Ziggo N.V.

Interim Report

For the first half year 2014
ended June 30, 2014

Ziggo

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INTRODUCTION

This report contains the interim financial report for the 1st half year ended June 30, 2014 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 interim financial report for the six month period ended June 30, 2014 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	YTD June 2014	2013	Change
Subscriptions + usage	709.5	697.0	1.8%
Other revenues	6.9	19.7	(65.2%)
Total consumer revenues	**716.3**	**716.7**	**(0.1%)**
Business services revenues	83.1	63.0	31.8%
Total revenues	**799.4**	**779.8**	**2.5%**
Cost of goods sold	143.5	146.8	(2.3%)
Gross margin	**655.9**	**632.9**	**3.6%**
% of total revenues	*82.0%*	*81.2%*	
Operating expenses	173.5	153.5	13.0%
Marketing & Sales	43.6	35.8	21.6%
Total operating expenses	**217.0**	**189.3**	**14.7%**
% of total revenues	*27.2%*	*24.3%*	
Adjusted EBITDA[1]	**438.8**	**443.6**	**(1.1%)**
% of total revenues	*54.9%*	*56.9%*	
Non-recurring costs	3.8	0.0	
EBITDA[2]	**435.0**	**443.6**	**(1.9%)**
Depreciation and amortization	184.3	136.6	34.9%
Operating income	**250.7**	**307.0**	**(18.3%)**
Movement in provisions	(1.9)	(4.7)	(59.4%)
Corporate income tax	(2.4)		
Change in net working capital	30.4	(16.7)	(282.0%)
Cash flow from operating activities	**461.2**	**422.3**	**9.2%**
Capital expenditure (Capex)	192.2	146.1	31.5%
% of total revenues	*24.0%*	*18.7%*	
Acquisition		15.2	
Interest received	(0.1)	0.0	
Change in financial assets	0.4	0.1	
Funding joint venture	6.0	5.7	5.4%
Free cash flow	**262.7**	**255.1**	**3.0%**
% of total revenues	*32.9%*	*32.7%*	
Adjusted EBITDA - Capex	246.7	297.5	(17.1%)
% of total revenues	*30.9%*	*38.2%*	
Net result	**(67.9)**	**181.6**	**(137.4%)**
Outstanding shares (# m)	200.0	200.0	
Earnings per share (€)	(0.34)	0.91	(137.4%)

Operational highlights

Footprint[3] (thousands)	30 Jun 2014	31 Dec 2013	Change	30 Jun 2013	Change
Homes passed	4,258	4,247	11	4,234	0.6%
Analog TV only	460	505	(45)	553	(16.8%)
Analog and digital TV[4]	2,317	2,291	26	2,265	2.3%
Total TV customers	**2,777**	**2,796**	**(19)**	**2,818**	**(1.4%)**
Digital pay TV subscribers	823	872	(49)	862	(4.5%)
Internet subscribers	1,973	1,910	63	1,832	7.7%
Telephony subscribers	1,627	1,608	19	1,549	5.0%
Total RGUs[5]	**7,200**	**7,186**	**14**	**7,060**	**2.0%**
of which bundle subscribers[6]	*1,563*	*1,538*	*25*	*1,480*	*5.6%*
Total RGUs consumer	**6,924**	**6,935**	**(11)**	**6,845**	**1.1%**
of which bundle subscribers[6]	*1,513*	*1,495*	*18.51*	*1,446*	*4.6%*
Out of home subscribers	84	33	51		
RGUs per customer (#)[8]	2.59	2.56	0.03	2.50	3.6%
ARPU in Q (€ per month)[9]	44.74	42.73	2.01	41.98	6.6%
ARPU YTD (€ per month)[9]	43.90	42.10	1.81	41.78	5.1%
Total RGUs B2B	**276**	**251**	**25**	**214**	**28.9%**
of which bundle subscribers[6]	*50*	*43*	*6*	*33*	*50.0%*

Definitions/Footnotes

(1) Adjusted EBITDA refers to EBITDA adjusted to eliminate the effects of operating expenses incurred in connection with the announced intended acquisition of the company by Liberty Global on January 27, 2014, which amounted to €3.8 million for the first half year 2014 and €0.0 million for the first half year 2013.

(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 are presented as at the end of the period indicated.

(4) Digital television RGUs equals the total number of standard TV subscribers who 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, 2014, 823,000 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 subscriptions to our products Office Basis (47,900), Office Plus (1,900) and Internet Plus (12,600) targeted at SOHO and small businesses and our collective TV contracts TOM and TOMi (representing 82,000 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 144,600 TV RGUs, 19,700 digital pay TV RGUs, 62,400 internet RGUs and 49,800 telephony RGUs.

(6) Besides 1,513,000 subscribers who subscribed to the All-in-1 bundle, 10,000 customers subscribed to standard TV, internet and telephony on an individual product basis instead of an All-in-1 bundle. However, the reported number for All-in-1 bundle customers includes 36,600 customers who are serviced through cable networks owned by third parties. The calculation of the penetration of All-in-1 in our consumer customer base excludes the All-in-1 bundle customers serviced through cable networks owned by third parties.

(7) Total RGUs includes 25,200 digital pay TV RGUs, 50,000 internet RGUs and 39,700 telephony RGUs which are serviced by Ziggo through certain cable networks owned by third parties. The customers to whom we provide internet, telephony services and digital pay TV services through cable networks owned by third parties are not reported as standard TV subscribers, as standard TV service is provided by the third party. Therefore these internet, digital pay TV and telephony RGUs are excluded in the calculation of the RGUs per customer.

(8) RGUs per customer is the total number of consumer RGUs excluding RGUs in cable networks owned by third parties (6,809,000 as at June 30, 2014) divided by the total number of consumer standard TV subscribers (2,633,000 as at June 30, 2014).

(9) 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. The calculated ARPU excludes revenue generated from RGUs in cable networks owned by third parties.

(10) As of Q2 2013, we 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 mark-to-market value of the derivative financial instruments, reduced by the balance for cash and cash equivalents. Prior to Q2 2013 the balance of accrued interest and the mark-to-market value of the derivative financial instruments had not been included in the calculation of net debt.

(11) Effective Q4 2013, we reclassified certain cost elements relating to the rent of datacenters from cost of goods sold to office expenses. This reclassification had been processed in prior period results as well for comparative purposes.

(12) If in this Report of the Board of Management is referred to 'adjusted for Esprit Telecom' this is related to an adjustment made to the reported numbers of the first half year of 2014 to enable better comparison with the same period last year. As Esprit Telecom was consolidated as of May 1, 2013, we have taken the Esprit results untill April 2014 out of the reported HY 2014 results under this adjustment.

Consumer products & services

thousands	30 Jun 2014	31 Dec 2013	Change	30 Jun 2013	Change
Analog TV only	359	408	(49)	458	(21.5%)
Analog and digital TV	2,273	2,253	20	2,236	1.7%
Total TV customers	**2,633**	**2,661**	**(29)**	**2,694**	**(2.3%)**
Digital pay TV subscribers	803	853	(50)	848	(5.3%)
Internet subscribers	1,911	1,855	55	1,788	6.8%
Telephony subscribers	1,577	1,565	12	1,516	4.1%
Total RGUs	**6,924**	**6,935**	**(11)**	**6,845**	**1.1%**
of which bundle subscribers	*1,513*	*1,495*	19	*1,446.3*	*4.6%*
of which in 3rd party networks [7]	*115*	*116*	*(1)*	*112.4*	*2.3%*
RGUs per customer (#)	2.59	2.56	0.03	2.50	3.6%
ARPU for the quarter (€ per month)	44.74	42.73	2.01	41.98	6.6%
ARPU YtD (€ per month)	43.90	42.10	1.81	41.78	5.1%

As at June 30, 2014, total RGUs in the consumer market reached 6.92 million, down 11,000 during the first half year of 2014, as strong growth in internet RGUs was more than offset by a decline of 50,000 digital pay TV RGUs.

In the first six months of 2014, the number of subscribers to the All-in-1 bundle grew by 19,000 and by 4.6% compared to the prior half year.

Consumer internet subscribers recorded another half year with strong growth of 55,000 RGUs, or 6.8% compared to the prior half year to a total of 1.91 million. Internet growth benefitted from increased focus on our dual-play bundle (TV + Internet), specifically addressing the group of 'mobile-only' households. Similar to the previous periods, growth in dual play offset lower growth in triple play. In addition, growth was supported by our 1.2 million WifiSpots and the increased internet speeds up to 180Mbit/s, which we implemented in Q2.

The number of digital TV subscribers increased by 20,000 to 2.27 million as at June 30, 2014, representing a penetration of 86.3% of our consumer customer base. The number of TV-only subscribers decreased by 21.3% compared to the same period last year, landing at a total of 668,000 as at June 30, 2014. The decrease was mainly due to the upsell of the dual play and triple play bundles to our TV-only subscribers, as well as churn among our TV-only subscribers. Churn came down compared to previous periods following higher investments in customer retention. However, we expect to continue to experience churn among our TV-only customers as a result of a market moving towards triple play and increased competition. Churn on all other product lines, and for dual play and the All-in-1 bundle in particular, is significantly lower than churn among TV-only subscribers. Therefore, we will continue to focus on upgrading customers to our dual and triple play bundles.

Subscribers to digital pay TV decreased by 50,000, due to the difficult macro-environment, the switch from subscription-based to on-demand-based video consumption and increased competition from Over-The-Top premium TV providers.

The total number of consumer telephony subscribers increased by 12,000 to 1.58 million at the end of June 2014, which is an increase of 4.1% compared to a year ago. The increase for the period is the result of the increase in All-in-1 subscriptions.

RGUs per customer grew to 2.59, up 3.6% compared to last year, following growth in RGUs combined with churn among TV-only customers. Excluding digital pay TV as a separate RGU, Ziggo recorded an average of 2.29 RGUs per customer or a 4.4% growth compared to the previous year. Blended ARPU for the first six months of 2014 rose by 5.1% y-o-y, benefiting from (1) a further penetration of dual and triple play bundles in our customer base, (2) churn among lower ARPU TV-only customers, (3) ARPU growth for digital pay TV, (4) a slight increase in the ARPU for telephony usage and (5) a general price increase as per April 1. Finally, Ziggo Mobile added 50,000 consumer subscribers during the first six months of 2014 to reach a total of 84,000 (including business customers) as at June 30, 2014.

Marketing and sales

Beginning of 2014 started with a campaign promoting our mobile proposition. Via advertisements, electronic direct marketing, online bannering and radio commercials, the competitively priced SIM-Only offering was supported by an offer to transfer free of charge to Ziggo Mobile.

Around the same time Ziggo re-introduced the All-in-One bundle campaign 'Overstapweken' (Switching weeks). New customers can choose from five promotional offers, varying from a discount on a subscription for the first six months, a free tablet, an interactive HD receiver or an interactive HD recorder for an initial contribution of €49. In addition, customers receive a free of charge installation offer. All new subscribers to our dual play or triple play services have a minimum contract term of 12 months, with the same terms applying to our retention offers.

As part of our Fiber-to-the-Home (FttH) counter campaign, the Ziggo Home was introduced in the beginning of February. This pop-up store is completely built from LED walls, showing the strengths of the Ziggo proposition. The Ziggo Home was used in the areas where FttH initiatives were announced, together with a special retention offer with a one-year contract extension.
On February 17, a new loyalty campaign kicked-off, 'De Kracht van TV' (The Power of TV). The campaign focusses on the richness of Ziggo's TV subscription offering 60 channels in the highest quality and the many options available with Interactive TV and Ziggo TV App.

We have introduced various loyalty campaigns for existing customers, leveraging our sponsor program of the Ziggo Dome. On February 15, 1,500 Ziggo customers were invited to join the live concert of 'The Ladies of Soul' in the Ziggo Dome, which was also broadcasted live on Ziggo's event channel 12, our Ziggo TV App via our website. Similar to that, we ran another loyalty campaign on the back of our sponsorship of Marco Borsato's 'Duizend Spiegels' (Thousand Mirrors) tour. Ziggo customers are offered tickets at a discount for the nationwide tour, with the final one being held in the Ziggo Dome.

During the second quarter, several marketing and sales initiatives were initiated or continued from the first quarter of 2014. The successful 'Overstapweken' (Switching weeks) campaign was extended. After the first loyalty campaign ('De kracht van TV') in the first quarter, the second loyalty campaign 'The power of Internet' ('De kracht van Internet') was launched in Q2. These loyalty campaigns emphasize the richness and strengths of the products and services of Ziggo.

By the end of May, Club Ziggo was launched as a loyalty platform offering pre-sale tickets to certain concerts at the Ziggo Dome or to exclusive previews of films, series or music. To mark the introduction of the loyalty platform, the Marco Borsato concert in the Ziggo Dome was live broadcasted to all Ziggo customers via event TV channel 12.

In June, the winners of the 2014 Nipkowschijf award were announced. Every year, the Nipkowschijf is awarded by Dutch media journalists to the best television program, interview, radio broadcast and multimedia performance of the past season. The silver Nipkowschijf is the most recognized annual award that a TV program can receive. Since 1961, this television prize has been awarded by newspaper and magazine television critics to be the best television program of the past year. Ziggo sponsors the event.

Products and services

On June 18, Ziggo announced the expansion of its mobile services by including a low-price bundle (75 min/text messages, 200 MB data), together with a bundle offering unlimited calls and text messages for heavy-use customers (1 GB data). All subscriptions offer unlimited internet access on four devices via 1.2 million WifiSpots, resulting in lower data bundle charges. Furthermore, customers only pay for the seconds actually used; also, they have entered into monthly contracts, ensuring great flexibility as a result.

Subscription	**Minutes /text messages**	**Data**	**Data speed**	**Includes unlimited use of Ziggo WifiSpots**	**Term of contract**	**Price per month *(in euros)***
Consumers						
NEW **Ziggo Mobile Veel**	75	200 MB	14.4 Mbps	yes	1 month	7.50
Ziggo Mobile Heel Veel	300	1 GB	14.4 Mbps	yes	1 month	15
Ziggo Mobile Hééél Veel	Unlimited	1 GB	14.4 Mbps	yes	1 month	25

Business clients						
NEW Ziggo Mobile Large	200	200 MB	14.4 Mbps	yes	1 month	10
Ziggo Mobile X Large	400	1 GB	14.4 Mbps	yes	1 month	20
Ziggo Mobile XX Large	Unlimited	1 GB	14.4 Mbps	yes	1 month	30

On June 29, Ziggo increased the security level of the WifiSpots by adding certificates and announced a speed increase for the WifiSpots from 3Mbps to 10Mbps per user. In addition, a modem firmware upgrade was announced solving the issue of automatically connecting to a WifiSpot if the private network is available. The press introduction on the increased security of WifiSpots was accompanied by a Hackathon for IT specialists to test out the network security. The hackers were not able to crack the new level of security of the WifiSpots, but will continue to test a number of possible improvements. Ziggo has approximately 1.2 million WifiSpots available throughout the Netherlands. The Wi-Fi access points are used around 800,000 times per week by Ziggo customers with a traffic usage of approximately 45-50 Terabyte.

On July 1, Ziggo announced the expansion of its range of products for Ziggo Mobile to include various smartphones, besides the Ziggo SIM-only subscription option. An exclusive partnership has been established with Phone House, one of the strongest retail parties in the Netherlands. Throughout the month of July, at over 200 Dutch branches of Phone House, Ziggo clients will be able to choose from a combination of 3 SIM-Only subscriptions and 4 types of smartphones. The smartphones will be available in various price categories ranging from €89 to €619, or at a specific amount per month. These are the LG L40, the Samsung Galaxy S3 mini VE, the Sony Z1 and the Samsung S5. The iPhone 5S is also available for Ziggo business customers.

In the first week of July, after a pilot earlier announced in April of this year, Ziggo introduced the Ziggo Bapp for our fixed line customers. With this free app, Ziggo customers can make phone calls via Wi-Fi using a smartphone or tablet at the same rates as a fixed line subscription. For Ziggo customers with a subscription to the flat fee telephony bundle 'VolopBellen Altijd', the costs of all calls to Dutch mobile and fixed numbers, even from abroad, are covered by the flat fee. Ziggo Bapp is available in the App Store and the Google Play Store. Once customers have created a Ziggo Bapp account in 'MijnZiggo' and activated the app on their smartphones or tablets (iOS/Android), they can immediately make calls using the Ziggo Bapp.

B2B products & services

thousands	30 Jun 2014	31 Dec 2013	Change	30 Jun 2013	Change
Analog TV only	100.5	96.4	4.1	94.7	6.2%
Analog and digital TV	44.0	38.3	5.7	29.2	50.7%
Total TV customers	**144.6**	**134.7**	**9.8**	**123.9**	**16.7%**
Digital pay TV subscribers	19.7	18.4	1.3	14.0	40.8%
Internet subscribers	62.4	54.8	7.6	43.3	44.0%
Telephony subscribers	49.8	43.5	6.3	33.2	50.0%
Total RGUs	**276.5**	**251.4**	**25.0**	**214.4**	**28.9%**
of which bundle subscribers	*49.8*	*43.4*	*6.4*	*33.2*	*50.0%*
Of which:					
- Office Basis	*47.9*	*41.8*	*6.1*	*31.9*	*50.1%*
- Office Plus	*1.9*	*1.6*	*0.3*	*1.3*	*47.3%*
- Internet Plus	*12.6*	*11.3*	*1.3*	*10.1*	*24.7%*

In the first half year of 2014, almost 7,600 new subscribers were added to our 'Office Basis', 'Office Plus' and 'Internet Plus' business bundles, bringing the total B2B bundle subscribers to 62,400. Our focus on small and home offices with business bundles continues to drive growth for B2B.

Financial performance

Revenue

In the first half year of 2014, Ziggo generated revenues of €799.4 million, an increase of 2.5% compared to the same period of 2013 (€779.8 million) and an increase of 0.9% on a comparable basis (including two months' revenue contribution for the Esprit Telecom Acquisition). Esprit Telecom has been consolidated since May 1, 2013. Adjusted for Esprit Telecom and excluding 'revenue from other sources', revenues increased by 2.6%. The most important drivers for revenue growth were the following:

1. Continued growth in RGUs for internet, partly driven by a further uptake of the All-in-1 bundle and an increased focus on the dual play bundle (TV + internet).
2. Growth in telephony usage revenue following the introduction of our revised fixed telephony offering as of April 1.
3. The revenue contribution from Ziggo Mobile, launched in September of last year.
4. General price increase for consumer products effective as from April 1.
5. Continued growth in subscriptions to business bundles.

Revenue growth was partly offset by lower RGUs for standard TV and a revenue decline from subscriptions to digital pay TV by 3.9%. Business services again showed strong organic growth of 11.9% in the business market, fully driven by the sale of business bundles to the SME and SoHo markets.

Consumer revenues for the first half year 2014 amounted to €716.3 million, a decline of 0.4M on the same period in 2013. Excluding 'revenue from other sources', consumer revenues were up 1.8%. Due to a further uptake of our All-in-1 bundle and subscriptions for broadband internet and mobile during the quarter, the growth in revenues from telephony usage, Ziggo mobile and subscriptions to our triple and dual play bundles was only partially offset by a decline in revenues from subscriptions to Standard TV and digital pay TV.

Subscriptions to All-in-1 increased by 4.6% y-o-y, whereas subscriptions to broadband internet grew more rapidly with 6.8% y-o-y. Internet growth was supported by an increased focus on our dual-play proposition (TV and internet) and an enrichment of our internet product and dual play bundle through the addition of WifiSpots and higher internet speeds. Telephony RGUs were up by 12,000 in the first half year of 2014 and grew by 4.1% y-o-y supported by the growth in All-in-1. RGUs for standard TV reported the smallest half-year decline in many years with 29,000 RGUs and a 2.3% decline y-o-y, while customer churn came further down from 10.8% in the first half of 2013 to 8.1% in the first half of 2014. This is a considerable improvement which is in line with the improvements we have seen since the second half of 2013. The decline of 12,000 in Q2 was even better than the 16,000 decline in Q1. Churn came down compared to previous quarters as a result of our increased focus on retention, our successful sales campaigns and product innovations, like the introduction of Ziggo WifiSpots. The first and fourth quarters are typically the quarters with relatively higher churn compared to the other two quarters.

As of April 1, prices for our main products were increased in line with the consumer index, whereas in prior years price increases had become effective as of February 1.

Driven by a decline in the number of subscribers to digital pay TV from 848,000 at the end of the prior-year period to 803,000 at the end of June 2014, revenue from digital pay TV (including VOD) declined by 3.5% y-o-y, despite an increase in the number of VOD transactions by 13% in that same period and an increase in ARPU for digital pay TV by 2.5%, from €15.45 in the first half year of 2013 to €15.84 in the first half year of 2014.
The decline in RGUs for digital pay TV was driven by (a) depressed consumer confidence given the macro-environment, (b) the growing popularity of TVOD, which does not count as an RGU, (c) increased competition from over-the-top TV providers and (d) our marketing focus on customer retention, the All-in-1 Bundle and Ziggo Mobile instead of premium pay TV.
The growth in VOD transactions was negatively impacted by the price increase for watching live football per match from €6.95 to €11.95. The number of VOD transactions for watching live football declined by approximately 67% compared to the same period last year. Excluding these transactions, the number of VOD transactions increased by 24%.

Revenues from telephony usage declined by 1.2% compared to the first half year of 2013 figures however in the second quarter of 2014 revenues from telephony usage increased bij 5.7%. This increase can be fully attributed to the introduction of an adjusted fixed telephony rate plan effective April 1, 2014. Under this new rate plan, on-net calls are now chargeable and the flat fee bundle covers calls to all landlines and mobile numbers in the Netherlands. During the first six months of 2014, Ziggo reported a growth of 48%

in the number of subscribers that selected the flat fee bundle 'VolopBellen Altijd' on top of their telephony subscription. Revenue from flat fee bundles in the first half year 2014 increased by 25.4% compared to first half year 2013.

Revenues generated through our All-in-1 bundle increased by 5.6%, from €358.2 million in first half year 2013 to €378.1 million in first half year 2014, now representing 53.3% of total consumer revenues from subscriptions and usage, versus 51.4% in 2013.

Revenue from other sources, predominantly consisting of set-top box sales, collection fees and revenues from service numbers, declined by 65.2% y-o-y to €6.9 million in the first half year 2014. This decline is mainly caused by a lower number of set-top boxes recognized as sales compared to last year and a recognized discount on tablets as part of our ' choose-your-own-advantage' campaign of €5.3 million this year vs. €0.1 million in the same period last year.

Blended ARPU for consumers in the first half year 2014 was €43.90, up €2.11, or 5.1%, from the first half year 2013. This increase was driven by growth in the number of subscribers to the All-in-1 bundle and broadband internet which, combined with churn in lower ARPU TV-only subscribers, resulted in a 3.6% increase in RGUs per customer to 2.59 (based on a maximum of 4 RGUs per customer). Excluding digital pay TV as a separate RGU, Ziggo recorded an average of 2.29 RGUs per customer, or an increase of 4.4% y-o-y. Additionally, blended ARPU was positively affected by (1) the price increase which became effective on 1 April 2014 and (2) an increase in ARPU for digital pay TV of 2.5%.

Our business market activities generated revenues of €83.1 million in the first half year 2014, up 31.8% compared to €63.0 million in the same period last year. On a comparable basis (including two months revenue contribution from Esprit Telecom), business revenues grew by 11.9%. Growth was fully attributable to the increase in the number of subscriptions to our business bundles for home offices and small enterprises. In the first half year 2014, Ziggo B2B added almost 7,600 new subscribers to its main B2B bundles products, 'Internet Plus', 'Office Basis' and 'Office Plus', reaching a total of more than 62,000 subscribers by June 30, 2014. Total revenues from the coaxial products TOM and TOMi, our collective TV contracts and business bundles in the first half year of 2014 grew by €8.2 million, or 36.2%, compared to the same period in 2013, landing at €31.0 million, now representing 37.3% of total B2B revenues. Revenue growth for B2B was negatively affected by declining revenue from a number of sizeable legacy contracts, as well as the reduction in FTA rates.

Cost of goods sold and gross margin

Cost of goods sold consists of costs of materials and services directly related to revenues, including copyright costs, signal costs and royalties paid to procure our content, interconnection fees that we pay to other network operators, materials and logistics costs and costs of guarantee relating to the sale of set-top boxes and other products and materials used to connect customers to our network.

In the first half year 2014, cost of goods sold decreased to €143.5 million, down 2.3% from the same period 2013. The gross margin was 82.0% of revenues versus 81.2% in the first half-year 2013. Adjusted for the acquisition of Esprit Telecom, cost of goods sold would have declined by 7.8% and the gross margin would have been 82.8%.

Margin improvement was mainly the result of higher growth in higher gross margin services such as internet and a decline in revenue from the sale of set-top boxes which comes at a negative gross margin. The latter is the result of a lower volume of set-top boxes recognized as sales (35,000 in the first HY of 2014 versus 159,000 in the first HY of 2013) at a gross margin contribution which was less negative for each individual set-top box compared to previous quarters. In addition, 120,000 set-top boxes were capitalized, as these boxes were provided to customers as part of our sales and retention promotions covered by a one-year contract, with the ownership of the set-top boxes remaining with Ziggo. These capitalized set-top boxes represented a total value of €12.7 million in the first HY of 2014.

Operating expenses (Opex)

Operating expenses increased by €27.8 million, or 14.7%, to €217.0 million in the first half year 2014, compared to €189.3 million in the same period 2013. As a percentage of revenue, operating expenses increased to 27.2%, which included an increase in marketing & sales expenses by 21.6%, from €35.8 million in the first half year 2013 to €43.6 million in 2014, and an increase in contracted work by 39.5%. The majority of the increase in marketing & sales expenses was driven by advertisement campaigns for Ziggo Mobile which Ziggo had not conducted in the same quarter last year.
Excluding marketing & sales, operating expenses increased by 13.0% compared to first half year 2014. Excluding marketing & sales and adjusted for the acquisition of Esprit Telecom operating expenses amounted to €170.5 million, up 11.1% compared to 2013.

Personnel costs increased by 9.0% compared to the first half year 2013. Adjusted for Esprit Telecom, personnel costs increased by 6.4%, or €6.2 million. This increase is driven by a increase in the headcount, an increase in the average personnel costs per employee by approximately 4.0% and an increase in the employer contribution for social security charges. The increase in average personnel costs of approximately 4.0% was driven by both discretionary individual salary increases as at January 1 and a general salary increase in line with the collective labour agreement in the course of 2013 and as per April 1 as well as an increase in the employer' contribution to social security charges since January 1.

Total headcount increased by 7.1% (excluding temporary personnel). The increase in headcount was more than offset by an increase in capitalized personnel costs of approximately €12.7 million, or 33.2%. The increased headcount is primarily the result of an increase in external personnel for projects relating to investments in innovation and our core infrastructure and service platforms, facilitating the addition of new services such as mobility, converged services and TV Everywhere.

At the end of June 2014, we recorded 3,403 FTEs, compared to 3,205 FTEs at the end of June 2013. Excluding external and temporary call center agents, the company employed 2,638 employees (FTEs) versus 2,607 in the previous year.

Costs of contracted work, adjusted for Esprit Telecom and excluding non-recurring costs, increased by €10.3 million or 38.9% compared to first half year 2013. This increase was predominantly driven by higher costs of our external call centers. Call volumes remained high compared to the first half year 2013. Call volumes rose by 36% compared to first half year 2013. In combination with an increase in average handling time of 5% and a relatively higher percentage of the call volume being outsourced, external call center costs rose by 90% compared to the first half year 2013.

Office expenses excluding non-recurring costs in the first half year 2014 increased by 0.9% to €27.1 million compared to €26.9 million in 2013. Adjusted for Esprit Telecom, office expenses 2014 are almost equal to 2013.

Other operating expenses increased by 26.5% to €3.7 million compared to first half year 2013 €2.9 million. Excluding Esprit Telecom, other expenses increased by 22.7%. The increase was predominantly the result of higher costs related to the provision for bad debts and debt collection.

Adjusted EBITDA and operating profit

In the first half year 2014, we achieved adjusted EBITDA of €438.8 million, a decline of 1.1% compared to the first half year 2013. The EBITDA margin was 54.9% compared to 56.9% in 2013. On a comparable basis (Esprit Telecom has been consolidated as per May 1, 2013), adjusted EBITDA decreased with 1.4%, resulting in an adjusted EBITDA margin of 55.6%. In addition, an amount of €3.8 million in non-recurring costs was recognized relating to advisory costs in connection with the intended acquisition by Liberty Global, resulting in an EBITDA of €435.0 million, a 1.9% decrease compared to the first half year 2013. Adjusted for Esprit Telecom, EBITDA decreased with 2.2%.

Depreciation expenses and amortization of software and intangibles in the first half year 2014 increased by €47.7 million to €184.3 million, from €136.6 million in 2013. Adjusted for the acquisition of Esprit Telecom and excluding the amortization of other intangible fixed assets, depreciation and amortization of software increased by €16.9 million or 12.4%. This increase is the result of the current investment program around our core infrastructure and systems facilitating the addition of new services such as mobility and TV Everywhere. Based on this investment program, depreciation and amortization will grow in the future.

Amortization of other intangible fixed assets includes an amortization charge related to our intangible asset customer relationships of €30.0 million. Following our discussion with the AFM and taking into consideration current market circumstances, we assessed our current accounting treatment of the customer relationships in order to reflect the changed market conditions Ziggo operates in. The changed market conditions mainly relate to the rapid changes within the telecom market, technology and the recent entrance of new competitors and increase in competition. Based on our assessment, we came to the conclusion that the intangible asset "customer relationship" contains in fact two components that are closely related: the "access right", to provide our cable-related services in our footprint for an indefinite period and the "active clients", the active customer base. The useful life of active clients is estimated at 14 years and the useful life for the access rights at 30 years. Based on this analyses as from the 2nd quarter of 2014 the company accounts for an amortization charge of €30.0 million on a quarterly basis prospectively as a change in estimate.

Operating income (EBIT) for the first half year 2014 decreased by 18.3% to €250.7 million compared to €307.0 million for the first half year 2013, primarily due to the amortization of the customer relationships.

Net income

Interest expense increased by €2.5 million, or 2.5%, to €101.5 million in the first half year 2014, compared to €99.0 million in 2013. In the first half year 2014, €6.1 million was allocated as borrowing costs on work in progress, resulting in an interest credit, compared to €5.7 million in 2013. Excluding borrowing costs, interest expense increased by 2.8%, or €2.9 million.

The average debt during the first half year of 2014 (approximately €3,150 million) was almost €140 million ahead of the average debt in the comparable period of 2013 (€3,008 million), resulting in an increase in interest expense. The blended interest rate for the first half year of 2014 was 6.50% compared to 6.96% in 2013.

Banking and financing fees increased by €35.2 million, from €1.3 million in the first half year 2013 to €36.5 million in 2014. This increase is due to paid call premium fees related to the refinancing in February of this year.

The amortization of funding costs decreased by €19.1 million to €29.4 million in the first half year 2014 compared to 2013.

As Ziggo does not apply hedge accounting for interest rate swaps under IFRS, any change in fair value is recognized as financial income and expense. As a result of the refinancing, we settled all of our interest rate swaps relating to the former capital structure. For the new term loans we entered into new interest rate swaps to fully hedge the variable interest rate, and cross currency swaps to fully hedge the currency risk on the notional amount and all future interest payments on the USD denominated term loans. In the first half year 2014, Ziggo recorded a €180.9 million loss on other income predominantly due to a fair value loss on IRS contracts and cross currency hedges as a result of a substantial decrease in the underlying interest rates since the refinancing. In the same period of 2013, Ziggo had reported a fair value gain of €19.5 million.

In the first half year 2014, Ziggo recorded a net loss from joint ventures of €4.5 million compared to a net loss of €3.4 million in 2013. The result from joint ventures related predominantly to Ziggo's 50% share in the results of HBO NL, the joint venture with HBO. Investments and results from the joint venture are accounted for using the equity method. Ziggo's share in the funding of this joint venture during the first half year 2014 amounted to €6.0 million versus €5.7 million in the first half year 2013.

In the first half year 2014, Ziggo reported an income tax benefit of €34.3 million based on the estimate of the weighted average annual effective income tax rate expected for the full financial year (IAS 34 Appendix B12), compared to a tax charge of €7.3 million in the same period in 2013. The result before income taxes of -€97.6 million would have led to a corporate income tax benefit of €24.4 million at a statutory tax rate of 25%. The annual effective tax rate calculated in the first half year 2014 is affected by the higher net financial expenses as a result of higher fair value losses and banking and financing fees, as well as the impact of the innovation box facility. In the first half year 2014 the application of the innovation box resulted in reduced corporate income tax charges by €15.1 million. 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 the first half year 2014, Ziggo posted a net loss of €67.9 million, versus a net profit of €181.6 million in the first half year 2013. Adjusted for (1) changes in fair value on our interest rate hedges and cross currency hedges, (2) the amortization charge on the customer list (all adjustments net of income taxes taking into consideration a tax rate for these items of 25%), net profit would have decreased from approximately €162.3 million in the first half year 2013 to €143.6 million in 2014, representing an decrease of 11.5%.

Working capital, cash flow and liquidity

Working capital

Net working capital excluding accrued interest and corporate income tax due decreased by €7.7 million, from €253.7 million negative at the end of June 2013 to €261.4 million negative at the end of June 2014. The decrease in working capital in 2014 is mainly due to a increase in trade accounts payable of €6.5 million and a increase in other current liabilities of €9.5, partially offset by an increase in Inventories of €6.2 million.

Working capital excludes corporate income tax due of €3.5 million as at June 30, 2014. This is the result of an intragroup transaction as part of which certain assets were transferred in 2012 in order to renew part of Ziggo's tax loss carry-forward position so as to avoid expiry of these losses. One of its 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-forward rules.

Cash flow from operating activities

Cash flow from operating activities increased in the first half year 2014 by €38.9 million, or 9.2%, to €461.2 million, compared to €422.3 million in 2013. This increase resulted primarily from a lower cash outflow from a change in working capital of €30.4 million in 2014, compared to a cash outflow of €16.7 million in 2013.

Capital expenditure (Capex)

Capital expenditure and investments relate primarily to extending, upgrading and maintaining the network, the installation of new service equipment at customer premises, cost of modems and investments in the 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 are capitalized. Set-top boxes are capitalized if these boxes are provided to customers covered by a 1-year subscription.

In the first half year 2014, Ziggo recorded capital expenditure of €192.2 million, an increase of 31.5% compared to the first half year 2013 (€146.1 million). The main drivers of growth are the capitalization of set-top boxes and investments in our core infrastructure and service platforms to replace legacy systems and facilitate new services such as mobile access and TV Everywhere.

	YTD June				
€ million	2014	% of total	2013	% of total	change
Customer installation	43.7	23%	31.0	21%	41%
Network growth	67.6	35%	60.4	41%	12%
Maintenance and other	80.8	42%	54.8	37%	48%
Total Capex	**192.2**	**100%**	**146.1**	**100%**	**32%**

Capital expenditure on customer installations of €43.7 million represented an increase of €12.7 million, or 41.0% compared to the first HY 2013. The main reason for the increase is the capitalization of set-top boxes of €12.7 million versus €3.1 million in 2013, with 76,000 interactive set-top boxes capitalized in 2014, versus 25,000 in 2013. In addition, almost 209,000 modems were shipped, versus 120,000 in the same period of 2013, reflecting a continuous upgrade of internet subscribers to a Wifi-enabled EuroDocsis 3.0 modem and growth in the number of internet subscribers. At the end of June 2014, Ziggo had activated 1,675,000 EuroDocsis 3.0 modems at customer premises, of which 1,314,000 were Wifi enabled, representing an increase of 360,000 Wifi-enabled modems compared to June 30, 2013.

The increase in capital expenditure on network growth of €7.2 million compared to the first HY 2013 was mainly driven by new-build and by projects aimed at increasing the capacity of our infrastructure to be able to deal with our increased subscriber base for internet and continuously increasing internet speed and bandwidth requirements.

The remainder of capital expenditure represented maintenance and replacement of network equipment and recurring investments in our IT platform and systems, our office IT 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 the first HY 2014, investments in this category increased by €26.0 million, or 47.6%, to €80.8 million, compared to €54.8 million in the first HY of 2013. The amount spent on capitalized hours and contracted work increased by over €12.7 million compared to the first half year of 2013, reflecting our investment in the replacement of our business support systems to facilitate new services and the investment in our new video platform. In addition, the increase in this category was partly driven by the program upgrading our office automation and equipment and data centers, which had been started in Q2 2013, using the latest technology in order to prepare the organization for the new services we are rolling out.

Operational free cash flow

Operational free cash flow (OpFCF, or adjusted EBITDA minus Capex) decreased by €50.8 million, or 17.1%, to €246.7 million in the first HY of 2014, compared to €297.5 million for the prior-year period. This was driven by an increase in capital expenditure of €46.0 million and a decrease in adjusted EBITDA of €4.8 million.

Free cash flow and net cash used in financing activities

In the first HY of 2014 free cash flow (cash flow before financing activities) increased to €262.7 million, up €7.6 million, or 3.0%, compared to the comparable period in 2013. The rise in free cash flow follows from the increase in cash flow from operating activities of €38.9 million, partly offset by the increase in capital expenditure of €46.0 million while in Q2 2013 a cash outflow of €15.2 million was recognized related to the Esprit Telecom acquisition.

Net cash used in financing activities for the first half year comprises interest expense, banking and financing fees related to our loan facilities, prepayments and drawings on the revolving credit facility.

Cash interest increased by €11.6 million, from €98.0 million in the first HY of 2013 to €109.6 million in 2014. The increase in cash interest follows from the refinancing in Q1 2014 in which we refinanced the 6.125% €750 million Senior Secured Notes with an annual coupon payment in May through newly issued term loans on which we paid interest. Going forward, interest payments on the term loans will be made semi-annually in Q2 and Q4.

At the end of June 2014, Ziggo held €215.5 million in cash and cash equivalents, compared to €51.0 million at the end of June 2013.

€ million	30 Jun 2014	x LTM adjusted EBITDA	Margin/Coupon	Maturity
Term Loan B (EURO)	922.0	1.05	E + 2.75%	Jan 2022
Term Loan B (USD)	1,013.1	1.15	L + 2.50%	Jan 2022
3.625 % Senior Secured Notes	71.7	0.08	3.625%	Mar 2020
Total Senior Secured Debt	**2,006.8**	**2.28**		
8.000% Senior Unsecured Notes (existing)	465.7	0.53	8.000%	May 2018
8.000% Senior Unsecured Notes (new)	743.1	0.84	8.000%	May 2018
Total Debt	**3,215.6**	**3.65**		
Accrued interest	32.3	0.04		
MtM SWAPS	164.4	0.19		
Cash and cash equivalents	(215.5)	(0.24)		
Total Net Debt	**3,196.8**	**3.62**		

As at June 30, 2014, Ziggo reported a total debt balance of €3,166.7 million, including principal amount, capitalized funding costs and discount on the issuance date.

As at June 30, 2014, the outstanding balance of Term Loan B amounted to €1,904.9 million, including principal amount (€1,935.1 million) and capitalized financing fees (€30.2 million). The capitalized financing fees will be amortized until maturity in January 2022.

As at June 30, 2014, the outstanding balance of the original 8% Senior Notes due 2018 amounted to €458.3 million. This item is carried at amortized cost, including principal amount (€465.7 million), capitalized funding costs (€5.6 million) and discount on the issuance date (€1.9 million). Capitalized funding costs and capitalized discount on issuance will be amortized until maturity in May 2018. The balance for capitalized financing fees and capitalized discount related to the notes which have been exchanged into the new 8% Senior Notes 2018 was fully impaired in Q1 2014.

As at June 30, 2014, the outstanding balance of the new 8% Senior Notes 2018 amounted to €732.5 million. This item is carried at amortized cost, including principal amount (€743.1 million), capitalized funding costs (€10.6 million). Capitalized funding costs will be amortized until maturity in May 2018. The current balance for capitalized financing fees is related to costs incurred for the exchange offer. The balance for capitalized financing fees relates to the original 8% Senior Notes due 2018 which have been exchanged into these new 8% Senior Notes 2018, was fully impaired in Q1 2014.

As at June 30, 2014, the remaining outstanding balance of the senior secured notes (3.625%, March 2020) amounted to €71.1 million, stated at amortized cost, including principal amount (€71.7 million), capitalized funding costs (€0.5 million) and capitalized discount (€0.1 million) relating to the remaining outstanding balance. As a result of the early redemption of €678.3 million (principal amount) of these notes, the balance of capitalized financing fees and capitalized discount relating to the notes redeemed has been impaired.

The 6.125% Senior Secured Notes due 2017 and the former senior credit facility have been fully redeemed.

As at June 30, 2014, the fair value of the interest rate swaps (IRS) amounted to a liability of €164.4 million, compared to a liability of €41.4 million as at June 30, 2014. Ziggo does not apply hedge accounting.

As at June 30, 2014, our Net Debt to Adjusted LTM EBITDA leverage ratio was 3.62x, up from 3.50x as at year-end 2013 and 3.41x as at June 30, 2013. The leverage of 3.62x is in line with our stated leverage target of around 3.5x.

The average debt maturity was 6.1 years as at June 30, 2014, up from 4.7 years as at the end of December 31, 2013. The refinancing in February 2014 of our senior credit facility and senior secured notes extended the average debt maturity by approximately two years.

Outlook

Based on our strong network and appealing product offerings, we will continue to focus on our top-line and customer satisfaction. This will predominantly be facilitated by on-going growth in broadband internet, Ziggo Mobile and our B2B activities.

As we anticipate no easing of the current competitiveness in the market, we will continue to invest in sales and promotions, customer retention and product development to strengthen our position and improve our services. We expect these additional investments to result in a flat EBITDA for 2014 compared to last year. Following increased network investments to cater for customer appetite for bandwidth, the investments in set top boxes and on-going IT related investments, Capex will increase to around €370 million in 2014.

Discussion with the AFM on the valuation and presentation of the customer relationships

Following our discussions with the AFM as a result of questions raised by the AFM in January 2014 concerning how the company came to the conclusion that the useful life of the customer relationships is indefinite, we evaluated the current treatment of the customer relationships. Based on our analysis and taking into consideration current market circumstances, we came to the conclusion that the intangible asset "customer relationship" contains in fact two components that are closely related: the "access right", to provide our cable-related services in our footprint for an indefinite period and the "active clients", the active customer base. The useful life of active clients is estimated at 14 years and the useful life for the access rights at 30 years. Based on this analyses as from April 1, 2014 the company accounts for an amortization charge of €30.0 million on a quarterly basis prospectively as a change in an accounting estimate.

The conclusions of the evaluation have recently been discussed with the AFM.

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 year of the financial year were the same as those identified at year end 2013 and management does not presently anticipate any material changes to the nature of the risks affecting Ziggo's business over the next half year 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 2013 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 22, 2014

Board of Management,

René Obermann
Bert Groenewegen
Hendrik de Groot
Kamran Ziaee

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of income

Amounts in thousands of €	Note	For the six months period ended 30 June 2014	For the six months period ended 30 June 2013
		unaudited	unaudited
Revenues	3	799,380	779,757
Cost of goods sold		143,505	146,850
Personnel expenses		105,000	95,802
Contracted work		38,328	26,364
Materials and logistics		1,429	1,524
Marketing and sales		43,581	35,833
Office expenses		28,845	26,862
Other operating expenses		3,666	2,897
Amortisation and impairments	6	44,982	12,399
Depreciation and impairments		139,326	124,205
Total operating expenses		**548,662**	**472,736**
Operating income		**250,718**	**307,021**
Net financial income (expense)	4	(348,348)	(129,332)
Result before income taxes		**-97,630**	**177,689**
Net result of joint ventures and associates		(4,533)	(3,392)
Income tax benefit (expense)	5	34,252	7,266
Net result for the period		**-67,911**	**181,563**
Net result attributable to equity holders		**-67,911**	**181,563**
Number of shares outstanding (in thousands)		200,000	200,000
Earnings per share - basic		(0.34)	0.91
Earnings per share - dilutive		(0.34)	0.91

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 2014	For the six months period ended 30 June 2013
	unaudited	unaudited
Net result for the year	**(67,911)**	**181,563**
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	865	1,731
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**865**	**1,731**
Total comprehensive income for the period	**-67,046**	**183,294**
Total comprehensive income attributable to equity holders	**-67,046**	**183,294**

Interim consolidated statement of financial position

Amounts in thousands of €	Note	June 30, 2014	December 31, 2013
		unaudited	
Assets			
Intangible assets	6	3,385,539	3,416,418
Property and equipment		1,518,264	1,473,278
Other non-current financial assets		1,533	1,125
Investments in joint ventures		5,069	3,437
Deferred tax assets		191,374	202,129
Total non-current assets		**5,101,779**	**5,096,387**
Inventories		37,979	40,004
Derivative financial instruments		37	-
Trade accounts receivable		26,955	37,887
Other current assets		45,695	34,541
Cash and cash equivalents		215,510	77,397
Total current assets		**326,176**	**189,830**
TOTAL ASSETS		**5,427,955**	**5,286,217**
Equity and Liabilities			
Issued share capital		200,000	200,000
Share premium		3,204,472	3,204,472
Other reserves		-	(865)
Treasury stock		(33)	(33)
Retained earnings		(2,111,090)	(2,043,366)
Equity attributable to equityholders	**7**	**1,293,349**	**1,360,208**
Interest-bearing loans	8	3,166,702	3,073,489
Derivative financial instruments		164,435	21,194
Provisions		19,089	19,830
Deferred tax liabilities		368,915	414,765
Other non current liabilities		1,881	1,986
Total non-current liabilities		**3,721,022**	**3,531,264**
Deferred revenues		124,774	120,187
Derivative financial instruments		-	8,343
Provisions		6,053	7,072
Trade accounts payable		85,689	88,199
Corporate income tax		3,453	4,673
Other current liablities		193,615	166,271
Total current liabilities		**413,584**	**394,745**
TOTAL EQUITY AND LIABILITIES		**5,427,955**	**5,286,217**

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 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 June 30, 2013 - unaudited	**200,000**	**3,394,472**	**(2,596)**	**(36)**	**(2,209,642)**	**1,382,198**
Balance at 31 December 2013	200,000	3,204,472	(865)	(33)	(2,043,366)	1,360,208
Comprehensive income						
Net result for the first half year of 2014	-	-	-	-	(67,911)	(67,911)
Share-based payment	-	-	-	-	187	187
other comprehensive income:						
cash flow hedges, net of tax	-	-	865	-	-	865
Total comprehensive income	-	-	865	-	(67,724)	(66,859)
Balance at June 30, 2014 - unaudited	**200,000**	**3,204,472**	**-**	**(33)**	**(2,111,090)**	**1,293,349**

Interim consolidated statement of cash flows

Amounts in thousands of euro	For the six months period ended June 30, 2014	For the six months period ended June 30, 2013
Operating activities	**unaudited**	**unaudited**
Result before income taxes	(97,630)	177,689
Adjustments for:		
Amortisation and impairments	44,982	12,399
Depreciation and impairments	139,326	124,205
Share-based payment	187	-
Movement in provisions	(1,889)	(4,651)
Net financial expense	348,348	129,332
Operating cash flow before changes in working capital	**433,324**	**438,974**
Changes in working capital relating to:		
Inventories	2,026	(3,808)
Trade accounts receivable	10,933	(6,804)
Other current assets	(11,154)	(10,151)
Trade accounts payable	(3,847)	(9,373)
Deferred revenues	4,587	8,165
Other current liabilities	27,676	5,258
Change in working capital	**30,221**	**(16,713)**
Corporate income tax paid	(2,351)	-
Net cash flow from operating activities	**461,194**	**422,261**
Investing activities		
Purchase intangible and tangible assets	(192,164)	(146,127)
Business combination, net of cash acquired	-	(15,186)
Additional contribution to joint ventures	(6,000)	(5,690)
Interest received	106	7
Change in financial assets	(408)	(121)
Net cash flow used in investing activities	**(198,466)**	**(167,117)**
Financing activities		
Proceeds term Loan B1	1,212,428	-
Proceeds term Loan B2	724,100	-
Repayment of loans	(900,000)	(1,063,347)
Repayment / proceeds Senior Secured Notes 3,625%	(678,314)	748,500
Repayment Revolver Facility	(255,000)	-
Proceeds term Loan A	-	310,000
Financing fees	(35,463)	(13,720)
Interest paid	(109,581)	(98,012)
Other financing activities	(34,412)	-
Swap contracts unwind	(48,373)	-
Dividend paid	-	(180,000)
Net cash flow from financing activities	**(124,615)**	**(296,579)**
Net (decrease) / increase in cash and cash equivalents	**138,113**	**(41,435)**
Net cash and cash equivalents at January 1	77,397	92,428
Net cash flow from operating, investing and financing activities	138,113	(41,435)
Net cash and cash equivalents at June 30	**215,510**	**50,993**

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, 2014 have been prepared by the Board of Management in accordance with IAS 34 "Interim Financial Reporting" and are authorised for issue on August 22, 2014.

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 2013.

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.

Change in presentation

In 2013 the Company changed presentation of some items previously included in cost of goods of sold to office expenses. Comparative information 2013 has been adjusted as follows:

	six month period endend June 30, 2013		
Amounts in thousands of €	Previously reported	Change in presentation	Adjusted
Item in income statement			
Cost of goods sold	147,269	(419)	146,850
Office expenses	26,443	419	26,862

Change in accounting estimates

Following a discussion with the AFM as a result of questions raised by the AFM in January 2014 concerning how the company came to the conclusion that the useful life of the customer relationships is indefinite, Ziggo evaluated its current accounting treatment of the customer relationships.

In this evaluation the company also took into consideration the current market circumstances Ziggo operates in. The changed market conditions relate mainly to the recent changes within the telecom market, technology and the increase in competition.

From Q1 2011 until Q1 2014 the company applied an indefinite useful life approach and therefore did not amortize its customer relationships. Instead of amortizing, the company annually tested the customer relationship for impairment. The company assessed the useful life to be indefinite as there was, based on the facts and available data, no foreseeable limit to the period over which the asset was expected to generate net cash inflows.

For determining the fair value at acquisition date the asset identified as customer relationships contains two components, that are closely related:

1. The "Access Right", representing the license to operate, maintain, update and expand the network. This ensures that the respective customers can be serviced through the cable-related assets;
2. The "Active Clients", representing the active customer base at the moment of acquisition.

As of Q2 2014 Ziggo has separated the carrying amount of the two components within the intangible asset that was previously presented as customer relationships based on relative fair values. Based on analysis of available data and taking into consideration current market circumstances, Ziggo is now able to estimate the remaining useful life of these intangible assets as the assessment showed a foreseeable limit to the period over which the asset is expected to generate net cash inflows. Based on this assessment the useful life of Active Clients is estimated at 14 years and the useful life for the Access Rights at 30 years. Based on the assessment no impairment needs to be recognized regarding the carrying amount of asset and the company started amortizing these assets as from April 1, 2014 again. This results in an annual amortization charge of €120 million to reflect the remaining useful lives of 7 and 23 years respectively for Active Clients and Access Right. The Company accounts for the amortization charges as of the second quarter of 2014 prospectively as a change in an accounting estimate.

The conclusions of the evaluation have recently been discussed with the AFM.

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 2013 of Ziggo N.V., except for the adoption of new standards and interpretations effective as of January, 2014.

The group applies, for the first time, the following amendments to standards and interpretation:

- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (issued June 2013)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (issued May 2013)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (issued October 2012)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (issued December 2011

These amendments and the new interpretation 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 first half year rather than in the second half year.

3. Revenues

Amounts in thousands of €	For the six months period ended June 30, 2014	For the six months period ended June 30, 2013
	unaudited	unaudited
Standard cable subscriptions	218,596	226,128
Digital pay television	82,599	85,622
Video	**301,195**	**311,750**
Broadband Internet subscriptions	**244,918**	**229,283**
Telephony subscriptions	70,707	67,407
Telephony usage	87,450	88,532
Telephony	**158,157**	**155,939**
Out-of-home	**5,179**	**-**
Revenues from other sources	**6,866**	**19,747**
Total Consumer Market	**716,315**	**716,719**
Business Services	**83,065**	**63,038**
Total revenues	**799,380**	**779,757**

4. Net financial income and expense

Amounts in thousands of €	For the six months period ended June 30, 2014	For the six months period ended June 30, 2013
	unaudited	unaudited
Interest expense on interest bearing loans	**(101,582)**	**(99,049)**
Interest income	**52**	**9**
Amortisation of financing costs, including write-offs terminated facilities	(29,404)	(48,526)
Foreign exchange results and fair value gains (losses) on derivatives	(180,903)	19,498
Commitment fees	(3,376)	(1,263)
Closing cost facilities and notes	(33,135)	-
Other net financial income and expense	**(246,818)**	**(30,292)**
Net financial income (expense)	**(348,348)**	**(129,332)**

The Company's financing has changed in 2013 and in 2014, which is discussed in Note 8. As a consequence of this change the Company's financial expense increased in the first half year of 2014 compared to 2013 by €219.0 million. This increase is primarily the result of fair value losses on derivative financial instruments, closing cost for the new facilities and notes offset by lower amortisation charges for financing costs.

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 half year of 2014 the Company capitalised borrowing cost in the amount of €6.1 million (2013 €5.7 million), which are presented as a deduction of interest expense.

5. 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 first half year ended June 30, 2014 consists of:

Amounts in thousands of €	For the six months period ended June 30, 2014	For the six months period ended June 30, 2013
	unaudited	unaudited
Deferred tax assets	(10,468)	11,267
Deferred tax liabilities	45,851	(2,865)
Current tax liabilities	(1,131)	(1,136)
Income tax benefit (expense)	**34,252**	**7,266**

In the second quarter of 2014 the Company paid income tax of €2.4 million (2013: 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 June 30, 2014	Tax rate	For the six months period ended June 30, 2013
Result for the period		(97,630)		177,689
Notional income tax at statutory rates	25.00%	24,408	25.00%	(44,422)
Adjustments:				
True-up calculation	-0.74%	(721)	0.00%	-
Effect of application of an annual effective tax rate	-1.02%	(998)	0.00%	-
Innovation box 2010-2012	0.00%	-	-19.74%	35,070
Innovation box	11.84%	11,563	-9.35%	16,618
Effective tax rate / income tax benefit	**35.08%**	**34,252**	**-4.09%**	**7,266**

Ziggo formalized an agreement with the Dutch tax authorities regarding the innovation box in 2013. Tax profits attributable to innovation are taxed at an effective tax rate of 5%.

The tax effects of temporary differences influencing significant portions of the deferred tax assets and deferred tax liabilities as of June 30, 2014 and as of June 30, 2013 are presented below:

Amounts in thousands of €	January 1, 2014	True-up calculation in profit or loss	Recognised in profit or loss	Recognised in other comprehensive income	June 30, 2014
					unaudited
Tax loss carry-forwards	125,217	(43,527)	(1,266)	-	80,424
Property and equipment	69,527	4,776	(4,164)	-	70,139
Derivative financial instruments	7,385	-	33,715	(288)	40,812
Deferred tax assets	**202,129**	**(38,751)**	**28,285**	**(288)**	**191,375**
Intangible assets	(389,755)	22,469	7,145	-	(360,141)
Property and equipment	(25,011)	15,561	676	-	(8,774)
Deferred tax liabilities	**(414,766)**	**38,030**	**7,821**	-	**(368,915)**
Deferred tax assets and liabilities	**(212,637)**	**(721)**	**36,106**	**(288)**	**(177,540)**

Amounts in thousands of €	January 1, 2013	Recognised in profit or loss	From acquisition	Recognised in other comprehensive income	June 30, 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)**

6. Intangible assets

Movement of the intangible assets for the comparative periods is as follows:

Amounts in thousands of €	Goodwill	Customer Relationships	Software	Total
Cost	1,793,757	2,406,661	354,649	4,555,067
Accumulated amortisation	-	(863,568)	(275,081)	(1,138,649)
Balance as of December 31, 2013	1,793,757	1,543,093	79,568	3,416,418
Additions	-	-	14,103	14,103
Amortisation and impairment	-	(30,570)	(14,412)	(44,982)
Total changes in net bookvalue	-	(30,570)	(309)	(30,879)
Cost	1,793,757	2,406,661	368,752	4,569,170
Accumulated amortisation	-	(894,138)	(289,493)	(1,183,631)
Balance as of June 30, 2014	**1,793,757**	**1,512,523**	**79,259**	**3,385,539**

Amounts in thousands of €	Goodwill	Customer Relationships	Software	Total
Cost	1,782,449	2,401,568	288,898	4,472,915
Accumulated amortisation	-	(862,813)	(251,715)	(1,114,528)
Balance as of December 31, 2012	1,782,449	1,538,755	37,183	3,358,387
Additions	-	-	12,096	12,096
Acquired through business combinations	10,034	5,093	309	15,436
Amortisation and impairment	-	(188)	(12,211)	(12,399)
Total changes in net bookvalue	10,034	4,905	194	15,132
Cost	1,792,483	2,406,661	301,303	4,500,447
Accumulated amortisation	-	(863,001)	(263,926)	(1,126,927)
Balance as of June 30, 2013	**1,792,483**	**1,543,660**	**37,377**	**3,373,520**

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 2013. Up to June 30, 2014 there were no indications that required an impairment test.

Customer relationships

The customer relationships 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 relationships as it was concluded that the useful life of customer relationships connected to the Company's network is indefinite. With reference to note 2 'Basis for accounting', Ziggo started amortising the customer relationships again as from April 1, 2014. The Company accounts for the amortization charges as of the second quarter of 2014 prospectively as a change in estimate.

The customer list recorded upon the acquisition of Esprit is amortised on a straight line basis over 4.5 years.

7. 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.

8. Interest bearing loans

Amounts in thousands of €	Interest rate	Maturity	June 30, 2014	December 31, 2013
Term loan B Euro	Euribor or floor 0.7	January-2022	922,000	-
Term loan B US dollar	Euribor or floor 0.7	January-2022	1,013,088	-
Facility A loan	EURIBOR +1.75%	March-2018	-	150,000
Facility E loan (Sr. Secured Notes)	6.125%	November-2017	-	750,000
Revolving Credit Facility	EURIBOR +1.75%	March-2018	-	255,000
Financing fees			(30,201)	(11,782)
Loans from financial institutions			1,904,887	1,143,218
Unsecured Senior Notes - original	8.000%	May-2018	458,251	1,187,357
Unsecured Senior Notes - new	8.000%	May-2018	732,506	-
Senior Secured Notes	3.625%	March-2020	71,058	742,914
Interest bearing loans			**3,166,702**	**3,073,489**

Movement in total interest-bearing loans is as follows:

Amounts in thousands of €	2014	2013
Balance at January 1	3,073,489	2,943,816
New term loan B Euro	922,000	-
New term loan B US dollar	1,014,528	-
Repayments on loans	(900,000)	(1,063,336)
Repayments on Unsecured Senior Notes	(743,128)	-
Issuance Unsecured Senior Notes - new	743,128	-
Facility A financial institutions	-	310,000
Repayment / Issuance of 3.625% Senior Secured Notes	(678,314)	750,000
Disagio on 3.625% Senior Secured Notes	-	(1,500)
Repayment revolving facility	(255,000)	-
Incretion due to disagio	4,803	540
Financing fees	(42,768)	(13,445)
Amortisation and impairment of financing fees	29,404	48,526
Foreign exchange difference on term loan B US Dollar	(1,440)	-
Balance at June 30	**3,166,702**	**2,974,601**

Immediately upon announcement of the recommended offer by Liberty Global on the Company, Ziggo refinanced the majority of its outstanding debt. Each new and/or changed facility and note is discussed below:

Facility A loan – *Repaid in full*
In March 2013, Ziggo agreed on a new Facility A loan under a new credit facility of €150.0 million. Interest on the Facility A loan is Euribor+1.75% and is paid monthly. In February 2014, the facility was repaid in full and financing fees capitalized were recognized in the income statement.

Term loan B Euro - *New*
In total term loan B Euro provides for a commitment of €1,566.0 million. Maturity date of this new term loan is January 15, 2022. At June 30, 2014 an amount of €922.0 million was drawn. Financing fees on the new term loan were €13.8 million. Interest on the loan is set at a floor of 0.75% and a fixed rate of 2.75%. If either Libor or Euribor exceeds 0.75%, interest is adjusted accordingly. The effective interest rate as per June 30, 2014 is 3.73%.

Term loan B US Dollar - *New*
In total term loan B US Dollar provides for a commitment of $2,350.0 million. Maturity date of this new term loan is January 15, 2022. At June 30, 2014 an amount of $1,384.0 million was drawn. Financing fees on the new term loan were $20.6 million. Interest on the loan is set at a floor of 0.75% and a fixed rate of 2.50%. If either Libor or Euribor exceeds 0.75%, interest is adjusted accordingly. The effective interest rate as per June 30, 2014 is 3.47%.

Facility E loan - *Repaid*
In October 2010, Ziggo Finance B.V., a company managed by Deutsche Bank International Trust Company N.V., issued Senior Secured Notes of €750.0 million with a nominal interest rate of 6.125%, due in 2017. In March 2014, the facility was repaid in full and financing fees capitalized were recognized in the income statement.

Revolving and capital expenditure restructuring facility - *Replaced*
A revolving credit facility of €650.0 million was put in place, expiring in June 2020, of which €50.0 million is carved out and used as an ancillary facility. This new revolving credit facility replaced the former revolving credit facility of €400.0 million, of which it had drawn €255.0 million. As per the end of June 30, 2014, Ziggo had not drawn under the new facility.

8% Senior Notes - *Changed*
As at June 30, 2014, the outstanding balance of the original 8% Senior Notes 2018 amounted to €459.4 million. This item is carried at amortized cost, including principal amount (€465.7 million), capitalized funding costs (€5.6 million) and discount on the issuance date (€0.7 million). Financing fees relating to this principal amount amounted to €10.0 million at issuance, to be amortized over a period of eight years. The capitalized discount upon issuance relating to this principal amount amounted to €3.4 million, to be amortized as interest expense over a period of eight years. The balance for capitalized financing fees and capitalized discount related to the notes which have been exchanged into the new 8% Senior Notes 2018, was fully impaired in Q1. This impairment resulted in an additional interest charge in the first half year of €3.3 million and an additional charge under the amortization of funding costs of €9.8 million.

Senior Secured Notes – *Partial repaid*
As at June 30, 2014, the remaining outstanding balance of the senior secured notes (3.625%, March 2020) amounted to €71.1 million, stated at amortized cost, including principal amount (€71.7 million), capitalized funding costs and capitalized discount relating to the remaining outstanding balance. As a result of the early redemption of €678.3 million of these notes, the remaining balance of capitalized financing fees and capitalized discount relating to the notes redeemed, has been impaired. This impairment resulted in an additional interest charge in the first half year of €1.2 million and an additional charge under the amortization of funding costs of €5.1 million.

9. Financial risks and instruments

At June 30, 2014, the Company has variable interest bearing loans in Euro in the amount of €922.0 million (31 December 2013: €405.0 million). In order to mitigate the interest rate risk the Company entered into Interest Rate Swaps (IRS) with a notional of €952.0 million as per June 30, 2014 (31 December 2013: €250.0 million). For its variable interest bearing loans in US Dollar in the amount of €1,013.1 million the Company entered in to Cross Currency Swaps (CCS) to also mitigate its exposure in US Dollar next to the interest rate risk. CCS in order to mitigate both the interest rate risk as well as the currency risk had a notional of $1,429 million. The Company does not apply hedge accounting for these financial instruments.

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 €	June 30, 2014 Carrying amount	June 30, 2014 Fair value	December 31, 2013 Carrying amount	December 31, 2013 Fair value
Financial assets				
Loans	103	103	104	104
Trade accounts receivable	26,955	26,955	37,887	37,887
Cash and cash equivalents	215,510	215,510	77,397	77,397
Total financial assets	**242,568**	**242,568**	**115,388**	**115,388**
Financial liabilities				
Loans from financial institutions	(1,904,887)	(1,904,887)	(1,143,218)	(1,175,510)
8.000 % Senior Notes - original	(458,251)	(485,407)	(1,187,357)	(1,285,310)
8.000 % Senior Notes - new	(732,506)	(816,012)	-	-
3.625% Senior Secured Notes, due 2020	(71,058)	(73,421)	(742,914)	(752,340)
Finance lease	(615)	(615)	(765)	(765)
Trade accounts payable	(85,689)	(85,689)	(88,199)	(88,199)
Total financial liabilities at amortised cost	(3,253,006)	(3,366,031)	(3,162,453)	(3,302,124)
Derivative financial instruments	(164,472)	(164,472)	(29,537)	(29,537)
Total financial liabilities	**(3,417,478)**	**(3,530,503)**	**(3,191,990)**	**(3,331,661)**

Fair value hierarchy

Of the Company's financial instruments, only derivatives are measured at fair value using the Level 2 inputs as defined in IFRS 7 "Financial Instruments: Disclosures". These inputs are inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of derivative instruments is estimated by discounting future cash flows at prevailing market rates or based on the rates and quotations obtained from third parties, including an adjustment for risk.

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade ratings.

10. Commitments and contingent liabilities

The Company enters into purchase commitments in the ordinary course of business. As at June 30, 2014 it had purchase commitments for an amount of €77.5 million (31 December 2013: €77.0 million).

11. Related party transactions

No significant related party transactions occurred during the first six month period ended June 30, 2014.

12. Dividends paid and proposed

In view of the recommended offer for Ziggo no (interim) dividend distribution is proposed.

13. Subsequent events

At July 17, 2014 Ziggo announced that Paul Hendriks (CTO) will leave Ziggo at September 1, 2014.

Furthermore there are no subsequent events that require disclosure in these interim financial statements.

REVIEW REPORT

To: the Shareholders of Ziggo N.V.

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Ziggo N.V., Utrecht, which comprise the interim consolidated statement of financial position as at 30 June 2014, the interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2014 and the notes, comprising a summary of the significant accounting policies and other explanatory information.

The Board of Management is responsible for the preparation and presentation of these 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-month period ended 30 June 2014 are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Amsterdam, August 22 2014

Ernst & Young Accountants LLP

signed by F.J. Blenderman

About Ziggo

Ziggo is a Dutch provider of entertainment, information and communication through television, internet and telephony services. The company serves around 2.8 million households, with 1.9 million internet subscribers, almost 2.3 million subscribers to digital television and 1.6 million telephony subscribers. Business-to-business subscribers use services such as data communication, telephony, television and internet. The company owns a next-generation network capable of providing the bandwidth required for all future services currently foreseen. More information on Ziggo can be found on www.ziggo.com.

For more information please contact:

Press
Martijn Jonker
Corporate Communications Director
+31 (0)88 717 2419 | Martijn.Jonker@office.ziggo.nl

Analysts and Investors
Wouter van de Putte
Director Treasury and Investor Relations
+31 (0)88 717 1799 | investorrelations@office.ziggo.nl

Caspar Bos
Investor Relations Manager
+31 (0)88 717 4619 | investorrelations@office.ziggo.nl