluation of the substance of its relationship with the Company and the SE's risks and rewards, the Company concludes that it controls the SE.

Associates and joint ventures

The Company's interest in equity-accounted investees comprises interests in associates and joint ventures.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method and are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of the equity-accounted investees, until the date on which significant influence or joint control ceases.

5.2.2 Segment Reporting

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

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

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

5.2.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When components of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Depreciation is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each component of property and equipment.

The following useful lives are used for the depreciation of property and equipment:

- Buildings and improvements 10-33 years
- Network 3-30 years
- Furniture, equipment and vehicles 2-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Government grants related to assets are recorded as a deduction from the cost in arriving at the carrying amount of the asset. The grant is recognized in the income statement over the life of a depreciable asset as a reduction of depreciation expense.

The Company includes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

The cost of replacing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of repairs and maintenance of property and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

The fair value of property and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction. The market price of items of equipment is based on the quoted market prices for similar items.

It is the Company's policy to remove an asset's gross cost and accumulated depreciation at the end of an asset's useful life if the asset is no longer used by the Company, except when the asset is classified as held for sale.

5.2.4 Intangible assets

Intangible assets with finite useful lives are measured at cost and are amortized on a straight-line basis over their estimated useful lives as follows:

- Network user rights — Life of the contractual right
- Trade name — 10 to 20 years
- Customer relationships and supply contracts — 5 to 15 years
- Broadcasting rights — Life of the contractual right
- Software development costs — 3 to 4 years
- Out of market component on future lease obligations acquired as part of a business combination — Term of the lease agreement

Amortization methods, useful lives and residual values are reviewed at each reporting date and are adjusted if appropriate.

Costs associated with maintaining computer software are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets.

Capitalized internal-use software costs include only external direct costs of materials and services consumed in developing or obtaining the software and payroll and payroll-related costs for employees who are directly associated with and who devote time to the project. Capitalization of these costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose. Internally-generated intangible assets are amortized on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognized, development expenditure is recognized as an expense in the period in which it is incurred.

Broadcasting rights are capitalized as an intangible asset when the value of the contract is measurable upon signing. For such broadcasting rights with respect to movies the amortization during the first three months of the license period are based on the actual number of runs to reflect the pattern of consumption of the economic benefits embodied in the content rights. As for the remaining months of the license period the pattern of consumption of the future economic benefits can no longer be determined reliable, the straight-line method is used until the end of the license period. Broadcasting rights with respect to sports contracts are amortized on a straight-line basis over the sports season.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated brands, is recognized in the statement of profit or loss and other comprehensive income as incurred.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of trade names acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trade name being owned.

The fair value of mobile spectrum licenses acquired in a business combination is based on the market approach, using the price quote of the most recent relevant spectrum license auctions.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

It is the Company's policy to remove an asset's gross cost and accumulated amortization at the end of an asset's useful life if the asset is no longer used by the Company, except when the asset is classified as held for sale.

5.2.5 Impairment of financial and non-financial assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the statement of profit or loss and other comprehensive income. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

The Company's interest in equity-accounted investees are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence of impairment includes :

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit or loss and other comprehensive income. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis.

In respect of assets other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.2.6 Acquisition accounting and goodwill

Business combinations are accounted for using the acquisition method as of the acquisition date, which is the date on which control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable.

The Company measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The cost of an investment in an equity-accounted investee comprises the purchase price and other costs directly attributable to the acquisition of the investment.

Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually, or more frequently when there is an indication that it may be impaired. Goodwill arising in a business combination is allocated to the acquirer's cash generating units that are expected to benefit from the synergies of the business combination in which goodwill arose. This is irrespective of whether other assets or liabilities of the acquiree are assigned to those units. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets pro-rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

5.2.7 Foreign currency transactions

The Company's functional and presentation currency is the euro, which is also the functional currency of each of the Company's subsidiaries. Transactions in currencies other than the euro are translated at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising on translation are included in profit or loss for the period.

5.2.8 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, loans and borrowings, trade and other payables, and investments and loans to equity accounted investees.

Cash and cash equivalents

Cash equivalents consist principally of cash at bank and money market funds with remaining maturities at acquisition of 3 months or less. Except for money market funds, which are recognized at fair value with changes through the statement of profit or loss and other comprehensive income, cash and cash equivalents are carried at amortized cost using the effective interest rate method, less any impairment losses.

The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of those instruments.

Trade receivables

Trade receivables do not carry any interest and are stated at their amortized cost less any allowance for doubtful amounts.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Loans and borrowings

Interest-bearing bank loans are recorded at the proceeds received, net of direct issuance costs. Finance charges, including premiums payable on settlement or redemption and direct issuance costs, are accounted for on an accrual basis using the effective interest method and are recorded as a component of the related debt to the extent that they are not settled in the period in which they arise.

The Company initially recognizes debt securities issued on the date that they are originated. Such liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method.

Deferred financing fees related to undrawn facilities are recognized as other non-current assets if it is probable that the facility will be drawn down.

In case of a modification or exchange of a debt instrument, a substantial modification is accounted for as an extinguishment. In order to determine if a modification is substantial, the Company compares the present value of the remaining cash flows of the old debt instrument to the present value of the cash flows on the modified instrument (including principal, interest, and other amounts paid to or received from the creditors). If the difference between these present values is greater than 10%, then the modification is deemed substantial. In such case, the associated unamortized deferred financing fees related to the old debt instrument is expensed as a loss on extinguishment of debt. If the exchange was not a substantial modification, then the remaining unamortized deferred financing fees of the old debt remain and are amortized over the term of the corresponding new debts, using the effective interest method. The modification or exchange of a debt instrument resulting in a new debt denominated in another currency is treated as a substantial modification.

Trade payables

Trade payables are not interest bearing and are stated at amortized cost. The carrying amounts of trade payables approximate fair value because of the short maturity of those instruments.

With certain suppliers a vendor financing program is entered into with a financial institution. Under such program, suppliers entering the system are paid by the bank earlier than their regular payment terms at a discount or at their regular payment terms without a discount while Telenet only has to pay the bank after 360 days. Consequently, the vendor financing liabilities are accounted for as current portion of loans and borrowings (note 5.13) on the balance sheet. With respect to the classification of vendor financing in the Company's consolidated statement of cash flows, the company records:

- for operational expense related invoices (OPEX) the Company records cash outflows from operations and a corresponding cash inflow in financing activities when the expenses are incurred. When the Company pays the bank, the Company records financing cash outflows ;
- for capital expense related invoices (CAPEX) cash used in financing activities upon payment of the short term debt by the Company to the bank after 360 days.

Derivative financial instruments

The Company's activities are exposed to changes in foreign currency exchange rates and interest rates.

The Company seeks to reduce its exposure through the use of certain derivative financial instruments in order to manage its exposure to exchange rate and interest rate fluctuations arising from its operations and funding.

The use of derivatives is governed by the Company's policies approved by the board of directors, which provides written principles on the use of derivatives consistent with the Company's risk management strategy.

Derivatives are measured at fair value. The Company does not apply hedge accounting to its derivative instruments. Accordingly, changes in the fair values of derivative instruments are recognized immediately in the statement of profit or loss and other comprehensive income.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value through the statement of profit or loss and other comprehensive income.

For (cross currency) interest rate derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity in the consolidated statement of cash flows.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are presented in the reserve for own shares. When own shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

5.2.9 Revenue recognition

Subscription fees for telephony, internet and premium cable television are prepaid by subscribers on a monthly basis and recognized in revenue as the related services are provided, i.e. in the subsequent month. Subscription fees for analog cable television are prepaid by subscribers predominantly on an annual basis and recognized in revenue on a straight-line basis over the following twelve months. Revenue from usage based premium television, mobile and fixed telephone and internet activity is recognized on actual usage.

Installation fees charged to residential customers are recognized as revenue by reference to the stage of completion of the installation. As installation ordinarily does not take long, installation fees are recognized generally as revenue on completion of the installation. Due to the specific characteristics of a business transaction, upfront installation fees charged to business customers are considered part of an integrated solution. The installation is not considered to have stand-alone value and revenue from installation fees charged to business customers is recognized on a straight-line basis as the ongoing services are provided, i.e. deferred and recognized over the term of the arrangement.

Together with subscription fees, basic cable television subscribers are charged a copyright fee for the content received from public broadcasters that is broadcasted over the Company's network. These fees contribute to the cost the Company bears in respect of copyright fees paid to copyright collecting agencies for certain content provided by the public broadcasters and other copyright holders. The Company reports copyright fees collected from cable subscribers on a gross basis as a component of revenue due to the fact that the Company is acting as a principal in the arrangement between the public broadcaster and other copyright holders which does not represent a pass-through arrangement. Indeed, the Company bears substantial risk in setting the level of copyright fees charged to subscribers as well as in collecting such fees.

For multiple element arrangements, the recognition criteria of revenue are applied to the separately identifiable components of the transaction. A component within an arrangement is separated if it has stand-alone value to the customer and if its fair value can be measured reliably. The fair value of the consideration received or receivable is allocated to the separate components of the arrangement using the residual fair value method. The allocation of arrangement consideration to delivered items is limited to amounts of revenue that are not contingent on the Company's future performance.

Revenue from prepaid mobile phone cards is recognized at facial value as deferred income at the time of sale and recognized in revenue upon usage of the call value.

Revenue from termination fees is recognized at the time of the contract cancellation, if and only if collectability of the fee is reasonably assured. If collectability of the termination fee is not reasonably assured at the time of billing, revenue is deferred until cash is received.

Customers may be charged a downgrade fee when they switch to a lower tier service. Generally, the downgrade is not considered to have stand-alone value to the customer and downgrade fees are therefore deemed to be part of the overall consideration for the ongoing service. Revenue from downgrade fees is recognized on a straight-line basis over the longer period of (i) the related subscription contract or (ii) the expected remaining length of the customer relationship.

Digital television customers may rent a set-top box from Telenet. When customers elect to change the type of set-top box that they rent from Telenet, they may be charged a swap fee. The swap to a different type of set-top box is not considered to have stand-alone value to the customer and revenue from swap fees is recognized on a straight-line basis over the shorter period of (i) the expected remaining length of the customer relationship or (ii) the useful life of the set-top box.

Amounts billed for certain premium voice and SMS content are not presented as revenues but are netted against the corresponding expenses, because Telenet carries no legal responsibilities for the collection of these services and acts solely on behalf of the third-party content providers.

Revenue from mobile handset sales transactions, for which the customer entered into a consumer credit agreement with the Company and for which distinct service and payment obligations are applicable from those related to an airtime service contract, is recognized at the time of the sale of the handset as the customer takes full legal title to the handset and realization of the revenue with respect to the mobile handset is not contingent on the satisfactory delivery of future (airtime) services. This revenue is recognized upon the sale of the handset, if and only if collectability of all monthly payments is reasonably assured.

Wholesale revenue earned under MVNO agreements is billed on a monthly basis and recognized in accordance with the usage of the services provided in accordance with the specifications as contractually agreed upon.

Interconnection revenue paid by other telecommunication operators for use of our network, as well as roaming revenue resulting from receiving or making calls abroad is recognized upon usage.

Revenue from reminder fees are considered to represent a separately identifiable revenue stream and are therefore recognized as revenue.

5.2.10 Operating expenses

Operating expenses consist of interconnection and roaming costs, network operations, maintenance and repair costs and cable programming costs, including employee costs and related depreciation and amortization charges. The Company capitalizes most of its installation costs, including direct labor costs. Copyright and license fees paid to the holders of those rights and their agents are the primary component of the Company's cable programming costs. Other direct costs include costs that the Company incurs in connection with providing its residential and business services, such as interconnection charges as well as bad debt expense. Network costs consist of costs associated with operating, maintaining and repairing the Company's broadband network and customer care costs necessary to maintain its customer base.

Certain municipalities and provinces levy local taxes on an annual basis on masts, pylons and antennas. These taxes do not qualify as income taxes and are recorded as operational taxes. Given the uncertainties surrounding the lawfulness, the Company continues to account for this as a risk in accordance with IAS 37. As the levy is triggered based on the pylons at the beginning of each fiscal year, a liability and the related expense are recognized in accordance with IFRIC 21 at the beginning of each year. Interest charges related to the non-payment of this tax are recognized and recorded on a monthly basis.

5.2.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and the amount can be reliably measured. Provisions are measured at the Company's best estimate of the expenditure required to settle its liability and are discounted to present value where the effect is material.

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced to those affected. Future operating losses are not provided for.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

The obligation related to dismantling network sites is recognized as a tangible asset and a corresponding liability which is measured by using appropriate inflation and discount rates.

5.2.12 Leases

At inception of an arrangement, including arrangements that convey to the Company the right to use equipment, fibers or capacity for an agreed period of time in return for a series of payments, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the Company. Property and equipment acquired by way of a finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and any impairment losses. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in long-term debt with the interest element of the finance cost charged to the statement of profit or loss and other comprehensive income over the lease period. All other leases are classified as operating lease payments and recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case they are depreciated over their useful lives.

5.2.13 Income taxes

Income tax expense comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit, and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that is not a business combination and that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognized for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Current and deferred tax is charged or credited to the statement of profit or loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the current or deferred tax is also dealt with in equity.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

5.2.14 Employee benefits

Pension and other post-employment benefit obligations

The Company provides both defined benefit and defined contribution plans to its employees, directors and certain members of management.

For defined contribution plans, the Company pays fixed contributions into a separate entity. The Company has no obligation to pay further amounts in case the plan assets are insufficient to pay all employee benefits relating to current and prior service. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

As a result of minimum guaranteed rates of return imposed by law, there is a risk that the Company has to pay additional contributions. Therefore, the Belgian defined contribution plans classify as defined benefit plans. Due to a change in legislation regarding the minimum guaranteed rates of return at the end of 2015, the Company accounts for its defined contribution plans as defined benefit plans as from 2016 onwards

A defined benefit plan is a post-employment benefit plan that is not a defined contribution plan.For defined benefit pension plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. The discount rate is based on the yield at the reporting date on high quality corporate bonds (average yield on AA corporate bonds in euro, benchmarked against the iBoxx € AA Corporates index) taking into account the duration of the Company's obligations.

For the defined contribution plans subject to minimum guaranteed rates of return, the defined benefit obligation is based on the higher of the contributions increased by the minimum guaranteed rates of return and the actual accumulated reserves (plans funded through a pension fund) or the paid-up insured benefits (insured plans). For plans whereby the contributions increase by age, the prospective benefits are attributed on a straight line basis over the employee's career.

The net defined benefit liability/(asset) recognized in the balance sheet corresponds to the difference between the defined benefit obligation and the fair value of the plan assets. In case of a surplus, the net defined benefit (asset) is limited to the present value of future economic benefits available in the form of a reduction in contributions or a cash refund.

For insured plans, the fair value of the insurance policies is based on the insurance reserves.

Remeasurements of the net defined benefit liability/(asset), which comprise actuarial gains and losses on the defined benefit obligation, the return on plan assets (excluding interest income) and changes in the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI).

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense is recognized in profit or loss.

Past service cost resulting from plan amendments or curtailments is recognized immediately in profit or loss.

The Company also provides post-retirement health care benefits to certain employees. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans.

Other long term employee benefit obligations

The Company provides long term service awards to its employees. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognized immediately in profit or loss.

Share-based payments

The Company issues equity-settled share-based payments to certain employees which are measured at fair value at the date of grant. The grant date fair value of options granted to employees is calculated using a Black-Scholes pricing model and recognized as share-based payments expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations. Measurement inputs for the Black-Scholes model include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends and the risk-free interest rate.

At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognizes the cumulative impact of the revision of original estimates, if any, in the statement of profit or loss and other comprehensive income, and a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The Company also issues cash-settled share-based payments to certain employees which are measured at fair value and recognized as share-based payments expense, with a corresponding increase in long term and short term other liabilities, over the period that the employees become unconditionally entitled to the options.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

5.2.15 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

5.2.16 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise warrants and options granted to employees and the CEO.

5.2.17 Finance income and expenses

Finance income mainly comprises interest income on funds invested, changes in the fair value of financial instruments, net gains on financial instruments and foreign exchange gains. Interest income is recognized as it accrues in the statement of profit or loss and other comprehensive income, using the effective interest method.

Finance expense mainly comprises interest expense on loans and borrowings, changes in the fair value of financial instruments, net losses on financial instruments and foreign exchange losses.

Foreign currency gains and losses are reported on a net basis.

5.2.18 Customer acquisition costs

Customer acquisition costs are the directly attributable costs incurred in signing up a new customer. These include, but are not limited to, incentives paid to retailers, commissions paid to external dealers or agents, and sales commissions to the Company's staff.

Customer acquisition costs paid to a party other than the customer are capitalized as intangible assets if and only if the definition and recognition criteria are met, the costs are incremental to the subscriber contracts, and can be measured reliably. As these criteria are generally not met, customer acquisition costs are generally expensed as incurred.

Cash incentives given to customers are not viewed as customer acquisition costs, but are recognized as a deduction from revenue.

Benefits in kind given to customers, to the extent they do not represent a separate component of the arrangement, are recognized as an expense in the appropriate periods.

5.2.19 Changes in accounting policies

The following changes in accounting policies are reflected in the Company's consolidated financial statements as of and for the year ending December 31, 2016.

- *Amendments to IFRS 11 - Accounting for Acquisitions of* ***Interests in Joint Operations*** (effective for annual periods beginning on or after January 1, 2016) clarify that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11.
- ***Annual Improvements to IFRS 2012-2014 cycle*** is a collection of minor improvements to 4 existing standards (effective for annual periods beginning on or after January 1, 2016).
- ***The disclosure initiative (Amendments to IAS 1)*** are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The narrow-focus amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to the following: materiality; order of the notes; subtotals; accounting policies; and disaggregation. The amendments are effective for annual periods beginning on or after 1 January 2016.

The adoption of this amendment did not have a material impact on the Company's financial position, statement of profit or loss and other comprehensive income or cash flows.

5.2.20 Forthcoming requirements

Standards, annual improvements, amendments and interpretations to existing standards that are not yet effective for the year ended December 31, 2016 and have not been early adopted by the Company

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2017, or later periods, but the Company has not early adopted them. The adoption of these standards, amendments and interpretations, except for IFRS9, IFRS 15 and IFRS 16, is not expected to have a material impact on the Company's financial result or financial position:

Amendments to IAS 7 Statement of Cash Flows : requiring disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities (effective for annual periods beginning on or after January 1, 2017). These amendments have not yet been endorsed by the EU.

IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1, 2018) includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements, which align hedge accounting more closely with risk management. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. With respect to the provision for impairment of trade receivables, the Company will apply under IFRS 9 a new forward looking impairment model based on an expected credit loss model rather than the currently applied actual credit loss model.

IFRS 15 Revenue from Contracts with Customers, requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers Operations (effective for annual periods beginning on or after January 1, 2018). The Company has made a detailed analysis of its various revenue streams. We expect the revenues from installation and activation services, as well as the revenues related to subsidized handset to be impacted by IFRS 15. The financial impact on the aforementioned revenue streams is estimated at -€5.4 million and +€8.4 million respectively for 2018.

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

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12) clarifies the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. Further, the amendments provide guidance on estimating probable future taxable profits when assessing the recognition of deferred tax assets when there are insufficient taxable temporary differences relating to the same taxation authority and the same taxable entity. The amendments are effective for annual periods beginning on or after 1 January 2017, with earlier adoption permitted. The amendments are not expected to have a material impact on the Group's consolidated financial statements. These amendments have not yet been endorsed by the EU.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) issued on 20 June 2016 covers three accounting areas: the measurement of cash-settled share-based payments; the classification of share-based payments settled net of tax withholdings; and the accounting for a modification of a share-based payment from cash-settled to equity-settled. The amendments are effective for annual periods commencing on or after 1 January 2018. As a practical simplification, the amendments can be applied prospectively so that prior periods do not have to be restated. Retrospective, or early, application is permitted if companies have the required information. The amendments are not expected to have a material impact on the Group's consolidated financial statements. These amendments have not yet been endorsed by the EU.

IFRIC 22 Foreign currency transactions and Advance consideration issued on 8 December 2016, clarifies the transaction date to be used to determine the exchange rate for translating foreign currency transactions involving an advance payment or receipt. The interpretation is effective for annual periods beginning on or after 1 January 2018, with earlier adoption permitted. The amendments are not expected to have a material impact on the Group's consolidated financial statements. These amendments have not yet been endorsed by the EU.

Annual improvements to IFRSs 2014-2016 Cycle, issued on 8 December 2016, covers the following minor amendments:

- *IFRS 1 First-time Adoption of IFRS:* Outdated exemptions for first-time adopters of IFRS are removed (effective for annual periods beginning on or after 1 January 2018);
- *IFRS 12 Disclosure of Interests in Other Entities*: Also applies to interests that are classified as held for sale or distribution (effective for annual periods beginning on or after 1 January 2017) and
- *IAS 28 Investments in Associates and Joint Ventures:* A venture capital organization, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value (effective for annual periods beginning on or after 1 January 2018, with earlier adoption permitted).

The amendments are not expected to have a material impact on the Group's consolidated financial statements. These amendments have not yet been endorsed by the EU.

5.3 Risk management

5.3.1 General

The Company is exposed to various risks within the context of its normal business activities, which could have a material adverse impact on its business, prospects, results of operations and financial condition. Therefore, controlling these risks is very important for the management of the Company. To support its growth and help the management and the Audit Committee to deal with the challenges the Company faces, the Company has set up a risk management and internal control system. The purpose of the internal control and risk management framework is to enable the Company to meet its objectives. The most important components of this system are described in our Corporate Governance Statement under 7.4 Internal control and risk management systems.

The Company conducts its business in a rapidly changing environment that gives rise to numerous risks and uncertainties that it cannot control. Please refer to 3 Risk factors for more detailed information.

Telenet is involved in a number of legal procedures risen in the normal course of operations, as Telenet operates within a highly competitive environment. Legal proceedings may arise in connection with such as intellectual property, advertising campaigns, product offerings and acquisition opportunities. Telenet discusses in note 5.26.1 certain procedures, which are still pending and to which the Company is involved. Outside the procedures described in note 5.26.1, Telenet does not expect the legal proceedings in which it is a party or by which it is threatened to have a material adverse effect on the activities or consolidated financial position. However, the Company notes that the outcome of legal proceedings can be extremely difficult to predict, and Telenet offers therefore no guarantees.

The Company applies a decentralized risk management approach built upon the three lines of defense model. The Company has introduced a risk governance layer to strengthen its risk oversight by identifying the key supporting risk management functions (2nd line of defense), creating an oversight on the maturity thereof and by implementing a common risk management framework to align processes for risk identification, risk analysis, risk evaluation, risk treatment, monitoring and reporting across the key risk areas.

An overview of the different risk domains is maintained in the risk assurance map, which is organized around four risk groups:

- Governance, Risk & Compliance
- Strategy & Planning
- Operations
- Reporting

Governance, Risk & Compliance captures various topics such as the board structure, ethics, corporate social responsibility, Telenet's 2nd line of defense and compliance with laws and regulations.

Strategy & Planning focuses on external factors (competition, credit rating, capital, economic conditions, ..), strategy (M&A, innovation, technology, …) and business planning.

All operational processes (marketing to sales, order to bill, bill to cash, customer service, infrastructure operations) and all supporting processes (build, content, finance & administration, HR, Legal, …) fall into the risk group Operations.

And finally, the risk group Reporting covers all risks related to internal and external, financial and non-financial reporting.

The risk assurance map is used to prioritize the internal audits performed by the internal audit function (3rd line of defense) and the reviews performed by Telenet's risk managers, and to visualize the results. All issues and action plans resulting from these reviews are maintained and followed up in a central repository. The resolution of the open issues is monitored through management self-assessment and a quarterly follow-up for issues with high or medium priority. The SLT and the Audit Committee receive a quarterly status update on all open issues.

5.3.2 Credit risk

Qualitative disclosures

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to the Company in relation to lending, hedging, settlement and other financial activities. The Company is exposed to credit risk from its operating activities and treasury activities.

The largest share of the gross assets subject to credit risk from operating activities are trade receivables from residential and small business customers located throughout Belgium and parts of Luxembourg, and outstanding receivables towards BASE's wholesale, interconnect and roaming partners. Accordingly, the Company has no significant concentration of credit risk. The risk of material loss from non-performance from these customers is not considered likely. The Company establishes reserves for doubtful accounts receivable to cover the potential loss from non-payment by these customers.

As for credit risk on financial instruments, the Company maintains credit risk policies with regard to its counterparties to minimize overall credit risk. These policies include an assessment of a potential counterparty's financial condition, credit rating and other credit criteria and risk mitigation tools as deemed appropriate. The Company maintains a policy of entering into such transactions only with highly rated European and US financial institutions. To minimize the concentration of counterparty credit risk, the Company enters into derivative transactions with a portfolio of financial institutions. Likewise, cash and cash equivalents are placed with highly rated financial institutions and only highly rated money market funds are used.

Quantitative disclosures

The Company considers its maximum exposure to credit risk to be as follows:

(in thousands of euro)	**December 31, 2016**	**December 31, 2015**
Cash and cash equivalents (including money market funds, certificates of deposits)	99,203	277,273
Trade receivables	220,431	157,762
Derivative financial instruments	72,483	8,496
Receivables from sale of sports broadcasting rights	7,198	1,691
Outstanding guarantees to third parties for own liabilities (cash paid)	1,102	987
Loans to equity accounted investees	1,269	1,035
Total	**401,686**	**447,244**

More detailed financial information has been disclosed under the respective notes to the consolidated financial statements of the Company.

5.3.3 Liquidity risk

Qualitative disclosures

The principal risks to the Company's sources of liquidity are operational risks, including risks associated with decreased pricing, reduced subscriber growth, increased marketing costs and other consequences of increasing competition, new regulations and potentially adverse outcomes with respect to the Company's litigations as described in note 5.26.1. Telenet's ability to service its debt and to fund its ongoing operations will depend on its ability to generate cash. Although the Company anticipates generating positive cash flow after deducting interest and taxes, the Company cannot assure that this will be the case. The Company may not generate sufficient cash flow to fund its capital expenditures, ongoing operations and debt obligations.

Telenet Group Holding NV is a holding company with no source of operating income. It is therefore dependent on capital raising abilities and dividend payments from subsidiaries to generate funds. The terms of the 2015 Amended Senior Credit Facility contain a number of significant covenants that restrict the Company's ability, and the ability of its subsidiaries to, among other things, pay dividends or make other distributions, make capital expenditures, incur additional debt and grant guarantees. The agreements and instruments governing its debt contain restrictions and limitations that could adversely affect the Company's ability to operate its business.

The Company believes that its cash flow from operations and its existing cash resources, together with available borrowings under the 2015 Amended Senior Credit Facility, will be sufficient to fund its currently anticipated working capital needs, capital expenditures and debt service requirements.

The 2015 Amended Senior Credit Facility is discussed in greater detail in note 5.13.1 of the consolidated financial statements of the Company.

The Company has implemented a policy on financial risk management, which has been reviewed and approved by the Audit Committee in March 2015. With respect to liquidity and funding risks, the key objectives can be summarized as:

- ensure that at all times the Company has access to sufficient cash resources to meet its financial obligations as they fall due and to provide funds for capital expenditure and investment opportunities as they arise;
- ensure that the Company has sufficient excess liquidity to ensure that the Company can meet its non-discretionary financial obligations in the event of unexpected business disruption;
- ensure compliance with borrowing facilities covenants and undertakings.

A minimum level of cash and cash equivalents is maintained in order to meet unforeseen cash expenses. In addition, the Company has entered into a €25.0 million bank overdraft facility in order to allow for a more aggressive cash management policy within the context of continued negative short-term interest rates. A limit has also been set regarding the maximum amount that can be deposited and invested per banking counterparty. The Company's funding requirements and funding strategy are reviewed annually.

A limit has been set regarding the maximum amount that can be invested per derivative product type. On top of this limit, the authorized financial counterparties have been determined and limits have been set for each counterparty by reference to their long-term credit rating.

Quantitative disclosures

The Company's aggregate contractual obligations as at December 31, 2016 and 2015 were as follows:

Situation as per December 31, 2016							**Payments due by period**
(in thousands of euro)							
Contractual obligations	**Total**	**Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
Long term debt (1) (3)	6,178,462	224,286	193,724	201,963	196,305	194,922	5,167,262
Finance lease obligations (1) (3)	470,112	61,486	59,519	50,539	47,725	46,131	204,712
Operating lease obligations	183,394	50,491	37,433	31,356	25,781	17,858	20,475
Other contractual obligations (2)	1,438,248	366,062	151,088	83,221	59,777	47,596	730,504
Interest Rate Derivatives (3)	(20,801)	(1,268)	10,467	10,604	10,567	10,484	(61,655)
Foreign Exchange Derivatives	41,515	41,515	—	—	—	—	—
Accrued expenses and other current liabilities (4)	461,432	461,432	—	—	—	—	—
Trade payables	182,284	182,284	—	—	—	—	—
Total contractual obligations	**8,934,646**	**1,386,288**	**452,231**	**377,683**	**340,155**	**316,991**	**6,061,298**

Situation as per December 31, 2015							**Payments due by period**
(in thousands of euro)							
Contractual obligations	**Total**	**Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
Long term debt (1) (3)	5,121,487	205,929	194,903	194,217	202,394	196,566	4,127,478
Finance lease obligations (1) (3)	455,612	58,499	55,518	53,555	44,775	42,162	201,103
Operating lease obligations	44,174	17,781	8,086	6,230	3,741	2,398	5,938
Other contractual obligations (2)	1,259,836	241,252	113,828	60,475	54,975	36,615	752,691
Interest Rate Derivatives (3)	125,591	5,365	9,683	22,109	22,091	22,097	44,246
Foreign Exchange Derivatives	45,080	45,080	—	—	—	—	—
Accrued expenses and other current liabilities (4)	281,542	281,542	—	—	—	—	—
Trade payables	133,512	133,512	—	—	—	—	—
Total contractual obligations	**7,466,834**	**988,960**	**382,018**	**336,586**	**327,976**	**299,838**	**5,131,456**

1 Interest included.
2 Represents fixed minimum commitments under certain programming and purchase agreements, amounts associated with certain operating costs resulting from the Interkabel acquisition as well as commitments related to the 3G spectrum (Note 5.6).
3 Contractual obligations with a floating interest rate are based on the rate outstanding as at December 31. The contractual obligations also reflect the euro value of nominal exchanges due at maturity of the Company's cross currency interest rates swaps.
4 Excluding compensation and employee benefits, VAT and withholding taxes.

5.3.4 Market risk

The Company is exposed to market risks relating to fluctuations in interest rates and foreign exchange rates, primarily between the US dollar and euro. The Company uses financial instruments to manage its exposure to interest rate and foreign exchange rate fluctuations. Each of these risks is discussed below.

Qualitative disclosures on foreign exchange risk

The Company undertakes certain transactions in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The Company's functional currency is the euro. However, the Company conducts, and will continue to conduct, transactions in currencies other than the euro, particularly the US dollar. About 2.6% (2015: 3.9%) of the Company's costs of operations (primarily the costs of network hardware equipment, software and premium cable television rights) were denominated in US dollars, while all of its revenue was generated in euros. The Company has significant US dollar obligations with respect to the contracts it is party to for the supply of premium content. Decreases in the value of the euro relative to the US dollar would increase the cost in euro of the Company's US dollar denominated costs and expenses, while increases in the value of the euro relative to the US dollar would have the reverse effect.

The Company has historically covered a portion of its US dollar cash outflows arising on anticipated and committed purchases through the use of foreign exchange derivative instruments. The Company uses forward foreign exchange contracts to manage the exchange rate risk arising from:

- purchases of goods and services in foreign currency;
- capital equipment priced in foreign currency or subject to price changes due to movements in exchange rates;
- payments of royalties, franchise or license fees denominated in a foreign currency.

Although the Company takes steps to protect itself against the volatility of currency exchange rates, there is a residual risk that currency risks due to volatility in exchange rates could have a material adverse effect on the Company's financial condition and results of operations.

In May 2016, the Company issued a USD 850.0 million Term Loan ("Term Loan AD") due June 2024 through Telenet Financing LLC, a US company fully owned by Telenet International Finance S.à r.l. to issue the Term Loan in the US debt markets for this purpose. In November 2016, the Company issued a USD 1,500 million Term Loan ("Term Loan AF") due January 2025 through Telenet Financing LLC. The net proceeds of this issuance were among other items used to redeem the outstanding amounts under certain Term Loans, including the aforementioned Term Loan AD. As a result of the November 2016 debt issuance, the Company is increasingly exposed to both USD-denominated and floating interest rate risks, for which adequate hedging policies have been put in place. For this, the Company has entered into cross-currency interest rate swaps of which USD 850.0 million is maturing at the end of June 2024 and the remaining USD 650.0 million will mature until January 2025.

The outstanding forward foreign exchange derivatives as of December 31, 2016 and 2015, are disclosed in more detail in note 5.14 to the consolidated financial statements of the Company.

Qualitative disclosures on interest rate risk

The Company is mainly exposed to interest rate risk arising from borrowings at floating interest rates, interest bearing investments and finance leases. The Company limits its exposure to floating interest rates through the use of derivative instruments.

The risk is managed by maintaining an appropriate mix of (cross-currency) interest rate swap contracts, interest rate cap contracts, interest rate collar contracts.

The Company implemented a policy on financial risk management, which has been reviewed and approved by the Audit Committee in March 2015. With respect to interest rate risk, the key objectives can be summarized as:

- only long term interest exposures (+ 1 year) are managed;
- all derivative instruments used are designated to actual interest exposures and are authorized under the policy.

As referred to above, the outstanding interest rate derivatives as of December 31, 2016 and 2015, are disclosed in more detail in note 5.14 to the consolidated financial statements of the Company.

Under the 2015 Amended Senior Credit Facility, there is a 0% floor. As a result, if EURIBOR is below zero, then EURIBOR is deemed to be zero. The same mechanism applies to the Company's USD-denominated exposure.

Quantitative disclosures

Interest rate sensitivity testing

For interest rate derivatives, the Company has used a sensitivity analysis technique that measures the change in the fair value of these financial instruments for hypothetical changes in the relevant base rate applicable at year-end, holding all other factors constant.

A change of 25 basis points in interest rates at the reporting date would have changed the fair values of the Company's interest rate derivatives as set out in the table below:

(in thousands of euro)	**2016**		**2015**	
	+0.25%	**-0.25%**	**+0.25%**	**-0.25%**
Changes in fair value				
Swaps	80,572	(80,572)	30,852	(30,852)
Caps	—	—	61	—
Collars	3	(3)	—	—
Total	**80,575**	**(80,575)**	**30,913**	**(30,852)**

The following table summarizes the Company's interest obligations under the outstanding floating rate indebtedness and interest rate derivatives. The amounts generated from this sensitivity analysis are forward-looking estimates of market risk assuming certain market conditions. Actual results in the future may differ materially from those projected results due to the inherent uncertainty of global financial markets.

Situation as per December 31, 2016				**Interest payments due by period**		
+0.25% (in thousands of euro)	**Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
2015 Amended SCF Term Loan AE	51,278	52,722	52,722	52,722	52,578	171,889
2015 Amended SCF Term Loan AF	57,013	61,089	60,590	60,756	60,756	190,258
Finance Lease	—	—	—	—	—	—
Interest Derivatives	(9,486)	2,251	2,414	2,367	2,299	5,413
Total	**98,805**	**116,062**	**115,726**	**115,845**	**115,633**	**367,560**

Situation as per December 31, 2016				**Interest payments due by period**		
-0.25% (in thousands of euro)	**Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
2015 Amended SCF Term Loan AE	51,278	52,722	52,722	52,722	52,578	171,889
2015 Amended SCF Term Loan AF	49,804	53,840	53,400	53,546	53,546	167,680
Finance Lease	—	—	—	—	—	—
Interest Derivatives	5,878	17,611	17,715	17,699	17,597	52,133
Total	**106,960**	**124,173**	**123,837**	**123,967**	**123,721**	**391,702**

Situation as per December 31, 2015				**Interest payments due by period**		
+0.25% (in thousands of euro)	**Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
2015 Amended SCF Term Loan W	16,592	16,506	16,506	16,506	16,506	27,496
2015 Amended SCF Term Loan Y	33,150	32,978	32,978	32,978	32,978	87,914
€400 million Senior Secured Notes due 2021	16,252	16,210	16,293	16,168	16,210	8,084
Finance Lease	8	4	—	—	—	—
Interest Derivatives	917	5,233	17,656	17,638	17,644	35,771
Total	**66,919**	**70,931**	**83,433**	**83,290**	**83,338**	**159,265**

Situation as per December 31, 2015				**Interest payments due by period**		
-0.25% (in thousands of euro)	**Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
2015 Amended SCF Term Loan W	15,707	15,622	15,622	15,622	15,622	26,022
2015 Amended SCF Term Loan Y	31,503	31,331	31,331	31,331	31,331	83,521
€400 million Senior Secured Notes due 2021	14,224	14,182	14,266	14,141	14,943	7,070
Finance Lease	1	1	—	—	—	—
Interest Derivatives	9,814	14,132	26,563	26,545	26,551	52,722
Total	**71,249**	**75,268**	**87,782**	**87,639**	**88,447**	**169,335**

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not the Company's earnings or cash flows. The Company does not currently have any obligation to redeem fixed rate debt prior to maturity and, accordingly, interest rate risk and changes in fair market value should not have a significant effect on the fixed rate debt until the Company would be required to refinance such debt.

Foreign currency sensitivity testing

The following table details the Company's sensitivity to a 10% increase and decrease of the relevant foreign exchange rate. The Company utilizes 10% as the sensitivity rate when reporting foreign currency risk internally as it represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis primarily includes the effect on Telenet's US dollar denominated payables (primarily payables associated with network hardware equipment, software and premium cable television rights) and the Company's USD-denominated debt. As described under 5.3.4 ***Market risk - Qualitative disclosures on foreign exchange risk***, the Company's USD-denominated debt is hedged through cross-currency interest rate swaps. This offsets part of the foreign currency sensitivity on our Term Loan AF as outlined in the table below based on the hedged position (if any).

December 31, 2016	Foreign currency	Amount in foreign currency	10% increase		10% decrease	
Trade payables	USD	12,142	(1,041)	On profit or loss	1,273	On profit or loss
2015 Amended SCF Term Loan AF	USD	1,500,000	(158,023)	On profit or loss	129,291	On profit or loss

December 31, 2015	Foreign currency	Amount in foreign currency	10% increase		10% decrease	
Trade payables	USD	7,724	(564)	On profit or loss	689	On profit or loss

5.3.5 Capital Risk

The Company manages its capital to ensure that the Company and its subsidiaries will be able to continue as a going concern in order to provide sustainable and attractive returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital risk on the basis of the net leverage ratio. The net leverage ratio is calculated as per the 2015 Amended Senior Credit Facility definition, using net total debt, excluding (a) subordinated shareholder loans, (b) capitalized elements of indebtedness under the Clientele and Annuity Fees, (c) any finance leases entered into on or prior to August 1, 2007, and (d) any indebtedness incurred under the network lease entered into with the pure intermunicipalities up to a maximum aggregate amount of €195.0 million, divided by last two quarters' annualized EBITDA.

As of December 31, 2016, the outstanding balance of the Company's consolidated total borrowings and total cash and cash equivalents - as defined under the 2015 Amended Senior Credit Facility - resulted in a Net Total Debt to Consolidated Annualized EBITDA ratio of 3.5x. As per the 2015 Amended Senior Credit Facility, the Company's Consolidated Annualized EBITDA includes certain unrealized synergies with regards to the BASE acquisition. Telenet's net leverage ratio ticked up slightly from 3.4x at December 31, 2015 to 3.5x at December 31, 2016. Telenet's net leverage ratio as per December 31, 2016 did not yet reflect the impact of the proposed acquisition of Altice's operations in Belgium and Luxembourg ("SFR BeLux") which is pending regulatory approval. The current net leverage ratio is significantly below the covenant of 6.0x and the availability test of 5.0x.

5.3.6 Financial instruments: fair values

Carrying amount versus fair value

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated 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.

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

December 31, 2015	Note	**Carrying amount**	**Fair value**			
(in thousands of euro)				Level 1	Level 2	Level 3
Financial assets						
Financial assets carried at fair value						
Money market funds	5,110	196,000	196,000	196,000	—	—
Derivative financial assets	5,140	8,496	8,496	—	8,496	—
Total financial assets carried at fair value		**204,496**	**204,496**	**196,000**	**8,496**	**—**
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5,140	63,967	63,967	—	63,967	—
Total financial liabilities carried at fair value		**63,967**	**63,967**	**—**	**63,967**	**—**
Financial liabilities carried at amortized cost						
Loans, borrowings and finance lease liabilities (excluding deferred financing fees)	5,130					
- 2015 Amended Senior Credit Facility		1,381,726	1,352,713	—	1,352,713	—
- Senior Secured Fixed Rate Notes		1,565,776	1,619,243	1,619,243	—	—
- Senior Secured Floating Rate Notes		400,708	401,208	401,208	—	—
- Global Handset Finco Ltd Loan		12,779	12,779	—	12,779	—
- Finance lease obligations		346,042	306,569	—	306,569	—
- Clientele fee > 20 years		97,743	88,945	—	88,945	—
- 3G Mobile Spectrum		31,079	26,735	—	26,735	—
Total financial liabilities carried at amortized cost		**3,835,853**	**3,808,192**	**2,020,451**	**1,787,741**	**—**

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

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

During the year ended December 31, 2016, no financial assets or liabilities measured at fair value have been transferred between the levels of the fair value hierarchy.

5.4 Property and equipment

(in thousands of euro)	Note	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		447	977	265,002	32	266,458
Transfers		5,510	238,376	(251,481)	7,621	26
Disposals		—	(8,624)	(345)	(2,083)	(11,052)
Write off of fully depreciated assets		(515)	(222,337)	—	(4,699)	(227,551)
At December 31, 2015		**120,646**	**2,441,661**	**78,526**	**51,211**	**2,692,044**
Additions		2,798	115,435	287,737	135	406,105
Acquisition of BASE	5.24	19,770	591,688	5,707	4,181	621,346
Asset retirement obligation		—	1,807	—	—	1,807
Transfers		7,078	205,678	(227,919)	15,163	—
Disposals		(629)	(10,162)	—	(476)	(11,267)
Write off of fully depreciated assets		—	(167,767)	—	(14,934)	(182,701)
At December 31, 2016		**149,663**	**3,178,340**	**144,051**	**55,280**	**3,527,334**
Accumulated Depreciation						
At January 1, 2015		**45,774**	**1,162,283**	**—**	**38,567**	**1,246,624**
Depreciation charge for the year		7,119	258,002	—	5,677	270,798
Disposals		—	(7,695)	—	(2,065)	(9,760)
Write off of fully depreciated assets		(515)	(222,337)	—	(4,699)	(227,551)
At December 31, 2015		**52,378**	**1,190,253**	**—**	**37,480**	**1,280,111**
Depreciation charge for the year		8,937	377,137	—	7,927	394,001
Disposals		(629)	(10,073)	—	(199)	(10,901)
Write off of fully depreciated assets		—	(167,767)	—	(14,934)	(182,701)
At December 31, 2016		**60,686**	**1,389,550**	**—**	**30,274**	**1,480,510**
Carrying Amount						
At December 31, 2016		88,977	1,788,790	144,051	25,006	2,046,824
At December 31, 2015		68,268	1,251,408	78,526	13,731	1,411,933
Carrying Amount of Finance Leases included in Property and Equipment						
At December 31, 2016		21,416	253,116	—	—	274,532
At December 31, 2015		24,073	286,528	—	—	310,601

Accrued capital expenditures for property and equipment reached €406.1 million for the year ended December 31, 2016, (€266.5 million for the year ended December 31, 2015) representing the following additions:

- accrued capital expenditures for both the broadband and the mobile network growth and upgrades for an amount of €250.6 million (2015 : €142.4 million);
- capital expenditures for customer installations for an amount of €73.3 million (2015 : €63.6 million);
- refurbishments and replacements of network equipment for an amount of €57.3 million (2015 : €47.9 million); and
- set-top box related capital expenditures for an amount of €24.9 million (2015 : €12.6 million).

For the year ended December 31, 2016, the Company removed €182.7 million of gross cost and accumulated depreciation related to fully depreciated assets which are no longer used by the Company. (€227.6 million for the year ended December 31, 2015).

The Company recognized a gain on disposal of assets of €5.1 million for the year ended December 31, 2016, mainly attributable to modems and set-up boxes (€2.7 million) and the sale of scrap material (€2.4 million).

Disposals of property and equipment for the year ended December 31, 2015 had a total carrying value at €1.3 million and resulted in a net gain on disposal of €2.3 million and consisted mainly of:

- End of life replacements of network equipment with a loss on disposal equal to the remaining net book value amounting to €1.0 million;
- Write-off of guarantees, resulting in a gain amounting to €0.6 million;
- Sale of set-top boxes with no net book value and scrap material with €0.3 million net book value, resulting in a gain on disposal of respectively €1.1 million and €1.6 million.

The Company assesses the estimated useful lives of its property and equipment each reporting period to determine whether events or circumstances warrant a revision of these estimated useful lives. In the third quarter of 2016, the Company started a modernization project of the mobile network whereby certain radio equipment will be replaced by new(er) generation radio equipment. This project is expected to be completed by the end of the first quarter of 2018. The Company determined that a total net book value of €197.0 million related to such assets will be removed from the network during the project and started accelerated depreciation in order to reduce their net book value to zero by the first quarter of 2018. The Company thus recorded €32.0 million accelerated depreciations in 2016 (note 5.20).

Based on the results of the Company's periodic review of the useful lives of its assets, the Company changed the useful life for its settop boxes from 4 to 5 years and for its NIU's from 6 to 7 years, prospectively as from January 1, 2017.

For further information regarding finance lease obligations, we refer to note 5.13.5 to the consolidated financial statements of the Company.

For further information regarding assets pledged as security, we refer to note 5.13.4.

5.5 Goodwill

The total amount of goodwill as of December 31, 2016 amounted to € 1,540.9 million (December 31, 2015: €1,241.8 million). The increase of €299.1 million was integrally attributable to the acquisition of BASE.

(in thousands of euro)	**December 31, 2016**
January 1, 2016	**1,241,813**
Acquisition of subsidiaries	299,133
December 31, 2016	**1,540,946**

For detailed information regarding the acquisition of BASE, we refer to note 5.24.

The Company performed its annual review for impairment during the third quarter of 2016 and 2015, respectively. Following the acquisition of BASE, the Company has identified two cash-generating units, being Telenet (excluding BASE) and BASE. Goodwill arising in a business combination is allocated to the acquirer's cash generating units that are expected to benefit from the synergies of the business combination in which goodwill arose. This is irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Based on analysis of a synergy report and the valuation report used for the purchase price allocation, management concluded that the goodwill arising from the BASE acquisition represents synergies (primarily MVNO savings) that will be realized by Telenet. As a result, the entire goodwill balance of €1,540.9 million has been allocated to the cash-generating unit Telenet (excluding BASE).

The recoverable amount of the cash generating unit Telenet was based on its value in use and was determined by discounting the future cash flows to be generated from its continuing use (Discounted Cash Flow method). The value in use of the cash generating unit Telenet for the year ended December 31, 2016 was determined in a similar manner to the year ended December 31, 2015.

The key assumptions for the value in use calculations used to determine the recoverable amount of the Telenet cash generating unit are those regarding the discount rates and expected changes to selling prices, product offerings, direct costs, EBITDA margins and terminal growth rates. The discount rate used is a pre-tax measure estimated based on past experience, and industry average weighted cost of capital. Changes in selling practices and direct costs are based on past practices and expectations of future changes in the market. The calculation uses cash flow projections based on financial budgets approved by management, the Company's Long-Range Plan through 2020, and a pre-tax discount rate of 9.4% (8.8% for the year ended December 31, 2015) based on current market assessments of the time value of money and the risks specific to the Company. The development of the Long-Range Plan relies on a number of assumptions, including:

- market growth, the evolution of the Company's market share and the resulting trends in the number of subscribers;
- the product mix per subscriber;
- the average revenue per subscriber;
- the expected evolution of various direct and indirect expenses;
- the expected evolution in other variable and fixed costs;
- the estimated future capital expenditure (excluding capital expenditure that improves or enhances the Company's assets' performance).

The assumptions were derived mainly from:

- available historic data;
- external market research and observations with respect to e.g. inflation, changes in the remuneration index, evolutions of the number of households, connection points, etc.;
- internal market expectations based on trend reports, the current state of important negotiations, etc.

For the year ended December 31, 2016, cash flows beyond the four-year period have been extrapolated using no growth rate, based on historical data and macro-economic conditions. This growth rate does not exceed the long-term average growth rate for the industry as published periodically in the Bulletins of the European Central Bank (ECB). The Discounted Cash Flow calculation for determining the value in use and net recoverable amount mentioned above was reviewed for reasonableness by comparing the result of the calculation to the market capitalization of the Company. The key assumptions used are reviewed and updated on a yearly basis by the Company's management. Taking into account the considerable excess of the Telenet cash generating unit's recoverable amount over its carrying amount, and based on sensitivity testing performed, management is of the opinion that any reasonably possible changes in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount at December 31, 2016.

5.6 Other intangible assets

(in thousands of euro)	Note	Network user rights	Trade name	Software	Customer relation-ships	Broad-casting rights	Other	Subtotal	Broad-casting 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		—	—	69,803	—	47,242	—	117,045	1,360	118,405
Transfers		—	—	(26)	—	—	—	(26)	—	(26)
Disposals		(71,525)	—	(3,256)	—	—	—	(74,781)	(1,360)	(76,141)
Write-off of fully amortized assets		—	—	(4,165)	—	(46,032)	—	(50,197)	—	(50,197)
At December 31, 2015		**30,697**	**121,514**	**478,330**	**212,776**	**78,690**	**21,125**	**943,132**	**—**	**943,132**
Additions		—	—	128,861	—	91,998	—	220,859	16,769	237,628
Acquisition of BASE	5.24	230,392	35,934	94,812	101,528	—	—	462,666	—	462,666
Disposals		—	—	(3,802)	—	—	—	(3,802)	(16,769)	(20,571)
Write-off of fully amortized assets		—	—	(62,039)	—	(61,120)	—	(123,159)	—	(123,159)
At December 31, 2016		**261,089**	**157,448**	**636,162**	**314,304**	**109,568**	**21,125**	**1,499,696**	**—**	**1,499,696**
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		—	8,076	46,859	17,729	49,008	290	121,962	—	121,962
Disposals		(71,525)	—	(874)	—	—	—	(72,399)	—	(72,399)
Write-off of fully amortized assets		—	—	(4,165)	—	(46,032)	—	(50,197)	—	(50,197)
At December 31, 2015		**30,697**	**119,496**	**338,806**	**171,679**	**38,031**	**3,362**	**702,071**	**—**	**702,071**
Amortization charge of the year		39,601	3,729	84,451	30,899	55,813	324	214,817	—	214,817
Disposals		—	—	(3,210)	—	—	—	(3,210)	—	(3,210)
Write-off of fully amortized assets		—	—	(62,037)	—	(61,120)	—	(123,157)	—	(123,157)
At December 31, 2016		**70,298**	**123,225**	**358,010**	**202,578**	**32,724**	**3,686**	**790,521**	**—**	**790,521**
Carrying Amount										
At December 31, 2016		190,791	34,223	278,152	111,726	76,844	17,439	709,175	—	709,175
At December 31, 2015		—	2,018	139,524	41,097	40,659	17,763	241,061	—	241,061

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

The Company acquired intangible assets through the BASE acquisition amounting to €462.7 million and consisting largely of BASE's 2G, 3G and 4G mobile spectrum licenses, customer lists and trade names. For more information on the purchase price allocation, we refer to Note 5.24.

The Company assesses the estimated useful lives of its finite-lived intangible assets each reporting period to determine whether events or circumstances warrant a revision of these estimated useful lives. The assessments performed in 2016 and 2015 did not result in any revision to the estimated useful lives of intangible assets.

Following a tendering procedure in June 2014, the Company acquired the non-exclusive broadcasting rights of the Belgian football championship for three seasons starting July 2014. The rights related to the third season (2016-2017) met the recognition criteria for intangible assets in 2016. The Company also acquired the exclusive broadcasting rights of the UK Premier League for the three seasons starting August 2016 until 2019. The aforementioned acquired rights represent the majority of the total additions regarding broadcasting rights of €92.0 million. The broadcasting rights for resale purposes amount to €16.8 million and mainly consists of the aforementioned broadcasting rights of the UK Premier League for the seasons 2016 until 2019. The write-off of fully depreciated assets regarding broadcasting rights (€61.1 million) are mainly related to the 2015-2016 season of the Jupiler Pro League and the 2013-2016 seasons of the UK Premier League, which were written-off upon the end of the season end-May 2016.

Following an auction launched in March 2011 by the BIPT, Telenet Tecteo BidCo NV, a subsidiary of the Company in which the Walloon cable operator Tecteo SCRL owns a 25% stake, acquired the fourth 3G mobile spectrum license in Belgium. The Company recognized the acquired spectrum as an intangible asset for an amount of €71.5 million, equal to the net present value at the acquisition date of the yearly installments. In December 2013, the Company's management determined that it would not be able to utilize the spectrum rights and that the recoverable amount was to be considered zero. Consequently, the 3G mobile spectrum license was fully impaired at year-end 2013. Upon return of the 3G mobile spectrum license to the BIPT, the Company removed the fully impaired asset from its books (€71.5 million) in 2015.

For information regarding finance leases of intangible assets, see note 5.13.5 to the consolidated financial statements of the Company.

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

5.7.1 Investments in and loans to equity accounted investees

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

(in thousands of euro)	De Vijver Media NV	Other	Total
Investments in Associates			
At January 1, 2016	**59,013**	**1,734**	**60,747**
Additions	—	—	—
Impairment of investments in equity accounted investees	(31,000)	—	(31,000)
Direct Acquisition Costs	349	210	559
At December 31, 2016	**28,362**	**1,944**	**30,306**
Share in the result of Associates			
At January 1, 2016	**(4,093)**	**(144)**	**(4,237)**
Share in the result	(115)	149	34
At December 31, 2016	**(4,208)**	**5**	**(4,203)**
Loans granted to Associates			
At January 1, 2016	**—**	**1,141**	**1,141**
New loans granted	—	200	200
Repayments of loans	—	(80)	(80)
Accrued interest	—	8	8
At December 31, 2016	**—**	**1,269**	**1,269**
Carrying Amount			
At December 31, 2016	24,154	3,218	27,372
At January 1, 2016	54,920	2,731	57,651

In February 2015, the Company acquired, through a combination of share purchases (€26.0 million) and share subscription (€32.0 million), 50% of the capital of De Vijver Media NV, a Belgian media company active in free-to-air broadcasting and content production (through its production company "Woestijnvis"). The remaining 50% of the shares of De Vijver Media is held by Waterman & Waterman (the holding company of 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 included €1.0 million directly attributable transaction costs.

During the twelve months ended December 31, 2016 Telenet recognized its €0.1 million share in the net loss of De Vijver Media (€4.2 million for the period beginning on the transaction closing date until December 31, 2015).

Based on an analysis of De Vijver Media's new three year plan established during the fourth quarter of 2016 against the financial projections in the initial buyer case, the Company concluded that there was objective evidence of a measurable decrease in the estimated future cash flows of the De Vijver Media investment and determined that this constituted a trigger for impairment testing under the guidance in IAS 39. The Company tested the investment in question for impairment in the last quarter of 2016, comparing its recoverable amount (value-in-use) against its remaining net book value, in accordance with the guidance in IAS 36 (using the cash flows from the three year plan) and using a 1% growth rate in the terminal value) and applying a 8.6% pre-tax discount rate. The difference between value-in-use and the net book value of the investment in De Vijver Media was determined at €31.0 million. The Company recorded an impairment charge accordingly in 2016.

The recognition in 2015 and 2016 of the Company's share in the net result of De Vijver Media and the in 2016 recognized impairment loss result in a carrying value of the investment of €24.2 million on December 31, 2016 (December 31, 2015: €54.9 million).

The following table summarizes the financial information of De Vijver Media NV as included in its own financial statements, adjusted for fair value adjustments at acquisition, impairment losses and differences in accounting policies.

The table also reconciles the summarized financial information to the carrying amount of the Company's interest in De Vijver Media NV.

(in thousands of euro)	2016	2015
Net assets		
Non-current assets	116,641	120,084
Current assets	71,541	59,419
Non-current liabilities	(77,840)	(77,737)
Current liabilities	(81,135)	(73,029)
Net assets (100%)	**29,207**	**28,737**
Group's share of the net assets (50%)		
Group's share of the net assets (50%)	14,603	14,369
Goodwill	9,551	40,551
Carrying amount of interest in joint venture	**24,154**	**54,920**
Profit and total comprehensive income		
Revenue	123,182	101,052
Depreciation and amortisation	(5,031)	(7,416)
Interest expense	(2,472)	(4,679)
Other comprehensive income	—	—
Total comprehensive loss (100%) (*)	(229)	(8,186)
Group's share of the total comprehensive income (50%)		
Group's share of the total comprehensive income (50%)	**(115)**	**(4,093)**

(*) for 12 months ended December 31, 2016 compared to 10 months ended December 31, 2015

The remaining goodwill mainly relates to future advertising revenues to be realized and future revenues related to new formats.

5.7.2 Other investments

On June 29, 2016, Telenet participated in a capital increase of Belgian Mobile Wallet NV for an amount of €1.8 million representing a stake of 16.67%. Belgian Mobile Wallet NV launched a Belgian standard for payments via smartphones in spring 2014 allowing consumers to use their smartphones in the future to pay for goods and services, exchange coupons, or use their customer cards.

5.8 Trade receivables

5.8.1 Non-current

(in thousands of euro)	December 31, 2016	December 31, 2015
Trade receivables	4,793	4,841
Less : allowance for bad debt	—	(102)
Trade receivables, net	**4,793**	**4,739**

Non-current trade receivables comprise of Installment sales relating to the long-term receivables on handset financing contracts with external customers.

5.8.2 Current

(in thousands of euro)	December 31, 2016	December 31, 2015
Trade receivables	215,638	153,023
Less: allowance for bad debt	(9,659)	(7,116)
Trade receivables, net	**205,979**	**145,907**

At December 31, 2016 and 2015, respectively, the aging of the Company's current trade receivables can be detailed as follows:

		Past due					
(in thousands of euro)	Not due	1-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
December 31, 2016	143,037	43,250	6,959	2,783	1,842	17,767	215,638
December 31, 2015	95,264	29,727	8,596	1,972	1,468	15,996	153,023

All invoices related to residential customers are due within 20 days. Invoices related to BASE residential mobile customers are due within 8 to 12 days. For other clients, the payment due date is set at 30 or 60 days. In accordance with the Company's accounting policies and based on historical experience, trade receivables that are less than 120 days past due are not considered impaired. At December 31, 2016, a total amount of €54.8 million (2015: €41.8 million) was past due but not considered impaired for these reasons. With respect to these trade receivables, there are no indications that the debtors will not meet their payment obligations.

Outstanding trade receivables past due for more than 120 days are considered as potentially impaired and are subject to detailed analysis at the customer level, and a provision for impairment of trade receivables is established based upon objective evidence that the Company will not be able to collect the amounts. Significant financial difficulties of the debtor, defaults in payments, and other adverse debtor circumstances are considered indicators that the trade receivable is impaired. Based on the necessary and appropriate underlying documentation, receivables more than 120 days past due for which it is likely that the amount due will be recovered, are excluded from the calculation of the allowance for bad debts. For the remaining receivables more than 120 days past due, a bad debt allowance is provided for at 100%. A gradually increasing bad debt provision is recognized on BASE residential mobile receivables when they become overdue and are fully provided upon when they are 180 days overdue.

At December 31, 2016 current and non-current receivables related to handset sales with a customer credit agreement amount to €12.4 million (2015 : €5.7 million) and €4.8 million (2015 : €4.7 million) respectively.

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Company believes that there is no further credit provision required in excess of the allowance for doubtful debts.

The following table shows the development of the provision for impairment of trade receivables:

(in thousands of euro)	December 31, 2016	December 31, 2015
Provision for impairment of trade receivables at the beginning of the year	(7,116)	(1,961)
BASE acquisition	(3,081)	—
Additions	(5,163)	(4,938)
Reductions and write-offs	5,701	(217)
Provision for impairment of trade receivables at the end of the year	**(9,659)**	**(7,116)**

When a trade receivable is uncollectible, it is written off against the provision for impairment of trade receivables. Trade receivables impairment losses have been included in cost of services provided in the consolidated statement of profit or loss and other comprehensive income. The Company does not hold any receivables in foreign currency.

5.9 Other assets

5.9.1 Non-current

(in thousands of euro)	December 31, 2016	December 31, 2015
Outstanding guarantees to third parties for own liabilities (cash paid)	1,102	982
Long-term prepaid expense for Time Based Licence	—	2,025
Deferred financing fees	5,064	10,228
Receivables from sale of sports broadcasting rights	6,130	—
Other	4,184	—
Other non-current assets	**16,480**	**13,235**

The Company presents the deferred financing fees related to the undrawn Term Loans and Revolving Credit Facilities as other non-current assets. At year end 2016 the Revolving Credit Facilities Z and AG were undrawn, whereas at year end 2015, the Term Loan AA and Revolving Credit Facility X and Z were undrawn.

5.9.2 Current

(in thousands of euro)	December 31, 2016	December 31, 2015
Recoverable withholding taxes	291	284
Prepaid content	7,506	7,455
Prepayments	18,547	15,663
Unbilled revenue	71,387	40,811
Receivables from sale of sports broadcasting rights	7,057	1,446
Indemnification receivable for pylon taxes (see Note 5.26)	4,687	—
Settlement receivables	9,940	—
Other	5,794	2,963
Other current assets	**125,209**	**68,622**

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

5.10 Inventories

As of December 31, 2016, inventories amounted to €21.7 million (2015: €19.3 million).

This total includes Telenet inventory with a net book value of €13.0 million consisting of mobile handsets, tablets, wireless modems, powerline adaptors and other DTV materials and includes impairments of €0.5 million (2015 : €1.1 million).

The increase of €2.4 million is due to the additional inventory of handsets and other accessories of BASE, with a net book value of €8.7 million (including impairments of €1.4 million), partly compensated by a decrease in the mobile handsets and tablets inventory of Telenet of €5.4 million and €2.8 million.

For the year ended December 31, 2016, Telenet and BASE recognized €65.4 million (2015: €73.3 million), respectively €55.1 million inventory as "costs related to sold inventory".

5.11 Cash and cash equivalents

(in thousands of euro)	December 31, 2016	December 31, 2015
Cash at bank and on hand	17,203	80,083
Certificates of deposit	—	1,190
Money market funds	82,000	196,000
Total cash and cash equivalents	**99,203**	**277,273**

At December 31, 2016, the Company held €99.2 million of cash and cash equivalents .

The decrease in the cash balance compared to December 31, 2015 was primarily due to the acquisition of BASE, partly offset by proceeds of loans and borrowings.

To minimize the concentration of counterparty risk, the Company's cash equivalents are placed with highly rated European and US financial institutions.

On December 31, 2016, the Money Market funds with a daily liquidity had an average interest rate of -0.31% and was representing 83% of the total consolidated cash. The investments of our cash and cash equivalents at December 31, 2016 and 2015 were in compliance with the Company's Risk Management policies

At December 31, 2016,the Company had access to €545.0 million liquidity ;

- €400.0 million of available commitment under Revolving Credit Facility AG,
- €120.0 million of available commitment under Revolving Credit Facility Z,

subject to compliance with the covenants mentioned above and €25.0 million available under the banking overdraft facility.

5.12 Shareholders' equity

5.12.1 Shareholders' equity

On December 31, 2016, Telenet Group Holding NV had the following shares outstanding, all of which are treated as one class in the earnings per share calculation:

117,335,623 ordinary shares (2015: 117,278,706 shares), including:

- 94,843 Liquidation Dispreference Shares (2015: 94,843 shares), held by Interkabel and Binan Investments B.V. (a subsidiary of Liberty Global Plc), which have the same rights as the ordinary shares except that they are subject to an €8.02 liquidation dispreference, such that in any liquidation of Telenet Group Holding NV the Liquidation Dispreference Shares would only participate in the portion of the proceeds of the liquidation that exceed €8.02 per share. Liquidation Dispreference Shares may be converted into ordinary shares at a rate of 1.04 to 1; and
- 30 Golden Shares (2015: 30 shares) held by the financing intermunicipalities The financing intermunicipalities, currently holding the Golden Shares, are: IFIGGA, FINEA, FINGEM, IKA, FINILEK, FINIWO and FIGGA. , which have the same rights as the ordinary shares and which also give their holders the right to appoint representatives to the Regulatory Board, which oversees the public interest guarantees related to Telenet'soffering of digital television.

As of December 31, 2016, the Company's share capital amounted to €12.8 million (2015: €12.8 million).

Own shares

On February 10, 2016, the Company announced the initiation of a share repurchase program, referred to as the "Share Repurchase Program 2016". Under this program, the Company could acquire from time to time up to a maximum of 1.1 million of its outstanding ordinary shares, for a maximum consideration of €50.0 million, within a six months period as from February 15, 2016. The Company purchased a total of 1,100,000 shares under the Share Repurchase Program 2016, for a total amount of €47.8 million. All repurchased shares are being held by the Company to cover the Company's obligations under existing stock option plans. In 2015, a total of 989,381 shares were purchased for a total amount of €50.0 million under a similar share repurchase program.

After the delivery of 13,800 own shares by the Company to the beneficiaries following the exercise of stock options under the ESOP 2013 primo and the ESOP 2014 plans, and the purchase of 1,100,000 shares during the year ended December 31, 2016, the Company owned 1,852,052 own shares at year end 2016.

5.12.2 Employee share based compensation

Warrant Plan 2010

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

As of September 5, 2016, there were no more warrants outstanding under the Warrant Plan 2010 .

Employee Stock Option Plan 2013

On April 22, 2013, the board of directors approved a general stock option plan for the employees, for a total number of 1,200,000 stock options on existing shares, under the condition of approval and within the limits of the authorized capital as approved by the general shareholders' meeting of April 24, 2013 (the "Employee Stock Option Plan 2013" or "ESOP 2013"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

In 2013, the board of directors authorized two grants under this plan ("ESOP 2013 primo" and "ESOP 2013 bis") to certain beneficiaries.

The vesting of these stock options occurs per quarter 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.

During 2016, beneficiaries of the ESOP 2013 plan exercised a total of 9,600 stock options, resulting in the delivery of a total of 9,600 own shares held by the Company.

Employee Stock Option Plan 2014

On December 5, 2014, the board of directors approved a general stock option plan for the 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 per quarter 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.

During 2016, beneficiaries of the ESOP 2014 plan exercised a total of 4,200 stock options, resulting in the delivery of a total of 4,200 own shares held by the Company.

Employee Stock Option Plan 2015

On October 27, 2015, the board of directors approved a general stock option plan for the employees for a total number of 873,000 stock options on existing shares, under the condition of approval and within the limits of the authorized capital as approved by the general shareholders' meeting of April 29, 2015 (the "Employee Stock Option Plan 2015" or "ESOP 2015"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

On November 2, 2015, the board of directors authorized a grant under this plan to certain beneficiaries. On December 15, 2015, a total of 402,350 stock options were accepted.

The vesting of these stock options occurs per quarter 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.

No stock options under the ESOP 2015 plan were exercised during the twelve months ended at December 31, 2016.

Specific Performance based Stock Option Plan 2015 bis

On July 24, 2015, the board of directors approved a specific performance based stock option plan for a selected employee for a total number of 18,750 stock options on existing shares (the "Specific Performance based Stock Option Plan 2015 bis" or "SSOP 2015 bis"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

The grant of these 18,750 stock options, with an exercise price of €48.83 per option, was offered to the selected beneficiary on December 28, 2015, who accepted this offer on January 15, 2016.

The vesting of the stock options under the Performance based ESOP 2015 bis is contingent upon the achievement of certain performance criteria over a period of three years in a first tranche of 75% or 14,055 options and a second tranche of the remaining 25% or 4,693 stock options.

Any stock options that vest under the Performance based ESOP 2015 bis become exercisable during defined exercise periods following December 28, 2018 for the first tranche and February 11, 2019 for the second tranche and have an expiration date of December 28, 2020.

Employee Stock Option Plan 2016

On March 22, 2016, the board of directors approved a general stock option plan for the Company's Senior Leadership Team, one other manager and the CEO for a total number of 741,806 stock options on existing shares, under the condition of approval and within the limits of the authorized capital as approved by the general shareholders' meeting of April 29, 2015 (the "Employee Stock Option Plan 2016" or "ESOP 2016"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

On April 14, 2016, the board of directors authorized a grant under this plan to certain beneficiaries. On June 14, 2016, a total of 695,631 stock options were accepted.

The vesting of these stock options occurs per quarter 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.

No stock options under the ESOP 2016 plan were exercised during the twelve months ended at December 31, 2016.

Employee Stock Option Plan 2016 bis

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

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

The vesting of these stock options occurs per quarter 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 2013

On April 22, 2013, the board of directors approved a specific stock option plan for the Company's CEO for a total number of 200,000 options on existing shares (the "CEO Stock Option Plan 2013" or "CEO SOP 2013"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company. On April 24, 2013, the extraordinary shareholders' meeting of the Company approved upfront certain terms and conditions of the CEO Stock Option Plan 2013.

The grant of these 200,000 stock options, with an exercise price of €34.33 per option, was effectively made to the CEO on July 4, 2013, who accepted this offer on October 2, 2013.

The vesting of the stock options under the CEO SOP 2013 is contingent upon the achievement of certain (cumulative) performance criteria over a period of three years, including the achievement of a minimum level of adjusted EBITDA. The Remuneration Committee, in consultation with the CEO, has determined for each installment the performance criteria on October 3, 2013, and it is the Remuneration Committee that will decide whether these criteria have been met. As the applicable performance criteria have been achieved for 2013, 2014 and 2015, the first tranche of 50,000 stock options vested on July 4, 2014, the second tranche of 100,000 stock options vested on July 4, 2015 and the last tranche of 50,000 stock options vested on July 4, 2016.

Any stock options that vest under the CEO SOP 2013 became exercisable during defined exercise periods following July 4, 2016. All options under the CEO SOP 2013 have an expiration date of July 4, 2018.

No stock options under the CEO SOP 2013 were exercised during the twelve months ended at December 31, 2016.

CEO Stock Option Plan 2014

On November 8, 2013, the board of directors approved a specific stock option plan for the Company's CEO for a total number of 185,000 options on existing shares (the "CEO Stock Option Plan 2014" or "CEO SOP 2014"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

The grant of these 185,000 stock options, with an exercise price of €38.88 per stock option, was effectively made to the CEO on November 8, 2013 and was accepted on February 5, 2014.

The vesting of the stock options under the CEO SOP 2014 is contingent upon the achievement of certain (cumulative) performance criteria over a period of three years, including the achievement of a minimum level of Adjusted EBITDA. The Remuneration Committee, in consultation with the CEO, has determined for each installment the performance criteria and it is the Remuneration Committee that will decide whether these criteria have been met.

On February 10, 2015, the Remuneration Committee decided that the applicable performance criteria for 2014 have been achieved and on February 9, 2016, it confirmed the achievement of the cumulative performance criteria for 2014 and 2015, as determined in the CEO SOP 2014 Plan. The first tranche of 138,750 stock options vested on June 26, 2016. On February 14, 2017, the Remuneration Committee determined that the second tranche of 46,250 stock options will vest on March 1, 2017 as the applicable performance criteria for 2016 have been achieved.

Any stock options that vest under the CEO SOP 2014 become exercisable during defined exercise periods following June 26, 2016. All options under the CEO SOP 2014 have an expiration date of June 26, 2020.

No stock options under the CEO SOP 2014 were exercised during the twelve months ended at December 31, 2016.

CEO Stock Option Plan 2014 bis

On June 26, 2014, 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 2014 bis" or "CEO SOP 2014 bis"). 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 €39.38 per stock option, was effectively made to the CEO on July 15, 2014, who accepted this offer on September 13, 2014.

The vesting of the stock options under the CEO SOP 2014 bis is contingent upon the achievement of certain (cumulative) performance criteria over a period of three years, including the achievement of a minimum level of Adjusted EBITDA. The Remuneration Committee, in consultation with the CEO, has determined for each installment the performance criteria on June 26, 2014, and it is the Remuneration Committee that will decide whether these criteria have been met. As the applicable performance criteria were achieved for 2014, the first tranche of 45,000 stock options vested on July 15, 2015. Following the achievement of the performance criteria for 2014 and 2015, the second tranche of 67,500 stock options vested on July 15, 2017.

On February 14, 2017, the Remuneration Committee determined that the third tranche of 67,500 stock options will vest on July 15, 2017 as the performance criteria for 2014, 2015 and 2016 have been achieved.

Any stock options that vest under the CEO SOP 2014 bis become exercisable during defined exercise periods following July 15, 2017. All options under the CEO SOP 2014 bis have an expiration date of July 15, 2019.

CEO Stock Option Plan 2015

On February 10, 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 stock option, was effectively made to the CEO on March 13, 2015, who accepted this offer on 11 May 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 (under USGAAP). The Remuneration Committee, in consultation with the CEO, determined for each installment the performance criteria on February 10, 2015, and it is the Remuneration Committee that will decide whether these criteria have been met. As the applicable performance criteria were achieved for 2015, the first tranche of 55,000 stock options vested on March 13, 2016. On February 14, 2017, the Remuneration Committee decided that the applicable (cumulative) performance criteria for 2015 and 2016 have been achieved hence, the second tranche of 63,000 stock options vested on March 13, 2017.

Subject to the achievement of the (cumulative) performance criteria for 2017 as determined by the Remuneration Committee, the last tranche of 62,000 stock options can vest on March 13, 2018 if the performance criteria for 2015, 2016 and 2017 are achieved.

Any stock options that vest under the CEO SOP 2015 become exercisable during defined exercise periods following March 13, 2018 and have an expiration date of March 13, 2020.

The details regarding the stock option plans issued by the Company are summarized in the table below:

	Issuance of stock options			Stock options granted			
Stock Option Plan	**Date approved by the board of directors**	**Total number of stock options issued**	**Name of the grant**	**Date offered**	**Number of stock options offered**	**Number of stock options accepted**	**Beneficiaries**
Employee Stock Option Plan 2013	April 22, 2013	1,200,000	ESOP 2013 primo	July 4, 2013	985,000	741,448	certain employees
			ESOP 2013 bis	October 22, 2013	58,000	58,000	certain employees
CEO Stock Option Plan 2013	April 22, 2013	200,000	CEO SOP 2013	July 4, 2013	200,000	200,000	CEO
CEO Stock Option Plan 2014	November 8, 2013	185,000	CEO SOP 2014	November 8, 2013	185,000	185,000	CEO
CEO Stock Option Plan 2014 bis	June 26, 2014	180,000	CEO SOP 2014 bis	July 15, 2014	180,000	180,000	CEO
Employee Stock Option Plan 2014	December 5, 2014	830,500	ESOP 2014	December 12, 2014	830,500	766,500	certain employees
CEO Stock Option Plan 2015	February 10, 2015	180,000	CEO SOP 2015	March 13, 2015	180,000	180,000	CEO
Employee Stock Option Plan 2015	October 27, 2015	873,000	ESOP 2015	November 2, 2015	873,000	402,350	certain employees
Specific Performance based Stock Option Plan 2015 bis	July 24, 2015	18,750	SSOP 2015 bis	December 28, 2015	18,750	18,750	certain employee
Employee Stock Option Plan 2016	April 15, 2016	741,806	ESOP 2016	March 22, 2016	741,806	695,631	CEO and certain employees
Employee Stock Option Plan 2016 bis	October 25, 2016	467,000	ESOP 2016 bis	November 7, 2016	467,000	359,000	certain employees

For accounting purposes, the grant dates of all of the above mentioned grants were defined as the date the beneficiaries accepted the offer, except for the CEO SOP 2014bis, the CEO SOP 2015 and the Specific Performance based Stock Option Plan 2015 bis, due to applicable discretion by the Remuneration & Nomination Committee to determine the performance criteria of the plan. For these latter plans the grant date is not deemed to be achieved and therefore the fair value of the options is re-measured periodically until the discretion clause is removed.

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

	Grant date (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 2013 primo Stock Options	July 31, 2013	5.99 - 8.45	36.4	34.33	—	21.0% - 23.3%	4.4 years	0.0%	0.47% - 1.07%
ESOP 2013 bis Stock Options	November 30, 2013	7.25 - 9.81	40.5	36.75	—	20.2% - 22.6%	4.4 years	0.0%	0.36% - 0.89%
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%
ESOP 2015 Stock Options	December 15, 2015	4.58 - 6.63	46.89	50.87	—	20.7% - 21.8%	4.3 years	0.0%	-0.25% - -0.01%
CEO SOP 2013 Stock Options	October 2, 2013	7.91 - 10.01	36.85 - 39.13	34.33	—	20.5% - 22.6%	4.0 years	0.0%	1.03% - 1.07%
CEO SOP 2014 Stock Options	February 5, 2014	12.12	44.13	38.88	—	22.3%	5.0 years	0.0%	1.05%
"	March 11, 2014	12.31	45.64	38.88	—	22.2%	5.2 years	0.0%	1.06%
CEO SOP 2014 bis Stock Options	February 10, 2015	13.41	49.32	39.38	—	21.8%	3.9 years	0.0%	0.02 %
"	February 9, 2016	7.86	42.52	39.38	—	23.6%	2.7 years	0.0%	(0.3)%
"	December 31, 2016 (*)	14.49 (*)	52.72 (*)	39.38	—	23.8% (*)	1.9 years (*)	0.0% (*)	-0.59% (*)
CEO SOP 2015 Stock Options	February 9, 2016	4.31	42.52	50.57	—	23.0%	3.4 years	0.0%	-0.24%
"	December 31, 2016 (*)	8.25 (*)	52.72 (*)	50.57	—	23.0% (*)	2.5 years (*)	0.0% (*)	-0.56% (*)
"	December 31, 2016 (*)	8.25 (*)	52.72 (*)	50.57	—	23.0% (*)	2.5 years (*)	0.0% (*)	-0.56% (*)
SSOP 2015 bis Stock Options	December 31, 2016 (*)	10.77 (*)	52.72 (*)	48.83	—	24.9% (*)	3.3 years (*)	0.0% (*)	-0.52% (*)
"	December 31, 2016 (*)	10.77 (*)	52.72 (*)	48.83	—	24.9% (*)	3.3 years (*)	0.0% (*)	-0.52% (*)
"	December 31, 2016 (*)	10.35 (*)	52.72 (*)	48.83	—	23.6% (*)	3.4 years (*)	0.0% (*)	-0.52% (*)
ESOP 2016 Stock Options	June 14, 2016	3.40 - 4.99	39.46	45.48	—	21.5% - 23.3%	4.3 years	0.0%	-0.44% - -0.33%
ESOP 2016 bis Stock Options	January 6, 2017	10.01 - 11.53	52.85	46.97	—	21.3% - 23.9%	4.3 years	0.0%	-0.60% - -0.39%

* 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 grant dates as per December 31, 2016.

All plans

A summary of the activity in the Company's stock option and warrant plans for the years ended December 31, 2016, and 2015 is as follows:

	Outstanding Options and warrants	
	Number of Options and Warrants	Average Exercise Prices (in euro)
January 1, 2015	**1,647,322**	**30.69**
Granted		
Employee Stock Option Plan 2014 Stock Options	766,500	45.27
Employee Stock Option Plan 2015	402,350	50.87
CEO Stock Options Plan 2015	180,000	50.57
Exercised		
Warrant Plan 2007 septies warrants exercised	(38,414)	15.21
Warrant Plan 2010 primo warrants exercised	(304,539)	15.21
Warrant Plan 2010 bis warrants exercised	(5,962)	18.23
Warrant Plan 2010 ter warrants exercised	(21,752)	19.37
Stock Option Plan 2013 primo stock options exercised	(52,500)	34.33
Stock Option Plan 2013 bis stock options exercised	(2,000)	36.75
Stock Option Plan 2014 stock options exercised	(3,300)	45.27
Forfeited		
Stock Option Plan 2013 primo stock options forfeited	(4,250)	34.33
Stock Option Plan 2014 stock options forfeited	(3,100)	45.27
Lapsed		
Warrant Plan 2010 primo warrants lapsed	(1,540)	15.21
December 31, 2015	**2,558,815**	**41.71**
Granted		
SSOP 2015 bis Stock Options	18,750	48.83
ESOP 2016	695,631	45.48
Exercised		
Warrant Plan 2010 ter warrants exercised	(56,917)	19.37
Stock Option Plan 2013 primo stock options exercised	(9,600)	34.33
Stock Option Plan 2014 stock options exercised	(4,200)	45.27
Forfeited		
Stock Option Plan 2013 primo stock options forfeited	(750)	34.33
Stock Option Plan 2014 stock options forfeited	(8,350)	45.27
Stock Option Plan 2015 stock options forfeited	(2,400)	50.87
December 31, 2016	**3,190,979**	**42.98**

The options and warrants in the table below were exercised resulting in the receipt of payments of €1.6 million during the year ended December 31, 2016. Warrant Plan 2010 warrants were exchanged on a one for one basis for newly issued ordinary shares. ESOP 2013 and ESOP 2014 stock options were exchanged on a one-for-one basis for existing ordinary shares of the Company. Options and warrants exercised during the year ended December 31, 2015 resulted in the receipt of €7.8 million.

Class of options and warrants	Number of options and warrants exercised	Exercise date	Exercise price at exercise date (in euro)	Share price at exercise date (in euro)
Warrant Plan 2010 ter warrants	6,801	11/04/2016	19.37	44,84
	18,180	12/07/2016	19.37	41.65
	31,936	5/09/2016	19.37	43.41
ESOP 2013 primo stock options	2,000	03/10/2016	34.33	46.52
	7,600	20/12/2016	34.33	52.78
ESOP 2014 stock options	4,200	20/12/2016	45.27	52.78
Total	**70,717**			

The following table summarizes information about stock options outstanding and exercisable as of December 31, 2016:

Class of options	Number of options outstanding	Number of options exercisable	Weighted average remaining contractual life	Current exercise prices (in euro)
ESOP 2013 primo stock options	542,398	443,274	18 months	34.33
ESOP 2013 bis stock options	41,700	27,200	22 months	36.75
ESOP 2014 stock options	747,550	455,150	35 months	45.27
ESOP 2015 stock options	399,950	162,540	46 months	50.87
SSOP 2015bis stock options	18,750	-	40 months	48.83
CEO SOP 2013 stock options	200,000	200,000	18 months	34.33
CEO SOP 2014 stock options	185,000	185,000	42 months	38.88
CEO SOP 2014 bis stock options	180,000	—	30 months	39.38
CEO SOP 2015 stock options	180,000	—	38 months	50.57
ESOP 2016 stock options	695,631	139,126	46 months	45.48
Total outstanding	**3,190,979**			

Total compensation expense associated with the Company's option and warrant plans amounted to €5.4 million in 2016 (2015: €9.2 million).

Performance shares

In October 2013, Telenet granted its Senior Leadership Team members (other than its chief executive officer) and one other manager a total of 28,949 performance shares ("the 2013 Telenet Performance Shares"). The performance target applicable to the 2013 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for Adjusted EBITDA, when comparing the Adjusted EBITDA during the period started as of January 1, 2013 and ending on December 31, 2015 to the Adjusted EBITDA for the period started on January 1, 2012 and ended on December 31, 2012. A performance range of 75% to 150% of the target Adjusted EBITDA CAGR would generally result in award recipients earning between 50% to 150% of their 2013 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. On February 9, 2016, The Remuneration & Nomination Committee and the Board of Directors decided that the performance criteria for the 2013 Telenet Performance Shares have been achieved, and as a consequence, the earned 2013 Telenet Performance Shares vested at 110.95% on October 25, 2016. The Remuneration and Nomination Committee of October 25, 2016 decided to settle the vested performance shares in cash instead of in shares of the Company. This particular performance share plan was paid out in cash for an amount of €1.6 million following the specific decision of the Remuneration Committee. As this was the second year in a row that a similar performance share plan has been settled in cash, it was decided upon that the historical track record of cash settlements of these particular equity awards did trigger a modification of the equity classification of all performance shares outstanding. As a result, all similar performance share plans have been considered to be cash settled share base payment plans and as a result, the Company represented the related share based compensation expense recognized as liability and no longer in equity. As the performance shares have been fair-valued, the cash paid to settle the 2013 performance share plan did not exceed the fair value of the award on the settlement date, the amount of cash paid to repurchase the equity award was charged to equity and consequently has been presented as a cash outflow from financing activities in the consolidated statement of cash flows.

In May 2014, Telenet granted its Senior Leadership Team members (other than its chief executive officer) and one other manager a total of 27,694 performance shares ("the 2014 Telenet Performance Shares"). The performance target applicable to the 2014 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for Adjusted EBITDA, when comparing the Adjusted EBITDA during the period started as of January 1, 2014 and ending on December 31, 2016 to the Adjusted EBITDA for the period started on January 1, 2013 and ended on December 31, 2013. A performance range of 75% to 150% of the target Adjusted EBITDA CAGR would generally result in award recipients earning 50% to 150% of their 2014 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. On February 14, 2017, the Remuneration & Nomination Committee and the Board of Directors decided that the performance criteria for the 2014 Telenet Performance Shares have been achieved, and as a consequence, the earned 2014 Telenet Performance Shares will vest at 62.37% on May 22, 2017. Any compensation costs attributable to the 2014 Telenet Performance Shares are recognized over the requisite service period of the awards and will be included in compensation expense in Telenet's consolidated statement of profit or loss and other comprehensive income.

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 (under USGAAP), when comparing the Operating Cash Flow during the period started as of January 1, 2015 and ending on December 31, 2017 to the Operating Cash Flow for the period started on January 1, 2014 and ended on December 31, 2014. A performance range of 75% to 150% of the target Operating Cash Flow 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 compensation expense in Telenet's consolidated statement of profit or loss and other comprehensive income.

On April 15, 2016, the Company granted its Senior Leadership Team members (including its chief executive officer) and one other manager a total of 119,842 performance shares ("the 2016 Telenet Performance Shares"). The performance target applicable to the 2016 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for Operating Cash Flow (under USGAAP), when comparing the Operating Cash Flow during the period started as of January 1, 2016 and ending on December 31, 2018 to the Operating Cash Flow for the period started on January 1, 2015 and ended on December 31, 2015. A performance range of 75% to 160% of the target Operating Cash Flow CAGR would generally result in award recipients earning 75% to 300% of their 2016 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The earned 2016 Telenet Performance Shares will vest on April 15, 2019. Any compensation costs attributable to the 2016 Telenet Performance Shares are recognized over the requisite service period of the awards and will be included in compensation expense in Telenet's consolidated statement of profit or loss and other comprehensive income.

In 2016, Telenet recognized €6.3 million of compensation expense in respect of the Telenet Performance Shares plans (2015: €1.2 million).

5.13 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Company's exposure to risks, including interest rate and liquidity risk, see note 5.3.

The balances of loans and borrowings specified below include accrued interest as of December 31, 2016 and 2015.

(in thousands of euro)	**December 31, 2016**	**December 31, 2015**
2015 Amended Senior Credit Facility:		
Revolving Credit Facility X	—	943
Revolving Credit Facility Z	61	240
Revolving Credit Facility AG	477	—
Term Loan W	—	476,781
Term Loan Y	—	888,323
Term Loan AA	—	15,439
Term Loan AD	—	—
Term Loan AE	1,607,511	—
Term Loan AF	1,424,589	—
Senior Secured Fixed Rate Notes:		
€300 million Senior Secured Notes due 2021	—	307,508
€450 million Senior Secured Notes due 2022	460,625	460,625
€250 million Senior Secured Notes due 2024	256,375	256,375
€530 million Senior Secured Notes due 2027	541,913	541,268
Senior Secured Floating Rate Notes:		
€400 million Senior Secured Notes due 2021	—	400,708
Overdraft Facility	35	—
Global Handset Finco Ltd Loan	12,740	12,779
Vendor financing	34,652	—
Finance lease obligations	358,815	346,042
3G Mobile Spectrum	23,680	31,079
Clientele fee > 20 years	106,008	97,743
	4,827,481	3,835,853
Less: deferred financing fees	(45,624)	(41,975)
	4,781,857	**3,793,878**
Less: current portion	(139,372)	(110,558)
Total non-current loans and borrowings	**4,642,485**	**3,683,320**

As of December 31, 2016 and 2015, all loans and borrowings were denominated in euro except for Term Loan AF which is denominated in USD. Fixed interest rates applied to 34.68% of the total loans and borrowings (2015: 52.09%). The weighted average interest rates at December 31, 2016, were 5.83% on fixed rate loans (2015: 5.92%) and 3.38% on floating rate loans (2015: 3.49%).

5.13.1 2015 Amended Senior Credit Facility

Throughout the years ended December 31, 2015 and 2016 the Company modified the 2010 Senior Credit Facility including, amongst others, changes to certain guarantees and covenants.

In March 2014, the Company launched an extension offer for Term Loans Q, R and T under its 2015 Amended Senior Credit Facility and the redemption of its Senior Secured Notes due 2016 ("Facility N").

As a result of the aforementioned refinancing, which was completed in April 2014, the Company issued a new €474.1 million floating rate Term Loan under the 2015 Amended Senior Credit Facility ("Term Loan W") due June 30, 2022 carrying a margin of 3.25% over EURIBOR. In addition, the Company issued a new €882.9 million floating rate Term Loan under the 2015 Amended Senior Credit Facility ("Term Loan Y") due June 30, 2023 carrying a margin of 3.50% over EURIBOR. The net proceeds of these new issuances, together with available cash and cash equivalents, were used to fully redeem the outstanding amounts under Term Loans Q, R and T and the €100.0 million Senior Secured Notes due 2016.

In addition, as part of the 2015 Senior Credit Facility amendments, lenders under Revolving Credit Facility S ("Facility S") were asked to renew and extend their commitments into a new Revolving Credit Facility ("Facility X"), resulting in a reduction of the existing Facility S (with availability up to December 31, 2016) to €36.9 million and a new Facility X (with availability up to September 30, 2020) of €286.0 million.

The unamortized deferred financing fees related to Term Loan Q, R and T (€3.9 million) and related to the €100.0 million Senior Secured Notes due 2016 (€3.5 million) were accounted for in 2014 as a loss on extinguishment of debt upon early redemption.In April 2015, Telenet issued two new debt facilities under the 2015 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. Term loan AA and Facility Z were undrawn at December 31, 2015.

In July 2015, the Company upsized the available commitments under its Facility X by €95.0 million to an aggregate of €381.0 million by transferring €10.0 million of its commitment under Facility S and generating €85.0 extra commitments. The remaining €26.9 million commitment available under Facility S was canceled in September 2015.

In February 2016, Telenet drew three debt facilities under the 2015 Amended Senior Credit Facility for the financing of the BASE acquisition for an aggregate amount of €1,217.0 million, including (i) €800.0 million under Term Loan AA with a maturity of June 30, 2023 and a 3.50% margin over EURIBOR, (ii) €217.0 million under Revolving Credit Facility X with a maturity of September 30, 2020 and a 2.75% margin over EURIBOR, and (iii) €200.0 million under Revolving Credit Facility Z with a maturity of June 30, 2018 and a 2.25% margin of EURIBOR.

In April and May 2016, Telenet repaid €130.0 million and €87.0 million, respectively, under Revolving Credit Facility X, fully repaying the amounts it had drawn in February 2016. In June, July, September and October 2016, the Company subsequently repaid €80.0 million, €20.0 million, €65.0 million and €35.0 million under Revolving Credit Facility Z, leaving no outstanding balance at December 31, 2016.

In May 2016, the Company successfully issued a USD 850.0 million Term Loan ("Facility AD") due June 30, 2024. Facility AD bears interest at 3.50% over LIBOR (with a 75 basis points floor) and was issued at 99.5% of par. Telenet drew Term Loan AD on June 14, 2016 and entered into several cross-currency interest swap transactions at that time to hedge both the underlying currency and floating interest rate exposure.

Telenet used the net proceeds from these transactions on June 15, 2016 to prepay the following credit facilities under the existing Senior Credit Facility: (i) Facility O, of which Telenet Finance III Luxembourg S.C.A. ("TFL III") was the lender, and (ii) Facility P, of which Telenet Finance IV Luxembourg S.C.A. ("TFL IV") was the lender. TFL III and TFL IV in turn used the proceeds from the prepayment of Facility O and Facility P to redeem the associated €300.0 million Senior Secured Notes due 2021 and the €400.0 million Senior Secured notes due 2021, respectively. The Company recorded a loss on extinguishment of debt of €16.9 million of which € 6.9 million related to the early redemption of unamortized deferred financing fees and €10.0 million related to the make whole premium (note 5.21).

In November 2016, the Company issued a €1.6 billion Term Loan ("Facility AE") and a USD 1.5 billion Term Loan ("Facility AF"), both due January 31, 2025. Facility AE carries a margin of 3.25% over EURIBOR with a 0% floor and was issued at par. Facility AF carries a margin of 3.00% over LIBOR with a 0% floor and was issued at 99.50% of par. The net proceeds from these issuances were used to entirely prepay the following credit facilities under Telenet's 2015 Amended Senior Credit Facility: (i) Facility W (€474.1 million due June 2022, EURIBOR +3.25%, 0% floor), (ii) Facility Y (€882.9 million due June 2023, EURIBOR + 3.50%, 0% floor), (iii) Facility AA (€800.0 million due June 2023, EURIBOR + 3.50%, 0% floor) and (iv) Facility AD (USD 850.0 million due June 2024, LIBOR + 3.50%, 0.75% floor). Through this transaction, the Company was able to extend the average tenor of our debt maturities at attractive market conditions from 7 years to just over 8 years post-refinancing, while ensuring increased covenant flexibility going forward. In conjunction with the aforementioned refinancing, the Company also upsized and extended the outstanding commitments under its undrawn revolving credit facility (previously under Facility X, which was cancelled and replaced with Facility AG) from €381.0 million to €400.0 million and extended the maturity to June 2023 from September 2020. Hence, the Company faces no debt amortizations prior to August 2022, taking into account the fact that the outstanding amounts under the revolving credit facilities have been repaid in full. The unamortized deferred financing fees related to Term Loan W, Y, AA and AD were accounted for as a loss on extinguishment of debt upon early redemption for €28.8 million (Note 5.21). All new fees related to the refinancing transaction are capitalized as deferred financing fees for a total of €8.6 million and USD9 million and deferred over the term of the new loans.

5.13.2 Senior Secured Notes

Issuance of €300.0 million Senior Secured Fixed Rate Notes due 2021

Telenet Finance III Luxembourg S.C.A. (further referred to as "TFL III") was incorporated on January 28, 2011 under the laws of the Grand Duchy of Luxembourg as a structured finance entity company for the primary purpose of facilitating the offering of Senior Secured Notes.

On February 9, 2011 TFL III entered into a Global Note offering (the "Senior Secured Notes due 2021"). TFL III was incorporated as a corporate partnership limited by shares and is owned for 99.99% by a charitable trust and 0.01% by Telenet Finance III Luxembourg S.à r.l., a company independent from the Telenet Group.

TFL III is an SE, incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL III is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Fixed Rate Notes due 2021 (being €300.0 million) the Company are used by TFL III to fund an additional facility under the 2015 Amended Senior Credit Facility, (the "Finco Loan" or "Facility O"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("TIF").

The Senior Secured Fixed Rate Notes due 2021 were issued on February 9, 2011 and all cash was received on February 15, 2011. The Senior Secured Fixed Rate Notes due 2021 have a principal value of €300.0 million and were issued at par. The interest rate on the Senior Secured Fixed Rate Notes due 2021 amounts to 6.625% annually and accrued interest is paid semi-annually on February 15 and August 15 commencing August 15, 2011. The final maturity of these Senior Secured Fixed Rate Notes is February 15, 2021.

The net proceeds from this offering were partially used to redeem before maturity the outstanding Term Loans K and L1 under the Company's 2015 Amended Senior Credit Facility for an aggregate of €286.5 million.

On June 15, 2016, Telenet used the proceeds of USD 850.0 million Term Loan ("Facility AD") to repay the €300.0 million Senior Secured Fixed Rate Notes due 2021.

Issuance of €400.0 million Senior Secured Floating Rate Notes due 2021

Telenet Finance IV Luxembourg S.C.A. (further referred to as "TFL IV") was incorporated on May 23, 2011 under the laws of the Grand Duchy of Luxembourg as a structured finance entity company for the primary purpose of facilitating the offering of Senior Secured Notes.

On June 8, 2011 TFL IV entered into a Global Note offering (the "Senior Secured Notes due 2021"). TFL IV was incorporated as a corporate partnership limited by shares and is owned for 99.99% by a charitable trust and 0.01% by Telenet Finance IV Luxembourg S.à r.l., a company independent from the Telenet Group.

TFL IV is an SE, incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL IV is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Floating Rate Notes due 2021 (being €400.0 million) were used by TFL IV to fund an additional facility under the 2015 Amended Senior Credit Facility, (the "Proceeds Loan" or "Facility P"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("TIF").

The Senior Secured Floating Rate Notes due 2021 were issued on June 8, 2011 and the cash was received on June 15, 2011. These Senior Secured Floating Rate Notes due 2021 have a principal value of €400.0 million and were issued at par. The interest rate on the Senior Secured Floating Rate Notes due 2021 is the 3M Euribor +3.875% and accrued interest is paid quarterly on March 15, June 15, September 15 and December 15 commencing September 15, 2011. The final maturity of these Senior Secured Notes is June 15, 2021.

The net proceeds from this offering were used to redeem €400.1 million on the outstanding Term Loan G and J under the Company's 2015 Amended Senior Credit Facility

On June 15, 2016, Telenet used the proceeds of USD 850.0 million Term Loan ("Facility AD") to repay the €400.0 million Senior Secured Floating Rate Notes due 2021.

Issuance of €450.0 million Senior Secured Fixed Rate Notes due 2022 and €250.0 million Senior Secured Fixed Rate Notes due 2024

Telenet Finance V Luxembourg S.C.A. (further referred to as "TFL V") was incorporated on November 16, 2011 under the laws of the Grand Duchy of Luxembourg as a structured finance entity company for the primary purpose of facilitating the offering of Senior Secured Notes.

On August 13, 2012 TFL V entered into two Global Note offerings (the "Senior Secured Notes due 2022" and the "Senior Secured Notes due 2024"). TFL V was incorporated as a corporate partnership limited by shares and is owned for 99.99% by a charitable trust and 0.01% by Telenet Finance V Luxembourg S.à r.l., a company independent from the Telenet Group.

TFL V is an SE, incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL V is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Fixed Rate Notes due 2022 (being €450.0 million) and the Senior Secured Fixed Rate Notes due 2024 (being €250.0 million) were used by TFL V to fund two additional facilities under the 2015 Amended Senior Credit Facility, (the "Finco Loan" or "Facilities U and V"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("TIF").

The Senior Secured Fixed Rate Notes due 2022 and 2024 were issued on August 13, 2012 and the cash was received on August 16, 2012.

These Senior Secured Fixed Rate Notes due 2022 and 2024 have a principal value of €450.0 million and €250.0 million, respectively, and were issued at par.

The interest rate on the Senior Secured Fixed Rate Notes due 2022 is 6.25% annually and accrued interest is paid semi-annually on August 15 and February 15 commencing February 15, 2013. The final maturity of these Senior Secured Notes is August 15, 2022. The interest rate on the Senior Secured Fixed Rate Notes due 2024 is 6.75% annually and accrued interest is paid semi-annually on August 15 and February 15 commencing February 15, 2013. The final maturity of these Senior Secured Notes is August 15, 2024.

The net proceeds of this offering were envisioned to be used entirely to fund the proposed share repurchases under a Self Tender Offer. Due to the cancellation of the Self Tender Offer on September 20, 2012, the proceeds from this offering were still available as cash and cash equivalents as at December 31, 2012.

Issuance of €530.0 million Senior Secured Fixed Rate Notes due 2027

Telenet Finance VI Luxembourg S.C.A. (further referred to as "TFL VI") was incorporated on August 14, 2012 under the laws of the Grand Duchy of Luxembourg as a structured finance entity company for the primary purpose of facilitating the offering of Senior Secured Notes.

On July 21, 2015 TFL VI entered into a Global Note offering (the "Senior Secured Notes due 2027"). TFL VI was incorporated as a corporate partnership limited by shares and is owned for 99.99% by a charitable trust and 0.01% by Telenet Finance VI Luxembourg S.à r.l., a company independent from the Telenet Group.

TFL VI is an SE, incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL VI is included in the consolidated financial statements of the Company.

In July 2015, TFL VI issued €530.0 million 4.875% Senior Secured Fixed Rate Notes due 2027. The net proceeds of this issuance were used in August 2015 to prepay €500.0 million of Senior Secured Notes due 2020. This resulted in a loss on extinguishment of debt amounting to €30.8 million consisting of unamortized deferred financing fees related to the €500.0 million Senior Secured Notes due 2016 of €30.8 million and a make whole premium of €23.1 million

The interest rate on the Senior Secured Fixed Rate Notes due 2027 is 4.875% annually and accrued interest is paid semi-annually on January 15 and July 15. The final maturity of these Senior Secured Notes is july 15, 2027.

The bond was issued below par (98.55%) but the difference between the discount and the par value was paid by the underwriters resulting in nominal proceeds of €530.0 million.

5.13.3 Repayment schedule

Aggregate future principal payments on the total borrowings under all of the Company's loans and borrowings other than finance leases,vendor financing, 3G spectrum and global handset financing loans as of December 31, 2016 are shown in the following table:

(in thousands of euro)	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate	Interest payments due
December 31, 2016						
2015 Amended Senior Credit Facility:						
Term Loan AE (1.6mio EUR)	1,600,000	1,600,000	—	January 31, 2025	Floating | 3-month Euribor + 3.25%	Quarterly (Jan., April, July, Oct.)
Term Loan AF (1.5mio USD)	1,422,206	1,422,206	—	January 31, 2025	Floating | Libor + 3.00%	Quarterly (March, June, Sept., Dec.)
Revolving Credit Facility (Facility AG)	400,000	—	400,000	June 30, 2023	Floating | 1-month Euribor + 2.75%	Not applicable
Revolving Credit Facility (Facility Z)	120,000	—	120,000	June 30, 2018	Floating | 1-month Euribor + 2.25%	Not applicable
BNP Overdraft Facility						
BNP Overdraft Facility	25,000	—	25,000	December 31, 2017	Floating | 1-month EURIBOR (0% floor) + 1.60%	Not applicable
Senior Secured Fixed Rate Notes:						
€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.)
€530 million Senior Secured Notes due 2027	530,000	530,000	—	July 15, 2027	Fixed | 4.875%	Semi-annually (Jan. and Jul.)
Total notional amount	**4,797,206**	**4,252,206**	**545,000**			

5.13.4 Guarantees and covenants

As at 31 December 2016, Telenet BVBA, Telenet Group BVBA, Telenet International Finance S.à r.l. and Telenet Financing USD LLC guaranteed (and continue to guarantee) the obligations of each of Telenet BVBA, Telenet Group BVBA, Telenet International Finance S.à r.l. and Telenet Financing USD LLC under the 2015 Amended Senior Credit Facility, to the extent permitted by law and subject to any applicable guarantee limitations.

In addition, security has been granted under the 2015 Amended Senior Credit Facility by Telenet Group Holding NV, Telenet BVBA, Telenet Group BVBA, Telenet Vlaanderen NV, Telenet International Finance S.à r.l. and Telenet Financing USD over substantially all their assets.

The above-mentioned security interests include:

- pledges of all shares of Telenet BVBA, Telenet Group BVBA, Telenet Vlaanderen NV and Telenet International Finance S.à r.l.;
- mortgages of (i) €800 million granted by the former Telenet Operaties NV (succeeded by Telenet BVBA), (ii) €625 million granted by the former MixtICS NV (succeeded by Telenet BVBA), (iii) €625 million granted by Telenet Vlaanderen NV, and (iv) €50 million granted by the former Telenet Solutions NV (succeeded by Telenet BVBA); a portion of the mortgages have been granted in a non-joined (non-cumulative) manner with certain other mortgages and certain floating charges;
- non-exercised mortgage mandates of (i) €650 million granted by Telenet BVBA (formerly called Telenet NV and Telenet BidCo NV), (ii) €450 million granted by the former Telenet Operaties NV (succeeded by Telenet BVBA), (iii) €450 million granted by the former MixtICS NV (succeeded by Telenet BVBA) and (iv) €450 million granted by Telenet Vlaanderen NV;
- floating charges (pand op handelszaak) of (i) €1.25 billion granted by the former Telenet Operaties NV (succeeded by Telenet BVBA), (ii) €135 million granted by Telenet BVBA (formerly called Telenet NV and Telenet BidCo NV), (iii) €250 million granted by Telenet BVBA (formerly called Telenet NV and Telenet BidCo NV), (iv) €865 million granted by the former

MixtICS NV (succeeded by Telenet BVBA), (v) €865 million granted by Telenet Vlaanderen NV, (vi) €75 million granted by the former PayTVCo NV (succeeded by Telenet BVBA) and (vii) €75 million granted by the former Codenet NV (afterwards renamed to Telenet Solutions NV and succeeded by Telenet BVBA); a portion of the floating charges have been granted in a non-joined manner (non-cumulative) with certain other floating charges and certain mortgages;

- a non-exercised floating charge mandate of €865 million granted by Telenet BVBA, which is granted in a non-joined (non-cumulative) manner with the floating charges referred to in (i), (iv), (vi) and (vii) above;
- a non-exercised floating charge mandate of €800 million granted by Telenet Group BVBA;
- pledges of all present and future receivables owed to Telenet Group Holding NV, Telenet BVBA, Telenet Group BVBA and Telenet Vlaanderen NV;
- pledges of all present and future securities (other than shares in subsidiaries) held by Telenet BVBA and Telenet Vlaanderen NV;
- a pledge over all present and future notes issued by Finance Center Telenet S.à r.l. and owned by Telenet International Finance S.à r.l.;
- pledges of all present and future intercompany receivables owed to Telenet International Finance S.à r.l. by Telenet BVBA, Telenet Luxembourg Finance Center S.à r.l, Finance Center Telenet S.à r.l. and Telenet Group BVBA;
- pledges on all present and future bank accounts of Telenet Group Holding NV, Telenet BVBA, Telenet Group BVBA, Telenet Vlaanderen NV and Telenet International Finance S.à r.l.;
- pledge on all present and future shares (and other equity interests) of Telenet Financing USD LLC owned by Telenet International Finance S.à r.l.;
- security granted by Telenet Financing USD LLC over present and future assets, including inter alia, accounts, equipment, inventory, documents, securities, intellectual property and immaterial assets; and
- pledge of receivables owed to Telenet Group Holding NV by Finance Center Telenet S.à r.l. under a subordinated shareholder loan and all receivables owed by other group members to Telenet Group Holding NV under future subordinated shareholder loans.

The total executable principal amount under the mortgages and floating charges, taking into account non-cumulation within and between floating charges and mortgages, was €2,375,000,000 on December 31, 2016.

As of December 31, 2016, the Company was in compliance with all of its financial covenants.

In respect of the obligations under the notes issued by Telenet Finance V Luxembourg S.C.A., security has been granted to the trustee under the notes on behalf of itself and the holders of the notes over:

- all of the issued ordinary shares of Telenet Finance V Luxembourg S.C.A.;
- all of the issued shares of Telenet Finance V S.à r.l. (Telenet Finance V Luxembourg S.C.A.'s general partner);
- all of Telenet Finance V Luxembourg S.C.A.'s rights, title and interest under the 2015 Amended Senior Credit Facility, the intercreditor agreement dated October 10, 2007 (as amended and restated from time to time and most recently on 2 November 2015), the additional facility U accession agreement and the additional facility V accession agreement pursuant to which Telenet Finance V Luxembourg S.C.A. has become a lender under the 2015 Amended Senior Credit Facility;
- all of Telenet Finance V Luxembourg S.C.A.'s rights, title and interest under the fee letter and the service agreement related to the notes issuance; and
- all sums of money held from time to time in Telenet Finance V Luxembourg S.C.A.'s bank account.

Telenet International Finance S.à r.l.'s payment obligations under the fee letter and the service agreement are guaranteed by Telenet BVBA to Telenet Finance V Luxembourg S.C.A.

In respect of the obligations under the notes issued by Telenet Finance VI Luxembourg S.C.A., security has been granted to the trustee under the notes on behalf of itself and the holders of the notes over:

- all of the issued ordinary shares of Telenet Finance VI Luxembourg S.C.A.;
- all of the issued shares of Telenet Finance VI S.à r.l. (Telenet Finance VI Luxembourg S.C.A.'s general partner);
- all of Telenet Finance VI Luxembourg S.C.A.'s rights, title and interest under the 2015 Amended Senior Credit Facility, the intercreditor agreement dated October 10, 2007 (as amended and restated from time to time and most recently on 2 November 2015), the additional facility AB accession agreement and the additional facility VI accession agreement pursuant to which Telenet Finance VI Luxembourg S.C.A. has become a lender under the 2015 Amended Senior Credit Facility;
- all of Telenet Finance VI Luxembourg S.C.A.'s rights, title and interest under the fee letter and the service agreement related to the notes issuance; and
- all sums of money held from time to time in Telenet Finance VI Luxembourg S.C.A.'s bank account.

Telenet International Finance S.à r.l.'s payment obligations under the fee letter and the service agreement are guaranteed by Telenet BVBA to Telenet Finance VI Luxembourg S.C.A.

5.13.5 Finance lease obligations

Finance lease liabilities are payable as follows:

(in thousands of euro)	Future minimum lease payments		Interest		Present value of future minimum lease payments	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Within one year	61,486	58,499	20,472	21,230	41,014	37,269
In the second to fifth year, inclusive	251,543	196,009	68,414	58,462	183,129	137,547
Thereafter	157,081	201,104	26,601	34,518	130,480	166,586
Total minimum lease payments	**470,110**	**455,612**	**115,487**	**114,210**	**354,623**	**341,402**

The following table summarizes the obligations per type of finance leases:

(in thousands of euro)	Future minimum lease payments		Interest		Present value of future minimum lease payments	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Buildings	17,329	20,261	2,246	3,377	15,083	16,884
Canon	452,781	435,351	113,241	110,833	339,540	324,518
Total minimum lease payments	**470,110**	**455,612**	**115,487**	**114,210**	**354,623**	**341,402**

Canon, Clientele and Annuity agreements

In 1996, the Company acquired the exclusive rights to offer point-to-point services including broadband internet and telephony services, as well as the rights to partly use the capacity of the broadband network owned and controlled by the Pure Intercommunales ("PICs"). In return for this access to a part of the PICs' network, the company paid the so-called Clientele and Annuity Fees. The present value of the Clientele and Annuity Fee payments over the first 20 years (being the life of the longest lived assets that were part of the HFC Upgrade) was initially accounted for as network user rights under intangible assets, and was amortized over 10 or 20 years depending on the useful life of the underlying assets that make up the HFC Upgrade.

Upon completion of the Interkabel acquisition in 2008, the company obtained the ownership and control over the entire network, including the obligation beyond 20 years under the original 50 year Clientele fee agreement and now has the right to use the full capacity of the PICs' network. The term of the Canon Lease Agreement is 38 years (of which still 31 years remained at the end of 2015). Under this agreement, the Company pays recurring Canon Fees which together with the Clientele and Annuity Fees grant full access to the PICs' network. The assets capitalized under the Canon Agreement are depreciated over a period of 15 years. The full access rights acquired under the Canon, Clientele and Annuity agreements are recorded as property and equipment (network) as from October 2008 onwards (see Note 5.4).

On the additional rights of use on the Telenet PICs Network, acquired under the Canon agreement, a contractual interest rate was agreed upon which was favorable in comparison with the market interest rate at that moment. Therefore, this favorable component on the initial Canon lease was separated in the purchase price allocation and recognized as a debit to the liability of the underlying existing Canon Lease. The favorable Out of Market component on the future Canon leases acquired as part of the business combination was recognized as network user rights under other intangible assets (see Note 5.6).

For the year ended December 31, 2016, the average effective borrowing rate for the three above mentioned fees was 6.28% (2015: 6.32%).

The Clientele fees payable beyond 20 years are recognized as a non-lease related debt.

As per December 31, 2016 and 2015, the outstanding liabilities related to the Interkabel agreements, as well as the net book value of the intangible asset can be summarized as follows:

(in thousands of euro)	December 31, 2016	December 31, 2015
Outstanding lease debt Annuity / Clientele / Canon		
Annuity agreement	10,009	12,621
Clientele agreement	11,080	15,757
Canon agreement	321,146	299,774
Out of Market Component on initial Canon leases acquired as part of a business combination	(2,695)	(3,634)
	339,540	**324,518**
Outstanding non-lease related Clientele debt		
Clientele fee > 20 years	106,008	97,743
Intangible asset related to Canon agreement		
Out of Market Component on future Canon leases acquired as part of a business combination	17,437	17,762

Other leases

The Company leases certain assets under finance leases including buildings and certain vehicles with average lease terms of 20 and 5 years, respectively.

For the year ended December 31, 2016, the average effective borrowing rate was 4.17% (2015: 4.30%). All leases are on a fixed repayment schedule and no arrangements include contingent rental payments. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

5.13.6 3G and 2G mobile spectrum

Following an auction launched in March 2011 by the BIPT, Telenet Tecteo BidCo NV, a subsidiary of the Company in which the Walloon cable operator Tecteo SCRL holds a 25% stake, acquired the fourth 3G mobile spectrum license in Belgium (see note 5.6). For the years ended December 31, 2016 and 2015, the average effective borrowing rate for the 3G mobile spectrum was 2.25% (2015 : 2.75%).

5.13.7 Global Handset Finco Loan

On December 4, 2015 Telenet Finance BVBA borrowed €12.7 million from Global Handset Finco Limited to fund its handset financing activity through the "Global Handset Finco Loan" which is due December 4, 2017.

5.13.8 Vendor Financing

In the third quarter of 2016, the Company entered into a vendor financing program with a financial institution for a total amount of €34.7 million. Under such program, suppliers entering the system are paid by the bank earlier than their regular payment terms at a discount or at their regular payment terms without a discount while Telenet has 360 days to pay the bank. Consequently, the vendor financing liabilities are accounted for as loans and borrowings on the balance sheet. As in 2016 no payments occurred on these debts, the outstanding liabilities with respect to vendor financing (€34.7 million) consist of:

- €28.5 million capex related invoices, and
- €6.2 million operational expense related invoices.

As a result of the capex-related vendor financing, the Company's net cash used in investing activities was favorably impacted for the equivalent amount. Upon payment of the short term debt by Telenet to the bank after 360 days, the Company will record cash used in financing activities.

For operational expense related invoices (OPEX) the Company records cash outflows from operations and a corresponding cash inflow in financing activities when the expenses are incurred. When the Company pays the bank, the Company records financing cash outflows.

5.14 Derivative financial instruments

The Company has entered into various derivative instruments to manage interest rate and foreign currency exposure.

As of December 31, 2016 and 2015, the outstanding forward foreign exchange derivatives were as follows:

(in thousands of euro)	**December 31, 2016**	**December 31, 2015**
Forward Purchase Contracts		
Notional amount in US dollar	47,100	49,550
Weighted average strike price (US dollar per euro)	1.135	1.099
Maturity	From January to November 2017	From January to December 2016

In June 2016, the Tranche O - €300.0 million 6.625% due in 2021 and the tranche P - €400.0 million Floating rate due 2021 were repaid and refinanced by the Term Loan AD - Usd 850.0 million floating rate due 2024. The company paid €10.7 million to terminate the interest derivatives hedging the tranche P.

The Company entered into several Cross currency interest rates swaps (CCIRS) to hedge the Foreign exchange exposure of the USD Term loan AF nominal repayment and to transform the USD payable floating rate into a Euro payable fixed rate.

As of December 31, 2016 and 2015, the outstanding interest rate derivatives and Cross currency interest rates swaps (CCIRS) as follows:

(in thousands of euro)	**December 31, 2016**	**December 31, 2015**
Interest Rate Swaps EUR		
Notional amount	4,557,000	2,557,000
Average pay interest rate	0.80%	0.76%
Average receive interest rate	Euribor 3M	EURIBOR 3M
Maturity	From 2017 to 2025	From 2015 to 2023
Notional amount	557,000	
Average pay interest rate	Euribor 3M	
Average receive interest rate	0.04%	
Maturity	2023	
Interest Rate Swaps USD		
Notional amount	1,500,000	
Average pay interest rate	USD 3M + 2,83%	
Average receive interest rate	USD 1M +3,00%	
Maturity	2017	
Cross currency interest rate swap		
Notional amount USD	1,500,000	
Average receive interest rate	USD 3M + 3,28%	
Notional amount EUR	1,330,371	
Average pay interest rate	3.33%	
Maturity	2025	
Notional amount USD	850,000	
Average receive interest rate	0.50%	
Notional amount EUR	743,308	
Average pay interest rate	0.47%	
Maturity	2024	
Caps		
Notional amount	50,000	50,000
Average cap interest rate	4.50%	4.50%
Maturity	2017	2017
Collars		
Notional amount	804	1,389
Average floor interest rate	6.00%	5.50%
Average cap interest rate	6.00%	6.50%
Maturity	2017	2017

The following tables provide details of the fair value of the Company's financial and derivative instrument assets (liabilities), net:

(in thousands of euro)	**December 31, 2016**	**December 31, 2015**
Current assets	22,825	940
Non-current assets	49,658	7,556
Current liabilities	(16,015)	(6,181)
Non-current liabilities	(94,695)	(57,786)
	(38,227)	**(55,471)**
Interest rate derivatives	(105,391)	(55,737)
Cross Currency Interest Rate Swaps	64,405	—
Foreign exchange forwards	2,835	307
Embedded derivatives	(76)	(41)
	(38,227)	**(55,471)**

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

(in thousands of euro)	**December 31, 2016**	**December 31, 2015**
Early termination of derivative financial instruments (note 5.21)	(10,735)	(72,973)
Change in fair value (note 5.21)		
Cross Currency Interest Rate Swaps	72,242	—
Interest rate derivatives	(57,534)	86,410
Foreign exchange forwards	2,154	307
Embedded derivatives	13	45
Total change in fair value	16,875	86,762
Net gain on derivative financial instruments	**6,140**	**13,789**

5.15 Deferred taxes

Telenet Group Holding NV and its consolidated subsidiaries each file separate tax returns, except for Telenet International Finance S.à r.l., Finance Center Telenet S.à r.l. and Telenet Luxembourg Finance Center S.à r.l, which form a Luxembourg fiscal unity, in accordance with applicable local tax laws. For financial reporting purposes, Telenet Group Holding NV and its subsidiaries calculate their respective tax assets and liabilities on a separate-return basis, except for Telenet International Finance S.à r.l., Finance Center Telenet S.à r.l. and Telenet Luxembourg Finance Center S.à r.l.. These assets and liabilities are combined in the accompanying consolidated financial statements.

The movement in deferred tax assets and liabilities during the current and the prior year, without taking into consideration the offsetting of balances within the same tax entity, is as follows:

(in thousands of euro)	**January 1, 2016**	**BASE acquisition**	**(Charged) credited to the statement of profit or loss and other comprehensive income**	**December 31, 2016**
Deferred tax assets:				
Financial instruments	16,297	—	(6,540)	9,757
Provisions	(19,838)	(2,438)	31,558	9,282
Receivables	7,273	—	(5,847)	1,426
Tax loss carry-forwards	85,861	18,775	90,327	194,963
Other	8,670	—	11,334	20,004
Total Deferred tax assets	**98,263**	**16,337**	**120,832**	**235,432**
Deferred tax liabilities:				
Lease obligation	(464)	—	319	(145)
Property and equipment	(67,542)	(36,844)	(1,706)	(106,092)
Goodwill	(27,422)	3,863	(565)	(24,124)
Intangible assets	(11,508)	(62,591)	1,033	(73,066)
Deferred Financing Fees	(6,886)	—	372	(6,514)
Other	(460)	—	(55,546)	(56,006)
Total Deferred tax liabilities	**(114,282)**	**(95,572)**	**(56,093)**	**(265,947)**

(in thousands of euro)	**Statement of profit or loss and other comprehensive income**	**Statement of financial position**
Deferred tax assets	120,832	235,432
Deferred tax liabilities	(56,093)	(265,947)
	64,739	**(30,515)**
Statement of profit or loss and comprehensive income (see Note 5.22)		
Deferred tax expense in profit or loss (see Note 5.22)	(64,739)	
Total deferred tax expense	**(64,739)**	
Current tax expense (see Note 5.22)	107,752	
Total Comprehensive Income	**43,013**	
Total profit or loss	**43,013**	
Balance Sheet		
Deferred tax assets		135,532
Deferred tax liabilities		(166,047)
		(30,515)

(in thousands of euro)	January 1, 2015	(Charged) credited to the statement of profit or loss and	December 31, 2015
Deferred tax assets:			
Financial instruments	41,796	(25,499)	16,297
Lease obligation	7,272	(7,272)	—
Receivables	—	7,273	7,273
Tax loss carry-forwards	51,726	34,135	85,861
Other	9,990	(1,320)	8,670
Total Deferred tax assets	**110,784**	**7,317**	**118,101**
Deferred tax liabilities:			
Lease obligation	—	(464)	(464)
Property and equipment	(60,766)	(6,776)	(67,542)
Provisions	(45,229)	25,391	(19,838)
Goodwill	(27,028)	(394)	(27,422)
Intangible assets	(1,130)	(10,378)	(11,508)
Receivables	(1,178)	1,178	—
Deferred Financing Fees	(6,311)	(575)	(6,886)
Other	(605)	145	(460)
Total Deferred tax liabilities	**(142,247)**	**8,127**	**(134,120)**

(in thousands of euro)	Statement of profit or loss and other comprehensive income	Statement of financial position
Deferred tax assets	7,317	118,101
Deferred tax liabilities	8,127	(134,120)
	15,444	**(16,019)**
Statement of profit or loss and comprehensive income (see Note 5.22)		
Deferred tax expense in profit or loss (see Note 5.22)	(15,444)	
Deferred tax expense in OCI	—	
Total deferred tax expense	**(15,444)**	
Current tax expense (see Note 5.22)	115,096	
Total Comprehensive Income	**99,652**	
Less: Deferred tax expense in OCI		
Total profit or loss	**99,652**	
Balance sheet		
Deferred tax assets		108,493
Deferred tax liabilities		(124,512)
		(16,019)

As of December 31, 2016, Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €1227.6 million (2015: €819.9 million). Under current Belgian and Luxembourg tax laws, these loss carry forwards have an indefinite life and may be used to offset the future taxable income of Telenet Group Holding NV and its subsidiaries.

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

Telenet did not recognize deferred tax assets of €185.3 million (2015: €171.7 million) in respect of losses amounting to €545.3 million (2015: €505.2 million) that can be carried forward against future taxable income because it is not considered more likely than not that these net deferred tax assets will be utilized in future years.

5.16 Other non-current liabilities

(in thousands of euro)	Note	December 31, 2016	December 31, 2015
Employee benefit obligations	5.17	23,596	15,640
Other personnel related obligations		893	829
Long service awards	5.17	8,079	8,060
Interkabel out of market opex		15,135	14,604
Asset retirement obligations		8,700	1,913
Liabilities regarding sports broadcasting rights	5.6	24,718	4,192
Restructuring liability Norkring		11,343	12,412
Other		2,144	1,412
Total Other non-current liabilities		**94,608**	**59,062**

The impact of the BASE acquisition on the other non-current liabilities amounts to €8.4 million and consists mainly of the asset retirement obligation related to the dismantling of mobile network sites and the employee benefit obligations.

At the end of 2013, the Company decided to discontinue the provision of DTT services which occurred in the six months ended June 30, 2014. Following this decision, the Company determined that its obligations under the DTT capacity agreement with Norkring België NV constituted an onerous contract and recognized accordingly a provision measured as the net present value of the remaining payments due under this DTT capacity agreement related to the so called "MUX 2 and MUX 3 capacity".

As a result of the amendment to the DTT capacity agreement signed in 2016 whereby the Company waived its exclusive rights on the "MUX 1 capacity", the previously recognized lease liability related to this capacity did not longer qualify as a lease liability and was consequently represented as and added to the existing restructuring liability. The restructuring liability was re-measured at end of December 2015 reflecting the net present value of the remaining re-negotiated payments due under the contract. The remaining non-current and current liabilities related to the capacity of the 3 non-exclusive MUXes thus amounted to respectively €11.3 million and €3.4 million at December 31, 2016 (2015: respectively €12.4 million and €25.8 million) (note 5.18).

Total non-current and current liabilities regarding sports broadcasting rights amounted to €24.7 million and €38.4 million, respectively (see note 5.18) at December 31, 2016 (2015: €4.2 million and €17.4 million, respectively). The increase in liabilities regarding sports broadcasting rights can mainly be explained by the recognition of football broadcasting rights in 2016 for the 2016-2017 season of the Jupiler Pro League and the next three seasons of the UK Premier League as of August 2016.

The operational expenses charged to Telenet by Interkabel for the maintenance of its network are higher than the Company's benchmark expenses for similar operations and therefore reflects an unfavorable out of market element. In the Interkabel acquisition, this out of market element was recorded at fair value. The underlying liability at December 31, 2016 amounted to €15.1 million (2015: €14.6 million).

5.17 Employee benefit plans

Assets and liabilities carried on the consolidated statement of financial position, related to the Company's benefit plans can be summarized as follows:

(in thousands of euro)	Note	December 31, 2016			December 31, 2015		
		Total employee benefit plan	**of which Defined benefit pension plans**	**of which Other post retirement plans**	**Total employee benefit plans**	**of which Defined benefit pension plans**	**of which Other post retirement plans**
		note 5.17			note 5.17		
Defined benefit pension plans		7,509	7,509	—	2,351	2,351	—
Other post-retirement plans		16,087	—	16,087	13,289	—	13,289
Total LT employee benefit obligations	5.16	**23,596**	**7,509**	**16,087**	**15,640**	**2,351**	**13,289**
Total LT service awards	5.16	**8,079**	**—**	**—**	**8,060**	**—**	**—**
Total employee benefit plans liability/(asset)		**31,675**	**7,509**	**16,087**	**23,700**	**2,351**	**13,289**

Long service awards

The Company has also recognized a liability of €8.1 million at December 31, 2016 (2015: € 8.1million) for long service awards, which have the form of jubilee benefits.

Defined benefit pension plans and other post-retirement benefit plans

The majority of Telenet's employees participate in a defined contribution plan reclassified to defined benefit plan funded through the pension fund IBP Telenet OFP. The contributions are based on the employee's salary.

Telenet Group (formerly known as Base) employees also benefit from a defined contribution pension plan funded through a group insurance, whereby the insurance company guarantees a minimum interest rate on the contributions. The contributions are based on the employee's salary.

By law, employers are required to provide average minimum guaranteed rates of return over the employee's career with the Company. As from 1 January 2016 onwards, the minimum rate is annually recalculated based on the average yield of 10-year government bonds, with a minimum of 1.75% and a maximum of 3.75%. For 2016, the minimum guaranteed rate of return was equal to 1.75% (for 2015, 3.25% on employer contributions and 3.75% on employee contributions). For the main plan funded through the pension fund, the annually recalculated minimum rate of return is used to increase the minimum reserves during the year, while for the insured plans, each minimum rate of return applies to the contributions paid during the year up to the employee's date of leaving.

Hence, there is a risk that the Company may have to pay additional contributions related to past service. Any such additional contributions will depend on the actual investment returns as well as the future evolution of the minimum guaranteed rates of return. Therefore, those plans are classified as defined benefit plans. The application of defined benefit accounting had no impact on Telenet's main plan funded through the Company's pension fund as the benefit obligations were equal to the plan assets at both 31 December 2015 and 31 December 2016.

The Company's pension fund is actively managed by two independent asset management firms. The investment strategy is based on a balanced neutral risk profile with a long-term investment horizon. The pension fund's performance is monitored and analyzed on a monthly basis by the pension fund's in-house investment specialist and discussed and reviewed on a quarterly basis by the pension fund's board of directors.

Former Electrabel (ICS) employees, as well as a limited group of other employees, are covered by defined benefit pension plans, which provide retirement benefits based on the employees' final salaries and their years of service. In accordance with local practice, the benefits are normally paid out in the form of a lump sum.

The defined benefit pension plans are financed through insurance contracts, whereby the insurance company guarantees a minimum interest rate on the contributions. The pension plans are subject to a minimum funding requirement, which is based on the vested reserves to which the plan participants are entitled in case of leaving.

Telenet also provides post-retirement health care benefits and early retirement benefits to former Electrabel (ICS) employees. These obligations are financed directly by the Company. A past service cost was recognized during 2016 with respect to the early retirement scheme.

All these plans expose the Company to various risks such as interest rate risk (a decrease of bond yields will increase the benefit obligations), investment risk (a lower return on plan assets will decrease the funded status), longevity risk (an increase in life expectancy will increase the benefit obligations for the post-retirement health care plan) and inflation risk (higher than expected salary increases or medical cost increases will increase the benefit obligations).

The defined benefit obligation, the fair value of the plan assets and the net defined benefit liability/(asset) reconcile as follows :

(in thousands of euro)	**Defined Benefit Obligation**		**Fair value of plan assets**		**Net defined benefit liability (asset)**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
At January 1	**29,475**	**30,956**	**(13,835)**	**(14,772)**	**15,640**	**16,184**
Reclassification DC plan	60,251	—	(60,251)	—	—	—
Adjusted opening amount	**89,726**		**(74,086)**		**15,640**	
Components of defined benefit cost included in profit or loss						
Current service cost (incl. administration costs)	8,183	1,934	—	—	8,183	1,934
Past service cost	1,401	—	—	—	1,401	—
Interest cost / (income)	2,468	609	(2,106)	(267)	362	342
	12,052	**2,543**	**(2,106)**	**(267)**	**9,946**	**2,276**
Components of defined benefit cost included in OCI						
Remeasurements						
Actuarial loss (gain) arising from:						
changes to demographic assumptions	(101)	(238)	—	—	(101)	(238)
changes to financial assumptions	5,877	(1,317)	—	—	5,877	(1,317)
experience adjustments	845	(1,626)	—	—	845	(1,626)
Return on plan assets excluding interest income	—	—	(1,109)	1,922	(1,109)	1,922
	6,621	**(3,181)**	**(1,109)**	**1,922**	**5,512**	**(1,259)**
Other						
Contributions paid by the employee	1,916	200	(1,916)	(200)	—	—
Contributions paid by the employer (incl. taxes)	—	—	(7,251)	(1,428)	(7,251)	(1,428)
Benefits paid (incl. taxes)	(2,896)	(1,043)	2,749	910	(147)	(133)
Business combination / divestitures	16,696	—	(16,800)	—	(104)	—
	15,716	**(843)**	**(23,218)**	**(718)**	**(7,502)**	**(1,561)**
At December 31	**124,115**	**29,475**	**(100,519)**	**(13,835)**	**23,596**	**15,640**
Represented by :					**2016**	**2015**
Defined Benefit Pension Plans					7,509	2,351
Other post-retirement plans					16,087	13,289
Total					**23,596**	**15,640**

The principal actuarial assumptions used for the purpose of the actuarial valuations are as follows:

Actuarial assumptions at December 31				
	Defined Benefit Pension Plans		Other post-retirement plans	
	2016	2015	2016	2015
Discount rate	1.75%	2.25%	1.75%	2.25%
Rate of compensation increase	2.95%	2.75%	2.75%	—
Underlying inflation rate	1.75%	1.75%	1.75%	1.75%
Increase of medical benefits	—	—	4.00%	4.00%
Mortality tables	IA|BE	IA|BE	IA|BE	IA|BE

The following table shows a sensitivity analysis for the key assumptions:

Sensitivity analysis			
(in %)	**Change**	**Change in Defined Benefit Obligation**	
	(-) / (+)	**decrease (-)**	**increase (+)**
Discount rate	0.25%	4.44 %	(4.25)%
Rate of compensation increase	0.25%	(2.47)%	2.53 %
Increase of medical benefits	0.25%	(1.33)%	1.35 %
Mortality tables	1 year	(1.32)%	1.34 %

The sensitivity analysis reflects the impact of a change in one assumption while keeping all other assumptions constant. In practice, this is unlikely to be the case as some assumptions may be correlated.

The weighted average duration of the benefit obligations equals 17 years.

The plan assets consist of :

Defined Benefit Pension Plans		
	2016	2015
Bonds	30.0%	35.0%
Equities	31.0%	41.0%
Insurance policies	32.0%	19.0%
Other	7.0%	6.0%
Total	**100.0%**	**100.0%**

All investments of the Company's pension fund are quoted securities.

The plan assets do not include any direct investments in shares issued by Telenet or property occupied by Telenet.

The contributions towards defined benefit plans for the year ended December 31, 2016 (including the defined contribution plans accounted for as defined benefit plans) are estimated at €9.2 million.

5.18 Accrued expenses and other current liabilities

(in thousands of euro)	Note	December 31, 2016	December 31, 2015
Customer deposits		21,046	21,984
Compensation and employee benefits		73,921	55,302
VAT and withholding taxes		23,877	13,469
Dividend payable to shareholders		986	989
Accrued programming fees		52,036	54,199
Accrued capital expenditure		116,543	28,661
Accrued other liabilities - invoices to receive regarding:			
Goods received and services performed		39,858	37,710
Professional fees		14,732	10,408
Warehouse items received		4,310	3,480
Interconnect		28,254	21,383
Advertising, marketing and public relations		3,673	3,818
Infrastructure		9,579	7,128
Facilities		6,490	1,624
Opex		37,205	4,212
Credit notes to issue		13,797	1,726
Accrued Stock Compensation		690	—
Non-income tax contingencies (IFRS 3)	5.24	5,933	—
Liabilities regarding pylon taxes	5.26	29,135	—
Accrued interest on derivatives		1	516
Accrued deferred financing costs		560	7,781
Accounts receivable with credit balance		18,419	21,460
Restructuring liability Norkring		3,360	25,750
Liabilities regarding sports broadcasting rights		38,426	17,430
Other current liabilities		16,399	11,283
Total Accrued expenses and other current liabilities		**559,230**	**350,313**

Compared to December 31, 2015, total accrued expenses and other current liabilities increased by €208.9 million to €559.2 million as of December 31, 2016, which is mainly due to the impact of the BASE acquisition.

Compared to December 31, 2015, accrued capital expenditures increased €87.9 million and accrued other liabilities related to invoices to receive increased €54.3 million as a result of the BASE acquisition.The significant increase in capital expenditures is the result of the major upgrade and new build activities with respect to the acquired mobile network. The increase in the liabilities regarding sports broadcasting rights are the result of the in 2016 acquired intangible assets (note 5.6).

Following the amendment to the DTT capacity agreement with Norkring België NV in December 2015, and the agreed upon upfront payment in the first six months of 2016 amounting to €23.5 million, the restructuring liability decreased to €3.4 million as of December 31, 2016.

5.19 Revenue

The Company's revenue is comprised of the following:

(in thousands of euro)	For the years ended December 31,	
	2016	**2015 as represented (*)**
Subscription revenue		
Video	566,361	552,138
Broadband internet	572,914	546,096
Fixed-line telephony	243,031	226,950
Cable Subscription revenue	**1,382,306**	**1,325,184**
Mobile telephony	564,475	203,408
Total Subscription revenue	**1,946,781**	**1,528,592**
Business services	122,199	113,746
Other	360,140	179,510
Total Revenue	**2,429,120**	**1,821,848**

(*) We refer to Note 5.1.6 Reporting changes for detailed information regarding the reclassification of reminder fees and carriage fees

For the year ended December 31, 2016, the Company generated revenue of €2,429.1 million, representing a 33% increase compared to the year ended December 31, 2015 when the Company produced revenue of €1,821.8 million. The reported revenue increase was primarily driven by the contribution from BASE, which was acquired on February 11, 2016.

The cable business delivered solid mid-single-digit revenue growth for the year ended December 31, 2016 driven by a 4% increase in cable subscription revenue and higher business services revenue generated by security, hosting and mobile wholesale business lines. Growth in cable subscription revenue was primarily driven by (i) a larger share of triple-play subscribers, (ii) continued growth for premium entertainment propositions and (iii) the favorable impact from the February 2016 price adjustments, partially offset by a growing proportion of bundle-related discounts and a modest decline in the total number of unique customer relationships. The continued robust performance of the cable business was partly offset by continued pressure on the acquired mobile business, impacted by (i) structural challenges within the prepaid business as reflected in the declining number of prepaid subscribers, (ii) lower roaming revenue due to caps imposed by the new EU regulation and (iii) lower interconnection revenue.

The Company also had deferred revenue as follows:

(in thousands of euro)		
	December 31, 2016	**December 31, 2015**
Subscription revenue		
Video	20,796	25,752
Broadband internet	13,920	12,657
Fixed-line telephony	8,139	7,870
Cable Subscription revenue	**42,855**	**46,279**
Mobile telephony	38,305	6,961
Total Subscription revenue	**81,160**	**53,240**
Business services	14,092	10,936
Other	7,154	10,044
Total Deferred Revenue	**102,406**	**74,220**

Deferred revenue is generally fees prepaid by the customers and, as discussed in note 5.2.9 to the consolidated financial statements of the Company, is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the related service period.

5.20 Expenses by nature

(in thousands of euro)	Note	For the years ended December 31,	
		2016	**2015 as represented (*)**
Network operating expenses		142,901	68,034
Direct costs (programming, copyrights, interconnect and other)		607,799	425,013
Staff-related expenses		258,399	180,300
Sales and marketing expenses		97,650	74,215
Outsourced labor and Professional services		50,130	41,804
Other indirect expenses		155,144	88,825
Operating expenses		**1,312,023**	**878,191**
Restructuring gain (loss)		2,525	(9,932)
Operating charges related to acquisitions or divestitures		8,398	9,736
Share-based payments granted to directors and employees	5.12	11,655	10,370
Depreciation	5.4	394,001	270,799
Amortization	5.6	159,004	72,954
Amortization of broadcasting rights	5.6	55,813	49,006
Impairment of assets held for sale		5,350	—
Gain on disposal of property and equipment		(5,081)	(2,362)
Non-cash and non-recurring items		**631,665**	**400,571**
Total costs and expenses		**1,943,688**	**1,278,762**

(*) We refer to Note 5.1.6 Reporting changes for detailed information regarding the reclassification of reminder fees and carriage fees

For the year ended December 31, 2016, Telenet incurred total operating expenses of €1,943.7 million, representing an increase of 52% compared to the year ended December 31, 2015 when total operating expenses amounted to €1,278.7 million and reflecting the impact from the BASE acquisition since mid-February 2016.

The direct costs include direct expenses such as (i) costs related to interconnection, (ii) handset sales and subsidies and (iii) programming and copyrights. For the full year 2016, the direct costs were €607.8 million, up 43% compared to the €425.0 million of prior year, mainly impacted by the BASE acquisition.

Total expenses for the year ended December 31, 2016 included a €6.0 million benefit linked to the resolution of certain operational contingencies associated with the settlement of the Full-MVNO Arrangement with Orange Belgium in the 3 months ended June 30, 2016. In addition, the Company incurred €8.3 million integration and transformation costs for the full year 2016 linked to the BASE acquisition. The expenses for the year ended December 31,2015 included a net €17.5 million favorable impact resulting from a €13.8 million favorable impact from the reversal of restructuring charges as a result of a settlement with Norkring België related to the DTT spectrum license and a €7.6 million favorable impact from the resolution of a contingency associated with universal service obligations in the 3 months ended June 30, 2015, partially offset by the unfavorable impact of a €3.9 million settlement with the Belgian telecoms regulator BIPT with regards to the 2G mobile spectrum license in the 3 months ended December 31, 2015.

Total operating expenses represented approximately 80% of the revenue for the year ended December 31, 2016. Cost of services provided as a percentage of revenue represented approximately 60% of total revenue for the year ended December 31, 2016, while selling, general and administrative expenses represented approximately 20% of total revenue.

The increase in depreciation expense compared to prior year is due to the assets acquired in the BASE acquisition valued at fair value. As a result of the modernization project of the acquired mobile network, the company incurred €32 million accelerated depreciations (note 5.4). The increase in amortization expense compared to prior year is due to the assets acquired in the BASE acquisition, comprising spectrum licenses, software, tradenames and customer lists (note 5.6).

The number of full-time equivalents employed by the Company at December 31, 2016 was 3,387 (2015: 2,318), including 859 full-time equivalents of BASE.

5.21 Finance income / expense

		For the years ended December 31,	
(in thousands of euro)	Note	**2016**	**2015**
Recognized in the statement of profit or loss and comprehensive income			
Finance income			
Net interest income and foreign exchange gain			
Interest income on bank deposits and commercial paper		374	561
Interest income on receivables		4	93
Net foreign exchange gain		—	2,100
		378	**2,754**
Net gain on derivative financial instruments			
Change in fair value	5.14	16,875	86,762
Early termination of derivative financial instruments		(10,735)	(72,973)
		6,140	**13,789**
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		(228,743)	(242,608)
Amortization of financing cost		(7,557)	(6,784)
Net foreign exchange loss		(94,452)	—
		(330,752)	**(249,392)**
Loss on extinguishment of debt		**(45,651)**	**(30,847)**
Net finance expenses		**(369,885)**	**(263,696)**

For the year ended December 31, 2016, net finance expenses totaled €369.9 million compared to €263.7 million of net finance expenses incurred for the year ended December 31, 2015. For the full year 2016, we incurred a €45.7 million loss on the extinguishment of debt following the June 2016 refinancing of certain Senior Secured Notes due 2021 for an aggregate amount of €700.0 million and the November 2016 refinancing of certain Term Loans for an aggregate amount of €2,962.9 million, as compared to a €30.8 million loss on the extinguishment of debt in 2015. Our net interest expense, foreign exchange loss and other finance expense increased 33% from €249.4 million for the full year 2015 to €330.8 million for the full year 2016, largely due to debt incurred in connection with the BASE acquisition and a higher exposure to USD-denominated debt versus 2015.

5.22 Income tax expense

(in thousands of euro)	For the years ended December 31,	
	2016	**2015**
Current tax expense	107,752	115,096
Deferred tax expense (Note 5.15)	(64,739)	(15,444)
Income tax expense	**43,013**	**99,652**
Effective Tax Rate	**50.85%**	**36.20%**

The effective tax rate was 50.85% for the year ended December 31, 2016, which was above the effective tax rate of 36.20% for the year ended December 31, 2015. The tax expenses as shown above have been calculated in conformity with Belgian and international tax laws.

The tax on the Company's profit (loss) before tax differs from the theoretical amount that would arise using the Belgian statutory tax rate applicable to profits (losses) of the consolidated companies as follows:

(in thousands of euro)	For the years ended December 31,	
	2016	**2015**
Profit before tax	84,582	275,314
Income tax expense at the Belgian statutory rate of 33.99%	28,749	93,579
Income not taxable	(34,155)	(41,251)
Expenses not deductible for tax purposes (incl. prior year adjustments)	25,627	9,861
Notional interest deduction	(140)	—
Benefit of the investment deduction	(5,654)	(6,464)
Tax losses and temporary differences for which no deferred tax asset was recognized	14,638	42,080
Expiration of tax losses	1,089	908
Adjustments recognized in the current year in relation to the filings for prior years	(704)	3,648
Impact of different tax rates	(3,340)	(3,993)
Impact of change enacted tax rate Luxembourg	10,741	—
Tax on capital gain on shares	5,012	—
Penalty for insufficient prepayments	1,150	1,284
Tax expense for the year	**43,013**	**99,652**

The tax losses and temporary differences for which no deferred tax asset is recognized amounted to €14.6 million for the year ended December 31, 2016 (€42.1 million for the year ended December 31, 2015) and consisted of positions resulting in a deferred tax asset which is nevertheless not recognized as it is not deemed probable that taxable profit will be available against which the unused tax losses can be utilized in future years.

In December 2016 the Luxembourg parliament has adopted the bill of law on tax reform including a reduction of the corporate income tax. The rate will decrease from 29.22% to 27.08% in 2017 and to 26.01% as from 2018.

5.23 Earnings per share

5.23.1 Basic

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

(in thousands of euro, except share and per share data)	For the years ended December 31,	
	2016	**2015**
Net profit attributable to the equity holders of the Company	41,815	175,639
Weighted average number of ordinary shares	115,829,407	116,492,339
Weighted average number of shares used in the calculation of basic earnings per share	**115,829,407**	**116,492,339**
Basic earnings per share in €	0.36	1.51

5.23.2 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.

For the year ended December 31, 2016, the Company had one category of dilutive potential ordinary shares:

- Warrant Plan 2010 ter

For the year ended December 31, 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

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

	For the years ended December 31,	
	2016	**2015**
Weighted average number of shares used in the calculation of basic earnings per share	115,829,407	116,492,339
Adjustment for:		
Warrant Plan 2007 septies Warrants	—	19,048
Warrant Plan 2010 primo Warrants	—	130,044
Warrant Plan 2010 bis Warrants	—	3,704
Warrant Plan 2010 ter Warrants	18,961	44,156
Weighted average number of shares used in the calculation of diluted earnings per share	**115,848,368**	**116,689,291**
Diluted earnings per share in €	0.36	1.51

5.24 Acquisition of subsidiaries

5.24.1 BASE Company NV

On February 11, 2016, pursuant to a definitive agreement and following regulatory approval, Telenet acquired BASE for a cash purchase price of €1,318.9 million (the BASE acquisition). BASE is the third-largest mobile network operator in Belgium. In 2016, the Company incurred acquisition-related costs of €6.3 million on legal fees and due diligence costs. These have been included in 'Selling, general and administrative expenses'. Total acquisition-related costs incurred for the BASE acquisition amounts to €15.5 million. We expect that the BASE acquisition will provide Telenet with cost-effective long-term mobile access to effectively compete for future growth opportunities in the Belgian mobile market. The BASE acquisition was funded through a combination of three debt facilities for an aggregate amount of €1,217.0 million (see Note 5.13.1), and existing liquidity of Telenet. The acquisition was approved by the European Commission subject to Telenet's agreement to divest both the JIM Mobile prepaid customer base and BASE's 50% stake in Viking Co NV ("Viking") to MEDIALAAN NV. In February 2016, Telenet completed the sale of its stake in Viking. As this transaction occurred at fair value, it did not result in a gain or loss. The divestiture of the JIM Mobile prepaid customer base is expected to occur during the third quarter of 2017. In the course of 2016, the Company recognized an impairment on the JIM Mobile prepaid customer base amounting to €5.3 million (note 5.20).

We have accounted for the BASE acquisition using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of BASE based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. These adjustments reflected in the opening balance sheet are a result of the valuation process and are mainly attributable to property and equipment, goodwill, intangible assets associated with mobile spectrum, customer relationships and trademarks, and income taxes. A summary of the purchase price and the identifiable assets acquired and liabilities assumed for the BASE acquisition at the acquisition date is presented in the following table:

(in thousands of euro)	IFRS opening balance sheet	Fair value adjustments	Fair value of identifiable net assets
Assets			
Non-current assets:			
Property and equipment	467,344	154,002	621,346
Goodwill	55,695	(55,695)	—
Other intangible assets	249,355	213,311	462,666
Other assets	13,821	807	14,628
Total non-current assets	**786,215**	**312,425**	**1,098,640**
Current assets:			
Inventories	10,887	—	10,887
Trade receivables	34,267	—	34,267
Other current assets	72,153	4,687	76,840
Cash and cash equivalents	141,321	—	141,321
Total current assets	**258,628**	**4,687**	**263,315**
Total assets acquired	**1,044,843**	**317,112**	**1,361,955**
Liabilities			
Non-current liabilities:			
Deferred revenue	66	—	66
Deferred tax liabilities	(48,858)	124,850	75,992
Other liabilities	5,095	—	5,095
Total non-current liabilities	**(43,697)**	**124,850**	**81,153**
Current liabilities:			
Trade payables	61,188	—	61,188
Accrued expenses and other current liabilities	164,116	5,933	170,049
Deferred revenue	29,835	—	29,835
Total current liabilities	**255,139**	**5,933**	**261,072**
Total liabilities assumed	**211,442**	**130,783**	**342,225**
Fair value of identifiable net assets acquired			**1,019,730**
Total consideration transferred			**1,318,863**
Goodwill arising from the acquisition			**299,133**

The fair value adjustment on property and equipment (€154.0 million) mainly relates to the acquired mobile network of BASE. The €213.3 million step-up recognized on the other intangible assets consists of fair value adjustments recognized with respect to the mobile spectrum licenses owned by BASE (€34.9 million), customer relationships (€106.9 million), tradename (€33.7 million) and software (€37.8 million). The adjustment on other current assets (€4.7 million) relates to an indemnification receivable on KPN for pylon taxes due prior to 2015. The deferred tax adjustment resulting from the purchase price allocations amounts to €124.9 million and is reported under non-current deferred tax liabilities.

The trade receivables as recognized as per acquisition date (€34.2 million), consists of the gross contractual amounts receivable of €37.3 million and a valuation allowance of €3.1 million as the best estimate at acquisition date of the contractual cash flows not expected to be collected.

In the business combination, the Company recognized non-income tax related contingent liabilities for a total amount of €5.9 million.

In the period as from February 11, 2016 till December 31, 2016, BASE Company contributed revenue of €538.6 million and a net income of €4.4 million to the Group's results. If the acquisition had occurred on 1 January 2016, management estimates that consolidated revenue would have been €2,497.3 million, and consolidated operating result for the period would have been €482.0 million. In determining these amounts, management has assumed that the fair value adjustments determined, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2016.

The goodwill is mainly attributable to the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

5.24.2 SFR BeLux

On December 22, 2016, Telenet announced that its subsidiary Telenet Group BVBA (previously BASE Company NV) has entered into a definitive agreement to acquire Coditel Brabant SPRL for €400 million on a cash and debt free basis from Coditel Holding S.A., a subsidiary of Altice N.V. Coditel Brabant SPRL, operating under the SFR brand (formerly Numéricable), provides cable services to households and businesses in Brussels, Wallonia and Luxembourg and offers mobile telephony services in Belgium through an MVNO Agreement with BASE. Through this acquisition, Telenet would extend its cable footprint beyond the current Flemish and Brussels coverage areas to parts of Wallonia and the Grand Duchy of Luxembourg, while covering roughly two-thirds of the Brussels footprint post this acquisition. Following the acquisition of the Belgian mobile operator BASE in February 2016, Telenet has been pursuing a strategy of positioning itself as a leading provider of converged connected entertainment and B2B services nationwide. The acquisition of SFR BeLux would give a major part of Brussels and part of Wallonia access to Telenet's high quality video, high-speed internet and fixed and mobile telephony services. The transaction is subject to customary closing conditions, including approval from the relevant competition authorities.

5.25 Non cash investing and financing transactions

(in thousands of euro)	**For the years ended December 31,**	
	2016	**2015**
Acquisition of property and equipment in exchange for finance lease obligations	47,045	31,280
Acquisition of property and equipment in exchange for vendor financing obligations	28,498	—
Non-cash borrowings/repayments of debt	2,380,461	—
Acquisition of sports broadcasting rights in exchange for investing obligations	97,090	35,906

5.26 Commitments and contingencies

5.26.1 Pending litigations

Interkabel Acquisition

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

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

Litigation regarding cable access

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

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

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

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

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

Cable ownership related legal proceedings

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

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

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

Copyright related legal proceedings

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

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

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

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

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

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

Pylon taxes

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

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

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

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

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

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

Telenet intends to continue challenging any local tax regulations applicable to its mobile telecom equipment. As per December 31, 2016, Telenet has recognised a provision of €29.1 million in this respect. Telenet and the KPN Group have moreover agreed on certain recourse arrangements in respect of certain (pre-2015) pylon taxes in their sale and purchase agreement with respect to BASE Company NV (now Telenet Group BVBA). It can however not be excluded that other taxes on telecom equipment will in the future be imposed, which may have a significant negative financial impact on Telenet.

5.26.2 Other contingent liabilities

Regulation regarding signal integrity

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

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

Other

In addition to the foregoing items, Telenet 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, copyright fees and alleged patent infrigements. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts Telenet 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 Telenets' results of operations or cash flows in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

5.26.3 Operating leases

The Company leases facilities, vehicles and equipment under cancelable and non-cancelable operating leases. The following schedule details, at December 31, 2016 and 2015, the future minimum lease payments under cancelable and non-cancelable operating leases:

(thousands of euro)	December 31, 2016	December 31, 2015
Within one year	50,491	17,781
In the second to fifth year, inclusive	112,428	20,455
Thereafter	20,475	5,938
Total minimum lease payments	**183,394**	**44,174**
Minimum lease payments recognized as an expense in the year	**69,585**	**25,411**

The Company's operating leases as at December 31, 2016 and December 31, 2015 did not contain any material contingent rentals.

5.27 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 2016 and 2015. Related parties further include transactions with Pebble Media NV, Doccle CVBA and Doccle.Up NV, Idealabs Telenet Fund NV and De Vijver Media NV.

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

5.27.1 Statement of financial position

(in thousands of euro)	December 31, 2016	December 31, 2015
Trade receivables		
Liberty Global Consortium (parent)	6,248	2,946
Associates	319	399
Trade payables and accrued trade liabilities		
Liberty Global Consortium (parent)	7,692	20,764
Associates	378	472
Loans and borrowings payable		
Liberty Global Consortium (parent)	12,740	12,740
Loans and borrowings receivable		
Associates	320	400
Property and equipment		
Liberty Global Consortium (parent)	33,401	66,784

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

5.27.2 Statement of profit or loss and other comprehensive income

(in thousands of euro)	For the years ended December 31	
	2016	**2015**
Revenue		
Liberty Global Consortium (parent)	4,712	2,946
Associates	321	925
Operating expenses		
Liberty Global Consortium (parent)	1,841	2,356
Associates	6,838	1,394

5.27.3 Key management compensation

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

(in thousands of euro)	For the years ended December 31,	
	2016	**2015**
Salaries and other short-term employee benefits	7,302	7,006
Post-employment benefits	621	508
Share-based payments (compensation cost recognized)	9,185	6,561
	17,108	**14,075**

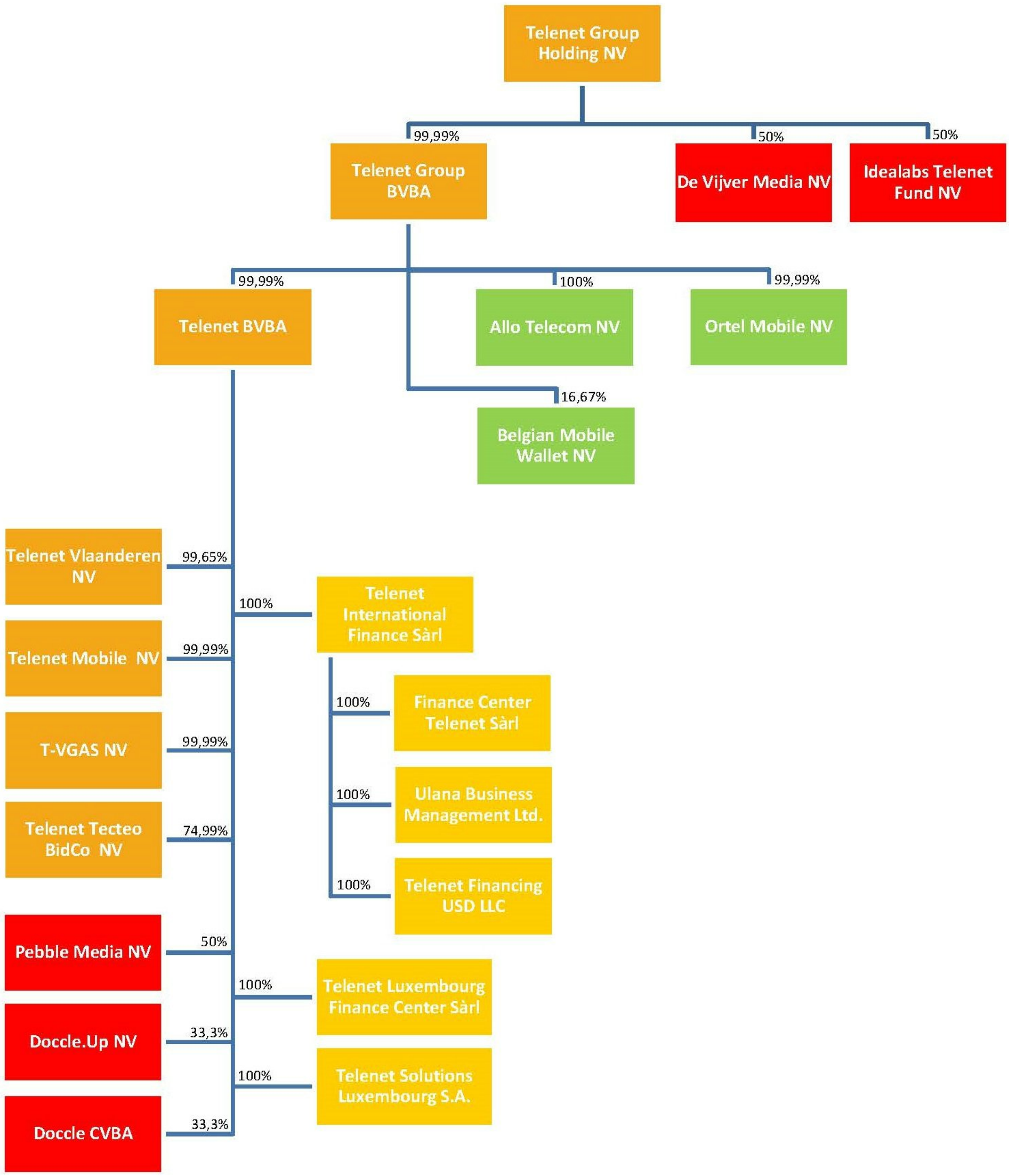
5.28 Subsidiaries

5.28.1 Subsidiaries

Details of the Company's subsidiaries as of December 31, 2016 are as follows:

Company	National number/ Trade Register number	Registered office	% Held	Consolidation Method
Telenet Group Holding NV	0477.702.333	Neerveldstraat 105, 1200 Sint-Lambrechts-Woluwe, Belgium	—	Parent company
Telenet Group BVBA	0462.925.669	Neerveldstraat 105, 1200 Sint-Lambrechts-Woluwe, Belgium	100%	Fully consolidated
Allo Telecom NV	0445.538.717	Neerveldstraat 105, 1200 Sint-Lambrechts-Woluwe , Belgium	100%	Fully consolidated
Ortel Mobile NV	0880.187.304	Neerveldstraat 105, 1200 Sint-Lambrechts-Woluwe, Belgium	100%	Fully consolidated
Telenet BVBA	0473.416.418	Liersesteenweg 4, 2800 Mechelen, Belgium	100%	Fully consolidated
Telenet Vlaanderen NV	0458.840.088	Liersesteenweg 4, 2800 Mechelen, Belgium	100%	Fully consolidated
T-VGAS NV	0808.321.289	Liersesteenweg 4, 2800 Mechelen, Belgium	100%	Fully consolidated
Telenet Mobile NV	0813.219.195	Liersesteenweg 4, 2800 Mechelen, Belgium	100%	Fully consolidated
TELENET TECTEO BIDCO NV	0835.821.779	Liersesteenweg 4, 2800 Mechelen, Belgium	74.99%	Fully consolidated
Telenet Solutions Luxembourg S.A.	B-73.305	2, rue Peternelchen, L-2370 Howald, Luxembourg	100%	Fully consolidated
Telenet International Finance S.à r.l.	B-155.066	2, rue Peternelchen, L-2370 Howald, Luxembourg	100%	Fully consolidated
Telenet Luxembourg Finance Center S.à r.l.	B-155.088	2, rue Peternelchen, L-2370 Howald, Luxembourg	100%	Fully consolidated
Finance Center Telenet S.à r.l.	B-165.944	2, rue Peternelchen, L-2370 Howald, Luxembourg	100%	Fully consolidated
Ulana Business Management Ltd.	536635	Building P2, Eastpoint Business Park, Clontarf, Dublin 3, Ireland	100%	Fully consolidated
Telenet Financing USD LLC	N/A	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States of America	100%	Fully consolidated

The group chart as of December 31, 2016 was as follows:



5.28.2 Other consolidated companies

Company	Trade Register Number	Address	% Held	Consolidation Method
Telenet Finance Luxembourg S.C.A. (1)	RCS B.155.894	2, rue Peternelchen, L-2370 Howald, Luxembourg	0%	Fully consolidated
Telenet Finance III Luxembourg S.C.A. (2)	RCS B.158.666	2, rue Peternelchen, L-2370 Howald, Luxembourg	0%	Fully consolidated
Telenet Finance IV Luxembourg S.C.A. (3)	RCS B.161.083	2, rue Peternelchen, L-2370 Howald, Luxembourg	0%	Fully consolidated
Telenet Finance V Luxembourg S.C.A. (4)	RCS B.164.890	2, rue Peternelchen, L-2370 Howald, Luxembourg	0%	Fully consolidated
Telenet Finance VI Luxembourg S.C.A. (5)	RCS B.171.030	2, rue Peternelchen, L-2370 Howald, Luxembourg	0%	Fully consolidated
Telenet Finance VII Luxembourg S.C.A. (6)	RCS B 199.998	2, rue Peternelchen, L-2370 Howald, Luxembourg	0%	Fully consolidated
Telenet Finance BVBA (7)	0628.452.013	Liersesteenweg 4, 2800 Mechelen, Belgium	0%	Fully consolidated

(1) Telenet Finance Luxembourg S.C.A. was incorporated on September 28, 2010 as a structured finance entity (“SE”) for the primary purpose of facilitating the offering of a High Yield Bond. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance Luxembourg and 0.01% by Telenet Finance S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offering prohibits the Issuer from engaging in any activities other than certain limited activities permitted. The SE set up for the issuance of the High Yield Bond is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SE’s ongoing activities after its formation (i.e. it operates on ‘autopilot’). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. It has been determined that the Company has power over the SE, exposure or rights to variable returns from its involvement with the SE and ability to use its power to affect those returns and therefore concluded upon that Telenet Group Holding should consolidate the SE created to issue the High Yield Bond.

(2) Telenet Finance III Luxembourg S.C.A. was incorporated on January 28, 2011 as a structured finance entity (“SE”) for the primary purpose of facilitating the offering of a High Yield Bond. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance III Luxembourg and 0.01% by Telenet Finance III S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offering prohibits the Issuer from engaging in any activities other than certain limited activities permitted. The SE set up for the issuance of the High Yield Bond is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SE’s ongoing activities after its formation (i.e. it operates on ‘autopilot’). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. It has been determined that the Company has power over the SE, exposure or rights to variable returns from its involvement with the SE and ability to use its power to affect those returns and therefore concluded upon that Telenet Group Holding should consolidate the SE created to issue the High Yield Bond.

(3) Telenet Finance IV Luxembourg S.C.A. was incorporated on May 23, 2011 as a structured finance entity (“SE”) for the primary purpose of facilitating the offering of a High Yield Bond. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance IV Luxembourg and 0.01% by Telenet Finance IV S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offering prohibits the Issuer from engaging in any activities other than certain limited activities permitted. The SE set up for the issuance of the High Yield Bond is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SE’s ongoing activities after its formation (i.e. it operates on ‘autopilot’). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. It has been determined that the Company has power over the SE, exposure or rights to variable returns from its involvement with the SE and ability to use its power to affect those returns and therefore concluded upon that Telenet Group Holding should consolidate the SE created to issue the High Yield Bond.

(4) Telenet Finance V Luxembourg S.C.A. was incorporated on November 16, 2011 as a structured finance entity ("SE") for the primary purpose of facilitating the offering of a High Yield Bond. On August 10, 2012, the articles of association were amended in order to make it possible to issue more than one High Yield Bond. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance V Luxembourg and 0.01% by Telenet Finance V S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offerings prohibits the Issuer from engaging in any activities other than certain limited activities permitted. The SE set up for the issuance of the High Yield Bonds is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SE's ongoing activities after its formation (i.e. it operates on 'autopilot'). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. It has been determined that the Company has power over the SE, exposure or rights to variable returns from its involvement with the SE and ability to use its power to affect those returns and therefore concluded upon that Telenet Group Holding should consolidate the SE created to issue the High Yield Bond.

(5) Telenet Finance VI Luxembourg S.C.A. was incorporated on August 14, 2012 as a structured finance entity ("SE") for the primary purpose of facilitating the offering of one or more High Yield Bonds. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance VI Luxembourg and 0.01% by Telenet Finance VI S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offering(s) will prohibit the Issuer from engaging in any activities other than certain limited activities permitted. The SE set up for the issuance of High Yield Bond(s) is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SE's ongoing activities after its formation (i.e. it operates on 'autopilot'). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. It has been determined that the Company has power over the SE, exposure or rights to variable returns from its involvement with the SE and ability to use its power to affect those returns and therefore concluded upon that Telenet Group Holding should consolidate the SE created to issue the High Yield Bond(s).

(6) Telenet Finance VII Luxembourg S.C.A. was incorporated on September 4, 2015 as a structured finance entity ("SE") for the primary purpose of facilitating the offering of one or more High Yield Bonds. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance VII Luxembourg and 0.01% by Telenet Finance VII S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offering(s) will prohibit the Issuer from engaging in any activities other than certain limited activities permitted. The SE set up for the issuance of High Yield Bond(s) is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SE's ongoing activities after its formation (i.e. it operates on 'autopilot'). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. It has been determined that the Company has power over the SE, exposure or rights to variable returns from its involvement with the SE and ability to use its power to affect those returns and therefore concluded upon that Telenet Group Holding should consolidate the SE created to issue the High Yield Bond(s).

(7) Telenet Finance BVBA. was incorporated on March 27, 2015 as a financing company ("finco") for the primary purpose of to offer handset financing directly to the customers. This entity was incorporated at the request of the Telenet Group under Belgian law and is owned 99% by Global Handset Finco Limited and 1% by Lynx Europe 2 Limited. It has been determined that the Company has power over the Finco exposure or rights to variable returns from its involvement with the Finco and ability to use its power to affect those returns and therefore concluded upon that Telenet Group Holding should consolidate the Finco created to operate the handset financing for the Telenet Group.

5.29 Subsequent events

On February 10, 2017, Telenet announced that its subsidiary Telenet Group BVBA (previously BASE Company NV) has signed a Full MVNO agreement (the "Full MVNO Agreement") with Lycamobile, the world's largest international MVNO. Through the Full MVNO Agreement, Lycamobile's customers will gain access to Telenet's nationwide mobile network. As part of the Agreement, Telenet Group will sell its MVNO subsidiary Ortel Mobile NV to Lycamobile. The combined customer base of Lycamobile and Ortel Mobile in Belgium represents approximately 1 million customers.

5.30 External audit

The general shareholders' meeting of April 27, 2015 appointed KPMG Bedrijfsrevisoren CVBA ("KPMG") as statutory auditor of the Company for a period of three years. KPMG has appointed Mr. Filip De Bock as permanent representative.

Base fees for auditing the annual (consolidated) financial statements of Telenet Group Holding NV and its subsidiaries are determined by the general meeting of shareholders after review and approval by the Company's audit committee and board of directors.

Audit and audit related fees for 2016, in relation to services provided by KPMG Bedrijfsrevisoren, amounted to EUR 1,046,150 (2015: EUR 709,400), which was composed of audit services for the annual financial statements of EUR 939,150 (2015: EUR 597,800) and audit related services of EUR 107,000 (2015: EUR 111,600). Audit related services mainly related to services in connection with attestation reports required by Belgian Company Law as well as other ad hoc attestation and assurance reports.

Audit and audit related fees for 2016 in relation to services provided by other offices in the KPMG network amounted to EUR 57,500 (2015: EUR 82,500), which was composed of audit services for the annual financial statements.

Statutory auditor's report to the general meeting of Telenet Group Holding NV as of and for the year ended 31 December 2016

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our report on the consolidated financial statements as of and for the year ended 31 December 2016, as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements - Unqualified opinion

We have audited the consolidated financial statements of Telenet Group Holding NV ("the Company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR'000 5.007.455 and the consolidated statement of profit or loss and other comprehensive income shows a profit for the year of EUR'000 41.569.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs) as adopted in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not modify the scope of our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements includes the information required by law, is consistent, in all material respects, with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 20 March 2017

KPMG Bedrijfsrevisoren
Statutory Auditor
represented by

Filip De Bock
Bedrijfsrevisor

Abridged annual report of the board of directors to the annual general meeting of shareholders

This section contains an abridged version of the statutory (non-consolidated) annual accounts and annual report of Telenet Group Holding NV (TGH).

The statutory auditor issued an unqualified opinion on the statutory accounts of Telenet Group Holding NV as of and for the year ended December 31, 2016. The second part of the auditor's report includes specific additional paragraphs in accordance with article 523 of the Belgian Company Code (conflict of interest reported by a member of the board of directors).

The full version of the annual accounts will be filed with the National Bank of Belgium and are available on the Company's website (http://investors.telenet.be).

1. Abridged non-consolidated balance sheet

(in thousands of euro)	For the years ended December 31,	
	2016	**2015**
Assets		
Non-current assets:		
Financial assets	5,211,439	6,823,349
Total non-current assets	**5,211,439**	**6,823,349**
Current assets:		
Amounts receivable within 1 year	37,214	34,746
Other investments and deposits	85,649	39,487
Cash at bank and in hand	909	540
Deferred charges and accrued income	451	1
Total current assets	**124,223**	**74,774**
Total assets	**5,335,662**	**6,898,123**

(in thousands of euro)	For the years ended December 31,	
	2016	**2015**
Equity and Liabilities		
Equity:		
Capital	12,758	12,752
Share premium	62,320	61,271
Reserves	153,492	106,330
Profit to be carried forward	5,076,968	4,052,163
Total equity	**5,305,538**	**4,232,516**
Liabilities:		
Provisions	17,345	19,310
Amounts payable after more than 1 year	8,910	2,400,148
Amounts payable within 1 year	3,814	2,915
Accrued charges and deferred income	55	243,234
Total liabilities	**30,124**	**2,665,607**
Total Equity and Liabilities	**5,335,662**	**6,898,123**

2. Abridged non-consolidated income statement

(in thousands of euro)	For the years ended December 31,	
	2016	**2015**
Operating Income	1,248	22,188
Operating expenses	(28,614)	(9,111)
Operating profit / (loss)	**(27,366)**	**13,077**
Finance income	1,279,063	5
Finance expenses	(179,730)	(143,936)
Taxes	—	—
Profit/(loss) to be appropriated	**1,071,967**	**(130,854)**

3. Capital

	2016	
	(in thousands of euro)	*(number of shares)*
Issued capital		
January 1, 2016	**12,752**	**117,278,706**
11/04/16 Capital increase exercise of warrants 2010 ter	1	6,801
12/07/16 Capital increase exercise of warrants 2010 ter	2	18,180
05/09/16 Capital increase exercise of warrants 2010 ter	3	31,936
December 31, 2016	**12,758**	**117,335,623**

Composition of the capital

Dispreference shares	—	94,843
Golden shares	—	30
Ordinary shares without nominal value	12,758	117,182,833

4. Accounting Policies

4.1 General

The Accounting Policies have been determined in accordance with the conditions of Chapter II of the Royal Decree of January 30, 2001 on the financial statements of companies.

4.2 Specific accounting policies

4.2.1 Formation expenses

The capitalized issuance costs relating to the Senior Notes are amortized over the term of the loan and recognized in earnings pro rata the monthly amount of interest. As from 2011 onwards, debt issuance costs are expensed as incurred.

4.2.2 Financial assets

Investments are recorded at their acquisition value. For the investments recorded under the heading "Financial fixed assets", an impairment loss is accounted for in case of permanent capital loss or decline in value, justified by the situation, profitability or outlook of the respective investees.

4.2.3 Amounts receivable within one year

Amounts receivable are recorded on the balance sheet at their nominal value. An appropriate write-down will be made if part or all of the payment on the due date is uncertain, or if the recoverable amount on the balance sheet date is lower than the book value.

Amounts receivable in foreign currency are converted at the official exchange rate applicable on the date when the invoice is posted. At the end of the financial year, they are converted using the official exchange rate on the balance sheet date.

Every component of the assets is valued individually. Depreciation was calculated on an annual basis up to 2001 and on a monthly basis from 2002 onwards. As a general rule, each component of the assets is valued at its acquisition cost, and shown in the balance sheet at that amount, minus any depreciation or write-downs. The amounts receivable are also shown, in principle, at their nominal value.

4.2.4 Other investments and cash at bank and in hand

Balances held with financial institutions are valued at their nominal value.

Securities are valued at their acquisition value. Other cash equivalents are shown at their nominal value.

The additional expenses are charged immediately to earnings. Write-downs are accounted for if the recoverable amount on the balance sheet date is lower than the book value.

4.2.5 Amounts payable after more than 1 year and within 1 year

Creditors are shown in the balance sheet at their nominal value. Trade creditors in foreign currency are shown at the exchange rate on the date when the incoming invoice was posted. At the end of the financial year, they are converted using the exchange rate on the balance sheet date.

4.2.6 Fees related to long term financing

The deferred financing fees including early redemption fees and debt issuance costs which are expensed as incurred.

4.2.7 Income statement

Income and expenses are recognized in the period to which they relate.

5. Abridged annual report concerning the statutory annual accounts of Telenet Group Holding NV

5.1 Comments on the balance sheet

5.1.1 Financial assets

The investments amounted to €5,211.4 million (2015: €6,823.3 million) and consisted of:

(in euro)	For the years ended December 31,	
	2016	**2015**
Investees		
Telenet Vlaanderen NV	249,438	249,438
Telenet Group BVBA	5,116,633,655	—
Telenet Service Center BVBA	—	6,823,061,412
De Vijver Media NV	24,154,434	—
Idealabs Telenet Fund NV	633,747	—
Telenet Mobile NV	38,062	38,062
T-VGAS NV	10	11
Investees	**5,141,709,346**	**6,823,348,923**
Amounts receivables from affiliated companies		
Finance Center Telenet sarl	68,971,584	—
Doccle cvba	320,000	—
Idealabs Telenet Fund NV	437,830	—
Amounts receivables from affiliated companies	**69,729,414**	**—**
Non-current financial assets	**5,211,438,760**	**6,823,348,923**

5.1.2 Amounts receivable within one year

In accordance with advice CBN 2012/3 with respect to the accounting treatment of stock option plans, the Company recognized a provision amounting to €17.3 million (2015: €19.3 million) related to the expected future loss on own shares when the stock options are expected to be exercised. This cost was recharged to Telenet BVBA, the entity in which the beneficiaries are employed and all personnel expenses are incurred. The total outstanding receivable on Telenet BVBA as per December 31, 2016 amounting to €30.1 million (2015: €34.6 million).

Other short term receivables at year-end 2016 amounted to €7.1 million and consisted of a current account with Telenet International Finance (€3.9 million), an indemnity receivable on KPN related to the pylon tax settlement with the Walloon government (€3.0 million) and a receivable of withholding taxes for an amount of €0.2 million (2015: €0.2 million).

5.1.3 Other investments, deposits and cash

The investments as reported at year-end 2016 for an amount of €85.6 million consisted mainly of own shares. Composition of these investments can be summarized as follows:

(in euro)	For the years ended December 31,	
	2016	**2015**
Other investments and deposits		
Own shares	85,649,449	38,487,325
Short term deposits	—	1,000,000
Other investments and deposits	**85,649,449**	**39,487,325**

The own shares are held by the Company to cover the Company's obligations under existing stock option plans. There are no dividend rights for these shares for as long as they remain in possession of the Company. In 2016, the Company delivered 13,800 own shares in exchange for stock options exercised (2015: 57,800 shares).

5.1.4 Capital

The changes in capital during 2016 can be summarized as follows:

(in euro)	
11/04/16 Capital increase exercise of warrants 2010 ter	739
12/07/16 Capital increase exercise of warrants 2010 ter	1,977
05/09/16 Capital increase exercise of warrants 2010 ter	3,472
	6,188

5.1.5 Share premium

Upon the exercise in 2016 of warrants, an amount of €1.0 million was accounted for as share premium (2015: €5.7 million).

5.1.6 Reserves

Total reserves at year-end 2016 amounted to €153.5 million (2015: €106.3 million):

(in euro)	December 31, 2016	December 31, 2015
Reserves		
Legal reserve	64,798,289	64,798,289
Reserves unavailable for distribution		
- for own shares	85,649,449	38,487,325
- other	—	—
Untaxed reserves	3,044,394	3,044,394
Reserves	**153,492,132**	**106,330,008**

As a result of the Share Buy Back program which was launched in February 2016, the reserves unavailable for distribution have been increased with the same amount as the shares acquired.

The untaxed reserves of €3.0 million relate to the capital reduction of €3.25 as decided upon by the general meeting of shareholders in April 2012 on 648,584 own shares that were held on the payment date, being August 31, 2012. The €2.1 million was not paid out, but added back to the Company's equity as untaxed reserves. The remaining €0.9 million consists of the right to the 2012 dividend and capital reduction of €3.25 and €1.0, respectively) related to the 220,352 own shares held with respect to the obligation under the Company's stock option plans. As this right was cancelled in 2013, the corresponding amount €0.9 million is recognized as untaxed reserves.

5.1.7 Provisions

In accordance with advice CBN 2012/3 with respect to the accounting treatment of stock option plans, the Company accounted for a provision amounting to €17.3 million (2015: €19.3 million) related to the expected future loss on own shares when the stock options are expected to be exercised.

5.1.8 Amounts payable after more than one year

Total amounts payable after more than one year amounted to €8.9 million at year-end 2016 (2015: 2,400.1 million) and consisted of:

(in euro)	For the years ended December 31,	
	2016	**2015**
Amounts payable after more than one year		
Telenet International Finance S.à r.l.	8,910,088	1,580,052,110
Finance Center Telenet S.à r.l.	—	820,096,297
Amounts payable after more than one year	**8,910,088**	**2,400,148,407**

The Long term payables as per December 31, 2015 have been settled in 2016 as a result of the integration of Telenet BVBA in Telenet Group BVBA and the following reorganization of the financial structure of the Company.

5.1.9 Amounts payable within one year

Amounts payable within one year amounted to €3.8 million compared to €2.9 million at year-end 2015 and can be detailed as follows:

(in euro)	For the years ended December 31,	
	2016	**2015**
Amounts payable within one year		
Trade debts	629,426	625,205
Taxes, remuneration and social security	2,198,768	1,300,774
Other amounts payable	986,028	988,633
Amounts payable within one year	**3,814,222**	**2,914,612**

Trade debt amounted to €0.6 million (compared to €0.6 million as of December 31, 2015) and consist almost entirely of invoices to receive.

The taxes, remuneration and social security outstanding as of December 31, 2016 amounted to €2.2 million (2015: €1.3 million) and consisted primarily of the social security charges related to performance shares which are payable upon vesting of the underlying performance shares amounting to €1.5 million (2015: €0.8 million).

The other amounts payable for an amount of €1.0 million (2015: €1.0 million) consisted of past dividends and capital reductions payable, but which were as of December 31, 2016 not yet claimed.

5.1.10 Accrued charges and deferred income

Accrued charges and deferred income within one year amounted to €0.05 million (2015: €243.2 million) and can be detailed as follows:

(in euro)	For the years ended December 31,	
	2016	2015
Accrued charges and deferred income		
- Telenet International Finance S.à r.l.	54,405	168,691,615
- Finance Center Telenet S.à r.l.	—	74,542,770
Accrued charges and deferred income	**54,405**	**243,234,385**

The accrued charges in 2015 consisted integrally of the monthly interest accruals accounted for during the year on the long-term debt to Telenet International Finance S.à r.l. amounting to €168.7 million and Finance Center Telenet S.à r.l. amounting to €74.5 million. Both long term debts and the related accrued interest charges have been settled in 2016 as a result of the integration of Telenet BVBA in Telenet Group BVBA and the following re-organisation of the financial structure of the Company.

5.2 Comments on the income statement

The income statement showed a gain of €1,071,967,188.16 for the financial year ended December 31, 2016 (versus a loss of €130,853,622.08 in 2015). Net operating loss for the year amounted to €27,366,129.13 (compared to a profit of €13,077,369.13 in 2015).

The operating expenses mainly consists of recharged expenses from the subsidiaries and fees related to the acquisition of Telenet Group BVBA (previously BASE Company NV)

The Financial income amounted to €1,279.1 million for the year ended December 31, 2016 and consists of:

(in euro)	For the years ended December 31,	
	2016	2015
Finance income		
Financial income from current assets	385,397	4,537
Non recurring financial income	1,278,677,621	—
Finance income	**1,279,063,018**	**4,537**

The non-recurring financial income consists of (i) the liquidation bonus realized at the occasion of the liquidation of Telenet Service Center BVBA amounting to €1,208,616,862 and (ii) the compensation fee related to a change of the group financing structure for an amount of € 70,060,759.

Finance expense amounted to €179.7 million for the year ended December 31, 2016 compared to €143.9 million in the prior year and consists of:

(in euro)	For the years ended December 31,	
	2016	2015
Finance expense		
Interest charges		
- Bank	2,647	16,264
- Telenet International Finance S.à r.l.	100,765,215	97,941,090
- Finance Center Telenet S.à r.l.	26,714,078	43,751,791
Sale of treasury shares	118,387	2,075,744
Impairment De Vijver Media NV	35,207,845	—
Amortization of financing cost	16,912,632	54,407
Other finance expense	8,897	96,232
Finance expense	**179,729,701**	**143,935,528**

The Company proposes to the general shareholders' meeting to:

- bring forward the profit brought forward at the prior year-end amounting to €4,052,163,220.04, resulting in a profit available for appropriation amounting to €5,124,130,408.20 at December 31, 2016;
- allocate an amount of €47,162,123.62 to the reserves unavailable for distribution for own shares

As a result, the profit to be carried forward amounted to €5,076,968,284.58 as of December 31, 2016.

5.3 Information on research and development

We refer to the consolidated annual report of the board of directors.

5.4 Risk factors

We refer to the consolidated annual report of the board of directors.

5.5 Information about subsequent events

We refer to the consolidated annual report of the board of directors.

5.6 Going concern

The going concern of the Company is entirely dependent on that of the Telenet Group.

Currently, the Telenet group still has a substantial amount of losses carried forward on the balance sheet, but succeeded to deliver solid Adjusted EBITDA margins and growing operational cash flows. This is entirely aligned with the Company's long range plan, which encompasses a continued development of the Company's profit generating activities in order to absorb the losses carried forward over time. Because of the continued strong growth in the number of subscribers on telephony, internet and digital television and a further focus on cost control and process improvements, the Company was again able to deliver strong operating results.

As of December 31, 2016, the Company carried a total debt balance (including accrued interest) of €4,781.9 million, of which €3,022.1 million principal amount is owed under the 2015 Amended Senior Credit Facility (consisting of the Term Loans AE and AF issued in November 2016) and €1,230.0 million principal amount is related to the remaining three Notes. The Company's total debt balance at December 31, 2016 also included €34.7 million related to vendor financing and €23.7 million for the outstanding portion of the 3G mobile spectrum including accrued interest. The remainder primarily represents the capital lease obligations associated with the Interkabel Acquisition.

Taking into account the growing positive Adjusted EBITDA results of the current year, the board of directors believes that the Telenet group will be able to fund the further development of its operations and to meet its obligations and believes that the current valuation rules, as enclosed in the annual accounts, and in which the continuity of the Company is assumed, are correct and justified under the current circumstances.

5.7 Application of legal rules regarding conflicts of interest

We refer to the consolidated annual report of the board of directors.

5.8 Branch office of the Company

Telenet Group Holding NV has no branch offices.

5.9 Extraordinary activities and special assignments carried out by the auditor

We refer to the notes to the consolidated financial statements of the Company.

5.10 Telenet hedging policy and the use of financial instruments

We refer to the consolidated annual report of the board of directors.

5.11 Grant of discharge to the directors and statutory auditor

In accordance with the law and articles of association, the shareholders will be requested at the annual shareholders' meeting of April 26, 2017 to grant discharge to the directors and the statutory auditors of their responsibilities assumed in the financial year 2016.

5.12 Information required pursuant to article 34 of the Belgian Royal Decree of November 14, 2007 and the law of April 6, 2010

We refer to the consolidated annual report of the board of directors.

This report shall be deposited in accordance with the relevant legal provisions and is available at the registered office of the Company.

Brussels, March 20, 2017

On behalf of the board of directors

John Porter	Bert De Graeve
Chief Executive Officer	Chairman

Notes

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