

An aerial night photograph of a city, likely Manila, Philippines, showing a complex highway interchange. The image is overlaid with several glowing white arcs that suggest connectivity and data flow. The city lights are visible in the background, and the highway lights create long, bright trails.

DIGI
communications n.v.

April 26, 2017

Prospectus



Digi Communications N.V.

(a public limited liability company (naamloze vennootschap) incorporated under the laws of the Netherlands with its statutory seat (statutaire zetel) in Amsterdam, the Netherlands, management premises and tax residence in Romania)

Offer of up to 21,744,108 Offer Shares with a nominal value of €0.01 each at an Offer Price expected to be between RON38 and RON56 per Offer Share and admission of the Offer Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange

This document comprises a prospectus (the “**Prospectus**”) for the purposes of article 3 of Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 (and any amendments thereto, including Directive 2010/73/EU of the European Parliament and of the Council of November 24, 2010, including all relevant implementing measures to the extent implemented in the Member State of the EEA), including all relevant implementing measures (the “**Prospectus Directive**”) and has in connection with the offering been prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the “**DFSA**”) and the rules promulgated thereunder. The Prospectus will be made available to the public in accordance with the DFSA and Romanian law.

This Prospectus has been prepared solely in connection with the proposed offer to (i) the public, in Romania (the “**Retail Tranche**”), and (ii) certain institutional and professional investors (the “**Institutional Tranche**”) (together, the “**Offer**”) of class B ordinary shares (the “**Class B Shares**” or “**Offer Shares**”) of Digi Communications N.V. (the “**Company**”) and has been approved by and filed with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (“**AFM**”) for purposes of the Offer and admission to trading of all of the Offer Shares on the Regulated Spot Market of the Bucharest Stock Exchange (“**Admission**”). The AFM will assume no responsibility as to the economic and financial soundness of the transaction or the quality or solvency of the Company. The AFM will provide a notification of the approval together with a copy of the approved Prospectus to the Romanian Financial Supervisory Authority (“**FSA**”) and the European Securities Markets Authority in accordance with the DFSA. It is expected that Admission will become effective, and that trading of the Offer Shares will commence on the Bucharest Stock Exchange on or around May 16, 2017. **No application is currently intended to be made for the Offer Shares to be admitted to listing or dealt with on any other exchange. The rights attaching to the Offer Shares will be uniform in all respects, but will have lower voting rights compared to class A ordinary shares of the Company (the “Class A Shares”).**

Prospective investors should read this Prospectus in its entirety. See “Risk Factors” in Part 1 for a discussion of certain risks and other factors that should be considered prior to any investment in the Offer Shares.

Joint Global Co-ordinators and Joint Bookrunners

Citigroup

Deutsche Bank

Joint Bookrunners

**Société Générale
Corporate & Investment
Banking
BRD—Groupe Société
Générale S.A.**

Raiffeisen Bank S.A.

**WOOD & Company
Financial Services, a.s.**

Joint Bookrunner and Lead Manager

BT Capital Partners

Prospectus dated April 26, 2017

Carpathian Cable Investments S.à.R.L., Celest Limited, ING Bank N.V., Yarden Mariuma, Dorina Schelean, Nicusor Dorel Schelean, Sirian Radu-Traian and Zoltán Teszári, who are selling Offer Shares as part of the Offer (together, the “**Selling Shareholders**”), are collectively expected to offer up to 21,744,108 Offer Shares so as to raise expected gross proceeds for the Selling Shareholders of up to RON1,218 million. The Company will not receive any of the proceeds from the sale of the Offer Shares, all of which will be paid to the Selling Shareholders.

The price at which each Offer Share is to be sold pursuant to the Offer (the “**Offer Price**”) and the number of Offer Shares sold under the Offer (the “**Share Offer Size**”) will be jointly agreed by the Company and the Selling Shareholders, in consultation with the Joint Global Co-ordinators, taking into account a number of factors, including market conditions in effect at the time of the Offer, which may not be indicative of future performance. It is currently expected that at the date of this Prospectus the Offer Price will be set between RON38 and RON56 per Offer Share (the “**Price Range**”) and that the Share Offer Size will be up to 21,744,108 Offer Shares (the “**Maximum Share Offer Size**”) (not including the Over-allotment Shares as defined below). The Price Range is indicative. A number of factors will be considered in determining the Offer Price, the Share Offer Size and the basis of allocation, including the level and nature of demand for the Offer Shares during the bookbuilding process, the level of demand in the Retail Tranche, prevailing market conditions and the objective of establishing an orderly after-market in the Offer Shares. Unless required to do so by law or regulation, the Company does not envisage publishing a supplementary prospectus or an announcement triggering the right to withdraw applications for Offer Shares on determination of the Offer Price or the Share Offer Size. If the Offer Price is set within the Price Range and the Share Offer Size is set at or below the Maximum Share Offer Size, a statement containing the Offer Price and confirming the Share Offer Size and related disclosures, including the maximum number of Over-allotment Shares (as defined below), is expected to be published on or about May 10, 2017 (the “**Pricing Statement**”) through a press release and will be available on the Company’s website at www.digi-communications.ro, on the website of the Bucharest Stock Exchange at www.bvb.ro and on the websites of BRD—Groupe Société Générale S.A. at www.brd.ro, BT Capital Partners at www.btcapitalpartners.ro and Raiffeisen Bank S.A. at www.raiffeisen.ro. The Pricing Statement will also be filed with the AFM. Printed copies of the Pricing Statement will be made available at the registered office of the Company.

The Offer under the Institutional Tranche will be made to (i) certain persons in the European Union who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive and elsewhere outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) (“**Regulation S**”) and (ii) in the United States, persons reasonably believed to be qualified institutional buyers (“**QIBs**”), as defined in, and in reliance on, the exemption from the registration requirements of the Securities Act provided in Rule 144A under the Securities Act (“**Rule 144A**”) or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act (the “**Institutional Investors**”). The Offer under the Retail Tranche will be made to any individual or legal person, other than Institutional Investors, in Romania (the “**Retail Investors**”).

Applications for the purchase of Offer Shares in the Retail Tranche can be made from April 28, 2017 to May 10, 2017 (the “**Offer Period**”). Any change of the Price Range on the last day of the Offer Period will result in the Offer Period being extended by at least two days on which the Romanian banking system and the trading system of the BSE are open for business (each a “**Business Day**”); any change of the Price Range on the day prior to the last day of the Offer Period will result in the Offer Period being extended by at least one Business Day. In this case, if the Offer Period for Retail Investors would already have closed, this Offer Period for Retail Investors would be reopened. Accordingly, all investors, including Retail Investors, will have at least two Business Days to reconsider their subscriptions. Upon a change of the Maximum Share Offer Size, references to Offer Shares in this Prospectus should be read as referring to the amended number of Offer Shares and references to Over-allotment Shares should be read as referring to the amended number of Over-allotment Shares. Any such change in the Maximum Share Offer Size and/or the Price Range will be announced in a press release that will also be posted on the Company’s website.

In connection with the Offer, Raiffeisen Bank S.A. as stabilization agent on behalf of Deutsche Bank AG, London Branch and Citigroup Global Markets Limited (the “**Stabilizing Managers**”) or their agent may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Offer Shares or effect other stabilizing transactions with a view to supporting the market price of the Offer Shares at a higher level than that which might otherwise prevail in the open market. The Stabilizing Managers and their agent are not required to enter into such transactions and such transactions may be effected on the Bucharest Stock Exchange and may be undertaken at any time during the period commencing on the date of the commencement of trading of the Offer

Shares on the Regulated Spot Market of the Bucharest Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilizing Managers or any of their agents to effect stabilizing transactions and there is no assurance that stabilizing transactions will be undertaken. In no event will measures be taken to stabilize the market price of the Offer Shares above the Offer Price. Such stabilization, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilizing Managers nor any of their agents intends to disclose the extent of any over-allotments made and/or stabilizing transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilizing Manager may, for stabilization purposes, over-allot Shares up to a maximum of 10% of the total number of Offer Shares comprised in the Offer. For the purposes of allowing the Stabilizing Managers or their agent to cover short positions resulting from any such over-allotments and/or from sales of Offer Shares effected by it during the stabilizing period, it is expected that certain of the Selling Shareholders, being Carpathian Cable Investments S.à.R.L. and Celest Limited (the “**Over-allotment Shareholders**”) will grant the Underwriters the option to purchase, or procure purchasers for, up to 2,174,411 additional Offer Shares (the “**Over-allotment Option**”), pursuant to which the Underwriters may purchase or procure purchasers for additional Offer Shares up to a maximum of 10% of the total number of Offer Shares comprised in the Offer (the “**Over-allotment Shares**”) at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilizing Managers or their agent, at any time on or before the 30th calendar day after the commencement of trading of the Offer Shares on the Regulated Spot Market of the Bucharest Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Offer Shares, including for all dividends and other distributions declared, made or paid on the Offer Shares, will be purchased on the same terms and conditions as the Offer Shares being issued or sold in the Offer and will form a single class for all purposes with the other Offer Shares.

Each of Deutsche Bank AG, London Branch (“**Deutsche Bank**”), Citigroup Global Markets Limited (“**Citigroup**”) (together with Deutsche Bank, the “**Joint Global Co-ordinators**”), Raiffeisen Bank S.A. (“**Raiffeisen Bank**”), Société Générale S.A. (“**Société Générale**”) / BRD—Groupe Société Générale S.A. (“**BRD**”), WOOD & Company Financial Services, a.s. (“**WOOD & Company**”) and BT Capital Partners S.A. (“**BTCP**”), which is also acting as lead manager (collectively with the Joint Global Co-ordinators, the “**Underwriters**”) is acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offer. None of the Underwriters will regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients or for the giving of advice in relation to the Offer or any transaction, matter, or arrangement referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by the DFSA or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Underwriters nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this Prospectus including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Offer Shares or the Offer. Each of the Underwriters and each of their respective affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Prospectus or any such statement. No representation or warranty, express or implied, is made by any of the Underwriters or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Notice to overseas investors

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). The Offer Shares offered by this Prospectus may not be offered or sold in the United States, except to qualified institutional buyers (“**QIBs**”), as defined in, and in reliance on, the exemption from the registration requirements of the Securities Act provided in Rule 144A under the Securities Act (“**Rule 144A**”) or another exemption from, or in a transaction not subject to, the registration requirements of the

Securities Act. Prospective investors are hereby notified that the sellers of the Offer Shares may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A. No actions have been taken to allow a public offering of the Offer Shares under the applicable securities laws of any jurisdiction, including Australia, Canada or Japan. Subject to certain exceptions, the Offer Shares may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen of any jurisdiction, including Australia, Canada or Japan. This Prospectus does not constitute an offer of, or the solicitation of an offer to purchase any of the Offer Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The Offer Shares have not been and will not be registered under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Offer Shares may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen in Australia, Canada or Japan. The Offer Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Selling Shareholders or the Underwriters to permit a public offering of the Offer Shares under the applicable securities laws of any jurisdiction. Other than in Romania, no action has been taken or will be taken to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Offer Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Notice to investors in Romania

This prospectus has not been approved by the FSA or any other competent Romanian authority. For the purpose of the Offer in Romania, the Company requested the AFM to notify the FSA of the AFM's approval of the Prospectus in accordance with the European passport mechanism provided for by the Prospectus Directive. The notification to the FSA does not imply any judgment by the FSA on the merits or quality of the Offer Shares or the Offer.

This Prospectus may only be distributed to the public and the Offer Shares may only be offered for sale or purchase in Romania in compliance with the Law on Issuers of Financial Instruments No. 24/2017, Capital Markets Law No. 297/2004 (as amended), Regulation 1/2006 on issuers and operations with securities (as amended), Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive No. 2003/71/EC with respect to information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and the dissemination of advertisements, and other applicable mandatory provisions of law.

Available information

For so long as any of the Offer Shares are in issue and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company has agreed that it will, during any period in which it is not subject to section 13 or 15(d) under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Share, or to any prospective purchaser of a Share designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

Withdrawals

In the event that the Company is required to publish a supplementary prospectus, investors who have applied to purchase Offer Shares in the Offer will have at least two clear Business Days following the publication of the supplementary prospectus within which they may withdraw their offer to acquire Offer Shares in the Offer.

If the application is not withdrawn within the stipulated period, any offer to apply for Offer Shares in the Offer will remain valid and binding. Institutional Investors wishing to exercise a statutory right to withdraw their offer to purchase Offer Shares in the Offer must do so by lodging a written notice of withdrawal via e-mail, fax

or other means of communications (during normal business hours only) to any of the Joint Global Co-ordinators or the Joint Bookrunners so as to be received no later than two Business Days after the date on which the supplementary prospectus is published (or such later date as may be specified in that supplementary prospectus). Notice of withdrawal given by any other means or which is deposited with or received after the expiry of such period will not constitute a valid withdrawal. Retail Investors who have applied for Offer Shares via BRD, Raiffeisen Bank, BTCP, Banca Transilvania or any intermediaries (other than the Underwriters), which are investment companies or credit institutions qualified as participants to the trading system of the Bucharest Stock Exchange and which (i) have signed an irrevocable and unconditional undertaking to observe the provisions of this Prospectus and the applicable law, in the form made available by the Underwriters (the “**Engagement Letter**”) and (ii) have transmitted such Engagement Letter to BRD (“**Eligible Participants**”), who wish to withdraw an application following publication of a supplementary prospectus (as described above) may do so by submitting a revocation form to BRD, Raiffeisen Bank, BTCP, Banca Transilvania or Eligible Participant, as the case may be, through whom the application was made. Such form must be received by BRD, Raiffeisen Bank, BTCP, Banca Transilvania or Eligible Participant no later than two Business Days after the date on which the supplementary prospectus is published (or such later date as may be specified in that supplementary prospectus).

If the Offer Price Range is changed, Retail Investors would have a statutory right to withdraw their subscriptions for Offer Shares, but (i) if the subscription for Offer Shares is not withdrawn within the stipulated period or (ii) if payment evidence (see paragraph 5.2 of “Part 12—*Details of the Offer*”) is not provided by the relevant Retail Investors within the stipulated withdrawal period to the Underwriter through which the subscription has been made then any subscription for Offer Shares in the Offer will remain valid and binding. It will remain valid and binding for the number of Offer Shares equal to the nearest natural number, rounding down, resulting from the sum certified through the payment evidence divided by the Offer Price (if the Offer Price is higher than higher end of the initial Price Range). The payment evidence in (ii) above must provide for the difference between the product of the subscribed Offer Shares multiplied by the higher end of the changed Price Range and the product of the subscribed Offer Shares multiplied by the higher end of the initial Price Range.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements.” These Elements are numbered in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable.”

SECTION A—INTRODUCTION AND WARNINGS		
A.1	Warning	<p>This summary should be read as an introduction to the prospectus.</p> <p>Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, and applied its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Applications for the purchase of Offer Shares through financial intermediaries	Not applicable.

SECTION B—COMPANY		
B.1	Legal and commercial name	Digi Communications N.V. (the “ Company ”)
B.2	Domicile, legal form and tax residency	The Company is a public company with limited liability (<i>naamloze vennootschap</i>) incorporated under the laws of the Netherlands on March 29, 2000 and is the controlling shareholder of RCS & RDS S.A. (“ RCS & RDS ”). The Company is registered with the Dutch Chamber of Commerce under number 34132532. The Company’s statutory seat (<i>statutaire zetel</i>) is in Amsterdam, the Netherlands, and its registered address is at 75 Dr. Staicovici street, Forum 2000 building, Phase I, fourth floor, 5th district, Bucharest, Romania. The Company is a Romanian tax resident.
B.3	Current operations and principal activities	We are a leading provider of telecommunication services in Romania and Hungary based on number of revenue generating units (“ RGUs ”). Our offerings in both countries include cable and DTH television services, fixed internet and data and fixed-line telephony. Our fixed telecommunication and entertainment services are offered through our technologically advanced fiber optic network, covering approximately 62% and 24% of households in Romania and Hungary, respectively, and both countries are entirely within the footprint of our DTH signal. Our cable and DTH television subscribers

enjoy access to custom-made channels and pay-to-view services, which carry premium movies and sports content, as well as various third-party products. We also operate the fastest growing, in terms of RGUs (Sources: Group and peer reports, Romanian National Authority for Administration and Regulations in Communications (“**ANCOM**”)), and one of the most technologically advanced mobile networks in Romania, which shares the backbone of our fixed fiber optic infrastructure. In addition, we provide mobile telecommunication services as an MVNO to the large Romanian communities in Spain and Italy.

For the year ended December 31, 2016 our Romanian operations accounted for €612.7 million, or 72.7%, of our total revenue; our Hungarian operations accounted for €137.9 million, or 16.4%, of our total revenue; our Spanish operations accounted for €83.0 million, or 9.9%, of our total revenue; and our Italian operations accounted for €9.2 million, or 1.1%, of our total revenue. Although in the past we had operations in other Eastern European countries, all such operations were disposed of in 2013 and 2015. Apart from our targeted MVNO operations in Spain and Italy, we currently focus exclusively on our core markets. As a result, the combination of our fixed network, satellite and mobile capabilities in Romania and Hungary and our deep local expertise makes us a European leader in geographically focused telecommunication solutions.

We have grown mainly organically from approximately 0.7 million RGUs at December 31, 2002 to approximately 12.4 million RGUs as at December 31, 2016, during which period we have developed from a cable TV provider to a provider of multiple-play services, including cable TV, fixed internet and data, mobile telecommunication services, fixed-line telephony and DTH television services. At December 31, 2016, we had a total of approximately 12.4 million RGUs, of which approximately 3.3 million were cable TV RGUs, approximately 2.5 million were fixed internet and data RGUs, approximately 3.9 million were mobile telecommunication services RGUs, approximately 1.7 million were fixed-line telephony RGUs and approximately 0.9 million were DTH RGUs.

We have consistently generated strong revenue streams. We generated €661.6 million, €750.1 million and €842.8 million of revenue in the years ended December 31, 2014, 2015 and 2016, respectively, representing a compound annual growth rate (“**CAGR**”) for continuing operations of 14% from 2014 to 2016. In recent years we invested heavily in the development of our mobile business in Romania. Therefore, our Adjusted earnings before interest, tax, depreciation and amortization (“**EBITDA**”) and Adjusted EBITDA margins for continuing operations remained relatively stable from €226.9 million and 35.0%, respectively, for the year ended December 31, 2014 to €237.5 million and 31.8%, respectively, for the year ended December 31, 2015. We have reported an Adjusted EBITDA and Adjusted EBITDA margins for continuing operations of €263.3 million and 31.2%, respectively, for the year ended December 31, 2016, representing a CAGR for continuing operations of 8% from 2014 to 2016.

We offer five principal types of service:

- **Cable TV** is our original line of business. As at December 31, 2016, we had approximately 2.9 million Romanian RGUs and approximately 473,000 Hungarian RGUs for cable TV services. Cable TV services accounted for 25.7% of our revenue in the year ended December 31, 2016. As at December 31, 2016, our cable TV services, together with our DTH services, had a share of approximately 49.0% and approximately 25.1% in the Romanian and Hungarian pay TV markets,

		<p>respectively (Sources: Group and peer reports, ANCOM, Hungarian National Media and Infocommunications Authority (“NMIAH”)).</p> <ul style="list-style-type: none"> • Our fixed internet and data services are primarily offered through our FTTB/FTTH networks using GPON or comparable technology in Romania and Hungary. As at December 31, 2016, we had approximately 2.1 million fixed internet and data RGUs in Romania and approximately 428,000 RGUs in Hungary. Fixed internet and data services accounted for 23.9% of our revenue in the year ended December 31, 2016. As at December 31, 2016, our fixed internet and data services had a market share of approximately 48.6% and approximately 15.8% in Romania and Hungary, respectively (Sources: Group and peer reports, ANCOM, NMIAH). • We provide mobile telecommunication services using our 3G and 4G networks in Romania, and as an MVNO targeted at the Romanian communities in Spain and Italy. As at December 31, 2016, we had approximately 3.2 million mobile telecommunication services RGUs in Romania, approximately 14,000 RGUs in Hungary (where we offer mobile internet and data services as a reseller through Telenor’s network), approximately 609,000 RGUs in Spain and approximately 86,000 RGUs in Italy. Mobile telecommunication services accounted for 25.5% of our revenue in the year ended December 31, 2016. As at December 31, 2016, our mobile telecommunication services had a market share of approximately 11.6% in Romania and relatively small shares in the Hungarian, Spanish and Italian markets (Sources: Group and peer reports, ANCOM). • We offer fixed-line telephony services through our networks in Romania and Hungary. As at December 31, 2016, we had approximately 1.3 million Romanian fixed-line telephony RGUs and approximately 353,000 Hungarian fixed-line telephony RGUs. Fixed-line telephony services accounted for 3.8% of our revenue in the year ended December 31, 2016. As at December 31, 2016, our fixed-line telephony services had a market share of approximately 31.7% and approximately 11.6% in Romania and Hungary, respectively (Sources: Group and peer reports, ANCOM, NMIAH). • Our DTH satellite television services are offered in Romania and Hungary. As at December 31, 2016, we had approximately 641,000 DTH RGUs in Romania and approximately 307,000 DTH RGUs in Hungary. DTH services accounted for 8.3% of our revenue in the year ended December 31, 2016.
B.4a	<p>Significant recent trends affecting the Group and the industry in which it operates</p>	<p>The Company is a leading provider of telecommunication services in Romania and Hungary based on number of RGUs. The Company’s offerings in both countries include cable TV, fixed internet and data, mobile telecommunication services, fixed-line telephony and DTH satellite television. In addition, the Company provides mobile telecommunication services as an MVNO to the large Romanian communities in Spain and Italy.</p> <p>The Romanian retail telecommunication services market was valued at approximately €2.5 billion as at December 31, 2015 (€3.2 billion including wholesale). As at December 31, 2015, retail mobile telecommunication services comprised the largest segment by value, accounting for approximately €1.4 billion. The Hungarian telecommunication services market generated revenue of €2.9 billion in the year ended December 31, 2015. As at December 31, 2015 mobile telecommunication services represented the largest share, accounting for €1.3 billion, or 46.8% of total revenue.</p>

	<p>Spain has one of the largest mobile markets in Europe. The total number of subscribers as at December 31, 2016 was 51.2 million, with 75.7% subscribing on a post-paid basis. In Western Europe, Italy's mobile user base was the second largest behind Germany, with 98.2 million active mobile subscriptions as at December 31, 2016.</p> <p>The fundamental trends affecting the Group and the industry in which it operates include:</p> <ul style="list-style-type: none"> ● Rise of multiple-play: In recent years, the telecommunications industry has experienced a significant increase in customer demand for multiple-play offerings, which combine two or more fixed and mobile services in one package. As a result, it is becoming increasingly common in Romania and elsewhere in the EU for operators to provide their services as multiple-play bundles, where consumers subscribe for two or more services. In order to incentivize customer acquisitions and retention, individual services are often offered at a discount in such multiple-play bundles. The number of active subscribers consuming two or more services in Romania increased at a CAGR of 8.0% in the period between January 1, 2013 and December 31, 2015 and reached 4.9 million as at June 30, 2016 (exclusive of certain mobile telephony and data bundled offerings). All but one of the Company's principal competitors in Romania offer multiple-play packages, which combine two or more fixed and/or mobile telecommunication/entertainment services. ● Transitioning TV consumption in Romania: Compared to other European countries, the Romanian population spends the most time watching TV as of 2014. The Romanian cable TV market has been in transition from the analog platform to the digital platform since 2007. There were approximately 2.0 million digital cable TV subscribers as at June 30, 2016 compared to approximately 60,000 digital cable TV subscribers as at December 31, 2007. However, the proportion of digital cable TV subscribers out of the total number of cable TV subscribers in Romania remained relatively low at 42.7% as at June 30, 2016 (compared to 61.2% average across Europe). ● Growing consumer bases: The Romanian and Hungarian economies have been experiencing strong positive developments in recent years, outperforming the EU's overall GDP growth rate, and their respective telecommunication services markets have been growing steadily. Further, the Romanian populations in Spain and Italy formed the largest group of foreigners in each country, at approximately 993,909 and approximately 1.2 million in Spain (as at June 30, 2016) and Italy (as at December 31, 2015), respectively. ● Regulatory responses to global economic climate: A negative effect of the most recent global downturn was the introduction of a number of distress taxes and other governmental measures aimed at curtailing the economic turmoil and compensating for the decrease in revenue to state budgets in the jurisdictions where the Company operates. In Romania, a series of special taxes were introduced in 2014, of which only the tax on special construction assets (including telecommunication networks) was in effect in 2016 at the rate of 1% of gross book value of relevant assets. Although this tax was discontinued in January 2017, it has affected financials for the year ended December 31, 2016. In Hungary, special infrastructure, financial transactions, and certain other taxes applicable to telecommunication service providers were introduced in 2012. Further, in the future, governments may change their tax arrangements at their discretion, such as the discontinuation of the special construction
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		tax in Romania discussed above and the decrease of the VAT chargeable in Romania from 20% to 19% and in Hungary, for internet services only, from 27% to 18%, which became effective from 2017.																												
B.5	Group structure	The Company is a holding company with no material direct business operations, apart from the financing operations carried out for the benefit of the Group. The principal assets of the Company are the equity interests it directly or indirectly holds in its operating subsidiaries (together with the Company, the “ Group ”).																												
B.6	Major shareholders	<p>The Company’s principal shareholder, Zoltán Teszári (the “Principal Shareholder”), directly and indirectly, beneficially owns 56.93% of the Company and exercises control over 100% of the Company’s class A ordinary shares (“Class A Shares”). The Principal Shareholder owns 2.97% of the share capital of the Company through his direct holdings of Class A Shares and Class B Shares and controls the rest of the Class A Shares through his 87.1% share ownership of RCS Management, S.A. (“RCS Management”).</p> <p>The table below sets out the shareholders who hold, directly or indirectly, 3% or more of the Company’s issued Class A Shares and Class B Shares (together, the “Shares”) and/or voting rights of the Company as at the date of this Prospectus.</p> <table border="1"> <thead> <tr> <th rowspan="2">Shareholder</th> <th colspan="2">Interest immediately prior to Admission</th> <th colspan="2">Interest immediately following Admission⁽¹⁾</th> <th rowspan="2">Voting power⁽²⁾</th> </tr> <tr> <th>Class A Shares</th> <th>Class B Shares</th> <th>Class A Shares</th> <th>Class B Shares</th> </tr> </thead> <tbody> <tr> <td>RCS Management⁽³⁾</td> <td>62.0%</td> <td>-</td> <td>62.0%</td> <td>-</td> <td>91.2%⁽⁴⁾</td> </tr> <tr> <td>Zoltán Teszári⁽⁵⁾</td> <td>2.4%</td> <td>0.5%</td> <td>2.4%</td> <td>-</td> <td>3.6%⁽⁴⁾</td> </tr> <tr> <td>Carpathian Cable Investments S.à.R.L.</td> <td>-</td> <td>20.6%</td> <td>-</td> <td>1.7%</td> <td>0.3%</td> </tr> </tbody> </table> <p>(1) Assuming the Share Offer Size is set at the Maximum Share Offer Size and no exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Over-allotment Shareholders will sell a further 2,174,411 Offer Shares, representing 10% of the total Offer Shares comprised in the Offer.</p> <p>(2) Voting power is based on the Shares held by each Shareholder immediately after Admission, assuming the Share Offer Size is set at the Maximum Share Offer Size and no exercise of the Over-allotment Option, and is determined based on each Shareholder’s voting rights from their Shares over the aggregate voting rights of the Company’s outstanding Shares.</p> <p>(3) Zoltán Teszári owns 87.1% of RCS Management when adjusted for holdings of treasury shares.</p> <p>(4) Mr. Teszári and RCS Management hold additional control through being the sole Class A Shareholders.</p> <p>(5) Zoltán Teszári’s business address is 75 Dr. Staicovici street, Forum 2000 building, Phase I, fourth floor, 5th district, Bucharest, Romania.</p>	Shareholder	Interest immediately prior to Admission		Interest immediately following Admission ⁽¹⁾		Voting power ⁽²⁾	Class A Shares	Class B Shares	Class A Shares	Class B Shares	RCS Management ⁽³⁾	62.0%	-	62.0%	-	91.2% ⁽⁴⁾	Zoltán Teszári ⁽⁵⁾	2.4%	0.5%	2.4%	-	3.6% ⁽⁴⁾	Carpathian Cable Investments S.à.R.L.	-	20.6%	-	1.7%	0.3%
Shareholder	Interest immediately prior to Admission			Interest immediately following Admission ⁽¹⁾		Voting power ⁽²⁾																								
	Class A Shares	Class B Shares	Class A Shares	Class B Shares																										
RCS Management ⁽³⁾	62.0%	-	62.0%	-	91.2% ⁽⁴⁾																									
Zoltán Teszári ⁽⁵⁾	2.4%	0.5%	2.4%	-	3.6% ⁽⁴⁾																									
Carpathian Cable Investments S.à.R.L.	-	20.6%	-	1.7%	0.3%																									

B.7

Historical financial information

The selected financial information set out below has been extracted without material adjustment from the audited consolidated financial statements of the Group as at and for the years ended December 31, 2014, 2015 and 2016 (the “**Annual Financial Statements**” or “**Financial Statements**”).

Consolidated statement of profit or loss

	For the year ended December 31,		
	2014	2015	2016
	(€ millions)		
Consolidated profit or loss Revenue			
Romania	471.1	541.8	615.4
Hungary	119.1	125.9	137.9
Spain	54.8	73.8	84.7
Other	18.9 ⁽¹⁾	11.4 ⁽¹⁾	9.6
Eliminations of intersegment revenue	(2.2)	(2.7)	(4.8)
Total revenue	661.6	750.1	842.8
Gain/(loss) from sale of discontinued operations . . .	9.6 ⁽²⁾	20.9 ⁽³⁾	(0.7) ⁽⁴⁾
Total revenue, other income and gain/(loss) from sale of discontinued operations	671.2	771.0	842.1
Operating expenses			
Romania	(294.1)	(362.2) ⁽⁵⁾	(413.1)
Hungary	(72.3)	(76.5)	(86.5)
Spain	(50.4)	(62.8)	(70.7)
Other	(16.2) ⁽⁶⁾	(13.0) ⁽⁶⁾	(13.9) ⁽⁷⁾
Eliminations of intersegment expenses	2.2	2.7	4.8
Depreciation, amortization and impairment of tangible and intangible assets	(192.1)	(187.9)	(176.4) ⁽⁸⁾
Total operating expenses	(622.9)	(699.7)	(755.8)
Other expenses		(1.0) ⁽⁵⁾	(7.0) ⁽⁵⁾
Operating profit	48.4	70.3	79.3
Finance income	0.8	9.9	45.3 ⁽⁹⁾
Finance expense	(61.1)	(70.8)	(101.5)
Net finance costs	(60.3)	(60.9)	(56.2)
Profit (Loss) before taxation	(12.0)	9.5	23.1
Income tax (expense)/benefit	5.1	(5.4)	(11.3)
Net profit/(loss)	(6.8)	4.0	11.8

(1) Includes revenue from our operations in Italy and the Czech Republic.

(2) Represents gains from sale of operations in Slovakia.

(3) Represents gains/(losses) from sale of operations in Slovakia and the Czech Republic.

(4) Represents an additional provision for expenses regarding the sale transaction of the Czech subsidiary.

(5) As of December 31, 2016 we present unrealized mark-to-market results from fair value assessment of energy trading contracts on a separate line: Other expenses. Comparative information as of December 31, 2015 was restated accordingly. Prior to the restatement, as of December 31, 2015 the unrealized mark-to-market loss of €1.0 million was included in Operating expenses.

(6) Includes operating expenses for our operations in Italy and the Czech Republic and certain minor operating expenses of the Company.

(7) Includes operating expenses for our operations in Italy and certain minor operating expenses of the Company.

(8) Includes revaluation deficit in amount of €6.3 million from revaluation of land and buildings and CPE as at December 31, 2016.

(9) As of December 31, 2016 available-for-sale instruments were derecognized and the fair value gain was reclassified from equity to Profit or loss statement, included in Finance income.

Consolidated statement of financial position			
	As at December 31,		
	2014	2015	2016
	(€ millions)		
Consolidated financial position			
Assets			
Non-current assets			
Property, plant and equipment	643.1	674.7	826.0
Intangible assets	199.7	205.1	206.8
Available for sale financial assets	41.3	43.4	-
Investments in associates	2.5	1.0	1.0
Long term receivables	6.7	5.9	3.9
Deferred tax assets	2.9	4.0	3.1
Total non-current assets	896.3	934.0	1,040.8
Current assets			
Inventories	22.8	13.2	18.6
Program assets	16.8	29.5	30.3
Trade and other receivables	109.9	82.5	109.0
Income tax receivables	1.5	0.2	2.8
Other assets	9.9	8.2	6.3
Derivative financial assets	—	9.9	17.0
Cash and cash equivalents	54.3	49.7	14.6
Total current assets	215.2	193.3	198.6
Total assets	1,111.5	1,127.3	1,239.5
Equity and liabilities			
Equity			
Share capital	0.1	0.1	0.1
Share premium	8.2	8.2	8.2
Treasury shares	(16.7)	(16.7)	(16.7)
Reserves	45.3	31.6	9.1
Retained earnings	68.3	77.5	40.5
Equity attributable to equity holders of the parent	105.1	100.7	41.2
Non-controlling interest	2.2	2.2	1.4
Total equity	107.3	102.8	42.6
Non-current liabilities			
Interest-bearing loans and borrowings, including bonds	652.7	624.9	665.5
Deferred tax liabilities	28.2	27.0	34.8
Other long term liabilities	10.6	7.6	46.1
Total non-current liabilities	691.5	659.5	746.4
Current liabilities			
Trade and other payables	217.2	271.1	374.0
Interest-bearing loans and borrowings	45.7	63.1	44.0
Income tax payable	0.3	1.7	1.4
Derivative financial liabilities	1.0	8.3	16.4
Deferred revenue	48.4	20.8	14.7
Total current liabilities	312.6	365.1	450.4
Total liabilities	1,004.2	1,024.5	1,196.9
Total equity and liabilities	1,111.5	1,127.3	1,239.5

		Consolidated statement of cash flows	For the year ended December 31,		
			2014	2015	2016
			(€ millions)		
		Cash flow data			
		Cash flows from operations before working capital changes	232.0	237.2	266.6
		Cash flows from changes in working capital ⁽¹⁾	(5.7)	4.2	(11.3)
		Cash flows from operations	226.3	241.5	255.3
		Interest paid	(46.7)	(44.2)	(44.0)
		Income tax paid	(4.6)	(5.1)	(7.8)
		Net cash flows from operating activities	174.9	192.2	203.5
		Net cash flows used in investing activities	(204.4)	(171.6)	(216.0)
		Net cash flows (used in)/from financing activities	33.6	(25.7)	(21.8)
		Net increase (decrease) in cash and cash equivalents	4.1	(5.1)	(34.2)
		Cash and cash equivalents at the beginning of the year	50.2	54.3	49.7
		Effect of exchange rate fluctuation on cash and cash equivalent held	(0.0)	0.5	(0.8)
		Cash and cash equivalents at the closing of the year	54.3	49.7	14.6
		(1) Cash flows from changes in working capital includes the sum of the (Increase)/decrease in trade receivables and other assets, (Increase)/decrease in inventories, Increase/(decrease) in trade payables and other current liabilities, Increase/(decrease) in deferred revenue.			
B.8	<i>Pro forma financial information</i>	Not applicable.			
B.9	<i>Profit forecast</i>	Not applicable. There is no profit forecast or estimate.			
B.10	<i>Qualifications in the audit report on the historical financial information</i>	Not applicable. There are no qualifications to the independent auditors' report on the historical financial information.			
B.11	<i>Insufficient working capital</i>	Not applicable. In the opinion of the Company, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.			

SECTION C—SECURITIES		
C.1	<i>Type and class of securities</i>	<p>The authorized share capital of the Company amounts to €11,000,000 (the “Authorized Share Capital”) and is divided into:</p> <ul style="list-style-type: none"> • 100,000,000 Class A Shares with a nominal value of €0.10 each in the share capital of the Company; and • 100,000,000 Class B Shares with a nominal value of €0.01 each in the share capital of the Company. <p>The Offer Shares comprise Class B Shares.</p> <p>The Company also has Class A Shares which are issued, but which are not part of the Offer and which will not be admitted to trading on the Bucharest Stock Exchange.</p>

		<p>The issued share capital of the Company amounts to €6,918,042.52 divided into:</p> <ul style="list-style-type: none"> • 65,756,028 Class A Shares with a nominal value of €0.10 each in the share capital of the Company; and • 34,243,972 Class B Shares with a nominal value of €0.01 each in the share capital of the Company. <p>All Offer Shares are fully paid.</p> <p>When admitted to trading on the Bucharest Stock Exchange, the Offer Shares will be registered with the ISIN NL0012294474 and trade under the symbol “DIGI.”</p>
C.2	Currency	The Offer Shares are denominated in euro and will be quoted on the Bucharest Stock Exchange in Romanian lei.
C.3	Issued Share Capital	At the date of this Prospectus, the issued share capital of the Company consists of 65,756,028 Class A Shares with a nominal value of €0.10 each (all of which were fully paid) as well as 34,243,972 Class B Shares with a nominal value of €0.01 each (all of which were fully paid).
C.4	Rights attaching to the Offer Shares	<p>Each Offer Share shall have the same rights, including in respect of voting and dividend rights. The Offer Shares will have the same dividend rights as the Class A Shares, but the Offer Shares will have lower voting rights compared to the rights attached to the Class A Shares which will have 10 votes per share.</p> <p>Each Offer Share confers the right to cast one vote for each eurocent of nominal value (i.e., 1 vote per Offer Share). There are no restrictions on voting rights. The Offer Shares will be equally eligible for any dividends which the Company may declare on Offer Shares after completion of the Offer.</p>
C.5	Restrictions on transfer	There are no restrictions on the free transferability of the Offer Shares.
C.6	Admission	The Bucharest Stock Exchange has issued an approval in principle for the Admission of the Offer Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange. After the closing of the Offer, the Company intends to apply to the Bucharest Stock Exchange for obtaining the final approval for the Offer Shares to be admitted to trading on the International tier of the Regulated Spot Market of the Bucharest Stock Exchange.
C.7	Dividend policy	<p>The Company intends to retain earnings and reinvest cashflows to capitalize on growth opportunities in its core markets.</p> <p>The Company’s ability and intention to return capital to the holders of its Shares (the “Shareholders”) in the future will depend on the Company’s available investment opportunities, financial condition, results of operation, undertakings to creditors and other factors that the board of directors (the “Board” or the “Board of Directors”) may deem relevant. Returns of capital to shareholders may be performed, at the discretion of the Company, through dividends.</p>

SECTION D—RISKS

D.1	<i>Key information on the key risks specific to the Company, its subsidiaries and their industry</i>	<ul style="list-style-type: none"> • We face significant competition in all our markets and business lines, which may encourage the movement of customers to our competitors and thereby adversely affect our revenue and profitability. All our principal competitors in our core Romanian market are part of much larger international telecommunication groups, and may enjoy certain competitive advantages, such as greater economies of scale, easier access to financing and more comprehensive product offerings in certain business lines. • The markets in which we operate are characterized by rapid and significant changes in technology, customer demand and behavior, and as a result are characterized by a changing competitive environment. The cost of implementing investments to upgrade our network offerings could be significant, and there is no assurance that customers will accept these developments to the extent required to generate a rate of return that is acceptable to us. • The expansion and operation of our fixed fiber and mobile networks, as well as the costs of development, sales and marketing of our products and services, requires substantial capital expenditure. In addition, our working capital needs have substantially increased in recent years and we may be required to limit our operations and expansion plans if, for any reason, we are unable to obtain adequate funding to meet these requirements. • Our success is closely tied to general economic developments in Romania and Hungary and any negative developments may not be offset by positive trends in other markets, potentially jeopardizing our growth targets and adversely affecting our business, prospects, results of operations and financial condition. • Since the 2008 global economic crisis, and further exacerbated by the United Kingdom’s vote on June 23, 2016 to leave the European Union (“EU”), concerns about the potential economic slowdown and recession in Europe, the availability and cost of credit, diminished business and consumer confidence, inflation and increased unemployment have continued to contribute to increased market volatility and diminished expectations for European and emerging economies, including jurisdictions in which we operate. • The telecommunications and media sectors are under constant scrutiny by national competition regulators in the countries in which we operate and by the European Commission. We have been in the past, and may continue to be, the subject of competition investigations and claims in relation to our behavior in the markets of the jurisdictions where we operate. • Our operations and properties are subject to regulation by various government entities and agencies in connection with obtaining and renewing various licenses, permits, approvals and authorizations, as well as ongoing compliance with, among other things, telecommunications, audiovisual, environmental, health and safety, labor, building and urban planning, personal data protection and consumer protection laws, regulations and standards. Any increase in governmental regulation of our operations could increase our costs and could have a material adverse impact on our business, prospects, results of operations and financial condition.
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		<ul style="list-style-type: none"> • A suspension or termination of our licenses or other necessary governmental authorizations could have a material adverse effect on our business and results of operation. Additionally, we are not in full compliance, and from time to time may not be in full compliance, with applicable laws and regulations regarding permitting the construction of various components of our network. We have experienced, and may continue to experience, difficulties in obtaining some of these approvals and permits. • Certain agreements we have entered into for the purposes of developing our networks, including some of the agreements entered into with electricity distribution companies and public authorities for the lease of the majority of the poles that support our above-ground fixed fiber optic networks, have been entered into with persons whose title to the leased assets or authority and capacity to enter into such agreements were not fully verifiable or clear at the time they entered into the agreement. Additionally, certain agreements for the lease of poles from third parties are and continue to be arranged on an undocumented basis, creating a risk that they could be discontinued in the future. Termination or cancellation of the agreements may result in additional costs for re-execution of such agreements or for the implementation of an alternative solution or, in the worst case, in a loss of business. • The telecommunications industry in the markets in which we operate is characterized by the existence of a large number of patents and trademarks. Objections to the registration of new trademarks by third parties and claims based on allegations of patent and/or trademark infringement or other violations of intellectual property rights are common. We may also be subject to claims for defamation, negligence, copyright or other legal claims relating to the programming content or information that we broadcast through our network or publish on our websites. • The economies of the countries where we operate are vulnerable to market downturns and economic slowdowns elsewhere in the world. The impact of global economic developments is often felt more strongly in emerging markets such as Romania and Hungary than it is in more mature markets. • The political environment in Romania and Hungary, our main countries of operation, may experience significant political instability. • Our leverage and debt servicing obligations may require us to dedicate a substantial portion of our cash flow from operations to payments on our debt and increase our vulnerability to economic or business downturns. Additionally, we may incur additional indebtedness in the future, which would increase the consequences of such substantial leverage and debt servicing obligations. • Our restrictive debt covenants limit our ability to incur or guarantee additional indebtedness and could limit our ability to finance our future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest.
D.3	<i>Key information on the key risks specific to the Offer Shares</i>	<ul style="list-style-type: none"> • The Principal Shareholder will retain a significant interest in, and will continue to exert substantial influence over, the Group immediately following Admission, and this influence may be adverse to the interests of other holders of Shares.

		<ul style="list-style-type: none"> • Holders of Class A Shares and Class B Shares have different voting rights. Holders of Class A Shares will have more control over the outcome of shareholder votes and decision-making, and this distribution of voting rights and control may adversely affect the value of the Shares. • There is no guarantee that the Offer Shares will be admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange. • The FSA is authorized to suspend securities from trading or to request the regulated market where the securities are traded to do so, and any suspension could affect our Shares’ trading price and would impair the transfer of Shares.
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SECTION E—OFFER		
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E.1	<i>Net proceeds and costs of the Offer</i>	<p>Through the sale of Offer Shares pursuant to the Offer, the Selling Shareholders are expected to raise, in aggregate, RON1,218 million (assuming that the Offer Price is set at the top of the range, the Share Offer Size is set at the Maximum Share Offer Size and no exercise of the Over-allotment Option) before taking into account fees and expenses. On that basis, the aggregate underwriting commissions, expenses and amounts in respect of stamp duty or stamp duty reserve tax (“SDRT”), if any, payable by the Selling Shareholders in connection with the Offer are estimated to be approximately RON41 million.</p> <p>The fees and expenses to be borne by the Selling Shareholders in connection with Admission, the AFM’s fees, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately RON16,075,000 (the equivalent of approximately €3,550,000 (including VAT, where applicable)).</p> <p>No expenses will be charged to investors in connection with Admission or the Offer by the Company or the Selling Shareholders.</p>
E.2a	<i>Reasons for the Offer and use of proceeds</i>	<p>The members of the board of directors (the “Directors” and the “Board of Directors”) believe that the Offer will:</p> <ul style="list-style-type: none"> • further increase the Group’s profile, brand recognition and credibility with its customers, suppliers and employees; • assist in attracting, recruiting, retaining and incentivizing key management and employees; and • provide a realization, in whole or in part, of the investment in the Group by certain of its existing shareholders. <p>No proceeds from the Offer will be received by the Company.</p>
E.3	<i>Terms and conditions of the Offer</i>	<p>The Offer is structured as an offer of Offer Shares: (i) in Romania, to the public; (ii) in the United States to certain QIBs as defined in, and in reliance on, Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act; and (iii) outside of Romania and the United States, by private placement to certain investors, in offshore transactions in reliance on Regulation S under the Securities Act.</p> <p>The Offer consists of:</p> <ul style="list-style-type: none"> • the Institutional Tranche to be addressed to (i) certain Qualified Investors in the European Union and elsewhere outside the United States

		<p>in reliance on Regulation S and (ii) in the United States, only to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act (the “Institutional Investors”), which shall consist of an initial number of 18,482,492 Offer Shares, representing 85% of the initial number of Offer Shares; and</p> <ul style="list-style-type: none"> the Retail Tranche to be addressed to retail investors (being any individual or legal person other than Institutional Investors) via a public offer in Romania (the “Retail Investors”), which shall consist of an initial number of 3,261,616 Offer Shares, representing 15% of the initial number of Offer Shares. <p>In addition, Offer Shares (representing up to 10 per cent of the total number of Shares that are subject to the Offer) are being made available pursuant to the Over-allotment Option granted by the Over-allotment Shareholders.</p> <p>The Offer Price is expected to be between RON38 and RON56 per Offer Share (the “Price Range”). The Share Offer Size is expected to be up to 21,744,108 Offer Shares (the “Maximum Share Offer Size”).</p> <p>The Offer Price and the Share Offer Size will be jointly agreed by the Company and the Selling Shareholders after consultation with the Joint Global Co-ordinators. The Pricing Statement, which will also contain the number of Offer Shares allocated to each of the two tranches of the Offer and, in the case of the Retail Tranche, the <i>pro rata</i> allocation factor calculated for this tranche (if the case may be), will be published as a press release in printed form and available free of charge at the registered office of the Company at 75 Dr. Staicovici street, Forum 2000 Building, Phase I, fourth floor, 5th district, Bucharest, Romania, as well as, in electronic form and available on the Company’s website at www.digi-communications.ro, on the website of the Bucharest Stock Exchange at www.bvb.ro and on the websites of BRD—Groupe Société Générale S.A. at www.brd.ro, BT Capital Partners S.A. at www.btcapitalpartners.ro and Raiffeisen Bank S.A. at www.raiffeisen.ro. The Pricing Statement will also be filed with the AFM. The Company and the Selling Shareholders reserve the right to increase or decrease the aggregate number of Offer Shares sold under the Offer after consultation with the Joint Global Co-ordinators. The indicative Price Range and the Maximum Share Offer Size have been set by the Company and the Selling Shareholders. It is currently expected that the Offer Price and the Share Offer Size will be set within the Price Range and at or below the Maximum Share Offer Size, respectively. A number of factors will be considered in determining the Offer Price, the Share Offer Size and the basis of allocation, including the level and nature of demand for the Offer Shares during the bookbuilding process, the level of demand in the Retail Tranche, prevailing market conditions and the objective of establishing an orderly after-market in the Offer Shares.</p> <p>Offer Shares will be allocated to investors in Romania and elsewhere on the basis determined by the Company, in consultation with the Joint Global Co-ordinators (on behalf of the Underwriters), on May 10, 2017 (the “Allocation Date”).</p> <p>Retail Investors will be given a guaranteed allocation of 100% for the maximum number of 267 Offer Shares per Retail Investor, on a first come first served basis up to a total number of 534,000 Offer Shares. Retail Investors are entitled to:</p> <ul style="list-style-type: none"> a discount of 7% of the Offer Price for applications validly made in the first 5 Business Days of the Offer Period (i.e., by and including May 5, 2017); and
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- a discount of 3% of the Offer Price for applications validly made in the 6th until the 8th Business Day of the Offer Period (i.e., from and including May 8, 2017 and by and including May 10, 2017);

In the Retail Tranche, the Offer Shares will be sold at the Offer Price (discounted as set out above). In the Institutional Tranche, the Offer Shares will be sold at the Offer Price but only to those Institutional Investors who indicated their interest to purchase Offer Shares at a price at least equal to, or higher than, the Offer Price.

Any change of the Price Range on the last day of the Offer will result in the Offer being extended by at least two Business Days; any change of the Price Range on the day prior to the last day of the Offer will result in the Offer being extended by at least one Business Day. In this case, if the Offer for Retail Investors would already have closed, this Offer for Retail Investors would be reopened. Accordingly, all investors, including Retail Investors, will have at least two Business Days to reconsider their subscriptions. Upon a change of the Maximum Share Offer Size, references to Offer Shares in this Prospectus should be read as referring to the amended number of Offer Shares and references to Over-allotment Shares should be read as referring to the amended number of Over-allotment Shares. Any such change in the Maximum Share Offer Size and/or the Price Range will be announced in a press release that will also be posted on the Company's website.

If the Offer Price Range is changed, Retail Investors would have a statutory right to withdraw their subscriptions for Offer Shares, but (i) if the subscription for Offer Shares is not withdrawn within the stipulated period or (ii) if payment evidence (see paragraph 5.2 of "*Part 12 – Details of the Offer*") is not provided by the relevant Retail Investors within the stipulated withdrawal period to the Underwriter through which the subscription has been made, then any subscription for Offer Shares in the Offer will remain valid and binding. It will remain valid and binding for the number of Offer Shares equal to the nearest natural number, rounding down, resulting from the sum certified through the payment evidence divided by the Offer Price (if the Offer Price is higher than higher end of the initial Price Range). The payment evidence in (ii) above must provide for the difference between the product of the subscribed Offer Shares multiplied by the higher end of the changed Price Range and the product of the subscribed Offer Shares multiplied by the higher end of the initial Price Range.

In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended. Therefore, the expected date of publication of the Pricing Statement would be extended. The arrangements for withdrawing offers to purchase Offer Shares would be made clear in the supplementary prospectus. It is expected that Admission will take place and that trading of the Offer Shares on the Regulated Spot Market of the Bucharest Stock Exchange will commence at 9.45 a.m. Eastern European Time ("**EET**") on May 16, 2017. These dates and times may be changed without further notice.

The Offer is subject to the satisfaction of certain conditions contained in the underwriting agreement to be entered into between the Company, the Selling Shareholders and the Underwriters (the "**Underwriting Agreement**"), which are typical for an agreement of this nature, including on the Underwriting Agreement not having been terminated prior to Admission.

None of the Offer Shares comprising the Offer may be offered for sale or purchase or be sold or delivered, and this document and any other offering material in relation to the Offer Shares may not be circulated, in any

		<p>jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.</p> <p>Investors agreeing to purchase Offer Shares pursuant to the Offer agree with the Selling Shareholders to be bound by certain terms and conditions upon which Offer Shares will be sold in the Offer. Upon being allocated Offer Shares pursuant to the Offer, each investor agrees to become a shareholder of the Company, to acquire the Offer Shares allocated to it at the Offer Price (discounted or not, as applicable) and to pay the Offer Price (discounted or not, as applicable) for the Offer Shares allocated to it. If an investor fails to pay as required, the relevant investor will remain liable to pay such amount and will be deemed to have appointed the Joint Global Co-ordinators to sell any or all of the Offer Shares allocated to it at such price as the Joint Global Co-ordinators may achieve subsequent to any such failure to pay.</p> <p>Under the terms and conditions of the Offer, each investor makes certain representations, warranties and acknowledgements to the Company and the Selling Shareholders customary for an offer of this type, including but not limited to: (i) in relation to certain characteristics of the investor; (ii) the investor's compliance with restrictions contained in the Offer and with specified laws and regulations; (iii) reliance, responsibility and liability in respect of this document, the Offer and information outside of this document; (iv) compliance with laws; (v) jurisdiction; and (vi) liability for duties or taxes.</p> <p>On request, an investor may be required to disclose certain information, including any information about the agreement to purchase Offer Shares, the investor's nationality (if an individual) and jurisdiction in which the investor's funds are managed or owned (if a discretionary fund manager). The terms and conditions also provide for the following issues: the sending of documents to the investor; the investor being bound by the articles of association of the Company (the "Articles") upon transfer or issue of Offer Shares; the application of Romanian and Dutch law to the contract to purchase Offer Shares; and joint agreements to purchase Offer Shares.</p>
E.4	<i>Material interests</i>	There are no interests, including conflicting interests, that are material to the Offer, other than those disclosed in B.6 above.

E.5	Selling shareholders and lock-up	<p>(A) Expected interests of the Selling Shareholders immediately prior to and following Admission</p> <p>The indicative interests in Offer Shares of the Selling Shareholders immediately prior to Admission, together with a corresponding estimate of their interests in Shares immediately following Admission, are set out in the table below (calculated on the basis that each holder of beneficial interests in Offer Shares sells the maximum number of Offer Shares it has indicated it will make available in the Offer and no exercise of the Over-allotment Option).</p> <table border="1" data-bbox="547 436 1402 1176"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Interest in the Offer Shares immediately prior to Admission</th> <th colspan="2">Maximum number of Offer Shares to be sold pursuant to the Offer⁽¹⁾</th> <th colspan="2">Interest in the Offer Shares immediately following Admission⁽¹⁾</th> </tr> <tr> <th>No.</th> <th>% of total issued⁽²⁾</th> <th>No.</th> <th>% of holding</th> <th>No.</th> <th>% of total issued⁽²⁾</th> </tr> </thead> <tbody> <tr> <td>Carpathian Cable Investments</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>S.à.R.L.⁽³⁾</td> <td>19,225,600</td> <td>20.6%</td> <td>17,611,366</td> <td>91.6%</td> <td>1,614,234⁽⁴⁾</td> <td>1.7%</td> </tr> <tr> <td>Celest Limited⁽⁵⁾</td> <td>1,000,000</td> <td>1.1%</td> <td>439,823</td> <td>44.0%</td> <td>560,177⁽⁴⁾</td> <td>0.6%</td> </tr> <tr> <td>ING Bank N.V.⁽⁶⁾</td> <td>675,970</td> <td>0.7%</td> <td>675,970</td> <td>100%</td> <td>-</td> <td>-</td> </tr> <tr> <td>Yarden Mariuma⁽⁷⁾</td> <td>339,961</td> <td>0.4%</td> <td>339,961</td> <td>100%</td> <td>-</td> <td>-</td> </tr> <tr> <td>Dorina Schelean⁽⁸⁾</td> <td>413,093</td> <td>0.4%</td> <td>413,093</td> <td>100%</td> <td>-</td> <td>-</td> </tr> <tr> <td>Nicusor Dorel Schelean⁽⁹⁾</td> <td>513,895</td> <td>0.6%</td> <td>513,895</td> <td>100%</td> <td>-</td> <td>-</td> </tr> <tr> <td>Sirian Radu-Traian⁽¹⁰⁾</td> <td>1,259,000</td> <td>1.4%</td> <td>1,259,000</td> <td>100%</td> <td>-</td> <td>-</td> </tr> <tr> <td>Zoltán Teszári⁽¹¹⁾</td> <td>491,000</td> <td>0.5%</td> <td>491,000</td> <td>100%</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>23,918,519</td> <td>25.6%</td> <td>21,744,108</td> <td>90.9%</td> <td>2,174,411</td> <td>2.3%</td> </tr> </tbody> </table> <p>(1) Assuming the Share Offer Size is set at the Maximum Share Offer Size and no exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Over-allotment Shareholders will sell a further 2,174,411 Offer Shares, representing approximately 10% of the total Offer Shares comprised in the Offer.</p> <p>(2) This is calculated based on the total Shares held by the Shareholder over the total Shares outstanding after taking into account holdings of treasury Shares.</p> <p>(3) Carpathian Cable Investment S.à.R.L.'s business address is 40, Boulevard Joseph 11, L-1840, Luxembourg.</p> <p>(4) If the Over-allotment Option is exercised in full, then it will have no further interest in the Offer Shares immediately following Admission.</p> <p>(5) Celest Limited's business address is Nicolau Pentadromos Centre, 10th Floor, Flat/Office 1002, 3025, Limassol, Cyprus.</p> <p>(6) ING Bank N.V.'s business address is Bijlmerplein 888, 1102 MG, Amsterdam, the Netherlands.</p> <p>(7) Yarden Mariuma's business address is 2A Dimitrie Cantemir Blvd, building P3, apartment 3, 4th District, Bucharest, Romania.</p> <p>(8) Dorina Schelean's business address is 5 Franyo Zoltan Street, Timisoara, Timisoara county, Romania.</p> <p>(9) Nicusor Dorel Schelean's business address is 12 Poiana Marului street, Zavoi village, Caras-Severin county, Romania.</p> <p>(10) Sirian Radu-Traian's business address is 2A Macului street, Brasov, Brasov county, Romania.</p> <p>(11) Zoltán Teszári's business address is 75 Dr. Staicovici street, Forum 2000 building, Phase I, fourth floor, 5th district, Bucharest, Romania.</p>		Interest in the Offer Shares immediately prior to Admission		Maximum number of Offer Shares to be sold pursuant to the Offer ⁽¹⁾		Interest in the Offer Shares immediately following Admission ⁽¹⁾		No.	% of total issued ⁽²⁾	No.	% of holding	No.	% of total issued ⁽²⁾	Carpathian Cable Investments							S.à.R.L. ⁽³⁾	19,225,600	20.6%	17,611,366	91.6%	1,614,234 ⁽⁴⁾	1.7%	Celest Limited ⁽⁵⁾	1,000,000	1.1%	439,823	44.0%	560,177 ⁽⁴⁾	0.6%	ING Bank N.V. ⁽⁶⁾	675,970	0.7%	675,970	100%	-	-	Yarden Mariuma ⁽⁷⁾	339,961	0.4%	339,961	100%	-	-	Dorina Schelean ⁽⁸⁾	413,093	0.4%	413,093	100%	-	-	Nicusor Dorel Schelean ⁽⁹⁾	513,895	0.6%	513,895	100%	-	-	Sirian Radu-Traian ⁽¹⁰⁾	1,259,000	1.4%	1,259,000	100%	-	-	Zoltán Teszári ⁽¹¹⁾	491,000	0.5%	491,000	100%	-	-	Total	23,918,519	25.6%	21,744,108	90.9%	2,174,411	2.3%
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		<p>(B) Lock-up arrangements</p> <p>Pursuant to the Underwriting Agreement, signed on April 26, 2017, the Company, the Principal Shareholder, Ioan Bendei and Bogdan Ciobotaru have agreed that, subject to certain exceptions, during the period of 360 days from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.</p> <p>Pursuant to the Underwriting Agreement and related arrangements, signed on April 26, 2017, the Selling Shareholders and RCS Management have agreed that, subject to certain exceptions, during the period of 180 days in respect of the Selling Shareholders, other than the Principal Shareholder, and 720 days in respect of RCS Management, in each case from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing. Approximately 2.2% of the Shares are not locked up.</p>
E.6	<i>Dilution</i>	Not applicable
E.7	<i>Expenses charged to the investor</i>	Not applicable. No expenses will be charged by the Company or the Selling Shareholders to any investor who purchases Offer Shares pursuant to the Offer.

PART 1 RISK FACTORS

Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should carefully consider the risk factors associated with any investment in the Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below.

Prospective investors should note that the risks relating to the Group, its industry and the Shares summarized in the section of this Prospectus headed "Summary" are the risks that the Directors and the Company believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarized in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The occurrence of any of the following events could have a material adverse effect on our business, prospects, results of operations and financial conditions. The risk factors described below are not an exhaustive list or explanation of all risks which investors may face when making an investment in the Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations and/or financial condition and, if any such risk should occur, the price of the Shares may decline and investors could lose all or part of their investment. An investment in the Shares involves complex financial risks and is suitable only for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Investors should consider carefully whether an investment in the Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We face significant competition in the markets in which we operate, which could result in decreases in the number of current and potential customers, revenue and profitability.

We face significant competition in all our markets and business lines, which is expected to intensify further. For example, in Romania and Hungary we face intense competition in our cable TV, DTH, fixed internet and data and fixed-line telephony business lines from local entities controlled by Deutsche Telekom ("**Telekom Romania**" and "**Magyar Telekom**," respectively) and Liberty Global ("**UPC Romania**" and "**UPC Hungary**," respectively). In the Romanian mobile telecommunication services market we compete with Telekom Romania and local entities controlled by Orange ("**Orange Romania**") and Vodafone ("**Vodafone Romania**"). Increased competition may encourage the customers to stop subscribing to our services (an effect known as "churn") and thereby adversely affect our revenue and profitability.

These competitors, as well as other competitors that may enter the market in the future, may enjoy certain competitive advantages that we do not, such as having greater economies of scale, easier access to financing, access to certain new technologies, more comprehensive product offerings in certain business lines, greater personnel resources, greater brand name recognition, fewer regulatory burdens and more experience or longer-established relationships with regulatory authorities, customers and suppliers. In particular, all our principal competitors in our core Romanian market are part of much larger international telecommunication groups.

In recent years, the telecommunications industry has experienced a significant increase in customer demand for multiple-play offerings, which combine two or more fixed and mobile services in one package. Although we believe that the combination of our own fixed and mobile infrastructures in Romania is unparalleled, all of our principal competitors in the country have made arrangements to significantly enhance their multiple-play capabilities. In particular, Telekom Romania has been heavily investing in the development of its FTTH network to complement its existing mobile infrastructure. In addition, Orange Romania has taken advantage of the recent trend in the Romanian fixed infrastructure market, as part of which ANCOM encouraged the country's fixed line operators to open their networks to competitors. In February 2016, Orange Romania entered into certain network sharing agreements with Telekom Romania enabling it to provide cable TV and fixed Internet and data services via Telekom Romania's network under its own brand. In consideration, Telekom Romania obtained access to Orange Romania's 4G, 4G+ and LTE mobile networks in Romania. Orange Romania is also party to a mobile network sharing agreement concluded in July 2013 with Vodafone Romania; each party independently operates

its spectrum and retains strategic control over switched networks. These developments have resulted, and could in the future result, in synergies to the businesses of our principal competitors, increase competition, exercise further pressure on prices, result in higher rates of customer churn and ultimately adversely affect our revenue and profitability. Although in 2015 ANCOM confirmed its view (which was supported by the European Commission) that we are under no obligation to open our fixed fiber optics network to third parties, there is no assurance that this decision may not be reversed. If we are directed by ANCOM, or any other competent authority, to open our infrastructure to third parties, including our competitors, that could further enhance our competitors' market positions, while eroding our key competitive advantages, and have a material adverse effect on our business, prospects, results of operations and financial condition.

In addition to competition in our traditional services and technologies, we also experience significant pressure from the rapid development of new technologies and alternative services, which are either offered by our existing competitors or new entrants. See “*Rapid technological changes may increase competition and render our technologies or services obsolete, and we may fail to adapt to or implement new technological developments in a cost efficient manner or at all.*” For example, our fixed-line telephony and fixed internet and data business lines in Romania are experiencing increased competition from the country's growing mobile telecommunication services sector. This may result in slower growth or a decrease in our fixed-line telephony and fixed internet and data services penetration rates as our subscribers may migrate from fixed to mobile services, choosing to switch to our competitors such as Telekom Romania, Orange Romania, or Vodafone Romania, who currently have stronger market positions than us in the mobile telecommunication services sector. We also have to compete with companies offering other technologies alternative to our telephony services, such as Skype, WhatsApp, Google Hangouts and Facebook Messenger, as well as with companies offering alternative platforms that make TV and entertainment content available to customers, such as Netflix, Apple TV, Amazon Prime and Google Play, along with other services which allow legal or illegal downloading of movies and television programs.

Our success in these markets may be adversely affected by the actions of our competitors in a number of ways, including:

- lower prices, more attractive multiple-play services or higher quality services, features or content;
- more rapid development and deployment of new or improved products and services; or
- more rapid enhancement of their networks.

Our market position will also depend on effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including new services, pricing strategies by competitors, changes in consumer preferences and economic, political and social conditions in the markets in which we operate. Any failure to compete effectively or any inability to respond to or effectively anticipate consumer sentiment, including in terms of pricing of services, acquisition of new customers and retention of existing customers, could have a material adverse effect on our business, prospects, results of operations and financial condition.

Rapid technological changes may increase competition and render our technologies or services obsolete, and we may fail to adapt to or implement new technological developments in a cost efficient manner or at all.

The markets in which we operate are characterized by rapid and significant changes in technology, customer demand and behavior, and as a result are characterized by a changing competitive environment. Given the fast pace of technological innovation in our industry, we face the risk of our technology becoming obsolete. We may need to make substantial investments to upgrade our networks or to obtain licenses for and develop and install new technologies such as, for instance, 5G, to remain competitive. The cost of implementing these investments could be significant, and there is no assurance that the services enabled by new technologies will be accepted by customers to the extent required to generate a rate of return that is acceptable to us. In addition, we face the risk of unforeseen complications in the deployment of these new services and technologies and there is no assurance that our original estimates of the necessary capital expenditure to offer such services will be accurate. New services and technologies may not be developed and/or deployed according to expected schedules or may not be commercially viable or cost effective. Should our services fail to be commercially viable, this could result in additional capital expenditures or a reduction in profitability. Any such change could have a material adverse effect on our business, prospects, results of operations and financial condition.

In addition, rapid technological change makes it difficult to predict the extent of our future competition. For example, new transmission technologies and means of distributing content or increased consumer demand for affordability of products based on new mobile communication technologies could trigger the emergence of

new competitors or strengthen the position of existing competitors. There is no guarantee that we will successfully anticipate the demands of the marketplace with regard to new technologies. Any failure to do so could affect our ability to attract and retain customers and generate revenue growth, which in turn could have a material adverse effect on our financial condition and results of operations. Conversely, we may overestimate the demand in the marketplace for certain new technologies and services. If any new technology or service that we introduce fails to achieve market acceptance, our revenue, margins and cash flows may be adversely affected, and as a result we may not recover any investment made to deploy such new technology or service. Our future success depends on our ability to anticipate, react and adapt in a timely manner to technological changes. Responding successfully to technological advances and emerging industry standards may require substantial capital expenditure and access to related or enabling technologies to introduce and integrate new products and services successfully. Failure to do so could have a material adverse effect on our competitive position, business, prospects, results of operations and financial condition.

We operate in a capital-intensive business and may be required to make significant capital expenditure and to finance a substantial increase in our working capital to maintain our competitive position. Our capital expenditure may not generate a positive return or a significant reduction in costs or promote the growth of our business.

The expansion and operation of our fixed fiber and mobile networks, as well as the costs of development, sales and marketing of our products and services, require substantial capital expenditure. In recent years we have undertaken significant investment to attract and retain customers, including expenditures for equipment and installation costs and the implementation of new technologies such as GPON, as well as upgrades of existing networks, such as the FTTB/FTTH roll-out. As of date of this Prospectus we have ongoing capital requirements relating to, among other things, the following:

- expansion of our fixed fiber optic network in Romania and Hungary;
- expansion and further development of our mobile network in Romania and Hungary;
- acquisition of additional sports, film and other broadcasting rights;
- renewal of certain existing broadcasting rights;
- costs associated with customer premises equipment (“CPE”) and the acquisition of new customers;
- investments associated with our electrical energy activities; and
- payments under telecommunication licenses.

However, no assurance can be given that any existing or future capital expenditures will generate a positive return, a significant reduction in costs, or promote the growth of our business. If our investments fail to generate the expected positive returns or cost reductions, our operations could be significantly adversely affected and future growth could be significantly curtailed.

In order to finance our capital expenditures and working capital needs, we use a combination of cash from operations, financial indebtedness, reverse factoring and vendor financing arrangements. Our working capital needs have fluctuated in the past years as the development of our mobile telecommunication services business requires a significant increase in expenditure with respect to handsets and other CPE. We generally pay our suppliers within a relatively short period after acquiring products, but on-sell handsets and other CPE to our customers subject to a deferral of payments for up to 12 months. For our working capital needs, we enter into certain reverse factoring and vendor financing agreements to extend the terms of our payments to suppliers. If we fail to negotiate or renegotiate such arrangements, our ability to finance the continued expansion of our business would be materially adversely affected.

Further, we conduct certain electrical energy supply activities. This supply activity involves paying for electrical energy acquired from third parties upon acquisition; however, we receive corresponding payments from our customers over a period of between 30 and 45 days. In addition, our liquidity and capital requirements may increase if we expand into additional areas of operation, accelerate the pace of our growth or make acquisitions. If, for any reason, we are unable to obtain adequate funding to meet these requirements, we may be required to limit our operations and our expansion plans, including plans to expand our network and service offering, our operations could be significantly adversely affected, future growth could be significantly curtailed and our competitive position could be impaired.

Any potential deterioration of the general internal economic, political and social conditions in Romania and Hungary, our principal countries of operation, may not be offset by developments in other markets.

Our success is closely tied to general economic developments in Romania and Hungary. Negative developments in, or the general weakness of, the Romanian or Hungarian economies, in particular increasing levels of unemployment, may have a direct negative impact on the spending patterns of retail consumers, both in terms of subscriber and usage levels. Because a substantial portion of our revenue is derived from residential customers who may be impacted by such conditions, it may be (i) more difficult to attract new customers, (ii) more likely that certain of our customers will downgrade or disconnect all or part of the services they subscribe to and (iii) more difficult to maintain average revenue per unit (“ARPU”) at existing levels. Deterioration in the Romanian or Hungarian economies may further lead to a higher number of non-paying customers or generally result in service disconnections. Increases in costs of operation and, in particular, wage inflation in Romania and Hungary could lead to increases in our levels of operational expenditure. Additionally, any uncertainty or instability in, or related to, the political conditions in Romania and Hungary, including any changes to their respective political regimes, legal and regulatory frameworks or governing policies, could negatively affect our business and operations. As our business is primarily focused on Romania and Hungary, any such negative developments may not be offset by positive trends in other markets. Therefore, a weak economy and negative economic or political developments in the principal countries in which we operate may jeopardize our growth targets and could have a material adverse effect on our business, prospects, results of operations and financial condition.

We may be adversely affected by continued uncertainties, challenging conditions in the global economy or volatile equity and credit markets.

Since the 2008 global economic crisis, concerns about the potential economic slowdown and recession in Europe, the availability and cost of credit, diminished business and consumer confidence, inflation and increased unemployment have continued to contribute to increased market volatility and diminished expectations for European and emerging economies, including the jurisdictions in which we operate. This instability was further exacerbated when on June 23, 2016 the United Kingdom voted to leave the European Union, which has increased volatility in the global financial markets and is likely to continue to adversely affect European and worldwide economic conditions and could contribute to greater instability in the global financial markets before and after the terms of the United Kingdom’s future relationship with the European Union are settled. Furthermore, the United Kingdom’s vote to leave has increased the concern that certain other European Union members may also hold referendums and vote to leave the European Union.

Some of the effects of the continued instability in global markets, including the risk of deflation and the instability of the euro, may impact a significant number of our customers, leading to increased unemployment and a decrease in disposable income, and government responses to the economic crisis, such as austerity measures and increases in tax rates. Such conditions could have a material adverse effect on our business and results of operations. For example, in recent years the Romanian government has implemented a series of fiscal measures, including increasing real estate taxation, extending the scope of social security taxes and imposing certain one-off exceptional taxes, that have directly affected our results of operations or resulted in a decrease in consumers’ available income. While other fiscal measures of the Romanian government, such as reduced VAT, would, in principle, have a positive effect on the population and available consumer income, the uncertainty in relation to their application and the continued instability in the fiscal regime have, in the short term, reduced the potential positive impact of these measures. Unfavorable economic conditions, fiscal uncertainty and special taxation may ultimately have a direct and/or indirect negative impact on consumers’ spending and/or the prices we are able to charge for our products and services.

Reduced availability of credit has had, and could in the future have, an indirect negative effect on our business by reducing overall spending in the countries in which we operate, causing or helping to cause significant decreases in the value of certain asset classes and, therefore, decreases in the overall wealth of our customers and, together with the overall economic climate, increasing the number of payment defaults and insolvencies among our customers.

In addition, volatile credit markets have also affected us in the past, and may affect us in the future, through increases in interest rates of our floating rate debt and other financial obligations, particularly the senior facilities agreement dated October 7, 2016 (the “**Senior Facilities Agreement**”), the uncommitted facility agreement dated November 4, 2013 (the “**ING Facilities Agreement**”) and the uncommitted facility agreement dated October 25, 2013 (the “**Citi Facilities Agreement**”). The lack of easily available credit in the future may also restrict our ability to grow at a pace commensurate with the business opportunities we can identify. See “—We

operate in a capital-intensive business and may be required to make significant capital expenditure and to finance a substantial increase in our working capital to maintain our competitive position. Our capital expenditure may not generate a positive return or a significant reduction in costs or promote the growth of our business.” All these factors and other effects of a continued economic downturn that we may fail to predict could have a material adverse effect on our business, prospects, results of operations and financial condition.

We are subject to transactional currency risks associated with exchange rate fluctuations.

For the year ended December 31, 2016 we generated approximately 89.1% of revenue in our two principal functional currencies, the Romanian leu and the Hungarian forint (approximately 66.5% excluding revenue collected in local functional currencies, but denominated in euros). However, as at December 31, 2016, we had €408.3 million and US\$43.7 million of obligations denominated in euros and U.S. dollars, respectively, compared to €495.2 million and US\$32.7 million, respectively, as at December 31, 2015. Our euro obligations principally relate to outstanding financial debt, and our exposure to the U.S. dollar primarily relates to purchases of content for our cable TV and DTH businesses and mobile CPE acquisitions. A significant depreciation of our principal operational currencies relative to the euro and, to a lesser extent, the U.S. dollar, could have a material adverse effect on our business, prospects, results of operations and financial condition.

In particular, our ability to repay or refinance our euro-denominated financial indebtedness could be adversely impacted by a significant appreciation of the euro relative to our functional currencies. Such appreciation could also markedly reduce our consolidated financial results as reported in euros (see “—*We are subject to currency translation risks associated with exchange rate fluctuations*”). This could result in a breach of certain financial covenants under the €350.0 million 5.0% senior secured notes due 2023 (the “**2016 Notes**”), the Senior Facilities Agreement, the ING Facilities Agreement and other existing credit facilities, thereby requiring us to seek waivers from these creditors or causing the acceleration of these credit facilities. In accordance with our historical approach, we may hedge the interest payments and/or repayments of the whole or a portion of the principal amount of our financial indebtedness. However, any hedging arrangements we enter into may not adequately offset the risks of foreign exchange rate fluctuations and may result in losses. In addition, further appreciation of the euro and the U.S. dollar could require us to offset the impact of such exchange rate fluctuations by price increases for customers in Romania and Hungary that are invoiced in local currencies, which could cause a reduction in the number of RGUs and could have a material adverse effect on our business, prospects, results of operations and financial condition. See “—*Risks Relating to Investments in Countries Where We Operate—The UK referendum resulting in a vote to have the United Kingdom leave the European Union could create political and economic uncertainty and risk which may negatively affect the markets in which we operate and our business.*”

We are subject to currency translation risks associated with exchange rate fluctuations.

Our Financial Statements are presented in euros. However, the majority of our revenue and expenses are denominated in the Romanian leu and the Hungarian forint and are translated into euros at the applicable exchange rates for inclusion in our consolidated Financial Statements. In addition, some of our borrowings and their related interest payments, as well as other assets and liabilities, are denominated in currencies other than the euro, which also require translation into euros at the applicable exchange rates when we prepare our consolidated Financial Statements. Therefore, we are exposed to fluctuations in exchange rates when converting non-euro amounts into euro for reporting purposes. Any fluctuation in the value of a relevant functional currency against the euro may affect the value of our revenue, costs, assets and liabilities as stated in our consolidated Financial Statements, which may in turn affect our reported financial condition and results of operations in a given reporting period. See “—*Risks Relating to Investments in Countries Where We Operate—The UK referendum resulting in a vote to have the United Kingdom leave the European Union could create political and economic uncertainty and risk which may negatively affect the markets in which we operate and our business.*”

A systems failure or shutdown in our networks may occur.

Our cable TV, fixed internet and data, mobile telecommunication services and fixed-line telephony are currently carried through our transmission networks composed primarily of fiber optic cables. In addition, as of December 31, 2016, we had approximately 3,400 mobile network base stations in place for our mobile telecommunication services. Furthermore, our information technology system comprises numerous intra-linked systems that are periodically updated, upgraded, enhanced and integrated with new systems. Failure to maintain or update these systems, particularly where updates may be required to support new or expanded products or services, could result in their inability to support or expand our business, as our business is dependent on the continued and uninterrupted performance of our network. Our ability to deliver services may be subject to

disruptions of our systems from communications failures that may be caused by, among other things, computer viruses, power failures, natural disasters, software flaws, transmission cable cuts, sabotage, acts of terrorism, vandalism and unauthorized access. Any such disruption or other damage that affects our network could result in substantial losses for which we are not adequately covered by our existing insurance policies. Disaster recovery, security and service continuity protection measures that we have undertaken or may in the future undertake, and our monitoring of network performance, may be insufficient to prevent losses. Our network may be susceptible to increased network disturbances and technological problems, and such difficulties may increase over time. Such disruptions may affect our provision of new or existing services and reputation, leading to costly repairs and loss of customers. For so long as the disruption continues, our revenue could be significantly impacted, which in turn could have a material adverse effect on our operating cash flows, business, prospects, results of operations and financial condition.

We may be unable to use Intelsat's and Telenor's satellites to broadcast our DTH services and may fail to find a commercially acceptable alternative in a reasonable amount of time.

We currently broadcast programming for our DTH services using nine transponders (and use an additional transponder for transmitting non-DTH signals), of which seven are located on a satellite operated by Intelsat Global Sales & Marketing Ltd (“**Intelsat**”), and the other two are leased through Intelsat on a Telenor satellite. Our lease of transponders expires in November 2017, and there can be no assurance that an extension of the term of the agreement can be agreed on similar financial terms or that we will not have to find alternative providers. As DTH is a competitive, price-sensitive business, we may not be able to pass an increase in satellite transmission costs, in whole or in part, to our DTH customers.

A material increase in our costs under our agreement with Intelsat or under another agreement with an alternative satellite operator could have a material adverse effect on our results of operations and financial condition.

Satellite broadcasts may also be disrupted for various reasons, including:

- transponder failure or other degradation of satellite electronics;
- exhaustion of fuel for maintaining satellites on station;
- premature ageing of the solar cells that power the satellite;
- malfunctions in ground control stations that cause the satellite to drift off its station and therefore become unable to transmit signals to the designated area;
- damage from space debris and solar flares;
- faulty systems, software, mechanical devices or latent faults in construction; and
- faulty operation or other causes.

Furthermore, the amount of satellite capacity that we are able to obtain is limited by the amount of efficient transmission spectrum allocated by the relevant national, regional and international regulatory bodies of the satellite operators that provide satellite coverage over our areas of operations. Intelsat is not contractually obligated to increase the satellite capacity it makes available to us.

Should the satellites we use significantly deteriorate, or become unavailable for regulatory reasons or any other reason, we may not be able to secure replacement capacity on an alternative satellite on a timely basis or at the same or similar cost or quality. Our ability to recoup losses related to service failures from Intelsat or Telenor may also be limited. Even if alternative capacity were available on other satellites, the replacement satellites may need to be repositioned in order to be co-located with the satellites we currently use. If it is not possible to co-locate replacement satellites, we would be required to reposition all our existing customers' receiving dishes to enable them to receive our signal. Accurate repositioning requires specialist tools and expertise, and we believe that there could be substantial costs of repositioning all of our existing subscribers' receiving dishes in the event the satellite networks we currently use fail. Moreover, the time needed to reposition our dishes to alternative satellites would vary depending on the market. Accordingly, the inability to use Intelsat's or Telenor's satellites or otherwise to obtain access to sufficient levels of satellite bandwidth on a timely basis and at commercially acceptable prices, or any system failure, accident or security breach that causes interruptions in our operations on the satellite networks we use could impair our ability to provide services to our customers and could have a material adverse effect on our business, prospects, results of operations and financial condition.

Our growth and expansion in new areas of business may make it difficult to obtain adequate operational and managerial resources, thus restricting our ability to expand our operations.

We have experienced substantial growth and development in a relatively short period of time, and our business may continue to grow in the future. For example, in 2014 we relaunched our mobile telecommunication services business line in Romania and focused on growth in this area, achieving an approximately 27.5% increase in RGUs in the year ended December 31, 2015 and a further approximately 19.1% increase in RGUs in the year ended December 31, 2016. We may also launch a mobile telecommunications business in Hungary in 2018 or later. In addition, in 2012 and 2015, respectively, we have added solar energy generation and energy supply to our business. The operational complexity of our business as well as the responsibilities of our management has increased as a result of this growth, placing significant strain on the relatively limited resources of our senior management. We will need to continue to improve our operational and financial systems and managerial controls and procedures to keep pace with our growth. We will also have to maintain close coordination among our logistical, technical, accounting, finance, marketing and sales personnel. Managing our growth will require, among other things:

- the ability to integrate new acquisitions into our operations;
- continued development of financial and management controls and IT systems and their implementation in newly acquired businesses;
- the ability to manage increased marketing activities;
- hiring and training of new personnel;
- the ability to adapt to changes in the markets in which we operate, including changes in legislation;
- the ability to successfully deal with new regulators and regulatory regimes; and
- the ability to manage additional taxes, increased competition and address the increased demand for our services.

In particular, in relation to any launch of a mobile telecommunications business in Hungary in 2018 or later, we have no experience operating this type of business in the respective geography and our current 1,800 MHz license is limited to one duplex of 5Mhz. There can be no assurance that we will be successful in adapting to the demands of this market or that we will be able to supplement our existing license, should growth in the business require it, as mobile telecommunications licenses are typically awarded in public tenders.

An inability to ensure appropriate operational and managerial resources and to successfully manage our growth could have a material adverse effect on our business, prospects, results of operations and financial condition.

We may be unable to attract and retain key personnel, directors, managers, employees and other individuals without whom we may not be able to manage our business effectively.

We depend on the availability and continued service of a relatively small number of key managers, employees and other individuals, including our founder and President, Zoltán Teszári, directors and senior management. These key individuals are heavily involved in the daily operation of our business and are, at the same time, required to make strategic decisions, ensure their implementation and manage and supervise our development. The loss of any of these key individuals could significantly impede our financial plans, product development, network expansion, marketing and other plans, which could in turn affect our ability to comply with the financial maintenance covenants under the 2016 Notes and our credit facilities, particularly the Senior Facilities Agreement, the Citi Facilities Agreement and the ING Facilities Agreement. In particular, Mr. Teszári's continued involvement in the strategic oversight of the Company is key for our continued development and competitive position. In addition, competition for qualified executives in the telecommunications industry in the markets in which we operate is intense. Our future operating results depend, in significant part, upon the continued contributions of our existing management and our ability to expand our senior management team by adding highly skilled new members, who may be difficult to identify and recruit. If any of our senior executives or other key individuals cease their employment or engagement with us, our business, prospects, results of operation and financial condition could be materially adversely affected.

If we do not maintain or improve our reputation for the quality of our service, our ability to attract new customers and retain existing customers may be harmed.

Our ability to retain customers and to attract new customers depends in part on our brand recognition and our reputation for the quality of our service. Our reputation and brand may be harmed if we encounter difficulties

in the provision of new or existing services, whether due to technical faults, lack of necessary equipment, changes to our traditional product offerings, financial difficulties, or for any other reason. Damage to our reputation and brand could have a material adverse effect on our business, prospects, results of operations and financial condition.

Our growth and profitability depend principally on continued demand for cable and telecommunications products and services in Romania and Hungary, our ability to attract and retain customers and to successfully expand our mobile telecommunication services business line.

Our growth and profitability depend on a continued demand for our products and services and growth in our RGUs, on our ability to successfully expand our mobile telecommunication services and on the level of churn experienced due to customers switching to our competitors or otherwise terminating their subscriptions to our services.

If demand for our services in general does not increase, if we are unable to further maximize revenue generated from existing customers through cross-selling, if we are unable to continue to expand our mobile telecommunication services business or if we are unable to gain new customers from our competitors or otherwise, it could have a material adverse effect on our business, prospects, results of operations and financial condition.

If we cannot acquire or retain content or programming rights or do so at competitive prices, we may not be able to retain or increase our customer base and our costs of operations may increase.

The success of our business depends on, among other things, the quality and variety of the television programming delivered to our customers. We depend substantially on third parties to provide us with programming TV content and we license rights to broadcast certain high interest sports events and movies on our own premium channels in Romania and Hungary. Our programming agreements generally have terms ranging from one to five years (including options to extend their term) and contain various renewal, cancellation and annual price adjustment provisions. No assurance can be provided that we will succeed in renewing our rights for channels or content upon the expiry of currently applicable contractual terms on competitive terms or at all. If we fail to negotiate or renegotiate programming agreements for popular content on satisfactory terms or at all, we may not be able to offer a compelling and popular product to our customers at a price they are willing to pay.

Generally, our programming agreements may be terminated if we fail to make any of our payments or breach our obligations to keep our transmission signal secure or within agreed technical parameters and we fail to address any such breaches within a certain time period, typically between 10 and 30 days.

The ability to broadcast certain sports competitions, especially football matches, is integral to our ability to attract and retain customers. We currently hold rights to broadcast some of the most popular competitions in our countries of operation, such as Liga 1 Orange (Top tier Romanian professional football league) and Cupa României (Romanian professional football cup). However, no assurance can be provided that we will succeed in acquiring new or renewing existing broadcasting rights upon the expiration of the underlying contracts. For example, in 2015 we lost our license to broadcast the UEFA Champions League and the UEFA Europa League in Romania to one of our principal competitors, Telekom Romania. Our current rights to both top-flight national football competitions in Romania were not obtained directly from the respective organizers, but rather through a sublicense from a company called Intel Sky Broadcast Ltd. (“**Intel Sky**”). This sublicense is due to expire at the end of the 2018/2019 football season. Also, the Romanian Competition Council (the “**RCC**”) is currently investigating the circumstances under which the Romanian Professional Football League awarded the license to both competitions to Intel Sky. Should Intel Sky’s license be annulled, we might lose our relevant broadcasting rights and we may not be able to offer a popular alternative product to our customers.

We believe that, in order to compete successfully, we must continue to obtain attractive content and deliver it to our customers at competitive prices. When we offer new content, or upon the expiry of existing programming agreements or broadcast licenses, our content suppliers may decide to increase the rates they charge for content, thereby increasing our operating costs. In addition, many of the channels we broadcast in Romania are subject to “must carry” rules, meaning that the content suppliers have opted to make them available free of charge, which, under certain conditions, creates an obligation for us to include them in our cable TV package. If some or all of the main channels we carry in Romania opted not to be subject to “must carry” rules, we may have to pay for their retransmission or discontinue the transmission of such channels as part of our services, which may lead to increases in costs or potential customer churn. Regulatory requirements in some jurisdictions, such as Hungary, affect content suppliers by, for example, requiring them to produce channels in

high definition, and may lead them to increase the rates they charge to us. Increases in programming fees or license fees or changes in the way programming fees or license fees are calculated could force us to increase our subscription rates, which in turn could cause customers to terminate their subscriptions or lead potential new customers to refrain from subscribing. In addition, if we were to breach the terms of the applicable agreements, the license content providers could decide to withhold certain content or we could lose the right to retransmit certain programs or broadcast certain competitions. Also, program providers and broadcasters may elect to distribute their programming through other distribution platforms, such as Internet-based platforms, or may enter into exclusive arrangements with other distributors. If we cannot pass on any increased programming or license fees to our customers, or if we lose rights to transmit certain programming or broadcast certain competitions, it could have a material adverse effect on our reputation, competitive position, business, prospects, results of operations and financial condition.

Our business strategy may cause our ARPU figures to decrease.

In our core markets of Romania and Hungary, our customer base for services other than DTH is located primarily in more affluent urban population centers. However, as we expand into less affluent demographic segments of our geographic markets, our ARPU figures may decline depending upon changes in our mix of customers and the prices at which our packages are offered. For example, our “Popular” cable TV package in Romania, targeted at rural customers, offers less content and generates less revenue than our “Basic/Analog” or “Extra/Digital” packages. Further, our reported ARPU for cable TV, DTH and fixed internet may be affected by fluctuations in exchange rates. See “—*We are subject to currency translation risks associated with exchange rate fluctuations.*” A material decrease in ARPU from current levels could have a material adverse effect on our business, prospects, results of operations and financial condition.

We may fail to manage customer churn.

The pay TV (which includes cable TV and DTH business lines), fixed internet and data, fixed-line telephony and mobile telecommunication services industries all experience churn as a result of, among other things, high levels of competition. In particular, our DTH and fixed-line telephony service has experienced relatively high levels of churn in recent years. Although churn may have a negative effect on our business, we focus on growth in total number of RGUs, ARPU, revenue, EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin as key indicators of our performance, rather than churn. We believe that our churn levels are in line with those of our principal competitors in our core markets.

Customer churn could increase as a result of:

- the availability of competing services, some of which may be less expensive or technologically superior to those offered by us or offer content or features that we do not offer;
- customers moving to areas where we cannot offer services;
- customer dissatisfaction with the quality of our customer service, including billing errors;
- interruptions in the delivery of services to customers over our network and poor fault management; and
- customers choosing to discontinue a certain service without replacing it with an equivalent service provided by us or our competitors.

Our inability to control customer churn or an increase in customer churn, particularly in relation to our DTH and fixed-telephony services, as a result of any of these factors can lead to a reduction in revenue and RGUs or increased costs to retain these customers, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

Our insurance may not cover all potential losses, liabilities and damage related to our business and certain risks are uninsured or are not insurable.

We maintain an insurance policy in respect of our critical communications equipment at our data centers in Bucharest and at certain key network nodes throughout Romania for the services we provide, including our up-link facilities in Bucharest. We also maintain civil liability insurance policies and property damage insurance policies for our car fleet. However, apart from mandatory third party liability insurance and casualty and collision insurance for our car fleet, we do not maintain insurance policies for our Hungarian operations. We can provide no assurance that insurance will continue to be available to us on commercially reasonable terms or at all. Our insurance may not be adequate to cover all of our potential losses or liabilities. At present, we have no

coverage for business interruption or loss of key management personnel and a substantial proportion of our assets is not insured. Should a significant event affect one of our facilities or networks, we could experience substantial property loss and significant disruptions in the provision of our services for which we would not be compensated. Additionally, depending on the severity of the property damage, we may not be able to rebuild damaged property in a timely manner or at all. We do not maintain separate funds or otherwise set aside reserves for these types of events. Any such loss or third-party claim for damages could have a material adverse effect on our business, prospects, results of operations and financial condition.

Our business relies on sophisticated billing and credit control systems, and any problems with these systems could disrupt our operations.

Sophisticated billing and credit control systems are critical to our ability to increase revenue streams, avoid revenue losses, monitor costs and potential credit problems and bill our customers properly and in a timely manner. New technologies and applications are expected to increase customers' expectations and to create increasing demands on billing and credit control systems. Any damage, delay or interruptions in our systems or failure of servers or backup servers that are used for our billing and credit control systems could disrupt our operations, and this, in turn, could have a material adverse effect on our reputation, business, prospects, results of operations and financial condition.

Our business relies on hardware, software, commodities and services supplied by third parties. These suppliers may choose to discontinue their products or services, seek to charge us prices that are not competitive or choose not to renew contracts with us.

We have important relationships with certain suppliers of hardware, software and services (such as ECI, Huawei, Kaon, Nagravision S.A. (“Nagravision”), Nokia and ZTE). These suppliers may, among other things, extend delivery times, supply unreliable equipment, raise prices and limit or discontinue supply due to their own shortages, business requirements or otherwise. Although we are not entirely dependent on hardware, software and services supplied by particular suppliers, in many cases, we have made substantial investments in the equipment or software of a certain supplier, making it difficult for us to find replacement suppliers quickly in the event that a supplier refuses to offer us favorable prices, ceases to produce the equipment we use or fails to provide the support that we require. In the event that hardware or software products or related services are defective, or if the suppliers are insolvent, it may be difficult or impossible to enforce claims against suppliers, in whole or in part. The occurrence of any of these risks may create technical problems, damage our reputation, result in the loss of customers and could have a material adverse effect on our business, prospects, results of operations and financial condition. Further, our contractual obligations to our customers may exceed the scope of the warranties we have obtained from suppliers.

We are also exposed to risks associated with the potential financial instability of our suppliers. If our suppliers were to discontinue certain products, were unable to provide equipment to meet our specifications or interrupt the provision of equipment or services to us, whether as a result of bankruptcy or otherwise and if we were unable to procure satisfactory substitutes, it could have a material adverse effect on our business, results of operations and financial condition.

The results of our energy supply business are dependent on the price at which we are able to acquire electricity from third parties. Volatility in the cost of electricity may negatively impact our financial condition and results of operation.

We acquire the electricity we then sell to our customers on the Romanian wholesale trading platforms, in line with applicable legal provisions which forbid “over the counter” agreements. Due to the fixed prices we charge customers related to our electricity supply activities, increases in the cost of the electricity we acquire from third parties on the trading platforms could adversely affect our financial condition and results of operations. For example, due to unusual volatility in the cost of electricity which we acquired, we experienced a €2.3 million EBITDA loss in the fourth quarter of 2016 and a €7 million estimated EBITDA loss in the first quarter of 2017 from our electricity supply activities. No assurance can be provided that there will not be any further increases or volatility in the cost of electricity or that any such increases or volatility would not have a material adverse effect on our electricity supply activities and thus our financial condition and results of operations in any future period. Though we have taken steps to reduce our exposure to cost volatility, there can be no assurance that these efforts will be effective due to natural variations in the level of demand per month from each customer, whether business or residential, and the potential for unexpected variations in the cost of electricity in the Romanian market in the future.

Our business relies on third-party licenses and other intellectual property arrangements.

We rely on third-party licenses and other intellectual property arrangements to enable us to carry on our business. Network elements and telecommunications equipment including hardware, software and firmware deployed on our network are licensed or purchased from various third parties, including from vendors holding the intellectual property rights to use these elements and equipment. Although these agreements provide warranties, indemnities and the right of termination in the event of any breach or threatened breach of any intellectual property rights, no assurance can be provided that competitors or other third parties will not challenge or circumvent the intellectual property rights we own or license or that the relevant intellectual property rights are valid, enforceable or sufficiently broad to protect our interest or will provide us with any competitive advantage. Any loss or withdrawal of those intellectual property rights could affect our ability to provide our services.

Our ability to provide commercially viable services depends, in part, upon interconnection, roaming and MVNO arrangements with other operators and third-party network providers and on the impact of EU roaming regulations.

Our ability to provide commercially viable mobile and fixed-line telecommunication services depends, in part, upon our interconnection and roaming arrangements with other operators. In particular, we are dependent, in certain regions, on interconnection with our competitors' mobile and fixed-line networks and the associated infrastructure for the successful operation of our business. In Romania and Hungary, ANCOM and NMIAH, respectively, regulate the frameworks governing interconnection charges in an effort to facilitate access to other companies' networks. In Romania, ANCOM sets price caps on the interconnection charges that major telecommunications operators, including us, may charge, while in Hungary, NMIAH regulates the termination rates for interconnection. We are also dependent on third-party network providers for the provision of MVNO services in Spain and Italy, the resale of mobile and internet data services in Hungary and the supply of international roaming services.

In addition, we will be required to comply with Regulation (EU) No. 531/2012 on roaming on public mobile communications networks within the European Union ("**EU Roaming Regulation**"), recent changes to which would require us to end all retail roaming surcharges with effect from June 15, 2017 while having to pay providers relevant wholesale charges. This could have a material negative impact on our mobile telecommunications business as we generally offer unlimited packages to our customers for a fixed fee. This model is predicated on domestic calls pricing, and lack of roaming charges could lead to massively increased consumption in roaming which would generate material wholesale roaming expense for us that we could not recover under our current business model. Unless ANCOM approves our request to apply a roaming surcharge under the terms of the EU Roaming Regulation prior to June 15, 2017 and every twelve months thereafter, we will be required to fully bear the wholesale cost of roaming for our clients.

Although we have interconnection and other agreements in place with other operators, we do not have direct control over the quality of their networks and the interconnection and other services they provide. There can be no assurance that interconnection, roaming or MVNO agreements will be easy to agree, that we will be able to renew these agreements on commercially acceptable terms, that they will not be terminated, or that ANCOM, NMIAH or the European Commission will not take any action that could materially adversely affect our operations. If we fail to maintain these agreements on commercially acceptable terms, or if there are any difficulties or delays in interconnecting with other networks and services, or a failure of any operator to provide reliable roaming services to us on a consistent basis, it could have a material adverse effect on our business, prospects, results of operations and financial condition.

Concerns about health risks relating to the use of mobile handsets or the location of mobile telecommunication towers may materially adversely affect the prospects of our mobile telecommunication services business.

Media and other reports have linked radio frequency emissions from mobile handsets and mobile telecommunication towers to various health concerns, including cancer, and interference with various electronic medical devices, including hearing aids and pacemakers. In particular, in May 2011, the World Health Organization classified radiofrequency electromagnetic fields as potentially carcinogenic to humans based on an increased risk for adverse health effects associated with wireless phone use. Concerns over radio frequency emissions may discourage the use of mobile handsets or may create difficulties in the procurement of tower sites for our mobile telecommunication business, which could have a material adverse effect on the prospects of such business.

If there is sound scientific evidence of a link between radio frequency emissions and health concerns or if concerns about such health risks increase in countries in which we do business, the prospects and results of operations of our mobile telecommunication services business could be materially adversely affected. In addition, the actual or perceived health risks associated with electromagnetic radio emissions and wireless communications devices and antennas and the resulting costs and lowered usage as well as any related potential new regulatory measures could have a material adverse effect on our business, results of operations and financial condition.

Sensitive customer data is an important part of our daily business and leakage of such data may violate laws and regulations. Any such data security breach, as well as any other failure to fully comply with applicable data protection legislation could result in fines, reputational damage and customer churn.

We accumulate, store and use in our operations data which may be protected by data protection laws. Although we take precautions to protect customer data in accordance with the applicable privacy requirements, it is possible that there may be data leakages in the future. We work with third-party service providers, such as certain software companies, which may not fully comply with the relevant contractual terms and all data protection obligations imposed on them.

The telecommunications sector has become increasingly digitalized, automated and online-based in recent years, increasing our exposure to risks of unauthorized or unintended data release through hacking and general information technology system failures. Unanticipated information technology problems, system failures, computer viruses, intentional/unintentional misuses, hacker attacks or unauthorized access to our network or other failures could result in a failure to maintain and protect customer data in accordance with applicable regulations and requirements and could affect the quality of the our services, compromise the confidentiality of our customer data or cause service interruptions, and may result in the imposition of fines and other penalties. In 2015 and 2016 we were fined by the Romanian National Supervisory Authority for Personal Data Processing for breaches of general data protection legislation, especially in relation to the types of data that we process, and although we are committed to fully aligning our practices with the requirements of the Romanian National Supervisory Authority for Personal Data Processing, as of the date hereof this process has not been completed. Therefore, should any violations of data protection laws continue to exist, they may result in fines, claims for damages, prosecution of relevant employees and managers, reputational damage and customer churn and may have a material adverse effect on our business, prospects, results of operation and financial condition.

We may undertake future acquisitions on an opportunistic basis which may increase our risk profile, distract our management or increase our expenses.

Our historical growth has been due in part to our acquisitions of cable and/or internet operations. We may undertake, on an opportunistic basis, additional acquisitions in the future in our existing business lines or in other businesses complementary to them. However, we may not be successful in our efforts to estimate the financial effects of any such transactions on our business, especially as our previous acquisitions were relatively small in size and there is no guarantee that future acquisitions would not be larger businesses which may prove more difficult to integrate. In addition, acquisitions may divert management attention or financial or other resources away from our existing business or require additional expenditures. Such developments could have a material adverse effect on our business, results of operations and financial condition.

Our ability to acquire new businesses may be limited by many factors, including availability of financing, the debt covenants of our financing agreements, the prevalence of complex ownership structures among potential targets, government regulation and competition from other potential acquirers. If acquisitions are made, there can be no assurance that we will be able to maintain the customer base of businesses we acquire, generate expected margins or cash flows or realize the anticipated benefits of such acquisitions, including growth or expected synergies. Although we analyze acquisition targets, those assessments are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations. There can be no assurance that our assessments of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from our expectations.

Even if we are successful in acquiring new businesses, the integration of new businesses may be difficult for a variety of reasons, including differing languages, cultures, management styles and systems, inadequate infrastructure and poor records or internal controls. In addition, integrating any potential new acquisitions may require significant initial cash investments and present significant costs, which may result in changes in our capital structure, including the incurrence of additional indebtedness, tax liabilities or regulatory fines. The process of integrating businesses may be disruptive to our operations and may cause an interruption of, or a loss

of momentum in, such businesses or a decrease in our operating results as a result of costs, challenges, difficulties or risks, including: realizing economies of scale in interconnection, programming and network operations; eliminating duplicative overhead expenses; integrating personnel, networks, financial systems and operational systems; unforeseen legal, regulatory, contractual and other issues; unforeseen challenges from operating in new geographic areas; and the diversion of management's attention from our day-to-day business as a result of the need to deal with the foregoing challenges, disruptions and difficulties.

Furthermore, even if we are successful in integrating our existing and new businesses, expected synergies and cost savings may not materialize as anticipated or at all, resulting in lower than expected profit margins. There is no assurance that we will be successful in acquiring new businesses or realizing any of the anticipated benefits of the companies that we may acquire in the future. If we undertake acquisitions but do not realize these benefits, it could have a material adverse effect on our business, prospects, results of operations and financial condition.

Any downgrade of our credit ratings by an international rating agency could have a negative impact on our business.

Any adverse revisions to our credit ratings for domestic or international debt by international rating agencies may adversely impact the credit rating of our existing indebtedness (including the Notes), our ability to raise additional financing and the interest rates and other commercial terms under which such additional financing is available. This could hamper our ability to obtain financing for capital expenditures and to refinance or service our indebtedness, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

Changes to IFRS standards for lease accounting and revenue recognition may adversely affect our financial results.

Changes to International Financial Reporting Standards (“IFRS”) have been proposed in recent years, and further changes may be proposed in the future. Following a detailed consultation period which began in July 2006, the International Accounting Standards Board (“IASB”) released a new standard (“IFRS 16”) on lease accounting which will replace International Accounting Standards (“IAS”) 17 Leases and which will be effective for financial reporting periods beginning on or after January 1, 2019. IFRS 16 could have an impact on the assets and liabilities recorded in our balance sheet and the nature of costs recorded in our income statement. Although there are some exceptions, we, as lessees, would be required to record all leases on the balance sheet as liabilities, at the present value of the expected future payments, along with an asset reflecting the right to use the asset over the lease term. Currently, operating leases are accounted for in the income statement as an expense in the period incurred.

Additionally, IFRS 15, adopted on May 28, 2014, established a comprehensive framework for determining whether, how much and when revenue is recognized from contracts with customers. IFRS 15 is effective for financial reporting periods beginning on or after January 1, 2018 and replaces existing revenue guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and the International Financial Reporting Interpretations Committee 13 Customer Loyalty Programs. Under IFRS 15, revenue must be recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will principally affect post-paid arrangements used by telecommunication operators as regards unbundling of revenue (including any subsidized items), accounting for changes in contracts, accounting for subscriber acquisition costs and loyalty programs.

These and any other changes to IFRS that may be proposed in the future could have a material adverse effect on our financial condition and results of operations.

Any change in the determination of our tax residency could have an adverse impact on our tax position.

The Company operates and will continue to operate, as a company that is resident in Romania for tax purposes; other tax authorities may treat the Company as being tax resident elsewhere. The Company is not incorporated in Romania; therefore, in order to be resident in Romania for tax purposes, the Company's effective management and control must be located (in whole or in part) in Romania. The test of effective management and control is largely a question of fact based on all the circumstances. Even if the Company's “effective management and control” is in Romania, it would not be treated as Romanian-resident if (a) the Company were concurrently resident in another jurisdiction (applying the tax residence rules of that jurisdiction) which has a double tax treaty with Romania; and (b) that tax treaty allocates exclusive residence to that other jurisdiction.

RISKS RELATING TO LEGAL AND REGULATORY MATTERS AND LITIGATION

We have been and may continue to be subject to competition law investigations and claims.

We have been in the past and may continue to be the subject of claims regarding alleged anticompetitive behavior on the markets of the jurisdictions where we operate to restrict competition and limit consumer choice.

In February 2011, the RCC launched an investigation into the interconnection tariffs charged by all four mobile telecommunication companies in Romania (Orange Romania, Vodafone Romania, Telekom Romania and us). After operators committed to price outgoing calls to customers of other operators in line with the prices charged for calls made within their respective networks, the investigation was closed in November 2015.

Separately, Antena TV Group S.A. (a leading media group in Romania, “**Antena Group**”), a Romanian TV content provider, alleged in 2011, among other things, that we abused our dominant position by refusing to transmit one of its channels via our network. The RCC commenced an investigation into this matter in August 2011. The investigation was completed in March 2015 and the underlying complaints were dismissed in their entirety though the RCC noted that we enjoy a dominant position on the retransmission market in Romania. The regulator’s decision was challenged by Antena Group in court. On October 3, 2016 the Bucharest Court of Appeal upheld the RCC’s decision and dismissed Antena Group’s claims. The term for filing appeals to the Romanian Supreme Court is pending. See “—*We are subject to litigation with the Antena Group, Electrica Distribuție Transilvania Nord S.A. and other parties; unfavorable court decisions may have a material adverse effect on our financial condition.*”

We fully cooperated with the RCC in any proceedings in which we have been involved and intend to continue to do so if we are the subject of future proceedings, but such proceedings are typically lengthy and could take several years to be resolved. There is no assurance that the RCC will not conduct further investigations on us or, if it does, that it will not impose sanctions on us as a result of such investigations. Such sanctions may include fines of up to 1% of our total turnover in the year prior to the decision if we fail to provide accurate and complete information to the RCC within the terms indicated by it or imposed by applicable law and up to 10% of our total turnover in the year prior to the decision per individual violation of competition law, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

The telecommunications and media sectors, amongst other industries, are under constant scrutiny by national competition regulators in the countries in which we operate and by the European Commission. Whether in the context of sector inquiries, antitrust investigations or in relation to requests for information, competition authorities may, from time to time, have different interpretations of our behavior in the relevant markets or of the clauses in the agreements that we enter into and construe them as potentially non-compliant with applicable competition legislation. As a result, we could be subject to fines up to the amount mentioned above and/or other restrictive measures.

In April 2013, the RCC opened a sector inquiry regarding, *inter alia*, electronic communication services offered both as part of multiple-play packages and on a standalone basis. The same sector inquiry analyzed the access to electronic communications infrastructure in Bucharest, and examined the sector in the rest of Romania in order to evaluate the market power of the companies active in this sector. The RCC’s inquiry in connection with the access to electronic communications infrastructure in Bucharest was finalized at the beginning of 2016 and the RCC’s conclusions, which were published in March 2016, included recommendations for increased oversight by ANCOM of communication infrastructure operators (such as ourselves) and the monitoring of non-discrimination obligations towards communication providers with whom such operators have entered into agreements to provide communication infrastructure services. The component of the sector inquiry regarding electronic communication services offered both as part of multiple-play packages and on a standalone basis is still ongoing. The RCC is currently considering defining relevant multiple-play markets (as opposed to the individual services market). There is no further information available in connection with the scope or the outcome of the inquiry, and it will not become available until the inquiry is formally finalized and there is currently no foreseeable date for the finalization of the inquiry. However, if as a result of this sector inquiry the RCC reconsiders its definition of various markets in which we operate, this could result in stricter scrutiny of our market behavior.

Sector inquiries are not targeted at particular companies and are concluded with reports describing the markets analyzed and including recommendations for better market functioning. The RCC cannot apply fines as a result of sector inquiry proceedings for anticompetitive conduct, but may decide to open new investigations targeted at particular companies which may result in stricter scrutiny of our business and/or the imposition of

finances. Additionally, the results of an inquiry could lead to lawsuits being brought by third parties, or, to the extent we fail to provide accurate and complete information to RCC within the terms indicated by it or imposed by applicable law in the context of such inquiries, RCC may fine us for up to 1% of our total turnover in the year prior to the decision.

Failure to comply with existing laws and regulations or the findings of government inspections, or increased governmental regulation of our operations, could result in substantial additional compliance costs or various sanctions or court judgments.

Our operations and properties are subject to regulation by various government entities and agencies in connection with obtaining and renewing various licenses, permits, approvals and authorizations, as well as ongoing compliance with, among other things, telecommunications, audiovisual, energy, environmental, health and safety, labor, building and urban planning, personal data protection and consumer protection laws, regulations and standards. Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses, permits, approvals and authorizations and monitoring licensees' compliance with the terms thereof. We may sometimes disagree with the way legal provisions are interpreted or applied by regulators and we may, from time to time, challenge or contest regulatory decisions in the course of our business, which may affect our relations with regulators. The competent authorities in the countries where we carry out our activities have the right to, and frequently do, conduct periodic inspections of our operations and properties throughout the year. Any such future inspections may result in the conclusion that we have violated laws, decrees or regulations. We may be unable to refute any such conclusions or remedy the violations found.

In 2017, RCS & RDS was notified that an investigation has been opened by the Nasaud First Instance Prosecutor's Office in relation to a work accident that resulted in the death of one of its employees in 2015. At this time, RCS & RDS, as employer, is being investigated for failure to comply with labor, health and safety legislation, and manslaughter. The investigation is in the early stages and the case has not gone to court. There is no assurance that the case will go to court or that, if it does go to court, that RCS & RDS will be deemed liable in relation to the accident. However, if found guilty, the company may face criminal sanctions and payment of damages, if such are requested.

Moreover, regulatory authorities may, from time to time, decide to change their interpretation of the applicable legal or regulatory provisions, their policies or views of our businesses in ways that can significantly impact our operations. For instance, we are subject to certain obligations as an operator with significant market power in the market of access to fixed-line telephony and mobile telephony and, as our market share increases or market conditions change, we could become subject to significant additional restrictions in the future, such as having to comply with higher technical standards. Such restrictions may decrease or eliminate our competitive advantage and could have a material adverse effect on our business, prospects, results of operations and financial condition. To the extent these restrictions are deemed to be insufficient and the relevant telecommunications regulator concludes that our market power is significant to the degree that there is no competition, we may even become subject to user tariff control measures.

Because we are subject to a large number of changing regulatory requirements and market and regulatory practices, we may not be in compliance with certain requirements under telecommunications and media laws, consumer protection laws, personal data protection laws and regulations or regulatory decisions. For instance, we have not always complied in a timely fashion with obligations relating to interconnection, including the obligation that our interconnection agreements comply with ANCOM Decisions 89/2012, 106/2012 and 364/2014, and the obligation that we pay our regulatory fees. We were in breach of certain technical obligations/parameters relating to our network and the provision of our services (e.g., level of noise/radiation above the threshold, poor TV signal in certain villages/towns, etc.) for which we have received warnings from ANCOM and small fines. We have generally remedied such breaches after receiving such sanctions from ANCOM but we may be unable to remedy or timely remedy such breaches in the future. From time to time, our Spectrum License FS-LCX 03/2005, issued on February 22, 2005 and last amended on July 10, 2015 for the use of the spectrum in order to supply electronic communications via satellite at the national level (the "**Satellite Spectrum License**"), may not cover some of our channels or up-link connections and our retransmission endorsements may not cover some of our channels or may cover certain channels that we are not currently broadcasting. Additionally, we may, from time to time, not be in full compliance with our "must carry" obligations and may have differing interpretations of such obligations than public authorities. In 2011 we challenged, but failed to overturn, a decision by the National Audiovisual Council of Romania (the "**NAC**"), the media regulatory authority in Romania, that fined us for an alleged breach of the "must carry" obligations by refusing to carry GSP TV. Our

failure to comply with existing laws and regulations (including conducting part of our operations without the required licenses) and the findings of government inspections may result in the imposition of fines on us by both ANCOM and NAC (ANCOM can impose fines of up to 5% of our total turnover in the year prior to the decision in the event of repeated violations of regulatory obligations under current law in Romania; other sanctions, including the suspension, amendment or termination of relevant licenses, permits, approvals and authorizations may also be applied by the relevant authorities). To the extent certain clauses in our agreements with natural persons are deemed unenforceable, a court may decide that such clauses must be removed from the agreements and we may face minor administrative fines. In certain cases, some agreements may be terminated in full. In addition, we could be required to discontinue certain of our business activities and our officers could be subject to administrative and criminal penalties. Moreover, an agreement made or transaction executed in violation of applicable law may be invalidated and unwound by a court decision. While we are not aware of any claim arising from such agreements, we cannot rule out the possibility that such agreements would be subject to cancellation. Any such decisions, requirements or sanctions, or any increase in governmental regulation of our operations, could increase our costs and could have a material adverse effect on our business, prospects, results of operations and financial condition.

It may be difficult for us to obtain all licenses, permits or other authorizations required to operate our existing network or any other required licenses, permits or other authorizations, and once obtained they may be amended, suspended or revoked or may not be renewed.

The operation of telecommunications networks and the provision of related services are regulated to varying degrees by European, national, state, regional or local governmental and/or regulatory authorities in the countries where we operate. Our operating licenses or authorizations specify the services we can offer and the frequency spectrum we can utilize for mobile operations. The operating licenses are subject to review, interpretation, modification or termination by the relevant authorities and the regulatory framework applicable to them may also be amended. There is no assurance that the relevant authorities will not take any action that could materially adversely affect our operations. Our operating licenses are generally renewable upon expiration. However, there is no assurance that licenses will be renewed. If we fail to renew any of our licenses, we may lose the ability to continue to operate the relevant business and the realizable value of our relevant network infrastructure and related assets may be materially adversely affected. Some of these licenses and other authorizations are particularly complicated and lengthy to obtain and may subject us to ongoing compliance obligations. Moreover, if we fail to comply with the requirements of the applicable legislation or if we fail to meet any of the terms of our licenses, our licenses and other authorizations necessary for our operations may be suspended or terminated. A suspension or termination of our licenses or other necessary governmental authorizations could have a material adverse effect on our business and results of operations.

Further, the deployment of our networks requires various approvals or permits from European, national, state, regional or local governmental and/or regulatory authorities, particularly in relation to establishing base stations for our mobile telecommunication services. These approvals and permits may include building, construction and environmental permits, antenna and mast deployment approvals and various other planning permissions. Obtaining these approvals and permits can be a complex process and is often characterized by different practices and requirements at the various regulatory authorities which frequently results in inconsistent and bureaucratic processes. Though we have a dedicated team tasked with obtaining the required licenses, permits and other authorizations, due to the inherent challenges of these regimes, we have experienced, and may continue to experience, difficulties in obtaining some of these approvals and permits, which has led us to operate without necessary authorizations in some instances and may require us to exert considerable effort and incur considerable expenses in order to implement suitable alternatives or could result in fines or other penalties being imposed by regulators. This could have a material adverse effect on our business, prospects, results of operations and financial condition.

Many components of our network are based on contracts, which may currently be undocumented or may be terminated or otherwise cancelled, and we may be required to move some of our networks, which may disrupt service and cause us to incur additional expenses.

In Romania, we currently provide our cable TV, fixed-line telephony and fixed internet and data services through networks that are mostly above-ground and for which we lease the right to use poles from electricity and public transportation companies. In Hungary, we provide our cable TV, fixed-line telephony and fixed internet and data services through networks that are mostly underground. In Romania and Hungary, market participants, including us, may not always be able to obtain or use the necessary permits for developing, building and completing networks in a timely manner or at all, and this may result in such networks (including mobile

network base stations) not being fully authorized. Starting in 2011 (and earlier with respect to certain towns and cities), Romanian authorities implemented a series of regulatory measures which led to a virtual prohibition on building above-ground networks on public property (in particular, in urban areas) and imposed pressure to move our existing networks underground. Although in recent years urban regulations were partially relaxed so as to allow above-ground infrastructure building in rural areas, this regulatory trend is continuing and may lead to forced change in network building practices, as well as to obligations to change existing network locations, which would involve significant capital expenditure. We are moving our networks underground in cities where local authorities have granted us the required authorizations expediently or where the necessary infrastructure was already available. However, we may not be in compliance in all instances with obligations to move our networks underground or we may have differing interpretations with respect to the imposition of such obligations by public authorities. If we were forced to place our networks underground pursuant to plans of authorities that contemplate impractical solutions, our costs for providing services may increase and our customer satisfaction may be adversely affected. In addition, if we are found not to be in compliance with such obligations, or otherwise found to be in violation of other restrictive covenants, easements or rights of way, we may face fines or service interruptions while we relocate our networks.

Additionally, certain agreements for the lease of poles from third parties are and continue to be arranged on an undocumented basis, creating a risk that they could be discontinued in the future. Certain agreements we have entered into for the purpose of developing our networks, including some of the agreements entered into with electricity distribution companies and public authorities for the lease of the majority of the poles that support our above-ground fixed fiber optic networks, have been entered into with persons whose title to the leased assets or authority and capacity to enter into such agreements were not fully verifiable or clear at the time they entered into the agreement, among other reasons, because of unclear and constantly changing legislation. Moreover, some of the agreements were entered into without observing applicable formalities (e.g., on public tender). Therefore, we cannot rule out the possibility that such agreements would be subject to cancellation or revocation. We are not aware of any claim with regard to irregularities related to such leases. If such claims were to arise and be successful, re-locating our network or developing additional suitable sites for our mobile network base stations would entail significant costs and expenses and could cause service interruptions. Additionally, some of our agreements with third parties with respect to our network (including mobile network base stations) were not executed in authenticated form in accordance with Romanian law and, as such, they, or the building permits obtained on this basis, may be invalidated. Moreover, certain of our lease agreements have provisions allowing the lessor to terminate the lease at its option, subject to prior notice ranging from 10 to 90 days.

A significant portion of our above-ground fixed fiber optic network in Romania and Hungary is built on poles leased from the various regional electricity distribution companies. Half of such contracts expired in the past several months and, while they are continued as a matter of commercial practice and negotiations continue, there is no formal agreement in place. Currently ongoing litigation among companies within the Group and certain of these companies, including litigation whereby we challenge their claimed territorial exclusivity with regards to electricity distribution, may impair our relations with them and trigger unpredictable and potentially abusive behavior on their part and affect our ability to re-negotiate and re-new the lease agreements concluded with them. See “—*We are subject to litigation with the Antena Group, Electrica Distribuție Transilvania Nord S.A. and other parties; unfavorable court decisions may have a material adverse effect on our financial condition.*”

Failure to renew, termination or cancellation of the agreements concluded in relation to the location of our various network components may result in additional costs for re-execution of such agreements, material capital expenditure for the implementation of an alternative solution, or in the worst case in a loss of business if there is no adequate alternative or there is a delay in securing such an alternative.

Any of these network-related risks could have a material adverse effect on our business, prospects, results of operations and financial condition.

If we infringe the intellectual property rights of third parties, or if we are otherwise held liable for infringements in relation to information disseminated through our network, we could face protracted litigation and, in certain instances, lose access to transmission technology or content.

The telecommunications industry in the markets in which we operate is characterized by the existence of a large number of patents and trademarks. Objections to the registration of new trademarks from third parties and claims based on allegations of patent and/or trademark infringement or other violations of intellectual property rights are common. Further, as the number of entrants into the Romanian and Hungarian markets increases and the overlap of product function expands, the possibility of such allegations increases. For instance, in 2014 and

2015, Discovery Communications Inc. (Discovery) challenged the registration by the Romanian intellectual property authority of five trademarks used to brand some of our TV channels, alleging that those trademarks were similar to the ones owned by Discovery. Claims in relation to two trademarks were dismissed and the underlying decisions of the Romanian intellectual property authority were challenged in court by Discovery in 2015. The court of the first instance confirmed those dismissals on procedural grounds, but Discovery has appealed that decision. Defending intellectual property claims, such as the foregoing, requires us to engage in lengthy and costly litigation and divert the attention of our senior management and technical personnel from our businesses. Successful challenges to our rights to intellectual property or claims of infringement of a third party's intellectual property could require us to incur monetary liability, temporarily or permanently discontinue the use of the respective intellectual property, or enter into royalty or licensing agreements, which may not be available on commercially reasonable terms or at all. If we were required to take any such action, it could have a material adverse effect on our business, prospects, results of operations and financial condition.

The infringement of patents and proprietary rights of others may also lead to the loss of access to transmission technology or programming content, damage third-party interests and render us unable to deliver the content that our customers expect, which could materially adversely affect our business, prospects, results of operations and financial condition. In the event that access to transmission technology is lost, alternative technology would need to be purchased, which may result in an interruption of services and increases in costs.

We may also be subject to claims for defamation, negligence, copyright or other legal claims relating to the programming content or information that we broadcast through our network or publish on our websites. Any such claims could include actions under the censorship and national security laws of countries in which we broadcast. In the event that we receive a valid and substantial infringement claim we would need to cease broadcasting the infringing content or information.

We are subject to payments related to collective copyright organizations which may vary.

In Romania and Hungary we are obliged to make payments to various collective copyright protection organizations as compensation for the use of copyrighted content in the programming delivered by us through our cable TV and DTH services, and copyrighted content used on our website and OTT platform. These amounts are not fixed and are determined by negotiation in accordance with a methodology based on certain legal provisions and relevant European practices. There can be no assurance that amounts payable to various collective copyright protection organizations will not increase in the future or that additional claims could not arise in relation to our past activity or that we will not be subjected to penalties or fines for delaying payments. Since we may not be able to pass on such increases in costs to our customers, such increases, penalties or fines could have a material adverse effect on our results of operations and financial condition.

Adverse decisions of tax authorities or changes in tax treaties, laws, rules or interpretations could have a material adverse effect on our results of operations and cash flow.

The tax laws and regulations in Romania, the Netherlands, Hungary, Spain and Italy may be subject to change, and there may be changes in interpretation and enforcement of tax law. These changes in tax law and/or interpretation and enforcement of the tax law may be difficult for us to predict, and we may therefore be unprepared for these changes. As a result, we may face increases in taxes payable if tax rates increase, or if tax laws or regulations are modified by the competent authorities in an adverse manner, which could have a material adverse effect on our cash flows, business, prospects, results of operation and financial condition for any affected reporting period.

In addition, such authorities periodically examine or audit the Group and a review by the Romanian tax authorities in the tax affairs of RCS & RDS for the years 2013 to 2015 is currently ongoing. This review is for verification purposes only (i.e., not due to an infringement) and such reviews are common in Romania for companies of our size. We regularly consider the likelihood of assessments and, for probable adverse assessments, have established tax allowances, which represent management's best estimate of the potential assessments. The resolution of any of these tax matters could differ from the amount provisioned, which could have a material adverse effect on our cash flows, business, prospects, results of operation and financial condition for any affected reporting period.

We are subject to litigation with the Antena Group, Electrica Distribuție Transilvania Nord S.A. and other parties; unfavorable court decisions may have a material adverse effect on our financial condition.

We are engaged in litigation with the Antena Group (a leading media group in Romania). The litigation commenced in April 2011 and involves several proceedings. The Antena Group is requesting, in principal, the

following: (i) approximately €100 million in damages for alleged breaches by us of audiovisual and competition legislation (among others, the “must carry” rules), and other remedies that would principally require us to provide the channels broadcast by the Antena Group free of charge to our customers; (ii) approximately €40 million in damages for alleged breaches of Antena Group’s intellectual property rights, mainly consisting of our retransmission of Antena Group’s channels following their request based on the “must carry” rules; (iii) an order directing us, based on an alleged abuse of dominant position, to enter into a pay TV carriage arrangement with the Antena Group on the same terms and conditions as those that we agreed with the CME Group (another leading Romanian media group) in 2013; and (iv) payment of other amounts totalling approximately €3.3 million, based on several agreements. To date, we have received various favorable court decisions in relation to these proceedings and other past litigation initiated by Antena Group, including the irrevocable dismissal of all insolvency petitions. The claims under (i) and (iii) above are currently suspended pending final settlement of a case initiated by us against Antena Group. We also filed counterclaims against various Antena Group entities alleging damages for breach of contract of €2.6 million and for reputational and other indirect damages of €1.2 million, which were partially admitted by the first instance courts, but are subject to appeal. Should we face adverse judgments in some or all of these proceedings, we may be forced to change our business model in respect of providing “must carry” channels to our customers, which may include a requirement to offer a package of “must carry” channels free of charge. In addition, we may be required to pay significant damages to the Antena Group and/or to conclude pay TV carriage arrangement(s) with them.

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

Based on our request, the trial was suspended pending final settlement of (i) our challenge regarding the failure by the claimant to pay required stamp duties and (ii) a separate lawsuit in which two Group companies are challenging the validity of the alleged exclusivity rights of incumbent electricity distributors. Should the final court decision be unfavorable to us, it may result in a partial or total loss of our investment in the underground cable trough. The high stakes of the litigation with the subsidiaries of Electrica S.A. (“**Electrica**”), (the largest distributor of electrical energy in Romania) essentially disputing the alleged exclusivity rights of incumbent electricity distributors, may also impair our contractual relations with Electrica and its subsidiaries and, consequently, could have a material adverse effect on our operations, business, prospects, results of operations and financial condition. See “—Many components of our network are based on contracts which may be terminated or otherwise cancelled, and we may be required to move some of our networks, which may disrupt service and cause us to incur additional expenses.”

Failure to comply with anti-corruption laws, or allegations thereof, could have a material adverse effect on our reputation and business.

While we are committed to doing business in accordance with applicable anti-corruption laws, we face the risk that members of the Group or their respective officers, directors, employees, agents or business partners may take actions or have interactions with persons that violate such anti-corruption laws, and may face allegations that they have violated such laws.

For example, a complaint that we filed with the National Anti-Corruption Directorate of Romania (the “**Anti-Corruption Directorate**”) in 2013 alleging that a criminal offense had been perpetrated against one of the directors of RCS & RDS prompted the Anti-Corruption Directorate to look into a 2009 joint venture agreement between us and Bodu SRL with respect to a large events hall in Bucharest and question whether the agreement complied with Romanian anti-corruption laws. Bodu SRL is controlled by Mr. Dumitru Dragomir, the former President of Liga Profesionistă de Fotbal (Romanian Professional Football League) (“**LPF**”), the entity that organizes and runs the Liga 1 competition. We have fully cooperated with all requests by the Anti-Corruption Directorate in relation to the ongoing investigation. In 2016 we acquired the events hall and we use it for our corporate purposes, for providing services to our employees and we also lease it to third parties.

Separately, the Anti-Corruption Directorate investigated certain commission payments that the LPF allegedly made at the direction of Mr. Dumitru Dragomir to a certain intermediary using the funds it had previously received from us in exchange for the exclusive right to broadcast the matches of Liga 1. That investigation has resulted in the prosecution of Mr. Dumitru Dragomir for illegal use of funds, money laundering and tax fraud. In June 2016, the Bucharest Tribunal imposed a 7-year prison sentence (subject to appeal) for

Mr. Dragomir. Our broadcasting contract with the LPF is not being investigated. Also, we do not, and did not in the past, have any commercial relationship with the intermediary that is claimed to have been involved in the alleged money laundering scheme. No accusations have been advanced against us by the Anti-Corruption Directorate in relation to the above matter. However, if we are alleged or found to have violated applicable anti-corruption laws in this or any other matter, any such allegations or violation may have a material adverse effect on our reputation and business.

We may be subject to fines, awards of damages or other penalties arising from legal proceedings, contractual claims and disputes, as well as negative publicity arising therefrom.

We are involved in legal proceedings from time to time, which may lead to the imposition of damages, fines or other penalties on us. We may be adversely affected by other contractual claims, complaints and litigation, including from counterparties with whom we have contractual relationships, customers, competitors or regulatory authorities, as well as any adverse publicity that we may attract. Any such litigation, complaints, contractual claims, or adverse publicity could have a material adverse effect on our business, reputation, results of operation and financial condition.

RISKS RELATING TO INVESTMENTS IN COUNTRIES WHERE WE OPERATE

The economies of the countries where we operate are more vulnerable to fluctuations in the global economy than developed markets. Negative global economic developments could have a materially adverse effect on these countries and the value of the Shares.

The economies of the countries where we operate are vulnerable to market downturns and economic slowdowns elsewhere in the world. The impact of global economic developments is often felt more strongly in emerging markets such as Romania and Hungary than it is in more mature markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in the countries where we operate and their economies could face severe liquidity constraints, causing them to, among other things, raise tax rates or impose new taxes, with a significant impact on our activities. See “—Risks relating to our business—We may be adversely affected by continued uncertainties, challenging conditions in the global economy or volatile equity and credit markets.” Any such development may materially adversely affect the value of the Shares.

The current and upcoming social, political and military conflicts in the region of our operations may have consequences which may materially adversely affect our business.

Since early 2014, Ukraine, which neighbors both Romania and Hungary, has been confronting a severe internal crisis in which the Russian Federation is also alleged to be heavily involved. During this crisis, Ukraine lost control over the peninsula of Crimea to the Russian Federation and lost control over a significant part of its other eastern territories to pro-Russian separatists. In response to the perceived heavy intervention (including military intervention) by the Russian Federation in Ukraine, the United States and the European Union have imposed several sets of economic sanctions and are threatening further sanctions in the future. The Russian Federation has denied its involvement and has imposed certain retaliatory economic sanctions.

In addition, the ongoing political instability in the Republic of Moldova, another country neighboring Romania, threatens to trigger another political conflict in the region. Also, many EU countries, including Hungary, have suffered from the recent massive migration of Middle East refugees, which has had a profound impact on their economic, social and political environments. Hungary’s response to the refugee crisis has been questioned by EU officials. Although we are not currently affected by the above developments, they have the potential to cause materially adverse economic conditions, social turmoil or, in a worse case, military confrontation in the region.

Effects are to a large extent unpredictable, but may include drop in investments caused by uncertainty, further economic sanctions which may negatively affect the economies of our countries of operation, significant currency fluctuations, increases in interest rates, decreases in the availability of credit, trading and capital flows and increases in energy prices.

These and other unforeseen negative effects of the crises in the region could have a material adverse effect on our business, prospects, results of operations and financial condition.

The UK referendum resulting in a vote to have the United Kingdom leave the European Union could create political and economic uncertainty and risk which may negatively affect the markets in which we operate and our business.

The UK referendum resulting in a vote for the United Kingdom to leave the European Union (“**Brexit**”), has created volatility in the global financial markets and could contribute to prolonged uncertainty around certain aspects of the European and global economies as well as European companies and consumers. Brexit is likely to continue to adversely affect European and worldwide economic conditions and could contribute to greater instability in the global financial markets before and after the terms of the United Kingdom’s future relationship with the European Union are settled. Brexit could also affect the general political environment in the European Union as well as the stability and standing of the European Union as a single market.

Until more clarity is available around the legal, political and economic realities and requirements for having the United Kingdom leave the European Union, political and economic uncertainty, notably in European markets, may occur, which could lead to a downturn in the markets in which we operate and a decrease in spending and investment. Additionally, this uncertainty can lead to an increase in costs for us due to legal and regulatory changes as well as currency exchange rate fluctuations between the euro and Romanian leu, Hungarian forint and the U.S. dollar. These effects could have an adverse effect on our business, investments and potential growth into Europe. These factors could increase our operating costs, delay capital expenditure programs, or place additional regulatory burdens on us that could have a material adverse effect on our business, prospects, results of operations and financial condition. Furthermore, as a result of this uncertainty, financial markets could experience significant volatility which could adversely affect the price of our Shares.

In addition, Brexit has led to general volatility in the currency exchange market. Increased volatility in the currency exchange market as a result of Brexit could also materially adversely affect the Group’s results of operations as the Group may be unable to implement adequate strategies to protect against currency exchange risk.

Corruption could create a difficult business climate in some of the markets where we operate.

Corruption is one of the main risks confronting companies with business operations in Romania and Hungary. International and local media, as well as international organizations, have issued numerous alerting reports on the levels of corruption in these countries. For example, the 2016 Transparency International Corruption Perceptions Index, which evaluates data on corruption in countries throughout the world and ranks countries from 1 (least corrupt) to 176 (most corrupt), ranked both Romania and Hungary in the 57th position (2015: 58 and 50; 2014: 69 and 47, respectively).

Corruption has been reported to affect the judicial systems and some of the regulatory and administrative bodies in Romania and Hungary, which may be relevant for our businesses. Although it is difficult to predict all of the effects of corruption on our operations, it can, among other things, slow down approvals of regulatory permits and licenses we need to conduct our business. Therefore, corruption could have a material adverse effect on our business, prospects, results of operations and financial condition and on the trading price of the Offer Shares.

We operate mainly in emerging markets that may experience rapid or unforeseen economic or political changes, either of which could have a material adverse effect on our business, prospects, results of operations and financial condition.

Romania and Hungary have undergone substantial political, economic and social change in recent years. As is typical of emerging markets, they do not possess the full business, legal and regulatory infrastructures that would generally exist in more mature free market economies. In addition, the tax, currency and customs legislation in Romania and Hungary are subject to varying interpretations and changes, which can occur frequently. See “—*The legal and judicial systems in some of our markets of operation are less developed than other European countries, which makes an investment in the Shares more risky than investments in securities of an issuer that operates in a more developed legal and judicial system.*” These issues continue to result in relatively high poverty rates and low wages.

Moreover, both of these countries have experienced periods with significant political instability. In particular, for the past several years, the political environment in Romania, our primary market, has been unstable, dominated by political conflict and under significant pressure from street protests mainly aimed, in 2017, at legislative proposals of the Parliament and the Government to amend the Criminal Code and to decriminalize certain criminal acts, restricting voting abroad during the 2014 presidential election and corruption

claims related to a fire in a nightclub in Bucharest in October 2015 which resulted in over 60 casualties. The latter resulted in the replacement of the entire social democrat-led cabinet with a new technocratic government, vested with a one-year mandate, which expired after the parliamentary elections held in December 2016. The parliamentary elections held in December 2016, marked by relatively low turnout, were won by the social-democratic party, resulting in a new social-democrat led government which was sworn in on January 4, 2017. In January 2017, a new wave of protests (the largest since the 1989 revolution) erupted in connection with an emergency decree adopted by the government, which decriminalized certain offenses, such as certain types of official misconduct, and would have resulted in *de facto* amnesty for thousands of corruption cases and threatened the anti-corruption effort which has intensified over the recent years. Protests have taken place in over fifty cities across the country. In the face of this large-scale backlash, the emergency decree was repealed on February 5, 2017. Political instability and the increasing direct pressure in the form of large street protests could delay or stop economic and regulatory reforms in Romania.

In Hungary, our other core market, the ruling party, which has been in power since 2010 and was re-elected in 2014 for a new four year term, introduced various policies and measures that raised certain concerns about the rule of law, including taxes with retroactive application and a new constitution that has been scrutinized by international organizations (including the EU Commission). In addition, legislation passed in 2013 has led to a significant increase in the cost of judicial enforcement against our non-paying customers. The Hungarian opposition towards the European Union's reaction to the migration crisis (significantly affecting Hungary in its early stages) might additionally encourage the present government to adopt national protective measures that might discourage foreign presence or investments in Hungary. Any disruption of the reform policies and recurrence of political or governmental instability could have a material adverse effect on us and the value of investments related to Romania and Hungary, including the Shares.

The future economic direction of the markets in which we operate remains largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by their respective governments, together with tax, legal, regulatory, and political developments. Our failure to manage the risks associated with our business in emerging markets could have a material adverse effect on our results of operations.

Any downgrade of Romania's or Hungary's credit ratings by an international rating agency could have a negative impact on our business.

The long-term foreign and domestic currency debt of Romania is currently rated BBB-/A-3 by S&P, Baa3 by Moody's and BBB-/BBB by Fitch; while the long-term foreign and domestic currency debt of Hungary is currently rated BBB- by S&P, Baa3 by Moody's and BBB- by Fitch. Any adverse revisions to Romania's or Hungary's credit ratings for domestic or international debt by these or similar international rating agencies may materially adversely impact our ability to raise additional financing and the interest rates and other commercial terms under which such additional financing is available. This could hamper our ability to obtain financing for capital expenditures and to refinance or service our indebtedness, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

Romania's difficulties related to its integration with the European Union and Hungary's repeated backlashes against the European Union may adversely affect our business.

Romania entered the European Union in January 2007 and continues to undergo legislative changes due to its accession to, and its continued integration with, the EU. As part of the accession process, the European Union has established a series of measures for Romania in order to fulfill basic EU membership requirements. The European Commission was tasked with monitoring Romania's progress, which it does by issuing annual compliance reports. Although the European Commission's progress report on the Co-operation and Verification Mechanism with Romania published on January 25, 2017 praised the country's progress in some areas (e.g., its efforts to combat corruption, increased independence of the judicial system, integrity framework, etc.), it also highlighted a number of issues that need to be further addressed (e.g., the need for a robust and independent system for appointing top prosecutors, respect for the judges and the judicial process, outstanding legislative irregularities, certain inconsistencies with law enforcement, etc.). The European Commission will focus on these aspects in monitoring Romania in 2017 and is providing continuous support in order to help Romania meet the objectives of the Co-operation and Verification Mechanism. Unless satisfactory actions are taken, Romania could face EU sanctions, which could have a material adverse effect on financial operations, investments and capital flows in the country, and consequently, on our business, prospects, results of operations and financial condition, as well as on the trading price of the Offer Shares. Such sanctions may take the form, for example, of a temporary suspension of the application of relevant provisions governing the relations of Romania with any other

EU member state or member states or the suspension of member states' obligations to recognize and enforce, under the conditions laid down in EU law, Romanian judgments and judicial decisions.

The current Hungarian Government has repeatedly adopted positions which were at odds with those of the EU institutions, especially in the context of the 2015-2016 migrant crisis, during which Hungary strongly rejected the migrant quota plan and prompted widespread criticism from EU officials. Continued backlash by Hungary against the European Union's response to social, economic and/or political events may create uncertainty as to Hungary's commitment to its membership in the European Union and result in a material adverse effect on financial operations, investments and capital flows in Hungary, and consequently, on our business, prospects, results of operations and financial condition, as well as on the trading price of the Offer Shares.

The legal and judicial systems in some of our markets of operation are less developed than other European countries, which makes an investment in the Shares more risky than investments in securities of an issuer that operates in a more developed legal and judicial system.

The legal and judicial systems in Romania and Hungary are less developed than those of other European countries. Commercial law, competition law, securities law, company law, bankruptcy law and other areas of law in these countries are relatively new to local judges and such related legal provisions have been and continue to be subject to constant changes as new laws are being adopted in order to keep pace with the transition to a market economy and EU legislation. Existing laws and regulations in Romania and Hungary may be applied inconsistently or may be interpreted in a manner that is restrictive and non-commercial. It may not be possible, in certain circumstances, to obtain legal remedies in a timely manner in these countries. The relatively limited experience of a significant number of the magistrates practicing in these markets, specifically with regard to capital markets issues, and the existence of a number of issues relating to the independence of the judiciary system may lead to ungrounded decisions or to decisions based on considerations that are not grounded in the law.

In addition to the foregoing, resolving cases may at times involve very considerable delays. The court systems in Romania and Hungary are underfunded relative to those of other European countries. The enforcement of judgments may also prove difficult, which means that the enforcement of rights through court systems may be laborious, especially where such judgments may lead to closure of businesses or job losses. This lack of legal certainty and the inability to obtain effective legal remedies in a timely manner may adversely affect our business, and may also make it difficult for investors in the Shares to address any claims that they may have.

Investors may be unable to effect service of process or enforce foreign judgments against us or our assets in the jurisdictions in which we operate or our executive officers reside.

Our presence outside of the United States and the United Kingdom may limit the legal recourse investors in the Shares may enjoy against us. The Company is incorporated under the laws of the Netherlands and RCS & RDS is incorporated under the laws of Romania and its subsidiaries are incorporated under the laws of Romania, Hungary, Spain and Italy. All of our directors and executive officers reside outside the United States and the United Kingdom, principally in Romania, Hungary, Poland and Spain. All or a substantial portion of the assets and the assets of our directors and executive officers are located outside of the United States and the United Kingdom, principally in Romania, Hungary, Poland and Spain.

Romanian law may make it difficult to enforce judgments against us that were obtained in foreign courts. The laws of Romania permit an action to be brought before a court of competent jurisdiction in Romania for the recognition and enforcement of a final and conclusive judgment *in personam* rendered by a court from an EU member state, provided that the relevant conditions set forth in EC Regulation No. 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters are met. However, other conditions may be applicable with respect to specific matters, under special Romanian legislation or international conventions. Similar rules on the recognition and enforcement of foreign court judgments apply to judgments issued in non-EU member states which are parties to the 2007 Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

Judgments rendered by courts in the United States and other non-EU member states which are not parties to the 2007 Lugano Convention are subject to different requirements, and may be more difficult to enforce. Subject to special internal legislation (including ratified international conventions) regulating the recognition and enforcement of foreign judgments on specific matters, Romanian law allows an action to be brought before a court of competent jurisdiction in Romania for the recognition of a judgment *in personam* rendered by a court of

a non-EU member state, provided that the relevant conditions in respect of recognition of foreign judgments set out under the Romanian Civil Procedure Code are met. Furthermore, the recognition and enforcement of foreign judgments in administrative, customs, criminal or other public law related matters is subject to special legislation and certain conditions may need to be fulfilled. There is no treaty between the United States and Romania providing for reciprocal recognition and enforcement of foreign court judgments in civil and commercial matters. However, under Romanian law reciprocity is presumed to exist *de facto* unless there is proof to the contrary, such proof to be determined by the Romanian Ministry of Justice, in consultation with the Romanian Ministry of Foreign Affairs. The limitations set out above may deprive investors in the Shares of effective legal recourse for claims related to their investment.

In addition, investors may not be able to serve process on our directors and executive officers or us in the United States or enforce judgments obtained in U.S. courts against them or us based on the civil liability provisions of U.S. federal securities laws. It is unclear if original actions of civil liabilities based solely upon U.S. federal securities laws are enforceable in courts outside the United States. Any enforcement action in a court outside the United States will be subject to compliance with procedural requirements under applicable local law, including the condition that the judgment does not violate the public policy of the applicable jurisdiction, and requirements relating to the service of process.

RISKS RELATING TO OUR FINANCIAL POSITION

Our substantial leverage and debt servicing obligations could have a material adverse effect on our business, prospects, results of operations and financial condition.

As at December 31, 2016, including in accordance with the covenants agreed under SFA Facility A1 and SFA Facility A2 (as defined below), our total net debt was €763.1 million and our net leverage ratio was 2.9x, which is based on our consolidated total net indebtedness to consolidated EBITDA as set out in the relevant SFA Facility A1 and SFA Facility A2 covenants. Including the covenants agreed under the 2016 Notes (as defined in “Part 10—Operating and financial review—Liquidity and capital resources”), our total gross debt was €772.6 million and gross leverage ratio was 3.0x. Additionally, for the year ended December 31, 2016 and in accordance with the covenants agreed under the SFA Facility A1, SFA Facility A2 and SFA Facility B (as defined below) as well as the ING Facilities Agreement, our EBITDA to total interest ratio (calculated as interest payable, less interest receivable, adjusted to take account of amounts in the nature of interest payable and receivable under our interest rate hedging arrangements) was 5.48 to 1. On October 7, 2016, the Company, as original guarantor, and RCS & RDS, as borrower, entered into the Senior Facilities Agreement and on October 26, 2016 RCS & RDS drew (a) RON930.0 million (€204.8 million equivalent as at December 31, 2016) under a term loan facility (the “**SFA Facility A1**”) and repaid the senior facilities agreement dated April 30, 2015 (the “**2015 Senior Facilities Agreement**”) in full; and (b) RON600.0 million (€132.1 million equivalent as at December 31, 2016) under a second term loan facility (the “**SFA Facility A2**”).

Our leverage can have important consequences for our business and operations, including:

- making it more difficult for us to satisfy our obligations with respect to our debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or economic or industry conditions;
- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for, or reacting to, changes in our business and our industry;
- negatively impacting credit terms with our creditors;
- restricting us from exploiting certain business opportunities; and
- limiting our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations.

Additionally, we may incur substantial additional indebtedness in the future which could increase the risks listed above. Although the indenture governing the 2016 Notes (the “**Indenture**”), the intercreditor agreement

originally dated November 4, 2013, as amended and restated on October 26, 2016 and which establishes the relative rights of certain of our creditors under our financing arrangements (the “**Intercreditor Agreement**”) and the Senior Facilities Agreement contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, such agreements do not prevent us from incurring obligations that do not constitute indebtedness as such term is defined therein. Any of these or other consequences or events could have a material adverse effect on our business, prospects, results of operations and financial condition.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Indenture limits our ability to:

- incur or guarantee additional indebtedness that would cause us to exceed a consolidated leverage ratio of 3.75 to 1;
- pay dividends or make other distributions, purchase or redeem our stock or prepay or redeem subordinated debt;
- make investments or other restricted payments;
- sell assets and subsidiary stock;
- enter into certain transactions with affiliates;
- create liens;
- consolidate, merge or sell all or substantially all of our assets;
- enter into agreements that restrict certain of our subsidiaries’ ability to pay dividends; and
- engage in any business other than a permitted business.

In addition, the Senior Facilities Agreement and the ING Facilities Agreement contain covenants that limit our ability to incur and assume debt and/or require us to maintain a net leverage ratio of 3.25 to 1 and the Senior Facilities Agreement and the ING Facilities Agreement require us to maintain a consolidated EBITDA to total interest ratio of 4.25 to 1. For purposes of calculating these ratios, consolidated total net debt is defined as, at any time, an amount equal to the aggregate amount (without duplication) of all financial indebtedness of the Group less the aggregate amount at that time of all applicable cash and cash equivalents held by any Group member. Consolidated EBITDA means, for any testing period, the sum of consolidated net income, plus the following to the extent deducted in calculating such consolidated net income: all income tax expense of each Group member; ratio interest payable; depreciation and amortization expense of each Group member (excluding amortization expense attributable to a pre-paid item that was paid in cash in a prior period); and all other non-cash charges of each Group member (excluding any such non-cash charge to the extent that it represents an accrual of or reserve for cash expenditures in any future period) less all non-cash items of income of each Group member (other than accruals of revenue by each Group member in the ordinary course of business). Our EBITDA to total interest ratio is the ratio of our EBITDA to our interest payable, less interest receivable, adjusted to take account of amounts in the nature of interest payable and receivable under our interest rate hedging arrangements. Additionally, the Senior Facilities Agreement requires us to have positive equity. Further, the 2016 Notes, the Senior Facilities Agreement and the ING Facilities Agreement limit, among other things, our ability to acquire or sell certain assets, to undergo certain corporate actions (such as mergers and de-mergers), to create security over our assets and to open or maintain bank accounts or to enter into banking relationships with certain financial institutions.

Although all of these limitations are subject to significant exceptions and qualifications, these covenants could limit our ability to finance our future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest.

If we fail to comply with any of these covenants, we will be in default under our financial indebtedness (including the Indenture), and the relevant trustee, holders of the indebtedness or the applicable lenders could declare the principal and accrued interest on the 2016 Notes or the applicable loans due and payable, after any applicable cure period. These restrictions could materially adversely affect our ability to finance future operations or capital needs or engage in other business activities that may be in our best interest.

Any impairment of our ability to draw funds under the Senior Facilities Agreement, the ING Facilities Agreement and the Citi Facilities Agreement could materially adversely affect our business operations.

Our operations have been primarily financed using cash generated in our operations and debt financing. We rely on our senior revolving credit facilities under the Senior Facilities Agreement, the Citi Facilities Agreement and the ING Facilities Agreement to fund our business operations and for various other purposes. Further, if we were unable to draw funds under our senior revolving credit facilities, we may need to find alternative sources of funds which may be at higher interest rates. In addition, the overdraft facilities under the ING Facilities Agreement and the Citi Facilities Agreement are provided on an uncommitted basis and can be withdrawn at any time. There also can be no assurance that we will have sufficient cash resources on hand at any given time to meet our expenses or debt servicing requirements. Our ability to draw on the Senior Facilities depends on, among other things, our ability to maintain certain ratios. Our ability to meet these financial ratios and other required conditions to drawing could be affected by a number of factors, including by events beyond our control. In addition, our inability to maintain these financial ratios may also result in an event of default under the Senior Facilities Agreement or the ING Facilities Agreement, which would prohibit us from drawing funds under those facilities and potentially trigger a cross-default under the 2016 Notes. See “—*We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.*” This inability to draw funds under the Senior Facilities Agreement, the ING Facilities Agreement or the Citi Facilities Agreement or to maintain our operations due to a lack of cash flow could have a material adverse effect on our business, prospects, results of operations and financial condition.

We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate cash depends on many factors beyond our control, and we may not be able to generate sufficient cash to service our debt.

Our ability to make payments on and to refinance our indebtedness, and to fund working capital and to make capital expenditures in the longer term, will depend on our future operating performance and ability to generate sufficient cash over the longer term. This depends on the success of our business strategy and on economic, financial, competitive, market, legislative, regulatory and other factors, as well as the factors discussed in these “*Risk Factors*,” many of which are beyond our control.

No assurance can be provided that our business will generate sufficient cash flows from operations or that future debt or equity financings will be available to us to pay our debt when due or to fund our other capital requirements or any operating losses. If our future cash flows from operations and other capital resources (including borrowings under the Senior Facilities Agreement, the ING Facilities Agreement and the Citi Facilities Agreement) are insufficient to pay our obligations as they mature or to fund our liquidity needs in the longer term, we may be forced to:

- reduce or delay our business activities or capital expenditures;
- sell assets;
- obtain additional debt or equity capital;
- restructure or refinance all or part of our debt on or before maturity; or
- forego opportunities such as acquisitions of other businesses.

No assurance can be provided that we would be able to accomplish these alternatives on a timely basis or on satisfactory terms, if at all. Any failure to make payments on our indebtedness on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the 2016 Notes, the Senior Facilities Agreement and the ING Facilities Agreement, limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business and could have a material adverse effect on our financial condition and results of operations. There can be no assurance that any assets which we could be required to dispose of can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be acceptable.

We may not be able to refinance maturing debt on terms that are as favorable as those from which we previously benefited or on terms that are acceptable to us or at all.

Our ability to refinance our debt depends on a number of factors, including the liquidity and capital conditions in the credit markets and we may not be able to do so on satisfactory terms, including in relation to the

covenants, or at all. In the event that we cannot refinance our debt, we may not be able to meet our debt repayment obligations. In addition, the terms of any refinancing indebtedness may be materially more burdensome to us than the indebtedness it refinances. Such terms, including in relation to the covenants and additional restrictions on our operations and higher interest rates, could have an adverse effect on our results of operations and financial condition.

Furthermore, our inability to meet repayment obligations under the existing agreements could trigger various cross-default and cross-acceleration provisions, resulting in the acceleration of a substantial portion (if not all) of our debt and could have a material adverse effect on our business, prospects, results of operations and financial condition.

Derivative transactions may expose us to unexpected risk and potential losses.

From time to time, we may be party to certain derivative transactions, such as interest rate swap contracts, with financial institutions to hedge against certain financial risks. Changes in the fair value of these derivative financial instruments, that are not cash flow hedges, are reported in profit and loss, and accordingly could materially affect our reported results in any period. Moreover we may be exposed to the risk that our counterparty in a derivative transaction may be unable to perform its obligations as a result of being placed in receivership or otherwise. In the event that a counterparty to a material derivative transaction is unable to perform its obligations thereunder, we may experience losses that could have a material adverse effect on our financial condition, financial returns and results of operations.

RISKS RELATING TO THE OFFER AND THE SHARES

Certain Shareholders will retain a significant interest in and will continue to exert substantial influence over the Group following the Offer and their interests may differ from or conflict with those of other Shareholders.

Immediately following Admission, the Principal Shareholder will continue to control approximately 94.8% of the aggregate voting rights of the Company, assuming that the Share Offer Size is set at the Maximum Share Offer Size and full exercise of the Over-allotment Option. Additionally, the Principal Shareholder will control, directly or indirectly, 100% of the issued and outstanding Class A Shares (the Company holds 5,609,361 Class A Shares in its own capital) and therefore will have 100% of the voting rights in a shareholders meeting for holders of Class A Shares (“**Class A Meeting**”) (no votes can be cast on shares that the Company holds in its own capital). The following resolutions of the Board of Directors require the prior approval of the Class A Meeting:

- a resolution of the Board of Directors that certain criteria are met in relation to the grant of loans by the Company with a view to a subscription for or an acquisition of Shares or depository receipts thereof, in accordance with article 11 of the Articles; and
- a resolution of the Board of Directors concerning any acts of disposal or encumbrance:
 - in respect of shares owned by the Company (whether in other companies or itself) and/or its Group companies;
 - in respect of networks owned by the Company and/or its Group companies;
 - in respect of relationships with clients of the Company and/or its Group companies where such client relationships are treated as groups and not individually;
 - in respect of trademarks, authorizations or licenses of any kind owned by the Company and/or its Group companies;
 - in respect of goodwill of the Company and/or its Group companies; or
 - in respect of any other material assets of the Company and/or its Group companies,

in accordance with article 19 of the Articles.

In addition, the Class A Meeting shall have the following rights:

- to make a binding nomination for the appointment of Directors;
- to submit to the meeting of the Shareholders of the Company (the “**General Meeting**”) for its approval plans to award Shares or the right to subscribe for Shares to the Board of Directors;

- to designate a person who shall be temporarily entrusted with the tasks and duties of the Non-executive Directors, in the event that all Non-executive Directors are absent or prevented from performing their duties;
- to make a proposal to the General Meeting to make a distribution on Shares out of one or more reserves, which can be either (wholly or partly) in cash or in shares and can be made in another currency than Euro;
- to request the Board of Directors that items be placed on the agenda of the General Meeting;
- to convene a General Meeting when the Class A Meeting makes use of any of its rights under the Articles to make a proposal to the General Meeting; and
- to approve an amendment of the Articles, if the rights of the holders of Class A Shares are amended pursuant to such amendment.

Valid resolutions of the General Meeting can only be adopted at a General Meeting for which notice is given, a quorum of 50% of the issued and outstanding share capital (excluding any Shares held by the Company in its own share capital) plus 1 Share is present or represented and which is held in accordance with the relevant provisions of the law and the Articles. There will be no possibility to hold a meeting without the quorum of 50% of the issued and outstanding share capital plus 1 Share being present or represented. Resolutions are passed by a simple majority of the votes cast, unless Dutch law or the Articles prescribe a larger majority. Therefore no resolutions can be taken in the General Meeting if the Principal Shareholder is not present or represented.

Due to his ability to exercise control over the Class A Shares and their voting rights as well as the special rights attached to Class A Shares, including in relation to the appointment of the Board of Directors, the Principal Shareholder will be able to exercise control over all decisions of the Board of Directors and matters requiring shareholder approval, including payment of dividends and approval of significant corporate transactions. Additionally, the chairperson of the Board of Directors' audit committee and more than half of the members of the Board of Directors' remuneration committee are not independent. Furthermore, the interests of the Principal Shareholder may not always be aligned with those of other holders of Shares.

If the Principal Shareholder no longer holds a direct or indirect interest in at least 30% in the issued and outstanding nominal share capital of the Company, the rights accruing to the Class A Meeting as set out in the Articles shall cease to exist. For the avoidance of doubt, the provisions relating to the binding nomination right cease to apply in that circumstance.

Holders of Class B Shares have lower voting rights than holders of Class A Shares which may impact the trading price of the Offer Shares as well as control over the Company.

Holders of Class A Shares and Class B Shares have different voting rights. Each Class A Share has 10 votes, and each Class B Share has one vote. When holders of Class A Shares and Class B Shares vote together, holders having a majority of the votes (or 66.67%, in the case of a vote requiring a special resolution for which a quorum requirement exists and such quorum is not present or represented (i.e. can only be adopted by a majority of at least two-thirds of the votes cast, if less than one half of the issued share capital is presented or represented at the General Meeting)) present and voting will be in a position to control the outcome of the vote even if the matter involves a conflict of interest among the Shareholders or has a greater impact on one group than the other. Therefore, holders of Class A Shares will have more control over the outcome of Shareholder votes and decision-making. As only the Class B Shares will be listed on the Bucharest Stock Exchange, the value of the Shares may be adversely affected given this distribution of voting rights and control. As of the date of this Prospectus, there were 65,756,028 Class A Shares (of which the Company holds 5,609,361 Class A Shares in its own capital) and 34,243,972 Class B Shares issued (of which the Company holds 997,154 Class B Shares in its own capital), and the Principal Shareholder held 2,280,122 of the Class A Shares directly, and controlled, through his 87.1% ownership of RCS Management, a further 57,866,545 Class A Shares and directly owned approximately 491,000 Class B Shares, representing in aggregate 94.8% of voting rights.

Our equity capital structure may inhibit or prevent acquisition bids, may decrease the value of the listed Shares and may make it difficult for a third party to acquire us, even if doing so may be beneficial to our shareholders. The existence of different classes of Shares with different voting rights limits the amount of control that holders of Class B Shares have over the Company.

The Offer Shares may not be admitted to trading on the Bucharest Stock Exchange.

Though the Bucharest Stock Exchange has issued an approval in principle for the Admission, the Admission requires that the Bucharest Stock Exchange approve the trading thereon. Admission of the Offer Shares to trading

on the Regulated Spot Market of the Bucharest Stock Exchange is subject to certain requirements. We intend to take all necessary steps to ensure that the Offer Shares are admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange as soon as possible after the closing of the Offer. However, there is no guarantee that, should the admission conditions for the approval by the Bucharest Stock Exchange change, all such listing and/or trading conditions will be met. Consequently there is no assurance that the Offer Shares will be admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange on the estimated date or at all. If the Offer Shares are not admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange, the price of the Offer Shares and the ability to transfer them would be materially adversely affected.

Trading on the Bucharest Stock Exchange may be suspended.

The FSA is authorized to suspend securities from trading or to request the Bucharest Stock Exchange to suspend the trading of securities of a company listed on the Bucharest Stock Exchange if such continuation of trading would negatively affect investors' interests or to the extent the relevant issuer is in breach of its obligations under the relevant securities laws and regulations. Also, the Bucharest Stock Exchange is entitled to suspend from trading Offer Shares in other circumstances, in accordance with its regulations. Any suspension could affect our Offer Shares' trading price and would impair the transfer of the Offer Shares.

There has been no public market for the Offer Shares and an active trading market for the Offer Shares may not develop or be sustained.

Prior to Admission, there has been no public trading market for the Offer Shares. Although we have applied for admission to Bucharest Stock Exchange, we can give no assurance that an active trading market for the Offer Shares will develop or, if developed, could be sustained following the closing of the Offer. Therefore, the liquidity of the Offer Shares is uncertain. If an active trading market is not developed or maintained, the liquidity and trading price of the Offer Shares could be adversely affected.

Moreover, the Offer Price will be determined by the Company in consultation with the Joint Global Co-ordinators, taking into account a number of factors, including the level and nature of demand for the Offer Shares during the bookbuilding process, the level of demand in the Retail Tranche, prevailing market conditions and the objective of establishing an orderly after-market in the Offer Shares. Thus, the Offer Price may not be indicative of future performance. The Price Range is an indicative price range, and the Offer Price may fall outside the maximum and minimum price as set in the Price Range. Additionally, the market price of the Offer Shares may fall below the Offer Price. The market price of the Shares could also fluctuate substantially due to various factors, some of which could be specific to the Company and its operations and some of which could be related to the telecommunications industry and equity markets generally. There can be no assurance that investors will be able to resell the Offer Shares at or above the Offer Price.

Offer Shares in the Company may be subject to market price volatility and the market price of the Offer Shares in the Company may decline disproportionately in response to developments that are unrelated to the Company's operating performance.

The Offer Price is not indicative of the market price of the Offer Shares following Admission. The market price of the Offer Shares may be volatile and subject to wide fluctuations. The market price of the Offer Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in these "Risk Factors," as well as period to period variations in operating results or changes in revenue or profit estimates by the Group, industry participants or financial analysts. The market price could also be adversely affected by developments unrelated to the Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Group, speculation about the Group in the press or the investment community, unfavorable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions and regulatory changes. Any or all of these factors could result in material fluctuations in the price of Shares, which could lead to investors getting back less than they invested or a total loss of their investment.

Not all rights available to shareholders in the United States or other countries outside the Netherlands or Romania will be available to holders of the Shares.

In the event of an increase in our ordinary share capital, holders of Shares are generally entitled to full pre-emptive rights unless these rights are restricted or excluded by a resolution of the General Meeting, which requires a proposal thereto by the Board of Directors which in turn requires the approval by resolution of the shareholders of the relevant class in respect of the pre-emptive rights of the holders of such class only or, if such

increase can be decided by the Board of Directors and the Articles so permit, by a resolution of the Board of Directors. However, certain holders of Shares outside the Netherlands may not be able to exercise pre-emptive rights unless local securities laws have been complied with.

Securities laws of certain jurisdictions may restrict the Group's ability to allow participation by shareholders in future offerings. In particular, shareholders in the United States may not be able to exercise their pre-emptive rights or participate in a rights offer, as the case may be, unless such rights and Shares are registered under the Securities Act or such rights and Shares are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Shareholders in other jurisdictions outside the Netherlands or Romania may be similarly affected if the rights and Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdictions. We intend to evaluate at the time of any issue of Shares subject to pre-emptive rights or in a rights offer, as the case may be, the costs and potential liabilities associated with any such registration or other means of making the rights available to U.S. Shareholders, as well as the indirect benefits to us of enabling the exercise of U.S. Shareholders of their pre-emptive rights to Shares or participation in a rights offer, as the case may be, and any other factors considered appropriate at the time and then to make a decision as to whether to file such a registration statement or take other steps to enable such holders to participate in the rights offer.

The market price of the Offer Shares could be negatively affected by sales of substantial amounts of Shares in the public markets, including following the expiry of the lock-up period, or the perception that these sales could occur.

The Company, the Principal Shareholder, the Directors and the senior management of the Group (the "Senior Management") are subject to restrictions on the issue, sale and/or transfer, as applicable, of their respective holdings in the Company's issued share capital. The issue or sale of a substantial number of Shares by the Company, the Principal Shareholder, Directors or Senior Management after the lock-up restrictions in the Underwriting Agreement expire (or are waived by the Joint Global Co-ordinators), or the perception that these sales or such issue may occur in the future, may depress the market price of the Offer Shares and could impair our ability to raise capital through the sale of additional equity securities. Approximately 2.2% of the Shares are not locked up.

The issuance of additional Shares in the Company in connection with future acquisitions, any share incentive, share option plan or de-leveraging or otherwise may dilute all other shareholdings.

The Group may seek to raise financing to fund future acquisitions and other growth opportunities, may issue shares in relation to share incentives or share option plans, or may raise finance for the purposes of de-leveraging. We may, for these and other purposes, issue additional equity or convertible equity securities. As a result, existing holders of Shares may suffer dilution in their percentage ownership or the market price of the Shares may be adversely affected.

Our ability to pay dividends to Shareholders may be constrained.

We are a holding company and our ability to generate income and pay dividends is dependent on the ability of our subsidiaries to declare and pay dividends to us. The actual payment of future dividends by us and the payment of dividends, if any, to us by our subsidiaries and the amounts thereof will depend on a number of factors, including (but not limited to) the amount of distributable profits and reserves and investment plans, earnings, level of profitability, ratio of debt to equity, credit ratings, applicable restrictions on the payment of dividends under applicable laws and financial restrictions on the debt instruments of our subsidiaries, compliance with covenants in our debt instruments, the level of dividends paid by other comparable listed companies and such other factors as the Board of Directors may deem relevant from time to time. As a result, our ability to pay dividends in the future may be limited and/or our dividend policy may change. If dividends are not paid in the future, capital appreciation, if any, of the Shares would be investors' sole source of gains.

Foreign shareholders may be subject to exchange rate risk.

The Offer Shares are denominated in euro, but traded in Romanian lei. An investment in the Offer Shares by an investor whose principal currency is not the leu exposes the investor to foreign currency exchange rate risk. Any depreciation of the leu in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms. In addition, we are required, under Romanian law, to pay our dividends through the system operated by the Central Depository. Currently, the Central Depository only settles and processes payments in Romanian lei. Although there are plans for the Central Depository to also gain the

ability to settle and process payments in euros, there can be no assurance this change will become available before our next dividend payment or at all. This may mean that some or all of our future dividends may have to be paid in lei, which would expose investors whose principal currency is not the leu to foreign currency exchange rate risk.

Transfers of the Offer Shares may be restricted, which may adversely affect the value of the Offer Shares.

The Offer Shares are being offered and sold pursuant to an exemption from registration under the Securities Act and applicable state securities laws of the United States. The Offer Shares have not been and will not be registered under the Securities Act or any U.S. state securities laws. Therefore you may not transfer or sell the Offer Shares in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Offer Shares for an indefinite period of time. It is your obligation to ensure that your offers and sales of Offer Shares within the United States and other countries comply with applicable securities laws.

We will be subject to additional regulatory obligations and incur additional costs as a consequence of the Admission.

In addition to non-recurring costs, the Admission will generate additional administrative costs for us. As a consequence of the Admission, we will be required to meet regulatory requirements pertaining to entities with shares admitted to trading on the Bucharest Stock Exchange as well as those pertaining to entities registered in the Netherlands, in particular with respect to disclosure, corporate governance and financial reporting, and allocate staff and resources to such purposes. Such increased costs could have a material adverse effect on our business, prospects, results of operations and financial condition. In addition, the regulations and requirements applicable to companies listed on the Bucharest Stock Exchange are subject to change, and any future changes can be difficult to predict, increasing the risk that the Company may in the future be in violation of such rules and regulations, which can result in extensive fines and administrative fees. In addition, the Board of Directors and management may be required to devote time and effort to ensure compliance with such rules and regulations, which may entail that less time and effort can be devoted to other aspects of the business.

The rights of minority shareholders may be limited under Dutch law.

The Company is organized under the laws of the Netherlands. The rights of holders of the Shares, including the Offer Shares, are governed by the Company's Articles and by Dutch law. These rights, including the rights of minority shareholders, as well as other matters affecting such rights, may be different in the Netherlands from those elsewhere, and an investor's ability to exercise such rights may be limited.

OTHER RISKS

The Company intends to operate so as to be treated as exclusively resident in Romania for tax purposes, but the relevant tax authorities may treat it as also being tax resident elsewhere.

The Company is not a company incorporated in Romania. Therefore, whether it is resident in Romania for tax purposes will depend on whether its "central management and control" is located (in whole or in part) in Romania. The test of "central management and control" is largely a question of fact and degree based on all the circumstances, rather than a question of law.

The Company operates and will continue to operate as a company that is resident in Romania for tax purposes; other tax authorities may treat the Company as being tax resident elsewhere. Even if the Company's "effective management and control" is in Romania, it would not be treated as Romanian-resident if (a) the Company were concurrently resident in another jurisdiction (applying the tax residence rules of that jurisdiction) which has a double tax treaty with Romania; and (b) that tax treaty allocates exclusive residence to that other jurisdiction.

In addition, even if its "central management and control" is in Romania, in principle, the Company will be resident in the Netherlands for Dutch corporate income tax and Dutch dividend withholding tax purposes on the basis that it is incorporated there. A tax ruling with the Netherlands tax authorities has been obtained, however, in which the Netherlands tax authorities have confirmed that as from April 21, 2017 the Company is no longer a Dutch tax resident and is regarded as solely resident in Romania in accordance with clause 4(3) of the Convention between the Kingdom of the Netherlands and Romania for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital (the "DTT-ROM/NL"), which states

that “a person other than an individual is a resident of both States, then it shall be deemed to be a resident only of the State in which its place of effective management is situated” (hereafter, the “**Tax Ruling**”). If there is a change over time to the facts upon which the Tax Ruling is based, the Tax Ruling may be withdrawn.

The Shareholders may be subject to double withholding taxation with respect to dividends or other distributions made by the Company.

Any dividends or other distribution the Company makes to the Shareholders will, in principle, be subject to withholding tax in Romania, where the Company has its principal place of business, and in the Netherlands, where the Company has been incorporated. As a result, the Shareholders may be subject to withholding tax in respect to dividends or other distributions made by the Company in both Romania and the Netherlands.

Based on, and for purposes of, the DTT-ROM/NL, and as confirmed by the Tax Ruling, the Company should, however, be considered solely tax resident in Romania, as it will be effectively managed from Romania. Therefore, in principle, there should be no risk of double taxation.

If there is a change over time to the facts upon which the Tax Ruling is based, the Tax Ruling may be withdrawn. The Netherlands might then consider the Company to be a tax resident in the Netherlands due to its incorporation under Netherlands law, and may not accept that effective management truly takes place in Romania. This could result in (double) corporate income tax at the level of the Company, (double) withholding tax on dividends and/or (double) taxation for certain Shareholders, for instance with respect to non-resident taxation on income from a substantial interest (*aanmerkelijk belang*) in the Company, as the Company would then generally be required to withhold dividend withholding tax imposed by the Netherlands at a rate of 15% on dividends distributed by the Company in respect of the Offer Shares.

Other conditions, however, may apply and Shareholders should consult their advisors regarding the tax consequences of dividends or other distributions made by the Company.

PART 2
PRESENTATION OF FINANCIAL AND OTHER INFORMATION

GENERAL

Investors should only rely on the information in this document. No person has been authorized to give any information or to make any representations in connection with the Offer, other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorized by or on behalf of the Company, the Directors, the Selling Shareholders, or any of the Underwriters. No representation or warranty, express or implied, is made by any of the Underwriters or any selling agent as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by any of the Underwriters or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to the DFSA, neither the delivery of this document nor any sale of Offer Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this document or that the information contained herein is correct as of any time subsequent to its date.

The Company will update the information provided in this document by means of a supplement hereto if a significant new factor that may affect the evaluation by prospective investors of the Offer occurs after the publication of the Prospectus or if this document contains any mistake or substantial inaccuracy. The Prospectus and any supplement thereto will be subject to approval by the AFM and will be made public in accordance with the DFSA and Romanian law. If a supplement to the Prospectus is published prior to Admission, investors shall have the right to withdraw their applications for Offer Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear Business Days after publication of the supplement).

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved.

This document should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, or any of the Underwriters or any of their representatives that any recipient of this document should purchase the Offer Shares. Prior to making any decision as to whether to purchase the Offer Shares, prospective investors should read this document. Investors should ensure that they read the whole of this document carefully and not just rely on key information or information summarized within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved.

Investors who purchase Offer Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on any of the Underwriters or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied on the information contained in this document, and no person has been authorized to give any information or to make any representation concerning the Group or the Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company, the Directors, the Selling Shareholders or any of the Underwriters.

None of the Company, the Directors, the Selling Shareholders or any of the Underwriters or any of their representatives is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment by such offeree or purchaser.

In connection with the Offer, the Underwriters and any of their respective affiliates, acting as investors for their own accounts, may acquire Offer Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Offer Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this document to the Offer Shares being offered, acquired, placed or otherwise dealt in should be read as including any offer, acquisition, dealing or placing by, the Underwriters and any of their affiliates acting as investors for their own accounts. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

PRESENTATION OF FINANCIAL INFORMATION

The financial information in this document has been prepared in accordance with IFRS. The significant IFRS accounting policies applied in the financial information of the Company are applied consistently in the financial information in this document.

Financial information

The Company is a holding company which is the shareholder of RCS & RDS. The Company has no significant operations and has not engaged in any significant activities other than financing activities relating to the Group and acting as its holding company. Unless otherwise indicated, the financial information in the Prospectus consists of the historical consolidated financial information of the Company and its consolidated subsidiaries. The Company's financial year runs from January 1st to December 31st. The financial information included in "*Part 15—Historical Financial Information*" is covered by the respective independent auditors' reports included in Sections A and B, which were prepared in accordance with IFRS as adopted by the European Union.

As at June 30, 2016, the Group aggregated certain revenue to report it as part of its mobile telecommunication services business line. For the years ended December 31, 2014 and 2015, that revenue includes mobile internet and data revenue reported under the caption "Internet and Data Revenue" and mobile telephony revenue reported under the caption "Telephony Revenue" in Note 16 of the audited consolidated Financial Statements of the Group as at and for the years ended December 31, 2014 and 2015. The remaining revenue that is reported under those captions in the Annual Financial Statements is presented in this Prospectus as fixed internet and data and fixed telephony revenue. Comparative information for prior periods has been restated accordingly for presentation herein.

As at June 30, 2016, we reallocated certain service revenue between business lines in order to properly reflect their nature. Comparative information for the year ended December 31, 2015 has been restated accordingly for presentation herein.

The Group's presentation currency is the euro. Accordingly, the Financial Statements included herein are presented in euros.

We currently have operations in Romania, Hungary, Spain and Italy. Although in the past we had operations in other Eastern European countries, all such operations were disposed of in 2013 (Slovakia, the Republic of Serbia and Croatia) and April 2015 (the Czech Republic) (collectively, "**Discontinued Operations**"). In Note 4 to the Annual Financial Statements, as part of our "Other" segment we reported (i) revenue from, and expenses of, our (a) Italian operations and (b) Discontinued Operations, in each case, for the applicable periods and (ii) certain minor expenses of the Company. In this Prospectus, unless otherwise stated, as part of our "Other" segment we only present the results of our Italian operations, for revenue, and the results of our Italian operations and certain minor expenses of the Company, for operating expenses.

None of the financial information used in this document has been audited in accordance with auditing standards generally accepted in the United States of America ("**U.S. GAAS**") or auditing standards of the Public Company Accounting Oversight Board (United States) ("**PCAOB**"). U.S. GAAS and the auditing standards of the PCAOB do not provide for the expression of an opinion on accounting standards which have not been finalized and are still subject to modification, as is the case with accounting standards as adopted for use in the European Union and included in "*Part 15—Historical Financial Information.*" Accordingly, it would not be possible to express any opinion on the "Historical Financial Information" in "*Part 15—Historical Financial Information*" under U.S. GAAS or the auditing standards of the PCAOB. In addition, there could be other differences between the auditing standards required by U.S. GAAS or the auditing standards of the PCAOB. Potential investors should consult their own professional advisers to gain an understanding of the "*Part 15—Historical Financial Information*" and the implications of differences between the auditing standards noted herein.

Non-IFRS financial information and other operating data

This Prospectus contains certain financial measures that are not defined or recognized under IFRS, including EBITDA, Adjusted EBITDA, RGUs and ARPU. Information regarding these measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can

vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the Company's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. Furthermore, these items are unaudited and therefore undue reliance should not be placed on them.

Where financial information in this Prospectus is labeled "audited" or is not labeled, this means that it has been extracted from the audited consolidated Financial Statements of the Group for the financial years 2014, 2015 and 2016. The label "unaudited" is used in this Prospectus to indicate financial information that was not taken from the audited consolidated Financial Statements mentioned above but has been extracted or derived from the Group's accounting records. Where the financial and/or operating information in the tables in the Prospectus is "unaudited", we have specifically indicated that the information is "unaudited."

EBITDA, Adjusted EBITDA and EBITDA margin

EBITDA is a widely recognized benchmark for measuring profitability and cashflows in the telecommunications industry. Therefore, our Board of Directors closely monitors the Group's EBITDA, Adjusted EBITDA and EBITDA Margin as key measures of its financial performance.

We calculate EBITDA by adding back to our consolidated operating profit or loss charges for depreciation, amortization and impairment of assets. Our Adjusted EBITDA is EBITDA adjusted for the effect of non-recurring and one-off items, as well as mark-to-market results (unrealized) from fair value assessment of energy supply contracts. Finally, our EBITDA Margin is the ratio of Adjusted EBITDA to the sum of our total revenue and other income. None of these are measures of financial performance under IFRS; they are solely derived from our management's accounts and estimates and as such may not be comparable to similar titled measures used by other companies. Therefore you should not consider our reported EBITDA, Adjusted EBITDA or EBITDA Margin as substitutes for operating profit or cash flows from operating activities reported in the Financial Statements.

RGUs and ARPU

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

More specifically:

- for our cable TV and DTH services, we count each basic package that we invoice to a customer as an RGU, without counting separately the premium add-on packages that a customer may subscribe for;
- for our fixed internet and data services, we consider each subscription package to be a single RGU;
- for our fixed-line telephony services, we consider each phone line that we invoice to be a separate RGU, so that a customer will represent more than one RGU if it has subscribed for more than one phone line; and
- for our mobile telecommunication services we consider the following to be a separate RGU: (a) for post-paid services, each separate SIM on a valid contract; and (b) for pre-paid services, each mobile voice and mobile data SIM with active traffic in the last month of the relevant period, except for Romania where pre-paid RGUs are not included due to the low amount of traffic generated.

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

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

Our total RGU and ARPU figures include data for businesses we have sold until the dates of such disposals. Apart from our continuing operations in Romania, Hungary, Spain and Italy, our total RGU and ARPU figures as at and for the years ended December 31, 2014 and 2015 include the results of our former subsidiary in the Czech Republic.

As at December 31, 2015, we revised our definition of mobile telephony RGUs in Italy to capture only SIM cards with active traffic in the last month of the relevant period. The revision was made to ensure consistency with our accounting for mobile telecommunication services business line RGUs in Spain. Comparative RGU information for the year ended December 31, 2015 has been restated accordingly. In addition, as at June 30, 2016, we reallocated certain service revenue between business lines in order to properly reflect their nature. Comparative ARPU information for prior periods has been restated accordingly. Additionally, our calculation of RGUs and ARPUs does not include our pre-paid customers in Romania.

In this Prospectus RGUs and ARPU numbers presented under the heading “Other” are the RGUs and ARPU numbers of our Italian subsidiary.

Currency presentation

Unless otherwise indicated, all references in this document to euro, “euro” “cents” or “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. We prepare our Financial Statements in euro. All references to “RON”, “Romanian leu”, “leu” (singular) or “lei” (plural) are to the lawful currency of Romania. All references to the “forint”, “HUF” or “Hungarian forint” are to the lawful currency of Hungary. All references to “U.S. dollars” or “US\$” are to the lawful currency of the United States.

No representation is made that any specific currency amount in this Prospectus could have been converted into any of the other currencies presented in this Prospectus at any particular rate or at all. There are limited markets for the Romanian leu outside Romania, and for the Hungarian forint outside Hungary. The limited availability of such currencies may lead to volatility of exchange rates.

The following table sets out the period end, high, average and low exchange rates, for the periods and dates indicated, of the euro against the Romanian leu, the Hungarian forint and the U.S. dollar, in each case as published by Bloomberg Composite Rate (London).

Average rate against the euro

<u>Year</u>	<u>Romanian leu</u>			
	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
2011	4.3787	4.0700	4.2424	4.3263
2012	4.6373	4.3224	4.4528	4.4442
2013	4.5385	4.3032	4.4158	4.4730
2014	4.5454	4.3843	4.4372	4.4842
2015	4.5540	4.3795	4.4408	4.5195
2016	4.5488	4.4447	4.4908	4.5431
2017 (through April 21, 2017)	4.5604	4.4864	4.5229	4.5278

<u>Year</u>	<u>Hungarian forint</u>			
	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
2011	316.84	262.26	279.97	314.56
2012	320.41	275.41	290.17	291.35
2013	306.75	286.67	297.95	297.26
2014	317.32	297.31	309.87	316.35
2015	322.54	296.62	309.59	315.97
2016	318.02	304.08	311.44	309.28
2017 (through April 21, 2017)	313.84	307.14	309.60	312.64

<u>Year</u>	<u>US dollar</u>			<u>Period End</u>
	<u>High</u>	<u>Low</u>	<u>Average</u>	
2011	1.4874	1.2925	1.3949	1.2960
2012	1.3463	1.2053	1.2914	1.3197
2013	1.3804	1.2772	1.3300	1.3789
2014	1.3925	1.2100	1.3209	1.2100
2015	1.2099	1.0492	1.1032	1.0866
2016	1.1527	1.0384	1.1068	1.0547
2017 (through April 21, 2017)	1.0864	1.0427	1.0654	1.0693

Source: Bloomberg.

Roundings

Certain data in this document, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%. The calculations, variations and other percentages may differ slightly from their actual calculations due to roundings of underlying financial, statistical and operating information.

Market, economic and industry data

Information regarding macroeconomic trends, market position, growth rates and other industry data pertaining to our business contained in this Prospectus consists, with certain exceptions, of estimates based on data compiled by professional organizations and analysts, of data from other external sources and of our knowledge of our market. These data are subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In particular, we have cited the following sources in this Prospectus in “*Part 5—Industry Overview*”: Eurostat, ANCOM, Cable Europe, European Commission, Netograf, Hungarian Central Statistical Office, NMIAH, Spanish Permanent Observatory of Immigration, Comisión Nacional de los Mercados y la Competencia (*Spanish National Authority for Markets and Competition*) (“**CNMC**”) and Autorità per le Garanzie nelle Comunicazioni (*Italian National Authority for Telecommunications*) (“**AGCOM**”) which, in each case, are independent public sources. The analysts compiling these reports base their estimates and conclusions on a variety of different sources, some of which may be more accurate or reliable than others. Thus, our market share estimates, calculated using our internal RGU records, and RGU data of our competitors published by third parties, may differ from third party analyst estimates of our market share. We cannot provide any assurance that RGU numbers of our competitors in such analyst reports and databases are correct or the same as those contained in our competitors’ internal records. Therefore, you should use caution in analyzing these estimates and should not place undue reliance on them.

Whilst the Directors believe the third-party information included herein to be reliable, we have not independently verified such third-party information, and neither we nor the Underwriters make any representation or warranty as to the accuracy or completeness of such information as set forth in this Prospectus. We confirm that all third party data contained in this Prospectus has been accurately reproduced and, so far as we are aware and able to ascertain from information published by that third-party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third-party information has been used in this Prospectus, the source of such information has been identified.

Service of process and enforcement of civil liabilities

The Company has been incorporated under Dutch law. Service of process upon Directors and officers of the Company, all of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, since the directly owned assets of the Company are outside the United States, any judgment obtained in the United States against it may not be collectible within the United States. There is doubt as to the enforceability of certain civil liabilities under U.S. federal securities laws in original actions in the Netherlands and Romania, and, subject to certain exceptions and time limitations, Dutch and Romanian courts will treat a final and conclusive judgment of a U.S. court for a liquidated amount as a debt enforceable by fresh proceedings in Dutch and Romanian courts. See “*Part 1—Risk Factors—Investors may be unable to effect service of process*”

or enforce foreign judgments against us or our assets in the jurisdictions in which we operate or our executive officers reside” for a discussion of the ability of investors in the Offer Shares to enforce foreign judgments against our Directors and officers or us.

The United States and the Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. In addition, it should be noted that the Hague Convention of June 30, 2005 on Court Choice Agreements, to which both the United States as well as the European Union are signatories, has not yet entered into force. Accordingly, based on the current state of the law, a judgment rendered by a court in the United States will not automatically be recognized and enforced by Dutch courts. However, if a person has obtained a final and conclusive judgment for the payment of money rendered by a court in the United States which is enforceable in the United States and files a claim with the competent Dutch court, the Dutch court will generally give binding effect to the foreign judgment insofar as it finds that (i) the jurisdiction of the U.S. court has been based on grounds which are acceptable according to international standards, (ii) proper legal procedures that comply with the standards of the proper administration of justice that includes sufficient safeguards have been observed and (iii) the judgment by the U.S. court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualified for acknowledgement in the Netherlands, and except to the extent that the foreign judgment contravenes Dutch public policy. Moreover, even if a judgment by a U.S. court satisfies the above requirements, the Dutch court may still deny a claim for a judgment if such judgment by a U.S. court is no longer formally enforceable according to the relevant U.S. federal or state securities laws. In addition, a Dutch court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

Additionally, there is no treaty between the United States and Romania providing for reciprocal recognition and enforcement of foreign court judgments in civil and commercial matters. However, under Romanian law reciprocity is presumed to exist *de facto* unless there is proof to the contrary, such proof to be determined by the Romanian Ministry of Justice, in consultation with the Romanian Ministry of Foreign Affairs.

The laws of Romania permit an action to be brought before a court of competent jurisdiction in Romania for the recognition and enforcement of a final and conclusive judgment *in personam* rendered by a court from an EU member state, provided that the relevant conditions set forth in EC Regulation No. 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters are met. However, other conditions may be applicable with respect to specific matters, under special Romanian legislation or international conventions. Similar rules on the recognition and enforcement of foreign court judgments apply to judgments issued in non-EU member states which are parties to the 2007 Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

Judgments rendered by courts in the United States and other non-EU member states which are not parties to the 2007 Lugano Convention are subject to different requirements, and may be more difficult to enforce. Subject to special internal legislation (including ratified international conventions) regulating the recognition and enforcement of foreign judgments on specific matters, Romanian law allows an action to be brought before a court of competent jurisdiction in Romania for the recognition of a judgment *in personam* rendered by a court of a non-EU member state, provided that the relevant conditions in respect of recognition of foreign judgments set out under the Romanian Civil Procedure Code are met. Furthermore, the recognition and enforcement of foreign judgments in administrative, customs, criminal or other public law related matters is subject to special legislation and certain conditions may need to be fulfilled.

In addition, investors may not be able to serve process on our Directors and executive officers or us in the United States or enforce judgments obtained in U.S. courts against them or us based on the civil liability provisions of U.S. federal securities laws. It is unclear if original actions of civil liabilities based solely upon U.S. federal securities laws are enforceable in courts outside the United States. Any enforcement action in a court outside the United States will be subject to compliance with procedural requirements under applicable local law, including the condition that the judgment does not violate the public policy of the applicable jurisdiction, and requirements relating to the service of process.

No incorporation of website information

The contents of our websites do not form part of this document.

Definitions and glossary

Unless the context otherwise requires, references in this Prospectus to *we*, *our*, *us* and the *Group* refer collectively to the Company, its direct and indirect subsidiaries. References in this Prospectus to “Bucharest” are to the city of Bucharest, Romania.

Certain terms used in this document, including all capitalized terms and certain technical and other items, are defined and explained in “*Part 14—Definitions and Glossary.*”

Information not contained in this document

No person has been authorized to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorized. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

Responsibility Statement

The directors of the Company, whose names appear in “*Part 3—Directors, Secretary, Registered and Head Office and Advisors*” of this Prospectus, (the “**Directors**”) and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Information regarding forward-looking statements

This document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group’s control and all of which are based on the Directors’ current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believe”, “expects”, “may”, “will”, “could”, “should”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned” or “anticipates” or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies, and dividend policy of the Group and the industry in which it operates. In particular, the statements under the headings “*Summary*”, “*Risk Factors*”, “*Business Description*” and “*Operating and Financial Review*” regarding our strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. New risks can emerge from time to time, and it is not possible for us to predict all such risks. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Such forward-looking statements contained in this document speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the DFSA, the Prospectus Directive or the Disclosure and Transparency Rules of the AFM or Romanian Law.

PART 3
DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Zoltán Teszári, <i>President</i> Serghei Bulgac, <i>Chief Executive Officer</i> Valentin Popoviciu, <i>Executive Director</i> Sambor Ryszka, <i>Non-executive Director</i> Marius Varzaru, <i>Non-executive Director</i> Bogdan Ciobotaru, <i>Independent Non-executive Director</i> Piotr Rymaszewski, <i>Independent Non-executive Director</i>
Company Secretary	Carmen Otelea
Statutory seat of the Company	Amsterdam The Netherlands
Registered address of the Company	75 Dr. Staicovici street, Forum 2000 building, Phase I, fourth floor, 5th district, Bucharest, Romania
Joint Global Co-ordinators, Joint Bookrunners and Underwriters	Citigroup Global Markets Limited Citigroup Centre, Canada Square London E14 5LB United Kingdom Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
Joint Bookrunners and Underwriters	Société Générale S.A. 29 Boulevard Haussmann Paris 75009 France BRD—Groupe Société Générale S.A. BRD Tower 1-7 Ion Mihalache Blvd 011171 Bucharest Romania Raiffeisen Bank S.A. Sky Tower Building 246C Calea Floreasca, 1st District 014476 Bucharest Romania WOOD & Company Financial Services, a.s. CityPoint, 15th Floor 1 Ropemaker Street London EC2Y 9HT United Kingdom
Joint Bookrunner, Local Lead Manager and Underwriter	BT Capital Partners S.A. Constantin Brancusi 74-76, ground floor, Cluj-Napoca Romania
Dutch and U.S. legal advisers to the Company	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS United Kingdom

	Freshfields Bruckhaus Deringer LLP Strawinskylaan 10 1077 XZ Amsterdam The Netherlands
Romanian legal advisers to the Company	Peli Filip SCA 246C Calea Floreasca Skytower Building, 15th floor 014476, 1st district, Bucharest Romania
U.S. legal advisers to the Joint Global Co-ordinators, Joint Bookrunners and Underwriters	Cleary Gottlieb Steen & Hamilton LLP City Place House 55 Basinghall Street London EC2V 5EH United Kingdom
Romanian legal advisers to the Joint Global Co-ordinators, Joint Bookrunners and Underwriters	Clifford Chance Badea SPRL Excelsior Center 28-30 Academiei Street 010016, Sector 1, Bucharest Romania
Dutch legal advisers to the Joint Global Co-ordinators, Joint Bookrunners and Underwriters	Houthoff Buruma Coöperatief U.A. Gustav Mahlerlaan 50 1082 MA Amsterdam The Netherlands
Independent Auditors	Ernst & Young Assurance Services SRL Bucharest Tower Center Building, 21st Floor, 15-17 Ion Mihalache Blvd. 011171 Bucharest Romania
	At the next General Meeting the following will be proposed for appointment as statutory independent auditors for the Company:
	Ernst & Young Accountants LLP Antonio Vivaldistraat 150, 1083 HP Amsterdam The Netherlands
Registrars	Romanian Central Depositary

PART 4
EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<u>Event</u>	<u>Time and Date^{(1),(2)}</u>
Latest time and date for receipt of completed application forms by the Retail Investors in the Retail Tranche	12:00 p.m. on May 10, 2017
Latest time and date for receipt of indications of interest in the Institutional Tranche	4:00 p.m. on May 10, 2017
Announcement of the Offer Price, publication of the Pricing Statement and notification of allocations of Offer Shares ⁽³⁾	on or about May 10, 2017
Settlement of trades through the Romanian Central Depository system	on May 15, 2017
Commencement of trading of the Offer Shares on the Regulated Spot Market of the Bucharest Stock Exchange	at or about 9:45 a.m. on May 16, 2017

- (1) Times and dates set out in the timetable above and mentioned throughout this document that fall after the date of publication of this document are indicative only and may be subject to change without further notice.
- (2) All references to time in this timetable are to EET.
- (3) The Offer Price will be set out in the Pricing Statement. The Pricing Statement will not automatically be sent to persons who receive this document but it will be available free of charge at our registered office at 75 Dr. Staicovici street, Forum 2000 Building, Phase I, fourth floor, 5th district, Bucharest, Romania. In addition, the Pricing Statement will (subject to certain restrictions) be published on our website at www.digi-communications.ro, on the website of the Bucharest Stock Exchange at www.bvb.ro and on the websites of BRD—Groupe Société Générale S.A. at www.brd.ro, BT Capital Partners at www.btcapitalpartners.ro and Raiffeisen Bank S.A. at www.raiffeisen.ro.

OFFER STATISTICS

Price Range (per Share) ⁽¹⁾	RON38 to RON56
Maximum number of Offer Shares in the Offer ⁽²⁾	21,744,108
Number of Offer Shares subject to the Over-allotment Option ⁽³⁾	2,174,411
Number of Shares in issue following the Offer ⁽⁴⁾	93,393,485
Market capitalization of the Company at the Offer Price ⁽⁵⁾	€1,156 million
Estimated net proceeds of the Offer receivable by the Selling Shareholders ^{(6),(7)}	€287 million

- (1) It is currently expected that the Offer Price will be within the Price Range. It is expected that the Pricing Statement containing the Offer Price will be published on or about May 10, 2017 and will be available (subject to certain restrictions) on our website at www.digi-communications.ro, on the website of the Bucharest Stock Exchange at www.bvb.ro and on the websites of BRD—Groupe Société Générale S.A. at www.brd.ro, BT Capital Partners at www.btcapitalpartners.ro, and Raiffeisen Bank S.A. at www.raiffeisen.ro. If the Price Range changes on the last day of the Offer Period, then we would publish a press release and the Offer Period would be extended at least two business days; any such change on the day prior to the last day of the Offer Period would result in the Offer Period being extended by at least one Business Day. If a supplementary prospectus is published then prospective investors would have a statutory right to withdraw their application for Offer Shares for at least two clear Business Days following the publication of the supplementary prospectus pursuant to the DFSA and Romanian law, which right exists irrespective of whether the Company publishes this information.
- (2) It is currently expected that the Share Offer Size will be at or below the Maximum Share Offer Size. It is expected that the Pricing Statement containing the Share Offer Size will be published on or about May 10, 2017 and will be available (subject to certain restrictions) on our website at www.digi-communications.ro, on the website of the Bucharest Stock Exchange at www.bvb.ro and on the websites of BRD—Groupe Société Générale S.A. at www.brd.ro, BT Capital Partners at www.btcapitalpartners.ro, and Raiffeisen Bank S.A. at www.raiffeisen.ro. Upon a change of the Maximum Share Offer Size, references to Offer Shares in this Prospectus should be read as referring to the amended number of Offer Shares and references to Over-allotment Shares should be read as referring to the amended number of Over-allotment Shares. Any such change in the Maximum Share Offer Size will be announced in a press release that will also be posted on the Company's website.
- (3) The maximum number of Offer Shares comprised in the Over-allotment Option is, in aggregate, approximately to 10% of the Maximum Share Offer Size.
- (4) Excluding treasury shares and including both Class B Shares (which are listed) and Class A Shares (which are unlisted and assuming an equal par value per share for both Class A Shares and Class B Shares).
- (5) This assumes that the Offer Price is set at the top of the Price Range. Our market capitalization at any given time will depend on the market price of the Offer Shares at that time. There can be no assurance that the market price of a Share will be equal to or exceed the Offer Price.

- (5) The estimated net proceeds receivable by the Selling Shareholders are stated after deduction of the estimated underwriting commissions and other fees and expenses of the Offer (including VAT, where applicable) payable by the Selling Shareholders, which are currently expected to be approximately RON41 million (assuming that the Offer Price is set at the top of the Price Range, the Share Offer Size is set at the Maximum Share Offer Size and no exercise of the Over-allotment Option).
- (6) The Selling Shareholders are expected to receive, in aggregate, RON1,218 million (assuming that the Offer Price is set at the top of the Price Range, the Share Offer Size is set at the Maximum Share Offer Size and no exercise of the Over-allotment Option).

PART 5 INDUSTRY OVERVIEW

The following section provides selected information on telecommunication markets in Romania, Hungary, Spain and Italy.

We have taken certain information in this summary from publicly available third party sources, which are identified below. Such information is subject to change and cannot be verified with complete certainty. In particular, we calculated our market shares using our internal RGU records, which may be different from estimates thereof provided in such third party sources. Also, no assurance can be given that estimates of RGU numbers of our competitors in such third party sources are correct or the same as those contained in our competitors' internal records. Therefore, you should use caution in analyzing any such information and should not place undue reliance thereon. See "Part 2—Presentation of Financial and Other Information" and "Part 1—Risk Factors."

ROMANIA

Overview

Population and key economic indicators

Romania is located in South-Eastern Europe and shares borders with Hungary, the Republic of Serbia, the Republic of Moldova, Ukraine and Bulgaria. As at January 1, 2016 it had a population of approximately 19.8 million (54% of which was urban) (Source: Eurostat). The Romanian population is forecasted to decrease at a CAGR of 0.1% in the period from January 1, 2016 to January 1, 2021 (Source: Eurostat). The country's population is therefore expected to decrease at a slower rate as compared to the period from January 1, 2011 to January 1, 2016, when it decreased at a CAGR of 0.4% (Source: Eurostat). Despite the decrease in population, the number of households in Romania increased at a CAGR of 0.1% from January 1, 2011 to January 1, 2016, reaching 7.5 million (Source: Eurostat). Final consumption expenditure of households in Romania in the period between December 31, 2013 and December 31, 2016 increased at a CAGR of 5.7%, from approximately €4,400 to approximately €5,200 (Source: Eurostat).

The table below sets out the evolution of certain key economic indicators for Romania for the period between December 31, 2012 and December 31, 2016:

Key economic indicators	As at and for the year ended December 31,				
	2012	2013	2014	2015	2016
Real GDP growth (%)	0.6%	3.5%	3.1%	3.9%	4.8%
Unemployment rate at year end (%) ⁽¹⁾	4.1%	4.2%	4.1%	4.1%	3.5%
Nominal GDP (€ billion, current prices)	133.5	144.3	150.4	160.0	169.1
Nominal GDP per capita (€, current prices)	6,700.0	7,200.0	7,600.0	8,100.0	8,600.0
Inflation/(deflation) (% , annual average)	3.4%	3.2%	1.4%	(0.4%)	(1.1%)

Source: Eurostat.

(1) Unemployment is calculated as the number of people unemployed as a percentage of the entire Romanian population.

In the period from December 31, 2014 to December 31, 2016, Romania's economy showed positive real gross domestic product ("GDP") growth at a CAGR of 4.3%, outperforming the EU's CAGR of 2.0% over the same period, (Source: Eurostat). This growth was driven by lower tax rates, improvements in labor markets and growth in the industry and manufacturing sectors, all resulting in a growing middle class. For example, VAT was reduced from 24% to 20% starting from January 1, 2016 and decreased further to 19% as of January 1, 2017. In addition, in the periods under review the Romanian leu was largely stable against the euro. See "Part 10—Operating and Financial Review—Trends and Other Key Factors Impacting Our Results and Operations—Exchange Rates."

Recent political developments and anti-corruption effort

The current Romanian President was elected in November 2014 and will hold office until at least December 2019.

Elections took place on December 11, 2016, with the Social Democratic Party (a center-left party) winning the majority of seats in the Parliament. On December 28, 2016 the Social Democratic Party, in coalition with the Romanian faction of the Alliance of Liberals and Democrats for Europe, proposed Sorin Grindeanu to be

appointed as Prime Minister. President Iohannis approved the nomination on December 30, 2016 and on January 4, 2017 the Parliament approved the new government led by Prime Minister Sorin Grindeanu. The Government has the support of a strong majority in the Romanian Parliament. We do not expect these recent political developments to have a material impact on the country's telecommunication services market.

Starting from March 2012, an anti-corruption strategy has been implemented at country level, leading to a positive evaluation by the European Commission of the measures taken to prevent and fight corruption, as highlighted in the 2017 report on the Romanian judicial system under the European Co-operation and Verification Mechanism established in the context of Romania's admission to the European Union. In 2016 alone, 403 corruption cases were sent to trial, involving 1,271 defendants and 339 final conviction decisions were ruled in court against 879 defendants in the cases conducted by the country's anti-corruption prosecutors. Amongst the high profile cases, one President of the Parliament's Chamber of deputies, 18 members of the Parliament and one minister were indicted for corruption offences, whereas 10 members of the Parliament (including a former vice prime minister), one member of the European Parliament and one minister were convicted. In August 2016, a new anti-corruption strategy was adopted at country level, building upon the results achieved in the implementation of the previous one, while aiming to improve underperforming areas (such as corruption prevention, rather than law enforcement) (*Source: 2017 Report of the European Commission on progress in Romania under the Co-operation and Verification Mechanism*).

Actions taken by key judicial institutions to address high-level corruption also led to an overall increase of confidence amongst Romanians as, according to the European Commission's Eurobarometer surveys, between 2007 and 2016 the Romanians' trust in the judiciary increased from 26% in 2007, up to 35% in 2016. The largest percentages were recorded in the year 2015 with 48% and in 2013 with 44%, with the recent decrease in confidence being caused by political and media criticism of magistrates and judicial institutions, which intensified in 2016. As noted in the 2017 Report of the European Commission on progress in Romania under the Co-operation and Verification Mechanism, the risk is that such criticism undermines public confidence in the judicial system as a whole, especially when it comes from the Romanian government or Parliament.

Significant progress was also registered in connection with Romania's position in the Transparency International Corruption Perceptions index. As at December 31, 2016 Transparency International ranked the country in 57th position out of 176 countries, as opposed to 75th out of 183 countries, according to the International Corruption Perceptions index report dated December 31, 2011. According to Marsh's Political Risk Map 2017 that consolidates political, macroeconomic and operational risks into an overall index, Romania is ranked as more politically stable than its neighboring states in the Balkan region and in line with countries such as Hungary, Croatia, Spain and Portugal.

In its January 25, 2017 report on progress in Romania under the European Co-operation and Verification Mechanism, the European Commission noted that Romania has made major progress in its anti-corruption effort over recent years, with an established track record and a number of internal safeguards against abrupt reversals of the progress. There are, however, important remaining shortcomings which need to be addressed, such as tackling corruption at all levels (the fact that similar corruption cases recur points to shortcomings in the process of closing loopholes within public institutions) and mitigating the threat to the irreversibility of the fight against corruption, posed, among others, by the strong media and political attacks on magistrates and the justice system as well as by roll back measures which may be initiated by the Romanian government or Parliament.

Telecommunication Services Market

Overview

The Romanian retail telecommunication services market was valued at approximately €2.5 billion as at December 31, 2015 (€3.2 billion including wholesale) (*Source: ANCOM*). As at December 31, 2015, retail mobile telecommunication services comprised the largest segment by value, accounting for approximately €1.4 billion, while retail fixed internet and pay TV segments were valued at €363.0 million and €402.6 million, respectively (*Source: ANCOM*).

The table below sets out the evolution of revenue for the key segments of the Romanian retail telecommunication services market for the years ended December 31, 2013 to 2015:

	For the year ended December 31,			CAGR 2013-2015 ⁽¹⁾
	2013	2014	2015	
	(€ millions)			
Pay TV ⁽²⁾	364.6	380.6	402.6	5.1%
Fixed internet and data	326.8	346.6	363.0	5.4%
Mobile telecommunication services	1,420.6	1,436.5	1,431.0	0.4%
Fixed-line telephony	288.3	256.5	216.2	(13.4%)
Other ⁽³⁾	142.7	130.5	136.0	(2.4%)
Total⁽⁴⁾	2,542.9	2,550.7	2,548.9	0.1%

Source: ANCOM.

(1) CAGR calculated in local currency.

(2) Includes services provided via cable TV, DTH, IPTV and other technologies.

(3) Includes services to business customers, such as other means of data transmission, line leases, streaming, video-on-demand and other services.

(4) Excludes wholesale market, as defined by ANCOM.

Competition

We are the leader in fixed telecommunication services in Romania and operate the fastest growing mobile network in the country in terms of RGUs (Sources: Group and peer reports, ANCOM as at December 31, 2016).

The table below provides a comparison of the segments of the Romanian telecommunication services market that we cover with coverage by our principal competitors as at December 31, 2016:

	The Group	Telekom Romania	Orange Romania	Vodafone Romania	UPC Romania
Pay TV					
Cable TV	✓	✓	✓ ⁽²⁾	—	✓
DTH	✓	✓	✓ ⁽²⁾	—	✓
Other ⁽¹⁾	—	✓	✓ ⁽²⁾	—	✓
Fixed internet and data	✓	✓	✓ ⁽²⁾	✓ ⁽²⁾	✓
Mobile telecommunication services					
Mobile telephony	✓	✓	✓	✓	—
Mobile internet and data	✓	✓	✓	✓	—
Fixed-line telephony	✓	✓	—	—	✓

(1) Includes services provided via IPTV and other technologies (Source: Group and peer reports, ANCOM).

(2) Orange Romania provides services via Telekom Romania's network, but under its own brand. Vodafone Romania provides limited fixed internet and data services (Source: Group and peer reports, ANCOM).

Our principal competitors (Telekom Romania, Orange Romania, Vodafone Romania and UPC Romania) are part of much larger international telecommunication groups and thus may have more resources than we do to support their growth. Nonetheless, the revenue from Romanian operations of those groups represents approximately 1.3%, 2.4%, 1.3% and 1.0%, respectively, of their total revenue as at December 31, 2016, while the revenue from our operations in Romania represents 72.7% of our total revenue as at the same date (Source: Group and peer reports). For the year ended December 31, 2016, revenue of these competitors from their operations in Romania increased by approximately 0.1%, 4.2%, 4.3% and 8.8%, respectively, as compared to the year ended December 31, 2015 (Source: Peer reporting). In the same period, our revenue from operations in Romania increased by 13.4%, as compared to the year ended December 31, 2015.

All our competitors, except Vodafone Romania, offer multiple-play packages, which combine two or more fixed and/or mobile telecommunication/entertainment services. See “—Multiple-play.”

Pay TV, fixed internet and data and fixed-line telephony

Our two principal competitors in the pay TV, fixed internet and data and fixed-line telephony business lines are Telekom Romania and UPC Romania. Both offer fixed internet and data and fixed-line telephony services via fixed networks, while Telekom Romania also offers pay TV services via DTH and IPTV technologies and UPC offers pay TV services through cable and DTH.

Our FTTB/FTTH network is the largest and most advanced in Romania and passes a total of approximately 4.7 million homes as at December 31, 2016, offering speeds of up to 1Gbps (we were the first telecommunication provider in Europe to offer such high speeds to such a large number of customers). As at December 31, 2016, Telekom Romania's fixed fiber network covered approximately 2.0 million households, or approximately 27% of total households. In recent years, Telekom Romania has been investing heavily in the development of its FTTH network with the purpose of increasing their FTTH coverage to approximately 2.0 million households (Source: Telekom Romania). Currently Telekom Romania is only able to offer speeds comparable to ours on the FTTH component of its network, which is much smaller than our FTTB/FTTH network. As at December 31, 2016, UPC Romania's cable network (which is currently based on DOCSIS technology as opposed to FTTB/FTTH) covered approximately 2.8 million households, or approximately 38.0% of total households, in Romania, with speeds of up to 500Mbps. As at December 21, 2015, approximately 92.0% of households covered by UPC Romania's cable network were also covered by other FTTB/FTTH networks (Source: Liberty Global plc. 2015 annual report), principally by our and Telekom Romania's FTTB/FTTH networks (Source: Group and peer reports).

Fixed-line telephony is provided by Telekom Romania, UPC Romania and ourselves. Both Telekom Romania and UPC Romania offer multiple-play packages which include fixed-line telephony.

Mobile telecommunication services

There are four main operators competing in Romania for mobile telephony subscribers: Orange Romania, Vodafone Romania, Telekom Romania and the Group. All of our competitors operate advanced nationwide 2G and 3G mobile telecommunication networks, in each case covering virtually the entire territory of Romania with their 3G signal (Source: Peer reporting). Telekom Romania, Orange Romania and Vodafone Romania have approximately 32.4%, 80.0% and 55.0% 4G coverage of the Romanian territory, as of the latest available date for each provider (Source: Peer reporting). While our principal competitors have a long history of presence in the Romanian mobile telecommunications market, we only entered the market in 2007 and are the newest nationwide operator. However, in 2014 we relaunched our mobile telecommunication services business line and focused on growth in this area, achieving an approximate 27.5% increase in RGUs in 2015 and a further increase in RGUs of approximately 19.1% in the year ended December 31, 2016.

Unlike our principal competitors, we do not have legacy 2G networks. Because we are the newest entrant to the country's mobile telecommunication market, our ARPU in the mobile telecommunication services business line is currently lower than that of our principal competitors. For the year ended December 31, 2016, our mobile ARPU amounted to €3.4, while the blended mobile ARPU of Telekom Romania, Vodafone Romania and Orange Romania were €5.0, €6.2 and €6.9, respectively (Source: Peer reporting).

Pay TV market

As at June 30, 2016, there were approximately 7.2 million households subscribed to pay TV services in Romania. Therefore, the penetration rate of pay TV services (measured as a percentage of households subscribed to a service out of the total number of households) was 95.6% (Source: ANCOM).

The table below sets out the evolution of pay TV subscribers, by technology, and pay TV services penetration rates in Romania for the period as at December 31, 2013, December 31, 2014, December 31, 2015 and June 30, 2016:

	As at December 31,			As at	CAGR 2013-2015
	2013	2014	2015	June 30, 2016	
	(millions of subscribers)				
Cable TV					
Analog cable	2.7	2.7	2.7	2.7	0.5%
Digital cable	1.5	1.7	1.9	2.0	12.8%
DTH	2.3	2.3	2.4	2.4	3.7%
IPTV ⁽¹⁾	0.1	0.1	0.1	0.1	26.5%
Total	6.4	6.8	7.1	7.2	4.9%
<i>Penetration rate (%)</i>	85.9%	90.6%	94.4%	95.6%	

Source: ANCOM.

(1) Market not addressed by the Group.

Other technologies that could compete with pay TV offerings are mainly DTT, a digital technology that provides a greater number of channels and/or better quality through a conventional antenna or aerial connection, and OTT content, such as Netflix, Apple TV, Amazon Prime and Google Play. Netflix is expected to become available soon via UPC Romania's TV platform following an arrangement between Netflix and UPC Romania's parent company, Liberty Global, which was announced in September 2016, with the roll-out of Netflix's app on UPC Romania's platform being scheduled by the end of 2017. Radiocom currently is the only telecommunication provider holding a license to offer DTT at a national level. On December 15, 2016, ANCOM launched a new tender for two national, 26 regional licenses and 18 local licenses. Tender bids were submitted by January 27, 2017 and on February 20, 2017 two successful bidders were allocated a multiplex each, the remaining auctioned multiplexes remaining unallocated. M Plus Investments S.R.L. was allocated a local multiplex for Iasi, and Nova Media S.R.L. was allocated a local multiplex for Timisoara, and each must pay license fees amounting to €8,000 in the following 90 days. Multiplexes are awarded for a 10-year period, and the winners have the obligation to launch into operation one transmitter within one year from the license issuance. Televiziunea Romana is currently the only broadcaster to offer channels over DTT. There is limited incentive to roll out DTT infrastructure in Romania. The shutdown of analog terrestrial television, originally scheduled for June 2015, has been postponed to the end of 2019.

Compared to other European countries, the Romanian population spends the most time watching TV as of 2014 (Source: European Broadcasting Union). As of December 31, 2014, all Romanians watched an average of 342 minutes per day; among the youth population the average was 214 minutes:

	All	Youth
	(minutes per day)	
Romania	342	214
Hungary	289	164
Poland	260	114
Bulgaria	223	107
Germany	221	124
France	221	99
UK	220	138
Czech Republic	207	91
Average	248	131

Source: European Broadcasting Union.

Cable TV

As at June 30, 2016, approximately 4.6 million people, or 65.0% of pay TV RGUs in Romania, subscribed to cable TV services (Source: ANCOM). Cable TV subscribers are concentrated in urban areas, where cable accounts for an 81.1% share of total pay TV connections as at June 30, 2016, an increase from 78.2% as at

December 31, 2011. At the same time, cable TV services are less widespread in rural areas and had a 40.5% share of total pay TV connections as at June 30, 2016, an increase from 34.1% as at December 31, 2011.

The Romanian cable TV market has been in transition from the analog platform to the digital platform since 2007. There were approximately 2.0 million digital cable TV subscribers as at June 30, 2016 compared to approximately 60,000 digital cable TV subscribers as at December 31, 2007. At the same time, the number of customers subscribed to the analog platform decreased from approximately 3.5 million as at December 31, 2007 to approximately 2.7 million as at June 30, 2016 (Source: ANCOM). However, the proportion of digital cable TV subscribers out of the total number of cable TV subscribers in Romania remained relatively low at 42.7% as at June 30, 2016 (compared to 61.2% average across Europe) (Source: ANCOM, Cable Europe).

DTH

DTH was first launched in Romania in 2004 and thereafter went through a period of rapid expansion. As at June 30, 2016, there were 2.4 million DTH RGUs in Romania, or approximately 34.0% of all pay TV subscribers (Source: ANCOM). The DTH market grew at a CAGR of 3.7% in the period from January 1, 2013 to December 31, 2015 (Source: ANCOM). DTH services are more widespread in rural areas and small towns with limited or no cable TV coverage. Its market share of total pay TV connections in the rural regions increased since December 31, 2011, while its share in urban areas decreased in the same period (Source: ANCOM).

The table below sets out information on our pay TV market share in Romania, compared to our principal competitors, as at December 31, 2016:

Pay TV market share (RGUs)⁽¹⁾	As at December 31, 2016
	(%)
The Group	49.0%
Telekom Romania	20.5%
UPC Romania	17.7%
Other	12.8%
Total	100.0%

Source: Group and peer reports as at December 31, 2016, ANCOM data as at June 30, 2016.

(1) Our RGU figures may not be comparable to RGU figures of our competitors. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data—RGUs and ARPU.”

Fixed internet and data market

As at June 30, 2016, Romania had approximately 4.3 million households connected to the Internet via a fixed line. Therefore, the penetration rate of fixed internet and data in the country was approximately 52.9% as at June 30, 2016, compared to an average of approximately 83% in the European Union as at December 31, 2016. (Sources: ANCOM, Eurostat).

The table below sets out the evolution of fixed internet and data subscribers, by technology, and fixed internet and data penetration rates in Romania for the period ending on December 31, 2013, December 31, 2014, December 31, 2015 and June 30, 2016:

	As at December 31,			As at	CAGR
	2013	2014	2015	June 30,	2013-2015
	(millions of subscribers)				
Cable (including fiber)	2.7	2.9	3.1	3.2	7.6%
xDSL	1.0	1.0	1.0	0.9	(3.1)%
Other	0.0	0.1	0.1	0.2	155.8%
Total	3.8	4.0	4.3	4.3	6.3%
<i>Penetration rate (%)</i>	45.9%	48.6%	51.8%	52.9%	

Source: ANCOM.

Cable (including fiber) was the most widely used technology in the Romanian market as at June 30, 2016 (with the rest mostly covered by xDSL) (Source: ANCOM). However, xDSL and other fixed internet technologies, accounted for approximately 46% of total internet subscribers in the business customer segment as

at June 30, 2016 (Source: ANCOM). Romania had high rates of data usage via fixed lines at an average of 101GB of data per month per fixed connection during the six month period ended June 30, 2016 (Source: ANCOM). Given the high usage via fixed lines, the risk of substitution of fixed internet traffic with mobile internet traffic in Romania market is relatively low, since average mobile data usage amounts to 0.63 GB per month as at June 30, 2016 (Source: ANCOM).

Romanian subscribers also generally benefit from high connection speeds, as approximately 56.0% of fixed connections in Romania as at June 30, 2016 had speeds of over 100Mbps (Source: ANCOM), compared to approximately 9.1% and 11.4% in Germany and the UK, respectively (Source: European Commission). In Romania this proportion has increased from 49.0% of fixed connections as at June 30, 2015 (Source: ANCOM). The table below sets out the average download and upload connection speeds from customer tests in Romania as at December 31, 2016:

	As at December 31, 2016	
	Download	Upload
	(Mbps)	
The Group (mostly fiber)	237	216
UPC Romania (DOCSIS)	186	17
Telekom Romania (mostly xDSL)	111	89

Source: Netograf.

In addition, operators invested in Wi-Fi hotspot networks and there were approximately 4,100 Wi-Fi hotspots in Romania as at June 30, 2016, an increase from 3,100 as at December 31, 2013 (Source: ANCOM).

The table below sets out information on our fixed internet and data market share in Romania compared to our principal competitors, as at December 31, 2016:

Fixed internet market share (RGUs)⁽¹⁾	As at December 31, 2016	
	(%)	
The Group		48.6%
Telekom Romania		27.5%
UPC Romania		12.3%
Other ⁽²⁾		11.6%
Total		100.0%

Source: Group and peer reports as at December 31, 2016, ANCOM data as at June 30, 2016.

(1) Our RGU figures may not be comparable to RGU figures of our competitors. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data—RGUs and ARPU.”

(2) Includes Orange Romania and Vodafone Romania.

Mobile telecommunication services market

Mobile telephony

As at June 30, 2016, the mobile telephony market had an active SIM penetration rate of 114.3% (Source: ANCOM). As at the same date Romania had 22.6 million active mobile telephony users. The penetration rate was lower than the average penetration level in the European Union of 124.7%, as at December 31, 2015 (Source: GSMA Intelligence). Although the Romanian mobile market still largely uses pre-paid services, which represent approximately 50.9% as at June 30, 2016 out of the total mobile telephony market (Source: ANCOM), post-paid services were growing their market share at a CAGR of 10.4% in the period from December 31, 2013 to December 31, 2015 (Source: ANCOM). From December 31, 2013 to December 31, 2016, the percentage of total subscribers using post-paid services increased from approximately 42% to approximately 50% for Orange Romania, decreased from approximately 42.1% to approximately 40.9% for Vodafone Romania, and increased from 26.6% to 35.1% for Telekom Romania (Source: ANCOM, peer reporting). MTRs have been in a decline in recent years from 5.03 euro cent per minute to 0.96 euro cent per minute currently.

The table below sets out the evolution of active SIM users, by type of payment plans, and active SIM penetration rates in Romania for the period ending on December 31, 2013, December 31, 2014, December 31, 2015 and June 30, 2016:

	<u>As at December 31,</u>			<u>June 30,</u>	<u>CAGR</u> <u>2013-2015</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	
	(millions of subscribers)				
Post-paid personal	6.4	6.9	7.8	8.2	10.4%
Post-paid business	3.0	2.9	2.9	2.9	(1.7)%
Pre-paid	13.5	13.1	12.5	11.5	(3.8)%
Total	22.9	22.9	23.1	22.6	0.4%
<i>SIM penetration rate (%)</i>	114.5%	114.9%	116.4%	114.3%	

Source: ANCOM.

Mobile internet and data

The mobile internet and data market grew, in terms of subscribers, at a CAGR of 17.2% in the period from January 1, 2013 to December 31, 2015, reaching a penetration rate of 74.8% as at December 31, 2015 (Source: ANCOM). The market experienced a transition from pre-paid to post-paid subscriptions, similar to the mobile telephony services market. At the same time, average data consumption per user per month grew at a CAGR of 35.9% in the period from December 31, 2013 to December 31, 2015 (Source: ANCOM). This growth was largely driven by 4G coverage increasing its market share, in terms of RGUs, to 3.7 million subscriptions, or 19.9% of total subscriptions, as at June 30, 2016 from 22,300 subscriptions as at December 31, 2011 (Source: ANCOM).

The table below sets out the evolution of mobile internet users, by type of connections, mobile internet penetration rates and traffic per user in Romania for the period ending on December 31, 2013, December 31, 2014, December 31, 2015 and June 30, 2016:

	<u>As at December 31,</u>			<u>June 30,</u>	<u>CAGR</u> <u>2013-2015</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	
	(millions of subscribers)				
Post-paid personal	4.7	6.3	8.3	8.6	33.1%
Post-paid business	1.8	1.9	2.4	2.6	16.9%
Pre-paid	7.2	8.0	8.1	7.6	5.7%
Total	13.7	16.2	18.7	18.8	17.2%
<i>Penetration rate (%)</i>	48.0%	60.4%	73.8%	74.8%	35.9%
<i>Traffic per user per month (GB)</i>	0.3	0.3	0.5	0.6	

Source: ANCOM.

Competition

As at December 31, 2016, our share of Romanian mobile telecommunication services in terms of RGUs was 11.6%, while Orange Romania, Vodafone Romania and Telekom Romania had 36.3%, 31.6% and 20.6%, respectively (Source: Peer reporting).

The table below sets out information on our post-paid mobile communication services market share in Romania compared to our principal competitors:

Mobile telecommunication services market share (RGUs)⁽¹⁾	Post-paid	
	As at December 31, 2013	As at December 31, 2016
	(%)	
The Group	15.2%	23.3%
Orange	39.6%	36.2%
Vodafone	30.3%	26.0%
Telekom Romania	14.9%	14.6%
Total	100.0%	100.0%

Source: Group and peer reports, ANCOM.

(1) Our RGU figures may not be comparable to RGU figures of our competitors. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data—RGUs and ARPU.”

Fixed-line telephony market

The fixed-line telephony market in Romania was liberalized in 2003 when Telekom Romania lost its monopoly. As at June 30, 2016, it was characterized by a penetration rate of 46.1% (Source: ANCOM). As at the same date, there were approximately 4.2 million access fixed-lines and 3.7 million subscribers in Romania (Source: ANCOM).

We believe that the trend in the Romanian fixed-line telephony market is towards bundling such services with other communications offerings (such as cable TV and fixed internet). The degree to which multiple-play offers are made available is generally dependent on the infrastructure available to each service provider.

The table below sets out information on our fixed-line telephony market share in Romania compared to our principal competitors, as at December 31, 2016:

Fixed-line telephony market share (RGUs)⁽¹⁾	As at December 31, 2016
	(%)
The Group	31.7%
Telekom Romania	46.5%
UPC Romania	11.1%
Other	10.7%
Total	100.0%

Source: Group and peer reports as at December 31, 2016, ANCOM data as at June 30, 2016.

(1) Our RGU figures may not be comparable to RGU figures of our competitors. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data—RGUs and ARPU.”

Multiple-play

Similar to the trends in some other EU countries, it is becoming increasingly common in Romania for operators to provide their services as multiple-play bundles, where consumers subscribe for two or more services. In order to incentivize customer acquisitions, individual services are often offered at a discount in such multiple-play bundles. The number of active subscribers consuming two or more services in Romania increased at a CAGR of 8.0% in the period between January 1, 2013 and December 31, 2015 and reached 4.9 million as at June 30, 2016 (exclusive of certain mobile telephony and data bundled offerings) (Source: ANCOM).

HUNGARY

Overview

Hungary shares borders with Croatia, the Republic of Serbia, Austria, Slovenia, Romania, Ukraine and Slovakia and as at January 1, 2016 had a population of approximately 9.83 million (Source: Eurostat). The country’s population has decreased at a CAGR of 0.3% in the period from January 1, 2007 to January 1, 2016. However, the total number of households in Hungary increased at a CAGR of 0.9% in the period from January 1, 2007 to December 31, 2015 (Source: Eurostat).

The table below sets out the evolution of certain key economic indicators for Hungary in the period from December 31, 2013 to December 31, 2016:

Key economic indicators	As at and for the year ended December 31,			
	2013	2014	2015	2016
Real GDP growth (%)	2.1%	4.0%	3.1%	2.0%
Unemployment rate (% , annual average) ⁽¹⁾	5.8%	4.5%	4.1%	3.1%
Inflation (% , annual average)	1.7%	0.0%	0.1%	0.4%

Source: Eurostat.

(1) Unemployment is calculated as the number of people unemployed as a percentage of the entire Hungarian population.

The Hungarian economy has shown high real GDP growth in recent years and improving employment figures (Source: Eurostat). The recent growth was fueled by internal consumption and investment. Industry (automotive, heavy industry) as well as tourism plays an important role in the economy (Source: Hungarian Central Statistical Office).

Hungary has been a European Union member since 2004. In 2006, the country experienced major political upheaval and its government faced street protests. In 2010, that government was replaced by the current government, which has adopted a centralized and unilateral policymaking approach.

Telecommunication Services Market

Overview

The Hungarian telecommunication services market generated revenue of €2.9 billion in the year ended December 31, 2015 and grew, in terms of revenue, at a CAGR of 1.8% in the period from January 1, 2014 to December 31, 2015 (Source: Hungarian Central Statistical Office). As at December 31, 2015 mobile telecommunication services represented the largest share, accounting for €1.3 billion, or 46.8% of total revenue, fixed internet and data accounted for €0.6 billion, or 20.5% of total revenue, pay TV accounted for €0.3 billion, or 9.7% of total revenue and other segments (including fixed-line telephony) accounted for €0.7 billion, or 23.0% of total revenue (Source: Hungarian Central Statistical Office).

The table below sets out the evolution of revenue for the key segments of the Hungarian telecommunication services market for the years ended December 31, 2013, 2014 and 2015:

	For the year ended December 31,		
	2013	2014	2015
	(€ millions)		
Pay TV ⁽¹⁾	252.1	262.3	276.3
Fixed internet and data	530.3	547.6	586.6
Mobile telecommunication services	1,185.9	1,181.1	1,336.7
Other ⁽²⁾	788.1	773.2	655.6
Total	2,756.3	2,764.2	2,855.2

Source: Hungarian Central Statistical Office (https://www.ksh.hu/docs/eng/xstadat/xstadat_annual/i_onp012.html).

(1) Includes services provided via cable TV, DTH, IPTV and other technologies. See “Part 6—Business Description—Our Business Lines.”

(2) Includes fixed-line telephony and data network services and other service.

There are a number of taxes specifically targeting the telecommunication or audiovisual media industry in Hungary. For example, every telecommunication operator is required to pay HUF2 (residential voice lines) or HUF3 (corporate voice lines) per minute of a voice call and per each SMS/MMS sent (capped at HUF700 per month on every residential voice line, and HUF5,000 per month on every corporate voice line per month). In addition, telecommunication services providers are required to pay a tax of HUF125 per meter on last-mile networks (excluding backbone networks), and all their financial (non-cash) transactions are subject to a tax of 0.3%. In addition, the Hungarian Government adopted a 5.3% tax on television advertising revenue in 2014. Companies with less than HUF100 million advertising revenue are exempt.

Competition

We offer cable TV, fixed internet and data and fixed-line telephony services in Hungary through our fixed fiber optics network. We also offer DTH TV services and resell mobile internet and data services provided by a third party.

The tables below provide a comparison of the segments of the Hungarian telecommunication services market that we cover with coverage by our principal competitors as at December 31, 2016:

	<u>The Group</u>	<u>Magyar Telekom</u>	<u>UPC Hungary</u>	<u>Invitel</u>
Pay TV ⁽¹⁾				
Cable TV	✓	✓	✓	✓
DTH	✓	✓	✓	—
Other	—	✓	✓	✓
Fixed internet and data	✓	✓	✓	✓
Mobile internet and data	✓ ⁽²⁾	✓	✓	—
Fixed-line telephony	✓	✓	✓	✓

(1) Includes services provided via cable TV, DTH, IPTV and other technologies. See “Part 6—Business Description—Our Business Lines.”

(2) As a reseller of internet services from Telenor (Source: Peer reports, ANCOM).

All our competitors offer multiple-play packages, which combine two or more fixed and/or mobile telecommunication/entertainment services. See “—Multiple-play.”

Our principal competitors in Hungary across all business lines are Magyar Telekom, UPC Hungary and Invitel. The pay TV and fixed internet and data markets are dominated by us, UPC Hungary and Magyar Telekom. Invitel is larger, in terms of RGUs, than us in fixed-line telephony. Our mobile internet and data operations in Hungary are currently less significant.

Pay TV market

As at December 31, 2016 there were approximately 3.5 million households subscribed to pay TV services in Hungary. Therefore, the penetration rate of pay TV services was 85.1% (Source: NMIAH). The table below sets out the evolution of pay TV subscribers, by technology, and pay TV services penetration rates in Hungary in the period from December 31, 2013 to December 31, 2016:

	<u>As at December 31,</u>				<u>CAGR</u> <u>2013-2016</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	
	(millions of subscribers)				
Cable TV					
Analog cable	1.0	0.9	0.9	0.8	(5.0%)
Digital cable, IPTV ⁽¹⁾ and other technologies ⁽¹⁾ ..	1.0	1.2	1.3	1.5	13.3%
DTH	0.9	0.9	0.9	0.9	(1.9%)
DTT ⁽¹⁾	0.1	0.1	0.1	0.1	(6.3%)
Other ⁽¹⁾	0.4	0.3	0.3	0.3	(11.4%)
Total	3.4	3.4	3.5	3.5	1.3%
<i>Penetration rate (%)</i>	<i>82.9%</i>	<i>82.5%</i>	<i>83.8%</i>	<i>85.1%</i>	

Source: NMIAH.

(1) Markets not addressed by the Group.

Cable TV

Cable TV, IPTV and DTH are the principal television signal distribution platforms in Hungary. As at December 31, 2016, cable TV had a share of 65.2%, in terms of RGUs, of the total pay TV market (Sources: NMIAH). The digital cable TV, IPTV and other technologies market grew, in terms of RGUs, at a CAGR of 13.3% in the period from December 31, 2013 to December 31, 2016 (Source: NMIAH). The Hungarian pay TV market is still in the process of shifting from analog to digital cable and we believe that we are well positioned to benefit from this shift. As at December 31, 2016, digital cable and IPTV technologies accounted for 41.4% of total subscriptions in Hungary, as compared to 0.7% as at December 31, 2011. As at December 31, 2016, analog cable accounted for 23.8% of total subscriptions in Hungary, as compared to 36.9% as at December 31, 2011 (Source: NMIAH).

DTH

The dynamics of the DTH sector in Hungary changed during 2006 with the introduction of our DIGI TV offer to rival the long-time established operator, UPC Direct (a brand of UPC Hungary). Prior to the launch of our DIGI TV service, UPC Direct service had been the only DTH operator in Hungary since its introduction in 2000. Magyar Telekom, which entered the market in 2008, became the biggest operator, in terms of RGUs, in March 2010, overtaking UPC (Source: NMIAH).

Competition

The table below sets out information on our pay TV market share in Hungary, compared to our principal competitors, as at December 31, 2016:

Pay TV market share (RGUs)⁽¹⁾	As at December 31, 2016
	(%)
The Group	25.1%
UPC Hungary	26.9%
Magyar Telekom	25.2%
Invitel	4.8%
Other	18.0%
Total	100.0%

Source: Group and peer reports, NMIAH.

- (1) Our RGU figures may not be comparable to RGU figures of our competitors. See “Part 2—Presentation of Financial and Other Data—Operating and Market Data—RGUs and ARPU.”

In Hungary, we also face competition from DTT offerings. Antenna Hungaria has completed the switchover to DTT technology in 2013 and as at December 31, 2016 their MinDigTV Extra product reached 101,297 subscribers, with a population coverage of more than 99.0% as of December 31, 2014 (Sources: NMIAH, EPRA, Antenna Hungaria). Netflix has entered the Hungarian market in 2016, but we believe that there is a lower competitive threat due to Netflix’s pricing and the preference for dubbed content among the Hungarian population.

Fixed internet and data market

Fixed internet and data services are currently widely available in Hungary. The total number of households consuming these services increased from approximately 2.3 million as at December 31, 2013 to approximately 2.7 million as at December 31, 2016 (Source: NMIAH). Therefore, the fixed internet and data household penetration rate in the country was approximately 64.7% as at December 31, 2016, compared to an average of approximately 82.9% in Western European countries. (Sources: NMIAH and the European Commission).

The table below sets out the evolution of fixed internet and data, by technology, and fixed internet and data penetration rates in Hungary in the period from December 31, 2013 to December 31, 2016:

	As at December 31,				CAGR
	2013	2014	2015	2016	
	(millions of subscribers)				
xDSL	0.8	0.8	0.8	0.8	(0.1%)
Cable DOCSIS 3.0	0.4	0.6	0.9	1.0	33.7%
Cable DOCSIS 2 or lower	0.5	0.4	0.2	0.1	(35.8%)
FTTx	0.4	0.4	0.4	0.5	13.3%
Other	0.2	0.2	0.2	0.3	5.4%
Total	2.3	2.4	2.6	2.7	5.4%
<i>Penetration rate (%)</i>	55.9%	58.9%	61.9%	64.7%	

Source: NMIAH.

Cable is the leading internet connectivity technology, having overtaken xDSL in 2010 (Source: Hungarian Central Statistical Office). As at December 31, 2016, cable internet subscriptions accounted for 42.6% of total fixed internet and data subscriptions (Source: NMIAH).

The table below sets out information on our fixed internet and data market share in Hungary, compared to our principal competitors, as at December 31, 2016:

Fixed internet and data market share (RGUs)⁽¹⁾	As at December 31, 2016
	(%)
The Group	15.8%
UPC Hungary	22.1%
Magyar Telekom	35.1%
Invitel	9.4%
Other	17.6%
Total	100.0%

Source: Group and peer reports, NMIAH.

(1) Our RGU figures may not be comparable to RGU figures of our competitors. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data—RGUs and ARPU.”

All four leading fixed internet and data providers have been investing in next generation access (“NGA”) infrastructure (including FTTB/FTTH, Cable DOCSIS 3.0, VDSL and other superfast broadband technologies with download speeds of at least 30Mbps). UPC Hungary has recently upgraded its network to DOCSIS 3.0 standard and as at December 31, 2016, their fiber network covered approximately 41.3% of households in Hungary, with approximately 1.7 million homes passed (Sources: NMIAH and peer reports). Magyar Telekom more than doubled their capital expenditures in the first quarter of 2016 compared to the first quarter of 2015 due to accelerated FTTH roll-out and as at December 31, 2016, their fiber network covered approximately 38.1% of households in Hungary, with approximately 1.6 million homes passed (Sources: NMIAH and peer reports). We have completed an upgrade for approximately 90.0% of our FTTB/FTTH networks in Hungary to GPON or comparable technology. As at December 31, 2016, our fiber network covered 24.0% of households in Hungary, with approximately 1.1 million homes passed. According to the European Digital Agenda, Hungary has increased its coverage of NGA from 2.4 million households, or 59.7% of total households, as at December 31, 2012 to 3.2 million households, or 78.2% of total households, as at December 31, 2015, at a CAGR of 10.0%. This is the result of both the European Commission’s strategy to upgrade infrastructure across the EU as well as increasing demand for higher speeds. Speeds over 30Mbps account for a high proportion of the market, with 62.6% share as at December 31, 2016 increasing from 22.1% as at December 31, 2011 (Source: NMIAH).

The table below sets out the download and upload connection speeds from customer tests in Hungary as at April 21, 2017:

	As at April 21, 2017	
	Download	Upload
	(Mbps)	
The Group	201	97
Magyar Telekom	44	11
UPC Hungary	102	12

Source: NMIAH (Szelessay).

Fixed-line telephony market

There were approximately 3.1 million telephone main lines in Hungary as at December 31, 2016 (Source: NMIAH). Therefore, the fixed-line telephony penetration rate was 75.2% as at December 31, 2016, an increase from 74.0% as at December 31, 2013. The numbers of fixed telephony lines in Hungary increased slightly in the period from December 31, 2013 to December 31, 2016 at a CAGR of 0.9%, as a fixed-line telephony service is included in bundles provided to consumers.

The table below sets out information on our fixed internet and data market share in Hungary, compared to our principal competitors, as at December 31, 2016:

Fixed-line telephony market share (RGUs)⁽¹⁾	As at December 31, 2016
	(%)
The Group	11.6%
UPC Hungary	17.5%
Magyar Telekom	52.1%
Invitel	12.8%
Other	6.0%
Total	100.0%

Source: Group and peer reports, NMIAH.

(1) Our RGU figures may not be comparable to RGU figures of our competitors. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data—RGUs and ARPU.”

Multiple-play

Similar to the trends in some other EU countries, it is becoming increasingly common in Hungary for operators to provide their services in multiple-play bundles as part of which consumers subscribe for two or more services. In order to incentivize customer acquisitions, individual services are often offered at a discount in such multiple-play bundles. For example, in Hungary the number of subscribers for TV, fixed voice and internet and data services increased from 44.5% of total subscribers as at March 31, 2016 to 45.5% as at September 30, 2016, while the share of subscribers to only TV services decreased from 36.6% to 35.9% in the same period.

SPAIN

Overview

Spain is located on the Iberian Peninsula in South-Western Europe, and shares borders with France, Andorra and Portugal. It has a population of approximately 46.4 million as at December 31, 2015 (Source: Eurostat).

The table below sets out the evolution of certain key economic indicators for Spain in the period from December 31, 2013 to December 31, 2016:

Key economic indicators	As at and for the year ended December 31,			
	2013	2014	2015	2016
Real GDP growth/contraction (%)	(1.7%)	1.4%	3.2%	3.2%
Unemployment rate (%; annual average) ⁽¹⁾	17.3%	16.0%	14.5%	12.8%
Inflation/deflation (%; annual average)	1.5%	(0.2%)	(0.6%)	(0.3%)

Source: Eurostat.

(1) Unemployment is calculated as the number of people unemployed as a percentage of the entire Spanish population.

The Romanian population in Spain was approximately 993,909 as at June 30, 2016. Romanians formed the largest group of foreigners in the country, representing approximately 19.8% of the Spanish total foreign population of approximately 5.0 million as at June 30, 2016 (Source: Spanish Permanent Observatory of Immigration).

Mobile Telecommunication Market Overview

Spain has one of the largest mobile markets in Europe (Source: European Commission). The total number of subscribers as at December 31, 2016 was 51.2 million, with 75.7% subscribing on a post-paid basis (Source: CNMC). Despite penetration exceeding 100% as far back as 2005, subscriber growth continued until the end of 2011, although at a slower rate (Source: CNMC). More recently, annual declines in subscriber numbers have occurred predominantly in the pre-paid segment (at a CAGR of 9.4% in the period from December 31, 2011 to December 31, 2016) with post-paid subscribers showing some growth (at a CAGR of 3.7% in the period from December 31, 2011 to December 31, 2016) (Source: CNMC). Despite the saturated mobile market and the economic crisis, a number of MVNOs have entered the Spanish mobile market in recent years. Notable examples include cable operators such as ONO (acquired by Vodafone in March 2014) and Euskaltel or fixed operators such as Jazztel (acquired by Orange in September 2014).

The major mobile telecommunication service providers in Spain are TME (Movistar), Vodafone Spain, Orange España and Yoigo (acquired by MásMóvil in June 2016). Despite its privatization, TME (Movistar) remains the dominant player (Source: CNMC). Our overall market share in the Spanish telecommunication services market as at December 31, 2016, was approximately 1.2% (Source: CNMC).

The CNMC actively encouraged the entrance of virtual operators, which now compete with the four operators named above (Source: European Commission). Spain's first MVNO, Carrefour Móvil, launched services in the fourth quarter of 2006, and since then, a number of players have entered the market, including Carphone Warehouse (Happy Movil), Jazz Telecom (Jazztel, subsequently acquired by Orange), ONO (subsequently acquired by Vodafone) and Euskaltel. There were 4.3 million MVNO subscribers as at December 31, 2016, representing approximately 8.4% of the total mobile market (Source: CNMC).

According to a CNMC telecommunication report for 2015 on intense competition among network operators, the fast development of the multiple-play market and the development of MVNOs in Spain exerted continuous pressure on prices. According to data from CNMC, since the introduction of MVNOs in 2006, the post-paid monthly ARPU has fallen from €19.12 for the year ended December 31, 2006 to €5.46 for the year ended December 31, 2015, and pre-paid monthly ARPU has fallen from €20.03 to €6.63 during the same period.

ITALY

Overview

Italy is located in Southern Europe, and shares borders with France, Switzerland, Austria and Slovenia. As at December 31, 2015, it had a population of approximately 60.8 million (Source: Eurostat).

The table below sets out the evolution of certain key economic indicators for Italy in the period from December 31, 2013 to December 31, 2016:

Key economic indicators	As at and for the year ended December 31,			
	2013	2014	2015	2016
Real GDP growth (%)	(1.7%)	0.1%	0.8%	0.9%
Unemployment rate (% , annual average) ⁽²⁾	6.7%	7.1%	6.7%	— ⁽¹⁾
Inflation (% , annual average)	1.2%	0.2%	0.1%	(0.1%)

Source: Eurostat.

(1) Unemployment statistics for the year ended December 31, 2016 are not yet available via Eurostat.

(2) Unemployment is calculated as the number of people unemployed as a percentage of the entire Italian population.

The Romanian population in Italy was approximately 1.2 million as at December 31, 2015. Romanians formed the largest group of foreigners in the country, representing 22.8% of Italy's total foreign population of approximately 5.1 million (Source: AGCOM).

Mobile Telecommunication Market Overview

As at December 31, 2016, Italy had 98.2 million active mobile subscriptions (Source: AGCOM). In Western Europe, Italy's mobile user base was the second largest behind Germany, with a mobile penetration rate of more than 161.5% as at December 31, 2016, and it is one of the most saturated wireless markets in the world (Source: European Commission). The market is also characterized by a high percentage of pre-paid customers at 74.8% as at December 31, 2016, which has been relatively stable since 2013.

Italy has four mobile telecommunication service providers: Telecom Italia S.p.A. ("TIM") (a former state monopoly), Vodafone Italy, Wind Telecomunicazioni and H3G Italia (Source: AGCOM). The European Commission recently approved a joint venture between H3G Italia and Wind Telecomunicazioni. The announced remedy package was taken by Iliad who is anticipated to enter the market in 2017.

Our overall market share in the Italian telecommunication services market as at December 31, 2016, was approximately 0.1% (Source: AGCOM).

Italy's first MVNOs were launched in mid-2007, and there were at least six MVNOs in the market as at December 31, 2016 (Source: AGCOM). AGCOM reported that there were 7.3 million MVNO subscriber accounts in Italy as at December 31, 2016, as compared to 6.7 million as at December 31, 2014 and 4.5 million as at December 31, 2012, resulting in a market share of 7.4% as at December 31, 2016.

PART 6 BUSINESS DESCRIPTION

Investors should read this “Part 6—Business Description” in conjunction with the more detailed information contained in this Prospectus including the financial and other information appearing in “Part 10—Operating and Financial Review.” Where stated, financial information in this section has been extracted from “Part 15—Historical Financial Information.”

OVERVIEW

Introduction

We are a leading provider of telecommunication services in Romania and Hungary based on number of RGUs. Our offerings in both countries include cable and DTH television services, fixed internet and data and fixed-line telephony. Our fixed telecommunication and entertainment services are offered through our technologically advanced fiber optic network, covering approximately 62% and 24% of households in Romania and Hungary, respectively, and both countries are entirely within the footprint of our DTH signal. Our cable and DTH television subscribers enjoy access to custom-made channels and pay-to-view services, which carry premium movies and sports content, as well as various third-party products. We also operate the fastest growing, in terms of RGUs (Sources: Group and peer reports, ANCOM), and one of the most technologically advanced mobile networks in Romania, which shares the backbone of our fixed fiber optic infrastructure. In addition, we provide mobile telecommunication services as an MVNO to the large Romanian communities in Spain and Italy.

For the year ended December 31, 2016 our Romanian operations accounted for €612.7 million, or 72.7%, of our total revenue; our Hungarian operations accounted for €137.9 million, or 16.4%, of our total revenue; our Spanish operations accounted for €83.0 million, or 9.9%, of our total revenue; and our Italian operations accounted for €9.2 million, or 1.1%, of our total revenue. Although in the past we had operations in other Eastern European countries, all such operations were disposed of in 2013 and 2015. Apart from our targeted MVNO operations in Spain and Italy, we currently focus exclusively on our core markets. As a result, the combination of our fixed network, satellite and mobile capabilities in Romania and Hungary and our deep local expertise makes us a European leader in geographically focused telecommunication solutions.

We have grown mainly organically from approximately 0.7 million RGUs at December 31, 2002 to approximately 12.4 million RGUs as at December 31, 2016, during which period we have developed from a cable TV provider to a provider of multiple-play services, including cable TV, fixed internet and data, mobile telecommunication services, fixed-line telephony and DTH television services. At December 31, 2016, we had a total of approximately 12.4 million RGUs, of which approximately 3.3 million were cable TV RGUs, approximately 2.5 million were fixed internet and data RGUs, approximately 3.9 million were mobile telecommunication services RGUs, approximately 1.7 million were fixed-line telephony RGUs and approximately 0.9 million were DTH RGUs.

We have consistently generated strong revenue streams. We generated €661.6 million, €750.1 million and €842.8 million of revenue in the years ended December 31, 2014, 2015 and 2016, respectively, representing a CAGR of 14% from 2014 to 2016 for continuing operations. In recent years we invested heavily in the development of our mobile business in Romania. Therefore, our Adjusted EBITDA and Adjusted EBITDA margins for continuing operations remained relatively stable from €226.9 million and 35.0%, respectively, for the year ended December 31, 2014 to €237.5 million and 31.8%, respectively, for the year ended December 31, 2015. We have reported Adjusted EBITDA and Adjusted EBITDA margins for continuing operations of €263.3 million and 31.2%, respectively, for the year ended December 31, 2016, representing a CAGR of 8% from 2014 to 2016 for continuing operations.

We offer five principal types of service:

- **Cable TV** is our original line of business. As at December 31, 2016, we had approximately 2.9 million Romanian RGUs and approximately 473,000 Hungarian RGUs for cable TV services. Cable TV services accounted for 25.7% of our revenue in the year ended December 31, 2016. As at December 31, 2016, our cable TV services, together with our DTH services, had a share of approximately 49.0% and approximately 25.1% in the Romanian and Hungarian pay TV markets, respectively (Sources: Group and peer reports, ANCOM, NMIAH).
- Our **fixed internet and data** services are primarily offered through our FTTB/FTTH networks using GPON or comparable technology in Romania and Hungary. As at December 31, 2016, we had approximately 2.1 million fixed internet and data RGUs in Romania and approximately 428,000 RGUs in

Hungary. Fixed internet and data services accounted for 23.9% of our revenue in the year ended December 31, 2016. As at December 31, 2016, our fixed internet and data services had a market share of approximately 48.6% and approximately 15.8% in Romania and Hungary, respectively (Sources: Group and peer reports, ANCOM, NMIAH).

- We provide **mobile telecommunication services** using our 3G and 4G networks in Romania, and as an MVNO targeted at the Romanian communities in Spain and Italy. As at December 31, 2016, we had approximately 3.2 million mobile telecommunication services RGUs in Romania, approximately 14,000 RGUs in Hungary (where we offer mobile internet and data services as a reseller through Telenor's network), approximately 609,000 RGUs in Spain and approximately 86,000 RGUs in Italy. Mobile telecommunication services accounted for 25.5% of our revenue in the year ended December 31, 2016. As at December 31, 2016, our mobile telecommunication services had a market share of approximately 11.6% in Romania and relatively small shares in the Hungarian, Spanish and Italian markets (Sources: Group and peer reports, ANCOM).
- We offer **fixed-line telephony** services through our networks in Romania and Hungary. As at December 31, 2016, we had approximately 1.3 million Romanian fixed-line telephony RGUs and approximately 353,000 Hungarian fixed-line telephony RGUs. Fixed-line telephony services accounted for 3.8% of our revenue in the year ended December 31, 2016. As at December 31, 2016, our fixed-line telephony services had a market share of approximately 31.7% and approximately 11.6% in Romania and Hungary, respectively (Sources: Group and peer reports, ANCOM, NMIAH).
- Our **DTH satellite television** services are offered in Romania and Hungary. As at December 31, 2016, we had approximately 641,000 DTH RGUs in Romania and approximately 307,000 DTH RGUs in Hungary. DTH services accounted for 8.3% of our revenue in the year ended December 31, 2016.

Key Strengths

We consider our key strengths to include the following:

- **Attractive local markets with stable structural growth.** We focus our telecommunication offerings primarily on two core geographic segments, Romania and Hungary. Both economies have been experiencing strong positive developments in recent years, outperforming the European Union's overall GDP growth rate, and their respective telecommunication services markets have been growing steadily. Our home jurisdiction, Romania, has a large and dynamic economy, the real GDP of which is expected to grow at a CAGR of 3.7% from 2015 to 2018 (compared to an expected CAGR of 1.6% for the European Union) (Source: Eurostat). Consumer spending grew at a CAGR of 4.9% from 2013 to 2015 (Source: Eurostat), and Romania's telecommunication and entertainment industries have benefited from this growth. The total number of Romanian pay TV (including cable TV and DTH platforms), fixed internet and data and mobile telecommunication services subscribers has grown significantly in recent years, and the country's telecommunications market offers further significant potential growth opportunities in these business lines. As regards our cable TV and DTH business lines, there is limited free TV in Romania, while pay TV offers a variety of popular programming, including exclusive live content. In addition, only 41.2% of the country's cable TV subscribers used digital technology at December 31, 2015 (Source: ANCOM), which provides an opportunity to transfer existing subscribers from the analog platforms that they are currently using to our advanced digital platform. As regards fixed internet and data, it had a 51.8% household penetration rate in Romania at December 31, 2015 (compared to an average of approximately 83.0% in the European Union) (Source: ANCOM and Eurostat). Given our technologically advanced fixed fiber network, we are well positioned to take advantage of remaining penetration opportunities and increase our number of fixed internet and data subscribers. Finally, the Romanian mobile telecommunication services market is currently generating approximately two times the revenue of the country's internet and pay TV markets and is experiencing rapid data consumption growth (Source: ANCOM). However, it is still experiencing low convergence with fixed pay TV and internet and data offerings. Given our established and leading positions in the country's pay TV and fixed internet and data markets, based on number of RGUs, as well as our advanced and extensive mobile network, we are well placed to capitalize on these conditions in order to grow our share of the mobile telecommunication services market. Our operations in Romania and Hungary accounted for approximately 72.7% and 16.4%, respectively, of our consolidated revenue for the year ended December 31, 2016.
- **Market leadership in core business lines and robust RGU growth.** We are the leading provider of pay TV services in Romania by number of RGUs. As at December 31, 2016 we had an approximate 49.0%

share of the Romanian pay TV services market and were third in Hungary with an approximate 25.1% share. We also lead Romania's fixed internet and data market with an approximate 48.6% market share, while being third in Hungary with an approximate 15.8% share, in each case, as at December 31, 2016. In addition, we are the second largest provider of fixed-line telephony services in Romania with an approximate 31.7% market share and are the fourth in Hungary with an approximate 11.6% share, in each case, as at December 31, 2016. Finally, we are the fourth-largest provider of mobile telecommunication services in Romania with an approximate 11.6% share of the post-paid market as at December 31, 2016. During recent years, we have made significant investments to increase our pay TV and fixed internet and data services market shares, which in 2016 enabled us to outperform all our major competitors in Romania in the mobile and fixed telecommunication industries in terms of net subscriber add-ins and RGU growth (Source: Group data, peer reporting). We continue to focus on increasing market penetration in our existing markets by further expansion and the cross-selling of multiple service offerings to our current and prospective subscribers. Capitalizing on our high-quality technical infrastructure, competitive pricing and attractive content we have achieved substantial organic growth; increasing our total RGUs across all business lines from approximately 10.8 million as at December 31, 2014 to approximately 12.4 million as at December 31, 2016, which represents a CAGR of 7% from 2014 to 2016.

- ***Advanced infrastructure, including nationwide fiber networks in Romania and Hungary and the fastest growing, in terms of RGUs, mobile network in Romania.*** Our fixed fiber optic networks in Romania and Hungary are technologically advanced and cover approximately 62% and 24%, respectively, of households in those countries as at December 31, 2016 (Source: Eurostat; Hungarian Central Statistical Office). We have upgraded approximately 84% of our Romanian and Hungarian fixed fiber optic networks to GPON or comparable technology and are currently able to offer transmission speeds of up to 1 Gbps for internet and data services, the fastest available to residential users in those markets. As at December 31, 2016, our 3G and 4G mobile telecommunication services in Romania covered approximately 98% and 37% of the population, respectively, and, as at December 31, 2016, were provided via approximately 3,400 and 1,200 mobile base stations, respectively, over 61% of which shared the backbone of our fixed fiber optic network. Since we refocused on our Romanian mobile telecommunication services in 2014, our extensive coverage and attractive mobile offerings have allowed us to grow RGUs in this business line from approximately 1.7 million as at December 31, 2013 to approximately 3.2 million as at December 31, 2016. To support continued growth, we have invested over €1 billion in recent years in network capital expenditure.
- ***Leading commercial proposition for customers.*** Our technical capabilities, wide network coverage and multiple service offerings, including mobile services, enable us to provide our customers with a wide range of services at competitive prices. Our ability to offer multiple services is a central element of our strategy and allows us to attract new customers who wish to benefit from our varied product offerings, to expand the uptake of our service offerings within our existing customer base and increase customer loyalty by offering multiple services at cost-effective prices. For example, we offer flexible packages in Romania, which include a comprehensive cable TV offering (including analog and digital packages with optional add-ons for HBO, HBO 2, HBO 3 and DIGI FILM), our superfast fixed internet and data (at speeds of 300 Mbps, 500 Mbps or 1,000 Mbps) and our mobile packages (with tariffs offering 200 minutes, 300 minutes, 500 minutes and unlimited voice traffic, including 3,000 international minutes to the EU, the U.S., Canada and China). Customers have recognized the value of our commercial proposition as we experienced approximately 123,000, 137,000 and 515,000 net organic add-ins in the cable TV, fixed internet and data and mobile telecommunication services business lines, respectively, in 2016, which was approximately 6.7, 3.5 and 1.6 times higher, respectively, than the net add-ins of our nearest competitor in these business lines for the same period (Source: Group data, peer reporting).
- ***Robust financial performance.*** Our business has consistently generated strong revenue streams. For the years ended December 31, 2014, 2015 and 2016 we had total revenue (excluding intersegment revenue, other income and gain from sale of discontinued operations) of €661.6 million, €750.1 million and €842.8 million, respectively. Our revenue from continuing operations (excluding intersegment revenue, other income and gain from sale of discontinued operations) was €647.8 million, €746.3 million and €842.8 million, respectively, for the same periods. We have historically had robust Adjusted EBITDA and a disciplined approach to capital expenditure. However, following our refocus on mobile offerings in Romania in 2014, we have invested heavily in the development of our technologically advanced mobile business. As a result of such expansion to a new capital intensive business line and divestitures of our operations in the Czech Republic in 2015, our Adjusted EBITDA remained relatively stable from €230.8 million for the year ended December 31, 2014 to €238.4 million for the year ended December 31,

2015. Our Adjusted EBITDA for continuing operations was €226.9 million and €237.5 million, respectively, for the years ended December 31, 2014 and 2015. At the same time, our total capital expenditure was €214.8 million and €197.6 million for the years ended December 31, 2014 and 2015, respectively. This represented 33.2% and 26.5%, respectively, of our revenue from continuing operations for the respective periods. We reported Adjusted EBITDA of €263.3 million, whilst our capital expenditure was €216.5 million, or 25.7% of revenue, for the year ended December 31, 2016. In addition, we have historically maintained prudent capital and liquidity structures with a Leverage Ratio (as defined below) at the level of 2.8x, 2.7x and 2.9x for the years ended December 31, 2014, 2015 and 2016, respectively, and an interest coverage ratio (as defined in Note 5 of “Part 9—Selected financial and other information—Selected financial data and ratios”) at the level of 4.6x, 4.8x, and 5.8x respectively, for the same periods.

- **Highly experienced management team.** Our senior management team is made up of professionals who have, on average, more than 10 years of experience in the telecommunication industry and the Company. Our controlling shareholder, Mr. Zoltán Teszári, has, and continues—in his capacity as President and as a Non-executive Director—to, oversee all key management decisions in relation to the Group since its foundation in 1992. Our chief executive officer (“CEO”), Mr. Serghei Bulgac, joined RCS & RDS in 2003 as the chief financial officer (“CFO”) and became CEO in 2015. The majority of our experienced management team members have been with us for more than 10 years and have made significant contributions to our transformation from a small cable TV business to a leading provider of telecommunication services in our core markets. We believe that the collective industry knowledge and leadership capabilities of our senior management team will enable them to continue to successfully execute our strategy.

Strategy

Our mission is to provide our customers with high-quality telecommunications services at competitive prices. Specific components of our strategy include the following:

- **Continue to leverage our advanced fixed fiber network, offering high-quality service while maintaining competitive prices.** The current technological state of our Romanian and Hungarian fixed fiber networks allows us to offer a wide range of high-quality services to our customers at competitive prices while maintaining low infrastructure operating expenses. We plan on leveraging our high speed networks to increase our cable TV and fixed internet and data subscribers, as our fiber network throughout Romania and Hungary is faster and more cost-effective than traditional networks operated by our competitors. We also plan on further integrating into FTTH.
- **Expand our mobile network in our core geographic segments and grow our mobile communication services business line.** As at December 31, 2016, our 3G and 4G mobile telecommunication services covered approximately 98% and 37% of the Romanian population, respectively. In Hungary, we hold certain licenses entitling us to develop our own 4G mobile network and we are currently developing the network that will support our service, with a view to being in a position to launch in 2018 or later. In both countries, we plan on expanding our 3G and/or 4G coverage while growing our mobile RGUs through competitive pricing and convergence offerings. We believe that our dense fiber network and existing licenses provide a solid foundation for future technological developments in the mobile telecommunication industry.
- **Focus on core Romanian and Hungarian markets and expand market share.** We intend to focus on Romania and Hungary, our core markets. Our fixed fiber optic networks allow us to efficiently deliver multiple services in the areas they cover and we believe there is scope for increase in uptake of our services in these areas with relatively low additional investment. Our large and growing customer base creates significant economies of scale. For example, it allows us to make use of common infrastructure design and centralized facilities, as well as exploit centralized purchasing opportunities with respect to programming, equipment, TV broadcast rights and other assets and services. In addition, we see potential for growth of our mobile telecommunication and internet and data services as we believe that the core Romanian and Hungarian mobile markets still offer opportunities for us to expand.
- **Continue to grow our RGU base through product cross-selling and increased penetration of our services, while managing customer churn. We may also seek to grow through opportunistic acquisitions.** Our goal is to achieve continued organic RGU growth by cross-selling our services to existing and prospective customers and increasing the penetration of our cable TV, fixed internet and data, mobile telecommunication, fixed-line telephony and DTH services in Romania and Hungary

through multiple service offers. We have seen strong growth in RGUs, from approximately 0.7 million as at December 31, 2002 to approximately 12.4 million as at December 31, 2016, which was mainly due to the expansion of our fixed fiber optic networks and cross-selling of additional services to our existing customers, as well as to the refocusing on our mobile telecommunication business in Romania. In addition to organic growth, we seek to explore acquisition opportunities in our core Romanian and Hungarian markets on an opportunistic basis in line with or complementary to our current businesses. Furthermore, we aim to manage customer churn by ensuring that customers subscribe to multiple services and providing a market-leading value proposition to existing and prospective customers.

- ***Offer premium and/or exclusive content to increase the attractiveness of our product offerings.*** We intend to maintain and increase the attractiveness of our cable TV and DTH services by continuing to offer sports, film and other premium and exclusive content through our existing own channel lineup, which may be further developed or expanded in the future. Our large number of cable TV and DTH RGUs enables us to acquire new content at a lower cost per customer.

HISTORY

Cable TV Services

Our cable TV business was founded in 1992 by a group of Romanian individuals, including Mr. Zoltán Teszári, when they founded a company named TVS Holding Brasov and started to build cable networks and offer cable TV services in Timisoara and Brasov, two of Romania's main cities.

In 1993, Mr. Zoltán Teszári co-founded Kappa, which built and operated one of the most important and modern cable TV networks in Bucharest at that time. Mr. Teszári owned a 50% interest in Kappa.

In 1996, the shareholders of Kappa split the company's network in Bucharest into two equal parts. Mr. Teszári desired the expansion of operations throughout the country, while the other shareholders wished to limit Kappa's network coverage to the city of Bucharest. After the split, Mr. Teszári contributed his half of the original Kappa network and all of his interests in the company into a merger process with the company Analog CATV, another important cable operator in Bucharest, which changed its name to Romania Cable Systems S.A. in 1997.

Since 1996, we have invested heavily in modernizing existing networks and expanding our coverage through the roll-out of cable networks in underserved areas. We have also acquired numerous fixed internet and data networks in Romania and Hungary.

From 1998 to 1999, Carpathian Cable Investments S.à.R.L. and its affiliates invested approximately \$10 million. Later, between 1999 and 2000, Celest Limited and its affiliates invested approximately \$6 million. These funds were used for our development needs during that period.

In 2005, the company TVS Holding Brasov, which financially and operationally supported our development throughout this period, and functioned as a member of the Group, merged with us. Additionally, in 2005, Romania Cable Systems S.A. merged with Romania Data Systems S.A. (described below) and changed its name to RCS & RDS S.A.

Cable Communications Systems N.V., which has changed its name to Digi Communications N.V., was incorporated in 2000 and is currently the controlling shareholder of RCS & RDS.

Diversification and development

Simultaneously with the rapid development of our cable TV services business, we pursued an ambitious diversification strategy. In 1997, we set up an internet and data subsidiary, Romania Data Systems S.A. Our initial strategy was to target business users with professional internet and data services offered through our fiber-coaxial network. In 2001, we began rolling out residential internet services over our cable network, and, by 2002, we had grown to become the leading ISP in Romania in terms of revenue. We started offering limited fixed-line telephony services to business and international customers in 2003, immediately following the liberalization of the Romanian fixed-line telephony market. In 2004, after completing an interconnection agreement with Telekom Romania, we launched mass-market fixed-line telephony services. We merged Romania Data Systems S.A. into Romania Cable Systems S.A. in 2005 and changed the newly-formed company's name to RCS & RDS S.A.

Following the upgrade of much of our cable network to FTTB in 2006, we re-branded our retail internet offering as the FiberLink service. We have completed the upgrade of approximately 84% of our FTTB/FTTH

networks in Romania and Hungary to GPON or comparable technology, allowing us to grow organically through increased multiple-play penetration among our customers and cross-selling additional services to our existing customers.

International Operations

We have pursued an international expansion strategy in parallel with our expansion and diversification within Romania. We began our international expansion at the end of 1998 by commencing operations in Hungary through the acquisition of 15 small to medium networks in Budapest and three other cities in Hungary. Through these acquisitions, we offered services to subscribers in Hungary's four main cities, with a significant focus on the capital, Budapest. In addition, we established a smaller footprint in Slovakia, starting in 1999 with the acquisition of 10 small and medium operators. In December 2004, we launched DTH services in Romania under the brand name "DIGI" and, in 2006, started to provide this service to other central and eastern European countries that fall within the satellite footprint: Hungary, Slovakia, the Czech Republic, the Republic of Serbia and Croatia. We also launched MVNO services in Spain (in 2008) and Italy (in 2010), targeting the large Romanian communities in those countries.

In recent years, we have sold a number of our subsidiaries in non-core jurisdictions. In 2013, we sold our Croatian subsidiary, 76% of our interest in our Serbian subsidiary and our Slovakian subsidiary. In April 2015 we sold our subsidiary in the Czech Republic.

Mobile Telecommunication Services

In January 2007, following a public tender process, we won a license to offer 3G mobile telecommunication services in Romania. We launched our 3G mobile telecommunication services in Romania during October 2007 under the brand name DIGI Mobil and gradually expanded the area covered by our services in order to reach more potential subscribers and meet our license obligations. Over the years, we have acquired frequency blocks in various bandwidths in order to expand our capacity and develop our 3G and 4G networks. As at December 31, 2016, our 3G and 4G networks covered approximately 98% and 37% of the Romanian population, respectively. Mobile telecommunication and mobile internet and data services are offered in Romania along with the terrestrial network-based services. Since 2008 we also offer MVNO services in Spain and, since 2010, in Italy. Additionally we hold several frequency blocks in various bandwidths in Hungary, which may enable us to develop an offering of mobile communication services in the future.

Own TV Channels & Radio Stations

Since July 2009, we have offered our own TV channels to our customers and individuals that subscribe to certain other cable operators in Romania and Hungary (from whom we receive fees). Our first such channel was the premium content sports channel, DIGI Sport. Our channel offering now includes sports channels (DIGI Sport 1, DIGI Sport 2, DIGI Sport 3 and DIGI Sport 4 (each in Romania) and DIGI Sport 1, DIGI Sport 2 and DIGI Sport 3 (each in Hungary)), a pay TV movie channel (DIGI FILM), a news channel (DIGI 24), documentary channels (DIGI World, DIGI Life and DIGI Animal World) and music channels U Televiziune Interactiva and Hora TV. We also own an interest in Music Channel. At the beginning of February 2014, our news channel (DIGI 24) was declared a "must carry" channel and offered, in addition to our own network, through other cable networks in Romania for free.

Starting from May 2015, we also have been operating radio stations in Romania (Pro FM, Info Pro, Music FM, Dance FM). In November 2015, we launched DIGI FM, a new radio station. DIGI FM is operated on the basis of the license and audiovisual authorization initially issued for Info Pro, which was closed down shortly after its acquisition.

AREAS OF OPERATIONS

We operate in Romania, Hungary, Spain and Italy. The scope of our services offered in each country varies from country to country.

The table below shows the business lines available in each of our geographic segments:

	<u>Cable TV</u>	<u>Fixed Internet and Data</u>	<u>Mobile Telecommunication services</u>	<u>Fixed-line Telephony</u>	<u>DTH</u>
Romania	✓	✓	✓	✓	✓
Hungary	✓	✓	✓ ⁽¹⁾	✓	✓
Spain			✓ ⁽²⁾		
Italy			✓ ⁽²⁾		

(1) Data only, as a reseller.

(2) As an MVNO.

Our core geographic segments are Romania and Hungary.

OUR BUSINESS LINES

We offer five principal types of service. To customers whose homes or businesses are covered by our fiber optic network, we offer cable TV, fixed internet and data and fixed-line telephony services, either individually or in combination. In Romania, we offer mobile telecommunication services primarily alongside our other services, but also on a standalone basis. In Hungary, we resell Digi branded mobile internet and data access on the Telenor Hungary network to our customers in Hungary. We also offer DTH services to customers located in Romania and Hungary.

The table below shows the number of RGUs per business line and per geographic segment as at December 31, 2016:

	<u>Romania</u>	<u>Hungary</u>	<u>Spain⁽¹⁾</u>	<u>Italy⁽¹⁾</u>	<u>Total RGUs per service</u>
	<u>(thousands)</u>				
Cable TV	2,865	473	—	—	3,338
Fixed Internet and Data	2,115 ⁽²⁾	428	—	—	2,543
Mobile Telecommunication Services	3,213	14 ⁽³⁾	609	86	3,922
Fixed-line Telephony	1,339 ⁽²⁾	353	—	—	1,692
DTH	641	307	—	—	948
Total RGUs per country	10,172	1,575	609	86	12,443

(1) As an MVNO.

(2) Includes both residential and business lines.

(3) Data only, as a reseller.

Cable TV Services

Our cable TV services consist of distributing local and international programming content through our cable TV networks. We offer cable TV services mainly in Romania, where we are the largest pay TV operator, by number of RGUs (Source: Group and peer reports, ANCOM), and Hungary, where we are the third largest pay TV operator, by number of RGUs (Source: Group and peer reports, NMIAH) in each case as at December 31, 2016.

As at December 31, 2016, we had approximately 2.9 million cable TV RGUs in Romania and approximately 473,000 in Hungary and a combined number of homes passed in the two countries of approximately 5.7 million. The total number of cable TV RGUs in Romania increased by approximately 4.8% from approximately 2.7 million as at December 31, 2015 to approximately 2.9 million as at December 31, 2016. Since 2009 we have also expanded our services into areas that were already covered by the cable TV networks of our competitors or were not covered by cable TV or internet and data networks. This has generated most of our growth in this period as our competitive prices, our multiple-service offerings, the quality of our services provided through technologically advanced networks and our ability to offer premium programming content have proved to be attractive to customers.

The infrastructure built for cable TV services forms the basis on which we provide fixed-line telephony and internet and data services to our customers. Our cable TV services have historically generated stable revenue,

have low maintenance and other operational costs due to our recent investment in the fiber network and provide a stable and growing base of customers. In the years ended December 31, 2014, 2015 and 2016, cable TV services generated revenue of €190.0 million, €203.4 million and €216.7 million, representing 28.7%, 27.1% and 25.7% of total revenue, respectively.

Cable TV product packages

Our packages of cable TV services vary from country to country.

In Romania, we offer two main packages—an analog package and a digital package. These packages each have two further versions: standard, which is addressed to all customers and includes approximately 60 channels for the analog version and more than 90 channels for the digital version, and a reduced version, which is addressed to customers in rural areas, on EOC infrastructure, and includes 36 channels for the analog version and 68 channels for the digital version. At December 31, 2016, approximately 56% of our cable TV customers were subscribed to the analog package and approximately 44% of our cable TV customers were subscribed to the digital package. We believe that our standard packages are attractive in the market in terms of range of content offered for the price, and allowing access to our own channels (other than DIGI FILM, our pay TV channel) for no additional fee. In combination with the standard version of the digital package, we offer premium movie channels such as DIGI FILM, HBO and Cinemax at competitive prices. This product structure is available in all of our cable TV markets in Romania, with certain local variations regarding the number and composition of channels included in each package.

In Hungary, we offer three packages of cable TV services, each for a monthly fee. Firstly, due to local “must carry” regulations, we offer a limited package, including any channels we are required to carry under the “must carry” regulations, with a minimum of 4 national channels, plus local channels of public interest. Secondly, we offer a “Mini” package consisting of up to 20-25 channels. Thirdly, we offer the basic package “DIGITV”, which is made up of over 50 local and international channels. Typically, our “DIGITV” packages are attractive in the market in terms of range of content offered for the price, allowing access to our own sports channels for no additional fee. In combination with the “DIGITV” package, we offer premium movie channels such as DIGI FILM, HBO and Cinemax at competitive prices. This product structure is available in all of our cable TV markets in Hungary, with certain local variations regarding the number and composition of channels included in each package.

Cable TV pricing

We have adopted a strategy of offering high-quality services at competitive prices. The prices for our packages are generally in line with, or lower than, the prices offered by our competitors for comparable content. We also generally structure our prices to encourage subscription to our value-added services and pursue a multiple-service strategy. We apply this approach throughout our service offerings because we believe this encourages our customers to subscribe to more of the services we offer.

Our prices for cable TV services are different in Romania and Hungary. This price difference is primarily a consequence of the differences between the relative disposable income per capita in these two countries, the costs related to the number and type of channels included in our packages and the local competitive environment. We believe that we are recognized as a “low-price high-quality service” cable TV provider in the markets in which we operate.

We bill our cable TV services in local currencies. The table below sets out the prices in local currencies of our cable TV packages in the relevant markets as at December 31, 2016 (inclusive of VAT):

Romania	RON (VAT included)	EUR equivalent (VAT include)⁽²⁾
Analog ⁽¹⁾	24.19	5.33
Analog—Popular	19.35	4.26
Digital ⁽¹⁾	28.06	6.18
Digital—Popular	24.19	5.33
DIGI FILM ⁽¹⁾	2.9	0.64
HBO ⁽¹⁾	12.58 ⁽³⁾	2.77
Cinemax ⁽¹⁾	6.77	1.49
MaxPack ⁽¹⁾	13.55 ⁽³⁾	2.98

(1) In January 2017 VAT in Romania was lowered to 19% (VAT in the previous year had been 20%) and gross prices in Romania were adjusted downwards accordingly.

(2) Prices from local currency were translated to EUR equivalent using the foreign exchange rate as at December 31, 2016.

(3) Since May 1, 2015 the price for HBO and MaxPack has also included access to HBO GO for no additional charge.

Hungary	HUF (VAT included)	EUR equivalent (VAT included)⁽¹⁾
Mandatory Package	980	3.15
DIGI Mini	1,700	5.47
DIGI TV	3,300	10.61
DIGI FILM	300	0.96
HBO ⁽²⁾	2,090	6.72
MaxPack ^{(2),(3)}	2,590	8.33

(1) Prices from local currency were translated to EUR equivalent using the foreign exchange rate as at December 31, 2016.

(2) Since May 1, 2015 the price for HBO and MaxPack has also included access to HBO GO for no additional charge.

(3) Cinemax is provided only as part of the MaxPack, which includes HBO and Cinemax.

In the year ended December 31, 2014, we generated €190.0 million from cable TV services (representing 28.7% of our revenue), of which €155.5 million was generated in Romania. In the year ended December 31, 2015, we generated €203.4 million from cable TV services (representing around 27.1% of our revenue), of which €166.8 million was generated in Romania. In the year ended December 31, 2016, we generated €216.7 million from cable TV services (representing approximately 25.7% of our revenue), of which €175.7 million was generated in Romania.

Fixed Internet and Data

We first launched our fixed internet and data services in Romania in 1998. We focused mainly on business customers until 2001, at which time we began offering our fixed internet and data services to residential customers as well. We believe that residential customers continue to offer the best growth prospects for our business.

We provide fixed internet and data services principally through our fiber optic network in Romania and Hungary to both corporate and residential users in a variety of packages. We offer fixed internet and data access by subscription to all our network customers as part of our multiple service offerings in Romania and Hungary as well as on a standalone basis.

In the year ended December 31, 2014, we generated €177.9 million from fixed internet and data services (representing 26.9% of our revenue), of which €147.5 million was generated in Romania. In the year ended December 31, 2015, we generated €189.3 million from fixed internet and data services (representing around 25.2% of our revenue), of which €155.9 million was generated in Romania. In the year ended December 31, 2016, we generated €201.6 million from fixed internet and data services (representing around 23.9% of our revenue), of which €163.6 million was generated in Romania. As at December 31, 2016, we had approximately 2.1 million fixed internet and data RGUs in Romania (including business subscribers) and approximately 428,000 such RGUs in Hungary.

Business subscribers represent an important part of our fixed internet and data business in Romania, as they generate a significant part of our revenue streams, although they are much fewer in number than residential subscribers. At December 31, 2016, we had approximately 115,000 business internet and data RGUs, compared with 103,000 and 89,000 at December 31, 2015 and 2014, respectively. Our ARPU for business users of our fixed internet and data business was €35.76 at December 31, 2016, compared with €39.19 and €42.99 at December 31, 2015 and 2014, respectively.

Fixed internet and data product packages

We offer several residential fixed internet and data services packages at competitive prices in Romania and Hungary. The differentiation between our packages is based on access speed, which varies from entry level to advanced level. Our fixed internet and data package offering is designed to increase the value we provide to our customers while at the same time increasing our ARPU by leveraging our existing infrastructure.

- “Fiberlink 300”, “Fiberlink 500” and “Fiberlink 1,000” are our main residential fixed internet and data offerings in Romania. “Fiberlink 300” allows unlimited traffic at a speed of up to 300 Mbps. “Fiberlink 500” and “Fiberlink 1,000” (available since 2013) allow for unlimited traffic at speeds of 500 Mbps and 1 Gbps, respectively, the fastest internet service currently offered to residential users in Romania. We

migrated our “Fiberlink 100” customers (enjoying speeds of up to 100 Mbps) to our “Fiberlink 300” package. We also offer a “Fiberlink Popular” package to certain of our rural customers. It allows unlimited traffic at a speed of up to 30 Mbps.

- “DIGINet 100”, “DIGINet 100 Pro” and “DIGINet 200” are our main residential fixed internet and data offerings in Hungary. “DIGINet 100” allows unlimited traffic at up to 100 Mbps, “DIGINet 100 Pro” allows unlimited traffic at a symmetric speed of up to 100 Mbps, while “DIGINet 200” allows unlimited traffic at a speed of up to 200 Mbps. In addition, in July 2014 we launched “DIGINet 500” and “DIGINet 1000” (the fastest internet service currently offered to residential users in Hungary) which allow unlimited traffic at a speed of up to 500 Mbps and 1 Gbps, respectively.

In addition to these standard packages, we offer the following premium fixed internet and data communication services for our business users in Romania:

- fixed internet access and/or data transmission based on fiber optic network equipped with GPON, SDH or DWDM, with any bandwidth ranging from below 1 Mbps to 1 Gbps or even several Gbps; we also provide, upon request, connections with redundancy based also on our fiber network, our fixed wireless network or our 3G and 4G networks;
- leased lines, national or international, protected or unprotected, SDH or DWDM, with any capacity from E1, E3, STM1 up to 10 Gbps; and
- other value added services such as managed services, collocation, DNS, web hosting and cloud storage.

Fixed internet pricing

In both Romania and Hungary, we offer an array of attractively priced fixed internet service offerings. We constantly aim to adapt our service offerings to changes in subscribers’ preferences, bandwidth requirements and pricing trends.

We generally offer a high-speed and affordable means of fixed internet access for residential users in Romania and Hungary, and we bill our fixed internet and data services in local currencies. The tables below sets out the prices in local currencies of our fixed internet and data services in the relevant markets as at December 31, 2016 (inclusive of VAT):

Romania⁽¹⁾			
	Download Speed	Price (VAT included) RON	Price (VAT included) EUR equivalent⁽²⁾
FiberLink Popular	30-300 Mbps ⁽³⁾	15	3.30
FiberLink 100/300	100/300 Mbps ⁽³⁾	28	6.17
FiberLink 500	500 Mbps	34	7.49
Fiber Link 1000	1 Gbps	39	8.59

(1) Starting from January 2017, VAT in Romania was decreased to 19% (VAT in prior year was 20%) and gross prices for Romania were adjusted downwards accordingly.

(2) Prices from local currency were translated to EUR equivalent using the foreign exchange rate as at December 31, 2016.

(3) Depending on the status of the network upgrade.

Hungary			
	Download Speed	Price (VAT included) HUF	Price (VAT included) EUR equivalent⁽¹⁾
DIGINet 100	100 Mbps	2,700	8.68
DIGINet 100 Pro	100 Mbps	3,500	11.25
DIGINet 200	200 Mbps	4,000	12.86
DIGINet 500	500 Mbps	4,500	14.47
DIGINet 1000	1 Gbps	5,000	16.08

(1) Prices from local currency were translated to EUR equivalent using the foreign exchange rate as at December 31, 2016.

Mobile Telecommunication Services (voice and data)

As at December 31, 2016, we were one of four licensed providers of mobile services in Romania. We provide mobile telecommunication services, which include both voice and data services, using our 3G and 4G

networks in Romania, and as an MVNO targeted at the Romanian communities in Spain and Italy. In Hungary, we resell third party mobile data services to our customers. In Hungary, we hold certain licenses entitling us to develop our own 4G mobile network and we are currently developing a network that will support our service, with a view to being in a position to launch in 2018 or later.

We began offering mobile telecommunication services in Romania in October 2007, and as at December 31, 2016, our 3G and 4G networks coverage extended to approximately 98% and 37% of the country's population, respectively. In Romania we have frequency blocks in the bandwidths of: 900 MHz, 2,100 MHz, 2,600 MHz and 3,700 MHz.

Since June 2014 we have launched several campaigns aiming to increase our mobile customer base in Romania. The campaigns promote an attractive offer targeted at new and existing customers including a variety of mobile phones for immediate purchase or purchase in installments. The campaigns are supported by nationwide media advertising (TV, radio, outdoor, online).

We are the leader in inbound number porting in mobile, with 1,058,527 numbers ported between 2008 and early February 2017. In 2016, there were 879,330 mobile telephony numbers ported in Romania, with the majority, 434,816 numbers, inbound toward us (Source: ANCOM).

We intend to continue to increase the coverage of our mobile telecommunication service and achieve growth in subscriber numbers and revenue. We currently ensure 3G coverage to over 98% of the population (which includes the vast majority of urban areas in Romania and, consequently, the areas where our network customers are located) through our own mobile network, allowing us to leverage our customer base through multiple service offerings. We also offer attractively priced standalone mobile telecommunication subscriptions and intend to use this service to develop new customer relationships.

Mobile telecommunication packages

We offer mobile telecommunication services structured to meet the needs of our subscribers. The service plans offer flat rates allowing either generous or an unlimited number of minutes of voice communications across the main networks, as well as mobile traffic up to 50 GB/month at 4G speed. Since 2015, we have offered three main types of packages, with several variations:

- ***DIGI Mobil Optim.*** DIGI Mobil Optim offers a range of packages that target customers who wish to have unlimited minutes inside and/or outside of the network and a generous monthly mobile data allowance of up to 10 GB mobile internet traffic at 3G speed and a total of 50 GB mobile internet traffic at 3G and 4G speed (up to 150 Mbps). The monthly fee range varies between €1.94 and €4.8 (VAT included) depending of the number of minutes included, 200 minutes for the €1.94 subscription, 300 minutes for the €2.88 subscription. We also offer unlimited voice traffic and selected international networks (3,000 international minutes to the EU, United States, Canada and China) for the €4.8 subscription; however, depending on the total number of mobile services contracted by the same customer, this price can go down to €2.88. We also offer to our clients the possibility to acquire a range of mobile phones within the same price range, regardless of the type of the subscription chosen.
- ***DIGI Mobil Avantaj.*** DIGI Mobil Avantaj offers 3 types of subscriptions together with a handset. The monthly fee is between €1.98 and €4.96 (VAT included) depending on the voice and data traffic included. The subscriptions offer from 200 minutes up to 500 minutes with national and selected international networks and up to 5 GB mobile internet traffic at 3G speed and 50 GB mobile internet traffic at 4G speed.
- ***DIGI Mobil Pre-paid.*** We launched DIGI Mobil Pre-paid in December 2015 with option fees that can vary between €2 and €4 (excluding VAT). Options include unlimited free minutes and SMS within our network, plus national minutes ranging from 150 to 450 and up to 6 GB of mobile internet data traffic. The options have a validity period of up to 3 months.

We also offer mobile internet and data services on a stand-alone basis in two different price plans with data traffic from 10 to 20 GB monthly.

In Romania as at December 31, 2016, we had approximately 3.2 million mobile telecommunication services RGUs, an increase of approximately 19.1% compared with December 31, 2015 when we had 2.7 million mobile telecommunication services RGUs.

MVNO operations in Spain and Italy

Spain

In December 2008, we started offering voice mobile services in Spain under the brand name DIGI Mobil using the Telefonica Moviles España, S.A. (“TME”) network. The service is mainly targeted at the large Romanian community in Spain, and can be contracted either on a pre-paid or post-paid basis. In November 2011, we started offering mobile data services under the brand name DIGI Naveg@, for the Internet on smartphones, and DIGI net, for standalone mobile internet and data services. We offer pre-paid and post-paid tariff packages for voice, SMS and mobile data in Spain.

At December 31, 2016, we had approximately 609,000 mobile telecommunication services RGUs in Spain generating revenue of €82.7 million for the year ended December 31, 2016.

Italy

In October 2010, we started offering an MVNO voice mobile service in Italy under the brand name DIGI Mobil using the H3G Italia network. The service is targeted at the large Romanian community in Italy. In order to address prior technical limitations of our service offerings in Italy, in March 2014, we signed a full MVNO agreement with TIM which will be effective until December 2020.

We offer pre-paid packages for voice, SMS and data in Italy, which are distinguished by varying mixes of predefined options on top of our standard tariffs.

At December 31, 2016, we had approximately 86,000 mobile telecommunication services RGUs in Italy generating revenue of €9.0 million for the year ended December 31, 2016.

Fixed-line telephony

We started offering business fixed-line telephony services in Romania in 2003 and expanded to residential fixed-line telephony services in June 2004. We began to see the number of our fixed-line telephony subscribers increase in 2005 as we began to upgrade our cable networks to the FTTB/FTTH standard (our cable networks have since been upgraded to GPON technology). As at December 31, 2016, we were the second largest fixed-line telephony operator after Telekom Romania (Source: Group, peer reports, ANCOM), which is the largest fixed-line telephony operator in Romania (based on the figures published by Telekom Romania as at December 31, 2016). We also started to offer fixed-line telephony services in Hungary in 2007, and we had approximately 353,000 RGUs as at December 31, 2016.

In the year ended December 31, 2014, we generated €38.1 million from fixed telephony services (representing around 5.8% of our revenue), of which €29.8 million was generated in Romania. In the year ended December 31, 2015, we generated €32.7 million from fixed telephony services (representing around 4.4% of our revenue), of which €25.8 million was generated in Romania. In the year ended December 31, 2016, we generated €31.9 million from fixed telephony services (representing around 3.8% of our revenue), of which €25.1 million was generated in Romania. As at December 31, 2016, we had approximately 1.3 million fixed line telephony RGUs in Romania (including business subscribers) and approximately 353,000 in Hungary.

Fixed-line telephony product packages

We offer fixed-line telephony services in Romania and Hungary in the form of service plans structured to meet the needs of our subscribers. We primarily offer our fixed-line telephony services alongside our cable TV, internet and data services and mobile telecommunication in order to encourage customers to subscribe to multiple services and increase customer retention. We also believe our fixed-line telephony service offering helps make our other business lines as well as our mobile telecommunication and mobile internet and data services more attractive. We offer two main types of packages for residential customers in Romania:

- ***DIGI Tel Family.*** DIGI Tel Family is our basic package with a monthly fee of €1 plus VAT that targets customers who prefer a lower monthly fee. It includes unlimited free minutes for calls with our other fixed-line and 3G mobile telecommunication subscribers and 100 minutes for calls to other national fixed networks.
- ***DIGI Tel National.*** DIGI Tel National is a package with a monthly fee of €2 plus VAT. It includes a fixed-line telephony subscription and unlimited free minutes for calls with our other fixed-line and 3G mobile telecommunication subscribers as well as other national fixed-line telephony networks and 100 minutes for calls to other national mobile operators.

In addition to these standard packages, we offer a wide range of services and tariff plans for our business users in Romania, including optional, value-added services to all our fixed-line telephony customers, over POTS lines but also over PRI E1s, which includes extended numbering, preferred numbers, short numbering, CLIP/CLIR, call barring, call forward and call on hold services. We had approximately 129,000 fixed-line telephony business RGUs in Romania as at December 31, 2016, compared with 127,000 and 124,000 at December 31, 2015 and 2014, respectively. Our ARPU for business users of our fixed-line telephony business was €3.72 at December 31, 2016, compared with €3.62 and €4.55 at December 31, 2015 and 2014, respectively.

In Hungary, we offered the following main types of packages as at December 31, 2016:

- **Digitel 200.** Digitel 200 is a package that is available to customers that also subscribe to cable TV and fixed internet and data. It is available for a monthly fee of HUF200 (VAT included) and includes unlimited free minutes for calls within our own network in Hungary and our fixed network in Romania. We charge HUF6.25 per minute (VAT included) for calls with subscribers of other fixed-line telephony networks and HUF15 per minute (VAT included) for domestic calls with subscribers of other mobile telecommunication networks.
- **Digitel 500.** Digitel 500 is a package that is available to customers that also subscribe to cable TV and fixed internet and data. It is available for a monthly fee of HUF500 (VAT included) and we charge HUF2 per minute (VAT included) for calls within our network and to our fixed network in Romania, HUF3 per minute (VAT included) for calls with subscribers of other fixed-line telephony networks and HUF6 per minute (VAT included) for domestic calls with subscribers of other mobile telecommunication networks.
- **Digitel 900.** Digitel 900 is a package that is available to all our customers in Hungary. It is available for a monthly fee of HUF900 (VAT included) and includes unlimited free minutes for calls within our own network in Hungary and our fixed network in Romania. We charge HUF6.25 per minute (VAT included) for calls with subscribers of other fixed-line telephony networks and HUF15 per minute (VAT included) for domestic calls with subscribers of other mobile telecommunication networks.

From April 1, 2015, the national mobile interconnection rates decreased from HUF7.06/min to HUF1.71/min. which was reflected in the packages described above.

Fixed-line telephony pricing

In Romania, in addition to flat monthly subscription fees, we charge our fixed-line telephony service subscribers a per-minute fee for certain calls outside of our fixed-line and mobile telecommunication networks. DIGI Tel Family subscribers are not charged a fee for on-net calls and for the first 100 minutes in other fixed networks, are charged a fee of €0.006 per minute for calls, after the first 100 minutes, to other fixed-line networks and a fee of €0.02 per minute for calls to other national mobile networks. DIGI Tel National subscribers are not charged fees for on-net calls or for calls to other fixed-line networks and for the first 100 minutes to other national and main EU, U.S., Canada and China mobile networks, and they are charged a fee of €0.012 per minute for calls to other national mobile networks. The fees for international calls vary on a country-by-country basis, starting with €0.012 per minute for the main fixed networks in the EU, U.S., Canada and China.

We set prices for our fixed-line telephony services in euros and bill our customers in local currencies converted at the exchange rate prevailing on the date of the invoice. The table below sets out the flat fees for our residential fixed-line telephony services per each type of package, based on call destination (inclusive of VAT):

Destination of calls (Tariffs per minute, in eurocents, VAT included)	DIGI	DIGI
	Tel Family	Tel National
	(€ cents)	
Own network (fixed-line and mobile)	0	0
Other network (fixed-line)	0.6	0
Mobile Networks: Orange, Vodafone, Telekom Romania	2.4	1.2
Fixed-line networks: EU	1.2	1.2
Fixed-line networks: U.S.A., Canada and China	1.2	1.2
EU Mobile Networks:	2.4-4.8	2.4-4.8
Mobile Network: DIGI Mobil Italy	2.4	2.4
Mobile Network: DIGI Mobil Spain	2.4	2.4
Mobile Network: U.S.A., Canada and China	1.2	1.2

Note: In January 2017, VAT in Romania was decreased to 19% (VAT in prior year was 20%) and gross prices for Romania were adjusted downwards accordingly.

For our business fixed-line telephony services we offer several packages, with prices from €2 to €30 (VAT excluded). All business subscriptions include unlimited calls in our fixed and mobile networks and in Telekom Romania's fixed network, and up to 1,400 free minutes in other national mobile networks.

DTH

Our DTH services consist of distributing programming content via satellite transmission primarily to rural or small town residential subscribers that receive our services through satellite dish receivers and set-top boxes installed in their homes. To provide this service, we have entered into a contract with Intelsat (which includes the lease of two transponders on the Telenor satellite) that will expire in November 2017, at which time we plan to extend existing relations or consider available alternatives.

We launched DTH services in Romania in December 2004 and, in 2006, we extended our DTH services to Hungary, Slovakia, the Czech Republic, the Republic of Serbia and Croatia.

To streamline our operations, we sold a number of our subsidiaries which were providing DTH services to a limited number of customers in our non-core jurisdictions. In 2013, we sold our Croatian subsidiary, 76% of our interest in our Serbian subsidiary and our Slovakian subsidiary. In April 2015 we sold our Czech Republic subsidiary.

We are a leading DTH operator in the main markets in Romania and Hungary. In the year ended December 31, 2014, we generated €87.8 million from DTH services (representing approximately 13.3% of our revenue) and in the year ended December 31, 2015, we generated €74.5 million from DTH services (representing approximately 9.9% of our revenue). In the year ended December 31, 2016, we generated €70.1 million from DTH services (representing approximately 8.3% of our revenue). As at December 31, 2016, we had approximately 641,000 DTH RGUs in Romania and approximately 307,000 in Hungary.

DTH product packages

Our product offerings include four types of packages ("Popular", "Basic", "Extra 1" or "Extra 2") for Romania and two types of packages ("Digimini" and "DigiTV") for Hungary. In combination with each of these packages, we offer premium movie channels such as DIGI FILM, HBO MaxPack, HBO, Cinemax and an Adult option.

Our offers have certain local, country-specific variations regarding the number and composition of channels included in each package. These variations are mainly driven by local demand and competition.

- ***Popular Packages.*** In Romania, we offer a "Popular" package, which includes a minimum of 25 channels and cannot be combined with the premium movie channels offered.
- ***Basic Packages.*** Our "Basic" packages include at least 60 channels in Romania. In Hungary, our "Digi" package offers at least 70 channels. In addition, in Hungary, due to local "must carry" regulations, we also offer a limited package with a maximum of 25 channels. We believe that our Basic packages are attractive in the market in terms of range of content offered for the price. At the same time, the design of the content of the Basic packages provides an incentive for our subscribers to take up the Extra packages. The offered channels cover the main genres of programming content such as news, general entertainment, sports, movies, documentaries, and children's programs. Our offer includes a wide range of local and international channels (in most cases with subtitles or dubbed, depending on the market practice).
- ***Extra Packages.*** Our "Extra 1" and "Extra 2" packages are currently offered in Romania. They include at least 63 and 76 channels, respectively, in each market. We try to structure these packages to incentivize customers who are willing to pay more for certain premium or specialized content while making sure that our Basic packages contain general channels of interest. The Extra packages are designed to increase our ARPU among targeted customers. Generally, international channels such as the History Channel, TV 1000, the Travel Channel, Viasat Nature or Viasat History and certain local special-interest channels are part of these packages.
- ***Premium Movie Channels.*** In Romania and Hungary, we offer one or both of the premium movie channels HBO and Cinemax, either individually or as a combined "MaxPack" as a separate supplemental package. HBO and Cinemax offer the latest globally distributed movies, special music and sports events as well as specially produced premium drama series and the Adult option. In Romania and Hungary, we also offer our own premium movie channel, DIGI FILM.

Although availability of quality local programming is very important in the DTH business, demand for the leading international channels is relatively consistent across the markets in which we operate. Thus, a large part

of the international programming content that we acquire in relation to our DTH business is used to service multiple markets. This is an important factor in maintaining a low cost base for our DTH services.

DTH pricing

We have adopted a strategy of offering high-quality services at competitive prices. Our prices per package are generally in line with or lower than the prices offered by our competitors for similar content. Our pricing policy for DTH services is established on a country-by-country basis. The main factors considered when determining price are affordability, market conditions, the local competitive environment and profitability.

We bill our DTH services in local currencies. The table below sets forth the monthly prices we charged for our DTH services as at December 31, 2016 (inclusive of VAT):

Romania	RON (VAT included)⁽¹⁾	EUR equivalent (VAT included)⁽²⁾
Popular	14.52	3.20
Extra 1	28.06	6.18
Extra 2 Basic	28.06	6.18
Extra 2 Popular	19.35	4.26
Extra Complete	31.94	7.03
DIGI FILM	2.9	0.64
HBO	12.58 ⁽³⁾	2.77
Cinemax	6.77 ⁽⁴⁾	1.49
HBO Maxpack	13.55 ⁽³⁾	2.98
Adult	0.97	0.21

(1) In January 2017, VAT in Romania was lowered to 19% (VAT in the previous year was 20%) and gross prices in Romania were adjusted downwards accordingly.

(2) Prices from local currency were translated to EUR equivalent using the foreign exchange rate as at December 31, 2016.

(3) Since May 1, 2015, the price for MaxPack and for HBO has also included access to HBO GO for no additional charge.

(4) Provided only as part of the MaxPack.

Hungary	HUF (VAT included)	EUR equivalent (VAT included)⁽¹⁾
DIGI Mini	1,700	5.47
Digi	3,300	10.61
DIGI FILM	300	0.96
HBO	2,090 ⁽²⁾	6.72
Cinemax	— ⁽³⁾	—
HBO Maxpack	2,590 ⁽²⁾	8.33

(1) Prices from local currency were translated to EUR equivalent using the foreign exchange rate as at December 31, 2016.

(2) Since May 1, 2015, the price for MaxPack and for HBO has also included access to HBO GO for no additional charge.

(3) Provided only as part of the MaxPack.

Own TV channels

Since July 2009 we have offered our own TV channels. Our first such channel was the premium content sports channel, DIGI Sport. Our own channel offerings now include sports channels (DIGI Sport 1, DIGI Sport 2, DIGI Sport 3 and DIGI Sport 4 (each in Romania) and DIGI Sport 1, DIGI Sport 2 and DIGI Sport 3 (each in Hungary)), a pay TV movie channel (DIGI FILM), a news channel (DIGI 24), documentary channels (DIGI World, DIGI Life and DIGI Animal World), and music channels U Televiziune Interactiva and Hora TV. We also own an interest in Music Channel. At the beginning of February 2014, our news channel (DIGI 24) was declared a “must carry” channel and offered solely in Romania through our own network as well as through other cable networks for free.

All of our own channels are broadcast in standard and high definition. Our premium sports channels own exclusive rights for Romania and Hungary over certain major sports competitions, such as Serie A and Ligue 1 and the WTA. Furthermore, we are one of a few providers with co-exclusive rights to broadcast the Romanian Football League and Cup (Romania), Romanian Football Second League (Romania), EHF Champions League (Romania), Spanish La Liga (Romania), Formula 1 Championship (Romania) and for the UEFA Europa League (Hungary). We use this premium content to attract a higher number of customers to our services.

The table below sets forth the main broadcasting rights we had through our premium TV sport channels as at the date of this Prospectus:

Sport	Competition	Romania	Hungary	Period
Football	Romanian Football Championship and Romanian Football Cup	✓		2015 – 2019
Football	UEFA Europa League		✓	2015 – 2018
Football	Spanish Football Championship “La Liga”	✓		2015 – 2018
Football	Italian Football Championship “Serie A”	✓	✓	2015 – 2018
Football	French Football Championship “Ligue 1”	✓	✓	2015 – 2018
Football	Qualification matches World Cup 2018	✓		2014 – 2017
Handball	EHF Champions League, Cup and Trophy	✓		2014 – 2017
Racing	Formula One World Championship	✓		2016 – 2017
Tennis	WTA Tennis Tournament ⁽¹⁾	✓	✓	2017 – 2021

(1) Wimbledon Premier is included in the WTA Tennis Tournament broadcasting license.

(2) We have also held the broadcasting rights for the Moto GP and ATP1000 Master series & World Tour Finals, both of which expired in 2016.

The aggregate value of the licensing fees under these agreements is approximately €110.9 million. In addition to licensing fees, some of these agreements require us to bear certain technical costs such as costs related to up- and down-linking. We also plan to acquire additional broadcasting rights in the future in order to renew or further upgrade our content offering.

In addition to broadcasting them through our pay TV platforms, we offer our own TV channels to certain other cable TV operators in Romania for a fee. At the end of 2015, we introduced advertising on our own channels to allow for additional monetization of our channel portfolio.

DIGI FILM

In 2011, we commenced offering a pay TV service in Romania called DIGI FILM across our digital TV platforms (cable TV and DTH). This service is focused on delivering the latest movies to our customers, before they become available on regular free-to-air TV channels. In 2012, we also started the service in Hungary. Customers pay RON2.9 per month in Romania and HUF300 per month in Hungary to access the service.

Radio channels

We also started operating radio stations in Romania (Pro FM, Info Pro, Music FM, Dance FM) in May 2015, and, in November 2015, we launched Digi FM, a new radio station. Digi FM is operated on the basis of the license and audiovisual authorization initially issued for Info Pro, which was closed down shortly after its acquisition.

Multiple Offerings

The majority of our customers subscribe to two or more of our services. This is particularly true in relation to our network-based services, which use the same infrastructure in the delivery of all our services. Accordingly, we divide our customers between those who utilize our network-based services (network customers), in which we include our cable TV, internet, fixed telephony and mobile telecommunication services, and customers who subscribe to our DTH service.

As the geographical coverage of our mobile network has increased, so has the number of customers who subscribe to multiple services. In Romania, the average number of services per our residential customers in Romania (excluding DTH customers) was 2.41 and the percentage of network customers using more than one service was approximately 75% as at December 31, 2016. In Hungary, the average number of services per network customer was 2.3 and the percentage of network customers using more than one service was approximately 80% as at December 31, 2016.

The table below shows the percentage of network customers that subscribe to multiple services in Romania and Hungary as a percentage of our base subscribers as at December 31, 2016:

	Romania	Hungary
Single-play	25%	20%
2 or more	75%	80%
Of which 3 or more	47%	53%
Of which quad-play	19%	0.5%

We offer certain discounts incentivizing customers to subscribe for more than one service. For example, in Romania, the mobile internet service provided on USB dongle as “Digi Net Mobil” package is discounted for customers who also hold a “Fiberlink” fixed internet subscription.

In Hungary, there is a 20% discount for 24-month contracts if all three fixed services (cable TV, internet and fixed telephony) are purchased as a package.

Although we focus on increasing the number of services to which each customer subscribes and develop our infrastructure with this objective in mind, we also analyze our business on the basis of our five distinct business lines. We believe that customers who subscribe to multiple services are less likely to leave our services.

Electricity generation and supply

In 2012, we started to acquire several developmental stage solar energy projects as a means to reduce or partially offset our costs for electricity. As at December 31, 2016, the projects have an aggregate installed capacity of 15.72 MW, all of them being operational.

Under incentives promulgated by the Romanian government, producers of electricity from renewable sources (e.g., solar) that are accredited by the Romanian energy regulator are entitled to receive green certificates that can be subsequently sold to suppliers and other entities that have a legal obligation to acquire them. In 2016, sales of green certificates received from our solar energy projects generated €2.1 million.

In 2015, we started operating an electricity supply business, initially targeting business customers, and in 2016 it was extended to also target residential customers. Electricity supply is not a core activity for us; we entered it largely to broaden our service offering to our clients and hence increase “client stickiness” as well as to exploit the capabilities we developed and opportunities we identified while selling green certificates and, other than in December 2016 and the first quarter of 2017, it has been a break-even or slightly loss making business. Our electricity supply business consists of us buying electricity on the centralized wholesale trading platforms (in line with applicable legal provisions which forbid “over the counter” agreements) and selling it to our business and residential customers. In general, our customer contracts are fixed price for up to one year and have no limits on the amount of electricity the customer can require us to supply. In 2016 we purchased electricity from both the forward electricity market as well as from the spot market. Approximately half of the energy that we acquired in 2016 was purchased from the forward market, while the remaining energy was purchased on the spot market. However, in January and February 2017 the quantity of forward purchased energy was negligible. In 2016, we supplied, in aggregate, approximately 1.1 million megawatt hours to a mix of business and residential customers, of which business customers accounted for over 95% of consumption. In the first three months of 2017, we supplied an estimated 249,457 MWh. In March 2017, we intentionally decreased electricity supplied to an estimated 67,478 MWh, a 28% decrease when compared to the 2016 average of monthly supplied electricity.

Demand from our larger business customers is subject to higher variation and is more difficult to predict than from residential and mid-sized and smaller business customers. Large and unusual increases in prices for purchase of electricity in late 2016 and early 2017 due, in part to cold weather and in part to market dysfunctionality, led to us incurring significant losses in this business during those periods. To reduce our exposure to such volatility, we are currently in the process of refocusing our energy supply business on residential and mid-sized and smaller business customers and decreasing the overall volume of electricity supplied to business customers. Our target is to decrease such volume of business customers by roughly half by mid-2017 as compared to the previous year and have as at 31 March 2017, already reduced our volume of electricity supplied to business customers by 28% when compared to the 2016 average of monthly supplied electricity to business customers. We expect that this will result in us having more manageable supply obligations and that we will decrease materially the amount of electricity we supply when compared to 2016 levels. In addition, for 2017 we are aiming for at least half of our electricity supply needs to be met through fixed term contracts. See *“Part 1—Risk Factors—The results of our energy supply business are dependent on the price at which we are able to acquire electricity from third parties. Volatility in the cost of electricity may negatively impact our financial condition and results of operations.”*

OPERATIONS

Programming

Separately from the channels that we own, we acquire the rights to distribute channels from local and international programming content providers. In the case of all international and most local providers, we down-link and retransmit these channels as originally packaged (or with subtitles or dubbed), while with certain local

providers we receive the channel via terrestrial fiber optic transmission. As at December 31, 2016, we had distribution agreements in place with approximately 82 content providers. In total we have the right to retransmit in Romania and Hungary approximately 299 pass-through channels. Our pass-through channel providers assume full responsibility for programming content and ensuring compliance with applicable rules on the protection of minors. We carry both leading local channels and international channels (in most cases with subtitles, or dubbed, depending on market practice). The programming content generally consists of films, sports, general entertainment, documentaries, children's programs, news and music.

Content is generally purchased on a per-subscriber basis or on a flat fee basis. Prices paid for these channels are sometimes subject to minimum guaranteed fees that are based on a specified minimum subscriber level, with a number of agreements providing for volume discounts in the fee per subscriber as the total number of subscribers increases.

The programming content acquired is retransmitted as part of the packages offered both through our cable TV service and our DTH service. The costs are allocated on a contract-by-contract basis between the cable TV subscribers and the DTH subscribers.

Fiber Networks

In Romania, we own and operate an advanced, fully digitalized and two-way capable fiber optic network. The network architecture provides approximately 84% FTTB/FTTH coverage based on GPON or comparable technology, with the rest (located in rural areas composed primarily of single family homes) being hybrid fiber-coaxial networks, giving us the highest fiber share among similar cable operators in Europe.

We provide cable TV, internet and data services and fixed telephony through our fiber optic network. Our subscribers access the Internet primarily through an FTTB/FTTH connection using GPON or comparable technology. Subscribers using an FTTB/FTTH connection can reach asymmetrical transfer speeds of up to 1 Gbps download and up to 500 Mbps upload. Subscribers are connected to the network using Point-to-Point Protocol over Ethernet sessions. Our BNG/BRAS system uses N+1 redundancy and is highly distributed.

Our DWDM network reaches Budapest. Total IP Internet Connectivity is around 2 Tbps split as IP Transit capacity, IP Peering network capacity and CDN network capacity. Our total IP Transit network connectivity is around 400 Gbps. IP Transit connections have been deployed with two different Tier 1 providers (Telianonera and NTT) in three different locations (Bucharest, Budapest and Frankfurt). Total IP Peering network capacity is over 600 Gbps. Our own IP Peering routers have been deployed in the most important IXPs in the world: Frankfurt (DE-CIX), Amsterdam (AMS-IX) and London (LINX). Regional IP Peering routers also exist in Budapest and Bucharest. The total traffic throughput at peak exceeded 1.2-1.3 Tbit/s at the end of December 2016.

Over 700Gbps of CDN capacity has been deployed in our Data Centers all over the country by the largest content providers like Google, Facebook and Akamai, enabling our subscribers to enjoy top download speeds, HD quality streaming, instant access to social media and reliable connection to the cloud.

We have a multi-vendor policy for the IP Backbone network routers. Major city nodes in Romania are connected with multiple redundant 100 Gbps or 10 Gbps links. The national network coverage is ensured through redundant scalable rings, with transmission capacities ranging between 10 and 300 Gbps.

In Romania, we have an intercity backbone network of approximately 22,000 kilometers. Approximately 76% of this network is aerial, with the remaining approximately 24% buried underground. Most of our intercity aerial network is built along the power lines of the national electricity distribution and public transportation companies on the basis of leases. For our metropolitan networks we lease poles or underground rights of way from private or state-owned transportation companies (such as Metrorex Bucuresti S.A., the Bucharest underground operator, and certain overground municipal transportation operators in various locations of the country). Starting in 2011 (and earlier in certain towns and cities), Romanian authorities implemented a series of regulatory measures which led to a virtual prohibition on building aerial networks in certain cities on public property (in particular, in urban areas) and imposed pressure to move our existing aerial networks there. Although in recent years urban regulations were partially relaxed so as to allow above-ground infrastructure building in rural areas, this regulatory trend is continuing and may lead to forced change in network building practices, as well as to obligations to change existing network locations. We bury our networks in cities where local authorities are able to grant us the required authorizations sufficiently quickly or where the necessary infrastructure is available. The underground network has also been developed on the basis of lease agreements entered into either directly with municipalities or with other operators acting on the basis of concessions from the relevant municipalities and/or acquisitions of ownership rights over the overlaying land. Our residential and

business user network covers, in addition to the capital city, Bucharest, all of the 41 county capital cities and numerous smaller cities and towns. Our fiber network in Romania passes a total of approximately 4.7 million homes as at December 31, 2016. We service business customers in all counties and major cities of Romania.

The map below shows our backbone in Romania as at December 31, 2016:



In Hungary, we cover 80 cities with our FTTB/FTTH network, which has similar technical capabilities to our Romanian network. Our Hungarian fiber network passes approximately 1.1 million homes. We use approximately 4,306 km of backbone fiber optic network, approximately 32% of which is owned by us, 47% is subject to long-term leases and the remaining 20% is subject to regular lease contracts.

The map below shows our backbone in Hungary as at December 31, 2016:



	As at December 31,		
	2014	2015	2016
Romania			
Number of homes passed (millions)	4.6	4.6	4.7
Percentage of homes passed ⁽¹⁾	61%	61%	62%
Hungary			
Number of homes passed (millions)	0.9	1.0	1.1
Percentage of homes passed ⁽¹⁾	20%	22%	24%

(1) Calculated based on the total number of households from Eurostat for Romania and www.ksh.hu for Hungary.

In Romania and Hungary we continue to pursue technological improvements of our network as well as expansion of our coverage. We believe that our network provides the opportunity to market attractive fixed internet and data and fixed-line telephony services, offering significant growth opportunities in terms of subscribers and revenue with limited additional investment. Nevertheless, we plan to continue to expand our FTTB/FTTH network to areas not covered by our cable TV operations and to upgrade smaller networks in Romania to FTTB/FTTH standard using GPON technology to allow higher penetration of fixed internet and data and fixed-line telephony services. The peak daily internet traffic consumption of our Romanian customers amounted to approximately 1000 Gbps in December 2016 (including an estimate of 65 Gbps for business subscribers). We believe this figure may increase further in 2017 due to an increase in the number of subscribers and improved offerings that we may be able to provide to our subscribers.

Set-top boxes and routers

Set-top boxes

No set-top boxes are required for analog TV customers, and we offer digital set-top boxes with standard HD CAM modules for our digital TV customers. The first set-top box rental is included in the digital TV tariff, with additional boxes requiring a supplemental fee; though customers can also opt to purchase rather than rent the boxes. We currently source set-top boxes from Kaon, Humax, and EKT.

The set-top boxes have the ability to connect an external hard drive to record content to create a personal video recorder (“PVR”) functionality, which provides customers with a more efficient setup as they are usually not willing to pay for expensive high-speed PVRs. Additionally, customers get access to our proprietary electronic program guide.

Routers

Routers are provided to our fixed internet and data customers for RON5 a month, which is payable on top of internet costs; customers also have the option to purchase the routers. Rented routers are accessible to RCS & RDS which allows for remote troubleshooting if an issue arises with the router. We recently launched a new router which offers speed of more than 900Mbps over Ethernet and over 400Mbps over Wi-Fi, depending on the receiving device’s capability.

Mobile Telecommunication Services Network

Our mobile telecommunication network in Romania is based on the equipment and solutions provided by leading vendors (Huawei, Nokia, Ericsson and ZTE). We lease technical premises and antenna supports from a large number of land and premises owners as well as the national radio communications operator, Societatea Nationala de Radiocomunicatii S.A., on the basis of a long-term lease. In addition, we have acquired ownership rights over numerous small plots of land in order to build the necessary communication towers for the deployment of our mobile network and have also entered into long-term leases (10 to 15 years) for locations where we have installed base stations, antennas and other related equipment.

In Romania, as at December 31, 2016, our 3G and 4G mobile telecommunication and mobile internet and data services covered approximately 98% and 37% of the Romanian population, respectively. As of December 31, 2016, our 3G and 4G mobile telecommunication and mobile internet and data services were comprised of approximately 3,400 and 1,200 base stations, respectively.

The mobile network is integrated at the transmission level with our fiber optic backbone to take advantage of the high available capacity. We have teams of employees that undertake the high-level radio design, set-up, operation, maintenance, network optimization and drive-test of the network.

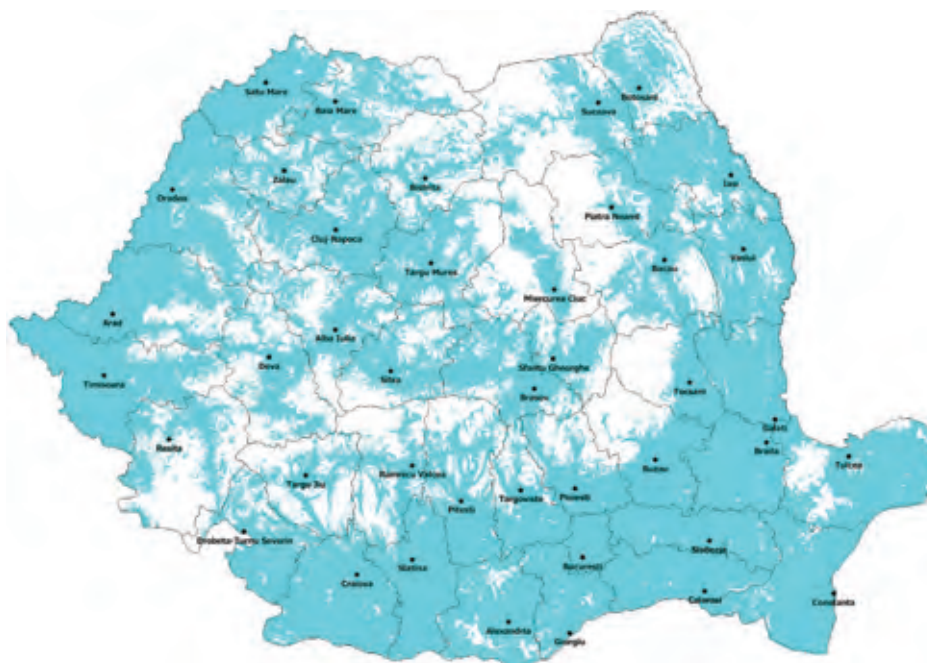
For the purposes of developing of our 3G and 4G mobile networks, we have acquired several frequency blocks in various bandwidths, which are set out in the table below.

<u>Country</u>	<u>Bandwidth</u>	<u>Frequency blocks</u>	<u>Year of Acquisition</u>	<u>Validity period</u>	<u>Additional information</u>
Romania	2,100 MHz	3 X 2 X 5 MHz 1X5 MHz ⁽¹⁾	2007	Until 2022	Can be extended with 6 months prior notice for an additional 10 years (without additional license fees). Can also be used to establish other services like 4G-LTE. We fulfilled our license obligations, as reviewed by ANCOM.
Romania	900 MHz	1 X 2 X 5 MHz	2012	Until 2029	Please see the license obligations listed below. Usage from 2014
Romania	2,600 MHz	6 X 1 X 5 MHz	2015	Until 2029	4G license
Romania	3,700 MHz	10 X 1 X 5 MHz	2015	Until 2025	4G license
Hungary	1,800 MHz	1 X2 X 5 MHz	2014	Until 2029	5 year automatic renewal if the initial contract is not breached during the initial term
Hungary	3,800 MHz	4 X 5 MHz	2016	Until 2034	

(1) TDD technology.

Under the terms of our 900 MHz spectrum license in Romania, we were required to expand our coverage to include a number of small cities by April 5, 2016, and we have complied with this requirement. This license also requires us to increase voice coverage to 98% of the Romanian population by April 5, 2019, ensure data coverage of 60% of the Romanian population by April 5, 2021 and allow access to MVNOs.

The map below shows the territorial coverage of our own 3G mobile network as at December 31, 2016:



In order to minimize the potential for a system failure in our 3G mobile network, we have agreements in place with certain of our suppliers for technical support to help ensure continuous operation of the network.

In November 2016, we entered into a framework agreement to acquire an IMS system (IP Multimedia System) which will enable VoLTE (Voice over LTE/4G), VoWiFi (Voice over WiFi) and VoBB (Voice over broadband) on our 4G networks.

Fixed-line Telephony

Our fixed-line telephony network in Romania is based on current technologies, combining IP (flexibility) and time division multiplexing (quality and reliability) equipment for a better user experience and is based on Alcatel voice switches. We have more than 100 national and international points of interconnection with major carriers (including Telekom Romania, Orange, Vodafone, Telecom Italia, Proximus, Deutsche Telekom, Telekom Austria, Telia Sonera, Turk Telecom, Tata, etc.).

In order to minimize the potential for a system failure, we maintain a system of back-up generators and spare batteries in the event of a blackout or disruption in the power lines. In addition, our redundant network operates with reserve, or back-up channels, to ensure that voice and data traffic continue to flow uninterrupted in the event that one or more channels fail to function properly.

Our new IMS system (IP Multimedia System) will enable us to migrate the fixed-line services to a new state of the art technology, allowing us to develop new and innovative services and integrations with the mobile or internet fixed services.

DTH Operations

We operate our DTH satellite retransmission operation using the up-link infrastructure we own and house at our teleport facilities in Bucharest and Budapest. From these locations, the broadcast feed is transmitted to the geostationary satellite operated by Intelsat named IS-10-02, which is located 35,800 km above the equator at 1 degree West longitude and to the Thor 6 satellite operated by Telenor on a neighboring orbital position at 0.8 degrees West. From the satellite, the feed is transmitted back down to individual subscribers across the markets where we operate. A dish mounted externally at subscribers' premises receives the signal. The dish is connected to a set-top box that decodes the signal and converts it into video, sound and data information.

International turnaround channels are received via our dishes, digitized and sent to the turnaround center for further upload to the satellite that we use. Channels from some local terrestrial broadcasters are received via fiber optic cable and re-broadcast without modification. These channels are then compressed, encrypted and multiplexed (thus combining a number of channels in a single signal). The equipment required to carry out this process is collectively called the "headend." We operate two headends in Bucharest and one in Budapest. The channels are broadcast via high-power satellite up-link at our headquarters and in two other locations to the relevant satellites and then down to the subscribers' premises. We have six large-diameter satellite dishes for up-linking signals (and an additional two redundant antennas). All up-linking to (and down-linking from) the satellite is at 13,777 and 13,893 MHz frequencies (12,527 and 12,643 MHz).

Most of our subscriber management activities, including call centers and services activation and deactivation, are done in-house. These operations are currently located in Bucharest and Oradea for Romania and in Budapest and Debrecen in Hungary and service all our DTH subscribers on a country-by-country basis.

Satellites and transponders

As at December 31, 2016, we use nine high-powered transponders, seven on the IS-10-02 satellite and two on the Thor 6 satellite, to transmit our DTH signal and one additional transponder for transmission of non-DTH signals. The lease agreement with Intelsat (which includes the lease of two transponders on the Telenor satellite) is entered into on competitive terms and will expire on November 30, 2017, at which time we plan to extend existing relations or consider available alternatives. The number of television channels that can be broadcast to subscribers is dictated by the amount of transponder space available. Currently, we are using nearly all of our available transponder capacity. We also use simulcrypt agreements.

The nine satellite transponders used for DTH signal transmission receive the video, audio and data signals transmitted from our up-link facilities, convert the frequency of the signals, amplify them and retransmit them back to earth in a manner that allows individual subscribers to receive the signals using a small satellite dish.

IS-10-02 was launched into orbit in 2004. It was built by EADS Astrium and is based on a high-powered Eurostar series, the E3000; it has a minimum designed service life of 13 years. Intelsat controls the IS-10-02 satellite from a telemetry, tracking and control ground station located in Washington, DC. Thor 6 was launched into orbit in 2009. It has a minimum design life of 15 years. Telenor controls the Thor 6 satellite from a telemetry, tracking and control ground station located in Norway.

If, for any reason, the IS-10-02 or Thor 6 satellites become unavailable for further service, we estimate that alternatives are available in the same orbital position, and more could become available at a later date. If the service provided by Intelsat fails, it may in its own discretion restore such service on the satellites or on another Intelsat satellite able to provide similar coverage and equivalent performance. Alternatives could also be implemented by using satellites in a different orbital position, which may however require us to repoint all our existing subscribers' receiving dishes in order to receive our signal.

Disaster recovery facilities

We operate three redundant teleport stations with six large antennas (and an additional two redundant antennas) at different locations allowing up-link of our DTH signal to the Intelsat IS-10-02 and Telenor Thor 6 satellites. All active transmission equipment is fully redundant. The three teleport facilities are interconnected via our fiber optic network and have access to all programs which are distributed via satellite.

Set-top boxes and encryption

We use an encryption solution and smart-cards for our DTH operations supplied by Nagravision, which is a leading supplier of security solutions for the television industry. We believe the quality of the encryption technology we use is consistent with market standards. See also “—Fiber Networks—Set-top boxes and routers—Set-top boxes.”

DISTRIBUTION AND SALES

We employ four primary sales channels: (i) our own retail network; (ii) agents providing door-to-door sales, (iii) retail sales partners and (iv) inbound and outbound telesales. These channels use our own as well as external salesforce.

In Romania, we have 376 sales and collection points and a sales force of approximately 1,689 individuals. In Hungary, we have 47 sales points and a sales force of 34 individuals. We have approximately 2,414 external sales points in Spain and approximately 1,322 external sales points in Italy.

We differentiate marketing and sales depending on the target customers. We differentiate between residential customers and business customers mainly on the basis of the type of services they subscribe to, especially with regard to internet and data and fixed-line telephony services.

Residential Sales

We sell our network-based services both to new customers and through cross-selling of additional services to existing customers. Cross-selling is promoted through all sales channels and sales platforms in an attempt to increase the level of multiple service uptake amongst our customer base. The majority of subscriptions are generated through our retail operations (at service centers where customers make payments in person). In addition, subscriptions are generated through contacts initiated by us, through door-to-door activity, and the rest is generated through outbound/inbound telesales.

The table below shows the breakdown of residential gross adds by sales channel for the year ended December 31, 2016:

	<u>Fixed services</u>	<u>Mobile services</u>
Retail	64%	59%
Door-to-door	34%	31%
Inbound/outbound telesales	2%	10%

Business Customer Sales

We launched our services for business customers in 1998, and Romania is the main country in which we target business customers actively. We differentiate, on the basis of the services that our customers require, between small-to-medium corporate customers and large corporate customers. We have a separate acquisition and retention process for each type of corporate customer. We have a large number of sales agents in charge of the retention of small and medium business customers, who also contract new services through cross-sales or to new customers. The front sales department drives the acquisition process for small-to-medium corporate customers. A dedicated large accounts department manages acquisitions of large customers. We have also established a business telesales department, which focuses on the acquisition of small business customers and cross-sales.

We employ various strategies for the acquisition of new corporate customers. We incentivize our specialized sales force to reach certain acquisition targets, and we initiate acquisition programs which can either take the form of door-to-door campaigns in areas with a large concentration of businesses or in business centers or may be focused on targeting potential customers in a specific industry, based on a telesales process.

We also have tailored offerings for large corporate and government customers through a wide range of customizable solutions. In the sector of small and medium sized enterprises and micro-businesses, we attempt to further penetrate the market with standardized products.

CUSTOMER SERVICE AND RETENTION

We believe that the quality of our customer service is critical to attracting and retaining customers. While we focus on providing high-quality after sale services, we also pay particular attention to other key processes, such as monitoring the overall quality of the services provided to our customers and receiving and resolving customer queries (whether commercial, financial or technical in nature).

As at December 31, 2016, our customer service department in Romania consisted of 1,969 employees spread across all of our national service centers and six call centers (servicing our Romanian, Spanish and Italian clients). As at December 31, 2016, our customer service department in Hungary consisted of 395 employees spread across all of our physical service centers and two call centers in Budapest and Debrecen. Our subscribers in Romania and Hungary have access to customer service support 24 hours a day, seven days a week through our call centers which monitor, track and respond to customer queries.

As at December 31, 2016, out of the total customer service department, we have a total of 1,050 call center employees, of whom 913 are in Romania, 137 are in Hungary.

We also have after sale and service teams dedicated to our various services. Our mobile telecommunication and mobile internet and data services are serviced directly at our retail locations. We generally aim for a targeted service, and we provide different contact numbers for each type of customer. Our business customers are granted special attention as they each have designated account managers.

The inbound calls are usually related to general inquiries about the services we offer, ordering a new service or an add-on functionality to an existing service, information related to service configurations or registration of complaints about technical or financial issues. We make outbound calls from all centers in order to confirm service functionality, for collection and for telesales activities. We also use our points of sale network as a very important tool in our contact with existing and potential customers.

We actively monitor our customer satisfaction and seek customer feedback in connection with our service offerings and customer service efforts and routinely provide customers with questionnaires or other requests for feedback through which they describe their level of satisfaction with our service offerings and quality of service, provide comments and requests or order additional services.

In addition, we offer our customers promotional vouchers to promote customer retention.

MARKETING

We believe that we enjoy strong recognition among consumers in our traditional markets, especially in Romania and Hungary. We generally market our services under the brand "DIGI", with variations depending on the type of service: DIGI TV for cable TV and DTH, DIGI Tel for fixed-line telephony, DIGI Net for our fixed internet and data services, DIGI Mobil for our mobile telecommunication services, DIGI Net Mobil for our mobile internet and data services, DIGI Animal World, DIGI Life, DIGI Sport, DIGI FILM, DIGI World and DIGI 24 for our TV channels and DIGI Online for our online platform.

Our general marketing strategy aims to position us as a provider with a high quality-to-price ratio addressing the mass market. We also aim to encourage the uptake of multiple-play services by offering competitive prices for each of our services as well as single invoices and a single point of contact for various services.

In all of the markets in which we operate, we use a variety of advertising and campaigning channels to promote our services and brand names. Traditionally we have preferred to advertise through "below-the-line" marketing (i.e., targeted local marketing through flyers, stickers, local billboards and local or national press), as we believe these fit better with the nature of most of our service offerings. However, we also use TV channels (our own and third party) to promote our service offerings. Promotions are addressed to both new and existing customers and focus on increasing awareness of new services and cross-selling. The campaigns also emphasize our brand and the high quality of our products at low prices. In the markets where we offer multiple services, we have actively promoted our image as an integrated telecommunications and media provider.

Customers can obtain information related to our services and products at our customer sales offices, through our call centers and from our website.

BILLING

Our billing system is based on invoices issued monthly. Our prices for the majority of our services provided to residential subscribers (except telephony and business internet and data services) are set in local currencies. For mobile and fixed-line telephony to residential and business customers in Romania as well as fixed internet and data and fixed-line telephony services for business customers in Romania, our prices are determined in euro or U.S. dollars. For prices not determined in the local currency, customers pay their invoices in local currency using the exchange rate from the date when the invoice was issued. We usually bill our services on a post-paid basis. Generally, we require individual post-paid subscribers to settle their accounts on a monthly basis. Subscribers may pay in person at our retail locations or through various payment outlets (including by postal order in Hungary) or at ATMs of certain banks, on our website using e-commerce or by payment order. The terms of payment are by the end of the service month for services with flat subscription fees. Disconnection periods for non-payment vary by service and market depending on our customer relationship strategy.

For our multiple-service customers, we issue a single invoice for all services. The billing software is developed in-house and is used in all the countries where we operate, except for Hungary. In Hungary, we rely on a software solution provided by a third-party vendor.

In addition to maintaining financial information for each customer, our billing software keeps detailed, non-financial customer and contract related information. This information is used by our customer service representatives to address various issues and needs of our customers.

We believe our billing and collection systems are appropriate for our business needs, and we constantly seek to improve them. We are trying to improve our physical presence by increasing the number of sales or collection points and bringing them closer to the client, including in rural areas (DIGI Box). Additionally, we send notifications (via SMS, dedicated website, internet pop-up messages and TV messages for our DTH subscribers) to our customers alerting them of overdue invoices. As a result, in the year ended December 31, 2016, our bad debt rate (which we calculate as recognized impairment losses relating to trade and other receivables as a percentage of total revenue) was approximately 1.0%.

EQUIPMENT SUPPLIERS

In our cable TV business line, our principal supplier for video receivers and modulators is Kaon.

Our satellite receivers are currently supplied by Kaon. Nagravision supplies the encryption and subscriber management system.

For internet and data services, our main suppliers are Cisco, Juniper and Huawei for high end routers and ECI for DWDM transmissions.

Our GPON infrastructure relies on equipment provided by Huawei and ZTE.

In our fixed-line telephony business line, our main supplier is Nokia (we are using Alcatel switches; Alcatel is currently part of Nokia).

The equipment for 3G mobile telecommunication services is provided by Nokia and Huawei. We focus on Android-based smartphones, due to better affordability for our customers. The main producers for mobile handsets are Samsung, Huawei, Allview and Lenovo.

Most of our equipment is supplied directly by the manufacturers. In nearly all cases, we believe alternate providers are readily available and only in rare occasions would replacing such providers be a lengthy process.

SERVICE SUPPLIERS

We purchase our content from both local producers and international providers. Some of our major content suppliers are Eurosport, NGC, HBO, Universal, Disney, Viacom, and Viasat.

Our main suppliers for global internet interconnection and IP transit services are the leading industry operators: Telia Company and NTT Communications.

Our main suppliers of interconnection services in telephony are major telecommunications operators present in Romania and Europe. These include Telekom Romania, Orange, Vodafone, Telecom Italia, TME, Proximus, Deutsche Telekom (through Combridge SRL), Telekom Austria, Telia Company, Türk Telekom and Tata.

Our supplier of DTH satellite services is Intelsat.

Sub-contractors are used to install equipment for our customers.

INTELLECTUAL PROPERTY

We own a relatively large number of trademarks including verbal trademarks (protecting words) and combined trademarks (protecting both words and image), including: “RCS & RDS”, “DIGI”, “DIGI TV”, “DIGI FILM”, “DIGI SPORT”, “DIGI MOBIL”, “DIGI LINK”, “DIGI TEL”, “DIGI NET”, “DIGI 24 HD”, “DIGI LIFE”, “DIGI WORLD”, “UTV”, “DIGI Oriunde”, “DIGI Online”, “DIGI PLAY”, “DIGI Energy”, “Pro FM”, “DIGI FM”, “DANCE FM”, “MUSIC FM” and “ROMANIA FURATA.” These trademarks are registered for the territories in which they are used and certain trademarks are also registered for additional territories or on a national or European basis.

In all of the above cases, the protection offered by the registration of the trademarks lasts for 10 years and can be extended for another 10 years on the basis of a specific request. During the course of our business, we regularly undergo the renewal of our trademarks and the registration of new trademarks (most of the latter related to our TV and radio broadcast activities).

We are generally not party to any license agreements in connection with any of the trademarks we own. The isolated cases when we have provided licenses for use of our trademarks by third parties have been as a post-closing covenant at the disposal of our subsidiaries in Croatia, Slovakia and the Czech Republic. Each of such temporary arrangements was limited to the exited territory(ies), with no impact on our business in the countries where we have continued to operate. The license agreement applicable to the trademarks used in the Czech Republic is in force until April 2020, while the trademark license for Slovakia is contemplated to be extended until December 2017 and the Croatian trademark agreement has expired.

INSURANCE

We maintain an insurance policy in respect of our critical communications equipment in data centers in Bucharest and certain key network nodes throughout Romania for the services we provide, including our up-link facilities in Bucharest. The insurance policy is provided by Uniqa Asigurari and has an aggregate coverage of up to RON143 million (€31.5 million equivalent as at December 31, 2016). We also maintain civil liability insurance policies and property damage insurance policies for our car fleet. Apart from mandatory third party liability and casual and collision insurance for our car fleet, we do not maintain insurance policies for our Hungarian operations. Additionally, we are in the process of executing liability insurance for our directors.

We consider such insurance coverage to be adequate and in accordance with customary industry practice in the markets where we operate. However, we currently do not have coverage for business interruption and loss of key management personnel and a substantial part of our assets is not insured.

PROPERTIES

We lease most of the principal properties upon which we operate in Romania. We also own several floors of the building where our headquarters are located, as well as the premises we use as production studios for certain of our own channels. Outside of Romania, we lease our principal premises. See also “—Operations—Fiber Networks” for a discussion of rights related to our networks.

The following table sets forth our key properties:

<u>Country</u>	<u>Location</u>	<u>ID</u>	<u>Primary Function</u>	<u>Owned/ leased</u>	<u>Size (sqm)</u>
Romania	Bucharest	Forum 2000	Administrative, Head End, NOC, Teleport	owned	2,488
Romania	Bucharest	Forum 2000	Administrative, Head End, NOC, Teleport	lease-back	4,493
Romania	Bucharest	Forum 2000	Administrative, Head End, NOC, Teleport	leased	2,067
Romania	Bucharest		Administrative, Warehouse	leased	3,257
Romania	Bucharest	Panduri	Call Center, TV Studios	owned	2,244
Romania	Bucharest	Panduri	Call Center, Administrative	leased	7,532
Romania	Timisoara		Administrative, Head End, NOC, TV Studios	owned	470
Romania	Craiova		Administrative, Head End, NOC, Call Center, TV Studios	owned	3,551
Romania	Arad		Administrative, Head End, NOC, Call Center	owned	804
Romania	Iasi		Administrative, Head End, TV Studios	owned	850
Romania	Iasi		Administrative, Head End, NOC, Call Center	owned	438
Romania	Constanta		Administrative, Head End, NOC, TV Studios	owned	1,156
Romania	Oradea		Administrative, NOC, Call Center, TV Studios	owned	3,806
Romania	Oradea		Administrative, Head End	owned	200
Romania	Brasov		Administrative, Head End, NOC, Call Center, TV Studios	owned	2,078
Romania	Brasov		Administrative	owned	588
Romania	Targu Mures		Administrative, Head End, Noc	owned	325
Romania	Galati		Administrative, Head End, NOC, TV Studios	owned	1,601
Romania	Resita		Administrative, Head End, Warehouse	owned	1,041
Romania	Slatina		Administrative, Head End	owned	743
Romania	Dr. Turnu Severin		Administrative, Head End	owned	850
Romania	Pitesti		Administrative, Head End, NOC, Call Center	owned	1,308
Romania	Cluj-Napoca		TV Studios	leased	831
Romania	Cluj-Napoca		Administrative, Call Center	leased	791
Romania	Cluj-Napoca		Administrative	owned	2,164
Romania	Baia-Mare		Administrative	owned	1,415
Romania	Ramnicu Valcea		Administrative	owned	930
Romania	Timisoara		Administrative	owned	4,489
Romania	Arad		Administrative	leased	1,106
Romania	Bucharest		Administrative	owned	4,829
Hungary	Budapest		Administrative, Headquarter, Head End, NOC	leased	3,600
Hungary	Budapest		Administrative, Call Center	leased	1,064
Hungary	Budapest		Administrative, Land	co-owned	4,207
Spain	Madrid		Administrative	leased	1,400
Spain	Madrid		Warehouse	leased	383
Italy	Milano		Administrative, Sales, Warehouse	leased	498

EMPLOYEES

As at December 31, 2016, we had 13,400 employees. Most of our workforce consists of full-time employees. The following table provides an overview of our employees by country:

Country	As at December 31,		
	2014	2015	2016
Romania	10,772	11,017	11,708
Hungary	1,226	1,296	1,522
Czech Republic ⁽¹⁾	91	—	—
Spain	83	99	120
Italy	32	40	49
The Netherlands	1	1	1
Total	12,205	12,453	13,400

(1) Disposed of in April 2015.

The following table sets forth the allocation of our employees per department as at the specified dates:

Department	As at December 31,		
	2014	2015	2016
Customer Service	2,033	1,985	2,395
Administrative, Purchasing, Logistics	1,472	1,520	1,686
Technical	5,116	5,293	6,242
Sales and marketing	2,262	2,301	1,836
TV	1,322	1,354	1,241
Total	12,205	12,453	13,400

Our employees are not members of any trade union. Where legally required, we inquire on a yearly basis our employees about their interest to enter into a collective labor agreement; until now our employees have not expressed such interest.

ENVIRONMENTAL MATTERS

We do not believe that our activities generally have a significant environmental impact. However, we are subject to a large number of environmental laws and regulations. These laws and regulations govern, among other things, the management and disposal of hazardous materials, air emissions and water discharge, the cleanup of contaminated sites and health and safety matters. We are also required to obtain environmental permits, licenses and/or authorizations or provide prior notification to the appropriate authorities when building parts of our network, importing electronic equipment or opening new shops. Some of our sites also store small amounts of diesel fuel for back-up power generator use and/or have a history of previous commercial operations. As a result of these activities or operations at our sites, we could incur significant costs, including fines, penalties and other sanctions, cleanup costs and third-party claims for property damage or personal injuries, as a result of violations of or liabilities under environmental laws and regulations. See *“Part I—Risk Factors—Failure to comply with existing laws and regulations or the findings of government inspections, or increased governmental regulation of our operations, could result in substantial additional compliance costs or various sanctions or court judgments.”* We believe that the principal environmental considerations arising from our operations also include the potential for electromagnetic pollution. We use various network infrastructure strategies in order to achieve radiation emission ranges that are lower than the maximum levels permitted by applicable Romanian regulations. Where requested under the relevant planning certificates, we have also obtained or are in the process of obtaining certificates from the public health authorities of each county where we install mobile telecommunication base stations that we are complying with accepted electromagnetic radiation standards in our mobile telecommunication activity.

We have not been subject to any material fines or legal or regulatory action involving non-compliance with applicable environmental regulations. We are unaware of any material non-compliance with or liability from relevant environmental protection regulations.

LITIGATION AND LEGAL PROCEEDINGS

Our operations and properties are subject to regulation and control by various independent regulators and government authorities that exercise considerable discretion, and we are involved in various litigation and administrative proceedings with such authorities in the countries where we operate. Certain cases relate to the interpretation and application of legal provisions, and in most of the cases in which we are involved, we are the plaintiff bringing claims against such regulators or government authorities. Similarly, we encounter disputes with our partners and/or competitors in the ordinary course of business that can ultimately lead to litigation. Due to the nature of these proceedings, their results are uncertain. Most of these proceedings are in the ordinary course of business, and we believe that, except as set forth below, no member of the Group is or, in the 12 months preceding the date of this Prospectus, has been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened, of which we are aware) which may have or have had a significant effect on the Group's financial position and/or profitability.

Romanian Competition Council Investigations

We conduct our business in compliance with competition law requirements. However, given that we operate in a highly antitrust-sensitive sector where, in some cases, we enjoy a leading market position, we are generally exposed to a high level of antitrust scrutiny. We have been involved in two investigations triggered by the RCC, which were closed without any fine, though the results of these investigations are not final. In addition, we continue to be involved in pending sector inquiries conducted by the RCC and are subject to inquiries in relation to various investigations of the RCC. If we are at any time found to have committed breaches of Romanian and/or EU competition law, sanctions could include fines of up to 10% of our total turnover in the year prior to the decision for each individual violation, as well as the cancellation of contracts or rights which contravene applicable legislation. Further to such sanctions, third parties may also bring lawsuits claiming damages from us. In addition, if we fail to provide accurate and complete information to RCC within the terms indicated by it or imposed by applicable law, the RCC may apply fines of up to 1% of our total turnover in the year prior to the decision.

Telecommunications market interconnection investigation

In February 2011, the RCC opened an investigation into the telecommunications market related to interconnection tariffs charged by all telecommunications operators. We believe this investigation was launched to reduce the relatively high interconnection tariffs charged on the Romanian market and thereby reduce the rates ultimately charged to consumers.

By decision no 33/2015 the RCC closed the investigation in exchange for all operators committing not to discriminate between the levels of the tariffs charged for on-net and off-net calls. We will need to implement this commitment for 2 years starting from its entry into force, *i.e.*, November 2015. The duration of this commitment may be extended to 3 years in accordance with the RCC's assessment of the market after the entry into force of the commitments. During the term of the commitments, the Company is required to provide business information to the RCC upon request and to commission periodic independent market studies on the evolution of the mobile telecommunication sector.

The RCC's decision to accept our commitment has closed the investigation without the application of any fines for the alleged anticompetitive conduct. The offering of commitments does not imply any admission of wrongdoing. A failure to comply with the terms and conditions of the commitment as accepted by the RCC may lead to penalties of up to 10% of our aggregate turnover in the year prior to the underlying decision and may lead to lawsuits for damages being brought against us by third parties.

GSP investigation

In May 2011, a leading media group in Romania, Antena Group, which is part of Intact Media Group and our former commercial partner, filed a complaint with the RCC alleging our refusal to retransmit one of its channels, GSP TV. In August 2011, the RCC opened an investigation against us in relation to this matter. We have fully cooperated during this investigation, and consider Antena Group' allegations to be aggressive and groundless.

The RCC issued its decision on March 3, 2015, declaring that our initial refusal to retransmit GSP TV constituted neither an abuse of our market, nor a violation of competition law. The RCC additionally acknowledged that our refusal was justified by the existence of multiple judicial disputes between the parties, including with respect to the application and meaning of the "must carry" regime.

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

The RCC’s decision is not final and is subject to judicial review. Antena Group has challenged that decision and the trial is pending. See “—*Litigation regarding the outcome of the GSP investigation.*”

Sector inquiry on the market of electronic communications

In April 2013, the RCC opened a sector inquiry regarding multiple-play services and access to electronic communications infrastructure in Bucharest and the rest of Romania, in order to evaluate the market behavior of the companies active in this sector.

The conclusions arising from its analysis on the electronic communications infrastructure in Bucharest, which were published in March 2016, included recommendations by the RCC for increased oversight by ANCOM of the communication infrastructure operators (such as ourselves) and the monitoring of their non-discrimination obligations towards communications operators with whom they have entered into agreements to provide communication infrastructure services.

The sector inquiry regarding the packages of electronic communications services is still pending. The RCC is currently considering defining relevant multiple-play markets (as opposed to the individual services market). There is no further information available in connection with the scope or the outcome of the inquiry and it will not become available until the inquiry is formally finalized and there is currently no foreseeable date for the finalization of the inquiry.

Sector inquiries are not targeted at particular companies and are concluded with reports describing the markets analyzed and including recommendations for better market functioning. The RCC cannot apply fines as a result of sector inquiry proceedings for anticompetitive conduct, but may decide to open new infringement investigations targeted at particular companies found to have committed antitrust infringements, which may ultimately result in the imposition of fines. Additionally, the results of an inquiry could lead to lawsuits being brought by third parties or, to the extent we fail to provide accurate and complete information to RCC within the terms indicated by it or imposed by applicable law in the context of such inquiries, RCC may fine us for up to 1% of our total turnover in the year prior to the decision.

Intact Media Group Litigation

Certain Group entities are parties to a number of proceedings against various subsidiaries of Intact Media Group, particularly Antena Group. See also “*Part I—Risk Factors—We are subject to litigation with the Antena Group, Electrica Distribuție Transilvania Nord S.A. and other parties; unfavorable court decisions may have a material adverse effect on our financial condition.*”

(a) Proceedings initiated by Intact Media Group entities

“Must carry” regulations violation litigation

2011 proceedings

In March 2011, Antena Group initiated three separate proceedings against us alleging that we had refused to retransmit certain of its channels in violation of Romanian “must carry” regulations. Antena Group is seeking damages in the total aggregate amount of approximately €100 million, as well as other non-monetary relief, such as an order obliging us to provide its channels to our subscribers free of charge and in compliance with the highest technical standards.

In the first proceedings, Antena Group is claiming that under the Romanian “must carry” regulations, we are obliged to provide its Antena 1 channel free of charge to our subscribers in a package that only contains “must carry” channels. We believe that this claim misinterprets applicable law and is inconsistent with established market practice. Furthermore, Antena Group is seeking damages in the amount of approximately €65.0 million for our alleged breach of the applicable “must carry” regulations. This proceeding has been suspended pending resolution of a parallel claim that we brought in 2012 against Antena Group and First Quality Debt Recovery seeking to invalidate the former’s assignment of its claims in this dispute to the latter (the “**Fraudulent Assignment Counterclaim**”). On April 15, 2015, the first instance court declared the assignment to be fraudulent, which decision is currently being appealed by Antena Group. On April 25, 2017, Antena Group’s appeal was rejected and the court confirmed the initial decision. The decision of the court of appeal is subject to a higher appeal within 15 days of its delivery.

In the second and third proceedings, Antena Group is claiming total aggregate damages of approximately €35 million, allegedly resulting from our temporary refusal to retransmit their GSP TV and Antena 2 channels in an alleged breach of applicable Romanian antitrust and “must carry” regulations. Both proceedings have been suspended pending resolution of the Fraudulent Assignment Counterclaim.

2014 proceedings

At the end of 2014, Antena Group initiated two new proceedings, claiming damages allegedly resulting from our temporary refusal to retransmit their GSP TV and Antena 2 channels. Their claims are almost identical to the claims regarding these channels that they brought against us in 2011, save for much lower damages sought (RON500,000 in relation to GSP TV and RON250,000 in relation to Antena 2). Both proceedings have been suspended pending resolution of the Fraudulent Assignment Counterclaim.

In both the 2011 and 2014 proceedings, Antena Group never provided any evidence for the determination of their damages. However, should their claims prove to be successful, we could be found liable for material amounts. Moreover, an obligation could be imposed on us to change our business model of providing “must carry” channels to our customers, as we would be forced to provide separate packages free of charge containing only the “must carry” channels. However, these proceedings are only relevant for our cable TV services and would not affect our DTH services, which are expressly exempt from the “must carry” regulation in Romania.

Copyright infringement litigation

In June 2014, Antena Group initiated proceedings against us claiming infringements of certain copyrights in relation to its TV channels and seeking damages of approximately €40 million. Antena Group is claiming that from June 2011 to June 2014 we retransmitted certain of its copyrighted TV programs without its consent. We believe that such retransmission complied with all applicable laws and was performed on the basis of either a legal obligation or valid contractual arrangements and thus requested the first instance court to dismiss Antena Group’s claim. The next hearing of this case by the Bucharest Tribunal is scheduled for May 11, 2017.

Abuse of dominant position litigation

In July 2014, Antena Group and Antena 3 initiated proceedings against us alleging that we had abused our dominant position by refusing to enter into negotiations of an arrangement for retransmission of Antena Group’s TV channels for a fee, should it eventually choose to waive the “must carry” regime, which it claims they are currently benefiting from. In addition, Antena Group claimed that any such arrangement should be on terms not worse than the terms of the arrangement between us and Pro TV S.A. (“**Pro TV**”) for retransmitting their TV channels. We believe that Antena Group’s claims are meritless. These proceedings are currently suspended pending resolution of other disputes between us and Antena Group.

Litigation regarding the outcome of the GSP investigation

On March 3, 2015, the RCC dismissed Antena Group’s complaint regarding our alleged abuse of dominant position in relation to the retransmission of its GSP TV channel. See “—*Romanian Competition Council Investigations—GSP investigation.*”

On April 10, 2015, Antena Group appealed the RCC’s decision in court alleging that, contrary to the RCC’s findings, we in fact abused our dominant position. Antena Group requested the court to ascertain that we have abused our dominant position and to order that the RCC re-open its investigation of the matter and issue another decision addressing all of Antena Group’s arguments. On October 3, 2016 the Bucharest Court of Appeal upheld the RCC’s decision and dismissed Antena Group’s claims. This decision may be appealed to the Romanian Supreme Court within 15 days from the date the full text is delivered by the court. The full text of the decision was not delivered prior to the Prospectus being submitted to the AFM for approval.

If Antena Group were to appeal the decision issued by the Bucharest Court of Appeal successfully, we would not expect there to be any direct adverse financial consequences for us. However, the risks addressed in the section entitled “—*Romanian Competition Council Investigations*” could materialize.

(b) Proceedings we initiated against Intact Media Group entities

Compensation of damage to reputation

In November 2012, we initiated proceedings against Antena Group and other Intact Media Group entities for compensation in respect of the damage to our business reputation inflicted by a media campaign conducted via media assets of Intact Media Group that we consider defamatory. We requested: (i) a declaration that the

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

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

Violation of certain contracts

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

In the first proceedings we sought a refund of certain retransmission fees we had paid to Antena Group until 2010 in relation to two of its channels (Antena 3 and Antena 4). In turn, Antena Group sought further retransmission fees from us for 2010 and 2011. On November 2, 2015, the first instance court dismissed our claim and granted Antena Group's counterclaim in part, ordering us to pay approximately €1.9 million to Antena Group in retransmission fees and legal expenses. Both parties have appealed that decision. On March 16, 2017, the Bucharest Court of Appeal partially admitted both appeals and consequently awarded approximately €315,000 to us and approximately €900,000 to Antena Group. We have already filed a higher appeal against this decision, the first hearing before the Romanian Supreme Court being scheduled for May 17, 2017. We are currently unaware if Antena Group has also submitted a higher appeal.

In the second proceedings the court of the first instance fully dismissed both our claim and Antena Group's counterclaim. Both parties are currently appealing the court's decisions. The next hearing in the court of appeal is set for May 3, 2017.

Litigation related to a decision of ANCOM

In 2015, ANCOM directed that we enter into negotiations with Telekom Romania for an interconnection agreement on certain terms set by ANCOM. We challenged that decision in all levels of the Romanian court system, but the decision was finally upheld by the Romanian Supreme Court on July 9, 2015. Although we continued to negotiate with Telekom Romania while our appeals were pending, no agreement has been reached and Telekom Romania has not re-initiated the negotiations following the issuance of the Romanian Supreme Court decision. Therefore, there is a risk that ANCOM could find us in breach of its original direction, which could result in a fine of up to 5% of our annual turnover in the year prior to that decision.

Investigation by the National Anti-Corruption Directorate of Romania and the Prosecutors' Office attached to the Bucharest Tribunal

A complaint that we filed with the Anti-Corruption Directorate in 2013 alleging that a criminal offense had been perpetrated against one of our directors prompted the Anti-Corruption Directorate to look into a 2009 joint venture agreement between us and Bodu SRL with respect to a large events hall in Bucharest and question whether the agreement complied with Romanian anti-corruption laws. Bodu SRL is controlled by Mr. Dumitru Dragomir, the former President of the LPF, the entity that organizes and runs the Liga 1 Orange competition. We have fully cooperated with all requests by the Anti-Corruption Directorate in relation to the ongoing investigation. In 2016 we acquired the events hall and we use it for our corporate purposes, for providing services to our employees and we also lease it to third parties.

Separately, the Anti-Corruption Directorate has investigated certain commission payments that the LPF allegedly made at the direction of Mr. Dumitru Dragomir to an intermediary using the funds it had previously received from us in exchange for the exclusive right to broadcast the matches of Liga 1 Orange. The investigation has resulted in the prosecution of Mr. Dumitru Dragomir for illegal use of funds, money laundering and tax fraud. In June 2016, the Bucharest Tribunal imposed a seven-year prison sentence (subject to appeal) on Mr. Dragomir. Our broadcasting contract with the LPF is not being investigated. Furthermore, we do not, and have never in the past, had any commercial relationship with the intermediary that is claimed to have been involved in the alleged money laundering scheme. No accusations have been advanced against us by the Anti-Corruption Directorate in relation to the above matter. However, if we are alleged or found to have violated applicable anti-corruption laws in this or any other matter, any such allegations or violation may have a material

adverse effect on our reputation and business. See “Part 1—Risk Factors—Failure to comply with anti-corruption laws, or allegations thereof, could have a material adverse effect on our reputation and business.”

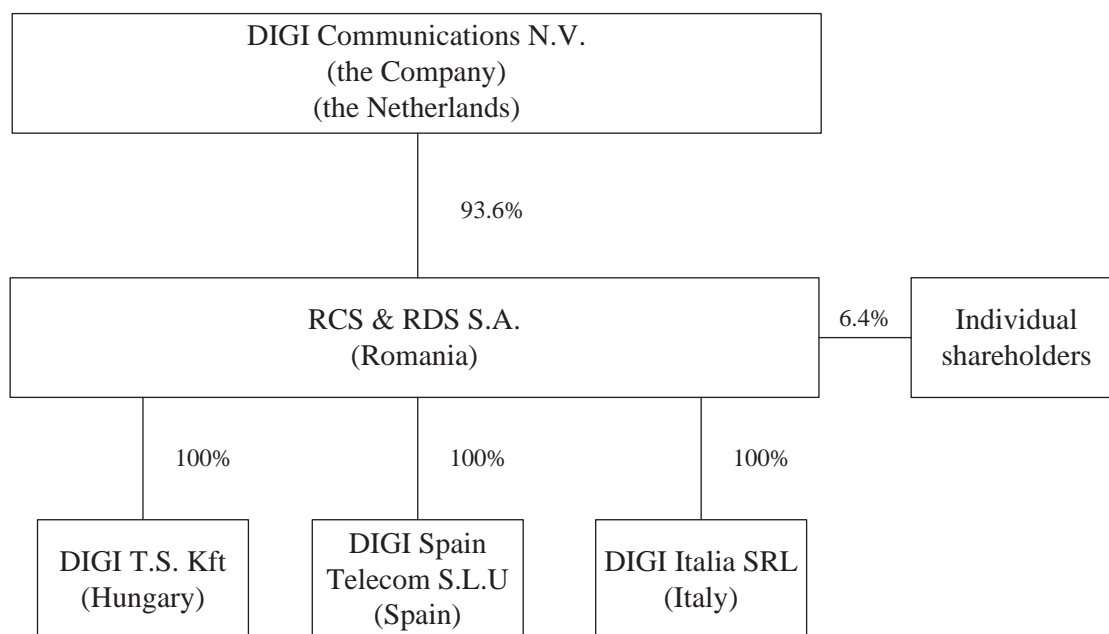
Litigation with Electrica Distribuție Transilvania Nord S.A. in relation to a concession agreement between the RCS & RDS and the Oradea municipality

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

Based on our request, the trial was suspended pending final settlement of (i) our challenge regarding the failure by the claimant to pay required stamp duties and (ii) a separate lawsuit in which two Group companies are challenging the validity of the alleged exclusivity rights of incumbent electricity distributors. Should the final court decision be unfavorable to us, it may result in a partial loss of our investment in the underground cable trough. See “Part 1—Risk Factors—We are subject to litigation with the Antena Group, Electrica Distribuție Transilvania Nord S.A. and other parties; unfavorable court decisions may have a material adverse effect on our financial condition.”

CORPORATE STRUCTURE

We have subsidiaries in Romania and the other countries where we operate. Typically, outside of Romania, operations in a particular jurisdiction are undertaken under one corporate vehicle. The chart below depicts a summary of our corporate structure, showing our main subsidiaries as at the date of this Prospectus:



As shown in the chart, we hold 93.6% of RCS & RDS with the remaining 6.4% being held by individual shareholders, of which there are multiple individuals, each with a small shareholding in RCS & RDS.

In addition to our holdings presented in the chart above, we hold interests of typically 100% in over 30 other subsidiaries which are not material for our business or which currently have no operations.

MATERIAL CONTRACTS

MVNO, Roaming and Interconnection Agreements

Spanish MVNO Agreement

On December 12, 2014, Digi Spain Telecom, S.L.U. (“**Digi Spain**”) and TME entered into an agreement, which sets forth the terms and conditions under which TME is currently providing access to its radio spectrum

and mobile communication network and infrastructure (the “**Spanish MVNO Agreement**”). The Spanish MVNO Agreement became effective on January 1, 2015 (with certain exceptions) and was valid until December 31, 2017. On March 6, 2017, however, the Company entered into a renewal agreement setting new terms and conditions under which the radio spectrum and MVNO infrastructure access services will be provided by TME up until March 31, 2020 (regardless that the parties are now in negotiations for recasting the 2014 Agreement and the 2017 renewal agreement all together in a new agreement, which is expected to be finalized by early May 2017).

Digi Spain pays certain fixed and variable fees to TME, calculated based on historic traffic generated by its users on the TME network, which are subject to periodic revisions. Digi Spain’s obligations under the Spanish MVNO Agreement are secured by a €500,000 bank guarantee.

Italian MVNO Agreement

On March 31, 2014, Digi Italy S.r.l. (“**Digi Italy**”) entered into an agreement with TIM, which granted it access to TIM’s radio spectrum and mobile communication network and infrastructure (the “**Italian MVNO Agreement**”). The Italian MVNO Agreement is a full MVNO-type agreement.

The Italian MVNO Agreement has an initial validity term of five years starting from December 2015. Following the expiry of this initial term, the TIM MVNO Agreement will be automatically extended each year for the subsequent year, unless a party objects to such extension within six months prior to the end of the relevant one year period.

Digi Italy pays TIM monthly fees, both fixed and variable (a minimum yearly turnover is guaranteed by Digi Italy for voice and SMS services until December 2020). Digi Italy’s payment obligations under the Italian MVNO Agreement are secured by a €500,000 bank guarantee and a €1 million guarantee from the Company.

Vodafone national roaming agreement

On March 27, 2014 we entered into a national roaming agreement with Vodafone Romania (“**Vodafone Roaming Agreement**”), pursuant to which Vodafone Romania provided voice, data and SMS mobile roaming services to users of our mobile telephony and data services in areas with limited coverage through our own mobile network. This agreement had an initial validity term of two years, which was extended in early 2016 to April 5, 2017.

We paid fees (both fixed and variable) for our SIMs, registered as active in Vodafone Romania’s network over the relevant period. The cost of services provided by Vodafone Romania was determined on the actual usage of its network by our customers. Between March 27, 2014 and April 5, 2016, the fees payable under the Vodafone Roaming Agreement were subject to a set-off arrangement on the basis of a frequency swap agreement.

The Vodafone Roaming Agreement was terminated upon its expiry on April 5, 2017.

Telecom Italia mobile roaming agreement

On November 3, 2008, we, through Digi Italy, entered into a master service agreement with Telecom Italia Sparkle S.p.A. (“**Telecom Italia**”) under which Telecom Italia provides Digi Italy customers with (i) access to Telecom Italia’s 2G and 3G network in Italy; (i) outbound roaming services through Telecom Italy’s international roaming agreements with other mobile operators and (ii) Telecom Italy’s international mobile subscriber identity numbers.

This agreement is automatically renewable on an annual basis, but either party is entitled to terminate it: (i) in the event of a material breach by the other party and a failure to remedy such breach within 60 days after a written notice, followed by a seven days written notice of termination; (ii) if the other party becomes insolvent; (iii) subject to a seven days written notice in the event of a final order by a governmental authority revoking the licenses required for the operation of the service; or (iv) subject to a seven days written notice in the event of a regulatory development that materially affects either party’s use of the roaming platform.

Interconnection Agreements

We have entered into various domestic and international interconnection agreements for our fixed internet and data services and fixed-line and mobile telephony operations with other providers of electronic telecommunications services. Our interconnection agreements generally have indefinite terms and may be

terminated in the event of a material breach (predominantly, subject to a cure period) or the commencement of liquidation or insolvency proceedings. Our main supplier for global internet interconnection is Telia Sonera. Our main suppliers of interconnection services for fixed-line and mobile telephony are Telekom Romania, Orange Romania, Vodafone Romania, Telecom Italia, Belgacom, Deutsche Telekom (through the agreements concluded with Combridge S.R.L.), Telekom Austria, TeliaSonera, Tata Communications Deutschland, Orange Espagne, S.A.U., Vodafone España, S.A. and Telefónica de España S.A.U.

Lease Agreements

Network lease agreements with energy distribution companies

On July 20, 1999, we entered into a framework agreement with Electrica, a Romanian state-owned energy supply and distribution company, for the development of our fixed fiber optic and cable network. Within the framework of this agreement, we entered into several lease agreements with Electrica's distribution subsidiaries for the use of their high-, medium- and low-tension poles to support our fiber optic cables. Three of these lease agreements are still effective, with an average remaining life of two to three years. In addition, we entered into an agreement under which we lease certain fiber optic cables to one of Electrica's distribution subsidiaries. This agreement has a remaining life of approximately three years.

We have also entered into 11 lease agreements with Enel's, CEZ's and EON's Romanian energy distribution subsidiaries (former subsidiaries of Electrica) for the use of their high-, medium- and low-tension poles, as well as three lease agreements under which we lease our fiber optic cables to Enel's distribution subsidiaries. Such agreements are renewed annually or quarterly. In connection with some of these agreements we are currently in renewal negotiations and while such negotiations have been ongoing the relationship has continued based on commercial practice, including invoices being provided and paid for lease services.

Substantially all payments due under these lease agreements are set off against services we provide to the respective lessors.

Netcity lease agreement

On May 15, 2009, we entered into an agreement with Netcity Telecom S.A. ("**Netcity**") for the lease of underground micro-ducts and dark fiber infrastructure, as well as for fiber installation services. The term of the agreement is 10 years. Our agreement with Netcity is on the same terms as it offers to all other fiber network operators, as it was set-up as a public-private partnership with the Bucharest Municipality with the purpose of developing a passive telecommunications infrastructure in the Bucharest metropolitan area.

Other network lease agreements

On June 27, 2007, we entered into a lease agreement with Societatea Nationala de Radiocomunicatii S.A. for the use of technical premises and antennae supports for the development of our mobile telecommunications network. The term of the agreement is 15 years, which can be further extended for the entire validity of our 3G licenses. We intend to further extend this agreement.

On December 15, 2010 we entered into a lease agreement with Metrorex S.A., the Bucharest underground public transportation operator, for the right to use Metrorex S.A.'s underground network for installing our fiber optic cables and ancillary equipment. The initial term of this agreement formally expired on December 17, 2015, but we have since continued and extended our commercial relationship. The procedures for the formal renewal of the agreement are pending. We are currently in the process of renewing this lease, which has been ongoing for months due to the complexity of the approvals required, and while the renewal negotiations have been ongoing the relationship has continued based on commercial practice, including invoices being provided and paid for lease services.

We have entered into agreements with overground municipal transportation operators in various cities in Romania (except for Bucharest) for the use of pillars to support our telecommunication network and related equipment. These agreements usually have a term of one or two years, and some of them are automatically extended for successive periods equal to the initial term.

We have also entered into several agreements with the National Company of Highways and National Roads in Romania, in respect of the use of the land under these authorities' administration, for the installation of our fiber optic cables. These agreements are generally entered into for periods ranging between 5 to 10 years and many of them allow for an automatic extension.

Office space lease agreements

Between 2004 and 2009, we acquired certain ownership rights over several floors of the FORUM 2000 Buildings in Bucharest where our headquarters are located.

On May 11, 2009, we entered into a sale and leaseback transaction with ING Lease Romania IFN S.A. in respect of five floors of the FORUM 2000 I Building and six floors of the FORUM 2000 II Building. The aggregate purchase price of the property was US\$13.6 million plus VAT, US\$9.5 million of which came as external financing. On October 7, 2013 ING Lease Romania IFN S.A has assigned the leaseback agreement to Raiffeisen Leasing IFN SA.

On November 25, 2015, we entered into an addendum to the leaseback agreement, which provided, among other things, an extension of its term for 36 months, a change of currency (from US\$ to EUR) and interest rate, as well as an amended payment schedule. Pursuant to the amended payment schedule, the total amount of installments (which does not include installments paid up until December 1, 2015) is €5,659,593 (inclusive of VAT), with a residual amount of €47,625 (inclusive of VAT). We are entitled to terminate this agreement subject to the payment of an amount equal to 100.15% of the unpaid principal as of the termination date.

We currently own three floors in the FORUM 2000 I Building and two floors in the FORUM 2000 II Building (that did not enter the scope of the sale and leaseback transactions).

In addition, in 2008 and 2009, we leased the remaining floors of the FORUM 2000 Buildings, which are extended automatically every year. These agreements also provide for pre-emption rights in the event the respective owners decide to sell their properties.

Intelsat Satellite Agreement

We lease satellite capacity from Intelsat on the basis of a master service agreement originally entered into on October 14, 2004 and restated on June 5, 2008 (together with a transponder service order dated March 7, 2013, the “Intelsat Agreement”). We currently lease nine transponders to transmit our DTH signal (7 transponders on the IS-10-02 satellite and two transponders on the Thor 6 Telenor satellite) under separate service contracts, and lease an additional transponder for transmitting non-DTH signals, with an aggregate total capacity of 354 MHz for DTH signal and 36 MHz for non-DTH signal. Our remaining leases will expire on November 30, 2017, at which time we plan to extend the existing leases or consider available options. The Intelsat Agreement was entered into at competitive per-transponder prices, which are fixed for the duration of the agreement. Typically, we increase capacity by placing an order for all or part of the transmission capacity of a transponder. As Intelsat is not contractually obligated to accommodate an increase in satellite capacity, it may, in its sole discretion, reject any such order. If Intelsat decides to (i) take a satellite out of commercial service at its orbital location and not replace such satellite, or (ii) replace a satellite without providing any replacement service, the Intelsat Agreement will be automatically terminated on the date the satellite is taken out of commercial service or redeployed.

Intelsat is also entitled to manage satellite capacity (*i.e.*, change beam pointing, move, replace, relocate or reconfigure satellites), subject to a reasonable written notice, and we have agreed to operate on either side of polarization and across the entire frequency band. In addition, Intelsat may require bank guarantees for payments due under the Intelsat Agreement and certain separate service contracts.

Cable TV and DTH Equipment Agreements

Kaon

On July 12, 2013, we entered into an agreement with Kaon Media Co. Ltd. (the “**Kaon Agreement**”) for the supply of digital set-top boxes. The Kaon Agreement had an initial term of two years. Following the expiry of such initial term, and any renewed term, it will be automatically renewed for an additional two years, unless a party sends a termination notice not less than six months in advance of the expiry of the then current term.

Nagravision

On December 9, 2004, we entered into a five-year agreement with Nagravision for the acquisition of the Nagra Conditional Access System (“**Nagra CAS**”) (including the Nagra Subscriber Management System (“**Nagra SMS**”)) for the encryption and transmission of digital content via satellite and maintenance and support (the “**Nagravision Agreement**”). The Nagravision Agreement is currently effective until December 31, 2019 and provides for the: (i) sale and installation of Nagra CAS and Nagra SMS, (ii) sale and delivery of smartcards, (iii) a license within, among other territories, Romania and Hungary for the intellectual property rights attached

to Nagra CAS and Nagra SMS and smartcards; and (iv) certain maintenance, support and security services. In addition, Nagravision also refurbishes used smartcards. We also entered into a related maintenance agreement with Nagravision for the operation of Nagra CAS and Nagra SMS.

Agreements with key suppliers of our internet and data businesses

ECI

From time to time we purchase DWDM and SDH transmission equipment from ECI. On March 14, 2014, we entered into a maintenance support contract with ECI for acquisition of various support services. This agreement is currently effective until December 31, 2017 and may be terminated by either party, if (a) the other party is in material or persistent breach of its obligations thereunder (in each case, subject to a 30 day cure period), (b) the breach is incapable of being remedied, or (c) the defaulting party is subject to a specified insolvency event. In addition, each party is entitled unilaterally to terminate the agreement before the end of each calendar year after giving 30 days written notice.

Huawei

We have entered into certain agreements with Huawei Tech. Investment Co. Ltd. and certain other companies in the Huawei group (collectively, “**Huawei**”) to purchase handsets, tablets, switches, hard disks, routers, storage systems, as well as related equipment and services. Products and services are supplied on the basis of separate orders with specific pricing terms. We typically purchase equipment from Huawei as and when needed for our business and maintain low inventories. Either party to a Huawei agreement may terminate it if (a) the other party (i) breaches its material obligation thereunder, (ii) ceases, or threatens to cease, to carry out its principal business, or (iii) becomes insolvent; or (b) if there are material changes to the other party’s ownership structure, which negatively affect its ability to perform its obligations.

ZTE

We have entered into certain agreements with ZTE Corporation for acquisition of equipment related to GPON and wireless routers, including hardware, software and other components. Either party is entitled to terminate these agreements if the other party (a) becomes insolvent, or (b) breaches its material obligations thereunder.

Agreements with key suppliers and service providers relating to mobile and fixed-line telephony

Nokia

On November 30, 2006 and on February 6, 2007 we entered into two framework agreements for the supply of equipment, software and services with Nokia Corporation and Nokia Network Solutions. Under these agreements we purchase various equipment, such as radio access network components for our mobile networks in Romania and related services, as well as other equipment (including fixed-line telephony equipment), software and services, through a series of purchase orders.

Key Content and Programming Agreements

Licensing Agreements for Broadcasting Rights

In order to provide content for our Digi Sport channels we acquire broadcasting rights (predominantly, on an exclusive basis for Romania, or Hungary, or both) in relation to various sports events (including one-off events) and competitions and related content. See also “—*Our Business Lines—Own TV Channels.*”

The aggregate licensing fees under these agreements are approximately €110.9 million.

Pro TV Agreement

On July 15, 2013, we entered into an agreement with Pro TV for the retransmission of certain TV and radio channels. This agreement has been extended in December 2016 and is valid until January 31, 2018.

Since Pro TV waived the application of the “must carry” regime on July 25, 2013, all Pro TV channels are only available in a pay tv regime. Starting from February 1, 2014, Pro TV has been applying a general public commercial offer applicable to all the operators that retransmit their channels, Pro TV is supposed to renew its general commercial offer starting from February 2018.

PART 7 INDUSTRY REGULATION

GENERAL

We are subject, in the various jurisdictions in which we operate, to a combination of national and European Union regulations. Legislation on electronic communications and audiovisual media services in our countries of operation is generally harmonized with the relevant European Union directives applicable to the sector. These directives include the Authorization Directive, the Framework Directive, the Universal Service Directive, the Access Directive, the Directive on Privacy and Electronic Communications, and the Audiovisual Media Services Directive.

Additionally, once it enters into force, we will be subject to and intend to fully comply with EU Regulation 2016/679 on data protection.

ROMANIA

Electronic Communications Networks and Services

The provision of electronic communication services and networks in Romania is primarily regulated by Government Emergency Ordinance No. 111 of December 14, 2011 on electronic communications, as amended (the “**Framework Ordinance**”).

The Framework Ordinance is supplemented by secondary legislation, which generally consists of norms issued by the regulatory authorities in the sector, as well as government decisions and norms issued by governmental bodies with incidental powers in the sector, such as the RCC, the National Authority for Consumer Protection, the Ministry of Health and the National Supervisory Authority for Personal Data Processing.

Relevant Regulatory Authorities

The regulatory authorities in the field of electronic communication services and networks are the Ministry of Communications and Information Society and ANCOM.

The Ministry of Communications and Information Society, the central authority governing the telecommunications sector in Romania, is generally responsible for, among other things, defining the sector’s strategies and policies, drafting regulations under the applicable legal framework, monitoring the implementation of European Union legislation and monitoring compliance by communications companies with applicable regulations.

ANCOM is an autonomous public institution under the control of the Romanian Parliament. ANCOM is in charge of applying the national policies and strategies in electronic communications, audiovisual communications and postal services and managing financial resources for the sector, as well as:

- regulating the activity in these fields;
- drafting and updating the content of the general authorization for operators to provide electronic communication networks and/or services (the “**General Authorization**”);
- monitoring and managing the use of telephone numbers and issuing licenses for assigning telephone numbers and authorizing customers to use these numbers (“**Numbering License**”);
- monitoring and managing the use of radio frequencies by, among other things, issuing licenses for the use of radio frequencies (the “**Spectrum Licenses**”), broadcasting licenses and any ancillary technical authorizations;
- establishing (subject to legal or regulatory ceilings, floors and other applicable criteria) and collecting fees and tariffs payable by operators, such as the tariff for monitoring services by ANCOM, the contribution for universal service and fees due in connection with Spectrum Licenses;
- acting as the decision-making authority in the resolution of disputes between operators;
- monitoring and controlling the application of the regulations applicable to the sector as well as the obligations set out in the various licenses, authorizations and permits, and applying any related sanctions; and
- promoting and monitoring the level of competition in the sector by defining the relevant markets and carrying out market analysis, assessing whether an operator has significant market power and imposing specific restrictions and obligations on operators having significant market power.

General Authorization

In order to obtain a General Authorization, a company is required to file a notification with ANCOM containing information about itself, the networks and services to be provided and the estimated date for the launch of such networks and services. ANCOM then issues a standardized certificate attesting that the operator has been granted a General Authorization by having filed the required notification. The General Authorization is granted for an indefinite period of time and is non-transferable, but may be suspended or withdrawn by ANCOM in certain circumstances, if an operator repeatedly breaches applicable regulations.

The General Authorization can also be amended or withdrawn by ANCOM for reasons independent from the operator's conduct, if such measure is necessary to ensure compliance with international treaties to which Romania is a party or in case of a change in circumstances under which the General Authorization was issued. Such amendment must, however, be proportional, objective and preceded by public consultation.

Once an operator obtains a General Authorization, it has the rights and is bound by the obligations currently set out in ANCOM Decision 987 of December 6, 2012. These rights include: (i) the right to install facilities on third-party properties by entering into agreements in accordance with Law No. 159/2016 regarding the physical infrastructure of electronic communications networks and the establishment of certain measures to reduce the cost of installation of electronic communications networks, entered into force on July 28, 2016 (the "**Access Law**"); (ii) the right to negotiate and conclude interconnection and access agreements; and (iii) the opportunity to be designated by ANCOM to provide different elements of universal service.

The main obligations which accompany a General Authorization include the following:

- paying annual contributions for the funding of universal service in accordance with the provisions of the Framework Ordinance; as of December 30, 2015, no decision has been issued by ANCOM imposing the payment of contributions to the funding the universal service for the years 2014 or 2015;
- paying the annual monitoring tariff due by all operators and determined by ANCOM as a percentage of up to 0.4% of the turnover of the operator from the previous year. If certain conditions are met, the provider may request that only the revenue derived from provision of electronic communications networks and services and postal services be taken into account for the purpose of calculating the monitoring tariff. There were no tariffs imposed on us during the years 2014, 2015 and 2016;
- obligations regarding the negotiation of interconnection and access agreements;
- permitting the sharing of premises and facilities by operators, to the extent authorized by ANCOM;
- obtaining all licenses, permits and authorizations required by environmental protection and construction legislation and observing all urban planning requirements;
- legal processing of personal data;
- enabling legal interception of communications;
- ensuring continuity of service, preventing and eliminating harmful interferences and providing access to networks and services for public usage in exceptional circumstances such as major disasters;
- obligations regarding the usage of spectrum and telephone numbers; and
- reporting certain information to ANCOM within specified timeframes, such as information regarding the services/networks provided and the area where it operates; information regarding quality parameters of the services; copies of certain contracts including contracts for installation of facilities on third party property, access and interconnection contracts and satellite access contracts; any amendments to the information provided to ANCOM in the notification for the General Authorization, and copies of financial statements.

ANCOM may set out specific rights and obligations for operators of particular types of networks or services on a non-discriminatory, proportional and transparent basis.

The General Authorization is a prerequisite for obtaining other authorizations needed in order to provide our services, such as Spectrum Licenses or a Numbering License.

We hold a General Authorization, issued by ANCOM under No. SC-DEASRN-B55 on January 10, 2014, which entitles us to provide the following telecommunication services: (i) public electronic communication networks, including (a) terrestrial public networks with fixed access or limited mobility, (b) public cellular mobile radio networks and (c) public networks with access through satellite; (ii) electronic communication

services for the public, including (a) telephony services for the public, (b) leased lines services, (c) data transmission services, (d) internet access services, (e) retransmission of linear audiovisual programs to end users and (f) other electronic communications services.

The General Authorization also entitles us to (i) access public and/or private properties with the purpose of providing electronic communications services (including building, installation, maintenance, replacement and relocation of electronic communication networks), (ii) negotiate and conclude interconnection agreements and (iii) negotiate and conclude access agreements.

Interconnection and Access

Interconnection and access are regulated by the Framework Ordinance, the Access Law (which implements the provisions of Directive 2014/61/EU of the European Parliament and of the Council of May 15, 2014 on measures to reduce the cost of deploying high-speed electronic communications networks) and Law No. 154 of September 28, 2012 governing the regime of public electronic communication networks infrastructure (as partially repealed by the Access Law).

In addition to the general obligations applicable to all operators, ANCOM imposes upon operators with significant market power in the electronic communications sector one or more specific obligations, including certain transparency obligations regarding interconnection tariffs and contracts, the obligation to grant interconnection services to other providers, prohibitions against discriminatory behavior (including publication of a reference offer) and requirements for separate accounting. If ANCOM considers there to be a lack of effective competition in a particular market, it may impose on operators the obligation to apply cost-oriented tariffs. Such obligations must be proportional and well grounded, and must be preceded by public consultation and consultation at the European Union level. Vertically integrated operators which have been designated as having significant power on the wholesale market must notify ANCOM of any intention to transfer all or a substantial part of their assets to a third party or to incorporate a new entity aimed at providing equivalent access services to retail operators. Within 12 months from the date of receipt of this notification, ANCOM must decide if and how the relevant operators' obligations should be amended.

In exercising its authority, ANCOM has decided that we, Telekom Romania, Orange Romania, Vodafone Romania, UPC Romania and other operators each have significant market power in the market for call termination services at fixed points and/or mobile points in our respective public phone networks and has imposed upon us certain transparency, interconnection and access obligations, as well as a maximum interconnection tariff for call termination services. Since April 1, 2014, the maximum interconnection tariff for call termination services in each relevant operator's public phone network has been set to (i) 0.14 eurocents per minute, exclusive of VAT, for call termination services at fixed points and (ii) 0.96 eurocents per minute, exclusive of VAT, for call termination services at mobile points.

Specific obligations of RCS & RDS regarding interconnection

Pursuant to ANCOM Decision 2849 of August 6, 2007, we were made subject to several obligations in relation to the interconnection of our fixed-line telephony network, including (i) a maximum tariff for our interconnection services, which cannot exceed 1.15 eurocents/minute, exclusive of VAT (whereas the interconnection tariffs charged at the time were generally higher); (ii) obligations to publish the tariffs and technical means for interconnection-related services and facilities; and (iii) other obligations which will facilitate third-party access to our network, reduce our ability to negotiate the terms of the interconnection agreements and make it impossible for us to refuse entering into this type of agreement.

In August 2008, ANCOM decided that we are an operator with significant power in the market for call termination services at fixed points in our public phone network and imposed on us certain transparency, nondiscrimination, tariff control, interconnection and access obligations, as well as limitations of our ability to negotiate interconnection agreements, similar to those imposed through ANCOM Decision 2849 described above. This decision has been repealed by ANCOM Decision 643/2008 (subsequently superseded by ANCOM decision 89/2012), under which we were re-confirmed as operator with significant power in the market for call termination services at fixed points in our public phone network and similar obligations to those mentioned above have been imposed on us. In addition, we have an obligation under Decision 89/2012 to apply cost-oriented tariffs, determined on the basis of a long-term calculation model for incremental costs prepared by ANCOM. On July 1, 2012, the maximum interconnection tariff for call termination services at fixed points in our public phone network became 0.67 eurocents per minute, exclusive of VAT.

In 2012, through ANCOM Decision 106/2012, we were re-confirmed as an operator with significant power in the market for call termination services at mobile points in our public phone network and certain obligations

were re-confirmed for us, such as, an obligation to publish (i) an interconnection reference offer, mentioning at least the set of minimum interconnection services established by the decision and the conditions (including tariff arrangements) for provision of these services and (ii) a standard interconnection agreement intended to offer beneficiaries necessary information regarding interconnection options and capabilities and related tariffs. We are also obliged, to the extent technically possible, to supplement the interconnection capacity upon request of the beneficiary. There is no obligation for the beneficiary to pay for additional capacities which it does not need or which it has not requested.

We are required to periodically update the reference offer and the standard interconnection agreement and notify ANCOM in relation to any such updates or amendments. We are also required to provide certain minimum interconnection services and to notify beneficiaries in advance in case of modifications in the network or removal of switches. The decision also provides for further limitations to our negotiating power on interconnection agreements.

Pursuant to Decision 106/2012, we were required to apply cost-oriented tariffs, determined on the basis of a long-term calculation model for incremental costs prepared by ANCOM. On September 1, 2012 the maximum interconnection tariff for call termination services at mobile points in our public network became 3.07 eurocents per minute, exclusive of VAT.

In 2013, ANCOM completed a long-term calculation model for incremental costs related to electronic communications services. Based on this new long-term calculation model, new tariff ceilings have been imposed on operators designated as having significant market power in the market for call termination services at fixed and/or mobile points, on the basis of individual decisions.

Pursuant to Decision 364/2014, as of April 1, 2014 the maximum interconnection tariff for call termination services at fixed points decreased from 0.67 eurocents per minute, exclusive of VAT, to 0.14 eurocents per minute, exclusive of VAT. The maximum interconnection tariff for call termination services at mobile points decreased from 3.07 eurocents per minute, exclusive of VAT, to 0.96 eurocents per minute, exclusive of VAT. Other maximum tariffs for ancillary interconnection services have been imposed as well.

Specific interconnection obligations of other operators

In 2009, Vodafone Romania, Orange Romania and Telekom Romania were designated as operators with significant power in the market for call termination services at mobile points in their public phone network and were re-confirmed in that position by ANCOM in 2012.

As a consequence, the abovementioned operators have an obligation to publish interconnection reference offers (standard offers applicable to all beneficiaries that desire to enter into interconnection agreements with these operators), as well as standard interconnection agreements. They also have an obligation to apply cost-oriented tariffs, determined on the basis of a long-term calculation model for incremental costs prepared by ANCOM.

Telekom Romania has been designated as having significant market power in several interconnection markets and has the obligation to publish an interconnection reference offer (a standard offer applicable to all operators that desire to enter into an interconnection agreement with Telekom Romania containing a list of applicable tariffs. ANCOM also designated Telekom Romania as having significant market power in the market for unbundled access, full or shared, by broadband internet and fixed-line telephony service providers to the local fixed-line telephone loop. As such, Telekom Romania has, among other things, an obligation to publish an access reference offer (a standard offer applicable to all operators that desire to enter into agreements with Telekom Romania with respect to access to the local loop) and to apply cost-oriented tariffs to access services on the basis of calculation models or methods approved by ANCOM. Operators have the option to choose between full access to the local loop (i.e., exclusive for any types of services) and shared access (i.e., Telekom Romania will continue to use low frequencies for provision of telephony services, and the operator will be able to use the free frequencies for broadband internet services).

In 2008, Telekom Romania was designated as an operator with significant power in the market for call termination services at fixed points in its public phone network and was re-confirmed in that position by ANCOM in 2012.

In 2014, Telekom Romania was designated as an operator with significant power in the market for national commuted transit of calls in public telephone networks.

As of April 1, 2014 Telekom Romania's maximum interconnection tariff (i) for call termination services at fixed points was set to 0.14 eurocents per minute, exclusive of VAT; (ii) for call termination services at mobile

points was set to 0.96 eurocents per minute, exclusive of VAT; and (iii) for national commuted transit of calls was set to 0.18 eurocents per minute, exclusive of VAT. Other maximum tariffs for ancillary interconnection services have been imposed as well.

Television and Radio Services

Regulatory framework

Our core activity consists of providing subscription television services in the form of cable TV and DTH services. We also broadcast several channels for which we determine the editorial content: sports channels (DIGI Sport 1, DIGI Sport 2, DIGI Sport 3 and DIGI Sport 4), a pay TV movie channel (DIGI FILM), a news channel (DIGI 24, with its local news stations, DIGI 24 Brasov, DIGI 24 Cluj-Napoca, DIGI 24 Constanta, DIGI 24 Craiova, DIGI 24 Galati, DIGI 24 Iasi, DIGI 24 Oradea and DIGI 24 Timisoara), documentary channels (DIGI World, DIGI Life and DIGI Animal World) and music channels (U Televiziune Interactiva). We also own an interest in Music Channel.

Since May 2015, we have also been operating radio stations in Romania (Pro FM, Info Pro, Music FM and Dance FM). In November 2015 we launched DIGI FM, a new radio station. DIGI FM is operated on the basis of the license and audiovisual authorization initially issued for Info Pro, which was subsequently closed down.

In Romania, our cable TV, DTH and radio services are principally regulated by Audiovisual Law No. 504 of July 11, 2002 (the “**Audiovisual Law**”) and Copyright Law No. 8 of March 14, 1996 (the “**Copyright Law**”), both as amended.

Regulatory authorities

The Romanian regulatory authorities in the audiovisual sector are:

- ANCOM, which is responsible for regulating and overseeing the infrastructure and media for the broadcasting and retransmission of audiovisual programming; and
- The NAC, which is responsible for regulating and overseeing (i) programming content, including the content of the programming offered by broadcasters and the programming offered by distributors; (ii) the issuance of retransmission authorizations and the procedure for such issuance; (iii) the issuance of norms for the implementation of the Audiovisual Law in its field of competence; and (iv) the promotion of competition in the sector.

Licenses

A General Authorization, together with retransmission authorizations and retransmission endorsements issued by the NAC is required to provide cable TV and DTH services.

For radio air-broadcasting, operators must also obtain Spectrum Licenses and authorizations for assigning frequencies, and technical authorizations must be issued by ANCOM for an operator to use terrestrial broadcasting stations.

Providers of “Pay-per-View” services must also obtain broadcasting endorsements issued by the NAC.

We hold all relevant material licenses that are necessary for the Company to perform its activities, and the Company works to prolong all licenses which it holds. In the telecommunications and media sector licenses are generally not exclusive. Any private operator meeting specific requirements set by the law can be granted necessary licenses and permitting to perform telecommunications and media activities in Romania. However, once granted and as long as the operator ensures compliance with regulatory requirements, any license can be freely exploited by such operator.

The table below sets out our current material licenses in Romania, the type of service for which the license is granted, whether the license was obtained through a public tender and the year until which the license is valid.

<u>License</u>	<u>Service Type</u>	<u>Public Tender</u>	<u>Valid Until</u>
<u>TV carriage business</u>			
Numerous (approx. 60) retransmission authorizations issued by the NAC – this number varies over time	Cable	NO	N/A
A4069.1/22.08.2005	DTH	NO	N/A
FS-LCX 03/2005 – Spectrum License issued by the ANCOM	Satellite – DTH	NO	2020
<u>Electronic communications services</u>			
Certificate no SC-DEASRN-B55/10.01.2014	Internet	NO	N/A (until further change)
<u>TV and Radio broadcast business</u>			
<i>Licenses issued by the NAC:</i>			
S-TV 273.5/07.12.2010 – Digi 24	TV	NO	2019
TV-C 631.4/15.03.2012 – Digi 24 Brasov	TV	NO	2022
TV-C 636.4/15.03.2012 – Digi 24 Cluj Napoca	TV	NO	2022
TV-C 634.5/15.03.2012 – Digi 24 Constanta	TV	NO	2021
TV-C 635.5/15.03.2012 – Digi 24 Craiova	TV	NO	2021
TV-C 633.5/15.03.2012 – Digi 24 Galati	TV	NO	2023
TV-C 630.5/15.03.2012 – Digi 24 Iasi	TV	NO	2021
TV-C 632.5/15.03.2012 – Digi 24 Oradea	TV	NO	2021
TV-C 637.5/15.03.2012 – Digi 24 Timisoara	TV	NO	2021
S-TV 254.9/06.10.2009 – DIGI FILM	TV	NO	2025
S-TV 216.6/20.03.2008 – Digi Life	TV	NO	2017
S-TV 238.8/18.11.2008 – Digi World	TV	NO	2018
S-TV 302.4/30.10.2012 – Digi Animal World	TV	NO	2022
S-TV 246.8/28.04.2009 – DIGI Sport 1 ⁽¹⁾	TV	NO	2018
S-TV 84.5/16.03.2004 – U Televiziune Interactiva	TV	NO	2022
R860.7/11.01.2011 – Pro FM Network	Radio	NO	linked to the licenses issued by ANCOM
R460.11/03.05.2004 – Digi FM Network	Radio	NO	linked to the licenses issued by ANCOM
R428.9/26.04.2004 – Dance FM Network	Radio	NO	2023
R633.7/17.01.2005, R635.7/18.01.2005 and R650.7/20.01.2005 – Music FM	Radio	NO	2024
S-R 06.12/11.07.1996 – Pro FM	Radio	NO	2023
S-R 10.12/23.09.1997 – Digi FM	Radio	NO	2025
<i>Licenses issued by the ANCOM:</i>			
Up to 70 licenses issued by the ANCOM for the Pro FM and DIGI FM radio stations (per city)	Radio	NO	Valid for 10 years (different expiry dates)
<u>Telephony business</u>			
MT-CEL 01/2007 (radio frequencies 2100 MHz)	Mobile telephony	YES	2022
MT-CEL 04/013 (radio frequencies 900 MHz)	Mobile telephony	YES	2029
FX- CFM 04/2015 (radio frequencies 3600 MHz)	Mobile telephony	YES	2025
MT-CEL 05/2013 (radio frequencies 2600 MHz)	Mobile telephony	YES	2029
FS-SNG 01/2012 (radio frequencies)	Fixed telephony	NO	2017
<u>Online & SVOD platforms</u>			
SMAC 010/19.12.2013 – Digi Online	Online / mobile	NO	N/A ⁽²⁾
SMAC 012/02.09.2014 – Digi Play	Online / mobile	NO	N/A ⁽¹⁾

(1) Also includes DIGI Sport 2, DIGI Sport 3 and DIGI Sport 4.

(2) These licenses are valid until their withdrawal by NAC.

Satellite Spectrum License

We obtained the Satellite Spectrum License on February 22, 2005 and last amended it on July 10, 2015 for the use of the spectrum in order to supply electronic communications via satellite at the national level. The Satellite Spectrum License allows us to install and operate a satellite communication station for the satellite up-link and down-link of sound and TV broadcasting programming. The Satellite Spectrum License is valid until February 21, 2020. The Satellite Spectrum License covers the frequency bands 13.750-14.000 GHz and 17.300-18.400 GHz for the satellite up-link, 11.700-12.500 GHz for the satellite radio service (down-link), and 12.500-12.750 GHz for the satellite down-link. The frequency bands 13.750—14.000 GHz and 17.300—18.400 GHz are subject to shared use between civil and governmental systems.

We have also obtained the Satellite Spectrum License FS-SNG 01/2012, issued on May 28, 2012 and valid until May 28, 2017. The Satellite Spectrum License covers the frequency bands 13.750-14.000 GHz for the satellite up-link and 12.500-12.750 GHz for the satellite down-link. The frequency band 13.750-14.000 GHz is subject to shared use between civil and governmental systems. We use this license for portable satellite communications stations destined for occasional and temporary transmissions to studios (i.e., portable stations mounted on cars).

Under the Audiovisual Law, a broadcaster is required to obtain an analog or digital audiovisual license, an audiovisual decision and an analog or digital broadcasting license as well as, generally, for terrestrial broadcasting, a technical authorization. No such audiovisual or broadcasting license or audiovisual decision is required for a service distributor (defined as a person who establishes and offers to the public a programming offer by way of retransmission, based on contractual relations with broadcasters or other distributors).

We act as a broadcaster as regards the transmission of our own channels and as a service distributor for the retransmission of other channels. Therefore we submit to rules and regulations applying to both activities. See “—*Retransmission licenses*”, “—*Broadcasting endorsement*” and “—*Audiovisual License and related authorizations*.”

Retransmission licenses

The retransmission by service distributors of unaltered programming produced by others can only be done on the basis of a retransmission endorsement issued by the NAC. To obtain a retransmission endorsement, distributors must notify the NAC of their programming offerings and file supporting documentation. Any change in the programming offerings must also be approved, in advance, by the NAC. The NAC may withdraw the retransmission endorsement (i) if the distributor retransmits programming without having the required rights, (ii) if ANCOM withdraws the distributor’s right to provide electronic communication networks or services or (iii) upon request of the holder of the retransmission endorsement. Retransmission endorsements are nontransferable, but if the holder intends to transfer its electronic communication network, the transferor and transferee must submit requests to the NAC for the cancellation and issuance of a new retransmission endorsement.

We have obtained 59 retransmission endorsements for cable TV covering over 1,600 localities throughout Romania. We also hold a general retransmission endorsement for DTH No. 4069.1 of August 22, 2005 which covers all the 94 channels we currently retransmit. Due to the frequent changes in our programming offerings, we notify the NAC of such changes relatively often, although not always on time. The NAC does not always approve these changes in programming in a timeframe which is adequate for our operational needs. We have notified the NAC in relation to the extended terms of some of our retransmission agreements, such as our agreement with Pro TV.

Other than the retransmission endorsement, the retransmission of programming is in principle not subject to any authorization or licensing procedure in Romania if it was originally broadcast by broadcasters under Romanian jurisdiction, under the jurisdiction of any of the European Union member states or under the jurisdiction of a state with which Romania has entered into a free retransmission agreement. Distributors which retransmit programming broadcasted by such broadcasters must notify the NAC of the jurisdiction in which the respective broadcaster is located and file any agreement regarding the retransmission with the NAC. In all other cases (i.e., if the broadcaster is located in any other jurisdiction), a program-specific retransmission authorization must be obtained from the NAC. The NAC may temporarily restrict the free retransmission of a programming broadcasted from a European Union member state only in certain very limited circumstances.

Retransmission authorizations may be requested by any interested person having editorial responsibility for the programming and such authorizations relate to the content of the programming rather than to the distributor.

Therefore, once the retransmission authorization has been obtained for a particular program, any distributor having a retransmission endorsement may retransmit such program without an additional authorization. The NAC is required to publish annually a list of programming as to which it has granted a retransmission authorization.

Broadcasting endorsement

Under NAC Decision 320/2012 regarding on-demand audiovisual services, all providers of “Pay-per-View” services must notify the NAC of their intention to provide such services at least 7 days before beginning broadcasting, or in the case of operators already providing “Pay-per-View” services at the time of adoption of NAC Decision 320/2012 (as was our case), by September 3, 2012.

Based on the notification, the NAC issues a broadcasting endorsement, which entitles the applicant to start providing the “Pay-per-View” services mentioned in the broadcasting endorsement. The broadcasting endorsement is non-transferable.

We currently provide such services through DIGI Play, a video on demand service, as per Broadcasting Endorsement No. SMAC 012 issued by the NAC on September 2, 2014 and through DIGI Online, a mixed audiovisual service (containing the video on demand service), as per Broadcasting Endorsement No. SMAC 010 issued by the NAC on December 19, 2013.

Audiovisual License and related authorizations

For broadcasting our own TV and radio channels we are required to obtain an analog or digital audiovisual license, an audiovisual decision and a technical authorization.

Television

For satellite broadcasting of the DIGI FILM channel, we obtained the Audiovisual License No. S-TV 254.9 of October 6, 2009, and the audiovisual authorization decision No. 1641.0-7 of October 6, 2009, both valid until March 20, 2025.

In relation to the DIGI Sport 1 channel, we obtained the Audiovisual License No. S-TV 246.8 of April 28, 2009 issued on September 15, 2015 by the NAC for broadcasting via satellite in Romania and Hungary and the Audiovisual Authorization Decision for satellite broadcasting No. 1623.1-2 of July 22, 2014 issued on September 15, 2015, both valid until July 9, 2018.

DIGI Sport 2, DIGI Sport 3 and DIGI Sport 4 are secondary channels to DIGI Sport 1 and are all operated under the same license issued by the NAC.

For the DIGI 24 channel, we have obtained the Audiovisual License No. S-TV 273.5 of December 7, 2010, the latest amended version was issued on February 24, 2015 by the NAC and the corresponding Audiovisual Authorization Decision No. 1727.1-2 of February 9, 2012 is valid until December 9, 2019. DIGI 24 is a themed news channel broadcasting nationally, but we also have regional versions: (i) DIGI 24 Brasov, (ii) DIGI 24 Cluj-Napoca, (iii) DIGI 24 Constanta, (iv) DIGI 24 Craiova, (v) DIGI 24 Galati, (vi) DIGI 24 Iasi, (vii) DIGI 24 Oradea and (viii) DIGI 24 Timisoara.

We also have a range of documentary channels, broadcasted via satellite: (i) DIGI Animal World, together with its secondary channel, Animal World Channel, both covered by Audiovisual License No. S-TV 302.4 of October 30, 2012 and the corresponding Audiovisual Authorization Decision No. 1856.0-2 of January 10, 2013, valid until 2022, (ii) DIGI Life (previously named DIGI TV Info), together with its secondary channel, Life Channel, both covered by Audiovisual License No. S-TV 216.6 of March 20, 2008 and the corresponding Audiovisual Authorization Decision No. 1479.1-2 of October 2, 2012, valid until June 18, 2017 and (iii) DIGI World, together with its secondary channel World Channel, both covered by Audiovisual License No. S-TV 238.8 of November 18, 2008 and the corresponding Audiovisual Authorization Decision No. 1568.2-2 of October 2, 2012, valid until 2018.

Our subsidiary New Trend Media S.R.L. broadcasts the music channel U Televiziune Interactiva, for which it determines the editorial content. For this channel New Trend Media S.R.L. obtained the Audiovisual License No. S-TV 84.5 of March 16, 2004 and the corresponding Audiovisual Authorization No. 737.3-2 of June 28, 2011 valid until October 21, 2022.

Furthermore, a company in which we indirectly hold a participating interest, Music Channel S.R.L., broadcasts Music Channel and H!T Music Channel, for which it determines the editorial content.

Radio

In 2015, following a transfer of licenses approved by the NAC, we obtained the licenses used to broadcast DIGI FM, Pro FM and Pro Classic.

For satellite broadcast of DIGI FM we have obtained License No. S-R 10.12 of September 23, 1997, the latest amended version was issued on September 13, 2016 by the NAC, and the Audiovisual Authorization Decision No. 270.2-1 of November 10, 2015, valid until September 15, 2025. For terrestrial broadcast of DIGI FM we have obtained License No. R460.11 of May 3, 2004, the latest amended version was issued on March 10, 2015 by the NAC and is valid until October 15, 2022. 39 audiovisual authorization decisions for local stations were issued in connection with this license.

Pro FM is broadcasted via satellite under License No. S-R 06.12 of July 11, 1996, the latest amended version was issued on March 3, 2015 by the NAC, and the Audiovisual Authorization Decision No. 201.2-2 of July 22, 2014, valid until December 19, 2023. For terrestrial broadcast of Pro FM we have obtained License No. R860.7 of January 11, 2011, the latest amended version was issued on March 10, 2015 by the NAC. Thirty-nine audiovisual authorization decisions for local stations were issued in connection with this license.

The license for Pro Classic expired on November 12, 2016.

In addition to DIGI FM and Pro FM, we also broadcast Dance FM and Music FM. Dance FM is broadcast only in Bucharest, through the Terrestrial Spectrum License No. R428.9 of April 26, 2004, the latest amended version was issued on September 15, 2015 by the NAC, and the Audiovisual Authorization Decision No. 961.1-2 of July 22, 2014, valid until October 18, 2023.

Music FM is broadcast in Bucharest, Cluj-Napoca and Targu Mures, through the Terrestrial Spectrum Licenses No. R633.7 of January 17, 2005, No. R635.7 of January 18, 2005 and No. R650.7 of January 20, 2005 respectively, the latest amended version of such licenses was issued on September 15, 2015 by the NAC, and the Audiovisual Authorization Decisions for the broadcast of Music FM No. 1141.2-1 of July 22, 2014, No. 1149.1-2 of October 24, 2012 and No. 1160.1-2 of October 24, 2012, valid until June 7, 2023, June 16, 2024 and July 14, 2024 respectively.

Other relevant provisions for the audiovisual sector

The Audiovisual Law sets out certain rules applicable to retransmission of programming, including the following:

- At least 25% of all programs retransmitted by a distributor (except for distributors that exclusively use radio spectrum/DTH) must come from broadcasters located within the Romanian jurisdiction. The entity retransmitting that programming must pay applicable copyright fees for such retransmission. In applying this provision, the NAC has established a “must carry” obligation for retransmission of state-owned local channels, certain regional channels, the international channel TV5 and the Moldovan channel Moldova 1 (postponed until issues regarding the broadcasting of this channel on Romanian territory are solved). In order to reach the 25% quota, apart from the broadcasters located within the Romanian jurisdiction for which the “must carry” obligation applies, the distributor must retransmit programs free for retransmission from other broadcasters in the Romanian jurisdiction chosen in the reverse order of their ratings.
- All distributors must include in their offerings the programs of the state-owned Romanian Television Company (with the exception of those programs which are not addressed to the Romanian public) as well as programs for which an obligation of retransmission has been established by the international treaties to which Romania is a party.
- Distributors have an obligation to include in their program offerings, at the local and regional levels, at least two regional programs and two local programs, where such exist; the relevant programs to be included in the offerings shall be determined by the reverse order of their rating.
- Distributors have an obligation to ensure retransmission (free of charge) of programming in the national minority language in those municipalities in which national minorities represent more than 20% of the population.

The NAC also requires broadcasters to reserve at least 50% of their air time for European origin programming content.

In the case of channels operating under the “Pay-per-View” system, operators must ensure that at least 20% of their catalogue is formed of European programs, except for informative, sports and teleshopping programs.

To the extent possible, “Pay-per-View” programs should promote the production and access to European audiovisual work. This promotion may consist either of ensuring financing means for production of or acquisition of rights over European audiovisual work or ensuring coverage of European audiovisual works in the catalogue of programs offered.

Romania does not have specific price control legislation for the cable TV market. Operators are free to set prices according to the competitive environment and in line with their own strategy.

Sanctions in the audiovisual sector

Generally, breaches of the Audiovisual Law constitute administrative offenses. Certain of the more serious administrative offenses are punishable by fines of up to RON200,000. Other less serious administrative offenses are punishable by fines of up to RON100,000. In the event of repeated breaches, the NAC may decide to apply one of the following sanctions: (i) impose an obligation on the broadcaster to broadcast the text of the sanctioning decision or (ii) reduce to half the term of validity of the audiovisual license together with the sanction mentioned at (i) above. In all cases, the breach may also result in the suspension of the offending activity. Also, if the broadcasted content is repeatedly inappropriate (such as promoting hate, violence, actions against the state or terrorism) the license could be cancelled altogether.

Some breaches of the Audiovisual Law constitute criminal offenses punishable by imprisonment or criminal fines of up to RON3,000,000; these may also result in the confiscation of the assets used for or resulting from such breach.

We have not always paid the fees and tariffs due to ANCOM in a timely manner and we have sometimes been sanctioned for such delays in payment. ANCOM could impose a number of sanctions as a result of any future late payments, including significant fines, attaching our bank accounts and terminating our licenses or general authorizations (including the General Authorization).

Copyright

The Romanian Copyright Law contains specific provisions applicable to the retransmission of protected works. The Romanian Office for Copyright (the “**ORDA**”) is the governmental body that monitors compliance with copyright legislation.

Rights of authors include, among others, the right to authorize or prohibit the broadcasting or retransmission of works by cable, air or any other means. Holders of related rights (i.e., performing artists and producers of phonograms and audiovisual works) also have the exclusive right to authorize or prohibit the retransmission of their works. Television and radio broadcasters, as holders of related rights, have an exclusive ownership right to authorize the retransmission or re-broadcasting of their own radio or television programming by wireless, wire, cable, satellite or by any other similar means.

Except with respect to television and radio broadcasting bodies, the holders of the copyright or related rights may exercise their rights to authorize or prohibit the retransmission only through a collective administration body. Collective administration bodies are not-for-profit associations of the holders of copyright and related rights. The purpose of these bodies is the collection and distribution of royalties deriving from copyrights they manage. The creation of collective administration bodies must be endorsed by the ORDA. The amount of royalties due is established under a methodology negotiated between the collective administration bodies and the representative bodies of distributors. If the parties do not reach an agreement on the methodology, they have recourse to non-binding mediation and, subsequently, to an arbitration procedure organized by the ORDA. A collective administration body may charge distributors lump sums or percentages of royalties, calculated by reference to the income derived from the retransmission activities in which protected works are used.

Television and radio broadcasters exercise their rights regarding their own programming, irrespective of whether they are the holders of such rights or whether such rights have been assigned to them, through contracts entered into with the distributors, except where the retransmission is required by law.

The retransmission of works subject to copyright or related rights without the consent of the right holder is deemed a criminal offense punishable by up to one year imprisonment. Among other criminal offenses, the sale or rental of pirated access control devices is punishable with up to five years imprisonment. These criminal offenses are also applicable to legal persons and are punishable by fines of up to RON3,000,000 and ancillary sanctions such as dissolution or suspension of the offending activity.

On July 5, 2011, we obtained a non-exclusive license for retransmission of videos managed by the Romanian Union of Film and Audiovisual Producers—Romanian Association for Collective Management of

Audiovisual Works. On April 1, 2010 we obtained non-exclusive licenses for retransmission, and on January 9, 2013, for broadcasting on our own channels audio works managed by the Romanian Musical Performing and Mechanical Rights Society.

Telephony and Data Transfer Services

A General Authorization is required to provide fixed-line voice telephony services and data transfer and internet access services through cable, and a Numbering License is required to provide telephony services. A General Authorization, a Spectrum License and a Numbering License are required to provide mobile voice telephony services and data transfer and internet access services through a wireless network (i.e., using the radio spectrum), and the right to use certain signaling point codes is required in order to ensure the operation of the wireless mobile network. The award and utilization of Spectrum Licenses are subject to a more restrictive set of requirements than the General Authorization.

Radio spectrum

Since radio frequencies are deemed limited resources, they are declared public property of the state, and their use, with the exception of free frequencies, is allowed only based on a Spectrum License, which can be granted by ANCOM to operators having a General Authorization. ANCOM issues Spectrum Licenses in accordance with the national table of allocation of frequency bands through an open, transparent and non-discriminatory procedure, generally on a competitive basis (i.e., public tender). In order to promote competitiveness, ANCOM may decide to exclude certain persons from participating in the selection process for granting a Spectrum License, with prior consultation with the RCC and the public.

After adequate public consultation, ANCOM may limit the number of Spectrum Licenses to be granted when such action is necessary to ensure the efficient use of spectrum or to prevent harmful interferences. The limited number of Spectrum Licenses granted is generally awarded on the basis of a competitive public auction or a comparative basis. The number of 3G licenses in the 2100 MHz spectrum has been limited to four by Romanian Government Decision No. 1113 of October 10, 2002. ANCOM must re-analyze its decision to limit the number of the Spectrum Licenses when it deems necessary and upon request of any party directly affected by the limitation decision.

Spectrum Licenses may contain network roll-out and coverage requirements and they may be granted for a specific type of network or technology. Spectrum Licenses are generally issued for five years. Spectrum Licenses issued following a comparative or competitive selection process are issued for a maximum duration of 10 years. By way of exception, under certain applicable provisions of Romanian law (i.e., taking into consideration the objective considered when granting the license and an adequate period for amortizing investments), Spectrum Licenses may be issued for a duration of up to 15 years. Spectrum Licenses may be renewed for additional periods of time each with a maximum duration equal to the initial duration. For Spectrum Licenses awarded on a competitive or comparative basis, renewal is subject to the payment of a license fee.

Under Romanian Government Decision No. 1113 of October 10, 2002, Spectrum Licenses are issued for a duration of fifteen years and may be renewed upon request for an additional period of 10 years, without payment of additional license fees.

The following types of tariffs are payable in connection with Spectrum Licenses:

- A license fee, which is a one-off payment obligation that may be payable in installments. A license fee is charged for every Spectrum License granted through a competitive or comparative selection process and established by government decision for each such procedure. For example, we paid a total license fee of US\$35 million for the 2100 MHz license acquired in 2007, whereas for the 900 MHz license acquired in 2012 we paid a total license fee of €40 million. Both license fees have been paid in full.
- Annual/quarterly tariffs for the use of the radio spectrum. The minimum annual tariffs for the use of Spectrum Licenses are as follows: (i) €2.3 million per each pair block of 5 MHz allocated at the national level for the 900 MHz Spectrum License; (ii) €1.2 million per each pair block of 5 MHz allocated at the national level and €0.3 million per each non-pair block of 5 MHz allocated at the national level for the 2100 MHz Spectrum License; and (iii) €0.9 million per each pair block of 5 MHz allocated at the national level and €250,000 per each non-pair block of 5 MHz allocated at the national level for the 2600 MHz Spectrum License. The annual tariffs for the usage of the spectrum are payable based on individual decisions issued by ANCOM in December of each year, on the basis of the tariff matrix and computation procedure approved by ANCOM in its Decision 551/2012.

Spectrum Licenses may only be transferred with the prior consent of ANCOM and subject to certain conditions. For example, the transfer of Spectrum Licenses granted following a comparative or competitive selection process is allowed only if all the conditions taken into account at the moment of granting the license will be satisfied following the transfer. Transfer of the Spectrum License without the prior approval of ANCOM is null and void.

ANCOM may amend the terms of the Spectrum Licenses in order to ensure efficient and rational use of the spectrum, prevent harmful interferences, ensure European Union harmonization, observe international conventions, address situations of insufficiency of radio frequencies in certain areas for the frequency bands covered by the respective Spectrum License, implement the electronic communications development strategy and radio spectrum management policy or amend the national table for the allocation of frequency bands. However, to our knowledge, ANCOM rarely, if ever, exercises this authority and, in any event, upon performing such amendments, ANCOM must grant the affected operators a period of time to perform the required amendments, such time period to be proportional to the qualitative and quantitative nature of the required changes.

900 MHz license

Following an auction process carried out in September 2012, we were awarded one double frequency block of 5 MHz of bandwidth in the 900 MHz frequency spectrum valid for a period of 15 years commencing on April 6, 2014. The license for this frequency block was issued by ANCOM on July 26, 2013 under No. MT-CEL 04/2013. As the holder of the license, we may use any technology permitted for the 900 MHz frequency band under the national table of attributing radio frequencies and in accordance with national and European Union laws.

The 900 MHz license requires compliance with certain obligations including those related to the interaction with other operators, such as, (i) awarding access to the MVNO operators, (ii) negotiating and entering into agreements with the other license holders for granting access to the emergency number 112 and (iii) negotiating and entering into national roaming agreements with the other license holders (that meet certain criteria)—this obligation is limited to three years from the signing of the roaming agreement and excludes the municipalities of Bucharest, Timisoara, Constanta, Iasi, Cluj-Napoca, Galati, Craiova, Brasov, Ploiesti, Oradea and Braila.

With regard to coverage requirements, we had the obligation to cover by April 5, 2016, 95% of the population in the localities where we may use the 900 MHz license with mobile communications services with UMTS (which we complied with), improved IMT (HSPA, HSPA+), LTE or equivalent technologies, with a direct downlink speed of at least 384 kbps, through our own radio networks, including through the 3G network in the 2100 MHz broadband. We also must increase voice coverage using 900 MHz technology to 98% of the Romanian population by April 5, 2019, and increase broadband services with direct downlink speeds of at least 1Mbps, with a probability of indoor reception of 95% in areas inhabited by at least 60% of the population, through our own radio networks, including coverage by the 3G network in the 2100 MHz broadband, by the same date. At the latest by April 5, 2021, we must provide broadband services with a direct downlink speed of at least 2 Mbps with a probability of indoor reception of 95% in areas inhabited by at least 60% of the population, through our own radio networks, including coverage by the 3G network in the 2100 MHz broadband.

2100 MHz license

Following an auction process carried out in the second half of 2006, we were awarded a Spectrum License for the supply of a public network and of 3G mobile communication services, pursuant to License MT-CEL 01 of 2007 issued by the Romanian General Inspectorate of Communications Information Technology on January 5, 2007, as amended by ANCOM on April 2, 2013. The technologies permitted under the 2100 MHz License are any terrestrial systems capable of providing electronic communications, on the condition of complying with the European Commission's Decision No. 2012/688/EU for some frequency sub bands and CDMA TDD (Ultra TDD—Time Division Duplex) for other sub bands. The 2100 MHz License is valid until January 5, 2022 and it may be extended for another 10 years upon request, filed at least six months before the expiry of the license term, without the payment of additional fees.

The 2100 MHz license imposes certain coverage obligations regarding population and roads to be fulfilled in three subsequent stages by December 31, 2011. By December 31, 2009, we had finalized the implementation of all coverage obligations imposed by the 2100 MHz license. This was certified by ANCOM.

2600 MHz license

In July 2015 we have purchased 30 MHz of bandwidth in the 2600 MHz frequency spectrum from 2K Telecom for €6.6 million. The 2600 MHz license issued by ANCOM on July 26, 2013 under No. MT-CEL

05/2013 was initially awarded to 2K Telecom following an auction process carried out in September 2012 and is valid for a period of 15 years, commencing on April 6, 2014, being last amended on August 19, 2015. As the holder of the license, we may use any technology permitted for the 2600 MHz TDD frequency band under the national table of attributing radio frequencies and in accordance with national and European Union laws.

With regard to coverage requirements, we must cover by April 5, 2021, at least 30% of the population through our own radio networks. We also must increase broadband services with direct downlink speeds of at least 1Mbps, with a probability of indoor reception of 95% in areas inhabited by at least 15% of the population, through our own radio networks, by April 5, 2019. We also must increase broadband services with direct downlink speeds of at least 1Mbps, with a probability of indoor reception of 95% in areas inhabited by at least 30% of the population, through our own radio networks, by April 5, 2021. At the latest by April 5, 2023, we must provide broadband services with a direct downlink speed of at least 2 Mbps with a probability of indoor reception of 95% in areas inhabited by at least 30% of the population, through our own radio networks.

3700 MHz license

Following an auction process carried out in October 2015, we were awarded 10 unpaired blocks of 5 MHz in the 3700 MHz bandwidth, valid for a period of 9 years commencing on January 1, 2016. The license for this frequency block was issued by ANCOM on December 16, 2015 under No. FX-CFM 04/2015. As the holder of the license, we may use any technology permitted for the 3700 MHz TDD frequency band, in accordance with national and European Union laws.

With regard to spectrum use requirements, we must have 25 base stations in function, installed anywhere in Romania within one year as of entry into force of the license. The number of required functioning base stations increases to 50 and 100 within two and four years as of entry into force of the license, respectively.

Other spectrum licenses

In order to provide services to corporate customers located on the outskirts of cities, who are not immediately reachable by our fiber optic network, and until we can expand our fiber network to the respective locations, we sometimes use the 2.4 GHz spectrum, which has been declared free for certain applications by ANCOM. See also “—Television Services—*Satellite Spectrum License*.”

In addition to a Spectrum License, operators of mobile telecommunication networks must obtain individual authorizations for the assignment of frequencies from ANCOM for every individual base station in their network, which is an integral part of a Spectrum License.

Equipment compliance

The radio equipment and terminals that we use in connection with our Spectrum Licenses are subject to certain regulatory requirements, including those relating to the general conformity of radio equipment and terminals, electromagnetic compliance, human exposure to electromagnetic fields, specific requirements for equipment and systems using the CDMA technology and specific terminals energy absorption rate (SAR) requirements. Failure to comply with these requirements constitutes breach of the obligations under the General Authorization and the Spectrum License and may result in sanctions.

We must also comply with certain technical requirements and specifications regarding the quality of the cable networks for distribution of TV and radio signals.

Numbering License

Since telephone numbers are deemed limited resources, both fixed and mobile telephony service providers having a General Authorization are required to obtain a Numbering License granted by ANCOM.

Telephone numbers are granted by ANCOM upon request, and depending on certain parameters, e.g., depending on the degree of utilization of previously allocated numbers, and, for certain numbers having an exceptional economic value as determined by ANCOM, following competitive or comparative selection procedures. Numbering Licenses are granted for a limited period of time (10 years) and a new Numbering License may be successively renewed for the same period.

Certain obligations may be imposed on the holder of a Numbering License regarding, among other things, the service for which the numbers may be used, obligations designed to ensure their effective, efficient and rational use, the portability of numbers and public subscribers' registries, transfer and duration. Operators also

have an obligation to submit annual reports to ANCOM regarding the degree of utilization of the numbering resources allocated. In the event ANCOM determines that the operator has not used the allotted numbering blocks during the preceding 12 months (prior to June 2013, the relevant term was 9 months), it may suspend or withdraw the operator's Numbering License with respect to the unused numbering blocks.

We have not activated all the numbers assigned to us in the legal timeframe, and this situation is known to ANCOM, as it is reflected in our reports on use of Numbering Licenses. However, we have not been notified by ANCOM that it intends to withdraw any numbers.

Furthermore, ANCOM has imposed fees for the usage of numbering resources, depending on the type of numbers allocated. Decisions imposing such fees are issued each year by ANCOM for the previous year. For the year 2014, ANCOM imposed on us a fee for the usage of numbering resources in an amount of RON295,417, for the year 2015, a fee of RON337,416 and for the year 2016 a fee of RON378,571.

The Numbering License may be transferred only upon prior consent of ANCOM and provided certain conditions are met. However, the rights to use certain categories of numbering resources granted through numbering licenses may be transferred without prior consent of ANCOM (but this authority still needs to be notified in advance by providing certain documents to which it should reply confirming whether the relevant conditions for the transfer were or were not met) provided that certain conditions are met. In this latter case, the holder of the Numbering License must ensure the transferee observes the relevant obligations regarding the use of numbering resources.

We hold Numbering Licenses with validity periods expiring between 2023 and 2025. The numbers that we can use encompass: (i) non-geographical numbers with the "07" prefix, used for telephony services provided at mobile points, (ii) numbers with the "08" prefix, used for general telephony services, including numbers with free access for the caller, numbers for services with atypical traffic, numbers for indirect access to services and numbers for access to data transmission and internet numbers, (iii) numbers with the "03" prefix (geographical numbers, numbers independent of location and short numbers), used for telephony services provided at fixed points, (iv) short numbers (e.g., 118881) and (v) numbers with the "09" prefix (non-geographic numbers with special tariffs), used for gaming, general information and entertainment (including adult entertainment).

According to ANCOM Decision No. 144/2006 regarding the portability of numbers, all providers of electronic communications services need to implement a system ensuring the portability of numbers. On January 18, 2008, ANCOM Decision No. 3444 of 2007 on the technical and commercial conditions implementing the above decision was published in the Official Gazette of Romania. All of our interconnection agreements have been amended accordingly so as to be compliant with legal portability provisions. We currently comply with portability requirements in our business relations with other operators.

Signaling Points License

In order to provide services under our Spectrum Licenses, we also require an authorization issued by ANCOM for the use of identification, signaling and routing codes (the "**Signaling Points License**"). The Signaling Points License is issued for an indefinite duration. The Signaling Points License is issued following an open, transparent, non-discriminatory and proportional procedure, upon request, in general if it is necessary for the functioning of the network of the requesting operator. A Signaling Points License is issued to a specific operator and for a specific network and, therefore, it is generally non-assignable. In special cases, the Signaling Points License may be transferred for justified reasons and only to a person already holding a General Authorization and with the prior approval of ANCOM. The transfer may take place only if the transferee takes over entirely or partially the transferor's network, regardless of the legal take-over method used. The grant of Signaling Points Licenses creates the obligation for operators to report to ANCOM within one month from the date of activation on the effective use of the signaling points. Operators must also inform ANCOM in the event they undergo mergers or split-offs.

In 2003, we were granted, by ANCOM Decision No. 1363/EI of December 8, 2003, a Signaling Points License for using eight national signaling point codes and two international signaling points codes. By ANCOM Decision No. 96/EI of April 21, 2005, we were granted eight other national signaling points codes and one other international signaling points code. We have not always complied with the obligation to activate signaling points within 6 months since the decision granting them has been communicated to us. However, all such signaling points codes are currently activated and in use and we have not been subject to any sanctions by ANCOM for late activation of signaling points.

The additional Signaling Points License granted to us through ANCOM Decision No. 1877/EI of April 23, 2007, issued for an unlimited duration, allows us to use certain international signaling points codes on the Romanian territory, for interconnection with public electronic communications networks from outside Romania.

In 2008, through ANCOM Decision No. 893 of October 1, 2008, we obtained an additional Signaling Points License which allows us to use certain national signaling points codes for interconnection with other electronic communications networks. We had an obligation to activate a significant number of signaling points within 6 months from receipt of the decision. We have not timely complied with this obligation as we have experienced delays in activating certain points, while other signaling points are still inactive. By Decision No. 176/3 March 2009, the president of ANCOM approved the assignment of eight national signaling point codes from the company Netpoint S.R.L. to us, which were not activated on time. Another set of eight signaling points codes which are still inactive were granted to us by ANCOM Decision No. 360 of May 10, 2010.

By Decision No. 895/1 October 2008, we were permitted to use four routing numbers in the portability process and by Decision No. 177/10 March 2009, we were permitted use of two routing numbers in the portability process. According to these decisions, we were required to, and did comply with, certain related obligations, including activating the routing numbers and activating the network identification number within six months of allocation and notifying ANCOM accordingly. Pursuant to Decision No. 207/22 March 2010, we were granted a network identification number.

Data Protection Regime

Our activity in connection with personal data is governed by Romanian general and electronic communications sector-specific data protection legislation, which is generally in line with the applicable European Union directives. Sector-specific obligations include those related to the security of personal data processing, the use of traffic data only for specific limited purposes, confidentiality of communications and traffic data, invoicing, caller identity, processing of location data, and undertaking of direct marketing activities, automatic call forwarding and directories of subscribers. Breaches of general data protection legislation may result in fines ranging from RON500 to 100,000, temporary suspension or cessation of data processing and partial or total deletion of processed data.

Breaches of certain specific data protection obligations are punishable with fines of up to 2%, and in the event of repeated breaches, up to 5%, of the breaching operator's turnover and may trigger the suspension of the offending activity or the withdrawal or suspension of the General Authorization, Numbering License, associated technical resources and/or Spectrum License.

We are registered as a personal data operator under the registration number 15643/2010.

The National Supervisory Authority For Personal Data Processing has imposed certain warning and immaterial monetary sanctions on us for breaches of general data protection legislation, especially in relation to the type of data that we process. We have not yet completely aligned our practice with the requirements of the National Supervisory Authority for Personal Data Processing, due to the lack of clear and predictable regulations.

We are also currently assessing our existing data protection practices with the view to identify the gaps between our current state of compliance and the standards required under the General Data Protection Regulation (EU) 2016/679, which is set to become effective beginning May 25, 2018 and we intend to fully comply with its provisions at that time.

Sanctions in Relation to Electronic Communications Networks and Services and to Telephony Services

Breaches of the obligations imposed on operators are punishable by fines of up to 2% and, in the event of repeated breaches, up to 5% of the breaching operator's turnover as per the last financial statements reported by the operator. Breaches subject to these sanctions include breaches of the obligations set out under the General Authorization, Spectrum License or Numbering License, certain obligations set out in the Framework Ordinance or any obligations set out by the regulations under the Framework Ordinance.

If ANCOM becomes aware of a breach by an operator of its legal obligations, it must generally give such operator a grace period for submitting a point of view in relation to the breach, following the lapse of which it may impose sanctions. ANCOM may impose sanctions even if the operator complies with and remedies the breach within the applicable grace period. In the case of specific serious breaches, such grace period is not applicable. In the event of repeated or serious breaches (e.g., failure to pay the monitoring tariff, the tariff for the usage of the radio spectrum or the numbering tariff within a certain period as of the applicable due date or breach the obligation to submit financial statements to ANCOM within the required timeframe), ANCOM may suspend

or withdraw the General Authorization, the Numbering License, the Spectrum License or the right to use technical resources of the relevant operator, as applicable.

ANCOM may also order the infringing operator to cease the offending activity and impose any measures necessary for its remedy or, in the case of access or interconnection obligations, suspend or postpone the provision of a service or a package of services, if it deems such service(s) may distort competition.

In case of certain breaches, ANCOM may apply administrative fines in an amount of up to RON30,000 per day of delay until the breach is cured.

If an operator loses its General Authorization, it automatically loses its Spectrum Licenses and Numbering Licenses. Furthermore, any entity that has lost the right to operate a network or provide electronic communication services may not operate under another General Authorization for a period of three years from the date of the withdrawal of such rights.

Other Obligations Related to Telecommunications Services

Under applicable law, specific categories of disadvantaged persons (such as physically disabled persons) have the right to benefit from special tariffs and customer relations facilities for fixed and mobile telephony and internet. Obligations imposed by ANCOM in this respect to date are immaterial to us as they are no more onerous than the contractual obligations we normally undertake.

HUNGARY

Our activity in Hungary consists of cable TV, fixed-line telephony, internet and data and DTH services.

Relevant Regulatory Authorities

While the Hungarian Government oversees general strategic and social issues in the area of audiovisual media services (“AVMS”) and electronic communication services (“ECS”), the NMIAH is the key regulator of our operations. NMIAH is an independent body, which reports to and is directly supervised by the Hungarian Parliament. NMIAH has its own budget and uses its own revenue to cover the costs incurred in relation to the performance of its duties. The president of NMIAH has certain legislative powers (through the adoption of binding decrees) that allow for more direct control of the Hungarian electronic communications and media markets. The Médiatanács (the “Media Council”) is an independent legal entity of the NMIAH, which supervises audiovisual media services and provision of content in Hungary.

Licenses

We hold all relevant material licenses that are necessary for the Company to perform its activities in Hungary, and the Company works to prolong all licenses which it holds. Our mobile telephony licenses are granted based on public tender procedures organized by NMIAH and ensure the exclusive exploitation of a dedicated spectrum. Otherwise, in the telecommunications and media sector licenses are not generally exclusive. Any private operator meeting specific requirements set by the law is generally authorized to perform telecommunications and media activities in Hungary. However, as long as the operator ensures compliance with regulatory requirements or once exclusive rights are granted, any license can be freely exploited by such operator.

The table below sets out our current material licenses in Hungary, the type of service for which the license is granted, whether the license was obtained through a public tender and the year until which the license is valid.

<u>License</u>	<u>Service Type</u>	<u>Public Tender</u>	<u>Valid Until</u>
Radio Permit to uplink E32907-2/2015	satellite television	NO	2020
Framework Licence for spectrum use (1800 MHz) 28524-2/2014	mobile	YES	2029
Framework Licence for spectrum use (3400-3800 MHz) 23427-2/2016	mobile	YES	2034
Licence for spectrum use (26 GHz) 7698-2/2017	mobile	YES	2027
Registration certificate BB-13404-1/2004	satellite television	NO	NA
Registration certificate BB-3520-3/2006	landline phone	NO	NA
Registration certificate SJ/3957-3/2011	mobile Internet access	NO	NA

Audiovisual Media Services

The principal sources of Hungarian media law on radio and television broadcasting and content distribution are the Act 185 of 2010 on Media Services and Mass Media (the “**Media Act**”), the Act 104 of 2010 on the freedom of the press and the fundamental rules on media content and the Digital Switchover Act.

The provision of cable TV and DTH services a Hungarian General Authorization (as defined below). An application for a Hungarian General Authorization is filed with NMIAH and needs to specify the respective programs to be distributed by the applicant program distribution services (“**PDS**”) provider. According to the Digital Switchover Act, PDS providers must also confirm that they have taken measures required for the protection of copyright and related rights by submitting the data and supporting documents to the NMIAH. The contract concluded with the relevant program provider or the documentary evidence proving the authorization regarding the retransmission of the respective program shall also be attached to NMIAH application. Once the Hungarian General Authorization has been granted, cable TV and DTH providers are required to file monthly reports to NMIAH on the number of subscribers, as well as detailed annual reports on programming and subscribers.

In addition, the Media Act sets out certain special “must carry” obligations in relation to retransmission services. These obligations include: the mandatory transmission of four linear AVMS free of charge; the mandatory transmission of local AVMS where the contract is economically sound; and furthermore, the Media Council may not define more than two additional linear public media services or one linear community media service in respect of which PDS providers have an obligation to accept an economically sound contract offer.

A new regulation was published under the Media Act in April 2016 that allows free negotiation of program fees and entitles certain influential and dominant PDS providers to charge higher fees for HD programs, which directly impacts our transmission costs. PDS providers qualify as influential and dominant if:

- (a) the number of subscribers to a provider’s media service distribution, irrespective of the media service distribution platform or network used, exceeds 100,000, or
- b) in the case of publicly accessible media service distribution available without payment of a subscription fee, the reception area of the media service distributor covers more than one-third of the population of Hungary,

and the sales revenue of the media service distributor or any undertaking having a qualifying holding in it or in its owner, or of any other undertaking operating under the qualifying holding of the media service distributor or its owner, arising from media service distribution or related services, with the exception of analogue broadcasting transmission, performed in the territory of Hungary, exceeds Hungarian forint one billion annually.

Copyright

The Hungarian Act 76 of 1999 on copyright and related rights is consistent with European law applicable to the audiovisual media sector. The simultaneous and unaltered retransmission by means of cable transmission or broadcasting is subject to a license from the holder of the copyright or other relevant rights over the program. The authors’ and performers’ rights are exercised by Artisjus, a collective rights management society. Licenses may be granted only through Artisjus. The royalty fee is determined by Artisjus at regular intervals on the basis of all relevant circumstances of the respective use of the protected content, which fee shall also be approved by the Minister responsible for culture.

Television and radio broadcasters also have similar rights in relation to the transmission of their programs under the Hungarian Act 76 of 1999 on copyright and related rights. The broadcasters are entitled to exercise their own neighboring rights and to authorize the transmission of programming content through contracts entered into with PDS providers, except in cases where the retransmission is required by law.

Electronic Communications Networks and Services

The provision of public ECS and networks is regulated primarily by the Act 100 of 2003 on Electronic Communication (“**Electronic Communications Act**”). The Electronic Communications Act provides the framework regulation of the Hungarian telecommunications market in line with EU law, while detailed rules are set out in secondary legislation, such as government decrees, ministerial decrees and decrees of the president of the NMIAH.

With respect to ECS, NMIAH has, among others, the following duties:

- NMIAH is responsible for supporting the operation and development of the electronic communications, postal and IT markets. NMIAH protects the interests of both service providers and users.

- In addition to the Hungarian Competition Office, the duties of NMIAH include the ex ante establishment and maintenance of fair and efficient competition and oversight of service providers' compliance with the provisions of sector-specific competition law.
- NMIAH investigates the relevant communication markets and analyzes the effectiveness of the competition in these markets. It also decides on disputes between ECS providers and identifies the service providers with significant market power (each an "SMP") in the relevant market and defines obligations imposed upon SMPs.
- NMIAH investigates the activity of the market players within the framework of its market monitoring function. As an authority of first instance, it investigates the conditions of the provision of services (e.g., technological conformity, customer care, legal and billing issues).
- NMIAH's tasks include registration of notifications related to program distribution and data transmission services and review of the regular use of scarce resources such as the licensed identifiers and spectrum. Part of its market monitoring activity also includes removal of service providers from the register, withdrawal of usage licenses and enforcement of regulations concerning number portability.
- We have been designated as an SMP by NMIAH on the market of wholesale call termination on individual public telephone networks provided at a fixed location (EU relevant market 3, in accordance with Recommendations No. 2007/879/EC and 2014/710/EU). The NMIAH, in line with EU guidelines and Europe-wide regulatory practice, has designated every telecommunications operator in Hungary with an own network as a significant market player on these markets (altogether 124 operators on 124 markets) which provides voice call termination services to other operators. As such, we are subject to the following obligations:
 - transparency (i.e., we must publish our termination rates on our website together with technical conditions for interconnection);
 - non-discrimination (i.e., we must apply the same termination rates as well as technical conditions to every operator wishing to terminate voice traffic into our network in Hungary);
 - cost-orientation (i.e., we must set termination rates to HUF0,40 / min based on Bottom Up Long-Run Incremental Cost, "BU-LRIC" methodology); and
 - access and interconnection (i.e., we must allow other operators to access our voice services and connect to our network, ensure those additional services which are necessary to the interconnection and the use of the service, publish the closure of interconnection points 3 years in advance and publish IP based network plans (interconnection points) 12 months in advance).

Hungarian General Authorization

According to the Electronic Communications Act, provision of telecommunication services requires notification and registration with the NMIAH. Upon receipt of notification, NMIAH will register the service provider of PDS or other ECS (e.g., broadband internet services, voice telephony services) provided that it fulfills the necessary legal requirements ("**Hungarian General Authorization**"). Providers shall notify NMIAH of any changes in the information supplied in the notification, as well as the termination of the provision of services within fifteen days. The register maintained by NMIAH is public information.

The main obligations and entitlements accompanying the Hungarian General Authorization in relation to PDS or other ECS include:

- Service providers are required to pay quarterly supervision fees to cover the operating expenses of the NMIAH. The fee shall be a maximum of 0.35% of the previous year's net revenue of the electronic communications services provider from electronic communications services or, if the previous year's revenue cannot be established, the revenue received during the year pro-rated for the entire year (currently 0.212%).
- Reporting certain information in relation to its services to the NMIAH, including agreements concluded with broadcasters and other providers (even if such information is confidential), if necessary for the performance of the NMIAH's duties under the provisions of Hungarian law.
- Cooperation with organizations authorized to conduct secret investigations and secret collection of information (e.g., secret services). In the context of such obligation, the PDS provider must liaise with the authorized secret investigators in order to provide the conditions for the secret investigation and secret collection of information.

- Obligations regarding the negotiation and reporting of interconnection agreements (additional obligations are imposed on SMP operators) and cooperation in connection with the interoperability of the networks. NMIAH may establish additional obligations if the negotiations of the service providers are unsuccessful.

In addition, ECS providers are required by law to:

- carry out statutory attestation of services and invoicing;
- ensure compliance with emergency dialing rules;
- ensure compliance with general terms and conditions requirements;
- maintain a helpdesk under conditions set out in regulations;
- comply with SMP remedies (if any);
- report and file interconnection agreements;
- submit quarterly, semi-annual and annual reports regarding traffic, revenue, equipment, interconnection points, billing information, information on subscribers' complaints, quality parameters and fault management;
- register for lawful interception, and report to relevant law enforcement agencies;
- register in the number porting database and system (Central Reference Database (“KRA”));
- register in the central electronic database for removing and blocking illegal websites (“KEHTA”);
- comply with data retention requirements and report upon request by law enforcement bodies;
- ensure data protection, register and report to the relevant bodies;
- report quarterly to the Hungarian Central Statistical Office;
- deliver a monthly report regarding the telecommunications tax on voice services; and
- comply with market analysis reporting obligations as required by NMIAH.

Security

Given the recent terrorist attacks in Europe, new legislation has been introduced to increase the cooperation of ECS providers and ensure smooth legal interception, data retention and data disclosure. ECS are subject to heavy regulation in this field in Hungary and compliance is an ever-important issue. Recent provisions require operators to cooperate with the national security services, notify any events affecting the security of the service or network. Furthermore, subscribers must be notified of any event that threatens the security of the information contained in the provided service or the network. Subscribers must be informed of the effective means to deal with security events. ECS service providers are under an obligation to install systems that would help the law enforcement authorities to monitor their data and maintain such systems only inside Hungary.

Application service providers must retain the content of, and certain metadata created in relation with, encrypted end-to-end communications made through their services, such as the type of services provided, the user data, the IP address and port number used for registration and the IP address and port number used for the utilisation of the service by the subscriber or user, as well as the user ID and to disclose such data to law enforcement authorities upon request. The Hungarian National Security Service is also entitled to, at its own cost, place signals in the systems of electronic communication service providers. These service providers are also required to ensure the operation telephone numbers used by certain organizations to prioritize crucial communications in case of a terrorist attack.

Network Deployment

Hungary is aiming to ensure at least 30 Mbps speed connection in every household by 2018. To achieve this, in parallel to recent EU regulation, major legislative changes took place recently to boost network deployment. In particular, NMIAH has recently decreased the fees of construction and simplified the administrative procedures of network development. In addition, the Electronic Communications Act was also amended to reduce the cost of deploying high-speed electronic communications networks. Operators are encouraged to coordinate network development, while NMIAH serves as a one-stop-shop in relation to building permits and transparency rules concerning infrastructure development. Deployment of NGA networks are encouraged, which allows access other operators' existing infrastructure.

In addition, increased network deployment is funded by the state. In early 2016, a tender for supporting broadband development was conducted as part of the state program to distribute approximately HUF68.0 billion as non-repayable aid and HUF45,6 billion as investment loans at preferential rates for development of broadband networks. The program is expected to provide almost one million households with broadband connection by the end of 2018.

Blocking and Removal

Network operators are required to ensure that certain websites are not accessible via their networks. Any harmful or illegal electronic data may be blocked or removed. Blocking is ensured through a system operated by NMIAH via connected internet access service providers. NMIAH administers KEHTA, the black list for removing and blocking illegal sites. KEHTA was launched in 2014 and is not public, with only certain public and law enforcement authorities having access thereto.

Internet Access VAT

Subject to EU law, VAT on internet access services will be decreased in Hungary from 27% to 18% which became effective on January 1, 2017 and to 5% by January 1, 2018. A preferential tax rate on internet access indirectly increasing the take-up of services is a positive development for our operations in Hungary and contributes to our further expansion and success.

Assignment of Numbering Domains and Addresses

Numbering domains and addresses are special sets of characters necessary for the operation of an electronic communications network, the provision of ECS and the interoperability of electronic communications networks and services (as distinct from internet domain names, email and IP addresses, which are specifically excluded from the regulation of numbering domains and addresses). Numbering domains and addresses are finite. Therefore, their use is subject to a numbering license (“**Hungarian Numbering License**”) in Hungary, which is reviewed in every 3 years. The registration and management of available identifiers in the national allocation plan is performed by the NMIAH. Hungarian Numbering Licenses are granted either for a definite term, as specified in the Hungarian Numbering License, or for an indefinite term. The fee for the use of the identifiers is set out in the Hungarian Numbering License, and is calculated on the basis of the number of identifiers. In addition, administration fee is payable to the NMIAH.

We mainly use two types of numbering fields. For geographic numbers we have a large number of numbering range in Budapest (approximately 124.000 numbers) and separate other geographic numbers for almost all rural towns in Hungary. We also have approximately 2000 numbers for nomadic telephone service, and 25.000 numbers for non-geographic mobile service in SHS=20 field. In September 2016 we also applied for 100.000 numbers in the SHS=50 field, which is dedicated mobile communications. We also have special short numbers customer service, access to fundraising short numbers (1350, 1353, 1355, 1356, 1357, 1359), special free toll short number (1404) and other specialised numbers.

NMIAH may withdraw rights to use the numbers if:

- the provider failed to pay the fee for the usage of numbers until the deadline specified in NMIAH’s written notice;
- the provider permanently terminates its electronic communications service;
- if the provider does not begin to provide its electronic communications services within 90 days after the assignment authorization to use the requested numbers;
- the usage of number is suspended for more than six month; or
- the provider does not cooperate with NMIAH and other providers, or fails to comply with number portability requirements.

Network operators are required to ensure number portability to allow the user to switch carrier without losing the original number. The Hungarian regulation of number portability is in compliance with the relevant European regulation. However, NMIAH promulgated specific rules of the content of the KRA for information on ported numbers, as well as regulating the cooperation between the operators and the KRA. The KRA manages all information about the ported numbers, as well as providing management and data collection services to service providers. The KRA is available on NMIAH’s webpage.

Mobile Services

In early 2016 NMIAH published its spectrum strategy for 2016-2020 to create a predictable technical and professional environment for market players. The strategy defined the most important spectrum management areas and described the regulatory and economic environment. As part of this strategy, the NMIAH's goals include, achieving 99% indoor wireless internet coverage, selling digital multiplexes and 6 other bands from 700 MHz to 26 GHz. Furthermore, the regulator intends to provide an additional 160 MHz for mobile services and facilitate the development of PPDR and 5G.

In 2015 NMIAH issued a detailed and extensive regulation on national frequency distribution and the utilisation of frequency bands ("NFFF"). This regulation brought significant changes to the Hungarian radio frequencies regulation. The NFFF replaced several earlier regulations on the matter and established new regulations for the civil use of frequency bands and national frequency distribution. The NFFF is applicable to frequency users, producers, importers and marketers of radio and high frequency equipment within the radio spectrum up to 3000 GHz. The NFFF does not apply to distribution of frequencies dedicated to broadcasting. It maintains the hierarchy of primary and secondary radio service providers in terms of station operation and interference protection. The NFFF also keeps the distinction between frequency bands as *designed* and *planned* frequency bands. As a general rule, operators may receive from NMIAH a right to use a certain frequency range on a first-come-first-served basis. In the case of these frequencies, operators are not required to participate in any competitive selection procedures before they apply to NMIAH for a frequency allocation or a radio license. However, for certain other frequency ranges, the NFFF may provide special rules; in particular, it may provide that operators must first obtain a frequency license in a competitive procedure (such as an auction or a tender) before it can apply for a frequency allocation and a radio license. The NFFF also established STIR (Spectrum Management IT System), a tool to create, edit, visualize and publish easily and effectively frequency management information in an organised form and structure. The scope of the NFFF extends to the allocation of frequency bands within the radio spectrum below 3000 GHz to radio service, as well as for civil, non-civil and joint use, but does not extend to the method of distribution of frequencies for broadcasting purposes. The NFFF generally prohibits secondary trading of frequencies. Specific bands designated in the NFFF, however, may be subject to secondary trading.

1800 MHz license

Following an auction process carried out in 2014, we were awarded a one duplex block of 5MHz mobile Spectrum License in the 1800 MHz band, for the supply of a public network of mobile communication services such as GSM, UMTS, LTE, WiMAX and other EU harmonised services, pursuant to decision UF/15792-88/2014 issued by NMIAH. We have entered into an administrative contract UF/27050-7-2014 with NMIAH governing the use of the band. The 1800 MHz license is valid until June 15, 2029 and it may be extended for another 5 years upon request, filed at least three months before the expiry of the license term, without the payment of additional fees. The 1800 MHz license does not impose coverage obligations.

3600 MHz license

Following an auction process carried out in 2016, we were awarded four unpaired blocks of 5 MHz in the 3600-3800 MHz bandwidth, valid until June 15, 2034. The license for this frequency block was issued by NMIAH under No. UF/12005-19/2016. As the holder of the license, we may use any technology permitted for the 3780-3800 MHz TDD frequency band, in accordance with national and European Union laws. We are required to start using the frequency within four years after we acquired the corresponding rights.

If we were to launch mobile services in Hungary we will be exposed to further SMP designation and regulation.

Other spectrum licenses

Currently, we use frequency ranges for satellite up-link at our Budapest up-link station that are awarded on a first-come-first-served basis.

In addition, in 2016 we have concluded a commercial agreement to obtain the rights to use 2x28MHz basic blocks in the 26GHz band valid until April 18, 2027.

Sanctions

As part of its market regulatory activities, NMIAH monitors the operation of the electronic communications market. Market regulatory measures are conducted ex officio in accordance with the annual market regulatory

plan to ensure compliance with the provisions of the relevant legal regulations, its own decisions and subscriber contracts. Market surveillance is initiated either ex officio or upon request, and in case of infringement the NMIAH may apply various sanctions individually or combined. NMIAH may order the offender to cease such illegal conduct.

The most relevant measures that NMIAH may take if a service provider refuses to comply with the NMIAH's notice are the following:

- impose a fine on the infringing party (0.25 to 1% of its net income in case of a breach of market surveillance measures, including in the case of an unauthorized use of frequencies, and 0.1 to 0.5% of its net income in the case of a breach of market regulatory measures, and up to 0.5% for breaching sector specific data protection obligations); or
- order the termination or retention of services hindering competition.

In the case of serious or repeated violation of obligations NMIAH may also:

- suspend the Hungarian General Authorization and individual license of the infringing party; or
- withdraw the Hungarian General Authorization and individual license of the infringing party.

The withdrawal of the Hungarian General Authorization could result in the loss of a Hungarian Numbering License and "Radio License", an authorization issued by NMIAH required for the operation of radio equipment, radio stations and radio telecommunications networks.

NMIAH may order the immediate enforcement of its decisions in order to protect human lives, health, physical integrity, the environment, public safety or public order, or prevent dangers posing significant threats to a large number of users or the management or operation of other service providers or users.

In addition to the above, television service providers must comply with content regulations. The most important sanctions the Media Council may impose following in the case of a breach of content regulation are the following:

- issue a cease and desist order; and
- specify the conditions of the performance of the services.

In the case of a serious or repeated violation of content regulation, the Media Council may also:

- order the infringing party to publish the notice or decision of the Council on a designated program;
- impose a fine of up to Hungarian forint 200 million on the infringing party;
- suspend the media service provision for a period of 15 minutes to one week; or
- delete the media service where the infringement was committed from the register.

Data Protection

Network operators are subject to sector-specific data protection rules. There is a general requirement to have detailed internal policies regarding data controlling and provide customers with information accordingly. A data protection officer must be employed. In Hungary, provisions that served to implement the now repealed 2006/24/EC Data Retention Directive, are still in effect. Furthermore, personal data breaches have to be reported to NMIAH within 24 hours and customers have to be informed without undue delay. Binding Corporate Rules are mandatory for lawful transfer of data to non-EEA countries. The Binding Corporate Rules have to be approved by the Data Protection Authority.

Consumer Protection

Network operators need to maintain offline customer service centers and one consumer protection officer per county. In addition there are extensive obligations regarding customer service such as a minimum five minutes response time for telephone customer services. For a breach of consumer protection obligations, the National Consumer Protection Authority may impose a fine of up to HUF2 billion.

PART 8
DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Upon completion of the Offer, the Company shall apply a one-tier board structure comprising of two Executive Directors and five Non-executive Directors, of which two are Independent Non-executive Directors (within the meaning of the Corporate Governance Code of the Bucharest Stock Exchange (the “**BSE Corporate Governance Code**”)).

Set out below is a summary of certain provisions of Dutch corporate law as at the date of this Prospectus, as well as relevant information concerning the BSE Corporate Governance Code, the Board of Directors and certain provisions of the Articles concerning the Board of Directors, in each case as it will be constituted and in force immediately prior to and following the completion of the Offer.

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the relevant provisions of Dutch law and the BSE Corporate Governance Code as in force on the date of this Prospectus and the Articles. The Articles are available in the governing Dutch language and an unofficial English translation thereof on the Company’s website.

Current Composition of the Board of Directors

At the date of this Prospectus, the Board of Directors is comprised of the Directors mentioned below. The composition of the Board of Directors will be the same upon completion of the Offer:

Name	Age	Position
Zoltán Teszári	46	President (Non-executive Director)
Serghei Bulgac	40	Chief Executive Officer (Executive Director)
Valentin Popoviciu	42	Executive Director
Sambor Ryszka	37	Non-executive Director
Marius Varzaru	37	Non-executive Director
Bogdan Ciobotaru	39	Independent Non-executive Director
Piotr Rymaszewski	52	Independent Non-executive Director

Biographical Details of the Directors

Zoltán Teszári (President)

Mr. Teszári founded RCS & RDS in 1996 and is the controlling shareholder. Before starting Analog CATV (a precursor company to RCS & RDS), he founded TVS Holding Brasov in 1992, another large Romanian cable TV company that later was merged into RCS & RDS. Prior to founding TVS Holding Brasov, Mr. Teszári owned and ran his own business. Mr. Teszári has been a board member since 2000 and his current term as a board member is due to expire in 2020, though he can be re-appointed for an indefinite number of terms.

Serghei Bulgac (Chief Executive Officer)

Mr. Bulgac is a member of the Board of Directors and Chief Executive Officer. Mr. Bulgac was appointed the Chief Executive Officer of RCS & RDS in 2015. Prior to becoming Chief Executive Officer, he was Chief Financial Officer of RCS & RDS. Mr. Bulgac joined RCS & RDS in 2003. Prior to joining RCS & RDS, he worked as a corporate finance associate at EPIC (European Privatization and Investment Corporation) and as a research analyst at Eastbrokers, a brokerage company. Mr. Bulgac graduated from the Bucharest Academy of Economic Studies and holds an MBA degree from INSEAD. Mr. Bulgac has been a board member since 2017 and his current term as a board member is due to expire in 2020.

Valentin Popoviciu (Executive Director)

Mr. Popoviciu is an executive member of the Board of Directors. He is also a non-executive member and Vice-President of the board of directors of RCS & RDS, a position he has held since 2015. Prior to his appointment to the board of directors of RCS & RDS, Mr. Popoviciu had held the position of Business Development Manager of RCS & RDS since 1999, after joining the company in 1998 as a branch manager in the Constanta office. Mr. Popoviciu graduated from the economics faculty of the Constanta—Tomis University in 1997. Mr. Popoviciu has been a board member since 2017 and his current term as a board member is due to expire in 2020.

Dr. Sambor Ryszka (Non-executive Director)

Dr. Ryszka is a non-executive member of the Board of Directors. Dr. Ryszka has been a Managing Director of Digi Hungary since 2013. Dr. Ryszka joined Digi Hungary in 2011 as General Counsel. Prior to that, Dr. Ryszka worked in the Budapest office of law firm Hogan Lovells. Dr. Ryszka graduated in 2004 from the Faculty of Law of ELTE University, Budapest. Dr. Ryszka has been a board member since 2017 and his current term as a board member is due to expire in 2020.

Marius Varzaru (Non-executive Director)

Mr. Varzaru was appointed in 2013 as a Director of the Company. Mr. Varzaru has been the Managing Director of Digi Spain since 2008. Mr. Varzaru joined RCS & RDS in 2005 as Reporting Manager and was shortly thereafter appointed to the position of Finance Director, a position he held up until 2008. Before joining RCS & RDS, Mr. Varzaru worked at KPMG. Mr. Varzaru graduated from the Bucharest Academy of Economic Studies in 2001. Mr. Varzaru has been a board member since 2013 and his current term as a board member is due to expire in 2020.

Bogdan Ciobotaru (Independent Non-executive Director)

Bogdan Ciobotaru is an independent, non-executive member of the Board. He is also a non-executive member of the board of directors of RCS & RDS, a position he has held since 2013. Prior to joining RCS & RDS, Mr. Ciobotaru held the position of Head of Financing for Central and Eastern Europe, Middle East & Africa at Renaissance Capital and the position of Executive Director in the Global Capital Markets, at Morgan Stanley in London, where he worked for over 10 years. Mr. Ciobotaru graduated from the Bucharest Academy of Economic Studies, and holds an Executive MBA from Oxford University. Mr. Ciobotaru has been a board member since 2017 and his current term as a board member is due to expire in 2020.

Piotr Rymaszewski (Independent Non-executive Director)

Mr. Rymaszewski is an independent, non-executive member of the Board of Directors. Mr. Rymaszewski also holds the position of CEO of Octava Asset Management, a Polish real-estate portfolio management company, part of the Elliott Group, a position he has held since 2014. Since 2007, Mr. Rymaszewski has also served as the CEO and president of the board of directors of Octava S.A., a Polish public company active in real estate and part of the Elliott Group. Mr. Rymaszewski's experience in advisory and supervisory roles includes serving on the Board of Nominees of Fondul Proprietatea S.A., a Romanian publicly traded AIF since 2012. Mr. Rymaszewski holds a Bachelor's degree in Physics from the University of Pennsylvania and a JD degree in International and Commercial Law from Cornell Law School. Mr. Rymaszewski has been a board member since 2017 and his current term as a board member is due to expire in 2020.

SENIOR MANAGEMENT TEAM

The Group's current senior management team, in addition to the Executive Directors listed above, is as follows:

Name	Age	Position
Ioan Bendei	60	Vice President and Executive Director of RCS & RDS
Mihai Dinei	47	Non-executive Director of RCS & RDS
Smaranda Streanga	37	Co-Chief Financial Officer of RCS & RDS
Dan Ionita	38	Co-Chief Financial Officer of RCS & RDS
Silviu Georgescu	38	Chief Technology Officer of RCS & RDS
Emil Grecu	39	Technical Officer of RCS & RDS
Emil Jugaru	43	Head of RCS & RDS Sales and Customer Care Business Unit
Dragos Spataru	40	Head of Fixed Telephony and Mobile Communications Division of RCS & RDS
Ovidiu Bejan	45	Commercial Director for Mobile Communications of RCS & RDS
Mihaela Toroman	37	Accounts Manager and Treasurer of RCS & RDS
Florin Ungureanu	35	Managing Director of Digi Hungary
Dragos Chivu	45	Managing Director of Digi Italy

Biographical Details of the Senior Management Team

Ioan Bendei (Vice President and Executive Director of RCS & RDS)

Mr. Bendei is an executive director and Vice President of RCS & RDS. He has been an executive member of the management of RCS & RDS and its precursors since 1996. Mr. Bendei has been involved in the cable TV industry since 1992. He previously worked for TVS Holding Brasov and Eurocable Oradea. In both positions he worked closely with Mr. Zoltán Teszári, the founder and controlling shareholder of the Company. Before 1992, Mr. Bendei worked as a technician for Roman Brasov, the largest Romanian truck producer.

Mihai Dinei (Non-executive Director of RCS & RDS)

Mr. Dinei is a non-executive director of RCS & RDS. He has been a member of RCS & RDS's Board of Directors since 2003 and is the former head of RCS & RDS's legal department. Mr. Dinei joined RCS & RDS in 1999. Prior to joining RCS & RDS, Mr. Dinei worked as a course manager and trainer at the National Institute for Administration. Mr. Dinei graduated from the Faculty of Law of the University of Bucharest in 1997. Prior to studying law, Mr. Dinei served as a professional member of the Romanian Military Navy.

Smaranda Streanga (Co-Chief Financial Officer of RCS & RDS)

Mrs. Streanga has been the Co-Chief Financial Officer of RCS & RDS since 2015. Prior to joining RCS & RDS, she held the role of finance manager at HP (Geboc) and audit roles at PricewaterhouseCoopers and BDO. Mrs. Streanga graduated from the Bucharest Academy of Economic Studies in 2002, has an EMBA from WU Wien in 2013, and is an ACCA member.

Dan Ionita (Co-Chief Financial Officer of RCS & RDS)

Mr. Ionita has been the Co-Chief Financial Officer of RCS & RDS since 2015. Prior to becoming the Co-Chief Financial Officer, Mr. Ionita held the position of Finance Manager from 2008, after joining RCS & RDS in 2007 as Reporting Manager. Prior to that, Mr. Ionita worked at PricewaterhouseCoopers and Arthur Andersen. Mr. Ionita graduated from the Bucharest Academy of Economic Studies in 2001, with a degree in Accounting and a master in Information Systems. Mr. Ionita holds an ACCA diploma.

Silviu Georgescu (Chief Technology Officer of RCS & RDS)

Mr. Georgescu has been the Chief Technology Officer of RCS & RDS since 2005. Mr. Georgescu joined RCS & RDS in 2000 as field engineer in one of the Group's cable TV networks. Mr. Georgescu graduated from the Telecommunications and Electronics faculty of the Bucharest Polytechnics University in 2000.

Emil Grecu (Technical Officer of RCS & RDS)

Mr. Grecu serves as the Technical Officer of RCS & RDS. Mr. Grecu joined RCS & RDS in 1999 after graduating from Bucharest Polytechnics University. Mr. Grecu oversees the development of the Group's physical infrastructure and the operation of video services (cable TV and DTH). Mr. Grecu graduated from Bucharest Polytechnics University with a degree in Electronics and Telecommunications in 2000.

Emil Jugaru (Head of RCS & RDS Sales and Customer Care Business Unit)

Mr. Jugaru is head of RCS & RDS Sales and Customer Care business unit. Mr. Jugaru joined RCS & RDS in 1997. Prior to that he worked for a company Magic System, specialized in the sale IT niche products. Mr. Jugaru graduated in 1996 from the Polytechnic University of Bucharest, Faculty of Automatic Control and Computer Science.

Dragos Spataru (Head of Telephony and Mobile Communications Division of RCS & RDS)

Mr. Spataru has been the head of the Fixed Telephony and Mobile Communications Division of RCS & RDS since 2010 and prior to that he was the Voice Business Unit manager of RCS & RDS. Mr. Spataru joined RCS & RDS in 1998 as a web designer. Prior to joining RCS & RDS, Mr. Spataru worked in sales of high end printers and imaging equipment. Mr. Spataru graduated from the computer sciences faculty of the Bucharest Polytechnics University in 2000.

Ovidiu Bejan (Commercial Director for Mobile Communications of RCS & RDS)

Mr. Bejan joined RCS & RDS in 2014 as Commercial Director for Mobile Communications. Prior to joining RCS & RDS Mr. Bejan was the Regional Director Consumer Market for Vodafone Romania. Prior to

that, Mr. Bejan worked as Commercial Director for RHS Company and between 2001 and 2012 and held various positions within Genco Trade. Mr. Bejan graduated from Nuclear Engineering Faculty of Bucharest Polytechnics University in 1995.

Mihaela Toroman (Accounts Manager and Treasurer of RCS & RDS)

Ms. Toroman has been RCS & RDS's Accounts Manager and Treasurer since 2015. Between 2010 and 2015, Ms. Toroman was a Financial Manager at RCS & RDS. Previously, between 2006 and 2010 she was a Controlling Manager at RCS&RDS. Prior to joining RCS & RDS, Ms. Toroman held an accountant position at Euromedia Group. Ms. Toroman graduated from Bucharest Academy of Economic Studies with a degree in Accounting and Information systems.

Florin Ungureanu (Managing Director of Digi Hungary)

Mr. Ungureanu has been the Managing Director of Digi Hungary since 2011. Mr. Ungureanu joined RCS & RDS in 2005 as an accountant in our Bucharest office. Between 2006 and 2008, Mr. Ungureanu worked in the financial audit department at Ernst & Young Romania, and in 2008 he again joined RCS & RDS as a business controller in the Financial Department. Mr. Ungureanu graduated from the Bucharest Academy of Economic Studies in 2005.

Dragos Chivu (Managing Director of Digi Italy)

Mr. Chivu has been the Managing Director of Digi Italy since 2015. Before joining the RCS & RDS group as Managing Director and board member for Digi Italy, he was CEO at the Romanian and Moldavian entities of Printec Group, an IT integrator specializing in banking solutions. Mr. Chivu has 20 years of telecommunications experience, working for high profile companies like Digi Italy, Printec, Vodafone, Nokia, Telemobil and Orange. He graduated as telecommunications engineer from Polytechnic University of Bucharest and holds an MBA from the Romanian-American School of Business and Kennesaw State University.

CORPORATE GOVERNANCE

Corporate Governance Code of the Bucharest Stock Exchange

As of the date of this Prospectus and following Admission, we will comply with the BSE Corporate Governance Code, in effect starting from January 4, 2016, as such applies to companies listed on the Regulated Spot Market of the Bucharest Stock Exchange, with the following differences:

1. the directors will be appointed following a nomination made by the Class A Meeting, instead of a nomination proposal by the nomination committee established by the Board of Directors and consisting of non-executive directors. The good corporate governance sought by the BSE Corporate Governance Code is achieved by applying this nomination procedure, as the Class A Meeting shall take into account that the Board of Directors should be composed such that the requisite expertise, background, competences and—as regards certain of the non-executive directors—independence are present for them to carry out their duties properly;
2. the cash dividend distribution policy is approved by the General Meeting, rather than being approved at the level of the Board of Directors. This setup provides greater shareholder protection by escalating the decision to the General Meeting;
3. the president of the audit committee is not an independent director, as required by the BSE Corporate Governance Code. The good corporate governance sought by the BSE Corporate Governance Code is achieved by having the majority of committee members being independent and high standard terms of reference being applied to the work of the audit committee; and
4. one of our two independent non-executive directors, Bogdan Ciobotaru, could be deemed not to be independent in the definition of the BSE Corporate Governance Code as he has had, in the past 12 months, a contractual relationship with Carpathian Cable Investments S.à R.L., one of our minority shareholders who, in the past 12 months, held more than 10% of our voting rights. The good corporate governance sought by the BSE Corporate Governance Code is achieved as (i) Carpathian Cable Investments S.à R.L. no longer holds more than 10% of our voting rights and (ii) it is anticipated that, if the Overallotment Option is exercised in full, Carpathian Cable Investments S.à R.L. will no longer hold Shares post Admission.

The BSE Corporate Governance Code requires that all companies listed on the Bucharest Stock Exchange include a statement in their annual report on their compliance with the BSE Corporate Governance Code. Any failure to comply with the provisions of the BSE Corporate Governance Code must be disclosed through a current report filed with the Bucharest Stock Exchange, the principle applied being that of “comply or explain.”

The BSE Corporate Governance Code contains a number of principles and provisions which must be observed by the companies listed on the Bucharest Stock Exchange, inter alia with respect to the composition, role, functioning and compensation of the management bodies, risk management and internal control, financial reporting and disclosure.

Dutch Corporate Governance Code

As a Dutch company, the Company is also subject to the Dutch Corporate Governance Code (“**DCGC**”).

The DCGC applies to all companies which have their statutory seat in the Netherlands and whose shares are listed on a regulated market in the EU/EEA or a comparable system outside the EU/EEA. The DCGC is based on a “comply or explain” principle. Accordingly, companies are required to disclose in their board report filed in the Netherlands whether or not they are complying with the various rules of the DCGC that are addressed to the Board of Directors and, if they do not apply those provisions, to give the reasons for such non-application.

On December 8, 2016, the monitoring committee for the DCGC published the revised DCGC, which entered into force on January 1, 2017 and replaces the DCGC dated December 10, 2008. It is expected that the revised DCGC will be enshrined in Dutch law by the Dutch legislator in the first half of 2017.

The DCGC contains both principles and best practice provisions for the board of directors, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. The principles and best practice provisions apply to our Board of Directors, for example in relation to its role and composition, conflicts of interest, independence requirements for Non-executive Directors, Board of Directors’ committees and compensation; shareholders and the General Meeting, for example, regarding anti-takeover protection and obligations of the Company to provide information to our shareholders; and financial reporting, including external auditor and internal audit requirements.

We acknowledge the importance of good corporate governance. As the Company will apply the BSE Corporate Governance Code, the Company will in general not comply with the DCGC. In particular the Company does not comply with the following principles of the DCGC:

- Principle 2.1.5 of the DCGC: the Company will not have a diversity policy in relation to the Board of Directors.
- Principles 2.1.7 and 2.1.8 of the DCGC: on the completion of the Offering, the Company shall have 5 Non-executive Directors, of which 3 do not meet the independence criteria contained in the DCGC.
- Principle 2.1.9 of the DCGC: the president of the Board of Directors (the “**President**”) does not meet the independence criteria contained in the DCGC.
- Principles 2.2.2 of the DCGC: the President of the Board may be reappointed for an indefinite number of terms.
- Principles 2.2.4, 2.2.5 and 2.3.2 of the DCGC: the Company will not have a nomination committee. The tasks that the nomination committee would usually have are currently with the Class A Meeting. In addition, the rotation schedule will not be applicable to the President.
- Principle 2.3.1 of the DCGC: no rules for the Non-executive Directors will be adopted. A conflict of interest policy has been adopted setting out the provisions in relation to conflicts of interest of the Directors.
- Principle 2.3.4: More than half of the members of the remuneration committee do not comply with the independent criteria contained in the DCGC.
- Principle 3.1.2.: If shares options are being awarded, share options can be exercised before three years have lapsed after they have been awarded (minimum term required by the DCGC).
- Principle 3.3.1.: Non-executive Directors receive the same fixed base salary the Executive Directors receive and such fixed base salary is not related to the time spent by the Non-executive Directors and the specific responsibilities of their role as required by the DCGC.
- Principle 3.3.2.: Non-executive Directors who are directors in other group companies or employees of other group companies may be awarded remuneration in the form of share options.
- Principle 3.4.2.: The main elements of the agreement of an Executive Director with the Company will not be published on the company’s website.

- Principle 4.3.3 of the DCGC: which requires that a resolution of the General Meeting to cancel the binding nature of a nomination for the appointment of a Director or to remove such a Director, be passed with an absolute majority of the votes cast, representing at least one-third of the issued share capital. Instead, such resolution can be adopted by the General Meeting with the normal quorum and voting majority requirements.

Management

The Board of Directors is collectively responsible for the Company's general affairs. The Articles divide duties of the Board of Directors among its members. The Executive Directors are responsible for the continuity of the Company and its business, focusing on long-term value creation thereby taking into account the interests of the Company's stakeholders and should formulate a strategy in line with this. The Executive Directors shall be entrusted with managing the day-to-day affairs of the Company and are responsible to achieve the Company's objectives, strategy and the accompanying risk profile, the performance trend and results and for the corporate social responsibility issues relevant to the business of the Company and its subsidiaries. The Non-executive Directors are, *inter alia*, responsible for the supervision of the management of the Executive Directors and of the general affairs of the Company and the business connected with it and assisting the Executive Directors by providing advice. In addition, both Executive Directors and Non-Executive Directors must perform such duties as are specifically assigned to them by the Articles. Each Director has a duty to properly perform the duties assigned to him or her and to act in the corporate interest of the Company. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees, and other stakeholders.

An Executive Director may not be allocated the tasks of: (i) serving as chairperson of the Board of Directors; (ii) determining the remuneration of the Executive Directors; or (iii) nominating Directors for appointment. An Executive Director may not participate in the adoption of resolutions (including any deliberations in respect of such resolutions) relating to the remuneration of Executive Directors.

Tasks that have not been specifically allocated fall within the power of the Board of Directors as a whole. All Directors remain collectively responsible for proper management as a whole regardless of the allocation of tasks. At the closing of the Offer, the Board of Directors shall be comprised of seven members of which two members shall be Executive Directors and five members shall be Non-executive Directors. Three Non-executive Directors are non-independent within the meaning of the BSE Corporate Governance Code.

The Articles provide that Directors are appointed by the General Meeting upon a binding nomination by the Class A Meeting. The General Meeting may at all times deprive such a nomination of its binding character, following which the Class A Meeting shall draw up a new binding nomination. When making a nomination, the Class A Meeting shall take into account that the Board of Directors shall be composed such that the requisite expertise, background, competences and—as regards certain of the Non-executive Directors—independence are present for them to carry out their duties.

The General Meeting will appoint a Director either as an Executive Director or as a Non-executive Director. The Articles provide that the General Meeting shall from among the Non-executive Directors appoint a President of the Board of Directors and appoint a vice-president of the Board of Directors (the “**Vice-President**”). In addition, the Articles provide that the Board of Directors may grant titles to Executive Directors including, but not limited to, CEO and CFO.

Operation of the Board of Directors

Meetings

The Non-executive Directors shall meet together with the Executive Directors, unless the Non-executive Directors wish to meet without the Executive Directors being present. As a rule, the Board of Directors shall meet at least once every quarter and other meetings of the Board of Directors may be called at any time by (i) the President, (ii) the Vice-President or (iii) any three Directors, of which at least one Executive Director, acting jointly. Except when the Non-executive Directors wish to meet without the Executive Directors being present, at any meeting of the Board of Directors a quorum shall be present if all Directors have been invited and at least four members are present or represented, which must include the President being present or represented. Absent Directors shall be informed immediately of the resolutions adopted in their absence. Except in emergencies, matters of the field of responsibility of an absent Director shall only be discussed and decided on after the absent Director has been contacted. The Executive Directors and the Non-executive Directors respectively may

separately adopt legally valid resolutions with regard to matters that fall within the scope of their respective duties.

The Board of Directors may also adopt resolutions outside a meeting (whether physical, by videoconference or by telephone), in writing or otherwise, provided that the proposal concerned is submitted to all relevant Directors then in office (and in respect of whom no conflict of interest exists) and provided that none of them objects to such decision-making process. Adoption of resolutions in writing shall be effected by written statements from all relevant Directors then in office in respect of whom no conflict of interest exists.

All meetings will be organized and held in Romania, at the business premises of the Company. All resolutions outside a meeting, in writing or otherwise, will be taken in Romania.

Voting

The Board of Directors may only adopt resolutions by the favorable vote of the majority of the votes of the relevant Directors present or represented at the meeting of the Board of Directors. In a meeting of the Board of Directors, each Director, other than the President, is entitled to cast one vote. The President is entitled to cast as many votes as can be cast by all other Directors present or represented at that meeting in respect of whom no conflict of interest (as set out below) exists.

Dutch law provides that a Director may not participate in any discussions and decision making if he or she has a conflict of interest in the matter being discussed. The Articles provide that if for this reason no resolution can be taken by the Board of Directors, the General Meeting will resolve on the matter.

Board committees

Prior to completion of the Offer, the Board of Directors shall establish two board committees: an audit committee (the “**Audit Committee**”) and a remuneration committee (the “**Remuneration Committee**”). The board committees have a preparatory and/or advisory role to the Board of Directors. The Non-executive Directors will draw up rules on each board committee’s role, responsibilities and functioning. The board committees shall consist of Non-executive Directors only. They report their findings to the Board of Directors, which pursuant to Dutch law shall remain fully responsible for all actions undertaken by such committees. The Audit Committee will report to the Non-executive Directors separately on its deliberations and findings. The President or a former Executive Director cannot chair the Audit Committee or the Remuneration Committee.

Audit Committee

The Audit Committee consists of three members, Marius Varzaru, Piotr Rymaszewski and Bogdan Ciobotaru, who are Non-executive Directors. The Audit Committee reports directly to the Non-executive Directors. The Audit Committee assists the Board of Directors with its oversight responsibilities regarding the quality and integrity of our Financial Statements, our compliance with legal and regulatory requirements, the auditors’ qualifications and independence, internal audits and other related matters.

Terms of reference of the Audit Committee

Set out below is a summary of the terms of reference of the Audit Committee.

The Audit Committee shall assist, supervise, review, advise and challenge the Board of Directors with respect to, *inter alia*:

- (a) the integrity and quality of the financial reporting of the Company and its subsidiaries;
- (b) the operation of the internal risk-management and control systems;
- (c) the provision of financial information by the Company (including the choice of accounting policies, application and assessment of the effects of new rules, and the treatment of estimated items in the Company’s annual accounts);
- (d) compliance with recommendations and observations of the Company’s internal and external auditors;
- (e) the role and functioning of the Company’s internal auditors;
- (f) the Company’s tax policy;

- (g) the Company's relationship with its external auditor, including the independence and remuneration of the external auditor;
- (h) the funding of the Company;
- (i) the assessment of any situation that may generate a conflict of interest in transactions involving the Company, its subsidiaries and their respective related parties; and
- (j) matters relating to information and communication technology.

The Audit Committee also advises the Board of Directors on its nomination to the General Meeting of persons for appointment as the Company's external auditor, and prepares meetings of the Board of Directors where the Company's Report of the Board of Directors, the Annual Financial Statements, and the Company's half-yearly figures and quarterly trading updates are to be discussed.

In addition, the Audit Committee shall undertake an annual assessment of the Company's internal control system, evaluating the effectiveness of this system, the adequacy of the reports relating to risk management and internal control presented to the Audit Committee, as well as the management's responsiveness and effectiveness in dealing with identified internal control deficiencies or weaknesses.

The Audit Committee shall also evaluate the efficiency of the company's risk management system, monitor the application of statutory and generally accepted internal audit standards, as well as assess situations of conflicts of interest in transactions entered into by the Company and/or any of its subsidiaries with related parties.

The Audit Committee will meet as often as is required for its proper functioning, but at least five times a year, such meetings to be held to coincide with key dates in the financial reporting and audit cycle. The Audit Committee must meet at least twice a year with the Company's external auditor.

Remuneration Committee

The Remuneration Committee is composed of three members, Zoltán Tesári, Sambor Ryszka and Piotr Rymaszewski, who are Non-executive Directors. The Remuneration Committee assists the Board of Directors with the implementation and development of remuneration and benefits policies, including bonuses for the Directors and employees.

The Remuneration Committee shall be responsible for preparing the decision-making of the Non-executive Directors regarding the determination of remuneration. In addition, the Remuneration Committee shall further be responsible for reporting to the Non-executive Directors on the implementation of the remuneration in each financial year in light of corporate goals and objectives relevant to the remuneration.

Terms of reference of the Remuneration Committee

Set out below is a summary of the terms of reference of the Remuneration Committee.

The Remuneration Committee assists the Board of Directors in supervising with respect to, *inter alia*:

- (a) drafting a proposal to the Non-executive Directors for the remuneration policy to be pursued, which policy shall be adopted by the General Meeting;
- (b) recommending to the Non-executive Directors and making a proposal for the remuneration of each Director, within the limits of the remuneration policy. Such proposal shall, in any event, deal with:
 - (i) the remuneration structure; and
 - (ii) the amount of the fixed remuneration, the shares and/or options to be granted and/or other variable remuneration components, the performance criteria used, the scenario analyses that are carried out and the pay ratios within the Company and its affiliated enterprise.

When drafting the proposal for the remuneration of the Directors, the Remuneration Committee shall take note of individual Directors' views with regard to the amount and structure of their own remuneration. The Remuneration Committee shall ask the Directors to pay attention to the aspects as included in the remuneration policy.

- (c) preparing the remuneration report;
- (d) making it aware of and advising the Board of Directors on any major changes in employee benefit structures throughout the Company or its subsidiaries; and

- (e) administering all aspects of any executive share scheme operated by or to be established by the Company.

The Remuneration Committee will meet as often as is required for its proper functioning, but at least two times a year.

PRINCIPAL SHAREHOLDER

The Company is controlled by Mr. Zoltán Teszári, our President. He holds a direct stake of 2,280,122 Class A Shares, representing approximately 3.6% of the voting rights in the Company and holds a direct stake of 491,000 Class B Shares, which are being sold as part of the Offer. In addition, Mr. Teszári holds a stake of approximately 87.1% of the voting rights in RCS Management, which in turn holds a direct stake of 57,866,545 Class A Shares, representing approximately 91.2% of the voting rights in the Company. Mr. Teszári's direct holding represents approximately 3% of the economic interest in the Company and RCS Management's holding represents approximately 62% of the economic interest in the Company.

The Company has implemented various corporate governance measures as described in *“Part 13—Additional Information—5. Directors—5.5. Decision-making and approvals of the Board of Directors”* and *“Part 13—Additional Information—5. Directors—5.6. Conflicts of interest”*, to help avoid any potential conflicts of interest involving the Principal Shareholder as President of the Company.

RELATIONSHIP AGREEMENT WITH PRINCIPAL SHAREHOLDER

Immediately after Admission, it is expected that the Principal Shareholder will hold approximately 3.6% of the voting rights attached to the issued share capital of the Company.

Immediately after Admission, the Principal Shareholder is expected to beneficially hold, directly and indirectly, 56.4% of the Company and exercise control over 100% of the outstanding Class A Shares (the Company will hold 5,609,361 Class A Shares in its own capital). The Principal Shareholder owns 3.5% of the Class A Shares directly and controls the rest of the Class A Shares through his 87.1% share ownership of RCS Management.

On April 26, 2017, the Company, RCS Management and the Principal Shareholder entered into an agreement which will, conditional upon Admission, regulate the ongoing relationship between them (the **“Relationship Agreement”**). The principal purpose of the Relationship Agreement is to help ensure that the Company and its subsidiaries are capable of carrying on their business independently of RCS Management and/or the Principal Shareholder, that transactions and relationships with RCS Management and/or the Principal Shareholder (including any transactions and relationships with any member of the Group) are at arm's length and on normal commercial terms, and that the goodwill, reputation and commercial interests of the Company are maintained. The Relationship Agreement will continue for so long as (a) the Company is listed on the Regulated Spot Market of the Bucharest Stock Exchange and (b) RCS Management and/or the Principal Shareholder together with their associates are entitled to exercise or to control the exercise of 30% or more of the votes able to be cast on all or substantially all matters at General Meetings of the Company.

The Directors believe that the terms of the Relationship Agreement will help enable the Group to carry on its business independently of RCS Management and the Principal Shareholder and help ensure that all transactions and relationships between the Company and/or the members of the Group (on the one hand) and RCS Management and/or the Principal Shareholder and/or their associates (on the other) are, and will be, on arm's length terms and on a normal commercial basis.

CONFLICTS OF INTEREST

There are no potential conflicts of interest between any duties owed by the Directors or Senior Management to the Company and their private interests or other duties.

PART 9
SELECTED FINANCIAL AND OTHER INFORMATION

The tables below show summary consolidated financial information for the Group as at and for the years ended December 31, 2014, 2015 and 2016. The financial information as at and for the years ended December 31, 2014, 2015 and 2016 has been extracted or derived from the Annual Financial Statements. The Financial Statements are included in “Part 15—Historical Financial Information” of this Prospectus. The label “unaudited” and the selected information presented below under the caption “Other operating data” indicate financial information that was not taken from the audited consolidated financial statements mentioned above but has been extracted or derived from the management accounts and/or accounting records. The information below should be read in conjunction with the Annual Financial Statements and accompanying notes included in “Part 15—Historical Financial Information” of this Prospectus and the discussion in sections entitled “Part 2—Presentation of Financial and Other Information” and “Part 10—Operating and Financial Review.”

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the year ended December 31,		
	2014	2015	2016
	(€ millions)		
Consolidated profit or loss			
Revenue			
Romania	471.1	541.8	615.4
Hungary	119.1	125.9	137.9
Spain	54.8	73.8	84.7
Other	18.9 ⁽¹⁾	11.4 ⁽¹⁾	9.6
Eliminations of intersegment revenue	(2.2)	(2.7)	(4.8)
Total revenue	661.6	750.1	842.8
Gain/(loss) from sale of discontinued operations	9.6 ⁽²⁾	20.9 ⁽³⁾	(0.7) ⁽⁴⁾
Total revenue, other income and gain/(loss) from sale of discontinued operations	671.2	771.0	842.1
Operating expenses			
Romania	(294.1)	(362.2) ⁽⁵⁾	(413.1)
Hungary	(72.3)	(76.5)	(86.5)
Spain	(50.4)	(62.8)	(70.7)
Other	(16.2) ⁽⁶⁾	(13.0) ⁽⁶⁾	(13.9) ⁽⁷⁾
Eliminations of intersegment expenses	2.2	2.7	4.8
Depreciation, amortization and impairment of tangible and intangible assets	(192.1)	(187.9)	(176.4) ⁽⁸⁾
Total operating expenses	(622.9)	(699.7)	(755.8)
Other expenses		(1.0) ⁽⁵⁾	(7.0) ⁽⁵⁾
Operating profit	48.4	70.3	79.3
Finance income	0.8	9.9	45.3 ⁽⁹⁾
Finance expense	(61.1)	(70.8)	(101.5)
Net finance costs	(60.3)	(60.9)	(56.2)
Profit/(Loss) before taxation	(12.0)	9.5	23.1
Income tax (expense)/benefit	5.1	(5.4)	(11.3)
Net profit/(loss)	(6.8)	4.0	11.8

(1) Includes revenue from our operations in Italy and the Czech Republic.

(2) Represents gains from sale of operations in Slovakia.

(3) Represents gains/(losses) from sale of operations in Slovakia and the Czech Republic.

(4) Represents an additional provision for expenses regarding the sale transaction of the Czech subsidiary.

(5) As of December 31, 2016 we present unrealized mark-to-market results from fair value assessment of energy supply contracts on a separate line: Other expenses. Comparative information as of December 31, 2015 was restated accordingly. Prior to the restatement, as of December 31, 2015 the unrealized mark-to-market loss of € 1.0 million was included in Operating expenses.

(6) Includes operating expenses for our operations in Italy and the Czech Republic and certain minor operating expenses of the Company.

- (7) Includes operating expenses for our operations in Italy and certain minor operating expenses of the Company.
- (8) Includes revaluation deficit in amount of €6.3 million from revaluation of land and buildings and CPE as at December 31, 2016.
- (9) As of December 31, 2016 available for sales instruments were derecognised and the fair value gain was reclassified from equity to Profit or loss statement, included in Finance income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at December 31,		
	2014	2015	2016
	(€ millions)		
Consolidated financial position			
Assets			
Non-current assets			
Property, plant and equipment	643.1	674.7	826.0
Intangible assets	199.7	205.1	206.8
Available for sale financial assets	41.3	43.4	—
Investments in associates	2.5	1.0	1.0
Long term receivables	6.7	5.9	3.9
Deferred tax assets	2.9	4.0	3.1
Total non-current assets	896.3	934.0	1,040.8
Current assets			
Inventories	22.8	13.2	18.6
Program assets	16.8	29.5	30.3
Trade and other receivables	109.9	82.5	109.0
Income tax receivables	1.5	0.2	2.8
Other assets	9.9	8.2	6.3
Derivative financial assets	—	9.9	17.0
Cash and cash equivalents	54.3	49.7	14.6
Total current assets	215.2	193.3	198.6
Total assets	1,111.5	1,127.3	1,239.5
Equity and liabilities			
Equity			
Share capital	0.1	0.1	0.1
Share premium	8.2	8.2	8.2
Treasury shares	(16.7)	(16.7)	(16.7)
Reserves	45.3	31.6	9.1
Retained earnings	68.3	77.5	40.5
Equity attributable to equity holders of the parent	105.1	100.7	41.2
Non-controlling interest	2.2	2.2	1.4
Total equity	107.3	102.8	42.6
Non-current liabilities			
Interest-bearing loans and borrowings, including bonds	652.7	624.9	665.5
Deferred tax liabilities	28.2	27.0	34.8
Other long term liabilities	10.6	7.6	46.1
Total non-current liabilities	691.5	659.5	746.4
Current liabilities			
Trade and other payables	217.2	271.1	374.0
Interest-bearing loans and borrowings	45.7	63.1	44.0
Income tax payable	0.3	1.7	1.4
Derivative financial liabilities	1.0	8.3	16.4
Deferred revenue	48.4	20.8	14.7
Total current liabilities	312.6	365.1	450.4
Total liabilities	1,004.2	1,024.5	1,196.9
Total equity and liabilities	1,111.5	1,127.3	1,239.5

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended December 31,		
	2014	2015	2016
	(€ millions)		
Cash flow data			
Cash flows from operations before working capital changes	232.0	237.2	266.6
Cash flows from changes in working capital ⁽¹⁾	(5.7)	4.2	(11.3)
Cash flows from operations	226.3	241.5	255.3
Interest paid	(46.7)	(44.2)	(44.0)
Income tax paid	(4.6)	(5.1)	(7.8)
Net cash flows from operating activities	174.9	192.2	203.5
Net cash flows used in investing activities	(204.4)	(171.6)	(216.0)
Net cash flows (used in)/from financing activities	33.6	(25.7)	(21.8)
Net increase (decrease) in cash and cash equivalents	4.1	(5.1)	(34.2)
Cash and cash equivalents at the beginning of the year	50.2	54.3	49.7
Effect of exchange rate fluctuation on cash and cash equivalent held	(0.0)	0.5	(0.8)
Cash and cash equivalents at the closing of the year	54.3	49.7	14.6

(1) Cash flows from changes in working capital includes the sum of the (Increase)/decrease in trade receivables and other assets, (Increase)/decrease in inventories, Increase/(decrease) in trade payables and other current liabilities, Increase/(decrease) in deferred revenue.

OTHER OPERATING DATA

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

	For the year ended December 31,		
	2014	2015	2016
	(€ millions, unless otherwise stated)		
EBITDA data ⁽¹⁾			
Revenue ⁽²⁾	661.6	750.1	842.8
Operating profit	48.4	70.3	79.3
Depreciation, amortization and impairment	192.1	187.9	176.4 ⁽³⁾
EBITDA	240.4	258.2	255.6
(Gain)/loss from sale of discontinued operations	(9.6) ⁽⁴⁾	(20.9) ⁽⁵⁾	0.7
Other expense ⁽⁶⁾	—	1.0	7.0
Adjusted EBITDA ⁽⁷⁾	230.8	238.4	263.3
Adjusted EBITDA Margin (%) ⁽⁸⁾	34.9%	31.8%	31.2%
Adjusted EBITDA of discontinued operations ⁽⁹⁾	3.9 ⁽⁸⁾	0.9 ⁽¹⁰⁾	—
Adjusted EBITDA of continuing operations ⁽¹¹⁾	226.9	237.5	263.3
Adjusted EBITDA Margin for continuing operations (%)	35.0%	31.8%	31.2%

(1) EBITDA is consolidated operating profit or loss plus charges for depreciation, amortization and impairment of assets. Adjusted EBITDA is EBITDA adjusted for the effect of non-recurring and one-off items, as well as mark-to-market results (unrealized) from fair value assessment of energy supply contracts. EBITDA and Adjusted EBITDA under our definition may not be comparable to similar measures presented by other companies and labeled “EBITDA.” We believe that EBITDA and Adjusted EBITDA are useful analytical tools for presenting a normalized measure of cash flows that disregards temporary fluctuations in working capital, including due to fluctuations in inventory levels and due to timing of payments received or payments made. Since operating profit and actual cash flows for a given period can differ significantly from this normalized measure, we urge you to consider these figures for any period together with our data for cash flows from operations and other cash flow data and our operating profit. You should not consider EBITDA or Adjusted EBITDA a substitute for operating profit or cash flows from operating activities. See “Part 2—Presentation of Financial and Other Information.”

(2) Excludes intersegment revenue.

(3) Includes revaluation deficit in amount of €6.3 million from revaluation of land and buildings and CPE as at December 31, 2016.

(4) Represents gains from sale of operations in Slovakia.

(5) Represents gains from sale of operations in Slovakia and the Czech Republic.

(6) Represents mark-to-market loss from fair value assessment of energy supply contracts, which we exclude in our calculations of Adjusted EBITDA starting from June 30, 2016. Comparative information for prior periods has been restated accordingly.

- (7) Adjusted EBITDA is EBITDA adjusted for the effect of non-recurring and one-off items, as well as mark-to-market results (unrealized) from the fair value assessment of energy supply contracts. See “Part 2—Presentation of Financial and Other Information.”
- (8) Adjusted EBITDA Margin is the ratio of Adjusted EBITDA to our total revenue. See “Part 2—Presentation of Financial and Other Information.”
- (9) Unaudited.
- (10) Represents Adjusted EBITDA from operations in the Czech Republic.
- (11) Represents Adjusted EBITDA from operations in Romania, Hungary, Spain and Italy.

Selected financial data and ratios

	As at and for the year ended December, 31		
	2014	2015	2016
	(€ millions, unless otherwise stated)		
Selected financial data and ratios			
Total debt ⁽¹⁾	710.1	703.9	772.0
Cash and cash equivalents	54.3	49.7	14.6
Total net debt	655.8	654.2	757.4
Leverage ratio ^{(2),(3)}	2.8x	2.7x	2.9x
Net interest expense ⁽⁴⁾	49.7	49.3	45.1
Interest coverage ratio ^{(3),(5)}	4.6x	4.8x	5.8x

- (1) Total debt is interest bearing loans and borrowings (non-current), interest bearing loans and borrowings (current), derivative financial liabilities and other long term liabilities.
- (2) Represents the ratio between total net debt and Adjusted EBITDA over a given period.
- (3) Unaudited.
- (4) Represents interest expense as extracted from our consolidated statement of cash flows, less interest from banks related to cash and cash equivalents held.
- (5) Represents the ratio between Adjusted EBITDA and net interest expense over a given period.

Revenue by business line and geographic segment

	For the year ended December 31,			% change year on year	
	2014	2015 ⁽¹⁾	2016	2014 v 2015	2015 v 2016
	(€ millions, unless otherwise stated)				
Revenue by business line (excluding intersegment revenue)					
Romania					
Cable TV	155.5	166.8	175.7	7.3%	5.3%
Fixed internet and data	147.5	155.9	163.6	5.7%	4.9%
Mobile telecommunication services ^{(2),(3)}	40.4	84.2	122.0	108.4%	44.9%
Fixed-line telephony ⁽³⁾	29.8	25.8	25.1	(13.4)%	(2.7)%
DTH	43.3	40.2	38.7	(7.2)%	(3.7)%
Other revenue ⁽⁴⁾	53.3	67.2	87.6	26.1%	30.4%
Hungary					
Cable TV	34.5	36.6	41.0	6.1%	12.0%
Fixed internet and data	30.4	33.4	38.0	9.9%	13.8%
Mobile telecommunication services ^{(3),(5)}	1.6	1.4	1.2	(12.5)%	(14.3)%
Fixed-line telephony ⁽³⁾	8.3	6.9	6.8	(16.9)%	(1.4)%
DTH	30.8	30.5	31.4	(1.0)%	3.0%
Other revenue ⁽⁴⁾	13.5	17.1	19.5	26.7%	14.0%
Spain					
Mobile telecommunication services ⁽²⁾	53.4	72.2	82.7	35.2%	14.5%
Other revenue ⁽⁴⁾	0.6	0.4	0.3	(33.3)%	(25.0)%
Other⁽⁶⁾					
Mobile telecommunication services ⁽²⁾	4.9	7.4	9.0	51.0%	21.6%
Other revenue ⁽⁴⁾	0.2	0.2	0.2	—	0.0%
Discontinued operations					
DTH	13.7 ⁽⁷⁾	3.8 ⁽⁷⁾	—	(72.3)%	—
Other revenue	0.1	—	—	—	—
Total revenues	661.6	750.1	842.8	13.4%	12.4%
Total other income (including gains/ (losses) from sale of discontinued operations)	9.6	20.9	(0.7)	117.7%	(103.3)%
Total revenue and other income	671.2	771.0	842.1	14.9%	9.2%

	For the year ended December 31,		
	2014	2015	2016
	(€ millions)		
Revenue by geographic segment (excluding intersegment revenue)			
Continuing operations			
Romania	469.7	540.1	612.7
Hungary	119.1	125.9	137.9
Spain	54.0	72.7	83.0
Other ⁽⁶⁾	5.1	7.5	9.2
Total revenue from continuing operations	647.8	746.3	842.8
<i>Discontinued operations</i>	13.8 ⁽⁷⁾	3.8 ⁽⁷⁾	—
Total	661.6	750.1	842.8

(1) As at June 30, 2016, we reallocated certain service revenue between business lines in order to properly reflect their nature. Comparative information for the year ended December 31, 2015 has been restated accordingly for presentation herein. See “Part 2—Presentation of Financial and Other Information.”

- (2) As at June 30, 2016, we aggregated certain revenue to report it as part of our mobile telecommunication services business line. For the years ended December 31, 2014 and 2015, that revenue includes mobile internet and data revenue reported under the caption “Internet and Data Revenue” and mobile telephony revenue reported under caption “Telephony Revenue” in Note 16 of the Annual Financial Statements for the years ended December 31, 2015 and 2014. The remaining revenue that is reported under those captions in the Annual Financial Statements is presented in this Prospectus as fixed internet and data and fixed telephony revenue. Comparative information for prior periods has been restated accordingly for presentation herein. See “Part 2—Presentation of Financial and Other Information.”
- (3) Unaudited.
- (4) Includes sales of CPE (primarily mobile handsets and satellite signal receivers and decoders), services of filming sports events, advertising revenue from own TV and radio channels and sundry penalties invoiced to subscribers.
- (5) Includes mobile internet and data revenue.
- (6) Includes revenue from operations in Italy.
- (7) Includes revenue from operations in the Czech Republic.

Other operating data

	As at December 31,		
	2014⁽¹⁾	2015	2016
	(unaudited)		
	(thousands)		
Other operating data			
RGUs⁽²⁾ per business line			
Cable TV	3,010	3,170	3,338
Fixed internet and data	2,181	2,358	2,543
Mobile telecommunication services ^{(3),(4)}	2,659	3,342	3,922
Fixed-line telephony	1,771	1,741	1,692
DTH	1,189	992	948
Total	10,810	11,603	12,443
For the year ended December 31,			
	2014	2015	2016
	(unaudited)		
	(€/period)		
ARPU⁽⁵⁾ per business line			
Cable TV	5.39	5.50	5.56
Fixed internet and data			
Residential	5.60	5.56	5.51
Business	42.99	39.13	35.76
Mobile telecommunication services ^{(3),(4),(6)}	3.66	4.62	4.93
Fixed-line telephony⁽⁶⁾			
Residential	1.57	1.40	1.37
Business	4.55	3.62	3.72
DTH	5.86	5.86	5.99

- (1) As at December 31, 2014, we had approximately 134,000 RGUs in the Czech Republic.
- (2) RGUs, or revenue generating units, represent the number of customer accounts at period end. A single customer can account for several RGUs. See “Part 2—Presentation of Financial and Other Information.”
- (3) As at June 30, 2016, we aggregated RGUs from our previously reported mobile telephony and mobile internet and data business lines and currently report them as part of our mobile telecommunication services business line. Comparative RGU information for prior periods has been restated accordingly. See “Part 2—Presentation of Financial and Other Information.”
- (4) As at December 31, 2015, we revised our definition of mobile telephony RGUs in Italy to capture only SIM cards with active traffic in the last month of the relevant period. The revision was made to ensure consistency with our accounting for mobile telecommunication services business line RGUs in Spain. Comparative RGU information as at December 31, 2014 has been restated accordingly. See “Part 2—Presentation of Financial and Other Information.”
- (5) ARPU is average revenue per RGU in each business line or geographic segment for a period. We calculate it by dividing the total revenue of such business line or geographic segment for such period, (a) if such period is a calendar month, by the total number of relevant RGUs invoiced for services in that calendar month; or (b) if such period is longer than a calendar month, by (i) the average number of relevant RGUs invoiced for services in that period and (ii) the number of calendar months in that period. See “Part 2—Presentation of Financial and Other Information.”
- (6) As at June 30, 2016, we reallocated certain service revenue between business lines in order to properly reflect their nature. Comparative ARPU information for the year ended December 31, 2015 has been restated accordingly. See “Part 2—Presentation of Financial and Other Information.”

As at and for the year ended December 31,

	2014	2015	2016
	(unaudited)		
	(RGUs: thousands; ARPU: €/period)		
RGUs/ARPU			
Group			
RGUs ⁽¹⁾	10,810	11,603	12,443
ARPU ⁽²⁾	4.78	4.98	5.10
Continuing operations			
Romania			
<i>Cable TV</i>			
RGUs	2,599	2,733	2,865
ARPU	5.12	5.22	5.25
<i>Fixed internet and data</i>			
RGUs			
Residential	1,745	1,873	2,000
Business	89	103	115
ARPU			
Residential	5.21	5.13	5.04
Business	42.99	39.13	35.76
<i>Mobile telecommunication services^{(1),(2)}</i>			
RGUs	2,116	2,698	3,213
ARPU	1.86	2.96	3.44
<i>Fixed-line telephony⁽¹⁾</i>			
RGUs			
Residential	1,346	1,287	1,210
Business	124	127	129
ARPU			
Residential	1.41	1.29	1.30
Business	4.55	3.62	3.72
<i>DTH</i>			
RGUs	725	674	641
ARPU	4.71	4.84	4.90
Hungary			
<i>Cable TV</i>			
RGUs	411	437	473
ARPU	7.11	7.23	7.45
<i>Fixed internet and data</i>			
RGUs	347	382	428
ARPU	7.55	7.67	7.77
<i>Mobile telecommunication services⁽³⁾</i>			
RGUs	19	16	14
ARPU	6.54	6.62	6.83
<i>Fixed-line telephony</i>			
RGUs	301	327	353
ARPU	2.36	1.85	1.67
<i>DTH</i>			
RGUs	330	318	307
ARPU	7.60	7.75	8.22
Spain			
<i>Mobile telecommunication services^{(1),(4)}</i>			
RGUs	476	569	609
ARPU	10.88	11.20	11.58
Other⁽⁵⁾			
<i>Mobile telecommunication services^{(1),(4),(6)}</i>			
RGUs	48	59	86
ARPU	9.88	11.27	10.88

As at and for the year ended December 31,

	2014	2015	2016
	(unaudited)		
	(RGUs: thousands; ARPU: €/period)		

Discontinued operations

Czech Republic

DTH

RGUs	134	—	—
ARPU	7.88	7.88	—

- (1) As at June 30, 2016, we aggregated RGUs from our previously reported mobile telephony and mobile internet and data business lines and currently report them as part of our mobile telecommunication services business line. Comparative RGU and ARPU information for prior periods has been restated accordingly. See “*Part 2—Presentation of Financial and Other Information.*”
- (2) As at June 30, 2016, we reallocated certain service revenue between business lines in order to properly reflect their nature. Comparative ARPU information for the year ended December 31, 2015 has been restated accordingly. See “*Part 2—Presentation of Financial and Other Information.*”
- (3) Includes mobile internet and data services offered as a reseller through the Telenor network under our “Digi” brand.
- (4) As an MVNO.
- (5) Includes Italy.
- (6) As at December 31, 2015, we revised our definition of mobile telephony RGUs in Italy to capture only SIM cards with active traffic in the last month of the relevant period. The revision was made to ensure consistency with our accounting for mobile telecommunication services business line RGUs and ARPU in Spain. Comparative RGU and ARPU information as at December 31, 2014 has been restated accordingly. See “*Part 2—Presentation of Financial and Other Information—Operating and Market Data.*”

PART 10 OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of the financial condition and results of operations of the Group should be read in conjunction with the information in the sections captioned “Presentation of Financial and Other Information” and “Selected Financial and Other Information” of this Prospectus. The following discussion should also be read in conjunction with the Annual Financial Statements, in each case with the related notes, prepared in accordance with IFRS and included in “Part 15—Historical Financial Information” of this Prospectus.

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

OVERVIEW

We are a leading provider of telecommunication services in Romania and Hungary based on number of RGUs. Our offerings in both countries include cable and DTH television services, fixed internet and data and fixed-line telephony. Our fixed telecommunication services are offered through our technologically advanced fiber optic network, covering approximately 62% and 24% of households in Romania and Hungary, respectively, and both countries are entirely within the footprint of our DTH signal. Our cable and DTH television subscribers enjoy access to custom-made channels and simulcast services, which carry premium movies and sports content, as well as various third-party products. We also operate the fastest growing, in terms of RGUs, and one of the most technologically advanced mobile networks in Romania, which shares the backbone of our fixed fiber optic infrastructure. In addition, we provide mobile telecommunication services as an MVNO to the large Romanian communities in Spain and Italy.

Although in the past we had operations in other Eastern European countries, all such operations were disposed of in 2013 and 2015 and, apart from our targeted MVNO operations in Spain and Italy, we currently focus exclusively on our core markets. As a result, the combination of our fixed network, satellite and mobile capabilities in Romania and Hungary and our deep local expertise makes us a European leader in geographically focused telecommunication solutions.

For the years ended December 31, 2014, 2015 and 2016 we had total revenue (excluding intersegment revenue, other income and gain from sale of discontinued operations) of €661.6 million, €750.1 million and €842.8 million, respectively; Adjusted EBITDA of €230.8 million, €238.4 million and €263.3 million, respectively; and net loss of €6.8 million, net profit of €4.0 million and net profit of €11.8 million, respectively.

RECENT DEVELOPMENTS

In February 2017 and April 2017, the company changed its name from Cable Communications N.V. to Digi Communications N.V. as well as carried out various shareholding restructuring transactions, which we set out in “Part 13—Additional Information—Shareholding Restructuring.”

On January 30, 2017, the Company converted dividends payable to two minority shareholders into short-term loans in the amount of €8.1 million, maturing on June 30, 2017 with interest expense of 5% p.a. (secured on a *pari passu* basis with the 2016 Notes, the Senior Facilities Agreement, the ING Facilities Agreement, the Citi Facilities Agreement and the BRD Letters of Guarantee Facility (as defined below), pursuant to, the same terms as the Intercreditor Agreement). See “—Financial Obligations—Short-term loans from converted dividend payables” and “Part 13—Additional information—25. Related Party Transactions.”

Due to unusual volatility in the price of electricity in Romania during December 2016 through February 2017, the cost of electricity we acquire from third parties increased in the fourth quarter of 2016 and the first quarter of 2017 relative to the corresponding payments we receive from our electricity supply activities. As the payments we receive from our customers are based on a fixed amount, the increases in the price at which we purchased electricity had a negative effect on our EBITDA, resulting in a loss of €2.3 million in the fourth quarter of 2016. We currently estimate an EBITDA loss of approximately €7 million from our electricity supply activities during the first quarter of 2017. For 2016 we had gross revenue and associated costs of €76.1 million and €80.2 million, respectively, associated with our energy supply business; however, as required by IFRS in our case, the net results from our energy supply business is presented in our operating expenses. Though the cost of electricity has normalized, we are taking measures to help offset any volatility in the future, including decreasing

the volume of electricity supplied to our business customers by roughly half, which are generally more variable and less predictable than the electricity requirements of our residential customers. The amount of electricity required by any customer per month will always vary, so we have also entered into forward contracts concluded on the centralised trading platforms with large, local electricity producers in an effort to more closely match electricity costs with payments from customers going forward, and aim to have the majority of our electricity acquired in this way. We expect to decrease materially the amount of electricity we supply, especially to larger business customers, when compared with 2016 levels by the second quarter of 2017 and management is targeting an ultimate reduction in supply to about 50,000 megawatt hours per month by the second half of 2017. See *“Part I—Risk Factors—The results of our energy supply business are dependent on the price at which we are able to acquire electricity from third parties. Volatility in the cost of electricity may negatively impact our financial condition and results of operations.”*

In connection with the Offer, we became a tax resident in Romania, which is not expected to affect materially our corporate income tax. Due to misalignment of Romanian and EU legislation, the Notes may be subject to Romanian withholding taxes on interest (approximately €3.3 million per year which will be treated as interest expense). We believe that the imposition of any such withholding tax is incorrect. However, we intend, as a prudential matter, to pay such withholding taxes. We intend to claim back any amounts paid and are also prepared to litigate in pursuit of such reclaim. Any such litigation is likely to be relatively lengthy and complex.

Additionally in April 2017, we drew RON15.0 million (€3.3 million equivalent as at December 31, 2016) as well as RON30.0 million (€6.6 million equivalent as at December 31, 2016) from SFA Facility B (defined below) for general corporate and working capital purposes of the Group.

BASIS OF FINANCIAL PRESENTATION

The Group prepared its Annual Financial Statements for the years ended December 31, 2014, 2015 and 2016 in accordance with IFRS as adopted by the EU. For the periods discussed in this Prospectus, the Group’s presentation currency was the euro. The Group’s financial year ends on December 31 of each calendar year.

Functional Currencies and Presentation Currency

Each Group entity prepares individual financial statements in its functional currency, which is the currency of the primary economic environment in which such entity operates. As our operations in Romania and Hungary generated approximately 72.7% and 16.4%, respectively, of our consolidated revenue for the year ended December 31, 2016, our principal functional currencies are the Romanian leu and the Hungarian forint.

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

Presentation of Revenue and Operating Expenses

Our Board of Directors evaluates business and market opportunities and considers our results primarily on a country-by-country basis. We currently generate revenue and incur operating expenses in Romania, Hungary, Spain and Italy, and in the Netherlands we incur certain minor operating expenses of the Company. However, in the periods under review revenue was also generated, and operating expenses were also incurred, by our subsidiary in the Czech Republic, which was disposed of in 2015. Therefore we break down our total revenue and our total operating expenses for the relevant periods into revenue and operating expenses from continuing operations and revenue and operating expenses from discontinued operations. Revenue and operating expenses from continuing operations are further broken down into the following geographic segments: Romania, Hungary, Spain and Other.

The revenue for each of our geographic segments (excluding intersegment revenue, other income and gain from sale of discontinued operations) for the years ended December 31, 2014, 2015 and 2016 was as follows:

	For the year ended December 31,		
	2014	2015	2016
	(€ millions)		
Continuing operations			
Romania	469.7	540.1	612.7
Hungary	119.1	125.9	137.9
Spain	54.0	72.7	83.0
Other ⁽¹⁾	5.1	7.5	9.2
Total revenue from continuing operations	647.8	746.3	842.8
Discontinued operations	13.8⁽²⁾	3.8⁽²⁾	—
Total revenue	661.6	750.1	842.8

(1) Includes revenue from operations in Italy.

(2) Includes revenue from operations in the Czech Republic.

The operating expenses for each of our geographic segments (excluding intersegment operating expenses, but including depreciation, amortization and impairment) for the years ended December 31, 2014, 2015 and 2016 were as follows:

	For the year ended December 31,		
	2014	2015	2016
	(€ millions)		
Continuing operations			
Romania ⁽¹⁾	292.5	361.1 ⁽²⁾	411.3
Hungary ⁽¹⁾	72.3	76.5	86.5
Spain ⁽¹⁾	49.2	61.8	68.8
Other ^{(1),(3)}	6.9	9.4	12.9
Depreciation, amortization and impairment of tangible and intangible assets	191.5	187.8	176.4
Total operating expenses of continuing operations	612.4	696.6	755.8
Discontinued operations			
Operating expenses ⁽¹⁾	9.9	3.0	—
Depreciation, amortization and impairment of tangible and intangible assets ⁽¹⁾	0.6	0.1	—
Total operating expenses of discontinued operations	10.5⁽⁴⁾	3.1⁽⁴⁾	—
Total operating expenses	622.9	699.7	755.8

(1) Unaudited.

(2) As of December 31, 2016 we present unrealized mark-to-market results from fair value assessment of energy supply contracts on a separate line: Other expenses. Comparative information as of December 31, 2015 was restated accordingly. Prior to the restatement, as of December 31, 2015 the unrealized mark-to-market loss of €1.0 million was included in Operating expenses.

(3) Includes operating expenses of operations in Italy and certain minor operating expenses of the Company.

(4) Includes operating expenses of operations in the Czech Republic.

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

REVENUE AND EXPENSES STRUCTURE OF OUR PRINCIPAL LINES OF BUSINESS

In general, for each of our five principal lines of business, we earn revenue from flat-rate subscription fees received from our customers and incur expenses that include licensing, programming and content fees, customer service, as well as network operation and maintenance. However, the structure of our revenue and expenses differs in each of our principal lines of business. See "Part 6—Business Description—Areas of operation."

Cable TV

The revenue we receive for cable TV services in Romania and Hungary consists principally of flat-rate monthly subscription fees. The level of subscription fees depends on the programming package chosen by the particular customer.

The expenses we record for cable TV services consist principally of fees that we pay to providers of programming, license fees that we pay for content on our own television channels, and personnel expenses (consisting in large part of the salaries we pay to personnel that operate and maintain our network, personnel used to operate our own channels and our sales personnel). We also incur expenses for copyright payments to the national bodies representing collective artists' rights under relevant local laws, rights of way for our cables (which we record as "network rents"), maintenance and repair of our network, transportation and fuel expenses of our cable TV staff, collection and other miscellaneous expenses. We capitalize the expenses related to installing and upgrading our fixed fiber optic network (except for maintenance and repairs). We capitalize the expenses related to acquiring third-party programming for our own channels and amortize those assets over the period they relate to on a straight line basis. Such third-party programming expenses are accounted for as a capital expenditure because the underlying rights are generally either exclusive or shared with one other party and we acquire them to attract and retain customers. We expense the cost of acquiring third-party channels and other content not used in the production of our own channels. Third-party programming costs that are accounted for as operating expenses generally vary directly with our number of RGUs, as a significant part of our programming agreements for third-party channels link programming fees paid to content owners to the number of our subscribers in the relevant territory.

Fixed internet and data

The revenue we receive for fixed internet and data services consists principally of flat-rate monthly subscription fees. We service both residential and business customers. The market for business customers is more competitive, and, as a result, ARPU for our business customers can vary significantly over time.

The expenses recorded for fixed internet and data services consist principally of personnel expenses and related expenses of our service and maintenance staff, as well as interconnection and transmission fees. We also incur expenses for maintenance and repair of the network and rights of way for the network, energy expenses related to the operation of the network and collection expenses. Our treatment of expenses related to installing and upgrading our fixed fiber optic network is the same across all business lines offering services via such network. See "*Cable TV*."

Mobile telecommunication services

The revenue that we receive for mobile telephony services in Romania consists of flat-rate monthly subscription fees, per-minute telephone charges and, to a lesser extent, interconnection fees that we receive from other service providers whose customers call our customers, as well as charges for text and video messages to, or from, third party numbers. We do not charge for calls or messages to, or from, other customers within our own fixed-line and mobile telephony networks in Romania.

The revenue that we receive for mobile internet and data services in Romania consists principally of flat-rate monthly subscription fees, whilst in Spain and Italy mobile internet and data is included in pre-paid packages. We also sell mobile internet and data services which utilize the Telenor network under our "Digi" brand in Hungary.

The expenses incurred in connection with our mobile telecommunication services consist principally of interconnection fees paid to other network operators whose customers are called by our customers. Mobile telephony interconnection fees charged by operators during the periods under review by geographic segment are shown in the below table:

Mobile telephony interconnection fees

	<u>For the year ended December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>(eurocents/minute)</u>		
Romania	3.07 - 0.96 ⁽¹⁾	0.96	0.96
Spain	1.09	1.09	1.09
Italy	0.98	0.98	0.98

(1) Reflects a one-off decrease due to regulatory changes.

Our expenses also include rental of sites necessary for the operation of our mobile network in Romania, energy consumed by the network, personnel expenses and related expenses of our maintenance and customer service staff, radio spectrum fees payable to communications authorities in Romania and Hungary (where we have acquired licenses that authorize us to develop a mobile network), service carry fees that we pay to TME in Spain and, in Italy, to TIM and that we previously paid to H3G S.p.a. (“H3G”).

We also generate revenue and incur expenses in relation to sales of third-party manufactured handsets and accessories. These are primarily sold directly to our customers and, to a lesser extent, via third-party distributors. The sales are generally conducted at a low margin, or no margin at all, as part of new customer acquisition or as an incentive for existing customers to renew our upgrade their subscriptions. In addition, we offer financing options to customers allowing them to pay off the acquisition price over a period of up to 12 months. See “—*Liquidity and Capital Resources—Historical cash flows.*”

Fixed-line telephony

The revenue we receive for fixed-line telephony services consists principally of flat-rate monthly subscription fees and per-minute telephone charges. We also derive revenue from interconnection fees that we receive from other service providers whose customers call our customers. We do not charge for calls to other telephone numbers within our fixed-line and mobile telephony networks in the same country.

The expenses incurred in relation to fixed-line telephony services consist principally of interconnection fees paid to other service providers whose customers are called by our customers. We also incur personnel expenses related to sales, installation and customer support services. Our treatment of expenses related to installing and upgrading our fixed fiber optic network is the same across all business lines offering services via such network. See “—*Cable TV.*”

DTH

The revenue we receive from our DTH services consists principally of flat-rate monthly subscription fees from customers and, to a lesser extent, activation and other fees. The level of subscription fees depends on the programming package chosen by the particular customer.

The expenses incurred in connection with our DTH services consist principally of the cost of the programming content offered to our subscribers, rental expenses relating to transmission capacity on the Intelsat and Telenor satellites, license fees paid to the holders of transmission/retransmission rights for sporting events that are broadcasted on our sports channels and the expense of operating customer care call centers. Our treatment of expenses related to third-party programming is the same as in our cable TV business line. See “—*Cable TV.*” The cost of equipment that we provide to subscribers is capitalized as CPE together with the cost of installation services provided by third parties.

Other operations

In addition to our principal business lines we operate four local radio stations in Romania, which we acquired in 2015 to boost our advertising capabilities and consumer recognition. We have also invested in certain solar energy generating facilities to meet our electricity needs and operate an electricity supply business by which we acquire electricity and sell to our customers on the Romanian wholesale trading platforms. These operations are relatively small and are not reported as separate business lines.

TRENDS AND OTHER KEY FACTORS IMPACTING OUR RESULTS OF OPERATIONS

The following are the key factors that have significantly affected our results of operations and financial condition during the periods under review, or which we expect will significantly affect our operations in the future.

General economic environment in our key markets

Given the economic history of the regions of Eastern and Southern Europe that we serve, our enhanced television, data and telephony services are generally viewed as desirable but not indispensable in times of economic difficulty. By contrast, we believe that basic television, internet and telephony services are perceived as necessities rather than discretionary items.

Some of the markets in which we operate were materially and adversely impacted by the most recent global economic crisis and sovereign debt crisis in Europe. However, after a few years of recovery, the core markets in

which we operate have shown significant economic growth. In particular, Romania, which accounted for 72.7% of our consolidated revenue for the year ended December 31, 2016 had one of the highest real GDP growth rates, according to Eurostat.

The following table shows the GDP growth, or contraction, in each of our current markets for the period between December 31, 2012 and December 31, 2016 in comparison with the EU:

<u>Real GDP growth/(contraction)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
			(%)		
EU	(0.5)	0.2	1.5	2.2	1.9
Romania	0.6	3.5	3.0	3.8	4.8
Hungary	(1.6)	2.1	4.0	3.1	2.0
Spain	(2.9)	(1.7)	1.4	3.2	3.2
Italy	(2.8)	(1.7)	0.1	0.7	0.9

Source: Eurostat.

The effect of the most recent global economic downturn on our business was primarily related to the impact of the depreciation of our main functional currencies in relation to the euro, our presentation currency. However, in the periods under review the exchange rates of the euro to both the Romanian leu and the Hungarian forint have been largely stable. Although these currencies have declined more significantly relative to the U.S. dollar, our exposure to the U.S. dollar is limited. See “—Exchange Rates” and “—Quantitative and Qualitative Disclosures About Market Risks—Currency Risk.”

Another negative effect of the most recent global downturn was a number of distress taxes and other governmental measures aimed at curtailing the economic turmoil and compensating for the decrease in revenue to state budgets in the jurisdictions where we operate. In Romania, a series of special taxes were introduced in 2014, of which only the tax on special construction assets (including telecommunication networks) was in effect in 2016 at the rate of 1% of gross book value of relevant assets. Although this tax was discontinued in January 2017, it has led to an increase in our expenses totalling 0.6% of our revenue in Romania for the year ended December 31, 2016 (2014: 0.9%; 2015: 0.6%) and has negatively affected our consolidated cash flows. In Hungary, special infrastructure, financial transactions, and certain other taxes applicable to us were introduced in 2012, and amounted to approximately 3% of our revenue in 2014 and 2015, and approximately 2% of our revenue in 2016 from Hungarian operations. Despite increased expenses, we did not adjust the prices that customers pay for our services in any jurisdiction that we service to specifically reflect those developments. While in the future governments may change their tax arrangements at their discretion, we expect our current taxes to continue at the same rate in the near term, save for the discontinuation of the special construction tax in Romania discussed above and a decrease of the VAT chargeable in Romania from 20% to 19% and in Hungary, for internet services only, from 27% to 18%, which became effective from January 1, 2017.

Rapid development of our mobile business line and impact on our Adjusted EBITDA and Adjusted EBITDA Margin

EBITDA is a widely recognized benchmark for measuring profitability and cashflows in the telecommunication industry. Therefore, our Board of Directors closely monitors the Group’s EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin as key measures of its financial performance.

We calculate EBITDA by adding back to our consolidated operating profit or loss charges for depreciation, amortization and impairment of assets. Our Adjusted EBITDA is EBITDA adjusted for the effect of non-recurring and one-off items, as well as mark-to-market results (unrealized) from the fair value assessment of energy supply contracts. Finally, our Adjusted EBITDA Margin is the ratio of Adjusted EBITDA to our total revenue.

None of these are measures of financial performance under IFRS; they are solely derived from our management’s accounts and estimates and as such may not be comparable to similarly titled measures used by other companies. Therefore you should not consider our reported EBITDA, Adjusted EBITDA or Adjusted EBITDA Margin as substitutes for operating profit or cash flows from operating activities reported in the Financial Statements.

Our EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin for the years ended December 31, 2014, 2015 and 2016:

	For the year ended December 31,		
	2014	2015	2016
	(€ millions, unless otherwise stated)		
Revenue ⁽¹⁾	661.6	750.1	842.8
Operating profit	48.4	70.3	79.3
Depreciation, amortization and impairment	192.1	187.9	176.4 ⁽²⁾
EBITDA ⁽³⁾	240.4	258.2	255.6
(Gain)/loss from sale of discontinued operations	(9.6) ⁽⁴⁾	(20.9) ⁽⁵⁾	0.7
Other expense ⁽⁶⁾	—	1.0	7.0
Adjusted EBITDA	230.8	238.4	263.3
Adjusted EBITDA Margin (%)	34.9%	31.8%	31.2%
Adjusted EBITDA of discontinued operations ⁽⁷⁾	3.9 ⁽⁸⁾	0.9 ⁽⁸⁾	—
Adjusted EBITDA of continuing operations	226.9	237.5	263.3
Adjusted EBITDA Margin for continuing operations (%)	35.0%	31.8%	31.2%

(1) Excludes intersegment revenue.

(2) Includes revaluation deficit in amount of €6.3 million from revaluation of land and buildings and CPE as at December 31, 2016.

(3) EBITDA is consolidated operating profit or loss plus charges for depreciation, amortization and impairment of assets. Adjusted EBITDA is EBITDA adjusted for the effect of non-recurring and one-off items, as well as mark-to-market results (unrealized) from fair value assessment of energy supply contracts. EBITDA and Adjusted EBITDA under our definition may not be comparable to similar measures presented by other companies and labeled “EBITDA.” We believe that EBITDA and Adjusted EBITDA are useful analytical tools for presenting a normalized measure of cash flows that disregards temporary fluctuations in working capital, including due to fluctuations in inventory levels and due to timing of payments received or payments made. Since operating profit and actual cash flows for a given period can differ significantly from this normalized measure, we urge you to consider these figures for any period together with our data for cash flows from operations and other cash flow data and our operating profit. You should not consider EBITDA or Adjusted EBITDA a substitute for operating profit or cash flows from operating activities. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data.”

(4) Represents gains from sale of operations in Slovakia.

(5) Represents gains from sale of operations in Slovakia and the Czech Republic.

(6) Represents mark-to-market loss from fair value assessment of energy supply contracts, which we exclude from our calculations of Adjusted EBITDA starting from June 30, 2016. Comparative information for prior periods has been restated accordingly.

(7) Unaudited.

(8) Represents Adjusted EBITDA from operations in the Czech Republic.

The following table shows our Adjusted EBITDA and Adjusted EBITDA Margin by geographic segment for the years ended December 31, 2014, 2015 and 2016:

	For the year ended December 31,		
	2014	2015	2016
	(€ millions, unless otherwise stated)		
Adjusted EBITDA			
Continuing operations			
Romania	177.9 ⁽¹⁾	179.6 ⁽²⁾	202.3
Hungary	46.7	49.4	51.3
Spain and Other ⁽³⁾	2.3	8.5	9.7
Adjusted EBITDA of continuing operations	226.9	237.5	263.3
Discontinued operations			
Adjusted EBITDA of discontinued operations ⁽¹⁰⁾	3.9 ^{(1),(4)}	0.9 ⁽⁴⁾	—
Adjusted EBITDA	230.8	238.4	263.3
Adjusted EBITDA Margin (%)⁽⁵⁾			
Continuing operations			
Romania	37.8%	33.1%	32.9%
Hungary	39.3%	39.2%	37.2%
Spain and Other ⁽⁶⁾	3.8%	10.5%	10.2%
Adjusted EBITDA Margin of continuing operations (%)⁽⁷⁾ . . .	35.0%	31.8%	31.2%
Discontinued operations			
Adjusted EBITDA Margin of discontinued operations (%)⁽⁸⁾ . .	28.2%⁽⁹⁾	22.5%⁽⁹⁾	—
Adjusted EBITDA Margin (%)	34.9%	31.8%	31.2%

(1) For year ended December 31, 2014 Adjusted EBITDA and Adjusted EBITDA Margin split between continuing and discontinued operations was adjusted to give effect to additional expenses related to discontinued operations.

(2) As of December 31, 2016 we present unrealized mark-to-market results from fair value assessment of energy supply contracts on a separate line: Other expenses, excluded from EBITDA. Comparative information as of December 31, 2015 was restated accordingly. Prior to the restatement, as of December 31, 2015 the unrealized mark-to-market loss of €1.0 million was included in Operating expenses.

(3) Represents Adjusted EBITDA from operations in Spain and Italy, and includes minor operating expenses of the Company.

(4) Represents Adjusted EBITDA from operations in the Czech Republic.

(5) Adjusted EBITDA Margin for a geographic segment is Adjusted EBITDA divided by revenue (including intersegment revenue), in each case, for the relevant geographic segment.

(6) Represents Adjusted EBITDA Margin from operations in Spain and Italy, and includes minor operating expenses of the Company.

(7) Adjusted EBITDA Margin for continuing operations is total aggregate Adjusted EBITDA for continuing operations divided by total aggregate revenue from continuing operations (excluding intersegment revenue).

(8) Adjusted EBITDA Margin for discontinued operations is total aggregate Adjusted EBITDA for discontinued operations divided by total aggregate revenue from discontinued operations (excluding intersegment revenue).

(9) Represents Adjusted EBITDA from operations in the Czech Republic.

(10) Unaudited.

The change in our Adjusted EBITDA and Adjusted EBITDA Margin from €230.8 million and 34.9%, respectively, for the year ended December 31, 2014 to €263.3 million and 31.2%, respectively, for the year ended December 31, 2016 was primarily due to the rapid development of our mobile business line in Romania. This resulted in an increase in our operating profit from €48.4 million for the year ended December 31, 2014 to €79.3 million for the year ended December 31, 2016 primarily due to development in the scaling of our operations and the expansion of our subscriber base.

We expect to make further investments in the development of our mobile network in Romania both in terms of infrastructure and customer acquisition. Therefore, we expect continuing pressure on our consolidated Adjusted EBITDA Margin in the near to medium term as we focus on growing our mobile RGUs to increase our market share rather than on profitability. By contrast, the current extensive coverage and technological advancement of our fixed fiber optic network and the quality of our TV content allow us to focus on growing our cable TV, fixed internet and data, fixed-line telephony and DTH RGUs, while maintaining attractive margins across these business lines. See “—Growth in business, RGUs and ARPU.”

Technical capabilities and limitations of our networks

Fixed offerings

We offer cable TV, fixed internet and data and fixed-line telephony through our fiber optic networks in Romania and Hungary, which covered approximately 62% and 24% of households in those countries as at December 31, 2016. Our ability to expand our reach, attract new customers and migrate existing customers to higher levels of service depends on the capabilities and limitations of these networks. In the periods under review, we have continued to pursue a network expansion strategy and have also focused on upgrading our networks in principal coverage areas to GPON or comparable technology. As of the date hereof we have completed an upgrade of approximately 84% of our networks and are currently able to offer communication speeds of up to 1Gbps in both countries, higher than any competing product.

As a result of those upgrades, we anticipate that our fixed fiber optic network will require relatively low maintenance capital expenditure over the near and medium term. We believe that growth from cable TV, fixed internet and data and fixed-line telephony services will principally come from increasing penetration in the areas that we already cover, expanding our fixed fiber optic networks to areas not currently covered, cross-selling services to existing customers and migrating our existing customers to higher levels of service. We have also grown partly by acquiring existing operations of relatively small cable and/or internet companies and we may continue to make acquisitions in the future if attractive opportunities arise and adequate financing is available. Such growth by acquisition would contribute to increases in our number of RGUs.

Mobile offerings

Romania

We launched 3G mobile telephony offerings in Romania based on a 2,100 MHz license in 2007. Unlike some of our competitors in the mobile telecommunication services business, our mobile network generally shares the backbone of our existing advanced fixed fiber optic network. To further enhance our 3G capabilities we acquired a 900 MHz license in 2012 and have continued to gradually expand the area covered by our 3G services in order to reach more potential subscribers and meet the coverage obligations under our 3G licenses. As at December 31, 2016, we had approximately 3,400 mobile network base stations covering approximately 98% of the country's population. In 2015, we acquired a 2,600 MHz license and a 3,700 MHz license and launched a 4G mobile offering in Romania. 4G coverage is available through our existing mobile network in the country's most populous cities and along major roads to satisfy our customers who use the latest mobile devices. 4G is offered in parallel with our 3G coverage. As at December 31, 2016 our 4G offering covered approximately 37% of the country's population. We intend to continue the roll-out of our mobile networks in Romania. In order to provide our services in areas that were not serviced by our own network at that time, we entered into a national 3G roaming agreement with Vodafone Romania in 2014. This agreement expired in April 2017, and we have no plans to renew it.

Hungary

We currently hold a 1,800 MHz mobile telephony license and a 3,800 MHz mobile telephony license in Hungary. These licenses entitle us to develop our own 4G mobile network in the country and we are currently developing the network that will support our service, with a view to being in a position to launch in 2018 or later. Any mobile network that we decide to develop in Hungary in the future would be based on our existing fixed fiber optic network in that country, which would allow us to capitalize on resulting synergies.

Spain and Italy

Our MVNO businesses currently rely on TME's network in Spain and TIM's network in Italy. In the past we have also used H3G's networks in Italy. Our full MVNO agreement with TME is currently effective, after the renewal signed on March 6, 2017, until March 31, 2020. We believe that TME's network is sufficient to support the operation and development of our Spanish business, and have entered into a renewal agreement under which our relationship with TME is extended, under new terms, up until said date. In Italy, we finalized the migration of our MVNO operations from H3G to TIM in an effort to promote further growth and offer a more reliable service to our customers. In early 2014, we signed a full MVNO agreement with TIM which will be effective until December 2020.

DTH

Our DTH satellite television services are not geographically constrained, as the footprint of our existing satellite coverage encompasses the entire territories of Romania and Hungary. Only in rare circumstances are

customers unable to install the equipment necessary to receive our satellite signal, typically where no alternative position for the antenna facing south-west can be found.

Exchange rates

Conversion into euros for presentation in the Financial Statements

Our operating subsidiaries in Romania and Hungary generate revenue and record their financial results in the Romanian leu and the Hungarian forint, respectively. However, our consolidated financial results are reported in euros. See “—Basis of Financial Presentation—Functional Currencies and Presentation Currency.” Therefore, a significant depreciation of one of our functional currencies in relation to the euro could significantly reduce our financial results as reported in euros and could have a significant negative impact on our financial position and cash flows. See “Part 1—Risk Factors—We are subject to currency translation risks associated with exchange rate fluctuations.”

Liabilities denominated in the euro and the U.S. Dollar

In addition, we have significant exposure to the euro as a significant portion of our outstanding financial debt is denominated in that currency, and we also have certain limited exposure to the U.S. dollar, in which we purchase certain content for our cable TV and DTH businesses and certain CPE. As at December 31, 2016, we had €408.3 million of obligations denominated in euros and US\$43.7 million of obligations denominated in U.S. dollars, compared to €495.2 million of obligations denominated in euro and US\$32.7 million of obligations denominated in U.S. dollars as at December 31, 2015 (2014: €688.4 million and US\$32.6 million). See “—Liquidity and Capital Resources—Financial Obligations.” Our euro exposure is partially mitigated by euro-denominated revenue from our MVNO operations in Spain and Italy, which, together with revenue collected in local functional currencies, but denominated in euros, accounted for 33.5% of our total revenue for the year ended December 31, 2016. See “Part 6—Business Description—Mobile Telecommunication Services (voice and data)—MVNO operations in Spain and Italy.” However, we still pay a significant portion of our euro- and U.S. dollar-denominated expenses out of revenue generated in our principal functional currencies. See “Part 1—Risk Factors—We are subject to transactional currency risks associated with exchange rate fluctuations.”

Historic performance of our functional currencies against the euro and the U.S. Dollar

In the periods under review the Romanian leu and the Hungarian forint have remained relatively stable relative to the euro, with only marginal declines (0.9% and 0.5%, respectively). Although both our principal functional currencies have declined more significantly relative to the U.S. dollar, our obligations denominated in U.S. dollars are significantly smaller, so the appreciation of the U.S. dollar did not have a major effect on the Group. See “—Quantitative and Qualitative Disclosures About Market Risks—Currency Risk.”

The following table sets out, where applicable, the period end and average exchange rates for the years ended December 31, 2014, 2015 and 2016 of the euro against each of our principal functional currencies and the U.S. dollar:

Value of one euro in the relevant currency	As at and for the year ended December 31,		
	2014	2015	2016
Romanian leu (RON)⁽¹⁾			
Period end rate	4.48	4.52	4.54
Average rate	4.44	4.45	4.49
Hungarian forint (HUF)⁽²⁾			
Period end rate	314.89	313.12	311.02
Average rate	308.66	309.89	311.47
U.S. dollar (USD)⁽¹⁾			
Period end rate	1.21	1.09	1.05
Average rate	1.33	1.11	1.11

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

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

In the year ended December 31, 2016, we had a net foreign exchange loss of €3.3 million (year ended December 31, 2015: net loss of €5.5 million; year ended December 31, 2014: net loss of €2.6 million). In each of those periods, our net foreign exchange loss was primarily due to the depreciation of the leu against the euro and the U.S. dollar. See “—*Liquidity and Capital Resources—Financial Obligations.*” Borrowings in foreign currencies are recorded in the functional currency of the relevant entity at the rate of exchange prevailing on the date of the transaction and re-evaluated to reflect changes in the exchange rate each month.

Competition

Our results of operations are affected by competition, as we operate in intensely competitive industries and compete with a growing number of companies that provide a broad range of communications products and services and entertainment, news and information content to consumers. In addition, some of our core competitors, such as subsidiaries of Liberty Global and Deutsche Telekom in the fixed telecommunication services markets in Romania and Hungary, and subsidiaries of Deutsche Telekom, Orange and Vodafone in the mobile telecommunication services market in Romania, are much larger international telecommunication companies, whilst others may have access to alternative technologies for providing similar services to our potential and existing customers, such as Netflix, Apple TV, Google Play, Amazon Prime, Skype, WhatsApp, Google Hangouts and Facebook Messenger, which may compete with our telephony and entertainment services. See “*Part 1—Risk Factors—We face significant competition in the markets in which we operate, which could result in decreases in the number of current and potential customers, revenue and profitability*” and “*Industry Overview.*”

We believe that our principal focus on Romania and Hungary, as well as synergies generated by our convergent fixed and mobile offerings and our advanced infrastructure, currently allow us to compete efficiently in our core markets. However, intense competition creates pressure to maintain low prices on our service and product offerings thus affecting our revenue growth potential.

Growth in business, RGUs and ARPU

Our revenue is most directly a function of the number of our RGUs and ARPU. Neither of these terms is a measure of financial performance under IFRS, nor have these measures been reviewed by an outside auditor, consultant or expert. Each of these measures is derived from management estimates. As defined by our management, these terms may not be comparable to similar terms used by other companies. We use RGU to designate a subscriber account of a customer in relation to one of our services. RGUs are measured at the end of the relevant period. As our definition of RGU is different for our different business lines, you should use caution when trying to compare RGUs and ARPU between our business lines. We calculate ARPU in a business line, geographic segment or the Group as a whole, for a period by dividing the total revenue of such business line, geographic segment or the Group, for such period, (a) if such period is a calendar month, by the total number of relevant RGUs invoiced for services in that calendar month; or (b) if such period is longer than a calendar month, by (i) the average number of relevant RGUs invoiced for services in that period and (ii) the number of calendar months in that period. In our ARPU calculations we do not differentiate between various types of subscription packages or the number and nature of services an individual customer subscribes for. ARPU is a measure we use to evaluate how effectively we are realising potential revenue from customers. See “*Part 2—Presentation of Financial and Other Information—Operating and Market Data.*”

Our total RGU base has grown from 10.8 million RGUs as at December 31, 2014 to 12.4 million RGUs as at December 31, 2016, representing a CAGR of 7%. In addition, in the year ended December 31, 2016, we had approximately 3.0 million average unique subscribers, or households, in Romania using our cable TV, fixed internet and data or fixed-line telephony services, which resulted in a fixed blended ARPU of €8.81 (calculated by dividing our aggregate revenue in these business lines in Romania by (i) the number of such unique subscribers and (ii) twelve (being the number of relevant calendar months)). The increase in RGUs during that period was principally due to the increase in mobile customers, the expansion of our fixed fiber optic network coverage and increased penetration in areas already covered and cross-selling. Growth in RGUs is the primary driver of growth in revenue and is dependent on further network development, capitalizing on existing customer relations by cross-selling and investments made for subscriber acquisition. These investments consist of CPE (such as GPON terminals, set-top boxes, mobile data devices and fixed-line phone handsets, satellite dishes and satellite receivers, and smartcards), as well as expenses related to the network’s development, upgrades and installation.

The following table shows our RGUs and monthly ARPU by geographic segment and business line as at and for the years ended December 31, 2014, 2015 and 2016:

RGUs/ARPU	As at and for the year ended December 31,		
	2014	2015	2016
	(unaudited)		
	(RGUs: thousands; ARPU: €/period)		
Continuing operations			
Romania			
<i>Cable TV</i>			
RGUs	2,599	2,733	2,865
ARPU	5.12	5.22	5.25
<i>Fixed internet and data</i>			
RGUs			
Residential	1,745	1,873	2,000
Business	89	103	115
ARPU			
Residential	5.21	5.13	5.04
Business	42.99	39.13	35.76
<i>Mobile telecommunication services^{(1),(2)}</i>			
RGUs	2,116	2,698	3,213
ARPU	1.86	2.96	3.44
<i>Fixed-line telephony⁽¹⁾</i>			
RGUs			
Residential	1,346	1,287	1,210
Business	124	127	129
ARPU			
Residential	1.41	1.29	1.30
Business	4.55	3.62	3.72
<i>DTH</i>			
RGUs	725	674	641
ARPU	4.71	4.84	4.90
Hungary			
<i>Cable TV</i>			
RGUs	411	437	473
ARPU	7.11	7.23	7.45
<i>Fixed internet and data</i>			
RGUs	347	382	428
ARPU	7.55	7.67	7.77
<i>Mobile telecommunication services⁽³⁾</i>			
RGUs	19	16	14
ARPU	6.54	6.62	6.83
<i>Fixed-line telephony</i>			
RGUs	301	327	353
ARPU	2.36	1.85	1.67
<i>DTH</i>			
RGUs	330	318	307
ARPU	7.60	7.75	8.22
Spain			
<i>Mobile telecommunication services^{(2),(4)}</i>			
RGUs	476	569	609
ARPU	10.88	11.20	11.58
Other⁽⁵⁾			
<i>Mobile telecommunication services^{(2),(4),(6)}</i>			
RGUs	48	59	86
ARPU	9.88	11.27	10.88

RGUs/ARPU	As at and for the year ended December 31,		
	2014	2015	2016

(unaudited)

(RGUs: thousands; ARPU: €/period)

Discontinued operations

Czech Republic

DTH

RGUs	134	—	—
ARPU	7.88	7.88	—

- (1) As at June 30, 2016, we reallocated certain service revenue between business lines in order to properly reflect their nature. Comparative ARPU information for the year ended December 31, 2015 has been restated accordingly. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data.”
- (2) As at June 30, 2016, we aggregated RGUs from our previously reported mobile telephony and mobile internet and data business lines and currently report them as part of our mobile telecommunication services business line. Comparative RGU and ARPU information for prior periods has been restated accordingly. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data.”
- (3) Includes mobile internet and data services offered as a reseller through the Telenor network under our “Digi” brand.
- (4) As an MVNO.
- (5) Includes Italy.
- (6) As at December 31, 2015, we revised our definition of mobile telephony RGUs in Italy to capture only SIM cards with active traffic in the last month of the relevant period. The revision was made to ensure consistency with our accounting for mobile telecommunication services business line RGUs and ARPU in Spain. Comparative RGU and ARPU information as at December 31, 2014 has been restated accordingly. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data.”

Our total revenue may not always grow in direct proportion with the increase in our RGUs. In part, these variations reflect the fact that ARPU differs from business line to business line. Our focus in the mobile telecommunication services business is to grow RGUs rather than profitability. Therefore, our strategy of a rapid expansion of the mobile telecommunication offerings in Romania have historically put pressure on our consolidated Adjusted EBITDA and Adjusted EBITDA Margin (despite a significant growth in our mobile telecommunication services RGUs) because of the investment required to develop and maintain our mobile network and acquire additional customers. See “—Rapid development of our mobile business line and impact on our Adjusted EBITDA and Adjusted EBITDA Margin.” In other business lines we have focused, and continue to focus, on increasing the number of RGUs by acquiring new customers and by cross-selling more services to our existing customers while maintaining our Adjusted EBITDA Margin. We try to increase profitability in each business line by careful management of expenses through negotiation of content fees, interconnection costs and similar expenses, use of newer technologies for improved results of operations and, where possible, by conducting certain operations and investment related activities in-house to achieve cost efficiencies.

Our approach reflects the relatively wide range of our business and our ability to offer multiple services to our customer base. For example, as at December 31, 2016, each of our residential customers in Romania (excluding DTH customers) subscribed to an average of 2.41 services (as compared with an average of 2.45 as at December 31, 2015 and 2.49 as at December 31, 2014). Currently, there is a trend towards subscribers discontinuing fixed telephony services altogether, which has an impact on the average number of services per subscriber.

The following table shows the evolution of our total RGUs by business line since 2014:

	As at December 31,		
	2014 ⁽¹⁾	2015	2016
	(unaudited)		
	(thousands)		
Cable TV	3,010	3,170	3,338
Fixed internet and data	2,181	2,358	2,543
Mobile telecommunication services ^{(2),(3)}	2,659	3,342	3,922
Fixed-line telephony	1,771	1,741	1,692
DTH	1,189	992	948
Total	10,810	11,603	12,443

- (1) As at December 31, 2014, we had approximately 134,000 RGUs in the Czech Republic.

- (2) As at June 30, 2016, we aggregated RGUs from our previously reported mobile telephony and mobile internet and data business lines and currently report them as part of our mobile telecommunication services business line. Comparative RGU information for prior periods has been restated accordingly. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data.”
- (3) As at December 31, 2015, we revised our definition of mobile telephony RGUs in Italy to capture only SIM cards with active traffic in the last month of the relevant period. The revision was made to ensure consistency with our accounting for mobile telecommunication services business line RGUs in Spain. Comparative RGU information as at December 31, 2014 has been restated accordingly. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data.”

Depreciation, amortization and impairment of assets

As we have invested, and continue to invest, significantly in the development of our fixed and mobile networks and customer acquisition through investment in CPE, our expenses relating to depreciation, amortization and impairment of tangible and intangible assets have remained consistently high during the analyzed periods.

The following table shows the evolution of our depreciation, amortization and impairment of assets expenses for the years ended December 31, 2014, 2015 and 2016:

	For the year ended December 31,		
	2014	2015	2016
	(€ millions)		
Continuing operations			
Depreciation of property, plant and equipment	123.7	114.8	86.7
Amortization of non-current intangible assets	20.1	25.6	35.0
Amortization of programme assets	46.2	47.0	46.2
Impairment of property, plant and equipment and non-current intangible assets	1.5	0.3	2.2
Revaluation impact ⁽¹⁾			6.3
Total for continuing operations	191.5	187.8	176.4
Discontinued operations	0.6⁽²⁾	0.1⁽²⁾	—
Total	192.1	187.9	176.4

(1) As at December 31, 2016 we have performed revaluation of land and buildings and CPE as described below.

(2) Includes depreciation, amortization and impairment of assets in the Czech Republic.

Changes to our estimated useful lives

The Company depreciates its property, plant and equipment and amortizes its intangible assets on a straight-line basis using estimated useful lives. Under IFRS, the Company is required to reassess these estimated useful lives at least at each financial year-end. In 2016, in light of its ongoing experience relating to building and using these assets, the Company has revised the useful lives used for depreciating and amortizing these assets. In order to match the current best estimate of the period over which these assets will generate future economic benefits, which the Company expects to be longer than previously estimated for the majority of cases, the useful lives were extended.

For details regarding the category of assets for which useful lives were revised, please see “—Estimated useful lives.” Accordingly, the Company recorded a depreciation and amortization charge of €121.7 million (excluding program assets) in 2016 as compared to the €145.6 million (excluding program assets) it would have recorded had it employed the estimated useful lives utilized in the preparation of its 2015 financial statements. This decrease in depreciation and amortization charge had a corresponding positive effect on our 2016 profit before tax.

Revaluation

As at December 31, 2016 there were revaluations performed for land and buildings, as well as for CPE. Under the revaluation model described in “—Valuation of assets”, property, plant and equipment are carried at a revalued amount, which is the fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. As a result, the revaluation impact of land and buildings resulted in a €3.9 million deficit for the year ended December 31, 2016 recorded in profit and loss and a positive impact of €1.9 million in Other comprehensive income (equity, net of

tax). The revaluation impact of the CPE resulted in a €2.4 million deficit for the year ended December 31, 2016 recorded in profit and loss and a positive impact of €17.5 million in Other comprehensive income (equity, net of tax).

The change in estimated useful lives of the assets and revaluation of CPE had a positive net of tax effect on consolidated shareholders' equity at year-end 2016, which was €32.0 million higher than it would have been, had the 2015 estimated lives been used and the revaluation of CPE described above not performed, and had the effect of increasing the deferred tax liability by €6 million. Depreciation and amortization are non-cash charges and changes in the depreciation and amortization recorded by the Company do not have a corresponding effect on its cash position.

Churn

Loss of our customers (an effect known as "churn") is a factor which could negatively affect our growth in RGUs and revenue. The pay TV, fixed internet and fixed-line and mobile telecommunication services industries encounter churn as a result of high levels of competition. In addition to competitive alternatives, churn levels may be affected by changes in our or our competitors' prices, our level of customer satisfaction and the relocation of subscribers. Increases in churn may lead to increased costs and reduced revenue. We believe that the following factors help to reduce our level of churn:

- we believe that customers who subscribe to multiple services are less likely to leave our services. In Romania, the average number of services per residential customer was 2.41 (excluding DTH) and the percentage of customers using more than one service was approximately 75% as at December 31, 2016. In Hungary, the average number of services per network customer was 2.3 (excluding DTH) and the percentage of customers using more than one service was approximately 80% as at December 31, 2016; and
- our attractive pricing and relatively advanced technology compared to our competitors in Romania and Hungary and our premium content offerings often make it unattractive to replace our services with those offered by our competitors.

Although churn may have a negative effect on our business, we focus on growth in total number of RGUs, ARPU, revenue, Adjusted EBITDA and Adjusted EBITDA Margin as key indicators rather than churn. We believe that our churn levels are in line with those of our principal competitors in our core markets.

Capital expenditure

Historically, we have pursued an ambitious growth strategy that required us to undertake substantial capital expenditure. The primary focus of our investment spending over the periods under review has been (i) the upgrade and expansion of our fixed fiber optic network in Romania and Hungary; (ii) the expansion of our 3G mobile network and the launch of 4G offerings in Romania; (iii) the creation and development of our own television channels; (iv) the creation and expansion of our MVNO services in Spain and Italy; and (v) subscriber acquisition costs in all our business lines. Consequently, our capital expenditures have been significant. In the year ended December 31, 2016, we had capital expenditure of €216.5 million, which was lower than our Adjusted EBITDA by €46.8 million and represented 25.7% of our revenue for this period. In the year ended December 31, 2015, we had capital expenditure of €197.6 million, which was lower than our Adjusted EBITDA by €40.8 million and represented 26.3% of our revenue for this period. In the year ended December 31, 2014, we had capital expenditure of €214.8 million, which was lower than our Adjusted EBITDA by €16.0 million and represented 32.5% of our revenue for this period. We expect that our capital expenditure for 2017 will be in line with 2016, and we expect our committed capital expenditure to start to taper off in 2018, though we have not yet completed our capital expenditure budget for 2018.

Going forward we expect our capital expenditure to consist principally of amounts paid for:

- further expansion of our fixed fiber optic networks in Romania and Hungary;
- further development of our mobile network in Romania and Hungary as permitted by our existing licenses;
- payments for the acquisition of television content rights and licenses;
- the acquisition of CPE, including certain network equipment such as GPON terminals (which may not generally be treated as CPE by other members of our industry), and other equipment such as set-top boxes, mobile data devices and fixed-line telephone handsets, satellite dishes, satellite receivers and smartcards; and
- payments under telecommunication licenses.

The majority of these capital expenditures (with the exception of certain obligations under content agreements that we have already entered into) are discretionary, and we will revise these plans as required to ensure the best possible alignment with our business strategies and opportunities. We believe that our ability to finance our capital expenditures largely from internal resources has strongly improved as our investment plan for the short to medium term is largely discretionary, thus giving us significant flexibility to adjust our capital expenditure plan.

Payments to third-party service and content providers

In all of our business lines, a key cost item is payments to service and content providers. In the case of television services (both cable TV and DTH), this includes fees paid to third-party providers of channels that we carry. In the case of our own channels, we pay license fees to the holders of transmission/retransmission rights for sporting events, films and certain other programming. In the case of DTH services, these fees also include fees paid to the providers of satellite transmission services. In the case of internet and data, fixed-line telephony and mobile services, fees consist principally of interconnection fees paid to other network operators and, in the case of internet and data, international connectivity fees.

We carry both our own channels and channels produced by third-parties over our DTH and cable TV services. Fees paid for channels produced by third parties consist primarily of per subscriber fees and are accounted for as operating expenses. Fees paid for content carried on our own channels is accounted for as capital expenditure and consist primarily of flat fees for the right to broadcast the relevant content. We believe that our large market share in cable TV and DTH services in Romania and Hungary places us in a strong position when negotiating for the acquisition of sports and film content for our own channels.

Television programming fees, television license fees and internet and data connectivity fees are not determined by regulators and are subject to commercial negotiations. Our backbone networks in Romania and Hungary (both for national communications and for our internet connection with the global internet network) allow us to realize significant cost savings, as we only have to pay limited lease or transit fees for the use of other networks. Moreover, we benefit from competition among leading providers of global internet interconnection services, which tends to keep prices low.

We believe that our use of the Intelsat and Telenor platforms to transmit our DTH signal provides us with a cost advantage over competing providers with lower numbers of overall customers in the region. Under its terms, our current contract with Intelsat (which includes the lease of two transponders on the Telenor satellite) will expire on November 30, 2017, at which time we plan to extend existing relations or consider available alternatives. Although costs per transponder are fixed for the duration of the contract, increases in the number of programs or the amount of high definition content that we broadcast could require us to rent capacity on additional transponders, thus increasing our expenses. As at December 31, 2016, we leased 9 transponders to transmit our DTH signal (and used an additional transponder for transmitting non-DTH signals).

Telephone interconnection charges are regulated by national authorities and the European Union, and are capped at certain amounts which have decreased over the past few years. In all our markets we pay fees to third-party service providers, such as banks, to help us collect revenue from customers, but also use our own network of collection points in Romania and Hungary.

Our operations require us to purchase significant amounts of electricity from utility companies in Romania and Hungary. In an effort to manage our future energy costs, in 2012 we started to invest in renewable energy by acquiring several companies developing solar energy projects. These projects are currently fully operational and have a combined installed capacity of 15.72 MW. We may develop further energy projects in the future to the extent we view such projects as a cost effective means to manage our future energy costs.

Acquisitions and disposals

In 2013, we divested our operations in Slovakia, Croatia and the Republic of Serbia for an aggregate consideration of €41.2 million, and we recorded a gain from the sale thereof of €9.6 million in the year ended December 31, 2014 and €1.0 million in the year ended December 31, 2015. Further, in April 2015, we sold our subsidiary in the Czech Republic for the total consideration of €24.9 million. That subsidiary contributed €13.8 million in revenue, or 2.1% of total revenue, for the year ended December 31, 2014 and €3.8 million in revenue, or 0.5% of total revenue, in the year ended December 31, 2015. We recorded a gain from the sale thereof of €19.9 million in the year ended December 31, 2015 (total gain from sales in the year ended December 31, 2015 in the amount of €20.9 million includes gains from sales in Slovakia in the amount of €1 million).

Those disposals were intended to streamline our operations and further focus business on our core markets of Romania and Hungary. During the period under review we also acquired a number of small telecommunication operators in Romania and Hungary. See “—Liquidity and Capital Resources—Historical cash flows—Cash flows used in investing activities.”

HISTORICAL RESULTS OF OPERATIONS

Results of operations for the years ended December 31, 2016, 2015 and 2014

Revenue

Our revenue (excluding intersegment revenue, other income and gain from sale of discontinued operations) for the year ended December 31, 2016 was €842.8 million, compared with €750.1 million for the year ended December 31, 2015, an increase of 12.4%, which in turn was an increase of 13.4% from €661.6 million for the year ended December 31, 2014.

The following table shows the distribution of revenue by geographic segment and business line for the years ended December 31, 2014, 2015 and 2016:

	For the year ended December 31,			% change	
	2014	2015 ⁽¹⁾	2016	2014 v 2015	2015 v 2016
	(€ millions)				
Romania					
Cable TV	155.5	166.8	175.7	7.3%	5.3%
Fixed internet and data	147.5	155.9	163.6	5.7%	4.9%
Mobile telecommunication services ^{(2),(3)}	40.4	84.2	122.0	108.4%	44.9%
Fixed-line telephony ⁽³⁾	29.8	25.8	25.1	(13.4)%	(2.7)%
DTH	43.3	40.2	38.7	(7.2)%	(3.7)%
Other revenue ⁽⁴⁾	53.3	67.2	87.6	26.1%	30.4%
Total	469.7	540.1	612.7	15.0%	13.4%
Hungary					
Cable TV	34.5	36.6	41.0	6.1%	12.0%
Fixed internet and data	30.4	33.4	38.0	9.9%	13.8%
Mobile telecommunication services ^{(3),(5)}	1.6	1.4	1.2	(12.5)%	(14.3)%
Fixed-line telephony ⁽³⁾	8.3	6.9	6.8	(16.9)%	(1.4)%
DTH	30.8	30.5	31.4	(1.0)%	3.0%
Other revenue ⁽⁴⁾	13.5	17.1	19.5	26.7%	14.0%
Total	119.1	125.9	137.9	5.7%	9.5%
Spain					
Mobile telecommunication services ⁽²⁾	53.4	72.2	82.7	35.2%	14.5%
Other revenue ⁽⁴⁾	0.6	0.4	0.3	(33.3)%	(25.0)%
Total	54.0	72.7	83.0	34.6%	14.2%
Other⁽⁶⁾					
Mobile telecommunication services ⁽²⁾	4.9	7.4	9.0	51.0%	21.6%
Other revenue ⁽⁴⁾	0.2	0.2	0.2	—	0.0%
Total	5.1	7.5	9.2	47.1%	22.7%
Total continuing operations	647.8	746.3	842.8	15.2%	12.9%
Discontinued operations					
DTH	13.7 ⁽⁷⁾	3.8 ⁽⁷⁾	—	(72.3)%	—%
Other revenue ⁽⁴⁾	0.1 ⁽⁸⁾	—	—	—	—%
Total discontinued operations	13.8	3.8	—	(72.5)%	(100)%
Total	661.6	750.1	842.8	13.4%	12.4%

(1) As at June 30, 2016, we reallocated certain service revenue between business lines in order to properly reflect their nature. Comparative information for year ended December 31, 2015 has been restated accordingly for presentation herein. See “Part 2 – Presentation of Financial and Other Information—Operating and Market Data.”

- (2) As at June 30, 2016, we aggregated certain revenue to report it as part of our mobile telecommunication services business line. That revenue includes mobile internet and data revenue reported under the caption “Internet and Data Revenue” and mobile telephony revenue reported under the caption “Telephony Revenue” in Note 16 of the Annual Financial Statements for the years ended December 31, 2015 and 2014. The remaining revenue that is reported under those captions in the Annual Financial Statements is presented in this Prospectus as fixed internet and data and fixed-line telephony revenue. Comparative information for prior periods has been restated accordingly. See “Part 2—Presentation of Financial and Other Information—Operating and Market Data.”
- (3) Unaudited.
- (4) Includes sales of CPE (primarily mobile handsets and satellite signal receivers and decoders), own content to other operators, advertising revenue from own TV and radio channels and sundry penalties invoiced to subscribers.
- (5) Includes mobile internet and data revenue.
- (6) Includes revenue from operations in Italy.
- (7) Includes DTH revenue in the Czech Republic.
- (8) Includes other revenue in the Czech Republic.

Revenue in Romania for the year ended December 31, 2016 was €612.7 million, compared with €540.1 million for the year ended December 31, 2015, an increase of 13.4%. Revenue growth in Romania was primarily driven by an increase in our mobile telecommunication services RGUs and ARPU, cable TV and fixed internet and data RGUs and an increase in other revenues. Mobile telecommunication services RGUs increased from approximately 2.7 million as at December 31, 2015 to approximately 3.2 million as at December 31, 2016, an increase of approximately 19.1%, primarily as a result of certain changes in the mix of subscription packages, customers upgrading to higher-value services and overall traffic increases. ARPU from mobile telecommunication services also increased in the year ended December 31, 2016 to an average €3.44/month from an average €2.96/month in the year ended December 31, 2015, an increase of 16.2%. Our cable TV RGUs increased from approximately 2.7 million as at December 31, 2015 to approximately 2.9 million as at December 31, 2016, an increase of approximately 4.8%, and our fixed internet and data RGUs increased from approximately 2.0 million as at December 31, 2015 to approximately 2.1 million as at December 31, 2016, an increase of approximately 7%. These increases were primarily due to investments in expanding and upgrading our fixed fiber optics network, enabling more customers to be connected.

Other revenues includes mainly sales of equipment, but also contains services of filming sport events and advertising revenue. Sales of equipment includes mainly mobile handsets and other equipment. Growth in our cable TV, fixed internet and data, mobile telecommunication services and other revenue was partially offset by a decrease in revenue generated by our DTH and fixed-line telephony businesses as a result of decreases in RGUs in both business lines. DTH RGUs decreased from approximately 674,000 as at December 31, 2015 to approximately 641,000 as at December 31, 2016, a decrease of approximately 5%. This decrease was primarily driven by low investments in CPE (such as satellite receivers and decoders), which limited our customer acquisition potential. Also, a number of DTH subscribers terminated their contracts, moved to our competitors or migrated from our DTH services to our cable TV services. Residential fixed-line telephony RGUs decreased from approximately 1.3 million as at December 31, 2015 to approximately 1.2 million as at December 31, 2016, a decrease of approximately 6% and fixed-line telephony ARPU remained relatively stable from an average €1.29/month for the year ended December, 2015 to an average €1.30/month for the year ended December 31, 2016, a variance of 0.8%.

Revenue in Romania for the year ended December 31, 2015 was €540.1 million, compared with €469.7 million for the year ended December 31, 2014, an increase of 15.0%. Revenue growth in Romania was primarily driven by an increase in our mobile telecommunication services ARPU and RGUs, cable TV and fixed internet and data RGUs and sale of handsets and other CPE. Mobile telecommunication services RGUs increased from approximately 2.1 million as at December 31, 2014 to approximately 2.7 million as at December 31, 2015, an increase of approximately 27.5%, as a result of new competitive tariffs with an option to acquire a mobile handset, as well as certain changes in the mix of subscription packages, customers upgrading to higher-value services and overall traffic increases. Consequently, mobile telecommunication services ARPU increased to an average €2.96/month for the year ended December 31, 2015 compared to an average €1.86/month for the year ended December 31, 2014, an increase of 59.1%. Our cable TV RGUs increased from approximately 2.6 million as at December 31, 2014 to approximately 2.7 million as at December 31, 2015, an increase of approximately 5.2%, and our fixed internet and data RGUs increased from approximately 1.8 million as at December 31, 2014 to approximately 2.0 million as at December 31, 2015, an increase of approximately 7.7%. These increases were primarily due to investments in expanding and upgrading our fixed fiber optics network enabling more customers to be connected. Other revenue increased primarily due to increased sales of handsets, which were packaged with mobile telephony subscriptions, as well as sales of other CPE. Growth in our mobile telecommunication services, cable TV, fixed internet and data and other revenue was partially offset by a decrease in revenue generated by our DTH and fixed-line telephony businesses as a result of decreases in RGUs in both business lines and ARPU

in the latter. DTH RGUs decreased from approximately 725,000 as at December 31, 2014 to approximately 674,000 as at December 31, 2015, a decrease of approximately 7.0%. This decrease was primarily driven by low investments in CPE (such as satellite receivers and decoders), which limited our customer acquisition potential. Also, a number of DTH subscribers terminated their contracts, moved to our competitors or migrated from our DTH services to our cable TV services. Residential fixed-line telephony RGUs decreased from approximately 1.35 million as at December 31, 2014 to approximately 1.29 million as at December 31, 2015, a decrease of approximately 4.4% and fixed telephony ARPU decreased from an average €1.41/month for the year ended December 31, 2014 to an average €1.29 €/month for the year ended December 31, 2015, a decrease of 8.5%, primarily due to decreased use of the underlying services.

Revenue in Hungary for the year ended December 31, 2016 was €137.9 million, compared with €125.9 million for the year ended December 31, 2015, an increase of 9.5%. This increase was principally due to an increase in our cable TV and fixed internet and data RGUs. Our cable TV RGUs increased from approximately 437,000 as at December 31, 2015 to approximately 473,000 as at December 31, 2016, an increase of approximately 8.2%, our fixed internet and data RGUs increased from approximately 382,000 as at December 31, 2015 to approximately 428,000 as at December 31, 2016, an increase of approximately 12.0%, and our fixed-line telephony RGUs increased from approximately 327,000 as at December 31, 2015 to approximately 353,000 as at December 31, 2016, an increase of approximately 8.0%. These increases were partially driven by our investments in expanding and upgrading our fixed fiber optic network in Hungary. Our mobile telecommunication services RGUs decreased by approximately 12.5% from approximately 16,000 RGUs as at December 31, 2015 to approximately 14,000 RGUs as at December 31, 2016, primarily due to the decrease in our DTH subscribers who also terminated their mobile contracts. Our DTH RGUs decreased from approximately 318,000 as at December 31, 2015 to approximately 307,000 as at December 31, 2016, a decrease of approximately 3.5%. This decrease was primarily driven by low investments in CPE (such as satellite receivers and decoders). Also, a number of DTH subscribers terminated their contracts, moved to our competitors or migrated from our DTH services to our cable TV services.

Revenue in Hungary for the year ended December 31, 2015 was €125.9 million, compared with €119.1 million for the year ended December 31, 2014, an increase of 5.7%. This increase was principally due to the increase in our cable TV RGUs, fixed internet and data RGUs and other revenue, as well as customers upgrading to higher value services. Our cable TV RGUs increased from approximately 411,000 as at December 31, 2014 to approximately 437,000 as at December 31, 2015, an increase of approximately 6.3%, our fixed internet and data RGUs increased from approximately 347,000 as at December 31, 2014 to approximately 382,000 as at December 31, 2015, an increase of approximately 10.1%, and our fixed-line telephony RGUs increased from approximately 301,000 as at December 31, 2014 to approximately 327,000 as at December 31, 2015, an increase of approximately 8.6%. These increases were partially driven by our investments in expanding and upgrading our fixed fiber optic network in Hungary. Despite the increase in the fixed-line telephony RGUs, this business line's revenue decreased as a result of price decreases driven by lower interconnection rates in effect from April 2015. Other revenue increased primarily as a result of additional revenue from network management agreements with smaller local cable and internet providers. Our mobile telecommunication services RGUs decreased from approximately 19,000 as at December 31, 2014 to approximately 16,000 as at December 31, 2015, or by approximately 15.8%, primarily due to the decrease in our DTH subscribers who also terminated their mobile contracts. Our DTH RGUs decreased from approximately 330,000 as at December 31, 2014 to approximately 318,000 as at December 31, 2015, a decrease of approximately 3.6%. This decrease was primarily driven by low investments in CPE (such as satellite receivers and decoders), which limited our customer acquisition potential. Also, a number of DTH subscribers terminated their contracts, moved to our competitors or migrated from our DTH services to our cable TV services.

Revenue in Spain for the year ended December 31, 2016 was €83.0 million, compared with €72.7 million for the year ended December 31, 2015, an increase of 14.2%. The increase in revenue was principally due to an increase in the number of our mobile telecommunication services RGUs from approximately 569,000 as at December 31, 2015 to approximately 609,000 as at December 31, 2016, an increase of approximately 7.0%, primarily due to new customer acquisitions as a result of more attractive mobile and data offerings.

Revenue in Spain for the year ended December 31, 2015 was €72.7 million, compared with €54.0 million for the year ended December 31, 2014, an increase of 34.6%. The increase in revenue was principally due to an increase in the number of our mobile telecommunication services RGUs from approximately 476,000 as at December 31, 2014 to approximately 569,000 as at December 31, 2015, an increase of approximately 19.5%, primarily due to new customer acquisitions as a result of more attractive mobile and data offerings.

Revenue in Other represented revenue from our operations in Italy and for the year ended December 31, 2016 and was €9.2 million, compared with €7.5 million for the year ended December 31, 2015, an increase of 22.7%. The increase in revenue was principally due to new customer acquisitions as a result of more attractive mobile and data offerings.

Revenue in Other represented revenue from our operations in Italy and for the year ended December 31, 2015 was €7.5 million, compared with €5.1 million for the year ended December 31, 2014, an increase of 47.1%. The increase in revenue was principally due to an increase in the number of our mobile telecommunication services RGUs in Italy from approximately 48,000 as at December 31, 2014 to approximately 59,000 as at December 31, 2015, an increase of approximately 22.9%, primarily due to new customer acquisitions as a result of more attractive mobile and data offerings.

Revenue from discontinued operations (which represented revenue from services provided by our Czech Republic subsidiary) for the year ended December 31, 2015 was €3.8 million, compared with €13.8 million for the year ended December 31, 2014, a decrease of 72.5%. The decrease was due to the fact that our Czech Republic subsidiary was sold in April 2015. There was no revenue from discontinued operations for the year ended December 31, 2016.

Gain/(loss) from sale of discontinued operations for the year ended December 31, 2015 was €20.9 million, compared with €9.6 million for the year ended December 31, 2014. It represented the results of the disposals of our operations in the Czech Republic in 2015 and Slovakia in 2014. A loss of €0.7 million representing a provision for expenses regarding the disposal of operations in the Czech Republic was recorded for the year ended December 31, 2016.

Total operating expenses

Our total operating expenses (excluding intersegment expenses and other expenses, but including depreciation, amortization and impairment) for the year ended December 31, 2016 were €755.8 million, compared with €699.7 million for the year ended December 31, 2015, an increase of 8.0%, which in turn was an increase of 12.3% from €622.9 million for the year ended December 31, 2014.

Operating expenses

The table below sets out our expenses (excluding intersegment expenses, other expenses and depreciation, amortization and impairment) per geographic segment for the years ended December 31, 2014, 2015 and 2016.

	For the year ended December 31,					
	2014		2015		2016	
	(€ millions)	(% of revenue)	(€ millions)	(% of revenue)	(€ millions)	(% of revenue)
Continued operations						
Romania	292.5	62.3%	361.1 ⁽¹⁾	66.9%	411.3	67.1%
Hungary	72.3	60.7%	76.5	60.8%	86.5	62.7%
Spain	49.2	91.1%	61.8	85.0%	68.8	82.9%
Other ⁽²⁾	6.9	135.3%	9.4	125.3%	12.9	140.2%
Discontinued operations	9.9 ⁽³⁾	71.7%	3.0 ⁽³⁾	78.9%	—	—
Total	430.8		511.8		579.5	

(1) As of December 31, 2016 we present unrealized mark-to-market results from fair value assessment of energy supply contracts on a separate line: Other expenses. Comparative information as of December 31, 2015 was restated accordingly. Prior to the restatement, as of December 31, 2015 the unrealized mark-to-market loss of €1 million was included in Operating expenses.

(2) Includes operating expenses of operations in Italy and certain minor operating expenses of the Company.

(3) Includes operating expenses from operations in the Czech Republic.

Operating expenses in Romania for the year ended December 31, 2016 were €411.3 million, compared with €361.1 million for the year ended December 31, 2015, an increase of 13.9%. This was principally due to the development of our business, mainly representing increases in telephony expenses due to increased interconnection charges associated with our mobile offerings, expenses related to sales of handsets at cost to facilitate growth of mobile telecommunication services RGUs, salaries and related taxes, rent expenses for mobile sites and shops as well as programming expenses.

Operating expenses in Romania for the year ended December 31, 2015 were €361.1 million, compared with €292.5 million for the year ended December 31, 2014, an increase of 23.5%. This reflected a further expansion of

our business and principally resulted from increases in telephony expenses due to increased interconnection charges associated with our mobile offerings, programming expenses, salaries and related taxes, other expenses related to energy sales and expenses related to sales of handsets and other CPE at cost to facilitate growth of mobile telecommunication services RGUs and rent expenses.

Operating expenses in Hungary for the year ended December 31, 2016 were €86.5 million, compared with €76.5 million for the year ended December 31, 2015, an increase of 13.1%. This trend was principally due to the increase in direct costs associated with increases in RGUs, mainly programming expenses and an increase in salaries.

Operating expenses in Hungary for the year ended December 31, 2015 were €76.5 million, compared with €72.3 million for the year ended December 31, 2014, an increase of 5.8%. This reflected a further expansion of our Hungarian business and was primary due to an increase in programming expenses and higher telephony expenses due to increased usage of our services.

Operating expenses in Spain for the year ended December 31, 2016 were €68.8 million, compared with €61.8 million for the year ended December 31, 2015, an increase of 11.3%. This increase resulted from increased data traffic and greater interconnection costs.

Operating expenses in Spain for the year ended December 31, 2015 were €61.8 million, compared with €49.2 million for the year ended December 31, 2014, an increase of 25.6%. The increase was principally due to an increase in telephony expenses due to higher interconnection charges as a result of an increase in our RGUs and increased usage of our services.

Operating expenses in Other represented expenses of our operations in Italy and certain minor expenses of the Company and for the year ended December 31, 2016 were €12.9 million, compared with €9.4 million for the year ended December 31, 2015, an increase of 37.2%. The increase was primarily due to increased interconnection charges resulting from increased data traffic and higher RGUs in Italy.

Operating expenses in Other represented expenses of our operations in Italy and certain minor expenses of the Company and for the year ended December 31, 2015 were €9.4 million, compared with €6.9 million for the year ended December 31, 2014, an increase of 36.2%. The increase was principally due to an increase in telephony expenses due to higher interconnection charges as a result of an increase in our RGUs and increased usage of our services.

Operating expenses related to Discontinued operations for the year ended December 31, 2015 (which represented operating expenses of our Czech Republic subsidiary) were €3.0 million, compared with €9.9 million for the year ended December 31, 2014, a decrease of 69.7%. The decrease was due to the fact that our Czech Republic subsidiary was sold in April 2015. There were not operating expenses related to Discontinued operations for the year ended December 31, 2016.

Depreciation, amortization and impairment of tangible and intangible assets

The table below sets out information on depreciation, amortization and impairment of our tangible and intangible assets for the years ended December 31, 2014, 2015 and 2016.

	For the year ended December 31,		
	2014	2015	2016
	(€ millions)		
Continuing Operations			
Depreciation of property, plant and equipment	123.7	114.8	86.7
Amortization of non-current intangible assets	20.1	25.6	35.0
Amortization of program assets	46.2	47.0	46.2
Impairment of property, plant and equipment	1.5	0.3	2.2
Revaluation impact ⁽¹⁾			6.3
Total	191.5	187.8	176.4
Discontinued Operations⁽²⁾	0.6⁽³⁾	0.1⁽³⁾	—
Total	192.1	187.9	176.4

(1) As at December 31, 2016 we have performed revaluation of land and buildings and CPE, as described above.

(2) Unaudited.

(3) Includes depreciation, amortization and impairment of assets of in the Czech Republic.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment for continuing operations was €86.7 million for the year ended December 31, 2016, compared with €114.8 million for the year ended December 31, 2015, a decrease of 24.5%. This decrease was primarily due to the change in the estimated useful lives of certain categories of property, plant and equipment, which were re-assessed as at December 31, 2016, with the revised useful lives applied prospectively from 1 January 2016, and secondarily to the termination of depreciation periods for an increased amount of CPE and other equipment. See “Accounting Policies Requiring Management Judgment or Discretion—Estimated Useful Lives.”

The impact of revising the estimated useful lives of certain categories of property, plant and equipment on the value of depreciation charge recognized in the Profit or Loss Statement in the year ended December 31, 2016 is presented below:

	Depreciation charge 2016 (€ millions)		
	Prior estimated useful lives	Revised estimated useful lives	Difference arising from change in estimated useful lives
Land	—	—	—
Buildings	3.1	3.1	—
Network	43.0	38.8	(4.1)
Customer premises equipment	23.8	12.4	(11.4)
Equipment and devices	33.2	25.6	(7.6)
Vehicles	3.5	3.5	—
Furniture and office equipment	3.3	3.3	—
Total	109.9	86.7	(23.2)

Depreciation of property, plant and equipment for continuing operations was €114.8 million for the year ended December 31, 2015, compared with €123.7 million for the year ended December 31, 2014, a decrease of 7.2%. This decrease was due to the termination of the depreciation period for an increased number of CPE and other equipment.

Amortization of non-current intangible assets

Amortization of non-current intangible assets for continuing operations was €35.0 million for the year ended December 31, 2016, compared with €25.6 million for the year ended December 31, 2015, an increase of 36.8%, mainly as a result of the 2,600 MHz license acquired in August 2015 and the 3,700 MHz license acquired in October 2015 in Romania, as well as other licenses and software mainly for mobile communications equipment. As at December 31, 2016, management reviewed the estimated useful lives of mobile telephony licenses. For certain mobile telephony licenses there are options for extension, automatically exercisable upon the request of the Company. Consequently, useful lives were revised in order to match the current best estimate of the period over which these licenses will generate future economic benefits. Estimated useful lives for mobile telephony licenses were previously 15 years and are now between 15 and 25 years.

The impact of revising the estimated useful lives of the mobile telephony licenses in the value of amortization charge recognized in the Profit or Loss Statement in the year ended December 31, 2016 is presented below:

	Amortization charge 2016 (€ millions)		
	Prior estimated useful lives	Revised estimated useful lives	Difference arising from change in estimated useful lives
Goodwill	—	—	—
Customer relationships	10.3	10.3	—
Trade marks	0.7	0.7	—
Subscriber acquisition costs (“SAC”)	7.1	7.1	—
Licenses and software	17.6	16.8	(0.7)
Total	35.7	35.0	(0.7)

Amortization of non-current intangible assets for continuing operations was €25.6 million for the year ended December 31, 2015, compared with €20.1 million for the year ended December 31, 2014, an increase of 27.4%, mainly as a result of mobile licenses acquisitions.

Amortization of program assets

Amortization of program assets for continuing operations was €46.2 million for the year ended December 31, 2016, compared with €47.0 million for the year ended December 31, 2015, a decrease of 1.8%.

Amortization of program assets for continuing operations was €47.0 million for the year ended December 31, 2015, compared with €46.2 million for the year ended December 31, 2014, a slight increase of 1.7%.

Other expense

We recorded €7.0 million of other expense for the year ended December 31, 2016, compared with €1.0 million of other expense for the year ended December 31, 2015. This reflected unrealized mark-to-market loss from fair value assessment of energy supply contracts.

We recorded €1.0 million of other expense for the year ended December 31, 2015, compared with €nil for the year ended December 31, 2014. This reflected mark-to-market loss from fair value assessment of energy supply contracts.

Operating profit

For the reasons set forth above, our operating profit was €79.3 million for the year ended December 31, 2016, compared with €70.3 million for the year ended December 31, 2015 and €48.4 million for the year ended December 31, 2014.

Net finance income/(expense)

We recognized net finance expense of €56.2 million in the year ended December 31, 2016, compared with net finance expense of €60.9 million in the year ended December 31, 2015, a variation of 7.7%. As of December 31, 2016, we recorded as Finance income the amount of €33.7 million from fair value gain of the available for sale assets, which were derecognized, and the related accumulated gain was reclassified from equity to the profit or loss statement. Finance expenses were impacted by the refinancing of the 2013 Notes and the 2015 Senior Facilities Agreement from October 2016. In 2016 Other finance expenses include mainly redemption interest and penalties for the refinancing of the 2013 Notes in the amount of €17.6 million and the unamortized borrowing costs of the 2013 Notes in the amount of €8.8 million. We recognized the net effect of gain on the 2013 Notes embedded derivative in 2016 of €5.0 million (expense of €14.2 million) upon exercising the call option on the 2013 Notes. We recognized the fair value gain on the 2016 Notes embedded derivative of €5.4 million after taking into consideration fair value of the embedded derivative asset at inception of €8.5 million.

We recognized net finance expense of €60.9 million in the year ended December 31, 2015, compared with net finance expense of €60.3 million in the year ended December 31, 2014, an increase of 1%. This net increase was primarily caused by the expense of the unamortized borrowing costs related to the senior facilities agreement dated October 21, 2013 (the “**2013 Senior Facilities Agreement**”) repaid in 2015 (€4.9 million), as well as foreign currency exchange net expense. These expenses were partially offset by the recognition of financial income related to an embedded derivative asset (€9.3 million).

Profit/(Loss) before taxation

For the reasons set forth above, our profit before taxation was €23.1 million for the year ended December 31, 2016, compared with a profit of €9.5 million for the year ended December 31, 2015 and a loss of €12.0 million for the year ended December 31, 2014.

Income tax credit/(expense)

An income tax expense of €11.3 million was recognized in the year ended December 31, 2016 compared to a tax expense of €5.4 million recognized in the year ended December 31, 2015. This was primarily due to an increase in the profit before taxation from continuing operations and an increase in deferred tax expense generated mainly by changes in useful life estimates of property, plant and equipment.

An income tax expense of €5.4 million was recognized in the year ended December 31, 2015 compared to a tax credit of €5.1 million recognized in the year ended December 31, 2014. The tax credit in the year ended December 31, 2014 was primarily due to the deferred tax assets recognized for carried-forward fiscal losses and interest and forex expenses.

Profit/(loss) for the year

For the reasons set forth above, our net profit for the year ended December 31, 2016 was €11.8 million, compared with a profit of €4.0 million for the year ended December 31, 2015 and a loss of €6.8 million for the year ended December 31, 2014.

LIQUIDITY AND CAPITAL RESOURCES

On October 7, 2016, the Company, as original guarantor, and RCS & RDS, as borrower, entered into the Senior Facilities Agreement consisting of (i) the SFA Facility A1; (ii) the SFA Facility A2; and (iii) the revolving credit facility in the amount of RON157.0 million under the Senior Facilities Agreement (the “**SFA Facility B**”). On October 26, 2016, RCS & RDS drew (a) RON930.0 million (€204.8 million equivalent as at December 31, 2016) under the SFA Facility A1 and repaid the 2015 Senior Facilities Agreement in full; and (b) RON600.0 million (€132.1 million equivalent as at December 31, 2016) under the SFA Facility A2. In April 2017, RCS & RDS drew RON15.0 million (€3.3 million equivalent as at December 31, 2016) as well as RON30.0 million (€6.6 million equivalent as at December 31, 2016) under the SFA Facility B.

In October 2016, we issued €350 million aggregate principal amount of 5.0% Senior Secured Notes due 2023 (the “**2016 Notes**”). In November 2016, the 2013 Notes of €450 million were redeemed in full.

Historically, our principal sources of liquidity have been our operating cash flows as well as debt financing. Going forward, we expect to fund our cash obligations and capital expenditures primarily out of our operating cash flows, the Senior Facilities Agreement, the ING Facilities Agreement, the Citi Facilities Agreement (as defined below), other letter of guarantee facilities and other credit agreements. See “—*Financial Obligations.*” We believe that our operating cash flows will continue to allow us to maintain a flexible capital expenditure policy.

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

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

We also believe that, for the coming 12 months, our operating cash flows will be adequate to fund our working capital requirements.

Historical cash flows

The following table sets forth, for the years ended December 31, 2014, 2015 and 2016, our consolidated cash flows from operating activities, cash flows used in investing activities and cash flows from (used in) financing activities.

	For the year ended December 31,		
	2014	2015	2016
	(€ millions)		
Cash flows from operations before working capital changes	232.0	237.2	266.6
Cash flows from changes in working capital ⁽¹⁾	(5.7)	4.2	(11.3)
Cash flows from operations	226.3	241.5	255.3
Interest paid	(46.7)	(44.2)	(44.0)
Income tax paid	(4.6)	(5.1)	(7.8)
Net cash flows from operating activities	174.9	192.2	203.5
Net cash flows used in investing activities	(204.4)	(171.6)	(216.0)
Net cash flows from (used in) financing activities	33.6	(25.7)	(21.8)
Net increase (decrease) in cash and cash equivalents	4.1	(5.1)	(34.2)
Cash and cash equivalents at the beginning of the year	50.2	54.3	49.7
Effect of exchange rate fluctuation on cash and cash equivalent held	(0.0)	0.5	(0.8)
Cash and cash equivalents at the closing of the year	54.3	49.7	14.6

(1) Cash flows from changes in working capital includes the sum of the (Increase)/decrease in trade receivables and other assets, (Increase)/decrease in inventories, Increase/(decrease) in trade payables and other current liabilities, Increase/(decrease) in deferred revenue.

Cash flows from operations before working capital changes were €266.6 million in the year ended December 31, 2016, €237.2 million in the year ended December 31, 2015 and €232.0 million in the year ended December 31, 2014. The increase from 2015 to 2016 and the increase from 2014 to 2015 were due to the reasons discussed in “—*Historical Results of Operations—Results of operations for the years ended December 31, 2016, 2015 and 2014.*”

The following table shows changes in our working capital:

	For the year ended December 31,		
	2014	2015	2016
	(€ millions)		
Decrease/(increase) in trade receivables and other assets	(33.5)	15.1	(29.5)
Increase in inventories	(4.5)	(3.7)	(6.0)
Increase in trade payables and other current liabilities	28.5	21.2	31.4
Increase/(decrease) in deferred revenue	3.8	(28.4)	(7.2)
Total	(5.7)	4.2	(11.3)

We had a working capital requirement of €11.3 million in the year ended December 31, 2016. This was primarily due to a €29.5 million increase in trade and other receivables largely attributable to impacts on the trade and other receivables balance as at December 31, 2015 due to a change in the invoicing cycle, which occurred in December 2015 as well as the development in our energy supply activity during 2016 and a general increase in activity overall. The invoicing cycle change from 2015 is also a primary explanation of the variation in deferred revenue amounting to €7.2 million, which decreased in 2016 compared to 2015. The increase in trade payables of €31.4 million related mainly to the increase in suppliers for our energy supply activity and interconnection costs, which increased proportionately with the expansion of our RGU base.

We had a working capital surplus of €4.2 million in the year ended December 31, 2015. This was primarily due to a decrease in trade receivables and other assets balances of €15.1 million, largely as a result of our change in invoicing cycle which occurred in December 2015, partially offset by the increase in revenue. This change also was the reason for the decrease of deferred revenue of €28.4 million. The increase in trade payables of €21.2 million related mainly to acquisitions of handsets and other CPE that are on-sold to our mobile

telecommunication services customers subject to a deferral of payments from such customers for up to 12 months. See “—Revenue and Expense Structure of Our Principal Lines of Business—Mobile telecommunication services.” We use this offering to promote new customer acquisitions and incentivize existing customers to transfer to higher-value services, but it creates a mismatch between the time when we pay our CPE suppliers and receive customer payments. In order to mitigate the impact of this mismatch we enter into certain reverse factoring and vendor financing agreements with our CPE suppliers extending the terms of our payments for CPE acquired, which are then classified as long term trade payables.

We had a working capital requirement of €5.7 million in the year ended December 31, 2014. This was primarily due to an increase in trade receivables and other assets balances of €33.5 million primarily as a result of CPE sales subject to deferred customer payments. In order to mitigate the impact of this mismatch we enter into certain reverse factoring and vendor financing agreements with our CPE suppliers extending the terms of our payments for CPE acquired.

Cash flows from operating activities were €203.5 million in the year ended December 31, 2016 and €192.2 million in the year ended December 31, 2015. Included in these amounts are deductions for interest paid and income tax paid, which were €51.8 million in the year ended December 31, 2016 and €49.3 million in the year ended December 31, 2015. Interest paid was €44.0 million in the year ended December 31, 2016, compared with €44.2 million in the year ended December 31, 2015. Income tax paid was €7.8 million in the year ended December 31, 2016, compared with €5.1 million in the year ended December 31, 2015 mainly as a result of increased payments made by our operations in Spain. The increase in cash flows from operating activities in the year ended December 31, 2016, as compared to the year ended December 31, 2015, was due to an increase in our subscribers base and the improved performance of certain business lines.

Cash flows from operating activities were €192.2 million in the year ended December 31, 2015 and €174.9 million in the year ended December 31, 2014. Included in these amounts are deductions for interest paid and income tax paid, which were €49.3 million in the year ended December 31, 2015 and €51.4 million in the year ended December 31, 2014. Interest paid was €44.2 million in the year ended December 31, 2015, compared with €46.7 million in the year ended December 31, 2014. Income tax paid was €5.1 million in the year ended December 31, 2015, compared with €4.6 million in the year ended December 31, 2014. The increase in cash flows from operating activities in the year ended December 31, 2015, as compared with the year ended December 31, 2014 was primarily due to changes in working capital discussed above.

Cash flows used in investing activities were €216.0 million in the year ended December 31, 2016, €171.6 million in the year ended December 31, 2015 (including €25.1 million as proceeds from the sale of our operations in the Czech Republic, net of cash disposed) and €204.4 million in the year ended December 31, 2014 (including €10.1 million as proceeds from the sale of our operations in Slovakia, net of cash disposed).

The following table shows our capital expenditures by category for the years ended December 31, 2014, 2015 and 2016:

	For the year ended December 31,		
	2014	2015	2016
	(unaudited) (€ millions)		
Network and equipment ⁽¹⁾	103.5	91.9	149.3
Customer Premises Equipment ⁽²⁾	24.5	25.5	36.0
Program assets—content for our own channels ⁽³⁾	33.8	60.1	47.1
License and software ⁽⁴⁾	39.2	23.2	22.1
Customer relationships ⁽⁵⁾	7.4	2.8	0.6
Other additions to tangible assets ⁽⁶⁾	21.3	24.2	35.6
Other additions to intangible assets ⁽⁷⁾	6.3	6.2	14.6
Total additions to tangible and intangible assets	236.0	233.9	305.3
Differences between capital expenditures for tangible and intangible assets and additions to tangible and intangible assets ⁽⁸⁾	(35.1)	(39.6)	(91.9)
Capital expenditures for the acquisition of tangible and intangible assets	200.9	194.3	213.4
Acquisitions of shares ⁽⁹⁾	13.9	3.3	3.1
Total	214.8	197.6	216.5

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- (1) Composed primarily of costs incurred for additions of materials and equipment to expand and upgrade our fiber optic networks; costs incurred for our personnel and subcontractors related to the expansion and upgrade of our fiber optic and mobile networks; costs incurred for materials and equipment to expand and maintain our mobile networks; costs incurred for equipment needed to operate our own channels; costs for acquisitions through business combinations, and allocated costs of construction in progress.
 - (2) Composed of costs incurred for additions to CPE, including certain network equipment such as GPON terminals (which may not generally be treated as CPE-related costs by other members of our industry), and other equipment such as set-top boxes, mobile data devices, mobile and fixed-line telephone handsets, satellite dishes and satellite receivers and smartcards, and allocated costs of construction in progress.
 - (3) Composed of costs incurred for additions of content for our own channels.
 - (4) Composed primarily of payment for 1,800 MHz license in Hungary (in 2014), our 3,700 MHz and 2,600 MHz licenses in Romania (in 2015), 3,800 MHz license in Hungary (in 2016) and mobile network software licenses acquired in Romania.
 - (5) Composed primarily of costs incurred when acquiring customer contracts from other companies directly by purchasing the assets of those companies.
 - (6) Composed primarily of costs incurred for additions to our land, buildings, vehicles and furniture, and allocated costs of construction in progress.
 - (7) Composed primarily of subscriber acquisition costs incurred for the use of third parties who resell our services to new clients in Hungary, Spain and Italy.
 - (8) This is primarily composed of changes in trade payables owed to fixed asset suppliers. Changes in trade payables owed to fixed asset suppliers is composed of payments for additions to tangible and intangible assets recognized in prior periods, advance payments for additions to tangible and intangible assets which we expect will be recognized in future periods and accruals for additions to tangible and intangible assets for which we are obligated to make payments in future periods.
 - (9) Composed of cash spent to acquire controlling and non-controlling interests in subsidiaries and associates and to make payments for shares acquired in current or prior periods.

During the year ended December 31, 2016, we acquired tangible and intangible assets for €305.3 million. We had €149.3 million in additions to our network and equipment, primarily to expand and upgrade our fixed fiber optic and mobile networks in Romania and Hungary. We had €47.1 million in additions to our program assets, primarily reflecting recognition of costs related to rights to broadcast certain sports competitions in the 2016/2017 season for contracts entered into in this and prior years. We had €22.1 million in additions to our intangible assets, primarily to recognize software licenses for equipment for our mobile networks and the 3,800 MHz license from Hungary. In addition, we had additions of €36.0 million to acquire CPE, primarily set-top boxes and GPON terminals and for our cable TV customers. We also had minor additions to customer relationships of €0.6 million, reflecting amounts incurred for the acquisition of customers from other cable and internet providers in Romania. Capital expenditures for the acquisition of tangible and intangible assets were €91.9 million lower than additions to tangible and intangible assets in the year ended December 31, 2016. This was primarily due to longer payment terms, especially for part of the network, as well as equipment and CPE additions. Out of the payments made for acquisition of shares, €0.9 million are payments made by the Company for the acquisition of shares in RCS Management. The remaining €2.1 million related to acquisitions of controlling interests in other entities from previous years.

During the year ended December 31, 2015, we acquired tangible and intangible assets for €233.9 million. We had €91.9 million of additions to our network and equipment, primarily to expand and upgrade our fixed fiber optic and mobile networks. We had €60.1 million in additions to our program assets, primarily reflecting the recognition of costs related to rights to broadcast certain sports competitions in the 2015/2016 season for contracts entered into in this and prior years. We had €23.2 million of additions to our intangible assets, primarily to recognize payments for software licenses for equipment for our mobile networks and 3,700 MHz and 2,600 MHz licenses. We also had additions of €25.5 million to acquire CPE, primarily set-top boxes and GPON terminals (which may not be treated as CPE-related costs by our competitors). We also had additions to customers' relationships of €2.8 million, reflecting amounts incurred for the acquisition of customers from other cable and internet providers in Romania. Capital expenditures for the acquisition of tangible and intangible assets were €39.6 million lower than additions to tangible and intangible assets in the year ended December 31, 2015. This was primarily due to longer payment terms especially for part of the network and equipment and CPE additions. Out of the payments made for acquisition of shares, €1.5 million constituted payments made by the Company for the acquisition of shares in RCS Management. Out of the remaining €1.8 million, €0.7 million were related to acquisitions of controlling interests in other entities and €1.1 million to acquisitions of non-controlling interests while retaining control.

During the year ended December 31, 2014, we acquired tangible and intangible assets for €236.0 million. We had €103.5 million of additions to our network and equipment, primarily to expand and upgrade our fixed fiber optic and mobile networks. We had €33.8 million in additions to our program assets, primarily reflecting

recognition of costs related to rights to broadcast certain sports competitions in the 2014/2015 season for contracts entered into in prior years. We had €39.2 million of additions to our intangible assets, primarily to recognize a €32.6 million payment for a frequency block of 5 MHz of bandwidth in the 1,800 MHz frequency spectrum in Hungary and certain software licenses for equipment for our fiber optic and mobile networks. In addition, we had additions of €24.5 million to acquire CPE, primarily set-top boxes and GPON terminals (which may not be treated as CPE by our competitors). We also had additions to customer relationships of €7.4 million, reflecting amounts incurred for the acquisition of customers from other cable and internet providers in Romania. Capital expenditures for the acquisition of tangible and intangible assets were €35.1 million lower than additions to tangible and intangible assets in the year ended December 31, 2014. This was primarily due to longer payment terms especially for part of the network and equipment and CPE additions. Out of the payments made for acquisition of shares, €1.2 million are payments made by the Company for the acquisition of shares in RCS Management. Out of the remaining €12.8 million, €9.8 million are related to acquisitions of controlling interests in other entities and €2.9 million to acquisitions of non-controlling interests while retaining control.

Cash flows from (used in) financing activities were a €21.8 million outflow for the year ended December 31, 2016. We refinanced the 2015 Senior Facilities in October 2016 with a loan in the amount of €336.9 million equivalent, of which we used (a) RON930.0 million (€204.8 million equivalent as at December 31, 2016) under SFA Facility A1 to repay the 2015 Senior Facilities Agreement in full and (b) RON600.0 million (€132.1 million equivalent as at December 31, 2016) under SFA Facility A2, along with the €350 million 2016 Notes issued to repay the €450 million 2013 Notes. We also paid financing costs and early prepayment fees of €26.8 million, dividends of €4.4 million, settlement of derivative transactions of €5.8 million and installments under our finance leases of €3.4 million. The 2016 debt restructuring achieved a significant reduction of our interest rates payable and a reduction of our exposure to euro by reducing our euro indebtedness, as well as an extension of the maturities.

In the year ended December 31, 2015, the net outflow of €25.7 million was mainly the result of the repayment of the principal amount outstanding under the 2013 Senior Facilities Agreement with drawdowns under the 2015 Senior Facilities Agreement and our own funds. We also repaid RON99.4 million (an equivalent of €22.0 million as at December 31, 2015) and drew down an additional RON105.4 million (an equivalent of €23.3 million as at December 31, 2015), in each case, under the 2015 Senior Facilities Agreement, paid certain financing costs of €4.1 million, dividends of €1.6 million, settlement of derivative transactions of €3.7 million and installments under our finance leases of €1.6 million.

In the year ended December 31, 2014, we had a net inflow of €33.6 million primarily from drawing the remaining €45.0 million under the 2013 Senior Facilities Agreement. We also paid financing costs of €6.8 million, dividends of €1.7 million, settlement of derivative transactions of €2.2 million and installments under our finance leases of €0.9 million.

Planned Cash Requirements and Capital Expenditure Plan

We anticipate that our cash requirements in the near to medium term will consist principally of expenditures to service our debt, to upgrade and build expansions to our fixed fiber optic and mobile networks, to further develop our mobile telecommunication services business and to purchase further broadcasting rights for our premium TV channels. In addition, we will consider from time to time purchasing cable TV or internet and data services operations in Romania and Hungary. The following discussion sets out our principal cash needs based, among other things, on our existing capital expenditure plan, our outstanding bank loans and other contractual commitments.

Beyond our contractually committed capital expenditures (relating to broadcasting rights) and our expected network-related capital expenditures (relating to maintenance capital expenditures), our investment plan for the near to medium term is largely discretionary. These expenditures could include:

- expansion of our fixed fiber optic network;
- expansion and further development of our mobile network;
- acquisition of additional sports, film and other broadcasting rights;
- renewal of certain existing broadcast rights;
- costs associated with CPE and the acquisition of new customers;
- investments associated with our electrical energy activities; and
- payments under telecommunication licenses.

As at December 31, 2016, our commitments to incur additional capital expenditures (consisting primarily of payments for content rights, and commitments to purchase of equipment and CPE) amounted to approximately €85.6 million.

Contractual obligations

Our principal contractual obligations consist of our obligations in respect of financial indebtedness that is owed under our credit facilities, rent for network pillars, the annual radio spectrum fees for our mobile telecommunication licenses in Romania and Hungary, the remaining payments for certain broadcasting rights, operational leasing arrangements (including for our radio stations), financial leasing arrangements for part of our headquarters in Bucharest and land outside of Bucharest and financial leasing arrangements used to purchase cars for our fleet.

The table below sets out the maturities of our financial liabilities and other contractual commitments, including estimated interest payments and excluding the impact of netting agreements as at December 31, 2016, based on the agreements in place as at that date. We expect that our contractual commitments may evolve over time in response to current business and market conditions, with the result that future amounts due may differ considerably from the expected amounts payable set out in the table below.

	Carrying amount as at December 31, 2016	Contractual cash flows as at December 31, 2016	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
	(€ millions)						
Non-derivative financial liabilities							
Interest bearing loans and borrowings, including							
bonds ⁽¹⁾	696.6	839.6	35.1	31.0	76.1	697.4	—
Overdraft facilities	7.2	7.2	7.2	—	—	—	—
Finance lease liabilities ⁽¹⁾	5.8	6.4	1.0	1.0	1.9	1.7	0.8
Trade and other payables and other liabilities ⁽²⁾	409.9	416.3	314.4	55.4	32.7	13.7	0.0
Capital expenditure and operating expenditure contractual commitments ^{(3),(4)}	246.8	246.8	54.7	54.7	64.2	39.4	33.8
Derivative financial liabilities							
Interest rate swaps	5.3	8.0	2.0	1.8	2.6	1.7	—
Energy supply market to market	1.3	1.3	0.9	0.3	0.0	—	—
Total	1,372.9	1,525.7	415.4	144.2	177.6	753.9	34.5

(1) Includes estimated interest. Interest was estimated by using 3-month ROBOR or a fixed rate as at December 31, 2016 for all future periods. The estimated interest rate used for the 2016 Notes does not include the withholding tax (“WHT”) on interest (approximately €3.3 million per year which will be treated as interest expense) that may be incurred due to misalignment of Romanian and EU legislation. Please see “Part 10—Recent Developments.”

(2) Includes trade payables, other long-term liabilities and income tax.

(3) Includes mainly payments for premium content, satellite usage, spectrum fee payments, open orders for purchases of equipment and obligations under agreements to lease real property or movable property that are enforceable and legally binding and that specify all significant terms (e.g., object of the lease, pricing terms and duration).

(4) Unaudited.

Financial obligations

The 2016 Notes

On October 26, 2016 the Company issued the 2016 Notes with a value of €350.0 million falling due in 2023. The 2016 Notes are secured by (i) subject to certain exclusions, all present and future movable assets of RCS & RDS, including bank accounts, trade receivables, intragroup receivables, insurance receivables, inventories, movable tangible property (including installation, networks, machinery, equipment, vehicles, furniture, and other

similar assets), intellectual property rights, insurance and proceeds related to any of the foregoing; (ii) all shares of certain of RCS & RDS's material subsidiaries held by RCS & RDS; and (iii) certain assets of the Company, including all shares it holds in the RCS & RDS, certain bank accounts and rights under the proceeds loan agreement dated November 3, 2013 as amended and extended between the Company, as lender, and RCS & RDS, as borrower, pursuant to which the Company remitted the proceeds (of which €100 million had been repaid to date) from the sale of the €450.0 million 7.50% Senior Secured Notes due 2020 issued by the Company on November 4, 2013 (the "**2013 Notes**") to RCS & RDS. The collateral is shared with the Senior Facilities Agreement, the ING Facilities Agreement, the Citi Facilities Agreement, an uncommitted bank guarantee facility entered into on July 13, 2015 between RCS & RDS and BRD for an amount of €5.0 million (the "**BRD Letters of Guarantee Facility**"), as well as two short-term loans concluded by the Company with two minority shareholders (see "*Financial Obligations—Short-term loans from converted dividend payables*" and "*Part 13—Additional Information—25. Related Party Transactions*"), on a *pari passu* basis pursuant to the terms of the Intercreditor Agreement.

2013 Senior Facilities Agreement

On October 21, 2013, the Company, as original guarantor, and RCS & RDS, as borrower, entered into the 2013 Senior Facilities Agreement with Citibank, N.A., London Branch and ING Bank N.V. Amsterdam, Bucharest Branch, as mandated lead arrangers, for the repayment of the then existing facilities and for general corporate purposes. The 2013 Senior Facilities Agreement consisted of a term loan facility with a capacity of €250.0 million and a revolving credit facility with a capacity of €50.0 million. Under the 2013 Senior Facilities Agreement, the Company covenanted to maintain a debt to EBITDA ratio of 3.25:1 and an EBITDA to total interest ratio of 4.25:1. On May 22, 2015, RCS & RDS repaid all of the amounts outstanding under the 2013 Senior Facilities Agreement using the proceeds of the 2015 Senior Facilities Agreement and own funds.

2015 Senior Facilities Agreement

On April 30, 2015, the Company, as original guarantor, and RCS & RDS, as borrower, entered into the 2015 Senior Facilities Agreement with BRD, Citibank, N.A., London Branch, ING Bank and UniCredit Tiriatic Bank, as mandated lead arrangers, for the repayment of its 2013 Senior Facilities Agreement. The 2015 Senior Facilities Agreement consists of a term loan facility with a capacity of RON1,091.2 million and a revolving credit facility with a capacity of RON50.2 million. Under the 2015 Senior Facilities Agreement, the Company agreed to maintain, from the date of the 2015 Senior Facilities Agreement to December 31, 2016, a debt to EBITDA ratio of 3.75:1 and an EBITDA to total interest ratio of 3.75:1 and, from December 31, 2016 a debt to EBITDA ratio of 3.25:1 and an EBITDA to total interest ratio of 4.25:1. On October 26, 2016, RCS & RDS repaid all of the amounts outstanding under the 2015 Senior Facilities Agreement using the proceeds of the Senior Facilities Agreement.

2016 Facility Agreement

On August 18, 2016, the Company, as original guarantor, and RCS & RDS, as borrower, entered into a facility agreement with BRD and Citibank, N.A., London Branch, as mandated lead arrangers (the "**2016 Facility Agreement**"). The 2016 Facility Agreement consists of a revolving credit facility with a capacity of RON135.0 million. Under the 2016 Facility Agreement, the Company covenanted to maintain, from the date of the 2016 Facility Agreement to December 31, 2016, a debt to EBITDA ratio of 3.75:1 and an EBITDA to total interest ratio of 3.75:1 and, from December 31, 2016, a debt to EBITDA ratio of 3.25:1 and an EBITDA to total interest ratio of 4.25:1. On October 26, 2016, RCS & RDS repaid all of the amounts outstanding under the 2016 Facility Agreement using its own funds.

Senior Facilities Agreement

On October 7, 2016, the Company, as original guarantor, and RCS & RDS, as borrower, entered into the Senior Facilities Agreement with, among others, BRD, Citibank, N.A., London Branch, ING Bank, and UniCredit Bank S.A. ("**UniCredit Bank**"), as lead arrangers. The Senior Facilities Agreement is unconditionally guaranteed by the Company on a senior secured basis, and shares in the Collateral, together with the 2016 Notes, the ING Facilities Agreement, the Citi Facilities Agreement, the BRD Letters of Guarantee Facility and two short-term loans concluded by the Company with two minority shareholders (see "*Financial Obligations—Short-term loans from converted dividend payables*" and "*Part 13—Additional information—25. Related Party Transactions*"), pursuant to the terms of the Intercreditor Agreement.

The Senior Facilities Agreement consists of (i) the SFA Facility A1; (ii) the SFA Facility A2; and (iii) the SFA Facility B. The SFA Facility A1 can be drawn for the purposes of funding the refinancing of the 2015 Senior Facilities Agreement and capital expenditure requirements of the Group. The SFA Facility A2 can be drawn for the purpose of funding the refinancing of the 2013 Notes. The SFA Facility B can be drawn for the purposes of refinancing the 2016 Facility Agreement and the general corporate and working capital purposes of the Group. On October 26, 2016, the Company drew (a) RON930.0 million (€204.8 million equivalent as at December 31, 2016) under the SFA Facility A1 and repaid the 2015 Senior Facilities Agreement in full; and (b) RON600.0 million (€132.1 million equivalent as at December 31, 2016) under the SFA Facility A2. In April 2017, RCS & RDS drew RON15.0 million (€3.3 million equivalent as at December 31, 2016) as well as RON30.0 million (€6.6 million equivalent as at December 31, 2016) under SFA Facility B for the general corporate and working capital purposes of the Group.

The interest rate under the Senior Facilities Agreement is floating at a margin of 2.65% per annum plus ROBOR. Interest is payable every three months, unless a longer period is agreed with the facility agent acting per instructions of all lenders under the Senior Facilities Agreement.

The repayment schedule for any principal amount drawn under the SFA Facility A1 and SFA Facility A2 in relation is as follows:

	Repayment installment (percentage of the SFA Facility A1/A2 loan outstanding as at the end of the availability period for the SFA Facility A1/A2)
Repayment date	
April 28, 2017	3.75%
October 30, 2017	3.75%
April 30, 2018	6.25%
October 30, 2018	6.25%
April 30, 2019	8.75%
October 30, 2019	8.75%
April 30, 2020	8.75%
October 30, 2020	8.75%
April 30, 2021	8.75%
Termination date for the SFA Facility A1/A2	36.25%
Total	100%

ING Agreements

On November 4, 2013, the RCS & RDS entered into the ING Facilities Agreement with ING Bank N.V., Bucharest Branch, in order to consolidate the Group's existing credit facilities with ING Bank N.V. into a single facility for working capital purposes. The ING Facilities Agreement shares in the Collateral, together with the 2016 Notes, the Senior Facilities Agreement, the Citi Facilities Agreement, the BRD Letters of Guarantee Facility and two short-term loans concluded by the Company with two minority shareholders (See "*Financial Obligations—Short-term loans from converted dividend payables*" and "Part 13—Additional information—25. Related Party Transactions"), on a *pari passu* basis pursuant to the terms of the Intercreditor Agreement.

The ING Facilities Agreement consists of (i) an uncommitted overdraft facility of up to €5.0 million and (ii) an uncommitted facility for letters of guarantee of up to €5.0 million. Under the ING Facilities Agreement, the Company covenanted to maintain a debt to EBITDA ratio of 3.25:1 and an EBITDA to total interest ratio of 4.25:1. As at December 31, 2016, the Company had €4.2 million drawn under the overdraft facility and out of the uncommitted facility for letters of guarantee, total amount of the letters of guarantee issued is €2.0 million and RON13.1 million.

On February 3, 2017, RCS & RDS contracted a short-term loan from ING Bank N.V., Bucharest branch, for financing working capital needs in the amount of RON7 million.

In addition to the ING Facilities Agreement, on April 28, 2016 RCS & RDS entered into an uncommitted letter of guarantee facility of up to €5.0 million with ING Bank N.V., Bucharest Branch. The letter of guarantee issued under this facility has expired.

Citi Facilities Agreement

On October 25, 2013, RCS & RDS entered into the Citi Facilities Agreement with Citibank, N.A., London Branch, to consolidate the Group's existing uncommitted credit facilities with Citibank into a single uncommitted facility for working capital purposes. On October 25, 2013, RCS & RDS entered into a personal guarantee agreement with Citibank, N.A., London Branch pursuant to which it provides Citibank, N.A., London Branch with a guarantee for the due performance of the Citi Facilities Agreement by the Group. The Citi Facilities Agreement shares in the Collateral, together with the 2016 Notes, the Senior Facilities Agreement, the ING Facilities Agreement, the BRD Letters of Guarantee Facility and two short-term loans concluded by the Company with two minority shareholders (See “—*Financial Obligations—Short-term loans from converted dividend payables*” and “Part 13—Additional information—25. Related Party Transactions”), on a *pari passu* basis pursuant to the terms of the Intercreditor Agreement.

The Citi Facilities Agreement consists of (i) an uncommitted overdraft, bank guarantee and letters of guarantee facility in the amount of US\$5.5 million and (ii) an uncommitted bank guarantee facility with an amount of US\$4.7 million and €500,000. As at December 31, 2016, (i) the cash overdraft facility had an outstanding balance of €3.1 million, and (ii) we had letters of guarantee issued in the amount of US\$0.7 million, €1.0 million and RON16.3 million.

BRD Letters of Guarantee Facility

On July 13, 2015, RCS & RDS entered into the BRD Letters of Guarantee Facility. As at December 31, 2016, we had letters of guarantee issued by BRD with a value of €0.7 million and RON2.0 million. The BRD Letters of Guarantee Facility shares in the Collateral, together with the 2016 Notes, the Senior Facilities Agreement, the ING Facilities Agreement, the Citi Facilities Agreement and two short-term loans concluded by the Company with two minority shareholders (See “—*Financial Obligations—Short-term loans from converted dividend payables*” and “Part 13—Additional information—25. Related Party Transactions”), on a *pari passu* basis pursuant to the terms of the Intercreditor Agreement.

Banca Transilvania Agreements

On July 14, 2014, RCS & RDS entered into two credit agreements with Banca Transilvania (the “**Banca Transilvania Agreements**”), for an aggregate amount of RON29.3 million. The Banca Transilvania Agreements were never drawn and expired on January 13, 2015 and July 12, 2015.

Santander Facility

On October 30, 2015, Digi Spain entered into a new €1.5 million short-term facility agreement with Banco Santander (the “**Santander Facility**”). This facility was renewed from October 21, 2016 for one additional year, and at the same time the limit was increased to €2.0 million, with maturity on October 21, 2017. As at December 31, 2016, the balance drawn under the Santander Facility was €1.1 million.

Caixa Facility

On February 6, 2014, Digi Spain entered into a facility agreement with Caixabank, S.A. (the “**Caixa Facility**”), containing an overdraft and a reverse factoring option. On January 30, 2015, we renewed the agreement and on July 28, 2015 we agreed an amendment to lower interest rates. On January 17, 2017, the agreement was renewed for a second time. The term of the Caixa Facility is indefinite and the maximum amount which can be used is €500,000. As at December 31, 2016, the balance drawn under the Caixa Facility overdraft was €0.4 million.

On October 21, 2016, Digi Spain entered into a short-term loan with Caixabank, S.A for €1.8 million with maturity on February 28, 2017, when the loan was repaid. As at December 31, 2016, the balance was €1.2 million.

BBVA Letter of Guarantee

As at December 31, 2016, Digi Spain had letters of guarantee issued by BBVA with a value of €0.4 million for which cash collateral in the amount of €0.1 million was deposited.

UniCredit Agreements

On October 5, 2010, RCS & RDS entered into a cash collateral agreement with UniCredit Bank, for €59,484 for the issuance of a letter of counter guarantee, which is valid until August 2017. The agreement entered into force on October 8, 2012, and is secured with a charge over a cash collateral account opened with UniCredit Tiriac S.A.

On December 15, 2015, RCS & RDS entered into an agreement with UniCredit Bank for an uncommitted overdraft/bank guarantee facility in the amount of €2.0 million. As at December 31, 2016 this facility remained undrawn.

Libra Loan Agreement

On February 25, 2016, RCS & RDS entered into a loan agreement for the aggregate amount of RON32.0 million repayable in 5 years with Libra Bank (the “**Libra Loan Agreement**”). We drew RON31.6 million under the Libra Loan Agreement and used the funding to acquire certain real property in Bucharest, which has been mortgaged in favor of Libra Bank as security for the Libra Loan Agreement. As at December 31, 2016 RON26.9 million (€5.9 million equivalent as at December 31, 2016) was outstanding under the Libra Loan Agreement.

OTP Bank Hungary Loan Agreement

In December 2016, Digi Hungary entered into a short term loan of HUF1,300 million (€4.2 million equivalent as at December 31, 2016) with OTP Bank plc in Hungary. Out of this loan, as at December 31, 2016, HUF500 million (€1.6 million equivalent as at December 31, 2016) was drawn and outstanding. The remaining amount was drawn in January 2017.

Short-term loans from converted dividends payable

On January 30, 2017, the the Company entered into two short-term loans with two of its minority shareholders (i) Carpathian Cable Investments S.à.R.L., for a principal amount of €6,627,844 and (ii) Celest Limited, for a principal amount of €1,504,039. Both loans represent converted dividends payable. The loans bear a 5% per annum interest rate, the repayment date being set for June 30, 2017. The loans are secured on a *pari passu* basis with the 2016 Notes, the Senior Facilities Agreement, the ING Facilities Agreement, the Citi Facilities Agreement and the BRD Letters of Guarantee Facility, pursuant to the terms of the Intercreditor Agreement. See “*Part 13—Additional information—25. Related Party Transactions*”.

Financial leasing agreements

As at December 31, 2016, we had four leasing agreements in place with a total outstanding value of approximately €5.8 million.

One of these leasing agreements is a sale-leaseback arrangement entered into on May 11, 2009 for part of our headquarters in Bucharest with ING Lease Romania IFN SA, which subsequently sold its interest to Raiffeisen Leasing IFN SA. In December 2015 this sale-leaseback arrangement was refinanced for €4.3 million. As at December 31, 2016, the outstanding amount under this sale-leaseback agreement was €3.1 million.

We also entered into a leasing agreement for a parcel of land in Poiana Brasov city, Brasov County, with a financed amount of €3.2 million (excluding VAT). As at December 31, 2016, the outstanding amount under this leasing agreement was €2.1 million.

In December 2015, we entered into two lease agreements with UniCredit Leasing IFN for two buildings in the Romanian cities of Timisoara and Arad for a total financed amount of €2.2 million. The lease agreement for the Timisoara property was terminated on August 11, 2016. As at December 31, 2016, the outstanding amount under this leasing agreement was €0.5 million.

The fourth lease agreement entered into as at December 31, 2016 is for a vehicle, and is not for a significant amount.

Pension obligations

Under the regulatory regimes applicable in our countries of operation, employers are required to make payments to a national social security fund for the benefit of employees. Other than these social security payments, we do not maintain any pension plans for employees and incur no pension obligations.

Contingent obligations

Apart from the commitments described above and in “Part 1—Risk Factors”, we have no material contingent obligations.

OFF-BALANCE SHEET ARRANGEMENTS

Other than commitments included under the caption “—Financial Obligations” we do not have any material off-balance sheet arrangements.

Following a detailed consultation period which began in July 2006, the IASB released IFRS 16 on lease accounting which will replace IAS 17 “Leases” and which will be effective for financial reporting periods beginning on or after January 1, 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU. Our management is in the process of assessing the impact of this new standard on the consolidated financial position or performance of the Group.

DIVIDEND POLICY

The Company intends to retain earnings and reinvest cashflows to capitalize on growth opportunities in its core markets.

The Company’s ability and intention to return capital to shareholders in the future will depend on the Company’s available investment opportunities, financial condition, results of operation, undertakings to creditors and other factors that the Board may deem relevant. Returns of capital to shareholders may be performed, at the discretion of the Company, through dividends.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to the following risks from the use of financial instruments: credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

Credit risk

Financial assets, which potentially subject us to credit risk, consist principally of trade and other receivables and cash and cash equivalents. Our credit risk is significantly concentrated in Romania and Hungary. As at December 31, 2016 we had €109.0 million of trade and other receivables. €89.4 million, or 82.1%, of our trade and other receivables were attributable to Romania, and €10.3 million, or 9.4%, were attributable to Hungary. Although collection of receivables could be influenced by economic factors, we believe that there is no significant risk of loss beyond the allowances already recorded.

Cash is placed in financial institutions which are considered at time of deposit to have minimal risk of default.

Our exposure to credit risk as at December 31, 2014, 2015 and 2016 was concentrated as follows:

	<u>As at December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>(€ millions)</u>		
Trade and other receivables ⁽¹⁾	109.9	82.5	109.0
Other assets	9.9	8.2	6.3
Cash and cash equivalents	53.7	49.4	14.3
Derivative assets	—	9.9	17.0
Long term receivables	4.6	2.9 ⁽²⁾	3.9
Total	<u>178.1</u>	<u>153.0</u>	<u>150.6</u>

(1) Net of impairment losses.

(2) Does not include “green certificates” generated from our electrical energy supply activities.

Impairment losses

The aging of trade receivables and other receivables as at December 31, 2014, 2015 and 2016 was:

	<u>Gross</u>	<u>Impairment</u>	<u>Gross</u>	<u>Impairment</u>	<u>Gross</u>	<u>Impairment</u>
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>
	(€ millions)					
Neither past due nor impaired	89.8	—	57.8	—	92.1	—
Past due but not impaired	30.0		33.0	—	23.2	—
Impaired	71.9	(71.9)	77.4	(77.4)	45.1	(45.1)
Total	191.7	(71.9)	168.2	(77.4)	160.3	(45.1)
Aging past due but not impaired						
Past Due less than 30 days ...	17.1		28.2		14.9	
Past Due 30-90 days	3.0		4.0		4.1	
Past Due 90-180 days	9.9		0.9		4.1	
Total	30.0		33.0		23.2	

The majority of receivables classified as Neither past due nor impaired refer to residential subscribers. Impairment allowances are cumulative, including all prior years. The movements in the allowance for impairment in respect of trade receivables during the years ended December 31, 2014, 2015 and 2016 were as follows:

	For the year ended December 31		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	(€ millions)		
Balance at January	67.0	71.9	77.4
Impairment loss recognized	8.0	10.1	9.1
Impairment related to receivables of discontinued operations	—	(1.6)	—
Reversed	(0.6)	—	—
Amounts written off	(1.8)	(2.3)	(41.4)
Effect of movement in exchange rates	(0.7)	(0.7)	(0.1)
Balance at December 31	72.0	77.4	45.1

Liquidity risk

Our liquidity policy aims to maintain sufficient liquid resources to meet our obligations as they fall due and to keep our leverage optimized. Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and working capital, while considering future cash flows from operations.

As a result of the volume and nature of the telecommunication business, our current liabilities exceed our current assets. A large part of our current liabilities is generated by investment activities. There is often a delay between the time we incur liabilities for investment activities and the time those activities begin to generate receivables. We believe that we will generate sufficient funds to cover the current liabilities from future revenue given the growth realized over the last years and the largely discretionary nature of our investment activities, which can be scaled down if necessary without a significant effect on our operations.

Currency risk

Our exposure to foreign currency risk as at December 31, 2014, 2015 and 2016 was as follows:

	As at December 31,					
	2014		2015		2016	
	USD	EUR	USD	EUR	USD	EUR
	(millions)					
Trade and other receivables	1.0	2.2	3.9	3.6	4.0	4.7
Cash and cash equivalents	0.1	49.7	0.1	3.1	—	5.5
Interest bearing loans and borrowings, including bonds	—	(686.6)	—	(446.2)	—	(352.8)
Bank overdraft	—	(4.0)	—	(4.8)	—	—
Finance lease liabilities	(5.4)	(2.6)	—	(8.8)	—	(5.8)
Trade and other payables	(28.2)	(47.1)	(36.7)	(42.3)	(47.7)	(59.9)
Gross statement of financial position exposure	(32.6)	(688.4)	(32.7)	(495.2)	(43.7)	(408.3)
Derivative financial instruments ⁽¹⁾	—	59.2	—	25.4	—	—
Gross exposure	(32.6)	(629.2)	(32.7)	(469.8)	(43.7)	(408.3)

(1) Represents amounts to be received as part of the interest rate swaps in place at the end of each period. See “—Derivative Financial Instruments.”

Since 2014, RCS & RDS has concluded three cross-currency swaps with ING Bank N.V., which converted the euro exposure under the 2013 Notes into RON. These swaps expired on September 23, 2016.

See “—Trends and Other Key Factors Impacting our Results of Operations—Exchange Rates.”

Sensitivity analysis

A 10% strengthening of the currencies listed below against the functional currencies of the Company and its subsidiaries as at December 31, 2014, 2015 and 2016 would have decreased equity and increased loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account any existing derivative financial instruments.

	December 31,		
	2014	2015	2016
	(equivalent in € millions)		
EUR	68.8	49.5	40.8
USD	2.7	3.0	4.1
Total	71.5	52.5	44.9

A 10% weakening of the above mentioned currencies against the functional currencies of the Group as at December 31, 2014, 2015 and 2016, respectively, would have had the equal but opposite effect on the equity and loss, assuming that all other variables remain constant.

Interest rate risk

Our income and operating cash flows are substantially independent of changes in market interest rates. We are exposed to interest rate risk (in euro) through market value fluctuations of interest-bearing borrowings. As at December 31, 2014, 2015 and 2016, the variable interest rate profile of our variable interest-bearing financial instruments was:

	<u>31 December 2016</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
	6 months or less	6 months or less	(unaudited) 6 months or less
Interest bearing payables	77.3	18.1	31.3
Finance lease liabilities	2.1	2.4	2.6
Senior Facilities Agreement	336.9	229.9	250.0
Derivative liability	5.3	6.6	—
Other	13.1	4.8	4.0
Total	434.8	261.7	287.9

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date, after giving effect to interest rate swaps, would have increased (decreased) profit or loss by:

	<u>Profit or loss (€ millions)</u>	
	<u>100 basis points increase</u>	<u>100 basis points decrease</u>
December 31, 2014		
Variable rate instruments (unaudited)	(2.4)	2.4

	<u>Profit or loss (€ millions)</u>	
	<u>100 basis points increase</u>	<u>100 basis points decrease</u>
December 31, 2015		
Variable rate instruments	(0.3)	0.3

	<u>Profit or loss (€ millions)</u>	
	<u>100 basis points increase</u>	<u>100 basis points decrease</u>
December 31, 2016		
Variable rate instruments	(1.9)	1.9

Fair value of financial instruments

Fair value is the amount for which a financial instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction.

Financial instruments carried on our balance sheet and measured at fair value include available-for-sale instruments, embedded derivatives, interest rate swaps, cross currency swaps, electricity trading assets (term contracts) and electricity trading liabilities (term contracts).

DERIVATIVE FINANCIAL INSTRUMENTS

As at December 31, 2016, we had both derivative financial liabilities and derivative financial assets.

As at December 31, 2016, we had electricity trading assets (term contracts) of €3.1 million, which represented mark-to-market gain from fair valuation of electricity trading contracts. We also had electricity trading liabilities (term contracts) of €11.0 million, which represented mark-to-market loss from fair valuation of electricity trading contracts.

As at December 31, 2016, we also had embedded derivatives of €13.9 million related to the 2016 Notes, which include several call options as well as one put option, similar to the 2013 Notes for which the Group's management has assessed the combined fair value of these embedded options for the 2013 Notes through an Option Adjusted Spread model (OAS model) in 2015. For the 2016 Notes the fair valuation was performed by a third party based on the option adjusted spread model. As at December 31, 2016 and 2015, the Group recognized a separate financial asset in relation to such embedded derivatives.

On May 22, 2015, the Company entered into an interest rate swap for the entire term loan facility under the 2015 Senior Facilities Agreement, which remains valid for the Senior Facilities Agreement, through which it hedges against the volatility of cash flows on its floating rate borrowings due to modification of market interest rates (i.e. ROBOR). For this purpose we use interest rate swaps, paying fixed and receiving variable cash flows on the same dates on which we settle the interest on our hedged borrowings.

In January 2016, we concluded an interest rate swap for the additional amount drawn on SFA Facility A in December 2015, which expires in April 2020. No changes were made to this swap when we entered into the Senior Facilities Agreement. As at December 31, 2016, we had a financial liability in relation to this swap of €5.3 million, compared to €6.1 million as at December 31, 2015.

ACCOUNTING POLICIES REQUIRING MANAGEMENT JUDGMENT AND DISCRETION

We prepare our financial statements in accordance with IFRS as adopted by the EU. Certain financial reporting standards under IFRS require us to make judgments or to use our discretion in determining the values to be recorded, as described in the notes to our audited financial statements included in “*Part 15—Historical Financial Information*” of this Prospectus. The most material of these include the following:

Valuation of Assets

Property, plant and equipment are carried:

- using the cost model, at purchase or construction cost less accumulated depreciation and accumulated impairment losses: land, vehicles, furniture and office equipment; or
- using the revaluation model, at a revalued amount, which is the fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses: buildings, cables, equipment and devices and CPE.

Land is not depreciated.

Property, plant and equipment is measured at cost upon initial recognition.

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to their present location and condition necessary for their intended use, and capitalised borrowing costs, when applicable.

The costs of internally developed networks include direct material and labor costs, as well as costs relating to subcontracting the development services.

Cost includes the cost of replacing part of the plant or equipment when that cost meets the recognition criteria. If an item of property, plant and equipment consists of several components with different estimated useful lives, the individual significant components are depreciated over their individual useful lives. Maintenance and repair costs are expensed as incurred.

Property, plant and equipment includes CPE, such as DTH, cable, Internet and 3G equipment in custody with customer, when the Group retains control over such assets.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

The fair value of property, plant and equipment carried under the revaluation model is the estimated amount for which property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of property, plant and equipment is based on the market approach and, where market approach cannot be used given the high degree of specialization of the asset being valued, cost approach. Market approach relies on quoted market prices for similar items when available or on valuation models that use inputs observable on the market. The cost approach relies on the determination of the depreciated replacement cost. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying amount of CPE in custody of customers with suspended services as at the reporting date is fully impaired.

Our non-current intangible assets other than goodwill (consisting primarily of software and licenses, our customer relationships and subscriber acquisition costs) are similarly recorded at cost, less accumulated amortization and impairment in value.

Customer relationships acquired directly from other companies are recognized at the cost of acquisition, which is the fair value of the consideration paid. Customer relationships obtained by acquiring control of certain companies are recognized at their fair value at the date of the acquisition and are presented separately from any goodwill resulting in the acquisition.

Intangible assets are amortized over their useful economic life. Determining the useful economic life of these assets requires discretion and judgment. We have established the useful life (and thus the amortization periods) for our various intangible assets as follows:

- for subscriber acquisition costs, the 2 year period of the initial contract with the subscriber;
- for customer relationships, generally 7 years (we recognize impairment losses if our relationship with customers is terminated before the subscriber acquisition costs or customer relationships, as applicable, are fully amortized);
- for mobile licenses, the 15 to 25 year period of the license;
- software licenses (including software related to telecommunication equipment), generally 3-8 years; and
- for other contractual intangible assets, over the underlying contract period.

The Company's program assets are recorded under current intangible assets. Advance payments for sports rights related to future seasons and for film and television rights are also presented as current intangible assets. When entering into contracts for the acquisition of broadcasting rights for national and international sports competitions, as well as contracts for the acquisition of film and television broadcasting rights, the rights acquired are classified as contractual commitments.

- Sports broadcasting rights for the current season are recognized at their acquisition cost, at the opening of the broadcasting period of the related sports season. Sports rights are amortized over the period they relate to on a straight line basis. Any rights not expected to be utilized are written off during the period.
- Film and television broadcasting rights are recognized at their acquisition cost, when the program is available for screening and are amortized over their broadcasting period.

Goodwill, which is also recorded under "intangible assets," represents the excess of the purchase price of a business operation that we have acquired over the net fair value of our interest in that business's assets, liabilities and contingent liabilities. Determining that net fair value requires management discretion and judgment. Under IFRS, goodwill is not amortized.

In addition, we are required under IFRS to assess most of our assets, including goodwill, for impairment at each financial year end, and more frequently if there is an indication that the asset may be impaired. This assessment compares the recoverable value of the asset against its carrying value and, if applicable, recognizes an impairment charge to bring the carrying value down to the recoverable value. Determining the residual value or the recoverable amount of these assets requires us to exercise discretion and judgment.

An asset's or cash generating unit's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Goodwill is tested, at least annually, for impairment, based on the recoverable amounts of the cash generating unit to which the goodwill has been allocated. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lower level within the Group at which the goodwill is monitored for internal management purposes. Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

Recoverable amounts for the cash generating units have been determined on the basis of fair value less costs to sell calculations using cash flow projections based on financial budgets approved by senior management covering a five-year period. Key assumptions used in the calculation of the recoverable amounts are revenue, EBITDA margins, discount rate, terminal value growth rate and capital expenditure.

Estimated useful lives

Depreciation is calculated on a straight-line basis to write off the recorded cost of the assets over their estimated useful lives.

The residual values, useful lives and the depreciation method of the assets are reviewed at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

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

The change of estimated useful lives was applied prospectively from January 1, 2016 onwards.

	<u>Prior Useful life</u>	<u>Revised Useful life</u>
Buildings	40-50 years	40-50 years
Fixed Network	15 years	up to 25 years
Mobile Radio Network (sites)	10 years	20 years
Equipment and devices	3-12 years	3-10 years
Customer premises equipment	5 years	5-10 years
Vehicles	5 years	5 years
Furniture and office equipment	3-9 years	3-9 years

As at December 31, 2016, management reviewed the estimated useful lives of mobile telephony licenses. For certain mobile telephony licenses there are options for extension, automatically exercisable upon the request of the Group. Consequently, useful lives were revised in order to match the current best estimate of the period over which these licenses will generate future economic benefits. Estimated useful lives for mobile telephony licenses are now between 15 and 25 years, where they had previously been 15 years.

Capitalization of Costs

We reflect costs in our income statement in the year to which those costs relate, except for situations where those costs meet the criteria for capitalization. As an example, we capitalize the costs of upgrading our FTTB/FTTH networks to GPON technology. We identify the following categories of costs that should be capitalized for property, plant and equipment: direct materials costs, proportionate direct labor costs and costs relating to subcontracting the development services. In line with other industry players, we capitalize the cost of acquiring programming for our own channels and amortize those assets over the period they relate to on a straight line basis. Costs for acquiring content programming distributed through our own channels are accounted for as a capital expenditure because such rights are generally either exclusive or shared with one other party and we acquire such rights to attract and retain customers.

Fees paid for channels produced by third-parties consist primarily of per subscriber fees and are accounted for as operating expenses.

Determining whether a certain cost meets the criteria for capitalization can involve management judgment and discretion.

Trade and other receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any doubtful debts. An estimate for doubtful debts allowance is made when collection of the full amount is no longer probable. We record allowances for bad debts and write-off uncollectible amounts when we identify them.

The Group considers evidence of impairment for trade and other receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant trade and other receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Available-for-sale assets

Available-for-sale assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in Other comprehensive income and accumulated in the fair value reserve. Available-for-sale assets comprised shares in RCS Management, not traded on active markets. The valuation model used to assess their fair value was based on the income approach. Cash flows were projected based on financial budgets approved by senior management covering a five-year period, after which a terminal annual revenue growth was used.

Derivative financial instruments

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Derivatives held for trading

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognized immediately in profit or loss.

Derivatives as hedging instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of a derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 to 125 percent.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the statement of profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit or loss as finance costs.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss as other operating expenses. Amounts recognized as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or

financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Embedded derivatives related to the bond (the Bonds include several call options as well as one put option, for which Management has assessed the combined fair value of these embedded options and recognized a separate embedded derivative asset): the fair value of the options embedded in the issued bonds was estimated using the OAS model. The OAS model basically compares the yield on a “plain vanilla” bond (i.e.: a bond no optionality features) with the yield on a similar bond but with the embedded options. The difference between the two yields represents the price of the embedded options. Thus the model directly provides a separate price for the entire optionality of the bonds.

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

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

Deferred tax liability and assets

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Discontinued operations

A discontinued operation is a component of the Group’s business, operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and Other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

PART 11
CAPITALIZATION AND INDEBTEDNESS

The table below sets out the Company's capitalization as at December 31, 2016.

The capitalization information has been extracted without material adjustment from the Group's financial information included in "Part 15—Historical Financial Information" as at December 31, 2016.

	December 31, 2016
	(€ millions)
Total current debt	
Guaranteed	—
Secured ⁽¹⁾	42.3
Unguaranteed/unsecured ⁽²⁾	1.8
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed	—
Secured ⁽¹⁾	661.5
Unguaranteed/unsecured ⁽³⁾	66.4
Shareholder's equity	
Share capital	0.1
Retained earnings	40.5
Other reserves	0.6
Non-controlling interest	1.4
Total	814.6

(1) Secured debt comprises current and non-current borrowings under the 2016 Notes, 2016 Facility Agreement, ING Agreements, Citi Facilities Agreement, Santander Facility, Caixa Facility, Libra Loan Agreement and OTP Bank Hungary Loan Agreement as described in "Part 10—Operating and Financial Review—Financial Obligations."

(2) Includes the current portion of obligations under finance leases as at December 31, 2016

(3) Includes the long-term portion of obligations under finance leases and derivative financial liabilities as at December 31, 2016.

Since December 31, 2016, the Group has converted a dividend owed to two shareholders into a short-term loan with the shareholders (as described in "Part 13—Additional Information—25. Related Party Transactions"). The short-term loan is not included as part of financial indebtedness.

There has been no material change in the Company's capitalization since December 31, 2016.

The indebtedness information has been sourced from the Group's unaudited accounting records as at December 31, 2016 and March 31, 2017.⁽¹⁾

	December 31, 2016	March 31, 2017
	(€ millions)	(€ millions)
Cash	14.6	8.7
Cash equivalent	—	—
Trading securities	—	—
Liquidity	14.6	8.7
Current Financial Receivable	—	—
Current bank debt	7.2	11.6
Current portion of non-current debt	35.0	38.4
Other current financial debt ⁽²⁾	1.8	1.8
Current Financial Debt	44.0	51.8
Net Current Financial Indebtedness	29.4	43.1
Non-current bank loans	311.9	310.9
Bonds issued	349.6	349.3
Outstanding derivatives	16.4	9.9
Other non-current loans and financing ⁽³⁾	50.1	46.3
Non-Current Financial Indebtedness	728.0	716.5
Net Financial Indebtedness	757.4	759.6

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- (1) The figures in the table represent the numbers available in the Company's unaudited management accounts for March 31, 2017, which were available at the date of the Prospectus.
 - (2) Includes Obligations under finance leases current portion as at March 31, 2017.
 - (3) Includes long-term trade payables relating to reverse factoring and vendor financing arrangements, as well as obligations under finance leases long-term portion and Derivative financial liabilities as at March 31, 2017.

The Group has no indirect and contingent indebtedness.

PART 12 DETAILS OF THE OFFER

1. BACKGROUND AND OVERVIEW OF THE OFFER

The Selling Shareholders are collectively expected to offer up to 21,744,108 Offer Shares so as to raise expected gross proceeds, in aggregate, for the Selling Shareholders of up to RON1,218 million. The Company will not receive any of the proceeds from the sale of the Offer Shares, all of which will be paid to the Selling Shareholders.

Certain restrictions that apply to the distribution of this document and the Offer Shares being sold under the Offer in jurisdictions outside Romania are described below.

When admitted to trading on the Bucharest Stock Exchange, the Offer Shares will be registered with the ISIN NL0012294474 and trade under the symbol “DIGI.”

Immediately following Admission, it is expected that 100% of the Offer Shares will be held by the public (within the meaning of the Romanian law).

The successful closing of the Offer will be subject, inter alia, to the determination of the Offer Price and each of the Company’s, the Selling Shareholders’ and the Joint Global Co-ordinators’ decisions to proceed with the Offer. It will also be subject to the satisfaction of conditions contained in the Underwriting Agreement and to the Underwriting Agreement not having been terminated. Further details of the Underwriting Agreement are set out in paragraph 16 of “*Part 13—Additional Information.*”

The rights attaching to the Offer Shares sold pursuant to the Offer, including any Offer Shares sold pursuant to the Over-allotment Option, will be uniform in all respects, including the right to vote and the right to receive all dividends and other distributions declared, made or paid in respect of the Company’s share capital after Admission, but will have lower voting rights compared to the Class A Shares. The Offer Shares will, immediately on and from Admission, be freely transferable under the Articles.

This section should be read in conjunction with the section entitled “*Part 4—Expected Timetable of Principal Events and Offer Statistics.*”

2. REASONS FOR THE OFFER AND USE OF PROCEEDS

Through the sale of Offer Shares pursuant to the Offer, the Selling Shareholders are expected to raise, in aggregate, RON1,218 million (assuming that the Offer Price is set at the top of the Price Range, the Share Offer Size is set at the Maximum Share Offer Size and no exercise of the Over-allotment Option) before taking into account the fees and expenses. On that basis, the aggregate underwriting commissions, expenses and any amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Offer are estimated to be up to approximately RON41 million.

The Directors believe that the Offer will:

- further increase the Group’s profile, brand recognition and credibility with its customers, suppliers and employees;
- assist in attracting, recruiting, retaining and incentivizing key management and employees; and
- provide a realization, in whole or in part, of the investment in the Group by certain of its existing shareholders.

No proceeds from the Offer will be received by the Company.

3. OFFER SIZE, OFFER TRANCHES AND OFFER PRICE

3.1 Offer Size

The Offer comprises an offer of up to 21,744,108 Offer Shares.

The actual number of Offer Shares to be sold by the Selling Shareholders in the Offer will be jointly agreed by the Company and the Selling Shareholders in consultation with the Joint Global Co-ordinators at the time the Offer Price is determined. In addition, further Offer Shares representing approximately 10% of the Offer (up to 2,174,411 Offer Shares) will be made available by the Over-allotment Shareholders pursuant to the Over-allotment Option described below.

A number of factors will be considered in determining the actual number of Offer Shares to be sold by the Selling Shareholders in the Offer and the basis of allocation, including the level and nature of demand for the Offer Shares during the bookbuilding process, the level of demand in the Retail Tranche, prevailing market conditions and the objective of establishing an orderly after-market in the Offer Shares. The actual number of Offer Shares to be sold by the Selling Shareholders in the Offer will be established at a level determined in accordance with these arrangements, taking into account indications of interest received (whether before or after the times and/or dates stated).

3.2 Offer tranches

Any Romanian or foreign investor, individual or entity (with or without legal personality) may participate in the Offer, except for those investors whose application in the Offer would constitute a violation of any applicable law (including also persons under 18 years of age). Investors who intend to apply for Offer Shares must be aware of, and comply with the laws, restrictions and limitations applicable to the Offer in their jurisdictions and the restrictions and limitations set out below. By purchasing the Offer Shares, investors undertake any liability arising in the event that such purchase is deemed unlawful under their country of residence.

The Offer is split into two tranches:

- the Institutional Tranche to be addressed to (i) certain Qualified Investors in the European Union and elsewhere outside the United States in reliance on Regulation S and (ii) in the United States, only to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, which shall consist of an initial number of 18,482,492 Offer Shares, representing 85% of the initial number of Offer Shares; and
- the Retail Tranche to be addressed to Retail Investors (being any individual or legal person other than Institutional Investors) via a public offer in Romania, which shall consist of an initial number of 3,261,616 Offer Shares, representing 15% of the initial number of Offer Shares.

Any additional number of Offer Shares that may be offered for sale during the Offer as a result of the exercise of the Over-allotment Option shall be allocated between the Institutional Tranche and the Retail Tranche at the sole discretion of the Company and the Selling Shareholders, following consultation with the Joint Global Co-ordinators.

On the Allocation Date, 5% of the full number of Offer Shares could be re-allocated from the Institutional Tranche to the Retail Tranche at the sole discretion of the Company and the Selling Shareholders, following consultation with the Joint Global Co-ordinators. The Company and the Selling Shareholders may jointly decide, following consultation with the Joint Global Co-ordinators, on an additional re-allocation of Offer Shares from the Institutional Tranche to the Retail Tranche, on the Allocation Date. See paragraph 6 of this “*Part 12—Details of the Offer.*”

A re-allocation between tranches shall neither require nor be deemed as an amendment to the Prospectus.

The Offer Shares offered within each of the offer tranches above are of the same class (ordinary class B shares), are subject to the same legal provisions and confer the same rights and obligations to their owners.

There are no tranches specially reserved to certain markets.

3.3 Offer Price

It is currently expected that the Offer Price will be set in the Price Range, *i.e.*, between RON38 and RON56 per Offer Share, but the Offer Price may be set within, above or below that Price Range.

The Offer Price will be jointly agreed by the Company and the Selling Shareholders in consultation with the Joint Global Co-ordinators after the completion of a bookbuilding process among Institutional Investors.

The bookbuilding process will run between April 27, 2017 and May 10, 2017 (as further set out in “*Part 4—Expected Timetable of Principal Events and Offer Statistics*”), but this period may be extended at the discretion of the Joint Global Co-ordinators (with the agreement of the Company and the Selling Shareholders). During the bookbuilding process, the Joint Global Co-ordinators will solicit from prospective investors indications of interest in acquiring Offer Shares under the Institutional Tranche. Prospective Institutional Investors will be required to specify the number of Offer Shares which they would be prepared to acquire and the related price. There is no minimum or maximum number of Offer Shares which can be applied for under the Institutional Tranche.

A number of factors will be considered in determining the Offer Price, the Share Offer Size and the basis of allocation, including the level and nature of demand for the Offer Shares during the bookbuilding process, the level of demand in the Retail Tranche, prevailing market conditions and the objective of establishing an orderly after-market in the Offer Shares. The Offer Price will be established taking into account indications of interest received (whether before or after the times and/or dates stated). Accordingly, the Offer Price will not necessarily be the highest price at which all of the Offer Shares subject to the Offer could be issued or sold.

Retail Investors must apply for Offer Shares at the fixed price of RON56 (i.e., the top of the Price Range).

Retail Investors are entitled to:

- a discount of 7% of the Offer Price for applications validly made in the first 5 Business Days of the Offer Period (i.e., by and including May 5, 2017); and
- a discount of 3% of the Offer Price for applications validly made in the 6th until the 8th Business Day of the Offer Period (i.e., from and including May 8, 2017 and by and including May 10, 2017).

The application of the discount for the Offer Shares purchased within the Retail Tranche will depend on the moment of registration of the trading order in the trading system of the Bucharest Stock Exchange. As a result of this discount, the Offer Price per Offer Share, for applications made by Retail Investors during the Offer Period, could be lower than the lower limit of the Price Range. This shall neither require nor be deemed as an amendment to this Prospectus.

In the event that the price resulting from the application of the discount to the Retail Tranche is not a price tick acceptable to the system of the Bucharest Stock Exchange, the discounted price per Offer Share shall be rounded up to the immediately acceptable higher price tick (so that the second decimal is either 0 or 5). Institutional Investors may indicate their interest for acquiring Offer Shares at any price within the Price Range, including the bottom and the top of the Price Range. The price tick for the expression of interest in Offer Shares by Institutional Investors is RON0.01.

In the Retail Tranche, the Offer Shares will be sold at the Offer Price (discounted as set out above). In the Institutional Tranche, the Offer Shares will be sold at the Offer Price but only to those Institutional Investors who indicated their interest to purchase Offer Shares at a price at least equal to, or higher than, the Offer Price.

Payment of the respective application price for Offer Shares by Retail Investors must be made as set out in paragraph 5 of this “*Part 12—Details of the Offer*” and payment of the respective application price for Offer Shares by Institutional Investors must be made as set out in paragraph 4 of “*Part 12—Details of the Offer*.”

Bank charges or any other charges, including any applicable commissions of the relevant market institutions, relating to the payment of the Offer Price shall be borne separately by the investors. Such charges cannot be quantified by the Company, the Selling Shareholders, or the Underwriters. The investors will not bear any additional costs or taxes in connection with the submission of applications for the purchase of Offer Shares, except for the costs (if any) associated with opening and maintaining a securities account (unless such investor already has an account) and any broker’s commissions payable under any relevant agreements or pursuant to the regulations of the entity accepting such application.

If the Offer Price (discounted or not, as applicable) is lower than the price paid by an investor for each Offer Share for which it applied, then the investor shall be returned consideration of an amount equal to the difference between:

- (i) the total consideration paid in advance by that investor for the Offer Shares that it applied for; and
- (ii) the number of Offer Shares sold to the relevant investor multiplied by the Offer Price (discounted or not, as applicable).

Each investor who applied for Offer Shares in the Offering shall be returned the total consideration paid in advance by that investor for the Offer Shares, if:

- (i) the Offer is not successfully closed (see paragraph 1 of this Part) and, as a consequence, all applications are rejected, or if the Admission is refused;
- (ii) an application from a Retail Investor is not validated; and/or
- (iii) an application is withdrawn in case a supplementary prospectus is published under the provisions of this Prospectus.

In each case, consideration will be returned without interest and less any bank transfer commissions and any applicable commissions of the relevant market institutions. This amount shall be returned to the bank account indicated by each investor in the application form submitted in relation to the application for Offer Shares, in the investment services agreement concluded (or as otherwise agreed) with the Underwriter or Eligible Participant with whom the application is made, as applicable, and it shall be returned within 5 (five) Business Days as of the expiry of the Offer Period or of the date when all applications were rejected (as a result of the Offer not being successfully closed) (as the case may be). In the event the Admission is refused, the funds will be reimbursed to investors in accordance with Regulation 1/2006 on issuers and operations with securities (as amended). In no event shall this amount be returned later than 3 (three) Business Days from the date the funds reimbursement application has been received. No interest shall be payable to investors in respect of such amounts.

If an investor has indicated more than one account for the reimbursement of any such amounts, the whole amount may be reimbursed to only one of the accounts at the discretion of the Underwriters or Eligible Participant. Payments to the investors' bank accounts will be made first to the investors who made valid applications and subsequently to the investors who made invalid applications. The Underwriters will not be liable for any failure to transfer such amounts which occurred as a result of the information provided by an investor for such purposes having been incomplete or incorrect.

3.4 Pricing Statement

The Offer Price will be jointly agreed by the Company and the Selling Shareholders in consultation with the Joint Global Co-ordinators and is expected to be announced on the Allocation Date, through the Pricing Statement. The Pricing Statement, which will also contain the number of Offer Shares allocated to each of the two tranches of the Offer and, in the case of the Retail Tranche, the *pro rata* allocation factor calculated for this tranche (if the case may be), will be published as a press release in printed form and available free of charge at the registered office of the Company at 75 Dr. Staicovici street, Forum 2000 building, Phase I, fourth floor, 5th district, Bucharest, Romania, as well as, in electronic form and available on the Company's website at www.digi-communications.ro, on the website of the Bucharest Stock Exchange at www.bvb.ro and on the websites of BT Capital Partners S.A. at www.btcapitalpartners.ro, BRD—Groupe Société Générale S.A. at www.brd.ro and Raiffeisen Bank S.A. at www.raiffeisen.ro. The Pricing Statement will also be filed with the AFM. The Company, the Joint Global Co-ordinators and the Selling Shareholders reserve the right to increase or decrease the aggregate number of Offer Shares sold under the Offer, and any such change will be disclosed in the Pricing Statement.

Any change of the Price Range on the last day of the Offer will result in the Offer being extended by at least two Business Days; any change of the Price Range on the day prior to the last day of the Offer will result in the Offer being extended by at least one Business Day. In this case, if the Offer for Retail Investors would already have closed, this Offer for Retail Investors would be reopened. Accordingly, all investors, including Retail Investors, will have at least two Business Days to reconsider their subscriptions.

If the Offer Price Range is changed, Retail Investors would have a statutory right to withdraw their subscriptions for Offer Shares, but (i) if the subscription for Offer Shares is not withdrawn within the stipulated period or (ii) if payment evidence (see paragraph 5.2 of "*Part 12—Details of the Offer*") is not provided by the relevant Retail Investors within the stipulated withdrawal period to the Underwriter or the Eligible Participant (as the case may be), through which the subscription has been made then any subscription for Offer Shares in the Offer will remain valid and binding. It will remain valid and binding for the number of Offer Shares equal to the nearest natural number, rounding down, resulting from the sum certified through the payment evidence divided by the Offer Price (if the Offer Price is higher than higher end of the initial Price Range). The payment evidence in (ii) above must provide for the difference between the product of the subscribed Offer Shares multiplied by the higher end of the changed Price Range and the product of the subscribed Offer Shares multiplied by the higher end of the initial Price Range.

Upon a change of the Maximum Share Offer Size, references to Offer Shares in this Prospectus should be read as referring to the amended number of Offer Shares and references to Over-allotment Shares should be read as referring to the amended number of Over-allotment Shares. Any such change in the Maximum Share Offer Size and/or the Price Range will be announced in a press release that will also be posted on the Company's website.

4. THE INSTITUTIONAL TRANCHE

Under the Institutional Tranche, the Shares will be offered to Institutional Investors. Certain restrictions that apply to the distribution of this document and the offer and sale of the Offer Shares in jurisdictions outside Romania are described in paragraph 14 of this "*Part 12—Details of the Offer*."

The latest time and date for indications of interest in acquiring Offer Shares under the Institutional Tranche are set out in “*Part 4—Expected Timetable of Principal Events and Offer Statistics*” but that time may be extended at the discretion of the Joint Global Co-ordinators (with the agreement of the Company and the Selling Shareholders). Each investor in the Institutional Tranche will be required to undertake to pay the Offer Price for the Offer Shares sold to such investor in such manner as shall be directed by the Underwriters.

Participants in the Institutional Tranche will be notified verbally, by email or by other means agreed with the Joint Global Co-ordinators or Joint Bookrunners of the number of Offer Shares that they have been allocated as soon as practicable following pricing and allocation, and in any event they are expected to be notified by 6:00 p.m. on May 11, 2017. Each prospective investor in the Institutional Tranche will be contractually committed to acquire the number of Offer Shares allocated to it at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory withdrawal rights, otherwise withdraw from, such commitment.

5. THE RETAIL TRANCHE

5.1 General

The Retail Tranche is addressed to Retail Investors in Romania only. Individuals who are aged 18 or over, companies and other bodies corporate, partnerships, trusts, associations and other unincorporated organisations are permitted to apply to purchase Offer Shares in the Retail Tranche.

Applications for the purchase of Offer Shares in the Retail Tranche can be made during the Offer Period from April 28, 2017 to May 10, 2017, namely 8 Romanian Business Days, each Business Day during the working hours of the Underwriters or Eligible Participants, as the case may be, and between 9:00 a.m. and 12:00 p.m. (EET) on the last day of the Offer Period.

Retail Investors can apply to purchase the Offer Shares through:

- Raiffeisen Bank S.A.—at its offices at By Tower Building, 246D Calea Floreasca, 1st District, Bucharest, Romania and the units at the addresses listed in Appendix A;
- BRD—Groupe Société Générale S.A.—at its headquarters at BRD Tower, 1-7 Ion Mihalache Blvd. 1st District, Bucharest, Romania and the units at the addresses listed in Appendix A;
- BT Capital Partners S.A.—at its headquarters at Constantin Brancusi 74-76, ground floor, Cluj-Napoca, Romania and the units of BT Capital Partners S.A. and Banca Transilvania S.A. at the addresses listed in Appendix A; and
- any Eligible Participant (as defined below), at their respective authorised venues.

Eligible Participants means any intermediaries (other than the Underwriters), which are investment companies or credit institutions qualified as participants to the trading system of the Bucharest Stock Exchange and which (i) have signed an Engagement Letter and (ii) have transmitted such Engagement Letter to BRD—Groupe Société Générale S.A. A list of the Eligible Participants shall be published on the website of the Bucharest Stock Exchange at www.bvb.ro.

Eligible Participants may not accept, register, process and validate applications for Offer Shares prior to the execution and submission to BRD of an original copy of the Engagement Letter. Each Eligible Participant must comply, and must ensure that its internal systems allow it to comply, with the requirements set out in this Prospectus including, without being limited to, the requirements regarding the availability of funds and the settlement of the transactions carried out following the acceptance of applications by the respective Eligible Participant. The Underwriters will not be liable for any non-compliance with the requirements set out in this Prospectus by any Eligible Participant.

Any placement of application/purchase orders with participants who are not Eligible Participants shall not be taken into consideration and the Company, the Selling Shareholders and the Underwriters shall have no liability whatsoever in relation thereto.

Trading orders corresponding to each application for Offer Shares made by Retail Investors will be registered, during the Offer Period, in the Bucharest Stock Exchange system dedicated to public offerings, by the Underwriters or the Eligible Participant which received and validated the respective application, as applicable.

An application for Offer Shares in the Retail Tranche means that the applicant investor agrees to acquire the Offer Shares at the Offer Price (subject to any applicable discount as set out in paragraph 3.3 of this “*Part 12—Details of the Offer*”). Each investor must comply with the appropriate money laundering checks required by the relevant Underwriter or the Eligible Participant through whom they have applied for Offer Shares.

In making an application, each Retail Investor will also be required to represent and warrant, among others, that they are not located in the United States and are not acting on behalf of anyone located in the United States.

The Eligible Participants may prepare certain materials for distribution or may otherwise provide information or advice to Retail Investors, subject to the terms of the Terms and Conditions of the Retail Tranche (further details of which are set out at paragraph 16 of this “*Part 12—Details of the Offer*”). Any such materials, information or advice are solely the responsibility of the Eligible Participants and will not be reviewed or approved by any of the Underwriters, the Selling Shareholders or the Company. Any liability relating to such documents will be for the Eligible Participants only.

Each investor who applies for Offer Shares in the Retail Tranche shall, by submitting an application for Offer Shares, be deemed to acknowledge and agree that such investor is not relying on any information or representation other than as is contained in the Prospectus, the Pricing Statement or any supplementary prospectus, that if the laws of any jurisdiction outside Romania are applicable to such investor’s agreement with the Underwriter or Eligible Participant with whom the application for the purchase of Offer Shares is made, such investor has complied with all such laws and none of the Company, the Selling Shareholders or the Underwriters will infringe any laws of any jurisdiction outside Romania as a result of such investor’s rights and obligations under such investor’s agreement, and that such investor’s personal information may be held and used by the Underwriter or the Eligible Participant with whom the application is made, the Selling Shareholders or the Company for purposes relating to the Offer, which may include providing its details to third parties for the purpose of performing credit reference checks, money laundering checks and making tax returns, and keeping a record of applicants under the Offer for a reasonable period of time.

5.2 Application procedures

By applying to purchase Offer Shares in the Retail Tranche, each Retail Investor confirms having read this Prospectus, having unconditionally accepted the terms and conditions set out in this Prospectus and having made the application to purchase Offer Shares according to the terms included in this Prospectus and warrants to the Selling Shareholders, the Company and the Underwriters that he/she/it is an investor who may lawfully purchase the Offer Shares (without being subject to any restriction or limitation) under its jurisdiction of residence. Any application made in breach of this Prospectus or in breach of applicable law shall be invalid and shall be cancelled.

Retail Investors will be deemed to have invested solely on the basis of the Prospectus, together with any supplements thereto, the Pricing Statement and their respective application for the purchase of Offer Shares.

Retail Investors may submit one or more applications for the purchase of Offer Shares, in accordance with the procedures set forth herein. Multiple applications must be placed only with the same Underwriter or Eligible Participant.

In the Retail Tranche, the minimum number of Offer Shares that may be applied for by a Retail Investor is the equivalent of 50.

The following Retail Investors can apply for Offer Shares only at the headquarters of Raiffeisen Bank, BRD and BTCP, as set out above in paragraph 5.1 of this “*Part 12—Details of the Offer*” and/or Eligible Participants who accept their application and not through the respective units of the Underwriters listed in Appendix A—Distribution Network for Retail Investors:

- Retail Investors who are resident/non-resident individuals or resident entities and use the services of a custodian agent or submit a bank guarantee letter or a settlement commitment letter from an Underwriter (as set out below); and
- Retail Investors who are non-resident legal entities, irrespective of whether they are using the services of a custodian agent.

An application for Offer Shares by a Retail Investor is made by submitting an application form, together with a payment evidence and the requested documents (see paragraph 5.3 of this “*Part 12—Details of the Offer*”).

Applications for Offer Shares will not be validated where:

- the amount transferred into the Collection Accounts or indicated in the settlement commitment statement or the bank guarantee is less than the number of Offer Shares applied for by that Retail Investor multiplied by the top of the Offer Price Range; or
- the application procedures were not complied with.

Applications for purchases of Offer Shares made by Retail Investors will be registered, during the Offer Period, in the “*Public Offering Market*” electronic system of the Bucharest Stock Exchange, by the Underwriter or the Eligible Participant, as the case may be, who received and validated the respective application, on condition that, by the end of the last banking day of the Offer Period, the application be accompanied by the application documents (if the case) and by one of the following documents (each a “Payment Evidence for **Retail Investors**”):

1. Evidence of payment of the amount equal to the top of the Price Range multiplied by the number of Offer Shares indicated in the application submitted by the relevant investor via:
 - (a) bank transfer in the Collection Accounts
 - (i) having the IBAN RO67 BRDE 427S V000 6005 4270 opened with BRD—Groupe Société Générale S.A., if the application is made through BRD—Groupe Société Générale S.A.;
 - (ii) having the IBAN RO93 RZBR 0000 0600 0459 2833 opened with Raiffeisen Bank S.A., if the application is made through Raiffeisen Bank S.A.;
 - (iii) having the IBAN RO73BTRL0130120292569000 opened with Banca Transilvania, if the application is made through BT Capital Partners and Banca Transilvania;
 - (b) bank transfer or in cash, if the application is made through an Eligible Participant, depending on the internal procedures of the respective Eligible Participants, as applicable, as communicated by each Eligible Participant to the relevant Retail Investors; or, if the case,
 - (c) bank transfer, in the client account opened with the Underwriter or Eligible Participant through which the application for the purchase of Offer Shares is being made, in case the relevant investor has concluded a valid investment agreement with such Underwriter or Eligible Participant,

provided that the relevant Collection Account is credited no later than 15:00 EET on the last Business Day of the Offer Period.

The payment order must contain the personal number / passport number / identification code of the Retail Investor. The account number to be filled in by a Retail Investor in the application form must be the number of the account out of which the value of the application is effectively transferred except where the relevant amount is transferred directly in cash (in case of an application through an Eligible Participant that has internal procedures allowing cash payments). The amounts transferred by the Retail Investor in the relevant bank or client account will not bear interest in favor of such investor.

An application for the purchase of Offer Shares by a Retail Investor cannot be covered by a mix of amounts available in the client account(s) and a payment order directly into a bank account for the remaining amount. The existing cash from the client account opened with an Underwriter or Eligible Participant which is designed for the payment of Offer Shares cannot be used by the Retail Investor for other transactions.

Combining more than one payment order for one single valid application is not permitted. The price for the purchased Offer Shares does not include the bank fees or other applicable charges, including any applicable fees and commissions of the relevant market institutions. The investors must take into consideration the charges applicable to bank transfers and duration of bank transfers.

The Underwriters will not be held responsible if, for reasons outside their control, the relevant bank or client account(s) are not effectively credited with the amounts representing the value of the application by 15:00 (EET) on the last banking day of the Offer Period; or

2. a settlement commitment statement issued by the custodian agent undertaking the responsibility for the settlement; or
3. letter of bank guarantee issued by a credit institution from the European Union for the purpose of covering the settlement risk undertaken by the Underwriter or Eligible Participant, as the case may be, with whom the application is made; or
4. written statement from the Underwriter or Eligible Participant, as the case may be, with whom the application is made undertaking responsibility for the settlement for the value of the application, in accordance with the limitations imposed by the FSA.

Applications for the purchase of Offer Shares shall only be considered for the amount effectively transferred to the relevant Collection Account or client account(s) or validly indicated in the commitments mentioned under items (2)-(4) above.

If the amount transferred by a Retail Investor to the relevant Collection Account or client account(s) or indicated in the commitments mentioned under items (2)-(4) above is higher than the top of the Price Range multiplied by the number of Offer Shares indicated by that Retail Investor in its application, the application will only be validated for the number of Offer Shares mentioned in the respective application.

If the amount transferred by a Retail Investor to the relevant Collection Account or client account(s) or indicated in the commitments mentioned under items (2)-(4) above is lower than the top of the Price Range multiplied by the number of Offer Shares indicated by that Retail Investor in its application, or if the application procedures herein were not complied with, the application of such Retail Investor will be invalidated for the entire number of Offer Shares applied for, and the investor shall be reimbursed the amount transferred by it within 5 (five) Business Days from the closing of the Offer Period.

Applications for Offer Shares that are not validated will not be considered in the allocation process.

Any reimbursements to investors shall be without interest and less of any bank transfer commissions and any applicable commissions of the relevant market institutions, to the bank account indicated by each investor in the application form submitted in relation to the purchase of Offer Shares, in the investment services agreement or as otherwise agreed with the Underwriter or Eligible Participant with whom the application is made, as applicable. No interest shall be payable to investors in respect of such amounts. If an investor has indicated more than one account for the reimbursement of any such amounts, the whole amount may be reimbursed to only one of the accounts at the discretion of the Underwriter or Eligible Participant.

The price of the Offer Shares does not include the bank fees or other applicable charges. The investors must take into consideration the charges applicable to bank transfers and duration of bank transfers.

5.3 Application documents

In case a Retail Investor has concluded an investment services agreement with an Underwriter with whom applications in the Retail Tranche may be made in accordance with this Prospectus or Eligible Participant, as the case may be, such investor may validly apply to purchase Offer Shares on the basis of orders given pursuant to such agreement and by any means of communication provided by such an agreement, accompanied by the Payment Evidence for Retail Investors, without being required to submit the application form or the other documentation mentioned below, unless any changes occurred in relation to his/her/its identification details since the latest update transmitted to the relevant Underwriter or Eligible Participant, as the case may be.

In all other cases in which a Retail Investor has not concluded an investment services agreement with an Underwriter with whom applications in the Retail Tranche may be made in accordance with this Prospectus or Eligible Participant, as the case may be, such investor may validly apply to purchase Offer Shares by filling-in and signing an application form, in 2 (two) original counterparts, accompanied by the Payment Evidence for Retail Investors and the documents mentioned below.

The application form is available at the authorized locations of the Underwriters, a list of which is attached hereto in Appendix A—Distribution Network for Retail Investors, and of the Eligible Participants and must be accompanied by the following documents:

- | | | |
|-----------|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A. | Resident individuals applying for the purchase of Offer Shares in their own name: | ID (original and copy) |
| B. | Resident individuals applying for the purchase of Offer Shares in the name of other individuals: | ID (original and copy) of the representative and the ID (in copy) of the represented individual
Notarized power of attorney for the representative (original and copy) |
| C. | Resident individuals with no legal capacity (impaired judgement) or placed under guardianship: | ID (original and copy) of the resident individual applying for the purchase of Offer Shares for the represented individual and the ID of the person with no legal capacity (copy)
Passport (original and copy) and/or residence permit (original and copy) of the individual applying for the |

purchase of Offer Shares for the person with no legal capacity—applicable only to foreign citizens

The guardianship document or, as appropriate, the trustee or the special trustee document

D. Non-resident individuals applying for the purchase of Offer Shares in their own name:

Passport and proof of domicile if it's not stated on the passport or ID issued by a member state of the EEA (original and copy)

E. Non-resident individuals applying for the purchase of Offer Shares through resident authorized representatives:

Passport and proof of domicile if it's not stated on the passport or ID issued by a member state of the EEA (copy) for the represented individual

ID for the authorized representative (original and copy)

The notarized (and, if the case, apostilled) power of attorney for the representative (copy)

F. Resident corporate entities applying for the purchase of Offer Shares in their own name:

Registration certificate issued by the Trade Registry (copy)

Up-to-date articles of association/statute (certified copy for its conformity with the original by the legal representative of the legal person)

Ascertaining certificate (*certificat constatator*) issued by the Trade Registry dated no more than 30 Business Days prior to the date of application (original)

Power of attorney/mandate in original for the person(s) signing the application form, issued as stipulated by the constitutive act or proof that the person concerned is legally representing the applicant corporate entity, with individual representation right (if the company is collectively represented by two or more persons who all are present for the signing of the application form, such proof shall be presented for all such persons) (power of attorney in original and any other documents certified for their conformity with the original by the legal representative of the legal entity)

ID (original and copy) of the person applying for the purchase of Offer Shares in the name of the legal person

G. Non-resident corporate entities applying for the purchase of Offer Shares in their own name:

Registration or incorporation certificate issued by the trade registry or equivalent institution from the jurisdiction of incorporation, if existing (copy)

Up-to-date articles of association/statute (certified copy as true to the original by the legal representative of the non-resident corporate entity)

Ascertaining certificate/ certificate of current standing or equivalent documents issued by the trade registry or equivalent institution from the jurisdiction of incorporation or, if no institution is authorized to issue such certificate, any other document evidencing the legal representatives of the relevant corporate entity (original), dated no more than 30 Business Days prior to the date of application (original); such corporate document of the non-resident corporate entity shall set out clearly whether the legal representatives are entitled to act individually or jointly

In case applications are made through a person other than the legal representative(s) of the non-resident corporate entity,

the power of attorney/mandate signed by the legal representatives of the non-resident corporate entity empowering the respective person to apply for the purchase of Offer Shares on behalf of the non-resident corporate entity in the Offer Shares (original and copy)

IDs for the person making the application as legal representative or attorney in fact of the non-resident corporate entity: passport and proof of domicile if it's not stated on the passport, ID (for citizens of EU/EEA) (copy)

H. Non-resident corporate entities applying for the purchase of Offer Shares through a resident corporate entity

Registration or incorporation certificate issued by the trade registry or equivalent institution from the jurisdiction of incorporation, if existing (copy)

Up-to-date articles of association/statute (certified copy as true to the original by the legal representative of the non-resident corporate entity)

Ascertaining certificate/ certificate of current standing or equivalent documents issued by the trade registry or equivalent institution from the jurisdiction of incorporation or, if no institution is authorized to issue such certificate, any other document evidencing the legal representatives of the relevant corporate entity (original), dated no more than 30 Business Days prior to the date of application (original); such corporate document of the non-resident corporate entity shall set out clearly whether the legal representatives are entitled to act individually or jointly

Registration certificate for the representing resident corporate entity issued by the Trade Registry (copy)

Up-to-date articles of association/statute of the representing resident corporate entity (certified copy as true to the original by the legal representative of the legal person)

Ascertaining certificate (*certificat constatator*) for the representing resident corporate entity issued by the Trade Registry dated no more than 30 Business Days prior to the date of application (original)

ID for the legal representative of the representing resident corporate entity applying for the purchase of Offer Shares on behalf of the non-resident corporate entity (original and copy)

Power of attorney signed by the legal representative(s) of the non-resident corporate entity empowering the resident corporate entity to apply for the purchase of Offer Shares

I. IFIs

Articles of association/statute of the IFI or a copy of Romanian law whereby Romania accepts or adheres to the articles of association/statute of the relevant IFI

Power of attorney/Certificate empowering the person who will sign the application form to apply for the purchase of Offer Shares on behalf of the IFI (in original or notarized copy)

ID for the person who signs the application form on behalf of the IFI (copy)

J.	Resident/non-resident individual represented by an asset management company through a portfolio management mandate	<p>ID (copy), in case of resident individuals</p> <p>Passport and proof of domicile if it's not stated on the passport or ID for citizens of the EU/EEA (copy), in case of non-resident individuals</p> <p>Representation mandate (original and copy)</p>
	Documents for the asset management company	<p>Registration certificate issued by the Trade Registry (copy)</p> <p>Up-to-date articles of association/statute (certified copy by the legal representative of the legal person)</p> <p>Ascertaining certificate (<i>certificat constatator</i>) issued by the Trade Registry dated no more than 30 Business Days prior to the date of application (original)</p> <p>Power of attorney/Mandate in original for the person(s) signing the application form, issued as stipulated by the constitutive act or proof that the person concerned is legally representing the applicant corporate entity, with individual representation right (if the company is collectively represented by two or more persons who all are present for the signing of the application form, such proof shall be presented for all such persons) (power of attorney in original and any other documents certified for their conformity with the original by the legal representative of the legal entity)</p> <p>ID (original and copy) of the person applying for the purchase of Offer Shares in the name of the legal person</p>
K.	Entities managed by other resident or non-resident corporate entities (e.g., investment funds, pension funds)	<p>The documents listed below shall be submitted for the corporate entity that manages the respective entity and shall be accompanied by the authorization received by the respective entity from the competent supervisory authority</p> <p>Registration certificate issued by the Trade Registry (copy)</p> <p>Up-to-date articles of association/statute (certified copy by the legal representative of the legal person)</p> <p>Ascertaining certificate (<i>certificat constatator</i>) issued by the Trade Registry dated no more than 30 Business Days prior to the date of application (copy)</p> <p>Power of attorney/mandate in original for the person(s) signing the application form, issued as stipulated by the constitutive act or proof that the person concerned is legally representing the applicant corporate entity, with individual representation right (if the company is collectively represented by two or more persons who all are present for the signing of the application form, such proof shall be presented for all such persons) (power of attorney in original and any other documents certified for their conformity with the original by the legal representative of the legal entity)</p> <p>ID (original and copy) of the person applying for the purchase of Offer Shares in the name of the legal person</p>

The Underwriter or Eligible Participant, as the case may be, through which an investor applies for the purchase of Offer Shares may request additional documents necessary for fulfilling their obligation to observe “know your customer” rules and client identification procedures, in accordance with their own internal procedures.

The Underwriters and Eligible Participants shall accept, validate, transmit and execute purchase orders into the Bucharest Stock Exchange electronic system in accordance with their internal regulations and the rules regarding the management of settlement risks and the requirements provided in this Prospectus and the applicable law.

All documents submitted by the investors in relation to their applications for the purchase of Offer Shares shall be in English or Romanian, or accompanied by a notarized translation of such documents into English or Romanian.

6. ALLOCATION

6.1 General

Offer Shares will be allocated to investors in Romania and elsewhere on the basis determined by the Company in consultation with the Joint Global Co-ordinators (on behalf of the Underwriters) on the Allocation Date.

The actual number of Shares to be sold will be jointly agreed by the Company and the Selling Shareholders in consultation with the Joint Global Co-ordinators, and the allocation of Offer Shares between the two tranches of the Offer will be jointly agreed by the Company and the Selling Shareholders, following consultation with the Joint Global Co-ordinators, on the Allocation Date.

6.2 Allocation of Offer Shares in the Institutional Tranche

Offer Shares will be allocated to Institutional Investors on the basis determined by the Company, in consultation with the Joint Global Co-ordinators (on behalf of the Underwriters), on the Allocation Date.

By applying for the purchase of Offer Shares in the Offer, Institutional Investors acknowledge and agree that they may be allocated fewer Offer Shares than they have applied for or they may receive no Offer Shares at all. Institutional Investors also acknowledge and agree that they cannot refuse the Offer Shares allocated to them and shall have no right to contest or oppose such allocation.

Institutional Investors also acknowledge and agree that they will have no right to request, and the Company, or the Joint Global Co-ordinators shall have no obligation to disclose the reasons for their allocation and pricing decisions and take no responsibility in relation to such allocation.

6.3 Allocation of Offer Shares in the Retail Tranche

If the number of Offer Shares validly applied for by Retail Investors is lower than, or equal to, the number of Offer Shares allocated to the Retail Tranche (as determined on the Allocation Date), each Retail Investor who has made valid application(s) in accordance with paragraph 5 of this “*Part 12—Details of the Offer*” will receive the number of Offer Shares applied for by it.

If the number of Offer Shares validly applied for by Retail Investors is higher than the number of Offer Shares allocated to the Retail Tranche (as determined on the Allocation Date), Retail Investors who have made valid application(s) in accordance paragraph 5 of this “*Part 12—Details of the Offer*” above will be allocated Offer Shares as follows:

- Retail Investors will be given a guaranteed allocation of 100% for the maximum number of RON15,000 worth of Offer Shares per Retail Investor, on a first come first served basis up to a total number of Offer Shares of 534,000.

For the avoidance of doubt, only applications of up to 267 Offer Shares per Retail Investor, on a cumulative basis, can benefit from guaranteed allocation. Any subsequent application(s) by the same Retail Investor in excess of this number of Offer Shares shall not qualify for any guaranteed allocation.

- In respect of applications that do not receive guaranteed allocation, Retail Investors will be allocated a *pro rated* number of Offer Shares. To this end, a *pro rata* factor shall be calculated as follows:

$$\text{Pro rata factor} = \frac{\text{Total number of Offer Shares allocated to the Retail Tranche (less the guaranteed allocations)}}{\text{Total number of Offer Shares under applications that do not receive guaranteed allocation}}$$

Retail Investors shall be allocated the number of Offer Shares equal to the number of Offer Shares validly applied for by it (less their guaranteed allocation, if any), multiplied by the *pro rata* factor.

If the number of Offer Shares allocated to a Retail Investor after the *pro rata* factor is applied is not an integer, the number of Offer Shares allocated to the relevant Retail Investor shall be rounded down to the immediately lower integer. For the purpose of allocating any fractions resulting from the process of such *pro rata* allocation, Retail Investors shall be ranked in a decreasing order based on the number of Offer Shares applied for by each of them and, if one or more Retail Investors applied for the exact number of Offer Shares they will be ranked in increasing order based on their application date and the resulting un-allocated Offer Shares shall be allocated one per Retail Investor (but so that the number of Offer Shares allocated in aggregate to a Retail Investor does not exceed the number of Offer Shares initially applied for by that Retail Investor), starting with the first Retail Investor in such ranking.

In case the Retail Tranche is oversubscribed, Retail Investors will be reimbursed the difference between the amount paid for the Offer Shares applied for by them and the value of the allocated Offer Shares, within 5 (five) Business Days from the closing of the Offer Period.

By applying for Offer Shares in the Offer, Retail Investors acknowledge and agree that they may be allocated fewer Offer Shares than they have applied for, in accordance with the paragraphs above. Retail Investors also acknowledge and agree that they cannot refuse the Offer Shares allocated to them in accordance with this Prospectus, and shall have no right to contest or oppose such allocation.

The placement of applications through an Underwriter or an Eligible Participant will have no bearing on the treatment of applications made by Retail Investors in the allocation procedure.

For the avoidance of doubt, Retail Investors whose applications are not validated in accordance with this paragraph 5 of this “*Part 12—Details of the Offer*” shall not be allocated any Offer Shares and will be reimbursed the amounts (if any) paid for the applied for Offer Shares within 5 (five) Business Days from the closing of the Offer Period.

Any reimbursements to investors shall be without interest and less of any bank transfer commissions and any applicable commissions of the relevant market institutions, to the bank account indicated by each investor in the application form submitted in relation to the purchase of Offer Shares, in the investment services agreement or as otherwise agreed with the Underwriter or Eligible Participant with whom the application is made, as applicable. No interest shall be payable to investors in respect of such amounts. If an investor has indicated more than one account for the reimbursement of any such amount, the whole amount will be reimbursed to only one of the accounts at the discretion of the Underwriter or Eligible Participant.

Factors outside the control of the Company, the Selling Shareholders or the Underwriters may lead to delays in processing the data and in preparing, sending and publishing the notice regarding the Offer results. As a consequence, the Company, the Selling Shareholders and the Underwriters will not be liable for delays in return of the amounts due to investors in such cases.

7. OVER-ALLOTMENT AND STABILIZATION

In connection with the Offer, Raiffeisen Bank as stabilization agent on behalf of the Stabilizing Managers, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Offer Shares or effect other stabilizing transactions with a view to supporting the market price of the Offer Shares at a higher level than that which might otherwise prevail in the open market. The Stabilizing Managers are not required to enter into such transactions and such transactions may be effected on the Bucharest Stock Exchange and may be undertaken at any time during the period commencing on the first day of trading of the Offer Shares on the Regulated Spot Market of the Bucharest Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilizing Managers or any of their agents to effect stabilizing transactions and there is no assurance that stabilizing transactions will be undertaken. In no event will measures be taken to stabilize the market price of the Offer Shares above the Offer Price. Such stabilization, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilizing Managers nor any of their agents intends to disclose the extent of any over-allotments made and/or stabilizing transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilizing Manager may, for stabilization purposes, over-allot Offer Shares up to a maximum of 10% of the total number of Offer Shares comprised in the Offer. For the purposes of allowing the Stabilizing Managers to cover short positions resulting from any such over-allotments and/or from sales of Offer Shares effected by it during the stabilizing period, the Over-allotment Shareholders will have

granted to the Underwriters the Over-allotment Option, pursuant to which the Underwriters may purchase or procure purchasers for additional Offer Shares up to a maximum of 10% of the Over-allotment Shares at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilizing Managers, at any time on or before the 30th calendar day after the first day of trading of the Offer Shares on the Regulated Spot Market of the Bucharest Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Offer Shares, including for all dividends and other distributions declared, made or paid on the Offer Shares, will be purchased on the same terms and conditions as the Offer Shares being sold in the Offer and will form a single class for all purposes with the other Offer Shares.

8. STOCK LENDING AGREEMENT

In connection with the arrangements detailed in paragraph 7 of this “*Part 12—Details of the Offer*” the Stabilizing Managers and their agent have entered into a Stock Lending Agreement with the Over-allotment Shareholders, pursuant to which the Stabilizing Managers and their agent will be able to borrow, from the Over-allotment Shareholders free of charge, Offer Shares up to an amount equal to 10% of the size of the Offer for the purposes, amongst other things, of allowing the Stabilizing Managers to settle over-allocations, if any, made in connection with the Offer. If the Stabilizing Managers or their agent borrows any Offer Shares pursuant to the Stock Lending Agreement it will be required to return equivalent securities to the Over-allotment Shareholders by no later than three Business Days following the end of the stabilizing period.

9. LISTING, DEALING AND SETTLEMENT ARRANGEMENTS

The Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement and to the Underwriting Agreement not having been terminated. Further details of the Underwriting Agreement are set out in paragraph 11 of this “*Part 12—Details of the Offer*” and paragraph 16 of “*Part 13—Additional Information.*”

The Bucharest Stock Exchange has issued an approval in principle for the Admission of the Offer Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange (i.e., the regulated market; “*piata reglementata*”). After the completion of the Offer, the Company intends to apply to the Bucharest Stock Exchange for obtaining the final approval for the Admission of the Offer Shares to trading on the International tier of the Regulated Spot Market of the Bucharest Stock Exchange.

The settlement of the trades made within the Offer shall be made through the facilities of RoClear (the Romanian Clearing-Settlement, Custody, Depository and Registration System), which is administered by the Romanian Central Depository.

In connection with the Offer, each of the Underwriters and any affiliate acting as an investor for its own account may take up the Offer Shares and in their capacity may retain, purchase or sell for its own account such securities and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to the Offer Shares being offered or placed should be read as including any offering or placement of securities to any of the Underwriters and any affiliate acting in such capacity. The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

10. THE ROMANIAN CENTRAL DEPOSITARY

All classes of securities (other than derivatives) traded on a Romanian regulated market or alternative trading system, including the Offer Shares after the Admission has occurred, are mandatorily deposited with the Romanian Central Depository for the purpose of ensuring that securities operations are performed in a centralised manner and that unitary records of such operations are maintained. All securities accepted in the Romanian Central Depository’s system are dematerialised and evidenced by book entry.

The Offer Shares are issued in dematerialised and book-entry form and will be registered with the FSA and with the Romanian Central Depository. The Romanian Central Depository will maintain the record of the aggregate holdings of Offer Shares.

The Romanian Central Depository is a joint stock company organized and functioning in accordance with Romanian law, having its registered office at 34-36 Carol I Blvd., 3rd, 8th, and 9th floors, Bucharest, 020922, 1st District, Romania, sole registration code RO9638020, registered with the Trade Registry under No. J40/5890/1997, which is authorized and supervised by the FSA and provides depository, registrar, clearing and settlement and other related services in connection with securities (other than derivatives) traded on the Bucharest Stock Exchange.

The ownership right over securities listed on the Bucharest Stock Exchange is transferred to the purchaser on the settlement date. The settlement is generally effected on a T+2 basis by debiting/crediting the relevant accounts, on a delivery versus payment basis (i.e., the securities being delivered only if the corresponding purchase price is paid).

By way of exception, there are certain cases in which the Romanian Central Depository may operate direct transfers of ownership over securities listed on the Bucharest Stock Exchange, subject to the conditions set forth in the regulations of the Romanian Central Depository, as a result, among others, of: (i) a final judgment issued by a court of law; (ii) succession, (iii) transfer of shares from the issuer to its employees; (iv) transfer of shares by effect of merger, spin-off or liquidation; (v) transfer of shares between a parent-company and its subsidiaries or among subsidiaries of the same parent-company, with the prior approval of the FSA; or (vi) other transfers, in accordance with applicable laws and regulations.

Although the foregoing sets out the procedures of the Romanian Central Depository which shall, in principle, apply to transfers of Offer Shares after their Admission to trading on the Regulated Spot Market of the Bucharest Stock Exchange, in certain cases, the Romanian Central Depository reserves the right to suspend or cancel the registration of an instruction, if there are any doubts with respect to its content, the authority of the person submitting such instruction or if it establishes that the provisions of its regulations or the related agreements have been breached, or to ignore instructions which contain errors or other vices or which are not duly executed by authorized persons. None of the Company, the Selling Shareholders, the Joint Global Co-ordinators, the Underwriters, or their respective agents will have any responsibility for the performance or failure to perform by the Romanian Central Depository or other participants of their respective obligations under the rules, procedures and agreements governing their operations as at the date when such obligations are or should have been performed.

The Company will not impose any fees in respect of holdings of the Offer Shares; however, holders of Offer Shares may incur fees normally payable in respect of the maintenance and operation of accounts in the system of the Romanian Central Depository.

11. UNDERWRITING ARRANGEMENTS

The Underwriters have entered into the Underwriting Agreement, signed on April 26, 2017, pursuant to which they have agreed, subject to certain conditions, to procure purchasers for the Offer Shares to be sold by the Selling Shareholders in the Offer, or, failing which, themselves to purchase such Offer Shares, at the Offer Price. The Underwriting Agreement contains provisions entitling the Underwriters to terminate the Offer (and the arrangements associated with it) at any time prior to the closing of the Offer in certain circumstances. If this right is exercised, the Offer and these arrangements will lapse and any moneys received in respect of the Offer will be returned to applicants without interest. The Underwriting Agreement provides for the Underwriters to be paid commission in respect of the Offer Shares sold and any Over-allotment Shares sold following exercise of the Over-allotment Option. Any commissions received by the Underwriters may be retained, and any Offer Shares acquired by them may be retained or dealt in, by them, for their own benefit.

Further details of the terms of the Underwriting Agreement are set out in paragraph 16 of “*Part 13—Additional Information—Underwriting arrangements.*” Certain selling and transfer restrictions are set out below.

The Company, the Selling Shareholders and the Joint Global Co-ordinators expressly reserve the right to determine, at any time prior to the closing of the Offer, not to proceed with the Offer. If such right is exercised, the Offer will lapse and any monies received in respect of the Offer will be returned to investors without interest and less of any bank transfer commissions and any applicable commissions of the relevant market institutions.

12. LOCK-UP ARRANGEMENTS

Pursuant to the Underwriting Agreement, signed on April 26, 2017, the Company, the Principal Shareholder, Ioan Bendei and Bogdan Ciobotaru have agreed that, subject to certain exceptions, during the period of 360 days from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to the Underwriting Agreement and related arrangements, signed on April 26, 2017, the Selling Shareholders and RCS Management have agreed that, subject to certain exceptions, during the period of 180 days in respect of the Selling Shareholders, other than the Principal Shareholder, and 720 days in respect of RCS Management, in each case from the date of Admission, they will not, without the prior written consent of the

Joint Global Co-ordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing. Approximately 2.2% of the Shares are not locked up.

13. WITHDRAWAL RIGHTS

Institutional Investors may not change or withdraw their application for Offer Shares after the allocation of the Offer Shares upon the Allocation Date. Retail Investors may not change or withdraw any applications for Offer Shares, except as set out in “—3. Offer Size, Offer Tranches and Offer Price—3.4 Pricing Statement” and “—16. Terms and Conditions of the Retail Tranche—16.2 Offer to Purchase Offer Shares.”

In the event that the Company is required to publish any supplementary prospectus, investors who have applied for Offer Shares in the Offer shall have a statutory right to withdraw their offer to purchase Offer Shares in the Offer in its entirety before the end of a period of two Business Days commencing on the first Business Day after the date on which the supplementary prospectus is published (or such later date as may be specified in the supplementary prospectus). If a supplementary prospectus is published, it will be made available in the same manner in which the Prospectus is being made available.

The arrangements for withdrawing offers to purchase Offer Shares would be made clear in the supplementary prospectus.

14. SELLING RESTRICTIONS

The distribution of this document and the offer of Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

14.1 No public offering outside Romania

No action has been or will be taken in any jurisdiction (other than in Romania) that would permit a public offering of the Offer Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required or doing so may be restricted by law. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Offer Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Offer Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to purchase any of the Offer Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

This Prospectus may only be distributed to the public and the Offer Shares may only be offered for sale or purchase in Romania in compliance with the Law on Issuers of Financial Instruments No. 24/2017, Regulation 1/2006 on issuers and operations with securities (as amended), Regulation (EC) No 809/2004 of April 29, 2004 implementing Directive No. 2003/71/EC with respect to information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and the dissemination of advertisements, and other applicable mandatory provisions of law.

14.2 European Economic Area

In relation to each Member State of the EEA no Offer Shares have been offered or will be offered pursuant to the Offer to the public in that Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Directive, except that offers of Offer Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Member State:

- (a) to any legal entity which is a Qualified Investor;
- (b) to fewer than 150 natural or legal persons (other than Qualified Investors) subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Member State.

For the purposes of this provision, the expression an “offer to the public” in relation to any Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Offer Shares to the public other than their offer or resale in a Member State to Qualified Investors as so defined or in circumstances in which the prior consent of the Joint Global Co-ordinators has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriters of such fact in writing may, with the prior consent of the Joint Global Co-ordinators, be permitted to acquire Offer Shares in the Offer.

14.3 United States

The Offer Shares have not been and will not be registered under the Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer of the Offer Shares an offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act.

The Underwriting Agreement provides that the Underwriters may directly or through their respective United States broker-dealer affiliates arrange for the offer and resale of Offer Shares within the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act.

Each acquirer of Offer Shares within the United States, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

- (a) it is (a) a QIB within the meaning of Rule 144A, (b) acquiring the Offer Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein, (c) acquiring the Offer Shares for investment purposes, and not with a view to further distribution of such Offer Shares, and (d) aware, and each beneficial owner of the Offer Shares has been advised, that the sale of the Offer Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
- (b) it understands that the Offer Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the Securities Act and that the Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, (b) in an offshore transaction in

accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. It further (a) understands that the Offer Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Offer Shares established or maintained by a depositary bank, (b) acknowledges that the Offer Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Offer Shares and (c) understands that the Company may not recognize any offer, sale, resale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.

- (c) it understands that the Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE OFFER SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THE OFFER SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE OFFER SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE OFFER SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF OFFER SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS; and

- (d) it represents that if, in the future, it offers, resells, pledges or otherwise transfers such Offer Shares while they remain “restricted securities” within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.

The Company, the Underwriters and their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

14.4 Canada

No prospectus in relation to the Offer Shares has been filed with the securities regulatory authority in any province or territory of Canada. This Prospectus is not, and under no circumstances is to be construed as, an advertisement or a public offering of the Offer Shares in Canada. Each Underwriter represents and agrees that the Offer Shares may be offered, sold or distributed, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in compliance with the applicable securities laws of Canada or any province or territory of Canada. Each Underwriter will be required to agree that it will offer, sell or distribute the Offer Shares only pursuant to an exemption from the prospectus requirement in the province or territory of Canada in which such offer is made. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if an “offering memorandum” such as this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser

within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), this document is exempt from the requirement that the Issuer and the Underwriters provide Canadian investors with certain conflicts of interest disclosure in connection with this offering.

14.5 Australia

This Prospectus (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia ("**Corporations Act**"); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission ("**ASIC**"), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (c) may not be provided in Australia other than to select investors ("Exempt Investors") who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are "wholesale clients" for the purpose of section 761G of the Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, each purchaser or subscriber of Offer Shares represents and warrants to the Company, the Selling Shareholders, the Underwriters and their affiliates that such purchaser or subscriber is an Exempt Investor.

As any offer of Offer Shares under this Prospectus, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Offer Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Offer Shares each purchaser or subscriber of Offer Shares undertakes to the Company, the Selling Shareholders, the Underwriters that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Offer Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

14.6 Japan

The Offer Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law of Japan. The Offer Shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (a) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (b) in compliance with any other applicable requirements of Japanese law.

14.7 Romania

This prospectus has not been approved by the FSA or any other competent Romanian authority. For the purpose of the Offer in Romania, the Company notified this prospectus to the FSA in accordance with the European passport mechanism provided for by the Prospectus Directive. The notification to the FSA does not imply any judgement by the FSA on the merits or quality of the Offer Shares or the Offer.

This Prospectus may only be distributed to the public and the Offer Shares may only be offered for sale or purchase in Romania in compliance with the Law on Issuers of Financial Instruments No. 24/2017, Regulation 1/2006 on issuers and operations with securities (as amended), Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive No. 2003/71/EC with respect to information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and the dissemination of advertisements, and other applicable mandatory provisions of law.

15. TERMS AND CONDITIONS OF THE INSTITUTIONAL TRANCHE

These terms and conditions apply to investors agreeing to purchase Offer Shares under the Institutional Tranche. Each Institutional Investor agrees with each of the Company, the Selling Shareholders and the Underwriters to be bound by these terms and conditions as being the terms and conditions upon which Offer Shares will be sold under the Offer.

15.1 Agreement to acquire Offer Shares

Conditional, among others, on the Institutional Investor being allocated Offer Shares, each Institutional Investor agrees to become a shareholder of the Company and agrees to acquire Offer Shares at the Offer Price. The number of Offer Shares allocated to such investor under the Offer will be in accordance with the arrangements described in paragraph 6 of this *Part 12—Details of the Offer*. To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory rights, to withdraw an application for Offer Shares in the Offer, or otherwise to withdraw from, such commitment.

Potential EBRD Investment

On April 26, 2017, the European Bank for Reconstruction and Development (the “**EBRD**”) approved its participation in the acquisition of Offer Shares (the “**EBRD Investment**”). The final amount of the EBRD Investment will be determined during the marketing and allocation process conducted in respect of the Offer. The EBRD and the Company are entering into a framework agreement, which will be effective if the EBRD Investment is consummated, pursuant to which the Company will (among other things) (i) undertake to provide EBRD with an annual report on social and environmental issues; and (ii) give certain other undertakings on anti-bribery and corruption matters.

15.2 Representations and warranties

Without prejudice to any other representation or warranty deemed made by investors elsewhere in this Prospectus, each Institutional Investor and, in the case of sub-paragraphs (k) and (u) below, any person confirming an agreement to purchase Offer Shares on behalf of an Institutional Investor or authorizing the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters) to notify the investor’s name to the Romanian Central Depository, represents, warrants and acknowledges to each of the Company, the Selling Shareholders and the Underwriters that:

- (a) if the investor is a natural person, such investor is not under the age of majority (18 years of age in Romania) on the date of such investor’s agreement to purchase Offer Shares under the Offer;
- (b) the content of this document is exclusively the responsibility of the Directors and the Company and that neither the Underwriters nor any person acting on their behalf is responsible for or will have any liability for any information, representation or statement contained in this document or any information previously published by or on behalf of the Company or any member of the Group and will not be liable for any decision by an investor to participate in the Offer based on any information, representation or statement contained in this document or otherwise;
- (c) in agreeing to purchase Offer Shares under the Offer, the investor is relying on this document and any supplementary prospectus that may be issued by the Company, and not on any other information or representation concerning the Group, the Selling Shareholders, the Offer Shares or the Offer. Such investor agrees that none of the Company, the Selling Shareholders, the Underwriters nor any of their respective officers, partners or directors will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation. This paragraph 15.2 of “*Part 12—Details of the Offer*” will not exclude any liability for fraudulent misrepresentation;
- (d) the Underwriters are not making any recommendations to investors or advising any of them regarding the suitability or merits of any transaction they may enter into in connection with the Offer, and each investor acknowledges that participation in the Offer is on the basis that the Underwriters are acting for the Company and the Selling Shareholders and no one else, and they will not be responsible to anyone else for the protections afforded to their respective clients, and that the Joint Global Co-ordinators will not be responsible to anyone other than the Company for providing advice in relation to the Offer, the contents of this document or any transaction, arrangements or

other matters referred to herein, and the Underwriters will not be responsible to anyone other than the relevant party to the Underwriting Agreement in respect of any representations, warranties, undertakings or indemnities contained in the Underwriting Agreement or for the exercise or performance of the Underwriters' rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;

- (e) it has complied with all laws applicable to the purchase of Offer Shares by it and none of the Company, the Selling Shareholders or the Underwriters will infringe any laws outside Romania as a result of such investor's agreement to purchase Offer Shares or any actions arising from such investor's rights and obligations under the investor's agreement to purchase Offer Shares and under the Articles (and, in making this representation and warranty, the investor confirms that it is aware of the selling and transfer restrictions set out in paragraph 14 of this *Part 12—Details of the Offer*);
- (f) it understands that no action has been or will be taken in any jurisdiction other than Romania by the Company or any other person that would permit a public offering of the Offer Shares, or possession or distribution of this document, in any country or jurisdiction where action for that purpose is required;
- (g) having had the opportunity to obtain and read the Prospectus, the Pricing Statement and any supplementary prospectus the investor shall be deemed to have read all such documents in their entirety and to have noted all information concerning the Company, the Selling Shareholders or any member of the Group and the Offer contained in the Prospectus, the Pricing Statement and/or any supplementary prospectus;
- (h) no person is authorized in connection with the Offer to give any information or make any representation other than as contained in the Prospectus, the Pricing Statement and any supplementary prospectus and, if given or made, any information or representation must not be relied upon as having been authorized by the Company, the Directors, the Selling Shareholders, any of the Underwriters or any other person;
- (i) if the investor is in any member state of the EEA it is: (a) a legal entity which is a qualified investor as defined in the Prospectus Directive; or (b) otherwise permitted by law to be offered and sold Offer Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or other applicable laws;
- (j) the investor is not a national, resident or citizen of Australia or Japan or a corporation, partnership or other entity organized under the laws of Australia or Japan, that the investor will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Offer Shares in Australia or Japan or to any national, resident or citizen of Australia or Japan and the investor acknowledges that the Sharers have not been and will not be registered under the applicable securities laws of Australia or Japan and that the same are not being offered for sale, and may not, directly or indirectly, be offered, sold, transferred or delivered, in Australia or Japan;
- (k) the investor is participating in the Offer in compliance with the selling and transfer restrictions set out in paragraph 14 of this "*Part 12—Details of the Offer*", including the representations and acknowledgements contained therein. The Offer Shares have not been and will not be registered under the Securities Act, or qualified for sale under the laws of any state of the United States. Subject to certain exceptions, the Offer Shares may not be offered or sold in or into the United States. The Offer Shares are being offered and sold in the United States to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and outside the United States in accordance with Regulation S;
- (l) the investor is liable for any capital duty, stamp duty, SDRT and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside Romania by it or any other person on the acquisition by it of any Offer Shares or the agreement by it to acquire any Offer Shares;
- (m) in the case of a person who confirms to any Underwriter, on behalf of an investor, an agreement to purchase Offer Shares and/or who authorizes the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters) to notify the investor's name to the Registrars, that person represents and warrants that he, she or it has authority to do so on behalf of the investor;

- (n) the investor has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007;
- (o) the investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);
- (p) if the investor is in the United Kingdom, it is: (a) a person having professional experience in matters relating to investments who falls within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; or (b) a high net worth body corporate, unincorporated association or partnership or trustee of a high value trust as described in Article 49(2) of the Financial Promotion Order, or is otherwise a person to whom an invitation or inducement to engage in investment activity may be communicated without contravening the Financial Promotion Order;
- (q) if they are acquiring Offer Shares as a fiduciary or agent for one or more investor accounts, they represent that they have sole investment discretion with respect to each such account and they have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
- (r) each investor in a Member State of the EEA who acquires any Offer Shares under the Offer contemplated hereby will be deemed to have represented, warranted and agreed with each of the Underwriters and the Company that:
 - (i) it is a qualified investor within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive; and
 - (ii) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) it is one of the intermediaries; or (ii) the Offer Shares acquired by it in the Offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than Qualified Investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of the Underwriters has been given to the offer or resale; or (iii) where Offer Shares have been acquired by it on behalf of persons in any Member State other than Qualified Investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer” in relation to any of the Offer Shares in any Member States means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase the Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;

- (s) any material downloaded from the Group’s websites in relation to the Offer (i) is done at the investor’s own risk and that the investor will be solely responsible for any damage or loss of data that results from the download of any material and (ii) will be used solely for personal use and will not be distributed in or into the United States, Australia, Canada or Japan or to any other person wherever located or resident; and
- (t) in the case of a person who confirms to any Underwriter, on behalf of an investor which is an entity other than a natural person, an agreement to purchase Offer Shares and/or who authorizes the notification of such investor’s name to the Registrars, that person warrants that he, she or it has authority to do so on behalf of the investor; and
- (u) the Company, the Selling Shareholders and the Underwriters will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings.

15.3 Supply and disclosure of information

If the Company or the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters) or any of their agents request any information about an Institutional Investor’s agreement to purchase Offer Shares,

such investor must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

15.4 Miscellaneous

- (a) The rights and remedies of the Company, the Selling Shareholders and the Underwriters under these terms and conditions are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.
- (b) On application, each Institutional Investor may be asked to disclose, in writing or orally, to the Joint Global Coordinators (on behalf of themselves and the other Underwriters):
 - (i) if he or she is an individual, his or her nationality; or
 - (ii) if he, she or it is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.
- (c) All documents sent by, to, from or on behalf of the Institutional Investor will be sent at the investor's risk. They may be sent by post to such investor at an address notified to the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters).
- (d) Each Institutional Investor agrees to be bound by the Articles (as amended from time to time) once the Offer Shares which such investor has agreed to purchase have been issued or transferred to such investor.
- (e) The contract to purchase Offer Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Company, the Selling Shareholders and the Underwriters, each investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an investor in any other jurisdiction.
- (f) In the case of a joint agreement to purchase Offer Shares, references to an investor in these terms and conditions are to each of such investors and any investors' liability is joint and several.

The Company, the Selling Shareholders and the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters) expressly reserve the right to modify the Offer (including, without limitation, its timetable and settlement) at any time before the Offer Price and allocations are determined.

16. TERMS AND CONDITIONS OF THE RETAIL TRANCHE

Subject to certain conditions, each Retail Investor agrees to become a shareholder of the Company and agrees to acquire Offer Shares at the Offer Price (discounted or not, as applicable). The number of Offer Shares allocated to such investor under the Offer will be in accordance with the arrangements described in paragraph 6 of this "*Part 12—Details of the Offer.*" To the fullest extent permitted by law, each Retail Investor acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory rights, to withdraw an application for Offer Shares in the Offer, or otherwise to withdraw from, such commitment.

16.1 Introduction

For the purposes of these terms and conditions only, references to "you" are to the person applying to buy Offer Shares in the Retail Tranche.

If you apply for Offer Shares in the Retail Tranche you will be agreeing with the Company, the Selling Shareholders, BRD, Raiffeisen Bank and BTCP to the terms and conditions set out below.

16.2 Offer to Purchase Offer Shares

By applying for Offer Shares in the Retail Tranche, you, as the applicant (or, if you sign or submit the application form on behalf of somebody else, that person, and references in this section 16.2 to "you" shall be to that person) shall:

- (a) offer to acquire at the Offer Price (discounted or not, as applicable) the number of Offer Shares allocated to, subject to the provisions of the Prospectus, these terms and conditions, the terms of your application, the Pricing Statement, any supplementary prospectus and the Articles;

- (b) acknowledge and agree that if the Company is required to publish a supplementary prospectus, investors who have applied to purchase Offer Shares in the Offer will have at least two clear Business Days following the publication of the supplementary prospectus within which they may withdraw their offer to acquire Offer Shares in the Offer, but if the application is not withdrawn within the stipulated period, any offer to apply for Offer Shares in the Offer will remain valid and binding;
- (c) acknowledge and agree that if the Offer Price Range is changed, Retail Investors would have a statutory right to withdraw their subscriptions for Offer Shares, but (i) if the subscription for Offer Shares is not withdrawn within the stipulated period or (ii) if payment evidence (see paragraph 5.2 of “Part 12—Details of the Offer”) is not provided by the relevant Retail Investors within the stipulated withdrawal period to the Underwriter or the Eligible Participant (as the case may be) through which the subscription has been made then any subscription for Offer Shares in the Offer will remain valid and binding. It will remain valid and binding for the number of Offer Shares equal to the nearest natural number, rounding down, resulting from the sum certified through the payment evidence divided by the Offer Price (if the Offer Price is higher than higher end of the initial Price Range). The payment evidence in (ii) above must provide for the difference between the product of the subscribed Offer Shares multiplied by the higher end of the changed Price Range and the product of the subscribed Offer Shares multiplied by the higher end of the initial Price Range;
- (d) agree that, in the event your application is scaled back pursuant to a *pro rata* allocation, you may not receive Offer Shares representing the full value or any (based on the Offer Price, discounted or not, as applicable) of the amount you applied to invest;
- (e) authorize the Underwriters to do all things and, where applicable, to take all actions necessary to procure that your name is placed on the register of shareholders of the Company in respect of the Offer Shares for which your application is accepted;
- (f) in consideration of the Company and the Selling Shareholders agreeing that it will not, prior to the date of Admission (or such later date as the Company may determine), sell to any person or assist in the sale to any person of any of the Offer Shares comprised in the Offer other than by means of the procedures referred to in the Prospectus, you:
 - (i) agree that, subject to any statutory rights of withdrawal, your application for Offer Shares is irrevocable, may not be revoked or withdrawn by you;
 - (ii) agree, on request by the Company, the Selling Shareholders, the Joint Global Co-ordinators or the Underwriters, to disclose promptly in writing to the Company, the Selling Shareholders, the Joint Global Co-ordinators or the Underwriters such information as they may request in connection with your application and authorize the Company, the Selling Shareholders, the Joint Global Co-ordinators and the Underwriters to disclose any information relating to your application which it may consider appropriate;
 - (iii) agree that any future communications sent by the Company to you in your capacity as a shareholder of the Company will be in the Romanian and English languages;
 - (iv) agree that by submitting an application form, your personal information may be held and used by the Company, the Selling Shareholders, the Joint Global Co-ordinators and the Underwriters for purposes relating to the Offer, which may include providing your details to third parties for the purpose of performing credit reference checks, money laundering checks and making tax returns, and keeping a record of applicants under the Offer for a reasonable period of time. You also agree that if you are allocated Offer Shares under the Retail Tranche, your personal information will be shared with the Company and held and used by the Company and the Underwriters for purposes relating to the Offer and for their ongoing purposes that require the keeping records of, and dealing with, the Company’s shareholders in the ordinary course of business (which may involve providing your personal information to third parties).

If your application for the purchase of the Offer Shares is made on the basis of an application form and (a) your application form is not completed correctly, or the pre-printed name and/or address (if applicable) is amended, (b) your application form is completed with any information other than as specifically required on the application form, (c) your application form is received at the locations of Raiffeisen Bank, BRD, BTCP, Banca Transilvania and Eligible Participant after 12:00 pm on the last day of the Offer Period, or the Payment Evidence

for Retail Investors is for an amount less than the number of Offer Shares applied for by that Retail Investor multiplied by the top of the Offer Price Range, (d) your application form is not accompanied by the application documents you were required to submit or (e) you submit, or are suspected to have submitted, more than one application in the Retail Tranche with different Underwriters and/or Eligible Participants, your application may be rejected by the Underwriter or Eligible Participant with whom the application is made. In these circumstances, the respective Underwriter's or Eligible Participant's decision as to whether to reject or treat your application as valid shall be final and binding on you. None of the Company, the Selling Shareholders, the Joint Global Co-ordinators, the Underwriters nor any of their respective officers, agents or employees will accept any liability for any such decision and no claim will be made against any such persons in respect of your non-delivery of Offer Shares, or for any loss resulting from such non-delivery.

16.3 Representations and warranties

Without prejudice to any other representation or warranty by you elsewhere in this Prospectus, by applying for the purchase of Offer Shares in the Retail Tranche, you represent, warrant and acknowledge to each of the Company, the Selling Shareholders and the Underwriters that:

- (a) you are not under the age of majority (18 years of age in Romania) on the date of your application to purchase Offer Shares under the Offer;
- (b) the content of this document is exclusively the responsibility of the Directors and the Company and that neither the Underwriters nor any person acting on their behalf is responsible for or will have any liability for any information, representation or statement contained in this document or any information previously published by or on behalf of the Company or any member of the Group and will not be liable for any decision by an investor to participate in the Offer based on any information, representation or statement contained in this document or otherwise;
- (c) in agreeing to purchase Offer Shares under the Offer, you are relying on this document and any supplementary prospectus that may be issued by the Company, and not on any other information or representation concerning the Group, the Selling Shareholders, the Offer Shares or the Offer. You agree that none of the Company, the Selling Shareholders, the Underwriters nor any of their respective officers, partners or directors will have any liability for any such other information or representation and irrevocably and unconditionally waive any rights you may have in respect of any such other information or representation. This paragraph 16.3 of "*Part 12—Details of the Offer*" will not exclude any liability for fraudulent misrepresentation;
- (d) the Underwriters are not making any recommendations to investors or advising any of them regarding the suitability or merits of any transaction they may enter into in connection with the Offer, and that participation in the Offer is on the basis that the Underwriters are acting for the Company and the Selling Shareholders and no one else, and they will not be responsible to anyone else for the protections afforded to their respective clients, and that the Joint Global Co-ordinators will not be responsible to anyone other than the Company for providing advice in relation to the Offer, the contents of this document or any transaction, arrangements or other matters referred to herein, and the Underwriters will not be responsible to anyone other than the relevant party to the Underwriting Agreement in respect of any representations, warranties, undertakings or indemnities contained in the Underwriting Agreement or for the exercise or performance of the Underwriters' rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;
- (e) you have complied with all the laws applicable to your purchase of Offer Shares and none of the Company, the Selling Shareholders or the Underwriters will infringe any laws outside Romania as a result of your agreement to purchase Offer Shares or any actions arising from such your rights and obligations under the investor's agreement to purchase Offer Shares and under the Articles (and, in making this representation and warranty, you confirm that it you are aware of the selling and transfer restrictions set out in paragraph 14 of this *Part 12—Details of the Offer*);
- (f) you understand that no action has been or will be taken in any jurisdiction other than Romania by the Company or any other person that would permit a public offering of the Offer Shares, or possession or distribution of this document, in any country or jurisdiction where action for that purpose is required;
- (g) having had the opportunity to obtain and read the Prospectus, the Pricing Statement and any supplementary prospectus you shall be deemed to have read all such documents in their entirety and

to have noted all information concerning the Company, the Selling Shareholders or any member of the Group and the Offer contained in the Prospectus, the Pricing Statement and/or any supplementary prospectus;

- (h) no person is authorized in connection with the Offer to give any information or make any representation other than as contained in the Prospectus, the Pricing Statement and any supplementary prospectus and, if given or made, any information or representation must not be relied upon as having been authorized by the Company, the Directors, the Selling Shareholders, any of the Underwriters or any other person;
- (i) all documents in connection with the Offer may be sent by e-mail or post to you at your e-mail address or physical address provided to BRD, Raiffeisen Bank, BTCP, Banca Transilvania or Eligible Participant through whom the application was made and any returned monies will be transferred into the bank account specified in your application form and any such documents and return monies will be sent at your own risk;
- (j) your application to purchase Offer Shares is not and will not be funded using funds provided by another person under an arrangement whereby any Offer Shares allocated to you or all or substantially all of the value of such Offer Shares are to be transferred to that other person;
- (k) you are not, and you are not applying on behalf of a person engaged in, or whom you know or have reason to believe is, engaged in money laundering;
- (l) agree that any material downloaded from the Group's websites in relation to the Offer (i) is done at your own risk and that you will be solely responsible for any damage or loss of data that results from the download of any material and (ii) will be used solely for personal use and will not be distributed in or into the United States, Australia, Canada or Japan or to any other person wherever located or resident; and
- (m) agree that none of the Company, the Selling Shareholders, the Underwriters is liable for any loss of data in the course of receiving and/or processing the application forms or responsible for the loss or accidental destruction of any application form or personal data relating to the investors or any financial or other loss or damage which may result, directly or indirectly, therefrom, including any loss in relation to the non-allocation or non-delivery of any Offer Shares as a result of such loss or destruction.

16.4 Overseas investors

No person receiving a copy of the Prospectus and/or an application form in any territory outside Romania may treat the application form as constituting an invitation or offer to him nor should he in any event use such application form. No documents relating to the Offer have been submitted to the clearance procedures of any authorities other than the AFM.

16.5 Miscellaneous

Persons applying for Offer Shares under the Offer may only rely on the information contained in the Prospectus and, to the fullest extent permitted by law, any liability for representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent misrepresentations), are expressly excluded in relation to the Offer Shares and the Offer.

Save where otherwise stated or where the context otherwise requires, terms used in these terms and conditions are as defined in the Prospectus (as supplemented by any supplementary prospectus issued by the Company in relation to the Offer).

The rights and remedies of the Company, the Selling Shareholders and the Underwriters under these terms and conditions are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of any one will not prevent the exercise of others or full exercise.

Each Retail Investor agrees to be bound by the Articles (as amended from time to time) once the Offer Shares which such investor has agreed to purchase have been transferred to such investor.

Investors in the Retail Tranche wishing to withdraw their offer to purchase Offer Shares after the publication of any supplementary prospectus may do so by submitting a revocation form to BRD, Raiffeisen Bank, BTCP or the Eligible Participant through whom the application was made. Such form must be received by

BRD, Raiffeisen Bank, BTCP, Banca Transilvania or Eligible Participant no later than two Business Days after the date on which the supplementary prospectus is published (or such later date as may be specified in that supplementary prospectus). If you do not submit a revocation form in the required manner within the stipulated period set out above, your application to buy Offer Shares in the Retail Tranche will remain valid and binding upon you.

The Offer may be terminated without any obligation to you whatsoever at any time prior to Admission. If the Offer is terminated, the Offer will lapse and any monies received in respect of your application will be returned to you without interest and less of any bank transfer commissions and any applicable commissions of the relevant market institutions.

You agree that all applications, acceptances of applications and contracts resulting from them under the Retail Tranche shall be exclusively governed by and construed in accordance with Romanian law (subject to the matters falling within the scope of the agreement with the Underwriter or Eligible Participant through whom the application is made, which shall be governed by the law applicable to such agreement) and that you irrevocably submit to the exclusive jurisdiction of the Romanian courts and agree that nothing shall limit the right of the Company, the Selling Shareholders or the Underwriters to bring any action, suit or proceedings arising out of or in connection with any such application, acceptances or contracts in any other manner permitted by law or in any court of competent jurisdiction.

You agree and acknowledge that none of the Underwriters acts for you nor will they treat you as their customer by virtue of an application being accepted under the Retail Tranche and you agree that the Underwriters are acting for the Company and the Selling Shareholders and no one else in connection with the Offer and will not be responsible for providing to you the protections afforded to its customers and that none of the Underwriters owes you any duties or responsibilities concerning the price of the Offer Shares or the suitability of the Offer Shares for you as an investment or otherwise in connection with the Offer.

You authorize the Company, the Selling Shareholders and their respective agents to do all things necessary to effect registration into your name of any Offer Shares acquired by you and authorize any representative of the Company and the Selling Shareholders to execute and/or complete any document of title required therefor.

The dates and times referred to in these terms and conditions are based on the expectation that Admission will occur in due course after the closing of the Offer and may be altered by the Company in its absolute discretion (with the agreement of the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters)) where the Company considers it necessary to do so.

All correspondence, documents and remittances sent or delivered to or by investors under the Retail Tranche will be sent or delivered at each investor's own risk.

PART 13
ADDITIONAL INFORMATION

1. INCORPORATION AND SHARE CAPITAL

1.1 General

1.1.2 On March 29, 2000, the Company was incorporated by notarial deed of incorporation as a public company with limited liability (*naamloze vennootschap*) under the laws of the Netherlands with the name Cable Communications Systems N.V. The Company's statutory seat (*statutaire zetel*) is in Amsterdam, the Netherlands. On April 11, 2017, the name of the company was changed to Digi Communications N.V. by deed of partial amendment of the Articles.

1.1.3 The Company's principal place of business is at 75 Dr. Staicovici street, Forum 2000 building, Phase I, fourth floor, 5th district, Bucharest, Romania, and its telephone number is 0314006505. The Company is registered with the Dutch Chamber of Commerce under number 34132532.

1.1.4 The Company is tax resident in Romania.

1.2 History of the Company's share capital

1.2.1 Under Dutch law, a company's authorized share capital sets out the maximum amount and number of shares that it may issue without amending its articles of association.

1.2.2 The share capital history of the Company is as follows:

1.2.2.1 At incorporation, the Authorized Share Capital of the Company was €250,000 divided into 250,000 ordinary shares with a nominal value of €1. At incorporation, the Company's issued share capital was €50,000, divided into 50,000 ordinary shares with a nominal value of €1. As at the date of incorporation, all such issued Shares were fully paid-up.

1.2.2.2 By deed of issuance dated July 20, 2001, 252 ordinary shares with a nominal value of €1 in the share capital of the Company were issued, as a consequence of which the issued share capital at that time was €50,252, divided into 50,252 ordinary shares.

1.2.2.3 By deed of issuance dated May 10, 2005, 342 ordinary shares with a nominal value of €1 in the share capital of the Company were issued, as a consequence of which the issued share capital at that time was €50,594, divided into 50,594 ordinary shares.

1.2.2.4 By deed of amendment of the Articles dated April 11, 2017, the Authorized Share Capital of the Company was increased to €11,000,000 divided into:

- 100,000,000 Class A Shares with a nominal value of €0.10 each in the share capital of the Company;
- 100,000,000 Class B Shares with a nominal value of €0.01 each in the share capital of the Company; and
- 50,594 ordinary shares with a nominal value of €1 were each split and converted into 10 Class A Shares with a nominal value of €0.10 each, as a consequence of which the issued share capital at that time was €50,594, divided into 505,940 Class A Shares.

1.2.2.5 On April 11, 2017, 99,494,060 Class A Shares were issued as a consequence whereof the issued share capital of the Company amounted to €10,000,000 divided into 100,000,000 Class A Shares.

1.2.2.6 On April 11, 2017, 34,243,972 Class A Shares were converted into 34,243,972 Class B Shares, as a consequence whereof the issued share capital of the Company amounted to €6,918,042.52 divided into 65,756,028 Class A Shares and 34,243,972 Class B Shares.

As at the date of this Prospectus, the Authorized Share Capital of the Company amounts to €11,000,000 and is divided into:

- 100,000,000 Class A Shares; and
- 100,000,000 Class B Shares.

The issued share capital of the Company is €6,918,042.52, divided into 65,756,028 Class A Shares (of which the Company holds 5,609,361 Class A Shares in its own capital) and 34,243,972 Class B Shares (of which the Company holds 997,154 in its own capital). As at the date of this Prospectus, all such issued Shares are fully paid-up.

2. SPECIFIC INFORMATION ON THE CLASS A SHARES AND THE CLASS B SHARES (INCLUDING THE OFFER SHARES)

2.1 Form

The Shares (including the Offer Shares) are subject to, and have been created under, the laws of the Netherlands. All Class B Shares (including the Offer Shares) and all Class A Shares shall be registered shares and not in certificated form. No share certificates (*aandeelbewijzen*) are or may be issued.

2.2 Conversion of Class A Shares into Class B Shares

The Articles provide that:

a holder of Class A Shares may at all times request the Board of Directors in writing to convert one or more of its Class A Shares into Class B Shares, at a ratio of one Class A Share for one Class B Share, subject to (i) the aggregate Authorized Share Capital of the Company and (ii) the Authorized Share Capital of the Company of the relevant class of Shares being sufficient at the time of such conversion. Such conversion shall result in a decrease of €0.09 (i.e. being €0.10 minus €0.01) in nominal value per Class A Share to be converted, which amount shall not be paid to the relevant holder of the Class A Share concerned, but shall be added to the general equity reserves of the Company.

The written request referred to above shall state the name of the shareholder concerned and the relevant class and number of Shares concerned (each a “**Conversion Request**”). Within two weeks from receipt of a duly completed Conversion Request, the Board of Directors shall give effect to a conversion, subject only to the availability of Class B Shares under the Authorized Share Capital and if so, the conversion shall then take effect as per the moment the Board of Directors shall have filed a statement to that effect with the offices of the trade register of the Dutch Chamber of Commerce. In case because of insufficient availability of Class B Shares under the Authorised Share Capital, no effect can be given to a Conversion Request, at the next General Meeting a proposal to change the authorised capital for this purposes will be put on the agenda.

On February 7, 2017, the General Meeting adopted a resolution to approve a capital reduction up to an amount sufficient to allow a conversion up to the maximum number of Class A Shares provided for in the Authorized Share Capital of the Company and as such to facilitate a conversion to take place if and when needed upon the Board of Directors receiving a request from a holder of Class A Shares as described above. On February 8, 2017, the Company filed this resolution of the General Meeting with the trade register of the Dutch Chamber of Commerce and announced such filing in a Dutch daily newspaper. On February 9, 2017, following the announcement, a two-month waiting period commenced during which creditors could object to the proposed capital reduction. No objections were made during the two-month waiting period (the last day of the two-month waiting period was on April 10, 2017), following which certain Class A Shares have been converted (see 1.2.2.6) and further conversions of Class A Shares can take place.

2.3 Transfer of Class B Shares

The Bucharest Stock Exchange has issued an approval in principle for the admission of the Class B Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange. After the closing of the Offer, the Company intends to apply to the Bucharest Stock Exchange for obtaining the final approval for all Class B Shares to be admitted to trading on the International tier of the Regulated Spot Market of the Bucharest Stock Exchange. When admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange, the Class B Shares will be registered with the ISIN NL0012294474 and trade under the symbol “DIGI.”

The Class B Shares will be delivered in book-entry form only, and on the settlement date will be credited to the securities accounts of the investors through the facilities of RoClear (the Romanian Clearing-Settlement, Custody, Depository and Registration System), which is administered by the Romanian Central Depository. Class B Shares traded on the Regulated Spot Market of the Bucharest Stock Exchange will be transferred through book-entry on the accounts of investors with intermediaries that are participants in RoClear or intermediaries that hold, directly or indirectly, accounts with participants in RoClear.

The Articles provide that if Shares belong to a collective deposit, the name and address of the depository agent or the central institute may be recorded in the shareholders’ register, stating the date on which those Shares

became part of a collective deposit, the date of acknowledgement or service as well as the paid-up amount on each Shares and as such RoClear will be entered into the Shareholders' register on the settlement date.

2.4 Transfer of Class A Shares

The Class A Shares are not and will not be listed. Under Dutch law, the ownership of the Class A Shares is represented by an entry in the shareholders' register of the Company showing the date on which the class of shares were acquired, which class of shares were acquired, the date of the acknowledgement by or notification of the Company as well as the amount paid on each respective share. Each transfer of a Class A Share shall require an instrument intended for such purpose and, save when the Company itself is a party to such legal act, the written acknowledgement by the Company of the transfer. Subject to Dutch law and pursuant to the Articles, the Company's shareholders' register shall be kept on behalf of the Board of Directors by a registrar designated for such purpose.

2.5 Dividend and distributions

The Shares (including the Offer Shares) are entitled to dividends and other distributions, if and when declared. Any such distributions will be made to each Share (including the Offer Shares) equally, irrespective of the class and nominal value. All Shares (including the Offer Shares) rank equally in all respects and will be eligible for any dividend distribution, if and when declared, in the future. Tax impact upon dividend distributions should be carefully considered. See "*—Taxation.*"

2.6 Principal Shareholder

If the Principal Shareholder no longer holds a direct or indirect interest of at least 30% in the issued and outstanding nominal share capital of the Company, the rights accruing to the Class A Meeting as set out in the Articles shall cease to exist as per that moment. For the avoidance of doubt, the provisions relating to the binding nomination right will cease to apply. The Principal Shareholder shall notify the Board of Directors and update the relevant public registrations as soon as practicably possible when the Principal Shareholder no longer holds a direct or indirect interest of at least 30% in the issued and outstanding nominal share capital of the Company. Upon receipt of such notification, or if the Board of Directors otherwise becomes aware of this fact, the Board of Directors shall, as soon as practicably possible, file a confirmation of this fact with the trade register of the Dutch Chamber of Commerce and make an announcement on its website.

3. ARTICLES OF ASSOCIATION OF THE COMPANY

3.1 General

Set out below is a summary of certain relevant information concerning the Articles and certain provisions of Dutch law in force on the date of this Prospectus.

This summary does not purport to give a complete overview of the Articles nor of the relevant provisions of Dutch law and is qualified in its entirety by the Articles as in effect upon completion of the Offer. This summary does not constitute legal advice regarding those matters and should not be regarded as such. The full text of the Articles will be available free of charge, in Dutch and in English, at the offices of the Company during regular business hours and in electronic form on the Company's website (www.digi-communications.ro).

3.2 Corporate objectives

The Company's corporate objectives included in article 3 of the Articles are:

- to incorporate, to participate in any way whatsoever, to manage, to supervise, to operate and to promote enterprises, businesses and companies;
- to render advice and services to businesses and companies with which the company forms a group and to third parties;
- to finance businesses and companies;
- to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with the aforementioned;
- to render guarantees, to bind the company and to pledge its assets for obligations of the companies and enterprises with which it forms a group and on behalf of third parties;

- to obtain, alienate, manage and exploit registered property and items of property in general;
- to trade in currencies, securities and items of property in general;
- to perform any and all activities of industrial, financial or commercial nature; and
- everything pertaining the foregoing, relating thereto or conducive thereto, all in the widest sense of the word.

3.3 Shareholders' register

Subject to Dutch law and the Articles, the Company must keep a shareholders' register. The Company's shareholders' register must be kept accurate and up-to-date and records the names and addresses of all holders of Shares, showing the date on which the Shares were acquired, which class of shares were acquired, the date of the acknowledgement by or notification of the Company as well as the amount paid on each Share. The register also includes the names and addresses of those with a right of usufruct (*vruchtgebruik*) or a pledge (*pandrecht*) in respect of such Shares. If requested, a Shareholder, usufructuary or pledgee of Shares shall be provided with an extract from the register relating to his or her title to a Share free of charge. If the Company Shares are encumbered with a right of usufruct or a right of pledge, the extract will state to whom such rights will fall to. Subject to Dutch law and pursuant to the Articles, the Company's shareholders' register shall be kept on behalf of the Board of Directors by a registrar designated for such purpose.

The Articles provide that if Shares belong to a collective deposit, the name and address of the depository agent or the central institute may be recorded in the shareholders' register, stating the date on which those Shares became part of a collective deposit, the date of acknowledgement or service as well as the paid-up amount on each Shares. As of the settlement date, RoClear will be entered into the shareholders' register as holder of Shares.

3.4 Transfer of Shares

There are no restrictions on the transferability of the Shares under the Articles.

3.5 Issuance of Shares

The General Meeting is authorized to issue Shares or to grant rights to subscribe for Shares and to restrict and/or exclude statutory pre-emptive rights in relation to the issuance of Shares or the granting of rights to subscribe for Shares. The General Meeting may designate the Board of Directors competent to issue Shares (or grant rights to subscribe for Shares) and to determine the issue price and other conditions of the issue for a specified period not exceeding five years (which period can be extended from time to time for further periods not exceeding five years) so long as the maximum number of Shares which may be issued is specified. A resolution of the General Meeting to issue Shares or to designate the Board of Directors, competent to do so, can only be adopted at the proposal of the Board of Directors. Shares may not be issued at less than their nominal value. Upon an issuance of a Share, the full nominal value thereof must be paid-up, as well as the difference between the two amounts if the Share is subscribed for at a higher price. A resolution by the General Meeting to issue Shares (or grant rights to subscribe for Shares) or to designate the Board of Directors as the competent corporate body requires a simple majority of the votes cast. A resolution of the Board of Directors to issue Shares (or grant rights to subscribe for Shares) requires a simple majority of the votes cast.

Designation by resolution of the General Meeting cannot be withdrawn unless determined otherwise at the time of designation. Pursuant to the Articles, the resolution to designate the Board of Directors shall determine that, if designation of the Board of Directors is in force, the General Meeting shall remain to have authority to decide on the issuance of Shares covered by the designation, if it has been determined in the resolution of the General Meeting to designate the Board of Directors. No resolution is required for the issue of Shares pursuant to the exercise of a previously-granted right to subscribe for Shares. The Company may not subscribe for its own Shares on issue.

Such authorization may from time to time be extended by a resolution of the General Meeting, subject to the limitations set out above.

3.6 Pre-emptive rights

Upon an issuance of Class A Shares (or the granting of rights to subscribe for Class A Shares) or Class B Shares (or the granting of rights to subscribe for Class B Shares), each shareholder, irrespective of the class of

Shares such shareholder holds, shall have pre-emptive rights to subscribe to acquire Shares of the relevant class of Shares being issued, proportionate to the aggregate number his Shares (in relation to the entire issued share capital).

However, in case of an issuance of both Class A Shares and Class B Shares (or the granting of rights to subscribe for Class A Shares and Class B Shares), each holder of one or more Class A Shares and each holder of one or more Class B Shares shall have pre-emptive rights proportionate to the aggregate number his Shares (in relation to the entire issued share capital) upon an issue of Class A Shares and Class B Shares, with the understanding that a holder of Class A Shares may only subscribe to acquire Class A Shares and a holder of Class B Shares may only subscribe to acquire Class B Shares.

Exceptions to this pre-emptive right include the issue of Shares (or the granting of rights to subscribe for Shares): (i) to Directors and/or employees of the Company or another member of its Group; (ii) against payment in kind (contribution other than in cash) and (iii) to persons exercising a previously-granted right to subscribe for Shares.

The pre-emptive rights in respect of newly issued Shares or the granting of rights to subscribe for Shares may be restricted or excluded by a resolution of the General Meeting at the proposal of the Board of Directors. A resolution of the General Meeting to restrict or exclude the pre-emptive rights of the holders of Class A Shares, requires a prior proposal of the Board of Directors subject to the approval of the Class A Meeting, and can only be adopted by a majority of at least two-thirds of the votes cast, if less than one half of the issued share capital is presented or represented at the General Meeting. A resolution of the General Meeting to restrict or exclude the pre-emptive rights of the holders of Class B Shares, requires a prior proposal of the Board of Directors, subject to the approval of the meeting of holders of Class B Shares (the “**Class B Meeting**”), and can only be adopted by a majority of at least two-thirds of the votes cast, if less than one half of the issued share capital is present or represented at the General Meeting.

3.7 Acquisition of own Shares

The Company cannot subscribe for Shares in its own capital at the time Shares are issued. Subject to the certain provisions of the Articles, the Company may acquire fully paid-up Shares (a) provided no consideration is given or (b) provided, (i) its shareholders’ equity less the payment required to make the acquisition, does not fall below the sum of called-up and paid-in share capital and any reserves to be maintained by Dutch law and/or the Articles, (ii) the Company and its subsidiaries would thereafter not hold shares or hold a pledge over shares with an aggregate nominal value exceeding 50% of the Company’s issued share capital and (iii) the Board of Directors has been authorized thereto by the General Meeting. Any acquisition by the Company of Shares that are not fully paid-up shall be null and void.

The General Meeting’s authorization to the Board of Directors to acquire own Shares shall be valid for a maximum of 18 months. As part of the authorization, the General Meeting must specify the number of Shares that may be repurchased, the manner in which the Shares may be acquired and the limits within which the price must be set. The authorization is not required for the acquisition of Shares for employees of the Company or another member of its Group, under a scheme applicable to such employees.

Shares held by the Company in its own share capital do not carry a right to any distribution. Furthermore, no voting rights may be exercised for any of the Shares held by the Company or its subsidiaries unless such Shares are subject to the right of usufruct or to a pledge in favor of a person other than the Company or its subsidiaries and the voting rights were vested in the pledgee or usufructuary before the Company or its subsidiaries acquired such Shares. The Company or its subsidiaries may not exercise voting rights in respect of Shares for which the Company or its subsidiaries have a right of usufruct or a pledge.

Potential tax implications arising from the acquisition of own Shares and subsequent transactions (including cancellation or resale) should be considered based on specific circumstances of each transaction.

3.8 Reduction of share capital

The General Meeting may, upon a proposal of the Board of Directors, resolve to reduce the issued share capital by (i) cancelling Shares or (ii) amending the Articles to reduce the nominal value of the Shares. In either case, this reduction would be subject to applicable statutory provisions.

Only Shares held by the Company, Shares for which it holds the depositary receipts, all outstanding (and not some only) Class A Shares or all outstanding (and not some only) Class B Shares may be cancelled, which outstanding Class A Shares or Class B Shares, as the case may be, may only be cancelled with a repayment to the

relevant shareholder. A reduction of the nominal value of the Shares without repayment and without release from the obligation to pay up the Shares must be effectuated proportionally on Shares of the same class (unless all shareholders concerned agree to a disproportionate reduction). Under Dutch law, a resolution of the General Meeting to reduce the issued share capital must designate the Shares to which the resolution applies and must lay down rules for the implementation of the resolution.

A resolution to reduce the issued share capital requires a majority of at least two-thirds of the votes cast, if less than half of the issued capital of the Company is present or represented at the General Meeting. A resolution that would result in a cancellation of all outstanding Class A Shares or all outstanding Class B Shares, as the case may be, shall also require the prior approval of the meeting of the holders of the relevant class of Shares. In addition, pursuant to Dutch law, a reduction of share capital involves a two month waiting period during which creditors have the right to object to a reduction of share capital under specified circumstances.

From a Romanian tax perspective, any cash or in-kind distribution made to Shareholders as part of a share capital reduction that is made proportionally to each Shareholder's portion of the share capital is not considered a dividend distribution and therefore should not fall within the scope of withholding tax.

3.9 Annual accounts and auditor

The financial year of the Company coincides with the calendar year. Annually within four months after the end of the financial year, the Board of Directors must publish the annual accounts and make them publicly available as well as file them with the AFM. The annual accounts must include an independent auditors' report, a report by the Board of Directors and certain other information required under Dutch law. All Directors must sign the annual accounts and if one of them does not so sign, the reason for this must be stated. The Board of Directors must make the annual accounts available for inspection by the Shareholders at the offices of the Company and deposit it with the AFM from the day of the notice convening the annual General Meeting. The annual accounts must be adopted by the General Meeting at the annual General Meeting, in which meeting also the release of liability of the Directors shall be discussed and usually resolved upon. The adopted annual accounts by the General Meeting will be deposited with the AFM again, who will deposit it with the Dutch Chamber of Commerce.

Within three months after the end of the first six months of the financial year, the Board of Directors must publish semi-annual accounts and a half-yearly report by the Board of Directors as well as make these publicly available and file them with the AFM. If the semi-annual accounts are audited or reviewed, the independent auditor's report must be made publicly available together with the semi-annual accounts.

3.10 Dividend and other distributions

Pursuant to Dutch law and the Articles, the distribution of profits will take place following the adoption of the Company's annual accounts, from which the Company will determine whether such distribution is permitted. The Company may make distributions to the Shareholders, whether from profits or from its freely distributable reserves, only insofar as its shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or pursuant to the Articles.

The Company shall have a policy on reserves and dividends which shall be determined and may be amended by the Board of Directors. Such policy on reserves and dividends will be reviewed from time to time and distribution of any dividends will be upon a proposal thereto by the Board of Directors, subject to compliance with applicable law and any contractual provisions that restrict or limit the Company's ability to pay dividends, including under agreements for indebtedness that it may incur, and after taking into account many factors, including the Group's financial condition, results of operations, legal requirements, capital requirements, business prospects and other factors that the Board of Directors deems relevant. The adoption and thereafter each material change of the policy on reserves and dividends shall be discussed at the General Meeting under a separate agenda item.

The Company's ability and intention to return capital to shareholders in the future will depend on the Company's available investment opportunities, financial condition, results of operation, undertakings to creditors and other factors that the Board may deem relevant. Returns of capital to shareholders may be performed, at the discretion of the Company, through dividends.

Subject to Dutch law and the Articles, the Board of Directors, with due observance of the policy of the Company on reserves and dividends, may resolve to distribute an interim dividend if it determines such interim dividend to be justified by the Company's profits. For this purpose, the Board of Directors must prepare an

interim statement of assets and liabilities. Such interim statement shall show the financial position of the Company not earlier than on the first day of the third month before the month in which the resolution to make the interim distribution is announced. An interim dividend can only be paid if (a) an interim statement of assets and liabilities is drawn up showing that the funds available for distribution are sufficient, and (b) the Company's shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law.

Upon a proposal of the Board of Directors or the Class A Meeting, the General Meeting may resolve to make a distribution on Shares, which can be either (wholly or partly) in cash or Shares. At the proposal of the Board of Directors or the Class A Meeting, the General Meeting may resolve that distributions are made in another currency than euro. The Board of Directors may, subject to due observance of the policy of the Company on reserves and dividends and with the prior approval of the Class A Meeting, resolve that distributions to holder of Shares shall be made out of one or more reserves.

All Shares in the capital of the Company, including the Offer Shares, are entitled to dividends and other distributions, if and when declared. Any such distributions will be made to each Share equally, irrespective of the class and nominal value of such Share. All Shares in the capital of the Company, including the Offer Shares, irrespective of the class of Shares, rank equally in all respects and will be eligible for any dividend distribution that may be declared on the Shares in the future.

Dividends on the Class B Shares will be paid to the Shareholders of Class B Shares through Romanian Central Depository securities custody and administration system in Romanian leu, and credited automatically to the Shareholders' accounts without the need for the Shareholder of Class B Shares to present documentation proving ownership of the Class B Shares.

An entitlement to any dividend distribution shall be barred five years after the date on which those dividends were released for payment. Any dividend that is not collected within this period reverts to the Company and is allocated to its general reserves. The tax impact upon dividend distributions should be carefully considered. See "*—Taxation.*"

3.11 Board of Directors

Please also refer to section 5 below which gives a more detailed description of the Board of Directors.

3.12 General Meeting

Please also refer to section 4 below which gives a more detailed description of the General Meetings.

3.13 Amendment of Articles

The General Meeting may only resolve to amend the Articles upon a proposal made by the Board of Directors. A proposal to amend the Articles must be included in the notice convening the General Meeting. A copy of the proposal containing the proposed amendment must be available at the Company for inspection by every Shareholder and every holder of meeting rights until the end of the General Meeting.

The rights of the holders of Class A Shares under the Articles may not be amended without the prior written approval of the Class A Meeting. In addition, the right of the Class B Meeting to approve a resolution of the General Meeting to restrict or exclude pre-emptive rights of the holders of Class B Shares under the Articles (as included in article 8, paragraph 6, second sentence of the Articles) may not be amended without the prior approval of the Class B Meeting.

A resolution adopted by the General Meeting to amend the Articles requires a simple majority of the votes cast, unless less than half of the Company's issued and outstanding share capital is present or represented at the meeting, in which case a majority of at least two-thirds of the votes cast shall be required.

3.14 Dissolution and liquidation

The General Meeting may resolve to dissolve the Company, upon a proposal of the Board of Directors, passed by a simple majority of the votes cast, unless less than half of the Company's issued and outstanding share capital is present or represented at the meeting, in which case a majority of at least two-thirds of the votes cast shall be required. If a resolution to dissolve the Company is to be put to the General Meeting, this must in all cases be stated in the notice convening the General Meeting. If the General Meeting has resolved to dissolve the Company, the Executive Directors will be charged with the liquidation of the business of the Company and the Non-executive Directors with the supervision thereon. During liquidation, the provisions of the Articles will remain in force as far as possible. Any surplus remaining after settlement of all debts and liquidation costs will be

distributed to the Shareholders in proportion to the number of Shares held by them, irrespective of the nominal value of those Shares. Tax consequences upon dissolution or liquidation shall be determined in accordance with Romanian tax law and the country in which each investor is a tax resident.

4. GENERAL MEETING

4.1 Annual General Meetings

An annual General Meeting must be held within six months from the end of the preceding financial year of the Company. The purpose of the annual General Meeting is to discuss, amongst other things, the directors' report, the applied remuneration, the adoption of the annual accounts, allocation of profits (including the proposal to distribute dividends), release of the Executive Directors from liability for their management and the Non-executive Directors from liability for their supervision thereon, filling of any vacancies and other proposals brought up for discussion by the Board of Directors.

4.2 Extraordinary General Meetings

Extraordinary General Meetings may be held as often as the Board of Directors deems such necessary or when the Class A Meeting makes use of any of its rights under the Articles to make a proposal to the General Meeting. In addition, Shareholders representing alone or in aggregate at least 10% of the issued and outstanding share capital of the Company may request the Board of Directors that a General Meeting be convened, the request setting out in detail matters to be considered. If no General Meeting has been held within 56 days of the Shareholder(s) making such request, that/those Shareholder(s) may request in summary proceedings a Dutch District Court to be authorized to convene a General Meeting. In any event, a General Meeting will be held to discuss any requisite measures within three months of it becoming apparent to the Board of Directors that the shareholders' equity of the Company has decreased to an amount equal to or lower than one-half of the issued and paid-up part of the capital.

4.3 Place of General Meetings

General Meetings of the Company will be held in Amsterdam or at Schiphol Airport, municipality of Haarlemmermeer, the Netherlands.

4.4 Convocation notice and agenda

General Meetings can be convened by the Board of Directors by a notice which must be published through an announcement on the website of the Company. The notice must specify the subjects to be discussed, the place and the time of the meeting, the record date, the manner in which persons entitled to attend the General Meeting may register and exercise their rights, the time on which registration for the meeting must have occurred ultimately, as well as the place where the meeting documents may be obtained. The notice must be given by at least 42 days prior to the day of the General Meeting. All convocations, announcements, notifications and communications to Shareholders are made in accordance with the relevant provisions of Dutch law. If a proposal is made to amend the Articles, the convening notice will note this and a copy of the proposed amendment must be deposited at the office of the Company for inspection by the Shareholders until the end of the meeting.

The agenda for the annual General Meeting must contain certain subjects, including, among other things, the discussion of the directors' report, the discussion of the applied remuneration, the discussion and adoption of the Company's annual accounts and dividend proposal (if applicable), insofar as this is at the disposal of the General Meeting. In addition, the agenda shall include such items as have been included therein by the Board of Directors or Shareholders (with due observance of the laws of the Netherlands as described below). If the agenda of the General Meeting contains the item of granting discharge to the Directors concerning the performance of their duties in the financial year in question, the matter of the discharge shall be mentioned on the agenda as separate items for the Executive Directors and the Non-executive Directors, respectively.

One or more Shareholders representing solely or jointly at least 3% of the Company's issued and outstanding share capital in value and the Class A Meeting are entitled to request the Board of Directors to include items on the agenda of the General Meeting. The Board of Directors must agree to such requests, provided that (a) the request was made in writing and (b) was received no later than the 60th calendar day before the date of the General Meeting. No resolutions will be adopted on items other than those which have been included in the agenda unless the resolution is adopted unanimously during a meeting where the entire issued capital of the Company is present or represented.

Shareholders who, individually or with other Shareholders, hold shares in the Company that represent at least 1% of the issued and outstanding share capital or a market value of at least €250,000, may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting. The Company can only refuse disseminating such information, if received less than seven Business Days prior to the General Meeting, if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

4.5 Admission and registration

The General Meeting is chaired by the President or the Vice-President. All Directors may attend a General Meeting. In these General Meetings, they have an advisory vote. The chairperson of the General Meeting may decide at his or her discretion to admit other persons to the General Meeting. Minutes of the meetings shall be prepared.

All Shareholders, and each usufructuary and pledgee to whom the right to vote on shares in the capital of the Company accrues, are entitled, in person or represented by a proxy authorized in writing, to attend and address the General Meeting and exercise voting rights pro rata to their shareholding. Shareholders may exercise their rights if they are the holders of shares in the Company on the record date as required by Dutch law, which is currently the 28th day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the General Meeting in writing or by any other electronic means that can be reproduced on paper ultimately at a date set for that purpose by the Board of Directors which date may not be earlier than the seventh day prior to the General Meeting, specifying such person's name and the number of shares for which such person may exercise the voting rights and/or meeting rights at such General Meeting. The convocation notice shall state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

4.6 Voting rights

The Shares are denominated in euro. Each Share confers the right to cast one vote for each eurocent of nominal value. The Class B Shares (including the Offer Shares) have a nominal value of €0.01 and as such each Class B Share confers the right to cast 1 vote. The Class A Shares have a nominal value of €0.10 and as such each Class A Share confers the right to cast 10 votes. Under the Articles, blank and invalid votes shall not be counted as votes cast. Further, Shares in respect of which a blank or invalid vote has been cast and Shares in respect of which the person with meeting rights who is present or represented at the meeting has abstained from voting are counted when determining the part of the issued share capital that is present or represented at a General Meeting (for the avoidance of doubt, Shares held by the Company in its own share capital will not be counted when determining the part of the issued share capital that is present or represented at a General Meeting). The chairperson of the General Meeting shall determine the manner of voting and whether voting may take place by acclamation, subject to certain restrictions under the Articles. Shares in respect of which the law determines that no votes may be cast shall be disregarded for the purposes of determining the part of the issued share capital that is present or represented at a General Meeting. Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of shares in the Company which are held by the Company.

Valid resolutions of the General Meeting can only be adopted at a General Meeting for which notice is given, a quorum of 50% of the issued and outstanding share capital (excluding any Shares held by the Company in its own share capital) plus 1 Share is present or represented and which is held in accordance with the relevant provisions of the law and the Articles. There will not be the possibility to hold a meeting without the quorum of 50% of the issued and outstanding share capital plus 1 share being present or represented. Therefore no resolutions can be taken in the General Meeting if the Principal Shareholder is not present or represented. Resolutions are passed by a simple majority of the votes cast, unless Dutch law or the Articles prescribe a larger majority. The determination made by the chairperson of the General Meeting with regard to the results of a vote at a General Meeting shall be decisive. However, where the accuracy of the chairperson's determination is contested immediately after it has been made, a new vote shall take place if the majority of the General Meeting so requires or, where the original vote did not take place by response to a roll call or in writing, if any party with voting rights present at the General Meeting so requires.

The Board of Directors will keep a record of the resolutions passed at each General Meeting. The record shall be available at the offices of the Company for inspection by any person entitled to attend General Meetings and upon request a copy of or extract from the record will be provided to such person at no more than the cost price.

5. BOARD OF DIRECTORS

5.1 Powers, responsibilities and function of the Board of Directors

The Board of Directors is collectively responsible for the Company's general affairs. The Articles divide the duties of the Board of Directors among its members, with the Company's day-to-day management and the general affairs of the Company and the business connected with it entrusted to our Executive Directors. Our Non-executive Directors supervise the management of our Executive Directors and the general affairs in the Company and the business connected with it and provide the Executive Directors with advice. In addition, both our Executive Directors and our Non-executive Directors must perform such duties as are specifically assigned to each of them by or pursuant to the Articles. Each Director (both Executive Directors and Non-executive Directors) has a duty to properly perform the duties assigned to him or her and to act in the corporate interest of the Company. The Board of Directors may perform all acts necessary or useful for achieving the Company's objectives, with the exception of those acts that are prohibited by law or by the Articles. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees, and other stakeholders.

Tasks that have not been specifically allocated by the Articles fall within the power of the Board of Directors as a whole. All Directors (both Executive and Non-executive) remain collectively responsible for proper management as a whole regardless of the allocation of tasks.

The Board of Directors as a whole is entitled to represent the Company. In addition, the CEO acting alone is also authorized to represent the Company, as well as two Executive Directors acting jointly.

5.2 Composition, appointment, term of appointment and dismissal of members of the Board of Directors

The Articles provide that the Board of Directors shall consist of both Executive Directors and Non-executive Directors. Pursuant to Dutch law, Non-executive Directors must be natural persons.

The General Meeting appoints the members of the Board of Directors upon a binding nomination by the Class A Meeting. The General Meeting may at all times deprive such a nomination of its binding character, following which the Class A Meeting shall draw up a new binding nomination.

When making a nomination, the Class A Meeting shall take into account that the Board of Directors should be composed such that the requisite expertise, background competences and—as regards the Non-executive Directors—independence are present for them to carry out their duties properly.

A nomination for appointment of an Executive Director must state the candidate's age and the positions he or she holds, or has held, insofar as these are relevant for the performance of the duties of an Executive Director. The nomination must state the reasons for the nomination of the relevant person.

A nomination for appointment of a Non-executive Director must state the candidate's age, his or her profession, the number of shares he or she holds and the positions he or she holds, or has held, insofar as these are relevant for the performance of the duties of a Non-executive Director. Furthermore, the names of the legal entities of which he or she is already a supervisory board member or a Non-executive member of the board shall be indicated; if those include legal entities which belong to the same group, a reference of that group will be sufficient. The nomination must state the reasons for the nomination of the relevant person.

The General Meeting will appoint a Director either as an Executive Director or as a Non-executive Director. The Articles provide that the General Meeting shall from among the Non-executive Directors appoint the President and appoint the Vice-President. In addition, the Articles provide that the Board of Directors may grant titles to Executive Directors including but not limited to CEO and CFO.

The Articles provide that the Board of Directors shall adopt a rotation schedule for the Non-executive Directors other than the President. The Non-executive Directors will be appointed for a term of three years and may be reappointed. The President may be reappointed for an indefinite number of terms.

The General Meeting may suspend or remove Directors at any time. Executive Directors may also be suspended by the Board of Directors. A suspension of a Director may be extended one or more times, but may last longer than three months in aggregate. If at the end of that period no decision has been taken on termination of the suspension or on dismissal, the suspension shall end.

5.3 Limitation of Non-executive Director positions

Under Dutch law, an executive member of the board of directors of a large Dutch company may not hold more than two supervisory positions at another large Dutch company, and may not concurrently serve as

chairman of the supervisory board or of a one-tier board of a large Dutch company. A “supervisory position” is a position of membership on a supervisory board, non-executive director in a one-tier board structure or member of a supervisory body. Under Dutch law, a large company is a Dutch public limited liability company (*naamloze vennootschap*), a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) or a foundation (*stichting*) that fulfills at least two out of the following three criteria on two successive balance sheet dates: (1) the value of the assets according to the consolidated balance sheet with explanatory notes is, on the basis of the purchase price and manufacturing costs, more than €20 million; (2) the net turnover is more than €40 million; and (3) the average number of employees is 250 or more.

Supervisory positions in group companies, Dutch legal entities other than large public and private limited liability companies, and foundations and foreign legal entities do not count toward the maximum number of supervisory positions permitted. Furthermore, under Dutch law, members of the supervisory board or non-executive directors of a large Dutch company may not hold five or more supervisory positions at another large Dutch company, whereby the chairmanship is counted twice.

An appointment in violation of these restrictions will result in that last appointment being void. Earlier appointments at other entities are not affected. The fact that an appointment is thus void does not affect the validity of decision-making.

At the date of this Prospectus, the Company does not qualify as a large company.

5.4 Decision-making and approvals of the Board of Directors

The Executive Directors and the Non-executive Directors respectively may adopt legally valid resolutions with regard to matters that fall within the scope of their respective duties, with the location of the approvals being Romania.

In a meeting of the Board of Directors, each Director, other than the President, is entitled to cast one vote. The President is entitled to cast as many votes as can be cast by all other Directors present or represented at that meeting in respect of whom no conflict of interest (as set out below) exists. An Executive Director may grant a written proxy to the other Executive Director to represent him at a meeting. A Non-executive Director may grant a written proxy to another Non-executive Director to represent him at a meeting. A Non-executive Director may not act as proxy for more than one Non-executive Director. All resolutions by the Board of Directors are adopted by the favorable vote of a majority of the votes of the relevant Directors present or represented at the meeting unless the Articles provide otherwise. The Board of Directors may also adopt resolutions outside a meeting (whether physical, by videoconference, or by telephone), in writing or otherwise, provided that the proposal concerned is submitted to all relevant Directors then in office (and in respect of whom no conflict of interest exists) and provided that none of them objects to such decision-making process. Adoption of resolutions in writing shall be effected by written statements from all relevant Directors then in office in respect of whom no conflict of interest exists.

5.5 Board of Directors’ resolutions requiring prior approval

5.5.1 *Prior approval of the Class A Meeting*

The Articles provide that the following resolutions of the Board of Directors concerning any acts of disposal or encumbrance are subject to the approval of the Class A Meeting:

- in respect of shares owned by the Company (whether in other companies or itself) and/or its Group companies;
- in respect of networks owned by the Company and/or its Group companies;
- in respect of relationships with clients of the Company and/or its group companies where such client relationships are treated as groups and not individually;
- in respect of trademarks, authorisations or licenses of any kind owned by the Company and/or its Group companies;
- in respect of goodwill of the Company and/or its Group companies; or
- in respect of any other material assets of the Company and/or its Group companies.

5.5.2 *Prior approval of the General Meeting*

The Articles and Dutch law provide that resolutions of the Board of Directors concerning a material change in the identity or character of the Company or its business are subject to the approval of the General Meeting. Such changes include in any event:

- a transfer of all or materially all of the Company's business to a third party;
- the entry into or termination of a long-term alliance of the Company or of a subsidiary either with another entity or company, or as a fully liable partner of a limited partnership or partnership, if this alliance or termination is of fundamental importance for the Company; and
- the acquisition or disposition of an interest in the capital of a company by the Company or by a subsidiary with a value of at least one third of the value of the assets, according to the balance sheet with explanatory notes or, if the Company prepares a consolidated balance sheet, according to the consolidated balance sheet with explanatory notes in the Company's most recently adopted annual accounts.

For the avoidance of any doubt, where a matter would require approval from both the Class A Meeting and the General Meeting, they shall both be necessary and the approval from the Class A Meeting shall be obtained as a pre-condition to seeking approval from the General Meeting.

The absence of approval of the General Meeting would result in the relevant resolution being null and void, but does not affect the power of the Board of Directors or its members to represent the Company in dealings with third parties.

5.6 **Conflicts of interest**

The Board of Directors has adopted a conflict of interest policy setting out the provisions in relation to conflicts of interest of the Directors. The Directors shall immediately report any (potential) direct or indirect personal interest in a matter which is conflicting with the interests of the Company and the business connected with it to the President and to the other Directors and shall provide all relevant information, including information concerning his spouse, registered partner or other partner, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law.

The Non-executive Directors shall decide, without the Director concerned being present, whether there is a conflict of interest. In case of a (potential) direct or indirect personal interest in relation to the President, the other Non-executive Directors shall decide whether there is a conflict of interest. A conflict of interest in relation to a Director may exist, if the Company intends to enter into a transaction with a legal entity (i) in which such Director personally has a material financial interest, (ii) which has an executive director or a member of the management board who is related under family law to such Director of the Company, or (iii) in which such Director has an executive or Non-executive position.

The President shall immediately report any (potential) direct or indirect personal interest in a matter which is conflicting with the interests of the Company and the business connected with it to the Vice-President and shall provide all relevant information, including information concerning his spouse, registered partner or other partner, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law. The Vice-President will take such (interim) measures as he/she shall deem appropriate and in the interest of the Company, which may include a suspension of the President from attending any meeting or being involved in any matter where the conflict of interest might in the opinion of the Vice-President be an issue.

The Non-executive Directors shall be responsible for the decision-making in regard to the handling of conflicts of interests with individual Directors, with persons holding a substantial shareholding in the Company and with the external auditors. The Non-executive Directors may delegate their authorities and powers in this respect to the President or Vice-president or to the Audit Committee, provided there shall be detailed accounting to the Board of Directors of the way in which the conflict of interest has been handled.

A Director shall not participate in any discussions and decision making if he or she has a conflict of interest in the matter being discussed. If for this reason no resolution can be taken by the Board of Directors, the General Meeting will resolve on the matter.

All transactions in which there are conflicts of interest with Directors shall be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest with Directors that are of material significance to the Company and/or to the relevant Director require the approval of the Non-executive Directors.

All transactions between the Company and legal or natural persons who hold at least 10% of the shares in the Company shall be agreed on terms that are customary in the sector in which the Company and its combined businesses are active. The Non-executive Directors are required to approve such transactions that are of a material significance to the Company and/or to such persons.

5.7 Remuneration of Directors

On April 21, 2017, the General Meeting has, upon a proposal of the Non-executive Directors, adopted a policy governing the remuneration of the Directors. The Non-executive Directors have determined the remuneration of the Directors, at the recommendation of the Remuneration Committee, and with the approval of the General Meeting and with due observation of the remuneration policy adopted by the General Meeting. On April 21, 2017, the General Meeting has also, upon proposal of the Class A Meeting, adopted an equity incentive plan by which it has authorized the Board of Directors to award Class B Shares.

5.7.1 Directors, executives and non-executives, independent or not, will be compensated with fixed net base salary of €100,000 per annum and a variable remuneration pursuant to the terms of the equity incentive plan of the Company, depending on performance objectives linked to the achievement of challenging performance for the purpose of enhancing shareholder value and in addition, Directors can also receive performance-linked cash bonuses subject to performance criteria which, for the year 2017, include the (i) successful closing of the Offering and Admission, (ii) duration of employment with the Company and (iii) growth in EBITDA and in RGUs, subject to the discretion of the Board of Directors. The Directors may be obliged to repay (part of) their variable remuneration to the Company if certain circumstances apply. Pursuant to Dutch law, the Non-executive Directors may furthermore adjust the variable remuneration (to the extent that it is subject to reaching certain targets and the occurrence of certain events) to an appropriate level if payment of the variable remuneration were to be unacceptable according to requirements of reasonableness and fairness.

In addition, Dutch law prescribes that, in case the value of shares in the capital of the Company or rights to subscribe for such Shares granted by the Company to the respective Directors as part of their remuneration increases during a period in which a public takeover bid is made for the Shares in the capital of the Company, the remuneration of that respective Director will be reduced by the amount by which the value of the Shares or rights to subscribe for such Shares so granted by the Company to such member has increased. To the extent the increase in value exceeds the remuneration of the respective Director, the Company shall have a claim against the respective Director for such excess. Similar provisions apply in the situation of an intended legal merger or demerger, or if the Company intends to enter into certain transactions that are of such significance to the Company that the Board of Directors requires the approval of the General Meeting pursuant to Dutch law (i.e., transactions that fall within the scope of Section 2:107a of the Dutch Civil Code (the “DCC”).

6. OBLIGATIONS OF SHAREHOLDERS, THE COMPANY AND DIRECTORS TO NOTIFY HOLDERS OF SHARES AND VOTING RIGHTS

6.1 Obligations under Dutch law

Pursuant to chapter 5.3 of the DFSA, any person who, directly or indirectly, acquires or disposes of an actual or potential capital interest and/or voting rights in the Company must immediately give written notice to the AFM of such acquisition or disposal if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, *inter alia*, be taken into account: (i) Shares and/or voting rights directly held (or acquired or disposed of) by any person; (ii) Shares and/or voting rights held (or acquired or disposed of) by such person’s controlled entities or by a third party for such person’s account; (iii) voting rights held (or acquired or disposed of) by a third party with whom such person has concluded an oral or written voting agreement; (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment; (v) shares which such person, or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire Shares; (vi) shares which determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps; (vii) shares that must be acquired upon exercise of a put option by a counterparty; and (viii) shares which are the subject of another contract creating an economic position similar to a direct or indirect holding in those Shares.

Controlled entities (*gecontroleerde ondernemingen*) within the meaning of the DFSA do not themselves have notification obligations under the DFSA as their direct and indirect interests are attributed to their (ultimate)

parent. If a person who has a 3% or larger interest in the Company's share capital or voting rights ceases to be a controlled entity it must immediately notify the AFM and all notification obligations under the DFSA will become applicable to such former controlled entity.

Special rules apply to the attribution of shares and/or voting rights which are part of the property of a partnership or other form of joint ownership. A holder of a pledge or right of usufruct in respect of shares can also be subject to notification obligations, if such person has, or can acquire, the right to vote on the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger notification obligations as if the pledgee or beneficial owner were the legal holder of the shares and/or voting rights.

Furthermore, when calculating the percentage of capital interest a person is also considered to be in possession of shares if (i) such person holds a financial instrument the value of which is (in part) determined by the value of the shares or any distributions associated therewith and which does not entitle such person to acquire any shares, (ii) such person may be obliged to purchase shares on the basis of an option, or (iii) such person has concluded another contract whereby such person acquires an economic interest comparable to that of holding a share.

Under the DFSA, the Company is required to notify the AFM promptly of any change of 1% or more in the Company's issued and outstanding share capital or voting rights since the previous notification. Other changes in the Company's issued and outstanding share capital or voting rights must be notified to the AFM within eight days after the end of the quarter in which the change occurred. If a person's capital interest and/or voting rights reaches, exceeds or falls below the above-mentioned thresholds as a result of a change in the Company's issued and outstanding share capital or voting rights, such person is required to make a notification not later than on the fourth trading day after the AFM has published the Company's notification as described above.

Every holder of 3% or more of the Company's share capital or voting rights who, in relation to its previous notification, reaches, exceeds or falls below any of the abovementioned thresholds as a consequence of a different composition by means of an exchange or conversion into shares or the exercise of rights pursuant to an agreement to acquire voting rights, must notify the AFM at the latest within four trading days.

Furthermore, each Director must notify the AFM of each change in the number of Shares he/she holds and of each change in the number of votes he/she is entitled to cast in respect of the Company's issued and outstanding share capital, immediately after the relevant change.

The AFM does not issue separate public announcements of the notifications. It does, however, keep a public register of and publishes all notifications made pursuant to the DFSA at its website (www.afm.nl). Third parties can request to be notified automatically by email of changes to the public register in relation to a particular company's shares or a particular notifying party.

Non-compliance with these notification obligations is an economic offense and may lead to criminal prosecution. The AFM may impose administrative penalties for non-compliance, and the publication thereof. In addition, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be notified. A claim requiring that such measures be imposed may be instituted by the Company, or by one or more Shareholders who alone or together with others represent at least 3% of the issued and outstanding share capital of the Company or voting rights. The measures that the civil court may impose include:

- an order requiring the person with a duty to disclose to make the appropriate disclosure;
- suspension of the right to exercise the voting rights by the person with a duty to disclose for a period of up to three years as determined by the court;
- voiding a resolution adopted by the General Meeting, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person with a duty to disclose, or suspension of a resolution adopted by the General Meeting until the court makes a decision about such voiding; and
- an order to the person with a duty to disclose to refrain, during a period of up to five years as determined by the court, from acquiring Shares or voting rights in the Company.

Shareholders are advised to consult with their own legal advisors to determine whether the notification obligations apply to them.

6.2 Obligations under Romanian law

According to the Law on Issuers of Financial Instruments and Market Operations No. 24/2017, if following the acquisition or sale of the Shares, the proportion of voting rights held by a person reaches, exceeds or falls

below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33%, 50% and 75% of the total voting rights, that person must notify, within a maximum of four working days from acknowledging this operation, the Company, the FSA and the Bucharest Stock Exchange. The relevant percentages shall be calculated by reference to all voting rights within a particular class of shares, irrespective of whether all or certain voting rights within such class are suspended. Regulation 1/2006 on issuers and operations with securities (as amended) currently provides an additional threshold of 90% of the total voting rights (the Regulation has not yet been harmonized with the newly adopted Law on Issuers of Financial Instruments and Market Operations No. 24/2017 and it is unclear whether this notification obligation is still applicable).

For the purpose of calculating the percentage of voting rights, the following interests must, *inter alia*, be taken into account: (i) voting rights directly held by any person; (ii) voting rights held or which may be exercised by such person's controlled entities or held by a third party for such person's account or by another person acting in concert with such person; (iii) voting rights held by a third party with whom such person has concluded an agreement for on the concerted exercise of the voting rights; (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment; (v) voting rights attached to pledged Shares, provided that the pledgee has the right to control such voting rights and wishes to exercise such rights; (vi) voting rights pertaining to Shares, the usufructuary right which is retained by the respective person; (vii) voting rights pertaining to Shares possessed by such person, provided that such rights may be exercised without limitations, absent any instructions to the contrary from the legal owners of the Shares; (viii) voting rights that may be exercised without limitations by such person, in capacity as attorney in fact, absent any instructions to the contrary from the legal owners of the Shares; and (ix) voting rights attached to issued Shares that may be acquired by the respective person on the basis of other financial instruments held by it.

Non-compliance with these notification obligations is an administrative offense. The FSA may request the persons subject to the obligations above to effect the required disclosures, as well as request additional information with respect to disclosures. The FSA may impose administrative penalties for non-compliance, and may publicly disclose such non-compliance.

Shareholders are advised to consult with their own legal advisors to determine whether the notification obligations apply to them.

7. SHORT POSITIONS

7.1 Net short position

Pursuant to EU regulation No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of the Company must report it to the AFM. Each subsequent increase of this position by 0.1% above 0.2% will also have to be reported. Each net short position equal to 0.5% of the issued share capital of the Company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located. The notification shall be made no later than 15:30 CET on the following trading day.

7.2 Gross short position

Furthermore, each person holding a gross short position in relation to the issued share capital of the Company that reaches, exceeds or falls below one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give written notice to the AFM.

If a person's gross short position reaches, exceeds or falls below one of the abovementioned thresholds as a result of a change in the Company's issued share capital, such person is required to make a notification not later than on the fourth trading day after the AFM has published the Company's notification in the public register of the AFM.

The AFM keeps a public register of the short selling notifications. Shareholders are advised to consult with their own legal advisors to determine whether any of the above short selling notification obligations apply to them.

8. OBLIGATIONS OF SHAREHOLDERS TO MAKE A PUBLIC OFFER AND SQUEEZE OUT PROCEDURES

8.1 Public offer

In accordance with Directive 2004/25/EC (the “**Takeover Directive**”), each Member State should ensure the protection of minority shareholders by obliging any person that acquires control of a company to make an offer to all the holders of that company’s voting securities for all their holdings at an equitable price.

The Takeover Directive applies to all companies governed by the laws of a Member State of which all or some voting securities are admitted to trading on a regulated market in one or more Member States. According to the Takeover Directive, the laws of the Member State in which a company has its registered office will apply to matters relating to the information to be provided to the employees of the offeree company and in matters relating to company law, in particular the percentage of voting rights that is regarded as conferring control over that company and any derogation from the obligation to launch a bid, as well as the conditions under which the board of the offeree company may undertake any action which might result in the frustration of the bid. Matters relating to the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, in particular the information on the offeror’s decision to make a bid, the contents of the offer document and the disclosure of the bid, shall be dealt with in accordance with the rules of the Member State of the competent authority, which, in the case of a company whose securities are not admitted to trading on a regulated market in the Member State in which the company has its registered office, shall be the authority designated by the Member State on the regulated market of which the company’s securities are admitted to trading.

The rules under the DFSA regarding mandatory public offers (particularly those relating to the percentage of voting rights that is regarded as conferring control over the Company) apply to the Company because it has its official seat in the Netherlands. In accordance with Section 5:70 of the DFSA, any person—whether acting alone or in concert with others—who, directly or indirectly, acquires a controlling interest in of the Company will be obliged to launch a mandatory public offer for all outstanding shares (both Class A Shares and Class B Shares) in the share capital of the Company. A controlling interest is deemed to exist if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the General Meeting. An exception is made for, amongst others, Shareholders who—whether alone or acting in concert with others—(i) have an interest of at least 30% of the Company’s voting rights before the Shares are first admitted to trading on the Bucharest Stock Exchange and who still have such an interest after such first admittance to trading, and (ii) reduce their holding to below 30% of the voting rights within 30 days of the acquisition of the controlling interest provided that (a) the reduction of their holding was not effected by a transfer of Shares to an exempted party and (b) during such period such Shareholders or group of Shareholders did not exercise their voting rights.

The Dutch Decree on public offers (*Besluit openbare biedingen Wft*) will also apply to the Company, but only in relation to matters relating to information to be provided to trade unions and employees and company law matters, including the convocation of a general meeting of Shareholders in the event of a public offer and a position statement by the Board of Directors.

In case of a mandatory public offer for Shares, matters related to the offered consideration, in particular the price, the bid procedure, in particular the information on the offeror’s decision to make a bid, the contents of the offer document and the disclosure of the bid, will be governed by Romanian law, more specifically by the Law on Issuers of Financial Instruments No. 24/2017 and by Regulation 1/2006 on issuers and operations with securities (as amended). The mandatory public offer document, having the content set forth under the Romanian law, shall be approved by the FSA.

Under Romanian law, the mandatory public offer must be launched immediately, however not later than, as a rule, two months, after the date the offeror reached the controlling interest threshold.

The price under a mandatory public offer will be the highest price paid for the shares by the offeror, or by persons acting in concert with the offeror, over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval.

If the mandatory offer is not launched within the term prescribed by Romanian law, the offer price will be the highest of: (i) the price paid for the shares by the offeror, or by persons acting in concert with the offeror, over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval; (ii) the price paid for the shares by the offeror, or by persons acting in concert with the offeror, over a period of 12 months prior to the date the offeror reached the controlling interest threshold; (iii) the weighted average trading price of the shares, over a period of 12 months prior to submitting the takeover bid documentation to the

FSA for approval; and (iv) the weighted average trading price of the shares, over a period of 12 months prior to the date the offeror reached the controlling interest threshold.

If the mandatory offer is launched within the term prescribed by Romanian law, but the offeror, or the persons acting in concert with the offeror, have not acquired any shares of the company which is subject to the mandatory offer over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval or the FSA determines that the operations whereby the shares were acquired may negatively influence the calculation of the price, the price will be highest of the following amounts, calculated by an authorized valuator, designated by the offeror: (i) the weighted average trading price of the shares, over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval; (ii) the per share value of the net assets of the company according to its latest audited financial statements; and (iii) the price determined further to a valuation performed according to international valuation standards. If the mandatory offer is not launched within the term prescribed by Romanian law, and the offeror, or the persons acting in concert with the offeror, have not acquired any shares of the company which is subject to the mandatory offer over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval or the FSA determines that the operations whereby the shares were acquired may negatively influence the calculation of the price, the price will be highest of the following amounts, calculated by an authorized valuator, designated by the offeror: (i) the weighted average trading price of the shares, over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval; (ii) the weighted average trading price of the shares, over a period of 12 months prior to the date the offeror reached the controlling interest threshold; (iii) the highest price paid for the shares by the offeror, or by persons acting in concert with the offeror, over a period of 12 months prior to the date the offeror reached the controlling interest threshold; (iv) the per share value of the net assets of the company according to its latest audited financial statements issued prior to submitting the takeover bid documentation to the FSA for approval; (v) the per share value of the net assets of the company according to its latest audited financial statements issued prior to the date the offeror reached the controlling interest threshold; and (vi) the price determined further to a valuation performed according to international valuation standards.

8.2 Squeeze out and sell out

As a public company with official seat (*statutaire zetel*) in the Netherlands and with its Shares listed on a regulated market, according to the DCC, Dutch law will apply to all aspects of squeeze out and sell out procedures (including thresholds, procedure and price determination), irrespective of the location of the listing venue.

Pursuant to article 2:92a of the DCC, a Shareholder who, for its own account, holds at least 95% of the issued share capital of the Company, may institute proceedings against the other Shareholders jointly for the transfer of their Shares to it. The proceedings are held before the Dutch Enterprise Chamber of the Amsterdam Court of Appeal (the “**Enterprise Chamber**”) and can be instituted by means of a writ of summons served upon each of the minority Shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

The Enterprise Chamber may grant the claim for the squeeze-out in relation to all minority Shareholders and will determine the price to be paid for the Shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the Shares of the minority Shareholders. Once the order to transfer becomes final, the person acquiring the Shares must give written notice of the date and place of payment and the price to the holders of the Shares to be acquired whose addresses are known to it. Unless the addresses of all of them are known to it, it must also publish the same in a Dutch daily newspaper with a national circulation.

In addition, pursuant to Section 2:359c of the DCC, following a public offer, a holder of at least 95% of the issued share capital and voting rights of the Company has the right to require the minority Shareholders to sell their Shares to it. Any such request must be filed with the Enterprise Chamber within three months after the end of the acceptance period of the public offer. Conversely, pursuant to Section 2:359d of the DCC each minority Shareholder has the right to require the holder of at least 95% of the issued share capital and voting rights of the Company to purchase its Shares in the Company in such case. The minority Shareholder must file such claim with the Enterprise Chamber within three months after the end of the acceptance period of the public offer. The Takeover Directive and Romanian law do not contain any express provisions on the law applicable to, or the competent authority in relation to, squeeze out or sell out procedures targeting a company which is listed on a regulated market in a jurisdiction other than the Member State in which it has its official seat. In case of a conflict of law situation, investors are advised to comply with both Dutch and Romanian law, to the extent possible, and seek independent legal advice in respect of the course of action appropriate to preserve or enforce their rights in connection with a squeeze out or sell out procedure targeting Shares.

Any proposal to delist the Offer Shares will be governed by Romanian law and must be preceded by a squeeze out, so as to ensure minority shareholders have the opportunity to sell at a fair price.

9. MARKET ABUSE RULES

As of July 3, 2016, setting aside previously applicable national legislation in the member states of the EU, the Market Abuse Regulation (Regulation (EU) No 596/2014) (“**MAR**”) provides for specific rules intended to prevent market abuse, such as prohibitions on insider trading, divulging insider information and tipping, and market manipulation. The Company, the members of the Board of Directors and other insiders and persons performing or conducting transactions in the Company’s financial instruments, as applicable, will be subject to the insider trading prohibition, the prohibition on divulging insider information and tipping, and the prohibition on market manipulation. In certain circumstances, the Company’s investors may also be subject to market abuse rules.

Inside information is any information of a precise nature relating (directly or indirectly) to the Company, or to the Shares in the Company or other financial instruments, which information has not been made public and which, if it were made public, would be likely to have a significant effect on the price of the Shares or the other financial instruments or on the price of related derivative financial instruments.

Pursuant to the MAR, a person is prohibited to possess inside information and use that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, Shares in the Company and other financial instruments to which that information relates. The use of inside information by cancelling or amending an order concerning Shares in the Company or other financial instruments to which the information relates where the order was placed before the person concerned possessed the inside information, is also prohibited. In addition, a person is also prohibited to recommend another person engage in insider dealing, or induce another person to engage in insider dealing, which arises where the person possesses inside information and (a) recommends, on the basis of that information, that another person acquire or dispose of Shares in the Company or other financial instruments to which that information relates, or induces that person to make such an acquisition or disposal or (b) recommends, on the basis of that information, that another person cancel or amend an order concerning Shares in the Company or other financial instruments to which that information relates, or induces that person to make such a cancellation or amendment.

The Company will be under an obligation to make any inside information immediately public. However, the Company may defer the publication of inside information if it can ensure the confidentiality of the information. Such deferral is only possible if the publication thereof could damage the Company’s legitimate interests and if the deferral does not risk misleading the market. The Company will be subject to Romanian law regarding the publication of inside information. The Company also needs to inform the AFM immediately of any information that is made public.

Directors, other persons discharging managerial responsibilities and persons closely associated with them are covered by the MAR notification obligations. Directors and other persons discharging managerial responsibilities as well as persons closely associated with them, must notify the AFM of every transaction conducted on their own account relating to the Shares or debt instruments of the Company, or to derivatives or other financial instruments linked to those Shares or debt instruments. Notification must be made within three working days after the date of the transaction. Under MAR, no notification of a transaction needs to be made until transactions in a calendar year by that Director, persons discharging managerial responsibilities or persons closely associated with them exceed a threshold of €5,000 (without netting). Once the threshold has been reached, all transactions will need to be notified, regardless of amount and wherever concluded.

Non-compliance with these reporting obligations could lead to criminal penalties, administrative fines and cease-and-desist orders (and the publication thereof), imprisonment or other sanctions.

10. TRANSPARENCY DIRECTIVE

The Company is a public company with limited liability (*naamloze vennootschap*) incorporated and existing under the laws of the Netherlands. The Netherlands is the home member state (*lidstaat van herkomst*) of the Company for the purposes of Directive 2004/109/EC, also known as the Transparency Directive, as amended by Directive 2010/73/EU, as a consequence of which the Company will be subject to the DFSA in respect of certain ongoing transparency and disclosure obligations. In addition, as long as the Offer Shares are listed only on the Bucharest Stock Exchange, the Company is required to disclose any regulated information, which shall be disclosed pursuant to the DFSA as well as pursuant to the Law on Issuers of Financial Instruments and Market Operations No. 24/2017 in Romania. Provisions on the disclosure of regulated information are also included in the Romanian Regulation 1/2006 on issues and operations with securities (as amended).

Under the Romanian Law on Issuers of Financial Instruments and Market Operations No. 24/2017, the Company must publish its audited annual accounts within four months after the end of each financial year and its half-yearly figures within three months after the end of the first six months of each financial year. Romanian Regulation 1/2006 on issuers and operations with securities (as amended) currently provides for a two month term for the filing of half-yearly figures (the Regulation has not yet been harmonized with the newly adopted Law on Issuers of Financial Instruments and Market Operations No. 24/2017 and it is unclear whether this shorter term is still applicable). Within five calendar days after adoption of its annual accounts, the Company must file its adopted annual accounts with the AFM.

Under the Romanian Law on Issuers of Financial Instruments No. 24/2017, the Company must publish its annual report, including the company's annual accounts together with the report and a statement of the Board of Directors, as well as the independent auditor's report, within four months after the end of each financial year. The same documents must be filed with the FSA and the Bucharest Stock Exchange within the same deadline.

Pursuant to the DFSA, the Company will be required to make public without delay any change in the rights attaching to the Offer Shares and/or any rights to subscribe for Offer Shares issued by the Company.

In addition, under Romanian Regulation 1/2006 on issuers and operations with securities (as amended) and the Law on Issuers of Financial Instruments No. 24/2017, the Company will be required to make public privileged information in connection with the Company, as well as information in connection with important new events in the Company's activity which may have an effect on the price of the Offer Shares. For example, the Company will be required to disclose information such as:

- convening of the general meeting of shareholders;
- resolutions passed by the general meeting of shareholders or, as the case may be, information in connection with failure to fulfill quorum and majority requirements for passing resolutions;
- change of control, including indirect change of control;
- changes in the management;
- replacement of the company's auditor and causes for this change;
- termination or decrease of contractual arrangements which have generated at least 10% of the company's income during the previous financial year;
- changes in the specific features and/or in the relating to all classes of financial instruments issued by the company, including changes in the rights attaching to derivative financial instruments issued by the company itself and attaching rights in connection to shares issued by the company;
- litigation proceedings involving the company;
- start of the process for cease of activity or for resuming the activity by the company, start and completion of insolvency/bankruptcy proceedings, judicial reorganization, dissolution proceedings;
- off balance sheet operations with significant effects over the financial results of the company;
- changes in company's obligations, with significant effect on its activity and financial situation;
- material acquisitions or disposal of assets (the acquisition or disposal is deemed material if the assets represent at least 10% of the total asset value of the company, either before or after the transaction);
- execution of any agreements which exceed in value 10% of the net turnover of the company during the last financial year or agreements concluded outside the ordinary business of the company; and
- new products or services launched by the company or a new development process, which affects the company's resources.

The above list is non-exhaustive. The relevant notices will have to be published without delay, but in any case no later than 24 or, as the case may be, 48 hours after the occurrence of the relevant event or after the Company being aware of the relevant information.

11. DUTCH FINANCIAL REPORTING SUPERVISION ACT

Pursuant to the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) (the "DFRSA"), the AFM supervises the application of financial reporting standards by companies whose official seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange.

Pursuant to the DFRSA, the AFM has an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt the Company's financial reporting meets such standards and (ii) recommend the Company that it makes available further explanations and files these with the AFM. If the Company does not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber orders the Company to (a) provide an explanation of the way it has applied the applicable financial reporting standards to its financial reports or (b) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

12. DIRECTORS' AND SENIOR MANAGEMENT'S INTERESTS

12.1 The interests in the share capital of the Company of the Directors and Senior Management (all of whom, unless otherwise stated, are beneficial or are interests of a person connected with a Director or a member of Senior Management) as at the date of this Prospectus were as follows:

Director / Member of Senior Management	Immediately prior to Admission			Immediately following Admission ⁽¹⁾		
	Number of Class A Shares	Number of Class B Shares	Percentage of Shares ⁽²⁾	Number of Class A Shares	Number of Class B Shares	Percentage of Shares ⁽²⁾
Zoltán Teszári	60,146,667 ⁽³⁾	491,000	64.9%	60,146,667 ⁽³⁾	—	64.4%
Ioan Bendei	—	379,492	0.4%	—	379,492	0.4%
Bogdan Ciobotaru	—	567,261	0.6%	—	567,261	0.6%

(1) Assuming the Share Offer Size is set at the Maximum Share Offer Size and no exercise of the Over-allotment Option.

(2) This is calculated based on the total Shares held by the Shareholder over the total Shares outstanding after taking into account holdings of treasury Shares.

(3) Zoltán Teszári directly owns 2,280,122 Class A Shares and controls 57,866,545 Class A Shares through his 87.1% share ownership of RCS Management.

12.2 In so far as is known to the Directors, the following are the interests (within the meaning of the DFSA) which represent, or will represent, directly or indirectly, 3% or more of the issued share capital of the Company) and/or voting rights of the Company as at the date of this Prospectus:

Shareholder	Interest immediately prior to Admission		Interest immediately following Admission ⁽¹⁾		Voting power ⁽²⁾
	Class A Shares	Class B Shares	Class A Shares	Class B Shares	
RCS Management ⁽³⁾	62.0%	—	62.0%	—	91.2% ⁽⁴⁾
Zoltán Teszári ⁽⁵⁾	2.4%	0.5%	2.4%	—	3.6% ⁽⁴⁾
Carpathian Cable Investments S.à.R.L	—	20.6%	—	1.7%	0.3%

(1) Assuming the Share Offer Size is set at the Maximum Share Offer Size and no exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Over-allotment Shareholders will sell a further 2,174,411 Offer Shares, representing approximately 10% of the total Offer Shares comprised in the Offer.

(2) Voting power is based on the Shares held by each Shareholder immediately after Admission, assuming the Share Offer Size is set at the Maximum Share Offer Size and no exercise of the Over-allotment Option, and is determined based on each Shareholder's voting rights from their Shares over the aggregate voting rights of the Company's outstanding Shares.

(3) Zoltán Teszári owns 87.1% of RCS Management when adjusted for holdings of treasury shares.

(4) Mr. Teszári and RCS Management hold additional control through being the sole Class A Shareholders.

(5) Mr. Teszári controls 100% of the Class A Shares through his 87.1% share ownership of RCS Management.

Save as disclosed above, in so far as is known to the Directors, there is no other person who is or will be immediately following Admission, directly or indirectly, interested in 3% or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of the Company's major shareholders have or will have different voting rights attached to the Offer Shares they hold in the Company.

12.3 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings. Additionally, none of these transactions were effected by the Group or any of its subsidiaries during the current or prior financial year which remain outstanding or unperformed in any respect.

12.4 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.

12.5 The following table sets out the interests in the Offer Shares of each of the Selling Shareholders (all of which, unless otherwise stated, are beneficial or are interests of a person connected with the Selling Shareholder), prior to the Offer and the number of Offer Shares such Selling Shareholder is selling in the Offer.

	Interest in the Offer Shares immediately prior to Admission		Maximum number of Offer Shares to be sold pursuant to the Offer ⁽¹⁾		Interest in the Offer Shares immediately following Admission ⁽¹⁾	
	No.	% of total issued ⁽²⁾	No.	% of holding	No.	% of total issued ⁽²⁾
Carpathian Cable Investments S.à.R.L. ⁽³⁾	19,225,600	20.6%	17,611,366	91.6%	1,614,234 ⁽⁴⁾	1.7%
Celest Limited ⁽⁵⁾	1,000,000	1.1%	439,823	44.0%	560,177 ⁽⁴⁾	0.6%
ING Bank N.V. ⁽⁶⁾	675,970	0.7%	675,970	100%	-	-
Yarden Mariuma ⁽⁷⁾	339,961	0.4%	339,961	100%	-	-
Dorina Schelean ⁽⁸⁾	413,093	0.4%	413,093	100%	-	-
Nicusor Dorel Schelean ⁽⁹⁾	513,895	0.6%	513,895	100%	-	-
Sirian Radu-Traian ⁽¹⁰⁾	1,259,000	1.4%	1,259,000	100%	-	-
Zoltán Teszári ⁽¹¹⁾	491,000	0.5%	491,000	100%	-	-
Total	23,918,519	25.6%	21,744,108	90.9%	2,174,411	2.3%

(1) Assuming the Share Offer Size is set at the Maximum Share Offer Size and no exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Over-allotment Shareholders will sell a further 2,174,411 Offer Shares, representing 10% of the total Offer Shares comprised in the Offer.

(2) This is calculated based on the total Shares held by the Shareholder over the total Shares outstanding after taking into account holdings of treasury Shares.

(3) Carpathian Cable Investment S.à.R.L.'s business address is 40, Boulevard Joseph 11, L-1840, Luxembourg.

(4) If the Over-allotment Option is exercised in full, then it will have no further interest in the Offer Shares immediately following Admission.

(5) Celest Limited's business address is Nicolau Pentadromos Centre, 10th Floor, Flat/Office 1002, 3025, Limassol, Cyprus.

(6) ING Bank N.V.'s business address is Bijlmerplein 888, 1102 MG, Amsterdam, the Netherlands.

(7) Yarden Mariuma's business address is 2A Dimitrie Cantemir Blvd, building P3, apartment 3, 4th District, Bucharest, Romania.

(8) Dorina Schelean's business address is 5 Franyo Zoltan Street, Timisoara, Timisoara county, Romania.

(9) Nicusor Dorel Schelean's business address is 12 Poiana Marului street, Zavoi village, Caras-Severin county, Romania.

(10) Sirian Radu-Traian's business address is 2A Macului street, Brasov, Brasov county, Romania.

(11) Zoltán Teszári's business address is 75 Dr. Staicovici street, Forum 2000 building, Phase I, fourth floor, 5th district, Bucharest, Romania.

13. DIRECTORS' TERMS OF EMPLOYMENT

13.1 There are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group which contain any particular benefits upon termination of employment.

13.2 Directors' and Senior Management Remuneration

All Directors, executives and non-executives, independent or not, will be entitled to fixed compensation of €100,000 per annum for the duration of their mandate, currently due to expire on April 21, 2020. In addition, Serghei Bulgac, as CEO of RCS & RDS, Valentin Popoviciu, as Vice-President of the board of directors of RCS & RDS, Marius Varzaru, as CEO of Digi Spain and Sambor Ryszka as director of Digi Hungary may receive additional compensation related to these positions, both fixed and variable, in the form of cash bonuses and/or stock-option grants related to the performance of the respective businesses. Serghei Bulgac and Valentin Popoviciu also may receive grants under the stock-option plans which are related to the performance of the Group, please see "—16. Employee Share Plans" below.

For the year ended December 31, 2016, the aggregate remuneration of Directors and Senior Management was approximately €2.26 million including the Directors listed in the table below. In the year ended December 31, 2016, the Directors were remunerated as set out below:

<u>Name</u>	<u>Position</u>	<u>Annual Salary (€)</u>	<u>Other Benefits (€)</u>
Zoltán Teszári	President	—	—
Serghei Bulgac	Chief Executive Officer	71,688	—
Velentin Popoviciu	Executive Director	54,763	—
Sambor Ryszka	Non-executive Director	115,219	—
Marius Varzaru	Non-executive Director	363,255	—
Bogdan Ciobotaru	Independent Non-Executive Director	71,317	—
Piotr Rymaszewski	Independent Non-Executive Director	—	—

13.3 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

13.4 Directors' and Senior Management's current and past directorships and partnerships

Set out below are the directorships and partnerships held by the Directors and members of Senior Management (other than, where applicable, directorships held in the Company and/or in any subsidiaries of the Company), in the five years prior to the date of this document:

<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Past directorships/partnerships</u>
Zoltán Teszári	RCS Management S.A.	IDAXA PREST S.R.L.
Serghei Bulgac	U.C.R. S.R.L.	—
Valentin Popoviciu	FOTO DISTRIBUTIE S.R.L.	Q.C. REAL CONSULT S.R.L.
Sambor Ryszka	—	—
Marius Varzaru	—	—
Bogdan Ciobotaru	Daguetta Ltd	Vimetco N.V.
Piotr Rymaszewski	Octava Asset Management Octava S.A. SC Fondul Proprietatea S.A.	Sygnity S.A. Link4 S.A.
Ovidiu Bejan	BOL Innovation SRL	—
Ioan Bendei	ACCENT NET SRL AGER IMOBILIARE SRL AIR BITES SRL ANALOG TV SRL BERCENI NETWORK SRL CAMPUS RADIO SRL CANAL TV8 SRL CFO INTEGRATOR SRL DALVIG CORP SRL DELALINA SRL DIGINET SA EDISON SRL EMVA CABLE TV SRL ENERGIAFOTO SRL ENERGYALL DISTRIBUTION SRL ESTEL SERVICE NET SRL	

<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Past directorships/partnerships</u>
	EURO-CABLE SRL	
	EVERNET SRL	
	FIBRE SOFT COMUNICATII SRL	
	FIRATELECTRIC SRL	
	GLOBALVIEW MANAGEMENT & CONSULTING SRL	
	IMAGINE CABLU SRL	
	INFOGATE TELECOM SRL	
	INFOGATE SERVICE SRL	
	INGENIUM NET SRL	
	INTEGRASOFT SRL; IT & C PRO ADVISORY SRL	
	MOINEASA TVS SRL	
	MUSIC CHANNEL SRL	
	NEW TREND MEDIA SRL	
	NEXT LEVEL MEDIA SRL	
	NORCABLE SRL	
	NOVITAS ELECTRO SRL	
	PACRIS SRL	
	PROFIMUSIC SRL; RCS Management S.A.	
	REAL TRUST SRL	
	SATELCOMM SERVICE SRL	
	SYSNET TELECOM SRL	
	TELEMACH SRL; TVS BRASOV SRL	
	U MEDIA STORE SRL	
	U.C.R. SRL	
	UNIVERS TELE SAT SRL	
Dragos Chivu	Digi Italy 3G TELCO MARKETING CONSULTING SRL	Printec Group Romanian, Moldova Vodafone Romania
Mihai Dinei	RCS Management S.A. U.C.R. S.R.L.	—
Silviu Georgescu	—	—
Emil Grecu	—	—
Dan Ionita	—	—
Emil Jugaru	—	—
Dragos Spataru	Advantix Management SRL	Mobilo Credit IFN SA
Smaranda Streanga	—	—
Mihaela Toroman	—	—
Florin Ungureanu	FARMACIA FLORENTINA S.R.L.	—

13.4.1 Within the period of five years preceding the date of this document, none of the Directors:

- (i) has had any convictions in relation to fraudulent offenses;
- (ii) has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or
- (iii) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company.

14. EMPLOYEE SHARE PLANS

On April 21, 2017, the Company implemented a stock option plan for its Directors and the directors and employees of its Group companies. The treasury shares, totaling approximately 6.6% of the Company's total number of shares, may be used for the purposes of stock grants under this plan. The maximum aggregate amount of shares to be awarded for 2017, including in connection with the Offer, is of 2% of the shares of the Company and will consist of Class B Shares at the time of the grant. The individual awards for Executive Directors are decided by the General Meeting upon proposal of the Board, but implementation of the decision may be delegated to the Board. The individual awards for other employees of the Group and directors of Group companies will be decided upon by the Board. Stock-options will typically vest one year from their grant date and will be exercisable immediately thereafter, but not later than one year after the vesting date. Stock options granted to Executive Directors will be subject to performance criteria which, for the year 2017, include the (i) successful closing of the Offer and Admission, (ii) duration of employment with the Company and (iii) growth in EBITDA and in RGUs. Stock options granted to employees and/or directors of Group companies (including Directors of the Company in their capacity as executives of other Group companies) will be subject to performance criteria determined by the Board.

15. PENSIONS

The Company does not operate a defined benefit pension scheme for the benefit of its Directors or members of Senior Management.

16. UNDERWRITING ARRANGEMENTS

16.1 Underwriting Agreement

On April 26, 2017, the Company, together with the Selling Shareholders, entered into the Underwriting Agreement with the Underwriters. Pursuant to the Underwriting Agreement:

- 16.1.1 the Selling Shareholders have agreed, subject to certain conditions, to sell the Offer Shares in the Offer at the Offer Price;
- 16.1.2 the Underwriters have severally agreed, subject to certain conditions, including the conclusion of a pricing agreement and thereby the determination of the Offer Price and the number of Offer Shares to procure purchasers for or, failing which, themselves to purchase, the Offer Shares pursuant to the Offer as set out below;

<u>Name</u>	<u>Underwriting Commitment of Offer Shares</u>
Citigroup	40%
Deutsche Bank	40%
Raiffeisen Bank	5%
Société Générale/BRD	5%
WOOD & Company	5%
BTCP	5%

- 16.1.3 the Underwriters will receive from the Selling Shareholders an aggregate commission of RON26,788,741 (assuming the maximum Offer Price and Share Offer Size and no exercise of the Over-allotment Option);
- 16.1.4 in addition, the Selling Shareholders may, in their absolute discretion, award a discretionary fee of up to RON13,394,371 (assuming the maximum Offer Price and Share Offer Size and no exercise of the Over-allotment Option), to some or all of the Underwriters;
- 16.1.5 the obligations of the Underwriters to procure purchasers for or, failing which, themselves to purchase Offer Shares on the terms of the Underwriting Agreement are subject to certain conditions. These conditions include (i) the conclusion of the pricing agreement (see 16.1.2), (ii) the absence of any breach of representation, warranty or undertaking under the Underwriting Agreement, (iii) there not having occurred any material adverse change in the general affairs, business, assets, financial position, results of operations or prospects of the Company and its subsidiaries, taken as a whole (a “**Material Adverse Change**”), (iv) receipt of customary certificates, legal opinions and letters and (v) the execution of documents relating to the Offer and such documents being in full force and effect;

- 16.1.6 the Joint Global Co-ordinators have the right to terminate the Underwriting Agreement in certain circumstances, prior to the closing of the Offer. Such circumstances include, among others, (i) any of the conditions precedent not being satisfied or waived, (ii) there having occurred a Material Adverse Change and (iii) certain changes, among others, in financial, political or economic conditions;
- 16.1.7 the Underwriters have been granted the Over-allotment Option by the Over-allotment Shareholders the Underwriters pursuant to which they may purchase or procure purchasers for up to 10% of the total Offer Shares comprised in the Offer at the Offer Price for the purposes of covering short positions arising from over-allocations, if any, in connection with the Offer and/or from sales of Offer Shares, if any, effected during the stabilizing period. Except as required by law or regulation, neither the Stabilizing Managers, nor any of their agents, intend to disclose the extent of any over-allotments and/or stabilizing transactions conducted in relation to the Offer. The number of Over-allotment Shares to be transferred pursuant to the Over-allotment Option, if any, will be determined not later than June 15, 2017. Settlement of any purchase of Over-allotment Shares will take place shortly after such determination (or if acquired on Admission, at Admission). If any Over-allotment Shares are acquired pursuant to the Over-allotment Option, the Underwriters will be committed to pay to the Over-allotment Shareholders, or procure that payment is made to it of an amount equal to the Offer Price multiplied by the number of Over-allotment Shares purchased from such Over-allotment Shareholder, less commissions and expenses;
- 16.1.8 the Selling Shareholders have agreed to pay the costs, charges, fees and expenses of the Offer (together with any value added tax) and any stamp duty and/or SDRT arising on the sale of Offer Shares;
- 16.1.9 each of the Company, the Directors and the Selling Shareholders have given certain representations, warranties and undertakings, subject to certain limits, relating to the accuracy of the information in the Prospectus, the compliance of the Prospectus and the Offer with relevant legal and regulatory requirements, and the absence of any legal and/or other restrictions preventing the Company or the Selling Shareholders from entering into the Underwriting Agreement or completing the Offer to the Underwriters;
- 16.1.10 the Company and the Selling Shareholders have agreed to indemnify the Underwriters against certain losses and liabilities arising out of or in connection with the Offer; and
- 16.1.11 the parties to the Underwriting Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Offer in relevant jurisdictions.
- 16.1.12 the Underwriters provide financial advice and other services to the Company and the Selling Shareholders in connection with the Offer, for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offer. The Underwriters or their affiliates have provided from time to time, and may in the future provide, investment and commercial banking services as well as financing to the Company in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. Citigroup, BRD, BTCP and Raiffeisen or their affiliates are lenders under the Company's existing financing arrangements. In connection with the Offer, each of the Underwriters and any of their respective affiliates may take up a portion of the Offer Shares in the Offer as principal and in that capacity may retain, purchase or sell for its own account any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to Offer Shares being offered should be read as including any offering or placement of the Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. The Underwriters do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

16.2 Stock loan agreement

In connection with settlement and stabilization, the Stabilizing Managers and their agent have entered into a stock loan agreement with the Over-allotment Shareholders. Pursuant to this agreement, the Stabilizing Managers and their agent will be able to borrow up to a maximum of 10% of the total number of Offer Shares comprised in the Offer (excluding the Offer Shares subject to the Over-allotment Option) for the purposes, amongst other things, of allowing the Stabilizing Managers to settle over-allotments, if any, made in connection with the Offer. If the Stabilizing Managers or their agent borrows any Offer Shares pursuant to the stock loan agreement, it will be required to return equivalent securities to the relevant Over-allotment Shareholders by no later than the third Business Day after the date that is the 30th day after the first day of trading of the Offer Shares on the Regulated Spot Market of the Bucharest Stock Exchange or such earlier date as the Stabilizing Managers may notify each Over-allotment Shareholder.

17. SUBSIDIARIES, INVESTMENTS AND PRINCIPAL ESTABLISHMENTS

The Company is the holding company of the Group. The principal subsidiaries and subsidiary undertakings of the Company are as follows:

17.1 Subsidiaries and subsidiary undertakings

<u>Name</u>	<u>Country of incorporation and registered office</u>	<u>Class and percentage of ownership interest and voting power</u>	<u>Field of activity</u>
RCS & RDS S.A.	Romania	93.6%	CATV, Internet, DTH, Telephony
Digi T.S. Kft	Hungary	100%	CATV, Internet, DTH, Telephony
DIGI SPAIN TELECOM S.L.U ...	Spain	100%	Telephony
DIGI ITALY SL	Italy	100%	Telephony
ITV.	Hungary	100%	CATV
CFO Integrator	Romania	100%	Duct Rent
S.C. ENERGIAFOTO SRL	Romania	100%	Solar energy
S.C. NOVITAS Electro	Romania	100%	Solar energy
S.C. DELALINA S.R.L.	Romania	100%	Solar energy

17.3 Principal establishments

Our principal establishments are set out and discussed in “Part 6—Business Description—Properties.”

18. INDEPENDENT AUDITORS

The Annual Financial Statements of the Group as at and for the years ended December 31, 2014, 2015 and 2016, included in this Prospectus were audited by Ernst & Young Assurance Services SRL, independent auditors, as stated in their reports appearing herein, in accordance with International Standards on Auditing. Ernst & Young Assurance Services SRL, with its business address at Bucharest Tower Center Building, 21st Floor, 15-17 Ion Mihalache Blvd. 011171 Bucharest, Romania, is registered with the trade registry under No. J40/5964/1999, Sole Registration Code 11909783.

Ernst & Young Assurance Services SRL is a member of the Chamber of Financial Auditors of Romania and is registered in the Public Registry of Financial Auditors. The statutory financial statements of the Company will be audited by Ernst & Young Accountants LLP, of which the “register accountants” are members of the Royal NBA (*Koninklijke Nederlandse Beroepsorganisatie van Accountants—The Royal Netherlands Institute of Chartered Accountants*). The address of Ernst & Young Accountants LLP is Antonio Vivaldistraat 150, 1083 HP Amsterdam, the Netherlands. Ernst & Young Accountants LLP is registered at the Chamber of Commerce of Rotterdam in the Netherlands under number 24432944. At the time of this Prospectus, Ernst & Young Accountants LLP will not have been appointed as the independent auditors of the Company; however, their appointment will be proposed at the next General Meeting of the Company with the expectation that their appointment will be approved.

19. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this document which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document:

19.1 Underwriting Agreement

The Underwriting Agreement is described in paragraph 16 of this “Part 13—Additional Information—Underwriting arrangements.”

19.2 Relationship Agreement

The Relationship Agreement is described in “Part 8—Directors, Senior Management and Corporate Governance—Relationship Agreement.”

19.3 Banking facilities

The banking facilities are described in “Part 10—Operating and Financial Review—Liquidity and capital resources—Financial obligations.”

20. TAXATION

20.1 Romanian tax matters

The tax comments herein are given as per the prevailing Romanian tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. We also note that Romania is not an OECD country member, but nonetheless the Romanian tax law follows the OECD recommendations and is closely following the latest measures recommended by OECD, as well as European Commission, to address contemporary tax issues and challenges.

The tax law in force stipulates that any change in the tax provisions needs to be announced six months prior to its implementation. However, the practice of the Romanian lawmakers does not always follow this requirement and recently there were certain changes to the Romanian tax law without this prior announcement. As an example, we note that the last change to the tax law was published in January 2017 with application starting from February 2017 with no prior official announcement.

Thus, prospective investors are advised to consider in their own case the tax implications in respect of purchasing and holding Offer Shares after consulting their tax advisor as alternate views are possible.

Interpretations expressed in this section regarding the Romanian tax implications of an investment in the Offer Shares may differ from the interpretations expressed by the income tax authority, the government, tribunals or courts of Romania. Except to the extent required under applicable securities laws, we are not liable to prospective investors in any manner for reliance upon the contents of this section.

The summary is based on Romanian tax law in force through Law no. 227/2015 regarding the Fiscal Code (“**Romanian Fiscal Code**”) and European Union laws. The Company is a Romanian tax resident having its place of effective management in Bucharest, Romania, where all the strategic and commercial decisions are made, as well as the day-to-day management is carried out.

The tax affairs of the Company are governed by the provisions of the Romanian tax law.

Criteria to qualify as a taxpayer in Romania

Under the Romanian Fiscal Code, there are certain conditions that must be met in order to be subject to tax on revenues or on profit obtained in Romania. In determining the tax consequences in Romania, the following definitions are of importance:

- **resident:** any Romanian legal entity, any foreign legal entity having the place of effective management in Romania, any legal entity with a registered office in Romania, established according to the European regulations and any resident individual;
- **resident individual:** any individual who meets at least one of the following conditions: (i) has the domicile in Romania, (ii) the center of the vital interests of the individual is located in Romania; (iii) the person is present in Romania for a period or several periods which, cumulated, exceeds 183 days during any period of 12 consecutive months, ending in the calendar year concerned; (iv) the individual is a Romanian citizen who is working abroad, as an officer or an employee of Romania in a foreign state;
- **Romanian legal entity:** any legal entity which has been established and operates in accordance with the Romanian legislation;
- **foreign legal entity:** any legal entity which is not a Romanian legal person and any legal entity established according to the European regulations which does not have a registered office in Romania;
- **non-resident individual:** any individual who does not fulfill the conditions to be considered a resident individual, as well as any individual who is a foreign citizen with diplomatic or consular status in Romania, a foreign citizen which is an officer or an employee of an international and intergovernmental body registered in Romania, a foreign citizen who is an officer or an employee of a foreign state in Romania and the members of their families;
- **non-resident:** any foreign legal entity, any non-resident individual and any other foreign entities, including collective investment undertakings in transferable securities, without legal personality, which are not registered in Romania, according to the law;

- **place of effective management:** the place where key management and commercial decisions that are necessary for the conduct of the entity's business as a whole and/or the place where the general director and other directors who ensure the administration and control of the activity of this entity make their decisions.

From a corporate income tax perspective, legal entities are subject to tax on their worldwide profits if they were Romanian incorporated entities (with certain specific exemptions for various institutions) or if they are foreign legal entities in cases where the entity performs activities in Romania through a permanent establishment or has its place of effective management in Romania (i.e. being tax residents in Romania) or has its registered office in Romania or obtains certain types of revenues in Romania.

Individuals are subject to tax in Romania if they are tax residents in Romania, if they are non-resident individuals that perform independent activities through a permanent establishment in Romania or if they perform dependent activities in Romania.

Taxation of dividends

Romanian tax residents

The current standard tax rate for dividend distributions made by Romanian entities to residents (either resident individuals or Romanian legal entities) is 5%, which is withheld at the source.

Under the participation exemption regime implemented in the Romanian Fiscal Code, the standard rate applied for the distributions of dividends to Romanian legal entities could be reduced to nil if the beneficiary is a resident and held at least 10% of the share capital of the Company, for a period of at least one continuous year at the moment of the payment.

The payer of the dividends is obliged to declare the dividends and settle any applicable withholding dividend tax by the 25th day of the month following the month when dividends are paid. There is an exception to this rule in respect to dividends distributed but actually not paid by 31 December, when the withholding dividend tax is due to be declared and paid by 25 January. In addition, the payer of the dividends (as Romanian tax resident) is obliged to submit an informative return with all of the details of the beneficiaries of the dividends, with the related dividend tax treatment, by the end of February the year following when dividends were paid.

Romanian individuals will also be subject to a 5.5% social security health contribution on dividend income, unless the respective individual obtains other types of income that are subject to this social security contribution (e.g. salary, income from independent activities, rent etc.). Romanian individuals as beneficiary of the dividends do not have any additional reporting obligations.

Non-residents

The standard tax rate for dividend distributions made by Romanian legal entities to non-residents (either non-resident individuals or foreign legal entities) is 5%, which is withheld at the source.

In the case of foreign legal entities, the Romanian Fiscal Code allows certain exemptions from dividend taxation depending on the legal form of incorporation of the holder of Offer Shares.

The dividend payments received by pension funds, as they are defined in the legislation of the Member State of the European Union or in one of the states of the European Economic Area where they are residents, are not taxed in Romania provided there is a legal instrument based on which the exchange of information takes place between Romania and their state of residence.

Under the participation exemption regime implemented in the Romanian Fiscal Code, the standard rate applied for the distributions of dividends to foreign legal entities which are investors in the Offer Shares could be reduced to nil if the following conditions are met: (i) the holder of Offer Shares owns at least 10% of the share capital of the Company, (ii) the holding period of the participation is at least one year, (iii) the holder of the Offer Shares is a resident of an European Union member state, (iv) the holder of the Offer Shares can prove its residency with a tax residency certificate valid for the year when the payment is made, (v) the holder of the Offer Shares pays profit tax or a similar tax in its residency territory with no possibility of an exemption and (vi) the holder of the Offer Shares provides an affidavit confirming the fulfillment of the above conditions.

The standard tax rate for non-residents who are not eligible to benefit from the participation exemption regime could be reduced using the double tax treaty concluded between Romania and the state where they are tax resident, provided that the double tax treaty has a withholding dividend tax rate below 5%. In order to benefit

from the double tax treaties provisions the investor in the Offer Shares should be the beneficial owner of the dividend income and also needs to provide a tax residency certificate to the Company, valid for the year when the dividend distributions are made.

In the absence of the tax residency certificate or if the participation exemption conditions are not met at the date of distribution of the dividends, the distribution of the dividends will be subject to withholding tax at a rate of 5%. However, if the investor in the Offer Shares provides the tax residency certificate or meets the participation exemption criteria within the statute of limitation period of the dividend tax, it can benefit from a refund equal to the amount overpaid.

Reporting obligations in relation to dividend taxation for non-residents are similar to those applicable to residents.

Taxation of capital gains

Romanian tax residents

The standard tax rate applicable on capital gains realized by investors in the Offer Shares, Romanian legal entities and resident individuals, from the sale of Offer Shares is 16%. The capital gain is computed as the difference between the sale price of the shares and the shares' tax value. The tax value of the shares in this case is the acquisition cost.

In the case of capital gains realized by Romanian legal entities, the standard tax rate can be reduced to nil, provided the holder has held a shareholding of at least 10% of the Company's share capital for a period of at least one year.

The capital gain needs to be included in the taxable base and reported by the Romanian legal entity at the deadline established by the law for corporate income tax purposes.

In case of resident individuals, the capital gains that may arise from the disposal of Offer Shares need to be declared by 25 May of the year following the disposal. Following the submission by the individual of a statement detailing all income generated in the previous fiscal year, the Romanian tax authorities will issue a tax decision with the final tax liability to be paid by the individual. The tax liability should be paid within 60 days from the date when the tax decision is received from the Romanian tax authorities.

Non-residents

a) Non-resident legal entities

Generally, based on provisions of double tax treaties, the attribution of taxation rights in relation to capital gains derived by non-residents from alienation of shares is determined by reference to the state where the alienator is tax resident. An exception from this general rule is related to alienation of shares held in a real-estate rich company. In such case the attribution of taxing rights may be given primarily to the state in which the real estate assets are located. According to Romanian domestic tax rules, this is not applicable. However, certain double tax treaties may contain such provisions.

Nevertheless, many countries may try to preserve in a first instance the taxation rights attributable to that shares in that state perceived as the source state, where presumably the economic value derived therein is located.

In this respect, as per the current provisions of Romanian tax law, only capital gains incurred in relation to the transfer of shares held in Romanian legal entities are subject to taxation and compliance requirements in Romania. Hence, at this stage, alienation of Offer Shares in the Company by foreign legal entities will not be taxable in Romania.

However, taking into account that the Company is tax resident in Romania and that the economic interests of the Company reside in Romania, the Romanian tax authorities may argue that irrespective of the legal status of the Company, the tax treatment of capital gains should be determined in the first instance as if the Company were a Romanian company.

Should such an argument crystallize, or in case of a change in the current Romanian tax law, the below tax implications should also be considered.

Generally, the standard tax rate applicable to capital gains realized by foreign legal entities from the sale of shares in Romanian legal entities is 16%. The capital gain is computed as the difference between the sale price of the shares and the shares' tax value. The tax value of the shares in this case is the acquisition cost.

The Romanian Fiscal Code allows certain exemptions from capital gains taxation depending on the legal form of incorporation of the holder of the Offer Shares.

The revenues realized from the transfer of shares in Romanian companies by non-resident investment undertakings that do not have legal personality similar entities, as determined by a relevant competent authority are not taxed in Romania.

Moreover, the capital gains standard rate of 16% applied to transactions performed by foreign legal entities with shares in Romanian companies can be reduced to nil in case the provisions of the participation exemption apply. According to these provisions, capital gains derived by holders of shares in a Romanian company by residents of a country with which Romania has concluded a double tax treaty or an exchange of information treaty are not taxed in Romania, provided that the holder holds at least 10% of the share capital of the Romanian company, for a period of at least one year accomplished at the moment of the disposal of the shares.

Where the participation exemption criteria is not met, the standard tax rate for the capital gains realized by the holder of the shares in the Romanian company at the date of their disposal can be reduced by applying a double tax treaty, if any, concluded between Romania and the state of residency of the holder, which generally allocates the taxation rights to the country where the alienator (i.e., the investor) is tax resident.

For example, the US-ROM Treaty (defined below) provides an exemption to non-individual U.S. resident beneficiaries from taxation in Romania, provided that the holder does not have a permanent establishment in Romania to which the Offer Shares are effectively connected.

In order to benefit from the provision of a double tax treaty, the foreign legal entity holder of the shares sold needs to provide a tax residency certificate valid for the year when the capital gain is realized.

In the absence of the tax residency certificate at the date obtaining the capital gains, gains on the sale of shares in a Romanian company will be subject to withholding tax at a rate of 16%. However, if the holder provides the tax residency certificate within the statute of limitation period of the capital gains tax, it can benefit from a refund equal to the amount overpaid.

The capital gains tax needs to be declared and paid by the non-resident investor, not later than the 25th of the month following the quarter when the capital gain was realized.

The obligation to declare the capital gain tax remains even in the case when the holder is exempted in Romania based on the participation exemption regime or based on the applicability of the valid double tax treaty.

In order to be able to declare and pay any tax liabilities that arise in Romania, a non-resident investor needs to register as a profit tax payer in Romania or to appoint a tax agent in Romania to fulfill this obligation on its behalf. The Issuer, in this case, the Company, does not have any obligations in relation to the compliance obligations of the non-resident investor.

The appointed tax agent will act on behalf of the non-resident holder and will file all necessary documents in order to register the non-resident for tax purposes in Romania. If no capital gains are due in Romania, the investor should still file a nil tax return.

Any Romanian resident can act as tax agent (*imputernicit fiscal*) of the non-resident investor based on a specific mandate/agreement in order to fulfill on behalf of the investor the capital gain tax obligations resulting from the sale of shares in Romanian entities.

In case the non-resident has a permanent establishment in Romania resulting in Romanian tax residence, the tax is declared together with its usual corporate income tax return.

b) Non-resident individuals

As opposed to non-resident legal entities which currently are taxable in Romania on capital gains derived only from the transfer of shares in Romanian companies, non-resident individuals are taxable in Romania on capital gains realized from the sale of securities, including shares in Romanian companies, or any other financial instruments classified as such by the applicable laws in the Romanian state where such instruments are treated as having been issued, irrespective of the status of the issuer.

Because the Offer Shares qualify as financial instruments issued in Romania, in comparison with non-resident legal entities, non-resident individuals are taxable in Romania on the gains derived from alienation of Offer Shares.

The standard Romanian tax rate applicable to capital gains realized by non-resident individuals from the sale of Romanian securities is 16%.

The capital gain is computed as the difference between the sale price of the securities and their tax value (i.e., acquisition cost).

If a non-resident individual is resident of a country with which Romania has concluded a double tax treaty (confirmed by a tax residency certificate) and the right to tax the income is allocated under the treaty to the country of residence, there will be no reporting obligation of the income in Romania.

For example, the US-ROM Treaty (defined below) provides an exemption to individual U.S. resident beneficiaries, provided that the holder does not have a permanent establishment in Romania to which the Offer Shares are effectively connected and is not present in Romania for 183 days during the taxable year that includes the disposition.

If the individual is subject to Romanian tax and cannot prove that he is a tax resident of a country with which Romania concluded a double tax treaty or if he is a tax resident in a country with which Romania did not conclude a double tax treaty, then that individual will have the obligation to declare the income by means of an annual tax return by 25 May of the year which follows the one the income was derived. In such case, the individual will need to appoint a representative to meet on his behalf the Romanian tax reporting obligations.

Gift and inheritance tax

Romanian tax residents

The Romanian Fiscal Code does not consider the transfer of Offer Shares by way of inheritance or donation/gift to be a taxable transaction from an individual tax perspective. In addition, the direct transfer of the Offer Shares as property between spouses is not considered a taxable event from an individual tax perspective. At a subsequent sale of Offer Shares, the individual tax resident should compute the applicable capital gains tax by taking into account:

- a nil tax value for the Offer Shares received as gift/donation; and
- a tax value equal to the initial acquisition cost paid by the previous owner of the Offer Shares from whom the shares were inherited.

As regards resident legal entities, a deemed acquisition of Offer Shares through gift/inheritance will represent a taxable transaction based on general taxation rules (i.e., taxable income for the fair value of the shares).

Non-residents

The Romanian Fiscal Code does not contain specific references regarding the transfer of shares by way of gift/inheritance between non-residents. However, the rules presented above under the point related to taxation of capital gains for non-residents should be considered in case of such transfers.

More specifically, for non-resident legal entities, the transfer of Offer Shares through gift/inheritance will not trigger tax consequences in Romania, as currently only transfers of shares in Romanian legal entities are subject to tax in Romania unless other exemptions apply.

As regards non-resident individuals, the transfer of Offer Shares through gift/inheritance will not generate taxable capital gains in Romania. The subsequent sale of such Offer Shares by the non-resident individual will potentially trigger tax implications in Romania for the difference between the sale price and the fiscal value of the shares (nil value or acquisition cost paid by previous owner), unless an exemption can be obtained in Romania through application of the provisions of a double tax treaty.

Value Added Tax

The Romanian Fiscal Code expressly mentions that the transactions in respect of Offer Shares are exempted from VAT.

Other taxes

No stamp duty, registration tax or any other similar tax will be payable in Romania regarding the Offer Shares, except for possible stock exchange fees to be applicable by the Bucharest Stock Exchange. Such transaction fees are due by the investors upon the sale or acquisition of shares.

Statute of limitation period

According to the current rules, the statute of limitation period is five years, counted from 1 July of the year following that for which the tax obligation is incurred, if the law does not dispose otherwise.

20.2 U.S. Federal Income Taxation

The following is a summary based on present law of certain material US federal income tax considerations relevant to the acquisition, ownership and disposition of Offer Shares. This summary addresses only US Holders (as defined below) that purchase Offer Shares in the Offer, use the US dollar as their functional currency and will hold the Offer Shares as capital assets. The discussion is a general summary only; it is not a substitute for tax advice. This summary does not purport to be a comprehensive description of all US federal income tax considerations that may be relevant to particular investors in light of their particular circumstances. This summary does not address the tax treatment of US Holders subject to special treatment under the US federal income tax laws, including banks and certain other financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers in securities, securities traders that elect to mark-to-market, certain US expatriates, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, or investors that will hold Offer Shares as part of a straddle, hedging, conversion or other integrated financial transaction or that own (directly, indirectly or constructively) 10% or more by vote or value of the Company's equity interests. This summary does not address US federal taxes other than the income tax (such as estate or gift taxes or alternative minimum tax), state, local, non-US or other tax laws or matters.

As used herein, the term US Holder means a beneficial owner of Offer Shares that is, for US federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation, or other business entity treated as a corporation, created or organised under the laws of the United States or its political subdivisions, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust.

If a business entity or arrangement treated as a partnership for US federal income tax purposes acquires, holds or disposes of Offer Shares, the US federal income tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their own tax advisers concerning the US federal income tax consequences to them and their partners of the acquisition, ownership and disposition of the Offer Shares.

The Company believes, and the following discussion assumes, that the Company was not a passive foreign investment company ("PFIC") for its taxable year ending December 31, 2016 and that, based on the Group's present income and assets and the manner in which the Group conducts its business, the Company will not be a PFIC in its current taxable year or in the foreseeable future. Whether the Company is a PFIC is a factual determination made annually, and the Company's status could change depending among other things upon changes in the composition of the Group's gross income and the relative quarterly average value of its assets. If the Company were a PFIC for any taxable year in which a US Holder holds Offer Shares, such US Holder would be subject to additional taxes on certain distributions and any gain realised from the sale or other taxable disposition of the Offer Shares regardless of whether the Company continued to be a PFIC in any subsequent year. Each US Holder is encouraged to consult its own tax advisor as to the Company's status as a PFIC and tax consequences to such US Holder.

Distributions

Distributions with respect to Offer Shares, including Dutch or Romanian tax withheld therefrom, if any, generally will be included in a US Holder's gross income as foreign source ordinary dividend income when actually or constructively received. Dividends will not be eligible for the dividends received deduction generally allowed to US corporations. The Company has determined that it is not eligible for benefits under the tax treaty between the United States and the Netherlands (the "US-NL Treaty"), but expects that it will be eligible for benefits under the tax treaty between the United States and Romania (the "US-ROM Treaty"). Provided that the Company is eligible for benefits under the US-ROM Treaty and is not, and has not been in the prior taxable year, a PFIC, dividends will generally be eligible for the preferential tax rates applicable to "qualified dividend income" received by individuals and certain other non-corporate US Holders that satisfy certain holding period and other requirements.

Dividends paid in RON will be includable in income in the US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are actually or constructively received by the US Holder,

regardless of whether the RON are converted into US dollars at that time. A US Holder will have a basis in the RON received equal to the US dollar value on the date of receipt. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend is includable in the income of the US Holder to the date such payment is converted into US dollars (or the US Holder otherwise disposes of the RON) will be exchange gain or loss and will be treated as US source ordinary income or loss for foreign tax credit limitation purposes. If dividends received in RON are converted into US dollars on the day the dividends are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

Subject to applicable limitations, a US Holder generally may claim a foreign tax credit for tax withheld from dividends by the Netherlands (if any) at a rate not in excess of the maximum rate applicable to such US Holder under the US-NL Treaty and for tax withheld from dividends by Romania (if any) at a rate not in excess of the maximum rate applicable to such US Holder under the US-ROM Treaty. The rules governing foreign tax credits are complex and each US Holder should consult its own tax advisers regarding the creditability of foreign taxes in their particular circumstances. In lieu of claiming a credit, a US Holder may elect to deduct any tax withheld by the Netherlands or Romania in computing its taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits must be applied to all foreign taxes paid or accrued in the taxable year.

Sale or Other Disposition

A US Holder will generally recognise capital gain or loss on the sale, exchange or other disposition of Offer Shares equal to the difference, if any, between the amount realised on the sale, exchange or other disposition and the US Holder's adjusted tax basis in such Offer Shares, each determined in US dollars. Gains and losses will generally be long-term capital gain or loss if the US Holder's holding period in the Offer Shares exceeds one year. Any gain or loss generally will be treated as arising from US sources. The deductibility of capital losses is subject to limitations. A US Holder's adjusted tax basis in the Offer Shares will generally be its US dollar cost.

A US Holder that receives a currency other than US dollars on the sale or other disposition of Offer Shares will realise an amount equal to the US dollar value of the currency received at the spot rate on the date of sale or other disposition (or, if the Offer Shares are treated as traded on an established securities market at such time, in the case of cash basis and electing accrual basis US Holders, the settlement date). An accrual basis US Holder that does not elect to determine the amount realised using the spot exchange rate on the settlement date will recognise foreign currency gain or loss equal to the difference between the US dollar value of the amount received based on the spot exchange rates in effect on the date of sale or other disposition and the settlement date. A US Holder will have a tax basis in the currency received equal to the US dollar value of the currency received at the spot rate on the settlement date. Any currency gain or loss realised on the settlement date or the subsequent sale, conversion or other disposition of the non-US currency received for a different US dollar amount generally will be US source ordinary income or loss.

Both the US-NL Treaty and the US-ROM Treaty provide a complete exemption for capital gains tax on disposal of shares by a US Holder that does not hold the Offer Shares in connection with a permanent establishment and to which the Offer Shares are attributable. Accordingly, if a US holder that is eligible for the benefits of the US-NL Treaty or the US-ROM Treaty is subject to capital gains tax imposed by the Netherlands or Romania, respectively, such US Holder will not be able to claim a foreign tax credit for such capital gains tax. If a US Holder that is not eligible for the benefits of the US-NL Treaty or the US-ROM Treaty is subject to capital gains tax imposed by the Netherlands or Romania, respectively, such US Holder may, subject to applicable limitations, claim a credit for such tax only against income as earned from sources outside the United States. Capital gains realized by a US Holder generally will be treated as earned from sources within the United States. As noted above, the rules governing foreign tax credits are complex and each US Holder should consult its own tax advisers regarding the creditability of foreign tax credits in their particular circumstances.

Medicare Surtax on Net Investment Income

Non-corporate US Holders whose income exceeds certain thresholds generally will be subject to a 3.8% surtax on their "net investment income" (which generally includes, among other things, dividends on, and gain from the sale or other taxable disposition of, Offer Shares). Non-corporate US Holders should consult their own tax advisers regarding the possible effect of such tax on their ownership and disposition of Offer Shares.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain US-related financial intermediaries may be subject to information reporting and backup withholding, unless

(i) the US Holder is a corporation (other than an S corporation) or other exempt recipient (and if required, establishes its status as such) or (ii) in the case of backup withholding, the US Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Certain US Holders who are individuals (and under proposed regulations, certain entities controlled by individuals) may be required to report information relating to their ownership of Offer Shares, unless Offer Shares are held in accounts at financial institutions (in which case the accounts may be reportable if maintained by non-US financial institutions). US Holders should consult their tax advisers regarding their reporting obligations with respect to their Offer Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE OFFER SHARES IN THE INVESTOR'S OWN CIRCUMSTANCES.

20.3 Netherlands tax considerations

The following summary outlines certain Netherlands tax consequences in connection with the acquisition, ownership and disposal of the Offer Shares. All references in this summary to The Netherlands and Netherlands law are to the European part of the Kingdom of The Netherlands and its laws, respectively, only. The summary does not purport to present any comprehensive or complete picture of all Netherlands tax aspects that could be of relevance to the acquisition, ownership and disposal of Offer Shares by a (prospective) holder of Offer Shares who may be subject to special tax treatment under any applicable law. The summary is based on the tax laws and practice of The Netherlands as in effect on the date of this Prospectus, which are subject to changes that could prospectively or retrospectively affect the Netherlands tax consequences.

For purposes of Netherlands income and corporate income tax, Offer Shares legally owned by a third party such as a trustee, foundation or similar entity or arrangement, may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator (the "**Settlor**") or, upon the death of the Settlor, his/her beneficiaries in proportion to their entitlement to the estate of the Settlor, of such trust or similar arrangement (the "**Separated Private Assets**").

The summary does not address the tax consequences of a holder of Offer Shares who is an individual and who has a "substantial interest" (*aanmerkelijk belang*) in the Company. Generally, a holder of Offer Shares will have a substantial interest in the Company if he, whether alone or together with his spouse or partner and/or certain other close relatives, holds directly or indirectly, or as Settlor or beneficiary of Separated Private Assets, (i) (x) the ownership of, (y) certain other rights, such as usufruct, over, or (z) rights to acquire (whether or not already issued), shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Company or (ii) (x) the ownership of, or (y) certain other rights, such as usufruct over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of the annual profit of the Company or to 5% or more of the liquidation proceeds of the Company.

In addition, a Shareholder has a substantial interest in the Company if he, whether alone or together with his spouse or partner and/or certain other close relatives, has the ownership of, or other rights over, shares in, or profit certificates issued by, the Company that represent less than 5% of the relevant aggregate that either (a) qualified as part of a substantial interest as set forth above and where shares, profit certificates and/or rights there over have been, or are deemed to have been, partially disposed of, or (b) have been acquired as part of a transaction that qualified for non-recognition of gain treatment.

This summary does not address the tax consequences of any Shareholder who has acquired or holds the Offer Shares in connection with his or her employment activities or in his/her capacity as (former) management board member and/or (former) the Company supervisory board member.

PROSPECTIVE HOLDERS OF OFFER SHARES SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISER WITH RESPECT TO THE TAX CONSEQUENCES OF ANY ACQUISITION, OWNERSHIP OR DISPOSAL OF THE OFFER SHARES IN THEIR INDIVIDUAL CIRCUMSTANCES.

Dividend Withholding Tax

Based on, and for purposes of, the DTT-ROM/NL, and as confirmed by the Tax Ruling, the Company is considered solely a tax resident in Romania, as it will be effectively managed from Romania. Therefore, pursuant to the DTT-ROM/NL, a holder of Offer Shares will not be subject to Netherlands dividend withholding tax on dividends distributed by the Company, irrespective of the nature or form of such dividend and irrespective of such holder's place of residence.

If there is a change over time to the facts upon which the Tax Ruling is based, the Tax Ruling may be withdrawn and/or the Company will no longer be considered tax resident in Romania for DTT-ROM/NL tax purposes. This could result in (double) corporate income tax at the level of the Company, (double) withholding tax on dividends and/or (double) taxation for certain Shareholders, for instance with respect to non-resident taxation on income from a substantial interest (*aanmerkelijk belang*) in the Company, as the Company would then generally be required to withhold dividend withholding tax imposed by the Netherlands at a rate of 15% on dividends distributed by the Company in respect of the Offer Shares.

Taxes on income and capital gains

Holders of Offer Shares resident in the Netherlands: individuals

A holder of Offer Shares, who is an individual, resident or deemed to be resident in The Netherlands will be subject to regular Netherlands income tax on the income derived from the Offer Shares and the gains realised upon the acquisition, redemption and/or disposal of the Offer Shares by the holder thereof if:

- (i) such holder of Offer Shares has an enterprise or an interest in an enterprise, to which enterprise the Offer Shares are attributable; and/or
- (ii) such income or capital gain forms "a benefit from miscellaneous activities" (*resultaat uit overige werkzaamheden*) which, for instance, would be the case if the activities with respect to the Offer Shares exceed "normal active asset management" (*normaal, actief vermogensbeheer*) or if such income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a *lucratief belang*) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person), whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the above-mentioned conditions (i) or (ii) applies, income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Offer Shares will in general be subject to Netherlands income tax at the progressive rates up to 52%.

If the above-mentioned conditions (i) and (ii) do not apply, a holder of Offer Shares who is an individual, resident or deemed to be resident in The Netherlands will not be subject to taxes on income and capital gain in The Netherlands. Instead, such individual is taxed at a flat rate of 30% on deemed income from "savings and investments" (*sparen en beleggen*), which deemed income is determined on the basis of the amount included in the individual's "yield basis" (*rendementsgrondslag*) at the beginning of the calendar year (minus a tax-free threshold). The yield basis would include the fair market value of the Offer Shares. For the 2017 tax year, the deemed income derived from savings and investments will amount to 2.87% of the individual's yield basis up to €75,000 (seventy five thousand Euro), 4.6% of the individual's yield basis exceeding €75,000 (seventy five thousand Euro) up to and including €975,000 (nine hundred and seventy five thousand Euro) and 5.39% of the individual's yield basis in excess of €975,000 (nine hundred and seventy five thousand Euro). The percentages to determine the deemed income will be reassessed every year.

Holders of Offer Shares resident in The Netherlands: corporate entities

A holder of Offer Shares that is resident or deemed to be resident in The Netherlands for corporate income tax purposes, such as:

- a corporation;
- another entity with a capital divided into shares;
- a cooperative (association); or
- another legal entity that has an enterprise or an interest in an enterprise to which the Offer Shares are attributable,

but which is not:

- a qualifying pension fund;
- a qualifying investment fund (*fiscale beleggingsinstelling*) or a qualifying exempt investment institution (*vrijgestelde beleggingsinstelling*); or
- another entity exempt from corporate income tax,

will in general be subject to regular Netherlands corporate income tax, levied at a rate of 25% (20% over profits up to €200,000) over income derived from the Offer Shares and gains realized upon acquisition, redemption and disposal of the Offer Shares.

Holders of Offer Shares resident outside The Netherlands: individuals

A holder of Offer Shares who is an individual, not resident or deemed to be resident in The Netherlands will not be subject to any Netherlands taxes on income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Offer Shares (other than the dividend withholding tax described above), unless:

- (i) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise, as the case may be, the Offer Shares are attributable; or
- (ii) such income or capital gain forms a “benefit from miscellaneous activities” (*resultaat uit overige werkzaamheden*) in The Netherlands which would for instance be the case if the activities in The Netherlands with respect to the Offer Shares exceed “normal active asset management” (*normaal, actief vermogensbeheer* or if such capital gain is derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a “lucrative interest” (*lucratief belang*)) that the holder thereof has acquired under such circumstances that such capital gain is intended to be remuneration for work or services performed by such holder (or a related person), in whole or in part, in The Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the above-mentioned conditions (i) or (ii) applies, income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Offer Shares will in general be subject to Netherlands income tax at the progressive rates up to 52%.

Holders of Offer Shares resident outside The Netherlands: legal and other entities

A holder of Offer Shares that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in The Netherlands or any of the overseas territories of the Kingdom of The Netherlands, will not be subject to any Netherlands taxes on income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Offer Shares (other than the dividend withholding tax described above), unless:

- (i) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands or any of the overseas territories of the Kingdom of The Netherlands and to which enterprise or part of an enterprise, as the case may be, the Offer Shares are attributable; or
- (ii) such holder has a substantial interest in the Company, that (i) is held with the avoidance of Netherlands income tax or dividend withholding tax as (one of) the main purpose(s) and (ii) forms part of an artificial structure or series of structures (such as structures which are not put into place for valid business reasons reflecting economic reality).

If one of the above-mentioned conditions applies, income derived from the Offer Shares and gains realised on the Offer Shares will be subject to regular corporate income tax, generally levied at a rate of 25% (20% over profits up to €200,000) except that a holder as described under (ii) will generally be subject to an effective corporate income tax rate of 15% if it holds the substantial interest in the Company with the avoidance of Netherlands dividend withholding tax (but not Netherlands income tax) as (one of) the main purpose(s).

Gift, Estate and Inheritance Taxes

Holders of Offer Shares resident in the Netherlands

Gift tax may be due in the Netherlands with respect to an acquisition of Offer Shares by way of a gift by a holder of Offer Shares who is resident or deemed to be resident of the Netherlands.

Inheritance tax may be due in the Netherlands with respect to an acquisition or deemed acquisition of Offer Shares by way of an inheritance or bequest on the death of a holder of Offer Shares who is resident or deemed to be resident of the Netherlands, or by way of a gift within 180 days before his death by an individual who is resident or deemed to be resident in the Netherlands at the time of his death.

For purposes of Netherlands gift and inheritance tax, an individual with the Netherlands nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the 10 years preceding the date of the gift or his death. For purposes of Netherlands gift tax, an individual not holding the Netherlands nationality will be deemed to be resident of the Netherlands if he has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

Holders of Offer Shares resident outside the Netherlands

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition of Offer Shares by way of a gift by, or on the death of, a holder of Offer Shares who is neither resident nor deemed to be resident of the Netherlands, unless, in the case of a gift of Offer Shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

Certain special situations

For purposes of Netherlands gift, estate and inheritance tax, (i) a gift by a third party will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule his/her beneficiaries will be deemed to have inherited directly from the Settlor. Subsequently, such beneficiaries of the Settlor will be deemed the settlor, grantor or similar originator of the Separated Private Assets for purposes of Netherlands gift, estate and inheritance tax in case of subsequent gifts or inheritances.

For the purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

Turnover Tax

No Netherlands turnover tax will arise in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Offer Shares.

Other Taxes and Duties

No Netherlands registration tax, capital tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in The Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of The Netherlands) of any documents related to the Offer Shares.

21. ENFORCEMENT AND CIVIL LIABILITIES UNDER U.S. FEDERAL SECURITIES LAWS

The Company is incorporated and registered as a public company with limited liability (*naamloze vennootschap*) under the laws of the Netherlands. Many of the Directors are citizens of Romania (or other non-U.S. jurisdictions), and a portion of the Company's assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Directors or to enforce against them in the U.S. courts judgments obtained in U.S. courts predicated upon the civil liability provisions of the U.S. federal securities laws. There is doubt as to the enforceability in Romania, in original actions or in actions for enforcement of judgments of the U.S. courts, of civil liabilities predicated upon U.S. federal securities laws.

22. LITIGATION

Save as described in “*Part 6—Business Description—Litigation and legal proceedings*,” there are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had, a significant effect on the Company’s and/or the Group’s financial position or profitability.

23. DILUTION

The voting interest of the existing Shareholders not participating in the Offer will not be diluted as a result of the issuance of the Offer Shares.

24. SHAREHOLDING RESTRUCTURING

In February 2017, the General Meeting unanimously resolved the following:

- to change the name of the Company from Cable Communications Systems N.V. to Digi Communications N.V.;
- to amend the Articles pursuant to which, *inter alia*, two classes of shares will be created being: Class A Shares with a nominal value of €0.10 each and in respect of which for each Class A Share 10 votes may be cast and Class B Shares with a nominal value of €0.01 each and in respect of which for each Class B Share 1 vote may be cast;
- a conversion and split of each currently issued ordinary share in the Company with a nominal value of €1 into 10 Class A Shares with a nominal value of €0.10 each;
- the cancellation of shares held by the Company in its own share capital; and
- the increase of the share capital by issuing up to 100 million Class A Shares pro rata to the shareholdings, subject to the availability of reserves.

The above-mentioned resolutions and the changes approved therein took effect following the lapse of a two-month mandatory wait period, which occurred on April 11, 2017.

In March 2017, a share swap agreement was concluded between Mr. Teszári and the Company through which Mr. Teszári exchanged 7,500,000 shares of RCS & RDS for 1,042 shares of the Company. See “*Part 13—Additional information—25. Related Party Transactions*.”

In March 2017, share swap agreements were concluded between the Company and several minority shareholders of RCS Management through which the minority shareholders exchanged 16,582 shares of RCS Management for 17,367,832 shares in RCS & RDS, which became effective in April 2017. See “*Part 13—Additional information—25. Related Party Transactions*.”

On April 7, 2017, the General Meeting decided the following:

- revocation of the resolution of the General Meeting from February 2017 to cancel the shares held by the Company in its own share capital;
- approval of several operations with shares held by the Company in its own share capital between Digi and RCS Management, as part of the pre-Offer shareholding restructuring process; and
- the authorization for the Board of Directors to issue 99,494,060 Class A Shares at a total nominal value of €9,949,406 through incorporation of share premium and reserves (bonus issuance, based on the shareholders’ resolutions from February 2017).

For more information, see “*Part 13—Additional Information—1. Incorporation and share capital—1.2 History of the Company’s share capital*.”

25. RELATED PARTY TRANSACTIONS

Save as described in Note 16 to the Company's audited consolidated financial information for the year ended December 31, 2016, and in Note 15 to the Company's audited consolidated financial information for the years ended December 31, 2015 and 2014, set out in "Part 15—Historical Financial Information", there are no significant related party transactions between the Company or members of the Group that were entered into during the financial years ended December 31, 2014, 2015 and 2016. During the period between December 31, 2016 and the date of this Prospectus, the following related party transactions have been entered into:

- on January 30, 2017, the the Company entered into two short-term loans with two of its minority shareholders (i) Carpathian Cable Investments S. à R.L., for a principal amount of €6,627,844 and (ii) Celest Limited, for a principal amount of €1,504,039; both loans represent converted dividends payable; the loans bear a 5% per annum interest rate, the repayment date being set for June 30, 2017; the loans are secured on a *pari passu* basis with the 2016 Notes, the Senior Facilities Agreement, the ING Facilities Agreement, the Citi Facilities Agreement and the BRD Letters of Guarantee Facility, pursuant to the terms of the Intercreditor Agreement;
- in March 2017, a share swap agreement was concluded between the Principal Shareholder and the Company, through which 7,500,000 shares of RCS & RDS were exchanged for 1,042 shares of the Company; and
- in March 2017, share swap agreements were concluded between the Company and several minority shareholders (*i.e.*, Ioan Bendei, Dorina Schelean and Nicusor-Dorel Schelean) of RCS Management through which the minority shareholders exchanged 16,582 shares of RCS Management for 17,367,832 shares in RCS & RDS; the agreements became effective in April 2017.

26. WORKING CAPITAL

In the opinion of the Company, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

27. NO SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since December 31, 2016, the date to which the last audited consolidated accounts of the Company were prepared.

28. CONSENTS

Ernst & Young Assurance Services S.R.L. has given and has not withdrawn its written consent to the inclusion of its independent auditors' reports as included in "Part 15—Historical Financial Information" and references thereto in the form and context in which they appear and has authorized the contents of those parts of this Prospectus which comprise its reports for the purposes of the Prospectus Directive.

Each Underwriter has given and not withdrawn its consent to the inclusion in this Prospectus of their names in the form and context in which it appears.

A written consent under the Prospectus Directive is different from a consent filed with the SEC under Section 7 of the Securities Act. As the Offer Shares have not been and will not be registered under the Securities Act, Ernst & Young Assurance Services S.R.L. and the Underwriters have not filed and will not be required to file a consent under Section 7 of the Securities Act.

29. GENERAL

29.1 The fees and expenses to be borne by the Selling Shareholders in connection with Admission, the AFM's fees, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately RON16,075,000 (the equivalent of approximately €3,550,000 (including VAT, where applicable)). In addition, the aggregate underwriting commissions, expenses and any amounts in respect of stamp duty or stamp duty reserve tax ("SDRT") payable by the Selling Shareholders in connection with the Offer are estimated to be approximately RON41 million (assuming that the Offer Price is set at the top the Price Range, the Share Offer Size is set at the Maximum Share Offer Size and no exercise of the Over-allotment Option).

30. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following the date of this Prospectus at the offices of the Company:

- (a) the Articles of the Company;
- (b) the audited consolidated accounts of the Company in respect of the three financial years ended December 31, 2014, 2015 and 2016, together with the related audit reports from Ernst & Young Assurance Services S.R.L., which are set out in Section A of “*Part 15—Historical Financial Information*”; and
- (c) this Prospectus.

Dated: April 26, 2017

PART 14
DEFINITIONS AND GLOSSARY

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“2013 Notes”	the €450.0 million 7.50% Senior Secured Notes due 2020 issued by the Company on November 4, 2013
“2016 Notes”	the €350 million aggregate principal amount of 5.0% Senior Secured Notes due 2023 issued by the Company on October 26, 2016
“2013 Senior Facilities Agreement”	the senior facilities agreement dated October 21, 2013 between, among others, RCS & RDS, as borrower, Citibank, N.A., London Branch, and ING Bank N.V. Amsterdam, Bucharest Branch, as mandated lead arrangers, and that was refinanced with the 2015 Senior Facilities Agreement
“2015 Senior Facilities Agreement”	the senior facilities agreement dated April 30, 2015 between, among others, RCS & RDS, as borrower, BRD, Citibank, N.A., London Branch, ING Bank N.V., and UniCredit Bank, as mandated lead arrangers
“2016 Facility Agreement”	the facility agreement dated August 18, 2016 between, among others, RCS & RDS, as borrower, and BRD and Citibank, N.A., London Branch, as mandated lead arrangers
“Access Law”	ANCOM Law No. 159/2016 entered into force on July 28, 2016
“Admission”	the admission of the Offer Shares to the Regulated Spot Market of the Bucharest Stock Exchange
“AFM”	Netherlands Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>)
“AGCOM”	Italian National Institute for Statistics (<i>Autorità per le Garanzie nelle Comunicazioni</i>)
“Allocation Date”	May 10, 2017
“ANCOM”	Romanian National Authority for Administration and Regulations in Communications
“Annual Financial Statements” or “Financial Statements”	the audited consolidated financial statements of the Group as at and for the years ended December 31, 2014, 2015 and 2016
“Antena Group”	Antena TV Group S.A.
“Anti-Corruption Directorate”	National Anti-Corruption Directorate of Romania
“ARPU”	average revenue per unit
“Articles”	the articles of association of the Company
“ASIC”	Australian Securities and Investments Commission
“Audiovisual Law”	Romanian Audiovisual Law No. 504 of July 11, 2002, as amended
“Audit Committee”	the audit committee of the Board of Directors
“Authorized Share Capital”	the authorized share capital of the Company
“Banca Transilvania Agreements”	two credit agreements between RCS & RDS and Banca Transilvania entered into on July 14, 2014
“Board of Directors”	the board of directors of the Company
“BRD”	BRD—Groupe Société Générale S.A.

“BRD Letters of Guarantee Facility”	the uncommitted bank guarantee facility dated July 13, 2015 between RCS & RDS, as borrower, and BRD, as lender
“Brexit”	the UK referendum resulting in a vote for the United Kingdom to leave the European Union
“BSE Corporate Governance Code”	the Corporate Governance Code of the Bucharest Stock Exchange
“BTCP”	BT Capital Partners
“Business Day”	a day on which the Romanian banking system and the trading system of the BSE are open for business
“Caixa Facility”	a facility agreement between Digi Spain and CaixaBank, S.A. entered into on February 6, 2014
“CAGR”	compound annual growth rate
“CEO”	the CEO (<i>chief executive officer</i>) of the Board of Directors
“CFO”	the CFO (<i>chief financial officer</i>) of the Board of Directors
“Citi Facilities Agreement”	the uncommitted facility agreement, entered into between RCS & RDS, as borrower, and Citibank Europe Plc, Dublin—Romania Branch, on October 25, 2013
“Citigroup”	Citigroup Global Markets Limited
“Class A Meeting”	shareholders meeting for holders of Class A Shares
“Class A Shares”	class A ordinary shares of the Company, which have 10 votes per share
“Class B Meeting”	shareholders meeting for holders of Class B Shares
“Class B Shares” or “Offer Shares” ..	class B ordinary shares of the Company, which have one vote per share and are the only class of shares being listed and offered and sold in the Offer
“CNMC”	Comisión Nacional de los Mercados y la Competencia (<i>Spanish National Authority for Markets and Competition</i>)
“Company”	Digi Communications N.V.
“Conversion Request”	a written request by a holder of Class A Shares to convert one or more of its Class A Shares into Class B Shares, stating the name of the shareholder concerned and the relevant class and number of Shares concerned
“Copyright Law”	Romanian Copyright Law No. 8 of March 14, 1996, as amended
“Corporations Act”	Corporations Act 2001 of the Commonwealth of Australia
“DCC”	Dutch Civil Code
“DCGC”	Dutch Corporate Governance Code
“Deutsche Bank”	Deutsche Bank AG, London Branch
“DFRSA”	Dutch Financial Reporting Supervision Act (<i>Wet toezicht financiële verslaggeving</i>)
“DFSA”	Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>)
“Digi Italy”	Digi Italy S.r.l.
“Digi Spain”	Digi Spain Telecom, S.L.U.
“Directors”	the Executive Directors, Non-executive Directors and Independent Non-executive Directors of the Company
“Discontinued Operations”	former Group operations in Slovakia, the Republic of Serbia and Croatia (disposed of in 2013) and the Czech Republic (disposed of in 2015), collectively

“DTT-ROM/NL”	the Convention between the Kingdom of the Netherlands and Romania for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital
“EBRD”	the European Bank for Reconstruction and Development
“EBRD Investment”	the amount to be invested by the EBRD in acquiring Offer Shares through the Offer
“ECS”	Electronic Communication Services
“EET”	Eastern European Time
“EEA”	the European Economic Area
“Electrica”	Electrica S.A.
“Electronic Communications Act” ...	Act 100 of 2003 on Electronic Communication, which provides the framework for the Hungarian telecommunications market
“Eligible Participants”	any intermediaries (other than the Underwriters), which are investment companies or credit institutions qualified as participants to the trading system of the Bucharest Stock Exchange and which (i) have signed an Engagement Letter and (ii) have transmitted such Engagement Letter to BRD
“Enterprise Chamber”	the Dutch Enterprise Chamber of the Amsterdam Court of Appeal
“Engagement Letter”	the irrevocable and unconditional undertaking to observe the provisions of this Prospectus and the applicable law, having the form made available by the Underwriters, signed by Eligible Participants
“EU”	the European Union
“EU Roaming Regulation”	Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the European Union
“Exchange Act”	United States Securities Exchange Act of 1934, as amended
“Executive Directors”	the executive directors of the Company
“Framework Ordinance”	Romanian Government Emergency Ordinance No. 111 of December 14, 2011
“Fraudulent Assignment Counterclaim”	a counterclaim brought by RCS & RDS in 2012 against Antena Group and First Quality Debt Recovery
“FSA”	Romanian Financial Supervisory Authority
“GDP”	Gross Domestic Product
“General Authorization”	an indefinite, non-transferable certification by ANCOM granting the right to install facilities on third-party and to negotiate and conclude interconnection and access agreements, and the opportunity to receive ANCOM’s designation to provide different elements of universal service
“General Meeting”	meeting of the Shareholders of the Company
“Group”	The Company and its direct and indirect consolidated subsidiaries and subsidiary undertakings, except as otherwise indicated or where the context otherwise requires
“H3G”	H3G S.p.a.
“Huawei”	Huawei Tech. Investment Co. Ltd. and certain other companies in the Huawei group
“Hungarian General Authorization” ..	registration with the NMIAH by providers of PDS or other ECS (e.g., broadband internet services, voice telephony services) in compliance with the Electronic Communications Act
“Hungarian Numbering License” ...	a license regulating the use of numbering domains and licenses in Hungary, which is granted by the NMIAH and reviewed in every 3 years

“IAS”	International Accounting Standard
“IASB”	International Accounting Standards Board
“IFRS”	International Financial Reporting Standards, as adopted by the European Union
“IFRS 16”	a new standard released by the IASB on lease accounting which will replace IAS 17 “Leases” and which will be effective for financial reporting periods beginning on or after January 1, 2019
“Indenture”	the indenture governing the 2016 Notes, to be dated as of the Issue Date, between, among others, the Company, RCS & RDS and Wilmington Trust, New York, U.S. as trustee
“ING Facilities Agreement”	the uncommitted facility agreement dated November 4, 2013 between RCS & RDS, as borrower, and ING Bank N.V., Bucharest, Romania
“Independent Non-executive Directors”	the independent non-executive directors of the Company
“Institutional Investors”	(i) certain Qualified Investors in Romania and elsewhere outside the United States to whom the Offer Shares are offered in reliance on Regulation S and in accordance with locally applicable laws and regulations, and (ii) in the United States, QIBs to whom the Offer Shares are offered in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act
“Institutional Tranche”	the tranche of the Offer addressed to Institutional Investors, which shall consist of an initial number of 18,482,492 Offer Shares, representing 85% of the initial number of Offer Shares
“Intelsat”	Intelsat Global Sales & Marketing Ltd
“Intel Sky”	Intel Sky Broadcast Ltd.
“Intercreditor Agreement”	the intercreditor agreement originally dated November 4, 2013 entered into by, among others, the Company, RCS & RDS, Wilmington Trust, New York, U.S., as trustee in respect of the 2013 Notes, Wilmington Trust (London) Limited, as security agent, the agent and lenders under the Citi Facilities Agreement, the agent and lenders under the ING Facilities Agreement, and certain hedge counterparties, and as most recently amended and restated and acceded to on October 26, 2016 by the trustee, as further amended, restated or otherwise modified or varied from time to time
“Italian MVNO Agreement”	an agreement between Digi Italy and TIM entered into on March 31, 2014
“Joint Bookrunners”	Société Générale / BRD, Raiffeisen Bank, WOOD & Company and BTCP
“Joint Global Co-ordinators”	Citigroup and Deutsche Bank
“Kaon Agreement”	an agreement between the Company and Kaon Media Co. Ltd. entered into on July 12, 2013
“KEHTA”	the central Hungarian electronic database for removing and blocking illegal websites
“KRA”	Hungarian Central Reference Database
“Libra Loan Agreement”	a loan agreement between RCS & RDS and Libra Bank entered into on February 25, 2016
“Lead Manager”	BTCP

“LPF”	Liga Profesionistă de Fotbal (Romanian Professional Football League)
“Magyar Telekom”	Magyar Telekom Plc., a majority owned subsidiary of Deutsche Telekom AG
“MAR”	Market Abuse Regulation (Regulation (EU) No 596/2014)
“Maximum Share Offer Size”	the maximum number of Shares to be offered, up to 21,744,108
“Media Act”	the Hungarian Act 185 of 2010 on Media Services and Mass Media
“Media Council”	Médiatanács, an independent legal entity of the NMIAH
“NAC”	National Audiovisual Council of Romania
“Nagra CAS”	Nagra Conditional Access System
“Nagra SMS”	Nagra Subscriber Management System
“Nagravision”	Nagravision S.A.
“Nagravision Agreement”	on December 9, 2004, we entered into a five-year agreement between the Company and Nagravision on December 9, 2004
“Netcity”	Netcity Telecom S.A.
“NFFF”	a 2015 regulation on Hungarian frequency distribution and the utilisation of frequency bands
“NMIAH”	Hungarian National Media and Infocommunications Authority
“Non-executive Directors”	the non-executive directors of the Company
“Numbering License”	licenses for assigning telephone numbers and authorizing customers to use these numbers issued by ANCOM
“Offer”	the sale of Offer Shares by the Selling Shareholders described in “ <i>Part 12—Details of the Offer</i> ”
“Offer Period”	the period between April 28, 2017 and May 10, 2017 during which applications for the purchase of Offer Shares in the Retail Tranche can be made through BRD, Raiffeisen Bank, BTCP, Banca Transilvania or the Eligible Participants
“Offer Price”	the price at which each Offer Share is to be sold pursuant to the Offer (to be discounted or not, as applicable)
“Orange Romania”	Orange Romania S.A., a majority owned subsidiary of Orange S.A.
“ORDA”	Romanian Office for Copyright
“Order”	Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
“Over-allotment Option”	the option granted to the Underwriters by the Over-allotment Shareholders to purchase, or procure purchasers for, up to 2,174,411 additional Offer Shares as more particularly described in “ <i>Part 12—Details of the Offer</i> ”
“Over-allotment Shareholders”	Carpathian Cable Investments S.à.R.L. and Celest Limited
“Over-allotment Shares”	the existing Offer Shares that are the subject of the Over-allotment Option
“Payment Evidence for Retail Investors”	the payment evidence that must accompany the applications for Offer Shares by Retail Investors
“PCAOB”	the Public Company Accounting Oversight Board (United States)

“PDS”	Program Distribution Services
“PFIC”	Passive Foreign Investment Company
“President”	the president of the Board of Directors
“Price Range”	the range between RON38 and RON56 per Offer Share at which the Offer Price is expected to be set
“Pricing Statement”	the statement containing the Offer Price and confirming the Share Offer Size and related disclosures is expected to be published on or about May 10, 2017
“Principal Shareholder”	Zoltán Teszári
“Prospectus”	this document which comprises a prospectus for the purposes of the Prospectus Directive and has in connection with the Offer been prepared in accordance with Chapter 5.1 of the DFSA and the rules promulgated thereunder and approved by the AFM
“Prospectus Directive”	Directive 2003/71/EC and amendments thereto, including the Directive (2010/73/EU) and any relevant implementing measure in each Member State
“Pro TV”	Pro TV S.A.
“qualified institutional buyers” or “QIBs”	has the meaning given to it by Rule 144A
“Qualified Investors”	persons who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive
“Raiffeisen Bank”	Raiffeisen Bank S.A.
“RCC”	Romanian Competition Council
“RCS & RDS”	RCS & RDS S.A.
“RCS Management”	RCS Management S.A., a joint stock company organized under the laws of Romania, registered with the Bucharest Trade Registry Office under number J40/6744/1999, with its registered office at 71-75 Dr. Staicovici street, Forum 2000 building, Phase I-II, fourth floor, 5th district, Bucharest, Romania
“Registrars”	Romanian Central Depository
“Regulation S”	Regulation S under the Securities Act
“Relationship Agreement”	the relationship agreement entered into between the Company and RCS Management as described in “ <i>Part 8—Directors, Senior Management and Corporate Governance—Relationship Agreement</i> ”
“Remuneration Committee”	the remuneration committee of the Board of Directors
“Retail Investors”	any individuals or legal persons other than Institutional Investors
“Retail Tranche”	the tranche of the Offer addressed to Retail Investors located in Romania, which shall consist of an initial number of 3,261,616 Offer Shares, representing 15% of the initial number of Offer Shares
“RGU”	Revenue Generating Unit
“Romanian Fiscal Code”	Law no. 227/2015 regarding the Fiscal Code
“Rule 144A”	Rule 144A under the Securities Act
“Santander Facility”	a €1.5 million short-term facility agreement between Digi Spain and Banco Santander entered into on October 30, 2015
“Satellite Spectrum License”	the Spectrum License FS-LCX 03/2005, issued to the Company on February 22, 2005 and last amended on July 10, 2015

“SDRT”	Stamp Duty Reserve Tax
“Securities Act”	United States Securities Act of 1933, as amended
“Selling Shareholders”	Carpathian Cable Investments S.à.R.L., Celest Limited, ING Bank N.V., Yarden Mariuma, Dorina Schelean, Nicusor Dorel Schelean, Sirian Radu-Traian and Zoltán Teszári who are selling Offer Shares as part of the Offer
“Senior Facilities Agreement”	the senior facilities agreement dated October 7, 2016, between, among others, RCS & RDS, as borrower, and BRD, Citibank, N.A., London Branch, ING Bank, and UniCredit Bank, as lead arrangers, guaranteed by the Company and consisting of (i) the SFA Facility A1; (ii) the SFA Facility A2; and (iii) the SFA Facility B
“Senior Management”	senior management of the Group
“Separated Private Assets”	the estate of the Settlor, of such trust or similar arrangement to which the beneficiaries of the Settlor is entitled
“Settlor”	under Netherlands income and corporate income tax law, the (deemed) settlor, grantor or similar originator of a third party owning Offer Shares
“SFA Facility A1”	a term loan facility in the amount of RON930.0 million under the Senior Facilities Agreement
“SFA Facility A2”	a term loan facility in the amount of RON600.0 million under the Senior Facilities Agreement
“SFA Facility B”	a revolving credit facility in the amount of RON157.0 million under the Senior Facilities Agreement
“Share Offer Size”	the number of Offer Shares to be sold in the Offer
“Shareholders”	the holders of Shares in the Company
“Shares”	the ordinary share capital of the Company, consisting of the Class A Shares and the Class B Shares, as set out in the Articles
“Signaling Points License”	an authorization issued by ANCOM for the use of identification, signaling and routing codes
“SMP”	telecommunications service providers with significant market power
“Société Générale”	Société Générale S.A.
“Spanish MVNO Agreement”	an agreement between Digi Spain and TME entered into on December 12, 2014
“Spectrum License”	licenses for the use of radio frequencies issued by ANCOM
“Stabilizing Managers”	Citigroup and Deutsche Bank
“Takeover Directive”	Directive 2004/25/EC
“Tax Ruling”	Clause 4(3) of the DTT-ROM/NL, which states that “a person other than an individual is a resident of both States, then it shall be deemed to be a resident only of the State in which its place of effective management is situated”
“Telecom Italia”	Telecom Italia Sparkle S.p.A.
“Telekom Romania”	collectively, Telecom Romania Communications S.A. and Telecom Romania Mobile Communications S.A., minority owned subsidiaries of Deutsche Telekom AG
“TIM”	Telecom Italia S.p.A.
“TME”	Telefonica Moviles España, S.A.

“Underwriters”	Citigroup, Deutsche Bank, Société Générale, BRD, Raiffeisen Bank, WOOD & Company and BTCP
“Underwriting Agreement”	the underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriters described in paragraph 16 of “Part 13—Additional Information—Underwriting arrangements”
“UniCredit Bank”	UniCredit Bank S.A.
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
“UPC Hungary”	UPC Magyarország Telekommunikációs Kft., a wholly owned subsidiary of the Liberty Global group
“UPC Romania”	UPC ROMANIA S.R.L., a wholly owned subsidiary of the Liberty Global group
“U.S. GAAS”	auditing standards generally accepted in the United States
“US-NL Treaty”	the tax treaty between the United States and the Netherlands
“US-ROM Treaty”	tax treaty between the United States and Romania
“Vice-President”	the vice-president of the Board of Directors
“Vodafone Roaming Agreement”	a national roaming agreement between the Company and Vodafone Romania entered into on March 27, 2014 and which was terminated upon its expiry on April 5, 2017
“Vodafone Romania”	Vodafone Romania S.A., a wholly owned subsidiary of Vodafone Group
“WOOD & Company”	WOOD & Company Financial Services, a.s.

GLOSSARY

The following terms have the meanings provided below unless the context required otherwise:

“2G”	second generation cellular telecom networks were commercially launched on the GSM standard in Finland in 1991. Three primary benefits of 2G networks over their predecessors were that phone conversations were digitally encrypted; 2G systems were significantly more efficient on the spectrum allowing for far greater mobile phone penetration levels; and 2G introduced data services for mobile, starting with SMS text messages.
“3G”	third generation mobile telecommunication standard providing the ability to transfer simultaneously both voice data, such as telephone calls, and non-voice data, such as information downloads, exchanges of emails, instant messaging and video telephony.
“4G”	fourth generation of mobile phone mobile communication technology standards as a successor of the third generation (3G) standards. A 4G system provides mobile ultra-broadband Internet access, for example to laptops with USB wireless modems, to smartphones, and to other mobile devices. Conceivable applications include amended mobile web access, IP telephony, gaming services, high-definition mobile TV, video conferencing, 3D television and Cloud Computing. Two 4G candidate systems are commercially deployed: the Mobile WiMAX standard, and the first-release Long Term Evolution (LTE) standard.
“ADSL”	asymmetric Digital Subscriber Line is a type of digital subscriber line (DSL) technology, a data communications technology that enables faster data transmission over copper telephone lines than a conventional voice-band modem can provide. It does this by utilizing frequencies that are not used by a voice telephone call. A splitter, or DSL filter, allows a single telephone connection to be used for both ADSL service and voice calls at the same time. ADSL can generally only be distributed over short distances from the telephone exchange (the last mile), typically less than 4 kilometers, but has been known to exceed 8 kilometers if the originally laid wire gauge allows for further distribution.
“AVMS”	Area of Audiovisual Media Services
“BRAS”	a Broadband Remote Access Server routes traffic to and from broadband remote access devices on an Internet Service Provider’s network. BRAS can also be referred to as BNG (Broadband Network Gateway).
“Broadband”	a general term used to describe wide bandwidth equipment or systems which can carry a large proportion of the electromagnetic spectrum. Broadband communications systems can deliver multiple channels and other services.
“Cable TV”	a broadband network employing radio-frequency transmission over coaxial and/or fiber optic cable to transmit multiple channels carrying images, sound and data between a central facility and individual customers’ television sets.
“CDMA”	Code Division Multiple Access. Digital cellular spread-spectrum modulation technique that implements distributed voice and data networks.
“CLIP”	Calling Line Identification Presentation is a telephone service, available in analog and digital phone systems and most VoIP applications, that transmits a caller’s number to the called party’s

telephone equipment during the ringing signal, or when the call is being set up but before the call is answered.

“CLIR”	Calling Line Identification Restriction is a telephone service, available in analog and digital phone systems and most VoIP applications, that blocks calling party address information from being presented to the called party’s telephone equipment.
“CPE”	Customer Premises Equipment is any terminal or associated equipment located at a subscriber’s premises and connected with a carrier’s telecommunication channel(s) at the demarcation point. The demarcation point is a point established in a building or complex to separate customer equipment from the telecommunication company equipment. CPE includes satellite dishes, satellite receivers, decoders, cable modems, fixed-line phone terminals, smartcards, 3G mobile telecommunication handsets and mobile data devices.
“Digital”	a method of storing, processing and transmitting information through the use of distinct electronic or optical pulses that represent the binary digits 0 and 1. Digital transmission and switching technologies employ a sequence of these pulses to represent information as opposed to the continuously variable analog signal. Compared to analog networks, digital networks allow for greater capacity, more precise reproduction, lower interference, protection against eavesdropping and automatic error correction. Signals are encoded into digits for transmission.
“DNS”	Domain Name System is a hierarchical distributed naming system for computers, services or any resource connected to the Internet or a private network, which associates various information with domain names assigned to each participant.
“DOCSIS”	Data Over Cable Service Interface Specification is an international telecommunications standard that permits the addition of high-speed data transfer to an existing cable TV system. It is employed by many cable television operators to provide internet access over their existing hybrid fiber coaxial infrastructure.
“DOCSIS 3.0”	DOCSIS 3.0 was released in August 2006. The specification was revised to significantly increase transmission speeds (both upstream and downstream) and introduce support for Internet Protocol version 6 (IPv6).
“DSL”	Digital Subscriber Lines. A technology enabling local loop copper pair to transport high-speed data between the central office and the customer’s premises. It is based on the use of copper lines in traditional telephony networks that are attached to telephone exchanges that have been upgraded to digital technology. DSL technology is most commonly used for the provision of broadband internet services at speeds that are significantly faster than dial-up Internet access. DSL (or sometimes, “xDSL”) is commonly used as a generic term for several variants of technology offering different specifications but based on the same principles.
“DTH”	Direct To Home satellite television. The reception of satellite programs with a personal dish in an individual home.
“DTT”	Digital Terrestrial Television is an implementation of digital technology to provide a greater number of channels and/or better quality of picture and sound through a conventional antenna (or aerial) instead of a satellite dish or cable connection.
“DWDM”	Dense Wavelength Division Multiplexing is an optical technology used to increase bandwidth over existing fiber optic backbones, by

putting data from different sources together on an optical fiber, with each signal carried at the same time on its own separate light wavelength.

“E1”	digital transmission format used in telecommunications which allows network operators to provide time-division multiplexing circuit between customers. The E1 format has a capacity of 32 digital channels, each being allocated 8 bits in turn, the resulting signal being transmitted at a 2.048 Mbps rate (upstream and downstream).
“E3”	multiplexing frame structure based on the E1 format with a 34.368 Mbps rate (upstream and downstream).
“EOC”	Ethernet Over Coax.
“Fiber optic cable”	cable that uses optical glass fibers to transmit signals over long distances with minimal signal loss or distortion. Fiber optic cable has good broadband frequency characteristics and noise immunity and is capable of managing very high capacity, high speed transmissions. It is immune to electrical interference and environmental factors that affect copper wiring and satellite transmission.
“FTTB”	Fiber To The Building. Fiber optic cable, carrying network data, connected from a communications service provider to a customer’s physical building.
“FTTH”	Fiber To The Home is a broadband telecommunications system based on fiber optic cables and associated optical electronics for delivery of multiple advanced services such as the triple-play of telephony, broadband internet and television.
“Gbps”	Gigabytes per second; 1 Gbps = 1 thousand Mbps. Gbps stands for thousands of bits or kilobits per second. It is a measure of bandwidth (the total information flow over a given time) in a telecommunications medium.
“GHz”	the gigahertz is a unit of alternating current (AC) or electromagnetic (EM) wave frequency equal to one thousand million hertz (1,000,000,000 Hz). The GHz is used as an indicator of the frequency of ultra-high-frequency (UHF) and microwave EM signals and also, in some computers, to express microprocessor clock speed.
“GPON”	Gigabit-capable Passive Optical Networks is a point-to-multipoint, fiber to the premises network architecture in which unpowered optical splitters are used to enable a single optical fiber to serve multiple premises and covers systems with nominal line rates of 2.488 Gbps in the downstream direction and 1.244 Gbps in the upstream direction.
“GSM”	Global System for Mobile communication. A widely adopted technical standard for digital mobile telecommunication.
“Interconnection”	the linking of telecommunications networks used by the same or different persons in order to allow the users of the services or networks of one person to communicate with the users of the services or networks of the same person or of another person, or to access services provided by another person.
“IP”	Internet Protocol. Data oriented protocol used in the Internet for communication among multiple networks in which data is sent in packets and routed according to traffic density.
“IP Backbone”	IP Backbone is a part of network infrastructure that interconnects various pieces of network, providing a path for the exchange of information between different MANs (Metropolitan Area Networks) or sub-networks. A backbone can tie together diverse networks over

wide areas. Normally, the backbone's capacity is greater than the networks connected to it.

“IP Peering”	IP Peering is a voluntary interconnection of administratively separate Internet networks for the purpose of exchanging traffic between the customers of each network. The pure definition of peering is settlement-free or “sender keeps all”, meaning that neither party pays the other for the exchanged traffic; instead, each derives revenue from its own customers.
“IP Transit”	IP Transit is the service of allowing network traffic to cross a transit network, usually used to connect a smaller ISP to the larger Internet.
“IPTV”	Internet Protocol Television. A system where digital television service is delivered by using internet Protocol over a network infrastructure, which may include delivery by a broadband connection.
“IPv4”	Internet Protocol version 4 is the fourth version in the development of Internet Protocol (IP) and the first version of the protocol to be widely deployed. It is one of the core protocols of standards-based internetworking methods of the Internet, and routes most of the traffic in the Internet.
“IPv6”	Internet Protocol version 6 is the latest revision of the Internet Protocol (IP), the communications protocol that provides an identification and location system for computers on networks and routes traffic across the Internet. IPv6 was developed by IETF (Internet Engineering Task Force) to deal with long-anticipated problem of IPv4 address exhaustion.
“ISP”	Internet Service Provider. A company providing access to internet and other computer-based information networks through its servers.
“IXP”	Internet Exchange Point is a physical infrastructure through which ISPs exchange Internet traffic between their networks. IXPs reduce the portion of an ISP's traffic which must be delivered via their upstream transit providers, thereby reducing the average per-bit delivery cost of their service. Furthermore, the increased number of paths learned through the IXP improves routing efficiency and fault-tolerance.
“Local loop”	network element used to connect a subscriber to the nearest switch or concentrator. The local loop is commonly referred to as the “last mile” because it is the part of the network that is connected directly to the subscriber.
“LTE”	Long-Term Evolution, marketed as 4G LTE, is a standard for wireless communication of high-speed data for mobile phones and data terminals. It is based on the GSM/EDGE and UMTS/HSPA network technologies, increasing the capacity and speed using a different radio interface together with core network improvements.
“MB”	Megabyte. A measure of data volume representing one million bytes. Each byte is equal to eight bits.
“Mbps”	Megabytes per second. A data transfer speed measured by the number of millions of bits per second. A bit is the smallest unit of data in a computer network.
“MVNO”	Mobile Virtual Network Operator is a company that provides mobile phone service but does not have its own licensed frequency allocation of radio spectrum, nor does it necessarily own the entire infrastructure required to provide mobile telephone service.

“NGA”	Next Generation Access
“Node”	a network element that provides a point at which key telecommunications equipment or computers can access the network. In circuit networks, nodes are switching systems. In packet-switched networks, they are often computers.
“OTT”	Over-The-Top Content describes broadband delivery of video and audio without a multiple system operator being involved in the control and distribution of the content itself. The provider may be aware of the contents of the IP packets but is not responsible for, nor able to control, the viewing abilities, copyrights, and/or other redistribution of the content.
“Penetration rate”	the total number of subscribers for a service provider divided by the population that it serves, expressed as a percentage.
“POTS Line”	Plain Old Telephone Service is the voice-grade telephone service that remains the basic form of residential and small business service connection to the telephone network in many parts of the world. POTS is generally restricted to about 52 Kbps.
“Point-to-Point Protocol over Ethernet”	a network protocol for encapsulating PPP frames inside Ethernet frames.
“PRI E1s”	Primary Rate Interface is a standardized telecommunications service level within the ISDN (Integrated Services Digital Network) specification for carrying multiple DS0 (Digital Signal 0) voice and data transmissions between a network and a user. PRI is the standard for providing telecommunication services to offices. It is based on the E-carrier (E1) line in Europe. The E1 line consists of 32 channels.
“PVR”	Personal Video Recorder
“Router”	an inter-network device that relays data packets to networks connected to the router based upon the destination address contained in those data packets being routed.
“SDH”	Synchronous Digital Hierarchy; international high-speed baseband digital transport standard specifying incrementally increasing data stream rates for movement across digital optical links.
“Signaling point code”	signaling is the interchange of information among various nodes of the network for the purpose of establishing and controlling the connections, as well as providing network-wide services and management capabilities. A signaling point code is a code used to identify a signaling point and processed within the message transfer part of each signaling point and within users of the message transfer part.
“SMS”	Short Message Service. Also commonly referred to as text messaging. SMS features enable a user to send a short message to another user using a simplified key-pad. SMS capabilities among the latest user devices are capable of sending music and video messages, in addition to alphanumeric messages. SMS is a service available on most digital mobile phones that permits the sending of short text messages between mobile phones, other handheld devices and even landline telephones.
“Smartcard”	a smartcard is any pocket-sized card with embedded integrated circuits which can process data. This implies that it can receive input which is processed—by way of integrated circuit cards applications—and delivered as an output.

“STM1”	Synchronous Transport Module. The basic rate of transmission of the SDH fiber optic network transmission standard. It has a bit rate of 155.52 Mbit/s.
“Switch”	a device used to set up and route telephone calls either to the number called or to the next switch along the path. They may also record information for billing and control purposes.
“Time Division Multiplexing”	a type of digital multiplexing in which two or more apparently simultaneous channels are derived from a given frequency spectrum (<i>i.e.</i> , bit stream) by interleaving pulses representing bits from different channels.
“UMTS”	the Universal Mobile Telecommunications System is a third generation mobile cellular system for networks based on the GSM standard. UMTS uses wideband code division multiple access (W-CDMA) radio access technology to offer greater spectral efficiency and bandwidth to mobile network operators. UMTS specifies a complete network system, which includes the radio access network, the core network and the authentication of users via SIM (subscriber identity module cards).
“VDSL”	very-high-bit-rate Digital Subscriber Line is a digital subscriber line (DSL) technology providing data transmission faster than ADSL over a single flat untwisted or twisted pair (up to 52 Mbps downstream and 16Mbps upstream), and on coaxial cable (up to 85 Mbps down- and upstream), using frequency band from 25 kHz to 12 MHz. These rates mean that VDSL is capable of supporting applications such as high-definition television, as well as telephone services (voice over IP) and general Internet access, over a single connection. VDSL is deployed over existing wiring used for analog telephone service and lower-speed DSL connections. This standard was approved by ITU in November 2001.
“VoIP”	Voice over Internet Protocol. Protocol in which voice traffic is carried in IP packets (rather than a circuit switched network) that allows people to use the Internet to make telephone calls.
“WiMAX”	Worldwide Interoperability for Microwave Access is a wireless communications standard designed to provide 30 to 40Mbps data rates, with the 2011 update providing up to 1Gbps for fixed stations. The name “WiMAX” was created by the WiMAX Forum, which was formed in June 2001 to promote conformity and interoperability of the standard. The forum describes WiMAX as “a standards-based technology enabling the delivery of last mile wireless broadband access as an alternative to cable and DSL.”

PART 15
HISTORICAL FINANCIAL INFORMATION

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DIGI COMMUNICATIONS NV
(former CABLE COMMUNICATIONS SYSTEMS NV)
CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
For the year ended 31 December 2016

DIGI COMMUNICATIONS (former CABLE COMMUNICATIONS SYSTEMS)
Consolidated Financial Statements
Prepared in accordance with International Financial Reporting Standards
for the year ended 31 December 2016

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GENERAL INFORMATION

Directors:

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

Registered Office:

Digi Communications N.V.
Naritaweg 165, 1043 BW, Amsterdam, Netherlands

Auditors:

Ernst & Young Assurance Services S.R.L.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Digi Communications NV (former Cable Communications Systems NV)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Digi Communications NV (former Cable Communications Systems NV), ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition given the complexity of billing systems

There is an inherent telecommunications industry risk associated with the recognition of revenue, given the complexity of billing systems, which process large volumes of data, and the impact of changing offerings and pricing models on revenue recognition (such as tariff structures and incentive arrangements).

The Group's revenue recognition relies on IT systems, comprising of a number of interdependent interfaces and databases. Given the complexity of the IT environment, with highly automated processes and controls over the critical path of transactions, a significant component of the audit work was in the area of controls that we considered relevant and key for the financial reporting of revenue, such as controls over the capture, rating, storage and extraction of information. These controls are important because they ensure that access and changes to IT systems and related data are made and authorized in an appropriate manner. We therefore consider this as a key audit matter.

We focused our audit on those IT systems and controls that are significant for the Group's revenue recognition. Considering that audit procedures over the IT systems and application controls require specific expertise, we involved our IT specialists in order to assist us in our audit procedures.

Our audit procedures included, but were not limited to, the following procedures:

- a detailed understanding of the revenue processes and related document flows, identifying the IT systems as well as the controls designed and implemented within the respective processes that we considered relevant and significant for our audit;
- testing the operating effectiveness of selected controls by inspecting evidence supporting whether they were in place throughout the year. We focused on billing systems controls with respect to data capture, mediation and recording of revenue transactions; on the controls over authorization of tariff changes and over the correctness of input of tariff information in the billing system as well as on the controls over the accuracy of automatic calculation of invoice amounts based on tariffs, usage and other relevant inputs;

With respect to IT general controls, we tested controls over the user access rights to systems and data, as well as managing system changes. The audit approach was tailored in accordance with the financial significance of the system and whether there were automated procedures supported by that system and our focus was on the following procedures:

- testing whether only appropriate users had the ability to create, modify or delete user accounts for the relevant in-scope applications;
- testing whether user access rights were set-up in accordance with Group's internal policies and procedures and
- testing the operating effectiveness of controls over the system changes, in order to determine if changes were properly authorized, implemented and monitored.

In addition, we also performed, amongst others, the following procedures:

- Analysis over the calculation of revenues from subscription, by considering each type of subscription and the applicable tariff as per the commercial offers;

Revenue recognition considering multiple revenue streams

The Group's main sources of revenue are from subscription services, as follows:

- Revenue from rendering of cable TV ("CATV") and direct-to-home TV ("DTH"), subscription services;
- Revenue from rendering of internet and data communication subscription services (fixed and mobile);
- Revenue from rendering of fixed-line and mobile telephony subscription and fixed-line and mobile telephony voice traffic services.

Telecommunication services also comprise significant equipment sales.

In addition to telecommunications revenues the Group also derives a smaller portion of revenues from rentals, energy production (including related green certificates), advertising, filming services for other operators etc.

The Group's disclosures about revenue recognition are included in Note 2 (Basis for preparation and accounting policies) and Note 17 (Revenues).

We consider this a key audit matter due to the fact that there are multiple revenue streams which are subject to different IFRS requirements with respect to revenue recognition.

Impairment of tangible and intangible assets

As at 31 December 2016, the Group has recognized goodwill in amount of EUR 77,178 thousand, representing 37% out of total intangibles assets.

Under IFRS, an entity is required to test the goodwill for impairment at least annually. The determination of the recoverable amount, being determined by the Group as fair value less costs to sell, was significant to our audit because the computation of fair value less costs to sell is complex and relies on estimates and assumptions, therefore we have considered it a key audit matter. Goodwill acquired through business combinations is allocated among the following cash generating units (CGUs), for the purpose of impairment testing: CBT

- Testing, on a sample basis, the proper allocation of cash receipts to subscribers.

Our audit procedures included, but were not limited to the following procedures:

- Analyse the Group's accounting policy for each revenue stream considering both the substance of the commercial offers that were in force during the year, and the applicable requirements of IFRS as well as the industry practices for each revenue stream;
- Assess whether the Group's accounting policies are implemented consistently as adopted.

In the area of revenue recognition, we also performed, amongst others, the procedures outlined in the above key audit matter *Revenue recognition given the complexity of billing systems*.

Our audit procedures included, but were not limited to, the following procedures:

- analysis of the methodology used by management to assess the fair value less costs to sell of the CGUs, to determine its compliance with accounting standards and consistency of application;
- evaluation of the Group's key assumptions and estimates used to determine the discount rate, the future operating cash flows, the growth rate and the capital expenditure. We involved our valuation specialists to assist us in the evaluation of key assumptions and methodologies used by the Group for the impairment testing, including the

(being: cable, TV, fixed and mobile internet and data, fixed line and mobile telephony) Romania, CBT Hungary and CBT Spain.

The main assumptions used by the Group in the estimation of fair value less costs to sell were:

- the discount rates (post-tax);
- the terminal growth rate;
- capital expenditure and
- assumptions underlying future operating cash flows for the explicit period of 5 years.

The Group's disclosures about the impairment test for the above CGUs, which include the goodwill as well as most of the tangible and other intangible assets of the Group, are included in Note 2.1 (Basis for preparation and accounting policies) and Note 6 (Intangible assets). Furthermore, an assessment of impairment indicators has been made for the other CGUs, which do not include goodwill (such as the renewable energy production), as well as for specific assets (such as abandoned construction-in-progress).

Covenants associated with bonds and Senior Facilities Agreement

The availability of adequate funding and whether the Group meets its financial covenants are significant for our audit.

We have considered this a key audit matter due to the high leverage of the Group (as of 31 December 2016 interest-bearing loans and borrowings, including bonds, amount to EUR 709,587 thousand and equity amounts to EUR 42,603 thousand).

The Group's disclosure about the covenants of the bonds and the covenants of the Senior Facilities Agreement (SFA) is included in Note 14 (Interest bearing loans and borrowings).

determination of the discount rates for Romania and Hungary. In this context we evaluated whether or not certain assumptions on which the valuation was based, individually and taken as a whole, considered: i) the economic environment of the industry, and the Group's economic circumstances; ii) existing market information; iii) the business plans of the Group, including management's expectations; iv) the risk associated with cash flows, including the potential variability in the amount and timing of the cash flows and the related effect on the discount rate; v) specific requirements of IFRS;

- test the mathematical accuracy of the discounted cash flow computations;
- assessment of the historical accuracy of management's budgets and forecasts by comparing them to actual performance and to prior year;
- test the mathematical accuracy of the computations in respect of the sensitivity in the available headroom of CGUs.

We further assessed the adequacy of the Group's disclosures about the impairment test in the notes to the consolidated financial statements.

Our audit work included, but was not limited to the following procedures:

- read the terms of the 2016 SFA and 2016 bonds with respect to the covenants clauses;
- evaluate the Group's assessment of compliance with the debt covenant requirements including both quantitative and qualitative covenants as at 31 December 2016;
- given the relevance of the EBITDA (earnings before interest tax depreciation and amortisation) in the quantitative covenant calculations, we focused our procedures on the correct classification of items in EBITDA and on the specific items included in or excluded from EBITDA, in accordance with criteria as stated in the SFA and bonds terms.

We further assessed the adequacy of the disclosures included in the notes to the consolidated financial statements.

Recoverability of overdue trade and other receivables

At 31 December 2016, the Group records trade and other receivable balances of EUR 154,023 thousand, before allowance adjustment of EUR 45,058 thousand.

The identification and determination of receivables allowance requires management to make judgements and assumptions and represents a process with a significant level of uncertainties.

The main assumptions used by management in evaluating the level of the allowance include factors such as age of the balance, type of customers, existence of disputes, recent historical payment patterns and other available information concerning the creditworthiness of counterparties, as well as the Group's historical loss experiences for the relevant aged category.

Due to the significance of trade and other receivables (representing 55% of Current assets) and the related estimation uncertainty, this is considered a key audit matter.

The Group's disclosures about receivables allowance are included in Note 2.2 f) (accounting policies—impairment), Note 10 (Trade and other receivables) and Note 23 (Financial risk management—Credit risk section) to the consolidated financial statements.

Useful lives of property, plant and equipment

Management judgment significantly impacts the carrying value of property, plant and equipment through the estimation of their useful lives.

As described in Note 2.2.c) (accounting policies—property, plant and equipment) and Note 5 (Property, plant and equipment) to the consolidated financial statements, as of 31 December 2016 management has completed its review of the estimated useful lives of property plant and equipment and determined changes to be necessary to many types of assets from the categories of Customer premises equipment, Network and Equipment. The change of estimated useful lives was applied prospectively from 1 January 2016 onwards.

Our audit work included, but was not limited to, the following procedures:

- test controls over the collection process;
- test application controls over the automatic computation of ageing of receivables;
- test collections from customers, on a sample basis, subsequent to the year-end;
- evaluate management's assessment of the creditworthiness of clients and the factors taken into account when establishing the percentage of allowance or considering that no allowance is necessary;
- evaluate the Group's allowance levels by considering the historical cash collection patterns and degree of accuracy of previous allowance estimates;
- obtain direct customer confirmations, and inspecting public information available about the insolvency proceedings and obtaining confirmation letter from external lawyers regarding the insolvency process, where applicable;
- review the correspondence with the Group's external lawyers supporting any disputes between the parties involved, and the attempts by management to recover the amounts outstanding, where applicable.

We further assessed the adequacy of the Group disclosures included in Note 10 (Trade and other receivables) and Note 23 (Financial risk management) to the consolidated financial statements.

Our audit procedures included, but were not limited to, the following procedures:

- reading the memos prepared by management to support the revised useful lives, including appendices with technical specifications and relevant public studies;
- evaluation of the additional technical specifications obtained from certain suppliers;
- testing the actual failure rates experienced so far by RCS&RDS as listed in the memos;
- analyzing that the recent churn rates do not imply useful lives shorter than the revised ones;

Due to the significance of the impact on depreciation expense (a net decrease of EUR 23,173 thousand of the depreciation expense for the year 2016) and the degree of judgment involved in determining the revised useful lives, this is considered a key audit matter.

- comparing the revised useful lives with the ones disclosed in the latest financial statements available of other telecommunications groups based in Europe and a public study of useful lives applied by telecommunications groups based in the United States;
- involving our Telecommunications industry specialists and our valuation & business modelling specialists to assist us and review the useful lives re-assessment from the methodology and assumptions reasonability point of view, including appropriate consideration of technological obsolescence and comparison to non-public benchmarks available to them;
- evaluation of the consistency of the business strategy assumptions used for the revision of useful lives with the assumptions used for the business plan and impairment test, and other knowledge accumulated by us about management's plans during our audit.

We further assessed the adequacy of the disclosures included in Note 2.2.c) (accounting policies-property, plant and equipment) and Note 5 (Property, plant and equipment) to the consolidated financial statements.

Revaluation of property, plant and equipment

The Group uses the revaluation model in order to account for land, buildings, network, equipment and devices and customer premises equipment.

As of 31 December 2016, management has performed the annual analysis, in order to assess whether the carrying amount does not differ materially from the fair value of the above categories of property, plant and equipment. Following this analysis, management concluded that a revaluation exercise must be performed only for land, buildings and customer premises equipment. At 31 December 2016, the carrying value of assets carried under revaluation model was:

- land: EUR 17,803 thousand (after 2016 revaluation);
- buildings: EUR 71,290 thousand (after 2016 revaluation);
- networks: EUR 417,054 thousand
- customer premises equipment: EUR 74,431 thousand (after 2016 revaluation), and
- equipment and devices: EUR 131,062 thousand.

Our audit work included, but was not limited to, the following procedures:

- perform a detailed understanding of the Group's internal processes and related documentation flow as well as methods and assumptions used by management and the Group's internal specialists;
- assessing the competence, capabilities of the Group's internal specialists, as well as their objectivity;
- evaluate the valuation methodology used, giving consideration to the: (i) nature of the asset being valued; (ii) premise and standard of value; (iii) observable market prices; and (iv) whether the assumptions used provide a reasonable basis for the fair value measurement;
- test the underlying data to evaluate that it: (i) is relevant; and (ii) provides objective support for the assumptions used in the valuation analysis, including where possible an overall assessment against industry practices;

We have considered the revaluation of customer premises equipment, as well as the assessment of management that no revaluation is necessary for network and for equipment and devices, to be a key audit matter due to the fact that it requires management to make significant judgements and assumptions. The main areas involving significant judgments and assumptions made by management were represented by:

- determination of current replacement cost of the assets;
- the assets' specific physical/functional depreciation and
- the functional and economical obsolescence.
- evaluate the assumptions made by management for the specific technical adjustments related to the physical characteristics of the individual assets, including the allocation of individual assets to the categories from which the valuation assumptions have been derived;
- analyse and corroborate the replacement costs sourced by management based on external/internal evidence and similar benchmarks;
- test the mathematical accuracy of the valuation models used by management;
- for several of the above procedures we have involved our Telecommunications industry specialists and our valuation & business modelling specialists to assist us;
- in respect of the useful lives used to account for the assets' physical/functional depreciation please refer to the procedures outlined in the above key audit matter

The Group's disclosures about the revaluation are included in Note 2.2 c) (accounting policies—property, plant and equipment) and Note 5 (Property, plant and equipment) to the consolidated financial statements.

Useful lives of property, plant and equipment

We further assessed the adequacy of the Group disclosures included in Note 2.2 c) (accounting policies—property, plant and equipment) and Note 5 (Property, plant and equipment) to the consolidated financial statements.

Other information

The other information comprises the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit
- procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

As disclosed in Note 2.1(b) to the consolidated financial statements, these statements have been prepared as part of the filing obligations of the Group, stated in the Offering Memorandum dated 12 October 2016. These consolidated financial statements are not intended for statutory filing purposes in any jurisdiction.

The partner in charge of the audit resulting in this independent auditor's report is Anamaria Cora.

On behalf of
Ernst & Young Assurance Services SRL

A handwritten signature in black ink that reads 'Anamaria Cora'.

Name of signing person: Anamaria Cora

Bucharest, Romania

11 April 2017

DIGI COMMUNICATIONS (former CABLE COMMUNICATIONS SYSTEMS)
Consolidated Statement of financial position
as at 31 December 2016

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

	Notes	31 December 2016	31 December 2015
ASSETS			
Non-current assets			
Property, plant and equipment	5	825,989	674,743
Intangible assets	6a	206,812	205,128
Available for sale financial assets (AFS)	7	—	43,373
Investment in associates		995	1,000
Long term receivables		3,927	5,852
Deferred tax assets	20	3,126	3,951
Total non-current assets		1,040,849	934,047
Current assets			
Inventories	9	18,552	13,205
Programme assets	6b	30,312	29,536
Trade and other receivables	10	108,965	82,545
Income tax receivable		2,804	202
Other assets	11	6,321	8,209
Derivative financial assets	25	17,049	9,937
Cash and cash equivalents	12	14,625	49,662
Total current assets		198,628	193,296
Total assets		1,239,477	1,127,343
EQUITY AND LIABILITIES			
Equity			
Share capital	13	51	51
Share premium		8,247	8,247
Treasury shares		(16,703)	(16,703)
Reserves		9,096	31,597
Retained earnings		40,474	77,462
Equity attributable to equity holders of the parent		41,165	100,654
Non-controlling interest		1,438	2,160
Total equity		42,603	102,814
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings, including bonds	14	665,540	624,897
Deferred tax liabilities	20	34,812	26,981
Other long term liabilities	15.2	46,076	7,598
Total non-current liabilities		746,428	659,476
Current liabilities			
Trade and other payables	15.1	373,969	271,118
Interest-bearing loans and borrowings	14	44,047	63,118
Income tax payable		1,390	1,746
Derivative financial liabilities	25	16,356	8,253
Deferred revenue		14,684	20,818
Total current liabilities		450,446	365,053
Total liabilities		1,196,874	1,024,529
Total equity and liabilities		1,239,477	1,127,343

The financial statements were approved by the Board of Directors on 11/04/2017 and were signed on its behalf by:

Zoltan Teszari, President of the Board of Directors

Marius Catalin Varzaru, Member of the Board of Directors

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

Parveen Chantal Soebrati, Member of the Board of Directors

Serghei Bulgac, CFO

DIGI COMMUNICATIONS (former CABLE COMMUNICATIONS SYSTEMS)

Consolidated Statement of profit or loss and other comprehensive income for the year ended as at 31 December 2016

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

	Notes	2016 Continuing Operations	2016 Discontinued Operations	2016 Total	2015 Continuing Operations	2015 Discontinued Operations	2015 Total
Revenues	17	842,755	—	842,755	746,290	3,840	750,130
Gain/(loss) from sale of discontinued operations	21	—	(674)	(674)	—	20,882	20,882
Operating expenses	18	(755,848)	—	(755,848)	(696,567)	(3,115)	(699,682)
Other expenses	28	(6,969)	—	(6,969)	(998)	—	(998)
Operating profit		79,938	(674)	79,264	48,725	21,607	70,332
Finance income	19	45,312	—	45,312	9,869	—	9,869
Finance expenses	19	(101,467)	—	(101,467)	(70,726)	(23)	(70,749)
Net finance costs		(56,155)	—	(56,155)	(60,857)	(23)	(60,880)
Profit / (loss) before taxation		23,783	(674)	23,109	(12,132)	21,584	9,452
Income tax	20	(11,326)	—	(11,326)	(5,369)	(56)	(5,425)
Net profit / (loss)		12,457	(674)	11,783	(17,501)	21,528	4,027
Other comprehensive income							
<i>Items not to be reclassified to profit or loss</i>							
Revaluation of property, plant and equipment, net of tax		16,660	—	16,660	—	—	—
<i>Items that are or may be reclassified to profit or loss, net of tax</i>							
Foreign operations – foreign currency translation differences		1,609	—	1,609	(108)	—	(108)
Change in fair value available for sale asset		2,367	—	2,367	1,227	—	1,227
Available for sale financial asset, reclassification of gain	7	(33,722)	—	(33,722)	—	—	—
Cash Flow hedge reserves		654	—	654	(4,535)	—	(4,535)
Other comprehensive income for the year, net of tax		(12,432)	—	(12,432)	(3,416)	—	(3,416)
Total comprehensive income for the year		25	(674)	(649)	(20,917)	21,528	611

	Notes	2016 Continuing Operations	2016 Discontinued Operations	2016 Total	2015 Continuing Operations	2015 Discontinued Operations	2015 Total
Profit / (Loss) attributable to:							
Equity holders of the parent		13,434	(648)	12,786	(16,667)	20,637	3,970
Non-controlling interest		(977)	(26)	(1,003)	(834)	891	57
Net profit / (loss) for the year		12,457	(674)	11,783	(17,501)	21,528	4,027
Total comprehensive income attributable to:							
Equity holders of the parent		221	(648)	(427)	(19,896)	20,637	741
Non-controlling interests		(196)	(26)	(222)	(1,021)	891	(130)
Total comprehensive income for the year		25	(674)	(649)	(20,917)	21,528	611
Earnings per share (in EUR) attributable to parent company (Note 8)							
Net profit/(loss)		13,434	(648)	12,786	(16,667)	20,637	3,970
Basic and diluted earnings/(loss) per share (EUR/share)		289.2	(13.9)	275.2	(358.7)	444.2	85.5

The financial statements were approved by the Board of Directors on 11/04/2017 and were signed on its behalf by:

Zoltan Teszari, President of the Board of Directors

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

Marius Catalin Varzaru, Member of the Board of Directors

Parveen Chantal Soebrati, Member of the Board of Directors

Serghei Bulgac, CFO

DIGI COMMUNICATIONS (former CABLE COMMUNICATIONS SYSTEMS)
Consolidated Statement of Cash Flows
for the year ended 31 December 2016
(all amounts are in thousand EUR, unless specified otherwise)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities			
Profit/(loss) before taxation		23,109	9,452
Adjustments for:			
Depreciation, amortization and impairment	5, 6	170,094	187,905
Revaluation deficit recognised in profit or loss		6,276	—
Interest expense, net*	19	45,173	49,342
Finance cost & amortized borrowing costs*		26,505	4,923
Impairment of trade and other receivables	18	9,677	10,069
Impairment of investments in associates		—	1,542
Losses/(gains) on derivative financial instruments	23	14,547	(5,523)
Equity settled share-based payments	24	—	2,054
Unrealised foreign exchange loss/(gain)		5,741	(837)
Reclassification of fair value adjustment of AFS		(33,722)	
Other non cash items		—	(64)
Gain on sale of assets		(1,462)	(744)
(Gain)/loss on disposal of subsidiary	21	674	(20,882)
Cash flows from operations before working capital changes		266,612	237,237
Changes in:			
Decrease/(increase) in trade receivables and other assets		(29,540)	15,144
Increase in inventories		(5,974)	(3,704)
Increase in trade payables and other current liabilities		31,424	21,191
(Decrease)/increase in deferred revenue		(7,248)	(28,388)
Cash flows from operations		255,274	241,480
Interest paid		(43,981)	(44,235)
Income tax paid		(7,823)	(5,062)
Net cash flows from operating activities		203,470	192,183
Cash flow used in investing activities			
Purchases of property, plant and equipment	5,15	(142,629)	(113,733)
Purchases of intangibles	6,14	(70,767)	(80,618)
Acquisition of subsidiaries, net of cash and NCI	22	(2,124)	(1,827)
Acquisition of AFS	22	(939)	(1,460)
Sale of subsidiaries, net of cash disposed	21	—	25,132
Proceeds from sale of property, plant and equipment		505	919
Net cash flows used in investing activities		(215,954)	(171,587)
Cash flows from financing activities			
Dividends paid to shareholders		(4,428)	(1,622)
Proceeds from borrowings	14	496,304	258,229
Repayment of borrowings	14	(477,628)	(272,905)
Financing costs paid		(26,779)	(4,082)
Settlement of derivatives		(5,802)	(3,739)
Payment of finance lease obligations		(3,428)	(1,618)
Net cash flows (used in)/from financing activities		(21,761)	(25,737)
Net increase/(decrease) in cash and cash equivalents		(34,245)	(5,141)
Cash and cash equivalents at the beginning of the year	12	49,662	54,288
Effect of exchange rate fluctuations of cash and cash equivalents held		(792)	515
Cash and cash equivalents at the end of the year	12	14,625	49,662

* As of 31 December 2015 interest expense and unamortized borrowing costs recognized as expense were both presented on the Interest expense, net line in the Cash flow. Comparative information was restated as of 31 December 2016, in order to present this information on separate lines. For details, please see Note 13 Borrowings.

DIGI COMMUNICATIONS (former CABLE COMMUNICATIONS SYSTEMS)

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

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

	Share capital	Share premium	Treasury shares	Translation reserve	Revaluation reserve	Fair value Reserves	Cash Flow hedge reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2016	51	8,247	(16,703)	(31,726)	36,314	31,355	(4,346)	77,462	100,654	2,160	102,814
Comprehensive income for the period											
Profit/(loss) for the year	—	—	—	—	—	—	—	12,786	12,786	(1,003)	11,783
Foreign currency translation differences	—	—	—	1,545	—	—	—	—	1,545	64	1,609
Revaluation of property, plant and equipment, net of tax (Note 5)	—	—	—	—	15,970	—	—	—	15,970	690	16,660
Fair Value for AFS (Note 7)	—	—	—	—	—	2,367	—	—	2,367	—	2,367
Reclassification AFS gain (Note 7)	—	—	—	—	—	(33,722)	—	—	(33,722)	—	(33,722)
Cash Flow hedge reserves	—	—	—	—	—	—	627	—	627	27	654
Transfer of revaluation reserve (depreciation)	—	—	—	—	(9,288)	—	—	9,288	—	—	—
Total comprehensive income for the period	—	—	—	1,545	6,682	(31,355)	627	22,074	(427)	(222)	(649)
Transactions with owners, recognised directly in equity											
<i>Contributions by and distributions to owners</i>	—	—	—	—	—	—	—	—	—	—	—
Dividends distributed (Note 13)	—	—	—	—	—	—	—	(57,546)	(57,546)	(370)	(57,916)
<i>Total contributions by and distributions to owners</i>	—	—	—	—	—	—	—	(57,546)	(57,546)	(370)	(57,916)
<i>Changes in ownership interests in subsidiaries</i>											
Payments while having full control (Note 22)	—	—	—	—	—	—	—	—	—	—	—
Movement in ownership interest while retaining control (Note 22)	—	—	—	—	—	—	—	(1,516)	(1,516)	(130)	(1,646)
<i>Total changes in ownership interests in subsidiaries</i>	—	—	—	—	—	—	—	(1,516)	(1,516)	(130)	(1,646)
Total transactions with owners	—	—	—	—	—	—	—	(59,062)	(59,062)	(500)	(59,562)
Balance at 31 December 2016	51	8,247	(16,703)	(30,181)	42,996	—	(3,719)	40,474	41,165	1,438	42,603

DIGI COMMUNICATIONS (former CABLE COMMUNICATIONS SYSTEMS)

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

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

	Share capital	Share premium	Treasury shares	Translation reserve	Revaluation reserve	Fair value Reserves	Cash Flow hedge reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2015	51	8,247	(16,703)	(31,616)	46,775	30,128	—	68,261	105,143	2,197	107,340
Comprehensive income for the period											
Profit for the year	—	—	—	—	—	—	—	3,970	3,970	57	4,027
Foreign currency translation differences	—	—	—	(110)	—	—	—	—	(110)	2	(108)
Fair Value for AFS	—	—	—	—	—	1,227	—	—	1,227	—	1,227
Cash Flow hedge reserves	—	—	—	—	—	—	(4,346)	—	(4,346)	(189)	(4,535)
Transfer of revaluation reserve (depreciation)	—	—	—	—	(10,461)	—	—	10,461	—	—	—
Total comprehensive income for the period	—	—	—	(110)	(10,461)	1,227	(4,346)	14,431	741	(130)	611
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Equity-settled share-based payment transactions (Note 24)	—	—	—	—	—	—	—	1,968	1,968	86	2,054
Dividends distributed (note 13)	—	—	—	—	—	—	—	(3,500)	(3,500)	—	(3,500)
Total contributions by and distributions to owners	—	—	—	—	—	—	—	(1,532)	(1,532)	86	(1,446)
Changes in ownership interests in subsidiaries											
Payments while having full control (Note 22)	—	—	—	—	—	—	—	(707)	(707)	(31)	(738)
Movement in ownership interest while retaining control (Note 22)	—	—	—	—	—	—	—	(2,991)	(2,991)	38	(2,953)
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—	(3,698)	(3,698)	7	(3,691)
Total transactions with owners	—	—	—	—	—	—	—	(5,230)	(5,230)	93	(5,137)
Balance at 31 December 2015	51	8,247	(16,703)	(31,726)	36,314	31,355	(4,346)	77,462	100,654	2,160	102,814

DIGI COMMUNICATIONS (former CABLE COMMUNICATIONS SYSTEMS)
Notes to the consolidated Financial Statements
for the year ended 31 December 2016
(all amounts are in thousand EUR, unless specified otherwise)

1. CORPORATE INFORMATION

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

The parent company of the Group is Digi Communications N.V. (“DIGI” or “the Company” or “the Parent”), a company incorporated in Netherlands. The main operations are carried by RCS&RDS S.A (Romania) (“RCS&RDS”), Digi T.S kft (Hungary), Digi Spain Telecom SLU, and Digi Italy SL. DIGI registered office is located in Amsterdam (1043 BW), Naritaweg 165, Telestone 8, The Netherlands. On 11 April 2017 the Company changed its name, its former name being Cable Communications Systems N.V.

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

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

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

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

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

The Group provides telecommunication services of Cable TV (television), Fixed and Mobile Internet and Data, Fixed-line and Mobile Telephony (“CBT”) and Direct to Home television (“DTH”) services in Romania, Hungary, Spain and Italy. The largest operating company of the Group is RCS&RDS. At the end of 2016, DIGI Group had a total of 13,400 employees (2015: 12,453 employees).

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

The consolidated financial statements were authorized for issue by the Board of Directors of DIGI on 11/04/2017.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”).

(b) Non-statutory consolidated financial statements

These Consolidated financial statements are not intended for statutory filing purposes in any jurisdiction. Consequently, they are not suitable for statutory filing in any jurisdiction. For statutory Dutch filing purposes the Group has applied the exception 408 of the Dutch Civil Code Book 2 Title 9 and therefore, the parent company of the Company, RCSM, will file its consolidated financial statements for the year ended 31 December 2016,

prepared in accordance with IFRS as adopted by the EU, with the auditor's opinion and the annual report in English within six months after the balance sheet date or within one month after a lawfully made later publication at the office of the commercial register.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for buildings, land, network, equipment and devices and customer premises equipment measured at revalued amount, and except for available for sale financial assets and derivative financial instruments measured at fair value as described in the accounting policies under Note 2.2 below.

(d) Going concern assumption

Management believes that the Group will continue as a going concern for the foreseeable future. In recent years the Group operated in an environment of exchange rate volatility whereby the functional currencies (RON, HUF, etc.) fluctuated against the USD and EUR. The unfavourable evolution of the exchange rates has impacted the financial result. However it did not affect the operations of the Group.

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

Please refer to Note 23 for a discussion of how management addresses liquidity risk.

(e) Functional and presentation currency

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

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

- management analysis and reporting is prepared in EUR;
- EUR is used as a reference currency in telecommunication industry in the European Union;
- Senior Notes are denominated in EUR.

The translation into presentation currency of the financial statements of each entity is described under Note 2.2 below.

(f) Significant estimates and judgments

In the process of applying the Group's accounting policies, management has made the following significant judgements and estimates, including assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 22 purchase price allocation and goodwill calculation;
- Notes 2.2 (d): recognition and classification of programme assets;
- Notes 2.2 (c) and 5: recognition of customer premises equipment.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3b: fair value of customer relationships acquired in a business combination;
- Note 6: key assumptions used in discounted cash flow projections in relation to goodwill impairment testing;
- Notes 7 and 23 iv): measurement of available for sale financial assets;
- Note 2.2 (c) and Note 5: useful lives of property, plant and equipment;
- Note 5: revaluation of buildings, network, equipment and devices and customer premises equipment;
- Note 23 i): impairment of trade receivables;
- Notes 23 iv): fair value of financial instruments;
- Note 26: contingencies;
- Note 14 and 23 iv): bonds embedded derivatives;
- Note 20: recognition and measurement of deferred tax assets.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The Parent has prepared the consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances for all Group entities.

New pronouncements

The accounting policies used are consistent with those of the previous financial year except for the following new and amended IFRSs which have been adopted by the Group as of 1 January 2016:

- **IAS 27 Separate Financial Statements (amended)**

The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors. Management has not made use of this amendment.

- **IAS 1: Disclosure Initiative (amendment)**

The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. Management has not made use of this amendment.

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**

The amendment is effective for annual periods beginning on or after 1 January 2016. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. Management has not made use of this amendment.

- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**

The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The Group had no transactions in scope of this amendment.

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**

The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Group does not have any plans that fall within the scope of this amendment.

- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (amendments)**

The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The Group had no transactions in scope of this amendment.

- **The IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015.

- **IFRS 2 Share-based Payment:** This improvement amends the definitions of ‘vesting condition’ and ‘market condition’ and adds definitions for ‘performance condition’ and ‘service condition’ (which were previously part of the definition of ‘vesting condition’).
- **IFRS 3 Business combinations:** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
- **IFRS 8 Operating Segments:** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments’ assets to the entity’s assets if the segment assets are reported regularly.
- **IFRS 13 Fair Value Measurement:** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- **IAS 16 Property Plant & Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **IAS 24 Related Party Disclosures:** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

- IAS 38 Intangible Assets: The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

These amendments did not have a significant effect on the financial position or performance of the Group.

- **The IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016.
 - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
 - IFRS 7 Financial Instruments: Disclosures: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
 - IAS 19 Employee Benefits: The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
 - IAS 34 Interim Financial Reporting: The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

These amendments did not have a significant effect on the financial position or performance of the Group.

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of DIGI and its subsidiaries and the Group's interest in associates as at 31 December 2016. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent company, using mostly consistent accounting policies. Upon consolidation adjustments are recorded in order to align the few inconsistent accounting policies.

Business combinations

The Group accounts for business combinations using the acquisition method. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. If the business combination in effect settles a pre-existing relationship, the acquirer recognises a gain or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity, unless it can be clearly demonstrated that the Group lacks the ability to exercise such influence over its investee.

Investments in significant associates are accounted for using the equity method (equity-accounted investees).

Under the equity method, the investment in an associate is initially recognised at cost. The cost of the investment includes transaction costs. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in insignificant associates are accounted for at cost less any accumulated impairment losses.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

Foreign currency—Transactions and balances

Transactions in foreign currencies have been recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been retranslated into the functional currency at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to the functional currency using the exchange rate at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated to the functional currency using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations—Translation to presentation currency

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

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

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

Currency	2016			2015		
	Jan – 1	Average for the year	Dec – 31	Jan – 1	Average for the year	Dec – 31
RON per 1EUR	4.5245	4.4908	4.5411	4.4821	4.4450	4.5245
HUF per 1EUR	313.12	311.47	311.02	314.89	309.89	313.12
CZK per 1EUR	N/A	N/A	N/A	27.73	27.58*	N/A
USD per 1EUR (ecb.eu)	1.0887	1.1070	1.0510	1.2141	1.1095	1.0887

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

c) Property, plant and equipment

Property, plant and equipment is carried:

- using the cost model, at purchase or construction cost less accumulated depreciation and accumulated impairment losses: vehicles, furniture and office equipment; or
- using the revaluation model, at a revalued amount, which is the fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses: land, buildings, network, equipment and devices and customer premises equipment (“CPE”).

Land is not depreciated.

Property, plant and equipment is measured at cost upon initial recognition.

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to their present location and condition necessary for their intended use, and capitalised borrowing costs, when applicable.

The costs of internally developed networks include direct material and labour costs, as well as costs relating to subcontracting the development services.

Cost includes the cost of replacing part of the plant or equipment when that cost meets the recognition criteria. If an item of property, plant and equipment consists of several components with different estimated useful lives, the individual significant components are depreciated over their individual useful lives. Maintenance and repair costs are expensed as incurred.

Property, plant and equipment includes customer premises equipment, such as DTH, cable, Internet and mobile radio equipment in custody with customer, when the Group retains control over such assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying amount of customer premises equipment in custody of customers with suspended services as at the reporting date is fully impaired.

The residual values, useful lives and the depreciation method of the assets are reviewed at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

Depreciation is calculated on a straight-line basis to write off recorded cost of the assets over their estimated useful lives.

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

The change of estimated useful lives was applied prospectively from 1 January 2016 onwards:

	Prior Useful life	Revised Useful life
Buildings	40-50 years	40-50 years
Fixed Network	15 years	up to 25 years
Mobile Radio Network (sites)	10 years	20 years
Equipment and devices	3-12 years	3-10 years
Customer premises equipment	5 years	5-10 years
Vehicles	5 years	5 years
Furniture and office equipment	3-9 years	3-9 years

The effects of the change of estimated useful lives is presented in Note 5.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year when the asset is derecognized.

Revaluation

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in the profit or loss. A revaluation deficit is recognized in profit or loss, except where a deficit is directly offsetting a previous surplus on the same asset in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation reserve is transferred to retained earnings as the assets are depreciated or upon disposal.

Items of property, plant and equipment with zero net book value are not revalued.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life on a straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in profit or loss.

Customer relationships

Customer relationships represent the cost incurred by the Group when acquiring customer contracts from other companies directly or by acquiring control of those companies. Customer relationships acquired directly from other companies are recognized at the cost of acquisition, which is the fair value of the consideration paid. Customer relationships obtained by acquiring control of certain companies are recognized at their fair value at the date of the acquisition and are presented separately from any goodwill resulting in the acquisition.

Management determines the useful life used for the amortization of customer relationships based on management analysis and past experience. The useful life used for amortizing customer relationships is of 7 years (straight line method is used).

Subscriber acquisition costs

Subscriber acquisition costs (“SAC”) represent the costs for acquiring and connecting new subscribers of the Group companies, consisting of commissions paid to third parties for contracting a new subscriber at the point at which the contract is signed with the customer. The Company capitalises as intangible assets the subscriber acquisition costs as they meet the requirements of IAS 38 for capitalization.

SAC are amortized over the related contract period, being a one or two year period.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, refer to Note 2.2 (a).

Goodwill is subsequently measured at cost less accumulated impairment losses, being tested at least annually for impairment.

Where goodwill forms part of cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Programme assets

The Group is concluding multi-annual contracts for the acquisition of broadcasting rights for national and international sports competitions (“sports rights”), as well as contracts for the acquisition of film and television broadcasting rights. When entering into such contracts, the rights acquired are classified as contractual

commitments. They are recognised in the statement of financial position and classified as current intangible assets (programme assets) as follows:

- Sports broadcasting rights for the current season are recognized at their acquisition cost, at the opening of the broadcasting period of the related sports season. Sports rights are amortized over the broadcasting period on a straight line basis. Any rights not expected to be utilized are written off;
- Film and television broadcasting rights are recognised at their acquisition cost, when the programme is available for screening, and are amortised over their broadcasting period.

Advance payments for sports rights related to future seasons and for film and television rights are also presented as current intangible assets (programme assets).

The Group classifies the cash outflows for the purchase of programme assets as cash flows used in investing activities in the Consolidated Statement of Cash Flows, based on the long-term nature of the contribution of these assets to the subscriber acquisition, subscriber retention and consequent revenue generation, based on the comprehensive strategy of the Group.

Other intangible assets

Other intangible assets that are acquired by the Group (the 2100 MHz, the 900 MHz, the 2600 MHz and the 3700 MH mobile telephony licenses in Romania, the 1800 MHz mobile telephony license in Hungary, software and other intangible assets) have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization of the mobile telephony licences is charged on a straight line basis over the period of each license.

As at 31 December 2016, management completed its review of the estimated useful lives of mobile telephony licenses. For certain mobile telephony licenses there are options for extension, automatic upon the request of the Group. Consequently, useful lives were revised in order to match the current best estimate of the period over which these licenses will generate future economic benefits. Estimated useful lives for mobile telephony licenses are now between 15-25 years (prior: 15 years).

The change of estimated useful lives was applied prospectively from 1 January 2016 onwards. The effects of the change of estimated useful lives are presented in Note 6.

Software licenses (including software related to telecommunication equipment) are amortized on a straight line over their estimated useful life which is generally 3 to 8 years. Other contractual intangible assets are amortized over their underlying contract period.

e) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises financial assets on the date that the Group becomes a party to the contractual provisions of the instrument.

For regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the assets within the time frame established generally by regulation or convention in the marketplace concerned, the trade date is applied for recognition.

Classification

The Group classifies non-derivative financial assets into the following categories: loans and receivables, cash and cash equivalents and available-for-sale financial assets

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs, on the date that they are originated. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets included in loans and receivables category include trade and other receivables and other long term receivables.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits at banks.

Cash and cash equivalents in the consolidated statement of cash flows comprise cash at bank and in hand and short-term deposits at banks with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Available-for-sale assets

Available for sale assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial liabilities

Recognition

The Group initially recognises financial liabilities on the date that the Group becomes a party to the contractual provisions of the instrument.

Classification

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Other financial liabilities

Other financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, issued bonds and trade and other payables.

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

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Transactions with the Company's shares between shareholders are considered completed at the date the transfer of ownership has been agreed upon by the parties in a written contract.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium. When treasury shares are cancelled the excess of cost above nominal value is debited to retained earnings.

Earnings per share

The Group discloses both basic earnings per share and diluted earnings per share for continuing operations and discontinued operations:

- basic earnings per share are calculated by dividing net profit/(loss) for the year attributable to the equity holders of the Group, by the weighted average number of ordinary shares outstanding during the period;
- diluted earnings per share are calculated based on the net profit/(loss), adjusted by the impact on employee profit-sharing, net of the related tax effect. There are currently no instruments that have a dilutive effect on earnings.

Earnings per share are adjusted retrospectively for increases in the number of shares resulting from capitalisation, bonus issues or share splits, as well as for decreases resulting from reverse share splits, including when such changes occur subsequent to the reporting period but before the financial statements are authorized for issue.

(iv) Derivative financial instruments

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Derivatives held for trading

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

Derivatives as hedging instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of a derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the statement of profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses. Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

f) Impairment

i) Non-financial assets

Property, plant and equipment and intangible assets other than goodwill

The carrying amount of the Group's property, plant and equipment and intangible assets other than goodwill, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An asset's or cash generating unit's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss, except for property, plant and equipment previously revalued where the revaluation was recognised in other comprehensive income. In this case the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless that asset is carried at revalued amount, in which case the reversal in excess of previous impairment loss recognised in profit or loss is treated as a revaluation increase.

After recording impairment losses or reversals the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill

Goodwill is tested, at least annually, for impairment, based on the recoverable amounts of the cash generating unit to which the goodwill has been allocated.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lower level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized in profit and loss.

Impairment losses recognized for goodwill cannot be subsequently reversed.

ii) Financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. The main assumptions used by management in evaluating the level of the allowance include factors such as age of the balance, type of customers, existence of disputes, recent historical payment patterns and other available information concerning the creditworthiness of counterparties, as well as the Group's historical loss experiences for the relevant aged category. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Trade and other receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If a future write-off is later recovered, the recovery is recognized in profit or loss.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI. Impairment losses for an impaired available-for-sale equity instrument are not reversed through profit or loss, but only through OCI.

Investments in associates

An impairment loss in respect of investments in associates is measured by comparing the recoverable amount of the investment with its carrying amount. The recoverable amount of the investment is the higher of its fair value less costs of disposal and its value in use. The Group determines the fair value less costs of disposal based on a discounted cash flow (“DCF”) valuation model.

An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

g) Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost is determined on a FIFO basis, and it comprises all costs of purchase, costs of conversion and other costs in bringing the inventories to their current location and condition.

Net realizable value of the equipment sold is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) Employee benefits

Short-term employee benefits

Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expenses as services are rendered.

Pensions and other post-employment benefits

Under the regulatory regimes applicable in the countries where it operates, the Group is required to make payments to national social security funds for the benefit of its employees (defined contribution plans financed on a pay-as-you go basis). The Group has no legal or constructive obligation to pay future contributions if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Its only obligation is to pay the contributions as they fall due and if it ceases to employ members of the state plan, it will have no obligation to pay the benefits earned by its own employees in previous years.

Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered.

The Group does not operate any other pension schemes or post employment benefit plans.

Share based payment transactions

Refer to paragraph q) below.

i) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the unwinding of the discount is recognized as a finance cost.

j) Leases

The Group as a lessee

Service contracts that do not take the legal form of a lease but convey rights to the Group to use an asset or a group of assets in return for a payment or a series of fixed payments are accounted for as leases. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Contracts meeting these criteria are then evaluated to determine whether they are either an operating lease or finance lease.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Capitalized leased assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term unless there is a reasonable certainty that the Group will obtain ownership by the end of the lease term, in which case the assets are depreciated over their estimated useful lives.

Indefeasible Rights of Use (IRUs) represent the right to use a portion of the capacity of a terrestrial transmission cable granted for a fixed period. IRUs are recognized as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wavelength bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. Such assets are included in property, plant and equipment in the consolidated statement of financial position. They are depreciated over the shorter of the expected period of use and the life of the contract.

Leases, including IRU leases and lease of satellite transponders, where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

When a sale and lease back transaction results in a finance lease, any excess of the sales proceeds over the carrying amount is deferred and amortised over the lease term (no profit on disposal of the asset is recorded in profit or loss). No loss is recognized unless the asset is impaired. If no loss is recognised, the leased asset is recorded at the previous carrying amount and continues to be accounted as before the sale and leaseback transaction.

The Group as a lessor

The Group currently has no material arrangements as a lessor. The existing arrangements as a lessor, which are not material, are all operating leases.

k) Contingencies

Management applies its judgment to the fact patterns and advice it receives from its attorney, advocates and other advisors in assessing if an obligation is probable or not or remote. This judgment application is used to determine if the obligation is recognized as a liability or disclosed as a contingent liability.

Contingent liabilities are not recognized in the accompanying consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the accompanying consolidated financial statements, but disclosed when an inflow of economic benefits is probable.

I) Revenue and other income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Revenues from services

The Group's main sources of revenue from services are:

- Revenue from the provision of video, cable TV ("CATV") and direct-to-home ("DTH") TV, subscription services;
- Revenue from the provision of internet and data communication subscription services (fixed and mobile);
- Revenue from the provision of fixed-line and mobile telephony subscription and fixed-line and mobile telephony voice traffic services.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

The revenues from services are recognized as follows:

- *Subscription fees and voice traffic services*
Video services subscriptions, pay TV fees, internet and data subscriptions, telephony subscriptions and voice minutes consumption revenues are earned over the period when those services are provided. These revenues are collected through subscription fees that arise from the monthly billing of subscribers for these services, and monthly billing of voice traffic. Revenue is recognized in the month the service is rendered. Voice traffic revenue is recognized in the profit or loss at the time the call is made. Revenue from interconnect fees is recognised at the time the services are performed.
- *Deferred revenue*
Any subscription revenue received in advance of the service being provided is recorded as deferred revenue and recognized over the period when the service is provided.
- *Prepaid services*
Revenue from the sale of prepaid cards, net of discounts allowed, included in the Group's prepaid services packages, is recognised based on usage. Prepaid revenue is deferred until the customer uses the traffic or the card expires.
- *Customer loyalty programme*
Starting with 2016, the Group operates a loyalty programme in Romania which allows customers to receive vouchers on signing new or renewed contracts. The vouchers' fair value (which is the same as their nominal value) is deducted from the future subscription values and recognized as revenue when utilised or at expiration.

Equipment sales

Revenue is recognized when the significant risks and rewards of ownership of the equipment have passed to the buyer, usually upon delivery.

Multiple element arrangements

Sales of certain packaged offers are considered as comprising identifiable and separate components to which general revenue recognition criteria can be applied separately. Once the separate components have been identified, the amount received or receivable from the customer is allocated, based on each component's fair value, first to the undelivered element and the remainder, if any, to the delivered element. For the delivered element the revenue is recognized only when the following criteria are met:

- the delivered item has a value to the consumer on a standalone basis, and
- there is objective and reliable evidence of the fair value of the undelivered item.

Where the promotional offer includes a period of free service, a portion of the revenue is recognized over the period of the free service.

Instalment sales

Revenue attributable to the sales price, exclusive of interest, is recognized when the risks and rewards of ownership have passed to the buyer, usually upon delivery. The revenue recognised on the sale is the present value of the consideration, determined by discounting the instalments receivable at the imputed rate of interest. The interest element is recognized as revenue as it is earned, using the effective interest method.

Rental income

Rental income arising from operating leases of assets is accounted for on a straight-line basis over the lease term of ongoing leases.

Advertising

Revenues obtained from publicity sales on our broadcasting channels (TV & radio) are recognized when the relating advertising is performed.

Supply of electricity

Realized results from trading of electricity are reported in the Profit and Loss account on a net basis as part of Operating expenses. Mark-to-market results (unrealised) from fair value assessment of energy trading contracts are reported as Other income/ (Other expense) in the Profit and Loss account.

Revenues from electricity production, including the related green certificates granted under Romania's renewable energy support scheme, are recognized when electricity is produced. Green certificates are recognized at fair value, which includes for the green certificates for which trading is deferred, the assessment of the related under-absorption risk.

m) Finance income and finance expense

Finance income comprises interest income on funds invested, dividend income, gains on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on derivative financial instruments that are recognised in profit or loss and reclassifications of net gains in hedging instruments previously recognised in other comprehensive income.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, losses on derivative financial instruments that are recognised in profit or loss and reclassifications of net losses on hedging instruments previously recognised in other comprehensive income. Unamortised borrowing fees are expensed upon termination of related borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

n) Related parties

Parties are considered related when one party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control or significantly influence the other party. Related parties also include individuals that are principal owners, management and members of the Board of Directors and members of their families, or any company that is related party to Group's entities.

o) Income tax

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, or are recognized when their utilisation has become probable.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

p) Dividends

Dividends are recognized as distributions within equity in the period in which they are declared to shareholders (at the date of the approval by the shareholders). Dividends for the year are declared after the reporting date.

q) Share-based payment transactions

Certain members of the management team of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. For determination of fair value of equity instruments, refer to Note 3(e).

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant

employees become fully entitled to the award ('the vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

In 2016 no share based payment plan applied (no grants were made and all previous awards vested).

r) Discontinued operations

A discontinued operation is a component of the Group's business, operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

s) Subsequent events

Post period-end events that provide additional information about the Group's position at the reporting date or those that indicate the going concern assumption is not appropriate (adjusting events) are reflected in the consolidated financial statements. Post period-end events that are not adjusting events are disclosed in the notes, when material.

t) Segment reporting

The information by operating segment is based on internal reporting to the Board of Directors, identified as "Chief Operating Decision-Maker", as defined by IFRS 8 *Operating Segments*. The Board of Directors reviews segment information on revenue and non-current assets on a monthly basis and segment EBITDA (earnings before interest, taxes, depreciation and amortization) on a quarterly basis.

The Group considers EBITDA, a non-IFRS measure, to be the key operating performance measure of its operating segments. The method used in calculating EBITDA and its reconciliation to the line items in the statement of comprehensive income is disclosed in Note 28. All other information included in the disclosure per segment is prepared under IFRSs as adopted by EU applicable to the consolidated financial statements.

The Chief Operating Decision-Maker has chosen to review geographical operating segments because the Group's risks and rates of return are affected predominantly by the fact that it operates in different countries.

2.3 Standards issued but not yet effective and not early adopted

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

- **IFRS 9 Financial Instruments**

The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Management has assessed that this amendment will not have a significant impact on the consolidated financial position or performance of the Group.

- **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates.

The Group has initiated the IFRS 15 impact analysis, which is still on-going. We have started the analysis of a sample of contracts and mix of services provided to subscribers in order to assess the impact of IFRS 15 implementation compared with our current accounting policies in accordance with IAS 18. Among others, we have analysed the mobile handsets component of a multiple element arrangements and the timing of the revenues recognized. Based on the sample analysed so far, we have identified the performance obligations and determined transaction price, as well as allocated the transaction price in accordance with IFRS 15. Based on the current status of the analysis, the impact of implementing IFRS 15 appears to be not very significant with respect to unbundling of revenues.

The analysis is scheduled to be continued during 2017 in order to finalize the estimation of the total impact. We have not yet analysed accounting for changes in contracts, accounting for subscriber acquisition costs and loyalty programs. The Group will implement IFRS 15 as at 1 January 2018. The transition policy to be adopted is still under review.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. These Clarifications have not yet been endorsed by the EU. Management is in the process of assessing the impact of adopting IFRS 15.

- **IFRS 16: Leases**

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group. For details of the Group's operating leases as lessee, please refer to Note 26.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **IAS 12 Income taxes (Amendments): Recognition of Deferred Tax Assets for Unrealised Losses**

The amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. The objective of these amendments is to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. For example, the amendments clarify the accounting for deferred tax assets when an entity is not allowed to deduct unrealised losses for tax purposes or when it has the ability and intention to hold the debt instruments until the unrealised loss reverses. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **IAS 7 Statement of Cash Flows (Amendments): Disclosure Initiative**

The amendments are effective for annual periods beginning on or after 1 January 2017, with earlier application permitted. The objective of these amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The amendment will have impact on the disclosures from the consolidated financial statements of the Group.

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

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

- **IAS 40: Transfers to Investment Property (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU. The Group does not hold investment property.

- **IFRIC 22: Foreign Currency Transactions and Advance Consideration**

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income

liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. The Group has already applied the accounting treatment provided by this Interpretation before its issuance.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Disclosure of Interests in Other Entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU. Management has assessed that these improvements will not have an impact on the consolidated financial position or performance of the Group.
 - **IFRS 1 First-time Adoption of International Financial Reporting Standards:** This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.
 - **IAS 28 Investments in Associates and Joint Ventures:** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

3. DETERMINATION OF FAIR VALUES

- **IFRS 12 Disclosure of Interests in Other Entities:** The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination and of property, plant and equipment carried under the revaluation model is the estimated amount for which property could be

exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, on the date of acquisition and respectively on the revaluation date. The fair value of items of property, plant and equipment is based on the market approach and, where market approach cannot be used given the high degree of specialization of the asset being valued, cost approach. Market approach relies on quoted market prices for similar items when available, or on valuation models that use inputs observable or unobservable on the market (such as the income approach for certain buildings). The cost approach relies on the determination of the depreciated replacement cost. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

Please refer to Note 5 for disclosures of the revaluation performed in 2016.

b) Intangible assets

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

c) Derivatives

The fair value of the derivative financial instruments is based on generally accepted valuation techniques. It reflects the credit risk of the instrument and includes adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Please refer to Notes 23 and 25 for additional disclosures regarding fair values of derivatives.

d) Non-derivative financial assets and liabilities

Non-derivative financial assets and liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

Please refer to Note 23 for additional disclosures regarding fair values of non-derivative financial instruments.

e) Equity-settled share-based payment transactions

The fair value of the options granted to employees is measured using a generally accepted valuation technique, in which the main input is the market value of shares at the grant date as the exercise price of the options is equal to the nominal value of shares which is close to zero (refer to Note 24). Given the short life of the options and the low volatility in the market value of the Group's shares, management estimates that the time value of the share options is not significant. The market value of the shares is determined based on a discounted cash flow method and comparable enterprise/equity values of other entities in the telecom industry. The main inputs used in the discounted cash flow calculation are Group revenues, EBITDA, WACC, terminal growth rate.

Please refer to Note 24 for additional disclosures regarding share-based payments.

f) Available for sale investments

The market value of the shares is determined based on a discounted cash flow method and comparable enterprise/equity values of other entities in the telecom industry. The main inputs used in the discounted cash flow calculation are Group revenues, EBITDA, WACC, terminal growth rate.

Please refer to Note 23 for additional disclosures regarding the fair valuation of AFS investments.

4. SEGMENT REPORTING

31 December 2016	Romania	Hungary	Spain	Other	Eliminations	Reconciling item	Group
Segment revenue and other income	612,691	137,850	83,036	9,178	—	—	842,755
Inter-segment revenues	2,695	—	1,648	453	(4,796)	—	—
Segment operating expenses	(413,114)	(86,510)	(70,735)	(13,915)	4,796	—	(579,478)
EBITDA (Note 28)	202,272	51,340	13,949	(4,284)	—	—	263,277
Depreciation, amortization and impairment of tangible and intangible assets						(170,094)	(170,094)
Revaluation impact						(6,276)	(6,276)
Other expenses	(6,969)	—	—	—	—	—	(6,969)
Gain from sale of discontinued operations	—	—	—	(674)	—	—	(674)
Operating profit							79,264
Additions to tangible non-current assets	184,501	35,163	1,010	133	—	—	220,807
Additions to intangible non-current assets	31,897	1,606	2,814	987	—	—	37,304
<i>Carrying amount of:</i>							
Property, plant and equipment	708,992	115,426	1,450	121	—	—	825,989
Non-current intangible assets	171,408	30,747	3,434	1,223	—	—	206,812
Investments in associates and AFS	995	—	—	—	—	—	995

The types of products and services from which each segment derives its revenues are disclosed in Note 17.

31 December 2015	Romania	Hungary	Spain	Other	Eliminations	Reconciling item	Group
Segment revenue and other income	540,134	125,933	72,679	11,384	—	—	750,130
Inter-segment revenues	1,638	—	1,074	—	(2,712)	—	—
Segment operating expenses	(362,212)	(76,549)	(62,755)	(12,973)	2,712	—	(511,777)
EBITDA (Note 28)⁽¹⁾	179,560	49,384	10,998	(1,589)	—	—	238,353
Depreciation, amortization and impairment of tangible and intangible assets	—	—	—	—	—	(187,905)	(187,905)
Other expenses ⁽¹⁾	(998)	—	—	—	—	—	(998)
Gain from sale of discontinued operations	—	—	—	20,882	—	—	20,882
Operating profit	—	—	—	—	—	—	70,332
Additions to tangible non-current assets	125,621	15,303	522	174	—	—	141,620
Additions to intangible non-current assets	27,600	1,017	2,962	670	—	—	32,250
<i>Carrying amount of:</i>							
Property, plant and equipment	575,008	98,711	954	70	—	—	674,743
Non-current intangible assets	169,529	31,208	3,510	881	—	—	205,128
Investments in associates and AFS	1,000	—	—	43,373	—	—	44,373

⁽¹⁾ As of December 31, 2016 we present unrealised mark-to-market results from fair value assessment of energy trading contracts on a separate line: Other expenses. Comparative information as of December 31, 2015 was restated accordingly. Prior to the restatement, as of December 31, 2015 the unrealised mark-to-market loss of EUR 998 thousand was included in Operating expenses.

The types of products and services from which each segment derives its revenues are disclosed in Note 17.

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Network	Construction in progress	Customer premises equipment	Equipment and devices	Vehicles	Furniture and office equipment	Total
At December 31, 2015	12,043	62,190	476,482	83,397	142,637	226,347	30,140	18,473	1,051,709
Additions	8,207	4,321	5,789	186,393	—	9,888	2,410	3,799	220,807
Transfer from construction in progress ("CIP")/ reallocation	—	15,568	89,421	(185,197)	33,517	38,462	6,088	2,141	—
Transfers from inventories	—	—	—	9,973	—	—	—	—	9,973
Disposals	—	(269)	(2,201)	(311)	(178)	(143)	(142)	(15)	(3,259)
Disposals through deconsolidation of subsidiaries	—	—	(769)	—	—	—	—	(1)	(770)
Cancellation of accumulated depreciation against gross carrying amount of the revaluated asset	—	(3,694)	—	—	(115,722)	—	—	—	(119,416)
Revaluation surplus recognised in other comprehensive income	929	990	—	—	17,523	—	—	—	19,442
Revaluation deficit recognised in profit or loss	(3,264)	(647)	—	—	(2,365)	—	—	—	(6,276)
Effect of movements in exchange rates	(112)	(407)	(1,886)	(310)	(981)	(395)	(129)	(63)	(4,283)
At December 31, 2016	17,803	78,052	566,836	93,945	74,431	274,159	38,367	24,334	1,167,927
Depreciation and impairment	—	7,402	114,068	—	102,074	117,797	23,283	12,342	376,966
At December 31, 2015	—	3,132	38,842	—	12,367	25,572	3,516	3,264	86,693
Depreciation charge	—	—	—	128	1,702	—	—	—	1,830
Impairment	—	(26)	(2,201)	—	(171)	(98)	(72)	(15)	(2,583)
Disposals	—	—	(493)	—	—	—	—	(1)	(494)
deconsolidation of subsidiaries	—	—	—	—	—	—	—	—	—
Cancellation of accumulated depreciation against gross carrying amount of the revaluated asset	—	(3,694)	—	—	(115,722)	—	—	—	(119,416)
Effect of movements in exchange rates	—	(52)	(434)	(1)	(250)	(174)	(101)	(46)	(1,058)
At December 31, 2016	—	6,762	149,782	127	—	143,097	26,626	15,544	341,938
Net book value	12,043	54,788	362,414	83,397	40,563	108,550	6,857	6,131	674,743
At December 31, 2015	17,803	71,290	417,054	93,818	74,431	131,062	11,741	8,790	825,989
At December 31, 2016	—	—	—	—	—	—	—	—	—

	Land	Buildings	Network	Construction in progress	Customer premises equipment	Equipment and devices	Vehicles	Furniture and office equipment	Total
Cost									
At December 31, 2014	10,405	43,277	431,870	64,665	120,121	197,960	27,446	15,428	911,172
Additions	1,894	3,234	5,038	119,749	442	7,918	1,171	1,880	141,326
Acquired through business combinations (note 22 b)	—	—	—	—	—	290	—	4	294
Transfer from construction in progress (“CIP”)/ reallocation	—	16,400	44,292	(111,294)	25,103	21,743	2,280	1,476	—
Transfers from inventories	—	—	—	11,967	—	—	—	—	11,967
Discontinued operations (note 21)	—	—	—	—	(1,122)	(28)	(116)	(68)	(1,334)
Disposals	(126)	—	(609)	(773)	(506)	(267)	(625)	(87)	(2,993)
Effect of movements in exchange rates	(130)	(721)	(4,109)	(917)	(1,401)	(1,269)	(16)	(160)	(8,723)
At December 31, 2015	12,043	62,190	476,482	83,397	142,637	226,347	30,140	18,473	1,051,709
Depreciation and impairment									
At December 31, 2014	—	5,506	72,582	—	74,758	83,258	21,747	10,242	268,093
Depreciation charge	—	1,971	43,267	—	29,297	35,867	2,242	2,332	114,976
Impairment	—	—	—	—	337	—	—	—	337
Discontinued operations (note 21)	—	—	—	—	(713)	(12)	(64)	(49)	(838)
Disposals	—	—	(431)	—	(443)	(251)	(629)	(80)	(1,834)
Effect of movements in exchange rates	—	(75)	(1,350)	—	(1,162)	(1,065)	(13)	(103)	(3,768)
At December 31, 2015	—	7,402	114,068	—	102,074	117,797	23,283	12,342	376,966
Net book value									
At December 31, 2014	10,405	37,771	359,288	64,665	45,363	114,702	5,699	5,186	643,079
At December 31, 2015	12,043	54,788	362,414	83,397	40,563	108,550	6,857	6,131	674,743

Property, plant and equipment additions

Most of the additions in 2016 and 2015 relate to the triple play network, as the Group has continued to invest in expanding to new areas but also has continued the upgrade of the existing network. Other additions relate to continued investment in the mobile radio network coverage and equipment investments mainly in the Company's TV production facilities.

Property, plant and equipment in leasing

The carrying amount of property, plant and equipment includes an amount of EUR 12,915 as of 31 December 2016 (31 December 2015: 14,255) representing land and buildings as assets held under finance leases. The ownership title of these assets should be transferred to RCS&RDS at the end of the leasing agreements (refer to Note 14 (x)).

Revaluation of land and buildings

The Group engaged an accredited independent appraiser to determine the fair value of its land and buildings as of 31 December 2016. In terms of the buildings, only the owned buildings in Romania were subject to the fair value appraisal. Improvements to rented buildings from Romania and Hungary were excluded from the fair value appraisal. The revaluation registered a decrease in fair value of EUR 2,335 for land and an increase of EUR 343 for buildings. These values were recorded through profit and loss with a total negative impact of EUR 3,911 (as part of Operating expenses) and through other comprehensive income with a total positive impact of EUR 1,919.

The fair value was determined by reference to market-based evidence, using the market comparable method, the cost and income approach. The valuation techniques are selected by the independent appraiser, in accordance with International Valuation Standards. There were no changes in the valuation techniques compared to the previous revaluation.

The fair value is overall determined to be Level 3 in the fair value measurement hierarchy. The inputs used in the valuation were either:

- Level 2 inputs based on the IFRS 13 classification (e.g. current rents, prices per sqm, yields, occupancy rates, etc. publicly available on the market for similar assets and other market-corroborated inputs), or
- Level 3 (unobservable) inputs representing for example assumptions in respect to operational costs, replacement costs, depreciation adjustments—most of them derived based on publicly available technical studies (rather than direct inputs from the market), with orderly adjustments performed by the appraiser.

The valuation is sensitive to its main inputs, being the sales value per sqm (which was in the range of 224 EUR/sqm to 1,167 EUR/sqm for apartments located in different cities in Romania and 224 EUR/sqm to 637 EUR/sqm for market values estimated for the main land plots), the rental value per sqm (which was in the range of 12 EUR/sqm to 21.5 EUR/sqm for the main assets) and the yield (which was in the range of 7.5% to 10% for the main assets).

If land was measured using the cost model, the carrying amounts would be as follows:

	31 December 2016	31 December 2015
Cost	19,705	11,713
Fair value	17,803	12,043

If buildings were measured using the cost model, the carrying amounts would be as follows:

	31 December 2016	31 December 2015
Cost	81,470	62,253
Accumulated depreciation	(14,436)	(11,537)
Net carrying amount	67,034	50,716
Fair value	71,290	54,788

Revaluation of network, equipment and devices and customer premises equipment

Network, equipment and devices, and customer premises equipment were revalued as of 31 December 2012 on the basis of their depreciated replacement cost calculated by the Group's personnel (fair value is classified as Level 3 in the fair value measurement hierarchy, since this valuation was performed using a non-observable input). Replacement cost was determined as follows:

- for materials and equipment, based on price quotations from suppliers and prices of the most recent acquisitions;
- for personnel costs, based on the historical salaries multiplied by the Group's salary growth rate;
- for subcontractor costs, based on historical fees multiplied by the consumer price indices for services.

As of 31 December 2016 management has assessed that the replacement cost of network, equipment and devices which are not fully amortized did not vary significantly from the 31 December 2012 revaluation and respectively their acquisition cost for additions during 2013-2016. Given the new technologies used by the Group no significant instances of technological obsolescence were identified. Please refer to "Estimated useful lives" below for the changes in estimated useful lives.

Customer premises equipment were revalued as of 31 December 2016 on the basis of their depreciated replacement cost calculated by the Group's personnel (fair value is classified as Level 3 in the fair value measurement hierarchy, since this valuation was performed using non-observable inputs). Replacement cost was determined based on price quotations from suppliers and prices of the most recent acquisitions. Additionally, a ceiling was applied in the revaluation process by reference to the original acquisition prices (in RON equivalent at the applicable exchange rates as of 31 December 2016) and applying a yearly discount for the typical price decreases in telecommunications' industry. Given the new technologies used by the Group no significant instances of technological obsolescence were identified. Please refer to "Estimated useful lives" below for the changes in estimated useful lives.

The revaluation generated a net increase in fair value of EUR 15,158, recorded through profit and loss for revaluation deficit of EUR 2,365 (as part of Operating expenses) and through other comprehensive income for revaluation surplus of EUR 17,523.

Network, equipment and devices, and customer premises equipment are part of cash generating units containing goodwill, which are tested annually for impairment (refer to Note 6).

If network, equipment and devices, and customer premises equipment were measured using the cost model, the carrying amounts would be as follows:

Network

	31 December 2016	31 December 2015
Cost	631,477	541,447
Accumulated depreciation	(251,244)	(216,408)
Net carrying amount	380,233	325,039
Fair value	417,054	362,414

Equipment and devices

	31 December 2016	31 December 2015
Cost	382,018	334,719
Accumulated depreciation	(256,516)	(232,416)
Net carrying amount	125,502	102,303
Fair value	131,062	108,550

Customer premises equipment

	31 December 2016	31 December 2015
Cost	517,672	484,842
Accumulated depreciation	(458,251)	(446,588)
Impairment	(6,585)	(4,883)
Net carrying amount	52,836	33,371
Fair value	74,431	40,563

Estimated useful lives

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

The change of estimated useful lives was applied prospectively from 1 January 2016 onwards. For details, please see also Note 2.2 c) Basis of preparation and accounting policies.

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

	Depreciation charge 2016		
	Prior estimated useful lives	Revised estimated useful lives	Difference arising from change in estimated useful lives
Buildings	3,132	3,132	—
Network	42,954	38,842	(4,112)
Customer premises equipment	23,791	12,367	(11,424)
Equipment and devices	33,209	25,572	(7,637)
Vehicles	3,516	3,516	—
Furniture and office equipment	3,264	3,264	—
Total	109,866	86,693	(23,173)

Collateral

For details on the pledges placed on the Group assets refer to Note 14 (xiv).

Impairment

An assessment of impairment indicators has been made for the CGUs, which do not include goodwill (such as the renewable energy production), as well as for specific assets (such as abandoned construction-in-progress).

6. INTANGIBLE ASSETS

a) Non-current intangible assets

	Goodwill	Customer relationships	Trade marks	Subscriber acquisition costs ("SAC")	Licences and software	Total non-current intangible assets
Cost						
At December 31, 2015	77,240	74,782	2,883	64,172	153,426	372,503
Additions	—	645	—	14,587	22,072	37,304
Disposals	—	—	—	—	(12)	(12)
Effect of movement in exchange rates	(62)	(126)	—	55	(518)	(651)
At December 31, 2016	77,178	75,301	2,883	78,814	174,968	409,144
Depreciation						
At December 31, 2015	—	56,560	577	57,809	52,429	167,375
Amortization	—	10,309	733	7,126	16,835	35,003
Impairment	—	—	—	398	—	398
Effect of movement in exchange rates	—	(254)	(3)	21	(208)	(444)
At December 31, 2016	—	66,615	1,307	65,354	69,056	202,332
Net Book Value						
At December 31, 2015	77,240	18,222	2,306	6,363	100,997	205,128
At December 31, 2016	77,178	8,686	1,576	13,460	105,912	206,812
Cost						
At December 31, 2014	80,994	69,255	235	58,298	133,839	342,621
Additions	—	2,838	—	6,249	20,467	29,554
Reclassifications	(3,321)	3,321	—	—	—	—
Disposals	—	—	—	—	—	—
Additions from acquisition of subsidiaries (note 22 b)	—	—	2,695	—	1	2,696
Discontinued operations (note 21)	—	—	—	(256)	(4)	(260)
Effect of movement in exchange rates	(433)	(632)	(47)	(119)	(877)	(2,108)
At December 31, 2015	77,240	74,782	2,883	64,172	153,426	372,503
Depreciation						
At December 31, 2014	—	47,080	146	54,011	41,643	142,880
Amortization	—	9,876	438	4,180	11,100	25,594
Disposals	—	—	—	—	—	—
Discontinued operations (note 21)	—	—	—	(256)	(4)	(260)
Effect of movement in exchange rates	—	(396)	(7)	(126)	(310)	(839)
At December 31, 2015	—	56,560	577	57,809	52,429	167,375
Net Book Value						
At December 31, 2014	80,994	22,175	89	4,287	92,196	199,741
At December 31, 2015	77,240	18,222	2,306	6,363	100,997	205,128

(i) Customer relationships

Customer relationships represent the cost incurred by the Group when acquiring customer contracts from other companies directly or by acquiring control of those companies.

(ii) Impairment testing for cash-generating units containing goodwill

The Group defines cash-generating units (CGUs) based on three criteria:

1. country;
2. infrastructure used in providing the services; and
3. bundling of services affecting independence of cash flows.

Since a significant percentage of customers buy bundled services of CBT (cable, broadband and telephony), in countries where the Group is providing both CBT and DTH services, the Group identified separate CGUs for CBT and DTH respectively. In countries where either CBT or DTH services are provided, only one CGU was identified for telecom activities. Mobile telephony and television production do not represent separate CGUs in Romania due RCS&RDS strategy, structure of subscribers and revenues generated.

In addition, solar electricity production companies are also considered distinct CGUs.

Goodwill acquired through business combinations has been allocated among cash generating units for the purposes of impairment testing as follows:

- CBT Romania;
- CBT Hungary;
- CBT Spain.

Goodwill	31 December 2016	31 December 2015
CBT	76,868	76,908
Romania	55,600	55,781
Hungary	21,040	20,899
Spain	228	228
DTH	310	332
Romania	310	332
Total	77,178	77,240

Recoverable amounts for the CGUs have been determined on the basis of fair value less costs to sell calculations using cash flow projections based on financial budgets approved by senior management covering a five-year period.

Key assumptions used in the calculations of the recoverable amounts

Key assumptions used in the calculation of the recoverable amounts are revenues, EBITDA margins, discount rate, terminal value growth rate and capital expenditure.

Discount rate

- for the Romanian territory 8.17% p.a. (2015: 8.48%);
- for the Hungarian territory 9.14% p.a. (2015: 9.40%).

The discount rate applied to the cash flows of each CGU is based in the Group's Weighted Average Cost of Capital (WACC). WACC is the average cost of sources of financing (debt and equity), each of which is weighted by its respective use.

Key inputs to the WACC calculation are the risk free rate, beta (reflecting the risk of the Group relative to the market as a whole) as well as assumptions regarding the spread for credit risk and the market risk premium for the cost of equity. Group WACC is adjusted for risk relative to the country in which the CGU operates.

Terminal growth rates

- for Romanian CBT CGU 1.7% p.a. (2015: 1.7%);
- for Hungarian CBT CGU 1.7% p.a. (2015: 1.7%).

The growth rate in perpetuity has been determined based on the long-term compounded annual growth rate in EBITDA estimated by management considering market maturity and market share in Romania and Hungary, being also in line with publicly available market expectations.

EBITDA margins

For the Romanian CBT CGU, budgeted EBITDA is based on past experience and incremental increase in future years generated from incremental increase in revenues from new subscribers to our cable Tv, internet and mobile telephony business; budgeted EBITDA for the Hungarian CBT CGU is based on past experience and growth expectation from tighter cost control and additional revenue from new subscribers connected to the fixed network.

The Company does not disclose information regarding prospective EBITDA margins and revenue growth rates for the budget period, given the strategic nature of this information.

Capital expenditure

Budgeted capital expenditure (tangible and intangible assets including programme assets) is based on past experience, forecasted growth of subscribers (new subscribers connected to the fixed network) and other business drivers.

Management believes that as of 31 December 2016 no reasonable change in the main assumptions could result in an impairment charge (31 December 2015: same).

(iii) Subscriber acquisition costs (“SAC”)

SAC represents third party costs for acquiring and connecting customers of the Group. In 2016 SAC was generated in relation with contracting customers in Romania (EUR 10,810), Spain (EUR 2,721), Hungary (EUR 326) and Italy (EUR 730). In 2015 SAC was generated in relation with contracting customers in Romania (EUR 2,567), in Spain (EUR 2,942), Hungary (EUR 328) and Italy (EUR 412).

(iv) Licences and software

Estimated useful lives

As at 31 December 2016, management reviewed the estimated useful lives of mobile telephony licenses. For certain mobile telephony licenses there are options for extension, automatic upon the request of the Group. Consequently, useful lives were revised in order to match the current best estimate of the period over which these licenses will generate future economic benefits. For details, please see also Note 2.2 d) Basis of preparation and accounting policies.

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

	Amortization charge 2016		
	Prior estimated useful lives	Revised estimated useful lives	Difference arising from change in estimated useful lives
Licenses	17,557	16,835	(722)

2100 MHz license (Romania)

In January 2007 the Romanian General Inspectorate for Communication and Information Technology (“IGCTI”) granted to RCS&RDS a 2100 MHz license for a period of 15 years which may be extended at the request of the Company for another 10 years, for a total consideration of EUR 27,056 (equivalent of USD 35,000), entirely paid as of 31 December 2014. The cost of the 2100 MHz license was EUR 23,110 and was determined at inception date by discounting the future payments using effective interest method at the date the license was granted to RCS&RDS (interest rate used was 7.6% p.a., similar to interest rate on other long term borrowings contracted by RCS&RDS). The carrying amount of the 2100 MHz license as of 31 December 2016 is EUR 6,550 (2015: EUR 7,011).

900 MHz license (Romania)

In September 2012 IGCTI granted to RCS&RDS 1 spectrum block in the 5 MHz broadband to be used starting with April 2014 for a period of 15 years, for a total consideration of EUR 40,000 out of which EUR 26,000 was paid in 2012. The remaining amount of EUR 14,000 was paid in June 2013. The carrying amount of the 900 MHz license as of 31 December 2016 is EUR 32,158 (2015: EUR 34,911).

The obligations assumed in relation to the 900 MHz license are: allow access to MVNOs (mobile virtual network operators), coverage of a number of small cities in Romania presently without coverage until 5 April 2016, coverage for voice services of 98% of the population until 5 April 2019, coverage for data services of 60% of population until 5 April 2021.

1800 MHz license (Hungary)

In September 2014 NMHH granted to Digi Hungary 1 spectrum block in the 5 MHz for a period of 15 years, for a total consideration of HUF 10 billion (EUR 32,600) which was fully paid in October 2014. The carrying amount of the 1800 MHz license as of 31 December 2016 is EUR 28,726 (2015: EUR 30,137). The license has no coverage obligations assumed.

2600 MHz license (Romania)

In August 2015 the purchase of a 2600 MHz license from 2K Telecom for a total consideration of EUR 6,600 was approved by the Romanian General Inspectorate for Communication and Information Technology (“IGCTI”). The carrying amount of the 2600 MHz license as of 31 December 2016 is EUR 3,563 (2015: EUR 5,722).

3700 MHz license (Romania)

In October 2015 RCS&RDS has participated in an auction and acquired from the Romanian General Inspectorate for Communication and Information Technology (“IGCTI”) a 3700 MHz license for a total consideration of EUR 1,880. The license was granted and came into effect starting with December 2015 and its carrying amount as of 31 December 2016 is EUR 1,227 (2015: EUR 1,847).

FM Radio frequency licenses (Romania)

In 2015 RCS&RDS obtained the right of use of several audiovisual licences, through a transfer of licenses approved by the National Audiovisual Council of Romania. These licences are currently used to broadcast the Digi FM, Pro FM, Dance FM and Music FM radio stations.

Other

Included in “Licenses and software” category is also the software required for the operation and maintenance of communication equipment.

Collateral

For details on the pledges placed on the Group assets refer to Note 14 (xiv).

b) Current intangible assets—programme assets

	31 December 2016	31 December 2015
Balance at 1 January	29,536	16,838
Additions	47,058	60,074
Amortization (Note 18)	(46,170)	(46,999)
Effect of movement in exchange rates	(112)	(377)
Balance at 31 December	30,312	29,536

Included in “Additions” is an amount of EUR 34,376 representing broadcasting rights for sports competitions for 2016/2017 season (2015: EUR 42,956 for 2015/2016 season) and related advance payments for future seasons, the difference representing movies and documentaries rights. Contractual obligations related to future seasons are presented as commitments in Note 26.

7. AVAILABLE FOR SALE FINANCIAL ASSETS (AFS)

	31 December 2016	31 December 2015
Balance at 1 January	43,373	41,296
Additions	1,653	850
Fair value adjustment—OCI	2,367	1,227
Non-cash distribution of dividends (Note 13)	(47,393)	—
Balance at 31 December	—	43,373

The above available for sale financial assets comprise shares in RCSM. As at 31 December 2016 the percentage of ownership of DIGI in RCSM is nil (31 December 2015: 9.17%). For additional disclosures on the fair values of the AFS refer to Note 23 (iv).

As of 31 December 2016 the AFS assets were derecognized and the entire fair value gain accumulated in fair value reserve, amounting to EUR 33,722, was reclassified to Profit or Loss (as Finance income).

8. EARNINGS PER SHARE (EPS)

	2016	2016	2016	2015	2015	2015
	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>
Net profit/(loss) for the year	12,457	(674)	11,783	(17,501)	21,528	4,027
Non-controlling interests	977	26	1,003	834	(891)	(57)
Net profit/(loss) attributable to equity holders of the parent	13,434	(648)	12,786	(16,667)	20,637	3,970
Weighted average number of ordinary shares outstanding (number of shares)						
Weighted average number of ordinary shares outstanding—basic*			46,459			46,459
Weighted average number of shares outstanding— diluted*			46,459			46,459
Earnings/(loss) per share (EUR/share)	289.2	(13.9)	275.2	(358.7)	444.2	85.5
Weighted average number of ordinary shares outstanding (number of shares), retrospectively adjusted for the share split (1:10) and bonus issuance decided in February 2017 (see Note 27)						
Weighted average number of ordinary shares outstanding—basic			99,958,650			99,958,650
Weighted average number of shares outstanding— diluted			99,958,650			99,958,650
Earnings/(loss) per share (EUR/share)	0.13	(0.01)	0.13	(0.17)	0.21	0.04

* The number of outstanding shares excludes treasury shares

In February 2017, the general meeting of shareholders of the Company has unanimously resolved among others to amend the articles of association pursuant to which, inter alia, two classes of shares will be created being: class A shares with a nominal value of ten eurocent (EUR 0.10) each and in respect of which for each share A, ten (10) votes may be cast and class B shares with a nominal value of one eurocent (EUR 0,01) each and in respect of which for each share B one (1) vote may be cast.

The above-mentioned resolutions and the changes approved therein are set to take effect only following the lapse of a two-month mandatory wait period, occurred on 11 April 2017 (please see also Note 27).

For details about the share split and bonus issuance of shares, please see Note 27.

9. INVENTORIES

	31 December 2016	31 December 2015
Merchandise and equipment	6,255	7,603
Materials and consumables	12,297	5,602
Total inventories, net	18,552	13,205

Merchandise and equipment

This category includes terminal equipment sold to the customers. Such equipment includes mostly mobile phones.

Materials and consumables

This category includes mainly inventory used in the development and maintenance of the telecommunications networks, such as fiber optic cables, nodes and amplifiers.

Collateral

For details on the pledges placed on the Group assets refer to Note 14 (xiv).

10. TRADE AND OTHER RECEIVABLES

	31 December 2016	31 December 2015
Trade receivables	107,096	76,685
Receivable from related parties (refer to Note 14)	1,014	974
Other taxes receivable	380	180
Other receivables	475	4,706
Total trade and other receivables	108,965	82,545

For details regarding credit risk please refer to Note 23.

Collateral

For details on the pledges placed on the Group assets refer to Note 14 (xiv).

11. OTHER ASSETS

	31 December 2016	31 December 2015
Advances to suppliers	4,291	6,167
Prepayments	2,030	2,042
Total other assets	6,321	8,209

For details regarding credit risk please refer to Note 23.

12. CASH AND CASH EQUIVALENTS

	31 December 2016	31 December 2015
Bank accounts	14,340	49,423
Petty cash	285	239
Total cash and cash equivalents	14,625	49,662

Collateral

For details on the pledges placed on the Group assets refer to Note 14 (xiv).

13. EQUITY

As of 31 December 2016, DIGI has an authorised share capital of EUR 250 comprised of 250,000 units of ordinary shares with nominal value of EUR/share 1 each. At the date of the balance sheet 50,594 ordinary shares were issued and fully paid. There are no other issued shares.

	31 December 2016	31 December 2015
Ordinary Shares—Issued and Paid (No.)	50,594	50,594
Ordinary Shares—Unissued (No.)	199,406	199,406
Nominal Value	1 EUR per share	1 EUR per share
Share Capital Value (EUR thousand)	51	51

At 31 December 2016 and 2015, the shareholders of DIGI are as follows:

Shareholder name	31 December 2016		31 December 2015	
	No. of shares	%	No. of shares	%
RCSM	29,277	57.87%	29,277	57.87%
Teszari Zoltan	2,326	4.60%	2,326	4.60%
Carpathian Cable Investment Ltd	9,953	19.67%	9,953	19.67%
Celest Limited (Cyprus)	2,694	5.32%	2,694	5.32%
DIGI—treasury shares	4,135	8.17%	4,135	8.17%
Other	2,209	4.38%	2,209	4.38%
Total	50,594	100.00%	50,594	100.00%

The ultimate beneficial shareholder of the Group is Mr. Zoltan Teszari. Mr. Zoltan Teszari is the controlling shareholder of the Group, being the controlling shareholder of RCSM (the controlling parent of DIGI) and minority shareholder of DIGI and RCS&RDS.

Dividends

As stated previously, these financial statements are not the statutory financial statements of DIGI. The profit available for distribution is the profit for the year and retained earnings recorded in the Dutch GAAP statutory financial statements, which differs from the result in these financial statements, prepared in accordance with IFRS.

In 2016 a gross dividend of EUR 57,545 (2015: EUR 3,500) was distributed from the DIGI statutory retained earnings of 2016 (2015).

On December 27, 2016 the general shareholders meeting of DIGI has approved the distribution of cash dividends in amount of 300 EUR/share for shareholders; RCSM has exercised the option to receive instead of the cash dividends all the RCSM shares that were held by DIGI at the date (20,400 shares).

The 2016 distributions consisted of EUR 10,154 cash and EUR 47,392 distribution in kind representing all the available-for-sale shares in RCSM. The related amount of dividend per share for 2016 was EUR/share 1,726.32 for RCSM and respectively EUR/share 407.62 for the other shareholders; the amount of dividend per share for 2015 was EUR/share 75.34.

Nature and purpose of reserves

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

Cash flow hedges

The cash flow hedge reserve comprises the effective portion of the gain or loss on the hedging instrument.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

14. INTEREST BEARING LOANS AND BORROWINGS

Long term portion		Nominal interest rate	31 December 2016	31 December 2015
2013 Bonds	(i)	7.5% p.a.	—	439,176
2016 Bonds	(ii)	5% p.a.	349,638	—
2015 Senior Facilities Agreement	(iv)	3M ROBOR + 2.5%p.a.	—	179,005
2016 Senior Facilities Agreement	(v)	3M ROBOR + 2.65%p.a.	307,296	—
Obligations under finance leases	(xv)	Variable linked to LIBOR and EURIBOR+ respective margin	3,990	6,716
Other	(x)		4,616	
Total long term portion			665,540	624,897
Current portion		Nominal interest rate	31 December 2016	31 December 2015
2015 Senior Facilities Agreement	(iv)	3M ROBOR + 2.5%p.a.	—	48,287
2016 Senior Facilities Agreement	(v)	3M ROBOR + 2.65%p.a.	25,085	—
Overdrafts	(vi-vii)	Variable linked to EURIBOR/ ROBOR/LIBOR+ respective margin	7,217	4,757
Obligations under finance leases	(xv)	Variable linked to LIBOR and EURIBOR+ respective margin	1,782	2,046
Other	(x)-(xiii)		9,962	8,028
Total current portion			44,047	63,118

(i) 2013 Bonds

In November 2013, DIGI issued non-convertible bonds in amount of EUR 450,000 with a coupon yield of 7.5% and maturity in November 2020. The bonds were placed at face value and have a half year coupon period. The Bonds included several call options as well as one put option. (Please refer to Notes 23 and 25 for details regarding the separated embedded derivative). 2013 Bonds were fully redeemed and refinanced in October 2016 by a new bond issuance and Senior Facilities Agreement. Please see point ii).

Arrangement fees

The total cost of concluding the 2013 Bonds was amortised using the effective interest method over the life of the Bonds. Upon redemption in 2016 the unamortized balance of 2013 Bond issuance related fees was recognized as finance expense, in amount of EUR 8,802. As at 31 December 2016 the balance was nil. (2015: EUR 10,822).

Pledges

Details on pledges are presented further in section (xiv) of the Note 14.

Covenants

The Group had agreed to certain covenants with respect to the 2013 Bonds, including, among other things, limitations on its ability to: incur or guarantee additional indebtedness; make investments or other restricted payments; sell assets and subsidiary stock; enter into certain transactions with affiliates; create liens; consolidate, merge or sell all or substantially all of our assets; enter into agreements that restrict our restricted subsidiaries' ability to pay dividends; sell or issue capital stock of restricted subsidiaries; engage in any business other than a

permitted business; and impair the security interests with respect to the Collateral. Each of these covenants was subject to certain exceptions and qualifications. Certain of these covenants may also be suspended in the event that the Bonds receive investment grade ratings from the relevant credit rating agencies.

In accordance with the terms of the Notes, the Group was required to compute the Consolidated Leverage Ratio if certain events take place. The Consolidated Leverage Ratio means the ratio of (i) the aggregate amount of Consolidated Total Indebtedness outstanding on such date to (ii) the aggregate amount of EBITDA (computed in accordance with the terms of the Notes) for the most recent four full consecutive fiscal quarters for which internal consolidated financial statements of the Company are available at the time of such determination. The Consolidated Leverage Ratio would not exceed 3.50 to 1.

The Group was in compliance with all the covenants under the 2013 Bonds as at 31 December 2015.

(ii) 2016 Bonds

On October 26, 2016 the Company issued Bonds with a value of EUR 350 million with a 5% coupon yield falling due in October 2023.

Arrangement fees

The total cost of concluding the 2016 Bonds is amortised using the effective interest method over the life of the Bonds. As of 31 December 2016 the unamortized balance of bond issuance related fees was EUR 8,637 (2015: nil).

Drawing

As of 31 December 2016, the nominal balance is EUR 350,000 (EUR 349,638 presented net of borrowing fees and including bifurcation of fair value of embedded derivative at inception).

Pledges

Details on pledges are presented further in section (xiv) of the Note 14.

Covenants

The Group has agreed to certain covenants with respect to the Bonds, including, among other things, limitations on its ability to: incur or guarantee additional indebtedness; make investments or other restricted payments; sell assets and subsidiary stock; enter into certain transactions with affiliates; create liens; consolidate, merge or sell all or substantially all of our assets; enter into agreements that restrict our restricted subsidiaries' ability to pay dividends; sell or issue capital stock of restricted subsidiaries; engage in any business other than a permitted business; and impair the security interests with respect to the Collateral. Each of these covenants is subject to certain exceptions and qualifications. Certain of these covenants may also be suspended in the event that the Bonds receive investment grade ratings from the relevant credit rating agencies.

In accordance with the terms of the Notes, the Group is required to compute the Consolidated Leverage Ratio if certain events take place. The Consolidated Leverage Ratio means the ratio of (i) the aggregate amount of Consolidated Total Indebtedness outstanding on such date to (ii) the aggregate amount of EBITDA (computed in accordance with the terms of the Notes) for the most recent four full consecutive fiscal quarters for which internal consolidated financial statements of the Company are available at the time of such determination. The Consolidated Leverage Ratio should not exceed 3.75 to 1.

The Group is in compliance with all the covenants under the 2016 Bonds as at 31 December 2016.

(iii) 2013 Senior Facilities Agreement

On October 21, 2013 RCS&RDS entered into a committed facility agreement, as borrower, with Citibank, N.A., London Branch and ING Bank N.V. Amsterdam, Bucharest Branch, as mandated lead arrangers, for the repayment of the existing facilities and for general corporate purposes (the "2013 Senior Facilities Agreement"). The 2013 Senior Facilities Agreement consisted of a term loan facility with a capacity of EUR 250 million and a revolving credit facility with a capacity of EUR 50 million. On June 19, 2014 RCS&RDS drew the remaining EUR 45 million under the term loan. On May 22, 2015 RCS&RDS repaid the facility using the proceeds of the 2015 Senior Facilities Agreement and own funds.

(iv) 2015 Senior Facilities Agreement

On April 30, 2015 RCS&RDS entered into a committed facility agreement, as borrower, with BRD-Groupe Societe Generale, Citibank, London branch, ING Bank, and Unicredit Tiriac Bank as mandated lead arrangers, for the repayment of the 2013 Senior Facilities Agreement (the “2015 Senior Facilities Agreement”).

At signing the 2015 Senior Facilities Agreement consisted of a term loan facility with a capacity of RON 994.2 million and a revolving credit facility with a capacity of RON 39.8 million. The facility had an option to be increased by EUR 25 million (in RON at the exchange rate from the date of the notice) until the end of 2015. RCS&RDS exercised the option and drew EUR 23.3 million (RON 105.4 million) from the term loan and the revolver credit on 29 December 2015 (the “Accordion” agreement).

The interest rate under the 2015 Senior Facilities Agreement was floating at a margin of 2.5% per annum plus ROBOR. On May 22, 2015 RCS&RDS concluded an interest rate swap for the entire initial term loan facility through which interest is fixed at 5.75% until maturity date. The interest rate swap is secured by the Collateral pursuant to the terms of the Intercreditor Agreement (balance of the initial term loan as at 31 December 2015: EUR 197.8 million excluding borrowing costs; balance of the initial revolver loan as at 31 December 2015: EUR 8.8 million excluding borrowing costs).

The interest rate for the additional amount drawn in December 2015 (the “Accordion” agreement) is floating at a margin of 2.5% per annum plus ROBOR for the term loan facility portion (the interest rate was fixed at 5.50% until maturity date, through an interest rate swap concluded in January 2016) and floating ROBOR + 2.5% for the revolver credit portion (balance of the additional amount related to the term loan as at 31 December 2015: EUR 21 million; balance of the initial revolver loan as at 31 December 2015: EUR 2.3 million).

On October 26, 2016, RCS & RDS repaid all of the amounts outstanding under the 2015 Senior Facilities Agreement using the proceeds of the Senior Facilities Agreement.

Arrangement fees

The total cost of concluding the loan is amortised using the effective interest method over the life of the loan. As of 31 December 2015 the unamortized balance of borrowings related fees was EUR 2,568.

The Senior Facilities Agreement concluded on October 2016 was accounted for as a modification of the previous 2015 Senior Facilities Agreement since there were no substantially different terms compared to the previous agreement, therefore the unamortized borrowing costs of the 2015 Senior Facilities Agreement in amount of EUR 2,045 as at 31 December 2016 will continue to be amortised over the life of the 2016 Senior Facility Agreement using the effective interest method (please see also Note 19).

Drawing

On May 22, 2015 RCS&RDS drew the entire amount available from both the term loan facility and the revolving credit facility. On 29 December 2015 RCS&RDS drew an additional amount under the “Accordion” agreement. As of 31 December 2015, RCS&RDS drew in total EUR 229,860 (EUR 227,292—presented net of borrowing fees).

Maturities and repayment schedule

The term loan facility was repayable in 10 equal semi annual instalments starting with October 30, 2015 and the revolving credit facility was repayable in full on April 30, 2018. On October 30, 2015 RCS&RDS has repaid the first principal instalment in amount of EUR 22 million (equivalent of 99.4 million RON at exchange rate as at 31 December 2015). In October 2016 the facility was refinanced by the Senior Facilities Agreement.

Pledges

The 2015 Senior Facilities Agreement was unconditionally guaranteed by DIGI on a senior secured basis, and shares in the Collateral pursuant to the terms of the Intercreditor Agreement.

Covenants

The Group had agreed under the 2015 Senior Facilities Agreement to comply with two financial ratio covenants regarding leverage (total net debt to EBITDA ratio) and interest cover and certain qualitative covenants, mainly

related to authorisations, compliance with corporate legislation in force, preservation of assets, negative pledge, limitations on disposals, mergers, acquisitions, arm's length transaction, change in nature of business, limitation on subsidiary indebtedness, events of default and others.

The financial ratio covenants included in 2015 Senior Facilities Agreement included maintaining: (i) at the end of each accounting quarter a maximum consolidated total net indebtedness to EBITDA ratio of 3.75 until December 31, 2016 and afterwards a maximum consolidated total net indebtedness to EBITDA ratio of 3.25; and (ii) a minimum EBITDA to net total interest ratio of 3.75 until December 31, 2016 and afterwards a minimum EBITDA to net total interest ratio of 4.25.

The Group was in compliance with all the covenants under the 2015 Senior Facility Agreement as at 31 December 2015.

(v) Senior Facilities Agreement (“SFA”)

On October 7, 2016, RCS & RDS, as borrower, entered into the Senior Facilities Agreement with, among others, BRD-Groupe Société Générale S.A., Citibank, N.A., London Branch, ING Bank, and Unicredit Bank, as lead arrangers. The Senior Facilities Agreement consists of (i) the SFA Facility A1; (ii) the SFA Facility A2; and (iii) the SFA Facility B. The SFA Facility A1 can be drawn for the purposes of funding the refinancing of the 2015 Senior Facilities Agreement and capital expenditure requirements of the Group. The SFA Facility A2 can be drawn for the purpose of funding the refinancing of the 2013 Bonds. The SFA Facility B can be drawn for the general corporate and working capital purposes of the Group. All facilities mature in October 2021.

Drawing

On October 26, 2016, the Company drew (a) RON 930.0 million (EUR 204.8 million equivalent as at 31 December 2016) under the SFA Facility A1 and repaid the 2015 Senior Facilities Agreement in full; and (b) RON 600.0 million (EUR 132.1 million equivalent as at 31 December 2016) under the SFA Facility A2. Facility B has a capacity of RON 157 million.

The interest rate under the Senior Facilities Agreement is floating at a margin of 2.65% per annum plus ROBOR. Interest is payable every three months. The interest rate swaps concluded for the 2015 Senior Facilities Agreement remained valid and the hedging relationship continues to apply

Maturities and repayment schedule

The repayment schedule for any principal amount drawn under the SFA Facility A1/A2 is as follows:

Repayment instalment

Repayment date	%*
28-Apr-17	3.75
30-Oct-17	3.75
30-Apr-18	6.25
30-Oct-18	6.25
30-Apr-19	8.75
30-Oct-19	8.75
30-Apr-20	8.75
30-Oct-20	8.75
30-Apr-21	8.75
Termination date for the SFA Facility A1/ A2	36.25
Total	100

* (percentage of the SFA Facility A1/A2 loan outstanding as at the end of the availability period for the SFA Facility A1/A2);

Arrangement fees

The total cost of concluding the loan is amortised using the effective interest method over the remaining term of the Senior Facilities Agreement. As of 31 December 2016 the unamortized balance of borrowings related fees incurred in 2016 was EUR 2,496.

The Senior Facilities Agreement concluded on October 2016 was accounted for as a modification of the previous 2015 Senior Facilities Agreement therefore the unamortized borrowing costs of the 2015 Senior Facilities Agreement in amount of EUR 2,045 as at 31 December 2016 will continue to be amortised over the life of the 2016 Senior Facility Agreement using the effective interest method (please see also Note 19).

Pledges

The Senior Facilities Agreement is unconditionally guaranteed by the Company on a senior secured basis, and shares in the Collateral, together with the Notes, the ING Facilities Agreement, the Citi Facilities Agreement and the BRD Letters of Guarantee Facility, pursuant to the terms of the Intercreditor Agreement.

Covenants

The Group has agreed under the Senior Facilities Agreement to comply with two financial ratio covenants regarding leverage ("total net debt to EBITDA ratio) and interest cover and certain qualitative covenants, mainly related to authorisations, compliance with corporate legislation in force, preservation of assets, negative pledge, limitations on disposals, mergers, acquisitions, arm's length transaction, change in nature of business, limitation on subsidiary indebtedness, events of default and others.

The financial ratio covenants included in Senior Facilities Agreement include maintaining: (i) at the end of each accounting quarter a maximum consolidated total net indebtedness to EBITDA ratio of 3.75 until December 31, 2016 and afterwards a maximum consolidated total net indebtedness to EBITDA ratio of 3.25; and (ii) a minimum EBITDA to net total interest ratio of 3.75 until December 31, 2016 and afterwards a minimum EBITDA to net total interest ratio of 4.25.

The Group is in compliance with all the covenants under the Senior Facility Agreement as at 31 December 2016.

(vi) 2013 ING Facilities Agreement

On November 1, 2013, RCS&RDS entered, into the ING Facilities Agreement with ING Bank N.V. in order to consolidate the Group's existing credit facilities with ING Bank N.V. into a single facility for working capital purposes. The existing facilities with ING Bank N.V. were fully repaid and terminated on November 4, 2013 using the proceeds of the Bond and the New Senior Facilities Agreement. The ING Facilities Agreement entered into force thereafter. The ING Facilities Agreement is sharing in the Collateral, pursuant to the terms of the Intercreditor Agreement.

The ING Facilities Agreement consists of (i) an uncommitted overdraft facility of up to EUR 5.0 million and (ii) an uncommitted facility for letters of guarantee of up to EUR 5.0 million.

Drawings

As of 31 December 2016 EUR 4,163 (31 December 2015: EUR 4,757) were drawn under the overdraft facility. In addition EUR 1,973 and RON 13,122 Letters of Guarantee were issued under the letters of guarantee facility.

In addition to the ING Facilities Agreement, on April 28, 2016 RCS & RDS entered into an uncommitted letter of guarantee facility of up to EUR 5.0 million with ING Bank N.V., Bucharest Branch. The letter of guarantee issued under this facility has expired.

(vii) Citi Facilities Agreement

On October 25, 2013, RCS&RDS entered into the Citi Facilities Agreement with Citibank, to consolidate its existing uncommitted credit facilities with Citibank into a single uncommitted facility for working capital purposes.

On October 25, 2013, the RCS&RDS entered into a personal guarantee agreement with Citibank pursuant to which it provides Citibank with a personal guarantee for the due performance of the Citi Facilities Agreement by the Group. The Citi Facilities Agreement share the Collateral, pursuant to the terms of the Intercreditor Agreement.

On November 4, 2013 RCS&RDS repaid the Citi Facilities Agreement using the proceeds from the Bond and the New Senior Facilities Agreement.

The Citi Facilities Agreement consists of:

- a) an uncommitted overdraft/bank guarantee facility in the amount of USD 5,545, as at 31 December 2016
- b) an uncommitted bank guarantee facility in the amount of USD 4,650, as at 31 December 2016
- c) an uncommitted bank guarantee facility in the amount of EUR 500, as at 31 December 2016.

As of 31 December 2016, the overdraft was utilised in amount of EUR 3,054 equivalent (31 December 2015: nil) and bank letters of guarantee were issued in amount of USD 750, EUR 1,031 and RON 16,264.

(viii) Unicredit cash collateral agreement

On October 5, 2010, RCS&RDS entered into a cash collateral agreement with UniCredit Tiriac Bank S.A., for EUR 59 for issuance of a letter of counter guarantee, which is valid until August 2017 (the “Unicredit Cash Collateral Agreement”). The agreement entered into force on October 8, 2012, and is secured with a moveable mortgage over a cash collateral account opened with UniCredit Tiriac Bank S.A.

On December 15, 2015, RCS & RDS entered into an agreement with UniCredit Bank S.A. for an uncommitted overdraft/bank guarantee facility in the amount of EUR 2.0 million. As at December 31, 2016 this facility remained undrawn.

(ix) BRD Letters of Guarantee Facility

As of 31 December 2016 the Group had letters of guarantee issued by BRD with a value of EUR 680 and RON 2,045.

(x) Libra Loan Agreement

On February 25, 2016, RCS & RDS entered into a loan agreement for the aggregate amount of RON 32.0 million repayable in 5 years with Libra Bank (the “Libra Loan Agreement”). RCS&RDS drew RON 31.6 million and used the funding to acquire certain real property in Bucharest, which has been mortgaged in favour of Libra Bank as security for the Libra Loan Agreement. As at 31 December 2016 RON 26,898 (EUR 5,923 equivalent using exchange rate as at 31 December 2016) was outstanding under the Libra Loan Agreement.

(xi) Santander Facility

On October 30, 2015, Digi Spain entered into a new EUR 1.5 million short-term facility agreement with Banco Santander (the “Santander Facility”). This facility was renewed from October 30, 2016 for one additional year, and at the same time the limit was increased to EUR 2.0 million, with maturity on October 21, 2017. As at December 31, 2016, the balance drawn under the Santander Facility was EUR 1,065 (31 December 2015: EUR 950).

(xii) Caixa Facility

On February 6, 2014, Digi Spain entered into a facility agreement with Caixabank, S.A. (the “Caixa Facility”), containing an overdraft and a reverse factoring option. On January 30, 2015, the agreement was renewed and on July 28, 2015 an amendment to lower interest rates was agreed. On January 17, 2017, the agreement has been renewed again. The term of the Caixa Facility is indefinite and the maximum amount which can be used is EUR 500,000. As at December 31, 2016, the balance drawn under the Caixa Facility overdraft was EUR 388 (31 December 2015: EUR 82).

On October 21, 2016, Digi Spain entered into a short-term loan with Caixabank, S.A for EUR 1.8 million with maturity on February 28, 2017 (the “Caixa Loan”), when the loan was repaid. As at December 31, 2016, the balance was EUR 1,200.

(xiii) OTP Bank Hungary Loan Agreement

In December 2016, Digi Hungary has entered into a short term loan of HUF 1,300 million (EUR 4.2 million equivalent using exchange rate as at 31 December 2016) with OTP bank in Hungary. Out of this loan, as at December 31, 2016 HUF 500 million (EUR 1.6 million equivalent using exchange rate as at December 31, 2016) was drawn and outstanding. The remaining amount was drawn in January 2017.

(xiv) Collateral for all facilities of RCS & RDS and DIGI

The obligations of the Group under the Bonds, as well as their obligations under the Senior Facilities Agreement, under the ING Facilities Agreement and the Citi Facilities Agreement on a pari passu basis pursuant to the terms of the Intercreditor Agreement dated 4 November 2013 and amended on 26 October 2016, are secured by a first-ranking security interest in certain assets of RCS&RDS and DIGI, namely:

- (a) Certain Capital Stock that DIGI holds in RCS&RDS (other than certain shares of Capital Stock of RCS&RDS that are subject to a call option in favor of the purchaser of our Serbian subsidiary), which as at 31 December 2016 accounted for 95.8% of the issued Capital Stock of RCS&RDS, as per Trade Register;
- (b) All bank accounts of DIGI, including any new bank accounts;
- (c) Receivables under the Proceeds Loan (The Proceeds Loan is the loan provided by DIGI to its subsidiary, RCS&RDS on 4 November 2013 amended and restated on 26 October 2016—currently EUR 350,000)
- (d) Treasury shares of RCS&RDS held by itself, which on the Issue Date accounted for 8.55% of its issued Capital Stock (as of 31 December 2016: nil, since RCS&RDS cancelled treasury shares in December 2016);
- (e) 100% of the issued Capital Stock of DIGI T.S. Kft Hungary;
- (f) 100% of the issued Capital Stock of DIGI Spain Telecom S.L.U.; and
- (g) subject to certain exclusions, all present and future movable assets of RCS&RDS including bank account monies, trade and other receivables, intragroup receivables, inventories, movable tangible property (including installations, machinery, equipment, vehicles, furniture and other similar assets), intangible assets, intellectual property rights, insurance and proceeds related to any of the foregoing as described in the General Movable Mortgage Agreement between RCS&RDS and Wilmington Trust (London) Limited.

(xv) Obligations under finance leases

The Group financed the acquisition of certain assets (buildings and land) through finance leases. As at 31 December 2016 there are four leasing contracts in place.

One leasing contract is with Raiffeisen Leasing (the initial contract was signed with ING Lease Romania, which sold its portfolio to Raiffeisen Leasing at the beginning of 2014) (in December 2015 this lease was refinanced in EUR) and another one is with Piraeus Leasing. The remaining length of these lease contracts is 42 months for Raiffeisen Leasing and 97 months for Piraeus Leasing.

In December 2015 the Group entered into two new lease agreements with Unicredit Leasing IFN for two buildings in Timisoara and Arad. The lease agreement for the Timisoara property was terminated on August 11, 2016. The remaining length of the building in Arad lease contract is 36 months.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	<u>31-Dec-16</u>		<u>31-Dec-15</u>	
	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>
Within one year	1,782	1,989	2,046	2,345
Later than one but less than five years	3,275	3,615	5,688	6,208
More than five years	715	755	1,027	1,118
Less: future finance charges (interest)		(587)		(909)
Total	5,772	5,772	8,762	8,762

15. TRADE AND OTHER PAYABLES, OTHER LONG TERM LIABILITIES

15.1 TRADE AND OTHER PAYABLES

	31 December 2016	31 December 2015
Trade payables and payables to fixed assets suppliers	253,539	188,431
Accruals	62,639	49,869
Value added tax ("VAT")	10,106	1,069
Other payables related to investments	5,011	3,062
Salary and related taxes	19,649	15,677
Amounts payable to related parties (Note 16)	1,285	631
Dividends payable (Note 16)	15,354	9,413
Other	6,386	2,966
Total trade and other payables	373,969	271,118

Included in payables to suppliers and accruals above is EUR 138,936 (31 December 2015: EUR 78,752) representing amounts due for property, plant and equipment and EUR 24,909 (31 December 2015: EUR 19,227) representing payment obligations for intangible assets.

Other payables related to investments refer mostly to scheduled payments for purchase of shares of newly acquired subsidiaries and non controlling interests, and payments for customer relationships.

15.2 OTHER LONG TERM LIABILITIES

	31 December 2016	31 December 2015
Other long term liabilities	46,076	7,598

Other long term liabilities include long term payables due to vendor financing agreements with our suppliers, according to which we have negotiated longer payment terms especially for network and equipment as well as customer premises equipment (CPE). The increase in Other long term liabilities as at 31 December 2016 is in line with the sustained roll-out of our mobile network during 2016.

16. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of DIGI and its subsidiaries (the main subsidiaries are included in Note 22(a)); RCSM is the Group's ultimate holding company.

The following tables provide the total amount of balances with related parties:

Receivables from related parties

		31 December 2016	31 December 2015
Party			
Ager Immobiliare S.R.L.	(ii)	698	673
Digi Serbia	(ii)	218	211
Music Channel S.R.L.	(ii)	52	51
RCSM	(i)	37	26
Other		9	13
Total		1,014	974

Payables to related parties

		31 December 2016	31 December 2015
Party			
Related parties—shares	(ii)	1,082	453
RCSM	(i)	5,711	5,628
Digi Serbia	(ii)	117	114
Mr. Zoltan Teszari	(iii)	648	700
Other		9,081	3,149
Total		16,639	10,044
<i>Of which: dividends payable (Note 15.1)</i>		<i>15,354</i>	<i>9,413</i>

(i) Shareholder of DIGI

(ii) Entities affiliated to a shareholder of the parent

(iii) Ultimate beneficial shareholder

Outstanding balances at the year-end are interest free. There have been no guarantees provided or received for any related party receivables or payables, other than the pledge on shares of RCS&RDS, provided by DIGI for loans and borrowings (refer to Note 14 (xiv)). For the year ended 31 December 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 December 2015: nil).

For dividends distributed, please refer to Note 13.

Compensation of key management personnel of the Group

	2016	2015
Short term employee benefits—salaries, including employer contribution to State pension plan	2,258	2,013
Share-based payments	—	2,054

In 2015 certain members of the management team (including key management personnel) benefitted from a share based payment plan at the level of RCS&RDS. In 2016 the share based payment plan was not applied (no grants were made and all previous awards vested). Total share options granted to key management personnel during the 2016 financial year amounted to nil shares (2015: 935,000 shares), in addition to the salaries shown above (refer to Note 24).

The transactions with related parties, except for the compensation of key management personnel presented above, were insignificant during the years 2016 and 2015.

17. REVENUES

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

	2016	2015
Revenues from continuing operations	842,755	746,290
Cable TV		
Romania	175,673	166,845
Hungary	40,993	36,586
	<u>216,666</u>	<u>203,431</u>
Internet and data*		
Romania	163,627	155,931
Hungary	37,954	33,398
Italy	—	—
Spain	—	—
	<u>201,581</u>	<u>189,329</u>
Telephony Revenues*		
Romania	147,107	109,955
Hungary	8,040	8,329
Spain	82,709	72,242
Italy	8,997	7,353
	<u>246,853</u>	<u>197,878</u>
DTH Revenue		
Romania	38,714	40,176
Hungary	31,378	30,479
	<u>70,092</u>	<u>70,655</u>
Other revenues		
Romania	87,568	67,227
Hungary	19,485	17,141
Spain	328	438
Italy	182	191
	<u>107,563</u>	<u>84,997</u>
Revenues from discontinued operations	—	3,840
DTH Revenue		
Czech Republic	—	3,816
	<u>—</u>	<u>3,816</u>
Other revenues		
Czech Republic	—	24
	<u>—</u>	<u>24</u>
Total revenues	<u>842,755</u>	<u>750,130</u>

* Starting with 30 June 2016, we aggregate the mobile telephony and mobile data revenue and present them as revenues from mobile telecommunication services (voice and data) reported under Telephony revenue category. Revenue for the year ended 31 December 2015 was restated accordingly: the amount of EUR 38,021 coming from Internet and data revenues were partially reclassified to Telephony line (Romania, Hungary, Spain and Italy).

Other revenues include mainly sales of CPE, but also contain services of filming sport events, advertising revenue, rental of CPE and penalties invoiced to subscribers. Sales of CPE include mainly mobile handsets and other equipment.

The significant increase in telephony revenues is entirely due to the increase in Mobile telephony revenues.

18. OPERATING EXPENSES

	2016	2015
<i>Operating expenses from continuing operations</i>	<u>755,848</u>	<u>696,567</u>
Depreciation of property, plant and equipment (Note 5)	86,693	114,838
Amortization of programme assets (Note 6)	46,170	46,998
Amortisation of non-current intangible assets (Note 6)	35,003	25,594
Revaluation impact (Note 5)	6,276	—
Impairment of property, plant and equipment (Note 5)	1,830	337
Impairment of non-current intangible assets (Note 6)	398	
Salaries and related taxes	119,049	113,618
Contribution to pension related fund	19,171	16,181
Programming expenses	73,915	67,445
Telephony expenses*	123,406	94,464
Cost of goods sold	57,996	48,006
Rentals	50,322	42,727
Invoicing and collection expenses	13,812	13,476
Taxes and penalties	12,676	12,025
Utilities	14,657	13,403
Copyrights	8,851	8,408
Internet connection and related services*	19,303	16,353
Impairment of receivables and other assets, net of reversals	9,677	10,068
Other expenses**	56,643	52,626
<i>Operating expenses from discontinued operations</i>	<u>—</u>	<u>3,115</u>
Total operating expenses	<u>755,848</u>	<u>699,682</u>

* As of 31 December 2016 we have reclassified the mobile internet expenses for Spain and Italy from Telephony expenses line to Internet connection and related services line because of their increasing significance. The comparatives for year ended 31 December 2015 were reclassified accordingly for disclosure purposes.

** As of December 31, 2016 we present unrealised mark-to-market results from fair value assessment of energy trading contracts separately from Operating expenses, as Other expenses. Comparative disclosure as at December 31, 2015 was restated accordingly.

Other expenses include mainly expenses related to own TV channels (Digi Sport, Digi 24 news channel, Digi World, Digi Life, Digi Animal World, Digi Film) and network maintenance expenses.

The significant increase in telephony expenses is mainly due to the increase in Mobile telephony expenses.

Salaries and related taxes capitalized for the development of network during the year ended 31 December 2016 amount to EUR 25,416 (2015: EUR 21,179).

19. NET FINANCE COSTS

	2016	2015
<i>Finance income</i>		
Interest from banks	49	64
AFS gain reclassified from OCI	33,722	—
Gain on derivative financial instruments and other financial revenue	11,541	9,805
	<u>45,312</u>	<u>9,869</u>
<i>Finance expenses</i>		
Interest expense	(45,173)	(49,342)
Loss on derivative financial instruments	(5,216)	(3,207)
Other financial expenses	(47,746)	(12,725)
Foreign exchange differences (net)	(3,332)	(5,452)
	<u>(101,467)</u>	<u>(70,726)</u>
<i>Net Finance Costs from continuing operations</i>	<u>(56,155)</u>	<u>(60,857)</u>
<i>Net Finance Costs from discontinued operations</i>	—	(23)
Net Finance Costs total	<u><u>(56,155)</u></u>	<u><u>(60,880)</u></u>

The 2013 Bonds were refinanced on 26 October 2016. Other financial expenses in 2016 include redemption interest and penalties in amount of EUR 17,627, the expensing of the unamortized transaction costs of the 2013 Bond, in amount of EUR 8,802, and the de-recognition of the embedded derivative asset of the 2013 Bond upon exercise of call option, in amount of EUR 14,211.

Other financial expenses in 2015 include expensing of the unamortised transaction costs of EUR 4.9 million relating to 2013 Senior Facilities Agreement repaid in 2015. Other financial expenses in 2016 and 2015 also include fees related to short-term vendor financing and reverse factoring agreements, commitment fees for undrawn facilities and other bank charges.

In 2016 finance income includes fair value gain from embedded derivative assets related to the 2016 Bonds in amount of EUR 5,474 and fair value gain from embedded derivative assets related to the 2013 Bonds in amount of EUR 4,956 (2015: EUR 9,255 from embedded derivative asset related to the 2013 bonds).

In October 2016 RCS & RDS concluded the Senior Facilities Agreement. The Senior Facilities Agreement was treated as a modification of the 2015 Senior Facilities Agreement. Therefore, the discounted present value of the cash flows under the Senior Facility Agreement was recalculated using the original effective interest rate of the 2015 Senior Facilities Agreement and compared with the amortised cost of the existing facility. The resulting adjustment to the amortised cost of the financial liability was recognised as finance income at the date of the modification, in amount of EUR 784.

20. INCOME TAX

The statutory tax rate applied in Netherlands during 2016 was 25% (2015: 25%)

Other entities

The statutory tax rate applied in the Romanian entities during 2016 was 16% (2015: 16%).

The statutory tax rate applied in Hungary during 2016 was 19% (2015: 19%).

The statutory tax rate applied in Czech Republic during 2015 was 19%.

The statutory tax rate applied in Spain during 2016 was 25% (2015: 28%).

The statutory tax rate applied in Italy during 2016 was 31.4% (2015: 31.4%).

Components of income tax expense for the periods ended 31 December 2016 and 2015 respectively were:

	2016	2015
Current income tax charge	5,505	6,605
Deferred income tax relating to origination and reversal of temporary differences	5,821	(1,236)
Income tax expense/ (credit) recognised in profit or loss for continuing operations	11,326	5,369
<i>Income tax expense/ (credit) recognised in profit or loss for discontinuing operations</i>	<u>—</u>	<u>56</u>

Reconciliation of income tax expense

Reconciliation of income tax expense at the statutory income tax rate (Netherlands) applicable to the net result before tax to the income tax expense at the Group's effective income tax rate for the financial years 2016 and 2015 is as follows:

	2016	2015
Net profit/(loss) before income tax for continuing operations	23,110	(12,132)
At statutory income tax rate of the Company	5,777	(3,033)
Effect of difference in tax rates applicable for foreign subsidiaries	613	2,346
Non-deductible expenses / (Non-taxable income)	5,031	5,632
Fiscal losses for which no deferred tax has been recognized	—	1,010
Fiscal credit	—	(586)
Changes in percentage rate	(95)	—
Effective tax expense / (credit) from continuing operations	11,326	5,369
<i>Effective tax expense from discontinuing operations</i>	<u>—</u>	<u>56</u>

Deferred taxes in the consolidated statement of financial position are:

	31 December 2016	31 December 2015
Deferred tax assets	3,126	3,951
Deferred tax liabilities	(34,812)	(26,981)
	<u>(31,686)</u>	<u>(23,030)</u>

Movement of deferred taxes:

	2016	2015
Deferred taxes recognized in the statement of financial position	(31,686)	23,030
Difference from prior year balance	8,656	(2,241)
<i>Of which:</i>		
Recognized in profit or loss	5,822	(1,327)
Deferred tax liability resulted from business combinations	—	—
Deferred tax liability disposed on sale of subsidiary	—	(184)
Deferred tax liability related to interest rate swaps and related to revaluation, recognised in other comprehensive income	2,930	(864)
Effect of movement in exchange rates	(96)	134

The deferred tax (asset)/ liability for the financial year 2016 comprises the tax effect of temporary differences related to:

	Balance 1 January 2016	Recognised in profit or loss	Recognised in other comprehensive income	Disposed on sale of subsidiary	Effect of movement in exchange rates	Balance 31 December 2016
Property, plant and equipment	33,207	9,768	2,804	—	(277)	45,502
Intangibles	3,205	83	—	—	1,684	4,972
Intangible acquired through business combination	1,540	—	—	—	(1,540)	—
Accounts receivable	2,408	(1,345)	—	—	47	1,110
Accounts payable	(1,015)	(330)	—	—	9	(1,336)
Long term borrowings	974	(103)	—	—	(3)	868
Inventory	—	—	—	—	—	—
Deferred tax liabilities	40,319	8,072	2,804	—	(79)	51,116
Intangibles	160	—	—	—	—	160
Accounts receivable	40	—	—	—	(40)	—
Accounts payable	—	—	—	—	—	—
Interest expense postponed for deduction	(9,509)	(3,076)	—	—	69	(12,516)
Inventory	(358)	(592)	—	—	(2)	(952)
Cash Flow hedge reserves	(864)	—	126	—	2	(736)
Fiscal losses	(6,758)	1,418	—	—	(46)	(5,386)
Deferred tax assets	(17,289)	(2,250)	126	—	(17)	(19,430)
<i>Offsetting (refer to Note 2.2 o)</i>	(13,337)	—	—	—	—	(16,304)
<i>Recognition</i>						
Deferred tax liabilities	26,981	—	—	—	—	34,812
Deferred tax assets	(3,951)	—	—	—	—	(3,126)
Net deferred tax liability	23,030	—	—	—	—	31,686
Deferred tax (benefit) / expense	—	5,822	2,930	—	(96)	—

The deferred tax (asset)/ liability for the financial year 2015 comprises the tax effect of temporary differences related to:

	Balance 1 January 2015	Recognised in profit or loss	Recognised in other comprehensive income	Disposed on sale of subsidiary	Effect of movement in exchange rates	Balance 31 December 2015
Property, plant and equipment	33,183	267	—	(184)	(59)	33,208
Intangibles	2,229	2,345	—	—	171	4,745
Accounts receivable	1,027	1,415	—	—	(34)	2,408
Accounts payable	(4,069)	3,068	—	—	(15)	(1,015)
Long term borrowings	7,080	(6,147)	—	—	42	974
Inventory	59	—	—	—	(59)	—
Deferred tax liabilities	39,508	948	—	(184)	46	40,319
Intangibles	160	—	—	—	—	160
Accounts receivable	(54)	95	—	—	(1)	40
Accounts payable	(110)	110	—	—	—	—
Interest expense postponed for deduction	(4,357)	(5,285)	—	—	133	(9,508)
Inventory	(550)	195	—	—	(3)	(358)
Cash Flow hedge reserves	—	—	(864)	—	—	(864)
Fiscal losses	(9,327)	2,608	—	—	(39)	(6,758)
Deferred tax assets	(14,238)	(2,276)	(864)	—	89	(17,289)
<i>Offsetting (refer to Note 2.2 o)</i>	<i>(11,304)</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>(13,337)</i>
<i>Recognition</i>						
Deferred tax liabilities	28,204	—	—	—	—	26,981
Deferred tax assets	(2,933)	—	—	—	—	(3,951)
Net deferred tax liability	25,271	—	—	—	—	23,030
Deferred tax (benefit) / expense	—	(1,327)	(864)	(184)	134	—

Deferred tax assets recognised for fiscal losses relate mainly to the Group's operations in Hungary. Such losses, in amount of EUR 11,569 at 31 December 2016 (31 December 2015: EUR 18,917), are not subject to preapproval by tax authorities and can be carried forward until 2025.

In addition, in 2016 and 2015 a deferred tax asset was recognized for interest expenses of RCS&RDS which are postponed for deduction until the gearing ratio falls again below 3. Such interest expenses can be carried forward indefinitely.

For statutory purposes, RCS&RDS has performed several revaluations of its property, plant and equipment. Should the statutory revaluation reserves of RCS&RDS be distributed to its shareholders they would be taxed, i.e. they would generate a tax liability of EUR 5,781 (2015: EUR 6,826), for which a deferred tax liability is recognised.

The Company did not recognise deferred tax liabilities on taxable temporary differences arising from investments in direct subsidiaries (mainly RCS&RDS) due to the fact that it enjoys a participation exemption status. Uncertainties associated with the fiscal and legal system are disclosed in Note 26.

21. DISCONTINUED OPERATIONS

In April 2015 the Czech subsidiary, Digi Czech Republic sro was sold.

As of 31 December 2016 we have recorded an additional provision regarding the sale transaction of the Czech subsidiary in net amount of EUR 674.

22. BUSINESS COMBINATIONS

a) Subsidiaries

The consolidated financial statements incorporate the financial information of the following main subsidiaries in each of the countries:

DIGI owns shares 96.1% in RCS&RDS (2015: 87.6%), as per shares transactions. Below are the presented the main subsidiaries of RCS&RDS (excluding inactive subsidiaries):

Subsidiary	Country of Incorporation	Field of activity	Legal Ownership	
			2016	2015
Digi T.S. Kft	Hungary	CATV, Internet, DTH, Telephony	100.00%	100.00%
DIGI SPAIN TELECOM S.L.U.	Spain	Telephony	100.00%	100.00%
DIGI ITALY SL	Italy	Telephony	100.00%	100.00%
ITV.	Hungary	CATV	100.00%	100.00%
CFO Integrator	Romania	Duct Rent	100.00%	100.00%
S.C. ENERGIAFOTO SRL	Romania	Solar energy	100.00%	100.00%
S.C. NOVITAS Electro	Romania	Solar energy	100.00%	100.00%
S.C. DELALINA S.R.L.	Romania	Solar energy	100.00%	100.00%

b) Business acquisitions

	2016	2015
Total consideration payable in cash	—	2,990
Customer relationships	—	—
Other intangibles	—	2,696
Deferred tax liabilities	—	—
Property, plant and equipment	—	294
Payables	—	—
Cash and cash equivalents	—	—
Other	—	—
Total identifiable net assets	—	2,990
Goodwill	—	—

None of the goodwill recognized is expected to be deductible for tax purposes.

c) Changes in ownership interests while retaining control

In 2016 DIGI acquired 1,070,000 (2015: 1,924,100) shares in RCS&RDS, for a total amount of EUR 1,646 (2015: EUR 2,953).

During 2016 the Group acquired no other non-controlling interests (31 December 2015: EUR 738) from previous owners of the non-controlling interest.

23. FINANCIAL RISK MANAGEMENT

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

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

(i) Credit risk

Credit risk exposure

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

Management mitigates credit risk mainly by monitoring the subscribers base and identifying bad debt cases, which are suspended in general in an average of 15 days period after the invoice due date.

The maximum exposure to credit risk at the reporting date was:

	Note	31 December 2016	31 December 2015
Trade and other receivables	10	108,965	82,545
Other assets	11	6,321	8,209
Cash and cash equivalents	12	14,340	49,423
Derivative assets	25	17,049	9,937
Long term receivables*		3,927	2,926
Total		<u>150,602</u>	<u>153,041</u>

* The long term receivables position does not include green certificates balance as at 31 December 2015.

The carrying amount of the financial assets, net of the recorded impairment allowances, represents the maximum amount exposed to credit risk. The Group has no significant concentrations of credit risk. Although collection of receivables could be influenced by macro-economic factors, management believes that there is no significant risk of loss to the Group beyond the allowances already recorded.

The maximum exposure to credit risk for cash and cash equivalents at the reporting date by counterparty was:

	31 December 2016	31 December 2015
Citibank	146	1,710
ING Bank	9,658	42,041
Banca Comerciala Romana	13	277
BRD Groupe Societe Generale	231	118
Unicredit Tiriac Bank	304	2,540
Other	3,988	2,737
Total	<u>14,340</u>	<u>49,423</u>

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

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks in different countries. The most significant part of cash and cash equivalents balance is generally kept at the main subsidiary (RCS RDS) level with internationally reputable banks, having at least A-2 rating in a country with a "BBB-" rating.

Impairment losses

The ageing of trade and other receivables, and other assets, at the reporting date was:

	Gross	Impairment	Net	Gross*	Impairment*	Net*
	31-Dec-16	31-Dec-16	31-Dec-16	31-Dec-15	31-Dec-15	31-Dec-15
1. Neither past due nor impaired	92,131	—	92,131	57,778	—	57,778
2. Past due but not impaired*	23,155	—	23,155	32,967	—	32,976
3. Impaired	45,058	(45,058)	—	77,439	(77,439)	—
Total	160,343	(45,058)	115,286	168,193	(77,439)	90,754
* Ageing past due but not impaired						
Past Due less 30 days	14,917	—	—	28,152	—	—
Past Due 30-90 days	4,124	—	—	3,950	—	—
Past Due 90-180 days	4,114	—	—	875	—	—
Total	23,155	—	—	32,976	—	—

The majority of receivables classified as neither past due nor impaired refer to residential subscribers.

The allowances recorded are mainly determined as collective assessment, based principally on ageing of balances due.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2016	2015*
Balance at 1 January	77,439	71,949
Impairment loss recognized (Note 18)	9,051	10,069
Impairment related to receivables of discontinued operations	—	(1,598)
Amounts written off	(41,381)	(2,302)
Effect of movement in exchange rates	(51)	(679)
Balance at 31 December	45,058	77,439

* Information related to 2015 from above tables regarding ageing and movement of allowances was changed to include also "other assets" (Note 11).

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, vendor financing and reverse factoring agreements. Management monitors on a monthly basis the forecast of cash outflows and inflows in order to determine its funding needs.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2016:

	31 December 2016						
	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Non derivative financial liabilities							
Interest bearing loans and borrowings, including bonds	703,814	846,859	42,324	30,999	76,127	697,408	—
Finance lease liabilities	5,772	6,359	994	994	1,932	1,683	755
Trade and other payables and other liabilities	409,939	416,340	314,432	55,437	32,745	13,725	2
Derivative financial liabilities							
Interest rate swaps used for hedging	5,318	8,021	1,969	1,754	2,579	1,718	—
Energy trading acquisitions	1,264	1,268	934	317	18	—	—
Total	1,126,106	1,278,847	360,654	89,502	113,400	714,534	757

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2015:

	31 December 2015						
	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Non derivative financial liabilities							
Interest bearing loans and borrowings, including bonds	679,254	889,422	52,734	55,179	92,170	689,339	—
Finance lease liabilities	8,761	9,701	1,107	1,238	2,476	3,732	1,148
Trade and other payables and other liabilities	277,646	278,206	245,669	24,823	7,714	—	—
Derivative financial liabilities							
Interest rate swaps	6,094	12,715	2,330	2,335	3,737	4,313	—
Foreign currency swaps	493	493	493	—	—	—	—
Energy trading acquisitions	14,520	14,585	8,671	5,914	—	—	—
Total	986,768	1,205,122	311,004	89,488	106,097	697,384	1,148

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

At 31 December 2016, the Group had net current liabilities of EUR 251,818 (31 December 2015: EUR 171,756). As a result of the volume and nature of the telecommunication business current liabilities exceed current assets. A large part of the current liabilities is generated by investment activities. Management considers that the Group will generate sufficient funds to cover the current liabilities from future revenues.

The Group's policy on liquidity is to maintain sufficient liquid resources to meet its obligations as they fall due and to keep the Group's leverage optimized. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and working capital, whilst considering future cash flows from operations. Management believes that there is no significant risk that the Group will encounter liquidity problems in the foreseeable future.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, market electricity prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Exposure to currency risk

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

The Group imports services and equipment and attracts substantial amount of foreign currency denominated borrowings.

The Board of Directors actively manages the exposure to EUR and USD currency only for borrowings.

The Group's exposure to foreign currency risk was as follows (amounts expressed in thousands of the respective currencies):

	31 December 2016		31 December 2015	
	USD	EUR	USD	EUR
Trade and other receivables	3,973	4,690	3,938	3,637
Cash and cash equivalents	6	5,486	50	3,087
Interest bearing loans and borrowings, including bonds	—	(352,797)	—	(446,161)
Bank overdraft	1	—	—	(4,757)
Finance lease liabilities	—	(5,770)	—	(8,759)
Trade and other payables	(47,714)	(59,870)	(36,712)	(42,288)
Gross statement of financial position exposure	(43,734)	(408,261)	(32,724)	(495,241)
Derivative financial instruments*	—	—	—	25,406
Gross exposure	(43,734)	(408,261)	(32,724)	(469,835)

* Represents amounts to be received as part of the cross currency interest rate swaps in place at the end of each period.

The following significant exchange rates applied for the year ended 31 December 2016:

	2016	2015
Romania		
USD	4.3033	4.1477
EUR	4.5411	4.5245
Hungary		
USD	293.69	286.63
EUR	311.02	313.12
Czech Republic		
USD	n/a	24.82
EUR	n/a	27.02

Sensitivity analysis for currency risk

A 10 percent strengthening of the currencies listed below against the functional currencies of the Parent and of the subsidiaries at 31 December would have decreased profit / increased loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant, and does not take into account the currency swaps existing as of 31 December 2015.

	Effect on profit before tax 2016	Effect on profit before tax 2015
EUR	40,826	49,524
USD	4,144	3,000
Total	44,970	52,524

A 10 percent weakening of the above mentioned currencies against the functional currencies of the Parent and of the subsidiaries at 31 December would have had the equal but opposite effect on profit and loss, on the basis that all other variables remain constant.

The effect in equity is the effect in profit or loss before tax, net of tax (16%) (excluding translation effect into presentation currency).

The Group had in effect a currency swap as of 31 December 2015 in order to mitigate the currency exposure of the bond interest denomination in EUR, for an amount of EUR 450 million. This currency swap was in effect until September 2016.

Exposure to interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk (USD and EUR) through market fluctuations of interest rates. The interest rates of borrowings are disclosed in Note 14.

The Board of Directors performs from time to time ad-hoc analysis of exposure to variable rate borrowings and decides if it should change the structure of variable / fixed rate borrowings or whether to hedge through IRS.

At the reporting date the interest rate repricing profile of the variable rate interest-bearing financial instruments was:

	All reprice at 6 months or less	
	31 December 2016	31 December 2015
Interest bearing payables	77,319	18,127
Finance lease liabilities	2,129	2,369
Senior Facility Agreement	336,923	229,860
Interest rate swap	5,318	6,587
Other	13,140	4,757
Total	434,828	261,700

The 2015 Senior Facilities Agreement bears variable interest rate but the Group has entered into fixed for floating interest rate swaps, as follows:

- In May 2015 RCS&RDS concluded an interest rate swap for the entire initial term loan facility through which interest is fixed at 5.75%, and
- The interest rate for the "Accordion" agreement was fixed at 5.50% through an interest rate swap concluded in January 2016

Consequently the interest rate of the combined instrument (loan and swap) was fixed until maturity on 30 April 2020—more details are included in Note 14 (ii).

The 2016 Senior Facilities Agreement bears variable interest rate. The interest rate swaps concluded by the Group in for the 2015 Senior Facilities Agreement are still valid under the same terms (amounts, maturities, interest rates etc).

Except for the ones presented in the table above there are no other major interest bearing financial instruments.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates, after taking into consideration the effect of the IRS, at the reporting date would have increased (decreased) profit or loss before tax by:

	Profit or loss	
31 December 2016		
Variable rate instruments, after IRS effect	(1,924)	1,924

Profit or loss
100 basis points increase 100 basis points decrease

31 December 2015

Variable rate instruments, after IRS effect	(350)	350
---------------------------------------------	-------	-----

The effect in equity is the effect in profit or loss before tax, net of tax (16%).

Exposure to electricity price risk

Through its electricity production and trading activities, the Group is exposed to electricity price risk, due to the volatility of prices on the electricity market and the potential mismatches between purchase prices and selling prices. In particular, due to the fixed prices we charge customers related to our electricity supply activities, increases in the cost of the electricity we acquire from third parties could adversely affect our financial condition.

iv) Fair values

The Group measures at fair value available for sale investments, embedded derivatives, interest rate swaps, cross currency swaps, electricity trading assets (term contracts) and electricity trading liabilities (term contracts).

Fair value hierarchy

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: valuation techniques with all significant inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: valuation techniques using significant inputs that are not observable or based on observable market data (i.e. unobservable inputs).

The significance of a valuation input is assessed against the fair value measurement in its entirety.

Recurring fair value measurements

Recurring fair value measurements are those that are required or permitted by the accounting standards in the statement of financial position as at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements of financial instruments are categorised are as follows:

	Level 1	Level 2	Level 3	Total
31 December 2016				
Available for sale financial assets	—	—	—	—
Cross currency swaps	—	—	—	—
Interest rate swaps	—	—	(5,318)	(5,318)
Embedded derivatives	—	—	13,908	13,908
Electricity trading assets (term contracts)	—	—	3,141	3,141
Electricity trading liabilities (term contracts)	—	—	(11,038)	(11,038)
Total	—	—	693	693
31 December 2015				
Available for sale financial assets	—	—	43,373	43,373
Cross currency swaps	—	—	(493)	(493)
Interest rate swaps	—	—	(6,094)	(6,094)
Embedded derivatives*	—	—	9,255	9,255
Electricity trading assets (term contracts)	—	—	682	682
Electricity trading liabilities (term contracts)	—	—	(1,666)	(1,666)
Total	—	—	45,057	45,057

* Disclosure restated for 2015 from Level 2 to Level 3

Available for sale financial assets

As at 31 December 2015, available for sale assets comprised shares in RCSM, not traded on active markets. The valuation model used to assess their fair value is based on the income approach. Cash flows were projected based on financial budgets approved by senior management covering a five-year period, after which a terminal annual revenue growth was used. This assessment is made in compliance with IFRS 13, which may be different from other valuation standards, including those set by ANEVAR.

The significant unobservable inputs used in the model include:

- Forecast terminal annual revenue growth rate (2016: n/a ; 2015: 1.7%).
- Risk-adjusted discount rate (2016: n/a ; 2015: 8.48%).

Note 6 a) (ii) includes details regarding other key assumptions used for the cash flow projections (revenues, EBITDA margins and Capital expenditure), which are relevant for this calculation as well. (the valuation model used is based on the Equity value of the Group, determined using DCF method).

The estimated fair value would increase (decrease) if:

- the terminal annual revenue growth rate were higher (lower);
- the risk-adjusted discount rate were lower (higher).

As at 31 December 2016 there are no longer available for sale financial assets.

Sensitivity analysis for available for sale financial assets

A change in growth rate and/ or WACC at the reporting date would have an impact as follows:

	WACC		Growth rate	
	100 basis points increase	100 basis points decrease	50 basis points decrease	50 basis points increase
31-Dec-16				
Available for sale financial assets	—	—	—	—
31-Dec-15				
Available for sale financial assets	(10,747)	14,484	(3,160)	8,054

Cross-currency and interest rate swaps

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

Embedded derivatives

The fair value of the options embedded in the issued bonds was estimated using the Option Adjusted Spread (OAS) model. The OAS model basically compares the yield on a “plain vanilla” bond (i.e.: a bond no optionality features) with the yield on a similar bond but with the embedded options. The difference between the two yields represents the price of the embedded options. Thus the model directly provides a separate price for the entire optionality of the bonds. The fair value was obtained from a third party financial institution. The management has determined that such prices were developed in accordance with the requirements of IFRS 13.

Electricity trading assets and liabilities

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

- the electricity spot price as estimated based on transaction on PZU market (OPCOM) around the valuation date. The spot price used for valuation as at 31 December 2016: RON/MWh 210.15 (31 December 2015 RON/MWh 158) , and

- the discount rate approximated by the RON zero rate given the limited data available on term transactions with electricity around the valuation date (2016: 1.20%; 2015: 1.14%).

A change in electricity spot price or in the discount rate at the reporting date would have an impact as follows:

	spot price		discount rate	
	Average 10% increase	Average 10% decrease	0.5 points increase	0.5 points decrease
31-Dec-16				
Electricity trading assets	441	(400)	2	(2)
Electricity trading liabilities	(3,643)	3,312	(65)	66

	spot price		discount rate	
	Average 10% Increase	Average 10% decrease	0.5 points increase	0.5 points decrease
31-Dec-15				
Electricity trading assets	277	(279)	3	(3)
Electricity trading liabilities	(1,339)	1,348	(8)	8

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the year ended 31 December 2016 is as follows:

	Available for sale (Notes 7, 13)	Cross currency swaps	Embedded derivatives	Interest rate swaps	Trading assets	Trading liabilities
1 January 2016	43,373	(493)	9,255	(6,094)	682	(1,666)
Gains or (losses) recognised in profit or loss for the year	—	—	5,433*	(4,958)	2,459	(9,372)
Gains or (losses) recognised in other comprehensive income	2,367	—	—	779	—	—
Purchases	1,653	—	8,474*	—	—	—
Sales	—	—	—	—	—	—
Settlements**	(47,393)	493	(9,255)	4,955	—	—
31 December 2016	—	—	13,908	(5,318)	3,141	(11,038)

* Net effect of gain on 2013 Bond embedded derivative in 2016 of EUR 4,956, expense of EUR 14,211 upon exercising the call option on 2013 Bond and recognition of fair value gain on 2016 Bond embedded derivative of EUR 5,433 after taking into consideration fair value of the embedded derivative asset at inception of EUR 8,474.

** As of 31 December 2016 the AFS assets were derecognized and the entire fair value gain accumulated in fair value reserve, amounting to EUR 33,722, was reclassified to Profit or Loss and accordingly reclassified from OCI (EUR 33,722).

	Available for sale	Cross currency swaps	Embedded derivatives	Interest rate swaps	Trading assets	Trading liabilities
1 January 2015	41,296	(993)	—	—	—	—
Gains or (losses) recognised in profit or loss for the year	—	500	9,255	(4,434)	682	(1,666)
Gains or (losses) recognised in other comprehensive income	1,227	—	—	(5,399)	—	—
Purchases	850	—	—	—	—	—
Sales	—	—	—	—	—	—
Settlements	—	—	—	3,739	—	—
31 December 2015	43,373	(493)	9,255	(6,094)	682	(1,666)

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

The fair value of long term loans and their corresponding carrying amount (excluding the interest accrued at 31 December 2016) and fair value measurement hierarchy are presented in the table below:

	31 December 2016		Hierarchy
	Carrying amount	Fair Value	
Loans (Note 14)	687,911	729,167	
Bonds*	349,638	372,164	Level 1
2016 Senior Facilities	332,382	350,835	Level 3
Other	5,892	6,168	

	31 December 2015		Hierarchy
	Carrying amount	Fair Value	
Loans (Note 14)	666,468	709,202	
Bonds*	439,176	477,852	Level 1
2015 Senior Facilities**	227,292	231,350	Level 3

* Fair value of bonds is disclosed at mid-market price, which includes the embedded derivative asset

** Disclosure restated for 2015 from Level 2 to Level 3

The fair value of bonds is calculated on the basis of the market price while the fair value of the loans is based on contractual cash flows discounted using a market rate prevailing at the reporting date (latest EURIBOR/ROBOR reset rate, after giving effect to interest rate swaps, plus the market credit spread received by the Group for financial liabilities with similar features).

Financial instruments which are not carried at fair value on the statement of financial position also include trade and other receivables, cash and cash equivalents, other interest bearing loans and borrowings, other long term liabilities and trade and other payables.

The carrying amounts of these financial instruments are considered to approximate their fair values, due to their short term nature (or recognized recently carrying values for other long term liabilities) and low transaction costs of these instruments.

vii) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. Management monitors "total net debt to EBITDA" ratio which is computed in accordance with the Senior Facilities Agreement. Currently the ratio is 2.9 (2015: 2.8), level which, as mentioned, is constantly monitored.

24. SHARE-BASED PAYMENTS

In February 2007, the Group implemented a share based payment plan for certain members of the management team and key employees. The options vest if and when certain revenue, subscriber targets and other targets of the Group are met. In 2016 the share-based payments plan was not applied.

Share options were granted to eligible employees under the share based payment plan in 2016 nil (2015: 935,000). The related share option expense of EUR has been recorded as an expense in 2016 EUR nil (2015: EUR 2,054) in the Consolidated statement of profit or loss and other comprehensive income in the line item Operating expenses, within salaries and related taxes. (Note 18).

25. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2016 the Group had both derivative financial liabilities and derivative financial assets.

	31 December 2016		31 December 2015	
	Fair value	Notional	Fair value	Notional
Derivative financial asset (see also Note 23)	17,049		9,937	
Embedded derivatives	13,908	n/a	9,255	n/a
Electricity trading assets (term contracts)	3,141	95 GWh	682	92 GWh
	31 December 2016		31 December 2015	
	Fair value	Notional	Fair value	Notional
Derivative financial liability (see also Note 23)	16,356		8,253	
Interest rate swaps	5,318	197,651	6,094	197,769
Cross currency swaps	—	—	493	450,000
Electricity trading liabilities (term contracts)	11,038	787 GWh	1,666	733 GWh

As at 31 December 2016 the Group had derivative financial assets in amount of EUR 17,049 (31 December 2015: 9,937), which included:

- Embedded derivatives of EUR 13,908 related to the bond (31 December 2015: 9,255) (both the 2016 Bond and the 2013 Bond include several call options as well as one put option, for which the combined fair value of these embedded options was assessed through the Option Adjusted Spread model and recognized a separate embedded derivative asset). The fair value of the embedded derivatives was also assessed at inception date, in October 2016, in amount of EUR 8,474 and recognized as embedded derivative asset with a corresponding increase of the bond liability.
- Electricity trading assets (term contracts) of EUR 3,141 being mark to market gain from fair valuation of electricity trading contracts (31 December 2015: 682).

As at 31 December 2016 the Group had derivative financial liabilities in amount of EUR 16,356 (31 December 2015: EUR 8,253), which included:

- Cross currency swaps: In 2014 were concluded coupon swaps for the interest of the 2013 Proceeds Loan's value (EUR 450 million), all with a termination date of 23 September 2016. As of 31 December 2016 the cross currency swaps are no longer valid. As of 31 December 2016 the balance is nil (31 December 2015: EUR 493).
- Interest rate swaps liability in amount of EUR 5,318 (31 December 2015: EUR 6,094): On May 22, 2015 and in January 2016 RCS & RDS concluded interest rate swaps for the entire term loan facility and Accordion term loan facility under the 2015 SFA, through which RCS&RDS hedged against the volatility of cash flows on its floating rate borrowings due to modification of market interest rates (i.e.: ROBOR). Under the interest rate swaps RCS&RDS pays fixed and receives variable cash flows on the same dates on which it settles the interest on its hedged borrowings. Hedged cash flows occur periodically, on the settlement of the interest on hedged loans, and impact profit or loss throughout the life of the loan, through accrual. Given that critical terms of the hedging instrument match the critical terms of the hedged cash flows, there is no significant ineffectiveness. The interest rate swaps remain valid until the maturity of the agreement in 2021.
- Electricity trading liabilities (term contracts) of EUR 11,038 being mark to market loss from fair valuation of electricity trading contracts (31 December 2015: 1,666).

26. CONTINGENCIES AND COMMITMENTS

Uncertainties associated with the fiscal and legal system

The tax frameworks in Romania and other Eastern and Central Europe countries are subject to frequent changes (some of them resulting from EU membership, others from the domestic fiscal policy) and often subject of contradictory interpretations, which might be applied retrospectively.

Furthermore, the Romanian and other Eastern and Central Europe governments work via a number of agencies authorized to carry on audits of the companies operating in these countries. These audits cover not only fiscal aspects but also legal and regulatory ones that are of interest to these agencies.

The Dutch, Romanian and other Eastern and Central Europe Fiscal legislation include detailed regulations regarding transfer pricing between related parties and includes specific methods for determining transfer prices between related parties at arm's length. Transfer pricing documentation requirements have been introduced so that taxpayers who carry out transactions with affiliated parties are required to prepare a transfer pricing file that needs to be presented to the tax authorities upon request.

The Company and its subsidiaries entered into various transactions within the Group, as well as other transactions with related parties. In light of this, if observance of arm's length principle cannot be proved, a future tax control could challenge the values of transactions between related parties and adjust the fiscal result of the Company and/ or its subsidiaries with additional taxable revenues/ non-deductible expenses (i.e. assess additional profit tax liability and related penalties).

Group management believes that it has paid or accrued all taxes, penalties and interest that are applicable, at the Company and subsidiaries level.

Legal proceedings

During the year, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in these consolidated financial statements. Specifically, for the litigations described below the Group did not recognize provisions as management assessed that the outcome of these litigations is not more likely than not to result in significant cash outflows for the Group.

Intact Media Group Litigation

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

a) The must carry related litigations

In March 2011, Antena Group (Intact Media Group) initiated three separate lawsuits in tort against us alleging that we illegally refused to carry its channels breaching, among other things, the Romanian must carry rules. They claim damages of approximately EUR 100 million and have requested that the court impose other non-monetary remedies, such as requiring that we provide the Intact Media Group channels to our subscribers free of charge and in compliance with the highest technical standards.

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

The claim regarding the EUR 65 million monetary damages was suspended until settlement of both the claim for injunctive relief and a lawsuit we initiated challenging the effects of an arrangement regarding the assignment of receivables from Antena Group to First Quality Debt Recovery. On April 15, 2015, the Bucharest Tribunal partially admitted RCS&RDS' claim and annulled the assignment of receivables from Antena Group to First Quality Debt Recovery. We expect this decision to have a significant positive impact on RCS&RDS' defence against Antena Group's claim regarding the EUR 65 million monetary damages. Please note that this decision is not final as it has been challenged by Antena Group. The next hearing in the appeal is scheduled for 11 April 2017.

In the case regarding the injunctive relief request, both the court of first instance and the court of appeal ruled in our favour and dismissed Antena Group's claims. However, in February 2014, the Romanian Supreme Court admitted the higher appeals filed by Antena Group and First Quality Debt Recovery and quashed the decisions issued by both the first instance and the appeal courts, ordering a retrial of the case by the first court. The decision of the Supreme Court does not confirm Antena Group's allegations on the merits of the case, as the retrial was ordered solely based on procedural reasons. The Bucharest Tribunal annulled the monetary claims (EUR 65 million) filed in the case file (because Antena Group's failure to pay the stamp duties) and suspended the proceedings until a final settlement will be issued in the lawsuit we initiated to challenge the effects of the assignment of receivables from Antena Group to First Quality Debt Recovery.

Separately, Antena Group has also filed two lawsuits claiming (i) monetary damages of approximately EUR 35 million consisting of loss of revenue due to our temporary refusal to carry the tv channels GSP TV and Antena 2 which allegedly breached, among other things, the must carry rules; and (ii) injunctive relief that would require us to provide the disputed channels to our customers in compliance with the highest technical standards. Approximately EUR 24 million out of these claims are related to our refusal to carry GSP TV, while the remaining EUR 11 million is related to our refusal to carry Antena 2. Because Antena Group assigned to First Quality Debt Recovery the claims regarding the EUR 35 million monetary damages as well, First Quality Debt Recovery became involved in these proceedings. Consequently, the court split both the GSP TV and the Antena 2 lawsuits into two: in each case, the monetary claim formed one lawsuit and the claim for injunctive relief another one. At our request, both the GSP TV and the Antena 2 claims for monetary damages were suspended until the final settlement of the lawsuit we initiated for challenging the effects of the assignment of receivables from Antena Group to First Quality Debt Recovery.

The case regarding the injunctive relief sought in relation to the GSP TV channel was settled by the Bucharest Tribunal in favour of Antena Group, the court ordering us to include the channel in our network in compliance with several technical requirements. However, we have been carrying the channel as of January 2012, and therefore the decision did not impact our network. The appeal filed by RCS & RDS against the first court decision was rejected in October 2014. The decision of the Bucharest Tribunal remained final.

The case regarding the injunctive relief sought in respect to Antena 2 was settled in March 2014 by the Bucharest Tribunal in our favour; Antena Group's claims were rejected in their entirety. Antena Group appealed the decision, but only with regards to the judicial expenses. Initially, the appeal was rejected in October 2014, but following a retrial ordered by the High Court of Cassation and Justice, the court of appeals modified in part the first court's decision, by granting approx. EUR 2 (two) as judicial expenses to Antena Group. The decision is subject to higher appeal.

At the end of 2014, Antena Group initiated two new lawsuits requesting damages in relation to the carriage of GSP TV and Antena 2. The claims are almost identical to the ones regarding the same channels and assigned to First Quality Debt Recovery in 2012, except for the much lower amounts requested, specifically RON 500,000 in relation to GSP TV and RON 250,000 in relation to Antena 2. Both lawsuits have been suspended until the final settlement of the trial initiated by RCS&RDS to challenge the effects of the assignment of receivables from Antena Group to First Quality Debt Recovery.

We have also challenged, but failed to overturn in court a number of NAC (National Audiovisual Council of Romania) decisions on must carry rules and, particularly, a decision finding that we breached the obligation to provide certain must carry channels to our customers (including GSP TV).

This adverse decision could be used in the monetary claims of Antena Group against us in relation to the alleged breach of the must carry rules with respect to GSP TV (such claims being approximately EUR 24 million).

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

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

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

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

In March 2015, RCS & RDS requested the court to stay the proceedings until the final settlement of four other trials. The court decided on April 14, 2015 in favour of RCS&RDS' request and suspended the trial until the final settlement of the lawsuit including the EUR 65 million monetary damages. The decision on suspension of the trial was challenged by Antena Group on 14 December 2015. RCS&RDS opposed the appeal of Antena Group, but at the same time submitted its own appeal regarding the first court's solution with respect to the request for the suspension of the proceedings until the final settlement of three other trials. On 15 June 2016, the Bucharest Tribunal rejected Antena Group's higher appeal as ungrounded, while the challenge filed by RCS&RDS's was rejected for lack of interest.

c) The copyright related litigation

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

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

On 30 October 2014, the Bucharest Tribunal rejected the claim on procedural grounds and stated that Antena Group does not have legal standing in this lawsuit. On 16 March 2016, the Bucharest Court of Appeals admitted Antena Group's appeal, annulled the first court's decision and sent the file back to the Bucharest Tribunal for a trial on the merits of the case. The full decision of the Court of Appeals has been communicated to us on 11 July 2016 and the deadline for a higher appeal expired on 11 August 2016.

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

After the annulment decision of the Bucharest Court of Appeal, the case file returned to the Bucharest Tribunal. In front of the Bucharest Tribunal, RCS&RDS requested the court to bring into this claim RCS&RDS' competitors on the retransmission market in Romania. This request was dismissed by the court. The next hearing of this case by the Bucharest Tribunal is scheduled for 11 May 2017.

d) Litigation regarding the outcome of the GSP investigation

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

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

Antena Group initiated the proceedings only against the Competition Council, but the court decided that RCS & RDS needs to be introduced in the trial as defendant. On 3 October 2016, the court decided to reject Antena

Group's claim in its entirety. This decision may be appealed by Antena Group within 30 days after the court issues the written reasoning of the decision. Should the court decide in favour of Antena Group's claim, it might force the Competition Council to reopen the investigation against RCS&RDS, which could ultimately lead to the application of antitrust fines amounting up to 10% of RCS&RDS' turnover.

e) Reciprocal contractual claims with the Intact Media Group

Compensation of damage to reputation

In November 2012, we initiated proceedings against Antena Group and other Intact Media Group entities for compensation in respect of the damage to our business reputation inflicted by a media campaign conducted via media assets of Intact Media Group that we consider defamatory. We requested: (i) a declaration that the adversary media campaign was being conducted in abuse of Intact Media Group's rights; (ii) an order obliging Intact Media Group to publish such declaration via its TV and newspaper network; and (iii) monetary compensation in the aggregate amount of approximately EUR 1.2 million for damage to our business reputation.

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

Violation of certain contracts

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

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

We have already filed a higher appeal against this decision, the first hearing before the Romanian Supreme Court being scheduled for May 17, 2017. We are currently unaware if Antena Group has also submitted a higher appeal.

In the second proceedings the court of the first instance fully dismissed both our claim and Antena Group's counterclaim. Both parties are currently appealing the court's decisions. The next hearing in the court of appeal is scheduled for April 24, 2017.

Pecuniary claim filed by the National Cinematography Centre

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

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

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

While the above mentioned case file involves an urgent (extraordinary) proceeding through which the National Cinematography Centre aimed at forcing RCS&RDS to pay the above mentioned amounts, given the rejection of the above claim by the court of first instance for lack of ground, on 4 November 2016, the National Cinematography Centre additionally filed before the Bucharest Tribunal the principal (ordinary) claim for payment, but with respect to a lower amount, in approximate value of EUR 1.2 million, including principal and accessories. In connection with this second case file, the first hearing is set for 24 April 2017.

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

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

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

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

Competition Council Investigations

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

Telecom market interconnection investigation

In February 2011, the RCC opened an investigation on the telecommunications market related to interconnection tariffs charged by all telecommunications operators. We believe this investigation was launched with the aim of reducing the relatively high interconnection tariffs charged on the Romanian market and thereby reducing the rates ultimately charged to consumers.

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

The RCC's decision accepting our commitment has closed the investigation without the application of any fines for the alleged anticompetitive conduct. The offering of commitments does not imply any admission of wrongdoing. A failure to comply with the terms of the commitment as accepted by the RCC may lead to penalties of up to 10 per cent of our aggregate turnover.

GSP investigation

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

The RCC issued its decision on March 3, 2015 declaring our initial refusal to retransmit GSP TV channel not abusive and not in violation of any competition laws. The RCC additionally considered that such refusal was justified by the existence of multiple judicial disputes between the parties, including with respect to the application and meaning of the “must-carry” regime.

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

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

Material commitments

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

Operating leases

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

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

Minimum lease payments under operating lease agreements (both non-cancellable and cancellable but which are not expected to be cancelled) are as follows:

	2016	2015
Less than one year	27,339	21,948
Between one and five years	50,332	41,276
More than five years	14,941	6,562
	<u>92,612</u>	<u>69,786</u>

The leases for local offices and commercial spaces typically run for an initial period of one year, with an option to renew the lease after that date. The leases of pillars for network support typically run for an initial period of 17 years. The leases for fibre optical line capacities typically run for an initial period between 4 and 7 years. None of the leases include contingent rentals.

Besides these lease agreements, there are approximately over 400 contracts signed for a period of over 5 years, with an automatic renewal clause or signed for an indefinite term. The average annual rent for these contracts is of maximum EUR 1,396.

Capital expenditure

The capital expenditure the Group has assumed until 31 December 2016 is mostly made of commitments for the purchase of mobile and fixed network equipment amounting to approximately EUR 85,642 (31 December 2015: EUR 86,045).

Satellite capacity expenses

The Group has committed under the long term agreement with Intelsat, the satellite solution provider, to use until 30 November 2017 the contracted services and to pay monthly equal fees cumulating to EUR 7,373 (31 December 2015: EUR 17,528).

2100 MHz spectrum fee

The Group has committed to pay an annual fee to the Romanian Communication Authority for the 2100 MHz radio spectrum license awarded until 31 December 2021 inclusively, amounting to a cumulated value of EUR 15,452 (31 December 2015: EUR 12,131). The increase of the commitment relates to the third frequency block in 2016.

900 MHz spectrum fee

The Group has committed to pay an annual fee to the Romanian Communication Authority for the 900 MHz radio spectrum license awarded starting with April 2014 until April 2029 inclusively, amounting to a cumulated value of EUR 20,324 (31 December 2015: EUR 21,721).

1800 MHz spectrum fee

The Group has committed to pay an annual fee to the Hungarian Communication Authority for the 1800 MHz radio spectrum license awarded until 31 October 2029 inclusively, amounting to a cumulated value of EUR 5,843 (31 December 2015: EUR 6,033).

2600 MHz spectrum fee

The Group has committed to pay an annual fee to the Romanian Communication Authority for the 2600 MHz radio spectrum license awarded until 31 April 2029 inclusively, amounting to a cumulated value of EUR 13,318 (31 December 2015: EUR 14,228).

3700 MHz spectrum fee

The Group has committed to pay an annual fee to the Romanian Communication Authority for the 3700 MHz radio spectrum license awarded until 31 November 2025 inclusively, amounting to a cumulated value of EUR 2,505 (31 December 2015: EUR 2,744).

Sports rights and TV films and documentaries

As of 31 December 2016, commitments for sports rights related to future seasons and TV films and documentaries amounted to EUR 49,167 (31 December 2015: EUR 71,448).

Letters of guarantee and letters of credit

As of 31 December 2016, there were bank letters of guarantee and letters of credit issued in amount of EUR 11,375 mostly in favour of leasing, content and satellite suppliers and for participation to tenders (31 December 2015: EUR 12,717).

27. SUBSEQUENT EVENTS

In February 2017, the general meeting of shareholders of the Company has unanimously resolved the following:

- to change the name of the Company from Cable Communications Systems N.V. to DIGI Communications N.V.;
- to amend the articles of association pursuant to which, inter alia, two classes of shares will be created being: class A shares with a nominal value of ten eurocent (EUR 0.10) each and in respect of which for each share A ten (10) votes may be cast and class B shares with a nominal value of one eurocent (EUR 0,01) each and in respect of which for each share B one (1) vote may be cast;
- a conversion and split of each currently issued ordinary share in the Company with a nominal value of EUR 1 into ten (10) class A shares with a nominal value of EUR 0.10 each;
- the cancellation of shares held by the Company in its own share capital; and
- the increase of the share capital by issuing up to 100 million class A shares pro-rata to the shareholdings, subject to availability of reserves.

The above-mentioned resolutions and the changes approved therein are set to take effect only following the lapse of a two-month mandatory wait period, expected on 11 April 2017.

In February 2017 RCS&RDS has contracted a short-term loan from ING Bank NV-Bucharest branch for financing working capital needs in amount of RON 7 million.

In February 2017 the Company converted dividend payables to 2 minority shareholders into short term loans in amount of EUR 8.1 million, with maturity until 30 June 2017 and interest expense of 5% p.a. (secured on pari passu basis, same as the terms of the Intercreditor Agreement, please refer to note xiv).

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

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

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

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

The Group acquires the electricity it then sells to its customers on the Romanian wholesale trading platforms, in line with applicable legal provisions which forbid “over the counter” agreements. Due to the fixed prices that the Group charges its customers for electricity supply, increases in the cost of the electricity acquired from third parties on the trading platforms have adverse effects on the financial condition and results of the Group. During the first quarter of 2017 the Group estimates that will record a realized loss before taxes of approximately EUR 7 million from electricity supply activities due to the unusual volatility in the cost of electricity.

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

In April 2017 we have drawn RON 15 million from SFA 2016 Facility B for general corporate and working capital purposes of the Group.

For developments in legal proceedings in which the Group was involved (both as a plaintiff and a defendant), subsequent to 31 December 2016, please refer to Note 26.

28. EBITDA

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

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

	2016	2015
Revenues	842,755	750,130
Operating profit	79,264	70,332
Depreciation, amortization and impairment	176,370	187,905
EBITDA	255,634	258,237
(Gain)/loss from sale of discontinued operations (Note 21)	674	(20,882)
Other expenses ⁽¹⁾	6,969	998
Adjusted EBITDA	263,277	238,353
Adjusted EBITDA (% of revenue)	31.24%	31.77%

(1) As of December 31, 2016 we present unrealised mark-to-market results from fair value assessment of energy trading contracts on a separate line: Other expenses. Comparative information as of December 31, 2015 was restated accordingly. Prior to the restatement, as of December 31, 2015 the unrealised mark-to-market loss of EUR 998 thousand was included in Operating expenses.

For breakdown of depreciation, amortization and impairment refer to Notes 5 and 6(a) and 6(b). Gain from sale of discontinued operations in 2015 represents the net gains from discontinued operations in Czech Republic and Slovakia.

Cable Communications Systems N.V.

**Consolidated financial statements of the Group as
at and for the year ended December 31, 2015**

Cable Communications Systems N.V.
CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP AS AT
AND FOR THE YEAR ENDED DECEMBER 31, 2015

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GENERAL INFORMATION

Directors:

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

Registered Office:

Cable Communications Systems N.V.
Naritaweg 165, 1043 BW, Amsterdam, Netherlands

Auditors:

Ernst & Young Assurance Services S.R.L.



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INDEPENDENT AUDITORS' REPORT

To the shareholders of Cable Communications Systems NV

We have audited the accompanying consolidated financial statements of Cable Communications Systems NV and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other matters

As disclosed in Note 2.1 (b) to the consolidated financial statements, these consolidated financial statements are not intended for statutory filing purposes in any jurisdiction.

29 September 2016

On behalf of
Ernst & Young Assurance Services SRL

Anamaria Cora
Partner

CABLE COMMUNICATIONS SYSTEMS
Consolidated Statement of financial position
as at 31 December 2015

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

	Notes	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	5	674,743	643,079
Intangible assets	6a	205,128	199,741
Available for sale financial assets (AFS)	7	43,373	41,296
Investment in associates		1,000	2,492
Long term receivables		5,852	6,748
Deferred tax assets	19	3,951	2,933
Total non-current assets		934,047	896,289
Current assets			
Inventories	8	13,205	22,828
Programme assets	6b	29,536	16,838
Trade and other receivables	9	82,545	109,862
Income tax receivable		202	1,466
Other assets	10	8,209	9,927
Derivative financial assets	24	9,937	—
Cash and cash equivalents	11	49,662	54,288
Total current assets		193,296	215,209
Total assets		1,127,343	1,111,498
EQUITY AND LIABILITIES			
Equity			
Share capital	12	51	51
Share premium		8,247	8,247
Treasury shares		(16,703)	(16,703)
Reserves		31,597	45,287
Retained earnings		77,462	68,261
Equity attributable to equity holders of the parent		100,654	105,143
Non-controlling interest		2,160	2,197
Total equity		102,814	107,340
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings, including bonds	13	624,897	652,732
Deferred tax liabilities	19	26,981	28,204
Other long term liabilities		7,598	10,595
Total non-current liabilities		659,476	691,531
Current liabilities			
Trade and other payables	14	271,118	217,171
Interest-bearing loans and borrowings	13	63,118	45,746
Income tax payable		1,746	293
Derivative financial liabilities	24	8,253	993
Deferred revenue		20,818	48,424
Total current liabilities		365,053	312,627
Total liabilities		1,024,529	1,004,158
Total equity and liabilities		1,127,343	1,111,498

The financial statements were approved by the Board of Directors on 26 September 2016 and were signed on its behalf by:

Zoltan Teszari, President of the Board of Directors

Marius Catalin Varzaru, Member of the Board of Directors

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

Parveen Chantal Soebrati, Member of the Board of Directors

Serghei Bulgac, CFO

CABLE COMMUNICATIONS SYSTEMS

Consolidated Statement of profit or loss and other comprehensive income for the year ended as at 31 December 2015

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

	Notes	2015 Continuing Operations	2015 Discontinued Operations	2015 Total	2014 Continuing Operations	2014 Discontinued Operations	2014 Total
Revenues	16	746,290	3,840	750,130	647,831	13,776	661,607
Gain from sale of discontinued operations	20	—	20,882	20,882	—	9,604	9,604
Operating expenses	17	(697,565)	(3,115)	(700,680)	(612,404)	(10,451)	(622,855)
Operating profit		48,725	21,607	70,332	35,427	12,929	48,356
Finance income	18	9,869	—	9,869	752	56	808
Finance expenses	18	(70,726)	(23)	(70,749)	(61,142)	—	(61,142)
Net finance costs		(60,857)	(23)	(60,880)	(60,390)	56	(60,334)
Profit / (loss) before taxation		(12,132)	21,584	9,452	(24,963)	12,985	(11,978)
Income tax	19	(5,369)	(56)	(5,425)	4,709	421	5,130
Net profit / (loss)		(17,501)	21,528	4,027	(20,254)	13,406	(6,848)
Other comprehensive income							
<i>Items that are or may be reclassified to profit or loss</i>							
Foreign operations—foreign currency translation differences		(109)	—	(109)	(8,796)	—	(8,796)
Available for sale financial asset, change in fair value	7, 19	1,227	—	1,227	8,561	—	8,561
Cash Flow hedge reserves		(4,535)	—	(4,535)	—	—	—
Other comprehensive income for the year, net of tax		(3,417)	—	(3,417)	(235)	—	(235)
Total comprehensive income for the year		(20,918)	21,528	610	(20,489)	13,406	(7,083)
Profit / (Loss) attributable to:							
Equity holders of the parent		(16,667)	20,637	3,970	(19,281)	12,847	(6,434)
Non-controlling interest		(834)	891	57	(973)	559	(414)
Net profit / (loss) for the year		(17,501)	21,528	4,027	(20,254)	13,406	(6,848)
Total comprehensive income attributable to:							
Equity holders of the parent		(19,896)	20,637	741	(19,176)	12,847	(6,329)
Non-controlling interests		(1,022)	891	(131)	(1,313)	559	(754)
Total comprehensive income for the year		(20,918)	21,528	610	(20,489)	13,406	(7,083)

The financial statements were approved by the Board of Directors on 26 September 2016 and were signed on its behalf by:

Zoltan Teszari, President of the Board of Directors

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

Marius Catalin Varzaru, Member of the Board of Directors

Parveen Chantal Soebrati, Member of the Board of Directors

Serghei Bulgac, CFO

CABLES COMMUNICATIONS SYSTEMS
Consolidated Statement of Cash Flows
for the year ended 31 December 2015

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

	Notes	2015	2014
Cash flows from operating activities			
Profit/(loss) before taxation		9,452	(11,978)
Adjustments for:			
Depreciation, amortization and impairment	5, 6	187,905	192,061
Interest expense, net	18	54,265	49,865
Impairment of trade and other receivables	22	10,069	7,999
Impairment of investments in associates		1,542	—
Losses/(gains) on derivative financial instruments	22	(5,523)	2,886
Equity settled share-based payments	23	2,054	2,418
Unrealised foreign exchange loss/(gain)		(837)	(1,343)
Other non cash items		(64)	(313)
Gain on sale of assets		(744)	—
Gain on disposal of subsidiary	20	(20,882)	(9,604)
Cash flows from operations before working capital changes		237,237	231,991
Changes in:			
Decrease/(increase) in trade receivables and other assets		15,144	(33,540)
Increase in inventories		(3,704)	(4,463)
Increase in trade payables and other current liabilities		21,191	28,525
(Decrease)/increase in deferred revenue		(28,388)	3,791
Cash flows from operations		241,480	226,304
Interest paid		(44,235)	(46,746)
Income tax paid		(5,062)	(4,618)
Net cash flows from operating activities		192,183	174,940
Cash flow used in investing activities			
Purchases of property, plant and equipment	5,14	(113,733)	(113,084)
Purchases of intangibles	6,14	(80,618)	(87,775)
Acquisition of subsidiaries, net of cash and NCI	21	(1,827)	(12,758)
Acquisition of AFS	21	(1,460)	(1,160)
Sale of subsidiaries, net of cash disposed	20	25,132	10,137
Proceeds from sale of property, plant and equipment		919	196
Net cash flows used in investing activities		(171,587)	(204,444)
Cash flows from financing activities			
Dividends paid to shareholders		(1,622)	(1,741)
Proceeds from borrowings		258,229	49,634
Repayment of borrowings		(272,905)	(4,459)
Financing costs paid		(4,082)	(6,780)
Settlement of derivatives		(3,739)	(2,210)
Payment of finance lease obligations		(1,618)	(856)
Net cash flows (used in)/from financing activities		(25,737)	33,588
Net increase/(decrease) in cash and cash equivalents		(5,141)	4,084
Cash and cash equivalents at the beginning of the year	11	54,288	50,234
Effect of exchange rate fluctuations of cash and cash equivalents held		515	(30)
Cash and cash equivalents at the end of the year	11	49,662	54,288

The amount presented as Interest expense in Cash Flow as at 31 December 2015, includes interest expense during the year (EUR 49,342) and unamortized borrowing costs recognized as expense (EUR 4,923) related to the 2013 New Senior Facility repaid in 2015. For details, please see Note 13 Borrowings.

CABLE COMMUNICATIONS SYSTEMS
Consolidated Statement of Changes in Equity
for the year ended 31 December 2015

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

	Share capital	Share premium	Share shares	Treasury shares	Translation reserve	Revaluation reserve	Fair value Reserves	Cash Flow hedge reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2015	51	8,247	(16,703)	(31,616)	46,775	30,128	—	68,261	105,143	2,197	107,340	
Comprehensive income for the period												
Profit for the year								3,970	3,970	(110)	57	4,027
Foreign currency translation differences				(110)							2	(108)
Fair Value for AFS						1,227		(4,346)		1,227	—	1,227
Cash Flow hedge reserves										(4,346)	(189)	(4,535)
Transfer of revaluation reserve (depreciation)					(10,461)				10,461	—	—	—
Total comprehensive income for the period				(110)	(10,461)	1,227	(4,346)	14,431	741	(130)	611	
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Equity-settled share-based payment transactions (Note 23)								1,968	1,968		86	2,054
Dividends distributed (note 12)								(3,500)	(3,500)			(3,500)
Total contributions by and distributions to owners								(1,532)	(1,532)		86	(1,446)
Changes in ownership interests in subsidiaries												
Payments while having full control (Note 21)								(707)	(707)		(31)	(738)
Movement in ownership interest while retaining control (Note 21)								(2,991)	(2,991)		38	(2,953)
Total changes in ownership interests in subsidiaries								(3,698)	(3,698)		7	(3,691)
Total transactions with owners								(5,230)	(5,230)		93	(5,137)
Balance at 31 December 2015	51	8,247	(16,703)	(31,726)	36,314	31,355	(4,346)	77,462	100,654	2,160	102,814	

CABLE COMMUNICATIONS SYSTEMS
Consolidated Statement of Changes in Equity
for the year ended 31 December 2015

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

	Share capital	Share premium	Share	Treasury shares	Translation reserve	Revaluation reserve	Fair value Reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2014	51	8,247	(16,703)	(23,160)	55,688	21,567	71,397	117,087	3,396	120,483	
Comprehensive income for the period											
Profit for the year	—	—	—	—	—	—	(6,434)	(6,434)	(414)	(6,848)	
Foreign currency translation differences	—	—	—	(8,456)	—	—	—	(8,456)	(340)	(8,796)	
Fair Value for AFS	—	—	—	—	—	8,561	—	8,561	—	8,561	
Transfer of revaluation reserve (depreciation)	—	—	—	—	(8,913)	—	8,913	—	—	—	
Total comprehensive income for the period	—	—	—	(8,456)	(8,913)	8,561	2,479	(6,329)	(754)	(7,083)	
Transactions with owners, recognised directly in equity											
<i>Contributions by and distributions to owners</i>											
Equity-settled share-based payment transactions (Note 23)	—	—	—	—	—	—	2,325	2,325	2,325	93	2,418
Dividends distributed (note 12)	—	—	—	—	—	—	(3,500)	(3,500)	(3,500)	—	(3,500)
Total contributions by and distributions to owners	—	—	—	—	—	—	(1,175)	(1,175)	(1,175)	93	(1,082)
<i>Changes in ownership interests in subsidiaries</i>											
Payments while having full control (Note 21)	—	—	—	—	—	—	(1,995)	(1,995)	(1,995)	(80)	(2,075)
Movement in ownership interest while retaining control (Note 21)	—	—	—	—	—	—	(2,445)	(2,445)	(2,445)	(458)	(2,903)
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	(4,440)	(4,440)	(4,440)	(538)	(4,978)
Total transactions with owners	—	—	—	—	—	—	(5,615)	(5,615)	(5,615)	(445)	(6,060)
Balance at 31 December 2014	51	8,247	(16,703)	(31,616)	46,775	30,128	68,261	105,143	2,197	107,340	

RCS & RDS SA
Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

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

1. CORPORATE INFORMATION

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

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

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

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

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

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

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

The Group provides telecommunication services of Cable TV (television), Fixed and Mobile Internet and Data, Fixed-line and Mobile Telephony (“CBT”) and Direct to Home television (“DTH”) services in Romania, Hungary, Spain and Italy. The largest operating company of the Group is RCS&RDS. At the end of 2015, CCS Group had a total of 12,453 employees (2014: 12,205 employees).

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

The consolidated financial statements were authorized for issue by the Board of Directors of CCS on 26 September 2016.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”).

The Group has also prepared consolidated financial statements in accordance with IFRS for the year ended 31 December 2015, which were authorized for issue by the Board of Directors of CCS on 15 April 2016.

(b) Non-statutory consolidated financial statements

These Consolidated financial statements are not intended for statutory filing purposes in any jurisdiction. Consequently, they are not suitable for statutory filing in any jurisdiction. For statutory Dutch filing purposes the

Group has applied the exception 408 of the Dutch Civil Code Book 2 Title 9 and therefore, the parent company, RCSM has to file its consolidated financial statements for the year ended 31 December 2015, prepared in accordance with IFRS as adopted by EU, with the auditor's opinion and the annual report in English within six months after the balance sheet date or within one month after a lawfully made later publication at the office of the commercial register.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for buildings, cable plant, equipment and devices and customer premises equipment measured at revalued amount, and except for available for sale financial assets and derivative financial instruments measured at fair value as described in the accounting policies under Note 2.2 below.

(d) Going concern assumption

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

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

(e) Functional and presentation currency

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

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

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

The translation into presentation currency of the financial statements of each entity is described under Note 2.2 below.

(f) Significant estimates and judgments

In the process of applying the Group's accounting policies, management has made the following significant judgements and estimates, including assumptions, that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 21 purchase price allocation and goodwill calculation;
- Notes 2.2 (d): recognition and classification of programme assets;
- Notes 2.2 (c) and 5: recognition of customer premises equipment.

A significant judgment specific for the year 2014 was that, as at 31 December 2014 management considered that the IFRS 5 criteria for the recognition of the sale of Czech Subsidiary were not met, as at the year end there was no firm decision taken to sell Digi Czech Republic SRO. The subsidiary was eventually sold in April 2015.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3b: fair value of customer relationships acquired in a business combination;
- Note 6: key assumptions used in discounted cash flow projections in relation to goodwill impairment testing;
- Notes 7 and 22 iv): measurement of available for sale financial assets;
- Note 2.2 (c): useful lives of property, plant and equipment;
- Note 5: revaluation of buildings, cable plant, equipment and devices and customer premises equipment;
- Note 22 i): impairment of trade receivables;
- Notes 22 iv): fair value of financial instruments;
- Note 25: contingencies;
- Note 13 and 22 iv): bonds embedded derivatives;
- Note 19: recognition of deferred tax assets.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The Parent has prepared the consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances for all Group entities.

New pronouncements

The accounting policies used are consistent with those of the previous financial year except for the following new and amended IFRSs which have been adopted by the Group as of 1 January 2015:

- Annual Improvements to IFRSs 2011 – 2013 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2015;
- IFRS 3 Business Combinations: This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- IFRS 13 Fair Value Measurement: This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

- IAS 40 Investment Properties: This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

These amendments did not have a significant effect on the financial position or performance of the Group.

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of CCS and its subsidiaries and the Group's interest in associates as at 31 December 2015. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent company, using mostly consistent accounting policies. Upon consolidation adjustments are recorded in order to align the few inconsistent accounting policies.

Business combinations

The Group accounts for business combinations using the acquisition method. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. If the business combination in effect settles a pre-existing relationship, the acquirer recognises a gain or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity, unless it can be clearly demonstrated that the Group lacks the ability to exercise such influence over its investee.

Investments in associates are accounted for using the equity method (equity-accounted investees)

Under the equity method, the investment in an associate is initially recognised at cost. The cost of the investment includes transaction costs. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

Foreign currency—Transactions and balances

Transactions in foreign currencies have been recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been retranslated into the functional currency at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to the functional currency using the exchange rate at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated to the functional currency using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations—Translation to presentation currency

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

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

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

Currency	2015			2014		
	Jan – 1	Average for the year	Dec – 31	Jan – 1	Average for the year	Dec – 31
RON per 1EUR	4.4821	4,4450	4.5245	4.4847	4.4446	4.4821
HUF per 1EUR	314.89	309.89	313.12	296.91	308.66	314.89
CZK per 1EUR	27.73	27.58*	N/A	27.43	27.53	27.73
USD per 1EUR (ecb.eu)	1.2141	1.1095	1.0887	1.3791	1.3285	1.2141

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

c) Property, plant and equipment

Property, plant and equipment is carried:

- using the cost model, at purchase or construction cost less accumulated depreciation and accumulated impairment losses: vehicles, furniture and office equipment; or
- using the revaluation model, at a revalued amount, which is the fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses: land, buildings, cable plant, equipment and devices and customer premises equipment (“CPE”).

Land is not depreciated.

Property, plant and equipment is measured at cost upon initial recognition.

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to their present location and condition necessary for their intended use, and capitalised borrowing costs, when applicable.

The costs of internally developed networks include proportionate direct material and labour costs, as well as costs relating to subcontracting the development services.

Cost includes the cost of replacing part of the plant or equipment when that cost meets the recognition criteria. If an item of property, plant and equipment consists of several components with different estimated useful lives, the individual significant components are depreciated over their individual useful lives. Maintenance and repair costs are expensed as incurred.

Property, plant and equipment includes customer premises equipment, such as DTH, cable, Internet and 3G equipment in custody with customer, when the Group retains control over such assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying amount of customer premises equipment in custody of customers with suspended services as at the reporting date is fully impaired.

The residual values, useful lives and the depreciation method of the assets are reviewed at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

Depreciation is calculated on a straight-line basis to write off recorded cost of the assets over their estimated useful lives as follows:

Property, plant and equipment	Useful life
Buildings	40 years
Cable plant	15 years
Mobile Radio Network	10 years
Equipment and devices	3-12 years
Customer premises equipment	
—Indoor DTH and CBT equipment	5 years
—Outdoor DTH and CBFT equipment	5-9 years
—Mobile handsets and mobile Internet devices	3 years
Vehicles	5 years
Furniture and office equipment	3-9 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year when the asset is derecognized.

Revaluation

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in the profit or loss. A revaluation deficit is recognized in profit or loss, except where a deficit is directly offsetting a previous surplus on the same asset in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation reserve is transferred to retained earnings as the assets are depreciated or upon disposal.

Items of property, plant and equipment with zero net book value are not revalued.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life on a straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in profit or loss.

Customer relationships

Customer relationships represent the cost incurred by the Group when acquiring customer contracts from other companies directly or by acquiring control of those companies. Customer relationships acquired directly from other companies are recognized at the cost of acquisition, which is the fair value of the consideration paid. Customer relationships obtained by acquiring control of certain companies are recognized at their fair value at the date of the acquisition and are presented separately from any goodwill resulting in the acquisition.

Management determines the useful life used for the amortization of customer relationships based on management analysis and past experience. The useful life used for amortizing customer relationships is of 7 years (straight line method is used).

Subscriber acquisition costs

Subscriber acquisition costs (“SAC”) represent the costs for acquiring and connecting new subscribers of the Group companies, consisting of commissions paid to third parties for contracting a new subscriber at the point at which the contract is signed with the customer. The Company capitalises as intangible assets the subscriber acquisition costs as they meet the requirements of IAS 38 for capitalization.

SAC are amortized over the related contract period, being a one or two year period. SAC are fully written off for all customers with suspended services as at the reporting date.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, refer to Note 2.2 (a).

Goodwill is subsequently measured at cost less accumulated impairment losses, being tested at least annually for impairment.

Where goodwill forms part of cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Programme assets

The Group is concluding multi-annual contracts for the acquisition of broadcasting rights for national and international sports competitions (“sports rights”), as well as contracts for the acquisition of film and television broadcasting rights. When entering into such contracts, the rights acquired are classified as contractual commitments. They are recognised in the statement of financial position and classified as current intangible assets (programme assets) as follows:

- Sports broadcasting rights for the current season are recognized at their acquisition cost, at the opening of the broadcasting period of the related sports season. Sports rights are amortized over the period they relate to on a straight line basis. Any rights not expected to be utilized are written off;
- Film and television broadcasting rights are recognised at their acquisition cost, when the programme is available for screening and are amortised over their broadcasting period.

Advance payments for sports rights related to future seasons and for film and television rights are also presented as current intangible assets (programme assets).

The Group classifies the cash outflows for the purchase of programme assets as cash flows used in investing activities in the Consolidated Statement of Cash Flows, based on the long-term nature of the contribution of these assets to the subscriber acquisition, subscriber retention and consequent revenue generation, based on the comprehensive strategy of the Group.

Other intangible assets

Other intangible assets that are acquired by the Group (the 2100 MHz, the 900 MHz, the 2600 MHz and the 3600 MHz mobile telephony licenses in Romania, the 1800 MHz mobile telephony license in Hungary, software and other intangible assets) have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization of the mobile telephony licences is charged on a straight line basis over the period of each license (15 years). Software licenses (including software related to telecommunication equipment) are amortized on a straight line over their estimated useful life which is generally 3 to 8 years. Other contractual intangible assets are amortized over their underlying contract period.

e) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises financial assets on the date that the Group becomes a party to the contractual provisions of the instrument.

For regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the assets within the time frame established generally by regulation or convention in the marketplace concerned, the trade date is applied for recognition.

Classification

The Group classifies non-derivative financial assets into the following categories: loans and receivables, cash and cash equivalents and available-for-sale financial assets

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs, on the date that they are originated. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets included in loans and receivables category include trade and other receivables and other long term receivables.

Cash and cash equivalents in the consolidated statement of cash flows comprise cash at bank and in hand and short-term deposits at banks with an original maturity of three months or less.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits at banks with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Available-for-sale assets

Available for sale assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial liabilities

Recognition

The Group initially recognises financial liabilities on the date that the Group becomes a party to the contractual provisions of the instrument.

Classification

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Other financial liabilities

Other financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, issued bonds and trade and other payables.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Transactions with the Company's shares between shareholders are considered completed at the date the transfer of ownership has been agreed upon by the parties in a written contract.

Repurchase, disposal and reissue of share capital (treasury shares)

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

(iv) Derivative financial instruments

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Derivatives held for trading

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

Derivatives as hedging instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of a derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the statement of profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses. Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

f) Impairment

i) Non-financial assets

Property, plant and equipment and intangible assets other than goodwill

The carrying amount of the Group's property, plant and equipment and intangible assets other than goodwill, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An asset's or cash generating unit's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss, except for property, plant and equipment previously revalued where the revaluation was recognised in other comprehensive income. In this case the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless that asset is carried at revalued amount, in which case the reversal in excess of previous impairment loss recognised in profit or loss is treated as a revaluation increase.

After recording impairment losses or reversals the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill

Goodwill is tested, at least annually, for impairment, based on the recoverable amounts of the cash generating unit to which the goodwill has been allocated.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lower level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized in profit and loss.

Impairment losses recognized for goodwill cannot be subsequently reversed.

ii) Financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Trade and other receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If a future write-off is later recovered, the recovery is recognized in profit or loss.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI. Impairment losses for an impaired available-for-sale equity instrument are not reversed through profit or loss, but only through OCI.

Investments in associates

An impairment loss in respect of investments in associates is measured by comparing the recoverable amount of the investment with its carrying amount. The recoverable amount of the investment is the higher of its fair value less costs of disposal and its value in use. The Group determines the fair value less costs of disposal based on a DCF valuation model.

An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

g) Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost is determined on a FIFO basis, and it comprises all costs of purchase, costs of conversion and other costs in bringing the inventories to their current location and condition.

Net realizable value of the equipment sold is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) Employee benefits

Short-term employee benefits

Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expenses as services are rendered.

Pensions and other post-employment benefits

Under the regulatory regimes applicable in the countries where it operates, the Group is required to make payments to national social security funds for the benefit of its employees (defined contribution plans financed on a pay-as-you go basis). The Group has no legal or constructive obligation to pay future contributions if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Its only obligation is to pay the contributions as they fall due and if it ceases to employ members of the state plan, it will have no obligation to pay the benefits earned by its own employees in previous years. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered.

The Group does not operate any other pension schemes or post employment benefit plans.

Share based payment transactions

Refer to paragraph q) below.

i) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the unwinding of the discount is recognized as a finance cost.

j) Leases

The Group as a lessee

Service contracts that do not take the legal form of a lease but convey rights to the Group to use an asset or a group of assets in return for a payment or a series of fixed payments are accounted for as leases. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Contracts meeting these criteria are then evaluated to determine whether they are either an operating lease or finance lease.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Capitalized leased assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term unless there is a reasonable certainty that the Group will obtain ownership by the end of the lease term, in which case the assets are depreciated over their estimated useful lives.

Indefeasible Rights of Use (IRUs) represent the right to use a portion of the capacity of a terrestrial transmission cable granted for a fixed period. IRUs are recognized as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wavelength bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. Such assets are included in property, plant and equipment in the consolidated statement of financial position. They are depreciated over the shorter of the expected period of use and the life of the contract.

Leases, including IRU leases, where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

When a sale and lease back transaction results in a finance lease, any excess of the sales proceeds over the carrying amount is deferred and amortised over the lease term (no profit on disposal of the asset is recorded in profit or loss). No loss is recognized unless the asset is impaired. If no loss is recognised, the leased asset is recorded at the previous carrying amount and continues to be accounted as before the sale and leaseback transaction.

The Group as a lessor

The Group currently has no material arrangements as a lessor. The existing arrangements as a lessor, which are not material, are all operating leases.

k) Contingencies

Management applies its judgment to the fact patterns and advice it receives from its attorney, advocates and other advisors in assessing if an obligation is probable or not or remote. This judgment application is used to determine if the obligation is recognized as a liability or disclosed as a contingent liability. Contingent liabilities are not recognized in the accompanying consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the accompanying consolidated financial statements, but disclosed when an inflow of economic benefits is probable.

1) Revenue and other income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Revenues from services

The Group's main sources of revenue from services are:

- Revenue from the provision of video, cable TV ("CATV") and direct-to-home ("DTH") TV, subscription services;
- Revenue from the provision of internet and data communication subscription services (fixed and mobile);
- Revenue from the provision of fixed-line and mobile telephony subscription and fixed-line and mobile telephony voice traffic services.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

The above revenues are recognized as follows:

- *Subscription fees and voice traffic services*

Video services subscriptions, pay TV fees, internet and data subscriptions, telephony subscriptions and voice minutes consumption revenues are earned over the period when those services are provided. These revenues are collected through subscription fees that arise from the monthly billing of subscribers for these services, and monthly billing of voice traffic. Revenue is recognized in the month the service is rendered. Voice traffic revenue is recognized in the profit or loss at the time the call is made. Revenue from interconnect fees is recognised at the time the services are performed.

- *Deferred revenue*

Any subscription revenue received in advance of the service being provided is recorded as deferred revenue and recognized over the period when the service is provided.

- *Prepaid services*

Revenue from the sale of prepaid cards, net of discounts allowed, included in the Group's prepaid services packages, is recognised based on usage. Prepaid revenue is deferred until the customer uses the traffic or the card expires.

Equipment sales

Revenue is recognized when the significant risks and rewards of ownership of the equipment have passed to the buyer, usually upon delivery.

Instalment sales

Revenue attributable to the sales price, exclusive of interest, is recognized when the risks and rewards of ownership have passed to the buyer, usually upon delivery. The revenue recognised on the sale is the present value of the consideration, determined by discounting the instalments receivable at the imputed rate of interest. The interest element is recognized as revenue as it is earned, using the effective interest method.

Rental income

Rental income arising from operating leases of assets is accounted for on a straight-line basis over the lease term of ongoing leases.

Multiple element arrangements

Sales of certain packaged offers are considered as comprising identifiable and separate components to which general revenue recognition criteria can be applied separately. Once the separate components have been identified, the amount received or receivable from the customer is allocated, based on each component's fair value, first to the undelivered element and the remainder, if any, to the delivered element. For the delivered element the revenue is recognized only when the following criteria are met:

- the delivered item has a value to the consumer on a standalone basis, and
- there is objective and reliable evidence of the fair value of the undelivered item.

Where the promotional offer includes a period of free service, a portion of the revenue is recognized over the period of the free service.

Other income

Other income includes the effect of reductions in estimates (accruals) of certain elements of other expenses, as well as gains on trade and other payables released during the period.

m) Finance income and finance expense

Finance income comprises interest income on funds invested, dividend income, gains on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on derivative financial instruments that are recognised in profit or loss and reclassifications of net gains in hedging instruments previously recognised in other comprehensive income.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, losses on derivative financial instruments that are recognised in profit or loss and reclassifications of net losses on hedging instruments previously recognised in other comprehensive income. Unamortised borrowing fees are expensed upon termination of related borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

n) Related parties

Parties are considered related when one party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control or significantly influence the other party. Related parties also include individuals that are principal owners, management and members of the Board of Directors and members of their families, or any company that is related party to Group's entities.

o) Income tax

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

p) Dividends

Dividends are recognized as distributions within equity in the period in which they are declared to shareholders (at the date of the approval by the shareholders). Dividends for the year are declared after the reporting date.

q) Share-based payment transactions

Certain members of the management team of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. For determination of fair value of equity instruments, refer to Note 3(e).

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

r) Discontinued operations

A discontinued operation is a component of the Group's business, operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

s) Subsequent events

Post period-end events that provide additional information about the Group's position at the reporting date or those that indicate the going concern assumption is not appropriate (adjusting events) are reflected in the consolidated financial statements. Post period events that are not adjusting events are disclosed in the notes, when material.

t) Segment reporting

The information by operating segment is based on internal reporting to the Board of Directors, identified as "Chief Operating Decision-Maker", as defined by IFRS 8 *Operating Segments*. The Board of Directors reviews segment information on revenue and non-current assets on a monthly basis and segment EBITDA (earnings before interest, taxes, depreciation and amortization) on a quarterly basis.

The Group considers EBITDA, a non-IFRS measure, to be the key operating performance measure of its operating segments. The method used in calculating EBITDA and its reconciliation to the line items in the statement of comprehensive income is disclosed in Note 27. All other information included in the disclosure per segment is prepared under IFRSs as adopted by EU applicable to the consolidated financial statements.

The Chief Operating Decision-Maker has chosen to review geographical operating segments because the Group's risks and rates of return are affected predominantly by the fact that it operates in different countries.

2.3 Standards issued but not yet effective and not early adopted

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

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**

The amendment is effective for annual periods beginning on or after 1 January 2016. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible

assets should be calculated. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**

The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **IFRS 9 Financial Instruments: Classification and Measurement**

The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The amendment has not yet been endorsed by the EU. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group.

- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**

The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard has not been yet endorsed by the EU. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 *Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. These Clarifications have not yet been endorsed by the EU. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group

- **IAS 27 Separate Financial Statements (amended)**

The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**

The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to *IAS 28 Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments have not yet been endorsed by the EU. Management has assessed that these amendments will not have an impact on the consolidated financial position or performance of the Group.

- **IAS 1: Disclosure Initiative (Amendment)**

The amendments to IAS 1 *Presentation of Financial Statements* further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. The amendment will have impact on the disclosures from the consolidated financial statements of the Group.

- The IASB has issued the **Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015. Management has assessed that these amendments will not have an impact on the consolidated financial position or performance of the Group.

- **IFRS 2 Share-based Payment:** This improvement amends the definitions of ‘vesting condition’ and ‘market condition’ and adds definitions for ‘performance condition’ and ‘service condition’ (which were previously part of the definition of ‘vesting condition’).
- **IFRS 3 Business combinations:** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.

- **IFRS 8 Operating Segments:** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
 - **IFRS 13 Fair Value Measurement:** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
 - **IAS 16 Property Plant & Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
 - **IAS 24 Related Party Disclosures:** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
 - **IAS 38 Intangible Assets:** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- The **IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. Management has assessed that these amendments will not have an impact on the consolidated financial position or performance of the Group.
 - **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
 - **IFRS 7 Financial Instruments: Disclosures:** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
 - **IAS 19 Employee Benefits:** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
 - **IAS 34 Interim Financial Reporting:** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

- **IFRS 16: Leases**

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group.

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

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

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

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

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

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

3. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination and of property, plant and equipment carried under the revaluation model is the estimated amount for which property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of property, plant and equipment is based on the market approach and, where market approach cannot be used given the high degree of specialization of the asset being valued, cost approach. Market approach relies on quoted market prices for similar items when available or on valuation models that use inputs observable on the market. The cost approach relies on the determination of the depreciated replacement cost. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

b) Intangible assets

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

c) Derivatives

The fair value of the derivative financial instruments is based on generally accepted valuation techniques. It reflects the credit risk of the instrument and includes adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

d) Non-derivative financial assets and liabilities

Non-derivative financial assets and liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

e) Equity-settled share-based payment transactions

The fair value of the options granted to employees is measured using a generally accepted valuation technique, in which the main input is the market value of shares at the grant date as the exercise price of the options is equal to the nominal value of shares which is close to zero (refer to Note 23). Given the short life of the options and the low volatility in the market value of the Group's shares, management estimates that the time value of the share options is not significant. The market value of the shares is determined based on a discounted cash flow method and comparable enterprise/equity values of other entities in the telecom industry. The main inputs used in the discounted cash flow calculation are Group revenues, EBITDA, WACC, terminal growth rate.

f) Available for sale investments

The market value of the shares is determined based on a discounted cash flow method and comparable enterprise/equity values of other entities in the telecom industry. The main inputs used in the discounted cash flow calculation are Group revenues, EBITDA, WACC, terminal growth rate.

4. SEGMENT REPORTING

31 December 2015	Romania	Hungary	Spain	Other	Eliminations	Reconciling item	Group
Segment revenue and other income	540,134	125,933	72,679	11,384	—	—	750,130
Inter-segment revenues	1,638	—	1,074	—	(2,712)	—	—
Segment operating expenses	(363,210)	(76,549)	(62,755)	(12,973)	2,712	—	(512,775)
EBITDA (Note 27)	178,562	49,384	10,998	(1,589)	—	—	237,355
Depreciation, amortization and impairment of tangible and intangible assets	—	—	—	—	—	(187,905)	(187,905)
Gain from sale of discontinued operations	—	—	—	20,882	—	—	20,882
Operating profit	—	—	—	—	—	—	70,332
Additions to tangible non-current assets	125,621	15,303	522	174	—	—	141,620
Additions to intangible non-current assets	27,600	1,017	2,962	670	—	—	32,250
<i>Carrying amount of:</i>							
Property, plant and equipment	575,008	98,711	954	70	—	—	674,743
Non-current intangible assets	169,529	31,208	3,510	881	—	—	205,128
Investments in associates and AFS	1,000	—	—	43,373	—	—	44,373

The types of products and services from which each segment derives its revenues are disclosed in Note 16.

31 December 2014	Romania	Hungary	Spain	Other	Eliminations	Reconciling item	Group
Segment revenue and other income	469,652	119,051	54,028	18,876	—	—	661,607
Inter-segment revenues	1,445	—	740	—	(2,185)	—	—
Segment operating expenses	(294,103)	(72,309)	(50,354)	(16,213)	2,185	—	(430,794)
EBITDA (Note 27)	176,994	46,742	4,414	2,663	—	—	230,813
Depreciation, amortization and impairment of tangible and intangible assets	—	—	—	—	—	(192,061)	(192,061)
Gain from sale of discontinued operations	—	—	—	9,604	—	—	9,604
Operating profit	—	—	—	—	—	—	48,356
Additions to tangible non-current assets	142,405	5,704	655	518	—	—	149,282
Additions to intangible non-current assets	16,644	32,818	2,668	847	—	—	52,977
<i>Carrying amount of:</i>							
Property, plant and equipment	539,782	102,017	747	533	—	—	643,079
Non-current intangible assets	142,016	53,385	3,730	610	—	—	199,741
Investments in associates and AFS	2,492	—	—	41,296	—	—	43,788

The types of products and services from which each segment derives its revenues are disclosed in Note 16.

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Cable plant	Construction in progress	Customer premises equipment	Equipment and devices	Vehicles	Furniture and office equipment	Total
Cost									
At December 31, 2014	10,405	43,277	431,870	64,665	120,121	197,960	27,446	15,428	911,172
Additions	1,894	3,234	5,038	119,749	442	7,918	1,171	1,880	141,326
Acquired through business combinations (note 21 b)	—	—	—	—	—	290	—	4	294
Transfer from construction in progress (“CIP”)/reallocation	—	16,400	44,292	(111,294)	25,103	21,743	2,280	1,476	—
Transfers from inventories	—	—	—	11,967	—	—	—	—	11,967
Discontinued operations (note 20)	—	—	—	—	(1,122)	(28)	(116)	(68)	(1,334)
Disposals	(126)	—	(609)	(773)	(506)	(267)	(625)	(87)	(2,993)
Effect of movements in exchange rates	(130)	(721)	(4,109)	(917)	(1,401)	(1,269)	(16)	(160)	(8,723)
At December 31, 2015	12,043	62,190	476,482	83,397	142,637	226,347	30,140	18,473	1,051,709
Depreciation and impairment									
At December 31, 2014	—	5,506	72,582	—	74,758	83,258	21,747	10,242	268,093
Depreciation charge	—	1,971	43,267	—	29,297	35,867	2,242	2,332	114,976
Impairment	—	—	—	—	337	—	—	—	337
Discontinued operations (note 20)	—	—	—	—	(713)	(12)	(64)	(49)	(838)
Disposals	—	—	(431)	—	(443)	(251)	(629)	(80)	(1,834)
Effect of movements in exchange rates	—	(75)	(1,350)	—	(1,162)	(1,065)	(13)	(103)	(3,768)
At December 31, 2015	—	7,402	114,068	—	102,074	117,797	23,283	12,342	376,966
Net book value									
At December 31, 2014	10,405	37,771	359,288	64,665	45,363	114,702	5,699	5,186	643,079
At December 31, 2015	12,043	54,788	362,414	83,397	40,563	108,550	6,857	6,131	674,743

	Land	Buildings	Cable plant	Construction in progress	Customer premises equipment	Equipment and devices	Vehicles	Furniture and office equipment	Total
Cost									
At December 31, 2013	9,299	35,128	387,634	35,191	97,852	168,507	24,622	13,483	771,715
Additions	882	1,705	1,548	126,644	1,670	5,803	955	478	139,685
Acquired through business combinations (note 21 b)	202	—	6,762	2,197	—	381	50	5	9,597
Transfer from construction in progress (“CIP”)/reallocation	26	6,607	40,785	(101,476)	21,951	27,843	2,588	1,676	—
Transfer from inventories	—	—	—	2,795	—	—	—	—	2,795
Disposals	—	—	(419)	(71)	(549)	(1,335)	(508)	(40)	(2,922)
Effect of movements in exchange rates	(4)	(163)	(4,440)	(61.5)	(803)	(3,239)	(261)	(174)	(9,699)
At December 31, 2014	10,405	43,277	431,870	64,665	120,121	197,960	27,446	15,428	911,172
Depreciation and impairment									
At December 31, 2013	—	4,314	34,536	—	38,003	41,544	20,393	8,253	147,043
Depreciation charge	—	1,239	38,978	—	34,392	43,327	1,967	2,147	122,050
Impairment	—	—	—	—	3,691	—	—	—	3,691
Disposals	—	—	(189)	—	(449)	(549)	(300)	(31)	(1,518)
Effect of movements in exchange rates	—	(47)	(743)	—	(879)	(1,064)	(313)	(127)	(3,173)
At December 31, 2014	—	5,506	72,582	—	74,758	83,258	21,747	10,242	268,093
Net book value									
At December 31, 2013	9,299	30,813	353,098	35,191	59,850	126,963	4,228	5,230	624,672
At December 31, 2014	10,405	37,771	359,288	64,665	45,363	114,702	5,699	5,186	643,079

Property, plant and equipment additions

Most of the additions in 2015 and 2014 relate to the triple play network, as the Group has continued to invest in expanding to new areas but also has continued the upgrade of the existing network. Other additions relate to continued investment in the 3G network coverage and equipment investments mainly in the Company's TV production facilities.

Property, plant and equipment in leasing

The carrying amount of property, plant and equipment includes an amount of EUR 14,255 as of 31 December 2015 (31 December 2014: 11,850) representing land and buildings as assets held under finance leases. The ownership title of these assets should be transferred to RCS&RDS at the end of the leasing agreements (refer to Note 13 (x)).

Revaluation of buildings

The Group engaged an accredited independent appraiser to determine the fair value of its buildings. The last revaluation was performed as of 31 December 2013, being registered a decrease in fair value of EUR 2,720. The fair value was determined by reference to market-based evidence, using the market comparison and income approach (**Level 3** in the fair value measurement hierarchy)—with main unobservable inputs being sales value per sqm and rental value per sqm).

If buildings were measured using the cost model, the carrying amounts would be as follows:

	31 December 2015	31 December 2014
Cost	62,253	43,278
Accumulated depreciation	(11,537)	(9,789)
Net carrying amount	50,716	33,489
Fair value	54,788	37,771

Revaluation of cable plant, equipment and devices and customer premises equipment

Cable plant, equipment and devices, and customer premises equipment were revalued as of 31 December 2012 on the basis of their depreciated replacement cost calculated by the Group's personnel (fair value is classified as Level 3 in the fair value measurement hierarchy). Replacement cost was determined as follows:

- for materials and equipment, based on price quotations from suppliers and prices of the most recent acquisitions;
- for personnel costs, based on the historical salaries multiplied by the Group's salary growth rate;
- for subcontractor costs, based on historical fees multiplied by the consumer price indices for services.

Cable plant, equipment and devices, and customer premises equipment are part of cash generating units containing goodwill, which are tested annually for impairment (refer to Note 6).

For details related to the fair value measurements refer to Note 3.

If cable plant, equipment and devices, and customer premises equipment were measured using the cost model, the carrying amounts would be as follows:

Cable plant

	31 December 2015	31 December 2014
Cost	541,447	496,568
Accumulated depreciation	(216,408)	(178,050)
Net carrying amount	325,039	318,518
Fair value	362,414	359,288

Equipment and devices

	31 December 2015	31 December 2014
Cost	334,719	306,596
Accumulated depreciation	(232,416)	(198,666)
Net carrying amount	102,303	107,930
Fair value	108,550	114,702

Customer premises equipment

	31 December 2015	31 December 2014
Cost	484,842	461,747
Accumulated depreciation	(446,588)	(418,945)
Impairment	(3,825)	(3,417)
Net carrying amount	34,429	39,385
Fair value	40,563	45,363

For details on the pledges placed on the Group assets refer to Note 13 (ix).

6. INTANGIBLE ASSETS

a) Non-current intangible assets

	Goodwill	Customer relationships	Trade marks	Subscriber acquisition costs ("SAC")	Licences and software	Total non-current intangible assets
Cost						
At December 31, 2014	80,994	69,255	235	58,298	133,839	342,621
Additions	—	2,838	—	6,249	20,467	29,554
Reclassifications	(3,321)	3,321	—	—	—	—
Disposals	—	—	—	—	—	—
Additions from acquisition of subsidiaries (note 21b)	—	—	2,695	—	1	2,696
Discontinued operations (note 20)	—	—	—	(256)	(4)	(260)
Effect of movement in exchange rates	(433)	(632)	(47)	(119)	(877)	(2,108)
At December 31, 2015	77,240	74,782	2,883	64,172	153,426	372,503
Depreciation						
At December 31, 2014	—	47,080	146	54,011	41,643	142,880
Amortization	—	9,876	438	4,180	11,100	25,594
Disposals	—	—	—	—	—	—
Discontinued operations (note 20)	—	—	—	(256)	(4)	(260)
Effect of movement in exchange rates	—	(396)	(7)	(126)	(310)	(839)
At December 31, 2015	—	56,560	577	57,809	52,429	167,375
Net Book Value						
At December 31, 2014	80,994	22,175	89	4,287	92,196	199,741
At December 31, 2015	77,240	18,222	2,306	6,363	100,997	205,128

	Goodwill	Customer relationships	Trade marks	Subscriber acquisition costs ("SAC")	Licences and software	Total non-current intangible assets
Cost						
At December 31, 2013	80,549	62,015	235	55,085	95,166	293,050
Additions	—	5,822	—	4,590	39,232	49,644
Disposals	—	—	—	—	—	—
Additions from acquisition of subsidiaries (note 21 b)	1,705	1,628	—	—	—	3,333
Effect of movement in exchange rates	(1,260)	(210)	—	(1,377)	(559)	(3,406)
At December 31, 2014	80,994	69,255	235	58,298	133,839	342,621
Depreciation						
At December 31, 2013	—	38,502	105	52,869	32,921	124,397
Amortization	—	8,717	41	2,506	8,822	20,086
Disposals	—	—	—	—	—	—
Effect of movement in exchange rates	—	(139)	—	(1,364)	(100)	(1,603)
At December 31, 2014	—	47,080	146	54,011	41,643	142,880
Net Book Value						
At December 31, 2013	80,549	23,513	130	2,216	62,245	168,653
At December 31, 2014	80,994	22,175	89	4,287	92,196	199,741

(i) Customer relationships

Customer relationships represent the cost incurred by the Group when acquiring customer contracts from other companies directly or by acquiring control of those companies.

(ii) Impairment testing for cash-generating units containing goodwill

The Group defines cash-generating units (CGUs) based on three criteria:

1. country;
2. infrastructure used in providing the services; and
3. bundling of services affecting independence of cash flows.

Since a significant percentage of customers buy bundled services of CBT (cable, broadband and television), in countries where the Group is providing both CBT and DTH services, the Group identified separate CGUs for CBT and DTH respectively. In countries where either CBT or DTH services are provided, only one CGU was identified for telecom activities. In addition, solar electricity production companies are also considered distinct CGUs.

Goodwill acquired through business combinations has been allocated among cash generating units for the purposes of impairment testing as follows:

- CBT Romania;
- CBT Hungary;
- CBT Spain.

Goodwill	31 December 2015	31 December 2014
CBT	76,908	80,588
Romania	55,781	59,579
Hungary	20,899	20,781
Spain	228	228
DTH	332	406
Romania	332	406
Total	77,240	80,994

Recoverable amounts for the CGUs have been determined on the basis of fair value less costs to sell calculations using cash flow projections based on financial budgets approved by senior management covering a five-year period.

Key assumptions used in the calculations of the recoverable amounts

Key assumptions used in the calculation of the recoverable amounts are revenues, EBITDA margins, discount rate, terminal value growth rate and capital expenditure.

Discount rate

- for the Romanian territory 8.48% p.a. (2014: 8.40%);
- for the Hungarian territory 9.4% p.a. (2014: 8.40%).

The discount rate applied to the cash flows of each CGU is based in the Group's Weighted Average Cost of Capital (WACC). WACC is the average cost of sources of financing (debt and equity), each of which is weighted by its respective use. Key inputs to the WACC calculation are the risk free rate, beta (reflecting the risk of the Group relative to the market as a whole) as well as assumptions regarding the spread for credit risk and the market risk premium for the cost of equity. Group WACC is adjusted for risk relative to the country in which the CGU operates.

Terminal growth rates

- for Romanian CBT CGU 1.7% p.a. (2014: 1.5%);
- for Hungarian CBT CGU 1.7% p.a. (2014: 1.5%).

The growth rate in perpetuity has been determined based on the long-term compounded annual growth rate in EBITDA estimated by management considering market maturity and market share in Romania and Hungary, being also in line with publicly available market expectations.

For the Romanian CBT CGU, budgeted EBITDA is based on past experience and incremental increase in future years generated from incremental increase in revenues from new subscribers to our cable Tv, internet and mobile telephony business; budgeted EBITDA for the Hungarian CBT CGU is based on past experience and growth expectation from tighter cost control and additional revenue from new subscribers connected to the fixed network.

Due to confidentiality reasons the Company does not disclose information regarding budgeted EBITDA margins and revenue growth rates for the budget period, given the strategic nature of this information.

Capital expenditure

Budgeted capital expenditure (tangible and intangible assets including programme assets) is based on past experience, forecasted growth of subscribers (new subscribers connected to the fixed network) and other business drivers.

Management believes that as of 31 December 2015 no reasonable change in the main assumptions could result in an impairment charge (31 December 2014: same).

(iii) Subscriber acquisition costs (“SAC”)

SAC represents third party costs for acquiring and connecting customers of the Group. In 2015 SAC was generated in relation with contracting customers in Romania (EUR 2,567), Spain (EUR 2,942), Hungary (EUR 328) and Italy (EUR 412). In 2014 SAC was generated in relation with contracting customers in Romania (EUR 1,487), in Spain (EUR 2,616), Hungary (EUR 190) and Italy (EUR 297).

(iv) Licences and software

2100 MHz license (Romania)

In January 2007 the Romanian General Inspectorate for Communication and Information Technology (“IGCTI”) granted to RCS&RDS a 2100 MHz license for a total consideration of EUR 27,056 (equivalent of USD 35,000), entirely paid as of 31 December 2014. The cost of the 2100 MHz license was EUR 23,110 and was determined at inception date by discounting the future payments using effective interest method at the date the license was granted to RCS&RDS (interest rate used was 7.6% p.a., similar to interest rate on other long term borrowings contracted by RCS&RDS). The carrying amount of the 2100 MHz license as of 31 December 2015 is EUR 7,011 (2014: EUR 8,240).

900 MHz license (Romania)

In September 2012 IGCTI granted to RCS&RDS 1 spectrum block in the 5 MHz broadband to be used starting with April 2014 for a period of 15 years, for a total consideration of EUR 40,000 out of which EUR 26,000 was paid in 2012. The remaining amount of EUR 14,000 was paid in June 2013. The carrying amount of the 900 MHz license as of 31 December 2015 is EUR 34,911 (2014: EUR 37,901). The obligations assumed in relation to the 900 MHz license are: allow access to MVNOs (mobile virtual network operators), coverage of a number of small cities in Romania presently without coverage until 5 April 2016, coverage for voice services of 98% of the population until 5 April 2019, coverage for data services of 60% of population until 5 April 2021.

1800 MHz license (Hungary)

In September 2014 NMHH granted to Digi Hungary 1 spectrum block in the 5 MHz for a period of 15 years, for a total consideration of HUF 10 billion (EUR 32,600) which was fully paid in October 2014. The carrying amount of the 1800 MHz license as of 31 December 2015 is EUR 30,137 (2014: EUR 31,562). The license has no coverage obligations assumed.

2600 MHz license (Romania)

In August 2015 the purchase of a 2600 MHz license from 2K Telecom for a total consideration of EUR 6,600 was approved by the Romanian General Inspectorate for Communication and Information Technology (“IGCTI”). The carrying amount of the 2600 MHz license as of 31 December 2015 is EUR 5,722.

3600 MHz license (Romania)

In October 2015 RCS&RDS has participated in an auction and acquired from the Romanian General Inspectorate for Communication and Information Technology (“IGCTI”) a 3600 MHz license for a total consideration of EUR 1,880. The license was granted and came into effect starting with December 2015 and its carrying amount as of 31 December 2015 is EUR 1,847.

FM Radio frequency licenses (Romania)

In 2015 RCS&RDS obtained the right of use of several audiovisual licences, through a transfer of licenses approved by the National Audiovisual Council of Romania. These licences are currently used to broadcast the Digi FM, Pro FM, Dance FM and Music FM radio stations.

Other

Included in “Licenses and software” category is also the software required for the operation and maintenance of communication equipment.

Collateral

For details on the pledges placed on the Group assets refer to Note 13 (ix).

b) Current intangible assets—programme assets

	31 December 2015	31 December 2014
Balance at 1 January	16,838	29,387
Additions	60,074	33,765
Amortization	(46,999)	(46,235)
Effect of movement in exchange rates	(377)	(79)
Balance at 31 December	29,536	16,838

Included in “Additions” is an amount of EUR 42,956 representing broadcasting rights for sports competitions for 2015/2016 season (2014: EUR 26,004 for 2014/2015 season) and related advance payments for future seasons, the difference representing movies and documentaries rights. Contractual obligations related to future seasons are presented as commitments in Note 25.

7. AVAILABLE FOR SALE FINANCIAL ASSETS (AFS)

	31 December 2015	31 December 2014
Balance at 1 January	41,296	30,982
Additions	850	1,753
Fair value adjustment	1,227	8,561
Balance at 31 December	43,373	41,296

The above available for sale financial assets comprise shares in RCSM. As at 31 December 2015 the percentage of ownership of CCS in RCSM is 9.17% (31 December 2014: 8.75%). For additional disclosures on the fair values of the AFS refer to Note 22 (iv).

8. INVENTORIES

	31 December 2015	31 December 2014
Merchandise and equipment (at cost)	7,603	7,990
Materials and consumables (at cost)	5,602	14,838
Total inventories, net	13,205	22,828

Merchandise and equipment

This category includes terminal equipment sold to the customers. Such equipment includes mobile phones, tablets, TV sets.

Materials and consumables

This category includes mainly inventory used in the development and maintenance of the telecommunications networks, such as fiber optic cables, nodes and amplifiers.

As at 31 December 2014 this line also included materials and consumables used for network construction amounting to EUR 12,274. Starting with 2015 materials and consumables used for network construction are included in non-current assets (under Construction in progress in Property, plant and equipment).

Collateral

For details on the pledges placed on the Group assets refer to Note 13 (iv).

9. TRADE AND OTHER RECEIVABLES

	31 December 2015	31 December 2014
Trade receivables	76,685	100,248
Receivable from related parties (refer to Note 15)	974	1,185
Other taxes receivable	180	35
Other receivables	4,706	8,394
Total trade and other receivables	82,545	109,862

Collateral

For details on the pledges placed on the Group assets refer to Note 13 (iv).

10. OTHER ASSETS

	31 December 2015	31 December 2014
Advances to suppliers	6,167	8,794
Prepayments	2,042	1,133
Total other assets	8,209	9,927

11. CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014
Bank accounts	49,423	53,729
Petty cash	239	559
Total cash and cash equivalents	49,662	54,288

For details on the pledges placed on the Group assets refer to Note 13 (vii).

12. EQUITY

As of 31 December 2015, CCS has an authorised share capital of EUR 250 comprised of 250,000 units of ordinary shares of EUR 1 each. At the date of the balance sheet 50,594 ordinary shares were issued and fully paid. These are no other issued shares.

	31 December 2015	31 December 2014
Ordinary Shares—Issued and Paid (No.)	50,594	50,594
Ordinary Shares—Unissued (No.)	199,406	199,406
Nominal Value	1 EUR per share	1 EUR per share
Share Capital Value (EUR thousand)	51	51

At 31 December 2015 and 2014, the shareholders of CCS are as follows:

Shareholder name	31 December 2015		31 December 2014	
	No. of shares	%	No. of shares	%
RCSM	29,277	57.87%	29,277	57.87%
Teszari Zoltan	2,326	4.60%	2,326	4.60%
Carpathian Cable Investment Ltd	9,953	19.67%	9,953	19.67%
Celest Limited (Cyprus)	2,694	5.32%	2,694	5.32%
CCS—treasury shares	4,135	8.17%	4,135	8.17%
Other	2,209	4.38%	2,209	4.38%
Total	50,594	100.00%	50,594	100.00%

The largest ultimate beneficial shareholder of the Group is Mr. Zoltan Teszari. Mr. Zoltan Teszari is the controlling shareholder of the Group, being the controlling shareholder of RCSM (the controlling parent of CCS) and minority shareholder of CCS and RCS&RDS.

Dividends

As stated previously, these financial statements are not the statutory financial statements of CCS. The profit available for distribution is the profit for the year recorded in the Dutch GAAP statutory financial statements, which differs from the result in these financial statements, prepared in accordance with IFRS as adopted by EU.

In December 2015 a gross dividend of 3,500 EUR (2014: EUR 3,500) was distributed from the CCS statutory retained earnings of 2014 (2013). The related amount of dividend per share for 2015 was EUR 0.069 and for 2014 was EUR 0.069.

Nature and purpose of reserves

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

Cash flow hedges

The cash flow hedge reserve comprises the effective portion of the gain or loss on the hedging instrument.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

13. INTEREST BEARING LOANS AND BORROWINGS

Long term portion	Nominal interest rate	31 December 2015	31 December 2014
Bonds	(i) 7.5% p.a.	439,176	436,410
2013 Senior Facilities Agreement	3M EURIBOR + 4.35%p.a.	—	210,270
2015 Senior Facilities Agreement	(ii) 3M ROBOR + 2.5%p.a.	179,005	—
Obligations under finance leases	(iii) Variable linked to LIBOR and EURIBOR+ respective margin	6,716	6,052
Total long term portion		624,897	652,732
Current portion	Nominal interest rate	31 December 2015	31 December 2014
2013 Senior Facilities Agreement	3M EURIBOR + 4.35%p.a.	—	34,297
2015 Senior Facilities Agreement	(ii) 3M ROBOR + 2.5%p.a.	48,287	—
2013 ING Bank facility agreement	(iii) Variable linked to EURIBOR/ROBOR/LIBOR+ respective margin	4,757	3,960
Obligations under finance leases	(x) Variable linked to LIBOR and EURIBOR+ respective margin	2,046	969
Other		8,028	6,520
Total current portion		63,118	45,746

(i) Bonds

In November 2013, CCS issued non-convertible bonds in amount of EUR 450,000 with a coupon yield of 7.5% and maturity in November 2020. The bonds were placed at face value and have a half year coupon period. The Bonds include several call options as well as one put option. Please see Note 24 for details.

Arrangement fees

The total cost of concluding the Bonds is amortised using the effective interest method over the life of the Bonds. As of 31 December 2015 the unamortized balance of bond issuance related fees was EUR 10,822 (2014: EUR 13,589).

Drawing

As of 31 December 2015, the nominal balance is EUR 450,000 (EUR 439,177—presented net of borrowing fees).

Pledges

Details on pledges are presented further in section (ix) of the Note 13.

Covenants

The Group has agreed to certain covenants with respect to the Bonds, including, among other things, limitations on its ability to: incur or guarantee additional indebtedness; make investments or other restricted payments; sell assets and subsidiary stock; enter into certain transactions with affiliates; create liens; consolidate, merge or sell all or substantially all of our assets; enter into agreements that restrict our restricted subsidiaries' ability to pay dividends; sell or issue capital stock of restricted subsidiaries; engage in any business other than a permitted business; and impair the security interests with respect to the Collateral. Each of these covenants is subject to certain exceptions and qualifications. Certain of these covenants may also be suspended in the event that the Bonds receive investment grade ratings from the relevant credit rating agencies.

In accordance with the terms of the Notes, the Group is required to compute the Consolidated Leverage Ratio if certain events take place. The Consolidated Leverage Ratio means the ratio of (i) the aggregate amount of Consolidated Total Indebtedness outstanding on such date to (ii) the aggregate amount of EBITDA (computed in accordance with the terms of the Notes) for the most recent four full consecutive fiscal quarters for which internal consolidated financial statements of the Company are available at the time of such determination. The Consolidated Leverage Ratio would not exceed 3.50 to 1.

The Group is in compliance with all the covenants under these Bonds as at 31 December 2015 and 31 December 2014.

(ii) 2013 Senior Facilities Agreement

On October 21, 2013 RCS&RDS entered into a committed facility agreement, as borrower, with Citibank, N.A., London Branch and ING Bank N.V. Amsterdam, Bucharest Branch, as mandated lead arrangers, for the repayment of the existing facilities and for general corporate purposes (the "2013 Senior Facilities Agreement"). The 2013 Senior Facilities Agreement consists of a term loan facility with a capacity of EUR 250 million and a revolving credit facility with a capacity of EUR 50 million. On June 19, 2014 RCS&RDS drew the remaining EUR 45 million under the term loan. On May 22, 2015 RCS&RDS repaid the facility using the proceeds of the 2015 Senior Facilities Agreement and own funds.

2015 Senior Facilities Agreement

On April 30, 2015 RCS&RDS entered into a committed facility agreement, as borrower, with BRD-Groupe Societe Generale, Citibank, London branch, ING Bank, and Unicredit Tiriatic Bank as mandated lead arrangers, for the repayment of the 2013 Senior Facilities Agreement (the "2015 Senior Facilities Agreement").

At signing the 2015 Senior Facilities Agreement consisted of a term loan facility with a capacity of RON 994.2 million and a revolving credit facility with a capacity of RON 39.8 million. The facility had an option to be increased by EUR 25 million (in RON at the exchange rate from the date of the notice) until the end of 2015. RCS&RDS exercised the option and drew EUR 23.3 million (RON 105.4 million) from the term loan and the revolver credit on 29 December 2015 (the "Accordion" agreement).

The interest rate under the 2015 Senior Facilities Agreement is floating at a margin of 2.5% per annum plus ROBOR for the revolver credit portion. On May 22, 2015 RCS&RDS concluded an interest rate SWAP for the entire initial term loan facility through which interest is fixed at 5.75% until maturity date. The interest rate SWAP is secured by the Collateral pursuant to the terms of the Intercreditor Agreement (balance of the initial

term loan as at 31 December 2015: EUR 197.8 million excluding borrowing costs; balance of the initial revolver loan as at 31 December 2015: EUR 8.8 million excluding borrowing costs).

The interest rate for the additional amount drawn in December 2015 (the “Accordion” agreement) is floating at a margin of 2.5% per annum plus ROBOR for the term loan facility portion (the interest rate was fixed at 5.50% through an interest rate SWAP concluded in January 2016) and floating ROBOR + 2.5% for the revolver credit portion (balance of the additional amount related to the term loan as at 31 December 2015: EUR 21 million; balance of the initial revolver loan as at 31 December 2015: EUR 2.3 million).

Arrangement fees

The total cost of concluding the loan is amortised using the effective interest method over the life of the loan. As of 31 December 2015 the unamortized balance of borrowings related fees was EUR 2,568.

Drawing

On May 22, 2015 RCS&RDS drew the entire amount available from both the term loan facility and the revolving credit facility. On 29 December 2015 RCS&RDS drew an additional amount under the “Accordion” agreement.

As of 31 December 2015, RCS&RDS drew in total EUR 229,860 (EUR 227,292—presented net of borrowing fees).

Maturities and repayment schedule

The term loan facility is repayable in 10 equal semi annual installments starting with October 30, 2015 and the revolving credit facility is repayable in full on April 30, 2018. On October 30, 2015 RCS&RDS have repaid the first principal instalment in amount of €22 million (equivalent of 99.4 million RON at exchange rate as at 31 December 2015).

Pledges

The 2015 Senior Facilities Agreement is unconditionally guaranteed by CCS on a senior secured basis, and shares in the Collateral pursuant to the terms of the Intercreditor Agreement.

Covenants

The Group has agreed under the New Facility Agreement to comply with two financial ratio covenants regarding leverage (“total net debt to EBITDA ratio) and interest cover and certain qualitative covenants, mainly related to authorisations, compliance with corporate legislation in force, preservation of assets, negative pledge, limitations on disposals, mergers, acquisitions, arm’s length transaction, change in nature of business, limitation on subsidiary indebtedness, events of default and others. The Group is in compliance with all the covenants under the Senior Facility Agreement as at 31 December 2015.

The financial ratio covenants included in 2015 Senior Facilities Agreement include maintaining: (i) at the end of each accounting quarter a maximum consolidated total net indebtedness to EBITDA ratio of 3.75 until December 31, 2016 and afterwards a maximum consolidated total net indebtedness to EBITDA ratio of 3.25; and (ii) a minimum EBITDA to net total interest ratio of 3.75 until December 31, 2016 and afterwards a minimum EBITDA to net total interest ratio of 4.25.

(iii) 2013 ING Facilities Agreement

On November 1, 2013, RCS&RDS entered, into the ING Facilities Agreement with ING Bank N.V. in order to consolidate the Group’s existing credit facilities with ING Bank N.V. into a single facility for working capital purposes. The existing facilities with ING Bank N.V. were fully repaid and terminated on November 4, 2013 using the proceeds of the Bond and the New Senior Facilities Agreement. The ING Facilities Agreement entered into force thereafter. The ING Facilities Agreement is sharing in the Collateral, pursuant to the terms of the Intercreditor Agreement.

The ING Facilities Agreement consists of (i) an uncommitted overdraft facility of up to EUR 5.0 million and (ii) an uncommitted facility for letters of guarantee of up to EUR 5.0 million.

Drawings

As of December 31, 2015, EUR 4,757 were drawn under the overdraft facility. In addition EUR 2,007 and RON 13,574 Letters of Guarantee were issued under the letters of guarantee facility.

(iv) Citi Facilities Agreement

On October 25, 2013, RCS&RDS entered into the Citi Facilities Agreement with Citibank, to consolidate its existing uncommitted credit facilities with Citibank into a single uncommitted facility for working capital purposes.

On October 25, 2013, the RCS&RDS entered into a personal guarantee agreement with Citibank pursuant to which it provides Citibank with a personal guarantee for the due performance of the Citi Facilities Agreement by the Group. The Citi Facilities Agreement share the Collateral, pursuant to the terms of the Intercreditor Agreement.

On November 4, 2013 RCS&RDS repaid the Citi Facilities Agreement using the proceeds from the Bond and the New Senior Facilities Agreement.

The Citi Facilities Agreement consists of:

- a) an uncommitted overdraft/bank guarantee facility in the amount of US\$ 6,750, as at 31 December 2015 utilised as letters of guarantee in the amount of US\$ 1,733
- b) an uncommitted bank guarantee facility in the amount of US\$ 8,100, as at 31 December 2015 utilised as letters of guarantee in the amount of US\$ 4,994
- c) an uncommitted bank guarantee facility in the amount of EUR 500, fully drawn as at 31 December 2015.

As of December 31, 2015, overdraft/bank guarantee facility utilised was (i) USD 1,733 thousand all of them being letters of guarantee, and (b)&(c) had letters of guarantee issued in the amount of USD 2,957 thousand, EUR 1,236 thousand and RON 12,187 thousand.

(v) Santander Facility

On November 4, 2014, Digi Spain (subsidiary of RCS&RDS) entered into a new short-term facility agreement with Banco Santander for EUR 1,500 which consolidates and replaces all the previous facilities. The maturity date for this new facility is October 30, 2016 and the amount provided decreased to EUR 1,000 starting with March 4, 2015. As of December 31, 2015, the balance drawn under the Santander Facility was EUR 950.

(vi) Caixa Facility

On February 6, 2014, Digi Spain (subsidiary of RCS&RDS) entered into an overdraft and a reverse factoring facility agreement with CaixaBank, S.A. (the "Caixa Facility"). On January 30, 2015, Digi Spain renewed the Caixa Facility agreement. The term of the Caixa Facility is indefinite and the maximum amount which can be used is EUR 500. As of December 31, 2015, the balance drawn under the Caixa Facility overdraft was EUR 82.

(vii) Unicredit cash collateral agreement

On October 5, 2010, RCS&RDS entered into a cash collateral agreement with UniCredit Tiriak Bank S.A., for EUR 59 for issuance of a letter of counter guarantee, which is valid until January 31, 2017 (the "Unicredit Cash Collateral Agreement"). The agreement entered into force on October 8, 2012, and is secured with a moveable mortgage over a cash collateral account opened with UniCredit Tiriak Bank S.A.

(viii) BRD Letters of Guarantee Facility

As of December 31, 2015 the Group had letters of guarantee issued by BRD with a value of EUR 0.9 million.

(ix) Collateral for all facilities

The obligations of the Group under the Bonds, as well as their obligations under the 2015 Senior Facilities Agreement (including under the Accordion Increase of the Total Commitments, as defined under the Facilities

Agreement, as at 22 December 2015), under the ING Facilities Agreement and the Citi Facilities Agreement on a pari passu basis pursuant to the terms of the Intercreditor Agreement of 4 November 2013, are secured by a first-ranking security interest in certain assets of RCS&RDS and CCS, namely:

- (a) Certain Capital Stock that CCS holds in RCS&RDS (other than certain shares of Capital Stock of RCS&RDS that are subject to a call option in favor of the purchaser of our Serbian subsidiary), which as at 31 December 2015 accounted for 87,392856% of the issued Capital Stock of RCS&RDS.
- (b) All bank accounts of CCS, including any new bank accounts, except for an account used for short term facilities granted by RCS&RDS, amounting to EUR 8.9 million as at 31 December 2015.
- (c) Receivables under the Proceeds Loan (The Proceeds Loan is the loan provided by CCS to its subsidiary, RCS&RDS on 4 November 2013—EUR 450,000,000)
- (d) Treasury shares of RCS&RDS held by itself, which on the Issue Date accounted for 8.55% of its issued Capital Stock (as of 31 December 2015: EUR 36,122,540);
- (e) 100% of the issued Capital Stock of DIGI T.S. Kft Hungary;
- (f) 100% of the issued Capital Stock of DIGI Spain Telecom S.L.U.; and
- (g) subject to certain exclusions, all present and future movable assets of RCS&RDS including bank account monies, trade and other receivables, intragroup receivables, inventories, movable tangible property (including installations, machinery, equipment, vehicles, furniture and other similar assets), intangible assets, intellectual property rights, insurance and proceeds related to any of the foregoing as described in the General Movable Mortgage Agreement between RCS&RDS and Wilmington Trust (London) Limited.

(x) Obligations under finance leases

The Group financed the acquisition of certain assets (buildings and land) through finance leases. As at 31 December 2015 there are four leasing contracts in place.

One leasing contract is with Raiffeisen Leasing (the initial contract was signed with ING Lease Romania, which sold its portfolio to Raiffeisen Leasing at the beginning of 2014) (in December 2015 this lease was refinanced in EUR) and another one is with Piraeus Lesing. The remaining length of these lease contracts is 42 months for Raiffeisen Leasing and 97 months for Piraeus Leasing.

In December 2015 the Group entered into two new lease agreements with Unicredit Leasing IFN for two buildings in Timisoara and Arad. The remaining length of these lease contract is 36 months.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	31-Dec-15		31-Dec-14	
	Net	Gross	Net	Gross
Within one year	2,046	2,345	969	1,348
Later than one but less than five years	5,688	6,208	5,023	5,582
More than five years	1,027	1,118	1,027	1,118
Less: future finance charges (interest)		(909)	—	(1,029)
Total	8,762	8,762	7,019	7,019

14. TRADE AND OTHER PAYABLES

	31 December 2015	31 December 2014
Trade payables and payables to fixed assets suppliers	188,431	143,036
Accruals	49,869	33,550
Value added tax ("VAT")	1,069	12,688
Other payable related to investments	3,062	2,582
Salary and related taxes	15,677	13,526
Amounts payable to related parties (Note 15)	631	799
Dividends payable (Note 15)	9,413	7,611
Other	2,966	3,379
Total trade and other payables	271,118	217,171

Included in payables to suppliers and accruals above is EUR 78,752 (31 December 2014: EUR 52,349) representing amounts due for property, plant and equipment and EUR 19,227 (31 December 2014: EUR 11,213) representing payment obligations for intangible assets.

Other payables related to investments

Payables for investments are related mostly to scheduled payments for purchase of shares of newly acquired subsidiaries and non controlling interests, and payments for customer relationships.

15. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of CCS and its subsidiaries (the main subsidiaries are included in Note 21(a)); RCSM is the Group's ultimate holding company.

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are interest free. There have been no guarantees provided or received for any related party receivables or payables, other than the pledge on shares of RCS&RDS, provided by CCS for loans and borrowings (refer to Note 13 (ix)). For the year ended 31 December 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 December 2014: nil).

This assessment is made each year through examining the financial position of the related party and the market in which the related party operates.

The following tables provide the total amount of transactions and balances, which have been entered into with related parties for the relevant financial year.

Receivables from related parties

		31 December 2015	31 December 2014
Party			
Ager Immobiliare S.R.L.	(ii)	673	651
Digi Serbia	(ii)	211	189
Music Channel S.R.L.	(ii)	51	64
RCSM	(i)	26	1
Other		13	280
Total		974	1,185

Payables to related parties

		31 December 2015	31 December 2014
Party			
Related parties-share options	(ii)	453	610
RCSM	(i)	5,628	4,683
Digi Serbia	(ii)	114	85
Mr. Zoltan Teszari	(iii)	700	559
Other		3,149	2,473
Total		10,044	8,410

(i) Shareholder of CCS

(ii) Entities affiliated to a shareholder of the parent

(iii) Ultimate beneficial shareholder

Compensation of key management personnel of the Group

	2015	2014
Short term employee benefits—salaries	1,776	1,703
Share-based payments	2,054	2,418

Certain members of the management team (including key management personnel) benefit from a share based payment plan at the level of RCS&RDS. Total share options granted to key management personnel during the 2015 financial year amounted to 935,000 shares (2014: 1,305,500 shares), in addition to the salaries shown above (refer to Note 23).

16. REVENUES

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

	2015	2014
Revenues from continuing operations	746,290	647,831
Cable TV		
Romania	166,845	155,458
Hungary	36,586	34,483
	203,431	189,941
Internet and data		
Romania	174,445	163,215
Hungary	34,788	31,930
Italy	369	90
Spain	17,748	9,945
	227,350	205,180
Telephony Revenues		
Romania	91,441	54,464
Spain	54,494	43,440
Hungary	6,939	8,296
Italy	6,983	4,853
	159,857	111,053
DTH Revenue		
Romania	40,176	43,253
Hungary	30,479	30,832
	70,655	74,085
Other revenues*		
Romania	67,227	53,262*
Hungary	17,141	13,510
Spain	438	643
Italy	191	157
	84,997	67,572

	2015	2014
Revenues from discontinued operations	3,840	13,776
DTH Revenue		
Czech Republic	3,816	13,720
	3,816	13,720
Other revenues		
Czech Republic	24	56
	24	56
Total revenues	750,130	661,607

Other revenues refer to sales of other equipment, own content to other operators, advertising revenue and sundry penalties invoiced to subscribers. Sales of goods include mainly mobile handsets and other equipment.

The significant increase in telephony revenues is entirely due to the increase in Mobile telephony revenues.

*In 2015 a reallocation of service revenues between business lines was made in order to present more accurately the substance of each type of revenues. For the purpose of this presentation, the comparatives for 2014 were reclassified accordingly:

- Cable Tv: EUR 178 were reclassified to Other Revenue (Romania);
- Internet and data: EUR 768 were partially reclassified to Telephony and partially to Other Revenue (Romania);
- Telephony: EUR 198 and EUR 157 were reclassified to Other Revenue (Spain, Italy respectively) DTH: EUR 645 and EUR 600 were reclassified to Other Revenue (Romania, Hungary respectively).

17. OPERATING EXPENSES

	2015	2014
Operating expenses from continuing operations	697,565	612,404
Depreciation of property, plant and equipment	114,838	123,676
Amortization of programme assets	46,998	46,235
Amortisation of non-current intangible assets	25,594	20,086
Salaries and related taxes	113,618	102,195
Contribution to pension related fund	16,181	16,959
Programming expenses	67,445	58,202
Telephony expenses	106,305	62,806
Cost of goods sold	48,006	43,038
Rentals	42,727	36,824
Invoicing and collection expenses	13,476	11,801
Taxes and penalties	12,025	13,004
Utilities	13,403	12,586
Copyrights	8,408	8,118
Internet connection and related services	4,512	4,876
Impairment of receivables, net of reversals	10,068	7,884
Impairment of property, plant and equipment	337	1,508
Other expenses	53,624	42,606
Operating expenses from discontinued operations	3,115	10,451
Total operating expenses	700,680	622,855

Other expenses include mainly expenses related to own TV channels (Digi Sport, Digi 24 news channel, Digi World, Digi Life, Digi Animal World, Digi Film) and network maintenance expenses.

The significant increase in telephony expenses is entirely due to the increase in Mobile telephony expenses.

18. NET FINANCE COSTS

	2015	2014
<i>Finance income</i>		
Interest from banks	64	158
Gain on derivative financial instruments and other financial revenue	9,805	594
	<u>9,869</u>	<u>752</u>
<i>Finance expenses</i>		
Interest expense	(49,342)	(49,865)
Loss on derivative financial instruments	(3,207)	(2,893)
Other financial expenses	(12,725)	(5,775)
Foreign exchange differences (net)	(5,452)	(2,609)
	<u>(70,726)</u>	<u>(61,142)</u>
<i>Net Finance Costs from continuing operations</i>	<u>(60,857)</u>	<u>(60,390)</u>
<i>Net Finance Costs from discontinued operations</i>	<u>(23)</u>	<u>56</u>
Net Finance Costs total	<u>(60,880)</u>	<u>(60,334)</u>

Other financial expenses in 2015 and 2014 include fees related to short-term vendor financing, commitment fees for undrawn facilities and other bank charges. Also in 2015 they include unamortised transaction costs, of EUR 4.9 million relating to 2013 Senior Facilities Agreement repaid in 2015.

19. INCOME TAX

The statutory tax rate applied in Netherlands during 2015 was 25% (2014: 25%)

Other entities

The statutory tax rate applied in the Romanian entities during 2015 was 16% (2014: 16%).

The statutory tax rate applied in Hungary during 2015 was 19% (2014: 19%).

The statutory tax rate applied in Czech Republic during 2015 was 19% (2014: 19%)

The statutory tax rate applied in Spain during 2015 was 28% (2014: 30%).

The statutory tax rate applied in Italy during 2015 was 31.4% (2014: 31.4%).

Components of income tax expense for the periods ended 31 December 2015 and 2014 respectively were:

	2015	2014
Current income tax charge	6,605	2,178
Deferred income tax relating to origination and reversal of temporary differences	(1,236)	(6,887)
Income tax expense/ (credit) recognised in profit or loss for continuing operations	<u>5,369</u>	<u>(4,709)</u>
<i>Income tax expense/ (credit) recognised in profit or loss for discontinuing operations</i>	<u>56</u>	<u>(421)</u>

Reconciliation of income tax expense

Reconciliation of income tax expense at the statutory income tax rate (Netherlands) applicable to the net result before tax to the income tax expense at the Group's effective income tax rate for the financial years 2015 and 2014 is as follows:

	2015	2014
Net (loss) before income tax for continuing operations	<u>(12,132)</u>	<u>(24,963)</u>
At statutory income tax rate of the Company	(3,033)	(6,241)
Effect of difference in tax rates applicable for foreign subsidiaries	2,346	2,756
Non-deductible expenses / Non-taxable income	5,632	(2,267)
Fiscal losses for which no deferred tax has been recognized	1,010	1,043
Fiscal credit	(586)	—
Effective tax expense / (credit) from continuing operations	<u>5,369</u>	<u>(4,709)</u>
<i>Effective tax expense from discontinuing operations</i>	<u>56</u>	<u>(421)</u>

Deferred taxes in the consolidated statement of financial position are:

	31 December 2015	31 December 2014
Deferred tax assets	3,951	2,933
Deferred tax liabilities	(26,981)	(28,204)
	<u>(23,030)</u>	<u>(25,271)</u>

Movement of deferred taxes:

	2015	2014
Deferred taxes recognized in the statement of financial position	23,030	25,271
Difference from prior year balance	(2,241)	(7,547)
<i>Of which:</i>		
Recognized in profit or loss	(1,327)	(8,131)
Deferred tax liability resulted from business combinations	—	260
Deferred tax liability disposed on sale of subsidiary	(184)	—
Deferred tax liability related to interest rate swaps, recognised in other comprehensive income	(864)	—
Effect of movement in exchange rates	134	324

The deferred tax (asset)/ liability for the financial year 2015 comprises the tax effect of temporary differences related to:

	Balance 1 January 2015	Recognised in profit or loss	Recognised in other comprehensive income	Disposed on sale of subsidiary	Effect of movement in exchange rates	Balance 31 December 2015
Property, plant and equipment	33,183	267	—	(184)	(59)	33,208
Intangibles	2,229	2,345	—	—	171	4,745
Accounts receivable	1,027	1,415	—	—	(34)	2,408
Accounts payable	(4,069)	3,068	—	—	(15)	(1,015)
Long term borrowings	7,080	(6,147)	—	—	42	974
Inventory	59	—	—	—	(59)	—
Deferred tax liabilities	39,508	948	—	(184)	46	40,319
Intangibles	160	—	—	—	—	160
Accounts receivable	(54)	95	—	—	(1)	40
Accounts payable	(110)	110	—	—	—	—
Interest expense postponed for deduction	(4,357)	(5,285)	—	—	133	(9,508)
Inventory	(550)	195	—	—	(3)	(358)
Cash Flow hedge reserves	—	—	(864)	—	—	(864)
Fiscal losses	(9,327)	2,608	—	—	(39)	(6,758)
Deferred tax assets	(14,238)	(2,276)	(864)	—	89	(17,289)
<i>Offsetting (refer to Note 2.2 o)</i>	<i>(11,304)</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>(13,337)</i>
<i>Recognition</i>						
Deferred tax liabilities	28,204	—	—	—	—	26,981
Deferred tax assets	(2,933)	—	—	—	—	(3,951)
Net deferred tax liability	25,271	—	—	—	—	23,030
Deferred tax benefit	—	(1,327)	(864)	(184)	134	—

The deferred tax (asset)/ liability for the financial year 2014 comprises the tax effect of temporary differences related to:

	Balance 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income	Acquired in business combinations	Effect of movement in exchange rates	Balance 31 December 2014
Property, plant and equipment	34,447	(1,548)	—	—	283	33,183
Intangibles	1,871	117	—	260	(20)	2,228
Accounts receivable	1,997	(977)	—	—	8	1,027
Accounts payable	5,173	(9,307)	—	—	66	(4,069)
Long term borrowings	0	7,140	—	—	(60)	7,080
Inventory	60	—	—	—	(1)	59
Deferred tax liabilities	43,547	(4,575)	—	260	274	39,508
Intangibles	160	—	—	—	—	160
Accounts receivable	(1,325)	1,282	—	—	(11)	(54)
Accounts payable	(73)	(37)	—	—	1	(110)
Interest expense postponed for deduction	—	(4,394)	—	—	37	(4,357)
Inventory	(8)	(551)	—	—	9	(550)
Fiscal losses	(9,483)	146	—	—	11	(9,327)
Deferred tax assets	(10,729)	(3,556)	—	—	47	(14,238)
<i>Offsetting (refer to Note 2.2 o)</i>	<i>(5,721)</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>(11,304)</i>
Recognition						
Deferred tax liabilities	37,826	—	—	—	—	28,204
Deferred tax assets	(5,008)	—	—	—	—	(2,933)
Net deferred tax liability	32,818	—	—	—	—	25,271
Deferred tax benefit	—	(8,131)	—	260	324	—

Deferred tax assets recognised for fiscal losses relate mainly to the Group's operations in Hungary. Such losses, in amount of EUR 18,917 at 31 December 2015 (31 December 2014: EUR 27,758), are not subject to preapproval by tax authorities and can be carried forward indefinitely.

In addition, in 2015 and 2014 a deferred tax asset was recognized for interest expenses of RCS&RDS which are postponed for deduction until the gearing ratio falls again below 3. Such interest expenses can be carried forward indefinitely.

For statutory purposes, RCS&RDS has performed several revaluations of its property, plant and equipment. Should the statutory revaluation reserves of RCS&RDS be distributed to its shareholders they would be taxed, i.e. they would generate a tax liability of EUR 6,826 (2014: EUR 8,489).

The Company did not recognise deferred tax liabilities on taxable temporary differences arising from investments in direct subsidiaries (mainly RCS&RDS) due to the fact that it enjoys a participation exemption status. Uncertainties associated with the fiscal and legal system are disclosed in Note 25.

20. DISCONTINUED OPERATIONS

In 2014, the Group received EUR 10,344 representing the additional contingent consideration for the sale of the Slovak subsidiary Digi Slovakia s.r.o, that was sold in 2013, resulting from the fulfilling certain conditions in 2014, which were netted off by commissions paid of EUR 740. In 2015 an amount of EUR 1,000 was received as additional contingent consideration for the sale of the respective subsidiary, resulting from the fulfilling of the

last conditions in 2015. Included under line “Gain from sale of discontinued operations” from Consolidated Statement of profit or loss and other comprehensive income and under line “Gain on disposal of subsidiary” from the Consolidated Statement of cash flows for the year ended 31 December 2015 there is an aggregate presentation of proceeds received from Slovak subsidiary disposal (EUR 1,000 in 2015 and EUR 10,344 in 2014) and Czech subsidiary disposal presented in the table below.

In 2014 the Group had discussions regarding the sale of its Czech subsidiary, Digi Czech republic s.r.o., however as of 31 December 2014 no commitment regarding the selling decision was made. An agreement was reached in April 2015 and the sale of the subsidiary was completed at the end of April 2015.

Details of income and expenses and other comprehensive income of the discontinued operations are presented in the consolidated statement of profit or loss and other comprehensive income.

Effect in 2015 of disposal on the financial position of the Group

	31 December 2015
Property, plant and equipment (note 5)	495
Inventories	316
Trade and other receivables	675
Cash and cash equivalents	733
Deferred tax asset, net position (note 19)	184
Trade, other payables and other liabilities	(1,111)
Net assets and liabilities	1,294
Income from sale of discontinued operations	21,176
Gain from sale of discontinued operations	19,882
Consideration received, satisfied in cash	24,865
Cash and cash equivalents disposed of	(733)
Net cash inflow	24,132

The sale agreement regarding the Czech subsidiary stipulates, besides the consideration already recognised in 2015 and settled by the buyer by 31 December 2015, an amount of EUR 750 that may be received after 13 months following the Group fulfilling certain obligations, and if so, will be recognised as income in the future. The income from sale of discontinued operations was reduced by accrued costs of EUR 4,285 that are expected to be incurred by the Group in relation with this disposal.

21. BUSINESS COMBINATIONS

a) Subsidiaries

The consolidated financial statements incorporate the financial information of the following main subsidiaries in each of the countries:

CCS owns shares 87.6% in RCS&RDS (2014: 87.1%). Below are the presented the main subsidiaries of RCS&RDS:

Subsidiary	Country of Incorporation	Field of activity	Legal Ownership	
			2015	2014
Digi T.S. Kft	Hungary	CATV, Internet, DTH, Telephony	100.00%	100.00%
DIGI SPAIN TELECOM S.L.U.	Spain	Telephony	100.00%	100.00%
DIGI CZECH REPUBLIC s.r.o.	Czech Republic	DTH	0.00%	100.00%
DIGI ITALY SL	Italy	Telephony	100.00%	100.00%
ITV.	Hungary	CATV	100.00%	100.00%
CFO Integrator	Romania	Duct Rent	100.00%	100.00%
S.C. ENERGIAFOTO SRL	Romania	Solar energy	100.00%	100.00%
S.C. NOVITAS Electro	Romania	Solar energy	100.00%	100.00%
S.C. DELALINA S.R.L.	Romania	Solar energy	100.00%	100.00%
S.C. DALVIG CORP S.R.L.	Romania	Internet	100.00%	100.00%
S.C. AIR BITES S.R.L.	Romania	CATV	100.00%	100.00%

b) Business acquisitions

	2015	2014
Total consideration payable in cash	2,990	4,650
Customer relationships	—	1,628
Other intangibles	2,696	—
Deferred tax liabilities	—	(260)
Property, plant and equipment	294	9,597
Payables	—	(10,447)
Cash and cash equivalents	—	261
Other	—	2,166
Total identifiable net assets	2,990	2,945
Goodwill	—	1,705

None of the goodwill recognized is expected to be deductible for tax purposes.

c) Changes in ownership interests while retaining control

In 2015 CCS acquired 1,924,100 (2014: 1,318,500) shares in RCS &RDS, for a total amount of EUR 2,953 (2014: EUR 2,903).

During 2015 the Group acquired non-controlling interest for an amount of EUR 738 (31 December 2014: EUR 2,075) from previous owners of the non-controlling interest.

22. FINANCIAL RISK MANAGEMENT

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

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

(i) Credit risk

Credit risk exposure

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

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

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

The maximum exposure to credit risk at the reporting date was:

	Note	31 December 2015	31 December 2014
Trade and other receivables	9	82,545	109,862
Cash and cash equivalents	11	49,662	54,288
Derivative assets	24	9,937	—
Long term receivables*		2,926	4,625
Total		145,071	168,775

* The long term receivables position does not include green certificates balance as at 31 December 2015.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	31 December 2015	31 December 2014
Romania	63,270	89,363
Hungary	10,307	9,624
Spain	3,767	2,495
Czech Republic	—	637
Other countries	2,266	2,754
Total	79,610	104,873

The maximum exposure to credit risk for cash and cash equivalents at the reporting date by counterparty was:

	31 December 2015	31 December 2014
Citibank	1,710	22,082
ING Bank	42,041	28,360
Banca Comerciala Romana	277	664
BRD Groupe Societe Generale	118	134
Unicredit Tiriac Bank	2,540	201
Other	2,976	2,847
Total	49,662	54,288

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks in different countries. The most significant part of cash and cash equivalents balance is generally kept at the main subsidiary (RCS RDS) level with internationally reputable banks, having at least A-2 rating in a country with a “BBB-” rating.

Impairment losses

The ageing of trade and other receivables at the reporting date was:

	Gross 31-Dec-15	Impairment 31-Dec-15	Net 31-Dec-15	Gross 31-Dec-14	Impairment 31-Dec-14	Net 31-Dec-14
Not Past Due	58,393	(618)	57,776	90,546	(778)	89,769
Past Due less 30 days	18,197	(1,348)	16,849	7,680	(474)	7,206
Past Due 30-90 days	6,689	(2,698)	3,990	4,043	(1,040)	3,003
Past Due 90-360 days	11,133	(8,427)	2,706	11,040	(4,545)	6,495
Past Due over 1 year	65,571	(64,347)	1,224	68,502	(65,112)	3,389
Total	159,984	(77,439)	82,545	181,811	(71,949)	109,862

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2015	2014
Balance at 1 January	71,949	67,021
Impairment loss recognized	10,069	7,999
Impairment related to receivables of discontinued operations	(1,598)	—
Utilised	—	(566)
Amounts written off	(2,302)	(1,802)
Effect of movement in exchange rates	(679)	(703)
Balance at 31 December	<u>77,439</u>	<u>71,949</u>

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2015:

	31 December 2015						
	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Non derivative financial liabilities							
Interest bearing loans and borrowings, including bonds	679,254	889,422	52,734	55,179	92,170	689,339	—
Finance lease liabilities	8,761	9,701	1,107	1,238	2,476	3,732	1,148
Trade and other payables and other liabilities	280,462	281,021	248,485	24,823	7,714	—	—
Derivative financial liabilities							
Interest rate swaps	6,094	12,715	2,330	2,335	3,737	4,313	—
Foreign currency swaps	493	493	493	—	—	—	—
Energy trading mark to market liability	1,666	1,666	1,234	424	8	—	—
Total	<u>976,730</u>	<u>1,195,019</u>	<u>306,383</u>	<u>83,998</u>	<u>106,106</u>	<u>697,384</u>	<u>1,148</u>

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2014:

	31 December 2014						
	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Non derivative financial liabilities							
Interest bearing loans and borrowings, including bonds	691,458	933,502	32,780	58,072	113,486	250,869	478,295
Finance lease liabilities	7,019	8,048	674	674	4,492	1,090	1,118
Trade and other payables and other liabilities	228,059	231,025	189,198	30,356	11,471	—	—
Derivative financial liabilities							
Interest rate swaps	993	993	993	—	—	—	—
Total	<u>927,529</u>	<u>1,173,568</u>	<u>223,645</u>	<u>89,102</u>	<u>129,449</u>	<u>251,959</u>	<u>479,413</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

At 31 December 2015, the Group had net current liabilities of EUR 171,756 (31 December 2014: EUR 97,418). As a result of the volume and nature of the telecommunication business current liabilities exceed current assets. A large part of the current liabilities is generated by investment activities. Management considers that the Group will generate sufficient funds to cover the current liabilities from future revenues.

The Group's policy on liquidity is to maintain sufficient liquid resources to meet its obligations as they fall due and to keep the Group's leverage optimized. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and working capital, whilst considering future cash flows from operations. Management believes that there is no significant risk that the Group will encounter liquidity problems in the foreseeable future.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Exposure to currency risk

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

The Group imports services and equipment and attracts substantial amount of foreign currency denominated borrowings.

The Group's exposure to foreign currency risk was as follows (amounts expressed in thousands of the respective currencies):

	31 December 2015		31 December 2014	
	USD	EUR	USD	EUR
Trade and other receivables	3,938	3,637	952	2,221
Cash and cash equivalents	50	3,087	90	49,714
Interest bearing loans and borrowings	—	(446,161)	—	(686,603)
Bank overdraft	—	(4,757)	(33)	(3,967)
Finance lease liabilities	—	(8,759)	(5,373)	(2,597)
Trade and other payables	(36,712)	(42,288)	(28,201)	(47,148)
Gross statement of financial position exposure	(32,724)	(495,241)	(32,565)	(688,380)
Derivative financial instruments*	—	25,406	—	59,156
Gross exposure	(32,724)	(469,835)	(32,565)	(629,224)

*Represents amounts to be received as part of the cross currency interest rate swaps in place at the end of each period.

The following significant exchange rates applied for the year ended 31 December 2015:

	2015	2014
Romania		
USD	4,1477	3.6868
EUR	4.5245	4.4821
Hungary		
USD	286.63	259.13
EUR	313.12	314.89
Czech Republic		
USD	24.82	22.83
EUR	27.02	27.73

Sensitivity analysis for currency risk

A 10 percent strengthening of the currencies listed below against the functional currencies of the Parent and of the subsidiaries at 31 December would have decreased equity and decreased profit / increased loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equivalent in EUR 2015	Equivalent in EUR 2014
EUR	49,524	68,838
USD	3,000	2,679
Total	52,524	71,517

A 10 percent weakening of the above mentioned currencies against the functional currencies of the Parent and of the subsidiaries at 31 December would have had the equal but opposite effect on the equity and loss, on the basis that all other variables remain constant.

Exposure to interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk (USD and EUR) through market fluctuations of interest rates. The interest rates of borrowings are disclosed in Note 13.

At the reporting date the interest rate profile of the interest-bearing financial instruments was:

Variable rate instruments	Carrying amounts 31 December 2015	Carrying amounts 31 December 2014
Financial liabilities—loans and borrowings	234,616	254,831
Trade payables	13,758	20,479
Finance lease liabilities	8,761	7,019
Total	257,135	282,330

The 2015 Senior Facilities Agreement bears variable interest rate but the Group has entered into fixed for floating interest rate swaps for a significant portion of this facility, that match the characteristics of the respective loans. Consequently the interest rate of the combined instrument (i.e.: loan and swap) is fixed for the respective portion of this facility—relevant details are included in Note 13 (ii).

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates (applicable until the maturity date of the loan) at the reporting date would have increased (decreased) profit or loss before tax by:

	Profit or loss	
	100 basis points increase	100 basis points decrease
31 December 2015		
Variable rate instruments	(5,436)	5,436
	Profit or loss	
	100 basis points increase	100 basis points decrease
31 December 2014		
Variable rate instruments	(5,848)	5,848

iv) Fair values

The Group measures at fair value available for sale investments, embedded derivatives, interest rate swaps, cross currency swaps, electricity trading assets (term contracts) and electricity trading liabilities (term contracts).

Fair value hierarchy

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: valuation techniques with all significant inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: valuation techniques using significant inputs that are not observable or based on observable market data (i.e. unobservable inputs).

The significance of a valuation input is assessed against the fair value measurement in its entirety.

Recurring fair value measurements

Recurring fair value measurements are those that are required or permitted by the accounting standards in the statement of financial position as at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

	Level 1	Level 2	Level 3	Total
31 December 2015				
Available for sale financial assets	—	—	43,373	43,373
Cross currency swaps	—	—	(493)	(493)
Interest rate swaps	—	—	(6,094)	(6,094)
Embedded derivatives	—	9,255	—	9,255
Electricity trading assets (term contracts)	—	—	682	682
Electricity trading liabilities (term contracts)	—	—	(1,666)	(1,666)
Total	—	9,255	35,802	45,057
31 December 2014				
Available for sale financial assets	—	—	41,296	41,296
Cross currency swap	—	—	(993)	(993)
Foreign exchange forwards	—	—	—	—
Total	—	—	40,303	40,303

Available for sale financial assets

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

The significant unobservable inputs used in the model include:

- Forecast terminal annual revenue growth rate (2015: 1.7%; 2014: 1.5%).
- Risk-adjusted discount rate (2015: 8.48%; 2014: 8.40%).

Note 6 a) (ii) includes details regarding other key assumptions used for the cash flow projections (revenues, EBITDA margins and Capital expenditure), which are relevant for this calculation as well. (the valuation model used is based on the Equity value of the Group, determined using DCF method).

The estimated fair value would increase (decrease) if:

- the terminal annual revenue growth rate were higher (lower);
- the risk-adjusted discount rate were lower (higher).

Sensitivity analysis for available for sale financial assets

A change in growth rate and/ or WACC at the reporting date would have an impact as follows:

	WACC		Growth rate	
	100 basis points increase	100 basis points decrease	50 basis points decrease	50 basis points increase
31-Dec-15				
Available for sale financial assets	(10,747)	14,484	(3,160)	8,054
31-Dec-14				
Available for sale financial assets	(10,480)	14,048	(4,683)	5,351

Cross-currency and interest rate swaps

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

Embedded derivatives

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

Electricity trading assets and liabilities

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

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

A change in electricity spot price or in the discount rate at the reporting date would have an impact as follows:

	spot price		discount rate	
	Average 10% Increase	Average 10% decrease	0.5 points increase	0.5 points decrease
31-Dec-15				
Electricity trading assets	277	(279)	3	(3)
Electricity trading liabilities	(1,339)	1,348	8	(8)

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the year ended 31 December 2015 is as follows:

	Available for sale	Cross currency swaps	Interest rate swaps	Embedded derivatives	Trading assets	Trading liabilities
1 January 2015	41,296	(993)	—	—	—	—
Gains or (losses) recognised in profit or loss for the year	—	500	(4,434)	9,255	682	(1,666)
Gains or (losses) recognised in other comprehensive income	1,227	—	(5,399)	—	—	—
Purchases	850	—	—	—	—	—
Sales	—	—	—	—	—	—
Settlements	—	—	3,739	—	—	—
Transfers out of level 3	—	—	—	—	—	—
Transfers into level 3	—	—	—	—	—	—
31 December 2015	43,373	(493)	(6,094)	9,255	682	(1,666)

	Available for sale	Cross currency swaps	Interest rate swaps	Embedded derivatives	Trading assets	Trading liabilities
1 January 2014	30,982	(317)	—	—	—	—
Gains or (losses) recognised in profit or loss for the year	—	(676)	—	—	—	—
Gains or (losses) recognised in other comprehensive income	8,561	—	—	—	—	—
Purchases	1,753	—	—	—	—	—
Sales	—	—	—	—	—	—
Settlements	—	—	—	—	—	—
Transfers out of level 3	—	—	—	—	—	—
Transfers into level 3	—	—	—	—	—	—
31 December 2014	41,296	(993)	—	—	—	—

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

The fair value of long term loans and their corresponding carrying amount (excluding the interest accrued at 31 December 2015) and fair value measurement hierarchy are presented in the table below:

	31 December 2015		Hierarchy
	Carrying amount	Fair Value	
Loans (Note 13)	666,468	709,202	
Bonds	439,176	477,852	Level 1
2015 Senior Facilities	227,292	231,350	Level 2

	31 December 2014		Hierarchy
	Carrying amount	Fair Value	
Loans (Note 13)	680,978	703,374	
Bonds	436,411	456,615	Level 1
2013 Senior Facilities	244,567	246,759	Level 2

The fair value of bonds is calculated on the basis of the market price while the fair value of the loans is based on contractual cash flows discounted using a market rate prevailing at the reporting date (latest EURIBOR / ROBOR reset rate plus the market credit spread received by the Group for financial liabilities with similar features).

Financial instruments which are not carried at fair value on the statement of financial position also include trade and other receivables, cash and cash equivalents, interest bearing loans and borrowings, other long term liabilities and trade and other payables.

The carrying amounts of these financial instruments are considered to approximate their fair values, due to their short term nature (or recognized recently carrying values for other long term liabilities) and low transaction costs of these instruments.

vii) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. Management monitors "total net debt to EBITDA" ratio which is computed in accordance with the New Senior facilities agreement. Currently the ratio is 2.8 (2014: 2.9), level which, as mentioned, is constantly monitored.

23. SHARE-BASED PAYMENTS

In February 2007, the Group implemented a share based payment plan for certain members of the management team and key employees. The options vest if and when certain revenue, subscriber targets and other targets of the Group are met.

According to the plan, in 2015, share options were granted to eligible employees under the share based payment plan 935,000 (2014: 1,305,500). The related share option expense of EUR has been recorded as an expense in 2015 EUR 2,054 (2014: EUR 2,418) in the Consolidated statement of profit or loss and other comprehensive income in the line item Operating expenses, within salaries and related taxes. (Note 17).

24. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2015 the Group had both derivative financial liabilities and derivative financial assets.

	31 December 2015	31 December 2014
Derivative financial asset	9,937	—
Embedded derivatives	9,255	—
Electricity trading assets (term contracts)	682	—
	31 December 2015	31 December 2014
Derivative financial liability	8,253	993
Interest rate swaps	6,094	—
Cross currency swaps	493	993
Electricity trading liabilities (term contracts)	1,666	—

As at 31 December 2015 the Group had had derivative financial assets in amount of EUR 9,937 (31 December 2014: nil), which included:

- Embedded derivatives of EUR 9,255 related to the bond (the Bonds include several call options as well as one put option, for which Management has assessed the combined fair value of these embedded options through the Option Adjusted Spread model and recognized a separate embedded derivative asset) (31 December 2014: nil).
- Electricity trading assets (term contracts) of EUR 682 being mark to market gain from fair valuation of electricity trading contracts (31 December 2014: nil).

As at 31 December 2015 the Group had derivative financial liabilities in amount of EUR 8,253 (31 December 2014: EUR 993), which included:

- Cross currency swaps with fair value of EUR 493 (31 December 2014: EUR 993). The Group does not use hedge accounting in accordance with IAS 39 because an effective hedging relationship as set out in IAS 39 does not exist. Therefore the changes in the fair values of these derivatives are recognized in profit or loss. In 2014 were concluded coupon swaps for the Proceeds Loan's interest value, all with a termination date of 23 September 2016.

- Interest rate swaps: On May 22, 2015 RCS & RDS concluded an interest rate SWAP for the entire term loan facility through which the company hedges against the volatility of cash flows on its floating rate borrowings due to modification of market interest rates (i.e.: ROBOR). For this purpose the company uses interest rate swaps, paying fixed and receiving variable cash flows on the same dates on which is settled the interest on its hedged borrowings. Hedged cash flows occur periodically, on the settlement of the interest on hedged loans, and impact profit or loss throughout the life of the loan, through accrual. Given that critical terms of the hedging instrument match the critical terms of the hedged cash flows, there is no significant ineffectiveness.
- Electricity trading liabilities (term contracts) of EUR 1,666 being mark to market loss from fair valuation of electricity trading contracts (31 December 2014: nil).

25. GENERAL COMMITMENTS AND CONTINGENCIES

Uncertainties associated with the fiscal and legal system

The tax frameworks in Romania and other Eastern and Central Europe countries are subject to frequent changes (some of them resulting from EU membership, others from the domestic fiscal policy) and often subject of contradictory interpretations, which might be applied retrospectively.

Furthermore, the Romanian and other Eastern and Central Europe governments work via a number of agencies authorized to carry on audits of the companies operating in these countries. These audits cover not only fiscal aspects but also legal and regulatory ones that are of interest to these agencies.

The Dutch, Romanian and other Eastern and Central Europe Fiscal legislation include detailed regulations regarding transfer pricing between related parties and includes specific methods for determining transfer prices between related parties at arm's length. Transfer pricing documentation requirements have been introduced so that taxpayers who carry out transactions with affiliated parties are required to prepare a transfer pricing file that needs to be presented to the tax authorities upon request.

The Company and its subsidiaries entered into various transactions within the Group, as well as other transactions with related parties. In light of this, if observance of arm's length principle cannot be proved, a future tax control could challenge the values of transactions between related parties and adjust the fiscal result of the Company and/ or its subsidiaries with additional taxable revenues/ non-deductible expenses (i.e. assess additional profit tax liability and related penalties).

Group management believes that it has paid or accrued all taxes, penalties and interest that are applicable, at the Company and subsidiaries level.

Legal proceedings

During the year, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in these consolidated financial statements. The legal proceedings detailed below also show developments subsequent to 31 December 2015.

Intact Media Group Litigation

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

a) The must carry related litigations

In March 2011, Antena Group (Intact Media Group) initiated three separate lawsuits in tort against us alleging that we illegally refused to carry its channels breaching, among other things, the Romanian must carry rules. They claim damages of approximately EUR 100 million and have requested that the court impose other non-monetary remedies, such as requiring that we provide the Intact Media Group channels to our subscribers free of charge and in compliance with the highest technical standards.

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

The claim regarding the EUR 65 million monetary damages was suspended until settlement of both the claim for injunctive relief and a lawsuit we initiated challenging the effects of an arrangement regarding the assignment of receivables from Antena Group to First Quality Debt Recovery. On April 15, 2015, the Bucharest Tribunal partially admitted RCS&RDS' claim and annulled the assignment of receivables from Antena Group to First Quality Debt Recovery. We expect this decision to have a significant positive impact on RCS&RDS' defence against Antena Group's claim regarding the EUR 65 million monetary damages. Please note that this decision is not final as it has been challenged by Antena Group. The next hearing in the appeal is scheduled for 15 November 2016.

In the case regarding the injunctive relief request, both the court of first instance and the court of appeal ruled in our favor and dismissed Antena Group's claims. However, in February 2014, the Romanian Supreme Court admitted the higher appeals filed by Antena Group and First Quality Debt Recovery and quashed the decisions issued by both the first instance and the appeal courts, ordering a retrial of the case by the first court. The decision of the Supreme Court does not confirm Antena Group's allegations on the merits of the case, as the retrial was ordered solely based on procedural reasons. The Bucharest Tribunal annulled the monetary claims (EUR 65 million) filed in the case file (because Antena Group's failure to pay the stamp duties) and suspended the proceedings until a final settlement will be issued in the lawsuit we initiated to challenge the effects of the assignment of receivables from Antena Group to First Quality Debt Recovery.

Separately, Antena Group has also filed two lawsuits claiming (i) monetary damages of approximately EUR 35 million consisting of loss of revenue due to our temporary refusal to carry the tv channels GSP TV and Antena 2 which allegedly breached, among other things, the must carry rules; and (ii) injunctive relief that would require us to provide the disputed channels to our customers in compliance with the highest technical standards. Approximately EUR 24 million out of these claims are related to our refusal to carry GSP TV, while the remaining EUR 11 million is related to our refusal to carry Antena 2. Because Antena Group assigned to First Quality Debt Recovery the claims regarding the EUR 35 million monetary damages as well, First Quality Debt Recovery became involved in these proceedings. Consequently, the court split both the GSP TV and the Antena 2 lawsuits into two: in each case, the monetary claim formed one lawsuit and the claim for injunctive relief another one. At our request, both the GSP TV and the Antena 2 claims for monetary damages were suspended until the final settlement of the lawsuit we initiated for challenging the effects of the assignment of receivables from Antena Group to First Quality Debt Recovery.

The case regarding the injunctive relief sought in relation to the GSP TV channel was settled by the Bucharest Tribunal in favour of Antena Group, the court ordering us to include the channel in our network in compliance with several technical requirements. However, we have been carrying the channel as of January 2012 and therefore the decision did not impact our network. The appeal filed by RCS & RDS against the first court decision was rejected in October 2014. The decision of the Bucharest Tribunal remained final.

The case regarding the injunctive relief sought in respect to Antena 2 was settled in March 2014 by the Bucharest Tribunal in our favour; Antena Group's claims were rejected in their entirety. Antena Group appealed the decision, but only with regards to the judicial expenses. Initially, the appeal was rejected in October 2014, but following a retrial ordered by the High Court of Cassation and Justice, the court of appeals modified in part the first court's decision, by granting approx. €2 (two) as judicial expenses to Antena Group. The decision is subject to higher appeal.

At the end of 2014, Antena Group initiated two new lawsuits requesting damages in relation to the carriage of GSP TV and Antena 2. The claims are almost identical to the ones regarding the same channels and assigned to First Quality Debt Recovery in 2012, except for the much lower amounts requested, specifically RON 500,000 in relation to GSP TV and RON 250,000 in relation to Antena 2. Both lawsuits have been suspended until the final settlement of the trial initiated by RCS&RDS to challenge the effects of the assignment of receivables from Antena Group to First Quality Debt Recovery.

We have also challenged, but failed to overturn in court a number of NAC (National Audiovisual Council of Romania) decisions on must carry rules and, particularly, a decision finding that we breached the obligation to provide certain must carry channels to our customers (including GSP TV). This adverse decision could be used in the monetary claims of Antena Group against us in relation to the alleged breach of the must carry rules with respect to GSP TV (such claims being approximately EUR 24 million).

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

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

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

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

In March 2015, RCS & RDS requested the court to stay the proceedings until the final settlement of four other trials. The court decided on April 14, 2015 in favour of RCS&RDS' request and suspended the trial until the final settlement of the lawsuit including the €65 million monetary damages. The decision on suspension of the trial was challenged by Antena Group on 14 December 2015. RCS&RDS opposed the appeal of Antena Group, but at the same time submitted its own appeal regarding the first court's solution with respect to the request for the suspension of the proceedings until the final settlement of three other trials. On 15 June 2016, the Bucharest Tribunal rejected Antena Group's higher appeal as ungrounded, while the challenge filed by RCS&RDS's was rejected for lack of interest.

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

c) The copyright related litigation

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

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

On 30 October 2014, the Bucharest Tribunal rejected the claim on procedural grounds and stated that Antena Group does not have legal standing in this lawsuit. On 16 March 2016 the Bucharest Court of Appeals admitted Antena Group's appeal, annulled the first court's decision and sent the file back to the Bucharest Tribunal for a

trial on the merits of the case. The full decision of the Court of Appeals has been communicated to us on 11 July 2016 and the deadline for a higher appeal expired on 11 August 2016. We have decided not to challenge this decision because, although it granted Antena Group standing in the file, it contains favourable conclusions on the merits of the case. More specifically, the Court of Appeals stated that the relation between Antena Group and RCS & RDS regarding the retransmission of the must carry channels is not subject to an agreement between the parties.

d) Litigation regarding the outcome of the GSP investigation

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

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

Antena Group initiated the proceedings only against the Competition Council, but the court decided that RCS & RDS needs to be introduced in the trial as defendant. The case was judged by the court on 12 September 2016. The Bucharest Court of Appeal will issue its decision not earlier than 3 October 2016.

Should the court decide in favour of Antena Group's claim, it might force the Competition Council to reopen the investigation against RCS&RDS, which could ultimately lead to the application of antitrust fines amounting up to 10% of RCS&RDS' turnover.

e) Reciprocal contractual claims with the Intact Media Group

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

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

In the first lawsuit, on 2 November 2015, the Bucharest Tribunal fully rejected our claim for a refund of the retransmission fees paid until 2010 and partially admitted the counterclaim of Antena Group regarding the retransmission in 2010 and 2011. As a result, we were ordered to pay to Antena Group approx. EUR 1.9 million representing (i) retransmission fees and (ii) judiciary expenses. Both RCS&RDS and Antena Group filed an appeal against the decision of the first court. The next hearing in front of the Bucharest Court of Appeals is scheduled for 4 November 2016.

In the lawsuit regarding telecommunication and advertising services, the court of first instance fully rejected both our claim and the counterclaim of Antena Group. Both RCS&RDS and Antena Group appealed the decision of the first court, the case currently pending before the Bucharest Court of Appeals. The next hearing is scheduled for 14 November 2016.

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

In March 2015, the Cluj Napoca Municipality filed a claim against CFO Integrator S.R.L. (a company that has been taken over by RCS&RDS starting March 2014) asking for approx. RON 3.5 million as penalties for the late payment by CFO Integrator S.R.L. during 2010-2014 of the outstanding annual royalty due by CFO Integrator S.R.L. to the Cluj Napoca Municipality under the ongoing joint venture agreement on the development and management of the electronic communications infrastructure Ductcity in Cluj Napoca. The Cluj Napoca Municipality's abusive allegations for payment are grounded on several legal and local regulatory provisions that

we consider not to be applicable to the joint venture agreement in place between the parties and ignores the fact that CFO Integrator S.R.L. paid in May 2014 all outstanding debts towards Cluj Napoca Municipality, including all applicable penalties for late payment as computed according to the terms of the joint venture agreement (total penalties amounting to approx. RON 220,000).

On 13 May 2016, the court rejected the Cluj Napoca Municipality's claim in its entirety. This decision has been appealed by the Cluj Napoca Municipality. The first hearing in the appeal has not yet been scheduled.

Pecuniary claim filed by the National Cinematography Centre

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

Under the law, the National Cinematography Centre is entitled, amongst others, to collecting 1% of the monthly aggregate income gained from the cable and satellite carriage of TV channels, as well as from the digital retransmission of TV content. We have dully declared our income to the National Cinematography Centre, but did perform only partial payments (i.e., until the present, we have only paid the outstanding amounts until, including, 2010).

We have carried out until December 2015 several discussions and correspondence with the National Cinematography Centre during which we admitted the fact that RCS&RDS is bound to pay the principal amounts, but we had several divergences on the amount of the applicable penalties, while the National Cinematography Centre has not indicated a correct bank account to allow us to perform due payments.

On 19 July 2016, the court of first instance rejected the claim against us. The decision of the court of first instance was appealed by the National Cinematography Centre. The first hearing in the appeal has not yet been scheduled.

Competition Council Investigations

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

Telecom market interconnection investigation

In February 2011, the RCC opened an investigation on the telecommunications market related to interconnection tariffs charged by all telecommunications operators. We believe this investigation was launched with the aim of reducing the relatively high interconnection tariffs charged on the Romanian market and thereby reducing the rates ultimately charged to consumers.

By decision no 33/2015 the RCC decided to close the investigation in exchange for all operators undertaking and complying with a general commitment not to discriminate between the level of the tariffs charged for the on-net and the off-net calls. We will need to implement this commitment for 2 years. The duration may be either reduced to 1 year or extended to 2 years in accordance with the RCC's assessment of the market after the entry into force of the commitments. During the term of the commitments, RCS&RDS is required to provide to the RCC, upon request, business information, and to commission periodic independent market studies on the evolution of the mobile telephony sector.

The RCC's decision accepting our commitment has closed the investigation without the application of any fines for the alleged anticompetitive conduct. The offering of commitments does not imply any admission of wrongdoing. A failure to comply with the terms of the commitment as accepted by the RCC may lead to penalties of up to 10 per cent. of our aggregate turnover.

GSP investigation

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

The RCC issued its decision on March 3, 2015 declaring our initial refusal to retransmit GSP TV channel not abusive and not in violation of any competition laws. The RCC additionally considered that such refusal was justified by the existence of multiple judicial disputes between the parties, including with respect to the application and meaning of the “must-carry” regime.

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

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

Material commitments and contingencies

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

Operating leases

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

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

Minimum lease payments under non-cancellable operating lease agreements are as follows:

	2015	2014
Less than one year	21,948	34,388
Between one and five years	41,276	36,971
More than five years	6,562	3,755
	69,786	75,114

The leases for local offices and commercial spaces typically run for an initial period of one year, with an option to renew the lease after that date. The leases of pillars for network support typically run for an initial period of 17 years. The leases for fibre optical line capacities typically run for an initial period between 4 and 7 years. None of the leases include contingent rentals.

Besides these lease agreements, there are approximately another 530 contracts signed for a period of over 5 years, with an automatic renewal clause or signed for an indefinite term. The average annual rent for these contracts is of maximum EUR 1,720.

Capital expenditure

The capital expenditure the Group has assumed until 31 December 2015 is mostly made of commitments for the purchase of 3G and fixed network equipment amounting to approximately EUR 86,045 (31 December 2014: EUR 19,443).

Satellite capacity expenses

The Group has committed under the long term agreement with Intelsat, the satellite solution provider, to use until 30 November 2017 the contracted services and to pay monthly equal fees cumulating to EUR 17,528 (31 December 2014: EUR 24,833).

2100 MHz spectrum fee

The Group has committed to pay an annual fee to the Romanian Communication Authority for the 2100 MHz radio spectrum license awarded until 31 December 2021 inclusively, amounting to a cumulated value of EUR 12,131 (31 December 2014: EUR 13,848).

900 MHz spectrum fee

The Group has committed to pay an annual fee to the Romanian Communication Authority for the 900 MHz radio spectrum license awarded starting with April 2014 until April 2029 inclusively, amounting to a cumulated value of EUR 21,721 (31 December 2014: EUR 22,927).

1800 MHz spectrum fee

The Group has committed to pay an annual fee to the Hungarian Communication Authority for the 1800 MHz radio spectrum license awarded until 31 October 2029 inclusively, amounting to a cumulated value of EUR 6,033 (31 December 2014: EUR 6,265).

2600 MHz spectrum fee

The Group has committed to pay an annual fee to the Romanian Communication Authority for the 2600 MHz radio spectrum license awarded until 31 April 2029 inclusively, amounting to a cumulated value of EUR 14,228.

3600 MHz spectrum fee

The Group has committed to pay an annual fee to the Romanian Communication Authority for the 3600 MHz radio spectrum license awarded until 31 November 2025 inclusively, amounting to a cumulated value of EUR 2,744.

Sports rights and TV films and documentaries

As of 31 December 2015, commitments for sports rights related to future seasons and TV films and documentaries amounted to EUR 71,448 (31 December 2014: EUR 16,692).

Letters of guarantee and letters of credit

As of 31 December 2015, there were bank letters of guarantee and letters of credit issued in amount of EUR 12,717 mostly in favour of leasing, content and satellite suppliers and for participation to tenders (31 December 2014: EUR 10,401).

26. SUBSEQUENT EVENTS

In the first quarter of 2016 RCS&RDS renewed the national roaming Agreement with Vodafone for one more year.

In February 2016, the Group concluded a loan agreement of EUR 7,080 (in original currency thousand RON 32,000), which was used for the acquisition of a property in Bucharest.

In March 2016 the Group acquired the rights for Formula 1 for the 2016 – 2017 seasons.

On 29 April 2016 the Group repaid the second principal instalment from the 2015 Senior Facility, in amount of RON 110 million (EUR 24.6 million equivalent).

In August 2016 the Group have signed a new Back-stop facility for RON 135 million from a banking syndicate arranged by Citibank, London branch and BRD-Groupe Societe Generale. On 5 September 2016, the amount of RON 1 million was drawn.

For developments in legal proceedings in which the Group was involved (both as a plaintiff and a defendant), subsequent to 31 December 2015, please refer to Note 25.

27. EBITDA

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

For the purposes of disclosure in these notes, EBITDA is the consolidated operating profit/ (loss) of the Group before taking into account:

- any interest expenses and other financing charges,
- income tax or interest income and other financing revenues,
- add back charges for depreciation, amortization and impairment of assets
- non-recurring and one off items.

In years where there are non-recurring and one off items, EBITDA is referred to as “Adjusted EBITDA”.

	2015	2014
Revenues and other income	750,130	661,607
EBITDA		
Operating profit	70,332	48,356
Depreciation, amortization and impairment	187,905	192,061
EBITDA	258,237	240,417
One off transactions (Note 20)	(20,882)	(9,604)
Adjusted EBITDA	237,355	230,813
Adjusted EBITDA (% of revenue and other income)	31.64%	34.89%

For breakdown of depreciation, amortization and impairment refer to Notes 5 and 6(a) and 6(b). One off transactions in 2015 and 2014 represents the net gains from discontinued operations in Czech Republic and Slovakia.

Cable Communications Systems N.V.

**Consolidated financial statements of the Group as
at and for the year ended December 31, 2014**

Cable Communications Systems N.V.
CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP AS AT
AND FOR THE YEAR ENDED DECEMBER 31, 2014

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GENERAL INFORMATION

Directors:

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

Registered Office:

Cable Communications Systems N.V.
Naritaweg 165, 1043 BW, Amsterdam, Netherlands

Auditors:

Ernst & Young Assurance Services S.R.L.



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INDEPENDENT AUDITORS' REPORT

To the shareholders of Cable Communications Systems NV

We have audited the accompanying consolidated financial statements of Cable Communications Systems NV and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other matters

As disclosed in Note 2.1 (b) to the consolidated financial statements, these consolidated financial statements are not intended for statutory filing purposes in any jurisdiction.

29 September 2016
On behalf of
Ernst & Young Assurance Services SRL
Anamaria Cora Partner

CABLE COMMUNICATIONS SYSTEMS
Consolidated Statement of financial position
as at 31 December 2014

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

	Notes	31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	5	643,079	624,672
Intangible assets	6a	199,741	168,653
Available for sale financial assets (AFS)	7	41,296	30,982
Investment in associates		2,492	2,280
Long term receivables		6,748	2,666
Deferred tax assets	19	2,933	5,008
Total non-current assets		896,289	834,261
Current assets			
Inventories	8	22,828	21,065
Programme assets	6b	16,838	29,387
Trade and other receivables	9	109,862	81,484
Income tax receivable		1,466	4,857
Other assets	10	9,927	11,680
Cash and cash equivalents	11	54,288	50,234
Total current assets		215,209	198,707
Total assets		1,111,498	1,032,968
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	12	51	51
Share premium		8,247	8,248
Treasury shares		(16,703)	(16,703)
Reserves		45,287	54,094
Retained earnings		68,261	71,397
Total equity attributable to equity holders of the parent		105,143	117,087
Non-controlling interest		2,197	3,396
Total equity		107,340	120,483
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings, including bonds	13	652,732	638,933
Deferred tax liabilities	19	28,204	37,826
Other long term liabilities		10,595	5,280
Total non-current liabilities		691,531	682,039
Current liabilities			
Trade and other payables	14	217,171	174,740
Interest-bearing loans and borrowings	13	45,746	11,458
Income tax payable		293	640
Derivative financial instruments	24	993	317
Deferred revenue		48,424	43,291
Total current liabilities		312,627	230,446
Total liabilities		1,004,158	912,484
Total equity and liabilities		1,111,498	1,032,968

The financial statements were approved by the Board of Directors on 26 September 2016 and were signed on its behalf by:

Zoltan Teszari, President of the Board of Directors

Marius Catalin Varzaru, Member of the Board of Directors

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

Parveen Chantal Soebrati, Member of the Board of Directors

Serghei Bulgac, CFO

CABLE COMMUNICATIONS SYSTEMS
Consolidated Statement of profit or loss and other comprehensive income
for the year ended as at 31 December 2014

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

	Notes	2014 Continuing Operations	2014 Discontinued Operations	2014 Total	2013 Continuing Operations	2013 Discontinued Operations	2013 Total
Revenues	16	661,607	—	661,607	604,024	18,810	622,834
Other income	27	—	9,604	9,604	1,237	37,612	1,237
Gain from sale of discontinued operations	20	—	—	—	—	—	37,612
Operating expenses	17	(622,855)	—	(622,855)	(556,513)	(14,604)	(571,117)
Operating profit		38,752	9,604	48,356	48,748	41,818	90,566
Finance income	18	808	—	808	3,013	4,417	7,430
Finance expenses	18	(61,142)	—	(61,142)	(69,792)	(363)	(70,155)
Net finance costs		(60,334)	—	(60,334)	(66,779)	4,054	(62,725)
Profit / (loss) before taxation		(21,582)	9,604	(11,978)	(18,032)	45,872	27,840
Income tax	19	5,130	—	5,130	(1,993)	(5,540)	(7,533)
Net profit / (loss)		(16,452)	9,604	(6,848)	(20,024)	40,332	20,308
Other comprehensive income							
<i>Items that will never be reclassified to profit or loss</i>							
Revaluation of property, plant and equipment, net of tax		—	—	—	(923)	—	(923)
<i>Items that are or may be reclassified to profit or loss</i>							
Foreign operations – foreign currency translation differences		(8,796)	—	(8,796)	(5,524)	—	(5,524)
Available for sale financial asset, change in fair value net of tax	7, 19	8,561	—	8,561	5,295	—	5,295
Other comprehensive income for the year, net of tax		(235)	—	(235)	(1,152)	—	(1,152)
Total comprehensive income for the year		(16,687)	9,604	(7,083)	(21,176)	40,332	19,156
Profit / (Loss) attributable to:							
Equity holders of the parent		(6,434)	—	(6,434)	(19,160)	38,592	19,432
Non-controlling interest		(414)	—	(414)	(864)	1,740	876
Net profit / (loss) for the year		(6,848)	—	(6,848)	(20,024)	40,332	20,308
Total comprehensive income attributable to:							
Equity holders of the parent		(6,329)	—	(6,329)	(20,505)	39,054	18,549
Non-controlling interests		(754)	—	(754)	(671)	1,278	607
Total comprehensive income for the year		(7,083)	—	(7,083)	(21,176)	40,332	19,156

The financial statements were approved by the Board of Directors on 26 September 2016 and were signed on its behalf by:

Zoltan Teszari, President of the Board of Directors

Marius Catalin Varzaru, Member of the Board of Directors

Serghei Bulgac, CFO

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

Parveen Chantal Soebrati, Member of the Board of Directors

CABLES COMMUNICATIONS SYSTEMS
Consolidated Statement of Cash Flows
for the year ended 31 December 2014
(all amounts are in thousand Euro, unless specified otherwise)

	Notes	2014	2013
Cash flows from operating activities			
Profit/(loss) before taxation		(11,978)	27,840
Adjustments for:			
Depreciation, amortization and impairment	5, 6	192,061	208,285
Interest expense, net		49,865	38,441
Finance costs			22,137
Impairment of trade and other receivables	22	7,999	5,035
Unrealised losses/gains on derivative financial instruments		2,886	(1,030)
Equity settled share-based payments	23	2,418	1,842
Unrealised foreign exchange loss		(1,343)	5,586
Other non cash items		(313)	468
Gain on disposal of subsidiary		(9,604)	(37,612)
Cash flows from operations before working capital changes		231,991	270,992
Changes in:			
Trade receivables and other assets		(33,540)	(5,338)
Inventories		(4,463)	5,820
Trade payables and other current liabilities		28,525	(21,575)
Deferred revenue		3,791	2,158
Cash flows from operations		226,304	252,057
Interest paid		(46,746)	(29,588)
Income tax paid		(4,618)	(15,286)
Cash flows from operating activities		174,940	207,183
Cash flow used in investing activities			
Purchases of property, plant and equipment	5,14	(113,084)	(136,984)
Purchases of intangibles	6,14	(87,775)	(76,026)
Acquisition of subsidiaries, net of cash and NCI	21	(12,758)	(1,672)
Acquisition of AFS	21	(1,160)	(900)
Sale of subsidiaries, net of cash disposed	20	10,137	40,936
Proceeds from sale of property, plant and equipment		196	—
Cash flows used in investing activities		(204,444)	(174,646)
Cash flows from financing activities			
Dividends paid to shareholders		(1,741)	(3,104)
Proceeds from borrowings, including bonds issued		49,634	674,545
Proceeds from related party loan		—	953
Repayment of related party loan		—	(953)
Repayment of borrowings		(4,459)	(634,732)
Financing costs paid		(6,780)	(25,560)
Settlement of derivatives		(2,210)	(4,304)
Payment of finance lease obligations		(856)	(1,005)
Cash flows from financing activities		33,588	5,840
Net increase/(decrease) in cash and cash equivalents		4,084	38,377
Cash and cash equivalents at the beginning of the period	11	50,234	12,561
Effect of exchange rate fluctuations of cash and cash equivalents held		(30)	(704)
Cash and cash equivalents at the end of the period	11	54,288	50,234

CABLE COMMUNICATIONS SYSTEMS
Consolidated Statement of Changes in Equity
for the year ended 31 December 2014

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

	Share capital	Share premium	Treasury shares	Translation reserve	Revaluation reserve	Fair value Reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2014	51	8,247	(16,703)	(23,160)	55,688	21,567	71,397	117,087	3,396	120,483
Comprehensive income for the period										
Profit for the year	—	—	—	—	—	—	(6,434)	(6,434)	(414)	(6,848)
Foreign currency translation differences	—	—	—	(8,456)	—	—	—	(8,456)	(340)	(8,796)
Fair Value for AFS	—	—	—	—	—	8,561	—	8,561	—	8,561
Transfer of revaluation reserve (depreciation)	—	—	—	—	(8,913)	—	8,913	—	—	—
Total comprehensive income for the period	—	—	—	(8,456)	(8,913)	8,561	2,479	(6,329)	(754)	(7,083)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Equity-settled share-based payment transactions (Note 23)	—	—	—	—	—	—	2,325	2,325	93	2,418
Dividends distributed	—	—	—	—	—	—	(3,500)	(3,500)	—	(3,500)
Total contributions by and distributions to owners	—	—	—	—	—	—	(1,175)	(1,175)	93	(1,082)
Changes in ownership interests in subsidiaries										
Payments while having full control	—	—	—	—	—	—	(1,995)	(1,995)	(80)	(2,075)
Movement in ownership interest while retaining control (Note 21)	—	—	—	—	—	—	(2,445)	(2,445)	(458)	(2,903)
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	(4,440)	(4,440)	(538)	(4,978)
Total transactions with owners	—	—	—	—	—	—	(5,615)	(5,615)	(445)	(6,060)
Balance at 31 December 2014	51	8,247	(16,703)	(31,616)	46,775	30,128	68,261	105,143	2,197	107,340

CABLE COMMUNICATIONS SYSTEMS
Consolidated Statement of Changes in Equity
for the year ended 31 December 2014

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

	Share capital	Share premium	Treasury shares	Translation reserve	Revaluation reserve	Fair value Reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2013	51	8,247	(16,703)	(17,866)	75,948	16,272	37,044	102,993	3,516	106,509
Comprehensive income for the period										
Profit for the year	—	—	—	—	—	—	19,432	19,432	876	20,308
Other comprehensive income	—	—	—	(5,294)	(20,260)	5,295	19,376	(883)	(269)	(1,152)
Total comprehensive income for the period	—	—	—	(5,294)	(20,260)	5,295	38,808	18,549	607	19,156
Transactions with owners, recognised directly in equity										
<i>Contributions by and distributions to owners</i>										
Equity-settled share-based payment transactions	—	—	—	—	—	—	1,763	1,763	79	1,842
Dividends distributed	—	—	—	—	—	—	(5,000)	(5,000)	(393)	(5,393)
Total contributions by and distributions to owners	—	—	—	—	—	—	(3,237)	(3,237)	(314)	(3,551)
<i>Changes in ownership interests in subsidiaries</i>										
Acquisition of non-controlling interests	—	—	—	—	—	—	(571)	(571)	(26)	(597)
<i>Movement in ownership interest while retaining control (Note 21)</i>										
—	—	—	—	—	—	—	(647)	(647)	(388)	(1,035)
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	(1,219)	(1,219)	(413)	(1,632)
Total transactions with owners	—	—	—	—	—	—	(4,456)	(4,456)	(727)	(5,183)
Balance at 31 December 2013	51	8,247	(16,703)	(23,160)	55,688	21,567	71,397	117,087	3,396	120,483

CABLE COMMUNICATIONS SYSTEMS

Notes to the Consolidated Financial Statements

for the year ended 31 December 2014

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

1. CORPORATE INFORMATION

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

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

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

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

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

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

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

The Group provides telecommunication services of Cable TV (television), Fixed and Mobile Internet and Data, Fixed-line and Mobile Telephony (“CBT”) and Direct to Home television (“DTH”) services in Romania, Hungary, Czech Republic, Spain and Italy. The largest operating company of the Group is RCS&RDS. At the end of 2014, CCS Group had a total of 12,205 employees (2013: 10,906 employees).

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

The consolidated financial statements were authorized for issue by the Board of Directors of CCS on 26 September 2016.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”). The 2013 financial statements were the Group’s first consolidated financial statements prepared in accordance with IFRS and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

The Group has also prepared consolidated financial statements in accordance with IFRS for the year ended 31 December 2014, which were authorized for issue by the Board of Directors of CCS on 30 April 2015.

(b) Non—statutory consolidated financial statements

These Consolidated financial statements are not intended for statutory filing purposes in any jurisdiction. Consequently, they are not suitable for statutory filing in any jurisdiction. For statutory Dutch filing purposes the Group has applied the exception 408 of the Dutch Civil Code Book 2 Title 9 and therefore, the parent company, RCSM has to file its consolidated financial statements as at and for the year ended 31 December 2014 with the auditor's opinion and the annual report in English within six months after the balance sheet date or within one month after a lawfully made later publication at the office of the commercial register.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for buildings, cable plant, equipment and devices and customer premises equipment measured at revalued amount, and except for available for sale financial assets and derivative financial instruments measured at fair value as described in the accounting policies under Note 2.2 below.

(d) Going concern assumption

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

In the current year and recent years, the Group has managed to achieve consistently strong local currency revenue streams and cash flows from operating activities and has continued to grow the business. These results have been achieved during a period of significant investments in technological upgrades, new services and footprint expansion. The ability to offer multiple services is a central element of CCS Group strategy and helps the Group to attract new customers, to expand the uptake of service offerings within the existing customer base and to increase customer loyalty by offering high value-for-money package offerings of services and exclusive content. Historically capital expenditure has been significant given the upgrade of the network however is expected to decline in the short-to-medium term as the upgrade of the fibre network has been largely completed and the Group has the ability to add subscribers through bundled services at minimal incremental cost (committed capital expenditure—tangible and intangible assets—is presented in Note 25).

For further information refer to Note 22 ii) Liquidity risk.

(e) Functional and presentation currency

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

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

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

The translation into presentation currency of the financial statements of each entity is described under Note 2.2 below.

(f) Significant estimates and judgments

In the process of applying the Group's accounting policies, management has made the following significant judgements and estimates, including assumptions, that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 21 purchase price allocation and goodwill calculation;
- Notes 2.2 (d): recognition and classification of programme assets;
- Notes 2.2 (c) and 5: recognition of customer premises equipment.

A significant judgment specific for the year 2014 is that, as at 31 December 2014 management considers that the IFRS 5 criteria for the recognition of the sale of Czech Subsidiary were not met, as at the year end there was no firm decision taken to sell Digi Czech Republic SRO.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3b: fair value of customer relationships acquired in a business combination;
- Note 6: key assumptions used in discounted cash flow projections in relation to goodwill impairment testing;
- Notes 7 and 22: measurement of available for sale financial assets;
- Note 2.2 (c): useful lives of property, plant and equipment;
- Note 5: revaluation of buildings, cable plant, equipment and devices and customer premises equipment;
- Note 22 i): impairment of trade receivables;
- Notes 22 iv) and vi): fair value of financial instruments;
- Note 25: contingencies;
- Note 13: bonds embedded derivatives;
- Note 19: recognition of deferred tax assets.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The Parent has prepared the consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances for all Group entities.

New pronouncements

The accounting policies used are consistent with those of the previous financial year except for the following new and amended IFRSs which have been adopted by the Group as of 1 January 2014:

- IAS 28 Investments in Associates and Joint Ventures (Revised)
- IAS 32 Financial Instruments: Presentation (Amended)—Offsetting Financial Assets and Financial Liabilities
- IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities

- IAS 39 Financial Instruments (Amended): Recognition and Measurement—Novation of Derivatives and Continuation of Hedge Accounting
- IAS 36 Impairment of Assets (Amended)—Recoverable Amount Disclosures for Non-Financial Assets
- IFRIC Interpretation 21: Levies

These new standards and amendments did not have a significant effect on the financial position or performance of the Group.

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of CCS and its subsidiaries and the Group's interest in associates as at 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent company, using mostly consistent accounting policies. Upon consolidation adjustments are recorded in order to align the few inconsistent accounting policies.

Business combinations

The Group accounts for business combinations using the acquisition method. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. If the business combination in effect settles a pre-existing relationship, the acquirer recognises a gain or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity, unless it can be clearly demonstrated that the Group lacks the ability to exercise such influence over its investee.

Investments in associates are accounted for using the equity method (equity-accounted investees)

Under the equity method, the investment in an associate is initially recognised at cost. The cost of the investment includes transaction costs. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

Foreign currency—Transactions and balances

Transactions in foreign currencies have been recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been retranslated into the functional currency at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to the functional currency using the exchange rate at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated to the functional currency using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective and
- qualifying cash flow hedges to the extent that the hedges are effective

Foreign operations—Translation to presentation currency

The assets and liabilities of the subsidiaries are translated into the presentation currency at the rate of exchange ruling at the reporting date (none of the functional currencies of the subsidiaries or the Parent is hyperinflationary for the reporting periods). The income and expenses of the Parent and of the subsidiaries are translated at transaction date exchange rates. The exchange differences arising on the retranslation from functional currency to

presentation currency are taken directly to equity under translation reserve. On disposal of a foreign entity, accumulated exchange differences relating to it and previously recognized in equity as translation reserve are recognized in profit or loss as component of the gain or loss on disposal.

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

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

Currency	2014			2013		
	Jan – 1	Average for the year	Dec – 31	Jan –1	Average for the year	Dec – 31
RON per 1EUR	4.4847	4.4446	4.4821	4.4287	4.4190	4.4847
HUF per 1EUR	296.91	308.66	314.89	291.29	297.01	296.91
CZK per 1EUR	27.43	27.53	27.73	25.14	25.99	27.43
XDR per 1EUR	111.61	N/A	N/A	113.72	115.50	111.61
HRK per 1EUR	7.64	N/A	N/A	7.55	7.58	7.58
USD per 1EUR	1.3791	1.3285	1.2141	1.3190	1.3281	1.3791

c) Property, plant and equipment

Property, plant and equipment is carried:

- using the cost model, at purchase or construction cost less accumulated depreciation and accumulated impairment losses: vehicles, furniture and office equipment; or
- using the revaluation model, at a revalued amount, which is the fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses: land, buildings, cable plant, equipment and devices and customer premises equipment (“CPE”).

Land is not depreciated.

Property, plant and equipment is measured at cost upon initial recognition.

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to their present location and condition necessary for their intended use, and capitalised borrowing costs, when applicable.

The costs of internally developed networks include proportionate direct material and labour costs, as well as costs relating to subcontracting the development services.

Cost includes the cost of replacing part of the plant or equipment when that cost meets the recognition criteria. If an item of property, plant and equipment consists of several components with different estimated useful lives, the individual significant components are depreciated over their individual useful lives. Maintenance and repair costs are expensed as incurred.

Property, plant and equipment includes customer premises equipment, such as DTH, cable, Internet and 3G equipment in custody with customer, when the Group retains control over such assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying amount of customer premises equipment in custody of customers with suspended services as at the reporting date is fully impaired.

The residual values, useful lives and the depreciation method of the assets are reviewed at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

Depreciation is calculated on a straight-line basis to write off recorded cost of the assets over their estimated useful lives as follows:

<u>Property, plant and equipment</u>	<u>Useful life</u>
Buildings	40 years
Cable plant	15 years
Cable plant 3G	10 years
Equipment and devices	3-12 years
Customer premises equipment	
—Indoor DTH and CBT equipment	5 years
—Outdoor DTH and CBFT equipment	5-9 years
—3G handsets and mobile Internet devices	3 years
Vehicles	5 years
Furniture and office equipment	3-9 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year when the asset is derecognized.

Revaluation

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in the profit or loss. A revaluation deficit is recognized in profit or loss, except where a deficit is directly offsetting a previous surplus on the same asset in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation reserve is transferred to retained earnings as the assets are depreciated or upon disposal.

Items of property, plant and equipment with zero net book value are not revalued.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life on a straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in profit or loss.

Customer relationships

Customer relationships represent the cost incurred by the Group when acquiring customer contracts from other companies directly or by acquiring control of those companies. Customer relationships acquired directly from other companies are recognized at the cost of acquisition, which is the fair value of the consideration paid. Customer relationships obtained by acquiring control of certain companies are recognized at their fair value at the date of the acquisition and are presented separately from any goodwill resulting in the acquisition.

Management determines the useful life used for the amortization of customer relationships based on management analysis and past experience. The useful life used for amortizing customer relationships is of 7 years (straight line method is used).

Subscriber acquisition costs

Subscriber acquisition costs (“SAC”) represent the costs for acquiring and connecting new subscribers of the Group companies, consisting of commissions paid to third parties for contracting a new subscriber at the point at which the contract is signed with the customer. The Company capitalises as intangible assets the subscriber acquisition costs as they meet the requirements of IAS 38 for capitalization.

SAC are amortized over the related contract period, being a one or two year period. SAC are fully written off for all customers with suspended services as at the reporting date.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, refer to Note 2.2 (a).

Goodwill is subsequently measured at cost less accumulated impairment losses, being tested at least annually for impairment.

Where goodwill forms part of cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Programme assets

The Group is concluding multi-annual contracts for the acquisition of broadcasting rights for national and international sports competitions (“sports rights”), as well as contracts for the acquisition of film and television broadcasting rights. When entering into such contracts, the rights acquired are classified as contractual commitments. They are recognised in the statement of financial position and classified as current intangible assets (programme assets) as follows:

- Sports broadcasting rights for the current season are recognized at their acquisition cost, at the opening of the broadcasting period of the related sports season. Sports rights are amortized over the period they relate to on a straight line basis. Any rights not expected to be utilized are written off;
- Film and television broadcasting rights are recognised at their acquisition cost, when the programme is available for screening and are amortised over their broadcasting period.

Advance payments for sports rights related to future seasons and for film and television rights are also presented as current intangible assets (programme assets).

The Group classifies the cash outflows for the purchase of programme assets as cash flows used in investing activities in the Consolidated Statement of Cash Flows, based on the long-term nature of the contribution of these assets to the subscriber acquisition, subscriber retention and consequent revenue generation, based on the comprehensive strategy of the Group.

Other intangible assets

Other intangible assets that are acquired by the Group (the 2100 MHz and the 900 MHz mobile telephony licenses in Romania, the 1800 MHz mobile telephony license in Hungary, software and other intangible assets) have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization of the mobile telephony licences is charged on a straight line basis over the period of each license (15 years). Software licenses (including software related to telecommunication equipment) are amortized on a straight line over their estimated useful life which is generally 3 to 8 years. Other contractual intangible assets are amortized over their underlying contract period.

e) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises financial assets on the date that the Group becomes a party to the contractual provisions of the instrument.

For regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the assets within the time frame established generally by regulation or convention in the marketplace concerned, the trade date is applied for recognition.

Classification

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs, on the date that they are originated. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets included in loans and receivables category include trade and other receivables, cash and cash equivalents and other long term receivables.

Cash and cash equivalents in the consolidated statement of cash flows comprise cash at bank and in hand and short-term deposits at banks with an original maturity of three months or less.

Available for sale assets

Available for sale assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial liabilities

Recognition

The Group initially recognises financial liabilities on the date that the Group becomes a party to the contractual provisions of the instrument.

Classification

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Other financial liabilities

Other financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, issued bonds and trade and other payables.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Transactions with the Company's shares between shareholders are considered completed at the date the transfer of ownership has been agreed upon by the parties in a written contract.

Repurchase, disposal and reissue of share capital (treasury shares)

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

(iv) Derivative financial instruments

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Derivatives held for trading

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

Derivatives as hedging instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of a derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the statement of profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses. Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

The Group does not use hedge accounting in accordance with IAS 39 because an effective hedging relationship as set out in IAS 39 does not exist. Therefore the changes in the fair values of the derivatives are recognized in profit or loss.

f) Impairment

i) Non-financial assets

Property, plant and equipment and intangible assets other than goodwill

The carrying amount of the Group's property, plant and equipment and intangible assets other than goodwill, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An asset's or cash generating unit's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss, except for property, plant and equipment previously revalued where the revaluation was recognised in other comprehensive income. In this case the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless that asset is carried at revalued amount, in which case the reversal in excess of previous impairment loss recognised in profit or loss is treated as a revaluation increase.

After recording impairment losses or reversals the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill

Goodwill is tested, at least annually, for impairment, based on the recoverable amounts of the cash generating unit to which the goodwill has been allocated.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lower level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized in profit and loss.

Impairment losses recognized for goodwill cannot be subsequently reversed.

ii) Financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Trade and other receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If a future write-off is later recovered, the recovery is recognized in profit or loss.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI. Impairment losses for an impaired available-for-sale equity instrument are not reversed through profit or loss, but only through OCI.

Investments in associates

An impairment loss in respect of investments in associates is measured by comparing the recoverable amount of the investment with its carrying amount. The recoverable amount of the investment is the higher of its fair value less costs of disposal and its value in use. The Group determines the fair value less costs of disposal based on a DCF valuation model.

An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

g) Inventories

Inventories are stated at the lower of cost and net realizable value and include equipment that will be installed at the customer's premises and other materials, consumables and goods for resale. When equipment is installed at the customer premises, it is transferred to property, plant and equipment.

Cost is determined on a FIFO basis, and it comprises all costs of purchase, costs of conversion and other costs in bringing the inventories to their current location and condition.

Net realizable value of the equipment sold is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) Employee benefits

Short-term employee benefits

Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expenses as services are rendered.

Pensions and other post-employment benefits

Under the regulatory regimes applicable in the countries where it operates, the Group is required to make payments to national social security funds for the benefit of its employees (defined contribution plans financed on a pay-as-you go basis). The Group has no legal or constructive obligation to pay future contributions if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Its only obligation is to pay the contributions as they fall due and if it ceases to employ members of the state plan, it will have no obligation to pay the benefits earned by its own employees in previous years. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered.

The Group does not operate any other pension schemes or post employment benefit plans.

Share based payment transactions

Refer to paragraph q) below.

i) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is

presented net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the unwinding of the discount is recognized as a finance cost.

j) Leases

The Group as a lessee

Service contracts that do not take the legal form of a lease but convey rights to the Group to use an asset or a group of assets in return for a payment or a series of fixed payments are accounted for as leases. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Contracts meeting these criteria are then evaluated to determine whether they are either an operating lease or finance lease.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Capitalized leased assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term unless there is a reasonable certainty that the Group will obtain ownership by the end of the lease term, in which case the assets are depreciated over their estimated useful lives.

Indefeasible Rights of Use (IRUs) represent the right to use a portion of the capacity of a terrestrial transmission cable granted for a fixed period. IRUs are recognized as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wavelength bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. Such assets are included in property, plant and equipment in the consolidated statement of financial position. They are depreciated over the shorter of the expected period of use and the life of the contract.

Leases, including IRU leases, where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

When a sale and lease back transaction results in a finance lease, any excess of the sales proceeds over the carrying amount is deferred and amortised over the lease term (no profit on disposal of the asset is recorded in profit or loss). No loss is recognized unless the asset is impaired. If no loss is recognised, the leased asset is recorded at the previous carrying amount and continues to be accounted as before the sale and leaseback transaction.

The Group as a lessor

The Group currently has no material arrangements as a lessor. The existing arrangements as a lessor, which are not material, are all operating leases.

k) Contingencies

Management applies its judgment to the fact patterns and advice it receives from its attorney, advocates and other advisors in assessing if an obligation is probable or not or remote. This judgment application is used to determine if the obligation is recognized as a liability or disclosed as a contingent liability. Contingent liabilities are not recognized in the accompanying consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the accompanying consolidated financial statements, but disclosed when an inflow of economic benefits is probable.

I) Revenue and other income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Revenues from services

The Group's main sources of revenue from services are:

- Revenue from the provision of video, cable TV ("CATV") and direct-to-home ("DTH") TV, subscription services;
- Revenue from the provision of internet and data communication subscription services (fixed and mobile);
- Revenue from the provision of fixed-line and mobile telephony subscription and fixed-line and mobile telephony voice traffic services.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

The above revenues are recognized as follows:

- ***Subscription fees and voice traffic services***

Video services subscriptions, pay TV fees, internet and data subscriptions, telephony subscriptions and voice minutes consumption revenues are earned over the period when those services are provided. These revenues are collected through subscription fees that arise from the monthly billing of subscribers for these services, and monthly billing of voice traffic. Revenue is recognized in the month the service is rendered. Voice traffic revenue is recognized in the profit or loss at the time the call is made. Revenue from interconnect fees is recognised at the time the services are performed.

- ***Deferred revenue***

Any subscription revenue received in advance of the service being provided is recorded as deferred revenue and recognized over the period when the service is provided.

- ***Prepaid services***

Revenue from the sale of prepaid cards, net of discounts allowed, included in the Group's prepaid services packages, is recognised based on usage. Prepaid revenue is deferred until the customer uses the traffic or the card expires.

Equipment sales

Revenue is recognized when the significant risks and rewards of ownership of the equipment have passed to the buyer, usually upon delivery.

Instalment sales

Revenue attributable to the sales price, exclusive of interest, is recognized when the risks and rewards of ownership have passed to the buyer, usually upon delivery. The revenue recognised on the sale is the present value of the consideration, determined by discounting the instalments receivable at the imputed rate of interest. The interest element is recognized as revenue as it is earned, using the effective interest method.

Rental income

Rental income arising from operating leases of assets is accounted for on a straight-line basis over the lease term of ongoing leases.

Multiple element arrangements

Sales of certain packaged offers are considered as comprising identifiable and separate components to which general revenue recognition criteria can be applied separately. Once the separate components have been

identified, the amount received or receivable from the customer is allocated, based on each component's fair value, first to the undelivered element and the remainder, if any, to the delivered element. For the delivered element the revenue is recognized only when the following criteria are met:

- the delivered item has a value to the consumer on a standalone basis, and
- there is objective and reliable evidence of the fair value of the undelivered item.

Where the promotional offer includes a period of free service, a portion of the revenue is recognized over the period of the free service.

Other income

Other income includes the effect of reductions in estimates (accruals) of certain elements of other expenses, as well as gains on trade and other payables released during the period.

m) Finance income and finance expense

Finance income comprises interest income on funds invested, dividend income, gains on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on derivative financial instruments that are recognised in profit or loss and reclassifications of net gains in hedging instruments previously recognised in other comprehensive income.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, losses on derivative financial instruments that are recognised in profit or loss and reclassifications of net losses on hedging instruments previously recognised in other comprehensive income. Unamortised borrowing fees are expensed upon termination of related borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

n) Related parties

Parties are considered related when one party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control or significantly influence the other party. Related parties also include individuals that are principal owners, management and members of the Board of Directors and members of their families, or any company that is related party to Group's entities.

o) Income tax

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

p) Dividends

Dividends are recognized as distributions within equity in the period in which they are declared to shareholders (at the date of the approval by the shareholders). Dividends for the year are declared after the reporting date.

q) Share-based payment transactions

Certain members of the management team of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. For determination of fair value of equity instruments, refer to Note 3(e).

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

r) Discontinued operations

A discontinued operation is a component of the Group's business, operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

s) Subsequent events

Post period-end events that provide additional information about the Group's position at the reporting date or those that indicate the going concern assumption is not appropriate (adjusting events) are reflected in the consolidated financial statements. Post period events that are not adjusting events are disclosed in the notes, when material.

t) Segment reporting

The information by operating segment is based on internal reporting to the Board of Directors, identified as "Chief Operating Decision-Maker", as defined by IFRS 8 *Operating Segments*. The Board of Directors reviews segment information on revenue and non-current assets on a monthly basis and segment EBITDA (earnings before interest, taxes, depreciation and amortization) on a quarterly basis.

The Group considers EBITDA, a non-IFRS measure, to be the key operating performance measure of its operating segments. The method used in calculating EBITDA and its reconciliation to the line items in the statement of comprehensive income is disclosed in Note 27. All other information included in the disclosure per segment is prepared under IFRSs as adopted by EU applicable to the consolidated financial statements.

The Chief Operating Decision-Maker has chosen to review geographical operating segments because the Group's risks and rates of return are affected predominantly by the fact that it operates in different countries.

2.3 Standards issued but not yet effective and not early adopted

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

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**

The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **IAS 19 Employee benefits (Amended): Employee Contributions**

The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **IFRS 9 Financial Instruments—Recognition and measurement**

The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The amendment has not yet been endorsed by the EU. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group.

- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**

The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **IFRS 14 Regulatory Deferral Accounts**

The standard is effective for annual periods beginning on or after 1 January 2016. The IASB has a project to consider the broad issues of rate regulation and plans to publish a Discussion Paper on this subject in 2014. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure. IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. Management has assessed that this standard will not have an impact on the consolidated financial position or performance of the Group.

- **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard has not been yet endorsed by the EU. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. These Clarifications

have not yet been endorsed by the EU. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group.

- **IAS 27 Separate Financial Statements (amended)**

The amendment is effective from 1 January 2016. This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that this amendment will not have an impact on the consolidated financial position or performance of the Group.

- The **IASB has issued the Annual Improvements to IFRSs 2010—2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015. Management has assessed that these amendments will not have an impact on the consolidated financial position or performance of the Group.

- **IFRS 2 Share-based Payment:** This improvement amends the definitions of ‘vesting condition’ and ‘market condition’ and adds definitions for ‘performance condition’ and ‘service condition’ (which were previously part of the definition of ‘vesting condition’).
- **IFRS 3 Business combinations:** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
- **IFRS 8 Operating Segments:** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments’ assets to the entity’s assets if the segment assets are reported regularly.
- **IFRS 13 Fair Value Measurement:** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- **IAS 16 Property Plant & Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **IAS 24 Related Party Disclosures:** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- **IAS 38 Intangible Assets:** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- The **IASB has issued the Annual Improvements to IFRSs 2011—2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2015. Management has assessed that these amendments will not have an impact on the consolidated financial position or performance of the Group.
 - **IFRS 3 Business Combinations:** This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
 - **IFRS 13 Fair Value Measurement:** This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
 - **IAS 40 Investment Properties:** This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.
- The **IASB has issued the Annual Improvements to IFRSs 2012—2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. Management has assessed that these amendments will not have an impact on the consolidated financial position or performance of the Group.
 - **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
 - **IFRS 7 Financial Instruments: Disclosures:** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
 - **IAS 19 Employee Benefits:** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
 - **IAS 34 Interim Financial Reporting:** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.
- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**

The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to *IAS 28 Investments in Associates and Joint Ventures* allow the

investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments have not yet been endorsed by the EU. Management has assessed that these amendments will not have an impact on the consolidated financial position or performance of the Group.

- **IAS 1: Disclosure Initiative (Amendment)**

The amendments to IAS 1 *Presentation of Financial Statements* further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. The amendment will have impact on the disclosures from the consolidated financial statements of the Group.

- **IFRS 16: Leases**

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU. The management is in process of assessing the impact of this new standard on the consolidated financial position or performance of the Group.

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

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

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

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

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

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

3. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination and of property, plant and equipment carried under the revaluation model is the estimated amount for which property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of property, plant and equipment is based on the market approach and, where market approach cannot be used given the high degree of specialization of the asset being valued, cost approach. Market approach relies on quoted market prices for similar items when available or on valuation models that use inputs observable on the market. The cost approach relies on the determination of the depreciated replacement cost. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

b) Intangible assets

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

c) Derivatives

The fair value of the derivative financial instruments is based on generally accepted valuation techniques. It reflects the credit risk of the instrument and includes adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

d) Non-derivative financial assets and liabilities

Non-derivative financial assets and liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

e) Equity-settled share-based payment transactions

The fair value of the options granted to employees is measured using a generally accepted valuation technique, in which the main input is the market value of shares at the grant date as the exercise price of the options is equal to the nominal value of shares which is close to zero (refer to Note 23). Given the short life of the options and the low volatility in the market value of the Group's shares, management estimates that the time value of the share

options is not significant. The market value of the shares is determined based on a discounted cash flow method and comparable enterprise/equity values of other entities in the telecom industry. The main inputs used in the discounted cash flow calculation are Group revenues, EBITDA, WACC, terminal growth rate.

f) Available for sale investments

The market value of the shares is determined based on a discounted cash flow method and comparable enterprise/equity values of other entities in the telecom industry. The main inputs used in the discounted cash flow calculation are Group revenues, EBITDA, WACC, terminal growth rate.

4. SEGMENT REPORTING

31 December 2014	Romania	Hungary	Spain	Other	Eliminations	Reconciling item	Group
Segment revenue and other income	469,652	119,051	54,028	18,876	—	—	661,607
Inter-segment revenues	1,445	—	740	—	(2,185)	—	—
Segment operating expenses	(294,103)	(72,309)	(50,354)	(16,213)	2,185	—	(430,794)
EBITDA (Note 27)	176,994	46,742	4,414	2,663	—	—	230,813
Depreciation, amortization and impairment of tangible and intangible assets	—	—	—	—	—	(192,061)	(192,061)
Gain from sale of discontinued operations	—	—	—	9,604	—	—	9,604
Operating profit	—	—	—	—	—	—	48,356
Additions to tangible non-current assets	142,405	5,704	655	518	—	—	149,282
Additions to intangible non-current assets	16,644	32,818	2,668	847	—	—	52,977
<i>Carrying amount of:</i>							
Property, plant and equipment	539,782	102,017	747	533	—	—	643,079
Non-current intangible assets	142,016	53,385	3,730	610	—	—	199,741
Investments in associates and AFS	2,492	—	—	41,296	—	—	43,788

The types of products and services from which each segment derives its revenues are disclosed in Note 16.

31 December 2013	Romania	Hungary	Spain	Other	Eliminations	Reconciling item	Group
Segment revenue and other income	415,129	118,997	47,625	42,320	—	—	624,071
Inter-segment revenues	3,921	—	854	—	(4,775)	—	—
Segment operating expenses	(221,152)	(74,260)	(41,055)	(31,141)	4,775	—	(362,833)
EBITDA (Note 27)	197,898	44,737	7,424	11,179	—	—	261,238
Depreciation, amortization and impairment of tangible and intangible assets	—	—	—	—	—	(208,284)	(208,284)
Gain from sale of discontinued operations	—	—	—	37,612	—	—	37,612
Operating profit	—	—	—	—	—	—	90,566
Additions to tangible non-current assets	103,395	13,076	89	571	—	—	117,131
Additions to intangible non-current assets	19,008	483	1,338	451	—	—	21,280
<i>Carrying amount of:</i>							
Property, plant and equipment	507,245	116,568	256	603	—	—	624,672
Non-current intangible assets	142,360	23,541	2,117	635	—	—	168,653
Investments in associates and AFS	2,280	—	—	30,982	—	—	33,262

The types of products and services from which each segment derives its revenues are disclosed in Note 16.

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Cable plant	Construction in progress	Customer premises equipment	Equipment and devices	Vehicles	Furniture and office equipment	Total
Cost									
At December 31, 2013	9,299	35,128	387,634	35,191	97,852	168,507	24,622	13,483	771,715
Additions	882	1,705	1,548	126,644	1,670	5,803	955	478	139,685
Acquired through business combinations	202	—	6,762	2,197	—	381	50	5	9,597
Transfer from construction in progress (“CIP”)/reallocation	26	6,607	40,785	(98,681)	21,951	27,843	2,588	1,676	2,795
Disposals	—	—	(419)	(71)	(549)	(1,335)	(508)	(40)	(2,922)
Effect of movements in exchange rates	(4)	(163)	(4,440)	(615)	(803)	(3,239)	(261)	(174)	(9,699)
At December 31, 2014	10,405	43,277	431,870	64,665	120,121	197,960	27,446	15,428	911,172
Depreciation									
At December 31, 2013	—	4,314	34,536	—	38,003	41,544	20,393	8,253	147,043
Depreciation charge	—	1,239	38,978	—	34,392	43,327	1,967	2,147	122,050
Impairment	—	—	—	—	3,691	—	—	—	3,691
Disposals	—	—	(189)	—	(449)	(549)	(300)	(31)	(1,518)
Effect of movements in exchange rates	—	(47)	(743)	—	(879)	(1,064)	(313)	(127)	(3,173)
At December 31, 2014	—	5,506	72,582	—	74,758	83,258	21,747	10,242	268,093
Net book value									
At December 31, 2013	9,299	30,813	353,098	35,191	59,850	126,963	4,228	5,230	624,672
At December 31, 2014	10,405	37,771	359,288	64,665	45,363	114,702	5,699	5,186	643,079

	Land	Buildings	Cable plant	Construction in progress	Customer premises equipment	Equipment and devices	Vehicles	Furniture and office equipment	Total
Cost									
At December 31, 2012	8,670	38,943	354,127	23,450	83,395	137,876	25,153	12,810	684,424
Additions	565	1,070	2,289	87,167	19,784	4,252	1,111	894	117,131
Transfer from construction in progress (“CIP”)/reallocation	294	342	41,282	(74,565)	1,936	30,071	313	328	—
Discontinued operations	—	—	(2,351)	(157)	(3,202)	(1,438)	(1,120)	(17)	(8,285)
Disposals	(110)	—	(46)	—	(1,253)	(52)	(486)	(341)	(2,287)
Revaluation impact—accumulated depreciation eliminated against cost	—	(2,005)	—	—	—	—	—	—	(2,005)
Revaluation decrease recognised in other comprehensive income	—	(1,099)	—	—	—	—	—	—	(1,099)
Revaluation decrease recognised in profit or loss	—	(1,621)	—	—	—	—	—	—	(1,621)
Effect of movements in exchange rates	(120)	(503)	(7,667)	(704)	(2,808)	(2,202)	(350)	(191)	(14,543)
At December 31, 2013	9,299	35,128	387,634	35,191	97,852	168,507	24,622	13,483	771,715
Depreciation									
At December 31, 2012	—	5,011	—	—	—	—	20,057	6,591	31,659
Depreciation charge	—	1,412	35,946	—	40,840	42,380	1,985	2,122	124,685
Discontinued operations	—	—	(961)	—	(1,204)	(416)	(937)	(9)	(3,527)
Disposals	—	—	(1)	—	(1,118)	(19)	(443)	(341)	(1,922)
Revaluation impact—accumulated depreciation eliminated against cost	—	(2,005)	—	—	—	—	—	—	(2,005)
Effect of movements in exchange rates	—	(104)	(448)	—	(515)	(401)	(269)	(110)	(1,847)
At December 31, 2013	—	4,314	34,536	—	38,003	41,544	20,393	8,253	147,043
Net book value									
At December 31, 2012	8,670	33,932	354,127	23,450	83,395	137,876	5,096	6,219	652,765
At December 31, 2013	9,299	30,813	353,098	35,191	59,850	126,963	4,228	5,230	624,672

Property, plant and equipment additions

Most of the additions in 2014 and 2013 relate to the triple play network, as the Group has continued to invest in expanding to new areas but also has continued the upgrade of the existing network. Other additions relate to continued investment in the 3G network coverage, network assets of newly acquired CFO Integrator (Cluj City—underground network mainly) and Diginet (Botosani County – equipment and network) and equipment investments mainly in the Company's TV production facilities.

Property, plant and equipment in leasing

The carrying amount of property, plant and equipment includes an amount of EUR 11,940 as of 31 December 2014 (31 December 2013: 12,245), out of which land and buildings EUR 11,850 (31 December 2013: 11,932) and vehicles EUR 0 (31 December 2013: 312), representing assets held under finance leases. The ownership title of these assets should be transferred to RCS&RDS at the end of the leasing agreements (refer to Note 13).

Revaluation of buildings

The Group engaged an accredited independent appraiser to determine the fair value of its buildings. The last revaluation was performed as of 31 December 2013, being registered a decrease in fair value of EUR 2,720. The fair value was determined by reference to market-based evidence, using the market comparison and income approach.

If buildings were measured using the cost model, the carrying amounts would be as follows:

	31 December 2014	31 December 2013
Cost	43,278	35,020
Accumulated depreciation	(9,789)	(8,732)
Net carrying amount	33,489	26,288
Fair value	37,771	30,813

Revaluation of cable plant, equipment and devices and customer premises equipment

Cable plant, equipment and devices, and customer premises equipment were revalued as of 31 December 2012 on the basis of their depreciated replacement cost calculated by the Group's personnel. Replacement cost was determined as follows:

- for materials and equipment, based on price quotations from suppliers and prices of the most recent acquisitions;
- for personnel costs, based on the historical salaries multiplied by the Group's salary growth rate;
- for subcontractor costs, based on historical fees multiplied by the consumer price indices for services.

Cable plant, equipment and devices, and customer premises equipment are part of cash generating units containing goodwill, which are tested annually for impairment (refer to Note 6).

If cable plant, equipment and devices, and customer premises equipment were measured using the cost model, the carrying amounts would be as follows:

Cable plant

	31 December 2014	31 December 2013
Cost	496,568	448,123
Accumulated depreciation	(178,050)	(144,538)
Net carrying amount	318,518	303,585
Fair value	359,288	353,098

Equipment and devices

	31 December 2014	31 December 2013
Cost	306,596	274,111
Accumulated depreciation	(198,666)	(159,583)
Net carrying amount	107,930	114,528
Fair value	114,702	126,963

Customer premises equipment

	31 December 2014	31 December 2013
Cost	461,747	438,841
Accumulated depreciation	(418,945)	(392,067)
Impairment	(3,417)	(1,604)
Net carrying amount	39,385	45,170
Fair value	45,363	59,850

For details on the pledges placed on the Group assets refer to Note 13 (vii).

6. INTANGIBLE ASSETS**a) Non-current intangible assets**

	Goodwill	Customer relationships	Trade marks	Subscriber acquisition costs ("SAC")	Licences and software	Total non-current intangible assets
Cost						
At December 31, 2013	80,549	62,015	235	55,085	95,166	293,050
Additions	—	5,822	—	4,590	39,232	49,644
Disposals	—	—	—	—	—	—
Additions from acquisition of subsidiaries	1,705	1,628	—	—	—	3,333
Effect of movement in exchange rates	(1,260)	(210)	—	(1,377)	(559)	(3,406)
At December 31, 2014	80,994	69,255	235	58,298	133,839	342,621
Depreciation						
At December 31, 2013	—	38,502	105	52,869	32,921	124,397
Amortization	—	8,717	41	2,506	8,822	20,086
Disposals	—	—	—	—	—	—
Effect of movement in exchange rates	—	(139)	—	(1,364)	(100)	(1,603)
At December 31, 2014	—	47,080	146	54,011	41,643	142,880
Net Book Value						
At December 31, 2013	80,549	23,513	130	2,216	62,245	168,653
At December 31, 2014	80,994	22,175	89	4,287	92,196	199,741

	Goodwill	Customer relationships	Trade marks	Subscriber acquisition costs ("SAC")	Licences and software	Total non-current intangible assets
Cost						
At December 31, 2012	81,649	61,563	235	56,169	80,496	280,112
Additions	119	1,932	—	2,044	16,367	20,462
Discontinued operations	(365)	(740)	—	(2,328)	(429)	(3,862)
Disposals	—	—	—	—	(108)	(108)
Additions from acquisition of subsidiaries	818	—	—	—	—	818
Effect of movement in exchange rates	(1,672)	(740)	—	(800)	(1,160)	(4,372)
At December 31, 2013	80,549	62,015	235	55,085	95,166	293,050
Depreciation						
At December 31, 2012	—	30,817	73	53,886	25,625	110,401
Amortization	—	8,514	35	2,105	8,204	18,858
Discontinued operations	—	(426)	—	(2,328)	(428)	(3,182)
Disposals	—	—	—	—	(6)	(6)
Effect of movement in exchange rates	—	(403)	(3)	(794)	(474)	(1,674)
At December 31, 2013	—	38,502	105	52,869	32,921	124,397
Net Book Value						
At December 31, 2012	81,649	30,746	162	2,283	54,871	169,711
At December 31, 2013	80,549	23,513	130	2,216	62,245	168,653

(i) Customer relationships

Customer relationships represent the cost incurred by the Group when acquiring customer contracts from other companies directly or by acquiring control of those companies.

(ii) Impairment testing for cash-generating units containing goodwill

The Group defines cash-generating units (CGUs) based on three criteria:

1. country;
2. infrastructure used in providing the services; and
3. bundling of services affecting independence of cash flows.

Since a significant percentage of customers buy bundled services of CBT (cable, broadband and television), in countries where the Group is providing both CBT and DTH services, the Group identified separate CGUs for CBT and DTH respectively. In countries where either CBT or DTH services are provided, only one CGU was identified.

Goodwill acquired through business combinations has been allocated among cash generating units for the purposes of impairment testing as follows:

- CBT Romania;
- CBT Hungary;
- CBT Spain.

Goodwill	CBT 31 December 2014	CBT 31 December 2013
Romania	59,985	58,281
Hungary	20,781	22,040
Spain	228	228
Total	80,994	80,549

Recoverable amounts for the CGUs have been determined on the basis of fair value less costs to sell calculations using cash flow projections based on financial budgets approved by senior management covering a six-year period.

Key assumptions used in the calculations of the recoverable amounts

Key assumptions used in the calculation of the recoverable amounts are revenues, EBITDA margins, discount rate, terminal value growth rate and capital expenditure.

Discount rate

- for the Romanian territory 8.4% p.a (2013: 9.57%);
- for the Hungarian territory 8.4% p.a (2013: 10.57%).

The discount rate applied to the cash flows of each CGU is based in the Group's Weighted Average Cost of Capital (WACC). WACC is the average cost of sources of financing (debt and equity), each of which is weighted by its respective use. Key inputs to the WACC calculation are the risk free rate, beta (reflecting the risk of the Group relative to the market as a whole) as well as assumptions regarding the spread for credit risk and the market risk premium for the cost of equity. Group WACC is adjusted for risk relative to the country in which the CGU operates.

Terminal growth rates

- for Romanian CBT CGU 1.5% p.a. (2013: 2%);
- for Hungarian CBT CGU 1.5% p.a. (2013: 2%).

The growth rate in perpetuity has been determined based on the long-term compounded annual growth rate in EBITDA estimated by management considering market maturity and market share in Romania and Hungary.

For the Romanian CBT CGU, budgeted EBITDA is based on past experience and incremental increase in future years generated from incremental increase in revenues from new subscribers to our cable Tv, internet and mobile telephony business; budgeted EBITDA for the Hungarian CBT CGU is based on past experience and growth expectation from tighter cost control and additional revenue from new subscribers connected to the fixed network.

Due to confidentiality reasons the Company does not disclose information regarding budgeted EBITDA margins and revenue growth rates for the budget period, given the strategic nature of this information.

Capital expenditure

Budgeted capital expenditure (tangible and intangible assets including programme assets) is based on past experience, forecasted growth of subscribers (new subscribers connected to the fixed network) and other business drivers.

Management believes that as of 31 December 2014 no reasonable change in the main assumptions could result in an impairment charge (31 December 2013: same).

(iii) Subscriber acquisition costs ("SAC")

SAC represents third party costs for acquiring and connecting customers of the Group. In 2014 SAC was generated in relation with contracting customers in Romania (EUR 1,487), Spain (EUR 2,616), Hungary (EUR 190) and Italy (EUR 297). In 2013 SAC was generated in relation with contracting customers in Spain (EUR 1,338), Hungary (EUR 266) and Italy (EUR 440).

(iv) Licences and software

2100 MHz license

In January 2007 the Romanian General Inspectorate for Communication and Information Technology ("IGCTI") granted to RCS&RDS a 2100 MHz license for a total consideration of EUR 27,056 (equivalent of USD 35,000),

entirely paid as of 31 December 2014. The cost of the 2100 MHz license was EUR 23,110 and was determined at inception date by discounting the future payments using effective interest method at the date the license was granted to RCS&RDS (interest rate used was 7.6% p.a., similar to interest rate on other long term borrowings contracted by the RCS&RDS). The carrying amount of the 2100 MHz license as of 31 December 2014 is EUR 8,240 (2013: EUR 9,398).

900 MHz license (partially included in 2013 additions)

In September 2012 IGCTI granted to RCS&RDS 1 spectrum block in the 5 MHz broadband to be used starting with April 2014 for a period of 15 years, for a total consideration of EUR 40,000 out of which EUR 26,000 was paid in 2012. The remaining amount of EUR 14,000 was paid in June 2013. The carrying amount of the 900 MHz license as of 31 December 2014 is EUR 37,901 (2013: EUR 40,000). The obligations assumed in relation to the 900 MHz license are: allow access to MVNOs (mobile virtual network operators), coverage of a number of small cities in Romania presently without coverage until 5 April 2016, coverage for voice services of 98% of the population until 5 April 2019, coverage for data services of 60% of population until 5 April 2021.

1800 MHz license in Hungary

In September 2014 NMHH granted to Digi Hungary 1 spectrum block in the 5 MHz for a period of 15 years, for a total consideration of HUF 10 billion (EUR 32,600) which was fully paid in October 2014. The carrying amount of the 1800 MHz license as of 31 December 2014 is EUR 31,562. The license has no coverage obligations assumed.

Other

Included in “Licenses and software” category is also the software required for the operation and maintenance of communication equipment.

Collateral

For details on the pledges placed on the Group assets refer to Note 13 (vii).

b) Current intangible assets—programme assets

	31 December 2014	31 December 2013
Balance at 1 January	29,387	39,324
Additions	33,765	53,651
Amortization	(46,235)	(63,122)
Effect of movement in exchange rates	(79)	(466)
Balance at 31 December	16,838	29,387

Included in “Additions” is an amount of EUR 26,004 representing broadcasting rights for sports competitions for 2014/2015 season (2013: EUR 46,095 for 2013/2014 season) and related advance payments for future seasons, the difference representing movies and documentaries rights. Contractual obligations related to future seasons are presented as commitments in Note 25.

7. AVAILABLE FOR SALE FINANCIAL ASSETS (AFS)

	31 December 2014	31 December 2013
Balance at 1 January	30,982	24,967
Additions	1,753	720
Fair value adjustment	8,561	5,295
Balance at 31 December	41,296	30,982

The above available for sale financial assets comprise shares in RCSM. As at 31 December 2014 the percentage of ownership of CCS in RCSM is 8.75% (31 December 2013: 7.73%). For additional disclosures on the fair values of the AFS refer to Notes 22 (v) and 22 (vii).

8. INVENTORIES

	31 December 2014	31 December 2013
Merchandise and equipment	7,990	11,194
Materials and consumables	14,838	9,871
Total inventories, net	22,828	21,065

Merchandise and equipment

This category includes terminal equipment sold to the customers. Such equipment include mobile phones, tablets, TV sets.

As at 31 December 2013 this line also included customer premises equipment amounting to EUR 8,096. Starting with 2014 all customer premises equipment are included in non-current assets.

Materials and consumables

This category includes mainly inventory used in the development and maintenance of the telecommunications networks, such as fiber optic cables, nodes and amplifiers.

Collateral

For details on the pledges placed on the Group assets refer to Note 13 (vii).

9. TRADE AND OTHER RECEIVABLES

	31 December 2014	31 December 2013
Trade receivables	100,248	72,146
Receivable from related parties (refer to Note 15)	1,185	841
Other taxes receivable	35	137
Other receivables	8,394	8,360
Total trade and other receivables	109,862	81,484

Collateral

For details on the pledges placed on the Group assets refer to Note 13 (vii).

10. OTHER ASSETS

	31 December 2014	31 December 2013
Advances to suppliers	8,794	10,770
Prepayments	1,133	910
Total other assets	9,927	11,680

11. CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Bank accounts	53,729	49,852
Petty cash	559	382
Total cash and cash equivalents	54,288	50,234

Collateral

For details on the pledges placed on the Group assets refer to Note 13 (vii).

12. EQUITY

As of 31 December 2014, CCS has an authorised share capital of EUR 250 comprised of 250,000 units of ordinary shares of EUR 1 each. At the date of the balance sheet 50,594 ordinary shares were issued and fully paid. These are no other issued shares.

	31 December 2014	31 December 2013
Ordinary Shares—Issued and Paid (No.)	50,594	50,594
Ordinary Shares—Unissued (No.)	199,406	199,406
Nominal Value	1 EUR per share	1 EUR per share
Share Capital Value (EUR thousand)	51	51

At 31 December 2014 and 2013, the shareholders of CCS are as follows:

Shareholder name	31 December 2014		31 December 2013	
	No. of shares	%	No. of shares	%
RCSM	29,277	57.87%	29,277	57.87%
Teszari Zoltan	2,326	4.60%	2,326	4.60%
Carpathian Cable				
Investment Ltd	9,953	19.67%	9,953	19.66%
Celest Limited (Cyprus)	2,694	5.32%	2,694	5.32%
CCS—treasury shares	4,135	8.17%	4,135	8.17%
Other	2,209	4.38%	2,209	4.38%
Total	50,594	100.00%	50,594	100.00%

The largest ultimate beneficial shareholder of the Group is Mr. Zoltan Teszari. Mr. Zoltan Teszari is the controlling shareholder of the Group, being the controlling shareholder of RCSM (the controlling parent of CCS) and minority shareholder of CCS and RCS&RDS.

Dividends

As stated previously, these financial statements are not the statutory financial statements of CCS. The profit available for distribution is the profit for the year recorded in the Dutch GAAP statutory financial statements, which differs from the result in these financial statements, prepared in accordance with IFRS as adopted by EU.

In December 2014 a gross dividend of EUR 3,500 was distributed from the CCS statutory retained earnings of 2013. In December 2013 gross dividends of EUR 5,000 were distributed from CCS statutory retained earnings of 2012. The related amount of dividend per share for 2014 was EUR 0.069 and for 2013 was EUR 0.099.

Nature and purpose of reserves

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

13. INTEREST BEARING LOANS AND BORROWINGS

Long term portion		Nominal interest rate	31 December 2014	31 December 2013
Bonds	(i)	7.5% p.a.	436,410	434,245
2013 New Senior Facilities Agreement	(ii)	3M EURIBOR + 4.35%p.a.	210,270	198,154
Obligations under finance leases	(iii)	Variable linked to LIBOR and EURIBOR + respective margin	6,052	6,534
Total long term portion			652,732	638,933
Current portion		Nominal interest rate	31 December 2014	31 December 2013
2013 New Senior Facilities Agreement	(ii)	3M EURIBOR + 4.35%p.a.	34,297	—
2013 ING Bank facility agreement	(iii)	Variable linked to EURIBOR/ROBOR/LIBOR + respective margin	3,960	4,157
Obligations under finance leases	(iii)	Variable linked to LIBOR and EURIBOR + respective margin	969	1,044
Other			6,520	6,257
Total current portion			45,746	11,458

(i) Bonds

In November 2013, CCS issued non-convertible bonds in amount of EUR 450,000 with a coupon yield of 7.5% and maturity in November 2020. The bonds were placed at face value and have a half year coupon period.

The Bonds include several call redemption options as well as one put redemption option which were assessed not to be closely related to the host contract (with one exception). Management has assessed the combined fair value of these embedded options through the Option Adjusted Spread model and concluded that it is not material in order to be separated.

Arrangement fees

The total cost of concluding the Bonds is amortised using the effective interest method over the life of the Bonds. As of 31 December 2014 the unamortized balance of borrowings related fees was EUR 13,589.

Drawing

As of 31 December 2014, the nominal balance is EUR 450,000 (EUR 436,411- presented net of borrowing fees).

Pledges

Details on pledges are presented further in section (x) of the Note 13.

Covenants

The Group has agreed to certain covenants with respect to the Bonds, including, among other things, limitations on its ability to: incur or guarantee additional indebtedness; make investments or other restricted payments; sell assets and subsidiary stock; enter into certain transactions with affiliates; create liens; consolidate, merge or sell all or substantially all of our assets; enter into agreements that restrict our restricted subsidiaries' ability to pay dividends; sell or issue capital stock of restricted subsidiaries; engage in any business other than a permitted business; and impair the security interests with respect to the Collateral. Each of these covenants is subject to certain exceptions and qualifications. Certain of these covenants may also be suspended in the event that the Bonds receive investment grade ratings from the relevant credit rating agencies.

The Group is in compliance with all the covenants under these Bonds as at 31 December 2014.

(ii) 2013 New Senior Facilities Agreement

On October 21, 2013 RCS&RDS entered into a committed facility agreement, as borrower, with Citibank, N.A., London Branch and ING Bank N.V. Amsterdam, Bucharest Branch, as mandated lead arrangers, for the repayment of our existing facilities and for general corporate purposes (the “New Senior Facilities Agreement”). The New Senior Facilities Agreement consists of a term loan facility with a capacity of EUR 250 million and a revolving credit facility with a capacity of EUR 50 million. On June 19, 2014 we drew the remaining EUR 45 million under the term loan.

Arrangement fees

The total cost of concluding the loan is amortised using the effective interest method over the life of the loan. As of 31 December 2014 the unamortized balance of borrowings related fees was EUR 5,433.

Drawing

As of 31 December 2014, RCS&RDS drew EUR 250,000 (EUR 244,567—presented net of borrowing fees).

Maturities and repayment schedule

Repayment schedule of the loan is as follows:

Repayment date	Amount EUR
21-Oct-15	35,714
21-Apr-16	35,714
21-Oct-16	35,714
21-Apr-17	35,714
21-Oct-17	35,714
21-Apr-18	35,714
21-Oct-18	35,714
Total	<u>250,000</u>

Refer to Note 26 for details regarding the refinancing agreement signed in April 2015 for the Senior Facility Agreement through which the maturity of the loan was reset and the repayments were rescheduled.

Pledges

The New Senior Facilities Agreement shares in on a pari passu basis pursuant to the terms of the Intercreditor Agreement dated 4 November 2013.

The Intercreditor Agreement mentioned above is the document which establishes the rights of certain creditors under the financing arrangements of the Group. The Intercreditor Agreement sets out, among other things: the relative ranking of certain indebtedness and security granted, when payments can be made, when enforcement action can be taken, subordination of indebtedness, release of Collateral.

Covenants

The Group has agreed under the New Facility Agreement to comply with two financial ratio covenants regarding leverage (“total net debt to EBITDA ratio) and interest cover and certain qualitative covenants, mainly related to authorisations, compliance with corporate legislation in force, preservation of assets, negative pledge, limitations on disposals, mergers, acquisitions, arm’s length transaction, change in nature of business, limitation on subsidiary indebtedness, events of default and others. The Group is in compliance with all the covenants under the New Facility Agreement as at 31 December 2014.

(iii) 2013 ING Facilities Agreement

On November 1, 2013, RCS&RDS entered, into the ING Facilities Agreement with ING Bank N.V. in order to consolidate the Group’s existing credit facilities with ING Bank N.V. into a single facility for working capital purposes. The existing facilities with ING Bank N.V. were fully repaid and terminated on November 4, 2013

using the proceeds of the Bond and the New Senior Facilities Agreement. The ING Facilities Agreement entered into force thereafter. The ING Facilities Agreement is sharing in the Collateral, pursuant to the terms of the Intercreditor Agreement.

The ING Facilities Agreement consists of (i) an uncommitted overdraft facility of up to EUR 5,000, of which up to EUR 1,000 can also be used for letters of guarantee and (ii) an uncommitted facility for letters of guarantee of up to EUR 9,675 and Romanian lei 8,100.

Drawings

As of December 31, 2014, EUR 3,960 were drawn and EUR 900 Letters of Guarantee issued under the overdraft facility.

(iv) Citi Facilities Agreement

On October 25, 2013, RCS&RDS entered into the Citi Facilities Agreement with Citibank, to consolidate its existing uncommitted credit facilities with Citibank into a single uncommitted facility for working capital purposes.

On October 25, 2013, the RCS&RDS entered into a personal guarantee agreement with Citibank pursuant to which it provides Citibank with a personal guarantee for the due performance of the Citi Facilities Agreement by the Group. The Citi Facilities Agreement share the Collateral, pursuant to the terms of the Intercreditor Agreement.

On November 4, 2013 RCS&RDS repaid the Citi Facilities Agreement using the proceeds from the Bond and the New Senior Facilities Agreement. The Citi Facilities Agreement consists of:

- (i) an uncommitted overdraft in the amount of US\$ 5,000 thousand, as at 31 December 2014 were used for the issue of letter of guarantees US\$ 1,041 thousand;
- (ii) an uncommitted bank guarantee facility in the amount of US\$ 8,100 thousand, as at 31 December 2014 were used for the issue of letter of guarantees US\$ 7,322 thousand;
- (iii) an uncommitted bank guarantee facility in the amount of EUR 500, fully drawn as at 31 December 2013.

As of December 31, 2014, overdraft/bank guarantee facility utilised was (i) USD 1,900 thousand all of them being letters of guarantee, and (ii) we had letters of guarantee issued in the amount of USD 5,900 thousand and EUR 500.

(v) Santander Facility

On November 4, 2014, Digi Spain (subsidiary of RCS&RDS) entered into a new short-term facility agreement with Banco Santander for EUR 1,500 which consolidates and replaces all the previous facilities. The maturity date for this new facility is November 4, 2015 and the amount provided decreased to EUR 1,000 starting with March 4, 2015. As of December 31, 2014, the balance drawn under the Santander Facility was EUR 420.

(vi) Caixa Facility

On February 6, 2014, Digi Spain (subsidiary of RCS&RDS) entered into a reverse factoring facility agreement with Caixabank, S.A. (the "Caixa Facility") through which Caixa pays in advance DIGI Spain's suppliers. On January 30, 2015, we renewed the reverse factoring facility agreement. The term of the Caixa Facility is indefinite and the maximum amount which can be used is EUR 500. As of December 31, 2014, the balance drawn under the Caixa Facility was EUR 417.

(vii) Banca Transilvania credit agreement

On July 14, 2014 RCS&RDS signed two credit agreements with Banca Transilvania, with a total value of RON 29,300 thousand (EUR 6,537 using the exchange rate from December 31, 2014). Banca Transilvania credit agreement is sharing in the Collateral, pursuant to the terms of the Intercreditor Agreement. As of the date of this report Banca Transilvania credit agreement has expired without being drawn.

(viii) Unicredit cash collateral agreement

On October 5, 2010, RCS&RDS entered into a cash collateral agreement with UniCredit Tiriac Bank S.A., for EUR 59 for issuance of a letter of counter guarantee, which is valid until January 31, 2017 (the “Unicredit Cash Collateral Agreement”). The agreement entered into force on October 8, 2012, and is secured with a moveable mortgage over a cash collateral account opened with UniCredit Tiriac Bank S.A.

(ix) BRD Letters of Guarantee Facility

As of December 31, 2014 the Group had letters of guarantee issued by BRD with a value of EUR 1.0 million.

(x) Collateral for all facilities

The obligations of the Group under the Bonds, as well as their obligations under the New Senior Facilities Agreement, ING Facilities Agreement and the Citi Facilities Agreement on a pari passu basis pursuant to the terms of the Intercreditor Agreement of 4 November 2013 are secured by a first-ranking security interest in certain assets of RCS&RDS and CCS, namely:

(a) certain Capital Stock that CCS holds in RCS&RDS (other than certain shares of Capital Stock of RCS&RDS that are subject to a call option in favor of the purchaser of our Serbian subsidiary), which on the Issue Date (4 November 2013) accounts for 88.93% of the issued Capital Stock of RCS&RDS

(b) all bank accounts of CCS, including any new bank accounts, except for an account used for short term facilities granted by RCS&RDS, amounting to EUR 4 as of 31 December 2014.

(c) receivables under the Proceeds Loan (The Proceeds Loan is the loan provided by CCS to its subsidiary, RCS&RDS on 4 November 2013—EUR 450,000,000)

(d) treasury shares of RCS&RDS held by itself, which on the Issue Date will account for 7.29% of its issued Capital Stock;

(e) 100% of the issued Capital Stock in each of DIGI T.S. Kft Hungary and DIGI Czech Republic s.r.o.;

(f) 78.49% of the issued Capital Stock of DIGI Spain Telecom S.L.U.; and

(g) subject to certain exclusions, all present and future movable assets of RCS&RDS including bank account monies, trade and other receivables, intragroup receivables, inventories, movable tangible property (including installations, machinery, equipment, vehicles, furniture and other similar assets), intangible assets, intellectual property rights, insurance and proceeds related to any of the foregoing as described in the General Movable Mortgage Agreement between RCS&RDS and Wilmington Trust (London) Limited.

(xi) Obligations under finance leases

The Group financed the acquisition of certain assets (buildings and land) through finance leases. As at 31 December 2014 there are two leasing contracts in place with Raiffeisen Leasing (the initial contract was signed with ING Lease Romania, which sold its portfolio to Raiffeisen Leasing at the beginning of 2014) and Piraeus Leasing. The finance lease agreement concluded with Raiffeisen Leasing is in USD (and it is payable in USD). The finance lease agreement signed with Piraeus Bank is in EURO but the obligation is payable in RON at the exchange rates at the date of payment. The remaining length of the lease contracts is 17 months for Raiffeisen Leasing and 109 months for Piraeus Leasing.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	31-Dec-14		31-Dec-13	
	Net	Gross	Net	Gross
Within one year	969	1,348	1,044	1,450
Later than one but less than five years	5,023	5,582	4,889	5,643
More than five years	1,027	1,118	1,608	1,843
Less: future finance charges (interest)	—	(1,029)	—	(1,395)
Total	7,019	7,019	7,541	7,541

14. TRADE AND OTHER PAYABLES

	31 December 2014	31 December 2013
Trade payables and payables to fixed assets suppliers	143,036	96,465
Accruals	33,550	36,227
Value added tax ("VAT")	12,688	11,098
Other payable related to investments	2,582	3,913
Salary and related taxes	13,526	14,681
Telecommunication and other taxes	—	3,442
Amounts payable to related parties (relate to note 15)	799	392
Dividends payable (relate to note 15)	7,611	6,089
Other	3,379	2,433
Total trade and other payables	217,171	174,740

Included in payables to suppliers and accruals above is EUR 52,349 (31 December 2013: EUR 32,576) representing amounts due for property, plant and equipment and EUR 11,213 (31 December 2013: EUR 19,920) representing payment obligations for intangible assets.

Trade payables are non-interest bearing and are normally settled on 60-90 day terms.

Other payables related to investments

Payables for investments are related mostly to scheduled payments for purchase of shares of newly acquired subsidiaries and non controlling interests, and payments for customer relationships.

15. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of CCS and its subsidiaries (the main subsidiaries are included in Note 21 (a)); RCSM is the Group's ultimate holding company.

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are interest free. There have been no guarantees provided or received for any related party receivables or payables, other than the pledge on shares of RCS&RDS, provided by CCS for loans and borrowings (refer to Note 13). For the year ended 31 December 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 December 2013: nil).

This assessment is made each year through examining the financial position of the related party and the market in which the related party operates.

The following tables provide the total amount of transactions and balances, which have been entered into with related parties for the relevant financial year.

Receivables from related parties

		31 December 2014	31 December 2013
Party			
Ager Immobiliare S.R.L.	(ii)	651	626
Digi Serbia	(ii)	189	—
Music Channel S.R.L.	(ii)	64	63
RCSM	(i)	1	72
Other		280	80
Total		1,185	841

Payables to related parties

		31 December 2014	31 December 2013
Party			
Related parties-share options	(ii)	610	88
RCSM	(i)	4,683	3,173
Digi Serbia	(ii)	85	—
Mr. Zoltan Teszari	(iii)	559	416
Other		2,473	—
Total		8,410	3,677

(i) Shareholder of CCS

(ii) Entities affiliated to a shareholder of the parent

(iii) Ultimate beneficial shareholder

Compensation of key management personnel of the Group

	2014	2013
Short term employee benefits—salaries	1,323	642
Share-based payments	2,418	1,842

Certain members of the management team (including key management personnel) benefit from a share based payment plan at the level of RCS&RDS. Total share options granted during the year 2014 of 1,305,500 (refer to Note 23) (2013: 1,305,500) remunerates key management personnel, in addition to the salaries above.

16. REVENUES

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

	2014	2013
Revenues from continuing operations	661,607	604,024
Cable TV		
Romania	155,636	147,270
Hungary	34,483	34,558
	190,119	181,828
Internet and data		
Romania	163,983	151,278
Hungary	31,930	30,950
Italy	90	—
Spain	9,945	4,083
	205,948	186,312
Telephony Revenues		
Romania	53,767	55,470
Spain	43,638	43,477
Hungary	8,296	9,992
Italy	5,010	6,430
	110,711	115,369
DTH Revenue		
Romania	43,898	49,761
Hungary	31,432	34,029
Czech Republic	13,720	17,035
	89,050	100,826
Other revenues		
Romania	52,368*	10,112*
Hungary	12,909	9,468
Czech Republic	57	46
Spain	445	64
	65,779	19,690
Revenues from discontinued operations	—	18,810
Cable TV		
Slovakia	—	2,365
	—	2,365
Internet and data		
Slovakia	—	381
	—	381
DTH Revenue		
Slovakia	—	14,569
Serbia	—	892
Croatia	—	231
	—	15,692
Other revenues		
Slovakia	—	157
Serbia	—	181
Croatia	—	34
	—	372
Total revenues	661,607	622,834

Other revenues refer to sales of other equipment, own content to other operators, advertising revenue and sundry penalties invoiced to subscribers.

* Included in other revenues are total revenues from sales of goods of EUR 42,972 (2013: 1,882) out of which the sales of goods for the Romania territory are of EUR 42,826 (2013: 1,753).

Sales of goods include mainly mobile handsets and other equipment.

17. OPERATING EXPENSES

	2014	2013
<i>Operating expenses from continuing operations</i>	622,855	556,513
Depreciation of property, plant and equipment	124,233	122,258
Amortization of programme assets	46,235	62,984
Amortisation of non-current intangible assets	20,086	18,858
Salaries and related taxes	103,527	93,683
Contribution to pension related fund	16,959	14,577
Programming expenses	63,431	61,159
Telephony expenses	62,806	50,169
Cost of goods sold	43,038	4,619
Rentals	38,044	31,929
Invoicing and collection expenses	11,957	12,023
Taxes and penalties	13,010	9,288
Utilities	12,614	14,583
Copyrights	8,291	8,232
Internet connection and related services	4,876	5,285
Impairment of receivables, net of reversals	7,999	6,335
Impairment of property, plant and equipment	1,508	1,621
Other expenses	44,241	38,910
<i>Operating expenses from discontinued operations</i>	—	14,604
Total operating expenses	622,855	571,117

Other expenses include mainly expenses related to own TV channels (Digi Sport, Digi 24 news channel, Digi World, Digi Life, Digi Animal World, Digi Film) and network maintenance expenses.

18. NET FINANCE COSTS

	2014	2013
<i>Financial revenues</i>		
Interest from banks	158	150
Other financial revenues	650	243
	808	393
<i>Financial expenses</i>		
Interest expense	(49,865)	(42,858)
Net gain/(loss) on derivative financial instruments	(2,893)	(3,287)
Other financial expenses	(5,784)	(23,647)
	(58,542)	(69,792)
Foreign exchange differences (net)	(2,600)	2,620
<i>Net Financial Gain / (Expenses) from continuing operations</i>	(60,334)	(66,779)
<i>Net Financial Gain / (Expenses) from discontinued operations</i>	—	4,054
Net Financial Gain / (Expenses) total	(60,334)	(62,725)

Other financial expenses in 2014 fees related to short-term vendor financing, commitment fees for undrawn facilities and other bank charges whilst in 2013 Other financial expenses (continuing operations) included an amount of EUR 10,106 representing early repayment fees related to the 2011 BCR & Credit Swiss loan and an amount of EUR 7,496 representing unamortised transaction costs relating to the refinanced long term borrowings.

19. INCOME TAX

The statutory tax rate applied in Netherlands during 2014 was 25% (2013: 25%).

Other entities

The statutory tax rate applied in the Romanian entities during 2014 was 16% (2013: 16%).

The statutory tax rate applied in Hungary during 2014 was 19% (2013: 19%).

The statutory tax rate applied in Czech Republic during 2014 was 19% (2013: 19%).

The statutory tax rate applied in Spain during 2014 was 30% (2013: 30%).

The statutory tax rate applied in Italy during 2014 was 31.4% (2013: 31.4%).

Components of income tax expense for the periods ended 31 December 2014 and 2013 respectively were:

	2014	2013
Current income tax charge	3,001	3,492
Deferred income tax relating to origination and reversal of temporary differences	(8,131)	(1,499)
Income tax expense/ (benefit) recognised in profit or loss for continuing operations	(5,130)	1,993
<i>Income tax expense recognised in profit or loss for discontinuing operations</i>	<i>—</i>	<i>5,540</i>

Reconciliation of income tax expense

Reconciliation of income tax expense at the statutory income tax rate (Netherlands) applicable to the net result before tax to the income tax expense at the Group's effective income tax rate for the financial years 2014 and 2013 is as follows:

	2014	2013
Net gain / (loss) before income tax for continuing operations	(21,582)	(18,032)
At statutory income tax rate of the Company	(5,396)	(4,508)
Effect of difference in tax rates applicable for foreign subsidiaries	2,554	2,176
Non-taxable income / Non-deductible expenses	(3,331)	5,058
Write off of previously recognized deferred tax assets	—	(733)
Fiscal losses for which no deferred tax has been recognized	1,043	—
Effective tax expense from continuing operations	(5,130)	1,993
<i>Effective tax expense from discontinuing operations</i>	<i>—</i>	<i>5,540</i>

Deferred taxes in the consolidated statement of financial position are:

	31 December 2014	31 December 2013
Deferred tax assets	2,933	5,008
Deferred tax liabilities	(28,204)	(37,826)
	(25,271)	(32,818)

Movement of deferred taxes:

	2014	2013
Deferred taxes recognized in the statement of financial position	25,271	32,818
Difference from prior year balance	(7,547)	(185)
<i>Of which:</i>		
Recognized in profit or loss	(8,131)	(963)
Deferred tax liability resulted from business combinations	260	1,359
Deferred tax liability/ (asset), recognised in other comprehensive income	—	(176)
Effect of movement in exchange rates	324	(404)

The deferred tax (asset)/ liability for the financial year 2014 comprises the tax effect of temporary differences related to:

	Balance 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income	Acquired in business combinations	Effect of movement in exchange rates	Balance 31 December 2014
Property, plant and equipment	34,447	(1,548)	—	—	283	33,183
Intangibles	1,871	117	—	260	(20)	2,228
Accounts receivable	1,997	(977)	—	—	8	1,027
Accounts payable	5,173	(9,307)	—	—	66	(4,069)
Long term borrowings	0	7,140	—	—	(60)	7,080
Inventory	60	—	—	—	(1)	59
<i>Deferred tax liabilities</i>	<i>43,547</i>	<i>(4,575)</i>	<i>—</i>	<i>260</i>	<i>274</i>	<i>39,508</i>
Intangibles	160	—	—	—	—	160
Accounts receivable	(1,325)	1,282	—	—	(11)	(54)
Accounts payable	(73)	(37)	—	—	1	(110)
Interest expense postponed for deduction	—	(4,394)	—	—	37	(4,357)
Inventory	(8)	(551)	—	—	9	(550)
Fiscal losses	(9,483)	146	—	—	11	(9,327)
<i>Deferred tax assets</i>	<i>(10,729)</i>	<i>(3,556)</i>	<i>—</i>	<i>—</i>	<i>47</i>	<i>(14,238)</i>
<i>Offsetting (refer to Note 2.2 o)</i>	<i>(5,721)</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>(11,304)</i>
<i>Recognition</i>						
Deferred tax liabilities	37,826	—	—	—	—	28,204
Deferred tax assets	(5,008)	—	—	—	—	(2,933)
Net deferred tax liability	32,818	—	—	—	—	25,271
Deferred tax benefit	—	(8,131)	—	260	324	—

The deferred tax (asset)/ liability for the financial year 2013 comprises the tax effect of temporary differences related to:

	Balance 1 January 2013	Recognised in profit or loss	Recognised in other comprehensive income	Acquired in business combinations	Disposed on sale of subsidiary	Effect of movement in exchange rates	Balance 31 December 2013
Property, plant and equipment	39,509	(6,086)	(176)	—	(559)	1,759	34,447
Intangibles	1,947	(241)	—	—	—	(964)	742
Intangibles acquired through business combinations	1,214	—	—	(85)	—	—	1,129
Accounts receivable	979	1,047	—	—	—	(29)	1,997
Accounts payable	1,736	4,166	—	—	(3)	(727)	5,173
Inventory	63	—	—	—	—	(3)	60
<i>Deferred tax liabilities</i>	<i>45,448</i>	<i>(1,115)</i>	<i>(176)</i>	<i>(85)</i>	<i>(561)</i>	<i>36</i>	<i>43,547</i>
Property, plant and equipment	—	—	—	—	—	—	—
Intangibles	160	—	—	—	—	—	160
Accounts receivable	(369)	(1,733)	—	—	513	264	(1,325)
Accounts payable	(73)	(9)	—	—	—	9	(73)
Inventory	(36)	26	—	—	19	(17)	(8)
Fiscal losses	(12,126)	1,867	—	—	1,473	(697)	(9,483)
<i>Deferred tax assets</i>	<i>(12,444)</i>	<i>151</i>	<i>—</i>	<i>—</i>	<i>2,005</i>	<i>(441)</i>	<i>(10,729)</i>
<i>Offsetting (refer to Note 2.2 o)</i>	<i>(6,256)</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>(5,721)</i>
<i>Recognition</i>							
Deferred tax liabilities	39,194	—	—	—	—	—	37,826
Deferred tax assets	(6,190)	—	—	—	—	—	(5,008)
Net deferred tax liability	33,004	—	—	—	—	—	32,818
Deferred tax benefit	—	(963)	—	—	—	—	—

Deferred tax assets recognised for fiscal losses relate mainly to the Group's operations in Hungary. Such losses, in amount of EUR 27,758 at 31 December 2014 (31 December 2013: EUR 39,984), are not subject to preapproval by tax authorities and can be carried forward indefinitely.

In addition, in 2014 a deferred tax asset was recognized for interest expenses of RCS&RDS which are postponed for deduction until the gearing ratio falls again below 3. Such interest expenses can be carried forward indefinitely

For statutory purposes, RCS&RDS has performed several revaluations of its property, plant and equipment. Should the statutory revaluation reserves of RCS&RDS be distributed to its shareholders they would be taxed, i.e. they would generate a tax liability of EUR 8,489 (2013: EUR 6,941).

The Company did not recognise deferred tax liabilities on taxable temporary differences arising from investments in direct subsidiaries (mainly RCS&RDS) due to the fact that it enjoys a participation exemption status.

20. DISCONTINUED OPERATIONS

At the beginning of March 2013 the Group disposed of the Croatian entity.

At the beginning of June 2013 the Group disposed of the Serbian entity.

At the end of August 2013 the Group finalised the sale of the Slovak subsidiary Digi Slovakia s.r.o.

Details of income and expenses and other comprehensive income of the discontinued operations are presented in the consolidated statement of profit or loss and other comprehensive income.

Effect in 2013 of disposal on the financial position of the Group

Property, plant and equipment	4,758
Intangible assets	680
Inventories	533
Trade and other receivables	4,008
Cash and cash equivalents	292
Deferred tax asset, net position	1,441
Trade, other payables and other liabilities	(7,556)
Net assets and liabilities	4,156
Income from sale of discontinued operations	41,768
Gain from sale of discontinued operations	37,612
Consideration received, satisfied in cash	41,228
Cash and cash equivalents disposed of	(292)
Net cash inflow	40,936

The sale agreement regarding the Slovak subsidiary stipulates, besides the consideration already recognised in 2013 and 2014 and settled by the buyer by 31 December 2014, an amount of EUR 1,000 that may be received and if so, will be recognised as income in the future, following the Group fulfilling certain obligations.

In 2014, the Group received EUR 10,344 representing the additional contingent consideration resulting from the fulfilling certain conditions in 2014, which were netted off by commissions paid of EUR 740

The Group had discussions regarding the sale of its Czech subsidiary, however as of 31 December 2014 no commitment regarding the selling decision was made. An agreement was reached in April 2014 and the sale of the subsidiary was completed. Please refer to Note 26.

During the financial year ended 31 December 2014 the Group did not dispose any of its operations.

21. BUSINESS COMBINATIONS

a) Subsidiaries

The consolidated financial statements incorporate the financial information of the following main subsidiaries in each of the countries:

CCS owns 87.1% shares in RCS&RDS (2013: 89,16%). Below are the presented the main subsidiaries of RCS&RDS:

Subsidiary	Country of Incorporation	Field of activity	Legal Ownership	
			2014	2013
S.C. DALVIG CORP S.R.L.	Romania	Internet	100.00%	100.00%
S.C. AIR BITES S.R.L.	Romania	CATV	100.00%	100.00%
S.C. ENERGIAFOTO SRL	Romania	Solar energy	100.00%	90.00%
S.C. NOVITAS Electro	Romania	Solar energy	100.00%	100.00%
S.C. DELALINA S.R.L.	Romania	Solar energy	100.00%	100.00%
DIGI SPAIN TELECOM S.L.U.	Spain	Telephony	100.00%	100.00%
Digi T.S. Kft	Hungary	CATV, Internet, DTH, Telephony	100.00%	100.00%
ITV.	Hungary	CATV	100.00%	100.00%
DIGI CZECH REPUBLIC s.r.o.	Czech Republic	DTH	100.00%	100.00%
DIGI ITALY SL	Italy	Telephony	100.00%	100.00%
CFO Integrator	Romania	Duct Rent	100.00%	—

b) Acquisitions of subsidiaries

	2014	2013
Total consideration payable in cash	4,694	818
Customer relationships	1,628	—
Deferred tax liabilities	(260)	—
Property, plant and equipment	9,641	—
Payables	(10,447)	—
Cash and cash equivalents	261	—
Other	2,166	—
Total identifiable net assets	2,989	—
Goodwill	1,705	818

On 31 March 2014 the Group acquired CFO Integrator SRL, Vesatel SRL and UCR SRL. The percentage of voting equity interests acquired is 100% and acquired companies are located in Romania.

On 1 November 2014 the Group acquired Diginet SRL. Percentage of voting equity interests acquired is 100% and acquiree is located in Romania.

The acquisitions are in line with the Group's plan to invest in its network infrastructure and gain market share and strategic advantages.

In the period following their acquisition, these companies contributed revenue of EUR 498 and loss of EUR 542 to the Group's results. If the acquisitions had occurred on 1 January 2014, management estimates that total revenue contributed by these entities would have been EUR 1,916, and total loss contributed for the year would have been EUR 1,057. In determining these amounts, management have assumed that fair value adjustments that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2014.

For determination of fair value of customer relationships, refer to Notes 3(b).

None of the goodwill recognized is expected to be deductible for tax purposes.

c) Changes in ownership interests while retaining control

In 2014 CCS acquired 1,318,500 (2013: 849,470) shares in RCS & RDS. In 2014 CCS paid for RCS&RDS shares a total amount of EUR 2,903 (2013: EUR 1,035).

During 2014 the Group paid EUR 2,075 (31 December 2013: EUR 597) to previous owners of the non-controlling interest.

22. FINANCIAL RISK MANAGEMENT

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

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and

systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk exposure

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

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

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

The maximum exposure to credit risk at the reporting date was:

	Note	31 December 2014	31 December 2013
Trade and other receivables	9	109,862	81,484
Cash and cash equivalents	11	54,288	50,234
Total		164,150	131,718

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	31 December 2014	31 December 2013
Romania	84,738	55,606
Hungary	9,624	10,770
Spain	2,495	2,834
Czech Republic	637	911
Other countries	2,754	2,025
Total	100,248	72,146

The maximum exposure to credit risk for cash and cash equivalents at the reporting date by counterparty was:

	31 December 2014	31 December 2013
Citibank	22,082	40,497
ING Bank	28,360	7,240
Banca Comerciala Romana	664	316
BRD Groupe Societe Generale	134	117
Unicredit Tiriac Bank	201	297
Other	2,847	1,767
Total	54,288	50,234

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks in different countries. The most significant part of cash and cash equivalents balance is generally kept at the main subsidiary (RCS RDS) level with internationally reputable banks, having at least A-2 rating in a country with a "BBB-" rating.

Impairment losses

The ageing of trade and other receivables at the reporting date was:

	Gross 31-Dec-14	Impairment 31-Dec-14	Net 31-Dec-14	Gross 31-Dec-13	Impairment 31-Dec-13	Net 31-Dec-13
Not Past Due	90,546	(778)	89,769	56,830	—	56,830
Past Due less 30 days	7,680	(474)	7,206	14,891	(2,779)	12,112
Past Due 30-90 days	4,043	(1,040)	3,003	7,889	(1,893)	5,996
Past Due 90-360 days	11,040	(4,545)	6,495	9,852	(4,259)	5,593
Past Due over 1 year	68,502	(65,112)	3,389	59,043	(58,090)	953
Total	181,811	(71,949)	109,862	148,505	(67,021)	81,484

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2014	2013
Balance at 1 January	67,021	70,023
Impairment loss recognized	7,999	6,553
Impairment related to receivables of discontinued operations	—	(8,036)
Utilised	(566)	—
Amounts written off	(1,802)	(1,301)
Effect of movement in exchange rates	(703)	(218)
Balance at 31 December	71,949	67,021

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2014:

	31 December 2014						
	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Non derivative financial liabilities							
Interest bearing loans and borrowings, including bonds	691,458	933,502	32,780	58,072	113,486	250,869	478,295
Finance lease liabilities	7,019	8,048	674	674	4,492	1,090	1,118
Trade and other payables and other liabilities	228,059	231,025	189,198	30,356	11,471	—	—
Derivative financial liabilities							
Interest rate swaps	993	993	993	—	—	—	—
Foreign currency forwards	—	—	—	—	—	—	—
Total	927,529	1,173,568	223,645	89,102	129,449	251,959	479,413

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2013:

	31 December 2013						
	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Non derivative financial liabilities							
Interest bearing loans and borrowings, including bonds	642,850	928,213	31,966	21,872	72,406	289,924	512,045
Finance lease liabilities	7,541	8,936	757	693	1,232	4,411	1,843
Trade and other payables and other liabilities	180,660	181,865	162,890	13,695	5,280	—	—
Derivative financial liabilities							
Interest rate swaps	254	254	254	—	—	—	—
Foreign currency forwards	63	63	63	—	—	—	—
Total	831,368	1,119,331	195,930	36,260	78,918	294,335	513,888

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

At 31 December 2014, the Group had net current liabilities of EUR 97,418 (31 December 2013: EUR 31,739). As a result of the volume and nature of the telecommunication business current liabilities exceed current assets. A large part of the current liabilities is generated by investment activities. Management considers that the Group will generate sufficient funds to cover the current liabilities from future revenues.

The Group's policy on liquidity is to maintain sufficient liquid resources to meet its obligations as they fall due and to keep the Group's leverage optimized. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and working capital, whilst considering future cash flows from operations. Management believes that there is no significant risk that the Group will encounter liquidity problems in the foreseeable future. During 2013 the Group refinanced most of its financial obligation through the issue of Bonds and 2013 New Senior Facilities Agreement (Note 13) and as at 31 December 2014 has unused credit lines of EUR 50,000 and USD 4,100.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Exposure to currency risk

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

The Group's exposure to foreign currency risk was as follows (amounts expressed in thousands of the respective currencies):

	31 December 2014		31 December 2013	
	USD	EUR	USD	EUR
Trade and other receivables	952	2,221	623	2,626
Cash and cash equivalents	90	49,714	5	47,240
Interest bearing loans and borrowings	—	(686,603)	—	(638,176)
Bank overdraft	(33)	(3,967)	—	(4,157)
Finance lease liabilities	(5,373)	(2,597)	(6,222)	(2,950)
Trade and other payables	(28,201)	(47,148)	(22,427)	(46,851)
Gross statement of financial position exposure	(32,565)	(688,380)	(28,021)	(642,268)
Derivative financial instruments*	—	59,156	87,250	—
Gross exposure	(32,565)	(629,224)	59,229	(642,268)

* Represents amounts to be received as part of the cross currency interest rate swaps in place at the end of each period.

The following significant exchange rates applied for the year ended 31 December 2014:

	2014	2013
Romania		
USD	3.6868	3.2551
EUR	4.4821	4.4847
Hungary		
USD	259.13	215.67
EUR	314.89	296.91
Czech Republic		
USD	22.83	19.89
EUR	27.73	27.43

The Group imports services and equipment and attracts substantial amount of foreign currency denominated borrowings

Sensitivity analysis for currency risk

A 10 percent strengthening of the currencies listed below against the functional currencies of the Parent and of the subsidiaries at 31 December would have decreased equity and increased loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equivalent in EUR 2014	Equivalent in EUR 2013
EUR	68,838	64,227
USD	2,679	2,034
Total	71,517	66,261

A 10 percent weakening of the above mentioned currencies against the functional currencies of the Parent and of the subsidiaries at 31 December would have had the equal but opposite effect on the equity and loss, on the basis that all other variables remain constant.

Exposure to interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk (USD and EUR) through market fluctuations of interest rates. The interest rates of borrowings (except bonds) are disclosed in Note 13.

At the reporting date the interest rate profile of the interest-bearing financial instruments was:

Variable rate instruments	Carrying amounts 31 December 2014	Carrying amounts 31 December 2013
Financial liabilities—loans and borrowings	254,831	202,311
Trade payables	20,479	15,243
Finance lease liabilities	7,019	7,541
Total	282,330	225,095

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss before tax by:

	Profit or loss	
	100 basis points increase	100 basis points decrease
31 December 2014		
Variable rate instruments	(5,848)	5,848

	Profit or loss	
	100 basis points increase	100 basis points decrease
31 December 2013		
Variable rate instruments	(6,874)	6,874

(iv) Fair values

The Group measures at fair value available for sale investments. The valuation model used to assess the fair value of available for sale investments is based on an income approach which estimates the fair (market) value of the investment.

The valuation of the investment was estimated based on a discounted cash-flow model, using cash flow projections based on financial budgets approved by senior management covering a six-year period.

The unobservable inputs used in the model include:

- Forecast terminal annual revenue growth rate (2014: 1.5%; 2013: 2%).
- Risk-adjusted discount rate (2014: 8.40%; 2013: 9.57%).

Note 6 a) includes details regarding other key assumptions used for the cash flow projections (revenues, EBITDA margins and Capital expenditure), which are relevant for this calculation as well.

The estimated fair value would increase (decrease) if:

- the terminal annual revenue growth rate were higher (lower);
- the risk-adjusted discount rate were lower (higher).

Sensitivity analysis for available for sale financial assets

A change in the terminal value growth rate and/ or WACC at the reporting date would have an impact as follows:

	WACC		Terminal value growth rate	
	100 basis points increase	100 basis points decrease	50 basis points decrease	50 basis points increase
31 December 2014				
Available for sale financial assets	(10,480)	14,048	(4,683)	5,351
31 December 2013				
Available for sale financial assets	(6,924)	9,039	(2,772)	3,164

As of 31 December 2014 the Group calculated as well the sensitivity with respect of the changes in the Revenue annual growth rates (YOY), EBITDA margins and Capital expenditure.

The estimated fair value would increase (decrease) if:

- the annual revenue growth rate were higher (lower);
- the EBITDA margins were higher (lower);
- the capital expenditure were lower (higher).

	<u>Revenue growth rate (YOY)</u>		<u>EBITDA margins</u>		<u>Capital expenditure</u>	
	<u>1%</u> decrease	<u>1%</u> increase	<u>2%</u> decrease	<u>2%</u> increase	<u>10%</u> increase	<u>10%</u> decrease
31 December 2014						
Available for sale financial assets	(8,526)	8,873	(10,719)	10,686	(9,102)	9,068

v) Financial instruments carried at other than fair value

Financial instruments which are not carried at fair value on the statement of financial position include trade and other receivables, cash and cash equivalents, interest bearing loans and borrowings, other long term liabilities and trade and other payables.

Due to their short term nature, the carrying amounts of trade and other receivables, trade and other payables and overdrafts are considered to approximate their fair values.

The fair value of long term loans and their corresponding carrying amount and fair value measurement hierarchy are presented in the table below:

	<u>31 December 2014</u>		
	<u>Carrying amount</u>	<u>Fair Value</u>	<u>Hierarchy</u>
Loans (Note 13)	680,978	703,374	
Bonds	436,411	456,615	Level 1
New Senior Facilities	244,567	246,759	Level 2
	<u>31 December 2013</u>		
	<u>Carrying amount</u>	<u>Fair Value</u>	<u>Hierarchy</u>
Loans (Note 13)	632,399	663,215	
Bonds	434,245	462,375	Level 1
New Senior Facilities	198,154	200,840	Level 2

The fair value of bonds is calculated on the basis of the market price while the fair value of the loans is based on contractual cash flows discounted using a market rate prevailing at the reporting date (latest Euribor reset rate + the market credit spread received by the Group for financial liabilities with similar features).

vi) Fair value hierarchy

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

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

	Level 1	Level 2	Level 3	Total
31 December 2014				
Cross currency swap	—	—	(993)	(993)
Foreign exchange forwards	—	—	—	—
Available for sale financial assets	—	—	41,296	41,296
Total liabilities	—	—	40,303	40,303
31 December 2013				
Cross currency swap	—	—	(254)	(254)
Foreign exchange forwards	—	(63)	—	(63)
Available for sale financial assets	—	—	30,982	30,982
Total liabilities	—	(63)	30,728	30,665

vii) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. Management monitors "total net debt to EBITDA" ratio which is computed in accordance with the New Senior facilities agreement. Currently the ratio is 2.9 (2013: 2.39), level which, as mentioned, is constantly monitored.

23. SHARE-BASED PAYMENTS

In February 2007, the Group implemented a share based payment plan for certain members of the management team and key employees. The options vest if and when certain revenue, subscriber targets and other targets of the Group are met.

According to the plan, in 2014, 1,305,500 share options were granted to eligible employees under the share based payment plan (2013: 1,305,500). The related share option expense of EUR 2,418 has been recorded as an expense in 2014 (2013: EUR1,842) in the Consolidated statement of profit or loss and other comprehensive income in the line item Operating expenses, within salaries and related taxes. (Note 17).

Out of the total number of share options granted, 632,500 were exercised in 2014 and 673,000 in 2015 (the latter include the difference of 148,500 share options for 2013 granted in 2014).

The number of outstanding share options (not exercised) as of 31 December 2014 was 1,978,500 (31 December 2013: 2,193,780).

24. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2014 the Group had derivative financial liabilities in amount of EUR 993 (31 December 2013: 317) corresponding to a cross currency interest rate swap.

As of 31 December 2014 there are in place cross currency interest rate swaps for the Proceeds Loan's interest value, all with a termination date of 23 September 2016.

25. GENERAL COMMITMENTS AND CONTINGENCIES

Uncertainties associated with international financial environment

Within the last years, the European banking sector started to face a sovereign debt crisis, triggered by significant fiscal disequilibria and large public debt positions in several European countries. The ongoing fears that such deteriorating financial conditions could contribute at a later stage to a further retrenchment in confidence, prompted a coordinated effort of governments and Central Banks to adopt special measures aimed at countering a vicious circle of growing risk aversion and to helping maintain normal market functioning.

The identification and valuation of investments influenced by the illiquid market conditions, the determination of compliance with debt agreements and other contract covenants, and the evaluation of significant uncertainties, including uncertainties associated with an entity's ability to continue as going concern for a reasonable period of time, bring their own challenges.

Deteriorating conditions for customers may also have an impact on the management cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has reflected revised estimates of expected future cash flows in its impairment assessment.

Management is unable to predict all developments which could have an impact on the Romanian and other countries' economies where the Group operates and consequently what effect, if any, they could have on these financial statements.

Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances by:

- forecasting on short-term basis its net liquidity position;
- examining terms and conditions of financing agreements and considering the implications of obligations imposed and risks identified such as approaching maturity dates or the implications of any terms or covenants that may have been breached or which may be breached in the foreseeable future.

Given the fact that the market conditions and uncertainties are likely to continue to exist in 2015 and perhaps later, other effects may be felt beyond the dates of these financial statements.

Uncertainties associated with the fiscal and legal system

The tax frameworks in Romania and other Eastern and Central Europe countries are subject to frequent changes (some of them resulting from EU membership, other from the domestic fiscal policy) and often subject of contradictory interpretations, which might be applied retroactively.

Furthermore, the Romanian and other Eastern and Central Europe governments work via a number of agencies authorized to carry on audits of the companies operating in these countries. These audits cover not only fiscal aspects but also legal and regulatory ones that are of interest to these agencies.

The Dutch, Romanian and other Eastern and Central Europe Fiscal legislation include detailed regulations regarding transfer pricing between related parties and includes specific methods for determining transfer prices between related prices at arm's length. Transfer pricing documentation requirements have been introduced so that taxpayers who carry out transactions with affiliated parties are required to prepare a transfer pricing file that needs to be presented to the tax authorities upon request.

The Company and its subsidiaries entered into various transactions within the Group, as well as other transactions with related parties. In light of this, if observance of arm's length principle cannot be proved, a future tax control could challenge the values of transactions between related parties and adjust the fiscal result of the Company and/ or its subsidiaries with additional taxable revenues/ non-deductible expenses (i.e. assess additional profit tax liability and related penalties).

Group management believes that it has paid or accrued all taxes, penalties and interest that are applicable, at the Company and subsidiaries level.

Legal proceedings

During the year, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in these consolidated financial statements. The legal proceedings detailed below also show developments subsequent to 31 December 2014.

Intact Media Group Litigation

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

a) The must carry related litigations

In March 2011, Antena Group (Intact Media Group) initiated three separate lawsuits in tort against us alleging that we illegally refused to carry its channels breaching, among other things, the Romanian must carry rules. They claim damages of approximately EUR 100 million and have requested that the court impose other non-monetary remedies, such as requiring that we provide the Intact Media Group channels to our subscribers free of charge and in compliance with the highest technical standards.

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

The claim regarding the EUR 65 million monetary damages was suspended until settlement of both the claim for injunctive relief and a lawsuit we initiated challenging the effects of an arrangement regarding the assignment of receivables from Antena Group to First Quality Debt Recovery. On April 15, 2015, the Bucharest Tribunal partially admitted RCS&RDS' claim and annulled the assignment of receivables from Antena Group to First Quality Debt Recovery. We expect this decision to have a significant positive impact on RCS&RDS' defence against Antena Group's claim regarding the EUR 65 million monetary damages. Please note that this decision is not final as it has been challenged by Antena Group. The next hearing in the appeal is scheduled for 15 November 2016. In the case regarding the injunctive relief request, both the court of first instance and the court of appeal ruled in our favor and dismissed Antena Group's claims. However, in February 2014, the Romanian Supreme Court admitted the higher appeals filed by Antena Group and First Quality Debt Recovery and quashed the decisions issued by both the first instance and the appeal courts, ordering a retrial of the case by the first court. The decision of the Supreme Court does not confirm Antena Group's allegations on the merits of the case, as the retrial was ordered solely based on procedural reasons. The Bucharest Tribunal annulled the monetary claims (EUR 65 million) filed in the case file (because Antena Group's failure to pay the stamp duties) and suspended the proceedings until a final settlement will be issued in the lawsuit we initiated to challenge the effects of the assignment of receivables from Antena Group to First Quality Debt Recovery.

Separately, Antena Group has also filed two lawsuits claiming (i) monetary damages of approximately EUR 35 million consisting of loss of revenue due to our temporary refusal to carry the tv channels GSP TV and Antena 2 which allegedly breached, among other things, the must carry rules; and (ii) injunctive relief that would require us to provide the disputed channels to our customers in compliance with the highest technical standards. Approximately EUR 24 million out of these claims are related to our refusal to carry GSP TV, while the remaining EUR 11 million is related to our refusal to carry Antena 2. Because Antena Group assigned to First Quality Debt Recovery the claims regarding the EUR 35 million monetary damages as well, First Quality Debt Recovery became involved in these proceedings. Consequently, the court split both the GSP TV and the Antena 2 lawsuits into two: in each case, the monetary claim formed one lawsuit and the claim for injunctive relief another one. At our request, both the GSP TV and the Antena 2 claims for monetary damages were suspended until the final settlement of the lawsuit we initiated for challenging the effects of the assignment of receivables from Antena Group to First Quality Debt Recovery.

The case regarding the injunctive relief sought in relation to the GSP TV channel was settled by the Bucharest Tribunal in favour of Antena Group, the court ordering us to include the channel in our network in compliance with several technical requirements. However, we have been carrying the channel as of January 2012 and therefore the decision did not impact our network. The appeal filed by RCS & RDS against the first court decision was rejected in October 2014. The decision of the Bucharest Tribunal remained final.

The case regarding the injunctive relief sought in respect to Antena 2 was settled in March 2014 by the Bucharest Tribunal in our favour; Antena Group's claims were rejected in their entirety. Antena Group appealed the decision, but only with regards to the judicial expenses. Initially, the appeal was rejected in October 2014, but following a retrial ordered by the High Court of Cassation and Justice, the court of appeals modified in part the first court's decision, by granting approx. €2 (two) as judicial expenses to Antena Group. The decision is subject to higher appeal.

At the end of 2014, Antena Group initiated two new lawsuits requesting damages in relation to the carriage of GSP TV and Antena 2. The claims are almost identical to the ones regarding the same channels and assigned to First Quality Debt Recovery in 2012, except for the much lower amounts requested, specifically RON 500,000 in relation to GSP TV and RON 250,000 in relation to Antena 2. Both lawsuits have been suspended until the final settlement of the trial initiated by RCS&RDS to challenge the effects of the assignment of receivables from Antena Group to First Quality Debt Recovery.

We have also challenged, but failed to overturn in court a number of NAC (National Audiovisual Council of Romania) decisions on must carry rules and, particularly, a decision finding that we breached the obligation to provide certain must carry channels to our customers (including GSP TV). This adverse decision could be used in the monetary claims of Antena Group against us in relation to the alleged breach of the must carry rules with respect to GSP TV (such claims being approximately EUR 24 million).

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

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

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

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

In March 2015, RCS & RDS requested the court to stay the proceedings until the final settlement of four other trials. The court decided on April 14, 2015 in favour of RCS&RDS' request and suspended the trial until the final settlement of the lawsuit including the €65 million monetary damages. The decision on suspension of the trial was challenged by Antena Group on 14 December 2015. RCS&RDS opposed the appeal of Antena Group, but at the same time submitted its own appeal regarding the first court's solution with respect to the request for the suspension of the proceedings until the final settlement of three other trials. On 15 June 2016, the Bucharest Tribunal rejected Antena Group's higher appeal as ungrounded, while the challenge filed by RCS&RDS's was rejected for lack of interest.

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

c) The copyright related litigation

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

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

On 30 October 2014, the Bucharest Tribunal rejected the claim on procedural grounds and stated that Antena Group does not have legal standing in this lawsuit. On 16 March 2016 the Bucharest Court of Appeals admitted Antena Group's appeal, annulled the first court's decision and sent the file back to the Bucharest Tribunal for a trial on the merits of the case. The full decision of the Court of Appeals has been communicated to us on 11 July 2016 and the deadline for a higher appeal expired on 11 August 2016. We have decided not to challenge this decision because, although it granted Antena Group standing in the file, it contains favourable conclusions on the merits of the case. More specifically, the Court of Appeals stated that the relation between Antena Group and RCS & RDS regarding the retransmission of the must carry channels is not subject to an agreement between the parties.

d) Litigation regarding the outcome of the GSP investigation

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

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

Antena Group initiated the proceedings only against the Competition Council, but the court decided that RCS & RDS needs to be introduced in the trial as defendant. The case was judged by the court on 12 September 2016. The Bucharest Court of Appeal will issue its decision not earlier than 3 October 2016.

Should the court decide in favour of Antena Group's claim, it might force the Competition Council to reopen the investigation against RCS&RDS, which could ultimately lead to the application of antitrust fines amounting up to 10% of RCS&RDS' turnover.

e) Reciprocal contractual claims with the Intact Media Group

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

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

In the first lawsuit, on 2 November 2015, the Bucharest Tribunal fully rejected our claim for a refund of the retransmission fees paid until 2010 and partially admitted the counterclaim of Antena Group regarding the retransmission in 2010 and 2011. As a result, we were ordered to pay to Antena Group approx. EUR 1.9 million representing (i) retransmission fees and (ii) judiciary expenses. Both RCS&RDS and Antena Group filed an appeal against the decision of the first court. The next hearing in front of the Bucharest Court of Appeals is scheduled for 4 November 2016.

In the lawsuit regarding telecommunication and advertising services, the court of first instance fully rejected both our claim and the counterclaim of Antena Group. Both RCS&RDS and Antena Group appealed the decision of the first court, the case currently pending before the Bucharest Court of Appeals. The next hearing is scheduled for 14 November 2016.

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

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

On 13 May 2016, the court rejected the Cluj Napoca Municipality's claim in its entirety. This decision has been appealed by the Cluj Napoca Municipality. The first hearing in the appeal has not yet been scheduled.

Pecuniary claim filed by the National Cinematography Centre

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

Under the law, the National Cinematography Centre is entitled, amongst others, to collecting 1% of the monthly aggregate income gained from the cable and satellite carriage of TV channels, as well as from the digital retransmission of TV content. We have fully declared our income to the National Cinematography Centre, but did perform only partial payments (i.e., until the present, we have only paid the outstanding amounts until, including, 2010).

We have carried out until December 2015 several discussions and correspondence with the National Cinematography Centre during which we admitted the fact that RCS&RDS is bound to pay the principal amounts, but we had several divergences on the amount of the applicable penalties, while the National Cinematography Centre has not indicated a correct bank account to allow us to perform due payments.

On 19 July 2016, the court of first instance rejected the claim against us. The decision of the court of first instance was appealed by the National Cinematography Centre. The first hearing in the appeal has not yet been scheduled.

Competition Council Investigations

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

Telecom market interconnection investigation

In February 2011, the RCC opened an investigation on the telecommunications market related to interconnection tariffs charged by all telecommunications operators. We believe this investigation was launched with the aim of reducing the relatively high interconnection tariffs charged on the Romanian market and thereby reducing the rates ultimately charged to consumers.

By decision no 33/2015 the RCC decided to close the investigation in exchange for all operators undertaking and complying with a general commitment not to discriminate between the level of the tariffs charged for the on-net and the off-net calls. We will need to implement this commitment for 2 years. The duration may be either reduced to 1 year or extended to 2 years in accordance with the RCC's assessment of the market after the entry into force of the commitments. During the term of the commitments, RCS&RDS is required to provide to the RCC, upon request, business information, and to commission periodic independent market studies on the evolution of the mobile telephony sector.

The RCC's decision accepting our commitment has closed the investigation without the application of any fines for the alleged anticompetitive conduct. The offering of commitments does not imply any admission of wrongdoing. A failure to comply with the terms of the commitment as accepted by the RCC may lead to penalties of up to 10 per cent. of our aggregate turnover.

GSP investigation

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

The RCC issued its decision on March 3, 2015 declaring our initial refusal to retransmit GSP TV channel not abusive and not in violation of any competition laws. The RCC additionally considered that such refusal was justified by the existence of multiple judicial disputes between the parties, including with respect to the application and meaning of the “must-carry” regime.

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

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

Material commitments and contingencies

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

Operating leases

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

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

Minimum lease payments under non-cancellable operating lease agreements are as follows:

	2014	2013
Less than one year	34,388	13,776
Between one and five years	36,971	34,898
More than five years	<u>3,755</u>	<u>7,165</u>
	75,114	55,839

The leases for local offices and commercial spaces typically run for an initial period of one year, with an option to renew the lease after that date. The leases of pillars for network support typically run for an initial period of 17 years. The leases for fibre optical line capacities typically run for an initial period between 4 and 7 years. None of the leases include contingent rentals.

Besides these lease agreements, there are approximately another 590 contracts signed for a period of over 5 years, with an automatic renewal clause or signed for an indefinite term. The average annual rent for these contracts is of maximum EUR 2,900.

Capital expenditure

The capital expenditure the Group has assumed until 31 December 2014 is mostly made of commitments for the purchase of 3G and fixed network equipment amounting to approximately EUR 19,443 (31 December 2013: EUR 23,871).

Satellite capacity expenses

The Group has committed under the long term agreement with Intelsat, the satellite solution provider, to use until 30 November 2017 the contracted services and to pay monthly equal fees cumulating to EUR 24,833 (31 December 2013: EUR 28,714).

2100 MHz spectrum fee

The Group has committed to pay an annual fee to the Romanian Communication Authority for the 2100 MHz radio spectrum license awarded until 31 December 2021 inclusively, amounting to a cumulated value of EUR 13,848 (31 December 2013: EUR 15,333).

900 MHz spectrum fee

The Group has committed to pay an annual fee to the Romanian Communication Authority for the 900 MHz radio spectrum license awarded starting with April 2014 until April 2029 inclusively, amounting to a cumulated value of EUR 22,927 (31 December 2013: EUR 23,123).

1800 MHz spectrum fee

The Group has committed to pay an annual fee to the Hungarian Communication Authority for the 1800 MHz radio spectrum license awarded until 31 October 2029 inclusively, amounting to a cumulated value of EUR 6,265.

Sports rights and TV films and documentaries

As of 31 December 2014, commitments for sports rights related to future seasons and TV films and documentaries amounted to EUR 16,692 (31 December 2013: EUR 21,333).

Letters of guarantee and letters of credit

As of 31 December 2014, there were bank letters of guarantee and letters of credit issued in amount of EUR 10,401 mostly in favour of leasing, content and satellite suppliers and for participation to tenders (31 December 2013: EUR 18,212).

26. SUBSEQUENT EVENTS

On 15 January 2015 RCS & RDS acquired the rights for the Romanian Football League for the period February 2015 – May 2019.

In April 2015 we sold our subsidiary in the Czech Republic for the total consideration of EUR 24.9 million.

On 30 April 2015 RCS&RDS signed a new facility agreement which refinanced our New Senior Facilities Agreement and converted the current EUR exposure into RON. The 2015 Senior Facilities Agreement consisted initially of a term loan facility with a capacity of RON 994.2 million and a revolving credit facility with a capacity of RON 39.8 million. The facility could have been increased by EUR 25 million (in RON and the exchange rate from the date of the notice) until the end of 2015. On 22 May 2015 we drew the amount available from both the term loan facility and the revolving credit facility.

On 29 December 2015 we drew an additional amount of RON 105.4 million from the term loan and the revolver credit (“Accordion Agreement”). On 31 October 2015 and 29 April 2016 the Group repaid the first and the second principal instalments from the 2015 Senior Facility, in amount of RON 99.4 million and RON 110 million respectively.

On 22 December 2014 RCS&RDS signed the contract for the acquisition of two radio stations in Romania (Pro FM and Campus). In February 2015 the National Audiovisual Council approved the transfer of the radio licences. The transaction was closed on 29 May 2015.

Alexandru Oprea, has resigned from the position of CEO of RCS&RDS starting with 14 April 2015. The new CEO appointed on 4 May 2015 in the General Shareholder’s meeting is Serghei Bulgac.

In the second quarter of 2015 the Group acquired the exclusive rights for the “Seria A” and “Ligue 1” competitions for Romania and Hungary territories for three seasons starting with the 2015/2016 season and in July were acquired the football rights for the Romanian territory for the Spanish “La Liga” competition for three seasons starting with the 2015/2016 season.

At the end of July 2015 RCS&RDS signed a contract with 2K Telecom to purchase a license of 30 Mhz in 4G spectrum (in the 2600 Mhz bandwidth). At the end of October 2015 RCS&RDS participated in auction and acquired from ANCOM 10 unpaired blocks of 5 MHz in the 3700-3750 MHz bandwidth. These licenses will allow the developing of a 4G mobile telephony network in Romania. In October 2015 RCS&RDS launched 4G services to their mobile subscribers from 12 cities in Romania. 4G coverage was expected to be extended to another 15 cities in the second stage of the projects planned for the fourth quarter of 2015.

In the first quarter of 2016 RCS&RDS renewed the national roaming Agreement with Vodafone for one more year.

In February 2016, the Group concluded a loan agreement of EUR 7.1 million (in original currency thousand RON 32 million), which was used for the acquisition of a property in Bucharest.

In March 2016 the Group acquired the rights for Formula 1 for the 2016 –2017 seasons.

In August 2016 the Group have signed a new Back-stop facility for RON 135 million from a banking syndicate arranged by Citibank, London branch and BRD-Groupe Societe Generale. On 5 September 2016, the amount of RON 1 million was drawn.

For developments in legal proceedings in which the Group was involved (both as a plaintiff and a defendant), subsequent to 31 December 2014, please refer to Note 25.

27. EBITDA

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

For the purposes of disclosure in these notes, EBITDA is the consolidated operating profit/ (loss) of the Group before taking into account:

- any interest expenses and other financing charges,
- income tax or interest income and other financing revenues,
- add back charges for depreciation, amortization and impairment of assets
- extraordinary and one off items.

In years where there are extraordinary and one off items, EBITDA is referred to as “Adjusted EBITDA”.

	2014	2013
Revenues and other income	661,607	624,071
EBITDA		
Operating profit	48,356	90,566
Depreciation, amortization and impairment	192,061	208,285
One off transactions (Note 20)	(9,604)	(37,612)
Adjusted EBITDA	230,813	261,238
Adjusted EBITDA (% of revenue and other income)	34.89%	41.86%*

* the 2013 EBITDA margin computation has been revised in order to include “other income”

For breakdown of depreciation, amortization and impairment refer to Notes 5 and 6(a) and 6(b). One off transaction in 2014 represents net gain from discontinued operations in Slovakia, and in 2013 for all discontinued operations.

APPENDIX A—DISTRIBUTION NETWORK FOR RETAIL INVESTORS

BRD - Groupe Société Générale Units

No/ Nr	District _County / Sector_ Judet	City / Localitate	Branch name / Denumire_ unitate	Adress / Adresa	Telefon
1	Alba	Aiud	Aiud	Municipiul Aiud, B-dul Transilvaniei, Nr. 31, Bloc A9, Etaj P, Judet Alba	0258865759
2	Alba	Alba Iulia	Alba Iulia	Municipiul Alba Iulia, Str. Ardealului, Nr. 2, Bloc 31B-31C, Judet Alba	40258806640
3	Alba	Alba Iulia	Apullum	Municipiul Alba Iulia, B-dul 1 Decembrie 1918, Bloc M12, Ap. 36, Judet Alba	0258833194
4	Alba	Alba Iulia	Cetate	Municipiul Alba Iulia, Bulevardul Transilvaniei, Nr. 25, Parter, Bloc Crosa 3Cd, Ap. 1B1	0258834518
5	Alba	Blaj	Blaj	Municipiul Blaj, B-dul Republicii, Nr. 5, Judet Alba	0258710233
6	Alba	Campeni	Campeni	Loc. Campeni, Oras Campeni, Str. Mestesugarilor, Nr. 2, Judet Alba	0258771045
7	Alba	Cugir	Cugir	Loc. Cugir, Oras Cugir, Str. Alexandru Sahia, Nr. 28, Bloc 8B, Scara B, Judet Alba	0258751300
8	Alba	Ocna Mures	Ocna Mures	Loc. Ocna Mures, Oras Ocna Mures, Str. Nicolae Iorga, Nr. 4, Bloc 40, Judet Alba	0258871573
9	Alba	Sebes	Sebes	Municipiul Sebes, Str. Valea Frumoasei, bl. 2, Judet Alba	0374279824
10	Alba	Teius	Teius	Loc. Teius, Oras Teius, Str. Clujului, Nr. 78P, Judet Alba	0374209379
11	Arad	Arad	Arad	Municipiul Arad, B-dul Revolutiei, Nr. 5-7, Judet Arad	40257207200
12	Arad	Arad	Andrei Saguna	Municipiul Arad, P-ta. Spitalului, Bloc 2A, Etaj P, Ap. 24, Judet Arad	0257212290
13	Arad	Arad	Aurel Vlaicu	Municipiul Arad, Str. Aurel Vlaicu, Nr. 59-61, Bloc I-10, Ap. 28/A, Judet Arad	0257272540
14	Arad	Arad	Fortuna	Municipiul Arad, Calea Aurel Vlaicu, Nr. 177, Bloc 21, Ap. 50A/3, Judet Arad	0257272171
15	Arad	Arad	Petru Rares	Municipiul Arad, Str. Petru Rares, Nr. 26, Judet Arad	0257211384
16	Arad	Arad	Vasile Goldis	Municipiul Arad, Calea Radnei, Cartier Micalaca, Bloc 108 A, Etaj P, Ap. 28,33,34	0374282515
17	Arad	Arad	Calea Timisorii	Municipiul Arad, Calea Timisorii, Nr. 49, Ap. 7, Judet Arad	0257212611
18	Arad	Arad	Dragalina	Municipiul Arad, Str. Dragalina, Nr. 38, Etaj P, Ap. 43, Judet Arad	0257211696
19	Arad	Arad	Ioan Slavici	Municipiul Arad, B-dul Revolutiei, Nr. 97, Ap. 2, Judet Arad	0257214290

<u>No/ Nr</u>	<u>District _County / Sector_ Judet</u>	<u>City / Localitate</u>	<u>Branch name / Denumire_ unitate</u>	<u>Adress / Adresa</u>	<u>Telefon</u>
20	Arad	Arad	Zarand	Municipiul Arad, Str. Lt. Mj. Duma, Bloc 338, Scara C, Parter, Ap. 20, Judet Arad	0257219660
21	Arad	Arad	Ziridava	Municipiul Arad, Strada Crisan, Nr. 1, Parter, Scara A, Ap. 9, Judet Arad	0257212980
22	Arad	Chisineu Cris	Chisineu Cris	Loc. Chisineu-Cris, Oras Chisineu-Cris, Str. Infratirii, Nr. 81-83, Bloc E-1, Etaj P, Ap. 17	0257350771
23	Arad	Curtici	Curtici	Loc. Curtici, Oras Curtici, Strada Primariei, Nr. 58, Parter, Corp A, Ap. 1	0257465815
24	Arad	Ineu	Ineu	Loc. Ineu, Oras Ineu, Str. Decebal, Nr. 1, Bloc 14-B, Ap. 17, Judet Arad	0257511881
25	Arad	Lipova	Lipova	Loc. Lipova, Oras Lipova, Str. Nicolae Balcescu, Nr. 13, Ap.III, Judet Arad	0257563007
26	Arad	Nadlac	Nadlac	Loc. Nadlac, Oras Nadlac, Str. Independentei, Nr. 47, Bloc Consiliu, Etaj P, Ap. 26	0257474110
27	Arad	Pancota	Pancota	Loc. Pancota, Oras Pancota, Str. Tudor Vladimirescu, Nr. 39, Judet Arad	0374287193
28	Arad	Pecica	Pecica	Loc. Pecica, Oras Pecica, Nr. 1470, Bloc Petrol, Ap. 5, Judet Arad	0374209676
29	Arad	Santana	Santana	Oras Santana, Strada Mihai Viteazu, Fn, Judet Arad	0374467877
30	Arad	Sebis	Sebis	Loc. Sebis, Oras Sebis, Str. Victoriei, Bloc D2, Etaj P, Ap. 1A, Judet Arad	0374205865
31	Arad	Vladimirescu	Vladimirescu Arad	Comuna Vladimirescu, Str. Progres, Nr. 77, ., Bloc A1,A2,A3, Etaj P, Ap. 7-8	0257515302
32	Arges	Albota	Albota	Comuna Albota, Str. Albota, Nr. 3Bis, Judet Arges	0374282054
33	Arges	Bascov	Bascov	Comuna Bascov, Centru Parter, Judet Arges	0248270111
34	Arges	Bradul	Auchan Pitesti	Comuna Bradul, Satul Geamana Varianta DN 65B, Judet Arges	0248615206
35	Arges	Campulung	Campulung Muscel	Municipiul Campulung, Str. I.D. Berechet Nr.1, ap. 1, Judet Arges	0374279995
36	Arges	Campulung	Fratii Golesti	Municipiul Campulung, Str. Dumitru Alimanisteanu, Nr. 1, Etaj P-1, Judet Arges	0248510641
37	Arges	Costesti	Costesti	Loc. Costesti, Oras Costesti, Str. Victoriei, Bloc C3, Etaj P, Judet Arges	0374280311
38	Arges	Curtea de Arges	Albesti	Municipiul Curtea De Arges, Str. Albesti, Bloc Z2, Etaj P, Judet Arges	0374282266

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39	Arges	Curtea de Arges	Curtea de Arges	Municipiul Curtea de Arges, Strada Elena Cuza, Parter si Mezanin, Cladire Adm., Bloc E4A, Scara A, Ap. 242	0374280029
40	Arges	Domnesti	Domnesti	Comuna Domnesti, Str. Alexandru Ioan Cuza, Nr. 1 Bis, Judet Arges	0248269102
41	Arges	Maracineni	Maracineni	Sat Maracineni, Comuna Maracineni, Bloc 2, Etaj P, Judet Arges	0248278344
42	Arges	Mioveni	Liviu Rebreanu	Loc. Mioveni, Oras Mioveni, B-dul Dacia, Bloc D1, Etaj P, Judet Arges	0248260971
43	Arges	Mioveni	Mioveni	Mioveni, B-dul Dacia, Bl. P22, Judet Arges	0374208893
44	Arges	Pitesti	Pitesti	Municipiul Pitesti, B-dul Republicii, Nr. 69 Bis, Judet Arges	0374158000
45	Arges	Pitesti	Brancoveanu	Municipiul Pitesti, B-dul Nicolae Balcescu, Bloc B1, Etaj P, Judet Arges	0248219559
46	Arges	Pitesti	Ceair	Municipiul Pitesti, Str. Mihai Eminescu, Nr. 11, Etaj P, Judet Arges	0248612347
47	Arges	Pitesti	Magnoliei	Municipiul Pitesti, B-dul I. C. Bratianu, Bloc B2, Etaj P, Judet Arges	0374283462
48	Arges	Pitesti	Argedava	Municipiul Pitesti, B-dul Petrochimistilor, Bloc B8, Etaj P, Judet Arges	0248222633
49	Arges	Pitesti	Exercitiu	Municipiul Pitesti, Str. Exercitiu, Bloc A7, Etaj P, Judet Arges	0248610220
50	Arges	Pitesti	Kaufland Pitesti	Municipiul Pitesti, Str. Exercitiu, Nr. 216, Judet Arges	0248250140
51	Arges	Pitesti	Razboieni	Municipiul Pitesti, Cart. Razboieni Complex Comercial, Etaj P, Judet Arges	0248253978
52	Arges	Pitesti	Smardan	Municipiul Pitesti, Str. Smardan, Bloc B2, Etaj P, Judet Arges	0248252854
53	Arges	Pitesti	Teilor	Municipiul Pitesti, Str. Teilor, Nr. 51, Judet Arges	0248223227
54	Arges	Pitesti	Trivale	Municipiul Pitesti, Str. Libertatii, Bloc D1, Scara P, Judet Arges	0248271639
55	Arges	Pitesti	Euromall	Municipiul Pitesti, Calea Bucuresti, Nr. 36, Etaj P, Spatiul 137, Judet Arges	0248257139
56	Arges	Pitesti	Podul Viilor	Municipiul Pitesti, Str. Calea Bucuresti, Bloc U2-U3, Etaj P, Judet Arges	0248220370
57	Arges	Pitesti	Dobrogeanu Gherea	Municipiul Pitesti, Str. Nicolae Balcescu, Bloc S5, Etaj P, Judet Arges	0248280044

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58	Arges	Pitesti	Eremia Grigorescu	Municipiul Pitesti, Str. Eremia Grigorescu, Nr. 41, Judet Arges	0248224352
59	Arges	Pitesti	Gavana	Municipiul Pitesti, B-dul 1 Decembrie 1918 Cartier Gavana, Bloc M3A, Etaj P	0248286447
60	Arges	Pitesti	Muntenia	Municipiul Pitesti, Str. Victoriei, Nr. 89, Judet Arges	0248218306
61	Arges	Pitesti	Nord	Municipiul Pitesti, Str. Garlei, Bloc D3, Etaj P, Judet Arges	0248280691
62	Arges	Pitesti	Sfanta Vineri	Municipiul Pitesti, Str. Sfanta Vineri, Nr. 48, Etaj P, Judet Arges	0248220491
63	Arges	Pitesti	Targul din Vale	Municipiul Pitesti, Str. Targul Din Vale, Nr. 12, Judet Arges	0248220711
64	Arges	Poiana Lacului	Poiana Lacului	Sat Poiana Lacului, Comuna Poiana Lacului, Nr. 654, Centru, Judet Arges	0248293113
65	Arges	Rucar	Rucar	Comuna Rucar, Str. Brasovului, Nr. 40, Judet Arges	0248542900
66	Arges	Slobozia Arges	Dambovnic	Comuna Slobozia, Str. C. Brancoveanu, Nr. 16A, Judet Arges	0248698180
67	Arges	Stefanesti	Stefanesti	Loc. Stefanesti, Oras Stefanesti, Str. DN 7 (Bucuresti-Pitesti), Sat Stefanestii Noi, Punctul Parc FN, Judet Arges	0248265224
68	Arges	Topoloveni	Topoloveni	Loc. Topoloveni, Oras Topoloveni, Calea Bucuresti, Bloc P31A, Etaj P, Judet Arges	0374281142
69	Bacau	Bacau	Bacau	Municipiul Bacau, Str. George Apostu, Nr. 13, Judet Bacau	0234207722
70	Bacau	Bacau	Alecu Russo	Municipiul Bacau, Str. Milcov, Nr. 134, Scara E, Judet Bacau	0234551134
71	Bacau	Bacau	Aprodu Purice	Municipiul Bacau, Str. Stefan Cel Mare, Nr. 25, Scara D, Judet Bacau	0234524054
72	Bacau	Bacau	Arena	Municipiul Bacau, Str. Stefan Cel Mare, Bloc 11, Scara B-C, Etaj P, Judet Bacau	0374209292
73	Bacau	Bacau	Bacovia	Municipiul Bacau, B-dul Unirii, Nr. 2, Judet Bacau	0374282567
74	Bacau	Bacau	Mioritei	Municipiul Bacau, Str. Mioritei, Nr. 14, Scara D, Etaj P, Judet Bacau	0374282558
75	Bacau	Bacau	Piata Centrala	Municipiul Bacau, Str. Mihai Viteazu, Nr. 4, Judet Bacau	0374287888
76	Bacau	Bacau	Energiei	Municipiul Bacau, Str. Energiei, Nr. 34, Judet Bacau	0374283455
77	Bacau	Bacau	Luceafarul	Municipiul Bacau, Str. Nicolae Balcescu, Nr. 1, Scara B-C, Etaj P, Judet Bacau	0234510615
78	Bacau	Bacau	Narciselor	Municipiul Bacau, Str. Republicii, Nr. 15, Judet Bacau	0234550944

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79	Bacau	Bacau	Nicu Enea	Municipiul Bacau, Str. Republicii, Nr. 74, Scara A, Etaj P, Judet Bacau	0234550348
80	Bacau	Bacau	Orizontului	Municipiul Bacau, Str. Marasesti, Nr. 171, Judet Bacau	0234552200
81	Bacau	Bacau	Serbanesti	Municipiul Bacau, B-dul Unirii, Nr. 50, Judet Bacau	0234513317
82	Bacau	Buhusi	Buhusi	Loc. Buhusi, Oras Buhusi, Strada Nicolae Balcescu, Nr. 5, Parter, Spatiul Comercial Nr.2, Scara A, Judet Bacau	0234262200
83	Bacau	Comanesti	Comanesti	Loc. Comanesti, Oras Comanesti, Str. Republicii, Bloc E2, Etaj P, Judet Bacau	0234370067
84	Bacau	Ghimes Faget	Ghimes Faget	Sat Faget, Comuna Ghimes- Faget, Str. Principala, Nr. 217/A, Judet Bacau	0374209381
85	Bacau	Moinesti	Moinesti	Municipiul Moinesti, Str. Tudor Vladimirescu, Nr. 1, Bloc F1, Judet Bacau	0374209392
86	Bacau	Onesti	Onesti	Municipiul Onesti, Strada Tineretului, Nr. 16, Judet Bacau	0234317117
87	Bacau	Onesti	Trotus	Municipiul Onesti, Calea Marasesti, Nr. 12, Judet Bacau	0374201001
88	Bacau	Racaciuni	Racaciuni	Comuna Racaciuni, Sat Racaciuni, Judet Bacau	0234251130
89	Bacau	Sascut	Sascut	Comuna Sascut, Statia Cf Sascut, Judet Bacau	0234280203
90	Bacau	Targu Ocna	Targu Ocna	Loc. Targu Ocna, Oras Targu Ocna, Str. Republicii, Bloc F4, Scara B, Etaj P	0234344526
91	Bihor	Alesd	Alesd	Loc. Alesd, Oras Alesd, P-ta. Unirii, Nr. 7, Judet Bihor	0259342130
92	Bihor	Beius	Beius	Municipiul Beius, P-ta. Samuil Vulcan, Nr. 23, Bloc AN1, Judet Bihor	0259320424
93	Bihor	Marghita	Marghita	Marghita, Str Republicii, Nr. 70, Judet Bihor	0259363516
94	Bihor	Oradea	Oradea	Municipiul Oradea, P-ta. Regele Ferdinand I, Nr. 4, Judet Bihor	0259436038
95	Bihor	Oradea	Cantemir	Municipiul Oradea, Str. Nufarului, Nr. 60, Judet Bihor	0259432608
96	Bihor	Oradea	Cicero	Municipiul Oradea, Str. Dimitrie Cantemir, Nr. 2, Bloc A1, Etaj P, Judet Bihor	0259470401
97	Bihor	Oradea	Crisul Repede	Municipiul Oradea, Str. Republicii, Nr. 28A, Etaj P, Judet Bihor	0259411896
98	Bihor	Oradea	Emanoil Gojdu	Municipiul Oradea, P-ta. 1 Decembrie, Nr. 16, Judet Bihor	0259429206
99	Bihor	Oradea	Oltea Doamna	Municipiul Oradea, Str. Parcul Traian, Nr. 9, Ap. III, Judet Bihor	0259412202

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100	Bihor	Oradea	Iosia	Municipiul Oradea, Str. Mestesugarilor, Nr. 73, Bloc AN124, Etaj P, Judet Bihor	0259429062
101	Bihor	Oradea	Oradea Vest	Municipiul Oradea, Calea Aradului, Nr. 39, Parter, Bloc A2, Judet Bihor	0259429872
102	Bihor	Oradea	Podul Decebal	Municipiul Oradea, Str. Decebal, Nr. 18, Bloc D103, Etaj P, Judet Bihor	0259423391
103	Bihor	Oradea	Ostasilor	Municipiul Oradea, Str. Ostasilor, Bloc AN12, Etaj P, Judet Bihor	0259442167
104	Bihor	Oradea	Rogierius	Municipiul Oradea, Str. Transilvania, Nr. 10, Judet Bihor	0259268004
105	Bihor	Salonta	Salonta	Municipiul Salonta, Strada Republicii, Nr. 19, Judet Bihor	0259373246
106	Bihor	Tinca	Tinca	Comuna Tinca, Str. Republicii, Nr. 75/A, Judet Bihor	0259310042
107	Bihor	Valea lui Mihai	Valea lui Mihai	Loc. Valea lui Mihai, Oras Valea lui Mihai, Str. Bethlen Gabor, Nr. 1/a, Judet Bihor	0259355255
108	Bistrita Nasaud	Beclean	Beclean	Loc. Beclean, Oras Beclean, Str. Mihail Kogalniceanu, Nr. 20, Scara A, Etaj P	0263343306
109	Bistrita Nasaud	Bistrita	Bistrita Nasaud	Municipiul Bistrita, Strada 1 Decembrie, Nr. 2, Judet Bistrita-Nasaud	0263235032
110	Bistrita Nasaud	Bistrita	Andrei Muresanu	Municipiul Bistrita, Str. Andrei Muresanu, Bloc 13, Etaj P, Judet Bistrita-Nasaud	0263235776
111	Bistrita Nasaud	Bistrita	Piata Morii	Municipiul Bistrita, Str. Piata Morii, Nr. 56, Etaj P, Judet Bistrita-Nasaud	0263232039
112	Bistrita Nasaud	Bistrita	Hermes	Municipiul Bistrita, B-dul Decebal, Nr. 25, Bloc J, Scara E, Etaj P, Ap. 1	0263230061
113	Bistrita Nasaud	Bistrita	Viisoara	Municipiul Bistrita, Str. Independentei, Nr. 52, Bloc E1, Etaj P, Judet Bistrita-Nasaud	0263239819
114	Bistrita Nasaud	Lechinta	Lechinta	Lechinta, Strada Garii, Bloc 390, Parter, Nr. Ap. P/2/1, Judet Bistrita Nasaud	0263274531
115	Bistrita Nasaud	Nasaud	Nasaud	Loc. Nasaud, Oras Nasaud, Str. Vasile Nascu nr. 47 B, Etaj P, Judet Bistrita-Nasaud	0263361665
116	Bistrita Nasaud	Prundu Bargaului	Prundu Bargaului	Comuna Prundu Bargaului, Str. Principala, Nr. 828, Judet Bistrita-Nasaud	0263265785
117	Bistrita Nasaud	Sangeorz Bai	Sangeorz Bai	Loc. Sangeorz-Bai, Oras Sangeorz-Bai, Izvoarelor, Nr. 92, Judet Bistrita-Nasaud	0263371441
118	Botosani	Botosani	Armonia	Municipiul Botosani, Calea Nationala, Nr. 69, Parter, Judet Botosani	0374283309

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119	Botosani	Botosani	Botosani	Municipiul Botosani, Calea Nationala, Nr. 72, Judet Botosani	40231511091
120	Botosani	Botosani	Bucovina	Municipiul Botosani, Str. Bucovina, Nr. 6, Scara A, Etaj P, Judet Botosani	0231582391
121	Botosani	Botosani	Elie Radu	Municipiul Botosani, Str. Primaverii, Nr. 8, Judet Botosani	0231580918
122	Botosani	Botosani	George Enescu	Municipiul Botosani, Str. Primaverii, Nr. 22, Judet Botosani	0231582854
123	Botosani	Botosani	Gheorghe Avramescu	Municipiul Botosani, Str. Grivita, Unitatea U35, Judet Botosani	0231515139
124	Botosani	Botosani	Rapsodia	Municipiul Botosani, Str. Unirii, Nr. 12, Judet Botosani	0231511415
125	Botosani	Dorohoi	Dorohoi	Municipiul Dorohoi, Str. Dimitrie Pompeiu, Nr. 2, Judet Botosani	0374209412
126	Braila	Braila	Braila	Municipiul Braila, P-ta. Traian, Nr. 12, Judet Braila	40239614415
127	Braila	Braila	Centru Civic	Municipiul Braila, Calea Calarasilor, Nr. 46, Bloc C, Judet Braila	0239624035
128	Braila	Braila	Danubius	Municipiul Braila, Str. Scolilor, Nr. 52, Bloc B15, Etaj P, Judet Braila	0239671358
129	Braila	Braila	Laminorul	Municipiul Braila, Strada Dorobanti, Nr. 311, Complex Laminorul - Unitatea 56, Spatiul Comercial 2	0239629007
130	Braila	Braila	Panait Istrati	Municipiul Braila, Sos. Ramnicu Sarat, Nr. 75, Etaj P, Judet Braila	0239613055
131	Braila	Braila	Radu Negru	Municipiul Braila, Cartier Buzaului, Sos. Buzaului Nr.22, bl A23, parter, Judet Braila	0239686853
132	Braila	Braila	Vidin	Municipiul Braila, Str. Galati (Cartier Vidin), Nr. 327, Bloc 3, Etaj P, Judet Braila	0239617068
133	Braila	Braila	Viziru	Municipiul Braila, Cart. Viziru III, Calea Calarasilor, Nr. 228, Bloc C1, Etaj P	0239671077
134	Braila	Faurei	Faurei	Loc. Faurei, Oras Faurei, Str. Pacii, Nr. 6, Judet Braila	0239661133
135	Braila	Ianca	Ianca	Loc. Ianca, Oras Ianca, Str. Brailei, Nr. 37A, Judet Braila	0239668133
136	Braila	Insuratei	Insuratei	Loc. Insuratei, Oras Insuratei, Sos. Brailei, Nr. 16B, Judet Braila	0239660222
137	Brasov	Bran	Bran	Comuna Bran, Strada General Traian Musoiu, Nr. 12, Parter+Etaj, Judet Brasov	0268238085

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138	Brasov	Brasov	Brasov	Municipiul Brasov, B-dul Mihail Kogalniceanu, Nr. 5, Judet Brasov	0268301100
139	Brasov	Brasov	Ardealul	Municipiul Brasov, B-dul Saturn, Nr. 33, Spatiu Comercial 236, Etaj P, Judet Brasov	0268317706
140	Brasov	Brasov	Astra	Municipiul Brasov, B-dul Saturn Complex Astra, Nr. 34, Judet Brasov	0374282300
141	Brasov	Brasov	Carrefour Brasov	Municipiul Brasov, Calea Bucuresti, Nr. 107, Complex Carrefour, Judet Brasov	0268319301
142	Brasov	Brasov	Cartier Noua	Municipiul Brasov, Str. Prunului, Nr. 7-15, Bloc 8, Judet Brasov	0268336927
143	Brasov	Brasov	Cocorului	Municipiul Brasov, Str. Poienelor, Nr. 2, Spatiul Comercial III, Bloc 211, Etaj P	0268333141
144	Brasov	Brasov	Vulturului	Municipiul Brasov, Calea Bucuresti, Nr. 68, Bloc A10, Judet Brasov	0268329563
145	Brasov	Brasov	Bartolomeu	Municipiul Brasov, Str. Cristianului, Nr. 7, Judet Brasov	0268549325
146	Brasov	Brasov	Muresenilor	Municipiul Brasov, Str. Muresenilor, Nr. 5, Judet Brasov	0374279724
147	Brasov	Brasov	Piata Unirii	Municipiul Brasov, P-ta Unirii, Nr. 6, Etaj P, Ap. 2, Judet Brasov	0268316327
148	Brasov	Brasov	Valea Cetatii	Municipiul Brasov, Str. Eftimie Murgu, Nr. 1, Bloc D5, Judet Brasov	0268316004
149	Brasov	Brasov	Bucegi	Municipiul Brasov, Str. 13 Decembrie - Aurel Vlaicu, Bloc 28, Judet Brasov	0268422031
150	Brasov	Brasov	Florilor	Municipiul Brasov, B-dul Alexandru Vlahuta, Nr. 40, Bloc 120, Judet Brasov	0268310132
151	Brasov	Brasov	Onix	Municipiul Brasov, B-dul Grivitei, Nr. 77-83, Magazin Onix, Etaj P, Judet Brasov	0268421650
152	Brasov	Brasov	Tractorul Brasov	Municipiul Brasov, Str. Oltet, Nr. 33, Bloc 306, Etaj P, Judet Brasov	0268426066
153	Brasov	Brasov	Triaj	Municipiul Brasov, Str. Harmanului, Nr. 65, Bloc 1, Judet Brasov	0268334150
154	Brasov	Codlea	Barsa	Municipiul Codlea, Str. Muntisor, Nr. 12, Bloc 12, Etaj P, Judet Brasov	0268253100
155	Brasov	Codlea	Codlea	Municipiul Codlea, Str. Lunga, Nr. 117, Judet Brasov	0374282287
156	Brasov	Fagaras	Bulevard	Municipiul Fagaras, Str. Tabacari, Bloc 15, Etaj P, Judet Brasov	0268211601

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157	Brasov	Fagaras	Fagaras	Municipiul Fagaras, Bulevardul Unirii, P+M, Bloc 2B, Judet Brasov	0374209422
158	Brasov	Ghimbav	Ghimbav	Loc. Ghimbav, Oras Ghimbav, Str. Morii, Nr. 105, Spatiul 1 Si 2, Judet Brasov	0268258625
159	Brasov	Predeal	Predeal	Loc. Predeal, Oras Predeal, Str. M. Saulescu, Nr. 119, Judet Brasov	0268457066
160	Brasov	Prejmer	Prejmer	Comuna Prejmer, Str. Mare, Nr. 495, Judet Brasov	0268362377
161	Brasov	Rasnov	Rasnov	Loc. Rasnov, Oras Rasnov, Str. Caraiman, Nr. 2, Judet Brasov	0268231733
162	Brasov	Sacele	Sacele	Municipiul Sacele, P-ta. Libertatii, Nr. 21B, Judet Brasov	0374209300
163	Brasov	Sanpetru	Sanpetru	Comuna Sanpetru, Strada Republicii, Nr. 653, Judet Brasov	0374473175
164	Brasov	Zarnesti	Zarnesti	Loc. Zarnesti, Oras Zarnesti, Str. 1 Decembrie 1918, Nr. 5, Judet Brasov	0268223219
165	Buzau	Berca	Berca	Com. Berca, Judet Buzau	0238526637
166	Buzau	Buzau	Buzau	Municipiul Buzau, Prel. Democratiei - Centru, Nr. 2, Judet Buzau	0238720064
167	Buzau	Buzau	Crang	Municipiul Buzau, B-dul Maresal Averescu, Nr. 69, Judet Buzau	0238715725
168	Buzau	Buzau	Stadionului	Municipiul Buzau, B-dul Stadionului, Cartier Micro Xiv, Bloc 21A, Etaj P	0374288818
169	Buzau	Buzau	Cuza Voda	Municipiul Buzau, Str. Cuza Voda, Nr. 1-3, Etaj P, Judet Buzau	0238726592
170	Buzau	Buzau	Istrita	Municipiul Buzau, Str. Unirii, Bloc E8, Etaj P, Judet Buzau	0238726542
171	Buzau	Buzau	Magura	Municipiul Buzau, Str. Unirii, Bloc H2, Etaj P, Judet Buzau	0238726707
172	Buzau	Buzau	Marghiloman	Municipiul Buzau, Str. Dorobanti, Bloc 11C, Etaj P, Judet Buzau	0238715341
173	Buzau	Nehoiu	Nehoiu	Loc. Nehoiu, Oras Nehoiu, Str. Mihai Viteazu, Nr. 10, Judet Buzau	0238555146
174	Buzau	Patarlagele	Patarlagele	Oras Patarlagele, Strada Nicolae Balcescu, Nr. 71-73, Parter, Bloc A2-A3	0374279740
175	Buzau	Pogoanele	Pogoanele	Loc. Pogoanele, Oras Pogoanele, Str. Nicolae Balcescu, Nr. 95, C1, Etaj P	0238552101
176	Buzau	Ramnicu Sarat	Ramnicu Sarat	Municipiul Ramnicu Sarat, Strada Victoriei, Nr. 95-101, Judet Buzau	0238563100
177	Calarasi	Borcea	Borcea	Comuna Borcea, Judet Calarasi	0242340136

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178	Calarasi	Calarasi	Calarasi	Municipiul Calarasi, Str. Flacara, Nr. 65, Judet Calarasi	0242312003
179	Calarasi	Calarasi	Mircea Voda	Municipiul Calarasi, Str. Prelungirea Bucuresti, Nr. 24, Tronson 3-4, Bloc M19	0242331204
180	Calarasi	Oltenita	Oltenita	Municipiul Oltenita, B-dul Republicii, Nr. 39, Judet Calarasi	0374283050
181	Caras Severin	Baile Herculane	Baile Herculane	Loc. Baile Herculane, Oras Baile Herculane, Str. Trandafirilor, Nr. 56, Bloc 90, Scara F, Etaj P, Ap. 1	0255561204
182	Caras Severin	Bocsa	Bocsa	Loc. Bocsa, Oras Bocsa, Str. Republicii, Nr. 89, Judet Caras-Severin	0374209288
183	Caras Severin	Bozovici	Bozovici	Comuna Bozovici, Nr. 251, Judet Caras-Severin	0255242199
184	Caras Severin	Caransebes	Caransebes	Municipiul Caransebes, Str. Mihai Viteazu (Spatiu Com.Nr.3), Nr. 8	0255513884
185	Caras Severin	Caransebes	Pipirig	Municipiul Caransebes, Str. Ardealului, Bloc 6, Etaj P, Judet Caras-Severin	0255515402
186	Caras Severin	Moldova Noua	Moldova Noua	Loc. Moldova Noua, Oras Moldova Noua, Str. Nicolae Titulescu	0255541022
187	Caras Severin	Oravita	Oravita	Loc. Oravita, Oras Oravita, Complex Comercial Zona Garii, Judet Caras-Severin	0374209323
188	Caras Severin	Otelu Rosu	Otelu Rosu	Loc. Otelu Rosu, Oras Otelu Rosu, Str. 22 Decembrie 1989, Nr. 8, Bloc G3, Etaj P	0255531305
189	Caras Severin	Resita	Resita	Municipiul Resita, Str. Petru Rares, Nr. 1, Judet Caras-Severin	0374280044
190	Caras Severin	Resita	Eftimie Murgu	Municipiul Resita, B-dul Revolutiei Din Decembrie, Nr. 5, Judet Caras-Severin	0255219200
191	Caras Severin	Resita	Lunca Barzavei	Municipiul Resita, B-dul Republicii, Nr. 19, Scara 1, Judet Caras-Severin	0255213890
192	Caras Severin	Resita	Pomostului	Municipiul Resita, B-dul Alexandru Ioan Cuza, Bloc D3, Judet Caras-Severin	0255212006
193	Caras Severin	Resita	Semenic	Municipiul Resita, B-dul Republicii, Nr. 4, Judet Caras-Severin	0255252502
194	Cluj	Aghiresu	Aghiresu	Sat Aghiresu-Fabrici, Comuna Aghiresu, Str. Principala, Nr. 343, Judet Cluj	0264357299
195	Cluj	Apahida	Apahida	Sat Apahida, Comuna Apahida, Str. Libertatii, Nr. 163, Judet Cluj	0264232252
196	Cluj	Baciu	Baciu	Sat Baciu, Comuna Baciu, Nr. FN, Judet Cluj	0374209692

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197	Cluj	Campia Turzii	Campia Turzii	Municipiul Campia Turzii, Strada A Muresan, Nr. 2, Spatiu Comercial, Judet Cluj	0264368003
198	Cluj	Cluj Napoca	Cluj Napoca	Municipiul Cluj-Napoca, B-dul 21 Decembrie 1989, Nr. 81-83, Judet Cluj	0264405100
199	Cluj	Cluj Napoca	Bucium	Municipiul Cluj-Napoca, Calea Floresti, Nr. 79, Etaj P, Ap. 120, Judet Cluj	0264427281
200	Cluj	Cluj Napoca	Grigorescu	Municipiul Cluj-Napoca, Str. Fantanele, Nr. 7, Bloc A, Judet Cluj	0374285677
201	Cluj	Cluj Napoca	Manastur	Municipiul Cluj-Napoca, Str. Islazului, Nr. 18, Judet Cluj	0264452162
202	Cluj	Cluj Napoca	Fabricii	Municipiul Cluj-Napoca, Str. Fabricii, Nr. 11, Etaj P, Ap. 66B, Judet Cluj	0264412829
203	Cluj	Cluj Napoca	Giordano Bruno	Municipiul Cluj-Napoca, Str. Giordano Bruno, Nr. 1-3, Etaj P, Judet Cluj	0264455675
204	Cluj	Cluj Napoca	Gradinarilor	Municipiul Cluj-Napoca, Str. Dambovitei, Nr. 45, Etaj P, Ap. 66, Judet Cluj	0264411766
205	Cluj	Cluj Napoca	Gruia	Municipiul Cluj-Napoca, P-ta. Garii, Nr. 4-5, Etaj P, Judet Cluj	0374285946
206	Cluj	Cluj Napoca	Marasti	Municipiul Cluj-Napoca, Bulevardul 21 Decembrie 1989, Nr. 137, Tronson B2, Parter, Ap. 159	0374281995
207	Cluj	Cluj Napoca	Oasului	Municipiul Cluj-Napoca, Str. Oasului, Nr. 86-90, Scara 1, Etaj P, Spatiul Comercial Nr.2	0264407185
208	Cluj	Cluj Napoca	Horea	Municipiul Cluj-Napoca, Str. Horea, Nr. 5, Ap. 33, Judet Cluj	0264434894
209	Cluj	Cluj Napoca	Kaufland Cluj Napoca	Municipiul Cluj-Napoca, Str. Campului, Nr. 9-19, Judet Cluj	0264452803
210	Cluj	Cluj Napoca	Motilor	Municipiul Cluj-Napoca, Str. Motilor, Nr. 91, Etaj P, Ap. 1, Judet Cluj	0264454570
211	Cluj	Cluj Napoca	Napoca	Municipiul Cluj-Napoca, P-ta. Unirii, Nr. 31, Judet Cluj	0374280072
212	Cluj	Cluj Napoca	Pavlov	Municipiul Cluj-Napoca, Str. Motilor, Nr. 9, Apartamentul 1 Si Partial Apartamentul 5, Etaj P	0264431812
213	Cluj	Cluj Napoca	Victor Babes	Municipiul Cluj-Napoca, Str. Victor Babes, Nr. 33, Etaj P, Ap. 1, Judet	0264456403
214	Cluj	Cluj Napoca	Observator	Municipiul Cluj-Napoca, Str. Republicii, Nr. 109, Etaj P, Ap. 2, Judet Cluj	0264455630
215	Cluj	Cluj Napoca	Zorilor	Municipiul Cluj-Napoca, Str. Zorilor, Nr. 44, Etaj P, Judet Cluj	0374281985

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216	Cluj	Cluj Napoca	Alexandru Vaida	Municipiul Cluj-Napoca, Str. Dunarii, Nr. 26, Bloc H2A, Etaj P, Ap. 34, Judet Cluj	0264410007
217	Cluj	Cluj Napoca	Alverna	Municipiul Cluj-Napoca, Str. Constantin Brancusi, Nr. 133, Etaj P, Judet Cluj	0374282126
218	Cluj	Cluj Napoca	Aviator Badescu	Municipiul Cluj-Napoca, Calea Turzii, Nr. 56, Etaj P, Judet Cluj	0264452840
219	Cluj	Cluj Napoca	Piata Cipariu	Municipiul Cluj-Napoca, P-ta. Cipariu, Nr. 9, Bloc 1 A, Ap. 68/2, Judet Cluj	0264452942
220	Cluj	Cluj Napoca	Teatru	Municipiul Cluj-Napoca, P-ta. Stefan Cel Mare, Nr. 19, Etaj P, Ap. 1, Judet Cluj	0264407937
221	Cluj	Cluj Napoca	Titulescu	Municipiul Cluj Napoca, Bd. Nicolae Titulescu Nr. 165, sc 1 parter, Nr. ap 51-52	0374282651
222	Cluj	Dej	Dej	Municipiul Cluj-Napoca, Str. Regina Maria, Nr. 1, Judet Cluj	0264213313
223	Cluj	Floresti	Carrefour Polus	Comuna Floresti, Str. Avram Iancu, Nr. 492-500, Judet Cluj	0264275130
224	Cluj	Gherla	Gherla	Gherla, Str Clujului, Nr. 7A, Judet Cluj	0264243143
225	Cluj	Gherla	Libertatii	Municipiul Gherla, Piata Libertatii, Nr. 1, Judet Cluj	0264248591
226	Cluj	Huedin	Huedin	Loc. Huedin, Oras Huedin, P-ta. Republicii, Nr. 8, Etaj P, Ap. 106, Judet Cluj	0264351402
227	Cluj	Mociu	Mociu	Comuna Mociu, Nr. Fn, Judet Cluj	0264235416
228	Cluj	Panticeu	Panticeu	Sat Panticeu, Comuna Panticeu, Judet Cluj	0264227910
229	Cluj	Turda	Oprisani	Municipiul Turda, Calea Victoriei, Nr. 100, Bloc B 120, Etaj P, Judet Cluj	0264312832
230	Cluj	Turda	Turda	Municipiul Turda, Str. Libertatii, Nr. 4, Judet Cluj	0264317012
231	Constanta	Cernavoda	Cernavoda	Cernavoda, Str Unirii, Bl. R4A, Judet Constanta	0241238408
232	Constanta	Constanta	Constanta	Municipiul Constanta, B-dul Mamaia, Nr. 250, Judet Constanta	0241508604
233	Constanta	Constanta	Albatrosului	Municipiul Constanta, B-dul Aurel Vlaicu, Nr. 92, Bloc Av21, Etaj P, Judet Constanta	0241542021
234	Constanta	Constanta	Balada	Municipiul Constanta, B-dul 1 Decembrie 1918, Nr. 128A, Bloc F1, Etaj P	0241510838
235	Constanta	Constanta	Doraly Mall Constanta	Municipiul Constanta, Sos. Mangaliei, Nr. 84 C4, Etaj P, Judet Constanta	0241612766
236	Constanta	Constanta	Farului	Municipiul Constanta, Str. Caraiman, Nr. 1-3, Bloc Pf6, Etaj P, Judet Constanta	0374283481

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237	Constanta	Constanta	Piata Garii	Municipiul Constanta, B-dul Ferdinand, Nr. 118, Bloc Mttc, Etaj P, Judet Constanta	0241620630
238	Constanta	Constanta	Cazino Constanta	Municipiul Constanta, Str. Arhiepiscopiei, Nr. 7-9, Judet Constanta	0374209491
239	Constanta	Constanta	Hagi	Municipiul Constanta, Str. Mircea Cel Batran, Nr. 138, Etaj P, Judet Constanta	0241520221
240	Constanta	Constanta	Lapusneanu	Municipiul Constanta, B-dul Al. Lapusneanu, nr.78, bl. LE22, parter	0241630650
241	Constanta	Constanta	Oleg Danovschi	Municipiul Constanta, Str. Eliberarii, Nr. 30A, Etaj P, Judet Constanta	0241612585
242	Constanta	Constanta	Ovidius	Municipiul Constanta, Bulevardul Tomis, Nr. 99, Parter, Judet Constanta	0241519120
243	Constanta	Constanta	Tomis Centru	Municipiul Constanta, Str. Stefan Cel Mare, Lot 1, Bloc M6, Etaj P, Judet Constanta	0241662202
244	Constanta	Constanta	Adamclisi	Municipiul Constanta, Str. Adamclisi, Nr. 4C, Judet Constanta	0241613150
245	Constanta	Constanta	Mamaia	Municipiul Constanta, Str. Timisana, Nr. 34, Judet Constanta	0241558826
246	Constanta	Constanta	Sat Vacanta	Municipiul Constanta, B-dul Alexandru Lapusneanu, Nr. 185 A, Etaj P	0241540444
247	Constanta	Constanta	Soveja	Municipiul Constanta, Str. Soveja, Nr. 104, Bloc 44, Etaj P, Judet Constanta	0241558223
248	Constanta	Constanta	Stefan Luchian	Municipiul Constanta, B-dul Alexandru Lapusneanu, Nr. 117, Bloc Al 4, Etaj P	0241610216
249	Constanta	Constanta	Tomis Nord	Municipiul Constanta, B-dul Tomis, Nr. 293, Bloc T15, Etaj P, Judet Constanta	0241554105
250	Constanta	Eforie Nord	Eforie Nord	Loc. Eforie Nord, Oras Eforie, Str. Republicii, Nr. 7, Judet Constanta	0241742263
251	Constanta	Harsova	Harsova	Loc. Harsova, Oras Harsova, Str. Vadului, Nr. 26, Bloc V8M, Scara B, Etaj P	0241872700
252	Constanta	Mangalia	Callatis	Municipiul Mangalia, Str. 1 Decembrie 1918, Nr. 35, Bloc X5, Scara A, Etaj P	0241740208
253	Constanta	Mangalia	Mangalia	Municipiul Mangalia, B-dul Callatis, Bloc Mg19, Etaj P, Judet Constanta	0241752604
254	Constanta	Medgidia	Medgidia	Municipiul Medgidia, Str. Republicii, bl.OH1, Etaj Parter, Judet Constanta	0241817010

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255	Constanta	Mihail Kogalniceanu	Kogalniceanu	Comuna Mihail Kogalniceanu, Str. Tudor Vladimirescu, Bloc CK14, Etaj P	0374279744
256	Constanta	Navodari	Navodari	Loc. Navodari, Oras Navodari, Strada Constantei, Nr. 12, Tronson D Parter sau strada Albinelor Nr.1, Bloc B2	0374279786
257	Covasna	Covasna	Covasna	Loc. Covasna, Oras Covasna, Str. 1 Decembrie 1918, Nr. 3, Bloc 3, Judet Covasna	0267342919
258	Covasna	Intorsura Buzaului	Intorsura Buzaului	Loc. Intorsura Buzaului, Oras Intorsura Buzaului, Str. Mihai Viteazul, Nr. 201, Etaj P	0267370200
259	Covasna	Sfantu Gheorghe	Doja	Municipiul Sfantu Gheorghe, Str. Stadionului, Nr. 15, Bloc 19, Etaj P, Spatiul Comercial Nr.2	0267351384
260	Covasna	Sfantu Gheorghe	Oltul - Sfantu Gheorghe	Municipiul Sfantu Gheorghe, Str. 1 Decembrie 1918, Bloc 12, Scara C, Etaj P	0267312051
261	Covasna	Sfantu Gheorghe	Sfantu Gheorghe	Municipiul Sfantu Gheorghe, Str. 1 Decembrie 1918, Nr. 43, Judet Covasna	0374282595
262	Covasna	Targu Secuiesc	Parc Targu Secuiesc	Municipiul Targu Secuiesc, Str. Curtea 42, Nr. 1, Etaj P, Ap. 1, Judet Covasna	0267360425
263	Covasna	Targu Secuiesc	Targu Secuiesc	Municipiul Targu Secuiesc, Str. Dozsa Gyorgy, Nr. 40, Bloc 2, Scara B	0267364701
264	Dambovita	Gaesti	Gaesti	Loc. Gaesti, Oras Gaesti, Str. 13 Decembrie, Nr. 34, Judet Dambovita	0245713367
265	Dambovita	Moreni	Moreni	Municipiul Moreni, B-dul Petrolului, Nr. 1, Judet Dambovita	0245664930
266	Dambovita	Pucioasa	Pucioasa	Loc. Pucioasa, Oras Pucioasa, Str. Republicii nr. 87, Complex Centru, Etaj P, Ap 11	0245761092
267	Dambovita	Racari	Racari	Oras Racari, Str. Ana Ipatescu, Nr. 113, Judet Dambovita	0245658601
268	Dambovita	Targoviste	Targoviste	Municipiul Targoviste, Str. Stelea, Nr. 1, Judet Dambovita	0374209461
269	Dambovita	Targoviste	Carlova	Municipiul Targoviste, B-dul Independentei, Nr. 24-25, Judet Dambovita	0245216393
270	Dambovita	Targoviste	Chindia	Municipiul Targoviste, Calea Bucuresti, Bloc O3, Scara A, Etaj P, Judet Dambovita	0245218350
271	Dambovita	Targoviste	Crizantema	Municipiul Targoviste, Str. Constantin Brancoveanu, Bloc 11, Scara C, Etaj P	0245214404
272	Dambovita	Targoviste	Eroilor	Municipiul Targoviste, Str. Poet Grigore Alexandrescu, Bloc E6, Etaj P	0245620112

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273	Dambovita	Targoviste	Kaufland Targoviste	Municipiul Targoviste, Str. Lt. Stancu Ion, Nr. 2C, Judet Dambovita	0245213061
274	Dambovita	Titu	Titu	Loc. Titu, Oras Titu, Str. I.C. Visarion, Bloc 8, Etaj P, Ap. 2, Judet Dambovita	0245651920
275	Dolj	Bailesti	Bailesti	Municipiul Bailesti, Str. Victoriei, Nr. 82, Bloc A1, Scara B, Judet Dolj	0251312110
276	Dolj	Bechet	Bechet	Loc. Bechet, Oras Bechet, Calea Dunarii, Nr. 3, Judet Dolj	0251336671
277	Dolj	Calafat	Calafat	Municipiul Calafat, B-dul Tudor Vladimirescu, Nr. 13, Sc. A Si B, Zona Centrala, Bloc 6	0251232364
278	Dolj	Craiova	Craiova	Municipiul Craiova, B-dul Carol I, Nr. 4, Bloc M6, Judet Dolj	0251406357
279	Dolj	Craiova	Brazda lui Novac	Craiova, Brazda Lui Novac, Bl. C8B, Judet Dolj	0374287369
280	Dolj	Craiova	Cetatea Baniei	Municipiul Craiova, Bulevardul Dacia, Nr. 136, Parter, Bloc G, Scara 1, Judet Dolj	0374284065
281	Dolj	Craiova	I.D. Sirbu	Municipiul Craiova, Calea Bucuresti, Nr. 139-141, Bloc N16, Etaj P, Judet Dolj	0251436808
282	Dolj	Craiova	Rocada	Municipiul Craiova, B-dul Dacia, Nr. 108, Bloc M8, Judet Dolj	0251420446
283	Dolj	Craiova	Simplon	Municipiul Craiova, Str. 1 Decembrie 1918, Nr. 27, Judet Dolj	0251420104
284	Dolj	Craiova	Calea Severinului	Municipiul Craiova, Bulevardul Nicolae Titulescu, Nr. 35, Parter, Bloc I5, Judet Dolj	0251599028
285	Dolj	Craiova	Craiova Est	Municipiul Craiova, Calea Bucuresti, Bloc R2, Etaj P, Judet Dolj	0374279717
286	Dolj	Craiova	Craiovită Nouă	Municipiul Craiova, Strada George Enescu, Nr. 100, Parter, Bloc 41A, Scara 1	0251594552
287	Dolj	Craiova	Piata Craiovită	Municipiul Craiova, Aleea Hortensiei Nr. 4, Parter, Judetul Dolj	0251483330
288	Dolj	Craiova	Rovine	Municipiul Craiova, Strada Nicolae Iorga, Nr. 114, Bloc A62, Scara 1, Ap. Parter	0251563071
289	Dolj	Craiova	1 Mai	Municipiul Craiova, Bulevardul 1 Mai, Nr. 80, Parter, Bloc A7A, Scara 1, Judet Dolj	0251510768
290	Dolj	Craiova	Ion Oblemenco	Municipiul Craiova, B-dul Stirbei Voda, Nr. 19, Bloc D3A D4A, Judet Dolj	0251532214
291	Dolj	Craiova	Mihai Viteazu	Municipiul Craiova, Str. Mihai Viteazu, Nr. 2, Judet Dolj	0251412827

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292	Dolj	Craiova	Oltenia	Municipiul Craiova, Str. Fratii Golesti, Nr. 2, Bloc M18C, Etaj P, Judet Dolj	0251412430
293	Dolj	Craiova	Theodor Aman	Municipiul Craiova, Str. Unirii, Nr. 50, Etaj P C1, Judet Dolj	0251533048
294	Dolj	Craiova	Valea Rosie	Municipiul Craiova, Str. Henri Coanda, Nr. 54, Bloc P1, Scara 1, Etaj P, Judet Dolj	0251563063
295	Dolj	Dabuleni	Dabuleni	Loc. Dabuleni, Oras Dabuleni, Str. Victoriei, Nr. 30, Judet Dolj	0251334429
296	Dolj	Filiasi	Filiasi	Loc. Filiasi, Oras Filiasi, Strada Racoteanu, Nr. 162, Parter, Bloc I2, Judet Dolj	0251441740
297	Dolj	Poiana Mare	Poiana Mare	Sat Poiana Mare, Comuna Poiana Mare, Str. Independentei, Nr. 8 Bis, Judet Dolj	0251235245
298	Dolj	Segarcea	Segarcea	Loc. Segarcea, Oras Segarcea, Str. Unirii, Nr. 74, Bloc A7, Etaj P, Judet Dolj	0374209257
299	Galati	Galati	Galati	Municipiul Galati, Str. Brailei, Nr. 29A, Judet Galati	40236307800
300	Galati	Galati	Centrul de Afaceri Dunarea	Municipiul Galati, Str. Domneasca, Nr. 35, Centru, In Incinta Hotelului Dunarea	0236471440
301	Galati	Galati	Dunarea	Municipiul Galati, Str. Brailei Cartier Micro 18, Nr. 214Bis, Bloc C5B, Scara 1, Etaj P	0236316474
302	Galati	Galati	Micro 18	Municipiul Galati, Str. Brailei, nr. 196, Micro18, bl.B3A, parter, Judet Galati	0236311264
303	Galati	Galati	Micro 20	Municipiul Galati, Micro 20, Str. Galati, Nr.2, bl.A13A,scara1,2 parter, Judet Galati	0236311220
304	Galati	Galati	Micro 39	Municipiul Galati, Strada Henri Coanda, Nr. 8, Parter, Spatiu Comercial, Miicro 39B, Bloc J5	0236413310
305	Galati	Galati	Micro 40	Municipiul Galati, Strada 1 Decembrie 1918, Nr. 12, Parter, Micro 14, Bloc S9E, Scara 2	0236425116
306	Galati	Galati	Piata Energiei	Municipiul Galati, Str. Siderurgistilor, Nr. 45, Cartier Micro 14, Bloc M3A, Scara 5, Etaj P	0236450555
307	Galati	Galati	Piata Mare	Municipiul Galati, Str. Traian, Nr. 58-60, Cartier Piata Centrala Lot 2, Bloc D+E, Etaj P	0374279736
308	Galati	Galati	Siderurgistilor	Municipiul Galati, Strada Siderurgistilor, Nr. 30, Parter, Cartier Siderurgistilor, Spatiu Comercial, Bloc Sd4B	0236311711
309	Galati	Galati	Tiglina I	Municipiul Galati, Cart. Tiglina I, Str. Brailei, Nr. 171H, Judet Galati	0236470440

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310	Galati	Galati	Tiglina III	Municipiul Galati, Str. Brandusei, Micro 16 - Complex Comercial, Judet Galati	0236455015
311	Galati	Liesti	Liesti	Comuna Liesti, Str. Principala, Nr. 2622, Etaj P, Judet Galati	0236821244
312	Galati	Pechea	Pechea	Comuna Pechea, Str. Galati, Nr. 250 A, Judet Galati	0236824011
313	Galati	Targu Bujor	Targu Bujor	Loc. Targu Bujor, Oras Targu Bujor, Str. Grigore Hagiu, Nr. 3, Judet Galati	0236340712
314	Galati	Tecuci	Gheorghe Petrascu	Municipiul Tecuci, Strada Gheorghe Petrascu, Nr. 23, Bloc O1B, Judet Galati	0236813411
315	Galati	Tecuci	Tecuci	Municipiul Tecuci, Str. 1 Decembrie 1918, Nr. 79, Judet Galati	0236811100
316	Giurgiu	Bolintin Vale	Bolintin Vale	Loc. Bolintin-Vale, Oras Bolintin-Vale, Str. Republicii, Bloc B6, Etaj P, Judet Giurgiu	0246270552
317	Giurgiu	Giurgiu	Giurgiu	Municipiul Giurgiu, Str. Vasile Alexandri, Bloc 4/300, Judet Giurgiu	0374283057
318	Giurgiu	Giurgiu	Tudor Vianu	Municipiul Giurgiu, Sos. Bucuresti, Bloc 47/3D1, Etaj P, Judet Giurgiu	0246231046
319	Gorj	Bumbesti Jiu	Bumbesti Jiu	Loc. Bumbesti-Jiu, Oras Bumbesti-Jiu, Str. Parangului, Bloc 26 C1, Etaj P, Judet Gorj	0253463086
320	Gorj	Matasari	Matasari	Sat Matasari, Str. Principala, nr. 253A	0253376443
321	Gorj	Motru	Motru	Municipiul Motru, Str. Trandafirilor, Judet Gorj	0374280161
322	Gorj	Novaci	Novaci	Loc. Novaci, Oras Novaci, Str. Eroilor, Nr. 6, Judet Gorj	0253466004
323	Gorj	Rovinari	Rovinari	Rovinari, B-dul Minerilor Nr. 4, Bl. M2 parter, Sc.1, Judet Gorj	0374279796
324	Gorj	Targu Carbunesti	Targu Carbunesti	Loc. Targu Carbunesti, Oras Targu Carbunesti, Str. Trandafirilor, Nr. 63A, Judet Gorj	0253378021
325	Gorj	Targu Jiu	Targu Jiu	Municipiul Targu Jiu, Str. Tudor Vladimirescu, Nr. 20, Judet Gorj	40253217958
326	Gorj	Targu Jiu	Amaradia	Municipiul Targu Jiu, B-dul Republicii, Zona Garii, Bloc 25, Scara 1, Judet Gorj	0374289675
327	Gorj	Targu Jiu	Coloana Infinitului	Municipiul Targu Jiu, B-dul Ecaterina Teodoroiu, Bloc 49, Etaj P, Judet Gorj	0253214132
328	Gorj	Targu Jiu	Jiului	Municipiul Targu Jiu, Str. Victoriei, Fosta Zona Abator Bloc 50, Bloc 192, Etaj P	0253210214
329	Gorj	Targu Jiu	Litovoi	Municipiul Targu Jiu, Str. Victoriei, Bloc 54, Etaj P, Judet Gorj	0253224192

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330	Gorj	Targu Jiu	Olari	Municipiul Targu Jiu, Str. Nicolae Titulescu, Bloc 12 C1, Etaj P, Judet Gorj	0374283273
331	Gorj	Turceni	Turceni	Turceni, Str. 7 Aprilie 2004, Nr. 6, Judet Gorj	0253334124
332	Harghita	Corund	Corund	Comuna Corund, Str. Principala, Sat Corund, Nr. 592 A, Judet Harghita	0266249070
333	Harghita	Cristuru Secuiesc	Cristuru Secuiesc	Loc. Cristuru Secuiesc, Oras Cristuru Secuiesc, P-ta. Libertatii, Nr. 24, Judet Harghita	0266242094
334	Harghita	Ditrau	Ditrau	Comuna Ditrau, Str. Dealul Frumos, Nr. 2/A, Judet Harghita	0266353217
335	Harghita	Gheorgheni	Gheorghieni	Municipiul Gheorgheni, P-ta. Libertatii, Nr. 6, Judet Harghita	0374280119
336	Harghita	Miercurea Ciuc	Flora	Municipiul Miercurea Ciuc, Str. Kossuth Lajos, Nr. 11/A, Judet Harghita	0266311689
337	Harghita	Miercurea Ciuc	Fratiei	Municipiul Miercurea Ciuc, Str. Tudor Vladimirescu, Nr. 21, Etaj P, Judet Harghita	0374289222
338	Harghita	Miercurea Ciuc	Miercurea Ciuc	Municipiul Miercurea Ciuc, Str. Marton Aron, Nr. 36, Judet Harghita	0266371367
339	Harghita	Odorheiu Secuiesc	Breslelor	Municipiul Odorheiu Secuiesc, Str. Breslelor, Cart. Beclean, Nr. 17, Spatiul Comercial Nr. 2, Bloc C2, P/2	0266216229
340	Harghita	Odorheiu Secuiesc	Centru	Municipiul Odorheiu Secuiesc, P-ta. Primariei, Nr. 1, Judet Harghita	0266216457
341	Harghita	Odorheiu Secuiesc	Odorheiu Secuiesc	Municipiul Odorheiu Secuiesc, Strada Bethlen Gabor, Nr. 61/A,61/B, 61/C, Parter	0266217020
342	Harghita	Sandominic	Sandominic	Sat Sandominic, Comuna Sandominic, Nr. 171, Judet Harghita	0266336138
343	Harghita	Toplita	Toplita	Municipiul Toplita, Str. N. Balcescu, Spatiul Comercial 110, Bloc F/II, Etaj P	0266343003
344	Hunedoara	Brad	Brad	Municipiul Brad, Str. Republicii, Bloc 6, Etaj P, Judet Hunedoara	0254613705
345	Hunedoara	Calan	Calan	Loc. Calan, Oras Calan, P-ta. Libertatii, Nr. 5A, Etaj P, Judet Hunedoara	0254734113
346	Hunedoara	Deva	Deva	Municipiul Deva, P-ta. Operei, Nr. 7, Judet Hunedoara	0254206493
347	Hunedoara	Deva	Retezat	Municipiul Deva, Str. Mihai Eminescu, Spatiu Comercial, Bloc 31A, Scara A, Etaj P	0254221713
348	Hunedoara	Deva	Rusca	Municipiul Deva, B-dul Decebal, Spatiul Comercial Nr. 1, Bloc D, Judet Hunedoara	0254220016

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349	Hunedoara	Deva	Sarmis	Municipiul Deva, B-dul Iuliu Maniu, Bloc L1, Etaj P, Judet Hunedoara	0254223811
350	Hunedoara	Deva	Ulpia	Municipiul Deva, Calea Zarandului, Bloc 43, Scara E, Etaj P, Judet Hunedoara	0254220057
351	Hunedoara	Hateg	Hateg	Loc. Hateg, Oras Hateg, P-ta Unirii, Nr. 6, Judet Hunedoara	0254777942
352	Hunedoara	Hunedoara	Corvinul	Municipiul Hunedoara, B-dul Libertatii, Nr. 8, Etaj P, Judet Hunedoara	0254712311
353	Hunedoara	Hunedoara	Hunedoara	Municipiul Hunedoara, B-dul Dacia, Nr. 6 Bis, Complexul Gambrinus	0254740034
354	Hunedoara	Hunedoara	Iancu de Hunedoara	Municipiul Hunedoara, B-dul Dacia, Nr. 33, Bloc 8, Etaj P, Judet Hunedoara	0254712410
355	Hunedoara	Lupeni	Lupeni	Municipiul Lupeni, B-dul Pacii, Nr. 1, Judet Hunedoara	0254562219
356	Hunedoara	Orastie	Orastie	Municipiul Orastie, Str. Eroilor, Bloc C2, Etaj P, Judet Hunedoara	0254244025
357	Hunedoara	Orastie	Palia	Municipiul Orastie, Str. Unirii, Bloc 5, Etaj P, Spatiul Nr.6, Judet Hunedoara	0254240071
358	Hunedoara	Petrila	Petrila	Loc. Petrila, Oras Petrila, Str. Tudor Vladimirescu, Spatiul Nr. 3, Bloc 36B, Etaj P	0254550241
359	Hunedoara	Petrosani	Petrosani	Municipiul Petrosani, Str. 1 Decembrie 1918, Nr. 79, Judet Hunedoara	0374280107
360	Hunedoara	Simeria	Simeria	Loc. Simeria, Oras Simeria, Str. Avram Iancu, Bloc 7, Etaj P, Judet Hunedoara	0254262214
361	Hunedoara	Vulcan	Vulcan	Municipiul Vulcan, Str. Mihai Viteazu, Nr. 24, Bloc 17A, Judet Hunedoara	0254570441
362	Ialomita	Amara	Amara	Loc. Amara, Oras Amara, Str. Tudor Vladimirescu, Nr. 85, Judet Ialomita	0243266111
363	Ialomita	Cazanesti	Cazanesti	Loc. Cazanesti, Oras Cazanesti, Soseaua Bucuresti-Constanta, Nr. 80, Judet Ialomita	0243264206
364	Ialomita	Fetesti	Fetesti	Municipiul Fetesti, Str. Calarasi, Complex Miorita, Etaj P, Judet Ialomita	0243365995
365	Ialomita	Slobozia	Ionel Perlea	Municipiul Slobozia, B-dul Matei Basarab, Nr. 11, Bara Comerciala, Judet Ialomita	0243231090
366	Ialomita	Slobozia	Matei Basarab	Municipiul Slobozia, Str. Matei Basarab, Nr. 57, Bloc T, Scara A, Etaj P, Judet Ialomita	0374283279
367	Ialomita	Slobozia	Slobozia	Municipiul Slobozia, B-dul Chimiei, Nr. 11, Judet Ialomita	0243213530

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368	Ialomita	Tandarei	Tandarei	Loc. Tandarei, Oras Tandarei, Str. Bucuresti, Bloc 52H, Etaj P, Judet Ialomita	0243270522
369	Ialomita	Urziceni	Urziceni	Municipiul Urziceni, Calea Bucuresti, Nr. 58, Bloc 49, Etaj P, Judet Ialomita	0243255614
370	Iasi	Harlau	Harlau	Loc. Harlau, Oras Harlau, Str. Stefan Cel Mare Si Sfiant, Bloc 10, Etaj P, Judet Iasi	0232720406
371	Iasi	Holboca	Dancu	Comuna Holboca, Sat Dancu, Judet Iasi	0232229906
372	Iasi	Iasi	Iasi	Municipiul Iasi, Str. Anastasie Panu, Nr. 1B-2A, Judet Iasi	0232211343
373	Iasi	Iasi	Anastasie Panu	Municipiul Iasi, Str. Stefan Cel Mare Si Sfiant, Nr. 53, Judet Iasi	0232210134
374	Iasi	Iasi	Campus Tudor	Municipiul Iasi, B-dul D Mangeron (Imobil C H), Nr. 71, Bloc TR P+7, Etaj P	0232232019
375	Iasi	Iasi	Copou	Municipiul Iasi, Bd. Carol nr. 8, Parter, Judet Iasi	0374286021
376	Iasi	Iasi	Independentei	Municipiul Iasi, P-ta. Unirii, Nr. 2, Bloc B10, Judet Iasi	0232234402
377	Iasi	Iasi	Palas	Municipiul Iasi, Str. Sfantul Lazar, Nr. 44-50, Judet Iasi	0374133413
378	Iasi	Iasi	Super Copou	Municipiul Iasi, B-dul Copou, Nr. 48, Etaj P, Complex Comercial Super Copou Tronson Iv	0232213302
379	Iasi	Iasi	Vasile Alecsandri	Municipiul Iasi, B-dul Independentei, Nr. 18, Bloc Y 1, Etaj P, Judet Iasi	0232211608
380	Iasi	Iasi	Vasile Conta	Municipiul Iasi, B-dul Independentei, Nr. 9-11, Bloc D2 Tr2, Etaj P, Judet Iasi	0232265320
381	Iasi	Iasi	Carrefour Felicia	Municipiul Iasi, Str. Bucium, Nr. 36, Judet Iasi	0232239655
382	Iasi	Iasi	Esplanada Nicolina	Municipiul Iasi, Str. Petre Tutea, Nr. 9-11, Bloc 911, Trs II, Etaj P, Judet Iasi	0374200792
383	Iasi	Iasi	Fortus	Municipiul Iasi, Sos. Nicolina, Nr. 83, Bloc 986B, Etaj P, Judet Iasi	0374289980
384	Iasi	Iasi	Galata	Municipiul Iasi, Str. Mircea Cel Batran, Nr. 1, Bloc A1, Scara B+C, Etaj P, Judet Iasi	0232222385
385	Iasi	Iasi	Mircea cel Batran	Municipiul Iasi, B-dul Alexandru Cel Bun, Nr. 11, Bloc D1, Etaj P, Judet Iasi	0232256600
386	Iasi	Iasi	Nicolina	Municipiul Iasi, Sos. Nicolina, Nr. 3, Bloc 928, Scara D, Etaj P, Judet Iasi	0232221070
387	Iasi	Iasi	Poitiers	Municipiul Iasi, B-dul Poitiers, Nr. 54, Bloc G2, Etaj P, Judet Iasi	0374283583

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388	Iasi	Iasi	Socola	Municipiul Iasi, Str. Socola, Nr. 57, Bloc A, Etaj P, Judet Iasi	0232232511
389	Iasi	Iasi	Alexandru cel Bun	Municipiul Iasi, Str. Alexandru Cel Bun, Nr. 34, Bloc H-2, Etaj P, Tronson 2, Judet Iasi	0232241149
390	Iasi	Iasi	Carrefour Era Park	Municipiul Iasi, Sos. Pacurari, Nr. 121, Judet Iasi	0232227185
391	Iasi	Iasi	Esplanada Zimbru	Municipiul Iasi, B-dul Dacia, Nr. 2, Bloc D1-2,Tr. I, Judet Iasi	0232254701
392	Iasi	Iasi	Kaufland Pacurari	Municipiul Iasi, Sos. Pacurari, Nr. 92, Judet Iasi	0232250216
393	Iasi	Iasi	Pacurari	Municipiul Iasi, Sos. Pacurari, Nr. 145, Judet Iasi	0232415740
394	Iasi	Iasi	Pacurari Vest	Municipiul Iasi, Sos. Pacurari, Nr. 53, Bloc 547, Scara A, Etaj P, Judet Iasi	0232250145
395	Iasi	Iasi	Piata Dacia	Municipiul Iasi, Str. Vitejilor, Nr. 12, Bloc B8, Etaj P, Judet Iasi	0232251113
396	Iasi	Iasi	Voievozilor	Municipiul Iasi, P-ta. Voievozilor, Nr. 19B, Tronson 2, Bloc A1, Etaj P, Judet Iasi	0232257505
397	Iasi	Iasi	Zimbru	Municipiul Iasi, B-dul Dacia, Nr. 24, Bloc Sc 3, Etaj P, Judet Iasi	0232250877
398	Iasi	Iasi	Cotnari	Municipiul Iasi, B-dul Nicolae Iorga, Zona Casa Sindicatelor, Bloc T3, Judet Iasi	0232232710
399	Iasi	Iasi	Dimitrie Mangeron	Municipiul Iasi, Sos. Nationala, Nr. 55, Judet Iasi	0232232990
400	Iasi	Iasi	Ion Neculce	Municipiul Iasi, B-dul Dimitrie Cantemir, Nr. 7, Etaj P, Judet Iasi	0232230742
401	Iasi	Iasi	Kaufland Pavlov	Municipiul Iasi, Str. Pavlov, Nr. 14, Judet Iasi	0232241050
402	Iasi	Iasi	Kaufland Varlaam	Municipiul Iasi, Str. Mitropolit Varlaam, Nr. 54, Judet Iasi	0232232044
403	Iasi	Iasi	Moara de Foc	Municipiul Iasi, Str. Strapungerii Silvestru, Nr. 28, Bloc C17, Etaj P, Judet Iasi	0232217403
404	Iasi	Iasi	Podu Ros	Municipiul Iasi, B-dul Socola, Nr. 1, Etaj P, Judet Iasi	0232271466
405	Iasi	Iasi	Podu de Piatra	Municipiul Iasi, B-dul Nicolae Iorga, Complex Comercial "Podu De Piatra", Tronson I, Etaj P	0232230937
406	Iasi	Iasi	Silvestru	Municipiul Iasi, Str. Silvestru, Nr. 1, Bloc L2, Etaj P, Judet Iasi	0232241180
407	Iasi	Iasi	Ion Creanga	Municipiul Iasi, Str. Ion Creanga, Nr. 17(19), Bloc U2, Scara A, Etaj P, Judet Iasi	0232244915
408	Iasi	Iasi	Metalurgiei	Municipiul Iasi, Str. Vasile Lupu, Nr. 160, Bloc G1-3, Etaj P, Judet Iasi	0232270374

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409	Iasi	Iasi	Podu de fier	Municipiul Iasi, B-dul Tudor Vladimirescu, Nr. 3, Bloc C9, Scara A, Etaj P, Judet Iasi	0232277513
410	Iasi	Iasi	Tatarasi	Municipiul Iasi, Str. Vasile Lupu, Nr. 83, Bloc D1, Etaj P, Judet Iasi	0232273455
411	Iasi	Iasi	Tomesti	Municipiul Iasi, Cart. Tomesti, Bloc 45B, Etaj P, Judet Iasi	0232290505
412	Iasi	Pascani	Mihail Sadoveanu	Municipiul Pascani, Str. Mihai Kogalniceanu, Nr. 32, Bloc J, Etaj P, Judet Iasi	0232767228
413	Iasi	Pascani	Pascani	Municipiul Pascani, Str. Cuza Voda, Bloc D9, Etaj P, Judet Iasi	0232710123
414	Iasi	Podu Iloaiei	Podu Iloaiei	Loc. Podu Iloaiei, Oras Podu Iloaiei, Str. Nationala, Bloc 13 (7), Scara A, Etaj P	0374209682
415	Iasi	Popricani	Popricani	Sat Popricani, Comuna Popricani, Judet Iasi	0374209680
416	Iasi	Raducaneni	Raducaneni	Comuna Raducaneni, Nr. 1601, Judet Iasi	0232274095
417	Iasi	Targu Frumos	Targu Frumos	Targu Frumos, B-dul Cuza Voda, Bl.7, Judet Iasi	0232712116
418	Ilfov	Afumati	Doraly	Sat Afumati, Comuna Afumati, Sos. Bucuresti - Urziceni (Dn2), Nr. 22, Incinta 3, Pavilion H1	0213110312
419	Ilfov	Bragadiru	Bragadiru	Oras Bragadiru, Soseaua Alexandriei Nr 247, parter, spatiu comercial lot 2, Bloc D7, Scara B	0374470375
420	Ilfov	Buftea	Buftea	Oras Buftea, Str. Mihai Eminescu, nr. 11, Parter, Judet Ilfov	0213148808
421	Ilfov	Chiajna	Carrefour Militari	Comuna Chiajna, Autostrada Bucuresti Pitesti, Nr. Km11-12, Judet Ilfov	0374469990
422	Ilfov	Chitila	Chitila Complex Residenz	Oras Chitila, Soseaua Banatului, Nr. 14, Parter, Spatiul Comercial Nr.6, Bloc 10	0217961692
423	Ilfov	Otopeni	Henri Coanda	Loc. Otopeni, Oras Otopeni, Calea Bucurestilor, Nr. 224E, Judet Ilfov	0212042705
424	Ilfov	Otopeni	Otopeni	Loc. Otopeni, Oras Otopeni, Calea Bucurestilor, Nr. 84, Bloc B2-1, Etaj P, Judet Ilfov	0213501001
425	Ilfov	Popesti Leordeni	Popesti Leordeni	Loc. Popesti Leordeni, Oras Popesti Leordeni, Sos. Oltenitei, Nr. 23, Lot 1, Bloc M1, Etaj P	0213614425
426	Ilfov	Snagov	Snagov	Comuna Snagov, Str. Sos Snagov, Nr. 135, Bloc D4, Etaj P, Ap. Tronson 1	0213104392
427	Ilfov	Voluntari	Jolie Ville	Oras Voluntari, Str. Erou Iancu Nicolae, Nr. 103Bis, (Unitatea G12&G13, Parter, Jolie Ville Mall)	0212068046

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428	Ilfov	Voluntari	Pipera Tunari	Oras Voluntari, Sos. Pipera-Tunari nr. 39A, Parter, Judet Ilfov	0212315127
429	Ilfov	Voluntari	Voluntari	Oras Voluntari, Bulevardul Voluntari, Nr. 77, Parter, Judet Ilfov	0374209698
430	Maramures	Baia Mare	Aramis	Municipiul Baia Mare, Str. Sperantei, Nr. 3-5, Judet Maramures	0374824386
431	Maramures	Baia Mare	Baia Mare	Municipiul Baia Mare, Str. Gheorghe Sincai, Nr. 38B, Judet Maramures	40262212115
432	Maramures	Baia Mare	Aurora	Municipiul Baia Mare, Str. George Cosbuc Nr. 34, bl C3/62 parter, Judet Maramures	0262217512
433	Maramures	Baia Mare	Izvoare	Municipiul Baia Mare, Str. Andrei Muresan, Nr. 29, Judet Maramures	0262212425
434	Maramures	Baia Mare	Kaufland Baia Mare	Municipiul Baia Mare, Str. George Cosbuc, Nr. 38, Judet Maramures	0262218816
435	Maramures	Baia Mare	Odobescu	Municipiul Baia Mare, Str. Alexandru Odobescu, Nr. 2, Judet Maramures	0262217991
436	Maramures	Baia Mare	Rivulus	Municipiul Baia Mare, B-dul Decebal, Nr. 2, Etaj P, Judet Maramures	0262217550
437	Maramures	Baia Mare	Castanilor	Municipiul Baia Mare, B-dul Bucuresti, Nr. 4, Etaj P, Judet Maramures	0262217707
438	Maramures	Baia Mare	Granicerilor	Municipiul Baia Mare, Str. Granicerilor, Nr. 81, Bloc V2, Etaj P, Judet Maramures	0262278091
439	Maramures	Baia Mare	Gutai	Municipiul Baia Mare, B-dul Traian, Nr. 29, Etaj P, Judet Maramures	0262250692
440	Maramures	Baia Mare	Hatvan	Municipiul Baia Mare, Str. Vasile Alecsandri, Nr. 91, Judet Maramures	0262228015
441	Maramures	Baia Mare	Hortensiei	Municipiul Baia Mare, Str. Hortensiei, Nr. 2, bl 2 parter, Judet Maramures	0262224123
442	Maramures	Baia Mare	Ignis	Municipiul Baia Mare, Str. Victoriei, Nr. 47, parter, Judet Maramures	0262218781
443	Maramures	Baia Mare	Iza	Municipiul Baia Mare, B-dul Republicii, Nr. 15, Etaj P, Judet Maramures	0262274384
444	Maramures	Baia Mare	Millenium	Municipiul Baia Mare, B-dul Unirii, Nr. 12, Etaj P, Judet Maramures	0262221428
445	Maramures	Baia Sprie	Baia Sprie	Loc. Baia Sprie, Oras Baia Sprie, Str. Gutinului, Nr. 3, Etaj P, Judet Maramures	0262262612

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446	Maramures	Borsa	Borsa	Loc. Borsa, Oras Borsa, Str. Victoriei, Nr. 3, Bloc 48, Judet Maramures	0262343389
447	Maramures	Cavnic	Cavnic	Loc. Cavnic, Oras Cavnic, Str. 22 Decembrie, Nr. 20, Etaj P, Judet Maramures	0262295581
448	Maramures	Dragomiresti	Dragomiresti	Oras Dragomiresti, Nr. 87 A, Judet Maramures	0262337605
449	Maramures	Farcasa	Farcasa	Sat Farcasa, Comuna Farcasa, Str. Independentei, Nr. 59A, Judet Maramures	0262266271
450	Maramures	Ocna Sugatag	Ocna Sugatag	Comuna Ocna Sugatag, Str. Unirii, Nr. 48/A, Etaj P, Judet Maramures	0262374001
451	Maramures	Seini	Seini	Loc. Seini, Oras Seini, Str. Nicolae Balcescu, Nr. 25, Judet Maramures	0374280417
452	Maramures	Sighetu Marmatiei	Sighetu Marmatiei	Municipiul Sighetu Marmatiei, Str. Bogdan Voda, Nr. 1A, Etaj P, Judet Maramures	0374285781
453	Maramures	Sighetu Marmatiei	Solovan	Municipiul Sighetu Marmatiei, Str. Bogdan Voda, Nr. 22, Etaj P, Judet M	0374285766
454	Maramures	Sighetu Marmatiei	Tisa	Municipiul Sighetu Marmatiei, Str. Cuza Voda, Nr. 3, Judet Maramures	0262313156
455	Maramures	Somcuta Mare	Somcuta Mare	Loc. Somcuta Mare, Oras Somcuta Mare, Str. Republicii, Nr. 5, Etaj P	0374209346
456	Maramures	Targu Lapus	Targu Lapus	Loc. Targu Lapus, Oras Targu Lapus, Piata Eroilor, Nr. 27, Parter, Bloc T123	0262385383
457	Maramures	Tautii Magheraus	Tautii Magheraus	Loc. Tautii-Magheraus, Oras Tautii-Magheraus, Str. Principala, Nr. 290B	0262293547
458	Maramures	Ulmeni	Ulmeni	Oras Ulmeni, Strada Petre Dulfu, Nr. 54/A, Judet Maramures	0262264041
459	Maramures	Viseu de Sus	Viseu de Sus	Loc. Viseu de Sus, Oras Viseu de Sus, Str. Iuliu Maniu, Nr. 1, Judet Maramures	0374283384
460	Mehedinti	Cujmir	Cujmir	Comuna Cujmir, Judet Mehedinti	0252390276
461	Mehedinti	Drobeta Turnu Severin	Drobeta Turnu Severin	Municipiul Drobeta-Turnu Severin, B-dul Carol I, Nr. 55, Judet Mehedinti	0374371456
462	Mehedinti	Drobeta Turnu Severin	Calonfirescu	Municipiul Drobeta-Turnu Severin, Str. Brancoveanu Nr. 333, Bloc TS1A, Etaj P	0252310042
463	Mehedinti	Drobeta Turnu Severin	Cerna	Municipiul Drobeta-Turnu Severin, B-dul Revolutiei 16-22 Decembrie 1989, Piata Agroalimentara, Etaj P	0374288949

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464	Mehedinti	Drobeta Turnu Severin	Cezar	Municipiul Drobeta-Turnu Severin, Str. Horia, Nr. 12, Etaj P, Judet Mehedinti	0252311347
465	Mehedinti	Drobeta Turnu Severin	Crihala	Municipiul Drobeta-Turnu Severin, B-dul Mihai Viteazul, Nr. 29, Bloc Z6B, Etaj P	0252330104
466	Mehedinti	Drobeta Turnu Severin	Kiseleff	Municipiul Drobeta-Turnu Severin, B-dul Tudor Vladimirescu, Nr. 124, Bloc Is6, Etaj P	0252325109
467	Mehedinti	Drobeta Turnu Severin	Stefan Odobleja	Municipiul Drobeta-Turnu Severin, Str. Iuliu Maniu, Nr. 3, Bloc 5, Etaj P C1	0374283719
468	Mehedinti	Orsova	Orsova	Orsova, Str Portile De Fier, Nr. 8, Judet Mehedinti	0252362134
469	Mehedinti	Strehaia	Strehaia	Oras Strehaia, Str. Unirii Nr. 5, bl A1, parter, scara 1, ap. 3, Judet Mehedinti	0252371191
470	Mehedinti	Vanju Mare	Vanju Mare	Loc. Vanju Mare, Oras Vanju Mare, Str. Rahovei, Nr. 10, Judet Mehedinti	0252350103
471	Mures	Band	Band	Sat Band, Comuna Band, Str. Pacii, Nr. 15/A, Judet Mures	0265428361
472	Mures	Deda	Deda	Comuna Deda, Str. Principala, Nr. 94, Judet Mures	0265556269
473	Mures	Ludus	Ludus	Loc. Ludus, Oras Ludus, B-dul 1 Decembrie 1918, Bloc 17, Scara B, Etaj P	0374280116
474	Mures	Reghin	Iernuteni	Municipiul Reghin, Str. Iernuteni, Nr. 12, Judet Mures	0265513865
475	Mures	Reghin	Reghin	Municipiul Reghin, Str. Mihai Viteazu, Nr. 18, Judet Mures	0265511722
476	Mures	Sarmasu	Sarmasu	Loc. Sarmasu, Oras Sarmasu, Str. Republicii, Nr. 102 A, Judet Mures	0265421007
477	Mures	Sighisoara	Sighisoara	Municipiul Sighisoara, P-ta. Hermann Oberth, Nr. 20, Judet Mures	0265774102
478	Mures	Sighisoara	Tarnava	Municipiul Sighisoara, Str. Mihai Viteazu, Nr. 99, Bloc 201-2C, Etaj P, Judet Mures	0265776700
479	Mures	Sovata	Sovata	Loc. Sovata, Oras Sovata, Str. Principala, Nr. 187, Bloc A-IV, Etaj P, Judet Mures	0265570061
480	Mures	Targu Mures	Targu Mures	Municipiul Targu Mures, Strada Calarasilor, Nr. 11, Judet Mures	40265207410
481	Mures	Targu Mures	Auchan Targu Mures	Municipiul Targu Mures, Str. Gheorghe Doja, Nr. 243, Judet Mures	0265326336
482	Mures	Targu Mures	Cartier Mureseni	Municipiul Targu Mures, Str. Gheorghe Doja, Nr. 185/A, Judet Mures	0265259415
483	Mures	Targu Mures	Dambu	Municipiul Targu Mures, B-dul 1848, Nr. 23, Judet Mures	0374286373

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484	Mures	Targu Mures	Domus	Municipiul Targu Mures, B-dul 1 Decembrie 1918, Nr. 6, Judet Mures	0265311058
485	Mures	Targu Mures	Trandafirilor	Municipiul Targu Mures, Piata Trandafirilor, Nr. 27-30, Judet Mures	0265264031
486	Mures	Targu Mures	Cutezantei	Municipiul Targu Mures, Str. Cutezantei, Nr. 11, Etaj P, Judet Mures	0265257414
487	Mures	Targu Mures	Pandurilor	Municipiul Targu Mures, B-dul Pandurilor, Nr. 52, Nr. Ap. Sp C5/2, Judet Mures	0265220135
488	Mures	Targu Mures	Petru Maior	Municipiul Targu Mures, Str. Mihai Viteazu, Nr. 31, Judet Mures	0265211079
489	Mures	Targu Mures	Tudor Vladimirescu	Municipiul Targu Mures, B-dul 1 Decembrie 1918, Nr. 221, Judet Mures	0265257174
490	Mures	Targu Mures	Voinicenilor	Municipiul Targu Mures, Str. Voinicenilor, Nr. 94, Judet Mures	0265313325
491	Mures	Tarnaveni	Tarnaveni	Municipiul Tarnaveni, Str. Republicii, Nr. 54, Corp I, Etaj P, Judet Mures	0265446175
492	Neamt	Bicaz	Bicaz	Loc. Bicaz, Oras Bicaz, Str. Barajului, Nr. 7, (Spatiul Comercial - Complex Mestesugaresc Nr.4), Etaj P	0233254099
493	Neamt	Bicazu Ardelean	Bicazu Ardelean	Comuna Bicazu Ardelean, Sat Bicazu Ardelean, Nr. 360, Judet Neamt	0233255654
494	Neamt	Piatra Neamt	Piatra Neamt	Municipiul Piatra Neamt, Bulevardul Republicii, Nr. 18, Judet Neamt	0233218467
495	Neamt	Piatra Neamt	Darmanesti	Municipiul Piatra Neamt, Str. Mihai Viteazu, Nr. 1, Etaj P, Judet Neamt	0233229384
496	Neamt	Piatra Neamt	Iacomi	Municipiul Piatra Neamt, B-dul Traian, Bloc S1, Etaj P, Judet Neamt	0233216021
497	Neamt	Piatra Neamt	Kaufland Piatra Neamt	Municipiul Piatra Neamt, Str. Obor, Nr. Fn, Judet Neamt	0233230320
498	Neamt	Piatra Neamt	Maratei	Municipiul Piatra Neamt, B-dul Traian, Nr. 82, Judet Neamt	0233230822
499	Neamt	Piatra Neamt	Calistrat Hogas	Municipiul Piatra Neamt, P-ta. Stefan Cel Mare, Nr. 12, Bloc C6, Etaj P, Judet Neamt	0233230806
500	Neamt	Piatra Neamt	Petrodava	Municipiul Piatra Neamt, Bulevardul Decebal Nr.35, Bl. I4, Parter, Spatiul Comercial 137, Tronson II	0233211611
501	Neamt	Piatra Neamt	Ulmilor	Municipiul Piatra Neamt, Strada Locotenent Draghescu, Nr. 15, Parter, Bloc B1	0233230610

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502	Neamt	Roman	C.A. Rosetti	Municipiul Roman, Str. Stefan Cel Mare, Bloc 13, Etaj P, Judet Neamt	0374289972
503	Neamt	Roman	Celibidache	Municipiul Roman, Str. Nicolae Titulescu, Bloc 9, Etaj P, Judet Neamt	0233733410
504	Neamt	Roman	Roman	Municipiul Roman, Bulevardul Roman Musat, Parter, Nr.Ap. Unitatea 3 Romarta, Bloc 33	0374280329
505	Neamt	Roznov	Roznov	Loc. Roznov, Oras Roznov, Str. N Roznovanu, Bloc G2, Etaj P, Judet Neamt	0233667250
506	Neamt	Sabaoani	Sabaoani	Comuna Sabaoani, Str. Progresului, Judet Neamt	0233735917
507	Neamt	Tamaseni	Tamaseni	Comuna Tamaseni, Sat Tamaseni, Judet Neamt	0233767406
508	Neamt	Targu Neamt	Targu Neamt	Targu Neamt, Stefan Cel Mare, Bl.M2, Parter, Judet Neamt	0374282357
509	Olt	Bals	Bals	Loc. Bals, Oras Bals, Str. Nicolae Balcescu, Bloc 23Abd, Etaj P, Judet Olt	0249452120
510	Olt	Caracal	Caracal	Caracal, Piata Victoriei, Nr. 13, Judet Olt	0249515506
511	Olt	Caracal	Romanati	Municipiul Caracal, Str. Calea Bucuresti, Nr. 31, Etaj P, Judet Olt	0249516698
512	Olt	Corabia	Corabia	Loc. Corabia, Oras Corabia, Str. Popa Sapca, Bloc 12, Scara B, Etaj P, Judet Olt	0249562202
513	Olt	Izbiceni	Izbiceni	Comuna Izbiceni, Bulevardul Mihai Viteazul, Nr. 118B, Judet Olt	0249533850
514	Olt	Slatina	Slatina	Municipiul Slatina, B-dul Nicolae Titulescu, Nr. 51, Judet Olt	40249413350
515	Olt	Slatina	Crisan	Municipiul Slatina, Str. Primaverii, Nr. 10, Etaj P, Complex Zahana, Judet Olt	0249416002
516	Olt	Slatina	Ecaterina Teodoroiu	Municipiul Slatina, Str. Ecaterina Teodoroiu, Nr. 17C, Bloc 17, Etaj P, Judet Olt	0249416061
517	Olt	Slatina	Ion Minulescu	Municipiul Slatina, B-dul A.I.Cuza, Bloc D6, Etaj P, Judet Olt	0249418834
518	Olt	Slatina	Select	Municipiul Slatina, B-dul Alexandru Ioan Cuza, Bloc Cam3, Scara A,B, Etaj P	0249435557
519	Prahova	Azuga	Azuga	Loc. Azuga, Oras Azuga, Str. Victoriei, Nr. 79 (fost 73), Bloc 13, Judet Prahova	0244326450
520	Prahova	Baicoi	Baicoi	Loc. Baicoi, Oras Baicoi, Str. Republicii, Nr. 9, Bloc 27, Etaj P, Spatiul Comercial C1	0244268012
521	Prahova	Blejoi	Carrefour Ploiesti	Comuna Blejoi, Judet Prahova	0374288079

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522	Prahova	Boldesti-Scaeni	Boldesti Scaeni	Loc. Boldesti-Scaeni, Oras Boldesti-Scaeni, Calea Unirii, Nr. 48, Bloc C1, Ap. 4	0374209357
523	Prahova	Breaza de Sus	Breaza	Loc. Breaza De Sus, Oras Breaza, Strada Republicii, Nr. 46, Spatiu Comercial, Bloc N12	0244340720
524	Prahova	Busteni	Busteni	Loc. Busteni, Oras Busteni, B-dul Libertatii, Nr. 154, Ap. 1, Judet Prahova	0244323722
525	Prahova	Campina	Campina	Municipiul Campina, Bulevardul Carol I, Nr. 62, Parter, Spatiu Comercial, Bloc 17A	0244336818
526	Prahova	Campina	Campinita	Municipiul Campina, B-dul Carol I, Nr. 8, Bloc 1C, Etaj P, Spatiu Comercial Nr 124	0244376843
527	Prahova	Ciorani	Ciorani	Sat Cioranii De Jos, Comuna Ciorani, Nr. 1.302 Bis, Judet Prahova	0374280383
528	Prahova	Comarnic	Comarnic	Loc. Comarnic, Oras Comarnic, Str. Republicii, Nr. 98-100, Judet Prahova	0244390058
529	Prahova	Filipestii de Padure	Filipestii de Padure	Comuna Filipestii De Padure, Str. Principala, Nr. 343A, Etaj P, Judet Prahova	0374206597
530	Prahova	Mizil	Mizil	Loc. Mizil, Oras Mizil, Strada Nicolae Balcescu, Nr. 36, Spatiul Comercial A, Bloc 43C	0374288824
531	Prahova	Ploiesti	Ploiesti	Municipiul Ploiesti, Str. Cuza Voda, Nr. 8, Judet Prahova	0244595605
532	Prahova	Ploiesti	Aleea Chimiei	Municipiul Ploiesti, Str. Aleea Chimiei, Nr. 3, Bloc 59B, Etaj P, Judet Prahova	0374283798
533	Prahova	Ploiesti	Bahluiului	Municipiul Ploiesti, Aleea Bahluiului, Nr. 16, Bloc 162, Scara D, Etaj P, Judet Prahova	0244582990
534	Prahova	Ploiesti	Bariera Bucov	Municipiul Ploiesti, Str. Postei, Nr. 77, Bloc B2, Etaj P, Judet Prahova	0244511161
535	Prahova	Ploiesti	Bariera Bucuresti	Municipiul Ploiesti, Bulevardul Bucuresti, Nr. 2B, Parter, Bloc 15A, Judet Prahova	0374284570
536	Prahova	Ploiesti	Democratiei	Municipiul Ploiesti, Str. Democratiei, Nr. 73, Bloc O8, Judet Prahova	0244574527
537	Prahova	Ploiesti	Halele Centrale	Municipiul Ploiesti, Str. Grivitei, Nr. 2, Bloc H, Judet Prahova	0244522640
538	Prahova	Ploiesti	Nichita Stanescu	Municipiul Ploiesti, Str. Mihai Eminescu, Nr. 28A, Bloc Gioconda, Etaj P, Nr. Ap. 22-9	0244592750
539	Prahova	Ploiesti	Ploiesti Vest	Municipiul Ploiesti, Str. Soldat Erou Moldoveanu Marian, Complex Aurora Vest, Parter, camerele 1,2,3,4 si 5	0374279778
540	Prahova	Ploiesti	Universitatea Petrol si Gaze	Municipiul Ploiesti, B-dul Bucuresti, Nr. 39, Judet Prahova	0244574809

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541	Prahova	Ploiesti	Adiacent	Municipiul Ploiesti, Str. Gheorghe Grigore Cantacuzino, Nr. 271, Complex Comercial Adiacent, Bloc 35 Vest, camerele 18, 16, 12, 13 si 10	0244558055
542	Prahova	Ploiesti	Cameliei	Municipiul Ploiesti, Str. Cameliei, Nr. 12, C1 Lotul 1, Judet Prahova	0244567120
543	Prahova	Ploiesti	Cantacuzino	Municipiul Ploiesti, Str. Gheorghe Grigore Cantacuzino, Nr. 220A, Spatiu Comercial, Bloc 130C, Etaj P	0244510901
544	Prahova	Ploiesti	Caragiale	Municipiul Ploiesti, Sos. Nordului, Nr. 1A, Judet Prahova	0244567900
545	Prahova	Ploiesti	Kaufland Ploiesti	Municipiul Ploiesti, Sos. Vestului, Nr. 9, Judet Prahova	0244583050
546	Prahova	Ploiesti	Malu Rosu	Municipiul Ploiesti, Str. Malu Rosu, Nr. 101, bl B2, Etaj P, Judet Prahova	0244585509
547	Prahova	Ploiesti	Mercur Mall Ploiesti	Municipiul Ploiesti, P-ta. Victoriei, Nr. 1, Etaj P, Judet Prahova	0244517131
548	Prahova	Ploiesti	Republicii	Municipiul Ploiesti, B-dul Republicii, Nr. 179, Bloc 10F, Etaj P, Judet Prahova	0244567637
549	Prahova	Ploiesti	Toma Caragiu	Municipiul Ploiesti, B-dul Republicii, Nr. 118, Bloc 15A, Etaj P, Judet Prahova	0244598090
550	Prahova	Plopeni	Plopeni	Loc. Plopeni, Oras Plopeni, B-dul Independentei, Nr. 8A, Bloc 19A, Etaj P	0244220225
551	Prahova	Sinaia	Sinaia	Loc. Sinaia, Oras Sinaia, B-dul Carol I, Nr. 8, Judet Prahova	0374283743
552	Prahova	Urlati	Urlati	Loc. Urlati, Oras Urlati, Str. 1 Mai, Nr. 72, Bloc 72, Scara A, Etaj P, Judet Prahova	0244272144
553	Prahova	Valenii de Munte	Valenii de Munte	Loc. Valenii De Munte, Oras Valenii De Munte, Str. Berevoiesti, Nr. 1, Bloc E9, Etaj P	0244280209
554	Salaj	Cehu Silvaniei	Cehu Silvaniei	Loc. Cehu Silvaniei, Oras Cehu Silvaniei, Str. Victoriei, Bloc P48, Ap. 49/1/3/1	0260651787
555	Salaj	Crasna	Crasna	Comuna Crasna, Str. Lacului, Nr. 17/A, Judet Salaj	0260636470
556	Salaj	Jibou	Jibou	Jibou, 1 Decembrie 1918, Nr. 6, Judet Salaj	0260644712
557	Salaj	Simleu Silvaniei	Simleu Silvaniei	Loc. Simleu Silvaniei, Oras Simleu Silvaniei, Str. Salcamilor, Bloc S1, Etaj P	0260674105
558	Salaj	Zalau	Bradet	Municipiul Zalau, Str. Avram Iancu, Bloc N15, Judet Salaj	0260610026
559	Salaj	Zalau	Scala	Municipiul Zalau, B-dul Mihai Viteazul, Nr. 28, Blocul Lira - Cristal, scara C, Ap. 33/3, etaj P	0260610092

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560	Salaj	Zalau	Zalau	Municipiul Zalau, Piata 1 Decembrie 1918, Nr. 2, Judet Salaj	0260611104
561	Satu Mare	Ardud	Ardud	Loc. Ardud, Oras Ardud, Str. Stefan Cel Mare, Nr. 26, Etaj P, Judet Satu Mare	0261771609
562	Satu Mare	Carei	Carei	Municipiul Carei, P-ta Avram Iancu, Nr. 7-9, Sc. A, Nr. Ap. Sp Com 1 si Sp Com 2B	0261863812
563	Satu Mare	Halmeu	Halmeu	Comuna Halmeu, Strada Eliberarii, Nr. 62, Parter, Bloc 2A-B, Judet Satu Mare	0374209684
564	Satu Mare	Negresti-Oas	Negresti Oas	Loc. Negresti-Oas, Oras Negresti-Oas, Str. Victoriei, Bloc 9, Etaj P, Judet Satu Mare	0374279611
565	Satu Mare	Satu Mare	Dinu Lipatti	Municipiul Satu Mare, B-dul Ion I. C. Bratianu, Nr. 10, Etaj P, Judet Satu Mare	0261711122
566	Satu Mare	Satu Mare	Satu Mare	Municipiul Satu Mare, Str. Corneliu Coposu, Nr. 3, Judet Satu Mare	0261710536
567	Satu Mare	Satu Mare	Baritiu	Municipiul Satu Mare, Str. Ady Endre, Nr. 14, Ap. 4/A-B, Judet Satu Mare	0374209296
568	Satu Mare	Satu Mare	Botizului	Municipiul Satu Mare, Str. Fabricii, Nr. 82, Judet Satu Mare	0261770334
569	Satu Mare	Satu Mare	Ion Vidu	Municipiul Satu Mare, B-dul Independentei, Bloc Uh 44, Etaj P, Judet Satu Ma	0261760680
570	Satu Mare	Satu Mare	Kaufland Satu Mare	Municipiul Satu Mare, Str. Careiului, Nr. 9, Judet Satu Mare	0261726240
571	Satu Mare	Satu Mare	Lucian Blaga	Municipiul Satu Mare, B-dul Lucian Blaga, Bloc Uu 7-9, Judet Satu Mare	0261765588
572	Satu Mare	Satu Mare	Ravensburg	Municipiul Satu Mare, Str. Ravensburg, Nr. 2, Judet Satu Mare	0261727261
573	Satu Mare	Satu Mare	Somesul	Municipiul Satu Mare, Str. Drumul Careiului, bl. C 21, Nr. ap. Magazin 34B	0261758149
574	Satu Mare	Tasnad	Tasnad	Loc. Tasnad, Oras Tasnad, Str. Lacrimioarelor, Nr. 27, Etaj P, Judet Satu Mare	0261825142
575	Sector 1	Bucuresti	Dorobanti	Bucuresti Sectorul 1, Calea Dorobantilor, Nr. 135-145, Bloc 10, Etaj S+P+Et 1	40212086555
576	Sector 1	Bucuresti	Aviatiei	Bucuresti Sectorul 1, Strada Alexandru Serbanescu, Nr. 31, Parter si Str. Stefan Burileanu nr. 13, Parter	0212335040
577	Sector 1	Bucuresti	Baneasa Shopping City	Bucuresti Sectorul 1, Sos. Bucuresti Ploiesti, Nr. 42D	0374462155
578	Sector 1	Bucuresti	Carrefour Feeria	Bucuresti Sectorul 1, Sos. Bucuresti Ploiesti, Nr. 44A	0374462148

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579	Sector 1	Bucuresti	Bucurestii Noi	Bucuresti Sectorul 1, B-dul Bucurestii Noi, Nr. 68	0216678047
580	Sector 1	Bucuresti	Chitila	Bucuresti Sectorul 1, Soseaua Chitilei, Nr. 37, Parter, Nr Ap Lot2	0216670026
581	Sector 1	Bucuresti	Pajura	Bucuresti Sectorul 1, Str. Pajurei, Nr. 13, Etaj P	0216678388
582	Sector 1	Bucuresti	ASE	Bucuresti Sectorul 1, Str. Mihai Eminescu, Nr. 13-15	0213190071
583	Sector 1	Bucuresti	Baneasa	Bucuresti Sectorul 1, Sos. Bucuresti- Ploiesti, Nr. 24-28, Bloc Xiii-1, Etaj P	0212320516
584	Sector 1	Bucuresti	Dacia	Bucuresti Sectorul 1, Str. Cihoschi, Nr. 2	0374279765
585	Sector 1	Bucuresti	Floreasca	Bucuresti Sectorul 1, Calea Floreasca, Nr. 118-122, Parter	0212304019
586	Sector 1	Bucuresti	Metav	Bucuresti Sectorul 1, Str. Biharia, Nr. 67-77, Cladire A1, Etaj P	0212008484
587	Sector 1	Bucuresti	Moxa	Bucuresti Sectorul 1, Str. Mihail Moxa, Nr. 11, Parterul Cantinei Din Complexul Studentesc Moxa	0212129088
588	Sector 1	Bucuresti	Feroviarilor	Bucuresti Sectorul 1, Calea Grivitei, Nr. 210	0374289129
589	Sector 1	Bucuresti	Nicolae Titulescu - Bucuresti	Bucuresti, Sectorul 1, Soseaua Nicolae Titulescu nr. 64, bloc 24, parter	0374404796
590	Sector 1	Bucuresti	Piata Domenii	Bucuresti, Sectorul 1, B-dul Ion Mihalache, nr. 128C, Spatiu comercial S32	0212241543
591	Sector 1	Bucuresti	Triumf	Municipiul Bucuresti, Bulevardul Ion Mihalache, Nr. 45, Bloc 16B	0374447730
592	Sector 1	Bucuresti	Baneasa Business Park	Bucuresti Sectorul 1, Sos. Bucuresti - Ploiesti, Nr. 42-44, Cladirea B, Etaj P	0213611016
593	Sector 1	Bucuresti	Beller	Bucuresti Sectorul 1, Str. Aviator Radu Beller, Nr. 1	0374289081
594	Sector 1	Bucuresti	Charles de Gaulle	Bucuresti Sectorul 1, Calea Dorobantilor, Nr. 239	0213182693
595	Sector 1	Bucuresti	Europa	Bucuresti Sectorul 1, B-dul Iancu De Hunedoara, Nr. 2, Bloc H6	0213179989
596	Sector 1	Bucuresti	Victoria	Bucuresti Sectorul 1, Calea Victoriei, Nr. 224, Parter Si Mezanin, Bloc D5	0374285705
597	Sector 1	Bucuresti	Mari Clienti Corporativi	Bucuresti Sectorul 1, Bulevardul Ion Mihalache, Nr. 1-7	0213014000
598	Sector 1	Bucuresti	Academiei	Bucuresti Sectorul 1, Calea Victoriei, Nr. 32-34	40213056900
599	Sector 1	Bucuresti	Stirbei Voda	Bucuresti Sectorul 1, Str. Stirbei Voda, Nr. 156-158	0216373170

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600	Sector 1	Bucuresti	Amzei	Bucuresti Sectorul 1, Str. Piata Amzei, Nr. 10-22, Bloc Corp B, Etaj P	0214300024
601	Sector 1	Bucuresti	Gara de Nord	Bucuresti Sectorul 1, B-dul Gheorghe Duca, Nr. 3-11, Etaj P	0212230730
602	Sector 1	Bucuresti	Piata Romana	Bucuresti Sectorul 1, B-dul Magheru, Nr. 35, Etaj P	0374289150
603	Sector 1	Bucuresti	Universitatea Romano Americana	Bucuresti Sectorul 1, B-dul Expozitiei, Nr. 1B, In Incinta Corpului A, Parter	0212029515
604	Sector 2	Bucuresti	Pipera - UpGround	Bucuresti Sectorul 2, B-dul Dimitrie Pompeiu nr.6 A, parter	0374832316
605	Sector 2	Bucuresti	Stefan cel Mare	Bucuresti Sectorul 2, Sos. Stefan Cel Mare, Nr. 30, Bloc 26, Etaj P	0374289745
606	Sector 2	Bucuresti	Carol	Bucuresti Sectorul 2, B-dul Pache Protopopescu, Nr. 25	0213308014
607	Sector 2	Bucuresti	Piata Rosetti	Bucuresti Sectorul 2, Piata Rosetti, Nr. 6, Parter, Incaperile 1-5	0374289973
608	Sector 2	Bucuresti	Vasile Lascar	Bucuresti Sectorul 2, Str. Vasile Lascar, Nr. 118-120	0213324525
609	Sector 2	Bucuresti	Delfin	Bucuresti Sectorul 2, Sos. Pantelimon, Nr. 258, Bloc 47	0212005900
610	Sector 2	Bucuresti	Bucur Obor	Bucuresti Sectorul 2, Sos. Colentina, Nr. 2, Bloc Almo, Etaj P	0212527214
611	Sector 2	Bucuresti	Corbeni	Bucuresti Sectorul 2, Calea Mosilor, Nr. 258, Bloc 4Bis, Etaj P	0212113045
612	Sector 2	Bucuresti	Dimitrov	Bucuresti Sectorul 2, Sos. Mihai Bravu, Nr. 39, Bloc P15, Etaj P	0212524974
613	Sector 2	Bucuresti	Iancului	Bucuresti Sectorul 2, Sos. Mihai Bravu, Nr. 112, Bloc D3, Etaj P	0212521737
614	Sector 2	Bucuresti	Lizeanu	Bucuresti Sectorul 2, Str. Viitorului, Nr. 197, Bloc 42, Etaj P	0212124037
615	Sector 2	Bucuresti	Mosilor	Bucuresti Sectorul 2, Calea Mosilor, Nr. 225, Bloc 33-35, Etaj P	0212105063
616	Sector 2	Bucuresti	Vatra Luminoasa	Bucuresti Sectorul 2, Sos. Mihai Bravu, Nr. 140, Bloc D18, Etaj P	0212524660
617	Sector 2	Bucuresti	Colentina	Bucuresti Sectorul 2, Sos. Colentina, Nr. 97, Bloc 94, Etaj P	0212400161
618	Sector 2	Bucuresti	Tei	Bucuresti Sectorul 2, Bulevardul Lacul Tei, Nr. 126-128, Parter, Bloc 17-18	0212420207
619	Sector 2	Bucuresti	Teiul Doamnei	Bucuresti Sectorul 2, Strada Teiul Doamnei, Nr. 10, Parter, Spatiu Comercial, Bloc 10	0212421264
620	Sector 2	Bucuresti	Universitatea Tehnica de Constructii	Bucuresti Sectorul 2, B-dul Lacul Tei, Nr. 122-124, Localul Facultatii De Hidrotehnica	0212426695

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621	Sector 2	Bucuresti	Baicului	Bucuresti Sectorul 2, Sos. Pantelimon, Nr. 94, Bloc 210A, Etaj P	0212501197
622	Sector 2	Bucuresti	Granitul	Bucuresti Sectorul 2, Sos. Pantelimon, Nr. 359, Bloc B2, Etaj P	0212550444
623	Sector 2	Bucuresti	Morarilor	Bucuresti Sectorul 2, Sos. Pantelimon, Nr. 328, Bloc 5, Etaj P	0212555747
624	Sector 2	Bucuresti	Ritmului	Bucuresti Sectorul 2, Sos. Pantelimon, Nr. 89, Bloc 404	0212506938
625	Sector 2	Bucuresti	Vergului	Bucuresti Sectorul 2, Sos. Vergului, Nr. 39, Bloc 29, Etaj P	0212553027
626	Sector 2	Bucuresti	Calderon	Bucuresti Sectorul 2, Str. J. L. Calderon, Nr. 31	0213111506
627	Sector 3	Bucuresti	Unirea	Bucuresti Sectorul 3, Strada Vintila Voda, Nr. 2, Ap. Sediu Banca, Bloc E1, Scara 2A, Etaj P+M	40374832100
628	Sector 3	Bucuresti	Calea Calarasilor	Bucuresti Sectorul 3, Calea Calarasilor, Nr. 177, Bloc 45, Etaj P	0213221043
629	Sector 3	Bucuresti	Auchan Titan	Bucuresti Sectorul 3, B-dul 1 Decembrie 1918, Nr. 33A	0213452216
630	Sector 3	Bucuresti	Decebal	Bucuresti Sectorul 3, Bulevardul Unirii, Nr. 64, Parter, Cam. De La P01-P09, Mezanin: Cam. De La E01.01 La E01.04, Bloc K4, Scara 3	0374400320
631	Sector 3	Bucuresti	Nerva Traian	Bucuresti Sectorul 3, Str. Nerva Traian, Nr. 14, Tronson 1, Bloc M36, Etaj P	0213234441
632	Sector 3	Bucuresti	Piata Alba Iulia	Bucuresti Sectorul 3, P-ta Alba Iulia, Nr. 3, Bloc I2, Etaj P	0213152013
633	Sector 3	Bucuresti	Theodor Pallady	Bucuresti Sectorul 3, B-dul Theodor Pallady, Nr. 2, Bloc M2A, Etaj P	0213482676
634	Sector 3	Bucuresti	Vitan	Bucuresti Sectorul 3, Calea Vitan, Nr. 213-215, Bloc 20, Etaj P	0213441232
635	Sector 3	Bucuresti	Baba Novac	Bucuresti Sectorul 3, Str. Baba Novac, Nr. 13A, Bloc 2	0213243360
636	Sector 3	Bucuresti	Brancusi	Bucuresti Sectorul 3, Str. Constantin Brancusi, Nr. 13, Complex Alimentar 7	0213249954
637	Sector 3	Bucuresti	Camil Ressu	Bucuresti Sectorul 3, Sos. Mihai Bravu, Nr. 309, Lot 2, Etaj P	0213461610
638	Sector 3	Bucuresti	Dristor	Bucuresti Sectorul 3, Sos. Mihai Bravu, Nr. 302-304, Bloc 13, Etaj P	0213233360
639	Sector 3	Bucuresti	Hurmuzachi	Bucuresti Sectorul 3, B-dul Decebal, Nr. 22, Bloc S2B, Etaj P	0213216980

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640	Sector 3	Bucuresti	Minis	Bucuresti Sectorul 3, Aleea Barajul Dunarii, Nr. 10, Bloc Ca9, Complex Comercial A9	0213401070
641	Sector 3	Bucuresti	Policolor	Bucuresti Sectorul 3, Bulevardul Theodor Pallady, Nr. 47, Parter	0374209366
642	Sector 3	Bucuresti	Titan	Bucuresti, Sectorul 3, Str. Lucretiu Patrascanu, nr 17, bl MC18, parter	0212550924
643	Sector 3	Bucuresti	Bratianu	Bucuresti Sectorul 3, Bulevardul I. C. Bratianu, Nr. 44 bis, nr. ap. Spatiu comercial , Parter si mezanin	0374284315
644	Sector 3	Bucuresti	Lipscani	Bucuresti Sectorul 3, Str. Stavropoleos, Nr. 5, Comun Cu Str. Lipscani Nr.14	0213178014
645	Sector 4	Bucuresti	Almasul	Bucuresti Sectorul 4, Sos. Giurgiului, Nr. 129, Bloc A2	0216292949
646	Sector 4	Bucuresti	Berceni	Bucuresti Sectorul 4, Str. Ion Iriceanu, Nr. 20, Bloc 132	0213349193
647	Sector 4	Bucuresti	Marie Curie	Bucuresti Sectorul 4, Str. Constantin Brancoveanu, Nr. 4, Bloc 12A, Etaj P	0213323600
648	Sector 4	Bucuresti	Obregia	Bucuresti Sectorul 4, B-dul Alexandru Obregia, Nr. 35, Bloc 35	0374283156
649	Sector 4	Bucuresti	Serban Voda	Bucuresti Sectorul 4, Calea Serban Voda, Nr. 232	0213361050
650	Sector 4	Bucuresti	Sincai	Bucuresti, B-dul Tineretului Nr.1, bl 5, parter, sector 4	0374279771
651	Sector 4	Bucuresti	Piata Constitutiei	Bucuresti Sectorul 4, B-dul Libertatii, Nr. 4, Bloc 117, Etaj P	0213194521
652	Sector 4	Bucuresti	Amiro	Bucuresti Sectorul 4, Sos. Berceni, Nr. 15-17, Spatiul Comercial Nr. 61, Bloc 16-17	0213321233
653	Sector 4	Bucuresti	Carrefour Vitan	Bucuresti Sectorul 4, Sos. Vitan-Barzesti, Nr. 7A C2, Etaj P	0213169055
654	Sector 4	Bucuresti	Drumul Gazarului	Bucuresti Sectorul 4, Sos. Giurgiului, Nr. 121, Bloc 5, Etaj P	0214508116
655	Sector 4	Bucuresti	Vacaresti	Bucuresti Sectorul 4, Soseaua Oltenitei, Nr. 121, Bloc 33	0374207368
656	Sector 4	Bucuresti	Progresul	Bucuresti Sectorul 4, Sos. Giurgiului, Nr. 103-107	0214503740
657	Sector 5	Bucuresti	13 Septembrie	Bucuresti Sectorul 5, Calea 13 Septembrie, Nr. 116, Parter, Bloc 58	0214110142
658	Sector 5	Bucuresti	Cotroceni	Bucuresti Sectorul 5, Str. Elefterie, Nr. 47-49	0214400603
659	Sector 5	Bucuresti	Piata Mihail Kogalniceanu	Bucuresti Sectorul 5, Intr. Vasile Paun, Nr. 2, Etaj P	0213106690
660	Sector 5	Bucuresti	Splai	Bucuresti Sectorul 5, Spl. Independentei, Nr. 15, Tronson I, Bloc 100, Etaj P	0216014910

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661	Sector 5	Bucuresti	Amurgului	Bucuresti Sectorul 5, Sos. Alexandriei, Nr. 18, Bloc L5, Etaj P	0214203812
662	Sector 5	Bucuresti	Margeanului	Bucuresti Sectorul 5, Str. Margeanului, Nr. 26, Bloc M23A, Etaj P	0214206606
663	Sector 5	Bucuresti	Rahova	Bucuresti Sectorul 5, Calea Ferentari, Bl.75A, Nr. 1	0374283429
664	Sector 6	Bucuresti	Giulesti	Bucuresti Sectorul 6, Calea Giulesti, Nr. 113, Etaj P	0374288959
665	Sector 6	Bucuresti	Carrefour Orhideea	Bucuresti Sectorul 6, Spl. Independentei Nr. 210-210B	0213188724
666	Sector 6	Bucuresti	Drumul Taberei	Bucuresti Sectorul 6, Strada Brasov, Nr. 24, Parter, Spatiu Comercial, Bloc 717	0374289194
667	Sector 6	Bucuresti	Ghencea	Bucuresti Sectorul 6, B-dul Ghencea, Nr. 28, Bloc C87, Etaj P	0214137436
668	Sector 6	Bucuresti	Plaza Romania	Bucuresti Sectorul 6, B-dul Timisoara, Nr. 26, Unitatea Nr G43, Etaj P	0213111583
669	Sector 6	Bucuresti	Apusului	Bucuresti Sectorul 6, B-dul Iuliu Maniu, Nr. 75-77, Etaj P	0374289900
670	Sector 6	Bucuresti	Compasului	Bucuresti Sectorul 6, B-dul Timisoara, Nr. 59, Etaj P	0214401911
671	Sector 6	Bucuresti	Compozitorilor	Bucuresti Sectorul 6, B-dul 1 Mai, Nr. 15, Bloc C3, Etaj P	0212211608
672	Sector 6	Bucuresti	Cora Lujerului	Bucuresti Sectorul 6, B-dul Iuliu Maniu, Nr. 19	0214300820
673	Sector 6	Bucuresti	Gorjului	Bucuresti Sectorul 6, B-dul Iuliu Maniu, Nr. 160, Bloc I	0214206646
674	Sector 6	Bucuresti	Militari	Bucuresti Sectorul 6, Bulevardul Iuliu Maniu, Nr. 111, Parter, Nr.Ap. Spatiu Comercial, Bloc F	0217604535
675	Sector 6	Bucuresti	Politehnica	Bucuresti Sectorul 6, Spl. Independentei, Cladirea Rectorat, Nr. 313	0213190039
676	Sector 6	Bucuresti	Uverturii	Bucuresti Sectorul 6, B-dul Uverturii, Nr. 83, Bloc O15, Etaj P	0214302522
677	Sector 6	Bucuresti	Crangasi	Bucuresti Sectorul 6, Calea Crangasi, Nr. 24, Bloc 47, Etaj P	0212211602
678	Sector 6	Bucuresti	Faberrom	Bucuresti Sectorul 6, B-dul Iuliu Maniu, Nr. 7, Spatiul Comercial Nr. 303	0213102511
679	Sector 6	Bucuresti	Orizont Drumul Taberei	Bucuresti Sectorul 6, Drumul Taberei, Nr. 18	0214343034
680	Sector 6	Bucuresti	Regie	Bucuresti Sectorul 6, Spl. Independentei, Compl Regie, Nr. 290, Cantina R1	0213199594
681	Sector 6	Bucuresti	Romancierilor	Bucuresti Sectorul 6, Drumul Taberei, Nr. 90, Bloc C8, Etaj P, Spatiul Comercial Nr. 2	0214440747

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682	Sector 6	Bucuresti	Virtutii	Bucuresti Sectorul 6, Sos. Virtutii, Nr. 7, Bloc R3, Scara 2, Etaj P	0374288953
683	Sibiu	Agnita	Agnita	Loc. Agnita, Oras Agnita, P-ta. Republicii, Nr. 2, Judet Sibiu	0374286969
684	Sibiu	Avrig	Avrig	Loc. Avrig, Oras Avrig, Str. Gheorghe Lazar, Nr. 8B, Ap. I, Judet Sibiu	0269523240
685	Sibiu	Cisnadie	Cisnadie	Loc. Cisnadie, Oras Cisnadie, Str. Transilvaniei, Nr. 6A, Judet Sibiu	0269564520
686	Sibiu	Medias	Medias	Municipiul Medias, Strada Mihai Eminescu, Nr. 1, Judet Sibiu	0374209500
687	Sibiu	Sibiu	Sibiu	Municipiul Sibiu, Str. General Magheru, Nr. 55, Judet Sibiu	0269202600
688	Sibiu	Sibiu	Compa	Municipiul Sibiu, Str. Henri Coanda, Nr. 8, Judet Sibiu	0269202550
689	Sibiu	Sibiu	Emil Cioran	Municipiul Sibiu, Calea Dumbravii, Bloc 1, Etaj P, Judet Sibiu	0269252033
690	Sibiu	Sibiu	Hipodrom	Municipiul Sibiu, B-dul Mihai Viteazul, Nr. 11, Judet Sibiu	0269230170
691	Sibiu	Sibiu	Vasile Aaron	Municipiul Sibiu, Str. Semaforului, Nr. 15, Ap. II, Judet Sibiu	0269202560
692	Sibiu	Sibiu	Balcescu	Municipiul Sibiu, Str. Nicolae Balcescu, Nr. 39, Judet Sibiu	0269202530
693	Sibiu	Sibiu	Octavian Goga	Municipiul Sibiu, Str. Bihorului, Bloc 15, Judet Sibiu	0269227013
694	Sibiu	Sibiu	Terezian	Municipiul Sibiu, Str. Lunga, Nr. 65, Parter, Ap. 2, Judet Sibiu	0269202540
695	Sibiu	Sibiu	Turnisor	Municipiul Sibiu, Soseaua Alba Iulia, Nr. 52, Bloc 16, Ap. Ap, Judet Sibiu	0269244328
696	Sibiu	Sibiu	Valea Aurie	Municipiul Sibiu, Str. Poiana, Nr. 11, Bloc 32, Judet Sibiu	0269246021
697	Sibiu	Talmaciu	Talmaciu	Loc. Talmaciu, Oras Talmaciu, Strada P-ta. Textilistilor, Bloc 2 Fn, Ap. P2	0269555587
698	Suceava	Brosteni	Brosteni	Oras Brosteni, Nr. 250, Judet Suceava	0230549953
699	Suceava	Campulung Moldovenesc	Campulung Moldovenesc	Municipiul Campulung Moldovenesc, Piata Arboroasa, Nr. 1, Judet Suceava	0230314636
700	Suceava	Falticeni	Falticeni	Municipiul Falticeni, B-dul Revolutiei, Nr. 8, Judet Suceava	0374284585
701	Suceava	Gura Humorului	Gura Humorului	Loc. Gura Humorului, Oras Gura Humorului, P-ta. Republicii, Nr. 6, Bloc Corp A, Etaj P	0230232075
702	Suceava	Malini	Malini	Comuna Malini, Sat Malini, Judet Suceava	0230537336
703	Suceava	Radauti	Radauti	Municipiul Radauti, Putnei, Nr. 1A, Judet Suceava	0374209542

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704	Suceava	Siret	Siret	Loc. Siret, Oras Siret, Str. Sucevei, Nr. 1, Bloc 4, Scara A, Etaj P, Judet Suceava	0230280953
705	Suceava	Suceava	Suceava	Municipiul Suceava, Str. Stefan Cel Mare, Nr. 35, Judet Suceava	0230214973
706	Suceava	Suceava	Burdujeni	Municipiul Suceava, Calea Unirii, Nr. 39, Bloc 92, Scara G, Etaj P, Judet Suceava	0230516541
707	Suceava	Suceava	Calea Obcinelor	Municipiul Suceava, Str. Dornelor, Bloc 4, Etaj P, Spatiul Comercial 74	0230511050
708	Suceava	Suceava	Carrefour Suceava	Municipiul Suceava, Calea Unirii, Nr. 27B, Judet Suceava	0230252550
709	Suceava	Suceava	Curtea Domneasca	Municipiul Suceava, Str. Curtea Domneasca, Nr. 9, Etaj P, Judet Suceava	0230530180
710	Suceava	Suceava	Dornelor	Municipiul Suceava, B-dul George Enescu, Nr. 42, Bloc T93, Etaj P, Judet Suceava	0230515002
711	Suceava	Suceava	Kaufland Suceava	Municipiul Suceava, Str. Universitatii, Nr. 19, Judet Suceava	0230522750
712	Suceava	Suceava	Zamca	Municipiul Suceava, Intersectia Marasesti, Tronson 1, Bloc 3, Etaj P, Judet Suceava	0230521616
713	Suceava	Vatra Dornei	Vatra Dornei	Municipiul Vatra Dornei, Str. Mihai Eminescu, Nr. 34, Etaj P, Nr. Ap Spatiul comercial - 2	0230375463
714	Suceava	Vicovu de Sus	Vicovu de Sus	Loc. Vicovu de Sus, Oras Vicovu de Sus, Nr. 2511 F, Judet Suceava	0230413374
715	Teleorman	Alexandria	Alexandria	Municipiul Alexandria, Str. Confederatiei, Nr. 4, Judet Teleorman	0247314572
716	Teleorman	Alexandria	Carpati	Municipiul Alexandria, Str. Bucuresti, Bloc K7, Etaj P, Judet Teleorman	0247310125
717	Teleorman	Alexandria	Marin Preda	Municipiul Alexandria, Str. Dunarii, Bloc M3, Scara A, Etaj P, Judet Teleorman	0247316806
718	Teleorman	Draganesti Vlasca	Draganesti Vlasca	Comuna Draganesti-Vlasca, Str. E-70 Bucuresti - Alexandria, Sat Draganesti Vlasca	0247440028
719	Teleorman	Orneasca	Orneasca de Jos	Comuna Orneasca, Sat Orneasca De Jos, Judet Teleorman	0247430054
720	Teleorman	Peretu	Peretu	Comuna Peretu, Sat Peretu, Str. Sosea Deal, Nr. 260A, Judet Teleorman	0247327285
721	Teleorman	Piatra	Piatra	Comuna Piatra, Nr. 1293Bis, Judet Teleorman	0247361041
722	Teleorman	Rosiorii de Vede	Rosiorii de Vede	Municipiul Rosiori de Vede, Str. Dunarii, Bloc D7, Etaj P, Judet Teleorman	0247461124

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723	Teleorman	Turnu Magurele	Turnu Magurele	Municipiul Turnu Magurele, Str. Republicii, bloc C3, Parter, Judet Teleorman	0247416466
724	Teleorman	Videle	Videle	Loc. Videle, Oras Videle, Sos. Giurgiului, Complex Stejarul, Etaj P, Judet Teleorman	0247453167
725	Teleorman	Zimnicea	Zimnicea	Loc. Zimnicea, Oras Zimnicea, Str. Eroilor, Nr. 44, Judet Teleorman	0247366460
726	Timis	Buzias	Buzias	Loc. Buzias, Oras Buzias, Strada Principala, Nr. 31, Bloc B1, Ap. 13, Judet Timis	0256321092
727	Timis	Ciacova	Ciacova	Loc. Ciacova, Oras Ciacova, Casa Cu Nr.635 Nou, 650 Vechi, Judet Timis	0256399683
728	Timis	Deta	Deta	Loc. Deta, Oras Deta, Str. Republicii, Nr. 5, Ap. 3/1/III, Judet Timis	0256390027
729	Timis	Dumbravita	Dumbravita	Comuna Dumbravita, Str. Alexandru Petofi, Nr. 54, Judet Timis	0374209537
730	Timis	Faget	Faget	Loc. Faget, Oras Faget, Calea Lugojului, Nr. 49-51, Judet Timis	0256320090
731	Timis	Gataia	Gataia	Loc. Gataia, Oras Gataia, Str. Republicii, Nr. 84/A/1, Judet Timis	0256410830
732	Timis	Jimbolia	Jimbolia	Loc. Jimbolia, Oras Jimbolia, B-dul Republicii, Nr. 37, Ap. 3, Judet Timis	0256361166
733	Timis	Lovrin	Lovrin	Comuna Lovrin, Nr. 206, Judet Timis	0256381033
734	Timis	Lugoj	Ion Huniade	Municipiul Lugoj, Str. Ion Huniade, Nr. 5, Ap. 43/4, Judet Timis	0256355250
735	Timis	Lugoj	Lugoj	Municipiul Lugoj, Strada Cuza Voda, Nr. 7, Ap. 2, Judet Timis	0256355443
736	Timis	Recas	Recas	Oras Recas, Calea Timisoarei, Nr. 45, Judet Timis	0256331044
737	Timis	Sannicolau Mare	Sannicolau Mare	Loc. Sannicolau Mare, Oras Sannicolau Mare, Strada Timisorii, Nr. 2A, Parter, Scara B, Ap. Sad	0374279823
738	Timis	Timisoara	Timisoara	Municipiul Timisoara, Str. Socrates, Nr. 1, Judet Timis	0256302000
739	Timis	Timisoara	Barnutiu	Timisoara, Str. Simion Barnutiu, Nr. 62, Judet Timis	0374289256
740	Timis	Timisoara	Calea Buziasului	Municipiul Timisoara, Str. Calea Buziasului, Nr. 32, Etaj P, Judet Timis	0256222267
741	Timis	Timisoara	Stefan Octavian Iosif	Municipiul Timisoara, Str. Stefan Octavian Iosif, Nr. 1, Etaj P, Judet Timis	0256225016
742	Timis	Timisoara	Sudului	Municipiul Timisoara, B-dul Sudului, Nr. 12, Etaj P, Judet Timis	0256486271
743	Timis	Timisoara	Timocului	Municipiul Timisoara, Str. Timocului, Nr. 2, Judet Timis	0256435513

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744	Timis	Timisoara	Burebista	Municipiul Timisoara, Str. Zborului, Nr. 8, Judet Timis	0256244582
745	Timis	Timisoara	Gheorghe Lazar	Municipiul Timisoara, Str. Gheorghe Lazar, Nr. 40, Judet Timis	0256227407
746	Timis	Timisoara	Kaufland Timisoara	Municipiul Timisoara, Str. Gheorghe Lazar, Nr. 26, Judet Timis	0256226674
747	Timis	Timisoara	Tineretului	Municipiul Timisoara, B-dul Vasile Parvan, Caminul 12 al Universitatii de Vest din Timisoara	0256274819
748	Timis	Timisoara	16 Decembrie	Municipiul Timisoara, Str. 16 Decembrie 1989, Nr. 71, Judet Timis	0256217496
749	Timis	Timisoara	Banat	Municipiul Timisoara, Bulevardul Dimbovita, Nr. 53, Parter, Nr Ap Spatiu Comercial, Bloc D44	0256249120
750	Timis	Timisoara	Calea Sagului	Municipiul Timisoara, Calea Sagului, Nr. 70, Scara A, Spatiul Comercial Nr 1	0256217647
751	Timis	Timisoara	Ciprian Porumbescu	Municipiul Timisoara, Str. Ciprian Porumbescu, Nr. 2, Etaj P, Judet Timis	0256499512
752	Timis	Timisoara	Gavril Musicescu	Municipiul Timisoara, Str. Mures, nr. 1C, Judet Timis	0256444079
753	Timis	Timisoara	Bega	Municipiul Timisoara, Str. General Dragalina, Nr. 43, Judet Timis	0256499546
754	Timis	Timisoara	Bogdanestilor	Municipiul Timisoara, Str. Calea Bogdanestilor, Nr. 2, Etaj P, Judet Timis	0256242254
755	Timis	Timisoara	Calea Martirilor	Municipiul Timisoara, Str. Calea Martirilor, Nr. 62, Judet Timis	0256486215
756	Timis	Timisoara	Continental	Municipiul Timisoara, Str. Proclamatia De La Timisoara, Nr. 5, Bloc Corp A, Etaj P, Ap. 1	0256201704
757	Timis	Timisoara	Eminescu	Municipiul Timisoara, Strada Dr Nicolae Paulescu, Nr. 2, Parter, Ap. Sad 2	0256274823
758	Timis	Timisoara	Maresal Averescu	Municipiul Timisoara, Strada Maresal Al Averescu, Nr. 70, Scara A2, Judet Timis	0256220502
759	Timis	Timisoara	Piata Iozefin	Municipiul Timisoara, B-dul Regele Carol I, Nr. 28, Judet Timis	0256212042
760	Timis	Timisoara	Ana Aslan	Municipiul Timisoara, B-dul Cetatii, Nr. 7-9, Judet Timis	0256443362
761	Timis	Timisoara	Boemia	Municipiul Timisoara, Str. Calea Aradului, Nr. 30, Scara A, Etaj P, Judet Timis	0256242329
762	Timis	Timisoara	Davila	Municipiul Timisoara, Str. Divizia Nr.9 Cavalerie, Nr. 68, Judet Timis	0256282013
763	Timis	Timisoara	Mehala	Municipiul Timisoara, B-dul Cetatii, Nr. 77, Etaj P, Judet Timis	0256227485

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764	Timis	Timisoara	Sever Bocu	Municipiul Timisoara, Calea Sever Bocu, Nr. 45, Bloc 36, Judet Timis	0256210465
765	Timis	Timisoara	Traian Vuia	Municipiul Timisoara, Calea Aradului, Nr. 103, Etaj P, Judet Timis	0374283811
766	Tulcea	Babadag	Babadag	Loc. Babadag, Oras Babadag, Str. Republicii, Nr. 94A, Judet Tulcea	0240561170
767	Tulcea	Macin	Macin	Loc. Macin, Oras Macin, Str. 1 Decembrie, Nr. 14-18A, Bloc 16, Etaj P, Judet Tulcea	0240571164
768	Tulcea	Sfantu Gheorghe	Sfantu Gheorghe	Comuna Sfantu Gheorghe, Strada I, Nr. 135, Judet Tulcea	0240546721
769	Tulcea	Sulina	Sulina	Loc. Sulina, Oras Sulina, Strada A I-A, Nr. 195-196, Constructia C5, Judet Tulcea	0240543115
770	Tulcea	Tulcea	Constructorilor	Municipiul Tulcea, Str. Constructorilor, Nr. 2A, Bloc U2B, Etaj P, Judet Tulcea	0240534253
771	Tulcea	Tulcea	Delta	Municipiul Tulcea, Str. Frasinului, Bloc 4, Etaj P, Judet Tulcea	0240531217
772	Tulcea	Tulcea	Tulcea	Municipiul Tulcea, Str. Babadag, Nr. 116, Judet Tulcea	40240515610
773	Valcea	Babeni	Babeni	Loc. Babeni, Oras Babeni, Str. Dragos Vranceanu, Nr. 165 C3, Etaj P, Judet Valcea	0250765127
774	Valcea	Calimanesti	Calimanesti	Loc. Calimanesti, Oras Calimanesti, Str. Calea lui Traian, Nr. 295, Bloc 3, Etaj P	0374209553
775	Valcea	Dragasani	Dragasani	Municipiul Dragasani, Str. Decebal, Bloc J, Etaj P, Judet Valcea	0250813400
776	Valcea	Govora	Govora	Govora, Tudor Vladimirescu, Nr. 93, Bloc K, Judet Valcea	0374282238
777	Valcea	Horezu	Horezu	Loc. Horezu, Oras Horezu, Str. Unirii, Nr. 12, Etaj P, Judet Valcea	0250861538
778	Valcea	Ramnicu Valcea	Ramnicu Valcea	Municipiul Ramnicu Valcea, Strada General Praporgescu, Nr. 18, Judet Valcea	0250734360
779	Valcea	Ramnicu Valcea	Anton Pann	Municipiul Ramnicu Valcea, Str. Calea Lui Traian, Bloc S9, Etaj P, Judet Valcea	0250711165
780	Valcea	Ramnicu Valcea	Ferdinand	Municipiul Ramnicu Valcea, Str. Mihai Eminescu, Nr. 39A, Judet Valcea	0250711409
781	Valcea	Ramnicu Valcea	Ostroveni	Municipiul Ramnicu Valcea, Str. Luceafarului, Nr. 1, Bloc A22, Etaj P, Judet Valcea	0250714697
782	Valcea	Ramnicu Valcea	Calea lui Traian	Municipiul Ramnicu Valcea, Str. Calea Lui Traian, Nr. 160, Bloc 21, Etaj P	0250820138
783	Valcea	Ramnicu Valcea	Kaufland Ramnicu Valcea	Municipiul Ramnicu Valcea, Str. Gib Mihaescu, Nr. 30, Judet Valcea	0250737672

<u>No/ Nr</u>	<u>District _County / Sector_ Judet</u>	<u>City / Localitate</u>	<u>Branch name / Denumire_ unitate</u>	<u>Adress / Adresa</u>	<u>Telefon</u>
784	Valcea	Ramnicu Valcea	Lahovari	Municipiul Ramnicu Valcea, Str. Calea lui Traian, Bloc D4, Etaj P, Judet Valcea	0250733009
785	Valcea	Ramnicu Valcea	Regina Maria	Municipiul Ramnicu Valcea, Str. Regina Maria, Nr. 5, Bloc J, Etaj P, Judet Valcea	0374282487
786	Vaslui	Barlad	Barlad	Municipiul Barlad, Str. 1 Decembrie, Nr. 17, Bloc C3, Scara B, Etaj P, Judet Vaslui	0235421885
787	Vaslui	Barlad	Stroe Beloescu	Municipiul Barlad, Str. Primaverii, Nr. 30, Lotul Nr. 1 Si 2, Bloc G8, Scara D, Etaj P, Ap. 2	0235410021
788	Vaslui	Barlad	Victor Ion Popa	Municipiul Barlad, Str. Republicii, Nr. 260, Bloc C4, Etaj P, Judet Vaslui	0235410024
789	Vaslui	Husi	Husi	Husi, Str. Al. Ioan Cuza- Zona Centru V, Bloc H 1, Judet Vaslui	0235481666
790	Vaslui	Vaslui	Emil Racovita	Municipiul Vaslui, Str. Stefan Cel Mare, Bloc 435, Scara A, Etaj P, Judet Vaslui	0235313105
791	Vaslui	Vaslui	Vaslui	Municipiul Vaslui, Str. C. D. Gherea, Nr. 2, Judet Vaslui	40235361018
792	Vrancea	Adjud	Adjud	Municipiul Adjud, B-dul Republicii, Nr. 30, Bloc 88, Judet Vrancea	0237645000
793	Vrancea	Focsani	Focsani	Municipiul Focsani, Str. M. Kogalniceanu, Nr. 21 A, Judet Vrancea	0374209601
794	Vrancea	Focsani	Alexandru Vlahuta	Municipiul Focsani, B-dul Bucuresti, Nr. 27, Etaj P, Judet Vrancea	0237212050
795	Vrancea	Focsani	Carrefour Focsani	Municipiul Focsani, Calea Moldovei, Nr. T49, Dn 2 E 85, Judet Vrancea	0237230260
796	Vrancea	Focsani	Duiliu Zamfirescu	Municipiul Focsani, B-dul Unirii, Nr. 21, Judet Vrancea	0237220081
797	Vrancea	Focsani	Florentin Delmar	Municipiul Focsani, Str. Brailei, Nr. 47A/2, Etaj P, Judet Vrancea	0237213290
798	Vrancea	Focsani	Gheorghe Pastia	Municipiul Focsani, B-dul Independentei, Nr. 19-21, Etaj P, Judet Vrancea	0237220038
799	Vrancea	Focsani	Milcov	Municipiul Focsani, B-dul Unirii, Nr. 69, Etaj P, Judet Vrancea	0237210144
800	Vrancea	Marasesti	Marasesti	Loc. Marasesti, Oras Marasesti, Str. Republicii, Nr. 105, Judet Vrancea	0237260154
801	Vrancea	Odobesti	Odobesti	Loc. Odobesti, Oras Odobesti, Strada Stefan cel Mare, Nr. 40, Parter, Bloc G	0374282443
802	Vrancea	Panciu	Panciu	Loc. Panciu, Oras Panciu, Str. N. Titulescu, Bloc 5, Etaj P, Judet Vrancea	0237275776

Raiffeisen Bank S.A. Units

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1	jud.Timis	Timisoara	Ag. Timisoara	Str. Coriolan Brediceanu, nr. 10, corp B	0256.703.500 - 0256.703.507; 0256.703.537	L-V: 9.00-17.30
2	jud.Timis	Deta	Ag. Deta	Str. Victoriei, nr. 3	0256.703.600 - 0256.703.604	L-V: 9.00-17.00
3	jud.Timis	Timisoara	Centrul Operational de Afaceri Timisoara	Str. Grigore T. Popa, nr. 81, ap. SAD 2, Jud. Timis	0256.703.621 - 0256.703.625	L-V: 9.00-17.00; 13:00-13:30 inchis
4	jud.Timis	Sannicolau Mare	Ag. Sannicolau Mare	Bdul. Republicii, nr. 12	0256.703.680 - 0256.703.684	L-V: 9.00-17.00
5	jud.Timis	Jimbolia	Ag. Jimbolia	Str. Republicii, nr. 44, Ap. 1, Jimbolia, Jud. Timis	0256.703.700 - 0256.703.703	L-V: 9.00-17.00; 13:00-13:30 inchis
6	jud.Timis	Timisoara	Ag. Aries	Str. Aries, nr. 20	0256.703.720 - 0256.703.724	L-V: 9.00-17.00
7	jud.Timis	Timisoara	Ag. Timisoara 2 (Selgros)	Calea Aradului, nr. 64, Timisoara	0256.703.740 - 0256.703.745	L-S: 9.00-21.30; D: 9.00-19.00
8	jud.Timis	Timisoara	Ag. Fabric	Str. Stefan cel Mare, nr. 53, corp B, spatiul comercial nr. 2, jud. Timis	0256.703.760 - 0256.703.763	L-V: 9.00-17.00; 13:00-13:30 inchis
9	jud.Timis	Timisoara	Ag. Timisoara Nord	Str. Gen. Ioan Dragalina, nr. 47	0256.703.780 - 0256.703.784	L-V: 9.00-17.00
10	jud.Timis	Timisoara	Ag. Stiintei	Str. Stiintei, nr. 5	0256.703.800 - 0256.703.804	L-V: 9.00-17.00; 13:00-13:30 inchis
11	jud.Timis	Timisoara	Ag. Simion Barnutiu	Str. Simion Barnutiu, nr. 56	0256.703.821 - 0256.703.823	L-V: 9.00-17.00
12	jud.Timis	Timisoara	Ag. Bega	Str. Paris, nr. 2A, zona B	0256.703.841- 842; 0256.703.845	L-V: 9.00-17.00
13	jud.Timis	Timisoara	Ag. Tisa	Str. N. Balcescu, nr. 5	0256.703.881 - 883	L-V: 9.00-17.00; 13:00-13:30 inchis
14	jud.Timis	Timisoara	Ag. Banat	Calea Sever Bocu, nr. 43, bl. 35	0256.703.900 - 0256.703.902	L-V: 9.00-17.00
15	jud.Timis	Timisoara	Ag. Calea Aradului	Str. Calea Aradului, nr. 42, scara B	0256.703.920 - 0256.703.922	L-V: 9.00-17.00; 13:00-13:30 inchis
16	jud.Timis	Timisoara	Ag. Iulius Mall Timisoara	Str. Aristide Demetriade, nr. 1, Timisoara, jud. Timis	0256.703.962 - 0256.703.963	L-V: 11.00-20.00; S: 10.00-18.00; D: 10.00-16.00

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17	jud.Timis	Timisoara	Ag. Sagului	Timisoara, Calea Sagului nr. 100, 104-106-108-110, Unitatea nr. C055, in cadrul Shopping City Timisoara, Jud. Timis	0256.703.941; 0256.703.943	L-D: 10.00-22.00
18	jud.Timis	Lugoj	Ag. Lugoj	Str. 20 Decembrie 1989 , nr 36	0256.703.640 - 0256.703.646	L-V: 9.00-17.30
19	jud.Timis	Faget	Ag. Faget	Str. 1 Decembrie 1918, Nr. 1	0256.703.660 - 0256.703.663	L-V: 9.00-17.00; 13:00-13:30 inchis
20	jud.Caras Severin	Resita	Ag. Resita	Piata 1 Decembrie 1918, Nr. 4	0255.703.500 - 0255.703.523	L-V: 9.00-17.30
21	jud.Caras Severin	Caransebes	Ag. Caransebes	Str. Traian Doda, nr. 1	0255.703.600 - 0255.703.603	L-V: 9.00-17.30
22	jud.Caras Severin	Bocsa	Ag. Bocsa	Str. Funicularului, nr. 93, sc. I	0255.703.620 - 0255.703.623	L-V: 9.00-17.00; 13:00-13:30 inchis
23	jud.Caras Severin	Moldova Noua	Ag. Moldova Noua	Str. N. Titulescu, bloc 56, Moldova Noua, jud. Caras Severin	0255.703.640 - 0255.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis
24	jud.Caras Severin	Resita	Ag. Barzavei	B-dul Republicii , Bl. 8, sc. III, ap. 42	0255.703.660 - 0255.703.663	L-V: 9.00-17.30
25	jud.Caras Severin	Oravita	Ag. Oravita	Str. 1 Decembrie 1918, nr. 1	0255.703.680 - 0255.703.683	L-V: 9.00-17.00
26	jud.Arads	Arad	Ag. Arad	Str. Andrei Saguna, nr.1-3	0257.703.510 - 0257.703.533	L-V: 9.00-17.30
27	jud.Arads	Lipova	Ag. Lipova	Str. Nicolae Balcescu, nr.29	0257.703.621 - 0257.703.625	L-V: 9.00-17.00
28	jud.Arads	Sebis	Ag. Sebis	Bd-ul Republicii, nr. 45A	0257.703.660 - 0257.703.664	L-V: 9.00-17.00; 13:00-13:30 inchis
29	jud.Arads	Arad	Ag. Teatru	Str. Unirii nr. 1, ap. 30	0257.703.680	L-V: 9.00-17.30
30	jud.Arads	Arad	Ag. Radnei (Selgros)	Calea Radnei, nr. 294	0257.703.701 - 0257.703.705	L-S: 9.00-21.30; D: 9.00-19.00
31	jud.Arads	Arad	Ag. Ioan Slavici	Aleea Borsec, nr 2, bl 511, sc C, ap 17	0257.703.721 - 0257.703.724	L-V: 9.00-17.00; 13:00-13:30 inchis
32	jud.Arads	Arad	Ag. Aurel Vlaicu	Str. Aurel Vlaicu, nr. 114, bl Z 20-a, ap. 25	0257.703.741 - 0257.703.744	L-V: 9.00-17.00; 13:00-13:30 inchis

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33	jud.Arad	Arad	Ag. Aradul Nou	Aradul Nou, Bloc 5, scara A, ap. 17/b, Loc. Arad, Jud. Arad	0257.703.760 - 0257.703.763	L-V: 9.00-17.00; 13:00-13:30 inchis
34	jud.Arad	Ineu	Ag. Ineu	Str. Republicii, Nr. 24	0257.703.800 - 0257.703.803	L-V: 9.00-17.00; 13:00-13:30 inchis
35	jud.Arad	Curtici	Ag. Curtici	Strada Primariei, Nr. 58, Apartament nr. 2, corp A	0257.703.821 - 0257.703.823	L-V: 9.00-17.00; 13:00-13:30 inchis
36	jud.Arad	Arad	Ag. Podgoria	B-dul Revolutiei, Nr. 8, Bloc 8, Ap 27	0257.703.841 - 0257.703.843	L-V: 9.00-17.00
37	jud.Arad	Chisineu Cris	Ag. Chisineu Cris	Str. Garii, nr. 1/B	0257.703.601 - 0257.703.603	L-V: 9.00-17.00
38	jud.Bihor	Oradea	Ag. Bihor	Str. Nufarului, nr. 30	0259.703.513 - 0259.703.536	L-V: 9.00-17.30
39	jud.Bihor	Marghita	Ag. Marghita	Str. Republicii, Nr. 13	0259.703.601 - 0259.703.603	L-V: 9.00-17.00
40	jud.Bihor	Oradea	Ag. Crisul Repede	Str. Erofte Grigore, nr. 22	0259.703.621 - 0259.703.623 0764.602.652	L-V: 9.00-17.00; 13:00-13:30 inchis
41	jud.Bihor	Oradea	Ag. Vulturul Negru	Piata Unirii, nr. 2-4	0259.703.641 - 0259.703.647	L-V: 9.00-17.00
42	jud.Bihor	Oradea	Ag. Dacia	B-dul Dacia, Nr. 35, bl. AN 55	0259.703.661 - 0259.703.667	L-V: 9.00-17.00
43	jud.Bihor	Oradea	Ag. Oradea 4 (Selgros)	Str. Ogorului, Nr. 65B	0259.703.681 - 0259.703.686	L-S: 9.00-21.30; D: 9.00-19.00
44	jud.Bihor	Oradea	Ag. Rogerius	Str. Transilvaniei, Nr. 2	0259.703.701 - 0259.703.703	L-V: 9.00-17.00; 13:00-13:30 inchis
45	jud.Bihor	Oradea	Ag. Bulevard	Str. Decebal, Nr. 66/A, jud. Bihor	0259.703.721 - 0259.703.722	L-V: 9.00-17.00
46	jud.Bihor	Alesd	Ag. Alesd	Piata Unirii, nr. 2	0259.703.761 - 0259.703.763	L-V: 9.00-17.00; 13:00-13:30 inchis
47	jud.Bihor	Salonta	Ag. Salonta	Str. Libertatii, nr. 1-3, Bl. A	0259.703.780 - 0259.703.784	L-V: 9.00-17.00
48	jud.Bihor	Oradea	Ag. Corso	Str. Republicii, nr. 16	0259.703.801 - 0259.703.803	L-V: 9.00-17.00; 13:00-13:30 inchis
49	jud.Hunedoara	Deva	Ag. Deva	Blvd. Decebal, Bloc 5 (5A)	0254.703.501 - 0254.703.520	L-V: 9.00-17.00
50	jud.Hunedoara	Hateg	Ag. Hateg	Str. Tudor Vladimirescu, Bl. S1	0254.703.602 - 0254.703.604	L-V: 9.00-17.00
51	jud.Hunedoara	Orastie	Ag. Orastie	Str. Eroilor, Bl. C2, Sc. B si C	0254.703.621	L-V: 9.00-17.00
52	jud.Hunedoara	Brad	Ag. Brad	Brad, str. Republicii, bloc I, Jud. Hunedoara	0254.703.642 - 0254.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis
53	jud.Hunedoara	Calan	Ag. Calan	Str. Independentei, nr. 13	0254.703.661 - 0254.703.663	L-V: 9.00-17.00; 13:00-13:30 inchis
54	jud.Hunedoara	Petrosani	Ag. Petrosani	B-dul 1 Decembrie 1918, Nr. 92, Bl. B1	0254.703.681 - 0254.703.686	L-V: 9.00-17.00

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55	jud.Hunedoara	Deva	Ag. Germisara	B-dul Iuliu Maniu, Bl. 1A+1B	0254.703.701 - 0254.703.703	L-V: 9.00-17.00; 13:00-13:30 inchis
56	jud.Hunedoara	Deva	Ag. Ulpia	Str. Mihai Eminescu, Bloc 13A, Jud. Hunedoara	0254.703.721 - 0254.703.723	L-V: 9.00-17.00; 13:00-13:30 inchis
57	jud.Hunedoara	Hunedoara	Ag. Corvinul	B-dul Dacia, bl A2/2	0254.703.761 - 0254.703.764	L-V: 9.30-17.30
58	jud.Alba	Alba Iulia	Ag. Alba	Piata Iuliu Maniu, Nr. 4, spatiu comercial I	0258.703.501 - 0258.703.503	L-V: 9.00-17.00
59	jud.Alba	Alba Iulia	Ag. Apullum	B-dul. Revolutiei 1989, Nr. 77, Bloc A19, Ap. 2	0258.703.602 - 0258.703.603	L-V: 9.00-17.00; 13:00-13:30 inchis
60	jud.Alba	Sebes	Ag. Sebes	Str. Lucian Blaga, nr. 47	0258.703.661 - 0258.703.664	L-V: 9.00-17.00; 13:00-13:30 inchis
61	jud.Alba	Cugir	Ag. Cugir	Str. Al. Sahia, Nr. 19, Bloc 19, Scara E si F, Jud. Alba	0258.703.701 - 0258.703.703	L-V: 9.00-17.00; 13:00-13:30 inchis
62	jud.Alba	Campeni	Ag. Campeni	Str. Calea Turzii, Nr. 1, subapartamentul III.1	0258.703.721 - 0258.703.723	L-V: 9.00-17.00; 13:00-13:30 inchis
63	jud.Alba	Alba Iulia	Ag. Cetate	B-dul Victoriei, nr. 25, bl 3CD	0258.703.741 - 0258.703.743	L-V: 9.00-17.00; 13:00-13:30 inchis
64	jud.Hunedoara	Deva	Ag. Santuhalm	Str. Santuhalm, nr. 35 A, jud. Hunedoara	0254.703.781	L-V: 9.00-17.00; 13:00-13:30 inchis
65	jud.Satu Mare	Satu Mare	Ag. Satu Mare	Piata Libertatii, nr 11	0261.703.501 - 0261.703.516	L-V: 9.00-17.30
66	jud.Satu Mare	Satu Mare	Ag. Soarelui	Str. Lucian Blaga, bloc UU18, parter	0261.703.601 - 0261.703.604	L-V: 9.00-17.00; 13:00-13:30 inchis
67	jud.Satu Mare	Carei	Ag. Carei	Str. 1 Decembrie 1918, nr. 19	0261.703.621 - 0261.703.624	L-V: 9.00-17.00
68	jud.Satu Mare	Negresti Oas	Ag. Negresti - Oas	Strada Victoriei, Bloc 9	0261.703.641 - 0261.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis
69	jud.Satu Mare	Satu Mare	Ag. Nufarul	Str. Careiului, Bl. C25	0261.703.661 - 0261.703.663	L-V: 9.00-17.00; 13:00-13:30 inchis
70	jud.Salaj	Zalau	Ag. Zalau	Str. Unirii, nr. 19	0260.703.501 - 0260.703.522	L-V: 9.00-17.30
71	jud.Salaj	Zalau	Ag. Meses	Str. Tudor Vladimirescu, nr. 54	0260.703.601 - 0260.703.603	L-V: 9.00-17.00; 13:00-13:30 inchis
72	jud.Salaj	Zalau	Ag. Porolissum	Str. Mihai Viteazul, Bloc B120/B, Ap. 33/I	0260.703.621 - 0260.703.623	L-V: 9.00-17.00; 13:00-13:30 inchis
73	jud.Salaj	Jibou	Ag. Jibou	Str. 1 Mai, Bloc M30, ap. 13/1	0260.703.641 - 0260.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis
74	jud.Salaj	Simleu Silvaniei	Ag. Simleu Silvaniei	Str. 1 Decembrie, nr. 5, Bloc D5	0260.703.661 - 0260.703.665	L-V: 9.00-17.00
75	jud.Cluj	Huedin	Ag. Huedin	P-ta. Republicii, nr.39 bl.A1ap 65/2	0264.703.681 - 0264.703.685	L-V: 9.00-17.00
76	jud.Bistrita Nasaud	Bistrita	Ag. Bistrita	Str. Liviu Rebreanu, nr. 51	0263.703.500 - 0263.703.519	L-V: 9.00-17.30

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77	jud.Bistrita Nasaud	Bistrita	Ag. Viisoara	Bistrita, Str. Independentei, Bloc D1, Scara D, Jud. Bistrita Nasaud	0263.703.601 - 0263.703.603	L-V: 9.00-17.00; 13:00-13:30 inchis
78	jud.Bistrita Nasaud	Nasaud	Ag. Nasaud	Str. Granicerilor, nr. 20	0263.703.620 - 0263.703.625	L-V: 9.00-17.30
79	jud.Bistrita Nasaud	Bistrita	Ag. Gloria	B-dul Decebal, nr. 27	0263.703.640 - 0263.703.643	L-V: 9.00-17.00
80	jud.Bistrita Nasaud	Bistrita	Ag. Calea Moldovei	Calea Moldovei, nr.1, scara C	0263.703.660 - 0263.703.663	L-V: 9.00-17.00; 13:00-13:30 inchis
81	jud.Maramures	Baia Mare	Ag. Maramures	Bd. Unirii, Nr. 8-10	0262.703.500 - 0262.703.924	L-V: 9.00-17.30
82	jud.Maramures	Sighetu Marmatiei	Ag. Sighetu Marmatiei	Str. Traian, Nr. 7, Magazin 28	0262.703.600 - 0262.703.605	L-V: 9.00-17.00
83	jud.Maramures	Borsa	Ag. Borsa	Str. 22 Decembrie, nr. 2	0262.703.640 - 0262.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis
84	jud.Maramures	Baia Mare	Ag. George Cosbuc	Str. George Cosbuc, nr. 14	0262.703.660 - 0262.703.664	L-V: 9.00-17.00; 13:00-13:30 inchis
85	jud.Maramures	Baia Mare	Ag. Sasar	Str. Victoriei Nr. 96	0262.703.680 - 0262.703.683	L-V: 9.00-17.00; 13:00-13:30 inchis
86	jud.Maramures	Baia Mare	Ag. Iza	B-dul. Bucuresti, Nr. 40	0262.703.720 - 0262.703.723	L-V: 9.00-17.00; 13:00-13:30 inchis
87	jud.Maramures	Baia Mare	Ag. Mara	B-dul Republicii, Nr. 17, tronson IV	0262.703.740 - 0262.703.743	L-V: 9.00-17.00; 13:00-13:30 inchis
88	jud.Cluj	Dej	Ag. Dej	Str. 1 Mai, Nr. 1	0264.703.640 - 0264.703.644	L-V: 9.00-17.00
89	jud.Cluj	Gherla	Ag. Gherla	Pta Libertatii, Nr. 2	0264.703.660 - 0264.703.665	L-V: 9.00-17.00
90	jud.Cluj	Cluj-Napoca	Ag. Cluj	Str. Aviator Badescu, Nr. 1	0264.703.500 - 0264.703.547	L-V: 9.00-17.30
91	jud.Cluj	Cluj-Napoca	Ag. Horea	Str. Cuza Voda, Nr.1	0264.703.600 - 0264.703.603	L-V: 9.00-17.00
92	jud.Cluj	Turda	Ag. Turda	Str. Libertatii, Nr. 4, Bl. A1	0264.703.700 - 0264.703.707	L-V: 9.00-17.00
93	jud.Cluj	Turda	Ag. Oprisani	Calea Victoriei, Nr. 100, Bloc B120, ap. nr. 1, Jud. Cluj	0264.703.720 - 0264.703.723	L-V: 9.00-17.00; 13:00-13:30 inchis
94	jud.Cluj	Floresti	Ag. Floresti	Str. Avram Iancu, nr. 278, jud. Cluj	0264.703.760 - 0264.703.763	L-V: 9.00-17.00; 13:00-13:30 inchis
95	jud.Cluj	Cluj-Napoca	Ag. Manastur	Str. Bucegi, nr.11, ap. 1A	0264.703.780 - 0264.703.785	L-V: 9.00-17.00
96	jud.Cluj	Cluj-Napoca	Ag. Marasti	Str. Aurel Vlaicu, nr.2, ap. 91C	0264.703.800 - 0264.703.803	L-V: 9.00-17.30
97	jud.Cluj	Cluj-Napoca	Ag. Someseni (Selgros)	Calea Someseni, nr. 8	0264.703.820 - 0264.703.825	L-S: 9.00-21.30; D: 9.00-19.00
98	jud.Cluj	Cluj-Napoca	Ag. Zorilor	Str. Pasteur, nr 73, ap 49	0264.703.840 - 0264.703.844	L-V: 9.00-17.00; 13:00-13:30 inchis
99	jud.Cluj	Cluj-Napoca	Ag. Grigorescu (Cora)	B-dul 1 Decembrie 1918, nr. 142	0264.703.860 - 0264.703.863	L-S: 9.00-21.00; D: 9.00-19.00
100	jud.Cluj	Cluj-Napoca	Ag. Napoca	Str. Aurel Vlaicu, nr. 80, Ap. 1, jud. Cluj	0264.703.880 - 0264.703.883	L-V: 9.00-17.00; 13:00-13:30 inchis

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101	jud.Cluj	Cluj-Napoca	Ag. Garii	Str. Horea, Nr. 96-106, jud. Cluj	0264.703.900 - 0264.703.903	L-V: 9.00-17.00; 13:00-13:30 inchis
102	jud.Cluj	Cluj-Napoca	Ag. Brancusi	B-dul C. Brancusi, nr. 149,	0264.703.920 - 0264.703.924	L-V: 9.00-17.00; 13:00-13:30 inchis
103	jud.Cluj	Cluj-Napoca	Ag. Piata Unirii	Str. Piata Unirii, nr. 16	0264.703.960 - 0264.703.963	L-V: 9.00-17.00; 13:00-13:30 inchis
104	jud.Cluj	Cluj-Napoca	Ag. Ardealul	Bulevardul 21 Decembrie 1989, 77, Cluj-Napoca, 400124	0264.703.100	L-V: 9.00-17.00; 13:00-13:30 inchis
105	jud.Alba	Aiud	Ag. Aiud	Str. Iuliu Maniu, nr.2	0258.703.620 - 0258.703.625	L-V: 9.00-17.00
106	jud.Mures	Targu Mures	Ag. Tg. Mures	Str. Gheorghe Doja, nr. 64-68	0265.703.500 - 0265.703.925	L-V: 9.00-17.30
107	jud.Mures	Ludus	Ag. Ludus	Str. Crinului, nr. 1	0265.703.600 - 0265.703.607	L-V: 9.00-17.00
108	jud.Mures	Reghin	Ag. Reghin	Str. Mihai Viteazu, nr. 20	0265.703.620 - 0265.703.626	L-V: 9.00-17.30
109	jud.Mures	Reghin	Ag. Silva	Str. Iernuteni, nr. 12, Jud. Mures	0265.703.640 - 0265.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis
110	jud.Mures	Sighisoara	Ag. Sighisoara	Str. Morii, Nr. 14-18	0265.703.660 - 0265.703.668	L-V: 9.00-17.30
111	jud.Mures	Tarnaveni	Ag. Tarnaveni	Str. Republicii, nr. 74, ap. 19	0265.703.700 - 0265.703.708	L-V: 9.00-17.00
112	jud.Mures	Ernei	Ag. Mures 1 (Selgros)	Comuna Ernei, nr. 591	0265.703.720 - 0265.703.726	L-S: 9.00-21.30; D: 9.00-19.00
113	jud.Mures	Targu Mures	Ag. Bartok Bela	Str. Bartok Bela, nr. 1-3	0265.703.760 - 0265.703.768	L-V: 9.00-17.30
114	jud.Mures	Targu Mures	Ag. Fortuna	Str. Infratirii, nr. 4	0265.703.780 - 0265.703.784	L-V: 9.00-17.00
115	jud.Mures	Targu Mures	Ag. Maris (Altex)	Str. Gheorghe Doja, nr. 243	0265.703.800 - 0265.703.802	L-V: 11.00-19.00; S: 11.00-17.00
116	jud.Mures	Targu Mures	Ag. Dambu Pietros	Targu Mures, strada B-dul 1848, nr. 15, jud. Mures	0265.703.840 - 0265.703.843	L-V: 9.00-17.00; 13:00-13:30 inchis
117	jud.Mures	Sovata	Ag. Sovata	Str. Principala, nr. 180/A	0265.703.680 - 0265.703.688	L-V: 9.00-17.00
118	jud.Alba	Ocna Mures	Ag. Ocna Mures	Str. 9 Mai, Nr. 3, jud. Alba	0258.703.680 - 0258.703.683	L-V: 9.00-17.00; 13:00-13:30 inchis
119	jud.Brasov	Fagaras	Ag. Fagaras	Str. Republicii, nr. 27	0268.703.700 - 0268.703.705	L-V: 9.00-17.30
120	jud.Sibiu	Sibiu	Ag. Sibiu	Piata Aurel Vlaicu, nr. 9	0269.703.500 - 0269.703.533	L-V: 9.00-17.30
121	jud.Sibiu	Agnita	Ag. Agnita	Str. Avram Iancu, nr. 1	0269.703.600 - 0269.703.603	L-V: 9.00-17.00; 13:00-13:30 inchis
122	jud.Sibiu	Avrig	Ag. Avrig	Str. Samuel Brukenthal, nr. 4	0269.703.620 - 0269.703.625	L-V: 9.00-17.00
123	jud.Sibiu	Medias	Ag. Medias	Str. I.C. Bratianu, nr. 3	0269.703.640 - 0269.703.646	L-V: 9.00-17.30
124	jud.Sibiu	Sibiu	Ag. Brukenthal	Str. Nicolae Balcescu, Nr. 29	0269.703.660 - 0269.703.663	L-V: 9.00-17.30
125	jud.Sibiu	Saliste	Ag. Saliste	Piata Junilor nr. 15	0269.703.680 - 0269.703.684	L-V: 9.00-17.00; 13:00-13:30 inchis
126	jud.Sibiu	Sibiu	Ag. Hermannstadt	Str. 9 Mai, Nr. 2	0269.703.700 - 0269.703.707	L-V: 9.00-17.00; 13:00-13:30 inchis

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127	jud.Sibiu	Sibiu	Ag. Vasile Aaron	Cartier Vasile Aaron, Str. Semaforului, Bl. 14	0269.703.720 - 0269.703.725	L-V: 9.00-17.00
128	jud.Sibiu	Sibiu	Ag. Emil Cioran	Str. Gorjului, Nr. 4, Bl. 15, Ap 9, parter	0269.703.740 - 0269.703.743	L-V: 9.00-17.00; 13:00-13:30 inchis
129	jud.Sibiu	Sibiu	Ag. Tineretului	Str. Uzinei, Nr. 2A, Jud. Sibiu	0269.703.760 - 0269.703.763	L-V: 9.00-17.00; 13:00-13:30 inchis
130	jud.Sibiu	Sibiu	Ag. Selimbar (Altex)	Com. Selimbar, DN1-km 306	0269.703.800 - 0269.703.805	L-V: 10.00-18.00; S: 10.00-16.00; 13:00-13:30 inchis
131	jud.Alba	Blaj	Ag. Blaj	Str. Timotei Cipariu, bloc T6	0258.703.640 - 0258.703.644	L-V: 9.00-17.00
132	jud.Harghita	Miercurea Ciuc	Ag. Miercurea Ciuc	Str. Kossuth Lajos, Nr. 20, Bl. 27	0266.703.500 - 0266.703.516	L-V: 9.00-17.00
133	jud.Harghita	Gheorghieni	Ag. Gheorgheni	Piata Libertatii, nr. 7	0266.703.600 - 0266.703.603	L-V: 9.00-17.00
134	jud.Harghita	Odorheiul Secuiesc	Ag. Odorheiul Secuiesc	Str. Rakoczi, nr. 13	0266.703.620 - 0266.703.626	L-V: 9.00-17.30
135	jud.Harghita	Toplita	Ag. Toplita	Str. Nicolae Balcescu, nr. 7	0266.703.640 - 0266.703.643	L-V: 9.00-17.00
136	jud.Harghita	Miercurea Ciuc	Ag. Petofi	B-dul Fratiei, Nr. 5, Sc. B	0266.703.680 - 0266.703.683	L-V: 9.00-17.00; 13:00-13:30 inchis
137	jud.Brasov	Rupea	Ag. Rupea	Str. Republicii, nr. 153	0268.703.720 - 0268.703.726	L-V: 9.00-17.00
138	jud.Covasna	Sfantu Gheorghe	Ag. Sfantu Gheorghe	Str. 1 Decembrie 1918, nr. 33-37	0267.703.500 - 0267.703.517	L-V: 9.00-17.30
139	jud.Covasna	Sfantu Gheorghe	Ag. Mikes	Str. 1 Decembrie 1918, Nr. 137, Jud. Covasna	0267.703.600 - 0267.703.603	L-V: 9.00-17.00; 13:00-13:30 inchis
140	jud.Covasna	Covasna	Ag. Covasna	Str. Libertatii, Nr. 24, Bl. 24, Sc. A	0267.703.620 - 0267.703.625	L-V: 9.00-17.00; 13:00-13:30 inchis
141	jud.Covasna	Intorsura Buzaului	Ag. Intorsura Buzaului	Str. Mihai Viteazu, Nr. 143, Bloc 6, Scara C, Intrarea A	0267.703.640 - 0267.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis
142	jud.Covasna	Targu Secuiesc	Ag. Tirgu Secuiesc	Str. Curtea 20, nr. 1	0267.703.660 - 0267.703.666	L-V: 9.00-17.00
143	jud.Brasov	Brasov	Ag. Brasov	Str. Harmanului, Nr. 24, Jud. Brasov, Zona A si Zona B, Zona C	0268.703.500 - 0268.703.554	L-V: 9.00-17.30
144	jud.Brasov	Brasov	Ag. Calea Bucuresti	Calea Bucuresti, Nr. 54	0268.703.600 - 0268.703.607	L-V: 9.30-17.30
145	jud.Brasov	Brasov	Ag. Piata Sfatului	Str. Piata Sfatului, Nr. 18	0268.703.620 - 0268.703.626	L-V: 9.30-17.30
146	jud.Brasov	Brasov	Ag. Star	Brasov, in cadrul Complexului Duplex 1, B-dul Nicolae Balcescu, Nr. 49, Jud. Brasov	0268.703.640 - 0268.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis

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147	jud.Brasov	Codlea	Ag. Codlea	Str. Lunga, Nr. 117	0268.703.660 - 0268.703.664	L-V: 9.00-17.00; 13:00-13:30 inchis
148	jud.Brasov	Sacele	Ag. Sacele	Piata Libertatii, Nr. 20	0268.703.740 - 0268.703.744	L-V: 9.00-17.00; 13:00-13:30 inchis
149	jud.Brasov	Rasnov	Ag. Rasnov	Str. Republicii, Nr. 24, jud. Brasov	0268.703.760 - 0268.703.763	L-V: 9.00-17.00; 13:00-13:30 inchis
150	jud.Brasov	Brasov	Ag. Brasov 1 (Selgros)	Calea Bucuresti, nr. 231	0268.703.780 - 0268.703.784	L-S: 9.00-21.30; D: 9.00-19.00
151	jud.Brasov	Brasov	Ag. Racadau	B-dul Muncii, Nr. 4, Sc. D	0268.703.800 - 0268.703.804	L-V: 9.00-17.00; 13:00-13:30 inchis
152	jud.Brasov	Brasov	Ag. Astra	Libraria 19, Complex Astra I, Str. Saturn	0268.703.823	L-V: 9.30-17.30
153	jud.Brasov	Brasov	Ag. Tractorul	Str. 1 Decembrie 1918, Nr. 8, Bl. 305,306,307, 308 si Str. Oltet nr. 29,31,33	0268.703.840 - 0268.703.843	L-V: 9.30-17.30
154	jud.Brasov	Brasov	Ag. Barsei	Str.Mihai Viteazul, Nr. 42, Bl. 62	0268.703.860 - 0268.703.863	L-V: 9.00-17.00; 13:00-13:30 inchis
155	jud.Brasov	Zarnesti	Ag. Zarnesti	Str. Mitropolit Ioan Metianu, Nr. 4, zona A	0268.703.880 - 0268.703.883	L-V: 9.00-17.00; 13:00-13:30 inchis
156	jud.Brasov	Brasov	Ag. Bartolomeu (Altex)	Str. Caramidariei, nr. 1	0268.703.920 - 0268.703.923	L-V: 10.00-18.00; S: 10.00-16.00
157	jud.Buzau	Buzau	Ag. Buzau	Str. Nicolae Balcescu, nr. 2	0238.703.500 - 0238.703.525	L-V: 9.00-17.30
158	jud.Buzau	Nehoiu	Ag. Nehoiu	Str. Mihai Viteazul, nr. 16	0238.703.600 - 0238.703.603	L-V: 9.00-17.00; 13:00-13:30 inchis
159	jud.Buzau	Ramnicu Sarat	Ag. Ramnicu Sarat	Str.Victoriei, nr. 2	0238.703.620 - 0238.703.623	L-V: 9.00-17.30
160	jud.Buzau	Buzau	Ag. Unirii Sud	Str. Unirii, Bl. O2	0238.703.640 - 0238.703.644	L-V: 9.30-17.30
161	jud.Buzau	Buzau	Ag. Marghiloman	Str. Dorobanti, Bl 7C, Buzau	0238.703.660 - 0238.703.664	L-V: 9.00-17.00
162	jud.Buzau	Buzau	Ag. Orizont	Str. Unirii, Bl. H3	0238.703.680 - 0238.703.684	L-V: 9.00-17.00; 13:00-13:30 inchis
163	jud.Vrancea	Focsani	Ag. Vrancea	Focsani, Bulevardul Unirii nr. 28, jud. Vrancea	0237.703.500 - 0237.703.516	L-V: 9.00-17.30
164	jud.Vrancea	Adjud	Ag. Adjud	Str. Republicii, nr. 43, Bl. 92	0237.703.600 - 0237.703.604	L-V: 9.00-17.00
165	jud.Vrancea	Odobesti	Ag. Odobesti	Str. Stefan cel Mare, Nr. 40, Bl. G1	0237.703.620 - 0237.703.623	L-V: 9.00-17.00; 13:00-13:30 inchis
166	jud.Vrancea	Panciu	Ag. Panciu	Str. Nicolae Titulescu, nr. 75	0237.703.640 - 0237.703.644	L-V: 9.00-17.00; 13:00-13:30 inchis
167	jud.Vrancea	Focsani	Ag. Republicii	Str. Republicii, nr. 18	0237.703.680 - 0237.703.685	L-V: 9.30-17.30; 13:00-13:30 inchis
168	jud.Bacau	Bacau	Ag. Bacau	Str. Dumbrava Rosie, Nr. 2, Bacau, Jud. Bacau	0234.703.500; 0234.703.501 - 0234.703.527	L-V: 9.00-17.00

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169	jud.Bacau	Bacau	Ag. Cora Bacau	Str. Milcov, Nr. 2A si 2-4, Spatiul G31, Bacau	0234.703.760 - 703.764	L-V: 10.00-20.00; S: 10.00-18.00; D: 10.00-16.00
170	jud.Bacau	Comanesti	Ag. Comanesti	Str. Republicii, Nr. 22, Comanesti	0234.703.600 - 0234.703.605	L-V: 9.00-17.00
171	jud.Bacau	Onesti	Ag. Onesti	B-dul Oituz, nr. 19, Onesti	0234.703.640 - 0234.703.647	L-V: 9.00-17.30
172	jud.Bacau	Onesti	Ag. Stejarul	Str. Republicii, nr. 41, Onesti	0234.703.660 - 0234.703.661	L-V: 9.00-17.00; 13:00-13:30 inchis
173	jud.Bacau	Bacau	Ag. Vasile Alecsandri	Str. Pasajul Revolutiei nr. 8, Zona A, parter, Bacau, jud. Bacau	0234.703.680 - 0234.703.688	L-V: 9.00-17.00
174	jud.Bacau	Bacau	Ag. George Bacovia	Str. Unirii, Nr. 15, Sc. C	0234.703.700 - 0234.703.703	L-V: 9.00-17.00; 13:00-13:30 inchis
175	jud.Bacau	Bacau	Ag. Bradului (Selgros)	Prelungirea Bradului, nr. 135 B, Bacau	0234.703.720 - 0234.703.723	L-S: 9.00-21.30; D: 9.00-19.00
176	jud.Bacau	Bacau	Ag. Vasile Lupu	Str. 9 Mai, Nr. 56, Sc. B, poz 1	0234.703.740 - 0234.703.743	L-V: 9.00-17.00; 13:00-13:30 inchis
177	jud.Bacau	Bacau	Ag. Castanilor	Str. Marasesti, Nr. 165, tronson 2	0234.703.780 - 0234.703.783	L-V: 9.00-17.00; 13:00-13:30 inchis
178	jud.Bacau	Moinesti	Ag. Moinesti	Str.Tudor Vladimirescu, nr. 177	0234.703.840	L-V: 9.00-17.00; 13:00-13:30 inchis
179	jud.Vaslui	Vaslui	Ag. Vaslui	Str. Stefan cel Mare, Bl. 94, Sc. C, D, Nr. 2-4	0235.703.500 - 0235.703.516	L-V: 9.00-17.30
180	jud.Vaslui	Husi	Ag. Husi	Str. Gral. Telman, nr. 1	0235.703.660 - 0235.703.665	L-V: 9.00-17.00
181	jud.Vaslui	Vaslui	Ag. Podul Inalt	Str. Traian, Bl. C2, Sc. A	0235.703.680 - 0235.703.683	L-V: 9.00-17.00; 13:00-13:30 inchis
182	jud.Iasi	Iasi	Ag. Iasi	Str. Anastasie Panu, Nr. 31	0232.703.500 - 0232.703.501	L-V: 9.00-17.30
183	jud.Iasi	Targu Frumos	Ag. Targu Frumos	Str. Cuza Voda, Bloc 41, Scara A si scara B	0232.703.640 - 0232.703.646	L-V: 9.00-17.00; 13:00-13:30 inchis
184	jud.Iasi	Harlau	Ag. Harlau	Str. Vasile Gheorghiu, Bloc 8, Scara 1, jud. Iasi	0232.703.660 - 0232.703.666	L-V: 9.00-17.00; 13:00-13:30 inchis
185	jud.Iasi	Iasi	Ag. Podul Ros	Str. Sfantul Lazar, nr.47, bloc A 5-6	0232.703.680 - 0232.703.691	L-V: 9.00-17.00
186	jud.Iasi	Iasi	Ag. Pacurari	Soseaua Pacurari, nr. 15-17, Bloc 538, tronson III	0232.703.700 - 0232.703.709	L-V: 9.00-17.00
187	jud.Iasi	Iasi	Ag. Stefan cel Mare	Str. Stefan cel Mare si Sfant, nr 7A, sc A	0232.703.720 - 0232.703.730	L-V: 9.00-17.00
188	jud.Iasi	Iasi	Ag. Alexandru cel Bun	B-dul. Alexandru cel Bun, nr. 19, bl. B3, sc b	0232.703.740 - 0232.703.746	L-V: 9.00-17.00
189	jud.Iasi	Iasi	Ag. Independentei	Str. Piata Unirii, Nr. 2, Scara B	0232.703.760 - 0232.703.766	L-V: 9.00-17.00; 13:00-13:30 inchis
190	jud.Iasi	Iasi	Ag. Tatarasi	Str. Ion Creanga, Nr. 17, Bl. U2	0232.703.780 - 0232.703.786	L-V: 9.00-17.00; 13:00-13:30 inchis

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191	jud.Iasi	Iasi	Ag. Nicolina (Selgros)	Str. Nicolina, Nr. 57A	0232.703.800 - 0232.703.805	L-S: 9.00-21.30; D: 9.00-19.00
192	jud.Iasi	Iasi	Ag. Bucium	Str. Bucium, Nr. 19, Bloc B2-1, scara A, Jud. Iasi	0232.703.860 - 0232.703.865	L-V: 9.00-17.00; 13:00-13:30 inchis
193	jud.Iasi	Iasi	Ag. Copou	Str. Oastei, in cadrul Complexului Comercial Copou, cvartal 42, Jud. Iasi	0232.703.880 - 0232.703.885	L-V: 9.00-17.00; 13:00-13:30 inchis
194	jud.Iasi	Iasi	Ag. Palas	Ansamblul Palas, Corp E2, Str. Palat nr. 3E	0232.703.960 - 0232.703.969	L-V: 9.00-17.00; 13:00-13:30 inchis
195	jud.Iasi	Iasi	Ag. Palas Mall	Palas Shopping Mall, cladire (Bloc) C3, strada Palas, nr. 7A, Iasi	0232.703.840 - 0232.703.843	L-V: 10.00-20.00; S: 10.00-18.00; D: 10.00-16.00
196	jud.Bacau	Buhusi	Ag. Buhusi	Str. Republicii, Nr. 1	0234.703.860 - 0234.703.863	L-V: 9.00-17.00; 13:00-13:30 inchis
197	jud.Iasi	Pascani	Ag. Pascani	Str. Eugen Stamate, bl.D2	0232.703.600 - 0232.703.604	L-V: 9.00-17.00
198	jud.Suceava	Falticeni	Ag. Falticeni	B-dul 2 Graniceri, Bl. 51	0230.703.600 - 0230.703.606	L-V: 9.00-17.00
199	jud.Neamt	Piatra Neamt	Ag. Neamt	Piata Stefan cel Mare, nr. 3	0233.703.500 - 0233.703.516	L-V: 9.00-17.30
200	jud.Neamt	Poiana Teiului	Ag. Poiana Teiului	Loc. Poiana Teiului	0233.703.600 - 0233.703.604	L-V: 9.00-17.00; 13:00-13:30 inchis
201	jud.Neamt	Roman	Ag. Roman	Str. Nicolae Titulescu, nr. 42	0233.703.620 - 0233.703.627	L-V: 9.00-17.30
202	jud.Neamt	Targu Neamt	Ag. Targu Neamt	Aleea Salcamilor, nr. 1, Complex comercial, zona R	0233.703.660 - 0233.703.665	L-V: 9.00-17.00
203	jud.Neamt	Piatra Neamt	Ag. Mira	B-dul Traian, nr 15, bl A3	0233.703.680 - 0233.703.683	L-V: 9.00-17.00; 13:00-13:30 inchis
204	jud.Neamt	Piatra Neamt	Ag. Cozla	Str. Mihai Viteazul, nr. 6A	0233.703.740 - 0233.703.743	L-V: 9.00-17.00; 13:00-13:30 inchis
205	jud.Suceava	Suceava	Ag. Suceava	B-dul George Enescu, Nr. 16	0230.703.500 - 0230.703.515	L-V: 9.00-17.00
206	jud.Suceava	Gura Humorului	Ag. Gura Humorului	Piata Republicii, nr. 16	0230.703.620 - 0230.703.624	L-V: 9.00-17.00
207	jud.Suceava	Radauti	Ag. Radauti	Pta. Unirii, nr. 33	0230.703.640 - 0230.703.646	L-V: 9.00-17.30
208	jud.Suceava	Vatra Dornei	Ag. Vatra Dornei	Str. Mihai Eminescu, nr. 28	0230.703.661 - 0230.703.664	L-V: 9.00-17.00
209	jud.Suceava	Suceava	Ag. Bucovina	Str. Nicolae Balcescu, nr. 2	0230.703.680 - 0230.703.686	L-V: 9.00-17.00
210	jud.Suceava	Suceava	Ag. Ircani (Selgros)	Str. Cernauti, nr. 118	0230.703.700 - 0230.703.703	L-S: 9.00-21.30; D: 9.00-19.00
211	jud.Suceava	Suceava	Ag. Burdujeni	Calea Unirii, nr. 39, bl. 92, sc. F	0230.703.720 - 0230.703.724	L-V: 9.00-17.00; 13:00-13:30 inchis
212	jud.Suceava	Campulung Moldovenesc	Ag. Campulung Moldovenesc	Calea Transilvaniei , nr. 13-15	0230.703.760 - 0230.703.763	L-V: 9.00-17.00; 13:00-13:30 inchis
213	jud.Botosani	Botosani	Ag. Botosani	Calea Nationala, nr. 68	0231.703.500 - 0231.703.512	L-V: 9.00-17.30

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214	jud.Botosani	Botosani	Ag. Nicolae Iorga	B-dul George Enescu, nr. 2	0231.703.600 - 0231.703.603	L-V: 9.00-17.00; 13:00-13:30 inchis
215	jud.Botosani	Dorohoi	Ag. Dorohoi	B-dul Victoriei, nr. 3-5, Bloc A1 si A3, zona B	0231.703.660 - 0231.703.666	L-V: 9.00-17.00
216	jud.Vaslui	Barlad	Ag. Barlad	Str. V Lupu si Str. 1 Decembrie, bl. M4, sc. B si D	0235.703.620 - 0235.703.626	L-V: 9.00-17.00
217	jud.Vaslui	Barlad	Ag. Fagului	Str. Fagului, Nr. 3, Bloc D1-8, Scara 6, Apartament 1, jud. Vaslui	0235.703.640 - 0235.703.644	L-V: 9.00-17.00; 13:00-13:30 inchis
218	jud.Galati	Galati	Ag. Galati	Strada Brailei, Nr. 85, corp adiacent, Bl. BR5A, zona A	0236.703.500 - 0236.703.535	L-V: 9.00-17.30
219	jud.Galati	Tecuci	Ag. Tecuci	Str. 1 Decembrie 1918, nr.42	0236.703.600 - 0236.703.605	L-V: 9.00-17.30
220	jud.Galati	Galati	Ag. Anghel Saligny	Str. Anghel Saligny, bl G4, sc.3	0236.703.640 - 0236.703.643	L-V: 9.00-17.00
221	jud.Galati	Galati	Ag. Dunarea de Jos	Str. Brailei, nr.232, bl E4	0236.703.660 - 0236.703.664	L-V: 10.00-18.00
222	jud.Galati	Galati	Ag. Henri Coanda	Str. Graurului, Nr. 1, Bl. J5, Sc. 1, Ap. 1, Micro 39	0236.703.680 - 0236.703.684	L-V: 9.00-17.00; 13:00-13:30 inchis
223	jud.Galati	Galati	Ag. Costache Negri	Str. Brailei, aferent bloc I 1 , cartier Tiglina I	0236.703.700 - 0236.703.704	L-V: 9.00-17.00; 13:00-13:30 inchis
224	jud.Galati	Galati	Ag. Domneasca	Str Domneasca, nr. 20, Bl A	0236.703.720 - 0236.703.724	L-V: 9.00-17.00; 13:00-13:30 inchis
225	jud.Galati	Galati	Ag. Traian	Str. Traian, nr. 67, zona A, Jud.Galati	0236.703.740 - 0236.703.743	L-V: 9.00-17.00; 13:00-13:30 inchis
226	jud.Galati	Galati	Ag. Brates	Galati, Micro 14, Str. 1 Decembrie 1918, Nr. 12, Bloc S9E, Scara 2, Jud Galati	0236.703.760 - 0236.703.763	L-V: 9.00-17.00; 13:00-13:30 inchis
227	jud.Galati	Liesti	Ag. Liesti	Comuna Liesti	0236.703.780 - 0236.703.783	L-V: 9.00-17.00; 13:00-13:30 inchis
228	jud.Galati	Galati	Ag. Siret (Selgros)	B-dul Galati, nr. 1C	0236.703.800 - 0236.703.803	L-S: 9.00-21.30; D: 9.00-19.00
229	jud.Galati	Galati	Ag. Malina	Str. Brailei nr. 208, Bloc C3A	0236.703.820 - 0236.703.823	L-V: 9.00-17.00; 13:00-13:30 inchis
230	jud.Tulcea	Tulcea	Ag. Tulcea	Str. Grivitei, Nr. 19	0240.703.500 - 0240.703.914	L-V: 9.00-17.30
231	jud.Tulcea	Babadag	Ag. Babadag	Str. Republicii, nr. 98, zona A, Babadag	0240.703.600 - 0240.703.603	L-V: 9.00-17.00
232	jud.Tulcea	Tulcea	Ag. Dunarea	Str. Isaccai, nr. 4, Bl. G0	0240.703.620 - 0240.703.623	L-V: 9.00-17.00
233	jud.Tulcea	Tulcea	Ag. Egreta	Str. Isaccai, Bloc U2, judetul Tulcea	0240.703.640 - 0240.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis
234	jud.Tulcea	Tulcea	Ag. Delta	Str. Frasinului, nr. 4, bl. 4, sc. B	0240.703.660 - 0240.703.663	L-V: 9.00-17.00; 13:00-13:30 inchis

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235	jud.Braila	Braila	Ag. Braila	Str. Calea Calarasilor, nr. 34	0239.703.500 - 0239.703.522	L-V: 9.00-17.30
236	jud.Braila	Braila	Ag. 1 Decembrie	Str. 1 Decembrie 1918, nr. 2	0239.703.600 - 0239.703.606	L-V: 9.00-17.00
237	jud.Braila	Braila	Ag. Panait Istrati	Piata Dorobanti, nr. 1, bl. 20B	0239.703.620 - 0239.703.623	L-V: 9.00-17.00; 13:00-13:30 inchis
238	jud.Braila	Braila	Ag. Belvedere	Str. Dorobanti, nr. 31, Bl. A30	0239.703.640 - 0239.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis
239	jud.Braila	Braila	Ag. Vidin	Str. Galati, nr. 325, Bl. 2 (magazin nr. 34)	0239.703.660 - 0239.703.663	L-V: 9.00-17.00; 13:00-13:30 inchis
240	jud.Braila	Braila	Ag. Piscului	Bulevardul Dorobantilor, nr. 621 Bloc 1, parter judetului Braila	0239.703.700 - 0239.703.703	L-V: 9.00-17.00; 13:00-13:30 inchis
241	jud.Braila	Ianca	Ag. Ianca	Str. Calea Brailei, Bloc B3, zona A, jud. Braila	0239.703.720 - 0239.703.723	L-V: 9.00-17.00; 13:00-13:30 inchis
242	jud.Braila	Braila	Ag. Viziru	Calea Calarasilor, nr. 319, Bl. B1, Viziru	0239.703.740 - 0239.703.743	L-V: 9.00-17.00; 13:00-13:30 inchis
243	jud.Braila	Braila	Ag. Braila Vest (Selgros)	Str. Ramnicu Sarat, nr. 92, Braila	0239.703.761 - 0239.703.762	L-S: 9.00-21.30; D: 9.00-19.00
244	jud.Braila	Braila	Ag. Apollo	Str. General Eremia Grigorescu, nr. 19, Bloc 3A	0239.703.780 - 0239.703.783	L-V: 9.00-17.00; 13:00-13:30 inchis
245	jud.Calarasi	Calarasi	Ag. Calarasi	Str. Bucuresti, Nr. 111, si 1, Municipiul Calarasi, Judetul Calarasi	0242.703.500 - 0242.703.511	L-V: 9.00-17.30
246	jud.Calarasi	Calarasi	Ag. Belsugului	Str. Belsugului, Bl. D2, Sc. 1	0242.703.600 - 0242.703.604	L-V: 9.00-17.30
247	jud.Calarasi	Calarasi	Ag. Flacara	Str. Flacara, Nr. 5, Bl C16, Sc. 4	0242.703.620 - 0242.703.623	L-V: 9.00-17.00; 13:00-13:30 inchis
248	jud.Calarasi	Lehliu Gara	Ag. Lehliu	Str. Nicolae Titulescu, nr. 56	0242.703.640 - 0242.703.645	L-V: 9.00-17.00
249	jud.Ialomita	Slobozia	Ag. Ialomita	B-dul Chimiei, nr. 13	0243.703.500	L-V: 9.00-17.30
250	jud.Ialomita	Slobozia	Ag. Slobozia	Str. Matei Basarab, Bara Comerciala	0243.703.600 - 0243.703.604	L-V: 9.00-17.00; 13:00-13:30 inchis
251	jud.Ialomita	Slobozia	Ag. Matei Basarab	Str. Matei Basarab, Bloc 27, Scara A, jud. Ialomita	0243.703.620 - 0243.703.623	L-V: 9.30-17.30; 13:00-13:30 inchis
252	jud.Ialomita	Fetesti	Ag. Fetesti	Str. Ceahlraul, nr. 1-3	0243.703.640 - 0243.703.644	L-V: 9.00-17.30
253	jud.Ialomita	Tandarei	Ag. Tandarei	Str. Bucuresti, Bl. 52 H, Sc. B	0243.703.660 - 0243.703.665	L-V: 9.00-17.00; 13:00-13:30 inchis
254	jud.Ialomita	Urziceni	Ag. Urziceni	Str. Eroilor, nr. 16, bl. 101	0243.703.680 - 0243.703.685	L-V: 9.00-17.30
255	jud.Ialomita	Fetesti	Ag. Danubius	Str. Calarasi, Bl. B13, Sc. C	0243.703.700 - 0243.703.703	L-V: 9.30-17.30; 13:00-13:30 inchis
256	jud.Calarasi	Oltenita	Ag. Dimitrie Ghica	Str. Argesului, nr. 33-35, Bloc 107, scara A	0242.703.660 - 0242.703.662	L-V: 9.00-17.00; 13:00-13:30 inchis

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257	jud.Calarasi	Oltenita	Ag. Oltenita	B-dul Tineretului, nr. 121, bl. Sahia 1, sc. C	0242.703.680 - 0242.703.686	L-V: 9.00-17.30
258	jud.Giurgiu	Giurgiu	Ag. Giurgiu	Str. Vlad Tepes, nr. 20	0246.703.500 - 0246.703.507	L-V: 9.00-17.00
259	jud.Giurgiu	Giurgiu	Ag. Turn	Sos. Bucuresti, bl. 28/853	0246.703.600 - 0246.703.603	L-V: 9.00-17.00; 13:00-13:30 inchis
260	jud.Teleorman	Alexandria	Ag. Teleorman	Str. Av. Al.Colfescu, nr. 63	0247.703.500 - 0247.703.521	L-V: 9.00-17.30
261	jud.Teleorman	Alexandria	Ag. Alexandria	Str. Libertatii, Nr. 202, jud. Teleorman	0247.703.600 - 0247.703.603	L-V: 9.00-17.00
262	jud.Teleorman	Rosiorii de Vede	Ag. Rosiori de Vede	Strada Dunarii, Bl. D3	0247.703.620 - 0247.703.625	L-V: 9.00-17.00
263	jud.Teleorman	Turnu Magurele	Ag. Turnu Magurele	Str. Republicii, bl G4	0247.703.640 - 641/642/644	L-V: 9.00-17.00
264	jud.Teleorman	Videle	Ag. Videle	Sos. Giurgiului, nr. 21, Complex Stejarul	0247.703.660 - 0247.703.663	L-V: 9.00-17.00
265	jud.Teleorman	Zimnicea	Ag. Zimnicea	Str. Mihai Viteazul, bl. 18C	0247.703.680 - 0247.703.684	L-V: 9.00-17.00; 13:00-13:30 inchis
266	jud.Teleorman	Rosiorii de Vede	Ag. Unic	Str. Rahovei, Bl. 102-103	0247.703.701 - 0247.703.703	L-V: 9.00-17.00; 13:00-13:30 inchis
267	jud.Giurgiu	Bolintin Vale	Ag. Bolintin Vale	Str. Republicii, bl. B5	0246.703.620 - 0246.703.626	L-V: 9.00-17.00
268	jud.Constanta	Constanta	Ag. Constanta	Bdul Al. Lapusneanu, nr. 163C, Constanta, jud Constanta	0241.703.500 - 0241.703.524/ 0241.703.526/ 0241.703.537	L-V: 9.00-17.30
269	jud.Constanta	Constanta	Ag. Marea Neagra	Bulevardul Tomis, nr. 56, magazin 62, Constanta	0241.703.620 - 0241.703.623	L-V: 9.00-17.00; 13:00-13:30 inchis
270	jud.Constanta	Eforie Nord	Ag. Eforie Nord	B-dul Republicii, nr. 2	0241.703.640 - 0241.703.643	L-V: 9.00-17.00
271	jud.Constanta	Mangalia	Ag. Mangalia	Sos. Constantei, nr. 32, Bl. PY2	0241.703.680 - 0241.703.683	L-V: 9.00-17.00
272	jud.Constanta	Mangalia	Ag. Callatis	B-dul 1, Decembrie 1918	0241.703.700 - 0241.703.702	L-V: 9.00-17.00; 13:00-13:30 inchis
273	jud.Constanta	Agigea	Ag. Lazu (Selgros)	Sos Mangaliei, nr. 1, Loc. Lazu, comuna Agigea	0241.703.780 - 0241.703.783	L-S: 9.00-21.30; D: 9.00-19.00
274	jud.Constanta	Constanta	Ag. Farul	Str. Dunarii, Bl. P F4	0241.703.900 - 0241.703.904	L-V: 9.30-17.30; 13:00-13:30 inchis
275	jud.Constanta	Constanta	Ag. Balada	B-dul 1 Decembrie 1918, nr. 10, bl. L 52A	0241.703.920 - 0241.703.924	L-V: 9.00-17.00; 13:00-13:30 inchis
276	jud.Constanta	Constanta	Ag. Histria	B-dul Aurel Vlaicu, nr. 92, Bl. AV21	0241.703.340 - 0241.703.343	L-V: 9.00-17.00; 13:00-13:30 inchis
277	jud.Constanta	Constanta	Ag. Mercur	B-dul Tomis, Nr. 213, Bl. TS 8	0241.703.801 - 0241.703.802	L-V: 9.30-17.30; 13:00-13:30 inchis
278	jud.Constanta	Constanta	Ag. Capitol	Bd. Tomis, nr. 141, Bloc T1	0241.703.380 - 0241.703.383	L-V: 9.00-17.00; 13:00-13:30 inchis
279	jud.Constanta	Constanta	Ag. Dobrogea	Sos. Mangaliei, nr. 185, Bloc 4	0241.703.400 - 0241.703.403	L-V: 9.00-17.00; 13:00-13:30 inchis

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280	jud.Constanta	Constanta	Ag. Delfinarium	B-dul Mamaia, nr. 264, bl. PS 5	0241.703.600 - 0241.703.606	L-V: 9.00-17.00
281	jud.Constanta	Harsova	Ag. Harsova	Str. Vadului, Bloc V2, spatiu comercial nr. 17	0241.703.660 - 0241.703.663	L-V: 9.00-17.00
282	jud.Constanta	Medgidia	Ag. Medgidia	Str. Republicii, nr. 12, Bl. G4, mag 40 si mag 107	0241.703.720 - 0241.703.726	L-V: 9.00-17.00
283	jud.Constanta	Medgidia	Ag. Lucian Grigorescu	Str. Independentei, Bloc E1, judetul Constanta	0241.703.740 - 0241.703.743	L-V: 9.00-17.00; 13:00-13:30 inchis
284	jud.Constanta	Constanta	Ag. Tomis	Str.Cismelei, nr. 16, Bl. B 5	0241.703.760 - 0241.703.763	L-V: 9.30-17.30
285	jud.Constanta	Constanta	Ag. Soveja	Str. Dezrobirii, Nr. 143, Bl. IV22	0241.703.360 - 0241.703.363	L-V: 9.30-17.30; 13:00-13:30 inchis
286	jud.Constanta	Navodari	Ag. Navodari	Bulevardul Navodari, Nr. 159	0241.703.820 - 0241.703.822	L-V: 9.00-17.00; 13:00-13:30 inchis
287	jud.Constanta	Valu lui Traian	Ag. Valu lui Traian	Str. Calea Dobrogei, Nr. 78, jud. Constanta	0241.703.840 - 0241.703.843	L-V: 9.00-17.00; 13:00-13:30 inchis
288	jud.Constanta	Constanta	Ag. Trocadero	B-dul Alexandru Lapusneanu, nr. 89, Bl. LE 33	0241.703.860 - 0241.703.865	L-V: 9.00-17.00; 13:00-13:30 inchis
289	jud.Constanta	Constanta	Ag. Litoral (Selgros)	B-dul Tomis, nr. 387	0241.703.940 - 0241.703.943	L-S: 9.00-21.30; D: 9.00-19.00
290	jud.Constanta	Ovidiu	Ag. Ovidiu	Str Nationala, nr. 74	0241.703.980 - 0241.703.983	L-V: 9.00-17.00; 13:00-13:30 inchis
291	jud.Constanta	Cernavoda	Ag. Cernavoda	Str. Lt. Ion Musat, nr. 3A	0241.703.300 - 0241.703.303	L-V: 9.00-17.00; 13:00-13:30 inchis
292	jud.Constanta	Murfatlar	Ag. Basarabi	Calea Bucuresti, Nr. 13, Bloc BA5	0241.703.320 - 0241.703.323	L-V: 9.00-17.00; 13:00-13:30 inchis
293	jud.Constanta	Navodari	Ag. Navodari 1	Str. Constantei, nr. 12, bloc B2, sc. C	0241.703.420 - 0241.703.423	L-V: 9.30-17.30; 13:00-13:30 inchis
294	jud.Prahova	Ploiesti	Ag. Prahova	Str. Constantin Dobrogeanu Gherea, nr. 1A, Bl. D (zonele a.1 si a.2) si nr. 1B, bl. E (zonele b.1, b.2)	0244.703.500 - 0244.703.566	L-V: 9.00-17.30
295	jud.Prahova	Mizil	Ag. Mizil	Str. Nicolae Balcescu, nr. 38, bl. 43 B	0244.703.620 - 0244.703.628	L-V: 9.00-17.00
296	jud.Prahova	Ploiesti	Ag. Ploiesti 1	B-dul.Republicii, nr. 118, bl. 15 B2	0244.703.700 - 0244.703.707	L-V: 9.30-17.30; 13:00-13:30 inchis
297	jud.Prahova	Ploiesti	Ag. Mihai Viteazul	B-dul Republicii, nr. 17, bl. A5	0244.703.720 - 0244.703.727	L-V: 9.00-17.00
298	jud.Prahova	Ploiesti	Ag. Ploiesti Vest (Selgros)	Str. Gh. Grigore Cantacuzino, nr. 366A	0244.703.740 - 0244.703.744	L-S: 9.00-21.30; D: 9.00-19.00
299	jud.Prahova	Ploiesti	Ag. Mihai Bravu	Str. Mihai Bravu, Aleea Chimiei 5, bloc 4B, si Str. Mihai Bravu, nr. 4A-4B, magazin 125, bl. 4A	0244.703.760 - 0244.703.766	L-V: 9.30-17.30; 13:00-13:30 inchis

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300	jud.Prahova	Ploiesti	Ag. Orient	B-dul Bucuresti, nr. 11, bloc 8C	0244.703.780 - 0244.703.785	L-V: 9.00-17.00
301	jud.Prahova	Ploiesti	Ag. Ploiesti Nord	Sos Nordului, nr. 1A	0244.703.800 - 0244.703.803	L-V: 9.30-17.30
302	jud.Prahova	Ploiesti	Ag. Aurora	Str. Sold. Erou Moldoveanu Marian, Complex Aurora Vest	0244.703.820 - 0244.703.823	L-V: 9.00-17.00; 13:00-13:30 inchis
303	jud.Prahova	Ploiesti	Ag. Caragiale	Str. Grivitei, nr. 2, bloc H, zona B	0244.703.841 - 0244.703.843	L-V: 9.00-17.00; 13:00-13:30 inchis
304	jud.Prahova	Ploiesti	Ag. Bucov (AFI mall)	Str. Calomfirescu, Nr. 2, Ploiesti, Jud. Prahova, România, Unitatea nr. G130, in incinta Centrului Comercial AFI Palace Ploiesti	0244.703.900 - 0244.703.903	L-J, D: 10.00-22.00; V,S: 10,00-23.00
305	jud.Prahova	Valenii de Munte	Ag. Valenii de Munte	Str. Nicolae Iorga, nr. 76, bl. C2	0244.703.640 - 0244.703.644	L-V: 9.30-17.30; 13:00-13:30 inchis
306	jud.Prahova	Urlati	Ag. Urlati	Str. 1 Mai, Nr. 116	0244.703.960 - 0244.703.963	L-V: 9.30-17.30; 13:00-13:30 inchis
307	jud.Dambovita	Targoviste	Ag. Targoviste	B-dul Mircea cel Batran, nr. 8, zona A, et. 1, jud. Dambovita	0245.703.500 - 0245.703.521	L-V: 9.00-17.30
308	jud.Dambovita	Targoviste	Ag. Chindia	Str. Constantin Brancoveanu, Bl. 11, Sc. D	0245.703.620 - 0245.703.623	L-V: 9.00-17.00
309	jud.Dambovita	Pucioasa	Ag. Pucioasa	Str. Republicii, Bl. Delia, Sc. B	0245.703.640 - 0245.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis
310	jud.Dambovita	Targoviste	Ag. Caraiman	B-dul Independentei, nr. 24-25	0245.703.661 - 0245.703.663	L-V: 9.00-17.00; 13:00-13:30 inchis
311	jud.Dambovita	Targoviste	Ag. Crizantemelor	Str. Calea Bucuresti, Bloc O1, Scara B, jud. Dambovita	0245.703.681 - 0245.703.683	L-V: 9.00-17.00; 13:00-13:30 inchis
312	jud.Dambovita	Moreni	Ag. Moreni	Str. Culturii, Bl. D1, sc. D	0245.703.720 - 0245.703.723	L-V: 9.00-17.00; 13:00-13:30 inchis
313	jud.Prahova	Busteni	Ag. Busteni	B-dul Libertatii, nr. 166	0244.703.603 - 0244.703.605	L-V: 9.00-17.00; 13:00-13:30 inchis
314	jud.Prahova	Campina	Ag. Campina	Str.1 Mai, bl 12 G, parter	0244.703.660 - 0244.703.665	L-V: 9.00-17.30
315	jud.Prahova	Campina	Ag. Carol	Bld. Carol I, nr. 17, bl. 17 D1, Campina	0244.703.680 - 0244.703.684	L-V: 9.00-17.00; 13:00-13:30 inchis
316	jud.Prahova	Sinaia	Ag. Sinaia	B-dul Carol, nr. 32	0244.703.940 - 0244.703.943	L-V: 9.00-17.00; 13:00-13:30 inchis
317	jud.Prahova	Baicoi	Ag. Baicoi	Str.Republicii, nr. 20, bl. 28	0244.703.400 - 0244.703.403	L-V: 9.00-17.00; 13:00-13:30 inchis
318	jud.Prahova	Breaza	Ag. Breaza	Str. Republicii, nr. 21	0244.703.420 - 0244.703.423	L-V: 9.00-17.00; 13:00-13:30 inchis
319	jud.Dambovita	Titu	Ag. Titu	Str. Petru Rares, nr. 6	0245.703.600 - 0245.703.603	L-V: 9.00-17.00; 13:00-13:30 inchis
320	jud.Dambovita	Gaesti	Ag. Gaesti	Str. 13 Decembrie, Nr. 39, Bl. 46, Sc. F	0245.703.740 - 0245.703.743	L-V: 9.00-17.00; 13:00-13:30 inchis

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321	jud.Arges	Pitesti	Ag. Arges	Calea Craiovei, nr. 42	0248.703.500 - 0248.703.549	L-V: 9.00-17.30
322	jud.Arges	Campulung Muscel	Ag. Campulung	Str. Negru Voda, nr. 117, bl 1, parter	0248.703.600 - 0248.703.606	L-V: 9.00-17.30
323	jud.Arges	Mioveni	Ag. Mioveni	Bdul Dacia, bl. V 2 B	0248.703.660 - 0248.703.666	L-V: 9.00-17.00
324	jud.Arges	Pitesti	Ag. Pitesti	Calea Bucuresti, Bl. U1-U2	0248.703.680 - 0248.703.686	L-V: 9.00-17.00
325	jud.Arges	Pitesti	Ag. Gavana	Str. Liviu Rebreanu, nr. 2, bl. N2	0248.703.700 - 0248.703.703	L-V: 9.00-17.00; 13:00-13:30 inchis
326	jud.Arges	Pitesti	Ag. Pitesti 2	Piata Vasile Milea, bl. A4 , parter	0248.703.823 - 0248.703.828	L-V: 9.00-17.30
327	jud.Arges	Pitesti	Ag. Exerciitiu	Str. Bibescu Voda, bl. A	0248.703.841 - 0248.703.842	L-V: 9.00-17.00
328	jud.Arges	Pitesti	Ag. Balcescu	Bd. Nicolae Balcescu, Str. Gh. Titeica, bloc S5, sc. Tronson D si E, Pitesti	0248.703.860 - 0248.703.863	L-V: 9.30-17.30; 13:00-13:30 inchis
329	jud.Arges	Pitesti	Ag. Fratii Golesti	B-dul Petrochimistilor, Bloc B32	0248.703.881 - 0248.703.883	L-V: 9.00-17.00; 13:00-13:30 inchis
330	jud.Arges	Topoloveni	Ag. Topoloveni	Str. Calea Bucuresti, Bl. P26	0248.703.920 - 0248.703.923	L-V: 9.00-17.00; 13:00-13:30 inchis
331	jud.Arges	Pitesti	Ag. Davila	Str. Mr Gheorghe Sontu, Bl. D4	0248.703.940 - 0248.703.943	L-V: 9.00-17.00; 13:00-13:30 inchis
332	jud.Arges	Curtea de Arges	Ag. Curtea de Arges	Str. Basarabilor, nr. 27-29	0248.703.761 - 0248.703.765	L-V: 9.00-17.00
333	jud.Arges	Curtea de Arges	Ag. Ivancea	Str. Albesti, Bloc Z2, parter	0248.703.781 - 0248.703.782	L-V: 9.00-17.00; 13:00-13:30 inchis
334	jud.Arges	Domnesti	Ag. Domnesti	B-dul. Alexandru Ioan Cuza, Nr. 3, in incinta Casei de Cultura	0248.703.801 - 0248.703.803	L-V: 9.00-17.00; 13:00-13:30 inchis
335	jud.Valcea	Ramnicu Valcea	Ag. Valcea	Str. Stirbei Voda, nr. 2, bl T1	0250.703.500 - 0250.703.530	L-V: 9.00-17.30
336	jud.Valcea	Calimanesti	Ag. Calimanesti	Str. Calea lui Traian, nr. 322	0250.705.021 - 0250.705.023	L-V: 9.00-17.00; 13:00-13:30 inchis
337	jud.Valcea	Berbesti	Ag. Berbesti	Bl. B1, Berbesti	0250.705.061 - 0250.705.064	L-V: 9.00-17.00; 13:00-13:30 inchis
338	jud.Valcea	Horezu	Ag. Horezu	Str. 1 Decembrie, Nr. 5	0250.705.081 - 0250.705.085	L-V: 9.00-17.00
339	jud.Valcea	Ramnicu Valcea	Ag. Ostroveni	B-dul Tineretului, Nr. 8	0250.705.120 - 0250.705.122	L-V: 9.00-17.00; 13:00-13:30 inchis
340	jud.Valcea	Ramnicu Valcea	Ag. Valcea Sud	Str. Calea lui Traian, Nr. 82, Bloc S9, Parter "Restaurant Sud"	0250.705.141 - 0250.705.143	L-V: 9.00-17.00; 13:00-13:30 inchis
341	jud.Valcea	Ramnicu Valcea	Ag. Valcea Nord	Str. Calea lui Traian, nr. 160, Bl. 21, zona A	0250.705.181 - 0250.705.183	L-V: 9.30-17.30
342	jud.Valcea	Babeni	Ag. Babeni	Str. Calea lui Traian, nr. 105	0250.705.200 - 0250.705.203	L-V: 9.00-17.00; 13:00-13:30 inchis

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343	jud.Dolj	Craiova	Ag. Dolj	Str. Sfantu Dumitru, nr. 8 , Craiova, Jud. Dolj	0251.703.506/ 504/522	L-V: 9.00-17.30
344	jud.Dolj	Calafat	Ag. Calafat	Str. 22 Decembrie, Nr. 8	0251.703.600 - 0251.703.603	L-V: 9.00-17.00; 13:00-13:30 inchis
345	jud.Dolj	Craiova	Ag. Oltenia	Str. Calea Bucuresti, Bl. A14-A15	0251.703.640 - 0251.703.643; 0251.703.645	L-V: 9.30-17.30
346	jud.Dolj	Craiova	Ag. Craiova Est (Selgros)	Str. Caracal, nr. 258	0251.703.661 - 0251.703.663	L-S: 9.00-21.30; D: 9.00-19.00
347	jud.Dolj	Craiova	Ag. Romanescu	Str. Nicolae Romanescu, nr. 6 C	0251.703.681 - 0251.703.683	L-V: 9.00-17.00
348	jud.Dolj	Craiova	Ag. Nicolae Titulescu	Str. Nicolae Titulescu, Nr. 8	0251.703.701; 0251.703.703 - 0251.703.707; 0251.703.709 - 0251.703.710	L-V: 9.30-17.30; 13:00-13:30 inchis
349	jud.Dolj	Craiova	Ag. Cetatea Baniei	Bdul. Olteniei, bloc 2, parter	0251.703.721 - 0251.703.724	L-V: 9.00-17.00
350	jud.Dolj	Craiova	Ag. Expres	B-dul. Dacia, nr. 136, bl. C	0251.703.740 - 0251.703.744	L-V: 9.00-17.00; 13:00-13:30 inchis
351	jud.Dolj	Craiova	Ag. Sarari	Cartier Lapus, Str. Calea Bucuresti, Bloc N16-17	0251.703.780 - 0251.703.782	L-V: 9.00-17.00; 13:00-13:30 inchis
352	jud.Dolj	Craiova	Brazda lui Novac	Str.1 Decembrie 1918, nr. 27	0251.703.800 - 0251.703.802	L-V: 9.00-17.00; 13:00-13:30 inchis
353	jud.Olt	Slatina	Ag. Olt	Str. Basarabilor, Nr. 2	0249.703.501 - 0249.703.525	L-V: 9.00-17.30
354	jud.Olt	Caracal	Ag. Caracal	Str. Parangului, Bl. 4A	0249.703.621 - 0249.703.626	L-V: 9.00-17.00
355	jud.Olt	Draganesti Olt	Ag. Draganesti Olt	Str. Nicolae Titulescu, nr. 129	0249.703.661 - 0249.703.663	L-V: 9.00-17.00
356	jud.Olt	Scornicesti	Ag. Scornicesti	B-dul. Muncii nr. 7, Bloc 1A, Scara B, parter	0249.703.681 - 0249.703.683	L-V: 9.00-17.00
357	jud.Olt	Slatina	Ag. Slatina	B-dul. Alex Ioan Cuza, Bl. D9,D10	0249.703.701 - 0249.703.706	L-V: 9.00-17.00
358	jud.Olt	Slatina	Ag. Minulescu	Str. Arcului, nr. 1A	0249.703.721 - 0249.703.723	L-V: 9.00-17.00; 13:00-13:30 inchis
359	jud.Olt	Slatina	Ag. Crisan	Str. Crisan II, nr. 4	0249.703.761 - 0249.703.763	L-V: 9.00-17.00
360	jud.Arges	Costesti	Ag. Costesti	Str. Victoriei, Bl. L21	0248.703.641 - 0248.703.645	L-V: 9.00-17.00; 13:00-13:30 inchis
361	jud.Valcea	Dragasani	Ag. Dragasani	Str. Gib Mihaescu, Nr. 20, Bl. 52	0250.705.041 - 0250.705.044	L-V: 9.00-17.30
362	jud.Olt	Corabia	Ag. Corabia	Str. 1 Mai, Bl. 32-33	0249.703.641 - 0249.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis
363	jud.Gorj	Targu Jiu	Ag. Gorj	Str. Tudor Vladimirescu, nr. 17	0253.703.500 - 0253.703.523	L-V: 9.00-17.30
364	jud.Gorj	Targu Jiu	Ag. Targu Jiu	Str. Republicii, Bl. 25, Sc. 3	0253.703.600 - 0253.703.607	L-V: 9.00-17.00; 13:00-13:30 inchis
365	jud.Gorj	Rovinari	Ag. Rovinari	Str. Prieteniei, Nr. 13 bis	0253.703.640 - 0253.703.643	L-V: 9.00-17.00; 13:00-13:30 inchis

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366	jud.Gorj	Targu Carbunesti	Ag. Targu Carbunesti	Str. Trandafirilor, Bl. B4	0253.703.661 - 0253.703.663	L-V: 9.00-17.00; 13:00-13:30 inchis
367	jud.Gorj	Motru	Ag. Motru	Str. Trandafirilor	0253.703.680 - 0253.703.683	L-V: 9.00-17.00; 13:00-13:30 inchis
368	jud.Gorj	Targu Jiu	Ag. Ecaterina Teodoroiu	Str. Victoriei, bl. 194	0253.703.720 - 0253.703.723	L-V: 9.30-17.30; 13:00-13:30 inchis
369	jud.Gorj	Turceni	Ag. Turceni	Str. Uzinei, nr. 1, Bl. 27	0253.703.740 - 0253.703.743	L-V: 7.30-16.00; 13:00-13:30 inchis
370	jud.Mehedinti	Drobeta Turnu Severin	Ag. Mehedinti	Bdul T. Vladimirescu, nr. 125-127	0252.703.500 - 0252.703.513	L-V: 9.00-17.30
371	jud.Mehedinti	Drobeta Turnu Severin	Ag. Turnu Severin	Bdul.Mihai Viteazul, Nr. 20, Bl. Z7B	0252.703.600 - 0252.703.604	L-V: 9.00-17.00; 13:00-13:30 inchis
372	jud.Mehedinti	Orsova	Ag. Orsova	Str. 1 Decembrie 1918, Nr. 21, Bl. C1-C2	0252.703.620 - 0252.703.623	L-V: 9.00-17.00; 13:00-13:30 inchis
373	jud.Mehedinti	Drobeta Turnu Severin	Ag. Cora Turnu Severin	Str. Constructorului, nr. 1	0252.703.661 - 0252.703.663	L-V: 9.00-21.00; S,D: 11.00-20.00
374	jud.Ilfov	Buftea	Ag. Buftea	Str. Mihai Eminescu, Nr. 6, Bl. R5, parter	021.370.40.20 - 021.370.40.25	L-V: 9.00-17.30
375	jud.Ilfov	Chitila	Ag. Chitila Residenz	Sos. Banatului, Nr. 14, Bl. 9	021.370.41.60 - 021.370.41.63	L-V: 9.30-17.30; 13:00-13:30 inchis
376	jud.Bucuresti	Bucuresti	Ag. Campineanu	Str. Ion Campineanu, Nr. 33, Sector 1	021.370.02.22- 021.370.02.24	L-V: 9.30-17.30; 13:00-13:30 inchis
377	jud.Bucuresti	Bucuresti	Ag. Bucuresti	Calea Victoriei, nr. 224, bl. D5, Sector 1 Str. Grigore Alexandrescu, nr. 4A, Sector 1	PF: 021.370.00.00- 021.370.01.06 PJ: 021.209.36.14 021.209.37.09	L-V: 9.00-17.30 L-V: 9.00-17.30
378	jud.Bucuresti	Bucuresti	Ag. Grivita	Calea Grivitei, nr. 163, Sector 1	021.370.02.80 - 021.370.02.87	L-V: 9.00-17.30
379	jud.Bucuresti	Bucuresti	Ag. Ion Mihalache	Str. Ion Mihalache, nr. 109, bl 13 A, Sector 1	021.370.03.60 - 021.370.03.63	L-V: 9.30-17.30
380	jud.Bucuresti	Bucuresti	Ag. Stirbei Voda	Calea Stirbei Voda, nr. 152, bl. 26B	021.370.04.01 - 021.370.04.04	L-V: 9.30-17.30; 13:00-13:30 inchis
381	jud.Bucuresti	Bucuresti	Ag. Chibrit	Calea Grivitei, Nr. 236, Sector 1	021.370.04.60 - 021.370.04.64	L-V: 9.30-17.30; 13:00-13:30 inchis
382	jud.Bucuresti	Bucuresti	Ag. Titulescu	Bd. Nicolae Titulescu, nr. 18, bl. 23, Sector 1	021.370.04.80 - 021.370.04.83	L-V: 9.30-17.30; 13:00-13:30 inchis
383	jud.Bucuresti	Bucuresti	Ag. Magheru	Strada Bdul. Nicolae Balcescu Nr. 23A, Sector 1	021.370.05.20 - 021.370.05.23	L-V: 9.30-17.30; 13:00-13:30 inchis
384	jud.Bucuresti	Bucuresti	Ag. Giulesti	Calea Giulesti, nr. 123, Sector 6	021.370.05.40 - 021.370.05.43	L-V: 9.30-17.30; 13:00-13:30 inchis
385	jud.Bucuresti	Bucuresti	Ag. Pajura	Str. Pajurei, Nr. 7, apartament SP. COM, Zona A, Sector 1	021.370.05.60 - 021.370.05.63	L-V: 9.30-17.30; 13:00-13:30 inchis
386	jud.Bucuresti	Bucuresti	Ag. Chitila	Str. Chitilei, nr. 197, Sector 1	021.370.05.80 - 021.370.05.84	L-V: 9.30-17.30; 13:00-13:30 inchis

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387	jud.Bucuresti	Bucuresti	Ag. Domenii	Bdl Ion Mihalache, nr. 187, Bl. 4, ap. Sp. Com. Dreapta	021.370.06.20 - 021.370.06.23	L-V: 9.30-17.30; 13:00-13:30 inchis
388	jud.Bucuresti	Bucuresti	Ag. Bucurestii Noi	Bdul Bucurestii Noi, Nr. 56, Bloc 56, Scara B, Sector 1	021.370.06.60 - 021.370.06.63	L-V: 9.30-17.30; 13:00-13:30 inchis
389	jud.Bucuresti	Bucuresti	Ag. Piata Amzei	Piata Amzei, nr. 19, Sector 1	021.370.03.20 - 021.370.03.29	L-V: 9.30-17.30
390	jud.Bucuresti	Bucuresti	Ag. Perla	Bdul. Iancu de Hunedoara, Nr. 64, Bl. 12B, Sector 1, zona B	021.370.13.00 - 021.370.13.03	L-V: 9.30-17.30; 13:00-13:30 inchis
391	jud.Ilfov	Otopeni	Ag. Otopeni	Str. 23 August, nr. 1, bl. B11	021.370.40.40 - 021.370.40.43	L-V: 9.00-17.00
392	jud.Ilfov	Snagov	Ag. Snagov	Comuna Snagov, Jud. Ilfov, Sat Ghermanesti, nr. 59	021.370.40.60 - 021.370.40.64	L-V: 9.00-17.00; 13:00-13:30 inchis
393	jud.Ilfov	Voluntari	Ag.Pipera Tunari	Soseaua Pipera Tunari, nr. 48D, Voluntari, Jud. Ilfov	021.370.03.01- 021.370.03.03	L-V: 9.30-17.30; 13:00-13:30 inchis
394	jud.Bucuresti	Bucuresti	Ag. Feeria	Centrul comercial Baneasa Shopping City, Soseaua Bucuresti-Ploiesti 42D, Sector 1	021.370.05.00	L-D: 10.00-19.00
395	jud.Bucuresti	Bucuresti	Ag. Baneasa (Selgros)	Sos. Bucuresti- Ploiesti, nr. 55-65, Sector 1	021.370.02.00 - 021.370.02.03	L-S: 9.00-21.30; D: 9.00-19.00
396	jud.Bucuresti	Bucuresti	Ag. Calea Dorobanti	Calea Dorobanti, nr. 134, Sector 1	021.370.15.00	L-V: 9.30-17.30; 13:00-13:30 inchis
397	jud.Bucuresti	Bucuresti	Ag. Dorobanti	Piata Dorobanti, nr. 1, Sector 1	021.370.02.60 - 021.370.02.70	L-V: 9.30-18.00; S: 10.00-14.00
398	jud.Bucuresti	Bucuresti	Ag. Pipera	Bdul. Dimitrie Pompei, nr. 9-9A, Sector 2	021.306.20.31- 021.306.20.32	L-V: 9.00-17.30
399	jud.Bucuresti	Bucuresti	Ag. Aviatiei	Sos. Pipera, Nr. 21-23, Bl. E3, Sector 1	021.370.04.20 - 021.370.04.24	L-V: 9.30-17.30; 13:00-13:30 inchis
400	jud.Bucuresti	Bucuresti	Ag. Aerogarii	B-dul. Aerogarii, nr. 2-8, bloc II 1, zona A, Sector 1	021.370.04.40 - 021.370.04.43	L-V: 9.30-17.30; 13:00-13:30 inchis
401	jud.Bucuresti	Bucuresti	Ag. Lizeanu	Sos. Stefan cel Mare, nr. 52, bl. 36, Sector 2	021.370.11.00 - 021.370.11.04	L-V: 10.00-18.00; 13:00-13:30 inchis
402	jud.Bucuresti	Bucuresti	Ag. Lacul Tei	Strada Lacul Tei, nr.75, bl. 16, zona A, Sector 2	021.370.13. 42 021.370.13.43	L-V: 9.30-17.30; 13:00-13:30 inchis
403	jud.Bucuresti	Bucuresti	Ag. Barbu Vacarescu	Sos. Stefan Cel Mare, Nr. 24, Bloc 24B, zona A, Sector 2	021.370.14.20 - 021.370.14.23	L-V: 9.30-17.30; 13:00-13:30 inchis

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404	jud.Bucuresti	Bucuresti	Ag. Teiul Doamnei	Strada Teiul Doamnei Nr. 15, Bloc 37, Zona A, Sector 2	021.370.15.20 - 021.370.15.23	L-V: 9.30-17.30; 13:00-13:30 inchis
405	jud.Bucuresti	Bucuresti	Ag. Piata Presei	P-ta Presei Libere, nr. 3-5, cladirea City Gate, Turnul de Nord, Sector 1	021.370.36.25 - 021.370.36.26	L-V: 9.30-17.30
406	jud.Bucuresti	Bucuresti	Ag. Friedrich Wilhelm	Str. Roma, nr. 37, Sector 1	021.370.37.00	L-V: 9.00-17.00
407	jud.Bucuresti	Bucuresti	Ag. Promenada (mall)	Calea Floreasca, Nr. 246B, Sector 1	021.370.24.00	L-D: 10.00-22.00
408	jud.Bucuresti	Bucuresti	Ag. Floreasca City Center	Calea Floreasca, Nr. 246D, Sector 1	021.306.16.20	L-V: 9.30-17.30; 13:00-13:30 inchis
409	jud.Bucuresti	Bucuresti	Ag. Colentina	Sos. Colentina, nr. 24, Sector 2	021.370.11.60 - 021.370.11.68	L-V: 9.30-17.30
410	jud.Bucuresti	Bucuresti	Ag. Rosetti	Piata Rosetti, nr. 4, Sector 2	021.370.13.80 - 021.370.13.83	L-V: 9.30-17.30; 13:00-13:30 inchis
411	jud.Bucuresti	Bucuresti	Ag. Obor	Sos. Colentina, nr. 1, bloc 34, Sector 2	021.370.13.60 - 021.370.13.64	L-V: 9.30-17.30; 13:00-13:30 inchis
412	jud.Bucuresti	Bucuresti	Ag. Armeneasca	Calea Mosilor, Nr. 256-258, Bloc 4Bis, Sector 2	021.370.11.40 - 021.370.11.43	L-V: 9.30-17.30; 13:00-13:30 inchis
413	jud.Ilfov	Voluntari	Ag. Voluntari	Str. Nicolae Iorga, Nr. 67, zona A	021.370.40.80 - 021.370.40.83	L-V: 9.30-17.30
414	jud.Ilfov	Pantelimon	Ag. Comuna Pantelimon	Str. Tudor Vladimirescu, nr. 20, zona A, Comuna Pantelimon	021.370.41.40 - 021.370.41.43	L-V: 9.30-17.30; 13:00-13:30 inchis
415	jud.Bucuresti	Bucuresti	Ag. Bratianu	Str. Lipscani, nr. 90A, Sector 3	021.370.10.00 - 021.370.10.04	L-V: 9.30-17.30
416	jud.Bucuresti	Bucuresti	Ag. Iancului	Sos. Iancului, nr. 2, Bl. 113C	021.370.10.40 - 021.370.10.46	L-V: 9.30-17.30
417	jud.Bucuresti	Bucuresti	Ag. Mosilor (dedicata PJ)	Calea Mosilor, nr. 221, Bl. 31A, Corp A, Sector 2	021.370.10.60 - 021.370.10.67	L-V: 9.30-17.30; 13:00-13:30 inchis
418	jud.Bucuresti	Bucuresti	Ag. Delfinului	Sos. Pantelimon, nr. 254, Sector 2	021.370.11.20 - 021.370.11.22	L-V: 9.30-17.30; 13:00-13:30 inchis
419	jud.Bucuresti	Bucuresti	Ag. Colentina 1 (Carrefour)	Sos Colentina, nr. 426-426A	021.370.11.80 - 021.370.11.84	L-S: 9.00-21.30; D: 9.00-20.00
420	jud.Bucuresti	Bucuresti	Ag. Pantelimon	Sos. Pantelimon, nr. 300, Sector 2	021.370.12.00 - 021.370.12.07	L-V: 9.30-17.30
421	jud.Bucuresti	Com. Pantelimon	Ag. Pantelimon 1 (Selgros)	B-dul Biruintei, nr. 90, comuna Pantelimon	021.370.12.20 - 021.370.12.24	L-S: 9.00-21.30; D: 9.00-19.00
422	jud.Bucuresti	Bucuresti	Ag. Vergului (Cora)	Sos Vergului, nr. 20, Sector 2	021.370.12.40 - 021.370.12.44	L-J: 9.00-21.00; V: 9.00-22.00; S: 9.00-21.00; D: 9.00-19.00
423	jud.Bucuresti	Bucuresti	Ag. Veranda Mall (fosta Dimitrov)	Strada Ziduri Moși 23, Sector 2, Bucuresti	021.370.14.00 - 021.370.14.03	L-D: 10.00-19.00
424	jud.Bucuresti	Bucuresti	Ag. Granitul	Sos Pantelimon, Nr. 354, Sector 2	021.370.14.40 - 021.370.14.43	L-V: 9.30-17.30; 13:00-13:30 inchis

No.	County/Judet	City	Agency/Agentie	Address/Adresa	Phone no/ telefon	Working Schedule/Program de lucru
425	jud.Bucuresti	Bucuresti	Ag. Calea Mosilor (dedicata PF)	Calea Mosilor, nr. 225, Bl. 33-35, sector 2	021.370.14.60 - 021.370.14.65	L-V: 9.30-17.30
426	jud.Bucuresti	Bucuresti	Ag. Lucretiu Patrascanu	Str. Lucretiu Patrascanu, nr. 17, bl. MC18, Sector 3	021.370.14.80 - 021.370.14.83	L-V: 9.00-17.00; 13:00-13:30 inchis
427	jud.Bucuresti	Bucuresti	Ag. Delea Veche	Calea Calarasi, nr. 180, bl. 61, sector 3	021.370.12.80 - 021.370.12.83	L-V: 9.00-17.00; 13:00-13:30 inchis
428	jud.Bucuresti	Bucuresti	Ag. Basarabia	Bld. Basarabia, Nr. 55, Bl. M22, Sector 2	021.370.12.60 - 021.370.12.63	L-V: 9.00-17.00; 13:00-13:30 inchis
429	jud.Bucuresti	Bucuresti	Ag. Unirea	Bdv. Bratianu, Nr. 39, Bl. P6, Sector 3	021.370.10.80 - 021.370.10.89	L-V: 9.30-18.00
430	jud.Bucuresti	Bucuresti	Ag. Titan Mall	Bd. 1 Decembrie 1918, nr. 33A, Sector 3	021.370.30.80 - 021.370.30.83	L-V: 9.00-20.00; S: 9.00-18.00
431	jud.Bucuresti	Bucuresti	Ag. Bucuresti Mall	Calea Vitian, nr. 58, sc. Zona A	021.370.32.60 - 021.370.32.65	L-V: 9.00-17.30
432	jud.Bucuresti	Bucuresti	Ag. Decebal	Bd. Decebal nr. 16, bl. S5, sc. Tronson II si III, cod postal 030968, Bucuresti	021.370.32.80 - 021.370.32.88	L-V: 9.00-17.30
433	jud.Bucuresti	Bucuresti	Ag. Vitian	Piata Alba Iulia, Nr. 1, Sector 3	021.370.30.00 - 021.370.30.04	L-V: 9.00-17.00
434	jud.Bucuresti	Bucuresti	Ag. Camil Ressu	B-dul Camil Ressu, Nr. 62, Bl. 1D	021.370.33.22 - 021.370.33.23	L-V: 9.00-17.00; 13:00-13:30 inchis
435	jud.Bucuresti	Bucuresti	Ag. Rebreanu	Str. Liviu Rebreanu, nr. 14, bl. K3	021.370.33.40 - 021.370.33.44	L-V: 9.00-17.00; 13:00-13:30 inchis
436	jud.Bucuresti	Bucuresti	Ag. Nerva Traian	Str. Nerva Traian, Nr. 15, Bl. M69	021.370.33.60 - 021.370.33.63	L-V: 9.00-17.00; 13:00-13:30 inchis
437	jud.Bucuresti	Bucuresti	Ag. Piata Muncii	Sos. Mihai Bravu, nr. 288, Bl. C3, Sector 3	021.370.35.80 - 021.370.35.83	L-V: 9.00-17.00; 13:00-13:30 inchis
438	jud.Bucuresti	Bucuresti	Ag. Titan	Bld. Nicolae Grigorescu, nr. 53, Ca 13, Sector 3	021.370.34.20 - 021.370.34.23	L-V: 9.00-17.00
439	jud.Bucuresti	Bucuresti	Ag. Titan Est	B-dul. 1 Decembrie 1918, Nr. 37, zona A, Sector 3	021.370.34.40 - 021.370.34.43	L-V: 9.00-17.00; 13:00-13:30 inchis
440	jud.Bucuresti	Bucuresti	Ag. Vitian Sud	Sos. Mihai Bravu, Nr. 325, Bloc 55, spatiu comercial CA 38, zona A, Sector 3	021.370.34.80 - 021.370.34.83	L-V: 9.00-17.00; 13:00-13:30 inchis
441	jud.Bucuresti	Bucuresti	Ag. Rond Baba Novac	Sos. Mihai Bravu, Nr. 302-304, Bl. B13, Sc. 1, Apartament Sp Com, Sector 3	021.370.35.00 - 021.370.35.03	L-V: 9.00-17.00; 13:00-13:30 inchis
442	jud.Bucuresti	Bucuresti	Ag. Dristor	B-dul. Camil Ressu, Nr. 2, Bloc R1, Sector 3	021.370.35.60 - 021.370.35.62	L-V: 9.00-17.00; 13:00-13:30 inchis

No.	County/Judet	City	Agency/Agentie	Address/Adresa	Phone no/ telefon	Working Schedule/Program de lucru
443	jud.Ilfov	Popesti Leordeni	Ag. Popesti Leordeni	Sos. Oltenitei, Nr. 23, Bloc M1	021.370.40.00 - 021.370.40.03	L-V: 9.30-17.30; 13:00-13:30 inchis
444	jud.Bucuresti	Bucuresti	Ag. Sebastian	Str. Calea 13 Septembrie, Nr. 221-225, Sector 5	021.370.21.20 - 021.370.21.30	L-V: 9.00-17.30
445	jud.Bucuresti	Bucuresti	Ag. Victoria	Calea Victoriei, Nr. 21, Sector 3, corp B	021.370.20.00 - 021.370.20.09	L-V: 9.30-17.30
446	jud.Bucuresti	Bucuresti	Ag. Toporasi	Sos Giurgiului, Nr. 131, Sector 4	021.370.21.40 - 021.370.21.47	L-V: 9.00-17.30
447	jud.Bucuresti	Bucuresti	Ag. Progresul	Str. Giurgiului, nr. 118, Bl. 12, Sector 4	021.370.22.20 - 021.370.22.23	L-V: 9.30-17.30; 13:00-13:30 inchis
448	jud.Bucuresti	Bucuresti	Ag. Ferentari	Calea Ferentari, nr. 20, bl. 126, lotul A, Sector 5	021.370.22.40 - 021.370.22.43	L-V: 9.30-17.30; 13:00-13:30 inchis
449	jud.Bucuresti	Bucuresti	Ag. Rond Cosbuc	B-dul Libertatii, nr. 4, bl. 117, Sector 4	021.370.22.60 - 021.370.22.63	L-V: 9.30-17.30; 13:00-13:30 inchis
450	jud.Bucuresti	Bucuresti	Ag. Liberty Center (mall)	Sos. Progresului, nr. 151-171, unitatea nr. 1.26, Sector 5	021.370.25.00 - 021.370.25.03	L-V: 10.00-19.30; S: 10.00-14.30
451	jud.Bucuresti	Bucuresti	Ag. Berceni (Selgros)	Sos. Turnu Magurele, nr. 92-108, Sector 4	021.370.30.40 - 021.370.30.44	L-S: 9.00-21.30; D: 9.00-19.00
452	jud.Bucuresti	Bucuresti	Ag. Brancoveanu	Sos. Oltenitei, nr. 56, bl. 11C, Sector 4	021.370.31.00 - 021.370.31.03	L-V: 9.30-17.30
453	jud.Bucuresti	Bucuresti	Ag. Obregia	B-dul Alexandru Obregia, nr. 7A, Bl. 128, Sector 4	021.370.31.20 - 021.370.31.27	L-V: 9.00-17.30
454	jud.Bucuresti	Bucuresti	Ag. Sincai	B-dul Tineretului, Nr. 1, Bl. 5	021.370.31.60 - 021.370.31.63	L-V: 9.30-17.30; 13:00-13:30 inchis
455	jud.Bucuresti	Bucuresti	Ag. Barzesti	Soseaua Oltenitei, nr. 254, bl. 151, Sector 4	021.370.31.80 - 021.370.31.83	L-V: 9.30-17.30; 13:00-13:30 inchis
456	jud.Bucuresti	Bucuresti	Ag. Cantemir	Str. Dimitrie Cantemir, Nr. 13, Sector 4	021.370.32.00 - 021.370.32.03	L-V: 9.30-17.30; 13:00-13:30 inchis
457	jud.Bucuresti	Bucuresti	Ag. Aparatorii Patriei	Sos. Berceni, Nr. 183, Sector 4, zona C	021.370.32.20 - 021.370.32.23	L-V: 9.30-17.30; 13:00-13:30 inchis
458	jud.Bucuresti	Bucuresti	Ag. Sun Plaza (fosta Vacaresti)	Calea Văcărești nr. 391, Sector 4, București	021.370.32.40 - 021.370.32.43	L-V: 10.00-19.00; S-D: 11.00-17.00
459	jud.Ilfov	Bragadiru	Ag. Bragadiru	Sos. Alexandriei, Bl. D3-2, sp. Com	021.370.41.20 - 021.370.41.23	L-V: 9.30-17.30; 13:00-13:30 inchis
460	jud.Bucuresti	Bucuresti	Ag. Crangasi	Calea Crangasi, nr. 12, Sector 6	021.370.02.40 - 021.370.02.47	L-V: 9.30-17.30
461	jud.Bucuresti	Bucuresti	Ag. Apusului	Str. Iuliu Maniu, nr. 73, bl. C3, Sector 6	021.370.20.40 - 021.370.20.47	L-V: 9.00-17.30

No.	County/Judet	City	Agency/Agentie	Address/Adresa	Phone no/ telefon	Working Schedule/Program de lucru
462	jud.Bucuresti	Bucuresti	Ag. Drumul Taberei	Str. Drumul Taberei, nr. 94, Bl. 519, Sector 6	021.370.20.80 - 021.370.20.83	L-V: 9.00-17.30
463	jud.Bucuresti	Bucuresti	Ag. Lujerului	B-dul Iuliu Maniu, nr. 16, bl. 14, Sector 6	021.370.21.00 - 021.370.21.06	L-V: 9.00-17.30
464	jud.Bucuresti	Bucuresti	Ag. Rahova	Str. Calea Rahovei, nr. 327, bloc 11, Sector 5	021.370.21.60 - 021.370.21.64	L-V: 9.30-17.30
465	jud.Bucuresti	Bucuresti	Ag. Romancierilor	B-dul Timisoara, nr. 73, bl. C12, Sector 6	021.370.21.80 - 021.370.21.83	L-V: 9.30-17.30; 13:00-13:30 inchis
466	jud.Bucuresti	Bucuresti	Ag. Prelungirea Ghencea	Str. Prelungirea Ghencea, Nr. 65B, Bloc C1, Scara 5, Sector 6	021.370.22.80 - 021.370.22.83	L-V: 9.30-17.30; 13:00-13:30 inchis
467	jud.Bucuresti	Bucuresti	Ag. Ghencea	Bucuresti, Bdul. Ghencea, nr. 34, bl. 65, Sector 6	021.370.23.00 - 021.370.23.03	L-V: 9.30-17.30
468	jud.Bucuresti	Bucuresti	Ag. Uverturii	B-dul Uverturii, nr. 83, bl. O15, Sector 6	021.370.23.20 - 021.370.23.23	L-V: 9.30-17.30; 13:00-13:30 inchis
469	jud.Bucuresti	Bucuresti	Ag. Gorjului	B-dul Iuliu Maniu, nr.67, bl. 6, Sector 6	021.370.23.40 - 021.370.23.43	L-V: 9.30-17.30; 13:00-13:30 inchis
470	jud.Bucuresti	Bucuresti	Ag. Rahova Sud	Soseaua Alexandriei, Nr. 11, Bl. 11C, Sector 5	021.370.23.80 - 021.370.23.83	L-V: 9.30-17.30; 13:00-13:30 inchis
471	jud.Bucuresti	Bucuresti	Ag. Valea Cascadelor (Selgros)	Str. Valea Cascadelor, Nr. 26 B, Sector 6	021.370.25.20 - 021.370.25.39	L-S: 9.00-21.30; D: 9.00-19.00
472	jud.Bucuresti	Bucuresti	Ag. Natiunile Unite	Piata Natiunile Unite, Nr. 3-5, Bl. A, Sector 4	021.370.23.60 - 021.370.23.63	L-V: 9.30-17.30; 13:00-13:30 inchis
473	jud.Bucuresti	Bucuresti	Ag. 13 Septembrie	Calea 13 Septembrie, Nr. 107-109, bloc 103, Sector 5	021.370.24.40 - 021.370.24.43	L-V: 9.30-17.30
474	jud.Bucuresti	Bucuresti	Ag. Margeanului	Str. Margeanului, Nr. 40, Bl. M 100, Sector 5	021.370.24.80 - 021.370.24.83	L-V: 9.30-17.30; 13:00-13:30 inchis
475	jud.Bucuresti	Bucuresti	Ag. Cotroceni (mall)	Unitatea nr. C128, Centrul Comercial AFI Palace Cotroceni din Bucuresti, B-dul Vasile Milea, Nr. 4, Sector 6	021.370.24.20 - 021.370.24.23	L-D: 10.00-22.00
476	jud.Bucuresti	Bucuresti	Ag. Cora Lujerului	B-dul Iuliu Maniu, Nr. 19, Sector 6	021.370.36.41 - 021.370.36.44	L-D: 11.00-20.00

BT Capital Partners Units

No	Units	County	City	Address	Phone
1	Bucuresti Branch	BUCURESTI	BUCURESTI	Sector 1, Bd. Ion Ionescu de la Brad, nr. 1A, et. 4	021-2692042
2	Iasi	IASI	IASI	str. Palat nr. 3C, mezanin (in sucursala BT)	0232 244 414
3	Arad	ARAD	ARAD	B-dul Revolutiei nr. 43-43A, parter	0257 250 810
4	Alba Iulia	ALBA	ALBA IULIA	str. Closca, bl. 4, ABCDEF, ap. 55	0258 830 861
5	Timisoara	TIMIS	TIMISOARA	str. Voltaire, nr.1 si str. Carusso, nr. 2	0256 244 561
6	Sibiu	SIBIU	SIBIU	str. Zaharia Boiu, nr. 20A	0269 213 764
7	Targoviste	DAMBOVITA	TARGOVISTE	B-dul Independentei nr. 15A, et. 2, camera 203	0245 217 105
8	Constanta	CONSTANTA	CONSTANTA	B-dul Tomis, nr. 138 bl. TD1A	0241 613 244
9	Bacau	BACAU	BACAU	str. 9 Mai, nr. 24, parter	0234 522 981
10	Pitesti	ARGES	PITESTI	str. Grivitei, bl. B16, parter	0248 220 252
11	Brasov	BRASOV	BRASOV	B-dul Eroilor nr. 17, et. 1	0374 778 048

Banca Transilvania Units

No	Units	County	City	Address	Phone
1	Suc.ALBA	ALBA	ALBA IULIA	Calea Motilor nr.2-4	0258814487
2	Ag.SEBES	ALBA	SEBES	str. Valea Frumoasei nr.3AB	0258734005
3	Ag.AIUD	ALBA	AIUD	str. Transilvaniei nr.5	0372704302
4	Ag.CETATE	ALBA	ALBA IULIA	str. Transilvaniei nr.16	0258833228
5	Ag.CAMPENI	ALBA	CAMPENI	Str Motilor nr.8	0258771718
6				Str Victoriei nr.125 bl.111	
	Ag.AMPOI	ALBA	ALBA IULIA	parter	0372701210
7	Ag.BELVEDERE	ALBA	SEBES	Bd Lucian Blaga bl.45-47	0372708484
8	Ag.BLAJ	ALBA	BLAJ	Str.Eroilor bl. 16A	0372701220
9	Ag.TEIUS	ALBA	TEIUS	Str Clujului Bl.C1	0258852598
10				Bdul Revolutiei 1989 bl.	
	Ag.MOTILOR	ALBA	ALBA IULIA	MV8	0372701212
11	Ag.CUGIR	ALBA	CUGIR	st Al.Sahia nr.22A bl5A	0372701224
12	Ag.ABRUD	ALBA	ABRUD	Pta Eroilor nr.7	0258780179
13	p.IALBA MALL	ALBA	ALBA IULIA	bd. T. Vladimirescu nr. 50A - cod spatiu C19	0258812220
14	AgCENTRU	ALBA	ALBA IULIA	Str.Nicolae Titulescu nr.1, Bl.280, sc.E	0372701214
15	Suc.ARAD	ARAD	ARAD	str.Unirii nr.5-7	0257283122
16	Ag.ARAD	ARAD	ARAD	Bd. Revolutiei nr.76	0257228750
17	Ag.CHISINEU CRIS	ARAD	CHISINEU CRIS	str.Infratii nr.89	0372701554
18	Ag.INEU	ARAD	INEU	Calea Republicii nr.11	0372701556
19	Ag.VLAICU	ARAD	ARAD	Calea Aurel Vlaicu nr.117-119	0372701546
20	Ag.NADLAC	ARAD	NADLAC	Pta Unirii nr.8 bl.A	0372701560
21	Ag.MICALACA	ARAD	ARAD	Calea Radnei nr.108-C	0372701537
22	Ag.PODGORIA	ARAD	ARAD	Bd Revolutiei bl.6	0372701542
23	Ag.INTIM	ARAD	ARAD	str G Cosbuc nr 63 bl3B	0372701535
24	Ag.ARADUL NOU	ARAD	ARAD	Calea Timisoarei nr.50	0372701530
25	Ag.PETRU RARES	ARAD	ARAD	Aleea Romanta nr.2 bl R	0372701539
26	Ag.SANTANA	ARAD	SANTANA	str.Muncii nr.71	0372701548
27	Ag.LIPOVA	ARAD	LIPOVA	str. Nicoalae Balcescu nr. 27	0372701558
28	Ag.PECICA	ARAD	PECICA	Pecica nr.2187 bl. G-5	0372701561
29	Ag.ZIRIDAVA	ARAD	ARAD	Bd Revolutiei nr.43-43A	0372701553
30	Ag.SEBIS	ARAD	SEBIS	Str. Victoriei Bl.D1	0372701551
31	Ag.ALFA	ARAD	ARAD	Faleza Sud bl.35 ap 17	0372701529
32	p.IATRIUM	ARAD	ARAD	Calea Aurel Vlaicu nr 10-12	0372701533

No	Units	County	City	Address	Phone
33	Suc.ARGES	ARGES	PITESTI	Bdul I.C. Bratianu nr. 48-52	0248222360
34	Ag.CAMPULUNG MUSCEL	ARGES	CAMPULUNG MUSCEL	str Istrate Rizeanu nr. 13	0248511900
35	Ag.CURTEA DE ARGES	ARGES	CURTEA DE ARGES	Bd.Basarabilor bl A1	0372701981
36	Ag.NORD	ARGES	PITESTI	Bd N Balcescu bl L5	0372701973
37	Ag.PRUNDU	ARGES	PITESTI	Bd Petrochimistilor bl. B8	0372701974
38	Ag.FORTUNA	ARGES	PITESTI	str.Grivitei bl.B16	0372706740
39	Ag.MIOVENI	ARGES	MIOVENI	Bd.Dacia bl.P3a parter, jud Arges	0372701982
40	Ag.TRIVALE	ARGES	PITESTI	Complex 1 TRIVALE compl.PIATA	0248272711
41	Ag.STEFANESTI	ARGES	STEFANESTI	Sos. Pitesti - Bucuresti nr 144B	0372701984
42	AgCASA CARTII	ARGES	PITESTI	Str. Craiovei, bloc E3B, parter,	0372701979
43	AgEXERCITIU	ARGES	PITESTI	Str. Bibescu Voda, bl.A, parter,	0372704315
44	Suc.BACAU	BACAU	BACAU	str. Oituz nr. 2bis	0234570822
45	Ag.NARCISA	BACAU	BACAU	Str.Republicii nr.3	0372701841
46	Ag.CENTRU	BACAU	BACAU	Str Marasesti nr 4, scara G, parter	0372701837
47	Ag.MIORITA	BACAU	BACAU	Str.Mioritei nr. 74	0372701839
48	Ag.COMANESTI	BACAU	COMANESTI	str Republicii bl.18	0372701850
49	Ag.MOINESTI	BACAU	MOINESTI	str T.Vladimirescu blA2	0372701852
50	Ag.TG OCNA	BACAU	TG OCNA	str.C.Negri bl.A10 sc BCD	0372701861
51	Ag.NORD	BACAU	BACAU	str Aprodul Purice nr 9 sc A	0372701834
52	p.IORIZONT	BACAU	BACAU	Str Marasesti nr.171	0372701846
53	Ag.BUHUSI	BACAU	BUHUSI	Str.Republicii nr.1	0372701848
54	Ag.MILCOV	BACAU	BACAU	Str Milcov nr.134	0372701838
55	p.IARENA CITY	BACAU	BACAU	Str. Stefan cel Mare nr.28 - MALL	0372701844
56	Ag.ZIMBRU	BACAU	BACAU	str Victor Aman nr.1 sc B	0372701843
57	Ag.PODUL TURCULUI	BACAU	BACAU	Tudor Vladimirescu, bl 15, parter	0372701857
58	AgREPUBLICII	BACAU	BACAU	Str Republicii nr.27, bl.27, Sc B	0372701236
59	AgONESTI	BACAU	ONESTI	B-dul Oituz nr.23	0234321050
60	Ag.GARA	BACAU	ONESTI	Calea Marasesti bl.10	0372701854
61	Suc.BIHOR	BIHOR	ORADEA	str Nufarului nr 28E (Trade Center)	0259400292
62	AGDACIA	BIHOR	ORADEA	Bd. Dacia nr.38-40	0259400087
63	Ag.LOTUS	BIHOR	ORADEA	str. Nufarului nr.30	0259400091
64	Ag.REPUBLICII	BIHOR	ORADEA	str. Republicii nr.23	0259400101
65	AgCENTRU	BIHOR	ORADEA	Str. Vasile Alecsandri, nr.1, scara Nissan, parter+mezanin, ap. 28A	0259457704
66	Ag.ALESD	BIHOR	ALESD	Pta Unirii nr.7	0259400121
67	Ag.SALONTA	BIHOR	SALONTA	Str.Libertatii nr.17	0259374120
68	Ag.NUFARUL	BIHOR	ORADEA	str.Nufarului nr.84	0259400141
69	Ag.ROGERIUS	BIHOR	ORADEA	str.Ostasilor nr.16 bl. C2-CC1	0259427099
70	Ag.BEIUS	BIHOR	BEIUS	str. Horea nr.2	0259400161
71	Ag.VELENTA	BIHOR	ORADEA	str Razboieni nr.60	0259477906
72	Ag.IOSIA	BIHOR	ORADEA	str Onestilor nr.1-5 bl A3	0259400186
73	Ag.CAZABAN	BIHOR	ORADEA	str Cazaban nr.56 bl AN 198	0259400197
74	Ag.GARA	BIHOR	ORADEA	Pta Bucuresti nr.2 bl.D10	0259400207

No	Units	County	City	Address	Phone
75	Ag.MARGHITA	BIHOR	MARGHITA	str Republicii nr.24	0259400212
76	Ag.VEST	BIHOR	ORADEA	Str St cel Mare nr.128	0259400227
77	Ag.CLUJULUI	BIHOR	ORADEA	Calea Clujului nr.207-B	0259411835
78	Ag.VALEA LUI MIHAI	BIHOR	VALEA LUI MIHAI	Str.Marton Aron nr.14	0259400247
79	Ag.LUCEAFARUL	BIHOR	ORADEA	str Decebal.nr.66/A	0259400261
80	Ag.STEI	BIHOR	STEI	str Cuza Voda nr.8	0259400287
81	Suc.BISTRITA NASAUD	BISTRITA NASAUD	BISTRITA	str. Garii nr. 30	0263210055
82	Ag.BISTRITA	BISTRITA NASAUD	BISTRITA	str.gen.Grigore Balan bl.85 sc.C	0372701286
83	Ag.BECLEAN	BISTRITA NASAUD	BECLEAN	Pta Libertatii nr.7	0372701318
84	Ag.INDEPENDENTEI	BISTRITA NASAUD	BISTRITA	Str Independentei bl 58	0372701287
85	Ag.COROANA	BISTRITA NASAUD	BISTRITA	P-ta Petru Rares nr. 4	0372708173
86	Ag.GHEORGHE SINCAI	BISTRITA NASAUD	BISTRITA	Str.Gh.Sincai nr.12	0372701313
87	Ag.ANDREI MURESAN	BISTRITA NASAUD	BISTRITA	str Andrei Muresanu bl14 sc D	0372701285
88	Ag.NASAUD	BISTRITA NASAUD	NASAUD	str Granicerilor nr.18	0372701321
89	PLMAIERU	BISTRITA NASAUD	MAIERU	str Principala nr. 1133	0372701320
90	Ag.PRUNDU BARGAULUI	BISTRITA NASAUD	PRUNDU BARGAULUI	str Principala nr.104	0372701322
91	Suc.BOTOSANI	BOTOSANI	BOTOSANI	str. Marchian bl.G2	0231529166
92	Ag.PRIMAVERII	BOTOSANI	BOTOSANI	Str Primaverii nr.23	0372701824
93	Ag.CALEA NATIONALA	BOTOSANI	BOTOSANI	Calea Nationala nr.74	0372701822
94	Ag.DOROHOI	BOTOSANI	DOROHOI	str.Dumitru Furtuna nr.5	0372701832
95	Ag.ENESCU	BOTOSANI	BOTOSANI	Str.George Enescu nr 32	0372701826
96	Ag.DARABANI	BOTOSANI	DARABANI	Str.1 Decembrie FN	0372701830
97	AgCUZA VODA	BOTOSANI	BOTOSANI	Str. Cuza Voda, nr. 2, sc. F, parter	0372701257
98	Suc.BRAILA	BRAILA	BRAILA	Calea Calarasilor nr.11	0239627600
99	Ag.PIATA MARE	BRAILA	BRAILA	str Dorobanti nr.311	0372701950
100	Ag.VIZIRU	BRAILA	BRAILA	Calea Calarasilor nr.228 bl C1	0372701947
101	Ag.CONCORDIA	BRAILA	BRAILA	Calea Calarasilor nr.54 bl.10	0239611954
102	AgSCOLILOR	BRAILA	BRAILA	Str. Scolilor nr.52, bl.B15, parter, Braila, judet Braila	0372701952
103	Ag.PANAIT ISTRATI	BRAILA	BRAILA	Sos. Buzaului nr.5 bl.B12bis	0372701949
104	Suc.BRASOV	BRASOV	BRASOV	str. 13 decembrie nr.17	0268477181
105	AgMODAROM	BRASOV	BRASOV	B-dul. Eroilor nr. 27, parter, Brasov, judetul Brasov	0372701396
106	Ag.CALEA BUCURESTI	BRASOV	BRASOV	Calea Bucuresti nr.92	0372701397
107	Ag.FAGARAS	BRASOV	FAGARAS	str.Balcescu nr.5	0372701453
108	Ag.GEMENII	BRASOV	BRASOV	str Zizinului nr 71	0372701407
109	Ag.RACADAU	BRASOV	BRASOV	str Tampei nr. 8 sc A	0372701425
110	Ag.TRACTORUL	BRASOV	BRASOV	Str 1 Decembrie 1918 nr.8	0372701427
111	Ag.SACELE	BRASOV	SACELE	Alexandru Lepadatu nr.3;	0372701451
112	Ag.GRIVITEI	BRASOV	BRASOV	Bd.Grivitei nr.47	0372701411
113	Ag.CRAITER	BRASOV	BRASOV	Str Harmanului nr.102	0372701405
114	Ag.NOUA	BRASOV	BRASOV	Calea Bucuresti nr. 252 bl.3	0372701424

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115	Ag.CODLEA	BRASOV	CODLEA	Str.Lunga nr 132	0372701436
116	Ag.PREDEAL	BRASOV	PREDEAL	Bd.M.Saulescu nr.36	0372701447
117	Ag.RASNOV	BRASOV	RASNOV	bloc nr 2 Cv Florilor II	0372701450
118	Ag.GHIMBAV	BRASOV	GHIMBAV	Str. Lunga nr. 22	0372701441
119	Ag.BARTOLOMEU	BRASOV	BRASOV	str Lunga nr 250	0372701402
120	Ag.DIVIZIA MEDICI	BRASOV	BRASOV	str. Iuliu Maniu nr. 49, Corp 1, Parter	0372701393
121	Ag.ASTRA	BRASOV	BRASOV	Calea Bucuresti nr.10 B, parter	0372701416
122	Suc.LIPSCANI	BUCURESTI	LIPSCANI	str. Lipscani nr.102, sect.3	0214072322
123	Ag.ROSETTI	BUCURESTI	ROSETTI	bdul Carol I nr. 23	0241232174
124	Ag.MAGHERU	BUCURESTI	MAGHERU	Bd.Nicolae Balcescu nr.16	0214072372
125	Ag.CALEA GIURGIULUI	BUCURESTI	GIURGIULUI	Sos.Giurgiului nr.127 bl.2B	0214512061
126	Ag.CENTRUL CIVIC	BUCURESTI	CENTRUL CIVIC	Bd Unirii nr.25-27 bl.14-15 sect.4	0214072356
127	Ag.AMZEI	BUCURESTI	AMZEI	Piata Amzei nr.7-9 sect 1	0213156197
128	Ag.COPOSU	BUCURESTI	COPOSU	Bd Corneliu Coposu nr.3-5 bl.101	0213103165
129	Ag.DIVIZIA MEDICI	BUCURESTI	COTROCENI	sos.Cotroceni nr.9 sect.6	0213145028
130	Ag.BRATIANU	BUCURESTI	BRATIANU	Str Ion I.C.Bratianu nr 34, sector 3	0213123015
131	Ag.UNIVERSITATE	BUCURESTI	UNIVERSITATE	Bd. Regina Elisabeta nr.16 sect.3	0213154560
132	AGPIATA ROMANA	BUCURESTI	PIATA ROMANA	Bd. Magheru nr 11	0214313343
133	Ag.ACADEMIEI	BUCURESTI	ACADEMIEI	Str. Academiei nr 29, sector 1, Bucuresti	0213873140
134	Suc.UNIRII	BUCURESTI	UNIRII	Pta Alba Iulia nr.2 bl.II, sect.3	0214012100
135	Ag.MIHAI BRAVU	BUCURESTI	MIHAI BRAVU	Sos.Mihai Bravu nr.290 bl.4 sector 3	0213202555
136	Ag.TINERETULUI	BUCURESTI	TINERETULUI	str Lanariei-Gh Sincai sector 4	0213303240
137	Ag.BRANCOVEANU	BUCURESTI	BRANCOVEANU	Bd Constantin Brancoveanu nr.114 bl.1/1	0214601177
138	Ag.OLTENITEI	BUCURESTI	OLTENITEI	Sos.Oltenitei nr.232 bl.23, sect 4	0216343425
139	Ag.CALEA CALARASILOR	BUCURESTI	DELEA VECHE	Calea Calarasilor nr.179 bl.49, sect.3	0213266252
140	Ag.C	BUCURESTI	ORASELUL COPIILOR	Sos.Oltenitei nr.50, bl.7A, sector 4	0213324269
141	Ag.VITAN	BUCURESTI	VITAN	Calea Vitan nr.199 bl.52 sector 3	0213464057
142	Ag.POPESTI LEORDENI	BUCURESTI	POPESTI LEORDENI	Sos. Oltenitei nr.23 bl.M1	0213614877
143	Ag.OCTAVIAN GOGA	BUCURESTI	OCTAVIAN GOGA	Bd.Octavian Goga nr.22 bl.M63	0213210238
144	p.IVITAN REAL	BUCURESTI	VITAN REAL	Calea Vitan nr. 236, sector 3, Bucuresti	0213400565
145	Ag.DECEBAL	BUCURESTI	DECEBAL	B-dul. Decebal, nr. 25-29, Piata Muncii, parter, sector 3,	0372704312
146	Suc.MARRIOTT	BUCURESTI	MARRIOTT	Calea 13 Septembrie nr.108-112 bl.52-54 sect.5	0214108006
147	Ag.SEBASTIAN	BUCURESTI	SEBASTIAN	Calea Rahovei nr. 322 bl. 67 sector 5	0213873175

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148	Ag.MARGEANULUI	BUCURESTI	MARGEANULUI	str Margeanului nr.26 bl.M23A sector 5	0214205035
149	AgMAGURELE	BUCURESTI	MAGURELE	Str. Atomistilor nr. 250A, Magurele, jud Ilfov	0372701367
150	Ag.BERCENI	BUCURESTI	BERCENI	Bd.Alexandru Obregia nr.35 bl.35 sector 4	0216835010
151	Ag.PIATA SUDULUI	BUCURESTI	PIATA SUDULUI	sos Oltenitei nr 162, bl 3, sector 4	0213321146
152	Ag.SPITAL BAGDASAR	BUCURESTI	SPITAL BAGDASAR	sos. Berceni nr.35 bl.104 sect.4	0213341018
153	Suc.BUCUR OBOR	BUCURESTI	OBOR	Sos.Mihai Bravu nr.10 bl. P10	0212102048
154	Ag.STEFAN CEL MARE	BUCURESTI	ST CEL MARE	Sos.St.cel Mare nr.16	0212111366
155	Ag.LACUL TEI	BUCURESTI	LACUL TEI	Bd Lacul Tei nr.109 bl.13	0212432333
156	Ag.PIPERA	BUCURESTI	PIPERA	Sos Pipera Tunari nr.23	0214072566
157	Ag.MOSILOR	BUCURESTI	MOSILOR	Calea Mosilor nr.274 bl.18 sect2	0212110350
158	Ag.DNA GHICA	BUCURESTI	DNA GHICA	Sos.Colentina nr.53 bl.59	0214072585
159	Ag.IANCULUI	BUCURESTI	IANCULUI	Sos.Mihai Bravu nr.139-145 bl.D10 sect.2	0212505574
160	AGVERANDA MALL	BUCURESTI	VERANDA MALL	str Ziduri Mos nr 23, sector 2	0372007018
161	Suc.VICTORIA	BUCURESTI	VICTORIA	str. Iancu de Hunedoara nr.6	0212128826
162	Ag.DOROBANTI	BUCURESTI	DOROBANTI	str.Av.Radu Beller nr.6 bl.20	0214072450
163	AGGARA DE NORD	BUCURESTI	GARA DE NORD	Bd-ul Dinicu Golescu nr. 38, sector 1	0214072495
164	Ag.AVIATIEI	BUCURESTI	AVIATIEI	Str.Cap.Av Serbanescu nr.26 bl.17B	0214072477
165	AgTITULESCU	BUCURESTI	TITULESCU	Str. Dr. Felix nr. 63-69, parter, sector 1, Bucuresti	0212222475
166	Ag.STIRBEI VODA	BUCURESTI	STIRBEI VODA	Calea Stirbei Voda nr.97-99	0216373123
167	Ag.PERLA BUCURESTI	BUCURESTI	PERLA BUCURESTI	Calea Dorobantilor 102-110, bl.2, sect 1	0214072439
168	MILITARI	BUCURESTI	MILITARI	bdul Iuliu Maniu 22 bl. C15 sect 6	0214305454
169	Ag.CRANGASI	BUCURESTI	CRANGASI	Calea Cringasi, nr.22, bl.46, parter	0212213066
170	Ag.GHENCEA	BUCURESTI	GHENCEA	Bd.Ghencea nr.126-132	0214072636
171	Ag.VALEA ARGESULUI	BUCURESTI	VALEA ARGESULUI	Dr Taberei nr.96 bl 521 sect6	0214449277
172	Ag.RAHOVA	BUCURESTI	RAHOVA	Sos Alexandriei Nr 16 Bl. L4	0214568012
173	Ag.GORJULUI	BUCURESTI	GORJULUI	Bd. Iuliu Maniu nr.65	0214301995
174	Ag.APACA	BUCURESTI	APACA	Bd Iuliu Maniu nr.7 sect 6	0213160091
175	AgAPUSULUI	BUCURESTI	APUSULUI	B-dul. Iuliu Maniu nr.190, bl.C1, parter, spatiul comercial nr.1, sector 6,	0214341684
176	Ag.DRUMUL TABEREI 34	BUCURESTI	DRUMUL TABEREI 34	Drumul Taberei nr 32	0217460134
177	Ag.SEMA PARC	BUCURESTI	SEMA PARC	Splaiul Independentei nr.319 sector 6	0214073616
178	Suc.PANTELIMON	BUCURESTI	PANTELIMON	Sos.Pantelimon nr.328 bl.5	0212500447
179	Ag.PATRASCANU	BUCURESTI	PATRASCANU	Bd. Lucretiu Patrascanu nr.18	0214073620
180	Ag.PALLADY	BUCURESTI	TH PALLADY	Bd Theodor Pallady nr.1 bl 26	0213485040

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181	Ag.DELFINULUI	BUCURESTI	DELFINULUI	Sos.Pantelimon nr.243 bl.52, sect2	0212556117
182	Ag.TITAN	BUCURESTI	TITAN	Bd. Nicolae Grigorescu nr.31A sector 3	0213405009
183	Ag.BABA NOVAC	BUCURESTI	BABA NOVAC	Str. Baba Novac nr.15A bl.3 sect 3	0213241021
184	Ag.DRISTOR	BUCURESTI	DRISTOR	Sos.Mihai Bravu nr.305 bl.14A-14B	0214072722
185	Ag.MEGA MALL	BUCURESTI	MEGA MALL	Bd. Pierre de Coubertin nr 3-5, Sector 2, Bucuresti	0372750404
186	Suc.PTA CHIBRIT	BUCURESTI	P-TA CHIBRIT	Calea Grivitei nr 395 sect 1	0212320479
187	Ag.1 MAI	BUCURESTI	1 MAI	Bdul Ion Mihalache nr.65	0212221676
188	Ag.BUCURESTII NOI	BUCURESTI	BUCURESTII NOI	Bd Bucurestii Noi nr.68	0216678059
189	Ag.DOMENII	BUCURESTI	DOMENII	Bdul Ion Mihalache nr. 126	0212241047
190	Ag.SOSEAUA CHITILEI	BUCURESTI	SOS.CHITILEI	Sos. Chitilei nr.90 sect 1	0216670046
191	Ag.CRB	BUCURESTI	CRB	Sos Bucuresti Ploiesti, nr. 43	0212074039
192	Ag.FEERIA	BUCURESTI	FEERIA	Sos. Bucuresti Ploiesti nr. 44A, sector 1	0372727070
193	Suc.OTOPENI	ILFOV	OTOPENI	Calea Bucurestilor nr.78 bl.B2-4	0213500272
194	Ag.BUFTEA	ILFOV	BUFTEA	str.M.Eminescu nr.12 bl. R5	0213108242
195	Ag.VOLUNTARI	ILFOV	VOLUNTARI	Com Voluntari Sos Afumati nr.57	0214055900
196	Ag.DORALY	ILFOV	com Afumati	sos Bucuresti - Urziceni nr.1670	0213100947
197	Suc.BUZAU	BUZAU	BUZAU	str. Unirii bl.13 AB	0238411977
198	Ag.CUZA VODA	BUZAU	BUZAU	Str. Cuza Voda nr. 5 bis	0372701760
199	Ag.Rm.Sarat	BUZAU	RM SARAT	Str.Victoriei bl.13F	0372701779
200	Ag.BUZAU SUD	BUZAU	BUZAU	Bd.Unirii bl.P0-P1	0372701755
201	Ag.MARGHILOMAN	BUZAU	BUZAU	Cartier Dorobanti I intre bl.7D si 8A	0372701766
202	Ag.BUZAU NORD	BUZAU	BUZAU	str Unirii cartier Micro III bloc E3	0372701775
203	Ag.STADIONULUI	BUZAU	BUZAU	str Maresal Averescu cart.Micro14	0372701770
204	Ag.Nehoiu	BUZAU	NEHOIU	Calea Mihai Viteazul	0372701777
205	Ag.CENTRU DE AFACERI	BUZAU	BUZAU	str.Transilvaniei nr.1	0372701758
206	Ag.GARA	BUZAU	BUZAU	Bd Garii nr.42	0372701763
207	Ag.PENTELEU	BUZAU	BUZAU	Str Transilvaniei nr 98	0372701768
208	PLMALL AURORA	BUZAU	BUZAU	str Unirii nr 232	0372701753
209	AgDEMOCRATIEI	BUZAU	BUZAU	B-dul. Unirii, bl. 16G, parter,	0372701503
210	Suc.CALARASI	CALARASI	CALARASI	Str Prelungirea Bucuresti nr 6 A	0242333244
211	Ag.ORIZONT	CALARASI	CALARASI	Str. Stirbei Voda nr.6 bl M2 sc 3	0372702072
212	Ag.OLTENITA	CALARASI	OLTENITA	Bd Tineretului bl.17	0372702077
213	Suc.CARAS SEVERIN	CARAS SEVERIN	RESITA	str.I.L.Caragiale nr.18	0255227134
214	Ag.CARANSEBES	CARAS SEVERIN	CARANSEBES	str Mihai Viteazu nr.8A	0255515213
215	Ag.RESITA NORD	CARAS SEVERIN	RESITA	Bd Republicii nr 6 sc II	0255220031

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216	Ag.OTELUL ROSU	CARAS SEVERIN	OTELUL ROSU	str Revolutiei nr.171 sc A	0255530194
217	Ag.BOCSA	CARAS SEVERIN	BOCSA	str.Funicularului nr.93	0255525530
218	Ag.ORAVITA	CARAS SEVERIN	ORAVITA	str.Closca nr.33C	0255572142
219	Suc.CLUJ	CLUJ	CLUJ	Bd. Eroilor nr.36	0264207100
220	Ag.DOROBANTI	CLUJ	CLUJ	str. Dorobantilor nr.3	0264301647
221	Ag.BARITIU	CLUJ	CLUJ	str. Baritiu nr.8	0372795505
222	Ag.GRIGORESCU	CLUJ	CLUJ	str. Fantanele nr.7	0264301652
223	pct.IDONATH	CLUJ	CLUJ	str Donath nr.15	0264301787
224	Ag.HOREA	CLUJ	CLUJ	Str.Horea nr.112	0264484091
225	Ag.MATEI CORVIN	CLUJ	CLUJ	Pta Unirii nr.22	0264301686
226	Ag.NAPOCA	CLUJ	CLUJ	str Republicii nr 1	0264301695
227	Ag.MIHAI VITEAZU	CLUJ	CLUJ	Pta Mihai Viteazu nr. 29	0264301707
228	Ag.CIPARIU	CLUJ	CLUJ	str Milton Lehrer nr 22	0264301717
229	Ag.38707	CLUJ	CLUJ	Bd 21 Decembrie nr.104	0264301725
230	Ag.BRANCUSI	CLUJ	CLUJ	str.Brancusi nr.174	0264301737
231	Ag.DAMBU ROTUND	CLUJ	CLUJ	str.Giordano Bruno nr. 30	0264301757
232	Ag.FERDINAND	CLUJ	CLUJ	Str. Regele Ferdinand nr.29, parter, ap.12,	0264301897
233	p.IPOLUS	CLUJ	CLUJ	POLUS CENTER	0264302161
234	Ag.IULIUS MALL	CLUJ	CLUJ	IULIUS MALL	0264302151
235	Ag.BACIU	CLUJ	BACIU	Str Principala nr.923	0264302121
236	Ag.DIVIZIA MEDICI	CLUJ	CLUJ	Str.V.Babes nr.29	0264302145
237	Ag.GRUIA	CLUJ	CLUJ	Str.Gruia nr.2 (Hotel Seven)	0264302103
238	pct.IAEROPORT	CLUJ	CLUJ	AEROPORT CLUJ	0264302174
239	Ag.HUEDIN	CLUJ	HUEDIN	str Horea nr.2	0372702037
240	SUCZORILOR	CLUJ	CLUJ	str. Republicii nr.109	0264592427
241	Ag.MANASTUR	CLUJ	CLUJ	str. Bucegi nr.14-15	0264301607
242	Ag.BILLA	CLUJ	CLUJ	Calea Floresti nr.75	0264301616
243	Ag.GILAU	CLUJ	GILAU	str Principala nr 960 (ONCOS)	0264301791
244	Ag.CALEA MOTILOR	CLUJ	CLUJ	Calea Motilor nr.106	0264301761
245	p.IPRITAX	CLUJ	CLUJ	Str Primaverii nr.2-4 ap 101	0264301831
246	Ag.ZORILOR PASTEUR	CLUJ	CLUJ	Str.Pasteur nr.77 ap.52	0264301857
247	Ag.FLORESTI	CLUJ	FLORESTI	Str Avram Iancu nr.172	0264301867
248	Ag.MEHEDINTI	CLUJ	CLUJ	str Mehedinti nr.74 ap.43	0264301882
249	SUC.CALEA BUCURESTI	CLUJ	CLUJ	Str Fabricii nr.7	0264448872
250	Ag.MARASTI	CLUJ	CLUJ	Bd.21 Dec.1989 nr.137	0264301627
251	Ag.PATA	CLUJ	CLUJ	Bd. N.Titulescu nr.163	0264301631
252	Ag.EXPO	CLUJ	CLUJ	Str Dambovitei nr.47	0264301741
253	Ag.BD MUNCII	CLUJ	CLUJ	Bd Muncii nr.12	0264301771
254	Ag.IRIS	CLUJ	CLUJ	Pta Liebknecht nr 7-8	0264301841
255	Ag.SOMESANI	CLUJ	SOMESANI	AMBIENT TRAIAN VUIA NR.140	0264301877
256	Ag.APAHIDA	CLUJ	APAHIDA	str.Libertatii nr.189	0264301917
257	Ag.DOROBANTILOR 55	CLUJ	CLUJ	Str.Dorobantilor nr.55 ap.17	0264302131
258	Ag.INTRE LACURI	CLUJ	CLUJ	Str.Dunarii nr.26	0264301901
259	Ag.ABATOR	CLUJ	CLUJ	str Bucuresti nr 1	0264302111
260	Suc.TURDA	CLUJ	TURDA	Pta Romana nr.15	0264316832
261	Ag.OPRISANI	CLUJ	TURDA	Calea Victoriei nr.100	0372702046

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262	Ag.LUDUS	CLUJ	LUDUS	str.Republicii nr.35	0372702056
263	Ag.POTAISSA	CLUJ	TURDA	Str.Republicii nr.14	0372702050
264	Ag.CAMPIA TURZII	CLUJ	CAMPIA TURZII	Pta Mihai Viteazu nr.1	0372702039
265	Suc.DEJ	CLUJ	DEJ	str. 1 Mai nr.6	0264211700
266	pct.IDEJ	CLUJ	DEJ	str. 1 Mai nr.41	0264211409
267	Ag.GHERLA	CLUJ	GHERLA	str. Bobalna nr.12	0372702064
268	Ag.DEALUL FLORILOR	CLUJ	DEJ	Str. CD Gherea nr.7C	0372702058
269	Suc.CONSTANTA	CONSTANTA	CONSTANTA	Bd. Mamaia nr.134	0372877592
270	Ag.DACIA	CONSTANTA	CONSTANTA	Bd. Tomis nr.235 bl. C	0372877593
271	Ag.TOMIS MALL	CONSTANTA	CONSTANTA	str. St cel Mare nr.36-40	0372701649
272	Ag.MANGALIA +arhiva	CONSTANTA	MANGALIA	str. St cel Mare nr.6	0372877588
273	Ag.TOMIS-NORD	CONSTANTA	CONSTANTA	Str.Adamclisi nr.16	0372701656
274	Ag.CASA DE CULTURA	CONSTANTA	CONSTANTA	str.I.L.Caragiale nr.1A bl.L25	0372701622
275	Ag.PIATA FARULUI	CONSTANTA	CONSTANTA	Str.Aurora nr.6 bl.PF1	0372701641
276	Ag.GRAND	CONSTANTA	CONSTANTA	Bd Tomis nr.57	0372701636
277	Ag.TROCADERO	CONSTANTA	CONSTANTA	Bd Lapusneanu nr.82 bl LE32	0241619004
278	Ag.MEDGIDIA	CONSTANTA	MEDGIDIA	str Republicii blG2	0372701686
279	Ag.BIG	CONSTANTA	CONSTANTA	I.C.Bratianu nr.98 bl SR3	0372701601
280	Ag.NAVODARI	CONSTANTA	NAVODARI	str Constantei bl C3	0372701703
281	Ag.CAPITOL	CONSTANTA	CONSTANTA	Bd Tomis nr.138 bl.TD1A	0372701615
282	Ag.SOVEJA	CONSTANTA	CONSTANTA	Str.Soveja nr.104 bl.44	0372701646
283	Ag.FALEZA NORD	CONSTANTA	CONSTANTA	Str. Unirii nr 70 bl.D	0372701633
284	Ag.SUD	CONSTANTA	CONSTANTA	Bd Aurel Vlaicu nr.60	0372701631
285	Ag.CERNAVODA	CONSTANTA	CERNAVODA	Str Crisan nr.5 bl O2B sc A	0372701674
286	Ag.PORT	CONSTANTA	CONSTANTA	“Cladire Navlomar” Poarta 1, Incinta PORT	0241615821
287	Ag.MURFATLAR	CONSTANTA	MURFATLAR	Str Calea Bucuresti nr.15 bl.BA2	0372877587
288	Ag.EFORIE NORD	CONSTANTA	EFORIE NORD	Str Andrei Muresanu nr.1	0372877589
289	p.IMARITIMO MALL	CONSTANTA	CONSTANTA	AUREL VLAICU 220	0372877590
290	Suc.COVASNA	COVASNA	SF GHEORGHE	STR. 1 DECEMBRIE 1918 NR.18	0267351859
291	Ag.TG SECUIESC	COVASNA	TG SECUIESC	str.Gh.Doja nr.40 bl.2-B	0267364317
292	Ag.COVASNA	COVASNA	COVASNA	str.St cel Mare nr.22 bl.2 sc B	0267342442
293	Ag.DEALUL ROZELOR	COVASNA	SF GHEORGHE	str Stadionului nr.7	0372701345
294	Ag.NEMIRA	COVASNA	SF GHEORGHE	Str. 1 Decembrie 1918 nr intre 18D-18E	0267316114
295	Suc.DAMBOVITA	DAMBOVITA	TAROVISTE	str. Revolutiei bl.C6	0245610923
296	Ag.CARAIMAN	DAMBOVITA	TAROVISTE	Bd.Independentei bl.12 ICMD	0372701955
297	Ag.VALAHIA	DAMBOVITA	TAROVISTE	Bd.Unirii bl.67 sc A	0372701959
298	Ag.PUCIOASA	DAMBOVITA	PUCIOASA	Str Republicii compl.Delia	0372701964
299	Ag.POARTA BUCURESTILOR	DAMBOVITA	TAROVISTE	Calea Bucuresti nr.6 bl.O1	0372701957
300	Ag.GAESTI	DAMBOVITA	GAESTI	Str.13 Decembrie nr.32	0372701962
301	Ag.TITU	DAMBOVITA	TITU	str IC Vissarion bl.R sc A	0372701967
302	Suc.DOLJ	DOLJ	CRAIOVA	Str. Iancu Jianu nr.2	0251419745
303	Ag.FRATII GOLESTI	DOLJ	CRAIOVA	Calea Bucuresti nr.63-65 bl.A23	0372702012
304	Ag.ALEX.IOAN CUZA	DOLJ	CRAIOVA	str. A.I.Cuza nr.4 bl. 150	0372702000

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305	Ag.CRAIOVITA NOUA	DOLJ	CRAIOVA	B-dul Oltenia, nr.50, bl.1, parter	0372702011
306	Ag.BRAZDA LUI NOVAC	DOLJ	CRAIOVA	str.Brazda lui Novac bl.C4	0372702006
307	Ag.ROVINE	DOLJ	CRAIOVA	Str. Nicolae Iorga nr.116, Bl.A61	0372702016
308	Ag.EST	DOLJ	CRAIOVA	Calea Bucuresti bl N4	0372702008
309	Ag.DIVIZIA MEDICI	DOLJ	CRAIOVA	Str. N.Titulescu,bl.I8, parter	0372702026
310	Ag.ROMANESCU	DOLJ	CRAIOVA	str.Maresal Ion Antonescu bl.A6	0372702014
311	Ag.FILIASI	DOLJ	FILIASI	Bulevard Racoteanu bl I4, parter	0372702029
312	Ag.VALEA ROSIE	DOLJ	CRAIOVA	Str.Sarari-Siloz, bl.M51-M52	0372702018
313	p.IELECTROPUTERE	DOLJ	CRAIOVA	Calea Bucuresti nr 80	0372702023
314	AgINFRAIRII	DOLJ	CRAIOVA	Str. Alexandru Ioan Cuza nr. 52, bloc 14A, parter,	0372701667
315	Suc.GALATI	GALATI	GALATI	str Brailei nr. 132	0236412711
316	Ag.TIGLINA	GALATI	GALATI	Str.Brailei bl.A6	0372701940
317	Ag.DELTA	GALATI	GALATI	str. Siderurgistilor 24, bl SD6C SC4	0372701927
318	Ag.DUNAREA	GALATI	GALATI	micro 21 , bloc D10	0372701930
319	Ag.MICRO 19	GALATI	GALATI	str. Otelarilor bl. P1	0372701936
320	Ag.TECUCI	GALATI	TECUCI	str. 1 Decembrie nr.46	0372701944
321	Ag.CENTRAL	GALATI	GALATI	str. Maior Iancu Fotea nr.3 bl L	0372701926
322	Ag.HENRI COANDA	GALATI	GALATI	Str Henri Coanda nr.8 bl.J5	0372701935
323	Ag.TG BUJOR	GALATI	TG BUJOR	Str. Eremia Grigorescu nr 101 complex B	0372701938
324	Ag.DIVIZIA MEDICI	GALATI	GALATI	str Brailei nr.158 bloc A8	0372701942
325	Suc.GIURGIU	GIURGIU	GIURGIU	str.Bucuresti bl.45-4D	0372702068
326	Ag.Agentie	GIURGIU	GIURGIU	str. Garii nr.1	0757080353
327	Suc.GORJ	GORJ	TG JIU	str.Traian nr.33	0253227094
328	Ag.SELECT	GORJ	TG JIU	str Unirii bl 14	0372702031
329	Ag.TURN	GORJ	TG JIU	Bd N.Titulescu bl.12	0372702033
330	Ag.PARALELA 45	GORJ	TG JIU	Str.Victoria Abator bl.54	0372702035
331	Ag.NOVACI	GORJ	NOVACI	Str Parangului nr.71A	0372702036
332	Ag.MOTRU	GORJ	MOTRU	b-dul Trandafirilor nr. 8A	0372755656
333	AgBRANCUSI	GORJ	TG JIU	B-dul Constantin Brancusi, bl. 51, parter,	0372704303
334	Suc.HARGHITA	HARGHITA	MIERCUREA CIUC	str.Florilor nr. 18	0266310203
335	Ag.ODORHEI	HARGHITA	ODORHEI	Str.Kossuth Lajos nr.1	0372701380
336	Ag.GHEORGHENI	HARGHITA	GHEORGHENI	str Libertatii nr.8 A	0372701374
337	Ag.BULEVARD	HARGHITA	MIERCUREA CIUC	Bdul Fratiei nr.2B	0372701369
338	Ag.TOPLITA	HARGHITA	TOPLITA	str Nicolae Balcescu bl.D	0372701382
339	Ag.CRISTURU SECUIESC	HARGHITA	CRISTURU SECUIESC	str. Libertatii nr. 49	0372701371
340	Ag.BORSEC	HARGHITA	BORSEC	str. Carpati nr.6 parter	0372952525
341	Suc.HUNEDOARA	HUNEDOARA	DEVA	str. 22 Dec nr.42	0254232258
342	Ag.OPERA	HUNEDOARA	DEVA	P-ta Victoriei nr.8	0254226355
343	Ag.PETROSANI	HUNEDOARA	PETROSANI	str.Balcescu nr.2	0372701475
344	Ag.DECEBAL	HUNEDOARA	DEVA	Bd Decebal—DEVA MALL	0372701455
345	Ag.HATEG	HUNEDOARA	HATEG	str T.Vladimirescu bl13C	0372701464
346	Ag.ORASTIE	HUNEDOARA	ORASTIE	str Eroilor bl E	0372701470
347	Ag.BRAD	HUNEDOARA	BRAD	Str.Minerilor nr.5-7	0372701460
348	Ag.ZAVOI	HUNEDOARA	DEVA	str.M.Eminescu bl.B sc D	0372701458
349	Ag.LUPENI	HUNEDOARA	LUPENI	str Tudor Vladimirescu nr.82	0372701467
350	Ag.VULCAN	HUNEDOARA	VULCAN	Bd Mihai Viteazul nr.18	0372701477
351	Ag.FAVORIT	HUNEDOARA	DEVA	Str.Zarandului , bl.43 sc.C	0254223171
352	Ag.NORD	HUNEDOARA	PETROSANI	1Decembrie1918, bl.67, parter	0254547824

No	Units	County	City	Address	Phone
353	Ag.CORVIN	HUNEDOARA	HUNEDOARA	str George Enescu nr. 10	0254740296
354	Ag.RUSCA	HUNEDOARA	HUNEDOARA	Bd Dacia bl.2B	0372701466
355	Suc.IALOMITA	IALOMITA	SLOBOZIA	Bd Unirii bl.U40 sc.A	0243230630
356	Ag.MATEI BASARAB	IALOMITA	SLOBOZIA	Bd.Matei Basarab bl.K1	0372701582
357	Ag.URZICENI	IALOMITA	URZICENI	str Aurora nr.1 bl.54	0372701586
358	Ag.FETESTI	IALOMITA	FETESTI	Str Calarasi bl.E1-E2 sc A	0372701584
359	Suc.IASI	IASI	IASI	str. Palat, nr. 3C, cladirea E3 - UBC4	0232222132
360	Ag.ALEXANDRU CEL BUN	IASI	IASI	Bd.Alexandru cel Bun nr.23, bl. B1	0372701789
361	Ag.PIATA UNIRII	IASI	IASI	str.Cuza Voda nr.1A bl.8 sc.A+B	0372701803
362	Ag.PACURARI	IASI	IASI	Str.Pacurari nr.158,bl.592	0372701800
363	Ag.PASCANI	IASI	PASCANI	str St cel Mare si Sfant, bl V1-3	0372701817
364	Ag.HARLAU	IASI	HARLAU	str Bogdan Voda bl 12 sc B	0372701814
365	Ag.TARGU FRUMOS	IASI	TG FRUMOS	str Cuza Voda nr.50A	0372701819
366	Ag.PODU ROS	IASI	IASI	Bd Socola nr.2,bl.F,tr.4	0372701805
367	Ag.TATARASI	IASI	IASI	Str.Ion Creanga nr.7,bl.K2,sc A	0372701808
368	Ag.CAMPUS TUDOR	IASI	IASI	Bd T.Vladimirescu Camin Stud T17	0372701792
369	Ag.GARA	IASI	IASI	Str.Garii bl.L,nr.20-22	0372701796
370	Ag.DIVIZIA MEDICI	IASI	IASI	B-dul. Independentei nr. 14, bloc 12, Magazin Miorita,	0372701811
371	Ag.NICOLINA	IASI	IASI	str.T.Neculai nr.2 ,	0372701799
372	Ag.CENTRU CIVIC	IASI	IASI	str.A.Panu nr.13-15,bl Ghica, sc.2,parter	0372701802
373	Suc.MARAMURES	MARAMURES	BAIA MARE	Bd. Unirii nr.5A	0262227984
374	Ag.REPUBLICII	MARAMURES	BAIA MARE	Bd Republicii nr.17	0372701296
375	Ag.SIGHET	MARAMURES	SIGHET	Pta Libertatii nr.10	0372701306
376	Ag.DRAGOS VODA	MARAMURES	BAIA MARE	B-dul. Bucuresti, nr.40,	0372701297
377	Ag.SASAR	MARAMURES	SASAR	str.Victoriei nr 92	0372701300
378	Ag.ALECSANDRI	MARAMURES	BAIA MARE	Str V.Alecsandri nr.91 A	0372701302
379	Ag.MILLENNIUM	MARAMURES	BAIA MARE	P-ta Libertatii nr. 8	0372701299
380	Ag.VISEU	MARAMURES	VISEU	str.Carpati nr 2, jud.Maramures	0372701309
381	Ag.GARA	MARAMURES	BAIA MARE	Bd Traian nr.29 bl.29	0372701298
382	Ag.SEINI	MARAMURES	SEINI	Complex comercial din SEINI	0262490503
383	Ag.SIGHET2	MARAMURES	SIGHET	Pta 1 Decembrie 1918 bl.14	0372701307
384	Ag.BORSA	MARAMURES	BORSA	str Victoriei nr. 3 bl. 48	0372701303
385	p.IMOISEI	MARAMURES	MOISEI	str Principala nr.390, comuna Moisei	0372701304
386	p.IGOLD PLAZA	MARAMURES	BAIA MARE	STR VICTORIEI, NR 73	0372701295
387	Ag.TG. LAPUS	MARAMURES	TG. LAPUS	Pta Eroilor nr 21	0372701308
388	Suc.MEHEDINTI	MEHEDINTI	DR.TR SEVERIN	str. Crisan nr. 34	0252206017
389	Ag.VLADIMIRESCU	MEHEDINTI	DR TR SEVERIN	B-dul.Tudor Vladimirescu, nr.113A,	0372701578
390	Ag.CRIHALA	MEHEDINTI	DR TR SEVERIN	Splai Mihai Viteazu nr.29 bl.Z6B	0372701575
391	Ag.ODOBLEJA	MEHEDINTI	DR TR SEVERIN	str. Traian nr.83	0372701577
392	Ag.ORSOVA	MEHEDINTI	ORSOVA	Bd 1 Decembrie 1818 parcela 4S/1	0372701580
393	Suc.MURES	MURES	TG MURES	Bd. 1 Dec.1918 nr.37	0265269068
394	Ag.AGENTIA 1	MURES	TG MURES	Str. Piata Trandafirilor nr 33A, parter, Corp A,	0372701278
395	Ag.SIGHISOARA	MURES	SIGHISOARA	str.Herman Oberth nr.15	0372701282
396	Ag.NORD	MURES	TG MURES	str. 22 Dec 1989 nr.11-15	0372701328

No	Units	County	City	Address	Phone
397	Ag.TUDOR	MURES	TG MURES	B-dul. 1 Decembrie 1918, nr. 219,	0372701279
398	Ag.TARNAVENI	MURES	TARNAVENI	str Republicii nr.68	0372701284
399	Ag.SOVATA	MURES	SOVATA	Str Principala nr.170	0372701283
400	Ag.TARNAVA	MURES	SIGHISOARA	Mihai Viteazu nr.10	0372701342
401	Ag.DAMBU PIETROS	MURES	TG MURES	Bd 1848 nr.46-A	0372701274
402	Ag.LUXOR	MURES	TG MURES	Str.Kossuth nr.12	0265250855
403	Ag.VEST	MURES	TG MURES	str Decebal nr.4-6	0372701280
404	Ag.MURESENI	MURES	TG MURES	str.Gh Doja nr.187	0372701276
405	Ag.REGHIN	MURES	REGHIN	Pta Mihai Viteazu nr.2	0265513814
406	Ag.LIBERTATII	MURES	REGHIN	str Iernuteni nr.12	0372701339
407	Ag.DIAMANT	MURES	TG MURES	Str Cutezantei nr.21	0372701275
408	Ag.IERNUT	MURES	IERNUT	Str.T.Vladimirescu nr.44	0372701338
409	Ag.UNGHENI	MURES	UNGHENI	Str.Principala nr.67	0265328297
410	Ag.RETAIL PARK	MURES	TG MURES	Str.Gheorghe Doja nr.243 - cod spatiu 56	0372701330
411	Ag.DIVIZIA MEDICI	MURES	TG MURES	str.Mihai Viteazu nr.31	0372701281
412	Ag.SANGEORGIU DE MURES	MURES	SANGEORGIU DE MURES	str.Principala nr.284	0372701340
413	Suc.NEAMT	NEAMT	PIATRA NEAMT	b-dul Decebal, nr. 3,	0233211912
414	Ag.TG NEAMT	NEAMT	TG NEAMT	str. St cel Mare bl.M4	0372701901
415	Ag.ORION	NEAMT	PIATRA NEAMT	str.M Viteazul, complex Orion	0372701887
416	ASHOPPING CITY	NEAMT	PIATRA NEAMT	Bd Decebal nr 100, SHOPPING CITY P Neamt, spatiu P142	0372701884
417	P.LTRAIAN	NEAMT	PIATRA NEAMT	bd. Traian bl.S1 parter	0372701890
418	Ag.BICAZ	NEAMT	BICAZ	Str. Piatra Corbului bl.2 parter	0372701892
419	Ag.PIETRICICA	NEAMT	PIATRA NEAMT	Str.Gral Dascalescu nr.13 bl.T2	0372701889
420	Ag.EMINESCU	NEAMT	PIATRA NEAMT	Piata Stefan cel Mare, nr.1, judetul Neamt	0372728959
421	Ag.ROMAN	NEAMT	ROMAN	b-dul Roman Musat nr 38	0372701898
422	Ag.MUSAT	NEAMT	ROMAN	B-dul. Roman Musat, Bl 38, Spatiu Comercial 36/115, parter,	0372701899
423	Suc.OLT	OLT	SLATINA	Str.Crisan II nr.1	0249433168
424	Ag.STEAUA	OLT	SLATINA	Str.Ec Teodoroiu bl.18A-B	0372702081
425	Ag.BALS	OLT	BALS	str.N. Balcescu bl.26AB	0372702088
426	Ag.CARACAL	OLT	CARACAL	str Antonius Caracalla nr.35 bl.1B	0372702096
427	Ag.UNION	OLT	SLATINA	Bd A.I.Cuza, bl Union - parter	0372702084
428	Ag.TINERETULUI	OLT	SLATINA	Bulevardul Alexandru Ioan Cuza nr 42, Bloc V24, Sc A, parter,	0372704294
429	Suc.PRAHOVA	PRAHOVA	PLOIESTI	str Valeni nr 18	0244542613
430	Ag.OMNIA	PRAHOVA	PLOIESTI	Bd.Republicii nr.15	0372701712
431	Ag.VEST	PRAHOVA	PLOIESTI	str.Malu Rosu nr.126	0372701729
432	Ag.SINAIA	PRAHOVA	SINAIA	B-dul Carol I nr 19	0372701743
433	Ag.SUD	PRAHOVA	PLOIESTI	P-ta 1 Decembrie 1918 nr.14	0372701721
434	Ag.EST	PRAHOVA	PLOIESTI	str.Postei nr.77 bl.B2	0372701715
435	Ag.DEMOCRATIEI	PRAHOVA	PLOIESTI	Str.Democratiei nr.49 bl.N12	0372701708
436	PLBUSTENI	PRAHOVA	BUSTENI	B-dul Libertatii, nr.186, parter, Busteni, judet Prahova	0372701750
437	Ag.9 MAI	PRAHOVA	PLOIESTI	str.Domnisorii nr.91 bl.70	0372701733
438	Ag.PODUL INALT	PRAHOVA	PLOIESTI	Str.Gh.Gr.Cantacuzino nr.271	0244587551
439	Ag.BAICOI	PRAHOVA	BAICOI	Str.Republicii nr.9, bl.26, parter	0372701735

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440	Ag.VALENII DE MUNTE	PRAHOVA	VALENII DE MUNTE	Bd.N.Iorga nr.83 bl.E13	0372701752
441	Ag.COMPLEX NORD	PRAHOVA	PLOIESTI	Sos Nordului Nr.1	0372701719
442	Ag.MIZIL	PRAHOVA	MIZIL	Sos Mihai Bravu Nr.63	0372701736
443	Ag.CENTRU	PRAHOVA	PLOIESTI	Piata Victoriei nr.3, Bloc Unirea,	0372702055
444	Ag.PRAHOVA	PRAHOVA	CAMPINA	Bd Carol I nr.50 bl.14B	0244331809
445	Suc.SALAJ	SALAJ	ZALAU	Pta Unirii nr.1	0260661205
446	Ag.PERLA	SALAJ	ZALAU	Bd Mihai Viteazul, bloc Perla	0372701233
447	Ag.SIMLEUL SILVANIEI	SALAJ	SIMLEUL SILVANIEI	Pta Avram Iancu bl Salcam	0372704319
448	Ag.JIBOU	SALAJ	JIBOU	Str.1 Mai bl.S12	0260641299
449	Ag.AUTOGARA	SALAJ	ZALAU	str.Tudor Vladimirescu nr.54	0372708808
450	P.LMULTICOM	SALAJ	ZALAU	Bd Mihai Viteazu nr.58/C	0260613183
451	Ag.CEHU SILVANIEI	SALAJ	CEHU SILVANIEI	P-ta Tandafirilor, nr.24,bl.B24,ap.13	0372701235
452	Suc.SATU MARE	SATU MARE	SATU MARE	Pta 25 Octombrie nr.12	0261716825
453	Ag.CAREI	SATU MARE	CAREI	Str.Corneliu Coposu nr.3, parter, Carei, judet Satu Mare	0372701269
454	Ag.CARPATI	SATU MARE	SATU MARE	Bd. Lucian Blaga UU nr.22-24	0372701256
455	Ag.UNIC	SATU MARE	SATU MARE	Str. Parangului nr.2	0372701266
456	Ag.SOMES	SATU MARE	SATU MARE	Drumul Careiului bl.C19	0372701261
457	Ag.NEGRESTI	SATU MARE	NEGRESTI	Str Victoriei bl2	0372701272
458	Ag.AURORA	SATU MARE	SATU MARE	P-ta Libertatii nr. 10	0372701255
459	Ag.GOLESCU	SATU MARE	SATU MARE	str Martirilor Deportati nr.30	0372701260
460	Ag.LUCIAN BLAGA	SATU MARE	SATU MARE	str.Lucian Blaga bl.UU38	0372701265
461	Ag.TASNAD	SATU MARE	TASNAD	str.Lacramioarelor bl.11	0372701273
462	P.L14 MAI	SATU MARE	SATU MARE	Pta 14 Mai bl.4	0372701288
463	Ag.CLOSCA	SATU MARE	SATU MARE	B-dul Closca nr. 9 bl.20 parter	0372701259
464	Suc.SIBIU	SIBIU	SIBIU	Pta Aurel Vlaicu nr.1 bl.V4	0269211568
465	Ag.AGENTIA 1	SIBIU	SIBIU	Str. General Magheru, nr. 1-3, cu intrare din Piata Mare, nr. 13,	0372701486
466	Ag.VASILE AARON	SIBIU	SIBIU	str Semaforului nr.24 bl.39	0372701496
467	Ag.TINERETULUI	SIBIU	SIBIU	str.General Magheru bl 58	0372701492
468	Ag.DUMBRAVA	SIBIU	SIBIU	P-ta Unirii nr.4	0372701479
469	Ag.TURNISOR	SIBIU	SIBIU	Sos Alba Iulia nr.14	0372701494
470	Ag.TEREZIAN	SIBIU	SIBIU	Str.Lunga nr.72	0372701490
471	P.LPROMENADA MALL	SIBIU	SIBIU	Selimbar DN1 - km 306	0372701498
472	Ag.CISNADIE	SIBIU	CISNADIE	Pta Revolutiei nr 4	0372701502
473	Ag.STRAND	SIBIU	SIBIU	str.Bihorului nr.15 (bl.15)	0372701488
474	Ag.AGNITA	SIBIU	AGNITA	Pta Revolutiei nr 6	0372701499
475	Ag.HIPODROM	SIBIU	SIBIU	Str. Nicolae Iorga nr. P 13A, parter,	0269233274
476	Ag.MEDIAS	SIBIU	MEDIAS	str.St.L.Roth nr.1	0269837748
477	Suc.SUCEAVA	SUCEAVA	SUCEAVA	str Armeneasca nr 2	0230530983
478	Ag.FALTICENI	SUCEAVA	FALTICENI	Str. Revolutiei Nr. 4	0230546743
479	Ag.BURDUJENI	SUCEAVA	SUCEAVA	Calea Unirii Nr. 39 Bl 92	0372701867
480	Ag.GEORGE ENESCU	SUCEAVA	SUCEAVA	Bd. George Enescu Nr. 38 bl.90	0230512165
481	Ag.GURA HUMORULUI	SUCEAVA	GURA HUMORULUI	Bd. Bucovina Bl. B4 Sc. C	0372701876
482	Ag.BUCOVINA	SUCEAVA	SUCEAVA	Str. Ștefan cel Mare Nr. 56 (Magazin Bucovina)	0372701865
483	Ag.CAMPULUNG MOLDOVENESC	SUCEAVA	CAMPULUNG MOLDOVENESC	Calea Bucovinei Nr. 16	0372701872

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484	Ag.OBCINI	SUCEAVA	SUCEAVA	Calea Obcinilor Bl.4 Magazin O17	0372701869
485	Ag.CENTRU	SUCEAVA	SUCEAVA	N BALCESCU NR 4	0372701863
486	p.ISHOPPING CITY	SUCEAVA	SUCEAVA	bd. Unirii nr. 27	0372701870
487	Ag.MARASESTI	SUCEAVA	SUCEAVA	Str. Marasesti, nr. 14, bl. A1, parter,	0372704297
488	Ag.VATRA DORNEI	SUCEAVA	VATRA DORNEI	str.Mihai Eminescu nr.29 sc.1,P	0372701882
489	Ag.RADAUTI	SUCEAVA	RADAUTI	Pta Unirii nr 5	0372701879
490	p.IMARGINEA	SUCEAVA	MARGINEA	Str. Principala, nr. 3064	0372701878
491	Suc.TELEORMAN	TELEORMAN	ALEXANDRIA	Str Bucuresti bl.G103 parter	0247310608
492	Ag.ZIMNICEA	TELEORMAN	ZIMNICEA	str. Mihai Viteazu bl.18C sc. C parter	0372702098
493	Ag.TURNU MAGURELE	TELEORMAN	TURNU MAGURELE	str. Republicii, bl.G4, parter	0372711066
494	Ag.DUNAREA	TELEORMAN	ALEXANDRIA	Str. Dunarii Nr.220, BL. BM1	0372710101
495	Suc.TIMIS	TIMIS	TIMISOARA	str Coriolan Bradiceanu nr 10	0256293448
496	Ag.BEGA	TIMIS	TIMISOARA	Str.A.Pacha nr.1	0256201046
497	Ag.LUGOJ	TIMIS	LUGOJ	Str.A.C.Popovici nr.2	0372701526
498	Ag.NORD	TIMIS	TIMISOARA	Bd.Gen.Dragalina nr.41	0372701520
499	Ag.IOSEFIN	TIMIS	TIMISOARA	Bd.Regele Carol I nr.32	0256495340
500	Ag.GIROC	TIMIS	TIMISOARA	Calea Martirilor nr.62	0256489727
501	Ag.CALEA ARADULUI	TIMIS	TIMISOARA	Calea Aradului Est nr.44 bl..32	0372701508
502	Ag.CALEA LUGOJULUI	TIMIS	TIMISOARA	str Simion Barnutiu nr.75-77	0256219044
503	Ag.BAROC	TIMIS	TIMISOARA	str Palanca nr.2 corp A	0372701504
504	Ag.COMPLEX STUDENTESC	TIMIS	TIMISOARA	str Daliei nr.8	0372701512
505	Ag.DUMBRAVITA	TIMIS	TIMISOARA	Calea Sever Bocu nr.82	0256280111
506	Ag.DAMBOVITA	TIMIS	TIMISOARA	Bd Dambovita nr.49 bl.D41-A	0372701513
507	Ag.SAGULUI	TIMIS	TIMISOARA	Calea Sagului nr.70 sc B	0372701509
508	Ag.JIMBOLIA	TIMIS	JIMBOLIA	Str Republicii nr.20	0372701515
509	Ag.BALCESCU	TIMIS	TIMISOARA	str Gheorghe Doja nr.35	0372701511
510	Ag.GHEORGHE LAZAR	TIMIS	TIMISOARA	str Gh.Lazar nr.40	0372701517
511	p.IIULIUS MALL	TIMIS	TIMISOARA	str.Demetriade nr.1 SP. T10	0372701505
512	Suc.TULCEA	TULCEA	TULCEA	str. Babadag nr. 121 - 123 parter	0240506170
513	Ag.DANUBIUS	TULCEA	TULCEA	Str.Isacsei nr.3 bl.Bi1	0372701588
514	Ag.MACIN	TULCEA	MACIN	Str 1 Decembrie nr.35	0372701597
515	Ag.BABADAG	TULCEA	BABADAG	str.Republicii nr.92	0372701593
516	Suc.VALCEA	VALCEA	RM VALCEA	str. Stoianovici nr.5	0250736344
517	Ag.DRAGASANI	VALCEA	DRAGASANI	str.Gib Mihaescu bl.A1 - parter	0372701995
518	Ag.COZIA	VALCEA	RM VALCEA	str. Calea lui Traian nr. 116 bl.; A. Pann tr. A	0372701986
519	Ag.NORD	VALCEA	RM VALCEA	Calea lui Traian bl.13	0372701988
520	Ag.OSTROVENI	VALCEA	RM VALCEA	Bd Tineretului bl.8 B3	0372701990
521	Ag.SUD	VALCEA	RM VALCEA	str Calea lui Traian bl.S9	0372701993
522	Ag.VALCEA	VALCEA	HOREZU	Str. Independentei nr.1	0372701997
523	Suc.VASLUI	VASLUI	VASLUI	str.St cel Mare nr.70	0235362211
524	Ag.BARLAD	VASLUI	BARLAD	str Republicii nr.200	0235419811
525	Ag.HUSI	VASLUI	HUSI	Bd 1 Mai bl.20 sc D	0372701787
526	Ag.SUD	VASLUI	VASLUI	str Republicii bl.367 sc E, nr.3	0372701783
527	Ag.NORD	VASLUI	BARLAD	Str.Republicii nr.284 bl.C4 sc B	0372701784
528	Ag.RACOVA	VASLUI	VASLUI	str.Traian bl.279 sc A nr.1	0372701782
529	Suc.VRANCEA	VRANCEA	FOCSANI	str.Mare a Unirii nr.1	0234570822
530	Ag. FOCSANI SUD	VRANCEA	FOCSANI	Bd.Bucuresti nr.11	0372701907
531	Ag.ADJUD	VRANCEA	ADJUD	str Republicii nr.88	0372742925

No	Units	County	City	Address	Phone
532	Ag. FOCSANI NORD	VRANCEA	FOCSANI	Bd Independentei nr.14	0372701902
533	p.ICONFORT	VRANCEA	FOCSANI	Bd Unirii nr.61 bl.B2 sc II	0372701913
534	Ag.PANCIU	VRANCEA	PANCIU	str.Nicolae Titulescu nr.73	0372701922
535	p.IODOBESTI	VRANCEA	ODOBESTI	str St cel Mare nr. 38	0237676111
536	p.IRETAIL PARK	VRANCEA	FOCSANI	Calea Moldovei DN2/E85	0237232504

