DIGI COMMUNICATIONS N.V. (“Digi”)

(the “COMPANY”)

(Digi, together with its direct and indirect consolidated subsidiaries are referred to as the “**Group**”)

FINANCIAL REPORT (the “REPORT”)

for the three month period ended March 31, 2017

This Unaudited Condensed Consolidated Interim Financial Report for the period ended 31 March 2017 refers to the Unaudited Condensed Consolidated Interim Financial Statements prepared in accordance with IAS 34 “Interim Financial Reporting”. This report has not been prepared and is not published in accordance with the provisions of article 67 of the Romanian Law no. 24/2017 on issuers of financial instruments and market operations, as (i) DIGI’s shares were admitted to trading following the lapse of the 45-days term for submission of the quarterly report for the first three months of the year and (ii) the home member state of DIGI for the purposes of the Directive 2004/109/EC (commonly referred to as the “Transparency Directive”), i.e. The Netherlands, does not require the publication of quarterly reports.

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1. IMPORTANT INFORMATION

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Report are not historical facts and are forward-looking. Forward-looking statements include statements concerning our plans, expectations, projections, objectives, targets, goals, strategies, future events, future operating revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy, and the trends we anticipate in the industries and the political and legal environments in which we operate and other information that is not historical information.

Words such as “believe,” “anticipate,” “estimate,” “target,” “potential,” “expect,” “intend,” “predict,” “project,” “could,” “should,” “may,” “will,” “plan,” “aim,” “seek” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

The forward-looking statements contained in this Report are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors, some of which are discussed below. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management’s assumptions about future events may prove to be inaccurate. We caution all readers that the forward-looking statements contained in this report are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or the forward-looking events and circumstances will occur.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond our control, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, without limitation, various risks related to our business, risks related to regulatory matters and litigation, risks related to investments in emerging markets, risks related to our financial position as well as risks related to the notes and the related guarantee.

Any forward-looking statements are only made as of the date of this Report. Accordingly, we do not intend, and do not undertake any obligation, to update forward-looking statements set forth in this Report. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Report. As a result, you should not place undue reliance on such forward-looking statements.

OPERATING AND MARKET DATA

Throughout this Report, we refer to persons who subscribe to one or more of our services as customers. We use the term revenue generating unit (“**RGU**”) to designate a subscriber account of a customer in relation to one of our services. We measure RGUs at the end of each relevant period. An individual customer may represent one or several RGUs depending on the number of our services to which it subscribes.

More specifically:

- for our cable TV and DTH services, we count each basic package that we invoice to a customer as an RGU, without counting separately the premium add-on packages that a customer may subscribe for;
- for our fixed internet and data services, we consider each subscription package to be a single RGU;
- for our fixed-line telephony services, we consider each phone line that we invoice to be a separate RGU,

so that a customer will represent more than one RGU if it has subscribed for more than one phone line; and

- for our mobile telecommunication services we consider the following to be a separate RGU: (a) for pre-paid services, each mobile voice and mobile data SIM with active traffic in the last month of the relevant period, except for Romania where pre-paid RGUs are not included due to low usage and small number of users; and (b) for post-paid services, each separate SIM on a valid contract.

As our definition of RGUs is different for our different business lines, you should use caution when comparing RGUs between our different business lines. In addition, since RGUs can be defined differently by different companies within our industry, you should use caution in comparing our RGU figures to those of our competitors.

We use the term average revenue per unit ("**ARPU**") to refer to the average revenue per RGU in a business line, geographic segment or the Group as a whole, for a period by dividing the total revenue of such business line, geographic segment, or the Group, for such period, (a) if such period is a calendar month, by the total number of RGUs invoiced for services in that calendar month; or (b) if such period is longer than a calendar month, by (i) the average number of relevant RGUs invoiced for services in that period and (ii) the number of calendar months in that period. In our ARPU calculations we do not differentiate between various types of subscription packages or the number and nature of services an individual customer subscribes for. Because we calculate ARPU differently from some of our competitors, you should use caution when comparing our ARPU figures with those of other telecommunications companies.

In this Report RGUs and ARPU numbers presented under the heading "Other" are the RGUs and ARPU numbers of our Italian subsidiary.

NON-GAAP FINANCIAL MEASURES

In this report, we present certain financial measures that are not defined in and, thus, not calculated in accordance with IFRS, U.S. GAAP or generally accepted accounting principles in any other relevant jurisdiction. This includes EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin (each as defined below). Because these measures are not standardized, companies can define and calculate these measures differently, and therefore we urge you not to use them as a basis for comparing our results with those of other companies.

We calculate EBITDA by adding back to our consolidated operating profit or loss charges for depreciation, amortization and impairment of assets. Adjusted EBITDA is EBITDA adjusted for the effect of non-recurring and one-off items, as well as mark-to-market results (unrealised) from fair value assessment of energy trading contracts. Adjusted EBITDA Margin is the ratio of Adjusted EBITDA to the sum of our total revenue and other operating income (other than mark-to-market gain/(loss) from fair value assessment of energy trading contracts). EBITDA, Adjusted EBITDA or Adjusted EBITDA Margin under our definition may not be comparable to similar measures presented by other companies and labelled "EBITDA", "Adjusted EBITDA" or "Adjusted EBITDA Margin," respectively. We believe that EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are useful analytical tools for presenting a normalized measure of cash flows that disregards temporary fluctuations in working capital, including due to fluctuations in inventory levels and due to timing of payments received or payments made. Since operating profit and actual cash flows for a given period can differ significantly from this normalized measure, we urge you to consider these figures for any period together with our data for cash flows from operations and other cash flow data and our operating profit. You should not consider EBITDA, Adjusted EBITDA or Adjusted EBITDA Margin as substitutes for operating profit or cash flows from operating activities.

In Note 3 to the Interim Financial Statements, as part of our "Other" segment we reported EBITDA of (i) our Italian operations, together with certain minor operating expenses of Digi. In this Report, EBITDA, Adjusted

EBITDA and Adjusted EBITDA Margin represent the results of our Romanian, Hungarian, Spanish and Italian subsidiaries and certain minor operating expenses of Digi.

ROUNDING

Certain amounts that appear in this Report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of the Group should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Group as of March 31, 2017.

The following discussion includes forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those contained in these forward-looking statements as a result of many factors, including but not limited to those described in sections captioned "Forward-Looking Statements" of this Report.

OVERVIEW

We are a leading provider of telecommunication services in Romania and Hungary. Our offerings in both countries include cable and DTH television services, fixed internet and data and fixed-line telephony. Our fixed telecommunication and entertainment services are offered through our technologically advanced fiber optic network. Our cable and DTH television subscribers enjoy access to custom-made channels and pay-to-view services, which carry premium movies and sports content, as well as various third-party products. We also operate the fastest growing, in terms of RGUs, and one of the most technologically advanced mobile networks in Romania, which shares the backbone of our fixed fiber optic infrastructure. In addition, we provide mobile telecommunication services as an MVNO to the large Romanian communities in Spain and Italy.

For the three months ended March 31, 2017, we had revenues of €226.7 million, net profit of €15.8 million and Adjusted EBITDA of €65.1 million.

RECENT DEVELOPMENTS

Recent developments in connection with the pre-IPO Group restructuring

Subsequent events in connection with the pre-IPO Group restructuring

On 7 April 2017, the General Meeting of the shareholders of DIGI decided the following:

- revocation of the resolution of the general meeting of shareholders of DIGI from February 2017 to cancel the shares held by the Company in its own share capital;
- approval of several operations with shares held by DIGI in its own share capital between DIGI and RCSM, as part of the pre-IPO restructuring process;
- the authorization for the Board of DIGI to issue a number of 99,494,060 class A shares at a total nominal value of EUR 9,949,406 through incorporation of share premium and reserves (based on the shareholders resolutions from February 2017);
- resolutions on the intention to float class B shares on the regulated spot market of the Bucharest Stock Exchange, International Tier, and related offering and admission.

On 11 April 2017, the following resolutions of the general meeting of shareholders of the Company become effective:

- the change of the name of the Company from Cable Communications Systems N.V. to DIGI Communications N.V.;
- the amendment of the articles of association pursuant to which, inter alia, two classes of shares were created being: class A shares with a nominal value of ten eurocent (EUR 0.10) each and in respect of which for each share A ten (10) votes may be cast and class B shares with a nominal value of one eurocent (EUR 0,01) each and in respect of which for each share B one (1) vote may be cast;
- a conversion and split of each currently issued ordinary share in the Company with a nominal value of EUR 1 into ten (10) class A shares with a nominal value of EUR 0.10 each;
- the increase of the share capital by issuing a number of 99,494,060 class A shares at a total nominal value of EUR 9,949,406 through incorporation of share premium and profit (other) reserves (bonus issuance, based on the shareholders resolutions from February 2017).

In March 2017 share swaps agreements were concluded between the Company and several minority shareholders, through which the minority shareholders of RCSM exchange 16,582 shares of RCSM for 17,367,832 shares in RCS&RDS, which became effective in April 2017.

In April 2017 DIGI purchased from Celest 997,154 shares (representing 0.9972% from issued share capital), for EUR 2,458,720.

In connection with the IPO, the company become tax resident in Romania in April 2017. This should not affect materially the corporate income tax incurred by the Company. Due to misalignment of Romanian and EU legislation, the Company's 350 million Euro 2023 Notes may be subject to Romanian withholding taxes on interest (approximately EUR 3.3 million per year which will be treated as interest expense). The Company believes that the imposition of any such withholding tax is incorrect. However, the Company expects as a prudential matter to pay to such withholding taxes. The Company intends to claim back any amounts so paid. The Company is prepared to litigate in pursuit of such reclaim. Any such litigation is likely to be relatively lengthy and complex.

In April 2017 The General Shareholders Meeting appointed the new Board of the Company. The composition of the Board comprises of three Romanian tax residents, one tax resident in Spain, one in Hungary, one in Poland and one in the United Kingdom.

On 14 May 2017 the General Shareholders' Meeting adopted the terms and conditions for the stock option plan for Class B Shares grant applicable to the executive Board members of the Company in 2017. A total number of 280,000 class B shares were granted as part of the stock option plan for 2017.

On 16 May 2017 the Company finalized the listing of class B shares on the regulated spot market of the Bucharest Stock Exchange, International Tier.

Other subsequent events

On 28 April 2017 we have repaid the principal instalment from the 2016 Senior Facility, in amount of RON 57.4 million (EUR 12.6 million equivalent). In April 2017 we have drawn RON 45 million (EUR 9.9 million equivalent) from SFA 2016 Facility B for general corporate and working capital purposes of the Group.

In April 2016 RCS & RDS declared dividends in amount of 50 million lei (EUR 11 million equivalent) from undistributed profits of the previous years.

In April 2017 the Company declared dividends of 6 million EUR for year ended 31 December 2016, which were paid at the beginning of May 2017.

In May 2017 RCSM granted RCS & RDS a short-term loan in amount of up to the lei equivalent EUR 5 million for general corporate purposes.

The Company is currently in the process of listing the 2016 HY Bonds of EUR 350 million on the regulated market of Irish Stock Exchange.

BASIS OF FINANCIAL PRESENTATION

The Group prepared its Interim Financial Statements as of March 31, 2017 in accordance with IFRS as adopted by the EU. For the periods discussed in this Report, the Group's presentation currency was the euro. The Group's financial year ends on December 31 of each calendar year.

Functional Currencies and Presentation Currency

Each Group entity prepares individual financial statements in its functional currency, which is the currency of the primary economic environment in which such entity operates. As our operations in Romania and Hungary generated approximately 73% and 17%, respectively, of our consolidated revenue for the three months ended March 31, 2017 our principal functional currencies are the Romanian leu and the Hungarian forint.

The Group presents its consolidated Interim Financial Statements in euros. The Group uses the euro as the presentation currency of its consolidated Interim Financial Statements because management analysis and reporting is prepared in euros, as the euro is used as a reference currency in the telecommunication industry in the European Union.

Presentation of Revenue and Operating Expenses

Our Board of Directors evaluates business and market opportunities and considers our results primarily on a country by country basis. We currently generate revenue and incur operating expenses in Romania, Hungary, Spain and Italy. Revenue and operating expenses from our operations are broken down into the following geographic segments: Romania, Hungary, Spain and Other (the Other segment includes Italy).

In line with our management's consideration of the Group's revenue generation we further break down revenue generated by each of our four geographic segments in accordance with our five principal business lines: (1) cable TV; (2) fixed internet and data; (3) mobile telecommunication services; (4) fixed-line telephony; and (5) DTH.

Exchange rates

In the three month period ended March 31, 2017 the Romanian leu and the Hungarian forint have remained stable relative to the euro compared to the three month period ended March 31, 2016: the Romanian leu has marginally depreciated with approximately 0.6% and the Hungarian forint has marginally appreciated with approximately 0.9%.

The following table sets out, where applicable, the period end and average exchange rates for the periods under review of the euro against each of our principal functional currencies and the U.S. dollar, in each case as reported by the relevant central bank on its website (unless otherwise stated):

Value of one euro in the relevant currency	**As at and for the three months ended March 31,**	
	2016	**2017**
Romanian leu (RON) [(1)]		
Period end rate	4.47	4.55
Average rate	4.49	4.52
Hungarian forint (HUF)[(2)]		
Period end rate	314.16	308.70
Average rate	312.05	309.10
U.S. dollar (USD)[(1)]		
Period end rate	1.14	1.07
Average rate	1.10	1.06

(1) According to the exchange rates published by the National Bank of Romania.
(2) According to the exchange rates published by the Central Bank of Hungary.

In the three months ended March 31, 2017 we had a net foreign exchange gain of €0.4 million, compared to a net foreign exchange gain of €6.9 million in the three months ended 31 March, 2016.

Growth in Business, RGUs and ARPU

Our revenue is mostly a function of the number of our RGUs and ARPU. Neither of these terms is a measure of financial performance under IFRS, nor have these measures been reviewed by an outside auditor, consultant or expert. Each of these measures is derived from management estimates. As defined by our management, these terms may not be comparable to similar terms used by other companies.

The following table shows our RGUs (thousand) and monthly ARPU (€/month) by geographic segment and business line as at and for the three month period ended March 31, 2016 and 2017:

RGUs (thousand)/ARPU (€/month)	As at and for the three months ended March 31,		% change
	2016	2017	
Romania			
Cable TV			
RGUs	2,752	2,893	5.1%
ARPU	5.22	5.20	-0.4%
Fixed internet and data			
RGUs			
Residential	1,907	2,030	6.4%
Business	106	119	12.3%
ARPU			
Residential	5.04	5.01	-0.6%
Business	36.70	34.02	-7.3%
Mobile telecommunication services(1)			
RGUs	2,840	3,305	16.4%
ARPU	3.32	3.79	14.2%
Fixed-line telephony			
RGUs			
Residential	1,270	1,187	-6.5%
Business	127	130	2.4%
ARPU			
Residential	1.30	1.28	-1.5%
Business	3.72	3.54	-4.8%
DTH			
RGUs	666	626	-6.0%
ARPU	4.87	4.91	0.8%
Hungary			
Cable TV			
RGUs	452	480	6.2%
ARPU	7.24	8.02	10.8%
Fixed internet and data			
RGUs	398	439	10.3%
ARPU	7.70	7.57	-1.7%
Mobile telecommunication services(2)			
RGUs	15	13	-13.3%
ARPU	6.67	7.01	5.1%
Fixed-line telephony			
RGUs	334	361	8.1%
ARPU	1.74	1.63	-6.3%
DTH			
RGUs	317	303	-4.4%
ARPU	7.97	9.13	14.6%

Spain			
Mobile telecommunication services(1)(3)			
RGUs	592	635	7.3%
ARPU..	11.58	11.11	-4.1%
Other(4)			
Mobile telecommunication services(1)(3)			
RGUs	63	147	133.3%
ARPU..	11.33	9.98	-11.9%

(1) As at June 30, 2016, we aggregated RGUs from our previously reported mobile telephony and mobile internet and data business lines and currently report them as part of our mobile telecommunication services business line. Comparative data for period ended March 31, 2016 is restated accordingly.

(2) Includes mobile internet and data services offered as a reseller through the Telenor network under our "Digi" brand.

(3) As an MVNO.

(4) Includes Italy.

HISTORICAL RESULTS OF OPERATIONS

Results of Operations for the three months ended March 31, 2016 and 2017

	As at and for the three months ended March 31,	
	2016	**2017**
	(€ millions)	
Revenues		
Romania	145.0	165.3
Hungary	32.9	37.5
Spain	20.5	21.7
Other	2.1	3.6
Elimination of intersegment revenues	(0.7)	(1.5)
Total revenues	**199.8**	**226.7**
Other income/(Other expenses)	3.3	4.0
Operating expenses		
Romania	96.6	116.8
Hungary	19.6	26.0
Spain	17.1	15.3
Other	3.1	4.9
Elimination of intersegment expenses	(0.7)	(1.5)
Depreciation, amortization and impairment of tangible and intangible assets	45.7	41.1
Total operating expenses	**181.5**	**202.6**
Operating profit	**21.6**	**28.1**
Finance income	6.9	0.4
Finance expense	(14.2)	(11.2)
Net finance costs	**(7.4)**	**(10.7)**
Profit before taxation	**14.3**	**17.4**
Income tax expense	(1.3)	(1.5)
Profit for the period	**13.0**	**15.8**

Revenue

Our revenue (excluding intersegment revenue and other income) for the three month period ended March 31, 2017 was €226.7 million, compared with €199.8 million for the three month period ended March 31, 2016, an increase of 13.5%.

The following table shows the distribution of revenue by geographic segment and business line for the three period ended March 31, 2016 and 2017:

	As at and for the three months ended March 31,		
	2016	**2017**	**% change**
	(€ millions)		
Romania			
Cable TV	43.0	44.9	4.4%
Fixed internet and data	40.1	42.2	5.2%
Mobile telecommunication services(1)	27.6	37.0	34.1%
Fixed-line telephony	6.4	6.0	-6.3%
DTH	9.8	9.3	-5.1%
Other revenue(2)	17.8	25.5	43.3%
Total	**144.6**	**164.9**	**14.0%**
Hungary			
Cable TV	9.7	11.5	18.6%
Fixed internet and data	9.0	9.8	8.9%
Mobile telecommunication services(3)	0.3	0.3	0.0%
Fixed-line telephony	1.7	1.7	0.0%
DTH	7.6	8.4	10.5%
Other revenue(2)	4.6	5.8	26.1%
Total	**32.9**	**37.5**	**14.0%**
Spain			
Mobile telecommunication services(1)	20.2	20.7	2.5%
Other revenue(2)	0.0	0.1	100.0%
Total	**20.2**	**20.8**	**3.0%**
Other(4)			
Mobile telecommunication services(1)	2.1	3.5	66.7%
Other revenue(2)	0.1	0.0	-100.0%
Total	**2.1**	**3.5**	**66.7%**
Total	**199.8**	**226.7**	**13.5%**

(1) As at June 30, 2016, we aggregated certain revenue to report it as part of our mobile telecommunication services business line. That revenue is reported under the caption "Telephony Revenues" in Note 9 of the Interim Financial Statements. The remaining revenue that is reported under that caption in the Interim Financial Statements is presented in this Report as fixed-line telephony revenue. Comparative information for the three month period ended March 31, 2016 has been restated accordingly.

(2) Includes sales of CPE (primarily mobile handsets and satellite signal receivers and decoders), own content to other operators, advertising revenue from own TV and radio channels.

(3) Includes mobile internet and data revenue.

(4) Includes revenue from operations in Italy.

Revenue in Romania for the three month period ended March 31, 2017 was €164.9 million compared with €144.6 million for the three month period ended March 31, 2016, an increase of 14.0%. Revenue growth in Romania was primarily driven by an increase in our mobile telecommunication services RGUs and ARPU, cable TV and fixed internet and data RGUs and an increase in other revenues. Mobile telecommunication services RGUs increased from approximately 2,840 thousand as at March 31, 2016 to approximately 3,305 thousand as at March 31, 2017, an increase of approximately 16.4%. Mobile telecommunication services ARPU increased to an average €3.79/month for the three month period ended March 31, 2017, compared to an average €3.32/month for the three month period ended March 31, 2016, an increase of approximately 14.2% primarily as a result of certain changes in the mix of subscription packages, customers upgrading to higher-value services and overall traffic increases. Our cable TV RGUs increased from approximately 2,752 thousand as at March 31, 2016 to approximately 2,893 thousand as at March 31, 2017, an increase of approximately 5.1%, and our residential fixed internet and data RGUs increased from approximately 1,907 thousand as at March 31, 2016 to approximately 2,030 thousand as at March 31, 2017, an increase of approximately 6.4%. These increases were primarily due to our attractive fixed internet and data packages. Other revenues increased mainly as a result of sales of handsets and other equipment to our customers. Growth in our mobile telecommunication services, cable TV, fixed internet and data and other revenue was partially offset by a decrease in revenue generated by our DTH and fixed-line telephony businesses as a result of decreases in RGUs in both business lines. DTH RGUs decreased from 666 thousand as at March 31, 2016 to 626 thousand as at March 31, 2017, a decrease of approximately 6%. This decrease was primarily driven a number of DTH subscribers terminated their contracts, moved to our competitors or migrated from our DTH services to our cable TV services. Residential fixed-line telephony RGUs decreased from approximately 1,270 thousand as at March 31, 2016 to approximately 1,187 thousand as at March, 2017, a decrease of approximately 6.5%.

Revenue in Hungary for the three month period ended March 31, 2017 was €37.5 million, compared with €32.9 million for the three month period ended March 31, 2016, an increase of 14.0%. The increase in revenue in Hungary was principally due to an increase in our cable TV and fixed internet and data RGUs and an increase in other revenues. Our cable TV RGUs increased from approximately 452 thousand as at March 31, 2016 to approximately 480 thousand as at March 31, 2017, an increase of approximately 6.2%, our fixed internet and data RGUs increased from approximately 398 thousand as at March 31, 2016 to approximately 439 thousand as at March 31, 2017, an increase of approximately 10.3%, and our fixed-line telephony RGUs increased from approximately 334 thousand as at March 31, 2016 to approximately 361 thousand as at March, 2017, an increase of approximately 8.1%. These increases were driven by our investments in expanding and upgrading our fixed fiber optic network in Hungary. Other revenue increased primarily as a result of additional revenue from advertising and resale of own channels. Our DTH RGUs decreased from approximately 317 thousand as at March 31, 2016 to approximately 303 thousand as at March 31, 2017, a decrease of approximately 4.4%. A number of DTH subscribers terminated their contracts, moved to our competitors or migrated from our DTH services to our cable TV services.

Revenue in Spain for the three month period ended March 31, 2017 was €20.8 million, compared with €20.2 million for the three month period ended March 31, 2016, an increase of 3.0%. The increase in our Spain revenue was due to the increase in mobile telecommunication services RGUs from approximately 592 thousand as at March 31, 2016 to approximately 635 thousand as at March 31, 2017, an increase of approximately 7.3%, primarily due to new customer acquisitions as a result of more attractive mobile and data offerings.

Revenue in Other represented revenue from our operations in Italy and for the three month period ended March 31, 2017 was €3.5 million, compared with €2.1 million for the three month period ended March 31, 2016, an increase of 66.7%. The increase in our revenue in Italy was primarily due to the increase in mobile telecommunication services RGUs from approximately 63 thousand as at March 31, 2016 to approximately 147 thousand as at March 31, 2017, an increase of approximately 133.3%, primarily due to new customer acquisitions as a result of more attractive mobile and data offerings.

Total operating expenses

Our total operating expenses (excluding intersegment expenses and other expenses, but including depreciation, amortization and impairment) for the three period ended March 31, 2017 were €202.6 million, compared with €181.5 million for the three month period ended March 31, 2016, an increase of 11.6%, respectively.

	As at and for the three months ended March 31,	
	2016	**2017**
Romania	96.4	116.4
Hungary	19.6	26.0
Spain	16.8	15.0
Other[(1)]	3.0	4.2
Depreciation, amortization and impairment of tangible and intangible assets	45.7	41.1
Total operating expenses	**181.5**	**202.6**

(1) Includes operating expenses of operations in Italy and certain minor operating expenses of Digi.

Operating expenses in Romania for three month period ended March 31, 2017 were €116.4 million, compared with €96.4 million for the three month period ended March 31, 2016, an increase of 20.7%. This increase was primarily due to the operational loss from energy supply activity. We generated a negative gross margin in amount of EUR 7.4 million (March, 31 2016: EUR 0.7 million). In addition, in the period ended March 31, 2017 there were increases in salary expenses, energy expenses used for maintenance of both fixed and mobile networks, as well as increases in rent expenses due to larger numbers of sites and stores compared to previous period. These were partially offset by the decrease of tax expenses as a result of the discontinuance of the special construction tax in January 2017.

In general increases of operating expenses are in line with the growth of the business.

Operating expenses in Hungary for the three month period ended March 31, 2017 were €26.0 million, compared with €19.6 million for the three month period ended March 31, 2016, an increase of 32.7%. The increase was primarily due to the increase in programming expenses, salaries and the increase in rent expenses as a result of the increased number of mobile sites.

In general increases of operating expenses are in line with the growth of the business.

Operating expenses in Spain for the three month period ended March 31, 2017 were €15.0 million, compared with €16.8 million for the three month period ended March 31, 2016, and decrease of 10.7%. This decrease is mainly the result of lower mobile expenses due to economy of scale which were obtained as a consequence of the RGU base development and traffic increase.

Operating expenses in Other represented expenses of our operations in Italy and certain minor expenses of Digi and for the three month period ended March 31, 2017 were €4.2 million, compared with €3.0 million for the three month period ended March 31, 2016, an increase of 40.0%. The increase is the result of higher RGUs and traffic in our subsidiary in Italy.

Depreciation, amortization and impairment of tangible and intangible assets

The table below sets out information on depreciation, amortization and impairment of our tangible and intangible assets for the three month period ended March 31, 2016 and 2017.

	As at and for the three months ended March 31,	
	2016	**2017**
	(€ millions)	
Depreciation of property, plant and equipment	26.9	23.5
Amortization of non-current intangible assets	7.9	5.9
Amortization of programme assets	10.9	10.7
Impairment of property, plant and equipment	(0.0)	0.9
Total	**45.7**	**41.1**

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment was €23.5 million for the three month period ended March 31, 2017, compared with €26.9 million for the three month period ended March 31, 2016, a decrease of 12.6%. This variation was primarily due to changes in estimated useful lives for certain categories of property, plant and equipment which occurred at the year ended 31 December 2016. For details regarding the impact of the change in useful lives, please see paragraph *Estimated useful lives* below. Additions to networks were higher in the reporting period compared to prior period.

Amortization of non-current intangible assets

Amortization of non-current intangible assets was €5.9 million for the three month period ended March 31, 2017, compared with €7.9 million for the three month period ended March 31, 2016, a decrease of 25.3%. This was due to the effect of the change in estimated useful lives of certain mobile licence which occurred at year ended 31 December 2016. For details regarding the impact of the change in useful lives, please see paragraph *Estimated useful lives* below, as well as an immaterial correction of the amortization computation in the current period P&L, which lead to decrease of the amortization charge for the current period of EUR 2.8 million.

Amortization of program assets

Amortization of program assets was €10.7 million for the three month period ended March 31, 2017, compared with €10.9 million for the three month period ended March 31, 2016, an increase of 1.8%.

Estimated useful lives

As at December 31, 2016 estimated useful lives of certain categories of property, plant and equipment as well as mobile licenses were revised. The revised useful lives applied prospectively from 1 January 2016.

The impact of revising the estimated useful lives of certain categories of property, plant and equipment on the value of depreciation charge recognized in profit or loss statement for the comparative period ended 31 March 2016 is presented below:

	Depreciation charge for three months ended 31 March 2016 (€millions)		
	Prior estimated useful lives	**Revised estimated useful lives**	**Difference arising from change in estimated useful lives**
Buildings	0.7	0.7	-
Network	10.4	9.5	(0.9)
Customer premises equipment	6.1	3.4	(2.7)
Equipment and devices	8.2	6.4	(1.8)
Vehicles	0.8	0.8	-
Furniture and office equipment	0.8	0.8	-
Total	**26.9**	**21.5**	**(5.4)**

The impact of revising the estimated useful lives of certain mobile telephony licences on the value amortization charge recognized in profit or loss statement for the comparative period ended 31 March 2016 is presented below:

	Amortization charge for three months ended 31 March 2016		
	Prior estimated useful lives	**Revised estimated useful lives**	**Difference arising from change in estimated useful lives**
Licenses	4.1	4.0	(0.2)

Other income

We recorded €4.0 million of other income in the three month period ended March 31, 2017 compared with €3.3 million of other income in the three months ended March 31, 2016. This reflected mark-to-market gain from fair value assessment of energy trading contracts.

Operating profit

For the reasons set forth above, our operating profit was €28.1 million for the three month period ended March 31, 2017, compared with €21.6 million for the three month period ended March 31, 2016.

Net finance income/(expense)

We recognized net finance expense of €10.7 million in the three month period ended March 31, 2017, compared with €7.4 million for the three month period ended March 31, 2016, an increase of 46.1%. This was primarily the result of decrease of interest expenses as a result of the refinancing of our debt from 2016, compensated by a decrease in net gain from foreign exchange compared to previous period.

Profit before taxation

For the reasons set forth above, our profit before taxation was €17.4 million in the three month period ended March 31, 2017, compared with €14.3 million for the three month period ended March 31, 2016.

Income tax credit/(expense)

An income tax expense of €1.5 million was recognized in the three month period ended March 31, 2017, compared to a tax expense of €1.3 million recognized in the three month period ended March 31, 2016.

Net profit for the period

For the reasons set forth above, our net profit was €15.8 million in the three month period ended March 31, 2017, compared with €13 million for the three month ended March 31, 2016.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our principal sources of liquidity have been our operating cash flows as well as debt financing. Going forward, we expect to fund our cash obligations and capital expenditures primarily out of our operating cash flows, credit facilities and letter of guarantee facilities. We believe that our operating cash flows will continue to allow us to maintain a flexible capital expenditure policy.

All of our businesses have historically produced positive operating cash flows that are relatively constant from month to month. Variations in our aggregate cash flow during the periods under review principally represented increased or decreased cash flow used in investing activities and cash flow from financing activities.

We have made and intend to continue to make significant investments in the growth of our businesses by expanding our mobile telecommunication network and our fixed fiber optic networks, acquiring new and renewing existing content rights, procuring CPE which we provide to our customers and exploring other investment opportunities on an opportunistic basis in line with our current business model. We believe that we will be able to continue to meet our cash flow needs by the acceleration or deceleration of our growth and expansion plans.

Historical cash flows

The following table sets forth our consolidated cash flows from operating activities for the three month period ended March 31, 2016 and 2017, cash flows used in investing activities and cash flows from/(used in) financing activities.

	As at and for the three months ended March 31,	
	2016	**2017**
	(€ millions)	
Cash flows from operations before working capital changes	**66.8**	**73.2**
Cash flows from changes in working capital	(5.9)	0.2
Cash flows from operations	**60.8**	**73.3**
Interest paid	(3.2)	(4.3)
Income tax paid	(0.8)	(1.3)
Cash flow from operating activities	**56.8**	**67.8**
Cash flow used in investing activities	**(59.9)**	**(67.6)**
Cash flows from /(used in) financing activities	**2.5**	**(5.7)**
Net decrease in cash and cash equivalents	(0.6)	(5.5)
Cash and cash equivalents at the beginning of the period	49.7	14.6
Effect of exchange rate fluctuation on cash and cash equivalent held	(0.6)	(0.2)
Cash and cash equivalents at the closing of the period	**48.6**	**8.9**

Cash flows from operations before working capital changes were €73.2 million in the three month period ended March 31, 2017 and €66.8 million in the three month period ended March 31, 2016 for the reasons discussed in "—*Historical Results of Operations—Results of operations for the three month period ended March 31, 2017 and 2016*".

The following table shows changes in our working capital:

	For the three months ended March 31,	
	2016	**2017**
	(€ millions)	
(Increase) in trade receivables and other assets	(20.6)	(13.1)
Decrease in inventories	0.5	0.6
Increase in trade payables and other current liabilities	9.4	4.0
Increase in deferred revenue	4.9	8.7
Total	**(5.9)**	**0.2**

We had a working capital surplus of €0.2 million in the three month period ended March 31, 2017 (compared with a working capital requirement of €5.9 million in the three month period ended March 31, 2016). This was primarily due to the following movement: the decrease of inventories balance compared to December 31, 2016 when there were inventories in transit which were used in the period. Increase of trade payables and other current liabilities is mainly due to the conversion of dividends payables into short-term loan for two minority shareholders. Increase in deferred revenues is the result of higher deferred revenues for sale of own TV productions, as well as subscriptions received in advance from our customers. These were offset by the increase in trade receivables and other assets which were the result of increase in other prepaid expenses.

Cash flows from operating activities were €67.8 million in the three month period ended March 31, 2017 and €56.8 million in the three month period ended March 31, 2016. Included in these amounts are deductions for interest paid and income tax paid. Income tax paid which were €1.3 million in the three months ended March 31, 2017 and €0.8 million in the three months ended March 31, 2016. Interest paid was €4.3 million in the three months ended March 31, 2017, compared with €3.2 million in the three months ended March 31, 2016. The increase in cash flows from operating activities in the three months ended March 31, 2017 was primarily due to changes in working capital discussed above.

Cash flows used for investing activities were €67.6 million in the three month period ended March 31, 2017 and €59.9 million in the three month period ended March 31, 2016.

Purchases of property, plant and equipment were €39.8 million in the three months ended March 31, 2017 and €38.2 million in the three months ended March 31, 2016.

Purchases of intangible assets were €27.0 million in the three months ended March 31, 2017 and €20.4 million in the three months ended March 31, 2016.

Payments for acquisition of subsidiaries were €0.8 million in the three months ended March 31, 2017 and €1.3 million in the three months ended March 31, 2016.

Cash flows used in (from) financing activities were €5.7 million outflow for the three months period ended March 31, 2017, €2.5 million inflow for the three months ended March 31, 2016.

DIGI COMMUNICATIONS NV

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

PREPARED IN ACCORDANCE WITH
IAS 34 INTERIM FINANCIAL REPORTING
for the three month period ended 31 March 2017

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GENERAL INFORMATION

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	Notes	31 March 2017	31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment	4	840,029	825,989
Intangible assets	5	215,016	206,812
Investments in associates		991	995
Long term receivables		4,286	3,927
Deferred tax asset		2,840	3,126
Total non-current assets		**1,063,162**	**1,040,849**
Current assets			
Inventories		16,948	18,552
Programme assets	5	24,215	30,312
Trade and other receivables		111,518	108,965
Income tax receivable		2,422	2,804
Other assets		16,814	6,321
Derivative financial assets		15,164	17,049
Cash and short term deposits		8,875	14,625
Total current assets		**195,956**	**198,628**
Total assets		**1,259,118**	**1,239,477**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		51	51
Share premium		8,247	8,247
Treasury shares		(12,493)	(16,703)
Reserves		8,045	9,096
Retained earnings		54,327	40,474
Total equity attributable to equity holders of the parent		**58,177**	**41,165**
Non-controlling interest		1,089	1,438
Total equity		**59,266**	**42,603**
Non-current liabilities			
Interest-bearing loans and borrowings	7	663,552	665,540
Deferred tax liability		33,400	34,812
Other long term liabilities		43,587	46,076
Total non-current liabilities		**740,539**	**746,428**
Current liabilities			
Trade payables and other payables		366,511	373,969
Interest-bearing loans and borrowings	7	56,338	44,047
Income tax payable		1,944	1,390
Derivative financial instruments	15	9,869	16,356
Deferred revenue		24,651	14,684
Total current liabilities		**459,313**	**450,446**
Total liabilities		**1,199,852**	**1,196,874**
Total equity and liabilities		**1,259,118**	**1,239,477**

The notes on pages 6 to 27 are an integral part of this condensed consolidated interim financial report.

The condensed consolidated interim financial report was issued on 30 May 2017.

	Notes	Three month period ended 31 March 2017	Three month period ended 31 March 2016
Revenues	9	226,683	199,836
Other income		4,043	3,284
Operating expenses	10	(202,608)	(181,489)
Operating Profit		**28,118**	**21,631**
Finance income	11	425	6,877
Finance expenses	11	(11,172)	(14,232)
Net finance costs		**(10,747)**	**(7,355)**
Profit before taxation		**17,371**	**14,276**
Income tax		(1,529)	(1,252)
Net profit for the period		**15,842**	**13,024**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		1,279	(1,015)
Available for sale financial asset, net change in fair value		-	1,332
Cash Flow hedge reserves		(396)	(184)
Other comprehensive income for the period, net of income tax		**883**	**133**
Total comprehensive income for the period		**16,725**	**13,157**

	2017	2016
Profit attributable to:		
Equity holders of the parent	15,210	12,521
Non-controlling interest	632	503
Profit for the period	**15,842**	**13,024**
Total comprehensive income attributable to:		
Equity holders of the parent	16,059	12,705
Non-controlling interest	666	452
Total comprehensive income for the period	**16,725**	**13,157**

Earnings per share (in EUR) attributable to parent company (Note 6)

	2017	2016
Net profit	**15,210**	**12,521**
Basic and diluted earnings per share (EUR/share)	**313.3**	**269.5**

The notes on pages 6 to 27 are an integral part of this condensed consolidated interim financial report.
The condensed consolidated interim financial report was issued on 30 May 2017.

	Notes	Three month period ended 31 March 2017	Three month period ended 31 March 2016
Cash flows from operating activities			
Profit before taxation		**17,371**	**14,276**
Adjustments for:			
Depreciation, amortization and impairment	10	41,055	45,689
Interest expense, net	7	8,351	11,602
Impairment of trade and other receivables	10	1,612	2,169
Unrealised (gains) on derivative financial instruments	15	(3,215)	(1,447)
Unrealised foreign exchange loss / (gain)		7,865	(5,297)
Other non-cash items		-	-
Gain on disposal of subsidiary		-	(238)
Gain on sale of assets		123	-
Cash flows from operations before working capital changes		**73,162**	**66,754**
Changes in:			
Trade receivables and other assets		(13,107)	(20,628)
Inventories		604	483
Trade payables and other current liabilities		4,004	9,351
Deferred revenue		8,670	4,868
Cash flows from operations		**73,333**	**60,828**
Interest paid		(4,299)	(3,212)
Income tax paid		(1,259)	(802)
Cash flows from operating activities		**67,775**	**56,814**
Cash flow used in investing activities			
Purchases of property, plant and equipment		(39,848)	(38,173)
Purchases of intangibles		(27,033)	(20,408)
Acquisition of subsidiaries, net of cash and NCI		(750)	(1,301)
Cash flows used in investing activities		**(67,598)**	**(59,882)**
Cash flows from financing activities			
Dividends paid to shareholders		(6,071)	(315)
Proceeds from borrowings		6,997	7,024
Repayment of borrowings		(1,767)	(2,382)
Financing costs paid		-	-
Settlement of derivatives		(1,426)	(1,352)
Payment of finance lease obligations		(3,428)	(463)
Cash flows used in/from financing activities		**(5,695)**	**2,512**
Net (decrease) in cash and cash equivalents		**(5,518)**	**(556)**
Cash and cash equivalents at the beginning of the period		14,625	49,662
Effect of exchange rate fluctuations of cash and cash equivalents held		(232)	(555)
Cash and cash equivalents at the end of the period		**8,875**	**48,551**

The notes on pages 6 to 27 are an integral part of this condensed consolidated interim financial report.

The condensed consolidated interim financial report was issued on 30 May 2017.

	Share capital	Share premium	Treasury shares	Translation reserve	Revaluation reserve	Cash flow hedge reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2017	**51**	**8,247**	**(16,703)**	**(30,181)**	**42,996**	**(3,719)**	**40,474**	**41,165**	**1,438**	**42,603**
Comprehensive income for the period										
Net profit for the period	-	-	-	-	-	-	15,210	**15,210**	632	**15,842**
Foreign currency translation differences	-	-	-	1,230	-	-		**1,230**	49	**1,279**
Cash Flow hedge reserves[2]	-	-	-	-	-	(381)	-	**(381)**	(15)	**(396)**
Transfer of revaluation reserve (depreciation)	-	-	-	-	(1,900)	-	1,900	-	-	-
Total other comprehensive income	-	-	-	**1,230**	**(1,900)**	**(381)**	**1,900**	**849**	**34**	**883**
Total comprehensive income for the period	-	-	-	**1,230**	**(1,900)**	**(381)**	**17,110**	**16,059**	**666**	**16,725**
Transactions with owners, recognized directly in equity	-	-	-	-	-		-	-	-	-
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Equity-settled share-based payment transactions	-	-	-	-	-	-	-	-	-	-
Sale of Treasury Shares[1]	-	-	4,210	-	-	-	-	**4,210**	-	**4,210**
Dividends distributed	-	-	-	-	-	-			-	-
Total contributions by and distributions to owners	-	-	**4,210**	-	-		-	***4,210***	-	***4,210***
Changes in ownership interests in subsidiaries										
Payments while having full control	-	-	-	-	-	-	-	-	-	-
Movement in ownership interest while retaining control	-	-	-	-	-	-	(3,257)	**(3,257)**	(1,015)	**(4,272)**
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	(3,257)	***(3,257)***	***(1,015)***	***(4,272)***
Total transactions with owners	-	-	**4,210**	-	-	-	**(3,257)**	**(953)**	**(1,015)**	**(62)**
Balance at 31 March 2017	**51**	**8,247**	**(12,493)**	**(28,951)**	**41,096**	**(4,100)**	**54,327**	**58,177**	**1,089**	**59,266**

The notes on pages 6 to 27 are an integral part of this condensed consolidated interim financial report.

(1) For details regarding the shares swap please see note 8.
(2)The amount presented on Cash Flow Hedge reserves is included in Reserves in Statement of financial position.

	Share capital	Share premium	Treasury shares	Translation reserve	Revaluation reserve	Fair value Reserves	Cash Flow hedge reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2016	**51**	**8,247**	**(16,703)**	**(31,726)**	**36,314**	**31,355**	**(4,346)**	**77,462**	**100,654**	**2,160**	**102,814**
Comprehensive income for the period											
Net profit for the period	-	-	-	-	-	-	-	12,521	**12,521**	503	***13,024***
Foreign currency translation differences	-	-	-	(972)	-	-	-		**(972)**	(43)	***(1,015)***
Fair Value for AFS *	-	-	-	-	-	1,332	-	-	**1,332**	-	***1,332***
Cash Flow hedge reserves	-	-	-	-	-	-	(176)	-	**(176)**	(8)	***(184)***
Transfer of revaluation reserve (depreciation)	-	-	-	-	(2,680)	-	-	2,680	-		-
Total comprehensive income for the period	**-**	**-**	**-**	**(972)**	**(2,680)**	**1,332**	**(176)**	**15,201**	**12,705**	**452**	**13,157**
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-	-
Dividends distributed *	-	-	-	-	-	-	-	-	-	(380)	**(380)**
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(380)**	**(380)**
Changes in ownership interests in subsidiaries											
Payments while having full control *	-	-	-	-	-	-	-	-	-	-	-
Movement in ownership interest while retaining control *	-	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(380)**	**(380)**
Balance at 31 March 2016	**51**	**8,247**	**(16,703)**	**(32,698)**	**33,634**	**32,687**	**(4,522)**	**92,663**	**113,359**	**2,232**	**115,591**

*Please see relevant Notes from Consolidated Financial Statements as at 31 December 2016.

1. CORPORATE INFORMATION

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

The parent company of the Group is Digi Communications N.V. ("DIGI" or "the Company" or "the Parent"), a company incorporated in Netherlands with place of business and registered office in Romania. The main operations are carried by RCS&RDS S.A (Romania) ("RCS&RDS"), Digi T.S kft (Hungary), Digi Spain Telecom SLU, and Digi Italy SL. DIGI registered office is located in Str. Dr. Nicolae Staicovici, nr. 75, bl. Forum 2000 Building, Faza 1, et. 4, sect. 5, Bucuresti, Romania. On 11 April 2017 the Company changed its name to Digi Communications N.V., its former name being Cable Communications Systems N.V.

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

The consolidated financial statements were authorized for issue on 30 May 2017.

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 2016. 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.

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 2016.

(b) Judgements and estimates (continued)

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 and Hungary:

Currency	**2017**			**2016**		
	Jan – 1	Average for the 3 months	Mar – 31	Jan – 1	Average for the 3 months	Mar – 31
RON per 1EUR	4.5411	4.5206	4.5511	4.5245	4.4926	4.4738
HUF per 1EUR	311.02	309.10	308.70	313.12	312.05	314.16
USD per 1EUR	1.0510	1.065	1.0691	1.0887	1.1020	1.1385

The Group established vendor financing and reverse factoring agreements with suppliers. In some cases, payment terms are extended in agreements between the supplier and the Group. If these agreements imply extended payment terms, trade payables are classified as long term. Corresponding cash flows are presented as Cash flow from operating activities.

2.2. GOING CONCERN

Management believes that the Group will continue as a going concern for the foreseeable future. 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 DIGI 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 attractive content.

For further information refer to Note 13b) 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 2016.

3. SEGMENT REPORTING

31 March 2017	Romania	Hungary	Spain	Other	Eliminations	Reconciling item	Group
Segment revenue	164,888	37,466	20,821	3,508	-	-	**226,683**
Inter-segment revenues	458	-	867	136	(1,461)	-	**-**
Segment operating expenses	(116,816)	(26,004)	(15,317)	(4,878)	1,461	-	**(161,554)**
Adjusted EBITDA	**48,530**	**11,462**	**6,371**	**(1,234)**	**-**	**-**	**65,129**
Depreciation, amortization and impairment of tangible and intangible assets	-	-	-	-	-	(41,054)	**(41,054)**
Other income	4,043	-	-	-	-	-	**4,043**
Operating profit						-	**28,118**
Additions to tangible non-current assets	36,779	10,855	95	197	-	-	**47,926**
Additions to intangible non-current assets	11,930	681	672	837	-	-	**14,120**
Carrying amount of:							
Property, plant and equipment	717,293	120,972	1,462	302	-	-	**840,029**
Non-current intangible assets	178,830	30,959	3,421	1,806	-	-	**215,016**
Investments in associates	991	-	-	-	-	-	**991**

The types of products and services from which each segment derives its revenues are disclosed in Note 9.

3. SEGMENT REPORTING (continued)

31 March 2016	**Romania**	**Hungary**	**Spain**	**Other**	**Eliminations**	**Reconciling item**	**Group**
Segment revenue	144,618	32,885	20,202	2,131	-	-	**199,836**
Inter-segment revenues	387	-	284	-	(671)	-	**-**
Segment operating expenses	(96,645)	(19,610)	(17,123)	(3,092)	671	-	**(135,799)**
Adjusted EBITDA	**48,360**	**13,275**	**3,363**	**(961)**	**-**	**-**	**64,037**
Depreciation, amortization and impairment of tangible and intangible assets	-	-	-	-	-	(45,690)	**(41,912)**
Other income	3,284	-	-	-	-	-	**3,284**
Operating profit						-	**27,261**
Additions to tangible non-current assets	42,020	8,741	97	92	-	-	**50,950**
Additions to intangible non-current assets	6,931	173	678	192	-	-	**7,974**
Carrying amount of:							
Property, plant and equipment	601,082	102,261	941	162	-	-	**704,446**
Non-current intangible assets	171,536	30,736	3,477	931	-	-	**206,680**
Investments in associates and AFS	851	-	-	43,373	-	-	**44,224**

The types of products and services from which each segment derives its revenues are disclosed in Note 9.

4. PROPERTY, PLANT AND EQUIPMENT (PPE)

Acquisitions and disposals

During the three month period ended 31 March 2017, the Group acquired property, plant and equipment with a cost of EUR 47,926 (31 March 2016: EUR 50,950). The acquisitions related mainly to networks EUR 22,960 (three months ended 31 March 2016: EUR 13,857), customer premises equipment of EUR 7,649 (three months ended 31 March 2016: EUR 4,980), equipment and devices of EUR 13,132 (three months ended 31 March 2016: EUR 15,356) and buildings and structures of EUR 2,183 (three months ended 31 Mach 2016: EUR 5,234). The overall decrease in total acquisitions is also impacted by the land purchases of EUR 8 during the current period (three months ended 31 March 2016: EUR 7,029).

Estimated useful lives

As at 31 December 2016, management reviewed the estimated useful lives of property, plant and equipment. As the Group continued to build and utilise the network and related assets, there is a more consistent ground for estimating the consumption pattern of those assets. Consequently, useful lives for several asset sub-categories were revised in order to match the current best estimate of the period over which these assets will generate future economic benefits.

The change of estimated useful lives was applied prospectively from 1 January 2016 onwards. For details, please see also Note 2.2 c) Basis of preparation and accounting policies from the Consolidated Financial Statements as at 31 December 2016.

The impact of revising the estimated useful lives of certain categories of property, plant and equipment on the value of depreciation charge recognized in profit or loss statement for the comparative period ended 31 March 2016 is presented below:

	Depreciation charge for three months ended 31 March 2016		
	Prior estimated useful lives	Revised estimated useful lives	Difference arising from change in estimated useful lives
Buildings	722	722	-
Network	10,387	9,451	(936)
Customer premises equipment	6,070	3,408	(2,662)
Equipment and devices	8,172	6,404	(1,768)
Vehicles	756	756	-
Furniture and office equipment	778	778	-
Total	**26,885**	**21,519**	**(5,366)**

5. NON-CURRENT INTANGIBLE ASSETS AND PROGRAMME ASSETS

Acquisitions

Non-current intangible assets
During the three month period ended 31 March 2017, the Group acquired non-current intangible assets with a cost of EUR 14,120 (31 March 2016: EUR 7,884) as follows:

- Software and licences in amount of EUR 8,619 (31 March 2016: EUR 5,981);
- Customer relationships by acquiring control in other companies in amount of EUR 180 (31 March 2016: EUR 90);
- Subscriber acquisition costs ("SAC") in amount of EUR 5,321 (31 March 2016: EUR 1,903); SAC represents third party costs for acquiring and connecting customers of the Group;
- Goodwill didn't increase through new additions in the first three months of 2017 (31 March 2016: EUR 0).

An immaterial correction of the amortisation computation was recorded in the current period Statement of Comprehensive Income which lead to decrease of the amortisation charge of the current period of EUR 2.8 million.

Estimated useful lives

The impact of revising the estimated useful lives of certain mobile telephony licences on the value amortization charge recognized in profit or loss statement for the comparative period ended 31 March 2016 is presented below:

	Amortization charge for three months ended 31 March 2016		
	Prior estimated useful lives	Revised estimated useful lives	Difference arising from change in estimated useful lives
Licenses	4,136	3,956	(180)

Programme assets

During the three month period ended 31 March 2017, additions of programme assets in the amount of EUR 4,642 (31 March 2016: EUR 4,770) represent broadcasting rights for sports competitions for 2017/2018 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 2016	**77,240**
Additions	-
Effect of movement in exchange rates	537
Balance at 31 March 2016	**77,777**
Balance at 1 January 2017	**77,178**
Additions	-
Effect of movement in exchange rates	31
Balance at 31 March 2017	**77,209**

(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 31 March 2017.

6. EARNINGS PER SHARE (EPS)

	31 March 2017	31 March 2016
Net profit for the period	15,842	13,024
Non-controlling interests	(632)	(503)
Net profit attributable to equity holders of the parent	**15,210**	**12,521**
Weighted average number of ordinary shares outstanding – basic*	48,543	46,459
Weighted average number of shares outstanding – diluted*	48,543	46,459
Earnings per share (EUR/share)	**313.3**	**269.5**
Weighted average number of ordinary shares retrospectively adjusted for the share split (1:10) and bonus issuance decided in February 2017 (outstanding – basic*	99,979,490	99,958,650
Weighted average number of shares outstanding – diluted*	99,979,490	99,958,650
Earnings per share (EUR/share)	**0.15**	**0.13**

* The number of outstanding shares excludes treasury shares.

For treasury shares movement, please see Note 8.

7. INTEREST-BEARING LOANS AND BORROWINGS

Included in Long term interest-bearing loans and borrowings are bonds EUR 349,413 (December 2016: EUR 349,638), bank loans EUR 310,595 (December 2016: EUR 311,912) and leasing EUR 3,544 (December 2016: EUR 3,990).

Included in Short term interest-bearing loans and borrowing are bank loans EUR 17,022 (December 2016: EUR 11,478), short portion of long term interest-bearing loans EUR 27,003 (December 20165: EUR 25,584), leasing obligations amounting to EUR 1,763 (December 2016: EUR 1,782), other short term debts of EUR 12 (December 2016: EUR 12) and interest payable amounting to EUR 10,538 (December 2016: EUR 5,191).

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

	Carrying amount
Balance as of 1 January 2017	**709,587**
New drawings	
Proceeds from bank borrowings	6,997
Interest expense for the period	8,351
Repayment	
Payment of lease obligations	(3,428)
Repayment of borrowings	(1,767)
Current year interest paid	(4,299)
Effect of movements in exchange rates	4,449
Balance as of 31 March 2017	**719,890**

Short-term loans from converted dividends payable

On January 30, 2017, the the Company entered into two short-term loans with two of its minority shareholders (i) Carpathian Cable Investments S.a.R.L., for a principal amount of EUR 6,627,844 and (ii) Celest Limited, for a principal amount of EUR 1,504,039. Both loans represent converted dividends payable. The loans bear a 5% per annum interest rate, the repayment date being set for June 30, 2017. The loans are secured on a pari passu basis with the 2016 Notes, the Senior Facilities Agreement, the ING Facilities Agreement, the Citi Facilities Agreement and the BRD Letters of Guarantee Facility, pursuant to the terms of the Intercreditor Agreement.
These short-term loans are not included as part of financial indebtedness, they are presented as related party indebtedness's. See Note 8.

8. RELATED PARTY DISCLOSURES

		31 March 2017	31 December 2016
Receivables from Related Parties			
Ager Imobiliare S.R.L.	(ii)	703	698
Digi Serbia	(ii)	215	218
Music Channel S.R.L.	(ii)	52	52
RCS Management S.A.	(i)	38	37
Other		10	9
Total		**1,018**	**1,014**

		31 March 2017	31 December 2016
Payables to Related Parties			
Related parties-share	(ii)	544	1,082
RCS-Management	(i)	958	5,711
Digi Serbia	(ii)	116	117
Mr. Teszari Zoltan	(iii)	-	648
Other		8,260	9,081
Total		**9,879**	**16,639**

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

Short-term loans from converted dividends payable

On January 30, 2017, the the Company entered into two short-term loans with two of its minority shareholders (i) Carpathian Cable Investments S.a.R.L., for a principal amount of EUR 6,627,844 and (ii) Celest Limited, for a principal amount of EUR 1,504,039. Both loans represent converted dividends payable. The loans bear a 5% per annum interest rate, the repayment date being set for June 30, 2017. These balances are included in caption "Other" from Payables to related parties.

In March 2017 a share swap agreement was concluded between Mr Teszari and the Company through which Mr Teszari exchanges a number of 7,500,000 shares of RCS&RDS for 1,042 shares of the Company.

Compensation of key management personnel of the Group

	Three months ended 31 March 2017	Three months ended 31 March 2016
Short term employee benefits – salaries	417	401

There was no share option plan in force during the period reported. In May 2017 a share option plan was approved by the General Shareholders' Meeting. For details, please see Note 17.

9. REVENUES

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

	Three months ended 31 March 2017	Three months ended 31 March 2016
Cable TV		
Romania	44,880	42,986
Hungary	11,470	9,659
	56,350	**52,645**
Internet and data*		
Romania	42,197	40,080
Hungary	9,840	9,015
	52,037	**49,095**
Telephony Revenues*		
Romania	42,999	34,004
Hungary	2,023	2,040
Spain	20,727	20,170
Italy	3,479	2,075
	69,228	**58,289**
DTH Revenue		
Romania	9,325	9,790
Hungary	8,364	7,590
	17,689	**17,380**
Other revenues		
Romania	25,489	17,758
Hungary	5,767	4,581
Spain	94	33
Italy	29	55
	31,379	**22,427**
Total revenues	**226,683**	**199,836**

*As at June 30, 2016, we aggregated revenues for our mobile telephony (previously reported under the caption "Telephony Revenue") and mobile internet and data business lines (previously reported under the caption "Internet and Data") and currently we report them as part of "Telephony Revenue". Comparative revenue information for prior period ended 31 March 2016 has been restated accordingly: the amount of EUR 10,874 coming from Internet and data revenues were partially reclassified to Telephony line (Romania, Hungary, Spain and Italy).

10. OPERATING EXPENSES

	Three months ended 31 March 2017	**Three months ended 31 March 2016**
Depreciation of property, plant and equipment	23,491	26,885
Amortization of programme assets	10,712	10,943
Amortization of non-current intangible assets	5,919	7,900
Salaries and related taxes	34,056	28,691
Contribution to pension related fund	4,439	4,448
Programming expenses	20,910	17,322
Telephony expenses	34,782	28,468
Cost of goods sold	15,866	12,015
Rentals	13,822	11,736
Invoicing and collection expenses	3,698	3,557
Taxes and penalties	2,843	3,552
Utilities	4,606	3,421
Copyrights	2,236	2,153
Internet connection and related services	1,033	4,550
Impairment of receivables, net of reversals	1,612	2,169
Impairment of property, plant and equipment	933	(39)
Other expenses	21,650	13,718
Total operating expenses	**202,608**	**181,489**

The significant increase in telephony expenses is mainly due to the increase in Mobile telephony expenses. The decrease in depreciation of property plant and equipment is mainly due to the change in useful lives of assets made at 31 December 2016. For details, please see Note 5.
The increase in Other expenses represents mainly the operational loss from energy supply. We generated a negative gross margin in amount of EUR 7.4 million (31 March 2016: EUR 0.7 million) recorded in the period.

11. NET FINANCE COSTS

	Three months ended 31 March 2017	**Three months ended 31 March 2016**
Financial revenues		
Interest from banks	4	23
Other financial revenues	52	1
	56	**24**
Financial expenses		
Interest expense	(8,351)	(11,602)
Net gain/(loss) on derivative financial instruments	(1,387)	(1,630)
Other financial expenses	(1,434)	(1,000)
	(11,172)	**(14,232)**
Foreign exchange differences (net)	369	6,853
Net Financial Cost	**(10,747)**	**(7,355)**

12. ACQUISITIONS OF SUBSIDIARY

During the three months period ended 31 March 2017 there were no acquisitions of entities.

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 31 March 2017, the Group had net current liabilities of EUR 263,357 (31 December 2016: EUR 251,818). 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 EUR and USD. 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 used 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 the period ended 31 March 2017 no share options were granted to eligible employees under the share based payment plan (31 December 2016: nil shares). In May 2017 a share option plan was approved by the General Meeting of Shareholders. For details, please see Note 17.

15. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 March 2017 the Group had derivative financial assets in amount of EUR 15,164 (31 December 2016: EUR 17,049), which included:

- Embedded derivatives of EUR 13,840 related to the bond (the Bonds include several call options as well as one put option (31 December 2016: EUR 13,908).

- Electricity trading assets (term contracts) of EUR 1,324 being mark to market gain from fair valuation of electricity trading contracts (31 December 2016: EUR 3,141).

As at 31 March 2017 the Group had derivative financial liabilities in amount of EUR 9,869 (31 December 2016: EUR 16,356), which included:

- Interest rate swaps: On May 22, 2015 RCS & RDS concluded an interest rate SWAP for the entire term loan facility through which the company hedges against the volatility of cash flows on its floating rate borrowings due to modification of market interest rates (i.e.: ROBOR). For this purpose the company uses interest rate swaps, paying fixed and receiving variable cash flows on the same dates on which is settles the interest on its hedged borrowings. Hedged cash flows occur periodically, on the settlement of the interest on hedged loans, and impact profit or loss throughout the life of the loan, through accrual. Given that critical terms of the hedging instrument match the critical terms of the hedged cash flows, there is no significant ineffectiveness.

- Electricity trading liabilities (term contracts) of EUR 5,187 being mark to market loss from fair valuation of electricity trading contracts (31 December 2016: EUR 11,038).

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.
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**
31 March 2017				
Interest rate swaps			(4,682)	(4,682)
Embedded derivatives	-	-	13,840	13,840
Electricity trading assets (term contracts)	-	-	1,324	1,32
Electricity trading liabilities (term contracts)	-	-	(5,187)	(5,187)
Total	**-**	**-**	**5,295**	**5,295**

31 December 2016

	Level 1	**Level 2**	**Level 3**	**Total**
Interest rate swaps			(5,318)	(5,318)
Embedded derivatives	-	-	13,908	13,908
Electricity trading assets (term contracts)	-	-	3,141	3,141
Electricity trading liabilities (term contracts)	-	-	(11,038)	(11,038)
Total	**-**	**-**	**693**	**693**

16. GENERAL COMMITMENTS AND CONTINGENCIES

(a) Contractual commitments

Commitments are presented on a discounted basis, using an interest rate of 3M LIBOR + 5.75% p.a., 3M EURIBOR + 5.75% p.a. or 3M ROBOR + 5.75% 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 and pillars/land for mobile network in Romania and Hungary;
- 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 31 March 2016, contractual commitments for capital expenditure amounted to approximately EUR 68,882 (31 December 2016: EUR 85,642) and contractual operating commitments amounted to approximately EUR 168,863 (31 December 2016: EUR 161,183), including operating leases.

In addition to the above, there are approximately another 400 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 1,495 (31 December 2016: EUR 1,396).

(b) Letters of guarantee

As of 31 March 2017, there were bank letters of guarantee and letters of credit issued in amount of EUR 10,695 mostly in favour of content and satellite suppliers and for participation to tenders (31 December 2016: EUR 11,375).

We have cash collateral agreements for issuance of letters of counter guarantees. As at March 31, 2017 we had letters of guarantee issued in amount of €0.2 million (31 December 2016: €0.2 million). These agreements are secured with moveable mortgage over cash collateral accounts.

(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 consolidated financial statements. Specifically, for the litigations described below the Group did not recognize provisions as management assessed that the outcome of these litigations is not more likely than not to result in significant cash outflows for the Group.

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 litigations

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 €100 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 €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 €65 million monetary damages was suspended until 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 15 April 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 €65 million monetary damages. Please note that this decision is not final as it has been challenged by Antena Group. The appeal was judged by the court at the hearing from 11 April 2017. On 25 April 2017, the Court of Appeal issued its ruling and rejected Antena Group's appeal in its entirety and upheld the decisions issued by the Bucharest Tribunal. Antena Group can appeal this decision within 15 days after the written decision will be communicated to the parties.

In the case regarding the injunctive relief request, both the court of first instance and the court of appeal 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. The Bucharest Tribunal annulled the monetary claims (€65 million) filed in the case file (because Antena Group's failure to pay the stamp duties) and suspended the proceedings until a final settlement will be issued in the lawsuit we initiated to challenge the effects of 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 €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 €24 million out of these claims are related to our refusal to carry GSP TV, while the remaining €11 million is related

to our refusal to carry Antena 2. Because Antena Group assigned to First Quality Debt Recovery the claims regarding the €35 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 by the Bucharest Tribunal 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 appeal filed by RCS & RDS against the first court decision was rejected in October 2014. The decision of the Bucharest Tribunal remained final.

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 only with regards to the judicial expenses. Initially, the appeal was rejected in October 2014, but following a retrial ordered by the High Court of Cassation and Justice, the court of appeals modified in part the first court's decision, by granting approx. EUR 2 (two) as judicial expenses to Antena Group. This decision was upheld by the Bucharest Court of Appeal. Given the financial immateriality of the case file, we have decided not to challenge this decision.

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. Both lawsuits have been suspended until the final settlement of the trial initiated by RCS&RDS to challenge the effects of the assignment of receivables from Antena Group to First Quality Debt Recovery.

We have also challenged, but failed to overturn in court a number of NAC (National Audiovisual Council of Romania) 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 €24 million).

Antena Group has not yet provided any objective criteria for the determination of their claims in damages.

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 issue 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. The court decided on April 14, 2015 in favour of RCS&RDS' request and suspended the trial until the final settlement of the lawsuit including the €65 million monetary damages. The decision on suspension of the trial was challenged by Antena Group on 14 December 2015. RCS&RDS opposed the appeal of Antena Group, but at the same time submitted its own appeal regarding the first court's solution with respect to the request for the suspension

of the proceedings until the final settlement of three other trials. On 15 June 2016, the Bucharest Tribunal rejected Antena Group's higher appeal as ungrounded, while the challenge filed by RCS&RDS's was rejected for lack of interest.

c) The copyright related litigation

In June 2014, Antena Group filed a new monetary claim against RCS&RDS, requesting approximately €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 until June 2014, without Antena Group's consent and in the absence of an agreement on the fees for the use of its copyright.

RCS&RDS 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 16 March 2016, the Bucharest Court of Appeals admitted Antena Group's appeal, annulled the first court's decision and sent the file back to the Bucharest Tribunal for a trial on the merits of the case. The full decision of the Court of Appeals has been communicated to us on 11 July 2016 and the deadline for a higher appeal expired on 11 August 2016.

We have decided not to challenge this decision because, although it granted Antena Group standing in the file, it contains favourable conclusions on the merits of the case. More specifically, the Court of Appeals stated that the relation between Antena Group and RCS&RDS regarding the retransmission of the must carry channels is not subject to an agreement between the parties.

After the annulment decision of the Bucharest Court of Appeal, the case file returned to the Bucharest Tribunal. In front of the Bucharest Tribunal, RCS&RDS requested the court to bring into this claim RCS&RDS' competitors on the retransmission market in Romania. This request was dismissed by the court. At this stage in the judicial file, the judge is currently hearing the parties with respect to the evidence. The next hearing of this case by the Bucharest Tribunal is scheduled for 8 June 2017.

d) Litigation regarding the outcome of the GSP investigation

On 3 March 2015, the Romanian Competition Council dismissed Antena Group's complaint regarding an alleged abuse of dominant position of RCS&RDS in relation to the GSP TV channel.

On 10 April 2015, Antena Group challenged the Competition Council's decision and requested the courts of law to: (i) annul that decision, as the conduct of RCS&RDS with respect to the GSP channel fulfils the legal criteria to be considered an abuse of dominant position and (ii) order the Competition Council to re-open the investigation and issue a decision taking into consideration all arguments raised by Antena Group. The main grounds of this court claim regard the Competition Council's alleged wrongful analysis of the RCS&RDS' refusal to negotiate the retransmission of GSP TV channel, as well as the authority's alleged lack of a proper analysis regarding RCS&RDS' (alleged) discriminatory behaviour.

Antena Group initiated the proceedings only against the Competition Council, but the court decided that RCS & RDS needs to be introduced in the trial as defendant. On 3 October 2016, the court decided to reject Antena Group's claim in its entirety. This decision may be appealed by Antena Group within 30 days after the court issues the written reasoning of the decision. Should the court decide in favour of Antena Group's claim, it might force the Competition Council to reopen the investigation against RCS&RDS, which could ultimately lead to the application of antitrust fines amounting up to 10% of RCS&RDS' turnover.

e) Reciprocal contractual claims with the Intact Media Group

Compensation of damage to reputation

In November 2012, we initiated proceedings against Antena Group and other Intact Media Group entities for compensation in respect of the damage to our business reputation inflicted by a media campaign conducted via

media assets of Intact Media Group that we consider defamatory. We requested: (i) a declaration that the adversary media campaign was being conducted in abuse of Intact Media Group's rights; (ii) an order obliging Intact Media Group to publish such declaration via its TV and newspaper network; and (iii) monetary compensation in the aggregate amount of approximately €1.2 million for damage to our business reputation.

On 7 March 2016, the Bucharest Court of Appeal ruled in our favor on most counts and required Antena Group to pay us €780,000 in moral damages. Antena Group filed a higher appeal to the Romanian Supreme Court against the decision of the appeal court. On 24 November 2016, the Romanian Supreme Court admitted the higher appeal and sent the case for retrial to the Bucharest Court of Appeal. The retrial has not been scheduled yet.

Violation of certain contracts

In 2011 and 2012, we initiated two proceedings against Antena Group claiming approximately €2.6 million in damages resulting from their breaches of certain contractual arrangements. In 2012, Antena Group responded with counterclaims in both proceedings in the total aggregate amount of approximately €3.3 million.

In the first proceedings, we sought a refund of certain retransmission fees we had paid to Antena Group until 2010 in relation to two of its channels (Antena 3 and Antena 4). In turn, Antena Group sought further retransmission fees from us for 2010 and 2011. On November 2, 2015, the first instance court dismissed our claim and granted Antena Group's counterclaim in part, ordering us to pay approximately €1.9 million to Antena Group in retransmission fees and legal expenses. Both parties have appealed that decision. On 16 March 2017, the Bucharest Court of Appeal partially admitted both appeals and consequently awarded approx. €315,000 to us and approx. €900,000 to Antena Group. Both parties have already filed a higher appeal against this decision, the next hearing before the Romanian Supreme Court being scheduled for 27 September 2017.

In the second proceedings, the court of the first instance fully dismissed both our claim and Antena Group's counterclaim. Both parties are currently appealing the court's decisions. The appeal was judged by the court at the hearing from 24 April 2017. On 3 May 2017, the Court of Appeal issued its ruling and rejected Antena Group's appeal in its entirety and admitted RCS&RDS claim consisting in the aggregate of €500,000. Antena Group can appeal this decision within 15 days after the written decision will be communicated to the parties.

Pecuniary claim filed by the National Cinematography Centre

On 19 April 2016, the National Cinematography Centre in Romania (which is the Romanian public entity under the Romanian Ministry of Culture) filled against RCS&RDS a payment injunction amounting to at least €1.6 million, including principal amount and penalties for late payment.

Under the law, the National Cinematography Centre is entitled, amongst others, to collecting 1% of the monthly aggregate income gained from the cable and satellite carriage of TV channels, as well as from the digital retransmission of TV content. We have dully declared our income to the National Cinematography Centre and have paid the outstanding principal amounts up to date, while we refuse to pay for the accessories that are claimed by the National Cinematography Centre, as being abusive and illegal. The total amount of these accessories is of approximate €1 million.

On 3 April 2017, the Court of Appeal rejected the claim against us. The decision of the court of first instance is final.

While the above mentioned case file involves an urgent (extraordinary) proceeding through which the National Cinematography Centre aimed at forcing RCS&RDS to pay the above mentioned amounts, given the rejection of the above claim by the court of first instance for lack of ground, on 4 November 2016, the National Cinematography Centre additionally filed before the Bucharest Tribunal the principal (ordinary) claim for payment, but with respect to a lower amount, in approximate value of €1.2 million, including principal and accessories. In connection with this second case file, the next hearing is set for 19 June 2017.

For great part of the amounts claimed by the National Cinematography Centre we consider the claim as ungrounded and abusive, and we will continue to resist to these claims, as the amounts that we deem legitimate to be paid by RCS&RDS are significantly smaller.

Litigation with Electrica Distribuţie Transilvania Nord in relation to a concession agreement between the Company and the Oradea municipality

In 2015, Electrica Distribuţie Transilvania Nord S.A. (the incumbent electricity distributor from the North-West of Romania) challenged in a court the concession agreement we have concluded with the local municipality from Oradea regarding the use of an area of land for the development of an underground cable trough, arguing that the tender whereby we obtained the concession agreement was irregularly carried out. Furthermore, Electrica Distribuţie Transilvania Nord S.A. claims that the cable trough is intended to include electricity distribution wires that would breach its alleged exclusive right to distribute electricity in the respective area.

Based on our request, the trial was suspended pending final settlement of (i) our challenge regarding the failure by the claimant to pay required stamp duties and (ii) a separate lawsuit in which two Group companies are challenging the validity of the alleged exclusivity rights of incumbent electricity distributors. Should the final court decision be unfavourable to us, it may result in a partial loss of our investment in the underground cable trough.

Enforcement and damage claims raised by certain US individuals against RCS&RDS and several other affiliated companies

On 2 May 2017, claim submitted by certain individuals (William Hawkins, Eric Keller, Kristof Gabor, Justin Panchley, Thomas Zato before the United States District Court for the Eastern District of Virginia – Alexandria Division against Laszlo Borsy, i-TV Digitális Távközlési Zrt. (initial defendants), as well as against DIGI Távközlési és Szolgáltató Kft., RCS & RDS, S.A., RCS Management S.A., DIGI Communications N.V. (new defendants).

The object of the claim was the enforcement of a court decision that appears to have been issued in favour of the claimants by the courts of the State of Virginia in the Civil Action No. 1:05-cv-1256 (LMB/TRJ), under the terms of which the initial defendants were liable to pay to the claimants an amount of approximately $1,8 million as compensatory payments resulting from fraudulent transfer by Laszlo Borsy of the shares in i-TV Digitális Távközlési Zrt to DIGI Távközlési és Szolgáltató Kft.

As part of this enforcement claim, the plaintiffs also request that RCS & RDS, S.A., RCS Management S.A., DIGI Communications N.V., DIGI Távközlési és Szolgáltató Kft pay in addition to the $1,8 million other compensatory, damages, fees and expenses that have not been determined by the plaintiffs.

Pursuant to our request for adjournment, the first hearing was rescheduled to take place on 30 June 2017. We are represented by attorneys with competence in the State of Virginia, and we intend to submit needed replies and motions to defend our position in front of the relevant court from the State of Virginia.

Investigation by the Romanian National Anti-Corruption Agency

Since 2013, the Romanian National Anti-Corruption Agency (the "**RNACA**") has been investigating whether a 2009 joint venture agreement between RCS & RDS and Bodu SRL with respect to a large events hall in Bucharest was compliant with criminal legislation. In May 2017, the RNACA expanded the scope of its investigation and RCS&RDS and one subsidiary company named Integrasoft S.R.L., three individuals currently in senior management positions at the Company's principal subsidiary, RCS & RDS, Ioan Bendei, Serghei Bulgac and Mihai Dinei, as well as the former CEO of RCS & RDS, Alexandru Oprea, were officially notified by the RNACA that they are being investigated as suspects for having committed either alleged bribery, or money laundering, or both.

As a consequence of the same investigation, Mr. Dumitru Dragomir, the former president of Liga Profesionistă de Fotbal (Romanian Professional Football League, "**LPF**"), was indicted for receiving bribes through the joint-venture in relation to agreements between RCS & RDS and LPF with regard to the broadcasting rights for Liga 1 football matches, and for being an accessory to money laundering suspected to have been perpetrated through RCS & RDS's acquisition of the Bodu S.R.L. events hall.

The prosecutors are currently undertaking researches in the case file, pursuant to which the prosecutors will ultimately decide whether there are grounds for indictment, and afterwards whether a criminal action should be triggered, whether to change the legal basis of the investigation, or pass-on the file to another criminal investigation authority. Should the prosecutor indict any of the above it is possible that the prosecutor decide for the disgorgement of an amount of up to €3.1 million.

RCS&RDS continues to fully cooperate with the investigation and believes that RCS & RDS and its current and former officers have acted appropriately and in compliance with the law. RCS&RDS cannot predict if and when any further indictments might ensue, and whether any such indictments will ultimately lead to any convictions.

Competition Council Investigations

RCS&RDS has been until the date of this report subject to two infringement investigations by the Competition Council. As per our knowledge, no other infringement investigation is pending against RCS&RDS.

Telecom market interconnection investigation

In February 2011, the RCC 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.

By decision no 33/2015 the RCC decided to close the investigation in exchange for all operators undertaking and complying with a general commitment not to discriminate between the level of the tariffs charged for the on-net and the off-net calls. We will need to implement this commitment for 2 years. During the term of the commitments, RCS&RDS is required to provide to the RCC, upon request, business information, and to commission periodic independent market studies on the evolution of the mobile telephony sector.

The RCC's decision accepting our 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. A failure to comply with the terms of the commitment as accepted by the RCC may lead to penalties of up to 10 per cent of our aggregate turnover.

GSP investigation

In May 2011, Antena TV Group S.A., a leading media group in Romania and our former commercial partner, made a complaint to the RCC based on our refusal to retransmit one of its channels, GSP TV. The RCC opened an investigation against us in relation to this matter in August 2011. We have fully cooperated during this investigation and we consider the demands of Antena TV Group S.A. to be abusive and groundless, we have started retransmitting GSP TV following an injunctive relief that Antena TV Group S.A. obtained against us on grounds that starting July 2011 GSP TV became a "must-carry" channel.

The RCC issued its decision on March 3, 2015 declaring our initial refusal to retransmit GSP TV channel not abusive and not in violation of any competition laws. The RCC 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.

The RCC also issued a formal recommendation us to produce general terms to be complied by third party broadcasters wishing to retransmit their content via our network. Our relations with "must-carry" and pay-tv channels are expressly excluded from the scope of that recommendation.

The RCC's decision is not final and is subject to judicial review. Antena TV Group S.A. challenged the decision and that trial is ongoing (the details of this case are explained in a dedicated section above: "Litigation regarding the outcome of the GSP investigation").

17. SUBSEQUENT EVENTS

17.1 Subsequent events in connection with the pre-IPO Group restructuring

On 7 April 2017, the General Meeting of the shareholders of DIGI decided the following:

- revocation of the resolution of the general meeting of shareholders of DIGI from February 2017 to cancel the shares held by the Company in its own share capital;
- approval of several operations with shares held by DIGI in its own share capital between DIGI and RCSM, as part of the pre-IPO restructuring process;
- the authorization for the Board of DIGI to issue a number of 99,494,060 class A shares at a total nominal value of EUR 9,949,406 through incorporation of share premium and reserves (based on the shareholders resolutions from February 2017);
- resolutions on the intention to float class B shares on the regulated spot market of the Bucharest Stock Exchange, International Tier, and related offering and admission.

On 11 April 2017, the following resolutions of the general meeting of shareholders of the Company become effective:

- the change of the name of the Company from Cable Communications Systems N.V. to DIGI Communications N.V.;
- the amendment of the articles of association pursuant to which, inter alia, two classes of shares were created being: class A shares with a nominal value of ten eurocent (EUR 0.10) each and in respect of which for each share A ten (10) votes may be cast and class B shares with a nominal value of one eurocent (EUR 0,01) each and in respect of which for each share B one (1) vote may be cast;
- a conversion and split of each currently issued ordinary share in the Company with a nominal value of EUR 1 into ten (10) class A shares with a nominal value of EUR 0.10 each;
- the increase of the share capital by issuing a number of 99,494,060 class A shares at a total nominal value of EUR 9,949,406 through incorporation of share premium and profit (other) reserves (bonus issuance, based on the shareholders resolutions from February 2017).

In March 2017 share swaps agreements were concluded between the Company and several minority shareholders, through which the minority shareholders of RCSM exchange 16,582 shares of RCSM for 17,367,832 shares in RCS&RDS, which became effective in April 2017.

In April 2017 DIGI purchased from Celest 997,154 shares (representing 0.9972% from issued share capital), for EUR 2,458,720.

In connection with the IPO, the company become tax resident in Romania in April 2017. This should not affect materially the corporate income tax incurred by the Company. Due to misalignment of Romanian and EU legislation, the Company's 350 million Euro 2023 Notes may be subject to Romanian withholding taxes on interest (approximately EUR 3.3 million per year which will be treated as interest expense). The Company believes that the imposition of any such withholding tax is incorrect. However, the Company expects as a prudential matter to pay to such withholding taxes. The Company intends to claim back any amounts so paid. The Company is prepared to litigate in pursuit of such reclaim. Any such litigation is likely to be relatively lengthy and complex.

In April 2017 The General Shareholders Meeting appointed the new Board of the Company. The composition of the Board comprises of three Romanian tax residents, one tax resident in Spain, one in Hungary, one in Poland and one in the United Kingdom.

On 14 May 2017 the General Shareholders' Meeting adopted the terms and conditions for the stock option plan for Class B Shares grant applicable to the executive Board members of the Company in 2017. A total number of 280,000 class B shares were granted as part of the stock option plan for 2017.

On 16 May 2017 the Company finalized the listing of class B shares on the regulated spot market of the Bucharest Stock Exchange, International Tier.

17.2 Other subsequent events

On 28 April 2017 we have repaid the principal instalment from the 2016 Senior Facility, in amount of RON 57.4 million (EUR 12.6 million equivalent). In April 2017 we have drawn RON 45 million (EUR 9.9 million equivalent) from SFA 2016 Facility B for general corporate and working capital purposes of the Group.

In April 2016 RCS & RDS declared dividends in amount of 50 million lei (EUR 11 million equivalent) from undistributed profits of the previous years.

In April 2017 the Company declared dividends of 6 million EUR for year ended 31 December 2016, which were paid at the beginning of May 2017.

In May 2017 RCSM granted RCS & RDS a short-term loan in amount of up to EUR 5 million equivalent of lei for general corporate purposes.

The Company is currently in the process of listing the 2016 HY Bonds of EUR 350 million on the regulated market of Irish Stock Exchange.

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 calculated by adding back to consolidated operating profit/(loss) our charges for depreciation, amortization and impairment of assets. Our Adjusted EBITDA is EBITDA adjusted for the effect of non-recurring and one-off items, as well as mark to market results (unrealized) from fair value assessment of energy trading contracts.

	Three month period ended 31 March 2017	Three month period ended 31 March 2016
Revenues and other income	**226,683**	**199,836**
EBITDA		
Operating profit	28,118	21,631
Depreciation, amortization and impairment	41,054	45,690
EBITDA	**69,172**	**67,321**
Other income	(4,043)	(3,284)
Adjusted EBITDA	**65,129**	**64,037**
Adjusted EBITDA (%)	*28.73%*	*32.04%*

Other income represents mark to market gain from fair value assessment of the energy trading contracts as at 31 March 2017 and as at 31 March 2016.

19. FINANCIAL INDICATORS

Financial Indicator	**Value as at 31 March 2017**
Current ratio	
Current assets/Current liabilities	0.43
Debt to equity ratio	
Long term debt/Equity x 100	1,193%
(where Long term debt = Borrowings over 1 year)	
Long term debt/Capital employed x 100	92%
(where Capital employed = Long term debt+ Equity)	
Trade receivables turnover	
Average receivables/Revenues x 90	42.57 days
Non-current assets turnover	
(Revenues/Non-current assets x 4)	0.85

Serghei Bulgac, | **Valentin Popoviciu**

CEO, | **Executive Director,**

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