Ziggo N.V.

Interim Report

For the 1st half year 2013
Ended June 30, 2013

INTRODUCTION

This report contains the half-year financial report of Ziggo N.V. a public limited company, headquartered in Utrecht. The principal activities of the company and its group companies (the Ziggo Group) are described in Note 1.

The half-year financial report for the six months period ended June 30, 2013 consists of the Report of the Board of Management, the Statement of the Board of Management and the interim condensed consolidated financial statements.

REPORT OF THE BOARD OF MANAGEMENT

Financial highlights

€ million	HY 2013	2012	Change
Subscriptions + usage	697.0	693.5	0.5%
Other revenues	19.7	28.7	(31.1%)
Total consumer revenues	**716.7**	**722.1**	**(0.8%)**
Business services revenues	63.0	51.4	22.7%
Total revenues	**779.8**	**773.5**	**0.8%**
Cost of goods sold	147.3	155.7	(5.4%)
Gross margin	**632.5**	**617.8**	**2.4%**
% of total revenues	*81.1%*	*79.9%*	
Operating expenses	153.0	151.0	1.3%
Marketing & Sales	35.8	31.6	13.5%
Total operating expenses	**188.9**	**182.6**	**3.4%**
% of total revenues	*24.2%*	*23.6%*	
Adjusted EBITDA[1]	**443.6**	**435.3**	**1.9%**
% of total revenues	*56.9%*	*56.3%*	
IPO related costs	0.0	39.7	
EBITDA[2]	**443.6**	**395.6**	**12.2%**
Depreciation and amortization	136.6	142.6	(4.2%)
Operating income	**307.0**	**252.9**	**21.4%**
Share based payments	0.0	20.0	(100.0%)
Movement in provisions	(4.7)	(1.3)	245.8%
Change in net working capital	(16.7)	22.1	(175.6%)
Cash flow from operating activities	**422.3**	**436.3**	**(3.2%)**
Capital expenditure (Capex)	146.1	120.7	21.1%
% of total revenues	*18.7%*	*15.6%*	
Acquisition	15.2	0.0	
Interest received	0.0	(0.4)	(98.1%)
Change in financial assets	0.1	(0.1)	
Funding joint venture	5.7	9.5	(40.1%)
Free cash flow	**255.1**	**306.6**	**(16.8%)**
% of total revenues	*32.7%*	*39.6%*	
Adjusted EBITDA - Capex	297.5	314.6	(5.4%)
% of total revenues	*38.2%*	*40.7%*	
Net result	**181.6**	**49.9**	**263.9%**
Outstanding shares (# m)	200.0	200.0	
Earnings per share (€)	0.91	0.25	263.9%

Operational highlights (in thousands)

Footprint[3] (thousands)	30 Jun 2013	31 Dec 2012	Change	30 Jun 2012	Change
Homes passed	4,234	4,213	21	4,218	0.4%
Analog TV only	553	637	(84)	716	(22.9%)
Analog and digital TV[4]	2,265	2,256	10	2,242	1.0%
Total TV customers	**2,818**	**2,892**	**(74)**	**2,959**	**(4.8%)**
Digital pay TV subscribers	862	929	(67)	951	(9.4%)
Internet subscribers	1,832	1,788	44	1,751	4.6%
Telephony subscribers	1,549	1,493	56	1,444	7.3%
Total RGUs[5]	**7,060**	**7,102**	**(42)**	**7,104**	**(0.6%)**
Total RGUs consumer	**6,845**	**6,908**	**(63)**	**6,935**	**(1.3%)**
of which bundle subscribers[6]	*1,446*	*1,395*	*51*	*1,351*	*7.1%*
RGUs per customer (#)[7]	2.54	2.49	0.05	2.43	4.5%
ARPU YTD (€ per month)[8]	42.54	40.44	2.10	40.06	6.2%
Total RGUs B2B	**214**	**194**	**20**	**169**	**26.8%**

Definitions/Footnotes

(1) Adjusted EBITDA refers to EBITDA, adjusted to eliminate the effects of operating expenses incurred in connection with the initial public offering of ordinary shares of the company on March 21, 2012, which were €0.0 million for the period ended on June 30, 2013 and €39.7 million for the period ended on June 30, 2012.

(2) EBITDA represents operating income plus depreciation and amortization. Although EBITDA should not be considered a substitute for operating income and net cash flow from operating activities, we believe that it provides useful information regarding our ability to meet future debt service requirements.

(3) Operating data relating to our footprint and RGUs is presented as at the end of the period indicated.

(4) Digital television RGUs equals the total number of standard TV subscribers who have activated a smart card as at the end of the periods indicated. As a result, digital TV RGUs represents the number of subscribers who have access to our digital TV services. In any given period, not all of these digital TV RGUs will have subscribed to additional digital pay TV services. As at June 30, 2013 862,000 of our total digital TV RGUs subscribed to one or more of our digital pay TV services.

(5) Total RGUs are calculated as the sum of total standard TV subscribers, digital pay TV subscribers, Internet subscribers and telephony subscribers which are serviced by our coaxial products for both the consumer and the business markets. Total consumer RGUs excludes the subscriptions for our products Office Basis (31,901), Office Plus (1,291) and Internet Plus (10,143) targeted at SOHO and small businesses and our collective TV contracts TOM and TOMi (representing 80,000 RGUs), as these coaxial products are serviced by our business division and revenues generated through these products are recognized as business service revenues. These products represent 124,000 TV RGUs, 14,000 digital pay TV RGUs, 43,000 Internet RGUs and 33,000 telephony RGUs.

(6) Besides 1,446,000 customers who subscribed to the All-in 1 bundle, 12,000 customers subscribed to standard TV, Internet and telephony on an individual product basis instead of an All-in-1 bundle.

(7) RGUs per customer is the total number of consumer RGUs (6,845,000 as per June 30, 2013) divided by the total number of consumer TV subscribers (2,694,000 as per June 30, 2013).

(8) Average Revenue per User (ARPU) for the consumer market is calculated as the sum of total standard TV, digital pay television, Internet, telephony (including call charges and interconnection revenue) and All-in-1 bundle subscription revenues generated in the consumer market for the period divided by the number of months used and divided by the period's average monthly total standard TV RGUs. It excludes revenue from other sources, including installation fees and set-top box sales.

(9) We have changed the definition of net debt for the calculation of the leverage. Net debt is defined as the outstanding balance of the principal amount of our borrowings plus the accrued interest on these borrowings and the market-to-market value of the derivative financial instruments, reduced by the balance for cash and cash equivalents. Before the balance of accrued interest and the market-to market value of the derivative financial instruments was not included in the calculation of net debt.

Operations

The first half year of 2013 showed similar trends for RGUs as the last quarter of 2012. Sales and marketing efforts were successful resulting in an increase in sales and gross adds, in particular for the All-in-1 bundle. However, continued strong competition in the consumer market kept churn at about the same elevated level as we experienced at the end of 2012. Churn is relatively higher among subscriptions to TV-only and the lower tier internet (Z1) and lower tier All-in-1 bundle subscriptions. In order to address churn we announced certain improvements in our propositions during the first half year of 2013, including an increase in internet speeds, the launch of WifiSpots and attractively priced dual-play propositions. Furthermore, we launched a number of campaigns focusing on customer retention to address churn. The effects of these campaigns should become visible in the second half of 2013. During H1 2013, customer churn for the All-in-1 bundles was 5.5% in total, compared to 4.4% for the comparable half year in 2012. These percentages are based on yearly churn rates.

Consumer products & services

Detail consumer

thousands	30 Jun 2013	31 Dec 2012	Change	30 Jun 2012	Change
Analog TV only	458	545	(87)	630	(27.3%)
Analog and digital TV	2,236	2,231	5	2,223	0.6%
Total TV customers	**2,694**	**2,776**	**(82)**	**2,853**	**(5.6%)**
Digital pay TV subscribers	848	917	(69)	940	(9.9%)
Internet subscribers	1,788	1,751	37	1,721	3.9%
Telephony subscribers	1,516	1,464	51	1,421	6.7%
Total RGUs	**6,845**	**6,908**	**(63)**	**6,935**	**(1.3%)**
of which bundle subscribers	*1,446*	*1,395*	*51*	*1,351*	*7.1%*
RGUs per customer (#)	2.54	2.49	0.05	2.43	4.5%
ARPU YtD (€ per month)	42.54	40.44	2.10	40.06	6.2%

At the end of June 2013, total RGUs in the consumer market reached 6.8 million. In H1 2013, Ziggo lost 63,000 RGUs as a result of a net churn of 82,000 subscribers and a decline in RGUs for digital pay TV of 69,000. This decline was partly offset by an increase in RGUs for internet and telephony, driven by the growth in subscriptions to the All-in-1 bundle. The decline in RGUs for digital pay TV was driven by the end of the Dutch football season in May, the depressed consumer confidence as a result of the decline in the economy and also by the focus of our marketing activities on customer retention and the sales of All-in-1 instead of premium pay TV. In addition, in the prior year period the subscriber base for digital pay TV benefited from a promotional offer for the HBO package, which was introduced in February 2012.

In H1 2013 the number of subscribers to the All-in-1 bundle grew by 51,000 (or 3.7%) to 1.5 million. The number of internet subscribers grew by 37,000 to 1.79 million during H1 2013 and by 3.9% compared to H1 2012, again increasing our market share for broadband internet.

The number of digital TV subscribers increased slightly by 5,000 to 2.24 million, representing a penetration of 83.0% of our consumer customer base. The number of TV-only subscribers decreased by 21.4% compared with H1 2012, to a total of 848,000 as at June 30, 2013. The decrease was mainly caused by the up-selling of the All-in-1 bundle to our TV-only subscribers as well as by churn among TV-only subscribers. Churn among TV-only subscribers was higher compared to last year as a result of the market moving towards triple-play and increased competition. Churn on all other product lines, and for All-in-1 in particular, is significantly lower compared to churn among TV-only subscribers. We will continue to focus on upgrading customers to our All-in-1 bundle from a penetration of 53.7% today.

The total number of telephony subscribers rose to 1.52 million at the end of the first half year, an increase of 6.7% compared to the same period in 2012. This increase is mainly the result of the increase in All-in-1 subscriptions. RGUs per customer grew to 2.54, up 4.5% compared to last year, following a 1.3% decline in RGUs combined with a lower number of TV-only subscribers. Excluding digital pay TV as a separate RGU, Ziggo recorded an average of 2.23 RGUs per customer or a 6.0% growth compared to the previous year. Blended ARPU for H1 rose by 6.2% y-o-y, benefiting from a further penetration of All-in-1 bundles in our customer base, a relative higher churn among lower ARPU TV-only customers and ARPU growth for digital pay TV, partly offset by a decline in the ARPU for telephony usage.

Marketing and sales

A successful sales campaign for new bundle subscribers was launched in February ('Kies je Voordeel'). In addition to an introduction discount or an interactive receiver included in the subscription or interactive recorder for a smal reimbursement included in the subscription in combination with a minimum contract period of twelve months, new subscribers to All-in-1 have been given the option, since May, to receive a free tablet, subject to a minimum contract period of twelve months as well. The campaign focuses on triple play and dual play.

During the first half year we also launched a number of new campaigns focusing on customer loyalty and customer retention. With these campaigns, existing customers can purchase an interactive HD receiver or an interactive HD recorder at an attractive discount.
We also launched campaigns targeted on customer retention in areas where FttH is being launched to highlight the strength and future readiness of the HFC network, the quality and attractiveness of the Ziggo product offering and the high internet speeds that we offer (150Mb across our footprint). In addition, we have started targeted win-back campaigns in areas where FttH has been rolled out over the past years, supported by an attractive offer for a high quality product and service compared to the FttH experience. These targeted retention and win-back campaigns are supported by special retention offers granting a free interactive receiver or recorder, in combination with a twelve or twenty-four months' contract.

On January 30 we announced that Ziggo will be the founding partner of 'DE TV-BEELDEN'. The Netherlands plays an important role in the international TV industry. After the United Kingdom and the United States, the Netherlands holds third place on the list of countries successfully introducing new TV formats. Thogether with the TV BEELDEN foundation, Ziggo introduced this new Dutch television trade, supporting content creators and inventors from the industry.

On March 2, the dance event 'Energy' was held in the Ziggo Dome. A live broadcast was made available to all Ziggo customers via the Zigo event channel, enabling them to experience the dance event live at home through our digital TV service.

On June 16, a very popular live concert from the Ziggo Dome ('Holland Zingt Hazes') was broadcasted for our customers via the Ziggo TV App and via the Ziggo Event Channel. The event was viewed by approximately 300,000 Ziggo customers. Later that month, the Ziggo Dome celebrated its first anniversary with a contest in which Ziggo customers could win golden seats, enabling them to attend all concerts in the Ziggo Dome for a whole year. Approximately one million people have attended a concert or event since the Ziggo Dome was opened in June 2012.

On June 30, the ParkPop concert was broadcasted live via the Ziggo Event Channel. During this music festival in The Hague, Ziggo WifiSpots were placed in the concert area for the concertgoers, and a social media campaign was launched offering participants the chance to win backstage passes for the event.

Products and services

On February 12, Ziggo launched the Visual Voicemail app for Ziggo telephony subscribers, enabling customers to automatically receive their home phone voicemail messages on their smartphone. The app works with any WiFi connection. Ziggo strives to offer Ziggo customers the ability to access their services from anywhere in the world; the Ziggo Voicemail app provides a service that was initially only available on the fixed telephony line through the home phone, but can now be deliverd from any location using Android devices. The app for iOS devices will follow soon.

In March, we introduced the first fully cloud-based interactive DVB-C TV service in the world. By combining the IP protocol with the DVB-C television standard, even set-top boxes without built-in hardware functionality for interactivity, are able to provide interactive services via a cable. This new streaming graphical user interface (SGUI) has been nominated for the innovation award by the International Broadcast Convention (IBC) in the Content Delivery category. The number of activated decoders with the SGUI grew from 60,000 in the first quarter to approximately 150,000 decoders in the second quarter, and they currently account for approximately one-third of the VOD activity. As at June 30, we have over 480,000 customers with interactive receivers or recorders, up from 360,000 at the end of 2012.

At the end of April, we launched the roll-out of our WiFi Homezone concept in our footprint, called "Ziggo WifiSpots", starting with the activation of 65,000 'Ziggo WifiSpots' in the city of The Hague. By August, we expect to have activated 850,000 WifiSpots, increasing to approximately one million by the end of 2013. The WiFi Hotspot concept utilizes the public channel of our WiFi EuroDocsis 3.0 modems at the customer's premises, enabling all Ziggo internet customers to access high speed internet in the vicinity of an activated Ziggo modem. The introduction was supported by a special communication campaign through television commercials, advertising and mailings to explain the concept and communicate the benefits for Ziggo customers: mobility and high quality internet access on any device, anywhere in our footprint. Our first step on our way to a fully converged offering was warmly welcomed in the Dutch media and by our customers. On the back of the roll-out of Ziggo WifiSpots, we plan to launch our MVNO-based mobile offering for Ziggo customers in the second half of 2013. This will be an attractively priced SIM-only based proposition for a bundle of call minutes/SMS and mobile data in combination with high quality internet access through the Ziggo WifiSpots.

On May 14, we announced the increase of our internet speeds for various subscriptions. In the course of July 2013, approximately 800,000 internet subscribers will have access to higher internet speeds at no additional cost. The internet speed for the lowest tier internet subscriptions will be raised from 8/1 MBit/s to 20/2 MBit/s and that for All-in-1 Basis will be raised from 10/1 MBit/s to 20/2 MBit/s. This increase further widens the gap with DSL-based offerings, particularly when the actual speed delivered is being considered. In addition, the highest internet speed for internet Z3 and All-in-1 Extra will increase to 150/15 MBit/s.

On July 12, the first CI+ 1.3 module was introduced. A common interface module in combination with a CI+ certified television enables digital TV subscribers to watch digital TV without a decoder and use a single remote control. The new 1.3 standard provides optional access to interactive services, which will become available for our customers in the course of the second half of 2013. This introduction will further increase the number of interactive receivers in our customer base and thus stimulate growth of our video-on-demand services and revenues. Currently, over 900,000 of our customers watch digital TV using a legacy version of the common interface. Only those customers who have purchased a certified CI+ 1.3 TV in 2013 will be able to use the interactive services associated with the new CI+ 1.3 module.

B2B products & services

Detail B2B

thousands	30 Jun 2013	31 Dec 2012	Change	30 Jun 2012	Change
Analog TV only	95	92	3	86	9.6%
Analog and digital TV	29	24	5	20	49.3%
Total TV customers	**124**	**116**	**8**	**106**	**16.9%**
Digital pay TV subscribers	14	12	2	10	36.7%
Internet subscribers	43	37	6	30	43.7%
Telephony subscribers	33	28	5	23	45.8%
Total RGUs	**214**	**194**	**20**	**169**	**26.8%**
Of which:					
- Office Basis	*31.9*	*27.5*	*4.4*	*22.6*	*41.3%*
- Office Plus	*1.3*	*0.8*	*0.5*	*0.2*	*555.3%*
- Internet Plus	*10.1*	*8.6*	*1.5*	*7.4*	*37.5%*

During H1 2013, over 6,400 new subscribers were added to our ‘Office Basis’, ‘Office Plus’ and ’Internet Plus’ business bundles, bringing the total B2B bundle subscribers to more than 43,300. Our focus on the small and home offices with business bundles is driving growth for B2B.

On March 14, Ziggo announced the acquisition of Esprit Telecom, a leading provider of voice and data services for the SME market in the Netherlands, through which it can further expand its services to these segments. Esprit Telecom has an active sales channel of dealers across the country. The acquisition includes Zoranet, an ICT service provider that focuses on the retail sector. In 2012, Esprit Telecom generated revenues of €37 million. With this acquisition we have strengthened our propositions and services for the mid-market. We expect that Esprit Telecom, together with our state-of-the-art infrastructure, will bring new growth opportunities.
Following the go-ahead from the Dutch Authority for Consumers and Markets (ACM), Esprit Telecom has been consolidated as of May 1, 2013.

Other

At March 21, 2013 we successfully priced €750.0 million senior secured notes due in March 2020. The notes bear coupon interest at 3.625% per annum and have been issued at a price equal to 99.8% of their face value to yield 3.658% per annum. Taking into consideration the discount upon issue, the net proceeds from the issuance amounted to €748.5 million. In addition, we agreed on a new term loan A under a new credit facility of €150.0 million and a revolving credit facility of €400.0 million.

On April 26, we announced that our private equity shareholders, Cinven Cable Investments S.à r.l. and WP Holdings IV B.V. ("Cinven" and "Warburg Pincus", respectively) and their co-investors had successfully placed approximately 34 million ordinary shares of Ziggo N.V. at a price of €25.75 per share. After the completion of this transaction, Cinven, Warburg Pincus and their co-investors do no longer have an equity interest in Ziggo.

On April 18, Ziggo N.V. 's Annual General Meeting of Shareholders took place. All voting items were adopted, including the 2012 financial statements, the dividend proposal and the appointment of Ms. Pamela Boumeester as a member of the Supervisory Board.

Financial performance

Revenues

In H1 2013 Ziggo generated revenues of €779.8 million, an increase of 0.8% compared to the same half year of 2012 (€773.5 million) and at the same level excluding the revenue contribution from Esprit Telecom. Esprit Telecom is consolidated as of May 1, 2013 and contributed €6.3 million in revenues during these first two months. Excluding Esprit Telecom and 'revenue from other sources', revenues increased by 1.2%, despite a 5.5% (€5.2 million) decline in revenues from telephony usage. The most important drivers for revenue growth were:

1. continued growth in RGUs for internet and telephony driven by a further uptake of the All-in-1 bundle;
2. revenue growth from video-on-demand;
3. a price increase for the consumer market effective as of February 1; and
4. continued growth in subscriptions to business bundles.

Revenue growth was partly offset by continued elevated churn and a revenue decline for telephony usage revenue. Business services again reported strong organic growth of 10.4% in the business market, primarily driven by the sale of business bundles to the SME and SoHo markets.

Consumer revenues for H1 2013 amounted to €716.7 million, down 0.8% on H1 2012. Excluding 'revenue from other sources', consumer revenues increase by 0.5%. This was mainly driven by the February price increase and a further uptake of our All-in-1 bundle during the year, offset by a decline in telephony usage of 5.5% and churn among TV-only customers in particular. In addition, as part of our promotional offers, new subscribers can opt for an introduction discount for a six-month period which is recognized net of revenues in each of the six months.
Subscriptions to All-in-1 grew by 51,000 additions on balance during the first half year, or 7.1% y-o-y. This resulted in y-o-y growth in both internet and telephony RGUs by 3.9% and 6.7% respectively, with RGUs for standard TV reporting a net annual decline of 5.6% (4.2% for H1 2012). Revenue from subscriptions to standard TV, internet and telephony increased by 1.2%. The February 1 price increase and the positive revenue effect from the increase in All-in-1 subscriptions were partly offset by the 3.5% decline in revenue for standard TV subscriptions.

In addition, the company recorded revenue growth in digital pay TV (including VOD) of 3.0% y-o-y despite a decline in the number of subscribers to digital pay TV by 93,000 compared to previous year. The decline in RGUs for digital pay TV was driven by the depressed consumer confidence as a result of the decline in the economy and by the focus of our marketing activities during the second quarter on customer retention and the sales of All-in-1 instead of premium pay TV. In addition, in the prior year period the subscriber base benefited from a promotional offer for the HBO package, which was introduced in February 2012.

Digital pay TV ARPU increased by 8.6% from €14.75 in H1 2012 to €16.02 in H1 2013, driven predominantly by an increase in the number of premium TV packages per subscriber and growth in VOD. In H1 2013 we again experienced a strong y-o-y increase in VOD transactions of more than 69%. In addition to the growing popularity of VOD, growth was also supported by the rise in the number of customers with an interactive set-top box to almost 482,000 at the end of H1 2013, compared to 275,000 at the end of H1 2012. As a result of the program to upgrade part of the existing set-top boxes in our customer base to enable the interactive functionality through a cloud-based streaming graphic user interface (SGUI), we expect tot further increase the penetration of interactive set-top boxes supporting the growth of VOD and enhancing customer experience.

We expect to further increase the penetration of interactive set-top boxes which will support the growth of VOD and enhance customer experiences.

In line with previous periods, we saw a decline in revenues from telephony usage of 5.5%, or €5.2 million, from €93.7 million in H1 2012 to €88.5 million in H1 2013. Excluding revenues from interconnection, telephony usage revenues declined by approximately 1.4%. The February price increase for telephony usage contributed approximately 1.5% to revenue growth.

Growth in the number of telephony subscribers of 6.7% was more than offset by a lower ARPU for telephony usage, due to (1) an FTA rate reduction as at August 1, 2012 from €0.0072 to €0.0037 per minute, (2) more subscribers selecting a flat-fee subscription, and (3) a higher share of free on-net calls following growth in the number of All-in-1 subscribers. When a Ziggo telephony customer makes a fixed line call to another Ziggo telephony customer, the call qualifies as on-net and no costs are charged. Both trends result in a higher percentage of non-billable call minutes compared to the previous year, in addition to an overall decline in average call minutes per telephony subscriber. In the first half year, call minutes was flat compared to the H1 2012, whereas on-net calling grew by almost 6.6%. However, average call minutes per user (AMPU) decreased by 7.7%. The reduction in FTA rates at August 1, 2012 negatively affected ARPU and revenues compared to H1 2012 by €0.44 and €4.0 million respectively.
Despite the decline in revenues from telephony usage, the gross margin on total telephony improved slightly, both in absolute terms and as a percentage of revenue, due to growth in the number of subscribers.

Revenues generated through our All-in-1 bundle increased by 8.9%, from €328.9 million in H1 2012 to €358.2 million in H1 2013, now representing 50.0% of total consumer revenues, versus 45.5% in H1 2012.

Blended ARPU for consumers in H1 2013 was €42.54, up €2.48 (6.2%) from H1 2012. This increase was driven by growth in the number of subscribers to the All-in-1 bundle which, combined with churn in TV-only subscribers, resulted in a 4.5% increase in RGUs per customer to 2.54 (based on a maximum of 4 RGUs per customer). Excluding digital pay TV as a separate RGU, Ziggo recorded an average of 2.23 RGUs per customer. Additionally, blended ARPU was positively affected by (1) the price increase which became effective on February 1, and (2) higher revenues from digital pay TV services, whereas it was negatively affected by lower revenues from telephony usage.

Other revenues, predominantly consisting of set-top box sales, declined by 31.1% to €19.7 million in H1 2013. Although we shipped a higher number of set-top boxes, a lower average sales price per set-top box resulted in a decline of other revenues. During H1 2013 we supplied 116,000 iTV recorders, 64,000 iTV receivers and 8,000 CI+ modules, versus 118,000 iTV, 58,000 HD and 16,000 CI+ modules in the same half year in 2012. As part of our retention campaigns during the first half year, we provided customers with an interactive set-top box for a one- or two-year contract extension and, as a result, 7,000 set-top boxes of those shipped were capitalized.

Our business market activities generated revenues of €63.0 million in H1 2013, up 22.7% compared to €51.4 million in the same period last year. Esprit Telecom contributed €6.3 million in revenue. Excluding revenues from Esprit Telecom, the acquisition which has been consolidated as of May 1, revenues grew by 10.5%. Growth was primarily the result of the increase in the number of subscriptions to our business bundles for home offices and small businesses. The reduction in FTA rates as at August 1, 2012 negatively affected revenues by almost €0.6 million per half year.

In H1 2013, Ziggo added over 6,400 new subscribers to its main B2B bundles products, 'Internet Plus', 'Office Basis' and 'Office Plus' bundle, reaching a total of 43,300 subscribers by June 30, 2013. Total revenues from the coaxial products TOM and TOMi, our collective TV contracts, and business bundles grew by almost 42.2% in H1 2013 compared to the previous year, landing at €22.8 million, now representing 40.1% of total B2B revenues (excluding Esprit) (31.2% in H1 2012).

Cost of goods sold and gross margin

Cost of goods sold includes the costs of materials and services directly related to revenues and consists of copyrights, signal costs and royalties paid to procure our content, interconnection fees that we pay to other network operators, materials and logistics costs relating to the sale of set-top boxes and other products and materials used to connect customers to our network. The set-top boxes are typically sold at a negative gross margin as part of our promotional campaigns to support further penetration of digital TV and triple play and are therefore considered an investment in our customer base.

In H1 2013 cost of goods sold decreased to €147.3 million, down 5.4% from H1 2012. The gross margin in H1 2013 was 81.1% of revenues versus 79.9% in H1 2012. Excluding the acquisition of Esprit Telecom, consolidated as at May 1, the gross margin would have been 81.5%.

Margin improvement was mainly the result of higher gross margins on internet, telephony and business services (excluding Esprit Telecom) and a lower negative margin contribution realized on the sale of set-top boxes. While we shipped a higher volume of set-top boxes at a lower average sales price during the first half year compared to H1 2012, the average purchase price also fell. In addition, 7,000 set-top boxes were capitalized, as these boxes were provided to customers as part of our retention campaign for one or two-year contract extensions.

Operating expenses

Operating expenses increased by €6.3 million, or 3.4%, to €188.9 million in H1 2013 compared to €182.6 million in H1 2012. As a percentage of revenue, operating expenses increased from 23.6% to 24.2%, mainly as a result of an increase in marketing & sales expenses by 13.5% from €31.6 million in H1 2012 to €35.8 million in H1 2013. The majority of marketing & sales expenses were spent on sales campaigns and customer retention campaigns.
Excluding marketing & sales, operating expenses increased by 1.3% compared to H1 2012. Excluding Esprit Telecom (€1.3 million), operating expenses were €151.7 million, up 0.5% compared to H1 2012.

Personnel costs increased by 1.0% compared to H1 2012. Excluding Esprit Telecom (€1.1 million), personnel costs decreased by 0.1% or €0.2 million. Total headcount increased by 7% and average personnel costs increased by approximately 3%, which is partly offset by lower accrued bonuses compared to the prior year period, resulting in a net increase in average personnel costs by only 1.7%. The increase in average personnel costs was driven by both discretionary individual salary increases and a general salary increase in line with the collective labor agreement. The increase in headcount was more than offset by an increase in capitalized personnel costs of approximately €9.6 million or 33%. The increased headcount is the result of the increased hours spent on projects relating to investments in innovation and our core infrastructure and service platforms, facilitating the addition of new services such as mobility and TV Everywhere.

At June 30, 2013 we recorded 3,205 FTEs. Excluding Esprit Telecom, we recorded 3,105 FTEs compared to 2,903 FTEs at the end of H1 2012. Excluding external and temporary employees, the company had 2,510 employees versus 2,449 in the previous year. The number of external resources increased from 315 FTEs at the end of H1 2012 to 371 at the end of H1 2013. The number of temporary call center agents increased from 139 FTEs at the end of H1 2012 to 224 at the end of H1 2013, mainly due to insourcing of certain sales-related activities since the last quarter of 2012.

Costs of contracted work, excluding Esprit Telecom, increased by 0.4% compared to H1 2012. This increase was primarily driven by higher costs of maintenance of network and technology as a result of an increase in the capacity of our infrastructure, as well as rising maintenance costs following investments in our core infrastructure and systems facilitating the addition of new services, such as mobility and TV Everywhere. This increase was partly offset by lower consultancy costs. Costs related to external call centers decreased by 5.2% resulting from a decrease of approximately 20% in call volumes in our customer services department, partly offset by an increase in costs relating to external call centers, as a relative higher percentage of the call volume was outsourced, in combination with an increase in the average handling time per call.

Office expenses were flat compared to H1 2012. Excluding Esprit Telecom, office expenses decreased by 0.5%. Costs of licenses and maintenance for applications increased by almost 17% following an increase in the number of users, as well as in the size of various databases. In addition, investments in innovations for our converged platform and business applications resulted in additional license and maintenance costs besides recurring costs for existing IT business applications. The increased costs relating to our IT environment were more than offset by an increase in the coverage for office expenses as a result of the increase in the headcount and hours capitalized. Other office expenses excluding office IT and the coverage for office expenses decreased by 2.2% as a result of cost reductions in various categories.

Other expenses increased by 27.9% compared to H1 2012. Excluding Esprit Telecom, other expenses increased by 27.3% or €0.9 million. This increase is mainly the result of an increase in the addition to the provision for bad debts and debt collection costs. In H1 2012, we recognized a release from the provision for bad debts, because the provision had been overstated as the quality and ageing of the trade receivables had improved over time.

Adjusted EBITDA and operating profit

In H1 2013, we achieved an adjusted EBITDA of €443.6 million, up 1.9% compared to H1 2012. The EBITDA margin was 56.9% compared to 56.3% for H1 last year. Excluding the EBITDA contribution of €1.1 million from Esprit Telecom, EBITDA increased by 1.7%, resulting in an EBITDA margin of 57.2%. The increase was mitigated by a 13.5% increase in costs of marketing & sales.

Adjusted EBITDA excludes IPO-related expenses. In March 2012 we recognized €39.7 million in costs directly related to our IPO at NYSE Euronext Amsterdam. Excluding IPO-related costs, EBITDA increased by 12.2%

Depreciation expenses and amortization of software in H1 2013 fell by €6.0 million to €136.6 million from €142.6 million in H1 2012. Excluding the acquisition of Esprit Telecom, depreciation and amortization of software fell by €6.2 million. This decrease is the result of high historical network and infrastructure investments as well as investments related to the merger of the three predecessor companies which led to relatively high depreciation expenses in recent years. However, with the current investment program in our core infrastructure and systems facilitating the addition of new services such as mobility and TV Everywhere, depreciation and amortization will stabilize going forward. During the first half year of 2013, we recognized €0.2 million in amortization of other intangible assets, which is the result of the recognition of the amortization of the Esprit customer list. The Esprit customer list has been valued as the result of the allocation of the purchase price paid for the acquisition to the individual assets.

Operating income (EBIT) for the first half year increased by 21.4% to €307.0 million compared to €252.9 million for the prior-year. Excluding the acquisition of Esprit Telecom, operating income increased by 21.0% to €306.0 million. This increase is due to improved EBITDA, lower depreciation expenses, lower amortization on software and the absence of IPO-related expenses.

Net income

Interest expense excluding interest on shareholder loans decreased by €6.0 million, or 5.7%, to €99.0 million in H1 2013, compared to €105 million last year. In H1 2013, €5.7 million was allocated as borrowing costs on work in progress, resulting in an interest credit, compared to €4.9 million in H1 2012. Excluding borrowing costs, interest expense decreased by 4.8%, or €5.2 million.

A reduction of our average debt by approximately €252 million reduced our interest expense compared to H1 2012. The blended interest rate for the first half year of 2013 was 7.0% versus approximately 6.7% for H1 2012.

Banking and financing fees increased by €0.8 million to €1.3 million in H1 2013 from €0.5 million in H1 2012. This increase is mainly attributable to commitment fees related to the €150 million term facility we put in place in January at the level of Ziggo NV and the new revolving credit facility of €400 million. The €150 million term facility at the level of Ziggo NV was cancelled in June, as it was no longer required after the refinancing in March.

The amortization of funding costs increased by €42.4 million to €48.5 million in H1 2013 compared to H1 last year. As a result of the refinancing of the old €1.1 billion senior credit facility in March of this year, we impaired the remaining balance of the capitalized financing costs of €42.7 million related to this old senior facility. The amortization for the first half year of 2013 also includes an impairment of the remaining amount of capitalized financing fees of €0.6 million related to the €150 million term facility. The total financing fees and discount of €14.2 million, which relate to the new €750 million 3.625% senior secured notes issue, the €150 million term loan and the new €400 million revolving credit facility, were capitalized and will be amortized over the terms of the senior secured notes, the term loan and revolving credit facility. This will result in an amortization charge of €3.2 million instead of €6.0 million per half year related to the €1.1 billion senior credit facility.

As Ziggo does not comply with hedge accounting rules for interest rate swaps under IFRS, any change in fair value is recognized as financial income and expense. In H1 2013, Ziggo recorded a €19.5 million gain on other income, due to (1) the periodic amortization of its negative hedge reserve of €2.3 million, and (2) a fair value gain on IRS contracts of €21.8 million as a result of shortened expiration periods of underlying hedges and an increase in the underlying interest rates during the first half year of 2013. For H1 2012 Ziggo had reported a fair value loss of €8.8 million and a foreign exchange loss of €0.3 million.

During the first half year we recorded a net loss from joint ventures of €3.4 million compared to a net loss of €5.1 million in H1 2012. The €3.4 million net loss from joint ventures predominantly relates to our 50% share in the results of HBO NL, our joint venture with HBO. Investments in and results from the joint venture are accounted for using the equity method. Our share in the funding of this joint venture during the first half year amounted to €5.7 million in total compared to €9.5 million in prior year period.

For H1 2013 Ziggo reported an income tax benefit of €7.3 million, compared to an income tax expense of €25.5 million in the same period last year. Higher operating income, combined with reduced interest costs and a fair value gain on our interest rate hedges, resulted in a strong increase in the result before income taxes to €177.7 million, compared to €80.5 million for H1 2012. The result before income taxes of €177.7 million would have led to a corporate income tax charge of €44.4 million at an effective tax rate of 25% versus €20.1 million in H1 2012. However, we formalized an agreement with the Dutch tax authorities regarding the innovation box, which will reduce the effective tax rate going forward but also reduces it retrospectively for the period 2010 to 2012. The application of the innovation box resulted in a one-off benefit of €35.1 million reflecting the period 2010 to 2012, as well as reduced corporate income tax charges for the first six months by €16.6 million. The lower effective tax rate of approximately

19% of the result before income taxes adjusted for the write off for financing fees of terminated facilities and the fair value gain on interest rate hedges, instead of 25%, and the one-off benefit have resulted in an income tax benefit of €7.3 million for the fisrt half year.

The innovation box is a tax facility under Dutch corporate income tax law, which taxes profits attributable to innovation at an effective tax rate of 5% instead of the statutory rate of 25%.

In H1 2013, Ziggo posted net profit of €181.6 million, versus €49.9 million in H1 2012. Adjusted for (1) interest on shareholder loans, (2) amortization on customer list, (3) amortization of financing fees, (4) non-recurring IPO costs, and (5) changes in fair value on our interest rate hedges (all adjustments net of income taxes), net profit would have increased from approximately €134.9 million in H1 2012 to €203.4 million in H1 2013, representing an increase of 50%.

Working capital, cash flow and liquidity

Working capital
Net working capital excluding accrued interest and corporate income tax due increased by €16.7 million from €270.4 million negative as at the end of 2012 to €253.7 million negative as at the end of June 2013. The increase in working capital in H1 2013 is mainly due to an increase in other current assets by €11.0 million due to higher prepayments and a decrease in personnel related liabilities due to the employee bonus over 2012 settled in the first half year of 2013.

Working capital excludes corporate income tax due as at June 30, 2013 of €3.5 million. This is the result of an intragroup transaction as part of which we transferred certain assets in 2012 in order to renew part of our tax loss carry-forward position so as to avoid expiry of these losses. One of our subsidiaries is required to report profit for tax purposes based on a percentage of the value of transferred assets, which cannot be offset against the remaining losses of the fiscal unit according to Dutch carry-over rules, and the balance due from 2012 (€2.3 million) is therefore payable in the course of 2013.

Cash flow from operating activities
Cash flow from operating activities decreased by €14.0 million or 3.2% to €422.3 million compared to €436.3 million in H1 2012. Although EBITDA adjusted for share based payments increased by €28.4 million to €443.6 million in H1 2013, the cash outflow from a change in working capital was €16.7 million versus an inflow of €22.1 million in prior year period and the cash outflow from a change in provisions increased by €3.4 million.

Capital expenditure (capex)
Our capital expenditure and investments relate primarily to extending, upgrading and maintaining our network, installation of new service equipment at customer premises, cost of modems and investments in our core infrastructure, service platforms and systems facilitating the addition of new services such as mobility and TV Everywhere. They also include increases in intangible assets, primarily expenditures on software, which we capitalize. Set-top boxes are predominantly sold to customers and therefore recognized as cost of goods sold instead of being capitalized.

During H1 2013, Ziggo recorded capital expenditure of €146.1 million, an increase of 21.0% compared to H1 2012 (€120.7 million). During H1 2013 the amount spent on hours capitalized increased by approximately €10 million compared to the H1 2012, reflecting the efforts put into realizing our strategic agenda.

€ million	YTD June 2013	% of total	2012	% of total
Customer installation	31.0	21%	35.6	29%
Network growth	60.4	41%	37.6	31%
Maintenance and other	54.8	37%	47.5	39%
Total Capex	**146.1**	**100%**	**120.7**	**100%**

In H1 2013, capital expenditure of €31.0 million (21%) related to service equipment and modem installations at customer premises (€35.6 million, or 29%, in H1 2012), whereas 41% related to new build and growth of our network capacity to accommodate our increased internet subscriber base and continuously increasing internet speed and bandwidth requirements (approximately 31% in H1 2012).

The decrease in capital expenditure on customer installations of €4.6 million compared to H1 2012 was due to a limited number of modems being swapped compared to previous year. During the first half year of 2013 we swapped approximately 23,500 modems for dual-band Wifi enabled EuroDocsis 3.0 modems whereas, during the first half year of 2012, we had swapped approximately 128,500 modems. At the end of June we had activated 1,409,000 EuroDocsis 3.0 modems at customer premises, of which 954,000 were Wifi enabled. The number of Wifi enabled modems grew by 92,000 compared to December 31, 2012.

The increase in capital expenditure on network growth compared to H1 2012 of €22.8 million resulted from the regular growth in capacity as a result of the increased demand for broadband internet, the preparation for the higher internet speeds provided to our customers as from July 2013 and investments in the service platform for the Ziggo Wifi spots.

The remainder of capital expenditure represented maintenance and replacement of network equipment and recurring investments in our IT platform and systems, as well as other investments in core infrastructure, service platforms and systems facilitating the addition of new services such as mobility and TV Everywhere. In H1 2013, investments in this category increased by €7.3 million, or 15.4%, to €54.8 million (or 37% of total capital expenditure) compared to €47.5 million for H1 2012. The amount spent on capitalized hours and contracted work increased significantly by €10 million compared to H1 2012 partly offset by a lower spent on equipment and software licenses.

Capital expenditure for 2013 is expected to be in the range of €330-340 million, which is up from the previous guidance of €320-330 million. The increase in the forecast is the result of increased investment in customer premises and equipment to support customer retention and investments for the launch of Ziggo mobile and WifiSpots.

Operational free cash flow
Operational free cash flow (OpFCF, or adjusted EBITDA minus Capex) decreased by €17.1 million or 5.4% to €297.5 million in H1 2013, compared to €314.6 million for H1 2012, driven by a €25.4 million increase in capital expenditure.

Free cash flow and net cash used in financing activities
During H1 2013, free cash flow (cash flow before financing activities) decreased to €255.1 million, down €51.5 million, or 16.8%, compared to H1 2012. The decrease in the free cash flow was mainly the result of the decrease in the cash flow from operating activities of €14.0 million, combined with an increased spend on capital expenditure of €25.4 million and the net cash spend on the acquisition of Esprit Telecom of €15.2 million.

Net cash used in financing activities for the first half year comprises interest expense, banking and financing fees related to our loan facilities, dividend payments and prepayments and drawings on the senior credit facilities. During H1 2013, voluntary prepayments on the senior credit facility of €164.8 million were made as a result of the refinancing of the existing senior credit facility of €1,063.3 million through the issuance of €748.5 million senior secured notes and a new term loan of €150.0 million. In addition, as part of this refinancing, a new revolving credit facility was put in place of €400.0 million, which has been dawn for €160.0 million as at June 30, 2013. Cash interest paid in H1 2013 amounted to €98.0 million, representing a €11.8 million drop from H1 2012. The difference is related to the lower average debt and a different timing of interest payments following the refinancing in March. Our senior credit facility with interest payable monthly has been partly replaced by a senior secured note of €750 million with an annual interest payment. Interest on both the 6.125% senior secured and 8.0% senior unsecured notes is payable semi-annually, in May and November, and interest on the 3.625% senior secured note is payable annually in March.

During H1 2013, the final dividend over 2012 of €180 million was distributed to our shareholders on April 29.

At the end of H1 2013, accrued interest on the senior secured and senior unsecured notes was €25.1 million, compared to €17.8 million at the end of H1 2012.

At the end of H1 2013, Ziggo held €51.0 million in cash and cash equivalents, compared to €156.0 million at the end of H1 2012. Ziggo has a revolving credit facility of €400.0 million in place, expiring in March 2018. As at June 30, 2013, €160.0 million had been drawn under this facility.

Net debt and financing structure

As at June 30, 2013, we carried a total debt balance of €2,974.6 million, including principal amount, capitalized funding costs and discount on the issuance date versus a balance of €3,111.0 million as at June 30, 2012. An amount of €310.0 million is owed under our senior credit facility (term loan A and revolving credit facility), €750.0 million was granted by Ziggo Finance B.V. (term loan E), which had issued senior secured notes for a similar amount in 2010, €750.0 million related to senior secured notes issued in March 2013 and €1,208.9 million related to senior unsecured notes issued in 2010. A summary of the capital structure with notional amounts outstanding as at June 30, 2013 is stated below.

€ million	30-Jun-13	x LTM EBITDA	Margin/Coupon	Maturity
Senior debt	310.0	0.35	E + 2.0%	Mar 2018
6.125 % Senior Secured Notes	750.0	0.84	6.125%	Nov 2017
3.625 % Senior Secured Notes	750.0	0.84	3.625%	Mar 2020
Total Senior Securred Debt	**1,810.0**	**2.04**		
8.000 % Senior Unsecured Notes	1,208.9	1.36	8.000%	May 2018
Total Debt	**3,018.9**	**3.40**		
Accrued interest	25.1	0.03		
MtM SWAPS	41.5	0.05		
Cash and cash equivalents	(51.0)	(0.06)		
Total Net Debt	**3,034.4**	**3.41**		

On June 30, 2013 the outstanding balance of the senior credit facility and revolving credit facility amounted to €304.0 million, including principal amount (€150.0 million plus €160.0 million drawn under the revolving credit facility of €400.0 million) and capitalized financing fees. Financing fees for the senior credit facility and revolving credit facility amounted to €6.4 million, to be amortized over a period of five years. As at June 30, 2013 an amount of €0.4 million was amortized, resulting in capitalized financing fees as at the end of H1 2013 of €6.0 million.

As at June 30, 2013, senior unsecured notes (8.0%, May 2018) amounted to €1,185.3 million. This item is carried at amortized cost, including principal amount (€1,208.9 million), capitalized funding costs and discount on the issuance date. Financing fees for the notes issuance amounted to €25.8 million, to be amortized over a period of eight years. The capitalized discount upon issuance amounted to €8.8 million, to be amortized as interest expense over a period of eight years. As at June 30, 2013 an amount of €11.0 million was amortized, resulting in capitalized financing fees as at the end of H1 2013 of €17.6 million and a capitalized discount of €6.0 million. The unsecured notes become callable on May 15, 2014 against a premium of 4.0% of the principal value.

As at June 30, 2013 the balance of senior secured notes (6.125%, March 2017) amounted to €742.9 million, stated at amortized cost, including principal amount (€750.0 million) and capitalized funding cost. Financing fees for the senior secured notes issuance amounted to €10.6 million, to be amortized over a period of seven years. As at June 30, 2013 a total amount of €3.5 million had been amortized since issuance, resulting in capitalized financing fees of €7.1 million as at the end of H1 2013. The secured notes become callable on November 15, 2013 against a premium of 3.063% of the principal value.

As at June 30, 2013 the balance of senior secured notes (3.625%, March 2020) amounted to €742.4 million, stated at amortized cost, including principal amount (€750.0 million), capitalized funding costs and capitalized discount. Financing fees for the notes issuance amounted to €6.3 million, to be amortized over a period of seven years. The capitalized discount upon issuance amounted to €1.5 million, to be amortized as interest expense over a period of seven years. As at June 30, 2013 an amount of €0.2 million was amortized, resulting in capitalized financing fees as at the end of H1 2013 of €6.1 million and a capitalized discount of €1.5 million. These secured notes are non-callable during the term of the notes.

Interest on the 6.125% senior secured notes and 8.0% senior unsecured notes is due semi-annually. The coupon for the new 3.625% is due annually in March. As at June 30, 2013 an amount of €25.1 million was accrued under current liabilities.

As at June 30, 2013, the fair value of the interest rate swaps (IRS) amounted to €41.5 million negative, compared to €63.2 million negative as at december 31, 2012. Since the issuance of the senior secured notes on October 28, 2010, any change in fair value has been recognized as financial income and expense, as Ziggo does not satisfy the IFRS requirements for hedge accounting. Before the issuance of the senior secured notes, any changes in fair value were recorded in the hedge reserve as part of equity. As at June 30, 2013, the hedge reserve amounted to €2.6 million negative, which will be charged to profit or loss during the remaining term of the outstanding IRS.

During the first half year we entered into forward starting interest rate swaps for the period May 2014 to May 2024 for an amount of €500 million. With these forward starting interest swaps we have fixed the base interest rate and consequently reduced our interest rate exposure for the period 2014-2024 assuming we will call our unsecured notes ultimately at the first call date in May 2014.

As at June 30, 2013, our Net Debt to Adjusted LTM EBITDA leverage ratio was 3.41x, down from 3.42x as at year-end 2012. With the publication of the Q2 results, we changed the definition of net debt for the calculation of the leverage ratio. Net debt is now defined as the outstanding balance of the principal amount of our borrowings, plus interest accrued on those borrowings (€25.1 million as at June 30, 2013) and the market-to-market value of the interest rate swaps (€41.5 million as at June 30, 2013), reduced by the balance of cash and cash equivalents. The balance of accrued interest and the market-to-market value of the interest rate swaps were not previously included when calculating net debt. The calculation of the leverage as at year-end 2012 has been adjusted to reflect this change.

The average debt maturity was 5.2 years as at June 30, 2013, up from 4.9 years as at the end of December 31, 2012, as a result of the refinancing which extended the average debt maturity.

Outlook for 2013

Following the decision to further step up our campaigns and investments in customer retention, our Ziggo WifiSpots and the launch of our mobile offering, and taking into consideration the higher than anticipated churn in the first half year, our outlook for the full year 2013 will change. We now anticipate 2013 organic revenue growth (excluding 'revenues from other sources') to be around 1%, whilst adjusted EBITDA is expected to be in line with last year. Our capital expenditure for 2013 is expected to increase to a range of €330-340 million primarily due to higher investment in customer premises and equipment to support customer retention and investments for the launch of Ziggo mobile.

In line with the dividend policy, Ziggo intends to pay an interim dividend of €190 million, equal to €0.95 per share, in September 2013.

Risks and uncertainties

Our ambition is to continuously improve our risk management, ensuring that decision-making is facilitated and supported by transparent and accurate information and that legal and regulatory compliance objectives are met. For this purpose we apply an integrated internal control and risk management framework where, based on Company objectives, risks are identified in a structured way and key (financial) controls defined, implemented and executed in accordance with the defined risk appetite. Our risk appetite is based on internal and external factors, including, but not limited to, financial, commercial, and reputational aspects, thus reflecting a balanced view.

Our integrated approach aids us in developing and achieving our strategic, operational and financial objectives and is both fundamental for the day-to-day management of the Company and a critical success factor in ensuring that our strategy is executed in a controlled, transparent and compliant manner.

The principal risks faced by the Company during the first half of the financial year were the same as those identified at year end 2012 and management does not presently anticipate any material changes to the nature of the risks affecting Ziggo's business over the second half of the financial year. A summary of the main risks relating to our objectives - categorised as business and industry risks, legislative and regulatory risks, operational risks, financial risks, human capital risks and IT infrastructure and network risks - is provided in our 2012 Annual Report.

Auditors' involvement

The unaudited condensed consolidated financial statements included in this interim report have been reviewed by an external auditor.

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management hereby declares that, to the best of its knowledge, the Interim condensed consolidated financial statements prepared in accordance with IAS 34, "Interim Financial Reporting", provide a true and fair view of the assets, liabilities, financial position and profit or loss of Ziggo N.V. and the undertakings included in the consolidation taken as a whole, and the Report of the Board of Management includes a fair review of the information required pursuant to section 5:25d(8)/(9) of the Dutch Act on Financial Supervision (Wet op het financieel toezicht).

Utrecht, August 13, 2013

Board of Management,

Bernard Dijkhuizen
Bert Groenewegen
Marcel Nijhoff
Paul Hendriks

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of income

Amounts in thousands of €	Note	For the six months period ended 30 June 2013	For the six months period ended 30 June 2012
		unaudited	unaudited
Revenues	4	779,757	773,514
Cost of goods sold		147,269	155,674
Personnel expenses		95,802	130,498
Contracted work		26,364	26,900
Materials & logistics		1,524	1,630
Marketing & sales		35,833	32,538
Office expenses		26,443	27,898
Other operating expenses		2,897	2,814
Amortisation and impairments		12,399	14,657
Depreciation and impairments		124,205	127,979
Total operating expenses		**472,736**	**520,588**
Operating income		**307,021**	**252,926**
Net financial income (expense)	5	(129,332)	(172,396)
Result before income taxes		**177,689**	**80,530**
Net result of joint ventures and associates		(3,392)	(5,111)
Income tax benefit (expense)	6	7,266	(25,527)
Net result for the period		**181,563**	**49,892**
Net result attributable to equity holders		**181,563**	**49,892**
Number of shares outstanding (in thousands)		200,000	200,000
Earnings per share - basic		0.91	0.25
Earnings per share - dilutive		0.91	0.25

The accompanying notes to this statement of income form an integral part to these interim condensed consolidated financial statements.

Interim consolidated statement of comprehensive income

Amounts in thousands of €	For the six months period ended 30 June 2013	For the six months period ended 30 June 2012
	unaudited	unaudited
Net result for the year	**181,563**	**49,892**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-	-
Items not to be reclassified to profit or loss in subsequent periods:		
Cash flow hedges, net of tax	1,731	1,731
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**1,731**	**1,731**
Total comprehensive income for the period	**183,294**	**51,623**
Total comprehensive income attributable to equity holders	**183,294**	**51,623**

Interim consolidated statement of financial position

Amounts in thousands of €	Note	30 June 2013	31 December 2012
		unaudited	
Assets			
Intangible assets	7	3,373,520	3,358,387
Property and equipment		1,452,033	1,434,080
Other non-current financial assets		840	719
Investments in joint ventures		6,824	3,556
Deferred tax assets		235,464	223,733
Total non-current assets		**5,068,681**	**5,020,475**
Inventories		31,790	27,889
Trade accounts receivable		26,826	18,240
Other current assets		38,649	24,914
Cash and cash equivalents		50,993	92,428
Total current assets		**148,258**	**163,471**
TOTAL ASSETS		**5,216,939**	**5,183,946**
Equity and Liabilities			
Issued share capital		200,000	200,000
Share premium		3,394,472	3,500,000
Other reserves		(2,596)	(4,327)
Treasury stock		(36)	(36)
Retained earnings		(2,209,642)	(2,316,733)
Equity attributable to equityholders	**8**	**1,382,198**	**1,378,904**
Interest-bearing loans	9	2,974,601	2,943,816
Derivative financial instruments		15,837	63,236
Provisions		21,003	23,059
Deferred tax liabilities		410,689	407,824
Other non current liabilities		2,047	204
Total non-current liabilities		**3,424,177**	**3,438,139**
Deferred revenues		119,119	109,692
Derivative financial instruments		25,632	-
Provisions		5,385	7,480
Trade accounts payable		79,162	85,563
Corporate income tax		3,512	2,323
Other current liablities		177,754	161,845
Total current liabilities		**410,564**	**366,903**
TOTAL EQUITY AND LIABILITIES		**5,216,939**	**5,183,946**

The accompanying notes to this statement of financial position form an integral part to these interim condensed consolidated financial statements.

Interim consolidated statement of changes in equity

Amounts in thousands of €	Issued capital	Share premium	Cash flow hedge reserve	Treasury shares	Retained earnings	Total equity
Balance at 31 December 2011	65	36,647	(7,789)	-	(1,090,562)	(1,061,639)
Comprehensive income						
Net result for the first half year of 2012	-	-	-	-	49,892	49,892
other comprehensive income:						
cash flow hedges, net of tax	-	-	1,731	-	-	1,731
Total comprehensive income	-	-	1,731	-	49,892	51,623
Transactions with shareholders						
Share issuance *	199,955	3,500,000	-	-	-	3,699,955
Effect of pooling of interest accounting *	(20)	(36,647)	-	-	(1,329,140)	(1,365,807)
Conversion of shareholder loans into equity *	199,935	3,463,353	-	-	(1,329,140)	2,334,148
Share-based payment	-	-	-	-	20,000	20,000
Total transactions with shareholders	199,935	3,463,353	-	-	(1,309,140)	2,354,148
Balance at 30 June 2012 - unaudited	**200,000**	**3,500,000**	**(6,058)**	**-**	**(2,349,810)**	**1,344,132**
Balance at 31 December 2012	200,000	3,500,000	(4,327)	(36)	(2,316,733)	1,378,904
Comprehensive income						
Net result for the first half year of 2013	-	-	-	-	181,563	181,563
other comprehensive income:						
cash flow hedges, net of tax	-	-	1,731	-	-	1,731
Total comprehensive income	-	-	1,731	-	181,563	183,294
Dividend payment	-	(105,528)	-	-	(74,472)	(180,000)
Total transactions with shareholders	-	(105,528)	-	-	(74,472)	(180,000)
Balance at 30 June 2013 - unaudited	**200,000**	**3,394,472**	**(2,596)**	**(36)**	**(2,209,642)**	**1,382,198**

* In 2012 the company finalized a corporate restructuring prior to the IPO. At the IPO on March 20, 2012 Ziggo N.V. offered 200 million shares with a nominal amount of €1. Shares offered were priced at € 18.50 per ordinary share.

Interim consolidated statement of cash flows

Amounts in thousands of euro	For the six months period ended 30 June 2013	For the six months period ended 30 June 2012
	unaudited	unaudited
Operating activities		
Result before income taxes	177,689	80,530
Adjustments for:		
Amortisation and impairments	12,399	14,657
Depreciation and impairments	124,205	127,979
Share-based payment	-	20,000
Movement in provisions	(4,651)	(1,346)
Net financial income (expense)	129,332	172,396
Operating cash flow before changes in working capital	**438,974**	**414,216**
Changes in working capital relating to:		
Inventories	(3,808)	(4,363)
Trade accounts receivable	(6,804)	(196)
Other current assets	(10,151)	(10,070)
Trade accounts payable	(9,373)	(11,590)
Deferred revenues	8,165	2,980
Other current liabilities	5,258	45,353
Change in working capital	**(16,713)**	**22,114**
Net cash flow from operating activities	**422,261**	**436,330**
Investing activities		
Purchase intangible and tangible assets	(146,127)	(120,678)
Business combination, net of cash acquired	(15,186)	-
Additional contribution to joint ventures	(5,690)	(9,495)
Interest received	7	378
Change in financial assets	(121)	77
Net cash flow used in investing activities	**(167,117)**	**(129,718)**
Financing activities		
Proceeds from loans	1,058,500	-
Repayments of loans	(1,063,347)	(152,772)
Dividend paid	(180,000)	-
Interest paid	(98,012)	(109,816)
Financing and commitment fees	(13,720)	(744)
Net cash flow from financing activities	**(296,579)**	**(263,332)**
Net (decrease) / increase in cash and cash equivalents	**(41,435)**	**43,280**
Net cash and cash equivalents at 1 January	92,428	112,679
Net cash flow from operating, investing and financing activities	(41,435)	43,280
Net cash and cash equivalents at 30 June	**50,993**	**155,959**

Notes to the interim condensed consolidated financial statements

1. Corporate information

The Company is the owner and operator of a broadband cable network in the Netherlands and provides analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 2.8 million households under the brand name Ziggo. The principal activity of the Company is the exploitation of its cable network.

2. Accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the first half year ended June 30, 2013 have been prepared by the Board of Management in accordance with IAS 34 "Interim Financial Reporting" and are authorised for issue on 13 August 2013.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with:

- The consolidated financial statements of Ziggo N.V. for the year ended 31 December 2012.

The interim condensed consolidated financial statements are presented in thousands of Euros (€) except when otherwise indicated.

The accounting policies applied in these interim condensed consolidated financial statements are the International Financial Reporting Standards as endorsed by the European Union.

Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the (consolidated) financial statements for the year ended 31 December 2012 of Ziggo N.V., except for the adoption of new standards and interpretations effective as of January, 2013.

The group applies, for the first time, certain standards and amendments. These include IAS 19R (revised 2011). As a result of IAS 19R actuarial gains and losses from the defined benefit plan (offered to eligible participants in addition to the pension plan) are recorded in other comprehensive income as from January 1, 2013, instead of recognising the actuarial gains and losses through the income statement. The presentation of the comparative figures is adjusted in accordance with IAS 19R. The effect of the adoption of IAS 19R is not material.

Several other standards and amendments apply for the first time in 2013. These include IFRS 10, 11, 12 and 13. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The Company has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

Seasonality of operations

The Company's operations as described at Note 1 Corporate information are not influenced by a seasonal pattern. Subsequently, no material higher or lower revenues and operating profits are usually expected in the second half of the year rather than in the first six months.

3. Business combinations

On May 1, 2013 Ziggo has acquired 100% of the shares of Esprit Telecom B.V. ("Esprit"). The acquisition enables the Company to further expand its services for the business market. Esprit is a leading provider of voice and data services for the SME (Small and Medium Enterprises) market in the Netherlands, and has an active sales channel of dealers across the country.

Esprit Telecom B.V. is the 100% parent company of Zoranet Connectivity Services B.V. (an ICT service provider that focuses on the retail sector) and XB Facilities B.V. which are consolidated in Esprit Telecom B.V.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Esprit as at the date of acquisition were:

Amounts in thousands of €	Fair value recognised on acquisition
Assets	
Intangible assets	308
Property and equipment	2,467
Deferred tax asset	1,041
Inventories	93
Trade receivables	1,741
Other current assets	2,655
Cash and cash equivalents	2,630
Total assets	**10,936**
Liabilities	
Loans from financial institutions	914
Trade payables	2,971
Other current liabilities	3,862
Total liabilities	**7,747**
Net asset value acquired	3,188
Other intangible assets (customer list)	5,094
Goodwill arising on acquisition	10,034
Total purchase consideration	**18,316**

The purchase price is allocated to other intangible assets and goodwill preliminary.

The purchase consideration comprise of:

Purchase consideration	
Cash consideration	17,816
Contingent consideration	500
Total purchase consideration	**18,316**

The fair value of the trade receivables amounts to €1,7 million. A provision for doubtful debtors is recorded in the trade receivables for uncollectible items resulting in the fair value of the trade receivables. The impact of Esprit on the revenue of the combined entity for the current reporting period as if the acquisition date for this business combination that occurred at May 1, 2013 had been at the beginning of the annual reporting period, is €18.8 million. The impact of Esprit on the operating income of the combined entity for the current reporting period as if the acquisition date for this business combination that occurred at May 1, 2013 had been at the beginning of the annual reporting period, is €2.0 million.

Contingent consideration

As part of the purchase agreement with the previous owner of Esprit a contingent consideration has been agreed. Payment is conditional upon the renewal of an Internet & Data agreement with a relevant customer prior to July 1, 2014 against market practice prices for a period of at least 12 months. As at the acquisition date, the fair value of the contingent consideration was €0.5 million, as it is expected that this Internet & Data agreement with this relevant customer will be extended prior to July 1, 2014. If the contractual criteria are met, the maximum cash payable will not materially differ from the liability recorded. In the remainder of the half year there were no changes in the underlying assumptions of the contingent consideration that required a change in the fair value of the cash payment.

Cash flow on acquisition

Cash flow on acquisition	
Net cash acquired with the subsidiary	2,630
Cash consideration	(17,816)
Net cash flow on acquisition	**(15,186)**

Of the total purchase consideration of €18.3 million an amount of €10.0 million is allocated to the goodwill for the acquisition of the sales channel and product portfolio of Esprit. Additionally the company expects to realize synergy advantages mainly within interconnection costs from the acquisition in the future.

From the date of acquisition, Esprit contributed €6.3 million in revenues and €1.0 million to the operating income of the Company.

4. Revenues

Amounts in thousands of €	For the six months period ended 30 June 2013	For the six months period ended 30 June 2012
	unaudited	unaudited
Standard cable subscriptions	226,128	234,302
Digital pay television	85,622	83,163
Video	**311,750**	**317,465**
Broadband Internet subscriptions	**229,283**	**219,140**
Telephony subscriptions	67,407	63,203
Telephony usage	88,532	93,685
Telephony	**155,939**	**156,888**
Revenues from other sources	**19,747**	**28,651**
Total Consumer Market	**716,719**	**722,144**
Business Services	**63,038**	**51,370**
Total revenues	**779,757**	**773,514**

5. Net financial income and expense

Amounts in thousands of €	For the six months period ended 30 June 2013	For the six months period ended 30 June 2012
	unaudited	unaudited
Interest on loans from financial institutions	(56,413)	(60,769)
Interest on shareholder loans	-	(52,182)
Interest on 8% senior notes	(48,354)	(48,354)
Other interest expense	60	(828)
Capitalisation of borrowing costs	5,658	4,946
Interest expense	**(99,049)**	**(157,187)**
Interest income	**9**	**378**
Amortisation of financing costs, including write-offs terminated facilities	(48,526)	(6,053)
Fair value gains (losses) on derivative financial instruments	19,459	(8,777)
Commitment fees	(1,263)	(503)
Foreign exchange results	38	(254)
Other net financial income and expense	**(30,292)**	**(15,587)**
Net financial income (expense)	**(129,332)**	**(172,396)**

The Company’s financing has changed in 2012 and in 2013, which is discussed in Note 9. As a consequence of this change the Company’s financial expense decreased in the first half year of 2013 compared to 2012 by €43.1 million of which €52.2 million is related to interest on shareholder loans in 2012, offset by a write off of capitalized financing fees for terminated credit facilities of €42.7 million in 2013.

IAS 23 ‘Borrowing Costs’ requires the Company to capitalise borrowing cost that are directly attributable to the construction of a qualifying asset, hence the Company’s assets under construction. For the first six months of 2013 the Company capitalised borrowing cost in the amount of €5.7 million (2012 €4.9 million), which are presented as a deduction of interest expense.

The increase of EURIBOR in the last months resulted in a fair value profit on derivative financial instruments of €19.5 million.

6. Income taxes

The subsidiaries of the Company are incorporated in the fiscal unity of Ziggo N.V. for corporate income tax purposes. Income tax recognised in the statement of income for the six months period ended June 30 consists of:

Amounts in thousands of €	For the six months period ended 30 June 2013	For the six months period ended 30 June 2012
	unaudited	unaudited
Deferred tax assets	11,267	(22,063)
Deferred tax liabilities	(2,865)	(2,999)
Current tax liabilities	(1,136)	(465)
Income tax benefit (expense)	**7,266**	**(25,527)**

Till June 30, 2013 no taxes were paid in cash (2012: nil). A reconciliation between the statutory tax rates of 25.0% and the Company's effective tax rate is as follows:

Amounts in thousands of €	Tax rate	For the six months period ended 30 June 2013	Tax rate	For the six months period ended 30 June 2012
Result for the period		177,689		80,530
Notional income tax at statutory rates	25.00%	(44,422)	25.00%	(20,133)
Adjustments:				
Non deductable items	-0.02%	39	6.70%	(5,394)
Innovation box 2010-2012	-19.74%	35,070	0.00%	-
Innovation box 2013	-9.33%	16,579	0.00%	-
Effective tax rate / income tax benefit	**-4.09%**	**7,266**	**31.70%**	**(25,527)**

Ziggo formalized an agreement with the Dutch tax authorities regarding the innovation box. Tax profits attributable to innovation are taxed at an effective tax rate of 5%. The application of the innovation box resulted in a one-off benefit of €35.1 million reflecting 2010-2012, as well as reduced corporate income tax for the first half year of €16.6 million.

The tax effects of temporary differences influencing significant portions of the deferred tax assets and deferred tax liabilities as of June 30, 2013 and as of June 30, 2012 are presented below:

Amounts in thousands of €	1 January 2012	Recognised in profit or loss	From acquisition	Recognised in other comprehensive income	30 June 2012
					unaudited
Tax loss carry-forwards	257.108	(24.257)	-	-	232.851
Derivative financial instruments	14.264	2.194	-	(575)	15.883
Deferred tax assets	**271.372**	**(22.063)**	-	(575)	**248.734**
Intangible assets	(382.014)	(1.454)	-	-	(383.468)
Property and equipment	85	(1.545)	-	-	(1.460)
Deferred tax liabilities	**(381.929)**	**(2.999)**	-	-	**(384.928)**
Deferred tax assets and liabilities	**(110.557)**	**(25.062)**	-	(575)	**(136.194)**

Amounts in thousands of €	1 January 2013	Recognised in profit or loss	From acquisition	Recognised in other comprehensive income	30 June 2013
					unaudited
Tax loss carry-forwards	132.079	19.288	1.041	-	152.408
Property and equipment	75.848	(3.160)	-	-	72.688
Derivative financial instruments	15.806	(4.861)	-	(577)	10.368
Deferred tax assets	**223.733**	**11.267**	**1.041**	**(577)**	**235.464**
Intangible assets	(385.358)	(1.752)	-	-	(387.110)
Property and equipment	(22.466)	(1.113)	-	-	(23.579)
Deferred tax liabilities	**(407.824)**	**(2.865)**	-	-	**(410.689)**
Deferred tax assets and liabilities	**(184.091)**	**8.402**	**1.041**	**(577)**	**(175.225)**

7. Intangible assets

Intangible assets with an indefinite life

In 2008 the former operating companies Multikabel, Casema and @Home merged into Ziggo.

As a result of the merger one cash-generating unit, Ziggo, remains. The goodwill has been allocated for impairment testing purposes to the cash-generating unit at which management monitors the operating results.

The customer lists acquired upon the acquisitions have initially been amortised on a straight line basis in 12-14 years. As from April 2011 the Company ceased amortising its customer lists as it was concluded that the useful life of customer relationships connected to the Company's network is indefinite. Consequently the asset is subject to impairment testing for assets with an indefinite life.

The customer list recorded upon the acquisition of Esprit will be amortised on a straight line basis over 4.5 years, as the customers acquired are not dependent on the infrastructure (network) of the Company the life of the asset isn't evaluated as indefinite.

Goodwill

Value in use calculations for goodwill are based on cash flow projections covering a maximum period of five years; the three-year financial budgets approved by the Company's management and the years beyond the three year financial budget are based on models over this projection period using growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

The key assumptions used to determine the recoverable amount for the cash generating unit were discussed in the annual financial statements for the year ended 31 December 2012. Up to June 30, 2013 there were no indications that required an impairment test.

Customer lists

Value in use calculations for the customer lists are based on revenue generated from those customer relationships that have been acquired at the date of acquisition.The key assumptions used to determine the recoverable amount for the cash generating unit were discussed in the annual financial statements for the year ended December 31, 2012. Up to June 30, 2013 there were no indications that required an impairment test.

8. Shareholders' equity

The Company is incorporated as a public limited company under Dutch law. Its registered capital consists entirely of ordinary shares. The authorised capital is divided into 200 million of €1 each.

On April 29, 2013 Ziggo paid a final dividend over the year 2012 of €180 million which is paid out of share premium for €106 million and out of retained earnings for €74 million.

Other reserves represents the cash flow hedge reserve.

9. Interest bearing loans

Amounts in thousands of €	30 June 2013	31 December 2012
Financial institutions	310,000	1,063,337
Financing fees loans from financial institutions	(6,043)	(45,107)
Interest-bearing loans from financial institutions	303,957	1,018,230
3.625% Senior Secured Notes, due 2020	742,415	-
8.000 % Senior Notes, due 2018	1,185,314	1,183,377
6.125% Senior Secured Notes, due 2017	742,915	742,209
Interest bearing loans	**2,974,601**	**2,943,816**

Movement in total interest-bearing loans is as follows:

Amounts in thousands of €	2013	2012
Balance at 1 January	2,943,816	3,257,243
Repayments on loans	(1,063,336)	(152,772)
Issuance of 3.625% Senior Notes	750,000	-
Disagio on 3.625% Senior Notes	(1,500)	-
Issuance of Facility A	310,000	-
Incretion due to disagio	540	453
Financing fees	(13,445)	-
Amortisation and impairment of financing fees	48,526	6,053
Balance at 30 June	**2,974,601**	**3,110,977**

In March, 2013 Ziggo refinanced part of its capital by issuing a Senior Secured Note for the amount of €750.0 million at a price of 99.8% with a nominal interest rate of 3.625% due in 2020. (disagio amounts to €1.5 million) Interest on the notes is payable annually on March 27. The notes are Senior Secured Obligations of Ziggo B.V. and are guaranteed on a senior secured basis by ABC B.V., Torenspits II B.V. and by the issuer's subsidiaries Ziggo Netwerk B.V. and Ziggo Netwerk II B.V. Financing fees have been capitalized for an amount of €6.3 million, which is presented as a deduction on the value of the senior secured Note.

In addition Ziggo agreed on a new Term loan A under a new credit facility of €150.0 million and a revolving facility of €400.0 million. Interest on the facility A loan is Euribor+2% and is paid monthly. Financing fees for this new facility have been capitalized for an amount of €6.4 million. As per june 30, €160.0 million is drawn under the revolving facility.

The net proceeds of the Senior Secured Notes issued, combined with the proceeds of the new Term loan A and part of the available cash, were used to repay the outstanding amounts on the Facility B loan and the Facility F loan of €1,063.3 million under our existing senior credit facility. As a result of the repayment of the loans the financing fees relating to these loans have been charged to the income statement for €42.7 million.

Besides the write off of the capitalized financing fees for the terminated credit facilities of €42.7 million, amortisation of financing fees amounted to €5.9 million (2012: €6.1 million).

10. Financial risks and instruments

At June 30, 2013, the Company has variable interest bearing loans of €310.0 million (31 December 2012: €1.1 billion). Interest Rate Swaps (IRS) in order to mitigate the interest rate risk at June 30, 2013 amounted to €1.0 billion (31 December 2012: €1.0 billion). After refinancing the floating interest loans facility B and facility F, offsetting Swaps are contracted for €750 million taking effect from June 30, 2013 . At June 30, 2013, after taking into account the effect of Interest Rate Swaps and the offsetting swaps, approximately 98% of the Company's borrowings are at a fixed interest rate (31 December 2012: 101%).

The following table presents the fair values of financial instruments, based on the Company's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are recognised in the consolidated statement of financial position.

Amounts in thousands of €	30 June 2013 Carrying amount	30 June 2013 Fair value	31 December 2012 Carrying amount	31 December 2012 Fair value
Financial assets				
Loans	115	115	141	141
Trade accounts receivable	26,826	26,826	18,240	18,240
Cash and cash equivalents	50,993	50,993	92,428	92,428
Total financial assets	**77,934**	**77,934**	**110,809**	**110,809**
Financial liabilities				
Loans from financial institutions	(303,957)	(303,957)	(1,018,230)	(1,018,230)
3.625% Senior Secured Notes, due 2020	(742,415)	(736,028)	-	-
8.000 % Senior Notes, due 2018	(1,185,314)	(1,295,089)	(1,183,377)	(1,334,570)
6.125% Senior Secured Notes, due 2017	(742,915)	(780,473)	(742,209)	(848,799)
Trade accounts payable	(79,162)	(79,162)	(85,563)	(85,563)
Total financial liabilities at amortised cost	(3,053,763)	(3,194,708)	(3,029,379)	(3,287,162)
Derivative financial instruments	(41,469)	(41,469)	(63,236)	(63,236)
Total financial liabilities	**(3,095,232)**	**(3,236,178)**	**(3,092,615)**	**(3,350,398)**

11. Costs related to the Initial Public Offering

During the first quarter of 2012 Ziggo N.V. incurred €39.7 million cost directly related to the Initial Public Offering. These costs are recorded in the following items of the income statement.

Amounts in millions of €	For the six months period ended 30 June 2013
	unaudited
Personnel expenses	35,622
Contracted work	650
Marketing & sales	976
Office expenses	1,455
Other operating expenses	985
Total costs related to the IPO	**39,688**

12. Commitments and contingent liabilities

The Company enters into purchase commitments in the ordinary course of business. As at June 30, 2013 it had purchase commitments for an amount of €106 million (31 December 2012: €62 million).

13. Related party transactions

No significant related party transactions occurred during the six months ended June 30, 2013.

14. Dividends paid and proposed

In April 2013 a final dividend for 2012 is paid out of €0.90 per share. Ziggo has the intention to pay an interim dividend in September of €190 million (€0.95 per share). Ziggo intends to apply a dividend payout policy of around 100% of free cash flow to equity ('FCFE').

15. Subsequent events

There are no subsequent events that require disclosure in these financial statements.

REVIEW OPINION

To: the Shareholders of Ziggo N.V.

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Ziggo N.V., Utrecht, which comprises the interim consolidated statement of financial position as at 30 June 2013, the interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months period ended 30 June 2013, and the notes. The Board of Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements for the six months period ended 30 June 2013 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

Amsterdam, 13 August 2013

Ernst & Young Accountants LLP

Signed by F.J. Blenderman