CABLE COMMUNICATIONS SYSTEMS NV

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

PREPARED IN ACCORDANCE WITH
IAS 34 INTERIM FINANCIAL REPORTING
for the nine month period ended 30 September 2015

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GENERAL INFORMATION

Directors:

Zoltan Teszari, President of the Board of Directors

Marius CătălinVărzaru

Monique Charlotte Rosenkotter-Donker

Parveen Chantal Soebrati

Registered Office:

Cable Communications Systems N.V.

Naritaweg 165, 1043 BW, Amsterdam, Netherlands

Cable Communications Systems N.V.
Condensed Consolidated Statement of financial position (unaudited)
for the nine month period ended 30 September 2015
(all amounts are in thousand Eur, unless specified otherwise)

	Notes	30 September 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	4	656,882	643,079
Intangible assets	5	206,857	199,741
Available for sale financial assets		41,296	41,296
Investments in associates```		2,497	2,492
Long term receivables		5,820	6,748
Deferred tax asset		2,832	2,933
Total non-current assets		**916,184**	**896,289**
Current assets			
Inventories		21,976	22,828
Programme assets	5	47,471	16,838
Trade and other receivables		122,601	109,862
Income tax receivable		-	1,466
Other assets		7,899	9,927
Cash and short term deposits		48,859	54,288
Total current assets		**248,806**	**215,209**
Total assets		**1,164,990**	**1,111,498**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		51	51
Share premium		8,247	8,247
Treasury shares		(16,703)	(16,703)
Reserves		31,577	45,287
Retained earnings		97,314	68,261
Total equity attributable to equity holders of the parent		**120,486**	**105,143**
Non-controlling interest		2,786	2,197
Total equity		**123,272**	**107,340**
Non-current liabilities			
Interest-bearing loans and borrowings	6	629,909	652,732
Deferred tax liability		26,547	28,204
Other long term liabilities		5,724	10,595
Total non-current liabilities		**662,180**	**691,531**
Current liabilities			
Trade payables and other payables		251,733	217,171
Interest-bearing loans and borrowings	6	62,312	45,746
Income tax payable		3,646	293
Derivative financial instruments	15	5,936	993
Deferred revenue		55,911	48,424
Total current liabilities		**379,538**	**312,627**
Total liabilities		**1,041,718**	**1,004,158**
Total equity and liabilities		**1,164,990**	**1,111,498**

The notes on pages 6 to 22 are an integral part of this condensed consolidated interim financial report.

The condensed consolidated interim financial report was issued on 4 December 2015.

Cable Communications Systems N.V.
Condensed Consolidated Statement of Comprehensive Income (unaudited)
for the nine month period ended 30 September 2015
(all amounts are in thousand Eur, unless specified otherwise)

	Notes	Continuing operations 30 September 2015	Discontinued operations 30 September 2015	Nine month period ended 30 September 2015	Continuing operations 30 September 2014	Discontinued operations 30 September 2014	Nine month period ended 30 September 2014
Revenues	8	552,570	3,840	556,410	473,487	10,496	483,983
Other income		-	1,000	1,000	-	-	-
Gain from sale of discontinued operations		-	20,674	20,674	-	9,594	9,594
Operating expenses	9	(515,118)	(2,787)	(517,905)	(442,462)	(7,407)	(449,869)
Operating profit		**37,452**	**22,727**	**60,179**	**31,025**	**12,683**	**43,708**
Finance income	10	8,482	-	8,482	12,701	54	12,755
Finance expenses	10	(44,109)	(23)	(44,132)	(43,849)		(43,849)
Net finance costs		**(35,627)**	**(23)**	**(35,650)**	**(31,148)**	**54**	**(31,094)**
Profit before taxation		**1,825**	**22,704**	**24,529**	**(123)**	**12,737**	**12,614**
Income tax		(2,889)	(46)	(2,935)	(727)	(628)	(1,355)
Net profit / (loss) for continuing operations		**(1,064)**	**22,658**	**21,594**	**(850)**	**12,109**	**11,259**
Other comprehensive income							
Items that are or may be reclassified to profit or loss							
Foreign operations – foreign currency translation differences		(965)	-	(965)	(8,760)	-	(8,760)
Reversal of deferred tax related to prior revaluation of PPE		-	-	-	10,788	-	10,788
Available for sale financial asset, net change in fair value		-	-	-	397	-	397
Movements in prior years reserves		-	-	-	(156)	-	(156)
Cash Flow hedge reserves		(3,814)	-	(3,814)	-	-	-
Other comprehensive income for the period, net of income tax		**(4,779)**	**-**	**(4,779)**	**2,269**	**-**	**2,269**
Total comprehensive income for the period		**(5,843)**	**22,658**	**16,815**	**1,419**	**12,109**	**13,528**
Profit / (Loss) attributable to:							
Equity holders of the parent		(930)	21,734	20,805	(711)	11,636	10,925
Non-controlling interest		(135)	924	789	(139)	473	334
Profit / (Loss) for the year		**(1,065)**	**22,658**	**21,594**	**(850)**	**12,109**	**11,259**
Total comprehensive income/(loss) attributable to:							
Equity holders of the parent		(5,515)	21,734	16,220	1,489	11,636	13,125
Non-controlling interest		(329)	924	595	(70)	473	403
Total comprehensive income/(loss) for the period		**(5,844)**	**22,658**	**16,815**	**1,419**	**12,109**	**13,528**

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Cable Communications Systems N.V.
Condensed Consolidated Cash Flow Statement (unaudited)
for the nine month period ended 30 September 2015
(all amounts are in thousand Eur, unless specified otherwise)

	Notes	Nine month period ended 30 September 2015	Nine month period ended 30 September 2014
Cash flows from operating activities			
Profit before taxation		**24,529**	**12,614**
Adjustments for:			
Depreciation, amortization and impairment	9	136,523	140,546
Interest expense, net	6	37,773	37,695
Impairment of trade and other receivables	9	7,420	3,401
Unrealised (gains) / losses on derivative financial instruments		2,816	3, 723
Equity settled share-based payments	14	1,434	1,428
Unrealised foreign exchange loss / (gain)		(8,709)	(12,710)
Other non-cash items		(5,352)	-
Gain on disposal of subsidiary		(22,855)	(10,986)
Cash flows from operations before working capital changes		**173,579**	**175,711**
Changes in:			
Trade receivables and other assets		(16,242)	(27,151)
Inventories		1,579	(869)
Trade payables and other current liabilities		18,328	6,732
Deferred revenue		6,789	2,423
Cash flows from operations		**184,033**	**156,846**
Interest paid		(24,753)	(25,131)
Income tax paid		(1,793)	(3,445)
Cash flows from operating activities		**157,487**	**128,270**
Cash flow used in investing activities			
Purchases of property, plant and equipment		(93,823)	(90,186)
Purchases of intangibles		(68,518)	(49,651)
Acquisition of subsidiaries, net of cash and NCI		(1,742)	(10,373)
Acquisition of AFS		(545)	-
Sale of subsidiaries, net of cash disposed		25,480	10,332
Proceeds from sale of property, plant and equipment		280	598
Cash flows used in investing activities		**(138,868)**	**(139,280)**
Cash flows from financing activities			
Dividends paid to shareholders		(1,272)	(1,728)
Proceeds from borrowings, including bonds issued		235,964	48,619
Repayment of borrowings		(251,678)	(1,648)
Financing costs paid		(3,814)	(5,171)
Settlement of derivatives		(1,687)	(1,884)
Payment of finance lease obligations		(769)	(781)
Cash flows from financing activities		**(23,256)**	**37,407**
Net increase/(decrease) in cash and cash equivalents		**(4,637)**	**26,397**
Cash and cash equivalents at the beginning of the period		54,288	50,234
Effect of exchange rate fluctuations of cash and cash equivalents held		(792)	(819)
Cash and cash equivalents at the end of the period		**48,859**	**75,812**

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The condensed consolidated interim financial report was issued on 4 December 2015.

Cable Communications Systems N.V.
Condensed Consolidated Statement of Changes in Equity (unaudited)
for the nine month period ended 30 September 2015
(all amounts are in thousand Eur, unless specified otherwise)

	Share capital	**Share premium**	**Treasury shares**	**Translation reserve**	**Revaluation reserve**	**Fair value Reserves**	**Retained earnings**	**Total equity attributable to equity holders of the parent**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2015	**51**	**8,247**	**(16,703)**	**(31,616)**	**46,775**	**30,128**	**68,261**	**105,143**	**2,197**	**107,340**
Comprehensive income for the period										
Net profit for the year	-	-	-	-	-	-	20,805	**20,805**	789	**21,594**
Foreign currency translation differences	-	-	-	(930)	-	-		**(930)**	(35)	**(965)**
Cash Flow hedge reserves(*)	-	-	-	-	-	(3,655)		**(3,655)**	(159)	**(3,814)**
Transfer of revaluation reserve (depreciation)	-	-	-	-	(9,125)	-	9,125	**-**	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**(930)**	**(9,125)**	**(3,655)**	**29,930**	**16,220**	**595**	**16,815**
Transactions with owners, recognized directly in equity										
Contributions by and distributions to owners										
Equity-settled share-based payment transactions	-	-	-	-	-	-	1,374	**1,374**	60	**1,434**
Total contributions by and distributions to owners	-	-	-	-	-	-	***1,374***	***1,374***	***60***	***1,434***
Changes in ownership interests in subsidiaries										
Payments while having full control	-	-	-	-	-	-	(84)	**(84)**	(4)	**(88)**
Movement in ownership interest while retaining control	-	-	-	-	-	-	(2,167)	**(2,167)**	(62)	**(2,229)**
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	***(2,251)***	***(2,251)***	***(66)***	***(2,317)***
Total transactions with owners	**-**	**-**	**-**	**-**	**-**		**(877)**	**(877)**	**(6)**	**(883)**
Balance at 30 September 2015	**51**	**8,247**	**(16,703)**	**(32,546)**	**37,650**	**26,473**	**97,314**	**120,486**	**2,786**	**123,272**

The notes on pages 6 to 22 are an integral part of this condensed consolidated interim financial report.

(*)*The amount presented on Cash Flow Hedge reserves is included in Reserves in Statement of financial position.*

Cable Communications Systems N.V.
Condensed Consolidated Statement of Changes in Equity (unaudited)
for the nine month period ended 30 September 2015
(all amounts are in thousand Eur, unless specified otherwise)

	Share capital	Share premium	Treasury shares	Translation reserve	Revaluation reserve	Fair value reserve	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2014	**51**	**8,247**	**(16,703)**	**(23,160)**	**55,688**	**21,567**	**71,397**	**117,087**	**3,396**	**120,483**
Comprehensive income for the period										
Net profit for the year							10,925	**10,925**	334	**11,259**
Other comprehensive income / (loss)				(8,426)	(1,254)	397	11,483	**2,200**	69	**2,269**
Total comprehensive income for the period/(loss)	**-**	**-**	**-**	**(8,426)**	**(1,254)**	**397**	**22,408**	**13,125**	**403**	**13,528**
Transactions with owners, recognized directly in equity										
Contributions by and distributions to owners										
Equity-settled share-based payment transactions							1,373	**1,373**	55	**1,428**
Total contributions by and distributions to owners	-	-	-	-	-	-	***1,373***	***1,373***	***55***	***1,428***
Changes in ownership interests in subsidiaries										
Movement in ownership interest while retaining control							(2,514)	**(2,514)**	(384)	**(2,898)**
Total changes in ownership interests in subsidiaries	-		-	-	-		***(2,514)***	***(2,514)***	***(384)***	***(2,898)***
Total transactions with owners	**-**		**-**	**-**	**-**		**(1,141)**	**(1,141)**	**(329)**	**(1,470)**
Balance at 30 September 2014	**51**	**8,247**	**(16,703)**	**(31,586)**	**54,434**	**21,964**	**92,664**	**129,071**	**3,470**	**132,541**

The notes on pages 6 to 22 are an integral part of this condensed consolidated interim financial report.

1. CORPORATE INFORMATION

Cable Communications Systems Group ("the Group" or "CCS Group") comprises Cable Communications Systems N.V., RCS&RDS S.A. and their subsidiaries.

The parent company of the Group is Cable Communications Systems N.V. ("CCS" or "the Company" or "the Parent"), a company incorporated in Netherlands. The main operations are carried by RCS&RDS S.A (Romania) ("RCS&RDS"), Digi T.S kft (Hungary), Digi Spain Telecom SLU, Digi Czech Republic S.R.O. (disposed as at 21 April 2015) and Digi Italy SL. CCS registered office is located in Amsterdam (1043 BW), Naritaweg 165, Telestone 8, The Netherlands.

RCS&RDS is a company incorporated in Romania and its registered office is located at Dr. Staicovici 75, Bucharest, Romania.

RCS&RDS was setup in 1994, under the name of Analog CATV, and initially started as a cable TV operator in several cities in Romania. In 1996 following a merger with a part of another cable operator (Kappa) the name of the company became Romania Cable Systems S.A. ("RCS").

In 1998 Romania Cable Systems S.A established a new subsidiary Romania Data Systems S.A. ("RDS") for the purposes of offering internet, data and fixed telephony services to the Romanian market.

In August 2005, Romania Cable Systems S.A. absorbed through merger its subsidiary Romania Data Systems S.A. and changed its name into RCS&RDS.

RCS&RDS evolved historically both by organic growth and by acquisition of telecommunication operators and customer relationships.

The Group provides telecommunication services of Cable TV (television), Fixed and Mobile Internet and Data, Fixed-line and Mobile Telephony ("CBT") and Direct to Home television ("DTH") services in Romania, Hungary, Spain and Italy. The largest operating company of the Group is RCS&RDS.

The principal shareholder of the CCS is RCS Management ("RCSM") a company incorporated in Romania. The ultimate controlling shareholder of CCS and RCSM is Mr. Zoltan Teszari. CCS and RCSM have no operations, except for holding and financing activities, and their primary/ only asset is the ownership of RCS&RDS and respectively CCS.

The consolidated financial statements were authorized for issue by the Board of Directors of CCS on 4 December 2015.

2.1 BASIS OF PREPARATION

(a) Statement of compliance

This condensed consolidated interim financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2014. This condensed consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

(b) Judgements and estimates

Preparing the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

(all amounts are in thousand Eur, unless specified otherwise)

In preparing this condensed consolidated interim financial report, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

(b) Judgements and estimates

The assets and liabilities of the subsidiaries are translated into the presentation currency at the rate of exchange ruling at the reporting date (none of the functional currencies of the subsidiaries or the Parent is hyperinflationary for the reporting periods). The income and expenses of the Parent and of the subsidiaries are translated at transaction date exchange rates. The exchange differences arising on the retranslation from functional currency to presentation currency are taken directly to equity under translation reserve. On disposal of a foreign entity, accumulated exchange differences relating to it and previously recognized in equity as translation reserve are recognized in profit or loss as component of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The following rates were applicable at various time periods according to the National Banks of Romania, Hungary and Czech Republic:

	2015			2014		
Currency	Jan – 1	Average for the 9 months	Sep – 30	Jan – 1	Average for the 9 months	Sep – 30
RON per 1EUR	4.4821	4.4410	4.4167	4.4847	4.4480	4.4114
HUF per 1EUR	314.89	309.01	313.32	296.91	308.76	310.36
CZK per 1EUR	27.73	27.58*	N/A	27.43	27.52	27.50
USD per 1EUR	1.2141	1.1144	1.1203	1.3765	1.3549	1.2583

***** The average rate for CZK is the average of period starting 1 January 2015, ending 30 April 215.

2.2. GOING CONCERN

Management believes that the Group will continue as a going concern for the foreseeable future. In recent years the Group operated in an environment of exchange rate volatility whereby the functional currencies (RON, HUF, etc.) fluctuated against the USD and EUR. The unfavourable evolution of the exchange rates has impacted the financial result. However it did not affect the operations of the Group. Despite these circumstances, the Group was able to mitigate the effects of the financial crisis that started globally in the second half of 2008 by readjusting its tariffs, maintaining its investment program and paying higher attention to the working capital management.

In the current year and recent years, the Group has managed to achieve consistently strong local currency revenue streams and cash flows from operating activities and has continued to grow the business. These results have been achieved during a period of significant investments in technological upgrades, new services and footprint expansion. The ability to offer multiple services is a central element of CCS Group strategy and helps the Group to attract new customers, to expand the uptake of service offerings within the existing customer base and to increase customer loyalty by offering high value-for-money package offerings of services and exclusive content.

For further information refer to Note 12b) Liquidity risk.

2.3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014.

(all amounts are in thousand Eur, unless specified otherwise)

3. SEGMENT REPORTING

30 September 2015	**Romania**	**Hungary**	**Spain**	**Other**	**Eliminations**	**Reconciling item**	**Group**
Segment revenue and other income	400,428	93,688	52,963	9,331	-	-	**556,410**
Inter-segment revenues	1,223	-	793	-	(2,016)	-	**-**
Segment operating expenses	(271,908)	(56,280)	(45,559)	(9,650)	2,016	-	**(381,381)**
EBITDA	**129,743**	**37,408**	**8,197**	**(319)**	**-**	**-**	**175,029**
Depreciation, amortization and impairment of tangible and intangible assets						(136,524)	**(136,524)**
One off transaction (*)				21,674		-	**21,674**
Operating profit						-	**60,179**
Additions to tangible non-current assets	81,588	10,442	454	178	-	-	**92,662**
Additions to intangible non-current assets	19,179	462	2,294	283	-	-	**22,218**
Carrying amount of:							
Property, plant and equipment	557,010	98,819	960	93	-	-	**656,882**
Non-current intangible assets	171,526	31,168	3,524	639	-	-	**206,857**
Investments in associates and AFS	2,496	-	-	41,297	-	-	**43,793**

The types of products and services from which each segment derives its revenues are disclosed in Note 8.

(*) Refer to Note 12 for nature of the one off transactions.

(all amounts are in thousand Eur, unless specified otherwise)

3. SEGMENT REPORTING (continued)

30 September 14	**Romania**	**Hungary**	**Spain**	**Other**	**Eliminations**	**Reconciling item**	**Group**
Segment revenue	342,391	88,577	38,871	14,144			**483,983**
Inter-segment revenues	1,926	-	517	-	(2,443)		**-**
Segment operating expenses	(208,828)	(54,040)	(36,425)	(12,473)	2,443		**(309,323)**
							-
EBITDA	**135,489**	**34,536**	**2,963**	**1,672**	**-**		**174,660**
Depreciation, amortization and impairment of tangible and intangible assets					-	(140,546)	**(140,546)**
One off transactions						9,594	**9,594**
Operating profit					**-**		**43,708**
Additions to tangible non-current assets	106,652	8,543	69	394	-	-	**115,658**
Additions to intangible non-current assets	10,903	32,708	1,949	625	-	-	**46,185**
Carrying amount of:							
Property, plant and equipment	545,284	104,413	266	352	-	-	**650,315**
Non-current intangible assets	144,283	54,593	4,291	726	-	-	**203,893**
Investments in associates	2,390	-	-	31,982	-	-	**34,372**

The types of products and services from which each segment derives its revenues are disclosed in Note 8

(all amounts are in thousand Eur, unless specified otherwise)

4. PROPERTY, PLANT AND EQUIPMENT (PPE)

Acquisitions and disposals

During the nine month period ended 30 September 2015, the Group acquired property, plant and equipment with a cost of EUR 93,716 (30 September 2014: EUR 115,658). The acquisitions related mainly to cable plant EUR 41,117 (nine months ended 30 September 2014: EUR 48,814), customer premises equipment of EUR 16,887 (nine months ended 30 September 2014: EUR 35,812), equipment and devices of EUR 18,075 (nine months ended 30 September 2014: EUR 18,174), buildings and structures of EUR 6,578 (nine months ended 30 September 2014: EUR 7,773). Other new investments including energy projects were of EUR 3,832 (nine months ended 30 September 2014: EUR 838).

Assets with a net book value of EUR 523 (30 September 2014: EUR 1,647) were disposed by the Group during the nine month period ended 30 September 2015. Additionally assets with a net book value of EUR 495 were disposed through discontinued operations related to Czech Republic subsidiary.

5. NON-CURRENT INTANGIBLE ASSETS AND PROGRAMME ASSETS

Acquisitions

Non-current intangible assets
During the nine month period ended 30 September 2015, the Group acquired non-current intangible assets with a cost of EUR 22,218 (30 September 2014: EUR 46,185) as follows:

- Software and licences in amount of EUR 12,550 (30 September 2014: EUR 37,433);
- Customer relationships by acquiring control in other companies in amount of EUR 2,687 (30 September 2014: EUR 3,381);
- Subscriber acquisition costs ("SAC") in amount of EUR 4,303 (30 September 2014: EUR 2,113); SAC represents third party costs for acquiring and connecting customers of the Group;
- Goodwill in amount of EUR 2,678 was added in the first six months of 2015 (30 September 2014: EUR 3,257).

Programme assets

During the nine month period ended 30 September 2015, additions of programme assets in the amount of EUR 62,874 (30 September 2014: EUR 30,186) represent broadcasting rights for sports competitions for 2015/2016 season and related advance payments for future seasons, and also rights for movies and documentaries.

Goodwill

(i) Reconciliation of carrying amount
Cost

Balance at 1 January 2014	**80,554**
Additions	3,257
Effect of movement in exchange rates	(35)
Balance at 30 September 2014	**83,776**
Balance at 1 January 2015	**80,994**
Additions	2,678
Effect of movement in exchange rates	1,034
Balance at 30 September 2015	**84,705**

(all amounts are in thousand Eur, unless specified otherwise)

(ii) Impairment testing of goodwill

Goodwill is not amortized, but is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying values may be impaired. There were no impairment indicators for the cash generating units to which goodwill was allocated as of 30 September 2015.

6. INTEREST-BEARING LOANS AND BORROWINGS

Included in Long term interest-bearing loans and borrowings are bonds EUR 437,982 (December 2014: EUR 436,410), bank loans EUR 189,735 (December 2014: EUR 210,270) and leasing EUR 2,192 (December 2014: EUR 6,052).

Included in Short term interest-bearing loans and borrowing are bank loans EUR 5,019 (December 2014: EUR 4,845), short portion of long term interest-bearing loans EUR 37,282 (December 2014: EUR 34,297), leasing obligations amounting to EUR 4,425 (December 2014: EUR 968), other short term debts of EUR 16 (December 2014: EUR 11) and interest payable amounting to EUR 15,570 (December 2014: EUR 5,625).

The movements in total Interest bearing loans and borrowings is presented in the table below:

	Carrying amount
Balance as of 1 January 2015	**698,478**
New drawings	
Proceeds from bank borrowings	235,964
Interest expense for the period	37,773
Repayment	
Payment of lease obligations	(769)
Repayment of borrowings	(251,678)
Current year interest paid	(24,753)
Additional financing costs	(2,671)
Effect of movements in exchange rates	(123)
Balance as of 30 September 2015	**692,221**

(all amounts are in thousand Eur, unless specified otherwise)

7. RELATED PARTY DISCLOSURES

		30 September 2015	31 December 2014
Receivables from Related Parties			
Ager Imobiliare S.R.L.	(ii)	671	651
Digi Serbia	(ii)	205	189
Music Channel S.R.L.	(ii)	39	64
RCS Management S.A.	(i)	8	1
Other		261	280
Total		**1,184**	**1,185**

		30 September 2015	31 December 2014
Payables to Related Parties			
Related parties-share options	(ii)	65	610
RCS-Management	(i)	3,423	4,683
Digi Serbia	(ii)	111	85
Mr. Teszari Zoltan	(iii)	559	559
Other		2,480	2,473
Total		**6,638**	**8,410**

(i) Shareholder of CCS
(ii) Entities affiliated to a shareholder of the parent
(iii) Ultimate beneficial shareholder

Compensation of key management personnel of the Group

	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Short term employee benefits – salaries	963	888

Certain members of the management team (including key management personnel) benefit from a share based payment plan mandated by the shareholders of RCS&RDS. Total share options granted for the year 2015 of 935,000 are part of the remuneration received by key management personnel (30 September 2014: approximately 1,305,500), in addition to the salaries above.

(all amounts are in thousand Eur, unless specified otherwise)

8. REVENUES

Allocation of revenues through business lines and geographical areas is as follows:

	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Revenues from continuing operations	**552,570**	**473,487**
Cable TV		
Romania	123,892	115,779
Hungary	27,263	25,662
	151,155	**141,441**
Internet and data		
Romania	132,032	121,748
Hungary	25,801	23,657
Spain	12,530	6,741
Italy	226	48
	170,589	**152,194**
Telephony Revenues		
Romania	59,050	38,345
Hungary	5,234	6,273
Spain	40,201	31,947
Italy	5,139	3,464
	109,624	**80,029**
DTH Revenue		
Romania	30,280	32,858
Hungary	22,815	23,164
	53,095	**56,022**
Other revenues		
Romania	55,175	33,660
Hungary	12,574	9,820
Spain	232	138
Italy	126	183
	68,107	**43,801**
Revenues from discontinued operations	**3,840**	**10,496**
DTH Revenue		
Czech Republic	3,816	10,444
	3,816	**10,444**
Other revenues		
Czech Republic	24	52
	24	**52**
Total revenues from continuing and discontinued operations	**556,410**	**483,983**

(all amounts are in thousand Eur, unless specified otherwise)

9. OPERATING EXPENSES

	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Operating expenses from continuing operations	**515,118**	**442,462**
Depreciation of property, plant and equipment	86,420	91,468
Amortization of programme assets	32,662	36,864
Amortization of non-current intangible assets	17,413	11,712
Salaries and related taxes	83,762	75,923
Contribution to pension related fund	11,045	12,844
Programming expenses	50,569	42,773
Telephony expenses	75,245	42,381
Cost of goods sold	34,232	26,268
Rentals	31,400	27,094
Invoicing and collection expenses	10,696	9,355
Taxes and penalties	9,030	9,318
Utilities	9,856	9,456
Copyrights	6,247	6,102
Internet connection and related services	3,425	3,721
Impairment of receivables, net of reversals	7,419	3,299
Impairment of property, plant and equipment	(110)	15
Other expenses	45,806	33,870
Operating expenses from discontinued operations	***2,787***	***7,407***
Total operating expenses	**517,905**	**449,869**

10. NET FINANCE COSTS

	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Financial revenues		
Interest from banks	49	138
Other financial revenues	384	556
	433	**694**
Financial expenses		
Interest expense	(37,773)	(37,360)
Net gain/(loss) on derivative financial instruments	(2,791)	(3,724)
Other financial expenses	(3,545)	(2,765)
	(44,109)	**(43,849)**
Foreign exchange differences (net)	8,049	12,007
Net Financial Expenses from continuing operations	**(35,627)**	**(31,148)**
Net Financial Expenses from discontinued operations	**(23)**	**54**
Net finance costs	**(35,650)**	**(31,094)**

(all amounts are in thousand Eur, unless specified otherwise)

11. ACQUISITIONS OF SUBSIDIARY

In May 2015 the Group acquired Campus Radio (as part of the Pro FM acquisition), entity located in Romania.

12. DISCONTINUED OPERATIONS

At the end of April 2015 the Group disposed of the Czech entity.
Details of income and expenses and other comprehensive income of the discontinued operations are presented in the consolidated statement of profit or loss and other comprehensive income.

Effect of disposal on the financial position of the Group

Property, plant and equipment	495
Intangibles	-
Inventories	316
Trade and other receivables	675
Cash and cash equivalents	733
Deferred tax asset, net position	184
Trade, other payables and other liabilities	(1,112)
Net assets and liabilities	**1,293**
Income from sale of discontinued operations	**21,967**
Gain from sale of discontinued operations	**20,674**
Consideration received, satisfied in cash	25,213
Cash and cash equivalents disposed of	(733)
Net cash inflow	**24,480**

The sale agreement regarding the Czech subsidiary stipulates, besides the consideration already recognised in 2015 and settled by the buyer by 30 September 2015, an amount of EUR 750 that may be received following the Group fulfilling certain obligations, and if so, will be recognised as income in the future. It is also expected that aditional transaction related cost to be incurred, out of which EUR 3,250 is already accrued for.

13. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from the use of financial instruments:
- credit risk
- liquidity risk
- market risk (including currency risk and interest rate risk).

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables from customers.

The carrying amount of trade and other receivables, net of impairment adjustment, and cash and cash equivalents represents the maximum amount exposed to credit risk. The Group has no significant concentrations of credit risk. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the allowance already recorded.

Cash and cash equivalents are placed in financial institutions, which are considered at time of deposit to have minimal risk of default.

(b) Liquidity risk

At 30 September 2015, the Group had net current liabilities of EUR 130,732 (31 December 2014: EUR 97,418). As a result of the volume and nature of the telecommunication business current liabilities exceed current assets. A large part of the current liabilities is generated by investment activities.
The Group's policy on liquidity is to maintain sufficient liquid resources to meet its obligations as they fall due and to keep the Group's leverage optimized. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and working capital, whilst considering future cash flows from operations. Management believes that there is no significant risk that the Group will encounter liquidity problems in the foreseeable future.

(c) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in other currencies than the functional currencies of the Company and each of its subsidiaries.

Management has set up a policy to manage the foreign exchange risk against the functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Group uses forward/option contracts, transacted with local banks.

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

14. SHARE-BASED PAYMENT

In 2015, 935,000 share options were granted to eligible employees under the share based payment plan. Three quarters of the fair value equivalent of the share options has been accrued as of 30 September 2015 as management estimates that performance criteria will be met. The related share option expense for nine months ended 30 September 2015 of EUR 1,434 (September 2014: EUR 1,428) has been recorded in the consolidated statement of comprehensive income in the line item Operating expenses, within Salaries and related taxes (refer to Note 9).

15. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 September 2015 the Group had derivative financial liabilities in amount of EUR 5,936 (31 December 2014: EUR 993) coming from a series of cross currency interest rate swaps amounting to the entire Proceeds Loan's value (EUR 450 million), all with a termination date of 23 September 2016 (liability of EUR 1,378), an interest rate swap for the entire value and duration of the 2015 Senior Facilities Agreement (liability of EUR 4,558).
In the 3rd quarter of 2015 we have recognised interest rate swap derivatives as cash-flow hedges. The impact of the implementation of this accounting policy from Q2 would have resulted in a decrease in finance expenses of EUR 1,786 for period ended 30 June 2015.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(all amounts are in thousand Eur, unless specified otherwise)

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1	**Level 2**	**Level 3**	**Total**
30 September 2015				
Cross currency interest rate swaps	-	-	(1,378)	(1,378)
Interest rate swap			(4,558)	(4,558)
Available for sale financial assets	-	-	41,296	41,296
Total	**-**	**-**	**35,360**	**35,360**

	Level 1	**Level 2**	**Level 3**	**Total**
31 December 2014				
Cross currency swap	-	-	(993)	(993)
Available for sale financial assets	-	-	41,296	41,296
Total	**-**	**-**	**40,303**	**40,303**

16. GENERAL COMMITMENTS AND CONTINGENCIES

(a) Contractual commitments

Commitments are presented on a discounted basis, using an interest rate of 3M LIBOR + 5% p.a., 3M EURIBOR + 5% p.a. or 3M ROBOR + 5% p.a.

The Group leases under operating leases several main types of assets:

- pillars for network support in Romania and Hungary in several rural areas for the Romanian and Hungarian fibre optics main ring;
- pillars for network support in Romania in several urban areas for “fibre to the block networks”;
- fibre optic line capacities in Hungary;
- commercial spaces for cash collection points in Romania and Hungary;
- office facilities in Romania, Hungary, Spain, Italy.

As at 30 September 2015, contractual commitments for capital expenditure amounted to approximately EUR 109,715 (31 December 2014: EUR 36,135) and contractual operating commitments amounted to approximately EUR 137,704 (31 December 2014: EUR 128,236), including operating leases.

In addition to the above, there are approximately another 550 operating lease contracts signed for a period of over 5 years, with an automatic renewal clause or for an indefinite term. The annual rent for these contracts is EUR 1,837 (31 December 2014: EUR 2,056).

(b) Letters of guarantee

As of 30 September 2015, there were bank letters of guarantee and letters of credit issued in amount of EUR 9,318 mostly in favour of content and satellite suppliers and for participation to tenders (31 December 2014: EUR 10,401).

(c) Legal proceedings

During the year, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in these financial statements.

Intact Media Group Litigation

In March 2011, the Intact Media Group initiated a series of lawsuits against us. Although we consider the Intact Media Group litigation to be, at least in a large part, abusive and vexatious, if these court claims are successful, they will generate significant adverse effects on our finances, management and business model.

a) The must carry related litigation

In March 2011, Antena Group (Intact Media Group) initiated three separate lawsuits in tort against us alleging that we illegally refused to carry its channels breaching, among other things, the Romanian must carry rules. They claim damages of approximately EUR100 million and have requested that the court impose other non-monetary remedies, such as requiring that we provide the Intact Media Group channels to our subscribers free of charge and in compliance with the highest technical standards.

In the first proceeding, Antena Group claims that we are bound by the must carry rules to provide Antena 1, the Intact Media Group's lead channel, free of charge to our subscribers in a package that only contains must carry channels. Antena Group has requested injunctive relief which would require us to offer such a package to our subscribers (neither we nor any other Romanian distributor currently offers to its customers such a package) and has sought damages amounting to EUR 65 million for our alleged breach of the must carry rules. The initial court case was split into two proceedings as Antena Group assigned its monetary claims related to this lawsuit to First Quality Debt Recovery.

The claim regarding the EUR65 million monetary damages was suspended until final settlement of both the claim for injunctive relief and a lawsuit we initiated challenging the effects of an arrangement regarding the assignment of receivables from Antena Group to First Quality Debt Recovery. On April 15, 2015, the Bucharest Tribunal partially admitted RCS&RDS' claim and annulled the assignment of receivables from Antena Group to First Quality Debt Recovery. We expect this decision to have a significant positive impact on RCS&RDS' defence against Antena Group's claim regarding the EUR65 million monetary damages. Please note that this decision is not final as it is subject of review if either party decides to challenge it.

In the case regarding the injunctive relief request, both the court of first instance and the court of appeals ruled in our favour and dismissed Antena Group's claims. However, in February 2014, the Romanian Supreme Court admitted the higher appeals filed by Antena Group and First Quality Debt Recovery and quashed the decisions issued by both the first instance and the appeal courts, ordering a retrial of the case by the first court. The decision of the Supreme Court does not confirm Antena Group's allegations on the merits of the case, as the retrial was ordered solely based on procedural reasons. On 29 June 2015, the Bucharest Tribunal annulled the monetary claims raised by Antena Group in the case file, for failure to pay the stamp duty. The court also decided to suspend the rest of the proceedings (First Quality Debt Recovery's request to intervene in the case file and the injunctive relief) until the final settlement of the lawsuit we initiated for challenging the assignment of receivables from Antena Group to First Quality Debt Recovery.

Separately, Antena Group has also filed two lawsuits claiming (i) monetary damages of approximately EUR 35 million consisting of loss of revenue due to our temporary refusal to carry the tv channels GSP TV and Antena 2 which allegedly breached, among other things, the must carry rules; and (ii) injunctive relief that would require us to provide the disputed channels to our customers in compliance with the highest technical standards. Approximately EUR24 million out of these claims are related to our refusal to carry GSP TV, while the remaining EUR11 million is related to our refusal to carry Antena 2. Because Antena Group assigned to First Quality Debt Recovery the claims regarding the EUR35 million monetary damages as well, First Quality Debt Recovery became involved in these proceedings. Consequently, the court split both the GSP TV and the Antena 2 lawsuits into two: in each case, the monetary claim formed one lawsuit and the claim for injunctive relief another one. At our request, both the GSP TV and the Antena 2 claims for monetary damages were suspended until the final settlement of the lawsuit we initiated for challenging the effects of the assignment of receivables from Antena Group to First Quality Debt Recovery.

The case regarding the injunctive relief sought in relation to the GSP TV channel was settled irrevocable in favour of Antena Group, the court ordering us to include the channel in our network in compliance with several technical requirements. However, we have been carrying the channel as of January 2012 and therefore the decision did not impact our network.

The case regarding the injunctive relief sought in respect to Antena 2 was settled in March 2014 by the Bucharest Tribunal in our favour; Antena Group's claims were rejected in their entirety. Antena Group appealed the decision, but the appeal was rejected in October 2014. Antena Group filed a higher appeal against the appeal decision and the High Court of Cassation and Justice ordered a retrial of the appeal by the Bucharest Court of Appeal. The first hearing in the retrial of the appeal has not been established yet.

At the end of 2014, Antena Group initiated two new lawsuits requesting damages in relation to the carriage of GSP TV and Antena 2. The claims are almost identical to the ones regarding the same channels and assigned to First Quality Debt Recovery in 2012, except for the much lower amounts requested, specifically RON 500,000 in relation to GSP TV and RON 250,000 in relation to Antena 2. The lawsuit regarding the GSP TV channel is suspended since February 2015 until the final settlement of two separate files: (i) the injunctive relief case initiated in relation to this program and (ii) the trial initiated by RCS & RDS to challenge the effects of the assignment of receivables from Antena Group to First Quality Debt Recovery. In October 2015, the lawsuit regarding Antena 2 was suspended as well until the final decision in the file where RCS&RDS requested and obtained in the first tier of jurisdiction the annulment of the transfer of rights from Antena Group to First Quality Debt Recovery.

We have also challenged, but failed to overturn in court a number of NAC decisions on must carry rules and, particularly, a decision finding that we breached the obligation to provide certain must carry channels to our customers (including GSP TV). This adverse decision could be used in the monetary claims of Antena Group against us in relation to the alleged breach of the must carry rules with respect to GSP TV (such claims being approximately EUR24 million).

Antena Group has not yet provided any objective criteria for the determination of their claims in damages. However, there is a risk that we could be found liable for substantial sums. Moreover, should Antena Group be successful in all or part of its non-monetary claims, we may be forced to change our business model of providing must carry channels to our customers as we would be forced to provide separate, free of charge packages containing only the must carry channels. This litigation is relevant only to our cable television distribution and would not affect our DTH distribution since DTH distribution is as per current regulations expressly exempt from the must carry rules.

b) Litigation on grounds of an alleged abuse of dominant position

In July 2014, two companies of the Intact Media Group (Antena Group and Antena 3) filed another claim against RCS&RDS requesting the court to ascertain that RCS & RDS abused its dominant position by its alleged refusal to negotiate and conclude an agreement for the remunerated carriage of Antena Group channels, should Antena Group eventually choose to waive the must carry regime currently applicable to all Intact Media Group's TV channels. The claimants also requested the court to order RCS & RDS to negotiate with Antena Group in view of concluding a pay-tv based agreement under terms similar to the ones agreed by us with Pro TV S.A.

We requested the court to reject the claim as RCS&RDS's behaviour is neither abusively discriminatory nor an abusive refusal to deal. We are mainly arguing that: (i) the claimants didn't initiate good-faith negotiations, as their channels are still under must-carry regime and they didn't even issued an offer to begin with; (ii) the alleged refusal to negotiate would be justified by the abusive past conduct of the claimant; (iii) the negotiations requested by Intact Media Group are not comparable to the ones with Pro TV S.A., given the different market conditions at the moment of the negotiations and the different legal status of the TV channels of the two groups; and (iv) the conditions required by antitrust legislation are not met (e.g., the claimants are not risking exiting the market).

In March 2015, RCS & RDS requested the court to stay the proceedings until the final settlement of four other trials that may serve as a justification for the alleged refusal to negotiate with Antena Group and Antena 3. The court decided on April 14, 2015 in favour of RCS&RDS' request and suspended the trial until final settlement of other judicial disputes between the parties. This decision is not final and is subject to superior judicial review.

If, in this litigation, the Court finally rules in favour of the plaintiffs, we risk to be forced to conclude the carriage agreement for Intact Media Group's channels on similar financial conditions to those agreed with Pro TV S.A. An unfavourable decision could also be used as argument by other broadcasters to claim similar conditions.

c) Copy-right related litigation

In June 2014, Antena Group filed a new monetary claim against RCS & RDS, requesting approximately EUR 40 million on the grounds of an alleged breach of its copyright over the Antena 1, Antena Stars (former Antena 2), Euforia Lifestyle TV and ZU TV (former GSP TV) channels. The claimant argues that these TV programs have been carried by RCS & RDS, from June 2011 till June 2014 without Antena Group's consent and in the absence of an agreement on the fees for the use of its copyright.

We requested the dismissal of the claim for being submitted by a person lacking standing on the matter, as the rights invoked by Antena Group (if any) are subject to mandatory collective management, and also for being unfounded, as the carriage was performed having either legal or contractual coverage.

On 30 October 2014, the Bucharest Tribunal rejected the claim on procedural grounds and stated that Antena Group does not have legal standing in this lawsuit.

On 3 August 2015, Antena Group filed an appeal against the Tribunal's decision. The statement of defence against the appeal is due to be submitted by us until 9 November 2015..

Litigation between the Cluj Napoca Municipality and CFO Integrator S.R.L. (RCS&RDS's subsidiary)

In March 2015, the Cluj Napoca Municipality filed a claim against CFO Integrator S.R.L. (a company that has been taken over by RCS&RDS starting March 2014) asking for approx. RON 3.5 million as penalties for the late payment by CFO Integrator S.R.L. during 2010-2014 of the outstanding annual royalty due by CFO Integrator S.R.L. to the Cluj Napoca Municipality under the ongoing joint venture agreement on the development and management of the electronic communications infrastructure Ductcity in Cluj Napoca. The Cluj Napoca Municipality's abusive allegations for payment are grounded on several legal and local regulatory provisions that we consider not to be applicable to the joint venture agreement in place between the parties and ignores the fact that CFO Integrator S.R.L. paid in May 2014 all outstanding debts towards Cluj Napoca Municipality, including all applicable penalties for late payment as computed according to the terms of the joint venture agreement (total penalties amounting to approx. RON 220,000).

CFO Integrator S.R.L. submitted its statement of defence on April 4, 2015. The first hearing in front of the Cluj Napoca Tribunal took place on July 3, 2015 when the court appointed an accounting expert to certify both the claimant's and the defendant's computation of the penalties making the object of the case file. The next hearing is scheduled for December 4, 2015, when the expert is expected to finalize its calculations.

Should the court rule in whole or in part in favour of the Cluj Napoca Municipality, this approach would risk granting the Cluj Napoca Municipality excessive powers under the joint venture agreement (in place until 2028) and expose CFO Integrator S.R.L. to a greater liability towards the Cluj Napoca Municipality.

Romanian Competition Council Investigations

RCS&RDS is subject to two investigations by the Competition Council. An investigation by the Romanian Competition Council could take up to several years. If RCS&RDS is found to have committed breaches of competition law, sanctions could include fines of up to 10% of RCS&RDS total turnover for each individual violation as well as cancellation of contracts or rights which contravene applicable legislation.
Due to the fact that the investigations are in progress and no preliminary reports were issued by the Competition Council, RCS&RDS was not able to quantify the risks related to these investigations, but management does not believe RCS&RDS has committed any violations of competition law and would challenge any ruling that would be made against RCS&RDS.

Telecommunications market interconnection investigation

In May 2010, we made a complaint to the Romanian Competition Council in relation to the interconnection tariffs applied on the Romanian telecommunications market, seeking to obtain a reduction in the tariffs charged by our competitors.

In February 2011, the Romanian Competition Council opened an investigation on the telecommunications market related to interconnection tariffs charged by all telecommunications operators. We believe this investigation was launched with the aim of reducing the relatively high interconnection tariffs charged on the Romanian market and thereby reducing the rates ultimately charged to consumers. We are fully cooperating with the Romanian Competition Council in this investigation. Immediately after the triggering of this investigation, we offered commitments to charge a tariff for call termination into our mobile telephony network of 1.00 eurocent per minute, irrespective of the tariffs charged by the other operators (at the start date of the investigation the regulated interconnection tariff was of 3.07 eurocent per minute).

During the course of the investigation, in April 2013 ANCOM lowered the level of the interconnection tariff at 0.96 eurocent per minute. In light of this change, the Romanian Competition Council refocused the scope of the antitrust investigation from the initial target of lowering the wholesale interconnection tariffs to ensuring that no discrimination will be further made at the retail level by the operators between in-network calls versus out-of-network calls. RCS&RDS offered to undertake new commitments able to respond to this new antitrust concern. After submitting in July 2013 a first set of commitments that – although being principally accepted by the Romanian Competition Council and by the market – have not been endorsed by the European Commission, at the Romanian Competition Council's request, we offered in October 2014 a second commitment consisting in the principle undertaking not to discriminate between the level of the tariffs charged for the on-net and the off-net calls. This new commitment – that has been undertaken by the other mobile telephony operators as well – has been submitted to public consultation in November 2014. Following the considerations submitted by third parties during the public consultation, we have carried out several discussions with the Romanian Competition Council and have transmitted several updates and clarifications. The Competition Council accepted by decision no 33/2015 the latest commitment as finally submitted in June 2015 by RCS&RDS and by the other mobile telephony operators. We will need to implement this commitment for 2 years. The duration may be either reduced to 1 year or extended to 2 years in accordance with the Competition Council's assessment of the market after the entry into force of the commitments. During the term of the commitments, RCS&RDS is required to provide to the Romanian Competition Council, upon request, business information, and to commission periodic independent market studies on the evolution of the mobile telephony sector.

The Competition Council's decision accepting RCS&RDS' commitment has closed the investigation without the application of any fines for the alleged anticompetitive conduct. The offering of commitments does not imply any admission of wrongdoing. Failure by RCS&RDS to comply with the terms of the commitment as accepted by the Competition Council may lead to penalties of up to 10% of the aggregate turnover of RCS&RDS.

GSP investigation

In May 2011, Antena TV Group S.A., a leading media group in Romania and a former commercial partner of RCS&RDS, made a complaint to the Romanian Competition Council based on our refusal to retransmit one of the group's channels, GSP TV. The Romanian Competition Council opened an investigation against us in relation to this matter in August 2011. We have fully cooperated with the authority during this investigation and although considering the demands of Antena TV Group S.A. to be abusive and groundless, we have retransmitted GSP TV following injunctive relief Antena TV Group S.A. has obtained against us on grounds that starting July 2011 GSP TV has become a must-carry channel.

The Romanian Competition Council issued its final decision on March 3, 2015. The antitrust authority's decision amounted to the conclusion that RCS&RDS' refusal to negotiate the carriage of GSP TV channel is not abusive and that it does not amount to a competition law infringement. The Romanian Competition Council additionally considered that such refusal was justified by the existence of multiple judicial disputes between the parties, including with respect to the application and meaning of the must-carry regime.

By reference to RCS&RDS' market power, the decision also issued a formal recommendation for RCS&RDS to set, publish and to apply its own general terms in relation to broadcasters' request for the conclusion of a carriage agreement. We believe that there are no grounds for this recommendation given the features and dynamics of the TV carriage market. Additionally, this recommendation is impractical if not impossible to implement.
Although the recommendation is not mandatory and the refusal by RCS&RDS to implement such recommendation is not, in itself, able to lead to financial penalties, RCS&RDS challenged this recommendation in court (on April 10, 2015) given the impossibility for RCS&RDS to follow such recommendation given the existing features of the tv carriage market.

At the first hearing taking place on 18 June 2015, the court has decided to assess the claim on its merits after rejecting the Competition Council's plea that RCS&RDS' claim lacks legal standing. During the course of the case file, the Romanian Competition Council Plenum has transmitted several clarifications regarding the scope of the

(all amounts are in thousand Eur, unless specified otherwise)

recommendation, based on which RCS&RDS decided to waive its claim for the annulment of the recommendation. According to this clarification, the recommendation is limited to the instances when RCS&RDS charges technical or other types of fees for the carriage of TV channels (while excluding the relations between RCS&RDS and must-carry channels, on one hand, and the relation between RCS&RDS and pay-tv channels).
The Competition Council's decision was equally challenged by Antena TV Group S.A. (on April 10, 2015). Antena TV Group S.A. challenged the Romanian Competition Council decision, requesting the court to order the authority to re-analyse the case because (i) the conduct of RCS&RDS fulfils the conditions of an abuse of dominant position and (ii) the Romanian Competition Council conducted a superficial analysis in this investigation. In October 2015, RCS&RDS was introduced by the court in this lawsuit as defendant. The next hearing was scheduled for 15 December 2015. At this stage, RCS&RDS has been requested to provide a statement of defence by 4 December 2015.

Given that Antena Group has challenged the Competition Council's decision, it has not become final and it may be overturned in court.

17. SUBSEQUENT EVENTS

At the end of October 2015 the Group acquired 10 unpaired blocks of 5 MHz in the 3700-3750 MHz bandwidth.

On October 30, 2015 the Group repaid the first principal instalment of 2015 Senior Facilities Agreement in amount of EUR 22,400 (RON 99,400).

18. EBITDA

In the telecommunications industry the benchmark for measuring profitability is EBITDA (earnings before interest, taxes, depreciation and amortization). EBITDA is a non-IFRS accounting measure.

For the purposes of disclosure in these notes, EBITDA is the consolidated operating profit/ (loss) of the Group before taking into account:
- any interest expenses and other financing charges,
- income tax or interest income and other financing revenues,
- add back charges for depreciation, amortization and impairment of assets
- extraordinary and one off items.

	Nine month period ended 30 September 2015	Nine month period ended 30 September 2014
Revenues and other income	**556,410**	**483,983**
EBITDA		
Operating profit	60,179	43,708
Depreciation, amortization and impairment	136,524	140,546
One off transactions	21,674	9,594
Adjusted EBITDA	**175,029**	174,660
Adjusted EBITDA (%)	*31.46%*	36.09%

For breakdown of depreciation, amortization and impairment refer to Note 9.