ILIAD GROUP
CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2015

CONTENTS

INTERIM CONSOLIDATED INCOME STATEMENT

In € thousands	Note	Six months to June 30, 2015	Six months to June 30, 2014 restated (*)
Revenues		**2,159,887**	**2,019,553**
Purchases used in production		(1,100,704)	(1,121,834)
Payroll costs		(109,641)	(102,010)
External charges		(138,806)	(114,200)
Taxes other than on income		(35,099)	(22,083)
Additions to provisions		(39,939)	(35,408)
Other income and expenses from operations, net		(10,663)	(4,662)
EBITDA[(1)]		**725,035**	**619,356**
Share-based payment expense		(1,830)	(2,946)
Depreciation, amortization and provisions for impairment of non-current assets		(393,509)	(339,879)
Profit from ordinary activities		**329,696**	**276,531**
Other operating income and expense, net		(2,119)	(1,710)
Operating profit		**327,577**	**274,821**
Income from cash and cash equivalents		539	1,279
Finance costs, gross		(31,427)	(32,841)
Finance costs, net		**(30,888)**	**(31,562)**
Other financial income and expense, net		(11,564)	(10,849)
Corporate income tax		(122,256)	(95,496)
Profit for the period		**162,869**	**136,914**
Profit for the period attributable to:			
▪ *Owners of the Company*		*162,826*	*140,069*
▪ *Minority interests*		*43*	*(3,155)*
Earnings per share attributable to owners of the Company (in €):			
▪ *Basic earnings per share*		*2.78*	*2.35*
▪ *Diluted earnings per share*		*2.72*	*2.29*

(1) See definition on page 8.
(*) These figures have been restated to reflect the impact of the Group's first-time application of IFRIC 21.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € thousands	Note	Six months to June 30, 2015	Six months to June 30, 2014 restated (*)
PROFIT FOR THE PERIOD		**162,869**	**136,914**
➢ Items that may be subsequently reclassified to profit			
▪ Fair value gains on interest rate and currency hedging instruments	11	1,269	7,397
Tax effect	11	(482)	(2,811)
		787	**4,586**
Total comprehensive income for the period		**163,656**	**141,500**
Total comprehensive income for the period attributable to:			
▪ Owners of the Company		**163,672**	**144,632**
▪ Minority interests		**(16)**	**(3,132)**

(*) These figures have been restated to reflect the impact of the Group's first-time application of IFRIC 21.

INTERIM CONSOLIDATED BALANCE SHEET – ASSETS

In € thousands	Note	June 30, 2015	Dec. 31, 2014 (*)
Goodwill	5	214,818	214,818
Intangible assets	5	1,123,764	1,234,902
Property, plant and equipment	5	3,042,651	2,787,849
Other long-term financial assets		8,675	8,163
Deferred income tax assets		20,177	20,660
Other non-current assets		0	0
TOTAL NON-CURRENT ASSETS		**4,410,085**	**4,266,392**
Inventories		13,586	27,142
Current income tax assets		0	6,553
Trade and other receivables		695,888	566,821
Other short-term financial assets		2,446	6,641
Cash and cash equivalents	4	162,609	137,402
TOTAL CURRENT ASSETS		**874,529**	**744,559**
ASSETS HELD FOR SALE		**27,895**	**34,359**
TOTAL ASSETS		**5,312,509**	**5,045,310**

(*) These figures have been restated to reflect the impact of the Group's first-time application of IFRIC 21.

INTERIM CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

In € thousands	Note	June 30, 2015	Dec. 31, 2014 (*)
Share capital	6	12,972	12,953
Additional paid-in capital		397,795	392,564
Retained earnings and other reserves		2,043,387	1,909,710
TOTAL EQUITY		**2,454,154**	**2,315,227**
Attributable to:			
. Owners of the Company		***2,451,566***	***2,312,283***
. Minority interests		***2,588***	***2,944***
Long-term provisions	8	1,384	1,384
Long-term financial liabilities	7	361,599	889,942
Deferred income tax liabilities		0	0
Other non-current liabilities	9	244,303	317,772
TOTAL NON-CURRENT LIABILITIES		**607,286**	**1,209,098**
Short-term provisions	8	91,162	94,803
Taxes payable		30,024	0
Trade and other payables		1,167,021	1,094,660
Short-term financial liabilities	7	962,862	331,522
TOTAL CURRENT LIABILITIES		**2,251,069**	**1,520,985**
TOTAL EQUITY AND LIABILITIES		**5,312,509**	**5,045,310**

(*) These figures have been restated to reflect the impact of the Group's first-time application of IFRIC 21.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (*)

In € thousands	Share capital	Additional paid-in capital	Own shares held	Reserves	Retained earnings	Equity attributable to owners of the Company	Minority interests	Total equity
Balance at January 1, 2014	12,870	370,674	(4,809)	51,175	1,579,601	**2,009,511**	7,084	**2,016,595**
Movements in first-half 2014								
▪ Profit for the period					140,069	**140,069**	**(3,155)**	136,914
▪ Other comprehensive income for the period, net of tax:								
✓ Impact of interest rate and currency hedges				4,563		**4,563**	**23**	4,586
✓ Impact of post-employment benefit obligations								
Total comprehensive income for the period				***4,563***	***140,069***	***144,632***	***(3,132)***	***141,500***
▪ Capital increase	65	16,504				**16,569**		16,569
▪ Dividends paid by Iliad SA					(21,591)	**(21,591)**		(21,591)
▪ Dividends paid by subsidiaries							(69)	(69)
▪ Purchases/sales of own shares			2,523	214		**2,737**		2,737
▪ Impact of stock options				2,896		**2,896**	50	2,946
▪ Impact of changes in minority interests in subsidiaries								
▪ Other movements								
Balance at June 30, 2014	12,935	387,178	(2,286)	58,848	1,698,079	**2,154,754**	3,933	**2,158,687**

In € thousands	Share capital	Additional paid-in capital	Own shares held	Reserves	Retained earnings	Equity attributable to owners of the Company	Minority interests	Total equity
Balance at January 1, 2015	12,953	392,564	(3,050)	67,346	1,842,470	**2,312,283**	2,944	**2,315,227**
Movements in first-half 2015								
▪ Profit for the period					162,826	**162,826**	**43**	162,869
▪ Other comprehensive income for the period, net of tax:								
✓ Impact of interest rate and currency hedges				846		**846**	**(59)**	787
✓ Impact of post-employment benefit obligations								
Total comprehensive income for the period				***846***	***162,826***	***163,672***	***(16)***	***163,656***
▪ Capital increase	19	5,231				**5,250**		5,250
▪ Dividends paid by Iliad SA					(22,822)	**(22,822)**		(22,822)
▪ Dividends paid by subsidiaries							(189)	(189)
▪ Purchases/sales of own shares			819	499		**1,318**		1,318
▪ Impact of stock options				1,816		**1,816**	13	1,829
▪ Impact of changes in minority interests in subsidiaries				(9,951)		**(9,951)**	(164)	(10,115)
▪ Other movements								
Balance at June 30, 2015	12,972	397,795	(2,231)	60,556	1,982,474	**2,451,566**	2,588	**2,454,154**

(*) These figures have been restated to reflect the impact of the Group's first-time application of IFRIC 21.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (*)

In € thousands	Note	Six months to June 30, 2015	Six months to June 30, 2014
Profit for the period (including minority interests)		**162,869**	**136,914**
+/- Depreciation, amortization and provisions against non-current assets and net additions to provisions for contingencies and charges	4	388,150	338,676
-/+ Unrealized gains and losses on changes in fair value		(1,604)	(940)
+/- Expenses and income related to stock options and other share-based payments		1,829	2,945
-/+ Other income and expenses, net		14,279	6,548
-/+ Gains and losses on disposals of assets		2,530	(1,132)
-/+ Dilution gains and losses		0	0
+/- Share of profit of associates		0	0
- Dividends (investments in non-consolidated undertakings)		0	0
Cash flows from operations after finance costs, net, and income tax		**568,053**	**483,011**
+ Finance costs, net		30,888	36,393
+/- Income tax expense (including deferred taxes)		122,256	95,496
Cash flows from operations before finance costs, net, and income tax (A)		**721,197**	**614,900**
- *Income tax paid* **(B)**		(79,917)	(105,604)
+/- Change in operating working capital requirement (including employee benefit obligations) **(C)**		(46,527)	9,608
= Net cash generated from operating activities (E) = (A) + (B) + (C)		**594,753**	**518,904**
- Acquisitions of property, plant and equipment and intangible assets	4	(623,024)	(405,101)
+ Disposals of property, plant and equipment and intangible assets		5,575	1,252
- Acquisitions of investments in non-consolidated undertakings		0	0
+ Disposals of investments in non-consolidated undertakings		0	0
+/- Effect of changes in Group structure – acquisitions and price adjustments		(10,115)	0
+/- Effect of changes in Group structure – disposals		0	0
+/- Change in outstanding loans and advances		(619)	(247)
+ Cash inflows from assets held for sale		5,398	2,428
- Cash outflows for assets held for sale		(878)	(567)
= Net cash used in investing activities (F)		**(623,663)**	**(402,235)**
+ Proceeds from capital increases:			
. Paid by owners of the Company			
. Paid by minority shareholders of consolidated companies			
+ Proceeds received on exercise of stock options		4,979	22,474
-/+ Own-share transactions		1,318	2,737
- Dividends paid during the period:			
. Dividends paid to owners of the Company		(22,822)	(21,591)
. Dividends paid to minority shareholders of consolidated companies		(188)	(69)
+ Proceeds from new borrowings	7	151,068	0
- Repayment of borrowings (including finance leases)	7	(32,038)	(168,158)
- Net interest paid (including on finance leases)		(45,077)	(42,895)
= Net cash generated from/(used in) financing activities (G)		**57,240**	**(207,502)**
+/- Effect of exchange-rate movements on cash and cash equivalents **(H)**		26	4
= Net change in cash and cash equivalents (E + F + G + H)		**28,356**	**(90,829)**
Cash and cash equivalents at beginning of period		**132,263**	**315,073**
Cash and cash equivalents at end of period	4	**160,619**	**224,244**

(*) These figures have been restated to reflect the impact of the Group's first-time application of IFRIC 21.

NOTE 1: SIGNIFICANT EVENTS IN FIRST-HALF 2015

1-1. Scope of consolidation at June 30, 2015

There were no significant changes in the scope of consolidation during first-half 2015.

1-2. Business overview

The Group's growth in first-half 2015 was mainly driven by its mobile business.

NOTE 2: ACCOUNTING PRINCIPLES AND POLICIES (IFRS)

2.1. GENERAL INFORMATION

Iliad SA is a *société anonyme* registered in France and listed on Eurolist by Euronext Paris under the symbol "ILD".

The Iliad Group operates in the French retail telecommunications market.

The condensed interim consolidated financial statements for the six months ended June 30, 2015 were approved by the Board of Directors on August 27, 2015.

2.2. BASIS OF PREPARATION

These condensed interim consolidated financial statements for the six months ended June 30, 2015 have been prepared in accordance with IAS 34, Interim Financial Reporting, and IAS 1, Presentation of Financial Statements.

As permitted under IAS 34, the condensed interim consolidated financial statements do not incorporate all of the notes and disclosures required by IFRS for the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2014.

2.3. ACCOUNTING POLICIES

Except as described below, the interim consolidated financial information has been prepared in accordance with the same accounting policies as those applied to prepare the annual financial statements for the year ended December 31, 2014, as set out therein:

- corporate income tax for the period has been calculated by applying the estimated average effective tax rate for the full year to first-half profit before tax;

- post-employment benefit obligations for the period have been estimated based on actuarial calculations performed for full-year 2014.

The Group presents an additional indicator of earnings performance in its income statement:

- EBITDA

EBITDA is a key indicator of the Group's operating performance and corresponds to profit from ordinary activities before:

- depreciation, amortization and impairment of property, plant and equipment and intangible assets; and
- share-based payment expense.

2.4. NEW STANDARDS AND INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

a) Standards, amendments and interpretations whose application is mandatory for the first time in 2015:

- **IFRIC 21, Levies.** This interpretation provides guidance on when to recognize a liability for a levy imposed by a government (other than income taxes). It identifies the obligating event for the recognition of the liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The European Union adopted IFRIC 21 on June 13, 2014 and its application is mandatory for annual periods beginning on or after June 17, 2014. The Group has applied this interpretation since January 1, 2015. The Group's main levies affected are property tax, the IFER flat-rate tax on network operators, office tax, and the "*contribution sociale*" surtax. The impacts of the corresponding restatements are described in Note 2.5 below.
- **Amendments to IAS 19, Employee Benefits – Defined Benefit Plans: Employee Contributions.** These amendments are effective for annual periods beginning on or after February 1, 2015.

- **Annual improvements to IFRSs (2010-2012 cycle), applicable as from the fiscal year beginning January 1, 2015** and which comprise amendments to the following seven standards:

  - ✓ IFRS 2, Share-Based Payment: Definition of "vesting condition";
  - ✓ IFRS 3, Business Combinations: Accounting for contingent consideration in a business combination;
  - ✓ IFRS 8, Operating Segments: (i) Aggregation of operating segments, and (ii) Reconciliation of the total of the reportable segments' assets to the entity's assets;
  - ✓ IFRS 13, Fair Value Measurement: Short-term receivables and payables;
  - ✓ IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets: Revaluation method – proportionate restatement of accumulated depreciation/amortization;
  - ✓ IAS 24, Related Party Disclosures: Key management personnel.

The Group has applied these improvements in its interim consolidated financial statements at June 30, 2015.

- **Annual improvements to IFRSs (2011-2013 cycle), applicable as from the fiscal year beginning January 1, 2015** and which comprise amendments to the following four standards:

  - ✓ IFRS 1, First-time Adoption of International Financial Reporting Standards: Meaning of "effective IFRSs";

- ✓ IFRS 3, Business Combinations: Scope exceptions for joint ventures;
- ✓ IFRS 13, Fair Value Measurement: Scope of paragraph 52 (an exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis – the "portfolio exception");
- ✓ IAS 40, Investment Property: Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

The Group has applied these improvements in its interim consolidated financial statements at June 30, 2015.

b) New standards and amendments to existing standards that were not applicable at June 30, 2015 (as not yet endorsed by the European Union):

- **IFRS 15, Revenue from Contracts with Customers, effective for annual periods beginning on or after January 1, 2017**. The core principle of IFRS 15 is for companies to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

- **IFRS 9, Financial Instruments (final version) and amendments to IFRS 9, IFRS 7 and IAS 39, effective for annual periods beginning on or after January 1, 2018.** The final version of IFRS 9 brings together the three phases of the IASB's project to replace IAS 39: classification and measurement, impairment and hedge accounting. The improvements introduced by the standard include:
  - ✓ a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics;
  - ✓ a single, forward-looking "expected loss" impairment model;
  - ✓ a substantially-reformed approach to hedge accounting.

  The amendments to IFRS 9 also introduce enhanced disclosure requirements with the aim of improving the information provided to investors.

- **Amendments to IFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations.**

- **Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.**

- **Amendments to IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization.**

- **Amendments to IAS 1, Presentation of Financial Statements as part of the Disclosure Initiative**. These amendments are designed to provide clarifications concerning the following two points:

    - ✓ application of the materiality principle, by making clear that materiality applies to the whole of the financial statements (including the notes) and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures;

    - ✓ application of professional judgment, by making improvements to the wording of some of the requirements in the standard that were considered to be overly prescriptive and did not leave sufficient room for judgment.

- **Annual improvements to IFRSs (2012-2014 cycle), applicable as from the fiscal year beginning January 1, 2016** and which comprise amendments to the following four standards:

    - ✓ IFRS 5, Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal;

    - ✓ IFRS 7, Financial Instruments – Disclosures: (i) Servicing contracts, and (ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements;

    - ✓ IAS 19, Employee Benefits: Discount rate – regional market issue;

    - ✓ IAS 34, Interim Financial Reporting: Disclosure of information "elsewhere in the interim financial report".

The Group is currently analyzing the impacts of applying the above standards and amendments.

2.5. IMPACTS OF THE CHANGE IN ACCOUNTING POLICY

As a result of the change in the accounting policy applied for levies (in accordance with IFRIC 21 – see Note 2.3 above), the figures reported by the Group at June 30, 2014 and January 1, 2015 have been restated.

The balance-sheet impacts of this change in accounting policy are as follows:

	June 30, 2014			January 1, 2015		
In € thousands	**Reported**	**Restatements**	**Restated**	**Reported**	**Restatements**	**Restated**
Non-current assets	3,971,758	(1,836)	3,969,922	4,269,341	(2,949)	4,266,392
o/w deferred tax assets	*42,819*	*(1,836)*	*40,983*	*23,609*	*(2,949)*	*20,660*
Current assets	694,577	0	694,577	744,559	0	744,559
Assets held for sale	35,872	0	35,872	34,359	0	34,359
TOTAL ASSETS	**4,702,207**	**(1,836)**	**4,700,371**	**5,048,259**	**(2,949)**	**5,045,310**
Total equity	2,158,687	2,996	2,161,683	2,310,415	4,812	2,315,227
Non-current liabilities	1,196,141	0	1,196,141	1,209,098	0	1,209,098
Current liabilities	1,347,379	(4,832)	1,342,547	1,528,746	(7,761)	1,520,985
o/w trade and other payables	*990,530*	*(4,832)*	*985,698*	*1,102,421*	*(7,761)*	*1,094,660*
TOTAL EQUITY AND LIABILITIES	**4,702,207**	**(1,836)**	**4,700,371**	**5,048,259**	**(2,949)**	**5,045,310**

The income-statement impacts of this change in accounting policy are as follows:

	Six months to June 30, 2014		
In € thousands	**Reported**	**Restatements**	**Restated**
Revenues	2,019,553	0	2,019,553
EBITDA	624,188	(4,832)	619,356
EBIT	279,653	(4,832)	274,821
Corporate income tax	(97,332)	1,836	(95,496)
PROFIT FOR THE PERIOD	**139,910**	**(2,996)**	**136,914**
Earnings per share (in €)			
. Basic	2.40	(0.05)	2.35
. Diluted	2.34	(0.05)	2.29

NOTE 3: SEGMENT INFORMATION

The Group has redefined its business segments, with the creation of a single new segment called Retail Telecom.

In addition, as substantially all of its operations are in France, the Group only has one geographic segment.

These segments may change in the future, depending on operating criteria and the development of the Group's businesses.

NOTE 4: ANALYSIS OF THE STATEMENT OF CASH FLOWS

Depreciation, amortization and provisions recognized in the statement of cash flows break down as follows:

In € thousands	Note	Six months to June 30, 2015	Six months to June 30, 2014
Depreciation and amortization:			
▪ Amortization of intangible assets	5.2	116,285	88,164
▪ Depreciation of property, plant and equipment	5.3	277,223	251,716
Additions to provisions against non-current assets		16	
Additions to provisions for contingencies and charges	8	399	2,562
Reversals of provisions for contingencies and charges:			
▪ Amounts utilized	8	(3,646)	(4,895)
▪ Surplus provisions	8	(412)	(588)
Other		(1,715)	1,717
Recognized in the statement of cash flows		**388,150**	**338,676**

Acquisitions of non-current assets can be analyzed as follows:

In € thousands	Note	Six months to June 30, 2015	Six months to June 30, 2014
▪ Intangible assets	5.2	6,048	16,864
▪ Property, plant and equipment (excl. new finance leases)	5.3	528,015	341,309
▪ Suppliers of non-current assets (excl. VAT):			
. at beginning of period		665,602	583,406
. impact of discounting liabilities		11,376	11,042
. at end of period		(588,017)	(547,520)
Recognized in the statement of cash flows		**623,024**	**405,101**

Period-end cash and cash equivalents break down as follows:

In € thousands	Note	June 30, 2015	June 30, 2014
▪ Cash		68,190	57,067
▪ Marketable securities		94,419	173,549
▪ Short-term borrowings		(1,990)	(6,372)
Recognized in the statement of cash flows		**160,619**	**224,244**

NOTE 5: CAPITAL EXPENDITURE

5.1. Goodwill

In € thousands	Six months to June 30, 2015
Carrying amount at January 1, 2015	**214,818**
Carrying amount at June 30, 2015	**214,818**

In € thousands	Twelve months to Dec. 31, 2014
Carrying amount at January 1, 2014	**214,818**
Carrying amount at December 31, 2014	**214,818**

5.2. Other intangible assets

In € thousands	Six months to June 30, 2015
Carrying amount at January 1, 2015	**1,234,902**
Additions:	
. acquisitions	3,799
. internally-generated intangible assets	2,249
Reclassifications	2
Other	(903)
Amortization	(116,285)
Carrying amount at June 30, 2015	**1,123,764**

In € thousands	Twelve months to Dec. 31, 2014
Carrying amount at January 1, 2014	**1,181,066**
Additions:	
. acquisitions	240,011
. internally-generated intangible assets	3,830
Reclassifications	(335)
Other	(1,807)
Amortization	(187,863)
Carrying amount at December 31, 2014	**1,234,902**

5.3. PROPERTY, PLANT AND EQUIPMENT

In € thousands	Six months to June 30, 2015
Carrying amount at January 1, 2015	**2,787,849**
Acquisitions(1)	536,480
Disposals	(4,605)
Reclassifications	(2)
Other	152
Depreciation	(277,223)
Carrying amount at June 30, 2015	**3,042,651**

(1) Including €8,465 thousand in assets acquired under finance leases.

In € thousands	Twelve months to Dec. 31, 2014
Carrying amount at January 1, 2014	**2,500,854**
Acquisitions(1)	814,318
Disposals	(6,514)
Reclassifications	335
Other	(474)
Depreciation	(520,670)
Carrying amount at December 31, 2014	**2,787,849**

(1) Including €17,056 thousand in assets acquired under finance leases.

During the first half of 2015, the Group kept up its capital spending drive for growth projects.

5.4. IMPAIRMENT OF ASSETS

Non-financial assets with indefinite useful lives are not amortized, but are tested for impairment on an annual basis at the year-end (December 31) or whenever there is an indication that they may be impaired. In assessing whether there is any indication that an asset may be impaired, the Group considers events or circumstances that suggest that significant unfavorable changes have taken place which may have a prolonged, adverse effect on the Group's economic or technological environment, or on the assumptions used on acquisition of the asset concerned.

All other assets are also tested for impairment on an annual basis or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

NOTE 6: SHARE CAPITAL AND DIVIDENDS

6.1. SHARE CAPITAL

The first tranche of the stock options granted by the Group on December 20, 2005 has been exercisable since December 20, 2009 and the second tranche since December 20, 2010. The stock options granted on June 14, 2007 and August 30, 2007 have been exercisable since June 14, 2012 and August 30, 2012 respectively. The stock options granted on November 5, 2008 have been exercisable since November 5, 2013. Finally, the first tranche of the stock options granted on August 30, 2010 has been exercisable since August 29, 2014.

In first-half 2015, 84,840 stock options were exercised for the same number of new shares. The Company's share capital therefore increased by €19 thousand to €12,972 thousand at June 30, 2015 from €12,953 thousand at December 31, 2014.

6.2. DIVIDENDS

At the Annual General Meeting held on May 22, 2015, the Company's shareholders resolved to pay a dividend of €0.39 per share, representing a total payout of €22,822 thousand.

The dividend was paid on June 26, 2015.

NOTE 7: BORROWINGS

In € thousands	June 30, 2015	Dec. 31, 2014
Long-term borrowings	361,599	889,942
Short-term borrowings	962,862	331,522
Total	**1,324,461**	**1,221,464**

Movements in borrowings can be analyzed as follows:

In € thousands	Six months to June 30, 2015
Borrowings at January 1, 2015	**1,221,464**
New borrowings(1)	159,533
Repayments of borrowings	(32,038)
Change in bank overdrafts	(3,150)
Impact of cash flow hedges	(8,237)
Other	(13,111)
Total borrowings at June 30, 2015	**1,324,461**

(1) Including €8,465 thousand in borrowings related to finance leases.

In € thousands	Twelve months to Dec. 31, 2014
Borrowings at January 1, 2014	**1,341,022**
New borrowings(1)	72,056
Repayments of borrowings	(178,579)
Change in bank overdrafts	2,161
Impact of cash flow hedges	(16,391)
Other	1,195
Total borrowings at December 31, 2014	**1,221,464**

(1) Including €17,056 thousand in borrowings related to finance leases.

At June 30, 2015 the Group's borrowings primarily corresponded to the following:

A €1,400 million syndicated credit facility

On November 28, 2013, the Group refinanced its €1,400 million syndicated credit facility set up with a pool of 12 international banks. The refinancing conditions did not result in any substantial amendments to the original loan contract.

The new facility – whose entire amount is in the form of revolving credit – has an initial maturity of five years, expiring in 2018, with an option to extend it to seven years (expiring in 2020). None of this facility had been drawn down at June 30, 2015.

The applicable interest rate is based on Euribor plus a margin of between 0.60% and 1.35% per year depending on the Group's leverage ratio.

Loans granted by the European Investment Bank (EIB)

In 2011, the EIB granted Iliad a €150 million loan in order to help finance the rollout of the Group's ADSL and FTTH networks. The loan has a 10-year term and is repayable in installments.

In late August 2012, the EIB granted Iliad another loan (€200 million) to help finance its rollout of next-generation landline networks. This loan also has a 10-year term and is repayable in installments.

Both of these loans had been fully drawn down at June 30, 2015.

A €500 million bond issue

On May 26, 2011 the Group issued €500 million worth of bonds paying interest at 4.875% per year.

The bonds will be redeemed at face value at maturity on June 1, 2016.

An €800 million short-term commercial paper program

During the first half of 2012, the Group set up a €500 million commercial paper program in order to diversify the sources and maturities of its financing. In first-half 2015, the Group increased the amount of this program from €500 million to €800 million.

At June 30, 2015, the program had been used in an amount of €400 million.

NOTE 8: PROVISIONS

Six months to June 30, 2015	Provisions for claims and litigation	Other provisions	Total
At January 1, 2015	**94,575**	**1,612**	**96,187**
Additional provisions	399	0	**399**
Utilized during the period	(3,646)	0	**(3,646)**
Reversals of surplus provisions	(412)	0	**(412)**
Other movements	18	0	**18**
At June 30, 2015	**90,934**	**1,612**	**92,546**
o/w long-term provisions			*1,384*
o/w short-term provisions			*91,162*

Twelve months to December 31, 2014	Provisions for claims and litigation	Other provisions	Total
At January 1, 2014	**123,935**	**1,459**	**125,394**
Additional provisions	4,963	153	**5,116**
Utilized during the period	(20,963)	0	**(20,963)**
Reversals of surplus provisions	(13,419)	0	**(13,419)**
Other movements	59	0	**59**
At December 31, 2014	**94,575**	**1,612**	**96,187**
o/w long-term provisions			*1,384*
o/w short-term provisions			*94,803*

NOTE 9: OTHER NON-CURRENT LIABILITIES

	June 30, 2015	Dec. 31, 2014
Other non-current liabilities	244,303	317,772
Total	**244,303**	**317,772**

The decrease in other non-current liabilities in first-half 2015 primarily concerns the Group's mobile business.

NOTE 10: COMMITMENTS

Lease commitments

Lease expenses recognized in the income statement break down as follows:

In € millions	Six months to June 30, 2015	Six months to June 30, 2014
▪ Minimum lease payments	54	36
▪ Contingent lease payments	0	0
▪ Sub-leases	6	6
Total	**60**	**42**

The table below analyzes the Group's lease commitments at June 30, 2015 by type of asset and maturity.

(In € millions) **Type of leased asset**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**	**Total**
Real estate	21	51	12	**84**
Vehicles	2	3	0	**5**
Other	80	318	100	**498**
Total	**103**	**372**	**112**	**587**

None of the Group's lease arrangements contain material contingent lease payments or renewal options, nor do they impose any specific restrictions, for example concerning dividends, additional debt or further leasing.

Network-related commitments

Network investments

At June 30, 2015 the Group had €63.6 million worth of commitments related to future network investments.

Capacity purchases

(In € millions) **Type of commitment**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**	**Total**
Capacity purchases	50	81	0	**131**
Total	**50**	**81**	**0**	**131**

Other commitments

The Group's financial commitments related to its borrowings are described in Note 7.

At June 30, 2015, other commitments given and received by the Group amounted to €14.7 million and €3 million, respectively, and mainly corresponded to bank guarantees.

Claims and litigation

At June 30, 2015, the main legal proceedings affecting the Group were as follows:

Dispute with Numericable

By way of a decision handed down on December 13, 2013, the Paris Commercial Court ordered Numericable and NC Numericable to pay, on a joint and several basis, €6,391,000 in damages to Free for an advertising campaign that led to customer confusion prior to the launch of Free's mobile offerings in 2011. The Court ordered the provisional enforcement of this decision, which has been appealed by Numericable and NC Numericable. Proceedings are still ongoing in this case.

Dispute with SFR

On May 27, 2014, SFR filed an application with the Paris Commercial Court seeking €493.2 million in damages from Free Mobile, Free and Iliad (on a joint and several basis) for pecuniary and non-pecuniary losses (including damage to brand image) that the plaintiff had allegedly suffered as a result of defamatory actions constituting unfair competition. Free Mobile, Free and Iliad are contesting SFR's position in this case, which they do not consider to be founded. Proceedings are ongoing in this case.

Dispute with Orange

On April 11, 2014, Orange filed two court applications concerning various patents. Orange is seeking the cessation of alleged acts of infringement and has filed a provisional claim for around €250 million. Free contested Orange's position, notably challenging its right to act and the validity of the patents and its claims, and demanded €50 thousand in compensation from Orange for abuse of process and €50 thousand in costs under Article 700 of the French Civil Code (*Code de procédure civile*). On June 18, 2015, the Paris District Court rejected Orange’s claims in the first of these cases. The court ordered Orange to pay Free €200,000 and, as requested by Free, canceled the patent concerned. Proceedings are still ongoing in the second case.

Dispute with Bouygues Telecom

In late 2014, Bouygues Telecom filed an application with the Paris Commercial Court, claiming that Free Mobile had breached its obligations as a mobile telephony operator and accusing it of misleading commercial practices. Free Mobile is contesting Bouygues Telecom's position in this case, which it does not consider to be founded. During the first half of 2015, Bouygues Telecom estimated its alleged losses in relation to this case at €317 million. Proceedings are ongoing in this case.

NOTE 11: FINANCIAL RISK MANAGEMENT

As part of its foreign exchange risk management strategy, the Group hedges its US dollar-denominated purchases.

In addition, in order to reduce the volatility of its future cash flows relating to interest payments on its borrowings, the Group has set up swaps to convert variable-rate borrowings into fixed-rate borrowings.

The following table analyzes the fair value of interest rate and currency hedges by maturity at June 30, 2015:

In € thousands	Within 1 year	Beyond 1 year
Currency hedges	2,309	0
Interest rate hedges	(8,152)	0

NOTE 12: RELATED-PARTY TRANSACTIONS

Related-party transactions solely correspond to transactions with key management personnel.

Transactions with key management personnel

- Persons concerned:

Iliad's key management personnel correspond to Group Management, which includes members of the Board of Directors of Iliad SA and members of the Management Committee. They represented a total of nine people at June 30, 2015.

- Compensation paid to the nine members of the Group's key management personnel in first-half 2015 and 2014 breaks down as follows:

In € thousands	Six months to June 30, 2015	Six months to June 30, 2014
▪ Total compensation	1,135	1,138
▪ Share-based payments	167	753
Total	**1,302**	**1,891**

Impact of Free Mobile share grants

Following an authorization given by its sole shareholder in May 2010, Free Mobile set up a share grant plan involving shares representing up to 5% of its share capital.

During 2010 and 2011, 23 employees and key management personnel were granted shares representing 5% of Free Mobile’s share capital. This plan includes an option for the beneficiaries to receive their entitlements in either cash or Iliad shares, with the price determined by an independent valuer.

On March 4, 2015, Iliad SA's Board of Directors authorized a cash settlement for part of the entitlements of the Free Mobile employees and executive officers who were beneficiaries under the first two share grant plans of May 12, 2010 and December 20, 2010. This cash settlement represented a maximum of 10% of the beneficiaries' Free Mobile shares and the per-share price was determined by an independent valuer.

NOTE 13: EVENTS AFTER THE REPORTING DATE

No significant events that could have a material impact on the financial statements for the six months ended June 30, 2015 occurred between July 1, 2015 and the date the financial statements were approved for issue.