being **fast, mobile, secure and free**

financial half year report **2012**

A word from the Chief Executive Officer

Dear Shareholder,

Telenet delivered another great set of operational and financial results despite intense competition from IPTV and DSL operators. We added 24% more RGUs to our advanced service offerings of digital TV, broadband internet and fixed telephony and grew the number of triple-play subscribers by 9% yoy to 818,700, now representing 38% of our customer base. Although the second quarter is typically a softer sales quarter due to seasonal patterns in our business, we delivered a strong performance in Q2 2012 boosted by our digital TV migration campaign, which we successfully implemented between the end of April and mid-June 2012. We enjoyed our strongest sales quarter for digital TV since Q4 2009, resulting in 71,300 net additions in Q2 2012. At the end of June 2012, about 68% of our basic cable TV subscribers were enjoying the numerous benefits and features of our advanced digital TV platform. Given the higher-than-anticipated success of our digital TV migration campaign, we were unable to install all new subscribers before June 30, 2012, resulting in a sizeable install backlog heading into the third quarter, primarily on broadband internet, for which we recorded 13,200 net additions. In June 2012, we further boosted speeds and volumes of our broadband internet products. We believe that our broadband internet subscriber base is now amongst the most advanced in Europe as approximately 99% of our internet customers enjoy speeds of at least 30 Mbps. Customers continue to value fixed telephony as a cheap and reliable voice solution, resulting in 17,900 net additions in Q2 2012. In line with our expectations, basic cable TV showed a temporary increase in churn in Q2 2012. As the majority of these customers were subscribing to analog TV only, the revenue impact from the loss of these low-ARPU subscribers was more than offset by the strong uptake of our higher ARPU digital TV platform and multiple-play growth.

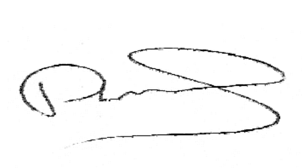
We are pleased to see that the net additions trend of our mobile business has continued to improve since the end of 2011, with 17,600 net new postpaid subscribers in Q2 2012. As stated earlier, we remain determined to further improve our mobile performance and therefore, are very excited about today's launch of our new mobile rate plans "King" and "Kong". These new plans will offer mobile customers a simple, transparent and very attractive subscription and include a wealth of voice minutes, text messages and mobile data to cater for almost everyone's mobile needs. On top, customers who combine these mobile plans with any of our advanced fixed products will receive a recurring discount on their monthly mobile subscription. In this way, Telenet customers will benefit from one of the most advanced convergent offers currently available in the market.

Our robust operational results translated into solid financial results. Our revenue grew 9% yoy to €727 million in H1 2012 and 7% yoy in Q2 2012 to €363 million, the latter influenced by lower stand-alone handset sales due to iPhone 4S inventory shortages. Excluding low-margin revenue from hardware sales, our revenue was up 8% yoy in H1 2012 and 7% in Q2 2012. Our achieved revenue growth was primarily driven by underlying RGU growth, the strong migration from analog to digital TV, a higher contribution from Sporting Telenet and selective price increases. We generated Adjusted EBITDA of €387 million in H1 2012, a 9% increase yoy. For Q2 2012, Adjusted EBITDA was €194 million, up 8% yoy. Despite realizing faster growth in lower margin businesses and increased sales and marketing spending due to the analog channel reshuffle, we managed to improve our Adjusted EBITDA margin to 53.2% for H1 2012 and 53.6% for Q2 2012. Our margin in H1 2012 was positively influenced by the release of certain prior year bonus accruals and bad debt allowances, without which our Adjusted EBITDA would have grown 8% yoy in H1 2012. Accrued capital expenditures reached €167 million for the first half, representing 23% of our revenue. Compared to the prior year period, we spent relatively more on set-top boxes and customer installations on the back of robust RGU growth, digital TV and Fibernet migrations. At the same time, we continued to invest in our Pulsar node-splitting project as we want to maintain our demonstrated network advantage over competitors in order to deliver our customers the richest and best possible experience. Finally, Free Cash Flow reached €117 million for the first half with a meaningful improvement in the second quarter, aided by the absence of cash payments for the Belgian football broadcasting rights which typically occur in Q1 and Q3.

telenet

Having completed the first half year, we remain very confident on our ability to deliver on our full year outlook. We anticipate our revenue and Adjusted EBITDA growth rate to be higher in the first half of the year as compared to the second half, as the favorable impact from the aforementioned price increases and the contribution from our sports channels will fade out on a comparable basis in the second half of the year. Yet, we believe the presented 5-6% top line and Adjusted EBITDA growth is attractive in light of the current macro-economic backdrop and intensely competitive environment.

Yours sincerely,



Duco Sickinghe

Chief Executive Officer

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Introduction

Introduction

Telenet Group Holding NV (hereafter collectively referred to as the "Company" or "Telenet") is a company organized under the laws of Belgium. Other notations and definitions herein apply as presented in the Company's 2011 Annual Report which was published on March 23, 2012 (the "Annual Report"), a copy of which is available on the Company's website at http://investors.telenet.be and http://jaarverslag2011.telenet.be/en.

Presentation of financial and other information

The condensed consolidated Interim Financial Statements of Telenet Group Holding NV as of and for the period ended June 30, 2012 and 2011 and the audited annual financial statements as of and for the year ended December 31, 2011 have in each case been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU GAAP"). The financial information included in this report is not intended to comply with SEC reporting requirements.

Forward-looking statements

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

About Telenet

Telenet is a leading provider of media and telecommunication services. Its business comprises the provision of cable television, high speed internet and fixed and mobile telephony services, primarily to residential customers in Flanders and Brussels. In addition, Telenet offers services to business customers across Belgium under the brand Telenet for Business. Telenet is listed on the Euronext Brussels Stock Exchange under the ticker symbol TNET and is part of the BEL20 stock market index. Additional information on Telenet and its products can be obtained from the Company's website http://www.telenet.be. Further information regarding the operating and financial data presented herein can be downloaded from the investor relations pages of this website (http://investors.telenet.be).

Highlights for the six months ended June 30, 2012

- Revenue of €727.0 million, up 9% yoy, driven by more multiple-play, digital TV and mobile subscribers, higher stand-alone handset sales and the favorable impact from selective price increases. Excluding low-margin revenue from hardware sales, revenue grew 8% yoy;
- Accelerated digitalization fueled by our digital TV migration campaign, contributing to 116,700 net additions to digital TV in H1 2012 (Q2 2012: +71,300);
- Continued improvement in mobile thanks to the success of our new SIM-only rate plans. Our addition of 17,600 net new mobile postpaid subscribers in Q2 2012 was our best performance in two years' time;
- Triple-play customers grew 9% yoy to 818,700 at June 30, 2012; now representing 38% of our customer base;
- Adjusted EBITDA(1) of €387.0 million, up 9% yoy, resulting in an underlying margin of 53.2%. Excluding non-recurring elements, Adjusted EBITDA grew 8% yoy;
- Net profit fell 57% yoy to €25.0 million as a result of a €38.0 million unrealized loss on derivative financial instruments, higher interest expenses and amortization charges linked to the Belgian football broadcasting rights;
- Accrued capital expenditures(2) totaled €167.3 million, or 23% of revenue, driven by higher set-top box and success-based capital expenditures in line with the accelerated uptake of digital TV;
- Free Cash Flow(3) decreased 15% yoy to €117.4 million reflecting higher cash interest expenses and the final cash payment for the Belgian football broadcasting rights for the 2011/12 season;
- Stable net leverage ratio(6) of 3.1x at June 30, 2012 despite €113.4 million dividend payment in the course of Q2 2012 and continued share repurchases, reflecting the strong underlying cash generation of Telenet's business.

As of and for the six months ended	June 2012	June 2011	Change %
FINANCIAL HIGHLIGHTS (€ in millions, except per share amounts)			
Revenue	727.0	669.9	9%
Operating Profit	191.3	180.4	6%
Net Profit	25.0	58.5	-57%
Basic Earnings Per Share	0.22	0.52	-58%
Diluted Earnings Per Share	0.22	0.51	-57%
Adjusted EBITDA (1)	387.0	354.1	9%
Adjusted EBITDA margin %	53.2%	52.9%	
Accrued Capital Expenditures (2)	167.3	127.1	32%
Accrued Capital Expenditures as % of revenue	23%	19%	
Free Cash Flow (3)	117.4	137.7	-15%
OPERATIONAL HIGHLIGHTS (Total Services)			
Total Cable TV	2,152,200	2,233,900	-4%
Analog Cable TV	679,700	971,600	-30%
Digital Cable TV	1,472,500	1,262,300	17%
Broadband internet	1,339,200	1,263,700	6%
Fixed telephony	920,200	847,300	9%
Mobile telephony	275,400	228,100	21%
Triple-play customers	818,700	751,500	9%
Services per customer relationship (4)	2.05	1.94	6%
ARPU per customer relationship (€ / month) (4) (5)	45.1	41.0	10%

Definitions

(1) EBITDA is defined as profit before net finance expense, income taxes, depreciation, amortization and impairment. Adjusted EBITDA is defined as EBITDA before stock-based compensation and restructuring charges, and before operating charges or credits related to successful or unsuccessful acquisitions or divestures. Operating charges or credits related to acquisitions or divestures include (i) gains and losses on the disposition of long-lived assets and (ii) due diligence, legal, advisory and other third-party costs directly related to the Company's efforts to acquire or divest controlling interests in businesses. Adjusted EBITDA is an additional measure used by management to demonstrate the Company's underlying performance and should not replace the measures in accordance with IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable IFRS measure. A reconciliation of this measure to the most directly comparable IFRS measure is disclosed on page 27.

(2) Accrued capital expenditures are defined as additions to property, equipment and intangible assets, including additions from capital leases and other financing arrangements, as reported in the Company's consolidated statement of financial position on an accrued basis.

(3) Free Cash Flow is defined as net cash provided by the operating activities of Telenet's continuing operations less (i) purchases of property and equipment and purchases of intangibles of its continuing operations, (ii) principal payments on vendor financing obligations, and (iii) principal payments on capital leases (exclusive of network-related leases), each as reported in the Company's consolidated statement of cash flows. Free Cash Flow is an additional measure used by management to demonstrate the Company's ability to service debt and fund new investment opportunities and should not replace the measures in accordance with IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable IFRS measure.

(4) Customer relationships are equal to the sum of analog and digital basic cable TV subscribers on the Combined Network, including the network covered by the long-term lease with the pure intermunicipalities.

(5) Average monthly revenue (ARPU) per revenue generating unit (RGU) and ARPU per customer relationship are calculated as follows: average total monthly recurring revenue (including revenue earned from carriage fees and set-top box rentals and excluding interconnection revenue, installation fees, mobile telephony revenue and set-top box sales) for the indicated period, divided by the average of the opening and closing RGU base or customer relationships, as applicable, for the period.

(6) Net leverage ratio is calculated as per Senior Credit Facility definition, using net total debt, excluding subordinated shareholder loans, capitalized elements of indebtedness under the clientele and annuity fees and any other finance leases, divided by last two quarters' annualized EBITDA.

Important Reporting Change

Reclassification of INDI subscribers: As of January 1, 2012, subscribers to Telenet's INDI platform, which Telenet acquired in October 2008 as part of the Interkabel Acquisition, are no longer recognized as Digital Cable TV subscribers given the non-interactive status of the INDI platform and the fact that these subscribers generally do not generate incremental revenue. As of January 1, 2012, all INDI subscribers are accounted for as Analog Cable TV subscribers. For comparative reasons, Telenet has retroactively applied the change to the prior year periods. This reclassification does not affect the total number of basic cable TV subscribers Telenet reports, nor the segmented cable television revenue Telenet reports.

Reclassification of mobile telephony subscribers: Effective Q2 2012, Telenet's mobile telephony subscriber count includes customers who subscribe to data-only mobile plans, which represent 8,700 and 6,800 subscribers as of June 30, 2012 and June 30, 2011, respectively. Following the change, Telenet's mobile telephony subscriber count reflects the number of SIM cards delivered to customers. For comparative reasons, Telenet has retroactively applied the change to the prior year periods.

Free Cash Flow: As from the Q1 2012 reporting, Telenet has changed its definition of Free Cash Flow, aligning with the definition used by Telenet's controlling shareholder Liberty Global, Inc. Prior to Q1 2012, Free Cash Flow was defined as net cash provided by the operating activities of Telenet's continuing operations less purchases of property and equipment and purchases of intangibles of its continuing operations, each as reported in the Company's consolidated statement of cash flows. As from Q1 2012, Free Cash Flow is defined as net cash provided by the operating activities of Telenet's continuing operations less (i) purchases of property and equipment and purchases of intangibles of its continuing operations, (ii) principal payments on vendor financing obligations, and (iii) principal payments on capital leases (exclusive of network-related leases), each as reported in the Company's consolidated statement of cash flows. The retroactive implementation of the new Free Cash Flow definition as from January 1, 2011 onwards would have reduced the Company's Free Cash Flow for the six months ended June 30, 2011 and for the year ended December 31, 2011 by €2.0 million and €4.3 million, respectively.

Management's Discussion & Analysis of the six months ended June 30, 2012

The following discussion and analysis is based on the condensed consolidated Interim Financial Statements of Telenet Group Holding NV as of and for the six months ended June 30, 2012 and 2011 and the audited consolidated financial statements of Telenet Group Holding NV as of and for the year ended December 31, 2011, prepared in accordance with EU GAAP. We have included selected financial information on Telenet Group Holding NV as of and for the relevant periods. You should read the condensed consolidated interim financial statements attached hereto, including the notes thereto, together with the following discussion and analysis.

1 Review of operations

1.1 OVERVIEW

1.1.1 About Telenet

Telenet is the largest cable television operator in Belgium. Telenet's hybrid fiber-coaxial ("HFC") cable network spans the Flanders region, covers approximately 61% of Belgium by homes passed and includes the metropolitan centers of Antwerp and Ghent and approximately one-third of Brussels. Telenet's shares are listed on the Euronext Brussels Stock Exchange under the ticker symbol TNET and it is part of the BEL20 stock market index.

Telenet offers analog and digital cable television and digital pay television, including high definition ("HD") and on-demand television, high-speed broadband internet and fixed and mobile telephony services to residential subscribers who reside in Telenet's network area. Telenet also combines its services into packages, or bundles, which offer subscribers the convenience of being able to purchase television, broadband internet and telephony services from a single provider at an attractive and discounted price. In addition, Telenet offers voice and data services to small and medium-sized businesses throughout Belgium and parts of Luxembourg.

As of June 30, 2012, Telenet had 2,152,200 unique residential subscribers, which represented approximately 75% of the 2,856,300 homes passed by its network. As of June 30, 2012, all of Telenet's 2,152,200 unique residential subscribers subscribed to its basic cable television services, 1,339,200 subscribed to its broadband internet services and 920,200 subscribed to its fixed telephony services. In addition, approximately 68% of its basic cable television subscribers had upgraded from analog to digital television, and 266,700 customers subscribed to its mobile telephony services. For the six months ended June 30, 2012, Telenet's total revenue was €727.0 million, a 9% increase over the six months ended June 30, 2011, and its Adjusted EBITDA was €387.0 million, a 9% increase over the six months ended June 30, 2011.

Telenet's business was founded on the provision of high speed broadband internet and fixed telephony services, but following its acquisition of the cable television businesses of the mixed intermunicipalities (the "MICs") in 2002, the provision of standard cable television services became its largest business activity. Because consumers are increasingly looking to receive all of their media and communications services from one provider at attractive prices in the form of bundles, Telenet has been increasingly focused on offering its subscribers broadband internet and telephony subscriptions and services together with its basic cable television services in the form of attractively priced multiple-play bundles ("Shakes"). Telenet has derived, and believes it can continue to derive, substantial benefits from the trend towards bundled subscriptions, through which it is able to sell more products to individual subscribers, resulting in significantly higher ARPU per customer relationship and, in its experience, the reduction of customer churn. For the six months ended June 30, 2012, Telenet's ARPU per customer relationship was €45.1 per month, a €4.1 per month increase over Telenet's ARPU per customer relationship for the six months ended June 30, 2011.

Telenet's entire cable network has been upgraded to bi-directional capability, is fully EuroDocsis 3.0 enabled and provides a spectrum bandwidth capacity of 600 MHz. In February 2010, Telenet announced its "Digital Wave 2015" upgrade project, under which it will split optical nodes thereby gradually reducing the number of homes connected to an optical node from an average of 1,400 homes per node to an average of 500 per node. This increase in the number of nodes throughout Telenet's footprint will allow Telenet to build a next-generation network, with increased download and upload speeds, supporting new internet applications and enhanced services and technology.

Prior to October 2008, Telenet offered all services to the approximately 1,933,100 homes passed by its network but was only able to offer broadband internet and telephony services to the approximately 829,500 homes passed by the network owned by Interkabel and the pure intermunicipalities (the "PICs") which encompassed about one third of Flanders (the "Partner Network" and together with Telenet's network, the "Combined Network"). Pursuant to an agreement entered into on June 28, 2008 between Telenet, Interkabel, INDI ESV and four PICs in Flanders (the "PICs Agreement"), which effectively closed in October 2008, Telenet acquired full rights to use substantially all of the Partner Network under a long-term lease (*erfpacht/emphytéose*) for an initial period of 38 years, for which Telenet is required to pay recurring fees in addition to the fees paid under certain pre-existing agreements with the PICs. The PICs remain the legal owners of the Partner Network. Following the PICs Agreement, Telenet now has the direct customer relationship with the analog and digital television subscribers on the Partner Network and is able to make all of its services available to all of the homes passed in the Partner Network.

1.1.2 Overview & multiple-play

During the six months ended June 30, 2012, Telenet continued to see good uptake in its advanced service offerings of digital TV, broadband internet and fixed telephony. Despite the macro-economic backdrop and the intensely competitive environment, Telenet recorded a 24% increase in net new subscriber growth for its advanced service offerings compared to the prior year period. Telenet believes this solid achievement reflects its attractive multiple-play lineup, both in terms of pricing and leading innovative features, catering for an unrivalled user experience.

As in recent quarters, Telenet continued to enjoy solid progress in its multiple-play penetration. Telenet attracted 35,600 net new triple-play subscribers during the six months ended June 30, 2012. As of June 30, 2012, the total number of triple-play subscribers reached 818,700, up 9% as compared to June 30, 2011. Hence, the number of triple-play subscribers as a proportion of Telenet's total customer base continued to grow from approximately 34% at June 30, 2011 to approximately 38% at June 30, 2012.

At June 30, 2012 and excluding its mobile RGUs, Telenet provided its 2,152,200 unique subscribers a total of 4,411,600 services, a 2% increase compared to the prior year period. Consequently, the number of services per customer relationship reached 2.05 at June 30, 2012 as compared to 1.94 at June 30, 2011. The 6% year-on-year increase was the direct result of Telenet's successful bundling strategy.

Since 33% of Telenet's customer base is still taking only one product, Telenet continues to see sound growth opportunities from upselling its remaining single-play subscribers to its attractive multiple-play propositions. At the same time, Telenet will focus on converting its analog cable TV subscribers to its digital TV platform. Both movements are expected to increase the ARPU per customer relationship and enhance Telenet's top line growth.

1.1.3 ARPU per customer relationship

Telenet considers the customer value, reported as ARPU per customer relationship, to be one of its key operational metrics since Telenet seeks to obtain a larger share of its customers' spending on media, entertainment and telecommunications services. The ARPU per customer relationship reached €45.1 for the six months ended June 30, 2012, a 10% increase as compared to the six months ended June 30, 2011 when the ARPU per customer relationship yielded €41.0.

In addition to a higher share of multiple-play and digital cable television subscribers in the overall customer base and the continued success of its Fibernet products, Telenet attributes the robust performance in both periods to the growing contribution from its Sporting Telenet pay television channels and selective price increases. These price increases occurred on certain broadband products and the basic cable television subscription fee in August and October 2011 respectively, and were linked to an overall increase in the cost of living. These factors more than outweighed the pressure Telenet continues to experience on the individual product ARPUs as a result of a growing proportion of bundle and other price discounts. The ARPU per customer relationship, as mentioned above, excludes the recurring revenue generated by the increasing base of postpaid mobile subscribers.

1.1.4 Consolidated operating statistics

As of and for the six months ended	June 2012	June 2011	Change %
Total Services			
Homes passed - Combined Network	2,856,300	2,831,300	1%
Television			
Analog Cable TV	679,700	971,600	-30%
Digital Cable TV	1,472,500	1,262,300	17%
Total Cable TV	**2,152,200**	**2,233,900**	**-4%**
Internet			
Residential Broadband Internet	1,298,500	1,223,300	6%
Business Broadband Internet	40,700	40,400	1%
Total Broadband Internet	**1,339,200**	**1,263,700**	**6%**
Telephony			
Residential Telephony	907,000	834,600	9%
Business Telephony	13,200	12,700	4%
Total Telephony	**920,200**	**847,300**	**9%**
Mobile telephony (active customers)	275,400	228,100	21%
Total Services (excl. Mobile)	**4,411,600**	**4,344,900**	**2%**
Churn			
Basic cable television	9.9%	9.0%	
Broadband internet	7.4%	7.2%	
Telephony	7.5%	7.3%	
Customer relationship information - Combined Network			
Triple-play customers	818,700	751,500	9%
Total customer relationships	2,152,200	2,233,900	-4%
Services per customer relationship	2.05	1.94	6%
ARPU per customer relationship (in € / month)	45.1	41.0	10%

1.2 BASIC CABLE TELEVISION

Basic cable television is the principal medium for the provision of television services in Flanders and Telenet is the largest provider of cable television services in Belgium. Almost all Flemish television households are passed by the bi-directional HFC network. The high penetration of Telenet's basic cable television business has resulted in a steady source of revenue and cash flow. Currently, traditional terrestrial broadcasting and direct-to-home satellite broadcasting are less popular in Flanders or elsewhere in Belgium. Telenet mainly competes with the Belgian incumbent's IPTV platform.

Telenet's basic cable television subscribers have access to an average of at least 21 basic analog television channels and an average of 26 analog radio channels. Telenet generally provides its basic cable television services under individual contracts with its subscribers, the majority of whom pay monthly. Subscribers to Telenet's basic cable television service pay a single monthly subscription fee for basic tier content, irrespective of the broadcasting format or number of channels received in the basic tier. The monthly subscription fee includes a copyright fee for the content received from public broadcasters that is broadcast over Telenet's network. These fees contribute to the cost Telenet bears with respect to copyright fees paid for certain content provided by the public broadcasters.

Telenet regularly reviews its pricing policy, carefully weighing the current and future economic and competitive environment. Historically, Telenet has increased the subscription fee for its basic cable television service in response to inflation by an average rate of between 3% and 4% per year. In January 2011, Telenet submitted an application to the regulator to increase its basic cable television subscription fee, which was granted in May 2011. As of October 2011, Telenet effectively increased its subscription fee by an average 4.2% (€0.55 per month) for the first time since 2009 and raised the associated copyright fee by €0.25 per month on average.

Basic cable TV subscribers, including both analog and digital services, totaled 2,152,200 at the end of June 2012 as compared to 2,198,500 at the end of December 2011. This implies a net organic loss of 46,300 basic cable TV subscribers for the six months ended June 30, 2012, reflecting the intensely competitive environment and the availability of competing digital platforms in our footprint. In line with its expectations, Telenet recorded a temporary higher organic loss rate for the three months ended June 30, 2012 as a result of the analog channel reshuffle, which led to a net organic loss of 28,500 basic cable TV subscribers. Still, the revenue loss from these generally low ARPU subscribers in the quarter was more than offset by the robust inflow of higher ARPU digital TV subscribers.

The aforementioned organic loss excludes migrations to Telenet's digital television platform and represents customers churning to competitors' platforms, such as other digital television providers and satellite operators, or customers terminating their television service or having moved out of Telenet's service footprint. Given the historically high level of cable penetration in Telenet's footprint, the limited expansion of the number of homes passed and strong competition in the TV market, Telenet anticipates further churn in the number of basic cable TV subscribers, offset by further growth in multiple-play subscribers, generating a much higher ARPU relative to the basic cable TV ARPU.

Early July 2012, Telenet launched a new TV product, Teletenne, using the Digital Terrestrial TV frequencies Telenet leases from Norkring. With an aerial and a special decoder, customers in Flanders and Brussels will now be able to watch TV with superior picture and sound quality, even where a cable connection is difficult or impossible. Teletenne is therefore ideal for second homes, summer houses, as well as for student rooms, bedrooms or houses situated outside the cable service area.

1.3 DIGITAL & PREMIUM TELEVISION

Historically, Telenet only offered basic analog television services to homes passed by its network. Telenet's interactive digital television service was launched in September 2005 and includes both basic and premium offerings. In general, digital technology compresses video signals into a smaller amount of bandwidth than is currently used by analog transmissions, while also enhancing the audio and visual quality of the transmissions. Telenet is able to broadcast a significantly greater number of channels by converting channels currently used for analog broadcasts into use for digital channels. Current digital interactive capabilities enable subscribers greater flexibility in choosing what content to watch and when, to participate in certain types of programs, to communicate with others through their television set and to review viewing options using facilities such as electronic program guides ("EPG"), among other features.

Telenet's basic cable television subscribers who have installed a set-top box and activated a smart card have access to a total of more than 70 digital channels and approximately 36 digital radio channels, for no additional fee. Telenet offers its basic cable television services in digital for no additional fee in order to encourage its subscribers to migrate to digital cable television so they can access Telenet's digital pay television services, including sports and movies, video-on-demand ("VOD") and other interactive television services.

In order to access Telenet's premium interactive digital television ("iDTV") offerings, subscribers need to install a set-top box, which acts as an interface between the subscriber and the Telenet Network, and operates on the Multimedia Home Platform ("MHP") standard, an open standard platform that provides Telenet with the flexibility to integrate applications from a variety of sources. There currently is no dominant standard used for digital set-top box operating platforms, but the MHP standard has been adopted by CableLabs, Inc.. Telenet offers digital set-top boxes in a sale or a rental model. Telenet offers a choice of "HD Digibox" and "HD Digicorder" set-top boxes with alternative specifications and functionality, such as the ability to record and playback digital content viewed on its service. As of June 30, 2012, approximately 83% of activated set-top boxes included PVR functionalities and approximately 77% were HD-enabled. The vast majority of digital cable television subscribers rent the "HD Digicorder" as this specific set-top box type is bundled into Telenet's multiple-play bundles and allows for a full high-quality TV viewing experience including pausing, forwarding and recording functionalities.

Telenet's premium service includes a combination of premium sports and film channels, a range of extended thematic channels, a selection of films and broadcast content available on an on-demand basis and a variety of interactive features. Telenet's full premium interactive digital television offering is available to all subscribers passed by its network. Telenet's premium content is acquired through various studio contracts, including Universal Studios, MGM, Twentieth Century Fox, Paramount, Sony, Disney and Warner Brothers. These contracts generally require Telenet to make payments on the basis of a minimum number of subscribers, with adjustments made on a sliding scale once minimum subscriber levels have been attained. In addition, a few of these contracts require Telenet to share a portion of the additional revenue derived from price increases for its premium television packages with the content provider.

In cooperation with the local broadcasters, Telenet has built a large broadcasting on-demand library, including the majority of their historical and current content and previews of local series. In addition, Telenet's digital platform supports additional functionalities such as e-mail, short message services, search and recommend, online photo albums and access to government services and programs. Other features include several interactive search engines such as telephony directories, train information, job searches and public and air transportation information.

In December 2010, Telenet launched Yelo, a new multimedia platform enabling digital cable television subscribers to watch their favorite television programs beyond the familiar TV screen, on their iPad, iPhone and laptop. In addition, Yelo offers a range of convenient services, such as an EPG, remote programming of one's set-top box and access to video-on-demand. In March 2012, Telenet added 14 television channels to its Yelo platform, allowing for a total of 31 channels that can be viewed on a linear basis through Yelo.be or the Yelo app. In June 2012, the Yelo platform was further enriched by adding social media features and capabilities. At present, Telenet has more than 260,000 Yelo users.

In June 2011, Telenet acquired certain exclusive broadcasting rights for the Belgian football championship for the three seasons starting July 2011. As a result, Telenet was able to select and exclusively broadcast the three most important league matches of the Jupiler Pro League. As from the 2012-2013 season onwards, Telenet will be able to broadcast all league matches, including the five remaining matches on a non-exclusive basis, which is expected to drive incremental subscriber growth. At the end of July 2011, Telenet completely revamped its pay television sports channel PRIME Sport into Sporting Telenet. This sports channel exclusively broadcasts the most important fixtures of the Belgian football championship alongside the most popular international football leagues and other major sporting events, such as NBA basketball and golf. Pricing is dependent on the number of services ordered and ranges from €16.15 per month for triple-play subscribers to €26.95 per month for single-play subscribers (both including 21% VAT). As of June 30, 2012, approximately 183,700 customers subscribed to Sporting Telenet, up 48% as compared to June 30, 2011.

On June 30, 2012, 1,472,500 of Telenet's basic cable television subscribers had upgraded to its interactive digital TV platform, which offers a much richer viewing experience and access to a wide variety of thematic channel packs and digital pay TV services as well as an extensive video-on-demand (VOD) library. This implies a digitalization rate of 68% as of June 30, 2012 as compared to 57% at the end of June 2011. All digital TV subscribers are on the interactive bi-directional digital TV platform following the reclassification of INDI subscribers as described on page 9.

During the six months ended June 30, 2012, Telenet added 116,700 net new digital TV subscribers, a 44% increase as compared to the six months ended June 30, 2011. Hence, Telenet already managed to convert approximately 14% of its remaining analog

TV subscribers to the richer digital TV platform in only six months' time. During the three months ended June 30, 2012, specifically, Telenet recorded a strong uptake in digital TV sales driven by attractive temporary promotions in the quarter in order to enable remaining analog TV customers to benefit from Telenets advanced digital TV platform.

Going forward, Telenet believes that the migration from analog to digital television will remain one of its key value drivers given the much higher ARPU generated by a digital cable television customer. In the near future, Telenet expects the importance of digital television, premium services and multi-screen features to gain further traction. The traditional TV experience is increasingly being marginalized as consumers assert their right to watch what they want, when they want. To keep pace with this growing trend, Telenet will further exploit the many technological possibilities of its digital platform in combination with its leading broadband network. The launch of Yelo in December 2010, enabling customers to watch their favorite programs and shows wherever they are on their iPad, iPhone or laptop, fits perfectly well within this strategy.

1.4 BROADBAND INTERNET

Telenet is the leading provider of residential broadband internet services in Flanders. Through its HFC upgraded network, Telenet offers its residential subscribers a broadband internet service at a downstream data transfer speed of up to 120 Mbps. Telenet's current residential offerings include multiple tiers, which range from "Basic Internet", which allows end users to receive data from the internet at a downstream data transfer speed of up to 30 Mbps, to "Fibernet XL", which offers end users a downstream speed of up to 120 Mbps. Telenet believes that its broadband customers are among one of the most advanced in Europe[1] given that approximately 99% of its total subscriber base enjoyed download speeds of at least 30 Mbps as of June 30, 2012. Furthermore, approximately 27% of Telenet's installed base subscribed to its EuroDocsis 3.0 offering, Fibernet, as of June 30, 2012. Telenet believes that this success clearly demonstrates customers' demand for reliable and high speed broadband connections so they can access the internet through multiple devices simultaneously.

In February 2010, Telenet introduced its next generation broadband internet line-up centered around its Fibernet product suite. Powered by the EuroDocsis 3.0 technology, which has been introduced across its entire footprint, Telenet has reaffirmed its market positioning as the fastest internet service provider in its footprint with unrivalled download speeds of up to 120 Mbps. The ISP Monitor Speed Test[2], which ranks the real speeds of all internet providers in Belgium, confirms Telenet's leading position versus all of its main competitors.

At June 30, 2012, Telenet served 1,339,200 broadband internet subscribers, up 6% as compared to the prior year period. Consequently, 46.9% of the total number of homes connectable to Telenet's network subscribed to one of its broadband internet offerings at the end of June 2012 compared to 44.6% at the end of June 2011. At the end of June 2012, Telenet further improved the product features for both new and existing customers, providing faster download and upload speeds and even more volume.

During the six months ended June 30, 2012, Telenet attracted 33,600 net new broadband internet subscribers. However, the higher-than-anticipated success of Telenet's digital TV migration campaign resulted in a sizeable install backlog at the Q2 2012 quarter-end and these subscribers will only show in the three months ending September 30, 2012 once they will have been installed. Annualized churn for Telenet's broadband internet service remained well under control at 7.4% for the six months ended June 30, 2012 as compared to 7.2% for the six months ended June 30, 2011.

The broadband internet access market in Belgium is well established, with penetration rates higher than in most other major European markets. According to the Belgian Institute for Postal Services and Telecommunications ("BIPT"), broadband internet access penetration in Belgium stood at approximately 71% of the total number of households as of December 31, 2010. In the Flanders region, the broadband internet access penetration was approximately 77% of the total number of households according to BIPT data for the same period. Telenet's ability to continue to further grow the broadband market will depend in part on increases in the number of households with a personal computer in Flanders and parts of Brussels.

[1] Akamai: The State of the Internet, Q3 2011.

[2] The ISP Monitor Speed Test is an independent source for bandwidth speed comparison. The results shown on www.ispmonitor.be are a summary of the test results gathered by the users of ISP Monitor software.

1.5 TELEPHONY

1.5.1 Fixed telephony

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

Telenet's "FreePhone" rate plan was launched in December 2004, providing subscribers with unlimited national calls to fixed lines during off-peak hours. In 2005 and 2006, Telenet introduced variations on the "FreePhone" rate plan which have been successful in increasing the penetration of this service, but have also reduced the ARPU Telenet earns from residential telephony. At the end of November 2011, Telenet introduced "FreePhone Mobile", which allows fixed telephony customers to make free off-peak calls to mobile lines in Belgium. Telenet believes this new innovative service will drive further RGU growth.

Telenet's residential telephony subscribers are charged a combination of fixed monthly fees for their telephone line, variable fees based on actual usage and, for certain tariff plans, fixed fees for unlimited calling to national fixed lines at all times. Flat rate usage charges apply for calls placed to other fixed lines in Belgium and the main European countries. Telenet seeks to price its residential telephony products to provide a better value alternative to Belgacom. It also offers its residential subscribers enhanced telephony features for an additional fee. Enhanced offerings include packages of features and individual services such as voicemail and caller ID.

Fixed telephony sales have consistently been running at higher levels since the introduction early last year of Telenet's repositioned multiple-play bundles with the inclusion of attractively priced flat-fee rate plans for calls made to domestic fixed lines during offpeak times. Furthermore, fixed telephony sales have benefited from the introduction of the FreePhone Mobile offering discussed above.

During the six months ended June 30, 2012, Telenet attracted 40,100 net new fixed telephony subscribers, up 22% as compared to the six months ended June 30, 2011. At June 30, 2012, Telenet served a total of 920,200 fixed telephony subscribers (+9% year-on-year). The penetration of Telenet's fixed telephony service relative to the total number of homes passed by its network continued to grow from 29.9% at the end of June 2011 to 32.2% at the end of June 2012. Annualized churn for Telenet's fixed telephony service at 7.5% for the six months ended June 30, 2012 was only fractionally higher as compared to the six months ended June 30, 2011.

1.5.2 Mobile telephony

Telenet's mobile telephony offer was launched in August 2006 under the Telenet Mobile brand name. Telenet provides this service through a mobile virtual network operator ("MVNO") partnership with Mobistar NV, the second largest mobile operator in Belgium, providing Telenet's customers all network services as well as access to Mobistar NV's mobile telecommunications network. In February 2009, Telenet signed a broader agreement with Mobistar (the "Full-MVNO Agreement"), which provides Telenet with greater flexibility in terms of product offers and which enables Telenet to roll out fixed mobile convergent products. Telenet launched the Full-MVNO in the fourth quarter of 2010, for which it has undertaken the construction of certain proprietary mobile infrastructure, including a mobile switch, mobile rating and billing platform.

In May 2012, Mobistar and Telenet extended their strategic partnership by five years to 2017. With the renewed Full-MVNO contract, Telenet can further expand its offer for mobile voice and data using Mobistar's mobile network, and will also gain access to Mobistar's future 4G mobile network. Through a partnership with Telenet, the Walloon cable operator Tecteo will also be able to make use of this Full-MVNO agreement to provide mobile services for its cable customers. The Full-MVNO Agreement can be terminated in case of material breach and certain events, including changes of control and regulatory events. In the event of termination, an exit plan will apply permitting Telenet to migrate its mobile telephony customers to another radio access network provider.

In June 2011, Telenet Tecteo Bidco NV, a partnership between Telenet NV and the Walloon cable operator Tecteo SCRL, acquired the 4th 3G mobile spectrum license in Belgium, for the minimum reserved price of €71.5 million. Telenet continues to weigh all available options to operate its frequencies in the 2.1 GHz band, which are also suited for Long-Term Evolution ("LTE") wireless services. It is Telenet's intention to leverage as much as possible on existing infrastructure assets and to seek a more intense collaboration with the existing Belgian mobile network operators through mutual value-accretive partnerships. As per the license agreement, Telenet Tecteo Bidco NV must launch commercial services by March 2013.

Telenet provides a segmented range of mobile postpaid rate plans. Telenet initially started with a free subscription-based product with subscribers hence only paying for their usage. At the end of October 2009, Telenet redesigned its product offers and tariff structures including subsidized smartphones for postpaid subscribers taking a two-year contract. As a result, Telenet has been able to significantly increase its mobile subscriber base despite only cross-selling mobile telephony services to its existing cable customers in Flanders and parts of Brussels and focusing solely on the postpaid segment. At the same time, Telenet has shifted its focus to customers with a higher lifetime value and to the growing proportion of smartphone users, generating a superior ARPU as compared to its legacy mobile customers on the older tariff plans. At the end of November 2011, Telenet changed its tariff plans into "Walk & Connect", including access to its network of current public hotspots and future Homespots and a certain allowance for mobile data usage. In early 2012, Telenet also started to commercialize SIM-only tariff plans with clear-cut and attractive prices in order to further drive mobile subscriber growth. Telenet believes these actions will help to improve the growth of its mobile business in the year to come.

Since the end of 2011, Telenet has seen a clear improvement in the pace of net additions to its mobile telephony business thanks to the introduction of attractively priced SIM-only rate plans, which allowed Telenet to tap into new market segments. During the six months ended June 30, 2012, Telenet attracted 29,000 net new mobile postpaid subscribers, up 22% as compared to the six months ended June 30, 2011. As from the three months ended March 31, 2012 onwards, Telenet's reported mobile telephony subscriber count also includes subscribers to its data-only mobile plans as described on page 9. Overall, Telenet served 275,400 mobile subscribers at June 30, 2012 as compared to 228,100 at June 30, 2011 (+21% yoy).

As part of Telenets strategy and ambitions to further improve its mobile performance, Telenet launched its new mobile rate plans "King" and "Kong" earlier today. These new plans will offer mobile customers a simple, transparent and very attractive subscription at €20 or €70 per month and include a wealth of voice minutes, text messages and mobile data to cater for almost everyone's mobile needs. On top, customers who combine these mobile plans with any of Telenet's advanced fixed products will receive a discount of €5 on the €20 plan and of €20 on the €70 plan. In this way, Telenet customers will benefit from one of the most advanced convergent offers currently available in the market.

1.5.3 Interconnection

Interconnection is the means by which users of one telephony network are able to communicate with users of another telephony network. For a subscriber located on one telephony network to complete a telephone call to an end user served by another telephony network, the subscriber's network service provider must interconnect to the network serving the end user. Typically, the network serving the end user charges the subscriber's service provider a fee to terminate the communication, which is based on a call set-up charge and on the length of the telephone call. Interconnection costs and revenues have a significant impact on Telenet's financial results. As a result, Telenet has focused heavily on managing this cost.

Telenet's interconnection practices are subject to comprehensive regulation by the BIPT. Following the adoption of the EU Regulatory Framework in Belgian law, the BIPT decided in August 2006 to implement a three year gliding path to near reciprocity starting on January 1, 2007. From January 1, 2009 to March 31, 2012, Telenet was allowed to charge to Belgacom the Belgacom termination charge to Telenet plus 15%. As of Q2 2012, this 15% surcharge has been canceled by BIPT decision, thus reaching full reciprocity on the Belgian fixed telephony market. In October 2006, Belgacom submitted an appeal to the Court of Appeal in Brussels arguing for a faster reduction in Telenet's interconnection rates. Telenet has also launched an appeal with the Brussels Court of Appeal arguing that the reduction in its interconnection rates should be cost oriented. If Belgacom were to be successful in its appeal, Telenet could be required to reduce its interconnection rates retroactively.

As for mobile telephony, the BIPT imposed a sharply declining glide path following its market analysis dated June 2010. As a result, mobile termination rates will be capped for each mobile network operator at €1.08 cent per minute starting January 2013, a 60% decline compared to the current average mobile termination rate of €2.67 cent per minute, which is applicable as of January 1, 2012.

For the six months ended June 30, 2012, Telenet incurred interconnection fees of €30.1 million (€29.2 million for the six months ended June 30, 2011) and received interconnection revenue of €14.4 million (€9.9 million for the six months ended June 30, 2011). Telenet reports its interconnection revenue under 'Residential telephony', while the incurred interconnection fees are accounted for under 'Network operating and service costs'.

1.6 BUSINESS SERVICES

Telenet's business customers include small and medium-sized enterprises ("SMEs") with between five and one hundred employees; larger corporations; public, healthcare and educational institutions; and carrier customers that include international voice, data and internet service providers. For the six months ended June 30, 2012, Telenet's business services operations generated €45.4 million in revenue, broadly stable as compared to the six months ended June 30, 2011. Telenet markets its business services under the Telenet for Business brand name. Telenet's corporate customers generally connect to the Telenet Network directly through a fiber optic connection and its SME customers connect to the Combined Network through a fiber, digital subscriber line ("DSL") or coaxial connection, depending on the scope of their needs and their location relative to Telenet's network.

Telenet for Business offers a range of voice, data and internet products and services that are tailored to the size and needs of each customer. Telenet provides services to business customers throughout Belgium and parts of Luxembourg. With the inclusion of DSL services Telenet has flexibility to target customers throughout Belgium because it is not dependent on such customer's proximity to the Telenet Network. Telenet's business customers evaluate its offerings based on price, technology, security, reliability and customer service. Internet products include i-Fiber, WiFi services and internet over copper leased lines, DSL lines or coaxial connections. Voice products include a range of fiber, coaxial and DSL products matched to the capacity needs of customers, as well as other services. Data products consist primarily of various forms of leased lines, which are typically sold to corporate customers and to carriers. Telenet also offers virtual private network ("VPN") customized services for customers of which, in particular, Telenet's IP-enabled product is a strong growing product in its portfolio.

Sales and marketing teams for Telenet's business customers are organized on a regional, business sector and customer size basis. The prices that Telenet offers its corporate, public, healthcare, educational and carrier customers are usually negotiated within fixed parameters, whereas more standardized prices typically apply to Telenet's SME customers. For certain large corporations, Telenet enters into individual agreements under which it must meet minimum service levels.

The availability and gradual commercial roll-out of EuroDocsis 3.0 represents an important development for Telenet's positioning in the business-to-business market. Given the higher download speeds, better product specifications and improved quality of service over competing technologies, Telenet is in a strong position to increase its market share in the business-to-business market both for select, smaller corporate segments and larger corporate accounts. Telenet's leading connectivity solutions are being complemented by a growing portfolio of value-added services, such as hosting, managed security and cloud computing amongst others. This will enable Telenet for Business to offer a single-user experience for not only connectivity solutions but also for a whole range of additional value-added services.

1.7 NETWORK

In 1996, Telenet acquired the exclusive right to provide point-to-point services, including broadband internet and telephony services, and the right to use a portion of the capacity of the broadband communications network owned by the PICs, the Partner Network. Currently, under the PICs Agreement through Telenet NV and Telenet Vlaanderen NV, Telenet has full rights to use substantially all of the Partner Network under a long-term lease (*erfpacht/emphythéose*) for an initial period of 38 years (of which 35 years are remaining), for which Telenet is required to pay recurring fees in addition to the fees paid under certain pre-existing agreements with the PICs.

Telenet refers to the Combined Network when describing the combination of its own network and the Partner Network. Telenet uses the Combined Network to provide cable television in analog, digital and HD formats, broadband internet and fixed telephony services to both residential and business customers who reside in its service area. Telenet's combined broadband HFC network consists of a fiber backbone with local loop connections constructed of coaxial cable with a minimum capacity of 600 MHz.

Regardless of whether a customer is served by the Telenet Network or the Partner Network, the means by which the services available in the relevant franchise area reach the customer are the same. Telenet's Combined Network assets include approximately 12,000 kilometers of fiber backbone, of which Telenet owns 7,300 kilometers, utilizes 2,580 kilometers pursuant to long-term leases and has access to 2,100 kilometers through its agreements with the PICs. The fiber backbone connects to approximately 68,000 kilometers of coaxial local loops, of which 50,000 kilometers is in the Telenet Network and the balance is in the Partner Network. Telenet owns the primary and secondary fiber backbone on the Combined Network and the fiber and coaxial cable on the Telenet Network. The PICs own the additional fiber and the coaxial cable included in the HFC access loops on the Partner Network.

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

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

Customers connect to the Combined Network through a coaxial connection from one of Telenet's nodes. Amplifiers are used on the coaxial lines to strengthen both downstream and return path signals on the local loop. On average, approximately 1,400 homes are served by each of the approximately 2,400 nodes in the Combined Network. Network quality usually deteriorates as customer penetration rates on any particular node increase. When required, the scalability of Telenet's network enables it to address this problem, within limits, through node splits in which Telenet installs additional equipment at the node so that the same 3 Gbps capacity serves approximately 500 homes per node. Telenet uses node splits, among other measures, to manage potential congestion in certain parts of the Partner Network.

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

At the end of 2009, Telenet completed the upgrade of its network bandwidth capacity from 450 MHz to 600 MHz. Late 2009, Telenet also completed the implementation of the necessary software and hardware to enable its adoption of the EuroDocsis 3.0 channel bonding standard. Through the EuroDocsis 3.0 technology, Telenet is able to offer downstream speeds of up to 100 Mbps. At the beginning of 2010, Telenet announced its next phase of network investments, referred to as Telenet's "Digital Wave 2015" investment program, to further upgrade its network and services as Telenet believes that a fiber-rich and flexible network will provide capacity for future growth which its competitors will have difficulty matching. One of the cornerstones of Telenet's upgrade strategy is its "Pulsar" node splitting project, which will allow Telenet to build a next-generation network capable of capturing the changing consumer needs, new internet applications and future services and technology. The "Pulsar" project includes a further reduction of the number of homes connected to an optical node from on average 1,400 to an average of 500 homes per node with the design ready to move to an average of 250 homes per node, thereby significantly increasing the network capacity. Telenet plans to execute this program over five years for a total expenditure of approximately €30 million per annum. This amount could vary, however, depending on market conditions, supply arrangements and numerous other factors.

1.8 STRATEGY

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

Drive continued revenue and profit growth by leveraging Telenet's superior products and multiple-play bundles. Telenet has achieved significant growth in its digital television, broadband internet and telephony services and it plans to further increase its subscriber base for these services as well as its multiple-play bundles through product positioning, attractive pricing and strong focus on customer care. Telenet has launched several successful product and marketing initiatives to further increase the uptake of bundles and migrate subscribers to its "Shakes" bundles. As of June 30, 2012, approximately 67% of Telenet's unique residential customers subscribed to its double- or triple-play packages, of which approximately 38% or 818,700 represented triple-play subscribers (representing an increase of 9% compared to June 30, 2011). Telenet will continue to upsell its bundles to its customer base to improve ARPU per customer relationship, reduce customer acquisition costs, lower churn rates and lower maintenance expenses.

Further convert Telenet's analog basic cable television subscriber base to digital television. Telenet continues to convert its analog basic cable television subscriber base to its digital television platform. Subscribers to Telenet's digital television product get access to a much richer high-quality content offering, an extensive VOD library and interactive applications at no additional cost, other than the set-top box which can either be purchased or rented. On average, a subscriber converting from analog basic cable television to digital television increases its ARPU substantially by additional services, including the subscription to additional content packages, such as premium sports and movies, and the usage of VOD and interactive applications. At the end of June 2012, approximately 68% of Telenet's cable television subscriber base had upgraded to digital television.

Enhance customer satisfaction and loyalty. Telenet has improved its operations, upgraded various customer care and billing systems and implemented management incentive schemes to enhance customer satisfaction and customer loyalty. Telenet has invested in its customer care function in order to improve satisfaction and retention at all customer touch points. Telenet conducts a monthly independent survey to track its customers' loyalty score ("CLS") by product and customer process. Telenet believes that its investments in customer care and sustained focus on customer satisfaction are important drivers of its ability to maintain its current levels of low churn.

Explore additional growth opportunities. Telenet believes that the business-to-business segment presents a growth opportunity for Telenet, providing Telenet with an opportunity to leverage its existing network and EuroDocsis 3.0 technology to meet the needs of small and medium-sized businesses. Telenet believes that due to its ability to provide telephony and high-speed broadband internet services over its existing cable network, it is well positioned to provide cost effective voice and data services to meet the needs of small and medium-sized enterprises without significant capital investment. Telenet will also continue to explore balanced growth opportunities in mobile broadband and mobile voice in order to enhance and retain its position in the market. Although the mobile voice market is already highly penetrated, Telenet believes that its ability to offer combined fixed and mobile products will become an important differentiator as converged service offerings start to develop. In addition, since the mobile broadband market in Belgium is currently not yet as developed as in other European countries, Telenet believes that its fixed broadband market position should put Telenet in a favorable position to exploit future growth in this market.

Focus on cash flow growth. Telenet believes that it has a solid Adjusted EBITDA margin and cash flow generation profile. Telenet is committed to exploiting growth opportunities and Telenet expects to generate high incremental return on its investments. Telenet believes that the large scale of its existing operations provides it with a platform to invest in new products and services and translate revenue growth into improved profitability and cash flow generation.

2 Discussion of the condensed consolidated interim financial statements

2.1 CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended June 30,	
	2012	**2011**
	(in thousands of euro, except per share data)	
Revenue	726,962	669,860
Cost of services provided	(414,964)	(374,880)
Gross profit	**311,998**	**294,980**
Selling, general and administrative expenses	(120,747)	(114,554)
Operating profit	**191,251**	**180,426**
Finance income	3,454	24,999
Net interest income and foreign exchange gain	3,454	4,574
Net gain on derivative financial instruments	-	20,425
Finance expense	(145,746)	(102,562)
Net interest expense and foreign exchange loss	(107,784)	(97,251)
Net loss on derivative financial instruments	(37,962)	-
Loss on extinguishment of debt	-	(5,311)
Net finance expenses	**(142,292)**	**(77,563)**
Share of the loss of equity accounted investees	24	(177)
Profit before income tax	48,983	102,686
Income tax expense	(24,025)	(44,214)
Profit for the period	**24,958**	**58,472**
Other comprehensive income for the period, net of income tax	**-**	-
Total comprehensive income for the period	**24,958**	**58,472**
Profit attributable to:	**24,958**	**58,472**
Owners of the Company	24,963	58,472
Non-Controlling interests	(5)	-
Total comprehensive income for the period, attributable to:	**24,958**	**58,472**
Owners of the Company	24,963	58,472
Non-Controlling interests	(5)	-
Earnings per share		
Basic earnings per share in €	0.22	0.52
Diluted earnings per share in €	0.22	0.51

For the six months ended June 30, 2012, Telenet generated revenue of €727.0 million, a 9% increase as compared to the six months ended June 30, 2011 when Telenet achieved revenue of €669.9 million. All of Telenet's revenue growth for the six months ended June 30, 2012 was organic and directly driven by underlying RGU growth, the ongoing migration from analog to digital TV and the continued uptiering of its existing broadband customer base to Fibernet, all resulting in a higher value per customer. Telenet also saw an increase in stand-alone iPhone 4S handset sales compared to the six months ended June 30,

2011, which are recorded under Distributors/Other revenue. Excluding the low-margin revenue generated from the sale of handsets and set-top boxes, top line growth would have been 8% for the six months ended June 30, 2012. Revenue growth during the six months ended June 30, 2012 was also supported by a higher contribution from Sporting Telenet and the selective price increases on certain broadband internet services and basic cable TV. Since these elements started to contribute to growth during the three months ended September 30, 2011, Telenet anticipates its revenue growth rate to be higher in the first half of the year as compared to the second half, as embodied within its full year outlook.

For the six months ended June 30, 2012, Telenet incurred total operating expenses of €535.7 million, a 9% increase compared to the six months ended June 30, 2011 when total operating expenses were €489.5 million. The increase in total operating expenses was predominantly attributable to higher depreciation and amortization charges as a result of the pro-rata amortization of the Belgian football broadcasting rights, higher network operating and service costs and higher advertising, sales and marketing expenses.

For the six months ended June 30, 2012, operating profit reached €191.3 million, a 6% increase as compared to the six months ended June 30, 2011 when Telenet generated operating profit of €180.4 million. The 9% year-on-year increase in Adjusted EBITDA for the six months ended June 30, 2012 was slightly offset by 17% higher depreciation and amortization charges primarily as a result of the pro rata amortization of the acquired Belgian football broadcasting rights.

Net finance expenses for the six months ended June 30, 2012 totaled €142.3 million compared to €77.6 million for the six months ended June 30, 2011. The sharp increase was the combined effect of (i) a strong decrease in the fair value of our derivatives which yielded a €38.0 million loss for the six months ended June 30, 2012 versus a €20.4 million gain for the six months ended June 30, 2011; and (ii) an 11% increase in net interest expenses as a result of the debt extension and deferred payments on the 3G mobile spectrum.

Telenet recorded a net profit of €25.0 million for the six months ended June 30, 2012, including a loss on derivative financial instruments of €38.0 million, without which Telenet would have recorded a net profit of €63.0 million. For the six months ended June 30, 2011, Telenet reported a net profit of €58.5 million, including a €20.4 million gain on derivative financial instruments and a €5.3 million loss on extinguishment of debt, without which Telenet would have recorded a net profit of €43.4 million.

2.2 REVENUE BY SERVICE

	For the six months ended June 30,	
	2012	**2011**
	(in thousands of euro)	
Basic cable television[1]	160,683	159,130
Premium cable television[1]	110,955	88,658
Distributors/Other	31,197	24,849
Residential broadband internet[1]	226,111	218,424
Residential telephony[1]	152,637	133,636
Business services	45,379	45,163
Total Revenue	**726,962**	**669,860**

Telenet's revenue for the six months ended June 30, 2012 remained well balanced with cable television, including basic cable television, premium cable television, broadband internet and telephony all representing significant proportions of its total revenue.

[1] Basic and premium cable television, residential broadband internet and residential telephony revenue substantially comprises revenue generated by residential customers, but also includes revenue from business customers provided over a coax connection.

2.2.1 Cable television

For the six months ended June 30, 2012, Telenet reported total cable television revenue of €271.6 million, a 10% increase compared to the six months ended June 30, 2011 when total cable television revenue reached €247.8 million. Telenet's total cable television revenue comprises both the basic cable television revenue generated by its analog and digital subscribers, as well as the premium cable television revenue generated by its digital cable TV subscribers on top of their basic cable subscription.

Basic cable television

The monthly basic cable television subscription fee paid for both analog and digital cable television channels remains an important contributor to Telenet's revenue and represents a steady source of cash flow. For the six months ended June 30, 2012, Telenet generated €160.7 million of basic cable television revenue as compared to €159.1 million for the six months ended June 30, 2011. The negative impact resulting from an average lower number of active subscribers was more than offset by the favorable impact from the 4.2% increase in the basic cable television subscription fee as of October 2011 related to an increase in the underlying cost of living.

Premium cable television

Premium cable television revenue includes the revenue generated by digital cable television subscribers on top of the basic cable television revenue as described above. In addition to video-on-demand revenue, premium cable television revenue is driven by the strong uptake in rentals of the high-end HD and PVR-enabled set-top boxes. The other contributors to premium cable television revenue include subscription fees to thematic and premium channel packages (including Sporting Telenet) and interactive services on the platform. For the six months ended June 30, 2012, Telenet recorded premium cable television revenue of €111.0 million, marking a 25% increase as compared to the six months ended June 30, 2011 thanks to the growing contribution from its Sporting Telenet pay television channels.

2.2.2 Distributors/Other

Distributors/Other revenue includes revenue related to (i) the sale of set-top boxes; (ii) revenue from cable television activation and installation fees; and (iii) the contribution from third-party sales and stand-alone mobile handset sales. Distributors/Other revenue jumped 25% from €24.9 million for the six months ended June 30, 2011 to €31.2 million for the six months ended June 30, 2012, primarily because of higher stand-alone iPhone 4S handset sales during the three months ended March 31, 2012. These sales generate a very low margin.

2.2.3 Residential broadband internet

For the six months ended June 30, 2012, residential broadband internet revenue, which captures the revenue generated by both residential and business broadband internet subscribers, totaled €226.1 million. This implies a 4% increase as compared to the six months ended June 30, 2011. In addition to continued RGU growth, residential broadband internet revenue was supported by a higher share of Fibernet customers in the overall mix and the favorable impact from the price increase on certain stand-alone product tiers that occurred in August 2011, offsetting the negative impact from a growing number of bundled subscribers in the overall mix.

2.2.4 Residential telephony

Residential telephony revenue, which includes the contribution from both Telenet's fixed and mobile businesses, jumped €19.0 million, or 14%, to €152.6 million for the six months ended June 30, 2012 as compared to the six months ended June 30, 2011. Our fixed telephony revenue for the six months ended June 30, 2012 showed a 9% increase as compared to the six months ended June 30, 2011 driven by robust RGU growth on the back of the success of the FreePhone Mobile rate plan. The resulting decline in usage-related revenue was more than offset by higher subscription-based revenue because of a higher number of RGUs. Telenet's mobile telephony revenue increased 37% yoy for the six months ended June 30, 2012 driven by 21% growth in

the number of postpaid subscribers and a further increase in mobile ARPU following Telenet's increased focus on smartphones and customers with a higher lifetime value.

2.2.5 Business services

Revenue generated by Telenet's business customers on all coax-related products is allocated to one of the aforementioned revenue lines and is not captured within Telenet for Business, Telenet's business services division. The revenue reported under business services relates to the revenue generated on non-coax products, including fiber and leased DSL lines, Telenet's carrier business, as well as value-added services such as hosting and managed security.

Telenet for Business generated revenue of €45.4 million for the six months ended June 30, 2012, broadly unchanged as compared to the six months ended June 30, 2011. Higher security-related revenue as a result of new contract wins, and sustained demand for Telenet's leading connectivity products, were offset by a lower amount of non-recurring install revenue and a further decline in voice-related revenue. Excluding non-recurring install revenue in both periods, business services revenue for the six months ended June 30, 2012 would have grown 2% yoy.

2.3 TOTAL EXPENSES

	For the six months ended June 30,	
	2012	**2011**
	(in thousands of euro)	
Cost of services provided	(414,964)	(374,880)
Selling, general and administrative expenses	(120,747)	(114,554)
Total expenses	**(535,711)**	**(489,434)**

For the six months ended June 30, 2012, Telenet incurred total operating expenses of €535.7 million, a 9% increase as compared to the six months ended June 30, 2011. The increase in total operating expenses was predominantly attributable to higher depreciation and amortization charges as a result of the pro-rata amortization of the Belgian football broadcasting rights, higher network operating and service costs and higher advertising, sales and marketing expenses. Total operating expenses represented approximately 74% of overall revenue for the six months ended June 30, 2012 as compared to approximately 73% for the six months ended June 30, 2011. The increase was predominantly attributable to higher depreciation and amortization charges, higher network operating and service costs and higher advertising, sales and marketing expenses.

2.3.1 Cost of services provided

Cost of services provided for the six months ended June 30, 2012 represented €415.0 million, an 11% increase compared to the six months ended June 30, 2011. The year-on-year increase in cost of services provided was primarily growth-related and directly correlated with the continued growth in the number of services. Furthermore, Telenet incurred higher content costs as a result of a further digitalization of its cable television subscriber base, programming costs related to Belgian football and higher handset costs. Depreciation and amortization charges increased mainly due to the pro rata amortization of the acquired broadcasting rights for the Belgian football championship. Cost of services provided as a percentage of revenue slightly increased to approximately 57% for the six months ended June 30, 2012 from approximately 56% for the six months ended June 30, 2011.

2.3.2 Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses totaled €120.7 million for the six months ended June 30, 2012 compared to €114.6 million for the six months ended June 30, 2011 (+5% year-on-year). Selling, general & administrative expenses as a percentage of revenue remained stable at approximately 17% for the six months ended June 30, 2012 as lower personnel

expenses and expenses related to share based compensation were offset by higher sales commissions and advertising expenses as a result of the analog channel reshuffle.

2.4 EXPENSES BY NATURE

	For the six months ended June 30,	
	2012	**2011**
	(in thousands of euro)	
Employee benefits:		
Wages, salaries, commissions and social security costs	62,310	64,160
Other employee benefit costs	11,615	10,973
	73,925	**75,133**
Depreciation and impairment	129,852	126,205
Amortization	40,010	33,869
Amortization of broadcasting rights	19,533	4,047
Losses (gains) on disposal of property and equipment and other intangible assets	2,456	(23)
Network operating and service costs	207,428	185,461
Advertising, sales and marketing	34,304	26,385
Share-based payments granted to directors and employees	3,617	8,680
Operating charges related to acquisitions or divestitures	225	790
Other costs	24,361	28,746
Restructuring charges	-	141
Total costs and expenses	**535,711**	**489,434**

Employee benefits amounted to €73.9 million for the six months ended June 30, 2012, a 2% decrease as compared to the six months ended June 30, 2011 despite the negative impact from the compulsory salary indexation of approximately 3.5% for all employees in early 2012. The year-on-year decrease in personnel expenses was mainly driven by a €2.3 million release of certain prior year bonus accruals during the three months ended March 31, 2012, without which personnel expenses would have increased approximately 1%.

Depreciation and amortization, including losses on disposal of property and equipment and other intangible assets, increased 17% year-on-year to €191.9 million for the six months ended June 30, 2012. This increase was primarily caused by the acquisition of the exclusive broadcasting rights for the main fixtures of the Belgian football championship for three seasons starting July 2011. These broadcasting rights are being amortized on a pro rata basis over the football seasons.

Network operating and service costs, which include all direct expenses such as call center costs, costs related to handset purchases, interconnect, programming and network-related expenses, continued to represent the vast majority of total operating expenses. Network operating and service costs increased 12% to €207.4 million for the six months ended June 30, 2012 as compared to the six months ended June 30, 2011. The increase was predominantly attributable to higher costs related to handset sales, higher copyright expenses as a result of the increased basic cable TV subscription fee as from October 2011 and higher programming costs related to the Belgian football championship. Furthermore, Telenet incurred higher interconnect costs as a result of the launch of FreePhone Mobile, offset by a decline in fixed-to-mobile termination rates since January 2012. Network operating and service costs for the six months ended June 30, 2012 benefited from a non-recurring release of certain bad debt allowances, without which network operating and service costs would have grown 13% as compared to the prior year period.

Advertising, sales and marketing expenses of €34.3 million for the six months ended June 30, 2012 were up 30% as compared to the six months ended June 30, 2011. The increase mainly reflected (i) higher sales commissions as a result of the robust net new subscriber growth for all products; (ii) higher advertising spending to accommodate the analog channel reshuffle and the start of the play-offs in Belgian football; and (iii) higher call center expenses linked to the higher-than-anticipated success of the digital TV migration campaign.

Other costs, including operating charges related to acquisitions or divestitures and restructuring charges, fell 17% year-on-year to €24.6 million for the six months ended June 30, 2012. This cost line primarily reflects business-supporting corporate advisory and legal fees.

2.5 ADJUSTED EBITDA

	For the six months ended June 30,	
	2012	2011
	(in thousands of euro)	
Adjusted EBITDA	**386,944**	**354,135**
Adjusted EBITDA margin	53.2%	52.9%
Share based compensation	(3,617)	(8,680)
Operating charges related to acquisitions or divestitures	(225)	(790)
Restructuring charges	-	(141)
EBITDA	**383,102**	**344,524**
Depreciation, amortization and impairment	(191,851)	(164,098)
Operating profit	**191,251**	**180,426**
Net finance expenses	(142,292)	(77,563)
Share of the loss of equity accounted investees	24	(177)
Income tax expense	(24,025)	(44,214)
Total comprehensive income for the period	**24,958**	**58,472**

For the six months ended June 30, 2012, Telenet generated €387.0 million of Adjusted EBITDA, up 9% as compared to the six months ended June 30, 2011 when Telenet yielded Adjusted EBITDA of €354.1 million. Despite realizing faster growth in lower margin activities, including more handset sales and higher advertising, sales and marketing expenses for the six months ended June 30, 2012, Telenet succeeded in expanding the underlying Adjusted EBITDA margin by 30 basis points to 53.2%. The margin for the six months ended June 30, 2012 was positively influenced by the aforementioned release of certain prior year bonus accruals and bad debt allowances, without which Telenet's Adjusted EBITDA would have grown 8% year-on-year. Telenet's continued focus on maintaining efficient operations and platform improvements within the organization, a relatively larger share of multiple-play subscribers in the net additions subscriber mix, strict control on overhead expenses and generally less spending on mobile activities remained the key drivers for the achieved Adjusted EBITDA growth.

2.6 OPERATING PROFIT (EBIT)

For the six months ended June 30, 2012, operating profit reached €191.3 million, a 6% increase as compared to the six months ended June 30, 2011 when Telenet generated operating profit of €180.4 million. The 9% year-on-year increase in Adjusted EBITDA for the six months ended June 30, 2012 was slightly offset by 17% higher depreciation and amortization charges primarily as a result of the pro rata amortization of the acquired Belgian football broadcasting rights.

2.7 NET FINANCE EXPENSE

Net finance expenses for the six months ended June 30, 2012 totaled €142.3 million compared to €77.6 million for the six months ended June 30, 2011. The sharp increase was the combined effect of (i) a strong decrease in the fair value of our derivatives which yielded a €38.0 million loss for the six months ended June 30, 2012 versus a €20.4 million gain for the six months ended June 30, 2011; and (ii) an 11% increase in net interest expenses as a result of the debt extension and deferred payments on the 3G mobile spectrum.

2.7.1 Interest income and foreign exchange gain

Interest income and foreign exchange gain was €3.5 million for the six months ended June 30, 2012, a €1.1 million decrease as compared to the six months ended June 30, 2011 reflecting the lower returns from the significantly lower cash balance that Telenet invested. To minimize the concentration of counterparty risk, cash equivalents, certificates of deposit and money market funds are placed with highly rated European and US financial institutions.

2.7.2 Interest expense and foreign exchange loss

Interest expenses and foreign exchange loss amounted to €107.8 million for the six months ended June 30, 2012 as compared to €97.3 million for the six months ended June 30, 2011. The 11% year-on-year increase was the cumulative effect of (i) the issuance of an additional €175.0 million Term Loan under the existing Senior Credit Facility in February 2012, (ii) the interest on the deferred payment of the 3G mobile spectrum, and (iii) higher EURIBOR interest rates which set the basis for the majority of the interest expenses on the Senior Credit Facility.

2.7.3 Net gains and losses on derivative financial instruments

The Company has entered into various derivative instruments to significantly reduce its exposure to interest rate increases through the maturity date of the Senior Credit Facility. During 2010 and the second half of 2011, the Company further optimized its portfolio of interest rate hedges to lower the average interest rates and extend the hedges' maturities to cover the entire duration of the floating rate debt instruments up to 2021. As of June 30, 2012, the Company had a combination of 1% of caps, 23% of collars and 76% of swap instruments that provide for a maximum average interest rate of 3.6% on top of the respective margins per Term Loan. The Company's derivatives are spread over different financial institutions and geographies to minimize counterparty risks.

In line with IFRS accounting standards, interest rate derivatives are valued on a mark-to-market basis, i.e. at fair value, and changes in fair value are reflected in the statement of comprehensive income. These changes in fair value can be volatile and do not have any direct impact on cash flows until such time as the derivatives are fully or partially settled. For the six months ended June 30, 2012, Telenet incurred a loss of €38.0 million versus a gain of €20.4 million for the six months ended June 30, 2011, mainly driven by a downward shift of the euro swap curve.

The mark-to-market valuation of interest rate derivatives depends on the evolution of the forward EURIBOR rates over the lifetime of such an instrument. To the extent the projected interest rates over the respective instruments' lifetime rise (fall), Telenet expects the mark-to-market valuation of these instruments to have a positive (negative) impact on its net result.

2.7.4 Loss on extinguishment of debt

As a result of the early redemption of certain outstanding Term Loans under the Senior Credit Facility for an aggregate €286.5 million, €5.3 million of third-party costs and related deferred financing costs were expensed for the six months ended June 30, 2011.

2.8 INCOME TAXES

Telenet recorded income tax expense of €24.0 million for the six months ended June 30, 2012 compared to income tax expense of €44.2 million for the six months ended June 30, 2011. The higher losses on derivative financial instruments for the six months ended June 30, 2012 reduced overall profit before income taxes, which had a positive impact on the year-on-year evolution of the deferred income tax expense.

2.9 PROFIT FOR THE PERIOD

Telenet recorded a net profit of €25.0 million for the six months ended June 30, 2012, including a loss on derivative financial instruments of €38.0 million, without which Telenet would have recorded a net profit of €63.0 million. For the six months ended June 30, 2011, Telenet reported a net profit of €58.5 million, including a €20.4 million gain on derivative financial instruments and a €5.3 million loss on extinguishment of debt, without which Telenet would have recorded a net profit of €43.4 million. The underlying increase in net profit, excluding gains and losses on derivative financial instruments and losses on

extinguishment of debt, primarily reflected higher Adjusted EBITDA and lower deferred income tax expenses, offsetting the negative impact from higher amortization charges on the Belgian football broadcasting rights.

2.10 CASH FLOW

The following table sets forth the components of the Company's historical cash flows from continuing operations for the periods indicated:

	For the six months ended June 30,	
	2012	**2011**
	(in thousands of euro)	
Net cash from operating activities	280,714	287,650
Net cash used in investing activities	(160,150)	(146,546)
Net cash from (used in) financing activities	(110,140)	404,495
Net increase in cash and cash equivalents	**10,424**	**545,599**
Cash and cash equivalents:		
at January 1	346,597	639,581
at June 30	357,021	1,185,180

2.10.1 Net cash from operating activities

Net cash from operating activities totaled €280.7 million for the six months ended June 30, 2012, slightly down as compared to €287.6 million for the six months ended June 30, 2011. A solid 9% growth in Adjusted EBITDA was offset by a 30% increase in cash interest expenses and an unfavorable trend in working capital, especially during the three months ended March 31, 2012.

2.10.2 Net cash used in investing activities

We used €160.2 million of net cash in investing activities for the six months ended June 30, 2012, up 9% versus the €146.5 million we used for the six months ended June 30, 2011. The cash used in investing activities comprised the cash payments for capital expenditures, including the cash payment of €10.4 million for the second tranche of the Belgian football broadcasting rights during the three months ended March 31, 2012, net of the proceeds received from other operators and broadcasters using a portion of these rights. In the three months ending September 30, 2012, Telenet anticipates to make another cash payment ahead of the start of new 2012-2013 season, with the remaining payment due in the three months ending March 31, 2013. Please refer to *Section 2.12 – Capital expenditures* for detailed information about the underlying accrued capital expenditures.

2.10.3 Free cash flow

	For the six months ended June 30,	
	2012	**2011**
	(in thousands of euro)	
Net cash from operating activities	280,714	287,650
Purchases of property and equipment	(123,113)	(118,919)
Purchases of intangibles	(38,050)	(28,975)
Principal payment on capital leases (excluding network-related leases)	(2,101)	(2,017)
Free Cash Flow	**117,450**	**137,739**

For the six months ended June 30, 2012, Telenet generated Free Cash Flow of €117.4 million, compared to €137.7 million for the six months ended June 30, 2011. The 15% year-on-year decrease in Free Cash Flow was predominantly driven by the €10.4 million cash payment for the Belgian football broadcasting rights during the three months ended March 31, 2012, higher cash

interest payments as discussed above and a negative evolution in working capital, partially offset by growth in Telenet's overall business.

2.10.4 Net cash from financing activities

Net cash used in financing activities amounted to €110.1 million for the six months ended June 30, 2012, compared to net cash from financing activities of €404.5 million for the six months ended June 30, 2011. Net cash used in financing activities for the six months ended June 30, 2012 primarily reflected (i) the positive net effect from the issuance of a €175.0 million Term Loan T under the existing Senior Credit Facility in February 2012 and the temporary redemption of €124.0 million under Term Loans Q and R, for an aggregate €51.0 million; (ii) €113.4 million in shareholder disbursements used for the payment of the gross dividend of €1.00 per share on May 10, 2012 (€113.2 million) and payments related to shareholder disbursements from prior periods (€0.2 million); (iii) €38.8 million used for the repurchase of own shares under the Share Repurchase Program 2012; (iv) and €8.9 million related to various lease repayments, including the scheduled repayment of the Telenet Partner Network capital lease, proceeds from the exercise of options and warrants, and debt issuance costs. The cash movement for the six months ended June 30, 2011 reflected a net positive effect of €413.5 million from the issuance of additional debt and the early redemption of certain Term Loans with shorter maturities, offset by €12.1 million related to various lease repayments, including the scheduled repayment of the Telenet Partner Network capital lease, and €11.6 million of debt issuance costs.

2.11 DEBT PROFILE, CASH BALANCE AND LEVERAGE RATIO

2.11.1 Debt profile

As of June 30, 2012, Telenet carried a total debt balance of €3,023.0 million, of which €1,280.6 million is owed under the Senior Credit Facility and €1,300.0 million is related to the four Notes issued in 2010 and 2011. It also included €60.7 million for the outstanding portion of the 3G mobile spectrum. The remainder primarily represents the capital lease obligations associated with the Interkabel Acquisition.

In February 2012, Telenet issued an additional Facility under the Senior Credit Facility (Term Loan T) for an aggregate amount of €175.0 million to benefit from the temporary attractive window in the European debt markets. As per the agreement, this Term Loan, with a maturity date of December 31, 2018, carries a floating interest rate of 3.50% over the EURIBOR rate.

On February 29, 2012, Telenet entered into two additional facility accession agreements, the Additional Facility Q2 Accession Agreement (the Q2 Accession Agreement) and the Additional Facility R2 Accession Agreement (the R2 Accession Agreement) under the Senior Credit Facility. Pursuant to the Q2 Accession Agreement and the R2 Accession Agreement, certain lenders agreed to provide new Term Loan facilities in an aggregate principal amount of €74.0 million (Term Loan Q2) and €50.0 million (Term Loan R2), respectively. In connection with these transactions, certain lenders under the existing Term Loan Q and Term Loan R agreed to novate their existing Term Loan Q commitments (in an aggregate amount of €74.0 million) and their existing Term Loan R commitments (in an amount of €50.0 million) to Telenet Luxembourg Finance Centre S.a.r.l. and to enter into the new Term Loan Q2 and Term Loan R2. Term Loan Q2 and Term Loan R2 are available to be drawn on August 31, 2012 only. Term Loans Q and R were reduced by the amounts of Term Loan Q2 and R2 in Q1 2012 using the proceeds from Term Loan T. Term Loan Q2 and Term Loan R2 have the same terms as Term Loan Q and Term Loan R shown below.

The voluntary debt exchange and re-pricing process, together with the redemption of shorter-term maturities, which Telenet pursued in 2011, resulted in a further extension of the average maturity of the Senior Credit Facility to approximately 7 years. As a result, Telenet will not face any debt repayments before mid-November 2016.

2.11.2 Debt overview and repayment schedules

The table below provides an overview of the Company's debt instruments and payment schedule at the end of June 2012.

	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate	Interest payments due
	June 30, 2012 (in thousands of euro)					
Amended Senior Credit Facility:						
Term Loan Q	357,000	357,000	-	July 31, 2017	Floating - Euribor + 3.25%	Monthly
Term Loan Q2	74,000	-	74,000 (*)	"	"	"
Term Loan R	748,600	748,600	-	July 31, 2019	Floating - Euribor + 3.625%	Monthly
Term Loan R2	50,000	-	50,000 (*)	"	"	"
Term Loan T	175,000	175,000	-	December 31, 2018	Floating - Euribor + 3.50%	Monthly
Revolving Credit Facility	158,000	-	158,000	December 31, 2016	Floating - Euribor + 2.75%	Not applicable
Senior Secured Fixed Rate Notes						
€500 million Senior Secured Notes due 2020	500,000	500,000	-	November 15, 2020	Fixed - 6.375%	Semi-annually (May and Nov.)
€100 million Senior Secured Notes due 2016	100,000	100,000	-	November 15, 2016	Fixed - 5.30%	Semi-annually (May and Nov.)
€300 million Senior Secured Notes due 2021	300,000	300,000	-	February 15, 2021	Fixed - 6.625%	Semi-annually (Feb. and Aug.)
Senior Secured Floating Rate Notes						
€400 million Senior Secured Notes due 2021	400,000	400,000	-	June 15, 2021	Floating - 3M Euribor+3.875%	Quarterly (March, June, Sep. and Dec.)
Total notional amount	**2,862,600**	**2,580,600**	**282,000**			

(*) Available to be drawn on August 31, 2012.

2.11.3 Cash balance and availability of funds

As of June 30, 2012, Telenet held €357.0 million of cash and cash equivalents, compared to €346.6 million as of December 31, 2011. The Company manages and optimizes its cash balance on a daily basis and according to balanced counterparty risks. Under the Senior Credit Facility the Company has access to the additional committed Revolving Facility of €158.0 million, subject to compliance with the covenants mentioned below, with availability up to and including December 31, 2016. On August 31, 2012, the Company will also have access to the undrawn amounts under Term Loans Q2 and R2 of €74.0 million and €50.0 million, respectively, with availability up to and including July 31, 2017 and July 31, 2019, respectively.

2.11.4 Net leverage ratio

As of June 30, 2012, the outstanding balance of the Senior Credit Facility and outstanding cash balance resulted in a Net Total Debt to EBITDA ratio of 3.1x compared to 3.2x on December 31, 2011. Compared to March 31, 2012, the net leverage ratio as of June 30, 2012 remained stable at 3.1x despite €113.4 million of shareholder disbursements paid and €26.6 million spent on share repurchases in the course of the three months ended June 30, 2012. Telenet believes this demonstrates the strong underlying cash generation of its business. Including the upcoming August 31, 2012 payment of the €3.25 per share capital reduction and the anticipated drawdown of the Term Loans Q2 and R2 for an aggregate amount of €124.0 million, Telenets net leverage ratio at the end of June 2012 would have been 3.5x. The current net leverage ratio is significantly below the covenant of 6.0x and the availability test of 5.0x. Telenet continues to target a net leverage ratio in the range of 3.5-4.5x Net Total Debt to EBITDA.

2.12 CAPITAL EXPENDITURES

Accrued capital expenditures were €167.3 million for the six months ended June 30, 2012 compared to €127.1 million for the six months ended June 30, 2011, representing 23% and 19% of revenue, respectively. The reported 32% year-on-year increase in accrued capital expenditures was primarily driven by stronger customer growth as we recorded higher capital expenditures on set-top boxes and customer installations, alongside accelerated network upgrades including the Pulsar node splitting project. As of 2012, the Pulsar project will be executed at a higher pace than prior years with the aim to at least triple the available bandwidth per household by 2015 through the multiplication of optical nodes, connecting fiber links with the last-mile coax network. The average number of homes connected to such a node will gradually reduce to 500 by 2015, thereby significantly increasing the broadband down- and upstream speeds. By the end of 2012, Telenet expects to have 50% of all nodes physically and logically upgraded.

Set-top box related capital expenditures amounted to €41.0 million for the six months ended June 30, 2012, or approximately 25% of total accrued capital expenditures, as compared to €13.5 million for the six months ended June 30, 2011. The strong year-on-year increase relates to phasing and the robust inflow of net new digital TV subscribers as the vast majority of subscribers prefer to rent the high-end HD Digicorder with HD and PVR functionalities. Capital expenditures for customer installations amounted to €45.0 million for the six months ended June 30, 2012, or approximately 27% of total accrued capital expenditures, primarily boosted by migrations to Fibernet broadband products, for which Telenet installs a EuroDocsis 3.0 wireless home gateway, and a strong uptake in the install activity for new digital TV subscribers. Accrued capital expenditures for network growth and upgrades amounted to €40.8 million for the six months ended June 30, 2012, or approximately 24% of total accrued capital expenditures, and included investments for the node splitting project.

The remainder of accrued capital expenditures includes refurbishments and replacements of network equipment, sports content acquisition costs other than those related to Belgian football, and recurring investments in the Company's IT-platform and systems. This implies that approximately 76% of our accrued capital expenditures for the six months ended June 30, 2012 were scalable and subscriber growth related as compared to approximately 70% for the six months ended June 30, 2011. Telenet will continue to closely monitor its capital expenditure levels in order to make sure that they drive incremental returns.

3 Risk factors

3.1 GENERAL INFORMATION

The Company conducts its business in a rapidly changing environment that gives rise to numerous risks and uncertainties that it cannot control. Risks and uncertainties that the Company faces include, but are not limited to:

- Telenet's substantial leverage and debt service obligations;
- Telenet's ability to generate sufficient cash to service its debt, to control and finance its capital expenditures and operations;
- Telenet's ability to raise additional financing;
- Risks associated with Telenet's structure, and Telenet's indebtedness;
- Telenet's relationship with its shareholders;
- Instability in global financial markets, including the sovereign debt issue in the European Union and related fiscal reforms;
- Economic and business conditions and industry trends in which Telenet and the entities in which it has interests, operate;
- The competitive environment and downward price pressure (notably, through offerings of bundles) in the broadband communications and television sector in Belgium in which Telenet, and the entities in which it has interests, operate;
- Telenet's penetration of the mobile telephony market;
- Competitor responses to products and services of Telenet, and the products and services of the entities in which it has interests;
- Fluctuations in currency exchange rates and interest rates;
- Consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- Changes in consumer television viewing preferences and habits;
- Consumer acceptance of existing service offerings, including Telenet's analog and digital video, fixed and mobile voice and broadband internet services, and of new technology, programming alternatives and broadband services that Telenet may offer;
- Telenet's ability to manage rapid technological changes;
- Telenet's ability to maintain and increase the number of subscriptions to its digital television, voice and broadband internet services and the average revenue per household;
- Telenet's ability to increase or maintain rates to its subscribers or to pass through increased costs to its subscribers;
- The impact of Telenet's future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- The outcome of any pending or threatened litigation;
- Changes in, or failure or inability to comply with, government regulations in Belgium and adverse outcomes from regulatory proceedings;

- The application of competition law generally and government intervention that opens Telenet's broadband distribution and television networks to competitors, which may have the effect of reducing Telenet's control over the management of, or the quality of, its network and Telenet's ability to reach the expected returns on investment;
- Changes in laws or treaties relating to taxation in Belgium, or the interpretation thereof;
- Uncertainties inherent in the development and integration of new business lines and business strategies;
- Capital spending for the acquisition and/or development of telecommunications networks and services and equipment, and obtaining regulatory approvals therefor;
- Telenet's ability to successfully integrate and recognize anticipated efficiencies from the businesses it may acquire;
- The ability of suppliers and vendors to timely deliver qualitative products, equipment, software and services;
- The availability of attractive programming for Telenet's analog and digital video services at reasonable costs;
- The loss of key employees and the availability of qualified personnel and a deterioration of the relationship with employee representatives;
- Changes in the nature of key strategic relationships with partners and joint ventures;
- Technical failures, equipment defects, physical or electronic break-ins to the services, computer viruses and events that are outside of Telenet's control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

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

3.2 LEGAL PROCEEDINGS AND REGULATORY DEVELOPMENTS

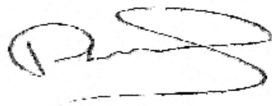
Telenet is involved in a number of legal proceedings that have arisen in the ordinary course of its business. Telenet discusses in its 2011 Annual Report certain pending lawsuits in which the Company is involved, which may have, or have had in the recent past, significant effects on its financial position or profitability. In Note 5.23, Telenet discusses some recent updates in one lawsuit and in relation to regulatory matters. There have not been any major lawsuits other than those reported in Telenet's 2011 Annual Report or explained in Note 5.23 that are expected to have a material adverse impact on the Company's business or consolidated financial position. Telenet notes, however, that the outcome of legal proceedings can be extremely difficult to predict with certainty, and Telenet offers no assurances in this regard.

4 Fair view statement by the management of the Company

We, the undersigned, Duco Sickinghe, Chief Executive Officer of Telenet Group Holding NV, and Renaat Berckmoes, Chief Financial Officer of Telenet Group Holding NV, declare that to our knowledge:

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

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



Duco Sickinghe
CEO

Renaat Berckmoes
CFO

Condensed consolidated interim financial statements

1 Condensed consolidated interim statement of financial position

	Note	June 30, 2012	December 31, 2011
Assets		(in thousands of euro)	
Non-current assets:			
Property and equipment	5.4	1,306,942	1,301,121
Goodwill	5.5	1,241,798	1,241,798
Other intangible assets	5.6	376,047	409,484
Deferred tax assets	5.14	24,770	10,721
Derivative financial instruments	5.13	125	190
Investments in equity accounted investees	5.21	505	187
Other assets	5.8	31,217	38,886
Total non-current assets		**2,981,404**	**3,002,387**
Current assets:			
Inventories	5.9	12,021	9,139
Trade receivables	5.7	94,087	93,623
Derivative financial instruments	5.13	487	1,988
Other current assets	5.8	98,134	88,000
Cash and cash equivalents	5.10	357,021	346,597
Total current assets		**561,750**	**539,347**
Total assets		**3,543,154**	**3,541,734**
Equity and Liabilities			
Equity:			
Share capital	5.11	12,280	294,190
Share premium and other reserves	5.11	904,209	1,005,724
Retained loss	5.11	(1,661,041)	(1,548,156)
Total equity attributable to owners of the Company		**(744,552)**	**(248,242)**
Non-controlling interests	5.11	3,724	9
Total equity		**(740,828)**	**(248,233)**
Non-current liabilities:			
Loans and borrowings	5.12	2,963,388	2,904,131
Derivative financial instruments	5.13	121,522	94,093
Deferred revenue	5.18	3,443	4,380
Deferred tax liabilities	5.14	64,225	29,114
Other liabilities	5.15	97,823	115,598
Total non-current liabilities		**3,250,401**	**3,147,316**
Current liabilities:			
Loans and borrowings	5.12	59,633	55,402
Trade payables		125,907	147,341
Accrued expenses and other current liabilities	5.17	721,748	319,780
Deferred revenue	5.18	84,588	86,791
Derivative financial instruments	5.13	37,665	28,877
Current tax liability	5.16	4,040	4,460
Total current liabilities		**1,033,581**	**642,651**
Total liabilities		**4,283,982**	**3,789,967**
Total Equity and liabilities		**3,543,154**	**3,541,734**

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

2 Condensed consolidated interim statement of comprehensive income

		For the 6 months ended June 30,	
	Note	2012	2011
		(in thousands of euro, except per share data)	
Revenue	5.18	726,962	669,860
Cost of services provided	5.19	(414,964)	(374,880)
Gross profit		**311,998**	**294,980**
Selling, general and administrative expenses	5.19	(120,747)	(114,554)
Operating profit		**191,251**	**180,426**
Finance income		3,454	24,999
Net interest income and foreign exchange gain	5.20	3,454	4,574
Net gain on derivative financial instruments	5.13	-	20,425
Finance expense		(145,746)	(102,562)
Net interest expense and foreign exchange loss	5.20	(107,784)	(97,251)
Net loss on derivative financial instruments	5.13	(37,962)	-
Loss on extinguishment of debt		-	(5,311)
Net finance expenses	5.20	**(142,292)**	**(77,563)**
Share of the profit (loss) of equity accounted investees	5.21	24	(177)
Profit before income tax		48,983	102,686
Income tax expense		(24,025)	(44,214)
Profit for the period		**24,958**	**58,472**
Other comprehensive income for the period, net of income tax		**-**	**-**
Total comprehensive income for the period		**24,958**	**58,472**
Profit attributable to:		**24,958**	**58,472**
Owners of the Company		24,963	58,472
Non-controlling interests		(5)	-
Total comprehensive income for the period, attributable to :		**24,958**	**58,472**
Owners of the Company		24,963	58,472
Non-controlling interests		(5)	-
Earnings per share			
Basic earnings per share in €	5.22	0.22	0.52
Diluted earnings per share in €	5.22	0.22	0.51

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

3 Condensed consolidated interim statement of changes in equity

		Attributable to equity holders of the Company											
(in thousands of euro, except share data)	Note	Number of shares	Share capital	Share premium	Equity-based compensation reserve	Legal reserve	Reserve for own shares	Reserve for repurchase obligation of own shares	Other reserves	Retained loss	Total	Non-controlling interest	Total equity
January 1, 2011		**112,428,040**	**797,350**	**65,812**	**24,007**	**64,798**	**-**	**-**	**825,350**	**(1,559,845)**	**217,472**	**-**	**217,472**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**58,472**	**58,472**	**-**	**58,472**
Profit for the period		-	-	-	-	-	-	-	-	58,472	58,472	-	58,472
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**58,472**	**58,472**	**-**	**58,472**
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Company													
Recognition of share-based compensation	5.11	-	-	-	6,327	-	-	-	-	-	6,327	-	6,327
Compensation cost related to Employee Share Purchase Plan	5.11	-	-	-	2,353	-	-	-	-	-	2,353	-	2,353
Issuance of share capital via exchange of Class B Profit Certificates	5.11	36,709	203	-	(203)	-	-	-	-	-	-	-	-
Proceeds received upon exercise of Class B Options	5.11	-	-	-	67	-	-	-	-	-	67	-	67
Proceeds received upon exercise of 2007 bis Warrants	5.11	111,208	789	629	-	-	-	-	-	-	1,418	-	1,418
Proceeds received upon exercise of 2007 ter Warrants	5.11	355	3	2	-	-	-	-	-	-	5	-	5
Proceeds received upon exercise of 2007 quater Warrants	5.11	176,205	1,250	976	-	-	-	-	-	-	2,226	-	2,226
Proceeds received upon exercise of 2007 sexies Warrants	5.11	861	6	9	-	-	-	-	-	-	15	-	15
Proceeds received upon exercise of 2007 septies Warrants	5.11	10,000	71	169	-	-	-	-	-	-	240	-	240
Proceeds received upon exercise of 2010 primo Warrants	5.11	70,498	500	1,193	-	-	-	-	-	-	1,693	-	1,693
Repayment of capital to shareholders	5.11	-	(509,288)	-	-	-	-	-	-	-	(509,288)	-	(509,288)
Issuance of share capital through Employee Share Purchase Plan	5.11	341,168	2,420	6,580	-	-	-	-	-	-	9,000	-	9,000
Total contributions by and distributions to owners of the Company		**747,004**	**(504,046)**	**9,558**	**8,544**	**-**	**-**	**-**	**-**	**-**	**(485,944)**	**-**	**(485,944)**
June 30, 2011		**113,175,044**	**293,304**	**75,370**	**32,551**	**64,798**	**-**	**-**	**825,350**	**(1,501,373)**	**(210,000)**	**-**	**(210,000)**

		Attributable to equity holders of the Company											
(in thousands of euro, except share data)	Note	Number of shares	Share capital	Share premium	Equity-based compensation reserve	Legal reserve	Reserve for own shares	Reserve for repurchase obligation of own shares	Other reserves	Retained loss	Total	Non-controlling interest	Total equity
January 1, 2012		**113,516,857**	**294,190**	**79,324**	**36,875**	**69,938**	**(5,763)**	**0**	**825,350**	**(1,548,156)**	**(248,242)**	**9**	**(248,233)**
Total comprehensive income for the period													
Profit for the period		-	-	-	-	-	-	-	-	24,963	24,963	(5)	24,958
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,963**	**24,963**	**(5)**	**24,958**
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Company													
Recognition of share-based compensation	5.11	-	-	-	3,617	-	-	-	-	-	3,617	-	3,617
Dividend	5.11	-	-	-	-	-	-	-	-	(113,594)	(113,594)	-	(113,594)
Proceeds received upon exercise of Class A Options	5.11	346,025	897	432	-	-	-	-	-	-	1,329	-	1,329
Proceeds received upon exercise of 2007 Warrants	5.11	21,500	56	260	-	-	-	-	-	-	316	-	316
Proceeds received upon exercise of 2007 bis Warrants	5.11	367,234	952	3,081	-	-	-	-	-	-	4,033	-	4,033
Proceeds received upon exercise of 2007 ter Warrants	5.11	19,391	50	166	-	-	-	-	-	-	216	-	216
Proceeds received upon exercise of 2007 quater Warrants	5.11	48,154	125	399	-	-	-	-	-	-	524	-	524
Proceeds received upon exercise of 2007 sexies Warrants	5.11	6,683	17	82	-	-	-	-	-	-	99	-	99
Proceeds received upon exercise of 2007 septies Warrants	5.11	5,000	13	90	-	-	-	-	-	-	103	-	103
Proceeds received upon exercise of 2010 primo Warrants	5.11	59,934	155	1,084	-	-	-	-	-	-	1,239	-	1,239
Proceeds received upon exercise of 2010 bis Warrants	5.11	2,901	8	64	-	-	-	-	-	-	72	-	72
Proceeds received upon exercise of 2010 ter Warrants	5.11	500	1	12	-	-	-	-	-	-	13	-	13
Incorporation of share premium into share capital	5.11	-	84,994	(84,994)	-	-	-	-	-	-	-	-	-
Cost of capital	5.11	-	-	-	-	-	-	-	(36)	-	(36)	-	(36)
Own shares acquired	5.11	-	-	-	-	-	(39,818)	-	-	-	(39,818)	-	(39,818)
Repurchase obligation for own shares	5.11	-	-	-	-	-	-	(10,208)	-	-	(10,208)	-	(10,208)
Cancellation of own shares	5.11	(800,492)	-	-	-	-	24,254	-	-	(24,254)	-	-	-
Repayment of capital to shareholders	5.11	-	(369,178)	-	-	-	-	-	-	-	(369,178)	-	(369,178)
Total contributions by and distributions to owners of the Company		**76,830**	**(281,910)**	**(79,324)**	**3,617**	**-**	**(15,564)**	**(10,208)**	**(36)**	**(137,848)**	**(521,273)**	**-**	**(521,273)**
Changes in ownership interests in subsidiaries													
Capital contributions by NCI		-	-	-	-	-	-	-	-	-	-	3,720	3,720
Total transactions with owners of the Company		**76,830**	**(281,910)**	**(79,324)**	**3,617**	**-**	**(15,564)**	**(10,208)**	**(36)**	**(137,848)**	**(521,273)**	**3,720**	**(517,553)**
June 30, 2012		**113,593,687**	**12,280**	**-**	**40,492**	**69,938**	**(21,327)**	**(10,208)**	**825,314**	**(1,661,041)**	**(744,552)**	**3,724**	**(740,828)**

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

4 Condensed consolidated interim statement of cash flows

	Note	For the 6 months ended June 30,	
		2012	2011
Cash flows provided by operating activities:		(in thousands of euro)	
Profit for the period		24,958	58,472
Adjustments for:			
Depreciation, amortization and impairment	5.19	189,395	164,121
Losses (gains) on disposal of property and equipment and other intangible assets	5.19	2,456	(23)
Income tax expense		24,025	44,214
Decrease in allowance for bad debt	5.7	(4,292)	(3,043)
Net interest income and foreign exchange gain	5.20	(3,454)	(4,574)
Net interest expense and foreign exchange loss	5.20	107,784	97,251
Net loss (gain) on derivative financial instruments	5.20	37,962	(20,425)
Loss on extinguishment of debt	5.20	-	5,311
Gain (loss) in equity-accounted investees		(24)	177
Share based payments	5.19	3,617	8,680
Change in:			
Trade receivables		(2,578)	(1,370)
Other assets		(5,021)	971
Deferred revenue		(3,140)	(2,341)
Trade payables		(5,015)	(14,323)
Other liabilities		(2,183)	(2,207)
Accrued expenses and other current liabilities		8,697	25,127
Interest paid		(93,365)	(72,859)
Interest received		4,274	2,077
Income taxes paid		(3,382)	(86)
Cash received for derivatives		-	2,500
Net cash provided by operating activities		**280,714**	**287,650**
Cash flows used in investing activities:			
Purchases of property and equipment		(123,113)	(118,919)
Purchases of intangibles		(38,050)	(28,975)
Investments in equity accounted investees	5.21	(298)	-
Proceeds from sale of property and equipment and other intangibles		1,311	1,348
Purchases of broadcasting rights for resale purposes		(6,711)	-
Proceeds from the sale of broadcasting rights for resale purposes		6,711	-
Net cash used in investing activities		**(160,150)**	**(146,546)**
Cash flows provided by (used in) financing activities:			
Repayments of loans and borrowings	5.12	(124,009)	(286,468)
Proceeds from loans and borrowings	5.12	175,000	700,000
Payments of finance lease liabilities		(11,168)	(12,055)
Payments for debt issuance costs		(5,784)	(11,570)
Repurchase of own shares		(38,843)	-
Proceeds from exercise of options and warrants	5.11	7,944	5,664
Proceeds from capital transactions with equity participants		157	-
Proceeds from issuance of share capital through Employee Share Purchase Plan		-	9,000
Payments related to capital reductions and dividend	5.11	(113,437)	(76)
Net cash provided by (used in) financing activities		**(110,140)**	**404,495**
Net increase in cash and cash equivalents		**10,424**	**545,599**
Cash and cash equivalents:			
at January 1	5.10	346,597	639,581
at June 30	5.10	357,021	1,185,180

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

5 Notes to the condensed consolidated interim financial statements for the six months ended June 30, 2012

5.1 REPORTING ENTITY AND BASIS OF PREPARATION

5.1.1 Reporting entity

The accompanying condensed consolidated interim financial statements (the "Interim Financial Statements") present the operations of Telenet Group Holding NV and its subsidiaries (hereafter collectively referred to as the "Company" or "Telenet"). Through its broadband network, the Company offers cable television, including premium television services, broadband internet and telephony services to residential subscribers in Flanders and certain communes in Brussels as well as broadband internet, data and voice services in the business market throughout Belgium. The Company also offers mobile telephony services through an MVNO partnership with Mobistar and the Company has an agreement with Norkring België NV regarding the use of DTT spectrum over the latter's broadcasting network. Telenet Group Holding NV and its principal operating subsidiaries are limited liability companies organized under Belgian law. Subsidiaries and special purpose entities have been incorporated in Luxembourg in the course of 2010 and 2011 in order to structure the Company's financing operations.

5.1.2 Basis of preparation

The Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's consolidated financial statements as of and for the year ended December 31, 2011. Results for the six months ended June 30, 2012 are not necessarily indicative of future results.

The Interim Financial Statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. The methods used to measure fair values are discussed in the notes to the Company's consolidated financial statements as of and for the year ended December 31, 2011. The Interim Financial Statements were approved for issue by the board of directors on July 25, 2012.

5.1.3 Functional and presentation currency

The Interim Financial Statements are presented in euro, which is the Company's functional currency.

5.1.4 Use of estimates and judgments

The preparation of financial statements in accordance with IFRSs as adopted by the EU requires the use of certain critical accounting estimates and management judgment in the process of applying the Company's accounting policies that affects the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the Interim Financial Statements and the reported amounts of revenue and expenses during the reporting period. The areas involving a

higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Interim Financial Statements are disclosed in the following Notes:

- Note 5.4: Property and equipment
- Note 5.5: Goodwill
- Note 5.6: Other intangible assets
- Note 5.13: Derivative financial instruments
- Note 5.14: Deferred taxes

5.1.5 Segment reporting

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

The CEO, the Executive Team and the board of directors of Telenet manage the Company as a single operation, and assess its performance and make resource allocation decisions based on an overall Profit and Loss Statement. The Profit and Loss Statement is analyzed at least on a monthly basis with only revenue and direct costs allocated to separate product and service lines. The primary measure of profit within the Profit and Loss Statement used by the CODM to assess performance is Adjusted EBITDA, and the Profit and Loss Statement does not present Adjusted EBITDA for separate product and service lines. Notwithstanding that revenue and direct costs are allocated to the separate product and service lines, as a differentiated Profit and Loss Statement is not used by the CODM to manage Telenet's operations, assess performance or make resource allocation decisions, Telenet has determined that its operations constitute one single segment.

5.2 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Company in these Interim Financial Statements are the same as those applied in the Company's Consolidated Financial Statements as of and for the year ended December 31, 2011. The following standards, amendments and interpretations are mandatory for the first time for the financial year beginning January 1, 2012:

- Amendments to IAS 12 – *Deferred Tax : Recovery of Underlying Assets* (effective for annual periods beginning on or after January 1, 2012).
  Under these Amendments, investment properties that are measured using the fair value model are presumed to be recovered through sale for the purposes of measuring deferred taxes. This presumption can be rebutted only if the investment property is depreciable and held with a business model whose objectives is to consume substantially all of the asset's economic benefits over the life of the asset.

- Amendments to IFRS 7 – *Disclosures – Transfers of Financial Assets* (effective for annual periods beginning on or after July 1, 2011).
  These Amendments increase the disclosure requirements in respect of risk exposure arising from transfers of financial assets that are not derecognized in their entirety or financial assets derecognized in their entirety but for which the entity retains continuing involvement.

The adoption of these Amendments did not have an impact on the Company's financial result or financial position.

5.3 RISK MANAGEMENT

During the six months ended June 30, 2012, the Company did not change its financial risk management objectives or policies and as a result they are still consistent with the disclosures in the consolidated financial statements as of and for the year ended December 31, 2011.

5.4 PROPERTY AND EQUIPMENT

(in thousands of euro)	Land, buildings, and leasehold improvements	Network	Construction in progress	Furniture, equipment, and vehicles	Total
Cost					
At January 1, 2012	**106,080**	**2,972,016**	**97,820**	**64,007**	**3,239,923**
Additions	(56)	-	140,736	149	140,829
Transfers	1,555	126,598	(129,956)	1,803	-
Transfers to inventory	-	(4,506)	-	-	(4,506)
Disposals	(682)	(14,840)	-	(62)	(15,584)
At June 30, 2012	**106,897**	**3,079,268**	**108,600**	**65,897**	**3,360,662**
Accumulated Depreciation					
At January 1, 2012	**29,182**	**1,857,965**	**-**	**51,655**	**1,938,802**
Depreciation charge for the year	2,778	124,961	-	2,113	129,852
Transfers to inventory	-	(4,141)	-	-	(4,141)
Eliminated on disposal	(682)	(10,049)	-	(62)	(10,793)
At June 30, 2012	**31,278**	**1,968,736**	**-**	**53,706**	**2,053,720**
Carrying Amount					
At June 30, 2012	75,619	1,110,532	108,600	12,191	1,306,942
At January 1, 2012	76,898	1,114,051	97,820	12,352	1,301,121
Carrying Amount of Finance Leases included in Property and Equipment					
At June 30, 2012	33,745	190,827	-	-	224,572
At January 1, 2012	35,092	204,131	-	-	239,223

5.5 GOODWILL

During the six months ended June 30, 2012, there were no acquisitions, therefore goodwill remains unchanged compared to the goodwill reported in the consolidated financial statements as of and for the year ended December 31, 2011.

5.6 OTHER INTANGIBLE ASSETS

(in thousands of euro)	Network user rights	Trade name	Software	Customer relationships	Broadcasting rights	Other	Subtotal	Broadcasting rights for resale purposes	Total
Cost									
At January 1, 2012	**102,222**	**121,514**	**297,400**	**229,078**	**111,233**	**21,125**	**882,572**	**-**	**882,572**
Additions	267	-	20,527	-	5,671	-	26,465	475	26,940
Disposals	-	-	(359)	-	(8,276)	-	(8,635)	(475)	(9,110)
At June 30, 2012	**102,489**	**121,514**	**317,568**	**229,078**	**108,628**	**21,125**	**900,402**	**-**	**900,402**
Accumulated Amortization									
At January 1, 2012	**34,143**	**87,153**	**214,546**	**110,940**	**23,903**	**2,403**	**473,088**	**-**	**473,088**
Charge of the year	3,803	4,045	21,889	10,182	19,533	91	59,543	-	59,543
Disposals	-	-	-	-	(8,276)	-	(8,276)	-	(8,276)
At June 30, 2012	**37,946**	**91,198**	**236,435**	**121,122**	**35,160**	**2,494**	**524,355**	**-**	**524,355**
Carrying Amount									
At June 30, 2012	64,543	30,316	81,133	107,956	73,468	18,631	376,047	-	376,047
At January 1, 2012	68,079	34,361	82,854	118,138	87,330	18,722	409,484	-	409,484

5.7 TRADE RECEIVABLES

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Trade receivables	100,820	104,648
Less: provision for impairment of trade receivables	(6,733)	(11,025)
Trade receivables, net	**94,087**	**93,623**

5.8 OTHER ASSETS

5.8.1 Non-current

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Outstanding guarantees to third parties for own liabilities (cash paid)	2,811	2,817
Funding of post retirement obligation	3,082	3,082
Receivables from sale of sports broadcasting rights	25,143	32,806
Other	181	181
Other non-current assets	**31,217**	**38,886**

5.8.2 Current

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Recoverable withholding taxes	875	888
Prepaid content	6,326	5,521
Prepayments	13,366	9,049
Unbilled revenue	50,198	50,091
Receivables from sale of sports broadcasting rights	26,095	21,215
Other	1,274	1,236
Other current assets	**98,134**	**88,000**

5.9 INVENTORIES

As of June 30, 2012 inventories amounted to €12.0 million (December 31, 2011: €9.1 million) and consisted mainly of handsets, as well as HD Digiboxes and powerline adaptors.

The increase compared to December 31, 2011 of €2.9 million is mainly due to an increase in HD Digiboxes of €3.0 million, partly offset by a decrease in the handsets inventory (€1.1 million).

5.10 CASH AND CASH EQUIVALENTS

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Cash at bank and on hand	80,571	61,220
Certificates of deposit	124,150	4,135
Money market funds	152,300	281,242
Total cash and cash equivalents	**357,021**	**346,597**

5.11 SHAREHOLDERS' EQUITY

5.11.1 Shareholders' equity

As of June 30, 2012, share capital amounted to €12.3 million (December 31, 2011: €294.2 million).

Warrants exercised during the six months ended June 30, 2012 resulted in a capital increase of in total €1.4 million, an increase of share premium of €5.2 million and the issuance of 531,297 new shares. A total of 346,025 Class A profit certificates were converted into 346,025 shares for €1.3 million, which increased share capital and share premium by €0.9 million and €0.4 million, respectively. The details of the exercises and conversions are summarized in the following table:

Class of options and warrants	Number of options and warrants exercised	Exercise date	Share price at exercise date
Class A options	346,025	April 25, 2012	€ 31.91
Warrant Plan 2007 warrants	*21,500*	April 25, 2012	€ 31.91
Warrant Plan 2007 bis warrants	*367,234*	April 25, 2012	€ 31.91
Warrant Plan 2007 ter warrants	*19,391*	April 25, 2012	€ 31.91
Warrant Plan 2007 quater warrants	*48,154*	April 25, 2012	€ 31.91
Warrant Plan 2007 sexies warrants	*6,683*	April 25, 2012	€ 31.91
Warrant Plan 2007 septies warrants	*5,000*	April 25, 2012	€ 31.91
Warrant Plan 2010 primo warrants	*59,934*	April 25, 2012	€ 31.91
Warrant Plan 2010 bis warrants	*2,901*	April 25, 2012	€ 31.91
Warrant Plan 2010 ter warrants	*500*	April 25, 2012	€ 31.91
	531,297		

On April 25, 2012, the ordinary and the extraordinary shareholders' meeting of Telenet Group Holding NV approved:

- a capital increase of in total €85.0 million by conversion of all outstanding share premiums, without creation of new shares;
- the cancellation of 800,492 own shares repurchased under the Share Repurchase Program 2012, for an aggregate amount of €24.3 million;
- a capital reduction of €3.25 per share. Payment of the capital reduction to all shareholders of Telenet Group Holding NV will occur on August 31, 2012 amounting in aggregate to €369.2 million. No changes to the outstanding number of shares occurred or will occur as a result of this transaction; and,
- a dividend disbursement of €1.00 per share outstanding on that date, representing a total amount of €113.6 million. Payment of this dividend occurred on May 10, 2012 for an aggregate amount of €113.2 million.

As a result of the Company's shareholders disbursements policy, disbursements made in prior years and the approved capital reduction of €3.25 per share to be paid on August 31, 2012, the Interim Financial Statements as of June 30, 2012 showed a negative (consolidated) equity attributable to owners of the Company amounting to €744.5 million.

The board of directors has considered this and has prepared the Interim Financial Statements applying the accounting policies consistently assuming the ability to continue as a going concern taking into account amongst others:

- the forecasted future earnings for the next years,
- a projected steadily strong positive cash flow in the future,
- the various modifications to the Company's debt resulting in a significantly extended average maturity of its financial obligations, spread over balanced maturity dates.

Own shares

On February 16, 2012, the Company announced the initiation, as of February 20, 2012, of a share repurchase program, referred to as the "Share Repurchase Program 2012". Under this program, the Company may acquire from time to time up to maximum 3,000,000 of its outstanding ordinary shares, for a maximum consideration of €50.0 million, within the six months following February 20, 2012. All repurchased shares under the Share Repurchase Program 2012 will be cancelled by the Company. Telenet has mandated an intermediary to repurchase Telenet shares on its behalf. This intermediary is a discretionary asset management company deciding autonomously upon the timing, offer and number of shares to be repurchased within certain contractually agreed parameters. This Share Repurchase Program 2012 replaced the previously approved Share Repurchase Program 2011, which contained certain maximum price limits that were no longer relevant given changed market circumstances.

During the period from the initiation of the repurchase program to June 30, 2012, the Company repurchased in total 1,280,236 own shares under this plan for a total amount of €39.8 million, of which 800,492 own shares have been cancelled on April 25, 2012. As per June 30, 2012, the Company held 220,352 own shares acquired under the Share Repurchase Program 2011 and 479,744 own shares acquired under the Share Repurchase Program 2012 for a total amount of €21.3 million.

5.11.2 Employee share based compensation

Class A options

In August 2004, the Company granted 1,500,000 Class A Options to certain members of management to subscribe to 1,500,000 Class A Profit Certificates ("Class A Options"). Except for 506,712 Class A Options that vested immediately upon grant, the vesting period of the Class A Options extended to a maximum of 40 months and Class A Options could be exercised through June 2009, prior to the extension in 2009 with an additional three years, as approved by the extraordinary shareholders' meeting of May 28, 2009.

The Class A Profit Certificates were exchangeable into shares of the Company on a one for one basis, subject to certain conditions being met. Upon exercise, these profit certificates give the holders the right to receive dividends equal to dividends distributed, if any, to the holders of the Company's shares.

As of April 25, 2012, there are no more Class A options or Class A Profit Certificates outstanding.

Warrant plan 2007, Warrant plan 2008, Warrant plan 2009 and Warrant plan 2010

The details regarding the Warrant Plan 2007, Warrant Plan 2008, Warrant Plan 2009 and Warrant Plan 2010 issued by the Company are summarized in the table below:

Issuance of warrants			Warrants granted				
Warrant Plan	**Date approved by the extraordinary shareholders' meeting**	**Total number of warrants issued**	**Name of the grant**	**Date offered**	**Number of warrants offered**	**Number of warrants accepted**	**Beneficiaries**
Warrant Plan 2007	December 27, 2007	3,300,000	Warrant Plan 2007	December 27, 2007	55,000	27,500	certain employees
			Warrant Plan 2007 bis	March 5, 2008	1,294,000	1,058,600	certain employees
			Warrant Plan 2007 ter	August 25, 2008	63,000	43,000	certain employees
			Warrant Plan 2007 quater	June 30, 2009	1,298,000	1,236,000	certain employees
			Warrant Plan 2007 quinquies	December 4, 2009	155,000	155,000	CEO
			Warrant Plan 2007 sexies	December 18, 2009	117,500	93,000	certain employees
			Warrant Plan 2007 septies	September 28, 2010	189,900	189,900	certain employees
Warrant Plan 2008	May 29, 2008	317,000	Warrant Plan 2008	May 29, 2008	317,000	317,000	CEO
Warrant Plan 2009	May 28, 2009	180,000	Warrant Plan 2009	May 28, 2009	180,000	180,000	CEO
Warrant Plan 2010	April 28, 2010	2,800,000	Warrant Plan 2010 primo	September 28, 2010	1,147,600	1,006,700	certain employees
			Warrant Plan 2010 bis	December 10, 2010	70,500	50,500	certain employees
			Warrant Plan 2010 ter	August 11, 2011	184,500	147,500	certain employees

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

Specific Stock Option Plan 2010-2014

On March 24, 2010, the board of directors approved a special stock option plan for the CEO for a total number of 850,000 stock options ("the Specific Stock Option Plan 2010-2014 or SSOP 2010-2014"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

On April 28, 2010, the extraordinary general shareholder's meeting of the Company approved certain terms and conditions of the SSOP 2010-2014.

The grant of 850,000 stock options under the SSOP 2010-2014 was effectively made to the CEO on September 4, 2010, who accepted this offer on October 3, 2010.

The vesting of these options is contingent upon the achievement of certain performance criteria. The Remuneration & Nomination Committee, in consultation with the CEO, determines for each installment the performance criteria and each year the Remuneration & Nomination Committee decides whether these criteria have been met.

In October 2010, the first 250,000 stock options were granted with an exercise price of €23.00 per option to the CEO under this plan. The Remuneration & Nomination Committee has determined in 2011 that the applicable performance criteria have been achieved for 2010, which resulted in the vesting of these 250,000 options on March 1, 2011.

On February 23, 2011 the Remuneration & Nomination Committee, in consultation with the CEO, has determined the performance criteria for a second tranche of 200,000 options under the SSOP 2010-2014 with an exercise price of €24.00, and therefore the grant of these options occurred on that date. The Remuneration & Nomination Committee has determined on February 15, 2012 that the applicable performance criteria have been achieved for 2011, which resulted in the vesting of these 200,000 options (232,258 options after giving effect to the impact of the 2011 capital reduction) on March 1, 2012.

On February 15, 2012 the Remuneration & Nomination Committee, in consultation with the CEO, has determined the performance criteria for a third tranche of 200,000 options (232,258 options after giving effect to the impact of the 2011 capital reduction) under the SSOP 2010-2014 with an exercise price of €25.00 (€21.53 after giving effect to the impact of the 2011 capital reduction), and therefore the grant of these options is considered to have occurred on that date. Subject to achievement of the relevant performance criteria for the year 2012, these options will vest on March 1, 2013.

A fourth tranche of 200,000 additional stock options (232,258 after giving effect to the impact of the 2011 capital reduction) with an exercise price of €26.00 (€22.39 after giving effect to the impact of the 2011 capital reduction) per option, will be for accounting purposes considered to have been granted in February 2013 upon determination of the related performance criteria. Subject to achievement of relevant performance criteria for the year 2013, these options will vest on March 1, 2014.

Any options that vest pursuant to the Telenet Specific Stock Option Plan 2010-2014 become exercisable during defined exercise periods following January 1, 2014. All options under the SSOP 2010-2014 have an expiration date of September 4, 2017.

For accounting purposes, the grant dates of the above mentioned grants were defined as the date the beneficiaries accepted the offer. The fair values of the warrants and the stock options granted subsequent to 2007 were determined using the Black-Scholes option-pricing model.

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

	Grant Date	Fair Value at grant date	Share Price	Exercise Price (1)	Expected Volatility	Expected Option Life	Expected Dividends	Risk-free interest rate
Warrant Plan 2007 warrants	January 27, 2008	3.83	18.04	19.40	25.5%	3.61 years	0.0%	3.50%
Warrant Plan 2007 bis warrants	April 19, 2008	2.79 - 4.34	14.51	14.50	24.2% - 27.7%	3.61 years	0.0%	4.07% - 4.20%
Warrant Plan 2007 ter warrants	September 25, 2008	3.15 - 4.62	14.78	14.69	25.9% - 28.5%	3.61 years	0.0%	4.17% - 4.39%
Warrant Plan 2007 quater warrants	July 30, 2009	4.91 - 5.93	16.35	14.36	32.2% - 36.4%	3.61 years	0.0%	1.83% - 2.61%
Warrant Plan 2007 quinquies warrants	January 3, 2010	5.24 - 6.26	19.93	19.45	32.5% - 38.8%	3.61 years	0.0%	1.64% - 2.46%
Warrant Plan 2007 sexies warrants	January 17, 2010	6.10 - 7.15	20.97	18.98	32.5% - 38.8%	3.61 years	0.0%	1.45% - 2.33%
Warrant Plan 2007 septies warrants	November 12, 2010	10.04 - 11.72	28.70	24.02	38.7% - 44.6%	3.61 years	0.0%	1.70% - 2.32%
Warrant Plan 2008 warrants	May 29, 2008	3.02 - 4.78	15.89	15.86	24.3% - 27.6%	3.61 years	0.0%	4.48% - 4.51%
Warrant Plan 2009 warrants	June 26, 2009	2.86 - 3.97	14.60	14.22	32.3% - 36.6%	3.61 years	0.0%	1.88% - 2.71%
Warrant Plan 2010 primo warrants	November 12, 2010	10.04 - 11.72	28.70	24.02	38.7% - 44.6%	3.61 years	0.0%	1.70% - 2.32%
Warrant Plan 2010 bis warrants	January 24, 2011	8.04 - 10.43	28.76	28.79	38.8% - 43.8%	3.61 years	0.0%	2.74% - 3.42%
Warrant Plan 2010 ter warrants	September 26, 2011	6.34 - 15.10	27.44	26.35	30.9% - 70.2%	3.61 years	0.0%	2.36% - 2.95%

(1) Exercise price upon grant, i.e. before adjustment for any capital reductions.

	Grant Date	Fair Value at grant date	Share Price	Exercise Price		Expected Volatility	Expected Option Life	Expected Dividends	interest rate
				Initially	Adjusted				
Specific Stock Option Plan 2010-2014	October 3, 2010	10.18	24.77	23.00	19.81	36.9%	5.7 years	0.0%	2.44%
"	February 23, 2011	15.31	31.39	24.00	20.67	36.9%	5.3 years	0.0%	3.62%
"	February 15, 2012	11.85	28.82	25.00	21.53	32.2%	4.3 years	0.0%	2.08%
"				26.00	22.39				

Total compensation expense associated with the Company's stock option and warrant plans amounted to €3.6 million for the six months ended June 30, 2012 (for the six months ended June 30, 2011: €8.7 million).

Effect of the 2012 capital reduction on the outstanding options and warrants and SSOP 2010-2014 options

In relation to the upcoming payment on August 31, 2012 of the capital reduction as decided upon by the extraordinary shareholders' meeting on April 25, 2012, the Company will adjust all outstanding options and warrants for that specific capital reduction as of the ex-date (i.e. the date on which coupon n°6 is detached from the shares, being August 28, 2012) to ensure that benefits granted to the option and warrant holders will not be reduced. The number of options and warrants will be increased and the exercise price will be decreased by a factor, which is the ratio of the quoted market price of the Telenet Group Holding NV shares on the day immediately preceding the ex-date less the capital reduction of €3.25 per share, versus the quoted market price on the day immediately preceding the ex-date. As a result of these adjustments, fair values of the options and warrants before and after the transaction will remain exactly the same for all option and warrant holders resulting in no additional compensation expense.

Performance shares

In December 2011, Telenet granted certain of its Executive Team members (other than its chief executive officer) a total of 31,914 performance shares ("the 2011 Telenet Performance Shares"). The performance target applicable to the 2011 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for operating free cash flow (OFCF), when comparing 2013 OFCF to 2010 OFCF. A performance range of 75% to 150% of the target OFCF CAGR would generally result in award recipients earning 50% to 150% of their 2011 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The earned 2011 Telenet Performance Shares will vest on December 6, 2014. Any compensation costs attributable to the Telenet Performance Shares will be recognized over the requisite service period of the awards and will be included in stock-based compensation in Telenet's consolidated statements of operations.

For the year ended December 31, 2011 and for the six months ended June 30, 2012, no compensation expense was recognized in respect of the 2011 Telenet Performance Shares.

5.11.3 Employee share purchase plan 2011

On May 29, 2008, the extraordinary shareholder's meeting of the Company approved the issuance of a new Employee Share Purchase Plan ("ESPP 2011") for a maximum amount of €23.5 million. In February 2011, the board of directors offered to all of Telenet's employees the opportunity to purchase new shares of the Company under the terms of the ESPP 2011 at a discount of 16.67% to the average share purchase price over the 30 day period preceding March 20, 2011. Based on the average share price of €31.65 during this 30 day period, the shares were offered to the personnel at a subscription price of €26.38. As the shares were fully vested at the time of the transaction, the Company recognized €2.4 million as compensation expense in the six months ended June 30, 2011 for the 341,168 shares that were purchased.

5.12 LOANS AND BORROWINGS

The debt balances specified below include accrued interest and commitment fee as of June 30, 2012 and December 31, 2011.

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Amended Senior Credit Facility:		
Revolving Credit Facility	294	294
Term Loan Q	357,074	431,090
Term Loan R	748,718	798,739
Term Loan T	175,019	-
Term Loan Q2	343	-
Term Loan R2	232	-
Senior Secured Fixed Rate Notes		
€500 million Senior Secured Notes due 2020	503,984	503,984
€100 million Senior Secured Notes due 2016	100,663	100,663
€300 million Senior Secured Notes due 2021	307,453	307,453
Senior Secured Floating Rate Notes		
€400 million Senior Secured Notes due 2021	400,756	400,943
Finance lease obligations	344,675	332,745
Bank Loan	-	8
3G Mobile Spectrum	60,679	60,679
Clientele fee > 20 years	73,571	70,644
	3,073,461	**3,007,242**
Less: deferred financing fees	(50,440)	(47,709)
	3,023,021	**2,959,533**
Less: current portion	(59,633)	(55,402)
Total non-current loans and borrowings	**2,963,388**	**2,904,131**

Issuance of €175 million debt under Senior Credit Facility

On February 8, 2012, Telenet announced the issuance of €175 million debt, on a consolidated basis. To this end, Telenet International Finance S.à r.l., a wholly owned subsidiary of Telenet Group Holding NV and which acts as the group's financing subsidiary, has issued a new floating rate Term Loan ("Facility T") under Telenet's Amended Senior Credit Facility with maturity December 31, 2018 at a 3.50% margin over Euribor. Telenet used the net proceeds from this new debt issuance to buy a portion of the Q and R Facilities issued by Telenet International Finance S.à r.l. and held by BNP Paribas Bank N.V. and Fortis Bank SA/NV. Hence, on February 29, 2012, BNP Paribas Bank N.V. and Fortis Bank SA/NV, as existing Lenders, transferred their loans under the Q and R Facilities for an aggregate amount of €124 million to Telenet Luxembourg Finance Center S.à r.l., as new Lender, at nominal value. The undrawn credit facilities Q2 and R2, amounting in aggregate to €124 million, are available to be drawn on August 31, 2012.

5.13 DERIVATIVE FINANCIAL INSTRUMENTS

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

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Current asset	487	1,988
Non-current asset	125	190
Current liability	(37,665)	(28,877)
Non-current liability	(121,522)	(94,093)
	(158,575)	**(120,792)**
Interest rate derivatives	(158,890)	(122,379)
Foreign exchange forwards	480	1,703
Embedded derivatives	(165)	(116)
	(158,575)	**(120,792)**

Realized and unrealized gains (losses) on derivative financial instruments comprise the following amounts:

	For the 6 months ended June 30,	
	2012	**2011**
	(in thousands of euro)	
Interest rate derivatives	(36,511)	20,986
Foreign exchange forwards	(1,222)	(466)
Embedded derivatives	(63)	(95)
Change in fair value of remaining purchase obligation of own shares	(166)	-
	(37,962)	**20,425**

5.14 DEFERRED TAXES

As of June 30, 2012, Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €207.7 million (December 31, 2011: €291.8 million). Under current Belgian tax laws, these loss carry forwards have an indefinite life and may be used to offset the future taxable income of Telenet Group Holding NV and its subsidiaries.

Taxable profit is reduced by a notional interest deduction which can be carried forward for 7 years for the notional interest deduction stemming from financial year 2011 and before and which can no longer be carried forward for the notional interest deduction stemming from financial year 2012 and after, and by investment deductions. Deferred tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable.

5.15 OTHER LIABILITIES

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Employee benefit obligations	6,952	7,146
Other personnel related obligations	2,978	3,474
Long service awards	4,889	4,652
Interkabel out of market opex	13,712	14,160
Asset retirement obligations	2,380	2,372
Liabilities regarding sports broadcasting rights	61,352	77,594
Other	5,560	6,200
Total Other liabilities	**97,823**	**115,598**

5.16 CURRENT TAX LIABILITY

As of June 30, 2012, current tax liability amounted to €4.0 million which is in line with the ending balance at December 31, 2011 (€4.5 million).

5.17 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Customer deposits	22,886	22,958
Compensation and employee benefits	39,889	48,653
VAT and withholding taxes	33,961	15,616
Copyright fees	396	787
Liability for shareholder distributions	370,004	667
Current portion of "Interkabel out of market component" liability	237	727
Accrued programming fees	48,173	41,790
Accrued capital expenditure	17,112	18,517
Accrued other liabilities - invoices to receive regarding:		
Goods received and services performed	21,083	32,221
Professional fees	16,526	16,954
Warehouse items received	12,573	13,868
Interconnect	14,165	13,435
Advertising, marketing and public relations	16,213	13,247
Infrastructure	7,541	7,383
Other	23,644	24,385
Accrued interest on derivatives	3,431	1,390
Liabilities regarding capital transactions with equity participants	-	3,563
Liabilities regarding sports broadcasting rights	62,303	43,049
Repurchase obligation for own shares	10,208	-
Other current liabilities	1,403	570
Total Accrued expenses and other current liabilities	**721,748**	**319,780**

5.18 REVENUE

The Company's revenue is comprised of the following:

	For the six months ended June 30,	
	2012	2011
	(in thousands of euro)	
Basic cable television[1]	160,683	159,130
Premium cable television[1]	110,955	88,658
Distributors/Other	31,197	24,849
Residential broadband internet[1]	226,111	218,424
Residential telephony[1]	152,637	133,636
Business services	45,379	45,163
Total Revenue	**726,962**	**669,860**

The Company also has deferred revenue as follows:

	June 30, 2012	December 31, 2011
(in thousands of euro)		
Basic cable television[1]	44,102	47,492
Premium cable television[1]	2,284	4,662
Distributors/Other	22,926	20,395
Residential broadband internet[1]	12,559	12,504
Residential telephony[1]	5,010	4,491
Business services	1,150	1,627
Total Deferred Revenue	**88,031**	**91,171**
Current portion	84,588	86,791
Non-current portion	3,443	4,380

Deferred revenue is generally fees prepaid by the customers and is recognized in the statement of comprehensive income on a straight-line basis over the related service period.

[1] Basic and premium cable television, residential broadband internet and residential telephony revenue substantially comprises revenue generated by residential customers, but also includes revenue from business customers provided over a coax connection.

5.19 EXPENSES BY NATURE

	For the 6 months ended June 30,	
	2012	**2011**
	(in thousands of euro)	
Employee benefits:		
Wages, salaries, commissions and social security costs	62,310	64,160
Other employee benefit costs	11,615	10,973
	73,925	**75,133**
Depreciation and impairment	129,852	126,205
Amortization	40,010	33,869
Amortization of broadcasting rights	19,533	4,047
Losses (gains) on disposal of property and equipment and other intangible assets	2,456	(23)
Network operating and service costs	207,428	185,461
Advertising, sales and marketing	34,304	26,385
Share-based payments granted to directors and employees	3,617	8,680
Operating charges related to acquisitions or divestitures	225	790
Other costs	24,361	28,746
Restructuring charges	-	141
Total costs and expenses	**535,711**	**489,434**

5.20 FINANCE INCOME / EXPENSE

	For the 6 months ended June 30,	
	2012	**2011**
Recognized in the statement of comprehensive income	(in thousands of euro)	
Finance income		
Interest income on cash and cash equivalents	1,357	3,547
Interest income on receivables	906	-
Net foreign exchange gain	1,191	1,027
	3,454	**4,574**
Finance expense		
Interest expense, net		
Interest expense on financial liabilities measured at amortized cost	(86,572)	(84,864)
Net interest expense on derivatives at fair value through statement of comprehensive income	(18,213)	(9,193)
Amortization of financing cost	(2,999)	(3,194)
	(107,784)	**(97,251)**
Net (loss) gain on derivative financial instruments	(37,962)	20,425
Loss on extinguishment of debt	-	(5,311)
	(145,746)	**(82,137)**
Net finance expense recognized in the statement of comprehensive income	**(142,292)**	**(77,563)**

5.21 EQUITY ACCOUNTED INVESTEES

On May 31, 2012, the Company entered into agreements with Acerta CVBA and Nationaal Hulpfonds VZW to incorporate two new companies, Doccle CVBA and Doccle.Up NV. Telenet contributed capital of €0.1 million and €0.2 million, respectively, for 33.33% of the shares in Doccle CVBA and Doccle.Up NV. The purpose of the new entities is to develop, operate and exploit an electronic communication platform for creating, managing, sending and archiving digital documents and data.

5.22 EARNINGS PER SHARE

5.22.1 Basic

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

	For the 6 months ended June 30,	
	2012	**2011**
	(in thousands of euro, except share and per share data)	
Net profit attributable to the equity holders of the Company	24,963	58,472
Weighted average number of ordinary shares	113,097,217	112,727,461
Weighted average number of Class B Profit Certificates	-	13,764
Weighted average number of shares used in the calculation of basic earnings per share	**113,097,217**	**112,741,225**
Basic earnings per share in €	0.22	0.52

5.22.2 Diluted

Diluted earnings per share are calculated by using the treasury stock method by adjusting the weighted average number of shares used in the calculation of basic earnings per share to assume full conversion of all dilutive potential ordinary shares. During the six months ended June 30, 2011, the Company had fourteen categories of dilutive potential ordinary shares:

- Class A Options
- Class B Options
- Warrant Plan 2007
- Warrant Plan 2007 bis
- Warrant Plan 2007 ter
- Warrant Plan 2007 quater
- Warrant Plan 2007 quinquies
- Warrant Plan 2007 sexies
- Warrant Plan 2007 septies
- Warrant Plan 2008
- Warrant Plan 2009
- Warrant Plan 2010 primo
- Warrant Plan 2010 bis
- ESPP 2011

During the six months ended June 30, 2012, the Company had twelve categories of dilutive potential ordinary shares:

- Class A Options
- Warrant Plan 2007
- Warrant Plan 2007 bis
- Warrant Plan 2007 ter
- Warrant Plan 2007 quater
- Warrant Plan 2007 quinquies
- Warrant Plan 2007 sexies
- Warrant Plan 2007 septies
- Warrant Plan 2008
- Warrant Plan 2009
- Warrant Plan 2010 primo
- Warrant Plan 2010 bis

The earnings used in the calculation of diluted earnings per share measures are the same as those for the basic earnings per share measures, as outlined above.

	For the 6 months ended June 30,	
	2012	**2011**
	(in thousands of euro, except share and per share data)	
Weighted average number of shares used in the calculation of basic earnings per share	113,097,217	112,741,225
Adjustment for:		
Class A Options	192,519	255,554
Class B Options	-	5,616
Warrant Plan 2007 Warrants	13,986	14,253
Warrant Plan 2007 bis Warrants	330,232	408,138
Warrant Plan 2007 ter Warrants	19,379	19,507
Warrant Plan 2007 quater Warrants	563,355	573,375
Warrant Plan 2007 quinquies Warrants	98,860	68,237
Warrant Plan 2007 sexies Warrants	37,869	34,737
Warrant Plan 2007 septies Warrants	50,525	16,053
Warrant Plan 2008 Warrants	255,831	199,489
Warrant Plan 2009 Warrants	154,146	119,726
Warrant Plan 2010 primo Warrants	242,734	87,961
Warrant Plan 2010 bis Warrants	6,568	-
ESPP 2011	-	35,252
Weighted average number of shares used in the calculation of diluted earnings per share	**115,063,220**	**114,579,122**
Diluted earnings per share in €	0.22	0.51

5.23 COMMITMENTS AND CONTINGENCIES

Interkabel acquisition

On November 26, 2007, Telenet and four associations of municipalities in Belgium, which we refer to as the pure intercommunalues or the “PICs,” announced a non-binding agreement-in-principle to transfer the analog and digital television activities of the PICs, including all existing subscribers to Telenet. Subsequently, Telenet and the PICs entered into a binding agreement (the 2008 PICs Agreement), which closed effective October 1, 2008. Beginning in December 2007, Belgacom NV/SA (Belgacom), the incumbent telecommunications operator in Belgium, instituted several proceedings seeking to block implementation of these agreements. It lodged summary proceedings with the President of the Court of First Instance of Antwerp to obtain a provisional injunction preventing the PICs from effecting the agreement-in-principle and initiated a civil procedure on the merits claiming the annulment of the agreement-in-principle. In March 2008, the President of the Court of First Instance of Antwerp ruled in favor of Belgacom in the summary proceedings, which ruling was overturned by the Court of Appeal of Antwerp in June 2008. Belgacom brought this appeal judgment before the Cour de Cassation (the Belgian Supreme Court), which confirmed the appeal judgment in September 2010. On April 6, 2009, the Court of First Instance of Antwerp ruled in favor of the PICs and Telenet in the civil procedure on the merits, dismissing Belgacom's request for the rescission of the agreement-in-principle and the 2008 PICs Agreement. On June 12, 2009, Belgacom appealed this judgment with the Court of Appeal of Antwerp. In this appeal, Belgacom is now also seeking compensation for damages should the 2008 PICs Agreement not be rescinded. However, the claim for compensation has not yet been quantified. At the introductory hearing, which was held on September 8, 2009, the proceedings on appeal were postponed indefinitely at the request of Belgacom.

In parallel with the above proceedings, Belgacom filed a complaint with the Government Commissioner seeking suspension of the approval by the PICs' board of directors of the agreement-in-principle and initiated suspension and annulment procedures before the Belgian Council of State against these approvals and subsequently against the board resolutions of the PICs approving the 2008 PICs Agreement. In this complaint, Belgacom's primary argument was that the PICs should have organized a public market consultation before entering into the agreement-in-principal and the 2008 PICs Agreement. Belgacom's efforts to suspend approval of these agreements were unsuccessful. In the annulment cases, the Council of State decided on May 2,

2012 to refer a number of questions of interpretation of EU law for preliminary ruling to the European Court of Justice (ECJ). A ruling by the ECJ should not be expected before the end of 2013. Following the ECJ's ruling, the annulment cases will be resumed with the Council of State. The Council of State will be required to follow the interpretation given by the ECJ to the points of EU law in its preliminary ruling.

It is possible that Belgacom or another third party or public authority will initiate further legal proceedings in an attempt to block the integration of the PICs' analog and digital television activities or obtain the rescission of the 2008 PICs Agreement. No assurance can be given as to the outcome of these or other proceedings. However, an unfavorable outcome of existing or future proceedings could potentially lead to the rescission of the 2008 PICs Agreement and/or to an obligation for Telenet to pay compensation for damages, subject to the relevant provisions of the 2008 PICs Agreement, which stipulate that Telenet is only responsible for damages in excess of €20.0 million. In light of the fact that Belgacom has not quantified the amount of damages that it is seeking and we have no basis for assessing the amount of losses we would incur in the unlikely event that the 2008 PICs Agreement were to be rescinded, we cannot provide a reasonable estimate of the range of loss that would be incurred in the event the ultimate resolution of this matter were to be unfavorable to Telenet. However, we do not expect the ultimate resolution of this matter to have a material impact on our results of operations or financial condition.

Copyright litigation

The Belgian Radio and Television Distributors Association (Beroepsvereniging voor Radio- en Televisiedistributie / Union professionnelle de radio et de télédistribution) (the "RTD", renamed afterwards to "Cable Belgium") has been involved in discussions with various copyrights collecting agencies regarding the fees to be paid to the latter for the broadcasting of various television programs since 1994. In November 2002, the RTD, together with certain Belgian cable operators (among which Telenet), began reaching settlements with the copyright collecting agencies and broadcasters. Pursuant to those settlement agreements, to which Telenet acceded, Telenet agreed to make certain upfront payments as well as to make increased payments over time. Consequently, in August 2003, Telenet increased the copyright fee it charges its subscribers.

In 2006, Telenet started a judicial procedure against a number of collection agencies. This procedure is related to a discussion between Telenet and these collection agencies about the payment—by Telenet—of fees for copyrights and neighboring rights in case of (i) simulcast, (ii) direct injection and (iii) all rights included contracts.

As of June 30, 2012, Telenet retained an accrual of €0.4 million for claims of collection agencies and/or certain broadcasters (which were not directly injected in Telenet's cable network and with whom Telenet has no all-rights-included contracts).

In July 2004, the Association for the Collection, Distribution and Protection of the Rights of the Artists, Interpreters and Performers (CVBA Vereniging voor de inning, repartitie en de verdediging van de vertolkende en uitvoerende kunstenaars) ("Uradex") filed a claim against the RTD for €55 million plus interest concerning neighboring rights owed by the members of the RTD to artists and performers represented by Uradex during the period from August 1994 through the end of July 2004.

On April 12, 2011, the Court of First Instance of Mechelen rendered a positive judgment in the procedure against Sabam, Agicoa, Uradex and other collection agencies, and as part of which procedure several collection agencies (Sabam not included) filed counterclaims against Telenet for the payment of the invoices that Telenet disputed. The Court validated Telenet's arguments in each of the claims and counterclaims that were the subject of the procedure and, as a result: (i) no retransmission fees have to be paid by Telenet in case of direct injection of a broadcaster's signal into Telenet's network, (ii) no retransmission fees have to be paid in case of simulcast of an analog and digital signal (and consequently, Telenet does not have to pay extra for the distribution of linear digital television signals) and (iii) all-rights-included contracts are deemed legally valid, which means that if Telenet agrees with a broadcaster that the latter is responsible for clearing all copyrights, Telenet is not liable towards the collection agencies. The collection agencies already lodged an appeal. Since Sabam had not filed any counterclaim for the payment of invoices as part of the aforesaid judgment, on April 6, 2011, Sabam (not the other collecting agencies) initiated judicial proceedings before the Commercial Court of Antwerp, claiming payment by Telenet of invoices relating to (i) fees for a period from January 1, 2005 until December 31, 2010 for Telenet's basic digital television package, and (ii) fee advances for the first semester of 2011 for Telenet's basic and optional digital television packages. The claims mainly relate to (i) direct injection and (ii) all-rights-included contracts. Sabam's claim is based on arguments substantially similar to those rejected by the Court of First Instance of Mechelen on April 12, 2011. Simultaneously, Sabam initiated a summary procedure before the President of the Commercial Court of Antwerp, to receive provisional payment of the contested fees and fee advances. On June 30, 2011, the President of the Commercial Court of Antwerp rendered a positive judgment for Telenet in this procedure. Sabam lodged appeal. On June 27, 2012 the Court of Appeal of Antwerp confirmed this judgment and dismissed the claim in summary proceedings of Sabam. Telenet does not expect the ultimate resolution of this matter to have a material impact on its results of operations or financial condition.

Regulatory developments

In December 2010, the Belgisch Instituut voor Post en Telecommunicatie (the BIPT) and the regional regulators for the media sectors (the Belgium Regulatory Authorities) published their respective draft decisions reflecting the results of their joint analysis of the broadcasting market in Belgium.

After a public consultation, draft decisions were then submitted to the European Commission. The European Commission subsequently provided notice that criticized the analysis of the broadcasting markets on several grounds, including the fact that the Belgium Regulatory Authorities failed to analyze upstream wholesale markets. It also expressed doubts as to the necessity and proportionality of the various remedies.

The Belgium Regulatory Authorities nevertheless adopted a final decision on July 1, 2011 (the July 2011 Decision) with some minor revisions. The regulatory obligations imposed by the July 2011 Decision include (i) an obligation to make a resale offer at ''retail minus'' of the cable analog package available to third party operators (including Belgacom), (ii) an obligation to grant third-party operators (except Belgacom) access to digital television platforms (including the basic digital video package) at "retail minus," and (iii) an obligation to make a resale offer at ''retail minus'' of broadband internet access available to beneficiaries of the digital television access obligation that wish to offer bundles of digital video and broadband internet services to their customers (except Belgacom). A "retail-minus" method of pricing involves a wholesale tariff calculated as the retail price for the offered service by Telenet, excluding value-added taxes and copyrights, and further deducting the retail costs avoided by offering the wholesale service (such as, for example, costs for billing, franchise, consumer service, marketing, and sales). On February 1, 2012, Telenet submitted draft reference offers regarding the obligations described above. A national consultation and a notification to the European Commission of the reference offers still need to take place before final approval by the Belgium Regulatory Authorities. Any approved reference offer is not expected to be available in the market until 2013.

For Belgacom, the regulatory obligations include (i) an obligation to provide wholesale access to the local loop, (ii) an obligation to provide wholesale internet access at bitstream level and (iii) an obligation to provide wholesale multicast access for distribution of television channels.

Telenet believes that there are serious grounds to challenge the findings of the Belgium Regulatory Authorities' broadcasting market analysis and the resulting regulatory obligations and will vigorously contest the decision. Telenet has filed an appeal for suspension and annulment against the July 2011 Decision with the Brussels Court of Appeal. A decision from the Brussels Court of Appeal on Telenet's request for suspension of the new regulatory obligations until the appeal is finalized is expected in September 2012. Although we believe the decision to impose wholesaling obligations is misguided and unfounded, there can be no certainty that Telenet’s appeals will be successful. Accordingly, one or more of these regulatory obligations could be upheld, in present form or in modified form.

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

5.24 RELATED PARTIES

The related parties of the Company mainly comprise its shareholders that have the ability to exercise significant influence or control. Related parties include the Liberty Global Consortium and Pebble Media NV for both 2012 and 2011. From May 31, 2012, related parties also include Doccle CVBA and Doccle.Up NV.

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

5.24.1 Statement of financial position

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Trade receivables	367	527
Trade payables and accrued liabilities	185,302	219

The increase in trade payables and accrued liabilities as at June 30, 2012 was primarily due to Liberty Global Consortium's share of the repayment of capital to shareholders of €184.7 million.

5.24.2 Statement of comprehensive income

	For the 6 months ended June 30,	
	2012	2011
	(in thousands of euro)	
Operating		
Revenue	705	680
Operating expenses	(1,032)	(730)

5.24.3 Key management compensation

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

	For the 6 months ended June 30,	
	2012	2011
	(in thousands of euro)	
Salaries and other short-term employee benefits	2,985	2,933
Post-employment benefits	110	84
Share-based payments (compensation cost recognized)	2,611	4,305
	5,706	**7,322**

5.25 OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements with any of its affiliates or with any unconsolidated entities.

5.26 SUBSEQUENT EVENTS

There were no significant events subsequent to June 30, 2012, that would require adjustment to or disclosure in the accounting data included in these Interim Financial Statements.

REVIEW REPORT OF THE STATUTORY AUDITOR

Statutory auditor's report to the board of directors of Telenet Group Holding NV on the review of the condensed consolidated interim financial information as at June 30, 2012 and for the six month period then ended

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Telenet Group Holding NV as at June 30, 2012, the condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "*Interim Financial Reporting*" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2012 and for the six month period then ended is not prepared, in all material respects, in accordance with IAS 34, "*Interim Financial Reporting*" as adopted by the European Union.

Brussels, July 25, 2012

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises
Statutory auditor
represented by

Jos Briers
Réviseur d'Entreprises/Bedrijfsrevisor

Götwin Jackers
Réviseur d'Entreprises/Bedrijfsrevisor

Corporate Communications
T. 015 33 30 00 - www.telenet.be

Responsible editor
Telenet, Duco Sickinghe
Liersesteenweg 4, 2800 Mechelen