Ziggo N.V.

Interim Report

For the 1st half year 2012
Ended June 30, 2012

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 ending 30 June 2012 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

(in € millions)	HY 2012	HY 2011	Change %
Subscriptions + usage	693.5	654.0	6.0%
Other revenues	28.7	29.1	-1.6%
Total consumer revenues	**722.1**	**683.1**	**5.7%**
Business services revenues	**51.4**	**41.5**	**23.9%**
Total revenues	**773.5**	**724.6**	**6.8%**
Cost of goods sold	155.7	142.9	9.0%
Gross margin	**617.8**	**581.7**	**6.2%**
	79.9%	80.3%	
Operating expenses	182.6	169.6	7.7%
Adjusted EBITDA(1)	**435.3**	**412.1**	**5.6%**
Adjusted EBITDA as a % of revenue	56.3%	56.9%	
IPO related costs	39.7		
EBITDA(2)	**395.6**	**412.1**	**-4.0%**
Depreciation and amortization (3)	142.6	193.8	-26.4%
Operating income	**252.9**	**218.3**	**15.9%**
Share based payments	20.0		
Movement in provisions	-1.3	-2.5	-45.9%
Change in net working capital	22.1	-0.4	
Cash flow from operating activities	**436.3**	**409.3**	**6.6%**
Capital expenditure	120.7	101.9	18.5%
As a % of revenue	15.6%	14.1%	
Total capital expenditure (Capex)	**120.7**	**101.9**	**18.5%**
Interest received	0.4	0.2	108.8%
Funding joint venture	9.4	0.1	
Free cash flow	**306.6**	**307.5**	**-0.3%**
As a % of revenue	39.6%	42.4%	
Adjusted EBITDA-Capex	**314.6**	**310.3**	**1.4%**
As a % of revenue	40.7%	42.8%	
Net result	**49.9**	**5.0**	**901.1%**
Number of outstanding shares (in thousands)	200,000	200,000	
Earnings per share	**0.25**	**0.02**	

Operational highlights (in thousands)

Footprint[4]	30 June 2012	31 Dec 2011	Change in 1st HY 2012	30 June 2011	Change % y-o-y
Homes passed	4,218	4,202	16	4,181	0.9%
Analog TV only	716	865	-149	1,099	-34.8%
Analog and digital TV[5]	2,242	2,152	90	1,971	13.8%
Total TV customers	**2,959**	**3,017**	**-58**	**3,070**	**-3.6%**
Digital pay TV subscribers	951	940	11	896	6.1%
Internet subscribers	1,751	1,685	66	1,617	8.3%
Telephony subscribers	1,444	1,349	95	1,250	15.5%
Total RGUs[6]	**7,104**	**6,991**	**113**	**6,833**	**4.0%**
Total RGUs consumer	**6,935**	**6,854**	**81**	**6,713**	**3.3%**
Of which bundle subscribers [7]	*1,351*	*1,261*	*90*	*1,164*	*16.1%*
Total triple play	*1,368*	*1,280*	*88*	*1,183*	*15.7%*
RGUs per customer[8]	2.43	2.35	0.08	2.25	7.9%
ARPU in Q (€ per month)(9)	40.43	39.18	1.25	36.75	10.0%
ARPU YTD (€ per month)[9]	40.06	37.34	2.72	36.34	10.2%
Total RGUs B2B	**169**	**137**	**32**	**120**	**41.0%**

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 €39.7 million and €0.0 million for the period ended on June 30, 2012 and June 30, 2011 respectively.

(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) As of Q2 2011 we no longer amortize our customer list. The capitalized customer list resulted from the acquisition of the three predecessor businesses. Based on a renewed analysis we updated the assessment of the attrition of customer relationships connected to our network. It was concluded that the useful life of customer relationships connected to our network is indefinite as attrition is marginal. As a consequence, we no longer incur amortization expenses related to our customer relationships which are now subject to annual impairment testing. Hence, during the first HY of 2012 amortization of other intangibles amounted to nil, while in the first half year of 2011 it stood at €44.1 million.

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

(5) 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, 2012 951,000 of our total digital TV RGUs subscribed to one or more of our digital pay TV services.

(6) 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 (22,800) and Internet Plus (7,400) targeted at SOHO and small businesses and our collective TV contracts TOM and TOMi (representing 72,000 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 106,000 TV RGUs, 10,000 digital pay TV RGUs, 30,000 Internet RGUs and 23,000 telephony RGUs.

(7) Besides the 1,351,000 customers who have taken up the All-in 1 bundle, we have another approximately 17,000 customers who have subscribed to analog TV and/or digital TV, Internet and telephony on an individual product basis instead of an All-in-1 bundle.

(8) RGUs per customer is the total number of consumer RGUs (6,935,000 as per June 30, 2012) divided by the total number of consumer TV subscribers (2,853,000 as per June 30, 2012).

(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.

Operations

In H1 2012, Ziggo added 113,000 net new RGUs. At the end of June 30 2012, total RGUs reached 7.1 million, up 4.0% from H1 2011.

Consumer products & services

Details consumer	30 June 2012	31 Dec 2011	Change in 1st HY2012	30 June 2011	Change % y-o-y
Analog TV only	630	768	*-138*	1,008	-37.5%
Analog and digital TV	2,223	2,152	*71*	1,971	12.8%
Total TV customers	**2,853**	**2,920**	**-67**	**2,979**	**-4.2%**
Digital pay TV subscribers	940	940	*0*	896	5.0%
Internet subscribers	1,721	1,662	*59*	1,600	7.5%
Telephony subscribers	1,421	1,332	*89*	1,238	14.8%
Total RGUs	**6,935**	**6,854**	**81**	**6,713**	**3.3%**
Of which bundle subscribers	*1,351*	*1,261*	90	*1,164*	*16.1%*
RGUs per customer	2.43	2.35	0.08	2.25	*7.9%*
ARPU YtD (€ per month)	40.06	37.34	2.72	36.34	10.2%

The number of subscribers to the All-in-1 bundle grew by 90,000 to 1.4 million in H1 2012 through successful marketing campaigns which emphasized the high internet speeds and convenience of interactive TV as well as the new summer campaign “The Sports Summer in High-Definition Quality with the All-in-1 bundle”. The number of subscribers to Internet grew by 59,000 during H1 2012 and by 7.5% compared to H1 2011, increasing our market share for Broadband Internet.

The number of digital TV subscribers increased by 71,000 to 2.2 million in H1 2012, representing a penetration of almost 80% of our customer base. In digital TV Ziggo has increased its market share compared to the prior year, confirming the success of the migration of its customer base from analog to digital TV. The number of TV-only subscribers decreased by 18.4% compared to H1 last year, to a total of 1,080,000 at June 30, 2012. The decrease is mainly caused by TV-only subscribers taking up the All-in-1 bundle. In addition, churn among TV-only subscribers is slightly higher compared with last year, while churn on all other product lines, and for All-in-1 in particular, is significantly lower than churn among TV-only. We will therefore continue to focus on upgrading customers to our All-in-1 bundle in a market where competition is becoming more and more focussed on triple play. Today 47% of our customers have a subscription to an All-in-1 bundle.

The total number of telephony subscribers rose to 1,421,000 at the end of the first half year of 2012, an increase of 14.8% compared to the same period in 2011. This increase is a result of the increase in All-in-1 bundle subscriptions.

As a result of growth in RGUs and strong growth in revenues from digital pay TV and telephony usage, both RGUs per customer and blended ARPU for the first half year of 2012 posted growth of 7.9% and 10.2% respectively compared to H1 2011.

By the end of the first half year, the number of subscribers to digital pay TV is strongly influenced by the end of the football season and the start of the holiday season, causing subscribers to cancel their subscriptions for some time until the start of the new football season by the end of August. However, VoD developed in line with our assumptions and is showing strong growth compared to the previous year, while the number of subscriptions to HBO has exceeded our expectations.

On March 27, Ziggo released an update of the TV App for smart phones and tablets, adding two live channels as well as a personalized TV home window, new link-ups with social media, an integrated search function and an improved short EPG (Electronic Programming Guide) when watching live TV.

Early February, Ziggo launched HBO in the Netherlands. With the popular series and movies of HBO we are in a position to the best content available in the market to our subscribers. The fact that we are the first media and entertainment company in the Netherlands to offer HBO was highly appreciated by our customers. For a monthly subscription fee of €14.95 (as part of the introductory promotion the first two months are free of charge) Ziggo offers three 24-hour, commercial-free linear HD (and SD) channels - as well as HBO On Demand and HBO GO. Subscribers to HBO have direct access to popular new series like Game of Thrones, Magic City and Combat Hospital. HBO Nederland intends to offer its services through other TV operators as well. On June 14 2012, the joint venture of Ziggo and HBO NL announced that HBO was to enter into an agreement to provide content to KPN IP-TV and XS4all. At a later stage, this content will also become available for Telfort customers. In addition to the three SD and three HD channels (HBO, HBO 2 and HBO 3), subscribers will have access to HBO Go and HBO On Demand.

As at the end of March, Ziggo again raised its internet speeds with no additional costs to subscribers. Internet Z1 was raised from 5/0.5 Mbps (download/upload) to 8/1 Mbps, Internet Z3 was raised from 50/5 Mbps to 80/8 Mbps and All-in-1 Plus bundles from 40/4 Mbps to 50/5 Mbps. The total number of internet subscribers for the first half year of 2012 increased to 1,721,000, up 7.5% compared to the first half year of 2011. Our highest internet speed remains at 120/10 Mbps for the All-in-1 extra bundle.

On May 8 2012, Ziggo launched its own music TV channel Ziggo Xite in cooperation with the Dutch based broadcaster Xite. Ziggo Xite is a TV channel presenting the best and latest hits 24/7, as well as features on concerts, parties and festivals. Ziggo Xite will open a permanent TV studio in Club Ziggo in the Ziggo Dome, where events like interviews and sessions with artists performing in the Ziggo Dome will be recorded and broadcast on the Ziggo Xite channel.

On June 24 2012, the Ziggo Dome opened its doors to the public. Live music plays an important role in Ziggo’s ambition to be the leading provider of information, communication and entertainment. Being the name-giving partner of this state-of-the-art concert hall, Ziggo welcomes the opening of the Ziggo Dome as another step towards further positioning Ziggo in the media and entertainment industry. The concert hall – already praised by performing artists and the media for its excellent acoustics - is all about live music and entertainment and can accomodate 17,000 music fans.

On July 11, we started a pilot in an area in Groningen to test Ziggo Home zone, our WiFi home hotspot concept. The purpose of this pilot is to test how we can use the public channel in the WiFi modems of our internet subscribers in urban area’s as a WiFi-hotspot in such a way that we create a large network of WiFi-hotspots for them. During the pilot 600 Ziggo Internet customers will have free access to high speed Internet through the WiFi-hotspot network. The use of the public channel does not impact available bandwidth of the private channel in the WiFi-modem for private use in- and around the house. While doing the pilot we will test technology, operations, customer adoption and customer expectations.

B2B products & services

Details B2B	30 June 2012	31 Dec 2011	Change in 1st HY2012	30 June 2011	Change % y-o-y
Analog TV only	86	97	*-11*	91	-5.0%
Analog and digital TV	20	0	*20*	0	-
Total TV customers	**106**	**97**	**9**	**91**	**16.4%**
Digital pay TV subscribers	10	0	*10*	0	-
Internet subscribers	30	23	*7*	17	77.4%
Telephony subscribers	23	17	*6*	12	89.8%
Total RGUs	**169**	**137**	**32**	**120**	**41.0%**
Of which:					
- Office Basis	*22,576*	*17,498*	*5,078*	*12,486*	*80.8%*
- Office Plus	*197*	*0*	*197*	*0*	*-*
- Internet Plus	*7,379*	*5,985*	*1,394*	*4,420*	*66.9%*

In the B2B segment, more than 6,650 new subscribers were added to our 'Office Basis' and 'Internet Plus' business bundles in H1 2012, bringing the total to over 30,100. In May 2012, Office Plus was introduced, Ziggo's new all-in-one package for small and medium-sized enterprises, supporting multi-line telephony up to four lines and ten telephony numbers. This new product is an excellent alternative for SMEs that have an ISDN2 connection, so we expect it to increase our target customer base. In the 'Office Plus' package, calls are routed through the Internet (VoIP), offering the same quality and flexibility as conventional telephony yet at considerably lower cost. Additionally, 'Office Plus' offers the convenience of a complete business bundle. The introduction was not supported by a marketing and sales campaign in

order to get the first customer feedback to verify the stability and quality of the product with our first customers.
In the healthcare sector, a number of multi-year TV, internet and telephony contracts were added. Amongst others, we signed a contract for our business bundles with Promens Care, a regional healthcare provider in the north of the Netherlands.

Financial performance

Revenues

In H1 2012 Ziggo generated revenues of €773.5 million, an increase of 6.8% compared to the same period of 2011 (€724.6 million). Excluding the sale of decoders, revenues increased by 6.5%. Revenue growth was realized across our services, the most important drivers being continued growth in RGUs, revenues from digital pay TV and telephony usage. Additionally, revenue growth was spurred by organic growth in the business market combined with a €3.1 million revenue contribution from Breezz, acquired in October 2011.

Consumer revenues for H1 2012 amounted to €722.1 million, up 5.7% compared to H1 2011. Excluding revenues from sale of decoders, consumer revenues increased by 5.5%. This was mainly driven by a further uptake of our All-in-1 bundle by 90,000 subscribers during the first half year of 2012, or 16.1% y-o-y growth, leading to growth in both Internet and telephony RGUs by 7.5% and 14.8% respectively. In addition, the company recorded strong growth in revenues from digital pay TV, including VOD (15.0% y-o-y) and telephony usage (15.5% y-o-y). Revenues generated through our All-in-1 bundle increased by 17.1% from €280.7 million in H1 2011 to €328.9 million in H1 2012, now representing 45.5% of total consumer revenues, versus 41.1% in H1 2011.

The number of subscribers to digital pay TV at June 30 increased by 4.9% to 940,000 compared to the prior year. Similar to 2011, a certain number of subscribers cancelled their monthly subscriptions at the end of the first half year following the end of the football season. However, this decline was mitigated by new subscriptions to HBO.

ARPU for digital pay TV increased by 11.3% from €13.23 for H1 2011 to €14.73 for H1 2012. The launch of HBO generated many subscribers for its promotional offer, which included a two-month free-view period. Following the launch in early February, many of these subscribers were converted into paid subscribers in the second quarter. By the end of June the number of paying subscribers was well ahead of the anticipated number.

Growth in digital pay TV, and VOD in particular, was also supported by our new TV proposition, launched in September 2011, providing all our digital TV customers access to our library of films and series, as well as the pay-per-event proposition introduced in May 2011. The latter enables our customers to order a single match from the Dutch, Spanish or English Premier Leagues without the need for an interactive set-top box or a subscription to digital pay TV. Also, the number of customers with an interactive set-top box grew to over 275,000 by the end of H1 2012 compared to 106,000 by the end of H1 2011. Due to the new TV proposition, the pay-per-event proposition and the higher penetration of interactive set-top boxes in our customer base, we experienced a strong y-o-y increase in VOD transactions of over 177%, albeit from a small base.

Growth in telephony usage was driven by an increase in the number of subscribers and the introduction of the new pricing plan in September 2011. This was partly offset by a lower ARPU as more subscribers select a flat fee subscription for calls within the Netherlands and several foreign countries and a higher percentage of total traffic being free on-net calls due to growth in the number of All-in-1 subscribers. In the first half year of 2012, traffic in calling minutes grew by approximately 9% compared to the prior year and on-net calling by over 20%.

Growth in revenues for H1 2012 was approximately €5 million mitigated compared to H1 2011 as we implemented a more limited annual price increase compared to last year. In 2011 we implemented an annual general price increase of €0.50 (€0.42 excl. VAT) as per February 1, 2011 for standard TV subscriptions and per March 1, 2011 for our All-in-1 bundle. This year the price increase was €0.25 (€0.21 excl. VAT) and has been limited to standard TV subscriptions only as we focus on growing our marketshare in triple play.

Blended ARPU for consumer in H1 2012 was €40.06, up €3.72 (10.2%) from H1 2011. This increase was driven by the growth in the number of subscribers to our All-in-1 bundle which, combined with churn in TV-only subscribers, resulted in an increase in RGUs per customer of 7.9% to 2.43. Additionally, higher revenue from digital pay TV services and telephony usage also contributed to the increase in blended ARPU.

Our business services activities generated revenues of €51.4 million in H1 2012, up 23.9% compared to €41.5 million in the same period last year. Excluding the revenue contribution of €3.1 million from Breezz in the first half year of 2012, revenues from business services grew by 16.4% compared to H1 2011. In H1 2012, Ziggo added more than 6,650 new subscribers to its two main B2B bundle products, ‘Internet Plus’ and ‘Office Basis’, and its new ‘Office Plus’ bundle product, to reach a total of more than 30,100 subscribers by 30 June 2012. Total revenues for the first six months from the coaxial products TOM and TOMi, our collective TV contracts, and the ‘Office Basis’, ‘Office Plus’ and ‘Internet Plus’ business bundles grew by over 45% compared to the prior year to €16.0 million, now representing 31.1% of total revenues from our business services activities.

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 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.

In H1 2012 cost of goods sold increased to €155.7 million, up 9.0% from H1 2011. The gross margin for H1 was 79.9% of revenue versus 80.3% in the prior-year quarter. The reduction was the result of the higher volume of set-top boxes supplied at a negative gross margin and the increasing significance of digital pay TV in total revenue, which carries a lower gross margin than standard TV. During H1 2012 we shipped 118,000 iTV, 58,000 HD set-top boxes and 16,000 CI+ modules, versus 65,000 iTV, 71,000 HD and 16,000 CI+ modules in the same period in 2011. The boxes are typically shipped 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. During H1 2012 the average promotional discount against which the set-top boxes were offered as part of our sales campaigns was up compared to H1 2011.

Operating expenses

Operating expenses increased by €13.0 million or 7.7% to €182.6 million in H1 2012 compared to €169.6 million in H1 2011. As a percentage of revenue, operating expenses increased from 23.4% to 23.6%, mainly as a result of increased activities in customer services and investments we are making in innovations. Marketing & Sales expenses was stable at €31.6 million and decreased as a % of revenue from 4.4% in H1 2011 to 4.1% in 2012. In H1 2012 many campaigns were focused on up-sell to VoD and HBO in particular, and cross-sell to existing customers. Cross-sell and up-sell to existing customers calls for different campaigns and media instruments. These campaigns are typically supported by promotional offers for premium TV with free-view periods or discounted subscription prices during a trial period, for set-top boxes to promote our All-in-1 bundle sale and for loyalty campaigns targeting our installed base of customers. So part of our Marketing & Sales effort is reflected in revenues and gross margins as the costs of these promotional offers are recognized as discount in net revenues. If we include these offers, our Marketing & Sales effort has increased considerably compared to H1 2011.

Excluding Marketing & Sales, operating expenses increased by 9.5% compared to H1 2011 and were similar to our level for operating expenses in H2 2011 in absolute terms.

Personnel costs increased by 8.9% compared to H1 2011 as a result of a 7.9% increase in headcount and an increase in the average salary costs of approximately 4.9%. The latter was driven by an increase based on individual evaluations, the collective labour agreement and by higher employer charges for social security and pension contributions. This was partly offset by an increase in capitalized personnel expenses.

At the end of the first half our workforce totalled 2,903 FTEs compared to 2,723 at the end of H1 2011 and 2,894 at the end of 2011. Excluding external and temporary employees, we have 2,449 employees compared to 2,271 on June 30,2011. The increase in headcount is related to the increase in the installed base of RGUs which led to an increase in activities for our customer services such as maintenance, new installations and a rise in call volumes in our call centers. In addition, the higher headcount is also due to the investments we are making in innovation such as the preparations for our converged platform and innovations for our TV proposition.

Costs of contracted work rose by 15.5% compared to H1 2011, mainly as a result of the increase in activities in our customer services department, as well as an increase in customer maintenance and services at customer premises and an increase in the capacity and related network equipment. Following the successful marketing campaigns, the introduction of the new TV proposition and a more widespread use of interactive set-top boxes and VOD, customer service activities have structurally increased since the second half of 2011.

Adjusted EBITDA and operating profit

In H1 2012 we achieved an adjusted EBITDA of €435.3 million, up 5.6% compared to H1 2011. The EBITDA margin was 56.3% compared to 56.9% during H1 last year. This y-o-y decrease of the EBITDA margin is primarily the result of a lower gross margin percentage due to the increased number of decoders sold and the increased relevance of digital pay TV in the overall revenue, partly offset by a rise in the gross margin contribution as a result of the growth in Internet and telephony. Additionally, EBITDA was also impacted by an increase in customer service activities, higher expenses for marketing and promotional offers and the investments we are making in innovation.

Adjusted EBITDA excludes IPO-related expenses. During the first half year we recognized €39.7 million costs directly related to our IPO at NYSE Euronext Amsterdam.
These costs are in line with the disclosure in the IPO Prospectus and consist of five items. Firstly these include a share-based remuneration of €20 million awarded and settled by the shareholders before the IPO, which, in accordance with IFRS2, was recognized as an equity settled share-based payment transaction. Therefore, this transaction is reflected as personnel costs and equity but it has not affected the Company's cash flow and has not diluted shareholders equity. Additionally, these costs include a one-off employee bonus of €14.2 million in relation to the IPO. Depending on the length of their employment, all employees received a one-time bonus. To encourage employee participation in the offering, the gross amount of an employee's bonus was multiplied by 1.2 if the employee had chosen to use the bonus to subscribe for shares. Approximately 62% of the employees have opted for the bonus to be converted into shares.
The third item covers a compensation for the Chairman of the Supervisory Board of €1.4 million in order to compensate him for waiving his entitlement post-offering to a part of his annual cash remuneration (€0.3 million) and to all of his annual equity remuneration (€1.1 million). The compensation on an after-tax basis for waiving his annual equity remuneration has been invested in shares against the IPO offer price, for which a two year lock-up period applies. The one-off IPO-related costs also include marketing & sales expenses of €1.0 million in relation to the announcement of the offering and a corporate campaign to inform the general public and retail investors about Ziggo and the offering. Finally, these IPO-related costs include €3.1 million for legal and advisory fees in relation to the IPO and the listing fee for NYSE Euronext Amsterdam.

Depreciation expenses and amortization of software in H1 2012 fell by €7.1 million to €142.6 million from €149.7 million in H1 2011. This decrease is the result of high historical network and infrastructure investments as well as investments related to the merger of the three companies, which led to relatively higher depreciation expenses in recent years.

As of Q2 2011, we no longer amortize our customer list. The capitalized customer list resulted from the acquisition of the three predecessor businesses. Based on an updated analysis we reviewed the assessment of the attrition of customer relationships connected to our network. It was concluded that the useful life of customers connected to our network is indefinite as attrition is marginal. As a consequence, we will no longer incur amortization expenses related to our customer relationships, which are now subject to annual impairment testing. Hence, during the first half of 2012 amortization of other intangibles amounted to nil while in the first half of 2011 it stood at €44.1 million.

Despite the recognition of one-off costs of €39.7 million related to the IPO, operating income (EBIT) for the first half year of 2012 improved to €252.9 million, an increase of 15.9% compared to €218.3 million in the first half year of 2011. This increase is due to the improved adjusted EBITDA, lower depreciation expenses, lower amortization on software, and cancellation of the amortization of our customer list.

Net income

Interest costs excluding interest on loans from shareholders decreased by 23.1% to €104.6 million in H1 2012 compared to €136.0 million last year. In H1 2012, €4.9 million was allocated as borrowing costs on work-in-progress, resulting in an interest credit, compared to €4.4 million in H1 2011. Excluding borrowing costs, interest costs decreased by 24.3% or €31.9 million.

A reduction of our average debt by approximately €236 million and a reduction of the blended interest rate reduced our interest expenses compared to H1 2011. The blended interest rate for the first half was 6.7% versus approximately 8.0% for H1 2011. At the end of Q3 2011 some of our interest rate swaps and all of our offsetting swaps expired. As a result, the blended interest rate came down by more than one percentage point and the percentage of our hedged floating rate borrowings, dropped to 81% in H1 2012 from approximately 99% in H1 2011 and increased from 72% by the end of 2011 as a result of a prepayment of €152.8 million on our senior credit facility during the first half year of 2012. At the end of June, only 7% of our gross debt was exposed to a floating interest rate taking into consideration the IRS position.

Interest on loans to shareholder fell from €107.1 million in H1 2011 to €51.2 million in H1 2012. Since the conversion of the shareholder loans into equity prior to the IPO on March 21, 2012, the interest on these loans has been nil.

Banking and financing fees dropped by €1.0 million to €0.5 million in H1 2012 from €1.5 million in the prior-year period as a result of the reduction in the committed ancillary facility from €150 million to €50 million in Q3 2011.

The amortization of funding cost decreased to €6.1 million in H1 2012 from €8.4 million in H1 2011. The extension of the maturity for our senior credit facility from 2014 to 2017, which was effectuated in Q2 2011, has also extended the period over which the capitalized financing fees are amortized.

As Ziggo does not comply with hedge accounting for interest rate swaps under IFRS, any change in fair value is recognized as financial income and expense. In H1 2012, Ziggo recorded a €9.0 million loss on other income, due to the periodic amortization of our negative hedge reserve (€2.4 million), a fair value loss on our IRS contracts of €6.4 million as a result of decreased swap rates during the first half year of 2012, and a foreign exchange loss on USD denominated purchases of €0.3 million. For the comparable period of 2011, we reported a fair value gain of €39.0 million and a foreign exchange gain of €2.4 million.

The €5.1 million net loss from joint ventures predominantly relates to our 50% share in the results of HBO Nederland, our joint venture with HBO. Investments in, and results from the joint venture are accounted for using the equity method. During the first half year of 2012 we provided cash funding to the joint venture of €9.5 million. For the full year 2012 we expect our share in the funding of the joint venture to amount to approximately €15 million in total.

For H1 2012 Ziggo reported an income tax expense of €25.5 million, compared with an income tax expense of €1.7 million in the same period last year. Higher operating income in combination with reduced interest costs resulted in a strong increase in the result before income taxes and, consequently, in our income tax expense.

In H1 2012, Ziggo posted a net profit of €49.9 million versus a net profit of €5.0 million in H1 2011. If we adjust for interest on loans to shareholders, the amortization of the customer list, the amortization of financing fees, the non-recurring IPO costs and changes in fair value on our interest rate hedges, all adjustements net of income taxes, net result would have increased from approximately €95 million in the first half of 2011 to €135 million in the first half year of 2012, or an increase by 41%.

Working capital, cash flow and liquidity

Working capital

Net working capital excluding accrued interest decreased from €199.2 million negative as at the end of 2011 to €221.4 million negative as at the end of June, 2012. The decrease in working

capital in H1 2012 by €22.2 million is mainly the result of the fact that, effective 2012, VAT is payable on a quarterly rather than a monthly basis, resulting in a reduction of net working capital of approximately €29.7 million. This increase was partly offset by the settlement of the accrued employee bonus of €8.6 million related to the 2011 results.
In addition, a remaining balance for accrued IPO costs of approximately €5.9 is still outstanding, which will be settled during the third quarter. The majority of this accrual relates to the employee bonus, which is settled in shares in September.

We have a committed bilateral ancillary facility of €50 million expiring in September 2014. In addition, we have an uncommitted €100 million revolving credit facility available under our credit facility, which expires in September 2017.

Cash flow from operating activities
EBITDA in H1 2012 decreased to €395.6 million, whereas net cash flow from operating activities increased by €27.0 million or 6.6% to €436.3 million compared to €409.3 million in H1 2011. This difference between net cash flow from operating activities and EBITDA is mainly driven by the cash inflow of €22.1 million as a result of the decrease in working capital. This decrease is largely the result of the fact that, effective 2012, VAT is payable on a quarterly rather than a monthly basis, resulting in a reduction of net working capital by approximately €29.7 million. In addition, an amount of approximately €14 million in IPO related expenses that was settled during the first six months, is included.

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 and the cost of modems. It also includes increases in intangible assets, primarily expenditures on software, which we capitalize. Set-top boxes are sold to customers and therefore recognized as cost of goods sold and not capitalized.

During H1 2012, Ziggo recorded capital expenditures of €120.7 million, an increase of 18.5% compared to H1 2011 (€101.9 million). The increase is primarily due to the accelerated growth and installation of new subscribers to Internet and interactive TV and investments in our core infrastructure to facilitate the addition of new services to our existing product portfolio.

Capex in €m	HY 2012	% of total	HY 2011	% of total
Customer installation	35.6	29%	30.8	30%
Network growth	37.6	31%	53.7	53%
Maintenance and other	47.5	39%	17.3	17%
Total capex	**120.7**		**101.9**	

In H1 2012, €35.6 million (29%) of capital expenditure related to installations of service equipment at customer premises and modem installations at customer premises (€30.8 million or 30% in H1 2011), whereas 31% related to new build and growth of our network capacity to accommodate our increased subscriber base for Internet and the continuously increasing Internet speed and bandwidth requirements (approximately 53% in H1 2011). During the first half we swapped approximately 94,000 EuroDocsis 2.0 modems for dual-band WiFi enabled EuroDocsis 3.0 modems that enable the highest Internet speeds for our customers. In the comparable period in 2011 we swapped 109,000 modems. During the second quarter we put the modem swap program on hold in order to make sure that all modems which were rolled out during the first quarter were activated in such a way that the request for service and support returned to a normalized level. In addition, during the third quarter we will focus on a pilot to test our WiFi home zone concept in certain areas, which means that we will not swap a significant number of modems. By the end of June we had 1,193,000 EuroDocsis 3.0 modems activated at customer premises, of which 656,000 were WiFi enabled.

The decrease in network growth was mainly caused by the fact that several projects related to network growth started already in 2011 and were finished in the first half of 2012, resulted in capitalized hours only for these projects while the investments in material and equipment were alreadyrecognized in 2011.

The remainder of our capital expenditure represents maintenance and replacement of network equipment and recurring investments in our IT platform and systems and other investments. In H1 2012, investments in this category increased considerably to €47.5 million compared to H1 2011, mainly as a result of investments in our core infrastructure and systems to facilitate the addition of new services such as mobility and TV Everywhere. We launched this investment program in Q4 2011. In H1 2011 an amount of €17.3 million (17% of total capex for that period) was spent on maintenance & other.

Operational free cash flow

Operational free cash flow adjusted for IPO-related costs (OpFCF, or adjusted EBITDA minus capex) increased by 1.4% to €314.6 million in H1 2012 compared to €310.3 million for H1 2011. Although adjusted EBITDA improved by 5.6%, the 18.5% increase in capital expenditure resulted in a 1.4% increase of the operational free cash flow adjusted for IPO-related costs.

Free cash flow and net cash used in financing activities

During the firts half, free cash flow (cash flow before financing activities) fell slightly to €306.6 million (down 0.3% compared to 2011) and includes an amount of approximately €14 million for IPO-related expenses that has been settled.

Net cash used in financing activities for the half year 2012 comprises interest costs, banking and financing fees related to our loan facilities, and prepayments on the senior credit facilities. During H1 2012, voluntary prepayments of €152.8 million were made on our senior credit facility.

Cash interest paid in H1 2012 amounted to €109.8 million representing a €31.6 million drop from the prior-year period. The difference can be explained by the lower average debt and the reduction of the blended interest rate from 8.0% in H1 2011 to 6.7% in H1 2012. Interest on both the senior secured and the senior unsecured notes is payable semi-annually, in May and November.

At the end of June 2012, accrued interest for the senior secured and senior unsecured notes was €17.8 million compared to €17.8 at the end of June 2011.

At the end of June 2012, Ziggo held €156.0 million in cash and cash equivalents, compared to €50.2 million at the end of June 2011.

Net debt and financing structure

As of June 30, 2012, we carried a total debt balance of €3,111 million including principal amount, capitalized funding costs and discount on issue date. An amount of €1,231 million is owed under our Senior Credit Facility (term loan B and F), €750.0 million is granted by Ziggo Finance B.V. (Term loan E) who issued Senior Secured Notes in 2010 for a similar amount and €1,209 million is related to Senior Unsecured Notes issued in 2010. Below is a summary of the capital structure with the notional amounts outstanding as at June 30, 2012:

As per June 30 2012	in €m	x LTM EBITDA	Mrgin / Coupon	Maturity
Term loan B extended	922.9	1.08	E + 3.00%	Mar-17
Term loan E (Senior Secured Notes)	750.0	0.87	6.125%	Nov-17
Term loan F	307.7	0.36	E + 3.25%	Sep-17
Total Senior Debt	1,980.6	2.31		
Senior Unsecured Notes	1,208.9	1.41	8.000%	May-18
Total Debt	3,189.4	3.72		
Cash and cash equivalents	156.0	0.18		
Total Net Debt	3,033.5	3.54		

On June 30, 2012 the outstanding balance of our senior credit facility amounted to €1,188.0 million, including principal amount (€1.230.6) and capitalized financing fees (€42.6 million). During H1 2012, Ziggo voluntarily prepaid €152.8 million on its senior credit facility.

As at June 30, 2012, the senior unsecured notes amounted to €1,181.5 million. This item is stated at amortized costs, including principal amount (€1,209.0 million), capitalized funding costs and discount on issuance date. The financing fees for the notes issuance amount to €25.8 million and are amortized over eight years. The capitalized discount at issuance amounted to €8.8 million and is amortized as interest costs over eight years. As per June 30, 2012 an amount of €7.2 million was amortized resulting in capitalized financing fees as at the end of June 2012 of €20.4 million and a capitalized discount of €7.0 million.

As per June 30, 2012 the balance of the senior secured notes amounted to €741.5 million stated at amortized costs, including principal amount (€750.0 million) and capitalized funding cost. The financing fees for the senior secured notes issuance amount to €10.6 million and are amortized over seven years. As at June 30, 2012 a total amount of €2.1 million was amortized since issuance resulting in capitalized financing fees per the end of Q2 2012 of €8.5 million.

Interest on the senior secured notes and senior unsecured notes is due semi-annually and as at June 30, 2012 an amount of €17.8 million was accrued under current liabilities.

As at the end of the first half, the fair value of the interest rate swaps (IRS) amounted to €63.5 million negative, compared to €57.1 million negative as at December 31, 2011. 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 requirements for hedge-accounting according to IFRS. 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, 2012, the hedge reserve amounted to €6.1 million negative and is charged to profit and loss during the remaining term of the outstanding IRS.

As at June 30, 2012, our Net Debt to Adjusted LTM EBITDA leverage ratio (as defined under our Senior Credit Facilities) was 3.54x, down from 3.87x as at year-end 2011 due to our strong EBITDA performance and strong cash generation. The average debt maturity was 5.4 years as at June 30, 2012.

On March 21, 2012, Ziggo went public on NYSE Euronext Amsterdam. Prior to the IPO, the shareholder loans, including accrued interest, were converted into equity. The shareholder loans amounted to €2,333 million at the moment Ziggo went public.

Outlook for 2012

Based on our strong performance in 2011 and the first half of 2012 as well as the continued investments in our network and customer base, we are on track to continue to increase our market share and grow our revenue and EBITDA in the second half of 2012.

Our expected capital expenditure for 2012 remains in line with our existing guidance of approximately €280 million.
As earlier communicated, we intend to distribute a dividend for 2012 of €220 million in total, in two equal semi-annual installments. The relevant dates for the first installment of €110 million (the interim dividend) are:

4 september 2012	Ex-dividend (at opening)
6 september 2012	Record date (after close)
11 september 2012	Payment date

Distribution of the final dividend for 2012 is scheduled for the second half of April 2013, subject to our 2012 results and shareholder approval.

Risks and uncertainties

Our ambition is to continuously enhance the current risk management activities, 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 in which, based on company objectives, risks are identified in a structured way and key - financial and other - controls are defined and implemented in accordance with the defined risk appetite. 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 the execution of the strategy is delivered in a controlled, transparent and compliant manner.

As a result of the corporate restructuring and initial public offering on March 20, 2012, the financial risks related to the company have changed. The shareholder loan is converted into equity which resulted in an improved debt to equity ratio.The leverage ratio (Net debt including shareholderloan/EBITDA) at the end of 2011 was 6.60 compared to a leverage ratio of 3.54 at the end of H1 2012. The current financing structure is explained in the paragraph net debt and financing structure in the Report of the board of management.

The principal risks faced by the Company during the first half of the financial year were the same as those identified at year end 2011 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 2011 Annual Report.

Auditors' involvement

The content of this interim report has 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 21, 2012

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 2012	For the six months period ended 30 June 2011
		unaudited	unaudited
Revenues	3	773,514	724,579
Cost of goods sold		155,674	142,858
Personnel expenses		130,498	87,092
Contracted work		26,900	22,720
Materials & logistics		1,630	1,804
Marketing & sales		32,538	31,598
Office expenses		27,898	25,167
Other operating expenses		2,814	1,199
Amortisation and impairments		14,657	60,696
Depreciation and impairments		127,979	133,150
Total operating expenses		**520,588**	**506,284**
Operating income		**252,926**	**218,295**
Net financial income (expense)	4	(172,396)	(211,650)
Result before income taxes		**80,530**	**6,645**
Net result of joint ventures and associates		(5,111)	-
Income tax benefit (expense)	5	(25,527)	(1,661)
Net result for the period		**49,892**	**4,984**
Net result attributable to equity holdes		**49,892**	**4,984**
Number of shares outstanding (in thousands)		200,000	200,000
Earnings per share - basic		0.25	0.02
Earnings per share - dilutive		0.25	0.02

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 2012	For the six months period ended 30 June 2011
	unaudited	unaudited
Net result for the year	49,892	4,984
Cash flow hedges, net of tax	1,731	3,717
Total comprehensive income for the period	**51,623**	**8,701**
Total comprehensive income attributable to equity holders	**51,623**	**8,701**

Interim consolidated statement of financial position

Amounts in thousands of €	Note	30 June 2012	31 December 2011
		unaudited	
ASSETS			
Intangible assets	6	3,357,538	3,359,736
Property and equipment		1,406,842	1,421,386
Other non-current financial assets		389	402
Investments in joint ventures		4,308	-
Deferred tax assets		248,734	272,225
Total non-current assets		**5,017,811**	**5,053,749**
Inventories		36,543	32,180
Trade accounts receivable		25,949	25,753
Other current assets		37,296	26,813
Cash and cash equivalents		155,959	112,679
Total current assets		**255,747**	**197,425**
TOTAL ASSETS		**5,273,558**	**5,251,174**
EQUITY AND LIABILITIES			
Issued share capital		200,000	65
Share premium		3,500,000	36,647
Other reserves		(6,058)	(7,789)
Retained earnings		(2,349,810)	(1,090,562)
Equity attributable to equityholders	**7**	**1,344,132**	**(1,061,639)**
Interest-bearing loans	8	3,110,977	3,257,243
Interest-bearing loans from shareholders	9	-	2,281,218
Derivative financial instruments		57,420	46,796
Provisions		24,034	24,886
Deferred tax liabilities		384,928	382,780
Other non current liabilities		137	214
Total non-current liabilities		**3,577,496**	**5,993,137**
Deferred revenues		118,856	115,876
Derivative financial instruments		6,073	10,267
Provisions		6,398	6,892
Trade accounts payable		62,879	74,417
Other current liablities		157,724	112,224
Total current liabilities		**351,930**	**319,676**
TOTAL EQUITY AND LIABILITIES		**5,273,558**	**5,251,174**

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	Retained earnings	Total equity
Balance at 31 December 2010	20	36,647	(15,100)	(1,105,066)	(1,083,499)
Comprehensive income					
Net result for the first half year of 2011	0	-	-	4,984	4,984
other comprehensive income:					
cash flow hedges, net of tax	0	-	3,717	-	3,717
Total comprehensive income	0	-	3,717	4,984	8,701
Transactions with shareholders					
Establishment of Ziggo N.V.	45	-	-	-	45
Balance at 30 June 2011 - unaudited	**65**	**36,647**	**(11,383)**	**(1,100,082)**	**(1,074,753)**
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	0	-	-	49,892	49,892
other comprehensive income:					
cash flow hedges, net of tax	0	-	1,731	-	1,731
Total comprehensive income	0	-	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	0	-	-	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**

Interim consolidated statement of cash flows

Amounts in thousands of euro	For the six months period ended 30 June 2012	For the six months period ended 30 June 2011
	unaudited	unaudited
Operating activities		
Income (loss) before income taxes	80,530	6,645
Adjustments for:		
Amortisation and impairments	14,657	60,696
Depreciation and impairments	127,979	133,150
Share-based payment	20,000	-
Movement in provisions	(1,346)	(2,488)
Net financial income and expense	172,396	211,650
Operating cash flow before changes in working capital	414,216	409,653
Changes in working capital relating to:		
Inventories	(4,363)	(8,779)
Trade accounts receivable	(196)	(6,040)
Other current assets	(10,070)	2,672
Trade accounts payable	(11,590)	(10,385)
Deferred revenues	2,980	14,855
Other current liabilities	45,353	7,311
Change in working capital	22,114	(366)
Net cash flow from operating activities	**436,330**	**409,287**
Investing activities		
Purchase intangible and tangible assets	(120,678)	(101,869)
Additional contribution to joint ventures	(9,495)	-
Interest received	378	181
Change in financial assets	77	(99)
Net cash flow used in investing activities	**(129,718)**	**(101,787)**
Financing activities		
Proceeds from loans	-	460,431
Repayments of loans	(152,772)	(637,651)
Interest paid	(109,816)	(141,388)
Establishment of Ziggo N.V.	-	45
Financing and commitment fees	(744)	(5,770)
Net cash flow from financing activities	**(263,332)**	**(324,333)**
Net (decrease) / increase in cash and cash equivalents	**43,280**	**(16,833)**
Net cash and cash equivalents at 1 January	112,679	67,003
Net cash flow from operating, investing and financing activities	43,280	(16,833)
Net cash and cash equivalents at 30 June	**155,959**	**50,170**

Notes to the interim condensed consolidated financial statements

1. Corporate information

The principal activities of Ziggo N.V. ('the Company') are to participate in, to finance or to have any other interest in, or to conduct the management of, other companies and enterprises. 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 3.0 million households under the brand name Ziggo.

2. Accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the first half year ended 30 June 2012 have been prepared by the Board of Management in accordance with IAS 34 "Interim Financial Reporting" and are authorised for issue on 21 August 2012.

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 Zesko B.V. for the year ended 31 December 2011.

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.

Corporate restructuring and initial public offering

Ziggo N.V. was established on 1 April 2011 with the purpose to acquire all subsidiaries of its parent company Zesko Holding B.V. upon the initial public offering (IPO) of (part of) the Company's shares at the NYSE Euronext in Amsterdam. At 20 March 2012 Ziggo N.V. issued 200 million shares with a nominal value of €1 to its existing shareholder, that subsequently offered 25% of the total share capital to the public on 21 March 2012. Shares offered were priced at €18.50 per ordinary share, representing a market capitalization of the Company of €3.7 billion.

Prior to the IPO, the Company was wholly owned by Zesko Holding B.V., which in turn was wholly owned by Even Investments 2 S.à.r.l. Until the IPO Even Investments 2 S.à.r.l. provided shareholder loans to Zesko B.V., a subsidiary of Zesko Holding B.V. Prior to the IPO, on 20 March 2012, these loans including accrued interest with an aggregated bookvalue of €2,334 million were contributed to Zesko Holding B.V. subsequently Zesko B.V. issued shares to Zesko Holding B.V. up to an amount equal to the accrued interest receivable. Then Zesko Holding B.V. contributed the loans to Zesko B.V. as share premium, and, as a result, the loans were cancelled. Subsequently, Zesko Holding B.V. contributed Zesko B.V. to the Company against the issuance of shares and share premium.

The above transaction is accounted for as a continuation of Zesko B.V. under the pooling of interest method, as the transaction did not result in a change of economic substance. The difference between the carrying amount of the net assets of Zesko B.V. and the nominal value of the shares is reflected in shareholders' equity (i.e., the difference between the fair value (€ 3.7 billion) and the nominal value of the shares issued (€ 0.2 billion) is recorded as share premium and the difference between the carrying amount of net assets and the fair value is deducted from retained earnings). No new goodwill has been recognised as a result of the transaction. The statement of income reflects the results of both entities for the full (six month) period, irrespective of when the transactions took place and comparatives are presented as if the entities had always been combined.

The Company retrospectively applied the contribution of Zesko B.V. in these interim condensed consolidated financial statements. As a consequence the income for the period from 1 January 2012 until 20 March 2012 and the comparative information are presented as results of the Company. The statement of financial position as per 31 December 2011 contains both assets and liabilities of the Company and Zesko BV.

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 2011 of Zesko B.V.

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

Change in accounting estimate 2011

In the first quarter of 2011, the Company analyzed the attrition of customer relationships connected to its network. It was noted that actual attrition of customer relationships over the period 2007-2010 was marginal, whereas initially it was assessed that the number of customer relationships would substantially decline over a period of 10 to 15 years. As a result, management believes it is no longer able to estimate the useful life of the customer relationships and consequently assessed it to be indefinite. The Company annually tests the customer relationships for impairment and no longer amortizes.

The change is accounted for prospectively as from 1 April 2011 as a change in accounting estimates and as a result, the amortization charges of the Company for the half year ended 30 June 2012 amount to nil whereas the amortization charges for the half year ended 30 June 2011 amount to €44.1 million.

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. Revenues

Amounts in thousands of €	For the six months period ended 30 June 2012	For the six months period ended 30 June 2011
	unaudited	unaudited
Standard cable subscriptions	234,302	242,517
Digital pay television services	83,163	72,334
Video	317,465	314,851
Broadband Internet subscriptions	219,140	203,643
Telephony subscriptions	63,203	54,410
Telephony usage	93,685	81,096
Telephony	156,888	135,506
Revenues from other sources	28,651	29,127
Total Residential Market	722,144	683,127
Business Services	51,370	41,452
Total revenues	**773,514**	**724,579**

4. Net financial income and expense

Amounts in thousands of €	For the six months period ended 30 June 2012	For the six months period ended 30 June 2011
	unaudited	unaudited
Interest on loans from financial institutions	(60,769)	(91,530)
Interest on shareholder loans	(52,182)	(107,054)
Interest on 8% senior notes	(48,354)	(48,354)
Other interest expense	(828)	(737)
Capitalisation of borrowing costs	4,946	4,418
Interest expense	(157,187)	(243,257)
Interest income	378	181
Amortisation of financing costs, including write-offs terminated facilities	(6,053)	(8,383)
Fair value gains (losses) on derivative financial instruments	(8,777)	38,961
Commitment fees	(503)	(1,536)
Foreign exchange results	(254)	2,384
Other net financial income and expense	(15,587)	31,426
Net financial income (expense)	**(172,396)**	**(211,650)**

The Company's financing has changed in 2011 and in 2012, which is discussed in Note 8 and 9. As a consequence of this change the Company's financial expense decreased in the first half year of 2012 compared to 2011 by €39.3 million of which €54.9 million is related to interest on shareholder loans.

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 2012 the Company capitalised borrowing cost in the amount of €4.9 million (2011 €4.4 million), which are presented as a deduction of interest expense.

The decrease of EURIBOR in the last months resulted in a fair value loss on derivative financial instruments of €8.8 million.

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 six months period ended 30 June consists of:

Amounts in thousands of €	For the six months period ended 30 June 2012	For the six months period ended 30 June 2011
	unaudited	unaudited
Deferred tax assets	(22,063)	(6,990)
Deferred tax liabilities	(2,999)	5,329
Current tax liabilities	(465)	-
Income tax benefit (expense)	**(25,527)**	**(1,661)**

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 2012	Tax rate	For the six months period ended 30 June 2011
Result for the period		80,530		6,645
Notional income tax at statutory rates	25.00%	(20,133)	25.00%	(1,661)
Adjustments:				
Non deductable items	6.70%	(5,394)	0.00%	-
Effective tax rate / income tax benefit	**31.70%**	**(25,527)**	**25.00%**	**(1,661)**

The tax effects of temporary differences influencing significant portions of the deferred tax assets and deferred tax liabilities as of 30 June 2012 and as of 30 June 2011 are presented below:

Amounts in thousands of €	1 January 2011	Recognised in profit or loss	Recognised in other comprehensive income	30 June 2011	1 January 2012	Recognised in profit or loss	Recognised in other comprehensive income	30 June 2012
				unaudited				unaudited
Tax loss carry-forwards	284,843	2,750	-	287,594	257,108	(24,257)	-	232,851
Derivative financial instruments	23,245	(9,740)	(1,237)	12,267	14,264	2,194	(575)	15,883
Deferred tax assets	308,088	(6,990)	(1,237)	299,861	271,372	(22,063)	(575)	248,734
Intangible assets	(390,917)	11,993	-	(378,924)	(382,014)	(1,454)		(383,468)
Property and equipment	(17,508)	(6,664)	-	(24,172)	85	(1,544)		(1,459)
Deferred tax liabilities	(408,425)	5,329	-	(403,096)	(381,929)	(2,999)	-	(384,928)
Deferred tax assets and liabilities	**(100,337)**	**(1,661)**	**(1,237)**	**(103,235)**	**(110,557)**	**(25,062)**	**(575)**	**(136,194)**

6. 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. All goodwill acquired through business combinations has been allocated for impairment testing purposes to the cash-generating unit at which management monitors the operating results. 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 (See Note 2). Consequently the asset is subject to impairment testing for assets with an indefinite life.

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 2011. Up to 30 June 2012 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 31 December 2011. Up to 30 June 2012 there were no indications that required an impairment test.

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. With the contribution of Zesko B.V. at fair value a share premium resulted of €3,500.0 million (see Note 2 Accounting principles for more details on the IPO).

With the application of the pooling of interest method for the contribution of Zesko B.V. an adjustment in retained earnings is recognised that, together with the issued share capital and share premium, represents net asset value of Zesko B.V. at the time of combination.

Share-based payments recognized in equity in the amount of €20 million relate to the IPO of the Company. Reference is made to Note 11 Related party transactions.

Other reserves represents the cash flow hedge reserve.

8. Interest bearing loans

Amounts in thousands of €	30 June 2012	31 December 2011
Financial institutions	1,980,564	2,133,337
Financing fees loans from financial institutions	(51,082)	(55,804)
Interest-bearing loans from financial institutions	1,929,482	2,077,533
8.0 % Senior Notes, due 2018	1,181,495	1,179,710
Interest bearing loans	**3,110,977**	**3,257,243**

Movement in total interest-bearing loans is as follows:

Amounts in thousands of €	2012	2011
Balance at 1 January	3,257,243	3,497,261
Repayments on loans	(152,772)	(637,651)
Issuance of Facility F	-	460,431
Financing fees	-	(6,631)
Incretion due to disagio	453	225
Amortisation of financing fees	6,053	8,383
Balance at 30 June	**3,110,977**	**3,322,018**

Total repayments for the first half year of 2012 amount to €152.8 million. During the first half year of 2011 the Company amended and extended part of the Senior Credit Facility by the issuance of Facility F. Excluding the amend and extend of part of the Senior Credit Facility total repayments for the first half year of 2011 amount to €177.3 million. Amortisation of financing fees amounted to €6.1 million (2011: €8.4 million).

9. Interest bearing loans from shareholders

Interest-bearing loans from shareholders mainly consisted of three interest bearing loans from Even Investments 2 S.à.r.l. All loans were subordinated and repayable in full at the end of 2015. Any unpaid interest was added to the loan and also repayable at the end of 2015.

At 20 March 2012, preceding the IPO, Even Investments 2 S.à.r.l. contributed the loans to Zesko Holding B.V. Zesko B.V. subsequently issued shares up to an amount equal to the accrued interest on the loans, after which Zesko Holding B.V. contributed the nominal value of the loans as share premium to Zesko B.V.

During the first half year of 2012 interest expense on these loans amounts to €52.2 million (2011: €107.1 million).

10.Financial risks and instruments

At 30 June 2012, the Company has variable interest bearing loans of €1.2 billion (31 December 2011: €1.4 billion). Interest Rate Swaps (IRS) in order to mitigate the interest rate risk at 30 June 2012 amounted to €1.0 billion (31 December 2011: €1.0 billion). At 30 June 2012, after taking into account the effect of Interest Rate Swaps, approximately 98% of the Company's borrowings are at a fixed interest rate (31 December 2011: 95%).

11.Costs related to the Initial Public Offering

During the first quarter 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 thousands of €	For the six months period ended 30 June 2012
	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. Share based payments

In March 2012, shares of Ziggo N.V. were granted to members of Ziggo's Management Board and Supervisory Board. The fair value of the share-based payments on grant date amounts to €20M, consisting of ordinary shares with a value of €18.50 per share. There are no additional vesting conditions and shares are granted immediately. The share-based payment was recognized as an equity settled share-based payment transaction. Therefore, this transaction is reflected as personnel costs and equity, the transaction did not affected the Company's cash flow and did not dilute shareholders' equity.

13. Commitments and contingent liabilities

The Company enters into purchase commitments in the ordinary course of business. As at 30 June 2012 it had purchase commitments for an amount of €77 million (31 December 2011: €56 million).

14. Related party transactions

The following significant related party transactions occurred during the six months ended 30 June 2012:

- The interest-bearing loan from shareholders was converted into a share issue and share premium preceding the IPO, for which reference is made to Note 9 Interest-bearing loans from shareholders;
- Cinven Cable Investments S.à.r.l. and WP Holdings IV B.V., ultimate majority shareholders of the Company have granted, for a nominal consideration, to the members of the Management Board, Supervisory Board member Mr. Sukawaty and certain other employees shares in Ziggo N.V. and other equity securities in Even Investments S.à.r.l., valued at €20 million (on a gross basis for the persons concerned), which have been delivered preceding the IPO. In accordance with IFRS this grant has been recognised as an expense in the income statement at grant date.

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 statement of financial position as at 30 June 2012, the statements of income, comprehensive income, changes in equity and cash flows for the six months ended 30 June 2012, and the notes.
The Board of Management is responsible for the preparation and presentation of its 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 ended 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

Amsterdam, 21 August 2012

Ernst & Young Accountants LLP

Signed by F.J. Blenderman