

# **CABLE COMMUNICATIONS SYSTEMS N.V.**

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**PREPARED IN ACCORDANCE WITH  
IAS 34 INTERIM FINANCIAL REPORTING**  
for the nine month period ended 30 September 2016

**Cable Communications Systems N.V.**  
**Interim Condensed Consolidated Financial Statements**  
**Prepared in accordance with IAS 34 Interim Financial Reporting**  
**for the nine month period ended 30 September 2016**

---

<b>CONTENTS</b>	<b>Page</b>
GENERAL INFORMATION.....	-
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	1
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	2-3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5 - 6
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7 - 33

## **GENERAL INFORMATION**

### **Directors:**

**Zoltan Teszari, President of the Board of Directors**

**Marius CătălinVărzaru**

**Monique Charlotte Rosenkotter-Donker**

**Parveen Chantal Soebrati**

### **Registered Office:**

**Cable Communications Systems N.V.**

Naritaweg 165, 1043 BW, Amsterdam, Netherlands

**Cable Communications Systems N.V.**  
**Interim Condensed Consolidated Statement of Financial Position**  
**as of 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

	Notes	Unaudited 30 September 2016	Audited 31 December 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	768,371	674,743
Intangible assets	5	211,851	205,128
Available for sale financial assets (AFS)		47,392	43,373
Investment in associates		999	1,000
Long term receivables		2,509	5,852
Deferred tax assets		3,154	3,951
<b>Total non-current assets</b>		<b>1,034,276</b>	<b>934,047</b>
<b>Current assets</b>			
Inventories	7	13,936	13,205
Programme assets	5	40,801	29,536
Trade and other receivables	7	112,448	82,545
Income tax receivable		352	202
Other assets	7	11,141	8,209
Derivative financial assets	16	17,438	9,937
Cash and cash equivalents	7	20,824	49,662
<b>Total current assets</b>		<b>216,940</b>	<b>193,296</b>
<b>Total assets</b>		<b>1,251,216</b>	<b>1,127,343</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		51	51
Share premium		8,247	8,247
Treasury shares		(16,703)	(16,703)
Reserves		27,248	31,597
Retained earnings		96,580	77,462
<b>Total equity attributable to equity holders of the parent</b>		<b>115,423</b>	<b>100,654</b>
Non-controlling interest		2,424	2,160
<b>Total equity</b>		<b>117,847</b>	<b>102,814</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings, including bonds	6	609,377	624,897
Deferred tax liabilities		31,284	26,981
Long term trade payables and other long term liabilities	7	39,572	7,598
<b>Total non-current liabilities</b>		<b>680,233</b>	<b>659,476</b>
<b>Current liabilities</b>			
Trade and other payables	7	342,012	271,118
Interest-bearing loans and borrowings	6	71,551	63,118
Income tax payable		4,738	1,746
Derivative financial liabilities	16	12,403	8,253
Deferred revenue	7	22,432	20,818
<b>Total current liabilities</b>		<b>453,136</b>	<b>365,053</b>
<b>Total liabilities</b>		<b>1,133,369</b>	<b>1,024,529</b>
<b>Total equity and liabilities</b>		<b>1,251,216</b>	<b>1,127,343</b>

*The notes on pages 7 to 33 are an integral part of these interim condensed consolidated financial statements.*

These interim condensed consolidated financial statements were approved by the Board of Directors on 25 November 2016.

Zoltan Teszari, President of the Board of Directors

Marius Catalin Varzaru, Member of the Board of Directors

Monique Charlotte Rosenkotter-Donker, Member of the Board of Directors

Parveen Chantal Soebrati, Member of the Board of Directors

Serghei Bulgac, CFO

**Cable Communications Systems N.V.**  
**Interim Condensed Consolidated Statement of profit or loss and Other Comprehensive Income**  
**for the three month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

	Notes	Unaudited Continuing operations 30 September 2016	Unaudited Discontinued operations 30 September 2016	Unaudited Three month period ended 30 September 2016	Unaudited Restated Continuing operations 30 September 2015	Unaudited Restated Discontinued operations 30 September 2015	Unaudited Restated Three month period ended 30 September 2015
Revenues	9	212,240	-	212,240	189,309	-	189,309
Other expense		(4,180)	-	(4,180)	(292)	-	(292)
Loss from sale of discontinued operations	13	-	-	-	-	(182)	(182)
Operating expenses	10	(187,490)	-	(187,490)	(169,946)	-	(169,946)
<b>Operating profit</b>		<b>20,570</b>	<b>-</b>	<b>20,570</b>	<b>19,071</b>	<b>(182)</b>	<b>18,889</b>
Finance income	11	8,730	-	8,730	7,326	-	7,326
Finance expenses	11	(14,350)	-	(14,350)	(15,427)	-	(15,427)
<b>Net finance costs</b>		<b>(5,620)</b>	<b>-</b>	<b>(5,620)</b>	<b>(8,101)</b>	<b>-</b>	<b>(8,101)</b>
<b>Profit (loss) before taxation</b>		<b>14,950</b>	<b>-</b>	<b>14,950</b>	<b>10,971</b>	<b>(182)</b>	<b>10,789</b>
Income tax		(3,693)	-	(3,693)	334	-	334
<b>Net profit / (loss)</b>		<b>11,257</b>	<b>-</b>	<b>11,257</b>	<b>11,305</b>	<b>(182)</b>	<b>11,123</b>
<b>Other comprehensive income</b>							
<i>Items that are or may be reclassified to profit or loss</i>							
Foreign operations – foreign currency translation differences		1,946	-	1,946	135	-	135
Available for sale financial asset, change in fair value		-	-	-	-	-	-
Cash Flow hedge reserves		(308)	-	(308)	(1,547)	-	(1,547)
<b>Other comprehensive income for the period, net of tax</b>		<b>1,638</b>	<b>-</b>	<b>1,638</b>	<b>(1,412)</b>	<b>-</b>	<b>(1,412)</b>
<b>Total comprehensive income for the period</b>		<b>12,895</b>	<b>-</b>	<b>12,895</b>	<b>9,893</b>	<b>(182)</b>	<b>9,711</b>
<b>Profit / (loss) attributable to:</b>							
Equity holders of the parent		10,797	-	10,797	10,874	(175)	10,699
Non-controlling interest		460	-	460	431	(7)	424
<b>Profit / (Loss) for the period</b>		<b>11,257</b>	<b>-</b>	<b>11,257</b>	<b>11,305</b>	<b>(182)</b>	<b>11,123</b>
<b>Total comprehensive income attributable to:</b>							
Equity holders of the parent		12,364	-	12,364	9,522	(175)	9,347
Non-controlling interest		531	-	531	371	7	364
<b>Total comprehensive income for the period</b>		<b>12,895</b>	<b>-</b>	<b>12,895</b>	<b>9,893</b>	<b>(182)</b>	<b>9,711</b>

In Q4 2015 we recorded certain adjustments which referred to the entire year ended 31 December 2015. For comparison and presentation purposes, the results for the nine month period ended 30 September 2015 were restated accordingly, please see note 7 (a).

*The notes on pages 7 to 33 are an integral part of these interim condensed consolidated financial statements.*

These interim condensed consolidated financial statements were approved by the Board of Directors on 25 November 2016.

Zoltan Teszari, President of the Board of Directors  
Marius Catalin Varzaru, Member of the Board of Directors  
Monique Charlotte Rosenkotter-Donker, Member of the Board of Directors

Parveen Chantal Soebrati, Member of the Board of Directors  
Serghei Bulgac, CFO

**Cable Communications Systems N.V.**  
**Interim Condensed Consolidated Statement of profit or loss and Other Comprehensive Income**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

	Notes	Unaudited Continuing operations 30 September 2016	Unaudited Discontinued operations 30 September 2016	Unaudited Nine month period ended 30 September 2016	Unaudited Restated Continuing operations 30 September 2015	Unaudited Restated Discontinued operations 30 September 2015	Unaudited Restated Nine month period ended 30 September 2015
Revenues	9	617,409	-	617,409	547,891	3,840	551,731
Other expense		(1,451)	-	(1,451)	(1,088)	-	(1,088)
Loss from sale of discontinued operations	13	-	-	-	-	21,673	21,673
Operating expenses	10	(558,647)	-	(558,647)	(510,720)	(3,115)	(513,835)
<b>Operating profit</b>		<b>57,311</b>	<b>-</b>	<b>57,311</b>	<b>36,083</b>	<b>22,398</b>	<b>58,481</b>
Finance income	11	14,703	-	14,703	24,485	-	24,485
Finance expenses	11	(42,807)	-	(42,807)	(50,010)	(23)	(50,033)
<b>Net finance costs</b>		<b>(28,104)</b>	<b>-</b>	<b>(28,104)</b>	<b>(25,525)</b>	<b>(23)</b>	<b>(25,548)</b>
<b>Profit before taxation</b>		<b>29,207</b>	<b>-</b>	<b>29,207</b>	<b>10,558</b>	<b>22,375</b>	<b>32,933</b>
Income tax		(11,414)	-	(11,414)	(2,583)	(46)	(2,629)
<b>Net profit</b>		<b>17,793</b>	<b>-</b>	<b>17,793</b>	<b>7,975</b>	<b>22,329</b>	<b>30,304</b>
<b>Other comprehensive income</b>							
<i>Items that are or may be reclassified to profit or loss</i>							
Foreign operations – foreign currency translation differences		1,099	-	1,099	(979)	-	(979)
Available for sale financial asset, change in fair value		2,366	-	2,366	-	-	-
Cash Flow hedge reserves		(339)	-	(339)	(3,814)	-	(3,814)
<b>Other comprehensive income for the period, net of tax</b>		<b>3,126</b>	<b>-</b>	<b>3,126</b>	<b>(4,793)</b>	<b>-</b>	<b>(4,793)</b>
<b>Total comprehensive income for the period</b>		<b>20,919</b>	<b>-</b>	<b>20,919</b>	<b>3,182</b>	<b>22,329</b>	<b>25,511</b>
<b>Profit / (loss) attributable to:</b>							
Equity holders of the parent		17,123	-	17,123	7,733	21,418	29,151
Non-controlling interest		670	-	670	242	911	1,153
<b>Profit / (Loss) for the period</b>		<b>17,793</b>	<b>-</b>	<b>17,793</b>	<b>7,975</b>	<b>22,329</b>	<b>30,304</b>
<b>Total comprehensive income attributable to:</b>							
Equity holders of the parent		20,219	-	20,219	3,135	21,418	24,553
Non-controlling interest		700	-	700	47	911	958
<b>Total comprehensive income for the period</b>		<b>20,919</b>	<b>-</b>	<b>20,919</b>	<b>3,182</b>	<b>22,329</b>	<b>25,511</b>

In Q4 2015 we recorded certain adjustments which referred to the entire year ended 31 December 2015. For comparison and presentation purposes, the results for the nine month period ended 30 September 2015 were restated accordingly, please see note 7 (a).

*The notes on pages 7 to 33 are an integral part of these interim condensed consolidated financial statements.*

These interim condensed consolidated financial statements were approved by the Board of Directors on 25 November 2016.

Zoltan Teszari, President of the Board of Directors  
Marius Catalin Varzaru, Member of the Board of Directors  
Monique Charlotte Rosenkotter-Donker, Member of the Board of Directors

Parveen Chantal Soebrati, Member of the Board of Directors  
Serghei Bulgac, CFO

**Cable Communications Systems N.V.**  
**Interim Condensed Consolidated Statement of Cash Flows**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

	Notes	Unaudited Nine month period ended 30 September 2016	Unaudited Restated Nine month period ended 30 September 2015
<b>Cash flows from operating activities</b>			
<b>Profit before taxation</b>		<b>29,207</b>	<b>32,933</b>
<b>Adjustments for:</b>			
Depreciation, amortization and impairment	10	138,513	136,723
Interest expense, net	6	34,728	42,136
Impairment of current assets	10	6,543	8,422
Unrealised (gains) / losses on derivative financial instruments	16	829	(12,158)
Equity settled share-based payments	15	-	1,434
Unrealised foreign exchange (gain) / loss		(8,497)	(9,120)
Other non cash items		-	(852)
Gain on sale of assets		(1,189)	(22,855)
<b>Cash flows from operations before working capital changes</b>	<b>7</b>	<b>200,134</b>	<b>176,663</b>
Increase in trade receivables and other assets	7	(30,663)	(21,264)
Decrease/(increase) in inventories	7	(1,544)	2,010
Increase in trade payables and other current liabilities	7	27,130	20,756
(Decrease) / Increase in deferred revenue	7	(999)	4,289
<b>Cash flows from operations</b>		<b>194,058</b>	<b>182,454</b>
Interest paid		(24,498)	(24,753)
Income tax paid		(3,308)	(1,793)
<b>Cash flows from operating activities</b>		<b>166,252</b>	<b>155,908</b>
<b>Cash flow used in investing activities</b>			
Purchases of property, plant and equipment		(108,988)	(93,823)
Purchases of intangibles		(56,417)	(68,521)
Acquisition of subsidiaries, net of cash and NCI		(1,388)	(1,742)
Acquisition of AFS		(939)	1,035
Sale of subsidiaries, net of cash disposed	13	-	25,480
Proceeds from sale of property, plant and equipment		323	280
<b>Cash flows used in investing activities</b>	<b>7</b>	<b>(167,409)</b>	<b>(137,291)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders		(1,747)	(1,272)
Proceeds from borrowings	6	9,118	235,964
Repayment of borrowings	6	(27,322)	(251,678)
Financing costs paid	6	-	(3,814)
Settlement of derivatives		(4,516)	(1,687)
Payment of finance lease obligations		(2,424)	(769)
<b>Cash flows used in financing activities</b>	<b>7</b>	<b>(26,891)</b>	<b>(23,256)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7</b>	<b>(28,048)</b>	<b>(4,639)</b>
Cash and cash equivalents at the beginning of the period		49,662	54,288
Effect of exchange rate fluctuations of cash and cash equivalents held		(790)	(790)
<b>Cash and cash equivalents at the end of the period</b>		<b>20,824</b>	<b>48,859</b>

The amount presented as Interest expense, net in cash flow statement for the nine months period ended 30 September 2015, includes interest expense during the year (EUR 37,103) and unamortized borrowing costs recognized as expense (EUR 5,033) related to the 2013 New Senior Facility repaid in 2015.

In Q4 2015 we recorded certain adjustments which referred to the entire year ended 31 December 2015. For comparison and presentation purposes, the results for the nine months period ended 30 September 2015 were restated accordingly, please see note 7 (b).

*The notes on pages 7 to 33 are an integral part of these interim condensed consolidated financial statements.*

**Cable Communications Systems N.V.**  
**Interim Condensed Consolidated Statement of Changes in Equity**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

	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
<b>Balance at 1 January 2016 (audited)</b>	<b>51</b>	<b>8,247</b>	<b>(16,703)</b>	<b>(31,726)</b>	<b>36,314</b>	<b>31,355</b>	<b>(4,346)</b>	<b>77,462</b>	<b>100,654</b>	<b>2,160</b>	<b>102,814</b>
<b>Comprehensive income for the period</b>											
Net profit for the period	-	-	-	-	-	-	-	17,123	17,123	670	17,793
Foreign currency translation differences	-	-	-	1,055	-	-	-	-	1,055	44	1,099
Fair value for AFS	-	-	-	-	-	2,366	-	-	2,366	-	2,366
Cash Flow hedge reserves(*)	-	-	-	-	-	-	(325)	-	(325)	(14)	(339)
Transfer of revaluation reserve (depreciation)	-	-	-	-	(7,445)	-	-	7,445	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,055</b>	<b>(7,445)</b>	<b>2,366</b>	<b>(325)</b>	<b>7,445</b>	<b>3,096</b>	<b>30</b>	<b>3,126</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,055</b>	<b>(7,445)</b>	<b>2,366</b>	<b>(325)</b>	<b>24,568</b>	<b>20,219</b>	<b>700</b>	<b>20,919</b>
<b>Transactions with owners, recognized directly in equity</b>											
<i>Contributions by and distributions to owners</i>	-	-	-	-	-	-	-	-	-	-	-
Dividends distributed	-	-	-	-	-	-	-	(5,000)	(5,000)	(396)	(5,396)
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(396)</b>	<b>(5,396)</b>
Movement in ownership interest while retaining control	-	-	-	-	-	-	-	(450)	(450)	(40)	(490)
<b>Total changes in ownership interests in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(450)</b>	<b>(450)</b>	<b>(40)</b>	<b>(490)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,450)</b>	<b>(5,450)</b>	<b>(436)</b>	<b>(5,886)</b>
<b>Balance at 30 September 2016 (unaudited)</b>	<b>51</b>	<b>8,247</b>	<b>(16,703)</b>	<b>(30,671)</b>	<b>28,869</b>	<b>33,721</b>	<b>(4,671)</b>	<b>96,580</b>	<b>115,423</b>	<b>2,424</b>	<b>117,847</b>

The notes on pages 7 to 33 are an integral part of these interim condensed consolidated financial statements.

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

**Cable Communications Systems N.V.**  
**Interim Condensed Consolidated Statement of Changes in Equity**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

	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
<b>Balance at 1 January 2015 (audited)</b>	<b>51</b>	<b>8,247</b>	<b>(16,703)</b>	<b>(31,616)</b>	<b>46,775</b>	<b>30,128</b>	<b>-</b>	<b>68,261</b>	<b>105,143</b>	<b>2,197</b>	<b>107,340</b>
<b>Comprehensive income for the period</b>											
Net profit for the period (restated)	-	-	-	-	-	-	-	29,151	<b>29,151</b>	1,153	<b>30,304</b>
Foreign currency translation differences	-	-	-	(943)	-	-	-	-	<b>(943)</b>	(36)	<b>(979)</b>
Cash Flow hedge reserves	-	-	-	-	-	-	(3,655)	-	<b>(3,655)</b>	(159)	<b>(3,814)</b>
Transfer of revaluation reserve (depreciation)	-	-	-	-	(9,125)	-	-	9,125	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(943)</b>	<b>(9,125)</b>	<b>-</b>	<b>(3,655)</b>	<b>38,276</b>	<b>24,553</b>	<b>958</b>	<b>25,511</b>
<b>Transactions with owners, recognised directly in equity</b>											
<i>Contributions by and distributions to owners</i>											
Equity-settled share-based payment transactions	-	-	-	-	-	-	-	1,374	<b>1,374</b>	60	<b>1,434</b>
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,374</b>	<b>1,374</b>	<b>60</b>	<b>1,434</b>
<b>Changes in ownership interests in subsidiaries</b>											
Payments while having full control	-	-	-	-	-	-	-	(84)	<b>(84)</b>	(4)	<b>(88)</b>
<i>Movement in ownership interest while retaining control</i>	-	-	-	-	-	-	-	(2,159)	<b>(2,159)</b>	(70)	<b>(2,229)</b>
<b>Total changes in ownership interests in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,646)</b>	<b>(2,243)</b>	<b>(65)</b>	<b>(2,317)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(272)</b>	<b>(272)</b>	<b>(5)</b>	<b>(883)</b>
<b>Balance at 30 September 2015 (restated) (unaudited)</b>	<b>51</b>	<b>8,247</b>	<b>(16,703)</b>	<b>(32,559)</b>	<b>37,650</b>	<b>30,128</b>	<b>(3,655)</b>	<b>106,265</b>	<b>129,424</b>	<b>3,150</b>	<b>131,969</b>

The notes on pages 7 to 33 are an integral part of these interim condensed consolidated financial statements.

## **1. CORPORATE INFORMATION**

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

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

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

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

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

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

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

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

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

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors of CCS on 25 November 2016.

### **2.1 BASIS OF PREPARATION**

#### **(a) Statement of compliance**

These interim condensed consolidated financial statements for the nine month period ended 30 September 2016 have 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 2015. These interim condensed consolidated financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards as adopted by EU.

#### **(b) Basis of measurement**

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for buildings, cable plant, equipment and devices and customer premises equipment measured at revalued amount, and except for available for sale financial assets and derivative financial instruments measured at fair value.

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

---

**(c) Going concern assumption**

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 CCS Group strategy and helps the Group to attract new customers, to expand the uptake of service offerings within the existing customer base and to increase customer loyalty by offering high value-for-money package offerings of services and exclusive content.

**(d) Judgements and estimates**

Preparing the interim condensed consolidated financial statements 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 these interim condensed consolidated financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

**(e) Functional and presentation currency**

The functional currency as well as the presentation currency for the financial statements of each Group entity is the currency of the primary economic environment in which the entity operates (the local currency).

The interim condensed consolidated financial statements are presented in Euro ("EUR") and all values are rounded to the nearest thousand EUR except when otherwise indicated. The Group uses the EUR as a presentation currency of the interim condensed consolidated financial statements under IFRS based on the following considerations:

- management analysis and reporting is prepared in EUR;
- EUR is used as a reference currency in telecommunication industry in the European Union;
- Main debt finance instruments are denominated in EUR.

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

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

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

Currency	2016			2015		
	Jun – 30	Average for the 3 months	Sept – 30	Jun – 30	Average for the 3 months	Sept – 30
RON per 1EUR	4.5210	4.4653	4.4523	4.4735	4.4282	4.4167
HUF per 1EUR	316.16	311.21	309.15	315.04	312.02	313.32
CZK per 1EUR	N/A	N/A	N/A	27.43	27.43	27.43
USD per 1EUR	1.1106	1.1153	1.1161	1.1189	1.1150	1.1203

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

Currency	2016			2015		
	Jan – 1	Average		Jan – 1	Average	
		months	Sept – 30		months	Sept – 30
RON per 1EUR	4.5245	4.4853	4.4523	4.4821	4.4410	4.4167
HUF per 1EUR	313.12	312.19	309.15	314.89	309.005	313.32
CZK per 1EUR	N/A	N/A	N/A	27.73	27.58	27.43
USD per 1EUR	1.0887	1.1139	1.1161	1.2141	1.1144	1.1203

## 2.2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015, except for the following amended IFRSs which have been adopted by the Group as of 1 January 2016:

- IAS 1: Disclosure Initiative (Amendment)**  
The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. Management has not made use of this amendment.
- IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**  
The amendment is effective for annual periods beginning on or after 1 January 2016. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. Management has not made use of this amendment.
- IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**  
The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The Group had no transactions in scope of this amendment.
- IAS 19 Defined Benefit Plans (Amended): Employee Contributions**  
The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Group does not have any plans that fall within the scope of this amendment.
- IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**  
The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are

measured at fair value. Finally, the amendments to *IAS 28 Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments have not yet been endorsed by the EU. These amendments did not have an impact on the consolidated financial position or performance of the Group.

- The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015. None of these had an effect on the Group's consolidated financial statements.
  - **IFRS 2 Share-based Payment:** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
  - **IFRS 3 Business combinations:** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
  - **IFRS 8 Operating Segments:** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
  - **IFRS 13 Fair Value Measurement:** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
  - **IAS 16 Property Plant & Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
  - **IAS 24 Related Party Disclosures:** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
  - **IAS 38 Intangible Assets:** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
  
- The **IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. None of these had an effect on the Group's consolidated financial statements, except for the IAS 34 amendment which was applied in preparing these interim condensed consolidated financial statements.
  - **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
  - **IFRS 7 Financial Instruments: Disclosures:** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
  - **IAS 19 Employee Benefits:** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
  - **IAS 34 Interim Financial Reporting:** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

## 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The Group does not plan to adopt these standards early.

- **IFRS 9 Financial Instruments: Classification and Measurement**  
The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The amendment has not yet been endorsed by the EU. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group.
- **IFRS 15 Revenue from Contracts with Customers**  
The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard has not been yet endorsed by the EU. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group.
- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**  
The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 *Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. These Clarifications have not yet been endorsed by the EU. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group.
- **IFRS 16: Leases**  
The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group.
- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**  
The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)**

The Amendments become effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment. These amendments have not yet been endorsed by the EU. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **IAS 7: Disclosure Initiative (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. These Amendments have not yet been endorsed by the EU. Management has assessed that this amendment will have impact on the disclosures from the consolidated financial statements of the Group.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. Management has assessed that these amendments will not have an impact on the consolidated financial position or performance of the Group.

Cable Communications Systems N.V.  
Notes to the Interim Condensed Consolidated Financial Statements  
for the nine month period ended 30 September 2016  
(all amounts are in thousand Euro, unless specified otherwise)

3. SEGMENT REPORTING

Three months ended 30-Sep-2016 (Unaudited)	Romania	Hungary	Spain	Other	Eliminations	Reconciling item	Group
Segment revenue	155,126	34,140	20,742	2,232	-	-	212,240
Inter-segment revenues	1,181	-	396	306	(1,883)	-	-
Segment operating expenses	(103,548)	(21,402)	(17,485)	(4,100)	1,883	-	(144,652)
<b>Adjusted EBITDA (Note 19)</b>	<b>52,759</b>	<b>12,738</b>	<b>3,653</b>	<b>(1,562)</b>	-	-	<b>67,588</b>
Depreciation, amortization and impairment of tangible and intangible assets	-	-	-	-	-	(42,838)	(42,838)
Other expense (Note 19)	(4,180)	-	-	-	-	-	(4,180)
<b>Operating profit</b>						-	<b>20,570</b>
Additions to tangible non-current assets	45,254	8,023	374	(10)	-	-	53,641
Additions to intangible non-current assets	8,752	284	674	106	-	-	9,816
<i>Carrying amount of:</i>							
Property, plant and equipment	658,900	107,964	1,378	129	-	-	768,371
Non-current intangible assets	176,127	31,325	3,432	967	-	-	211,851
Investments in associates and AFS	972			47,392	-	-	48,364

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

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

**3. SEGMENT REPORTING (continued)**

<b>Three months ended 30-Sep-2015 (restated)</b>	<b>Romania</b>	<b>Hungary</b>	<b>Spain</b>	<b>Other</b>	<b>Eliminations</b>	<b>Reconciling item</b>	<b>Group</b>
Segment revenue	137,176	31,286	18,922	1,925	-	-	<b>189,309</b>
Inter-segment revenues	407	-	261	-	(668)	-	-
Segment operating expenses	(90,655)	(19,123)	(16,007)	(2,194)	668	-	<b>(127,311)</b>
							-
<b>Adjusted EBITDA (Note 19)</b>	<b>46,928</b>	<b>12,163</b>	<b>3,176</b>	<b>(269)</b>	<b>-</b>	<b>-</b>	<b>61,998</b>
Depreciation, amortization and impairment of tangible and intangible assets	-	-	-	-	-	(42,635)	<b>(42,635)</b>
Gain from sale of discontinued operations	-	-	-	(182)	-	-	<b>(182)</b>
Other expenses (Note 19)	(292)	-	-	-	-	-	<b>(292)</b>
<b>Operating profit</b>							<b>18,889</b>
Additions to tangible non-current assets	26,821	3,845	184	5			<b>30,855</b>
Additions to intangible non-current assets	9,656	115	742	86			<b>10,600</b>
<i>Carrying amount of:</i>							
Property, plant and equipment	557,010	98,818	961	93			<b>656,882</b>
Non-current intangible assets	171,291	31,168	3,524	639			<b>206,622</b>
Investments in associates and AFS	918			41,295			<b>42,213</b>

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

In Q4 2015 we recorded certain adjustments which referred to the entire year ended 31 December 2015. For comparison and presentation purposes, the results for the three month period ended 30 September 2015 were restated accordingly, please see note 7 (a).

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

<b>Nine months ended 30-Sep-2016 (Unaudited)</b>	<b>Romania</b>	<b>Hungary</b>	<b>Spain</b>	<b>Other</b>	<b>Eliminations</b>	<b>Reconciling item</b>	<b>Group</b>
Segment revenue	448,243	100,293	62,258	6,615			<b>617,409</b>
Inter-segment revenues	2,022		1,176	306	(3,504)		-
Segment operating expenses	(299,539)	(60,931)	(52,013)	(11,154)	3,504		<b>(420,133)</b>
<b>Adjusted EBITDA (Note 19)</b>	<b>150,726</b>	<b>39,362</b>	<b>11,421</b>	<b>(4,233)</b>		-	<b>197,276</b>
Depreciation, amortization and impairment of tangible and intangible assets						(138,514)	<b>(138,514)</b>
Other expense (Note 19)	(1,451)						<b>(1,451)</b>
<b>Operating profit</b>						-	<b>57,311</b>
Additions to tangible non-current assets	132,969	22,342	776	112			<b>156,199</b>
Additions to intangible non-current assets	25,670	1,396	2,089	507			<b>29,662</b>
<i>Carrying amount of:</i>							
Property, plant and equipment	658,900	107,964	1,378	129			<b>768,371</b>
Non-current intangible assets	176,127	31,325	3,432	967			<b>211,851</b>
Investments in associates and AFS	972			47,392			<b>48,364</b>

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

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

<b>Nine months ended 30-Sep-2015 (restated)</b>	<b>Romania</b>	<b>Hungary</b>	<b>Spain</b>	<b>Other</b>	<b>Eliminations</b>	<b>Reconciling item</b>	<b>Group</b>
Segment revenue	395,749	93,688	52,963	9,331			<b>551,731</b>
Inter-segment revenues	1,223		793		(2,016)		-
Segment operating expenses	(266,917)	(56,679)	(45,553)	(9,979)	2,016		<b>(377,112)</b>
<b>Adjusted EBITDA (Note 19)</b>	<b>130,055</b>	<b>37,009</b>	<b>8,203</b>	<b>(648)</b>			<b>174,619</b>
Depreciation, amortization and impairment of tangible and intangible assets						(136,723)	<b>(136,723)</b>
Gain from sale of discontinued operations				21,673			<b>21,673</b>
Other expense (Note 19)	(1,088)						<b>(1,088)</b>
<b>Operating profit</b>						-	<b>58,481</b>
Additions to tangible non-current assets	81,921	11,163	454	178			<b>93,716</b>
Additions to intangible non-current assets	19,180	462	2,294	283			<b>22,218</b>
<i>Carrying amount of:</i>							
Property, plant and equipment	557,010	98,818	961	93			<b>656,882</b>
Non-current intangible assets	171,291	31,168	3,524	639			<b>206,622</b>
Investments in associates and AFS	918			41,295			<b>42,213</b>

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

In Q4 2015 we recorded certain adjustments which referred to the entire year ended 31 December 2015. For comparison and presentation purposes, the results for the three month period ended 30 September 2015 were restated accordingly, please see note 7 (a).

#### 4. PROPERTY, PLANT AND EQUIPMENT (PPE)

##### Acquisitions

During the nine month period ended 30 September 2016, the Group acquired property, plant and equipment with a cost of EUR 156,199 (nine months ended 30 September 2015: EUR 93,716). The acquisitions related mainly to cable plant EUR 54,934 (nine months ended 30 September 2015: EUR 41,117), land of EUR 7,571 (nine months ended 30 September 2015: EUR 1,656) customer premises equipment of EUR 25,502 (nine months ended 30 September 2015: EUR 16,887), equipment and devices of EUR 47,361 (nine months ended 30 September 2015: EUR 18,075), buildings and structures of EUR 9,333 (nine months ended 30 September 2015: EUR 6,578). Other new investments including energy projects were of EUR 230 (nine months ended 30 September 2015: EUR 3,832).

#### 5. NON-CURRENT INTANGIBLE ASSETS AND PROGRAMME ASSETS

##### Acquisitions

##### *Non-current intangible assets*

During the nine month period ended 30 September 2016, the Group acquired non-current intangible assets with a cost of EUR 29,662 (nine months ended 30 September 2015: EUR 22,218) as follows:

- Software and licences in amount of EUR 18,973 (nine months ended 30 September 2015: EUR 15,228);
- Customer relationships in amount of EUR 616 (nine months ended 30 September 2015: EUR 2,687);
- Subscriber acquisition costs ("SAC") in amount of EUR 10,073 (nine months ended 30 September 2015: EUR 4,303); SAC represents third party costs for acquiring and connecting customers of the Group.

##### *Programme assets*

During the nine month period ended 30 September 2016, additions of programme assets in of EUR 42,014 (nine months ended 30 September 2015: EUR 62,874) represent broadcasting rights for sports competitions for 2016/2017 season and related advance payments for future seasons, and also rights for movies and documentaries.

##### Goodwill

##### *(i) Reconciliation of carrying amount*

##### Cost

<b>Balance at 1 January 2015</b>	<b>80,994</b>
Additions	-
Effect of movement in exchange rates	965
<b>Balance at 30 September 2015</b>	<b>81,959</b>
<b>Balance at 1 January 2016</b>	<b>77,240</b>
Additions	-
Effect of movement in exchange rates	1,138
<b>Balance at 30 September 2016</b>	<b>78,378</b>

##### *(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. The key assumptions used to determine the recoverable amount for the different cash generating units as of last December were disclosed in the annual consolidated financial statements for the year ended 31 December 2015. There were no impairment indicators for the cash generating units to which goodwill was allocated as of 30 September 2016.

## 6. INTEREST-BEARING LOANS AND BORROWINGS

Included in Long term interest-bearing loans and borrowings are bonds of EUR 440,761 (December 2015: EUR 439,176), bank loans EUR 164,188 (December 2015: EUR 179,005) and leasing EUR 4,427 (December 2015: EUR 6,716).

Included in Short term interest-bearing loans and borrowings are bank loans of EUR 4,933 (December 2015: EUR 4,757), short portion of long term interest-bearing loans of EUR 49,882 (December 2015: EUR 49,317), leasing obligations amounting to EUR 1,732 (December 2015: EUR 2,047), other short term debts of EUR 12 (December 2015: EUR 12) and interest payable amounting to EUR 14,993 (December 2015: EUR 6,985).

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

	<b>Carrying amount</b>
<b>Balance as of 1 January 2016</b>	<b>688,015</b>
<i>New drawings</i>	
Proceeds from bank borrowings	9,118
Interest expense for the period	34,728
<i>Repayment</i>	
Payment of lease obligations	(2,424)
Repayment of borrowings	(27,322)
Current year interest paid	(24,498)
<i>Effect of movements in exchange rates</i>	3,311
<b>Balance as of 30 September 2016</b>	<b>680,928</b>

On May 22, 2015 RCS&RDS repaid the 2013 Senior Facilities using the proceeds of the 2015 Senior Facilities Agreement and own funds, as described in detail in the consolidated financial statements as of and for the year ended 31 December 2015.

In April 2016 RCS&RDS repaid the second instalment of the 2015 Senior Facilities Agreement in amount of RON 110 million.

## 7. OTHER SIGNIFICANT CHANGES IN FINANCIAL POSITION, COMPREHENSIVE INCOME AND CASH FLOWS

### *(a) Comprehensive income restatement*

In Q4 2015 we recorded certain adjustments which referred to the entire year ended 31 December 2015. For comparison and presentation purposes, the results for the nine months period ended 30 September 2015 were restated accordingly:

- Revenues for the nine months period ended 30 September 2015 were decreased with EUR 4.7 million, coming from additional revenues from promotions and offset of revenues from energy activity, results from energy being presented on a net basis.
- Operating expenses for the nine months period ended 30 September 2015 were decreased with EUR 4.1 million, coming from additional provisions and offset of expenses from energy activity, results from energy being presented on a net basis.
- Other expenses increased by EUR 1.1 million for the nine months period ended 30 September 2015 representing the mark to market loss from fair valuation of energy trading contracts.
- Finance income for the nine months period ended 30 September 2015 increased with EUR 16.0 million because of the recognition of the embedded derivative asset as at 30 September 2015. For details, please see Note 11.
- Finance expense increased with EUR 5.9 million mainly because of the accelerated amortization of the borrowing costs related to the 2013 Senior Facility which was repaid in Q2 2015.
- Income tax has decreased with EUR 0.3 million due to the deferred tax related to the restatement adjustments from above.

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

---

Consequently, the net impact of the restatement for the nine months period ended 30 September 2015 is a decrease of EUR 0.4 million in EBITDA and an increase of EUR 8.7 million in net profit.

**(b) Cash Flow variations**

As of 30 September 2016, there was a total net decrease in cash and cash equivalents of EUR 28.0 million compared to 30 September 2015 and a total net decrease in cash and cash equivalents of EUR 28.8 million compared to 31 December 2015, for the reasons set below.

**Cash flows from operations before working capital changes** were of EUR 200.1 million in the nine months ended 30 September 2016 and EUR 176.7 million in the nine months ended 30 September 2015. The increase comes mainly from increased profit before taxation and the unrealised result of derivative financial instruments in the nine months period ended 30 September 2016 compared to previous period.

We had a **net working capital requirement** of EUR 6.1 million in the nine months ended 30 September 2016 compared to a net working capital surplus of EUR 5.8 million in the nine months ended 30 September 2015.

This was primarily due to an increase in trade receivables and other assets of EUR 30.7 million, principally as a result of increase in business volume and energy activity (compared to EUR 21.3 million for the nine months period ended 30 September 2015). There was an increase in inventories of EUR 1.5 million mainly due to increased acquisitions of inventories in Hungary necessary for the civil works for network development (compared to decrease of EUR 2.0 million for the nine months period ended 30 September 2015). These developments were partially offset by an increase in trade payables and other current liabilities of EUR 27.1 million mainly due to acquisitions of mobile handsets and increases in several other expenses such as salaries (compared to EUR 20.8 million for the nine months period ended 30 September 2015). There was a decrease in deferred revenues of EUR 1.0 million in the nine months period ended 30 September 2016 (compared to an increase of EUR 4.3 million for the nine months period ended 30 September 2015 in line with the increase of revenues, as the subscriptions were still invoiced in advance at that time).

**Cash flows used in investing activities** were EUR 167.4 million for period ended 30 September 2016 and EUR 137.3 million for period ended 30 September 2015, which includes EUR 25.5 million as proceeds from the sale of Czech subsidiary, net of cash disposed. The increase of Long term trade payables and other liabilities during the nine months ended 30 September 2016 relates to reverse factoring agreements with suppliers of equipment over periods longer than one year, and is thus deducted for computing the cash outflow on purchases of property, plant and equipment.

**Cash flows used in financing activities** were an outflow of EUR 26.9 million in the nine months ended 30 September 2016 (mainly the result of the payment of the second instalment of the 2015 Senior Facilities Agreement in amount of RON 110 million) and respectively an outflow of EUR 23.3 million in the period ended 30 September 2015 (as a result of the refinancing of the 2013 Senior Facilities through the 2015 Senior Facilities and use of own funds).

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

---

**8. RELATED PARTY DISCLOSURES**

		<u>30 September 2016</u>	<u>31 December 2015</u>
<b>Receivables from Related Parties</b>			
Ager Immobiliare S.R.L.	(ii)	695	673
Digi Serbia	(ii)	205	211
Music Channel S.R.L.	(ii)	52	51
RCS Management S.A.	(i)	8	26
Other		13	13
<b>Total</b>		<b>973</b>	<b>974</b>

		<u>30 September 2016</u>	<u>31 December 2015</u>
<b>Payables to Related Parties</b>			
Related parties-share options	(ii)	1,132	453
RCS Management S.A.	(i)	7,102	5,628
Digi Serbia	(ii)	111	114
Mr. Teszari Zoltan	(iii)	738	700
Other		4,581	3,148
<b>Total</b>		<b>13,665</b>	<b>10,043</b>

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

**Compensation of key management personnel of the Group**

	<b>Nine months ended 30 September 2016</b>	<b>Nine months ended 30 September 2015</b>
Short term employee benefits – salaries	1,090	963

Certain members of the management team (including key management personnel) benefited in 2015 from a share based payment plan mandated by the shareholders of RCS&RDS, in addition to the salaries above.

Total share options granted for the year 2015 of 935,000 were part of the remuneration received by key management personnel. A half year of the fair value equivalent of the share options has been accrued as of 30 September 2015 as management estimated that performance criteria will be met. The related share option expense for nine months ended 30 September 2015 was EUR 1,434.

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

**9. REVENUES**

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

	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>Three months</b>	<b>Restated</b>	<b>Nine months</b>	<b>Restated</b>
	<b>ended</b>	<b>Three months</b>	<b>ended</b>	<b>Nine months</b>
	<b>30 September</b>	<b>ended</b>	<b>30 September</b>	<b>ended</b>
	<b>2016</b>	<b>30 September</b>	<b>2015</b>	<b>30 September</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015 Restated</b>
<i>Revenues from continuing operations</i>	<b>212,240</b>	<b>189,309</b>	<b>617,409</b>	<b>547,891</b>
<b>Cable TV Revenues</b>				
Romania	44,217	42,499	131,088	124,174
Hungary	10,222	9,083	29,780	27,263
	<b>54,439</b>	<b>51,582</b>	<b>160,868</b>	<b>151,437</b>
<b>Internet and data Revenues</b>				
Romania	41,156	39,199	121,847	116,244
Hungary	9,554	8,314	27,861	24,739
	<b>50,710</b>	<b>47,513</b>	<b>149,708</b>	<b>140,983</b>
<b>Telephony Revenues</b>				
Romania	38,667	28,361	107,072	77,570
Hungary	1,999	1,954	5,999	6,296
Spain	20,660	18,864	62,061	52,731
Italy	2,191	1,860	6,466	5,365
	<b>63,517</b>	<b>51,039</b>	<b>181,598</b>	<b>141,962</b>
<b>DTH Revenues</b>				
Romania	9,687	10,114	29,179	30,280
Hungary	7,845	7,628	23,142	22,815
	<b>17,532</b>	<b>17,742</b>	<b>52,321</b>	<b>53,095</b>
<b>Other revenues</b>				
Romania	21,400	17,002	59,058	47,482
Hungary	4,521	4,307	13,511	12,574
Spain	80	59	196	232
Italy	41	65	149	126
	<b>26,042</b>	<b>21,433</b>	<b>72,914</b>	<b>60,414</b>
<i>Revenues from discontinued operations</i>	-	-	-	<b>3,840</b>
<b>DTH Revenue</b>				3,816
Czech Republic	-	-	-	<b>3,816</b>
<b>Other revenues</b>				24
Czech Republic	-	-	-	<b>24</b>
<i>Total revenues from continuing and discontinued operations</i>	<b>212,240</b>	<b>189,309</b>	<b>617,409</b>	<b>551,731</b>

Total revenues from continuous operations for period ended 30 September 2016 increased mainly because of the increase in our mobile telecommunication services (included in Telephony revenues line), cable TV and fixed internet and data subscribers' base. Other revenues increased mainly as a result of sales of handsets to our customers.

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

As of 30 September 2016 we have restated the comparatives for the nine months ended 30 September 2015 as follows:

- As of 30 September 2016, we aggregate the mobile telephony and mobile data revenue and present them as revenues from mobile telecommunication services reported under Telephony revenue category. Revenue for the periods ended 30 September 2015 was restated accordingly: the amount of EUR 29,763 coming from Internet and data revenues were partially reclassified to Telephony line (Romania, Hungary, Spain and Italy).
- In Q4 2015 we recorded certain adjustments which referred to the entire year ended 31 December 2015. For comparison and presentation purposes, revenues for the nine months period ended 30 September 2015 were restated accordingly. The restatement was an increase of EUR 282 on Cable Tv line, EUR 157 on Internet and data line and EUR 2,575 on Telephony line representing revenues from promotion allocated to period ended 30 September 2015 (Romania). Revenues from energy trading activity were netted-off from other revenues line, since we present results from this activity on net basis.

**10. OPERATING EXPENSES**

	Unaudited Three months ended 30 September 2016	Unaudited Restated Three months ended 30 September 2015	Unaudited Nine months ended 30 September 2016	Unaudited Restated Nine months ended 30 September 2015
<i>Operating expenses from continuing operations</i>	<b>187,490</b>	<b>169,946</b>	<b>558,647</b>	<b>510,720</b>
Depreciation of property, plant and equipment	27,380	28,471	81,184	86,420
Amortization of programme assets	6,918	7,991	31,309	32,662
Amortization of non-current intangible assets	8,524	6,152	25,820	17,612
Salaries and related taxes	31,362	29,455	89,295	87,202
Contribution to pension related fund	3,890	2,701	12,317	10,027
Programming expenses	18,900	17,364	53,629	50,569
Telephony expenses	31,176	23,564	92,219	66,861
Cost of goods sold	14,587	11,792	39,032	34,232
Rentals	12,943	10,687	36,648	31,586
Invoicing and collection expenses	3,548	3,703	10,485	10,696
Taxes and penalties	3,278	2,617	9,792	9,030
Utilities	3,900	3,339	10,679	9,856
Copyrights	2,228	2,104	6,604	6,247
Internet connection and related services	4,708	4,341	13,736	11,809
Impairment of receivables, net of reversals	1,716	2,333	6,543	8,422
Impairment of property, plant and equipment	14	21	200	(110)
Other expenses	12,418	13,311	39,155	37,599
<i>Operating expenses from discontinued operations</i>	-	-	-	<b>3,115</b>
<b>Total operating expenses</b>	<b>187,490</b>	<b>169,946</b>	<b>558,647</b>	<b>513,835</b>

Total operating expenses from continuous operations have increased during the nine months ended 30 September 2016 mainly because of increase in interconnection expenses, increase in rental costs related to increased number of mobile sites and shops, increase in sales of handsets and other equipment and increase in salaries.

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

---

**11. NET FINANCE COSTS**

	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>Three months</b>	<b>Restated</b>	<b>Three months</b>	<b>Restated</b>
	<b>ended</b>	<b>Three months</b>	<b>ended</b>	<b>Three months</b>
	<b>30 September</b>	<b>ended</b>	<b>30 September</b>	<b>ended</b>
	<b>2016</b>	<b>30 September</b>	<b>2016</b>	<b>30 September</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b><i>Finance income</i></b>				
Interest from banks	14	21	40	49
Gain on derivative financial instruments and other financial revenues	-	208	4,766	16,386
	<b>14</b>	<b>229</b>	<b>4,806</b>	<b>16,435</b>
<b><i>Finance expenses</i></b>				
Interest expense	(11,284)	(12,295)	(34,728)	(37,103)
Loss on derivative financial instruments	(2,697)	(1,398)	(4,177)	(2,298)
Other financial expenses	(369)	(1,734)	(3,902)	(10,609)
	<b>(14,350)</b>	<b>(15,427)</b>	<b>(42,807)</b>	<b>(50,010)</b>
Foreign exchange differences (net)	8,716	7,097	9,897	8,050
<b>Net Finance expenses from continuing operations</b>	<b>(5,620)</b>	<b>(8,101)</b>	<b>(28,104)</b>	<b>(25,525)</b>
<b>Net Finance expenses from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23)</b>
<b>Net finance costs total</b>	<b>(5,620)</b>	<b>(8,101)</b>	<b>(28,104)</b>	<b>(25,548)</b>

For details about restatements made for the three and nine month period ended 30 September 2015 please see Note 7 (a).

**12. ACQUISITIONS OF SUBSIDIARY**

During the nine months period ended 30 September 2016 there were no acquisitions of entities.

**13. DISCONTINUED OPERATIONS**

At the end of April 2015, the Group disposed of the Digi Czech republic s.r.o subsidiary. Details of income and expenses and other comprehensive income of the discontinued operations are presented in the interim condensed consolidated statement of profit or loss and other comprehensive income.

During the nine months ended 30 September 2016 there were no discontinued operations.

**14. FINANCIAL RISK MANAGEMENT**

The Group has exposure to the following risks from the use of financial instruments:

- credit risk
- liquidity risk
- market risk (including currency risk and interest rate risk).

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

**(a) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables from customers. The carrying amount of trade and other receivables, net of impairment adjustment, and cash and cash equivalents represents the maximum amount exposed to credit risk. The Group has no significant concentrations of credit risk. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the allowance already recorded.

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

**(b) Liquidity risk**

At 30 September 2016, the Group had net current liabilities of EUR 236,196 (31 December 2015: EUR 171,757). 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. Management considers that the Group will generate sufficient funds to cover the current liabilities from future revenues.

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.

**(d) Interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk (EUR and USD) through market fluctuations of interest rates. Details of borrowings are disclosed in Note 6.

**15. SHARE-BASED PAYMENT**

In 2016 no share options were granted to eligible employees under the share based payment plan (total share options accrued for the nine month period ended 30 September 2015 were of 935,000, which were part of the remuneration received by key management personnel).

**16. FINANCIAL INSTRUMENTS**

For assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements are presented below:

### *Available for sale financial assets*

Available for sale assets comprise shares in RSCM, not traded on active markets. The valuation model used to assess their fair value is based on the income approach. Cash flows were projected based on financial budgets approved by senior management covering a five-year period, after which a terminal annual revenue growth was used.

The significant unobservable inputs used in the model include:

- Forecast terminal annual revenue growth rate (30 September 2016 and 31 December 2015: 1.7%).
- Risk-adjusted discount rate (30 September 2016 and 31 December 2015: 8.48%).

Details regarding other key assumptions used for the cash flow projections (revenues, EBITDA margins and Capital expenditure), which are relevant for this calculation as well, are presented in Note 6 a) from annual financial statements as at 31 December 2015.

### *Cross-currency and interest rate swaps*

The fair value of derivatives acquired for risk management purposes was obtained from the counterparty financial institutions. The management has determined that such prices were developed in accordance with the requirements of IFRS 13. However the management has not performed a due diligence to understand in detail how the prices were developed, consequently the fair value was categorised in Level 3 of the fair value hierarchy.

### *Embedded derivatives*

Up to 31 December 2015 the fair value of the options embedded in the issued bonds was estimated using the Option Adjusted Spread (OAS) model. The OAS model basically compares the yield on a “plain vanilla” bond (i.e.: a bond no optionality features) with the yield on a similar bond but with the embedded options. The difference between the two yields represents the price of the embedded options. Thus the model directly provides a separate price for the entire optionality of the bonds.

Certain technical issues identified in 2016 in the OAS calculator led to the use in 2016 of an alternative Discounted Cash Flow model, which estimates the Net Present Value of the bond assuming that there is no embedded option (“option-free price”). The discount rates used to derive the present value of expected cash flows are extracted from Reuters (more specifically, the EUR B-rating Benchmark Credit Curve, which was considered to be more appropriate to the particular bond/issuer). The difference between the above “option-free price” and the price quoted in the market on each valuation date is considered to reflect the value of the embedded option.

### *Electricity trading assets and liabilities*

The Company uses a discounted cash flow valuation technique to measure the fair value of the term electricity sale and acquisition contracts as these are not traded on active markets. The valuation model is based on the spot-forward parity formula and the significant inputs are represented by:

- the electricity spot price as estimated based on transaction on PZU market around the valuation date, and
- the discount rate approximated by the RON zero rate given the limited data available on term transactions with electricity around the valuation date.

### *Summary of derivative instruments*

As at 30 September 2016 the Group had derivative financial assets in amount of EUR 17,438 (31 December 2015: EUR 9,937), which included:

- Embedded derivatives of EUR 14,211 related to the bond (the Bonds include several call options as well as one put option) (31 December 2015: EUR 9,255).
- Electricity trading assets (term contracts) of EUR 3,227 being mark to market gain from fair valuation of electricity trading contracts (31 December 2015: EUR 682).

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

As at 30 September 2016 the Group had derivative financial liabilities in amount of EUR 12,403 (31 December 2015: EUR 8,253), which included:

- Cross currency swaps with fair value of EUR 0 (31 December 2015: EUR 493). The Group does not use hedge accounting in accordance with IAS 39 because an effective hedging relationship as set out in IAS 39 does not exist. Therefore the changes in the fair values of these derivatives are recognized in profit or loss. In 2014 were concluded coupon swaps for the interest of the Proceeds Loan, all with a termination date of 23 September 2016.
- Interest rate swaps in amount of EUR 6,722 (31 December 2015: EUR 6,094): 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 it 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 5,681 being mark to market loss from fair valuation of electricity trading contracts (31 December 2015: EUR 1,666).

	Available for sale	Cross currency swaps	Interest rate swaps	Embedded derivatives	Trading assets	Trading liabilities
<b>1 January 2016</b>	<b>43,373</b>	<b>(493)</b>	<b>(6,094)</b>	<b>9,255</b>	<b>682</b>	<b>(1,666)</b>
Gains or (losses) recognised in profit or loss for the year	-	465	(3,955)	4,806	2,545	(4,015)
Gains or (losses) recognised in other comprehensive income	4,019	28	(1,189)	150	-	-
Purchases	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Settlements	-	-	4,516	-	-	-
Transfers out of level 3	-	-	-	-	-	-
Transfers into level 3	-	-	-	-	-	-
<b>30 September 2016</b>	<b>47,392</b>	<b>-</b>	<b>(6,722)</b>	<b>14,211</b>	<b>3,227</b>	<b>(5,681)</b>
	Available for sale	Cross currency swaps	Interest rate swaps	Embedded derivatives	Trading assets	Trading liabilities
<b>1 January 2015</b>	<b>41,296</b>	<b>(993)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gains or (losses) recognised in profit or loss for the year	-	500	(4,434)	9,255	682	(1,666)
Gains or (losses) recognised in other comprehensive income	1,227	-	(5,399)	-	-	-
Purchases	850	-	-	-	-	-
Sales	-	-	-	-	-	-
Settlements	-	-	3,739	-	-	-
Transfers out of level 3	-	-	-	-	-	-
Transfers into level 3	-	-	-	-	-	-
<b>31 December 2015</b>	<b>43,373</b>	<b>(493)</b>	<b>(6,094)</b>	<b>9,255</b>	<b>682</b>	<b>(1,666)</b>

**Fair value hierarchy**

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

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

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

Level 2: valuation techniques with all significant inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: valuation techniques using significant inputs that are not observable or based on observable market data (i.e. unobservable inputs).

	Level 1	Level 2	Level 3	Total
<b>30 September 2016</b>				
Available for sale financial assets	-	-	47,392	47,392
Cross currency swaps	-	-	-	-
Interest rate swaps			(6,722)	(6,722)
Embedded derivatives	-	-	14,211	14,211
Electricity trading assets (term contracts)	-	-	3,277	3,277
Electricity trading liabilities (term contracts)	-	-	(5,681)	(5,681)
<b>Total</b>	-	-	<b>52,477</b>	<b>52,477</b>

	Level 1	Level 2	Level 3	Total
<b>31 December 2015</b>				
Available for sale financial assets	-	-	43,373	43,373
Cross currency swaps	-	-	(493)	(493)
Interest rate swaps			(6,094)	(6,094)
Embedded derivatives	-	9,255	-	9,255
Electricity trading assets (term contracts)	-	-	682	682
Electricity trading liabilities (term contracts)	-	-	(1,666)	(1,666)
<b>Total</b>	-	<b>9,255</b>	<b>35,802</b>	<b>45,057</b>

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine-month period ended 30 September 2016 except for the transfer of the embedded derivatives into Level 3 fair value measurement due to the change in model explained above.

***Assets and liabilities not measured at fair value but for which the fair value is disclosed.***

The fair value of long term loans and their corresponding carrying amount (excluding the interest accrued at 30 September 2016) and fair value measurement hierarchy are presented in the table below:

	<b>30 September 2016</b>		
	<b>Carrying amount</b>	<b>Fair Value</b>	<b>Hierarchy</b>
<b>Loans</b>	<b>654,047</b>	<b>686,017</b>	
Bonds	440,761	468,788	Level 1
Other long term loan(*)	213,285	217,230	Level 2
<b>31 December 2015</b>			
	<b>Carrying amount</b>	<b>Fair Value</b>	<b>Hierarchy</b>
<b>Loans</b>	<b>666,468</b>	<b>709,202</b>	
Bonds	439,176	477,852	Level 1
Other long term loan(*)	227,292	231,350	Level 2

(\*) Other long term loan as at 30 September 2016 includes 2015 Senior Facility and loan from Libra Bank. As at 31 December 2015 this line includes Senior Facility loan.

## **17. GENERAL COMMITMENTS AND CONTINGENCIES**

### **(a) Contractual commitments**

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

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

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

As at 30 September 2016, contractual commitments for capital expenditure amounted to approximately EUR 94,327 (31 December 2015: EUR 86,045) and contractual operating commitments amounted to approximately EUR 153,259 (31 December 2015: EUR 158,050), including operating leases.

In addition to the above, there are approximately another 450 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 1,066 (31 December 2015: EUR 1,721).

### **(b) Letters of guarantee**

As of 30 September 2016, there were bank letters of guarantee and letters of credit issued in amount of EUR 9,274 mostly in favour of content and satellite suppliers and for participation to tenders (31 December 2015: EUR 12,717). We have cash collateral agreements for issuance of letters of counter guarantees. As at 30 September 2016 we had a letter of guarantee issued in amount of EUR 59.4, which was secured with moveable mortgage over cash collateral accounts.

### **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.

### **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 EUR 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 EUR 65 million for our alleged breach of the must carry rules. The initial court case was split into two proceedings as Antena Group assigned its monetary claims related to this lawsuit to First Quality Debt Recovery.

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

---

The claim regarding the EUR 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 April 15, 2015, the Bucharest Tribunal partially admitted RCS&RDS' claim and annulled the assignment of receivables from Antena Group to First Quality Debt Recovery. We expect this decision to have a significant positive impact on RCS&RDS' defence against Antena Group's claim regarding the EUR 65 million monetary damages. Please note that this decision is not final as it has been challenged by Antena Group. The next hearing in the appeal is scheduled for 10 January 2017.

In the case regarding the injunctive relief request, both the court of first instance and the court of appeal ruled in our favor 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 (EUR 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 EUR 35 million consisting of loss of revenue due to our temporary refusal to carry the tv channels GSP TV and Antena 2 which allegedly breached, among other things, the must carry rules; and (ii) injunctive relief that would require us to provide the disputed channels to our customers in compliance with the highest technical standards. Approximately EUR 24 million out of these claims are related to our refusal to carry GSP TV, while the remaining EUR 11 million is related to our refusal to carry Antena 2. Because Antena Group assigned to First Quality Debt Recovery the claims regarding the EUR 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. €2 (two) as judicial expenses to Antena Group. The decision is subject to higher appeal.

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 EUR 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 EUR 40 million on the grounds of an alleged breach of its copyright over the Antena 1, Antena Stars (former Antena 2), Euforia Lifestyle TV and ZU TV (former GSP TV) channels. The claimant argues that these TV programs have been carried by RCS&RDS, from June 2011 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.

#### **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.

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**

We have filed two lawsuits against Antena Group requesting a total amount of approximately EUR 2.6 million resulting from the breach of several agreements. Antena Group filed counterclaims in both case files.

In these two proceedings, we are claiming that Antena Group must: (i) refund the fees we paid until December 2010 for retransmitting two channels of the Intact Media Group, based on the “most favoured client clause” agreed by Antena Group and (ii) pay for the telecommunication services we provided in 2010 and 2011. Antena Group has filed counterclaims alleging that we are liable for: (i) retransmission fees from 2010 and 2011 for two of Intact Media Group’s channels; and (ii) the contractual price of the advertising services that we requested in 2010 and that Antena Group allegedly provided.

In the first lawsuit, on 2 November 2015, the Bucharest Tribunal fully rejected our claim for a refund of the retransmission fees paid until 2010 and partially admitted the counterclaim of Antena Group regarding the retransmission in 2010 and 2011. As a result, we were ordered to pay to Antena Group approx. EUR 1.9 million representing (i) retransmission fees and (ii) judiciary expenses. Both RCS&RDS and Antena Group filed an appeal against the decision of the first court. The next hearing in front of the Bucharest Court of Appeals is scheduled for 9 December 2016.

In the lawsuit regarding telecommunication and advertising services, the court of first instance fully rejected both our claim and the counterclaim of Antena Group. Both RCS&RDS and Antena Group appealed the decision of the first court, the case currently pending before the Bucharest Court of Appeals. The next hearing is scheduled for 12 December 2016.

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

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

On 10 November 2016, the Cluj-Napoca Court of Appeal rejected Cluj Napoca Municipality’s claim in its entirety and maintained the Cluj-Napoca Tribunal’s decision. This decision is final.

**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. The duration may be either reduced to 1 year or extended to 2 years in accordance with the RCC’s assessment of the market after the entry into force of the commitments. During the term of the commitments, RCS&RDS is required to provide to the 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").

## **18. SUBSEQUENT EVENTS**

On October 7, 2016 the Company entered into a Senior Facilities Agreement, which consists of (i) a RON 930.0 million (EUR 208.9 million equivalent as at September 30, 2016) SFA Facility A1, (ii) a RON 600.0 million (EUR 134.8 million equivalent as at September 30, 2016) SFA Facility A2; and (iii) a RON 157.0 million (EUR 35.3 million equivalent as at September 30, 2016) Facility B. The Company drew (a) the full amount available under the SFA Facility A1 and repaid the 2015 Senior Facilities Agreement in full; and (b) the full amount available under the SFA Facility A2. Facility B was not drawn.

In October 2016, CCS issued EUR 350 million aggregate principal amount of 5.0% Senior Secured Notes due 2023. In November 2016, the 2013 Notes were redeemed in full.

**Cable Communications Systems N.V.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine month period ended 30 September 2016**  
*(all amounts are in thousand Euro, unless specified otherwise)*

---

**19. 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) the charges for depreciation, amortization and impairment of assets. Adjusted EBITDA is defined as EBITDA adjusted for the effect of extraordinary or one-off/non-recurring items. In addition, we adjust EBITDA for mark to market results (unrealized) from fair value assessment of energy trading contracts.

	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>Three months</b>	<b>Restated</b>	<b>Three months</b>	<b>Restated</b>
	<b>ended</b>	<b>ended</b>	<b>ended</b>	<b>ended</b>
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues</b>	<b>212,240</b>	<b>189,309</b>	<b>617,409</b>	<b>551,731</b>
<b>EBITDA</b>				
Operating profit	20,570	18,889	57,311	58,481
Depreciation, amortization and impairment	42,838	42,635	138,514	136,723
<i>Excluding:</i>				
(Gain)/Loss from sale of discontinued operations	0	182	-	(21,673)
Other expense	4,180	292	1,451	1,088
<b>Adjusted EBITDA</b>	<b>67,588</b>	<b>61,998</b>	<b>197,276</b>	<b>174,619</b>
<i>Adjusted EBITDA (%)</i>	<i>31.85%</i>	<i>32.75%</i>	<i>31.95%</i>	<i>31.65%</i>

For the nine months ended 30 September 2016, Other expenses represents mark to market gain from fair valuation of the energy trading contracts, excluded from adjusted EBITDA.

For the nine months ended 30 September 2015 EBITDA was adjusted to exclude the Gain from sale of discontinued operations represented by EUR 21.7 million gain for the sale of our Czech subsidiary and Other expense of EUR 1.1 million representing mark to market loss from fair valuation of energy trading contracts.

For the nine months ended 30 September 2015 adjusted EBITDA from discontinued operations was EUR 0.9 million (30 September 2016: nil).