ILIAD GROUP
CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2017

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INTERIM CONSOLIDATED INCOME STATEMENT

In € thousands	Six months to June 30, 2017	Six months to June 30, 2016
Revenues	**2,464,008**	**2,296,934**
Purchases used in production	(1,157,383)	(1,134,899)
Payroll costs	(130,567)	(119,510)
External charges	(198,648)	(164,464)
Taxes other than on income	(65,454)	(49,072)
Additions to provisions	(29,099)	(21,495)
Other income and expenses from operations, net	(8,220)	1,046
EBITDA(1)	**874,637**	**808,540**
Share-based payment expense	(314)	(1,180)
Depreciation, amortization and provisions for impairment of non-current assets	(444,185)	(447,174)
Profit from ordinary activities	**430,138**	**360,186**
Other operating income and expense, net	(618)	(2,982)
Operating profit	**429,520**	**357,204**
Income from cash and cash equivalents	5	92
Finance costs, gross	(13,480)	(26,209)
Finance costs, net	**(13,475)**	**(26,117)**
Other financial income and expense, net	(33,238)	(22,270)
Corporate income tax	(150,882)	(118,552)
Share of profit of equity-accounted investees	638	183
Profit for the period	**232,563**	**190,448**
Profit for the period attributable to:		
▪ *Owners of the Company*	*227,114*	*189,266*
▪ *Minority interests*	*5,449*	*1,182*
Earnings per share attributable to owners of the Company (in €):		
▪ *Basic earnings per share*	*3.86*	*3.23*
▪ *Diluted earnings per share*	*3.78*	*3.16*

(1) See definition on page 8.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € thousands	Six months to June 30, 2017	Six months to June 30, 2016
PROFIT FOR THE PERIOD	**232,563**	**190,448**
➢ Items that may be subsequently reclassified to profit:		
▪ Fair value remeasurement of interest rate and currency hedging instruments	(1,554)	3,032
Tax effect	535	(1,044)
	(1,019)	**1,988**
➢ Items that will not be reclassified to profit:		
▪ Post-employment benefit obligations (IAS 19 revised): impact of changes in actuarial assumptions	0	(3,176)
Tax effect	0	1,094
	0	**(2,082)**
Total comprehensive income for the period	**231,544**	**190,354**
Total comprehensive income for the period attributable to:		
▪ Owners of the Company	**226,095**	**189,184**
▪ Minority interests	**5,449**	**1,170**

INTERIM CONSOLIDATED BALANCE SHEET – ASSETS

In € thousands	Note	At June 30, 2017	At Dec. 31, 2016
Goodwill	5	214,818	214,818
Intangible assets	5	3,107,603	3,241,714
Property, plant and equipment	5	4,061,559	3,761,385
Investments in equity-accounted investees		15,547	14,723
Other long-term financial assets		19,339	18,513
Deferred income tax assets		11,326	11,131
			0
TOTAL NON-CURRENT ASSETS		**7,430,192**	**7,262,284**
Inventories		21,244	14,274
Current income tax assets		0	20,553
Trade and other receivables		663,716	674,190
Other short-term financial assets		391	246
Cash and cash equivalents	4	153,733	238,540
TOTAL CURRENT ASSETS		**839,084**	**947,803**
ASSETS HELD FOR SALE		**19,466**	**21,428**
TOTAL ASSETS		**8,288,742**	**8,231,515**

INTERIM CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

In € thousands	Note	At June 30, 2017	At Dec. 31, 2016
Share capital	6	13,073	13,038
Additional paid-in capital		430,040	418,381
Retained earnings and other reserves		2,755,199	2,570,359
TOTAL EQUITY		**3,198,312**	**3,001,778**
Attributable to:			
. Owners of the Company		***3,189,257***	***2,997,646***
. Minority interests		***9,055***	***4,132***
Long-term financial liabilities	7	1,355,161	1,391,164
Other non-current liabilities	9	1,378,267	1,490,952
TOTAL NON-CURRENT LIABILITIES		**2,733,428**	**2,882,116**
Short-term provisions	8	48,550	49,463
Taxes payable		22,789	3,032
Trade and other payables		1,717,859	1,804,973
Short-term financial liabilities	7	567,804	490,153
TOTAL CURRENT LIABILITIES		**2,357,002**	**2,347,621**
TOTAL EQUITY AND LIABILITIES		**8,288,742**	**8,231,515**

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, 2016	12,999	405,848	(2,455)	65,309	2,152,871	**2,634,572**	2,626	**2,637,198**
Movements in first-half 2016								
▪ Profit for the period					189,266	**189,266**	**1,182**	190,448
▪ Other comprehensive income for the period, net of tax:								
✓ Impact of interest rate and currency hedges				1,988		**1,988**		1,988
✓ Impact of post-employment benefit obligations					(2,070)	**(2,070)**	**(12)**	(2,082)
Total comprehensive income for the period				***1,988***	***187,196***	***189,184***	***1,170***	***190,354***
▪ Capital increase	14	3,872				**3,886**		3,886
▪ Dividends paid by Iliad SA					(24,062)	**(24,062)**		(24,062)
▪ Dividends paid by subsidiaries							(196)	(196)
▪ Purchases/sales of own shares			(1,452)	(711)		**(2,163)**		(2,163)
▪ Impact of stock options				1,166		**1,166**	14	1,180
▪ Impact of changes in minority interests in subsidiaries				(12,945)		**(12,945)**	(189)	(13,134)
▪ Other movements								
Balance at June 30, 2016	13,013	409,720	(3,907)	54,807	2,316,005	**2,789,638**	3,425	**2,793,063**

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, 2017	13,038	418,381	(18,115)	54,454	2,529,888	**2,997,646**	4,132	**3,001,778**
Movements in first-half 2017								
▪ Profit for the period					227,114	**227,114**	**5,449**	232,563
▪ Other comprehensive income for the period, net of tax:								
✓ Impact of interest rate and currency hedges				(1,019)		**(1,019)**		(1,019)
✓ Impact of post-employment benefit obligations								
Total comprehensive income for the period				***(1,019)***	***227,114***	***226,095***	***5,449***	***231,544***
▪ Capital increase	35	11,659				**11,694**		11,694
▪ Dividends paid by Iliad SA					(25,910)	**(25,910)**		(25,910)
▪ Dividends paid by subsidiaries							(142)	(142)
▪ Purchases/sales of own shares			(941)	835		**(106)**		(106)
▪ Impact of stock options				302		**302**	12	314
▪ Impact of changes in minority interests in subsidiaries				(20,650)		**(20,650)**	(396)	(21,046)
▪ Other movements				186		**186**		186
Balance at June 30, 2017	13,073	430,040	(19,056)	34,108	2,731,092	**3,189,257**	9,055	**3,198,312**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

In € thousands	Note	Six months to June 30, 2017	Six months to June 30, 2016
Profit for the period (including minority interests)		**232,563**	**190,448**
+/- Depreciation, amortization and provisions against non-current assets and net additions to provisions for contingencies and charges	4	443,396	447,339
-/+ Unrealized gains and losses on changes in fair value		2,478	(416)
+/- Expenses and income related to stock options and other share-based payments		314	1,180
-/+ Other income and expenses, net		27,020	17,915
-/+ Gains and losses on disposals of assets		(4,989)	(8,439)
-/+ Dilution gains and losses		0	0
+/- Share of profit of equity-accounted investees		(638)	(183)
- Dividends (investments in non-consolidated undertakings)		0	0
Cash flows from operations after finance costs, net, and income tax		**700,144**	**647,844**
+ Finance costs, net		13,484	26,121
+/- Income tax expense (including deferred taxes)		150,882	118,552
Cash flows from operations before finance costs, net, and income tax (A)		**864,510**	**792,517**
- *Income tax paid* **(B)**		(103,069)	(115,168)
+/- Change in operating working capital requirement (including employee benefit obligations) **(C)**		(46,934)	23,859
= Net cash generated from operating activities (E) = (A) + (B) + (C)		**714,507**	**701,208**
- Acquisitions of property, plant and equipment and intangible assets	4	(794,081)	(871,841)
+ Disposals of property, plant and equipment and intangible assets		11,071	6,705
- 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		(21,046)	(13,134)
+/- Effect of changes in Group structure – disposals		0	10,000
+/- Change in outstanding loans and advances		(654)	344
+ Cash inflows from assets held for sale		2,718	6,341
- Cash outflows for assets held for sale		(104)	(85)
= Net cash used in investing activities (F)		**(802,096)**	**(861,670)**
+ Proceeds from capital increases:			
. Paid by owners of the Company			
. Paid by minority shareholders of consolidated companies			
+ Proceeds received on exercise of stock options		15,368	4,764
-/+ Own-share transactions		(107)	(2,162)
- Dividends paid during the period:			
. Dividends paid to owners of the Company		(25,910)	(24,062)
. Dividends paid to minority shareholders of consolidated companies		(142)	(196)
+ Proceeds from new borrowings	7	5,000	497,928
- Repayment of borrowings (including finance leases)	7	(48,435)	(683,166)
- Net interest paid (including on finance leases)		(9,347)	(32,731)
= Net cash used in financing activities (G)		**(63,573)**	**(239,625)**
+/- Effect of exchange-rate movements on cash and cash equivalents **(H)**		(188)	(40)
= Net change in cash and cash equivalents (E + F + G + H)		**(151,350)**	**(400,127)**
Cash and cash equivalents at beginning of period		**235,729**	**718,546**
Cash and cash equivalents at end of period	4	**84,379**	**318,419**

NOTE 1: SIGNIFICANT EVENTS IN FIRST-HALF 2017

1-1. SCOPE OF CONSOLIDATION AT JUNE 30, 2017

There were no significant changes in the scope of consolidation during first-half 2017.

1-2. BUSINESS OVERVIEW

The Group's growth in first-half 2017 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 (the "Group") operates in the French retail telecommunications market.

The condensed interim consolidated financial statements for the six months ended June 30, 2017 were approved by the Board of Directors on August 30, 2017.

2.2. BASIS OF PREPARATION

These condensed interim consolidated financial statements for the six months ended June 30, 2017 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, 2016.

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, 2016, 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 2016.

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) New standards and amendments to existing standards that could be early adopted in 2017:

- **IFRS 9, Financial Instruments (final version) and amendments to IFRS 9, IFRS 7 and IAS 39, effective for annual reporting periods beginning on or after January 1, 2018, with earlier application permitted.** 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.

- **IFRS 15, Revenue from Contracts with Customers, effective for annual reporting periods beginning on or after January 1, 2018, with earlier application permitted.** The core principle of IFRS 15 is for entities 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.

The Group has not early adopted these standards and amendments and is currently analyzing the impacts of applying them. In particular, IFRS 15 and the clarifications thereto are expected to have a non-material impact in view of the structure of the Group’s commercial offerings and the accounting methods applied.

b) New standards and amendments to existing standards that were not applicable at June 30, 2017 (as not yet endorsed by the European Union):

- **Annual improvements to IFRSs (2014-2016 cycle)**, which comprise amendments to three standards, as follows:

  - ✓ IFRS 1, First-time Adoption of International Financial Reporting Standards: Deletion of short-term exemptions for first-time adopters.
  - ✓ IFRS 12, Disclosures of Interests in Other Entities: Clarification of the scope of the standard in relation to disclosure requirements.

- ✓ IAS 28, Investments in Associates and Joint Ventures: Clarification that the election to measure at fair value through profit or loss is available on an investment-by-investment basis.

- **Amendments to IAS 7, Statement of Cash Flows.** These amendments introduce additional paragraphs to IAS 7 which require entities to provide information to help users of financial statements evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

- **Amendments to IAS 12, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses.** These amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value, in order to address diversity in practice.

- **Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.** These amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) 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 as defined in IFRS 3 (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 those assets are housed in a subsidiary. The gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business to an associate or joint venture should only be recognized to the extent of unrelated investors' interests in the associate or joint venture.

- **Effective Date of Amendments to IFRS 10 and IAS 28, which postpones the effective date of these amendments.**

- **Amendments to IAS 40, Investment Property – Transfers of Investment Property, applicable as from January 1, 2018.** These narrow-scope amendments are intended to clarify the application of paragraphs 57 and 58 of IAS 40. The amended standard states that an entity should transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property.

- **Amendments to IFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions, applicable as from January 1, 2018.** These amendments provide requirements on the accounting for:

  - ✓ the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

  - ✓ share-based payment transactions with net settlement features for withholding tax obligations; and

  - ✓ a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

- **Clarifications to IFRS 15, Revenue from Contracts with Customers.**

- **IFRS 16, Leases, applicable as from January 1, 2019.** IFRS 16 replaces IAS 17 and its associated interpretative guidance. The main change introduced by the new standard is that all leases will have to be reported on lessees' balance sheets, which will increase the visibility of their assets and liabilities. IFRS 16 removes the classification of leases as either operating leases or finance leases, treating all leases as finance leases.

  Short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements in IFRS 16. The standard does not change how service contracts are accounted for, but it does give some useful guidance on how to distinguish between the lease and service components of complex contracts.

The Group is currently analyzing the impacts of applying the above standards and amendments, particularly IFRS 16.

NOTE 3: SEGMENT INFORMATION

The Group only has one business segment – Retail Telecom.

As the vast majority of its operations are in France, the Group also only has one geographic segment.

The Group is currently considering changes to the presentation of its segment information following the signature in early July 2016 of an agreement with the Hutchison and VimpelCom groups as part of the plan to merge their respective H3G and Wind subsidiaries, which provided for the Group to acquire assets enabling it to become the fourth mobile operator in Italy. No changes have been made at this stage because commercial activities in Italy have not yet been launched and the underlying material assets recognized in the consolidated financial statements at June 30, 2017 mainly correspond to licenses (€896 million) and initial network assets (€10 million).

An initial payment of €50 million for the licenses purchased in Italy was made during the first half of 2017.

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, 2017	Six months to June 30, 2016
Depreciation and amortization:			
▪ Amortization of intangible assets	5.2	116,502	131,735
▪ Depreciation of property, plant and equipment	5.3	327,683	315,440
Additions to provisions against non-current assets		0	0
Additions to provisions for contingencies and charges	8	79	1,158
Reversals of provisions for contingencies and charges:			
▪ Amounts utilized	8	(498)	(1,096)
▪ Surplus provisions	8	(370)	(2,684)
Other		0	2,786
Recognized in the statement of cash flows		**443,396**	**447,339**

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

In € thousands	Note	Six months to June 30, 2017	Six months to June 30, 2016
▪ Intangible assets	5.2	6,763	341,813
▪ Property, plant and equipment (excl. new finance leases)	5.3	623,766	471,320
▪ Suppliers of non-current assets (excl. VAT):			
. at beginning of period		2,455,005	1,722,620
. Impact of re-estimating and discounting liabilities		10,517	23,217
. at end of period		(2,301,970)	(1,687,129)
▪ Other		0	0
Recognized in the statement of cash flows		**794,081**	**871,841**

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

In € thousands	Note	At June 30, 2017	At June 30, 2016
▪ Cash		31,620	21,685
▪ Marketable securities		122,113	307,679
▪ Short-term borrowings		(69,354)	(10,945)
Recognized in the statement of cash flows		**84,379**	**318,419**

NOTE 5: CAPITAL EXPENDITURE

5.1. GOODWILL

In € thousands	Six months to June 30, 2017
Carrying amount at January 1, 2017	**214,818**
Carrying amount at June 30, 2017	**214,818**

In € thousands	Twelve months to Dec. 31, 2016
Carrying amount at January 1, 2016	**214,818**
Carrying amount at December 31, 2016	**214,818**

5.2. OTHER INTANGIBLE ASSETS

In € thousands	Six months to June 30, 2017
Carrying amount at January 1, 2017	**3,241,714**
Additions:	
. acquisitions	4,777
. internally-generated intangible assets	1,986
Other	(24,372)
Amortization	(116,502)
Carrying amount at June 30, 2017	**3,107,603**

In € thousands	Twelve months to Dec. 31, 2016
Carrying amount at January 1, 2016	**2,253,356**
Additions:	
. acquisitions	1,266,660
. internally-generated intangible assets	3,932
Reclassifications	(154)
Other	(1,645)
Amortization	(280,435)
Carrying amount at December 31, 2016	**3,241,714**

5.3. PROPERTY, PLANT AND EQUIPMENT

In € thousands	Six months to June 30, 2017
Carrying amount at January 1, 2017	**3,761,385**
Acquisitions(1)	634,525
Disposals	(4,085)
Reclassifications	417
Other	(3,000)
Depreciation	(327,683)
Carrying amount at June 30, 2017	**4,061,559**

(1) Including €10,759 thousand in assets acquired under finance leases.

In € thousands	Twelve months to Dec. 31, 2016
Carrying amount at January 1, 2016	**3,229,231**
Acquisitions(1)	1,195,490
Disposals	(9,629)
Reclassifications	154
Other	(4,686)
Depreciation	(649,175)
Carrying amount at December 31, 2016	**3,761,385**

(1) Including €9,776 thousand in assets acquired under finance leases.

During the first half of 2017, the Group stepped up its capital spending drive, notably in connection with rolling out its mobile and optical fiber networks.

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

All of the stock options granted by the Group are exercisable.

In first-half 2017, 158,136 stock options were exercised for the same number of new shares. The Company's share capital therefore increased by €35 thousand to €13,073 thousand at June 30, 2017 from €13,038 thousand at December 31, 2016.

At June 30, 2017, 435,075 exercisable stock options were still outstanding.

6.2. Dividends

At the Annual General Meeting held on May 17, 2017, the Company's shareholders resolved to pay a dividend of €0.44 per share, representing a total payout of €25,910 thousand.

The dividend was paid on June 23, 2017.

NOTE 7: BORROWINGS

Borrowings can be broken down as follows:

In € thousands	At June 30, 2017	At Dec. 31, 2016
Long-term borrowings	1,355,161	1,391,164
Short-term borrowings	567,804	490,153
Total	**1,922,965**	**1,881,317**

Movements in borrowings can be analyzed as follows:

In € thousands	Six months to June 30, 2017
Borrowings at January 1, 2017	**1,881,317**
New borrowings(1)	15,759
Repayments of borrowings	(48,435)
Change in bank overdrafts	66,544
Impact of cash flow hedges	0
Other	7,780
Total borrowings at June 30, 2017	**1,922,965**

(1) New borrowings excluding finance lease liabilities: €5,000 thousand.

In € thousands	At Dec. 31, 2016
Borrowings at January 1, 2016	**1,911,496**
New borrowings(1)	556,854
Repayments of borrowings	(573,560)
Change in bank overdrafts	1,289
Impact of cash flow hedges	(3,448)
Other	(11,314)
Total borrowings at December 31, 2016	**1,881,317**

(1) New borrowings excluding finance lease liabilities: €547,078 thousand.

At June 30, 2017, 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 – had an initial maturity of five years, expiring in 2018, with an option to extend it to seven years (expiring in 2020). On October 2, 2015, the Group signed an amendment to the loan contract extending its initial maturity from 2018 to 2020, with an option to further extend it to 2022. None of this facility had been drawn down at June 30, 2017.

The applicable interest rate is based on Euribor plus a margin of between 0.35% and 1.10% per year depending on the Group’s leverage ratio.

A €500 million term loan

On January 8, 2016, the Group signed a new syndicated loan agreement with a pool of 11 banks for an aggregate amount of €500 million.

This loan – which has a five-year term expiring in 2021 – has been fully drawn down since end-May 2016.

Loans granted by the European Investment Bank (EIB)

In 2010, 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 ten-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 ten-year term and is repayable in installments.

Both of these loans had been fully drawn down at June 30, 2017. The Group made its first, second and third repayment installments of €25 million, €42 million and €33 million during 2015, 2016 and first-half 2017 respectively.

On December 8, 2016, the EIB granted Iliad another €200 million loan to help finance its rollout of optical fiber networks. This loan – which is repayable in installments as from 2020 with a final maturity in 2030 – had not been drawn down at June 30, 2017.

Bonds

On May 26, 2011, the Group issued €500 million worth of bonds paying interest at 4.875% per year. These bonds were fully redeemed in June 2016.

On November 26, 2015, the Group issued a further €650 million worth of bonds paying interest at 2.125% per year. These bonds will be redeemed at face value at maturity on December 5, 2022.

A €1 billion 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. The amount of the program was subsequently increased to €800 million in first-half 2015 and €1 billion in first-half 2017.

At June 30, 2017, €405 million of the program had been used.

NOTE 8: PROVISIONS

Six months to June 30, 2017 (In € thousands)	Provisions for claims and litigation	Other provisions	Total
At January 1, 2017	**48,897**	**566**	**49,463**
Additional provisions	79	0	**79**
Utilized during the period	(498)	0	**(498)**
Reversals of surplus provisions	(370)	0	**(370)**
Other movements	(124)	0	**(124)**
At June 30, 2017	**47,984**	**566**	**48,550**
o/w long-term provisions			*0*
o/w short-term provisions			*48,550*

Twelve months to December 31, 2016 (In € thousands)	Provisions for claims and litigation	Other provisions	Total
At January 1, 2016	**99,299**	**0**	**99,299**
Additional provisions	1,417	566	**1,983**
Utilized during the period	(48,085)	0	**(48,085)**
Reversals of surplus provisions	(3,770)	0	**(3,770)**
Other movements	36	0	**36**
At December 31, 2016	**48,897**	**566**	**49,463**
o/w long-term provisions			*0*
o/w short-term provisions			*49,463*

NOTE 9: OTHER NON-CURRENT LIABILITIES

In € thousands	At June 30, 2017	At Dec. 31, 2016
Other non-current liabilities	1,378,267	1,490,952
Total	**1,378,267**	**1,490,952**

NOTE 10: COMMITMENTS

Lease commitments

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

In € millions	Six months to June 30, 2017	Six months to June 30, 2016
▪ Minimum lease payments	75	58
▪ Contingent lease payments	0	0
▪ Sub-leases	6	6
Total	**81**	**64**

The table below analyzes the Group's lease commitments at June 30, 2017 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	42	4	**67**
Vehicles	7	5	0	**12**
Other	122	449	138	**709**
Total	**150**	**496**	**142**	**788**

None of the Group's lease arrangements provide for material contingent lease payments or contain 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, 2017, the Group had given €87.2 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	61	74	0	**135**
Total	**61**	**74**	**0**	**135**

Other commitments

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

At June 30, 2017, other commitments given by the Group amounted to €18.78 million and mainly corresponded to bank guarantees.

Claims and litigation

At June 30, 2017, the main legal proceedings affecting the Group were as follows:

Disputes 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 and have filed a counterclaim seeking €475 million in damages for Free Mobile and €88 million for Free. The case has been heard and the parties are awaiting the court's decision.

- On July 31, 2015, Free applied to the Paris Commercial Court for an injunction ordering Numericable-SFR to cease using the term "Fiber" when referring to access that end-connects subscribers by cable. Free claims that this constitutes unfair competition and parasitic business practice and has also sued for €37.9 million in damages for its related loss.

Disputes with Orange

- On April 11, 2014, Orange filed two court applications concerning various patents. In these applications, Orange requested the court to order the cessation of alleged acts of infringement and 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 requested the court to order Orange to pay €50,000 for abuse of process and €50,000 in costs under Article 700 of the French Civil Procedure 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. Orange has appealed this decision. Consequently proceedings are still ongoing in both of the cases.

- By way of decision 2015-0971-RDPI dated July 28, 2015, ARCEP authorized Free Mobile to use optical fiber links at no extra cost for traffic to transit from its mobile base stations, irrespective of whether the base stations are connected to the network via copper or fiber optic cables. On August 28, 2015, Orange appealed ARCEP's decision. Free Mobile contested Orange's position and on June 29, 2017 the Paris Court of Appeal rejected Orange's appeal against ARCEP's decision.

Disputes 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. Bouygues Telecom has estimated its alleged losses in relation to the case at €570 million. Proceedings are still ongoing.

- On November 10, 2015, Free filed an application with the Paris Commercial Court for (i) an injunction ordering Bouygues Telecom to cease practices related to its marketing that constitute unfair competition and defamation, and (ii) damages for Free's related loss, which it is in the process of valuing. Proceedings are still ongoing.

- On June 14, 2016, Bouygues Telecom filed an application with the French antitrust authorities (*Autorité de la Concurrence*) followed by an additional application on July 16, 2016 together with a request for interim protective measures (the "Applications"). The Applications claim that the roaming agreement entered into between Orange and Free Mobile and the addendum thereto providing for the termination of 2G/3G roaming services breach the anti-cartel provisions in Article 101 of the TFEU and Article L. 420-1 of the French Commercial Code. In late October 2016, Bouygues Telecom withdrew its additional application and on July 5, 2017, the French antitrust authorities placed on record Bouygues' withdrawal.

Dispute with Fastweb

- On January 14, 2017, Fastweb lodged an appeal with the General Court of the European Union against the European Commission's September 1, 2016 decision to conditionally clear the Italian joint venture between Hutchison and VimpelCom. Proceedings are still 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 had set up swaps to convert variable-rate borrowings into fixed-rate borrowings. These swaps expired during the first half of 2016.

As a significant portion of the Group's borrowings are now at fixed rates (bonds and EIB loans), the Group did not consider it necessary to set up new interest rate swaps.

In € thousands	Maturities of less than 1 year	Maturities of more than 1 year
Currency hedges	(185)	330
Interest rate hedges	0	0

NOTE 12: RELATED-PARTY TRANSACTIONS

Related-party transactions correspond to transactions with key management personnel and with the companies Monaco Telecom and Salt Mobile.

Transactions with key management personnel

- Persons concerned:

Iliad's key management personnel correspond to the members of the Board of Directors of Iliad SA and the members of the Management Committee. They represented a total of nine people at June 30, 2017.

- Compensation paid to the nine members of the Group's key management personnel in first-half 2017 and 2016 breaks down as follows:

In € thousands	Six months to June 30, 2017	Six months to June 30, 2016
▪ Total compensation	1,198	1,169
▪ Share-based payments	220	245
Total	**1,418**	**1,414**

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. An initial cash settlement for part of the entitlements was authorized in 2015 and a second in 2016.

On March 6, 2017, Iliad SA's Board of Directors authorized another cash settlement for part of the entitlements of the Free Mobile employees and executive officers who were beneficiaries under the share grant plans. This settlement covers up to 12.5% of the shares originally granted to the beneficiaries, with the per-share price determined by an independent valuer.

Transactions with Monaco Telecom

Iliad has signed an agreement with Monaco Telecom (a Monaco-based company controlled by a party related to the Group) to lease sites containing the Group's equipment. The amount invoiced by Monaco Telecom for making these sites available totaled €750 thousand in first-half 2017.

Transactions with Salt Mobile

Free Mobile performs technical services on behalf of Salt, a Swiss company that is controlled by a party related to the Group. In first-half 2017, the Group recognized €688 thousand in revenues for these services.

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, 2017 occurred between July 1, 2017 and the date the financial statements were approved for issue.