HALF-YEAR FINANCIAL REPORT

AS OF 30 JUNE 2016

TELE COLUMBUS AG

telecolumbus

Condensed Consolidated Interim Financial Statements for the six-month period ending 30 June 2016

in accordance with the International Financial Reporting Standards as adopted by the European Union

pursuant to section 37w WpHG

for

Tele Columbus AG

TELE COLUMBUS AG, BERLIN

HALF-YEAR FINANCIAL REPORT PURSUANT § 37W WPHG
FOR THE HALF-YEAR ENDED 30 JUNE 2016

KONZERNZWISCHENLAGEBERICHT

VERKÜRZTER KONZERNZWISCHENABSCHLUSS

TELE COLUMBUS AG, BERLIN
INTERIM GROUP MANAGEMENT REPORT
AS AT 30 JUNE 2016

Introduction

Tele Columbus AG (hereinafter also referred to as “TC AG” or the “company”), registered at Goslarer Ufer 39, 10589 Berlin, Germany (Berlin-Charlottenburg Commercial Register HRB 161349 B), as the parent holding company, forms the Tele Columbus Group (also referred to as “Tele Columbus”, the “Tele Columbus Group” or the “Group”) together with its consolidated subsidiaries as at 30 June 2016. As the holding company, Tele Columbus AG performs central activities in the areas of controlling, financial planning, sales, technology, customer service, accounting and general administrative tasks.

1. Basic information on the Group

1.1 Business model of the Group

1.1.1 General information

Tele Columbus AG, based in Berlin, holds 51 direct and indirect subsidiaries (46 of which operational), which are included in consolidation in its consolidated financial statements, in addition to three other associates and two joint ventures as at 30 June 2016. The number of subsidiaries included in consolidation is unchanged compared to the consolidated financial statements as at 31 December 2015.

By way of agreements dated 28 June 2016, Tele Columbus AG acquired 100 % of shares in Lindentor 200. V V GmbH, Berlin and 100 % of shares in Lindentor 201. V V GmbH, Berlin, which are not included in consolidation as at 30 June 2016, and are instead reported at cost. Please see the comments under section B.1. 'Interests in associates and other companies' in the notes to the interim condensed consolidated financial statements.

In terms of the number of customers, the Tele Columbus Group is the third-largest cable network provider in Germany and has regional market leadership in large areas in the eastern German states. Its range of services is exclusively limited to the Federal Republic of Germany and focuses predominantly on the federal states of Berlin, Brandenburg, Saxony, Saxony-Anhalt and Thuringia. Approximately 38 % of the households supplied are in other parts of the Federal Republic of Germany.

The Tele Columbus Group primarily operates level 3 and 4 cable networks. A level 3 network – also known as NE3, level 3 or L3 – is a cable network that transports signals from regional distribution networks to the transmission point outside a customer’s residential unit. A level 4 network – also known as NE4, level 4 or L4 – is a cable network inside a residential facility that distributes signals from the transmission point outside the residential facility to the socket inside the customer’s residential unit. As an integrated network operator for both network levels, the Group specialises in providing high quality and integrated retail services from a single source. At locations where the Group cannot use its own network portfolio, it purchases corresponding network services. In addition to operating cable networks, the Tele Columbus Group also offers B2B- and construction services. Its B2B business comprises products to provide carrier companies with bandwidth services and business client networking, products to provide business clients with Internet and telephony in addition to network monitoring and data centre marketing. Construction services include the installation of fibre optic networks or connecting residential areas to its own backbone.

Tele Columbus customers are offered a number of services in the areas of television and telecommunications – in particular a basic range of cable television channels (CATV), premium TV packages (premium TV), fixed-line Internet and telephone services and, since September 2015, mobile voice and data services as well.

As at 30 June 2016, unchanged since 31 December 2015, the Group maintained locations in Berlin, Hanover, Chemnitz, Dresden, Magdeburg, Ratingen, Jena, Leipzig, Munich and Frankfurt/Main.

Its business model has not changed since 31 December 2015.

1.1.2 Business segments

The products and services of Tele Columbus are divided into the two operating segments “TV” and “Internet and Telephony”.

The TV business segment generated revenue of KEUR 145,473 in the first half of 2016 (H1 2015: KEUR 75,268), accounting for approximately 61.7 % of total revenue in the first half of 2016 (H1 2015: 69.7 %).

The “Internet and Telephony” segment generated revenue of KEUR 67,752 in the first half of 2016 (H1 2015: KEUR 29,696), accounting for 28.7 % of total revenue in the first half of 2016 (H1 2015: 27.5 %).

The revenue not directly attributable to the two reported segments amounted to KEUR 22,720 (H1 2015: KEUR 2,960).

1.2 Management system

The management system of the Tele Columbus Group has not changed as compared to the annual financial statements as at 31 December 2015; please see the comments in section 1.2 of the Group management report for the 2015 financial year in this regard.

1.3 Goals and strategies

The goals and strategies of the Tele Columbus Group have not changed as compared to the annual financial statements as at 31 December 2015; please see the comments in the Group management report in this regard.

The Tele Columbus Group is striving for 1.8 RGUs per retail customer in the medium term. This figure was still 1.55 RGUs per retail customer at the end of the 2015 financial year. Over the first half of 2016, the Group increased its RGUs per retail customer to 1.57 as at 30 June 2016 (30 June 2015: 1.50).

Average revenue per customer (ARPU) per month from all services is to rise to EUR 18 per month in the medium term. Over the first half of 2016, the Group increased the quarterly average ARPU to EUR 16.54 as at 30 June 2016. At the end of the 2015 financial year the year-end ARPU amounted to EUR 14.92 (quarterly average ARPU amounted to EUR 15.65) and the quarterly average ARPU amounted to EUR 14.34 as at 30 June 2015.

The share of residential units connected to their own signal feed with return channel capability is to be grown to more than 70 % of the total portfolio in the medium term. The Group had a figure of 61 % for this as at the end of the 2015 financial year after 57 % as at 30 June 2015, advancing to 62 % as at 30 June 2016.

2. Economic report

2.1 General economic and industry conditions

Spring projection 2016

In its 2016 spring projection, the German government – which releases a forecast for overall economic development in Germany under the direction of the Federal Ministry for Economic Affairs and Energy three times a year – anticipates growth in gross domestic product of 1.7 % in real terms in 2016 and 1.5 % in 2017.

Moreover, it is forecasting a rise in consumer spending by private households of 2.0 % in 2016 and 1.5 % in 2017, with an increase in domestic demand of 2.6 % in 2016 and 1.9 % in 2017.

The general trend in consumer spending also affects consumer conduct with regard to the products offered by Tele Columbus AG.

Industry conditions

For information on the industry conditions for the Tele Columbus Group, please see the comments in the 2015 Group management report. There were no material changes compared to the assessment there in the first half of 2016.

2.2 Business performance

Tele Columbus continued to implement its growth strategy in the first half of 2016. In particular, the high performance network infrastructure forms the basis for this success. For example, the number of residential units connected to their own level 3 network and with return channel capability was increased by approximately 25,000 as against 31 December 2015 to around 2,218,000 residential units. This figure was just 955,000 as at 30 June 2015. The sharp increase is essentially due to the acquisition of the primacom Group and pepcom Group.

The number of residential units connected to the cable networks of the Group as at 30 June 2016 and as at 31 December 2015 was virtually constant at around 3.6 million. The rise from 1.7 million residential units connected at 30 June 2015 is essentially due to the acquisition of the primacom Group and pepcom Group.

The strongest organic growth driver was the successful sale of new products to existing customers. The potential of the Group's existing customer base for up-selling and cross-selling additional products – such as premium TV, Internet and telephony – on top of a conventional cable connection was successfully leveraged in the reporting period.

Tele Columbus' customer base contracted slightly as against 31 December 2015 from 2.44 million subscribers to 2.42 million. Compared to 30 June 2015 it expanded by 1.20 million.

Total revenue generating units (RGUs) for all services was virtually stable in the reporting period at 3.8 million (31 December 2015: 3.8 million).

RGUs for Internet services increased by around 5 % as against 31 December 2015 to approximately 484,600 in the first half of 2016. Telephony services were up by around 6 % to approximately 452,000 RGUs.

While RGUs for cable TV declined slightly to approximately 2.44 million in the reporting period (31 December 2015: 2.46 million), premium TV services remained stable. They were at 423,900 units as at 30 June 2016 and therefore the level of the previous financial year. The decline in cable TV is essentially due to the expiry of licence agreements, and relates in particular to contracts for which the connected households were not connected to their own level 3 network. The average number of products (RGUs) per customer developed well in the first half of 2016.

This figure increased to 1.57 as at 30 June 2016 after 1.55 as at the end of the 2015 financial year. The development of RGUs per retail customer was therefore in line with Tele Columbus AG's strategic objectives.

The average revenue per customer (ARPU) per month from all services amounted to EUR 16.54 in the first half of 2016 (quarterly average ARPU) and was therefore 15.3 % higher than in the first half of the previous year at EUR 14.34 (31 December 2015: EUR 14.92; the quarterly average ARPU as at 31 December 2015 amounted to EUR 15.65). Monthly ARPU for bundled Internet and telephony services amounted to EUR 23.26 (31 December 2015: EUR 22.87; 30 June 2015: EUR 23.20), and for mixed TV services to EUR 9.26 (31 December 2015: EUR 9.55; 30 June 2015: EUR 9.29) in the reporting period. The decline in ARPU for mixed TV services is due firstly to the higher competitive pressure in the industry. Secondly, price concessions were granted for housing associations renewing their contracts, provided that network investments had been amortised and that the housing association was not seeking additional premium TV services.

2.3 Financial position and performance

2.3.1 Profit Situation

KEUR	**1 Jan. to 30 June 2016**	**1 Jan. to 30 June 2015**
Revenue	235,945	107,923
Own work capitalised	7,940	3,634
Other income	6,905	20,907
Total operating performance	250,790	132,464
Cost of materials	-72,957	-39,368
Employee benefits	-42,638	-21,008
Other expenses	-42,803	-26,467
EBITDA	***92,392***	***45,621***
Non-recurring expenses (+) / income (-)	23,053	6,464
Normalised EBITDA	***115,445***	***52,085***
EBITDA	***92,392***	***45,621***
Net finance costs	-50,914	-17,460
Depreciation and amortisation expense	-79,733	-23,528
Income taxes	-1,006	-4,597
Net loss/profit	***-39,261***	***36***

Revenue in the first half of 2016 increased by 118.6 % compared to the first half of the previous year to KEUR 235,945 (for the first six months of 2015: KEUR 107,923). This development is mainly due to the acquisition of the primacom Group and pepcom Group, which were not yet a part of Tele Columbus Group in the six months of 2015.

Own work capitalised rose from KEUR 3,634 in the first half of the previous year to KEUR 7,940 in the first half of 2016. While the acquisition of primacom Group and pepcom Group led to own work capitalised of KEUR 4,520, the own work capitalised of the former Tele Columbus Group remained largely constant.

Other income decreased significantly from KEUR 20,907 to KEUR 6,905, which is explained especially by prior year’s income from the reversal of provisions and the derecognition of liabilities of KEUR 852 (for the first six months of 2015: KEUR 10,087). In the first half of 2015 furthermore one time income from costs recharged to the former parent company, Tele Columbus Management S.à r.l., in the context of the IPO occurred.

Total operating performance, defined as the total of revenue, other income and own work capitalised, increased by 89.3 % in the reporting period to KEUR 250,790.

The cost of materials increased by KEUR 33,589 compared to the same period of the previous year to KEUR 72,957 in the first half of 2016. The rise is mainly due to the cost of the primacom Group and pepcom Group at a total of KEUR 36,954. Compared to the same period last year the cost of materials of the former Tele Columbus Group was reduced by KEUR 1,867 to KEUR 37,501 in the 1st half of 2016. This decline was mainly a result of lower signal charges due to the development of the Group’s own networks.

Employee benefits reflect mainly the change in the size of the Group.

Other expenses amounted in the first six months of 2016 to KEUR 42,803 (for the first six months of 2015: KEUR 26,467) and are mainly influenced by the acquisition of primacom Group and pepcom Group. Another significant effect results from the charge of the restructuring provision (KEUR 4,617). An opposing effect results from the incidental bank charges declined from KEUR 3,913 in the first half of 2015 to KEUR 378 in the first half of 2016, they were significantly increased in the 1st quarter 2015 in connection with the IPO and the refinancing.

As a result of the factors described above, EBITDA amounted to KEUR 92,392 in the first half of 2016, an increase of KEUR 46,771 compared to the first half of the previous year.

“Normalised EBITDA” improved from KEUR 52,085 in the previous year to KEUR 115,445. The operating margin (defined as ratio of normalised EBITDA compared to revenue) therefore rose to 48.9 % in the reporting period for the first six months of 2015: 48.3 %). Non-recurring expenses in the first half of 2016 essentially included costs incurred in connection with the current integration of the primacom Group and pepcom Group.

Mainly due the financing of the business acquisitions the negative net finance costs increased to KEUR 50,914.

The development of depreciation and amortisation expenses is also considerably effected by the acquisitions of primacom Group and pepcom Group.

In the first six months of 2016 income tax expense in the amount of KEUR 6,721 (for the first six months of 2015: income KEUR 88) were compensated by KEUR 5,715 due to deferred taxes resulting from differences in measurement (for the first six months of 2015: loss KEUR 4,685). Thus a tax expense of KEUR 1,006 (for the first six months of 2015: KEUR 4,597) was recognised for the reporting period.

The first half of 2016 ended with a net loss of KEUR 39,261 (for the first six months of 2015: net profit of KEUR 36).

2.3.2 Profit Situation by Segment

Operating activities are divided into two segments. The following table provides an overview of revenue in the first half of 2016 and the first half of 2015:

Revenue by segment in KEUR	**H1 2016**	**H1 2015**
TV segment revenue	145,473	75,268
Internet and Telephony revenue	67,752	29,696
Total revenue (not including "Other" segment)	**213,225**	**104,964**

Revenue generated in the segment „TV" increased by 93.3 % to KEUR 145,473 compared to previous year. Adjusted revenue due to the acquisition of the primacom Group and pepcom Group of the segment "TV" amounted to KEUR 70,549. This decline of KEUR 4,719, compared to previous year, mainly results from the decrease of cable TV-RGUs and dropping cable TV ARPUs.

Revenue generated in the segment "Internet and Telephony" climbed significantly from KEUR 29,696 to KEUR 67,752 (H1 2016: Tele Columbus Group adjusted by the acquisitions of the primacom Group and pepcom Group KEUR 35,677). The adjusted increase in revenue amounting to KEUR 5,981 is due to increasing "Internet and Telephony"- RGUs while simultaneously ARPU increased.

Earnings in KEUR	**H1 2016**	**H1 2015**
Normalised EBITDA		
TV segment	82,776	41,355
Internet and Telephony segment	42,469	19,080
Non-recurring expenses (-) / income (+)		
TV segment	-38	-323
Internet and Telephony segment	-1,722	-447
EBITDA		
TV segment	82,738	41,032
Internet and Telephony segment	40,747	18,633

In the first half of 2016 normalised EBITDA increased significantly in the "TV" and "Internet and Telephony" segment compared to the first half of 2015, which is mainly due to the acquisition of the primacom Group and pepcom Group. Non-recurring expenses relating to the segment "Internet and Telephony" showed a considerable increase in the first half of 2016 which primarily results from the harmonization of the IP product range between Tele Columbus and the primacom Group.

2.3.3 *Financial Situation and Liquidity*

Cash flow
Half-year ended as at 30 June 2016 compared to half-year ended as at 30 June 2015

The positive operating cash flow of KEUR 73,751 (for the first six months of 2015: KEUR 11,385) was significantly overcompensated by the negative cash flow from investing activities of KEUR -43,923 (for the first six months of 2015: KEUR -35,059) and the negative cash flow from financing activities of KEUR -67,581 (for the first six months of 2015: KEUR 76,891), with the result that cash and cash equivalents as at 30 June 2016 were decreased by KEUR 37,753 as against 31 December 2015. The decline in cash and cash equivalents essentially corresponds to the change in the financing structure. Loans of KEUR 159,451 were repaid, while new loans of only KEUR 125,000 were borrowed.

After incurring interest on liabilities to banks of KEUR 8,743 in the first half of the previous year, interest payments climbed to KEUR 28,670 in the first half of 2016. Following the IPO and the refinancing, interest payments initially decreased in 2015, but rose again from the second half of 2015 as a result of corporate acquisitions and the associated financing.

The Tele Columbus Group has concluded various lease contracts for infrastructure equipment in order to supply its customers. They are classified as finance leases in accordance with IAS 17. Payments of KEUR 3,235 were incurred for finance leases in the first half of the 2016 financial year (for the first six months of 2015: KEUR 3,046).

The Tele Columbus Group mainly invested in its own network, connecting newly acquired properties and equipping existing customers in the first half of 2016. Approximately 27 % of total investment was spent on customer acquisition. An initially lower share was invested in M&A activities, i.e. the acquisition of existing networks and customer agreements.

Purchase commitments entered into in the first half of 2016, which will result in cash outflows of around KEUR 24,101 in subsequent reporting periods (2015: KEUR 16,200), are financed from existing cash holdings.

The Tele Columbus Group was able to meet its payment commitments at all times in the first half of 2016. The financial funds needed for investment in the expansion of the network and the sales and marketing of new telephony and Internet services in the first half of 2016 were financed from operating activities and cash holdings. Interest payments owed on the company’s liabilities to banks were also settled from cash. The credit facility available (RCF) of EUR 125.0 million did not have to be utilised.

The company’s management reviews the liquidity situation at least monthly, and derives appropriate measures if necessary to prevent any liquidity bottlenecks (please see the comments in section 5 “Risk report” of the Group management report for the 2015 financial year).

Capital structure
Comparison of 30 June 2016 and 31 December 2015

Interest-bearing liabilities to banks

KEUR	30 June 2016	31 Dec. 2015
Senior tranche A loan (maturing 2 January 2021)	372,916	370,987
Senior tranche C loan (maturing 2 January 2021)	426,723	423,907
Senior tranche incremental (maturing 2 January 2021)	313,860	311,783
Senior tranche 2nd incremental (maturing 2 January 2021)	118,864	-
Second lien tranche A (maturing 30 July 2022)	-	111,964
Senior revolving facility (maturing 2 January 2020)	273	278
Other loans	9,806	51,869
	1,242,442	**1,270,788**

Effective 22 June 2016, Tele Columbus AG borrowed an additional senior tranche, the senior second incremental facility of KEUR 125,000, which was paid out on 30 June 2016 and used to replace the existing subordinated second lien loan of 31 July 2015 of nominally KEUR 139,000 (last utilisation: KEUR 117,500) and to cover transaction costs. The new second senior incremental facility was issued at the same terms as the previous senior loans with a margin of 4.50 % plus EURIBOR (and a EURIBOR floor of 0 %), and will therefore lead to substantial future interest savings compared to the replaced second lien loan, which bore interest at a total rate of 8.50 % plus EURIBOR (7.50 % margin + 1 % floor).

Shares in the subsidiaries were pledged as collateral for the Group's total financing.

The above shown loan liabilities are enhanced by liabilities arising from the two interest rate caps purchased in February 2016.The transaction amounted to KEUR 8,854, of which half of KEUR 4,427 was already paid in cash at the acquisition date. For the remaining option premium of KEUR 4,427 a bullet debt due 31 March 2018 is shown as liabilities to banks amounting to KEUR 4,031 (present value) as of 30 June 2016.

2.3.4 Asset Situation

As at 30 June 2016 compared to 31 December 2015

Property, plant and equipment declined by KEUR 19,812 as against 31 December 2015 to KEUR 628,758. The decline essentially results from lower technical equipment, for which depreciation exceeded investment in the reporting period.

Intangible assets and goodwill were reduced by KEUR 21,035 compared to 31 December 2015 at KEUR 1,357,801. The reduction is mainly a result of scheduled amortisation on the customer base and an adjustment to goodwill of KEUR 4,581 resulting from preliminary adjustments in opening balances (mainly pepcom Group) referring to new insights on deferred taxes and provisions.

Derivative financial instruments amounting to KEUR 3,638 (2015: KEUR –) include two interest rate caps which were acquired in February 2016 and show a positive fair value.

Please refer to the comments in section 2.3.3 for information on the development of cash and cash equivalents.

The consolidated equity of the Tele Columbus Group amounted to KEUR 503,162 as at 30 June 2016 (2015: KEUR 545,682). The change is mainly due to the profit and loss effect. Additionally dividends in the amount of KEUR 1,225 were distributed to minority shareholders.

The Group’s indebtedness with interest-bearing loans amounted to KEUR 1,246,473 as at 30 June 2016 (2015: KEUR 1,270,788). This corresponds to a share of 58.5 % (2015: 57.9 %) of total assets.

The increase of the non-current portion of other provisions of KEUR 6,965 to KEUR 27,076 is primarily due to the increase of provisions for restructuring (KEUR 4,855) as part of the announced restructuring measures. This change is mainly associated with measures for pepcom Group concluded in the first half year of 2016. Thus all measures necessary for the Group are recorded as far as they should be charged to provisions according to IFRS. Additionally the estimation regarding the maturity structure of restructuring provisions was aligned in the course of concretization.

Non-current other financial liabilities essentially include non-current lease liabilities and liabilities of the pepcom Group to non-controlling shareholders.

Deferred tax liabilities of KEUR 97,015 were reported as of 30 June 2016 (2015: KEUR 106,021). These result to a large extent from the initial consolidation of capitalised customer bases for the primacom Group and pepcom Group, and have been reduced as a result of the adjustments made in the opening balances and ordinary ongoing changes in measurement differences.

The non-current derivative financial instruments result from embedded derivatives with negative fair values as at the end of the reporting period.

Current other provisions amounted to KEUR 23,568 (2015: KEUR 28,529). The current other provisions essentially comprise provisions for restructuring, onerous contracts and litigation risks.

Current liabilities due to banks amounted to KEUR 12,627 (2015: KEUR 49,909). For detailed information we refer to the description of the Capital Structure and section D.15 'Liabilities to Banks' as part of the notes.

Current other liabilities increased from KEUR 21,224 to KEUR 28,280, as a result of increased VAT liabilities.

Current deferred income rose by KEUR 4,823 to KEUR 14,019 mainly due to accrued revenues from customers for prepaid instalments.

3. Subsequent Events

No significant events occurred after the balance sheet date 30 June 2016.

4. Forecast

For the forecast for the Tele Columbus Group, please see the comments in section 5 of the Group management report for the 2015 financial year. Reported forecasts therein with regard to significant financial and non-financial performance indicators for the financial year 2016 are believed to be still accurate from the perspective of the interim financial statements as at 30 June 2016.

5. Risk report

For the risk report of the Tele Columbus Group, please see the comments in section 6 of the Group management report for the 2015 financial year. The following is also reported regarding the risks, which still apply, as described in the 2015 Group management report:

Interest risks

Non-current, floating rate financial instruments, for which the interest rate is linked to a market interest rate such as EURIBOR, are exposed to risks arising from future cash flows. Market interest rates are monitored in order to take the necessary measures to hedge or manage interest rates should the need arise.

To limit such risks, the Tele Columbus Group essentially uses two interest caps acquired in February 2016 (interest capped at 0.75 % as against 3M EURIBOR) at a nominal amount of KEUR 550,000 each, maturing in December 2020. A significant increase in EURIBOR will therefore only lead to a highly limited rise in the Tele Columbus Group’s interest expenses.

6. Report on opportunities

Tele Columbus companies are facing a series of opportunities for the future arising from the competitive strengths of the Group in particular. For information on this, please see the comments in section 7 “Report on opportunities” in the Group management report for the 2015 financial year. There were no material changes regarding reported opportunities during the reporting period.

TELE COLUMBUS AG, BERLIN
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2016

I Consolidated income statement

KEUR	Note	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015
Revenue	D.1	235,945	107,923
Own work capitalised	D.2	7,940	3,634
Other income	D.3	6,905	20,907
Total operating income		*250,790*	*132,464*
Cost of materials	D.4	-72,957	-39,368
Employee benefits	D.5	-42,638	-21,008
Other expenses	D.6	-42,803	-26,467
EBITDA		***92,392***	***45,621***
Depreciation and amortisation expenses	D.7	-79,733	-23,528
EBIT		***12,659***	***22,093***
Profit/loss from investments and associates		5	20
Interest and similar income	D.8	508	10
Interest and similar expenses	D.8	-44,091	-13,425
Other finance income and expenses	D.9	-7,336	-4,065
Profit (+) / loss (-) before tax		*-38,255*	*4,633*
Income tax expense	D.10	-1,006	-4,597
Net profit (+) / loss (-)		***-39,261***	***36***
Loss attributable to owners of Tele Columbus Group		-40,672	-1,160
Profit attributable to non-controlling interests		1,411	1,196
Basic earnings per share in EUR	E.5	-0.32	-0.02
Diluted earnings per share in EUR	E.5	-0.32	-0.02

The following notes are an integral component of the condensed consolidated interim financial statements.

II Consolidated statement of other comprehensive income

KEUR	Note	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015
Net profit (+) / loss (-)		**-39,261**	**36**
Other comprehensive income			
Expenses and income that will not be reclassified to profit or loss			
Remeasurement of the defined benefit obligation (after deferred tax)		-2,434	-1,396
Total comprehensive income		**-41,695**	**-1,360**
Attributable to:			
Owners of Tele Columbus Group		-43,106	-2,556
Non-controlling interests		1,411	1,196

The following notes are an integral component of the condensed consolidated interim financial statements.

III Consolidated statement of financial position

Assets

KEUR	Note	30 June 2016	31 December 2015
Non-current assets			
Property, plant and equipment	D.11	628,758	648,570
Intangible assets and goodwill	D.11	1,357,801	1,378,836
Interests in unconsolidated subsidiaries	B.1	75	18
Investments in associates and joint ventures	B.1	302	302
Receivables from related parties	E.2.2	155	164
Trade receivables	D.12	193	193
Other assets	D.12	517	-
Other financial receivables	D.12	1,288	283
Deferred expenses	D.12	3,978	4,340
Deferred tax assets	D.10	-	99
Derivative financial instruments	D.12	3,638	-
		1,996,705	**2,032,805**
Current assets			
Inventories	D.12	11,221	10,121
Trade receivables	D.12	48,849	39,592
Receivables from related parties	E.2.2	3,091	3,579
Other financial receivables	D.12	4,896	8,855
Other assets	D.12	6,888	5,251
Current tax assets		4,327	3,907
Cash and cash equivalents	E.4	47,426	85,178
Deferred expenses	D.12	7,672	6,163
Assets held for sale	D.12	450	303
		134,820	**162,949**
Total assets		**2,131,525**	**2,195,754**

Equity and liabilities

KEUR	Note	30 June 2016	31 December 2015
Equity			
Share Capital	D.13	127,556	127,556
Capital reserve		620,838	620,838
Other components of equity		-251,658	-208,952
Non-controlling interests		6,426	6,240
		503,162	**545,682**
Non-current liabilities			
Post-employment and other long-term employee benefits		12,405	10,331
Other provisions	D.14	27,076	20,111
Liabilities to banks	D.15	1,233,846	1,220,879
Trade payables	D.16	1,013	1,153
Other liabilities	D.16	509	509
Other financial liabilities	D.16	74,763	77,558
Deferred income	D.16	1,463	1,836
Deferred tax liabilities	D.10	97,015	106,021
Derivative financial instruments	E.3.1	16,104	13,011
		1,464,194	**1,451,409**
Current liabilities			
Other provisions	D.14	23,568	28,529
Liabilities to banks	D.15	12,627	49,909
Trade payables	D.16	64,404	75,203
Payables to related parties	E.2.2	204	522
Other liabilities	D.16	28,280	21,224
Other financial liabilities	D.16	9,167	8,011
Income tax liabilities		11,900	10,277
Deferred income / revenue	D.16	14,019	4,823
Derivative financial instruments	E.3.1	-	165
		164,169	**198,663**
Total equity and liabilities		**2,131,525**	**2,195,754**

The following notes are an integral component of the condensed consolidated interim financial statements.

IV Consolidated statement of cash flows

KEUR	Note	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015 adjusted [1]
Cash flows from operating activities			
Net profit (+) / loss (-)		-39,261	36
Net financial results		50,919	17,480
Income taxes		1,006	4,597
Profit (+) / loss (-) from investments and associated		-5	-20
Earnings before interest and taxes (EBIT)		**12,659**	**22,093**
Amortisation and depreciation		79,733	23,528
Equity settled share-based payments	D.13	400	232
Loss (+) / gain (-) on sale of property, plant and equipment		-228	-719
Increase (-) / decrease (+) in:			
Inventories		-1,101	-1,391
Trade receivables and other assets not classified as investing or financing activities		-11,916	-2,719
Deferred expenses		-1,148	-4,496
Increase (+) / decrease (-) in:			
Trade payables and other liabilities not classified as investing or financing activities		-11,919	-16,757
Provisions		1,645	-6,031
Deferred income		8,822	2,903
Income tax paid		-3,195	-5,258
Cash flows from operating activities		**73,752**	**11,385**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,048	1,293
Acquisition of property, plant and equipment	D.11	-33,858	-20,839
Acquisition of intangible assets	D.11	-11,080	-6,090
Acquisition of financial assets	B.1	-55	-33
Interest received		22	10
Acquisition of businesses, net of cash acquired		-	-9,400
Net cash used in investing activities		**-43,923**	**-35,059**

[1] For a better comparability and differing to the prior year disclosure the Tele Columbus Group presents the statement of cash flow starting with the net profit/ loss which is subsequently reconciliated to the EBIT, equity settled share-based payments and restricted cash and cash equivalents.

KEUR	Note	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015 adjusted [1)]
Cash flows from financing activities			
Changes in net assets (incl. adj. relating to IPO)		-	-10,420
Payment of financial lease liabilities		-3,235	-3,046
Dividends paid		-1,225	-1,225
Proceeds from loans, bonds or short-term or long-term borrowings from banks	D.15	125,000	375,033
Repayment of borrowings and short-term or long-term borrowings	D.15	-159,451	-641,375
Interest paid		-28,670	-8,743
Cash proceeds from capital increase		-	366,667
Net cash from (used in) financing activities		**-67,581**	**76,891**
Cash and cash equivalents as at the end of the reporting period			
Net increase / decrease in cash and cash equivalents		-37,752	53,217
Cash and cash equivalents at the beginning of the reporting period		85,178	24,441
Cash and cash equivalents at the end of the reporting period		**47,426**	**77,658**

1) For a better comparability and differing to the prior year disclosure the Tele Columbus Group presents the statement of cash flow starting with the net profit/ loss which is subsequently reconciliated to the EBIT, equity settled share-based payments and restricted cash and cash equivalents.

The following notes are an integral component of the condensed consolidated interim financial statements.

V Consolidated statement of changes in equity

For the first half year of 2016

KEUR	Note	Share capital	Capital reserve	Other changes in equity	Retained earnings	Revaluation reserve IAS 19	Equity attributable to owners of the Tele Columbus Group	Non-controlling interests	Total equity
Balance as at 1 January 2016		**127,556**	**620,838**	**-114,091**	**-92,854**	**-2,008**	**539,442**	**6,240**	**545,682**
Profit(+) / loss (-)					-40,672		-40,672	1,411	-39,261
Other comprehensive income						-2,434	-2,434		-2,434
Total comprehensive income		**-**	**-**	**-**	**-40,672**	**-2,434**	**-43,106**	**1,411**	**-41,695**
Dividends							-	-1,225	-1,225
Equity settled share-based payments	D.13			400			400		400
Balance as at 30 June 2016		**127,556**	**620,838**	**-113,691**	**-133,526**	**-4,442**	**496,736**	**6,426**	**503,162**

The following notes are an integral component of the condensed consolidated interim financial statements.

For the first half year of 2015

KEUR	Note	Share capital	Capital reserve	Other changes in equity	Retained earnings	Revaluation reserve IAS 19	Equity attributable to owners of the Tele Columbus Group	Non-controlling interests	Total equity
Balance as at 1 January 2015		**20,025**	**8,324**	**-114,692**	**-24,121**	**-2,107**	**-112,571**	**5,255**	**-107,316**
Profit(+) / loss (-)					-1,160		-1,160	1,196	36
Other comprehensive income						-1,396	-1,396		-1,396
Total comprehensive income		-	-	-	**-1,160**	**-1,396**	**-2,556**	**1,196**	**-1,360**
Dividends								-1,225	-1,225
Capital increase due to IPO		36,667	330,000				366,667		366,667
Equity sattled share-based payments	D.13			232			232		232
IPO costs deductible from equity net of deferred taxes			-10,420 [1]				-10,420		-10,420
Balance as at 30 June 2015		**56,692**	**327,904**	**-114,460**	**-25,281**	**-3,503**	**241,352**	**5,226**	**246,578**

[1] Comprising IPO costs deductible from equity in the amount of KEUR -15,105 and deferred tax liability in the amount of KEUR 4,685.

The following notes are an integral component of the condensed consolidated interim financial statements.

VI Condensed notes to the consolidated interim financial statements

A General information

A.1 Introduction

Tele Columbus AG, with headquarters based at Goslarer Ufer 39, 10589 Berlin, is listed on the ‘Frankfurt Stock Exchange’ as of 23 January 2015 in the market segment, Xetra Frankfurt (Prime Standard).

Description of business activities

Tele Columbus AG is the parent company of the Tele Columbus Group. The companies in the Tele Columbus Group are cable network operators active in all German federal states with the highest market shares in Eastern States and some West German regions. The Group's core business is operating and managing broadband cable equipment, in some cases using own satellite receiving equipment for providing residential apartment complexes of various housing companies and their tenants with television and radio signals, internet as well as telephony services. Operation of the equipment includes servicing, maintenance, customer care and collection. We refer to section 1.1 ‘Organizational structure of the Group’ in the Group Management Report of Annual Report 2015 for a detailed presentation of the business activities. Besides operating in the cable network business the Tele Columbus Group operates in the B2B and construction service businesses. B2B includes products for the supply of carrier companies with broadband services and business customer networks, products for the supply of business customers with internet and telephony as well as network monitoring and the marketing of data centers. The construction service comprises e.g. the construction of fiber-optic networks and the connection of residential areas to the own backbone.

Basis of the consolidated interim financial statements

The condensed consolidated interim financial statements of Tele Columbus AG as at 30 June 2016 present the financial position, financial performance and cash flows of Tele Columbus AG and its consolidated entities. Income statement for the first six months of 2016 is presented with the comparative figures for the first six months of 2015. For the financial position as at 30 June 2016, the comparative figures are presented as at 31 December 2015.

The condensed consolidated interim financial statements of Tele Columbus Group as at 30 June 2016 have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 on a condensed basis compared to year-end reporting as at 31 December 2015. Thus, these consolidated interim financial statements need to be considered in the context of the consolidated financial statements as at 31 December 2015. The International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) have been applied.

The condensed consolidated interim financial statements comprise the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and the condensed notes.

The Group's functional currency is the Euro. Unless otherwise stated, all figures are presented in thousands of Euros (KEUR). Due to the presentation in thousands of Euros, there may be rounding differences of up to one thousand Euros (positive or negative) between individual disclosures.

In respect of financial data set out in the consolidated interim financial statements, a dash (“—“) represents that the relevant item is not applicable, whereas a zero (“0”) represents that the relevant number has been rounded to or equals zero.

These interim financial statements are based on the going concern assumption.

The condensed consolidated interim financial statements for the six-month period ending 30 June 2016 have not been audited or reviewed by an auditor, since as not a legal requirement.

The consolidated interim financial statements were prepared by the Management Board of Tele Columbus AG in Berlin on 15 August 2016.

B Basis and scope of consolidation

There were no significant changes in consolidation policy and scope of consolidation compared to the consolidated financial statements as at 31 December 2015. The opening balance sheets of the two major company acquisitions of the past financial year (primacom Group and pepcom Group) are still preliminary due to the extensive accounting requirements and documentation work as stipulated by IFRS.

B.1 Investments in associates and interest in other entities

Investments in associates and interest in other entities only have an immaterial effect on the consolidated interim financial statements, both individually and in aggregate.

Acquisition of Lindentor 200. V V GmbH and Lindentor 201. V V GmbH

By purchase agreements dated 28 June 2016, Tele Columbus AG, Berlin purchased 100 % ownership in Lindentor 200. V V GmbH, Berlin as well as 100 % ownership in Lindentor 201. V V GmbH, Berlin. The companies were consequently renamed as Tele Columbus Betriebs GmbH and Tele Columbus Vertriebs GmbH. The Articles of Association were adjusted accordingly.

Tele Columbus Betriebs GmbH will focus on direct and indirect sales of services in connection with telecommunications. These include construction and operation of the broadband cable networks for the delivery of multimedia services. Tele Columbus Vertriebs GmbH will specialise in distribution of multimedia services to households as well as businesses.

The purchase price is KEUR 27.6 in each case and was completely paid in cash. The companies did not have any active operations as at the balance sheet date.

Due to its immaterial impact on the presentation of the financial position, financial performance and cash flow of the group of consolidated entities, the 100 % ownership interests in Tele Columbus Vertriebs GmbH and Tele Columbus Betriebs GmbH, Berlin in the total amount of KEUR 55 are not fully consolidated as at 30 June 2016 and reported at cost under the Position 'Interests in unconsolidated subsidiaries'.

No further significant changes in associates or other entities took place in the reporting period or are relevant for the explanation of the comparative figures.

C Accounting policies

C.1 Significant judgements and estimates

Preparing consolidated interim financial statements in accordance with IFRS requires assessments, estimates and assumptions that have a direct effect on the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the reporting date, and the reported revenue and expenses during the reporting period. Although these estimates of management take account of the most recent figures to the best of their knowledge, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to estimates are recognised in the period in which they occur, and prospectively in future relevant periods.

There are no material changes in significant judgements and assumptions made by the management, as well as in the area of estimation uncertainty as compared to the consolidated financial statements as at 31 December 2015.

C.2 Significant accounting policies

The same accounting policies and methods of computation are used in the condensed consolidated interim financial statements for the six-month period ending 30 June 2016 as compared to the consolidated financial statements as at 31 December 2015.

C.3 Compliance with IFRS

The accounting standards (IAS/IFRS) and interpretations (IFRIC) 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 financial year as at 31 December 2015, as adopted by the EU, except for the following mandatory standards and/or amendments to standards and interpretations, which are applied for the first time starting with the financial year beginning on 1 January 2016. The adoption of these standards, amendments to standards, and interpretations did not have any material effect on the condensed consolidated interim financial statements and thus did not lead to additional disclosures:

Standard/ Interpretation		Effective as at	Publication of endorsement by the EU Commission	Effects
IAS 19	Amendments to IAS 19, Employee Benefits	1 Feb 2015	9 Jan 2015	No material effects
AIP 2010-2012	Annual Improvements Project 2010-2012 - Improvements to IFRSs (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38)	1 Feb 2015	9 Jan 2015	No material effects
AIP 2012-2014	Annual Improvements Project 2012-2014 - Improvements to IFRSs (IFRS 5, IFRS 7, IAS 19, IAS 34)	1 Jan 2016	16 Dec 2015	No material effects
IAS 1	Amendments to IAS 1: Disclosure initiative	1 Jan 2016	19 Dec 2015	No material effects
IAS 16, IAS 38	Amendments to clarify accepted depreciation and amortisation methods	1 Jan 2016	3 Dec 2015	No material effects
IAS 16, IAS 41	Amendments to IAS 41 Agriculture: Bearer Plants	1 Jan 2016	24 Nov 2015	No material effects
IAS 27	Amendment to IAS 27: Equity Method in Separate Financial Statements	1 Jan 2016	23 Dec 2015	No material effects
IFRS 11	Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 Jan 2016	25 Nov 2015	No material effects

The following table shows the main new or revised standards (IAS/IFRS) or interpretations (IFRIC) that are not yet mandatory, and their effects on the Group. The adoption date refers to the effective date as specified in the EU endorsement – unless stated otherwise:

Standard/ Interpretation		Effective as at	Publication of endorsement by the EU Commission	Effects
IFRS 10, IFRS 12, IAS 28	Investment Entities. Applying the Consolidation Exception	1 Jan 2016*	open	No effects
IFRS 9	Financial instruments	1 Jan 2018*	open	The possible impacts on consolidated financial statements are currently being analysed
IFRS 15	Revenue from Contracts with Customers (Standard and Clarification)	1 Jan 2018*	open	The possible impacts on consolidated financial statements are currently being analysed
IAS 7	Amendments due to Disclosure Initiative	1 Jan 2017*	open	The possible impacts on consolidated financial statements are currently being analysed
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017*	open	The possible impacts on consolidated financial statements are currently being analysed
IFRS 2	Amendments to IFRS 2: Classification and measurement of Share-based Payment Transactions	1 Jan 2018*	open	The possible impacts on consolidated financial statements are currently being analysed
IFRS 16	Leases	1 Jan 2019*	open	The possible impacts on consolidated financial statements are currently being analysed
IFRS 10, IAS 28	Amendments: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	unknown	open	The possible impacts on consolidated financial statements are currently being analysed

* As the EU endorsement is still outstanding, the date of mandatory first-time adoption according to the IASB is provided instead.

D Explanatory notes to the consolidated income statement and consolidated statement of financial position

D.1 Revenue

TEUR	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015 adjusted [1)]
Analogue and digital, ongoing	101,446	62,180
Internet/telephony	70,414	29,366
Analogue and digital, one-time	15,585	306
Ancillary digital premium services	14,259	5,455
Network rents	8,834	1,462
Other transmission fees	6,214	3,280
Leasing customer premise equipment	5,418	1,861
Construction work	4,489	224
Miscellaneous feed-in charges and similar revenues	2,928	1,911
Sales of hardware	2,443	842
Other	3,915	1,036
	235,945	**107,923**

1) For a better comparability and differing to the prior year disclosure the Tele Columbus Group presents business customer revenue divided by it types of performance.

Tele Columbus Group's revenue mainly comprises monthly subscription fees and, to a lesser extent, one-off installation and connection charges for basic analogue and digital cable television as well as ancillary digital premium services. They also include fees for high-speed internet access and telephony charges. Other revenue relates to other transmission fees and feed-in charges payable to the Group in exchange for spread in their programs. Other revenues are primarily from one-time fees for business customers and revenue from data center.

Generally, the increase in revenue compared with the same period of the previous year is mainly attributable to the acquisitions of the pepcom Group and primacom Group.

D.2 Own work capitalised

Own work capitalised in the amount of KEUR 7,940 for the first six months of 2016 (for the first six months of 2015: KEUR 3,634) mainly comprises expenses for work performed by our own employees in connection with expanding the cable network. The increase is mainly due to acquisitions of primacom Group and pepcom Group.

D.3 Other income

TEUR	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015
Income from sale	1,533	172
Income from dunning fees an connection and disconnection fees	1,219	820
Income from the derecognition of liabilities and reversal of provisions	852	10,087
Gains on disposal of non-current assets	699	831
Income from marketing subsidies	400	384
Income from services	114	743
Income from refundable IPO costs	-	4,395
Miscellaneous other income	2,088	3,475
	6,905	**20,907**

Income from the derecognition of liabilities and reversal of provisions have decreased by KEUR 9,235 compared to the previous reporting period. This decrease mainly results from reversal of provisions for onerous contracts in connection with a new long-term signal delivery contract in 2015.

The increase in income from sales is mainly attributable to the sale of different materials. This primarily results from the acquisition of pepcom Group.

D.4 Cost of materials

KEUR	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015
Cost of raw materials and consumables	-2,661	-1,285
Cost of purchased services/ goods	-70,296	-38,083
	-72,957	**-39,368**

The cost of raw materials and consumables refer to goods used for repairs and maintenance.

The cost of purchased services mainly relates to fees for signal reception, maintenance costs, commissions, electricity and other services as well as changes in inventory of customer premise equipment.

The increase in cost of materials is mainly attributable to the acquisitions of pepcom Group and primacom Group.

D.5 Employee benefits

KEUR	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015
Wages and salaries	-35,017	-17,468
Social security, pension and other benefits	-6,284	-2,842
Other personnel expenses	-1,337	-698
	-42,638	**-21,008**

The increase in employee benefits is mainly attributable to the acquisitions of pepcom Group and primacom Group.

D.6 Other expenses

Other expenses were incurred in particular for the following:

TEUR	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015
Legal and advisory fees	-12,401	-9,001
Advertising	-7,191	-3,765
Restructuring	-4,617	-
Occupancy costs	-4,075	-1,860
Impairment of receivables	-3,534	-2,475
IT costs	-2,256	-1,835
Communication costs	-1,587	-661
Vehicle expenses	-1,325	-565
Insurance, Fees and contributions	-1,045	-345
Travel expenses	-1,010	-413
Office supplies and miscellaneous administrative expenses	-794	-433
Maintenance	-711	-52
Incidental bank charges	-630	-3,913
Losses on disposal of non-current assets	-471	-112
Income from cancellations, prior year	-342	-221
Miscellaneous other expenses	-814	-816
	-42,803	**-26,467**

The decrease in incidental bank charges results mainly from banking fees in the course of the IPO in the reporting period 2015 that were not recognised in equity with the capital increase. Regarding the item restructuring, we refer to section D.14 'Other provisions'.

The general increase in expenses is mainly attributable to the acquisitions of pepcom Group and primacom Group.

D.7 Depreciation and amortisation expenses

An impairment loss of KEUR 393 (for the first six months of 2015: KEUR 280) was recognised for property, plant and equipment during the current reporting period. This can largely be attributed to modems and receivers.

D.8 Net interest income and expenses

KEUR	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015
Interest income from third parties	112	10
Income resulting from compounding of interest caps	396	-
Interest income from associates	-	-
Interest and similar income	**508**	**10**
Interest paid to third parties	-33,598	-12,868
Expenses resulting from compounding of loans under the effective interest rate method	-5,276	-557
Expenses resulting from revaluation of interest caps	-5,217	-
Interest paid to associates	-	-
Interest and similar expenses	**-44,091**	**-13,425**
	-43,583	**-13,415**

The interest paid to third parties mainly relates to liabilities to banks (loans and borrowings). We refer to the explanatory notes under section D.15 'Liabilities to banks'. Regarding to the interest rate financial instruments, we refer to the explanatory notes in section E.3.1 'Carrying amounts and net income from financial instruments'.

D.9 Other finance income and expenses

The expense increase in other finance income and expenses mainly results from remeasurement of embedded derivatives in loans of KEUR 4,379 (for the first six months of 2015: KEUR –). An opposite effect is the reduction in expense recognition from previously deferred transaction cost of KEUR 2,935 (for the first six months of 2015: KEUR 4,065) due to conversion of debt.

D.10 Income tax expense

The amount of KEUR -1,006 includes current tax amounting to KEUR -6,721 and compensating effects resulting from the recognition of deferred taxes.

Other deferred tax liabilities were set off against corresponding deferred tax assets.

The reduction of deferred tax liabilities in the opening balance of pepcom Group amounting to KEUR 3,192 was not recognized in the income statement.

D.11 Intangible and fixed assets

Additions to fixed assets during the first six months of 2016 primarily resulted from investments in technical equipment and machinery as well as assets under construction and prepayments. Declines in tangible and intangible assets in the six months of 2016 were primarily due to depreciation and amortisation expenses.

Goodwill was reduced by KEUR 4,581 to KEUR 1,072,681 (2015: KEUR 1,077,262) compared to the previous year resulting from preliminary adjustments in the opening balances of pepcom Group and primacom Group due to deferred taxes and new insights regarding provisions .

With regard to the purchase commitments for property, plant and equipment, we refer to the explanatory notes in section E.1.2 'Purchase commitments'.

No impairment losses were recognised during the reporting period in relation to the intangible assets and goodwill. With regard to the impairment losses for property, plant and equipment, we refer to the explanatory notes in section D.7 'Depreciation and amortisation expense'.

D.12 Inventories, trade receivables, other financial receivables, other assets, deferred expenses and derivative financial instruments

In the first six month of 2016, impairment losses on inventories totalled KEUR 36 (for the first six months of 2015: KEUR –).

The development in impairment losses on trade receivables is shown in the following table:

KEUR	30 June 2016	31 December 2015
Trade receivables - gross	62,054	53,194
Impairment losses	-13,012	-13,409
Trade receivables - net	**49,042**	**39,785**

Additionally, there are also receivables from related parties for goods and services. We refer to section E.2.2 ‘Related-party transactions’ in this context.

Impairment losses are recognised under other expenses. We refer to the explanatory notes in section E.3.1 'Carrying amounts and net income from financial instruments'.

With regard to trade receivables pledged at their carrying amounts as collateral for liabilities as of 30 June 2016, we refer to the explanatory notes in section D.15 'Liabilities to banks'.

There are no overdue receivables for which no impairment loss was recognised.

The other financial receivables in the amount of KEUR 6,184 (2015: KEUR 9,138) primarily comprise cash deposits for the debit limit, rent deposits and claims under employer pension liability insurance policies. The decrease in other financial receivables relates to the reduction of cash deposits for the debit limit in the amount of KEUR 2,954.

Other assets of KEUR 7,405 (2015: KEUR 5,251) mainly comprise prepayments, receivables from value-added tax and receivables from debtors with credit balances. The increase of other assets results mainly from higher receivables from value-added tax.

Deferred expenses in the amount of KEUR 11,650 (2015: KEUR 10,503) primarily consist of payments in connection with the financing, insurance and warranties.

The reported derivative financial instruments in the amount of KEUR 3,638 (2015: KEUR –) result from two interest rate caps that were acquired by Tele Columbus AG in February 2016. We refer to the explanatory notes under section E.3.1 'Carrying amounts and net income from financial instruments'.

Current assets recognised in the consolidated balance sheet include KEUR 450 (2015: KEUR 303) assets held for sale.

D.13 Equity

The share capital in the amount of EUR 127,556,251 is divided into 127,556,251 no-par value registered shares and is fully paid up. No treasury shares were held as at the reporting date.

An amount of KEUR 400 (for the first six months of 2015: KEUR 232) from share-based payments was recognized in equity.

With regard to other movements in equity and distributions to non-controlling interests, we refer to the consolidated statement of changes in equity.

D.14 Other provisions

Other provisions disclosed as at 30 June 2016 can be classified as short-term obligations amounting to KEUR 23,568 (2015: KEUR 28,529) and long-term obligations amounting to KEUR 27,076 (2015: KEUR 20,111). Other provisions are still mainly related to provisions for restructuring and onerous contracts.

The provisions recognised in 2015 amounting to KEUR 21,869 were increased by KEUR 4,855 as at 30 June 2016 for the restructuring measures announced in November 2015 because the decision on the restructuring of pepcom Group was agreed. Thus the provision covers all measures of the entire Group (Tele Columbus Group including Primacom Group and pepcom Group) as far as they should be charged to provisions according to IFRS.

Provisions for onerous contracts were mainly recognised in connection with a long-term signal delivery contract for KEUR 11,210 (2015: KEUR 13,768). Due to opening balance adjustments for pepcom Group, these provisions reduced by KEUR 1.525.

The decrease in provisions for litigation expenses results mainly from the adjustment of opening balance of primacom Group amounting to KEUR 371.

Current provisions are expected to be used within one year. It is considered likely that provisions will actually be used in the amount made as at the reporting date.

D.15 Liabilities to banks

KEUR	30 June 2016	31 December 2015
Liabilities to banks - nominal values	1,228,570	1,218,184
Accrued interest	5,276	2,695
Non-current Liabilities to banks	**1,233,846**	**1,220,879**
Liabilities to banks - nominal values	3,596	44,398
Accrued interest	9,031	5,511
Current Liabilities to banks	**12,627**	**49,909**
	1,246,473	**1,270,788**

Within the framework of the Senior Financing Agreement the following facilities were available to the Group: KEUR 375,000 Facility A, KEUR 435,000 Facility C and KEUR 320,000 Incremental Facility (all of them Term loans) as well as non-used facilities amounting to KEUR 75,000 for capital investments (Capex Facility) and KEUR 50,000 for general corporate and working capital purposes (Revolving Facility). The facilities A, C & Incremental will mature on 2 January 2021 while Capex and Revolving Facility will already mature on 2 January 2020. The current credit spread is 4.50 % plus EURIBOR for facility A, C & Incremental and 3.75 % for Capex and Revolving Facility. In addition the loan agreement contains a EURIBOR-Floor of 0 % which applies to all senior facilities. For any undrawn amount of the Capex and Revolving Facility a loan commitment fee is charged at 35 % of the applicable margin and will be paid on a quarterly basis.

With effect of 22 June 2016, the Group has raised an additional Senior Second Incremental facility in the amount of KEUR 125,000 has been raised and paid out on 30 June 2016. The new facility has been raised to repay subordinated Second Lien Facility of KEUR 139,000 (last drawing of KEUR 117,500) as well as to cover transaction related fees and expenses. The new Second Incremental Facility has been provided at identical conditions compared to existing Senior Facilities i.e. a credit margin of 4.50 % plus EURIBOR and a EURIBOR-Floor of 0 % does apply. As the most recent interest costs charged for the Second Lien Facility were 8.50 % plus Euribor-Floor (margin of 7.50 % + 1 % Floor) the Group will achieve significant interest savings.

The Group has 1-month, 3-month and 6-month EURIBOR options for all loans. As at reporting date, the 3-month EURIBOR has been selected for all existing loans, while the new Second Incremental Facility has been based initially on a 1-month EURIBOR.

The described floors regarding the EURIBOR and repayment options are embedded derivatives (hybrids) und are subject to the separation in presentation and valuation according to IAS 39.11. For further information please refer to section E.3.1 'Carrying amounts and net income from financial instruments'.

As at the reporting dates, the balances (including outstanding interest) for the Senior Tranches A, C, Incremental and 2nd Incremental as well as the Senior Revolving Facility were as follows:

KEUR	30 June 2016	31 December 2015
Senior Tranche A loan (matures on 02 January 2021)	372,916	370,987
Senior Tranche C loan (matures on 02 January 2021)	426,723	423,907
Senior Tranche Incremental (matures on 02 January 2021)	313,860	311,783
Senior Tranche 2nd Incremental (matures on 02 January 2021)	118,864	-
Second Lien Tranche A (matures on 30 July 2022)	-	111,964
Senior Revolving Facility (matures on 02 January 2020)	273	278
	1,232,636	**1,218,919**

In addition, loans in the amount of KEUR 2,292 (2015: KEUR 43,198) were recognised for the pepcom Group. The change mainly results from the premature repayment of the loans of Kabelfernsehen München Servicenter GmbH & Co. KG (hereafter "KMS KG") and HL komm Telekommunikations GmbH with Deutsche Bank Luxembourg S.A. amounting to KEUR 40,523 in January 2016.

A remaining loan balance of KEUR 7,514 as at the reporting date (2015: KEUR 8,671) is composed of loans to Tele Columbus AG provided by the following lenders: Stadtsparkasse Magdeburg KEUR 3,228 (2015: KEUR 3,647), Stadtsparkasse Gelsenkirchen KEUR 2,653 (2015: KEUR 3,240), Volksbank Magdeburg KEUR 450 (2015: KEUR 450) and other lenders KEUR 1,183 (2015: KEUR 1,334).

In addition, Tele Columbus AG entered into two interest rate cap agreements in February 2016 (Cap rate 0.75 % regarding 3-Month-Euribor) with a nominal amount of KEUR 550,000 each, and a term until December 2020. Transaction amounting to KEUR 8,854 was paid in cash to the amount of KEUR 4,427. For the remaining option premium of KEUR 4,427 a bullet debt due 31 March 2018 is shown as liabilities to banks amounting to KEUR 4,031 (present value) as of 30 June 2016.

According to the Share and Interest Pledge Agreement dated 29/30 July 2015 and 23 September 2015, Tele Columbus Group has changed the previously assigned and pledged types of collateral and primarily pledged ownership interests in affiliated companies and associates to secure the liabilities to banks. Additionally the Tele Columbus Group pledged trade receivables to secure liabilities.

The value of the loan collateral pledged as at the respective reporting dates is as follows:

KEUR	30 Jun. 2016	31 Dec 2015
Shares in affiliated companies	1,463,443	1,479,043
Trade receivables	11,685	14,042
	1,475,128	**1,493,085**

D.16 Trade payables, other liabilities and other financial liabilities, deferred income

Trade payables in the amount of KEUR 65,417 (2015: KEUR 76,356) primarily comprise payments related to signal delivery contracts, security deposits as well as legal and consulting costs including the corresponding provisions for the outstanding invoices.

The deferred income in the amount of KEUR 15,482 (2015: KEUR 6,659) essentially consists of deferred revenue from customers for prepaid annual fees and investment grants received.

The other financial liabilities amounting to KEUR 83,930 (2015: KEUR 85,569) primarily relate to lease obligations in the amount of KEUR 25,114 (2015: KEUR 28,583), as well as minority interests of KMS KG in the amount of KEUR 55,228 (2015: KEUR 54,583), which are recognised as long-term liabilities in the financial statements, since the owner has the right to sell all of the shares at any time.

Additionally, an opening balance adjustment for long-term other financial liabilities of pepcom Group amounting to KEUR 357 was made during the first six months of 2016.

The other liabilities in the amount of KEUR 28,789 (2015: KEUR 21,733) primarily include customer deposits, employee costs, audit costs, compensation and other accruals with characteristics of liabilities.

E Other explanatory notes

E.1 Contingent assets and liabilities, other financial obligations

E.1.1 Contingent assets and liabilities

There are no material changes in contingent assets or contingent liabilities for the six-month period ending 30 June 2016 as compared to the consolidated financial statements as at 31 December 2015.

E.1.2 Purchase commitments

Purchase commitments relating to capital and operating expenditures as at the reporting date amounted to KEUR 24,101 (2015: KEUR 16,200).

E.1.3 Leases and other financial obligations

Compared to the reporting date at 31 December 2015, there were no material changes in the nature and extent of finance leases.

The future minimum lease payments under operate leases have the following maturities:

KEUR	30 June 2016	31 December 2015
Less than one year	18,658	21,793
Between one and five years	27,428	40,049
More than five years	8,035	12,215
	54,121	**74,057**

The general decrease in operate leases relates to a large extent to the synergy effects and partially detailed screening of the balance from the acquisition of pepcom Group and primacom Group (in the course of ongoing work on the opening balance).

In total, the future minimum lease payments under operate and finance leases amounted to KEUR 81,913 for the six-month period ending 30 June 2016 and KEUR 106,059 for 2015.

E.2 Related-party disclosures

E.2.1 Definition of related-party

There are no material changes in definition of related-party for the six-month period ending 30 June 2016 as compared to the consolidated financial statements as at 31 December 2015.

E.2.2 Related-party transactions

The following overview shows related-party receivables and payables:

KEUR	30 June 2016	31 December 2015
Receivables from related entities, current	3,091	3,579
Receivables from related entities, non current	155	164
Payables to related entities, current	19	141
Payables to related persons, current	185	381
Deferred income to related entities, current	55	-
Provisions to related entities, current	5,822	5,799

Current receivables and deferred income to related entities represent mainly transactions with Deutsche Netzmarketing GmbH.

Non-current receivables from related parties are receivables from BGC Breitbandgesellschaft Cottbus mbH.

As at 30 June 2016, current payables to related parties refer to payables to Aprostyle AG, Deutsche Netzmarketing GmbH and TV Produktions- und Betriebsgesellschaft GmbH & Co. KG. Current payables to related parties represent primarily payables to Aprostyle AG as at 31 December 2015.

Current payables to related persons represent the remuneration of the Management Board. For further details, we refer to the explanatory notes in section E.2.3 'Disclosures on management compensation'.

The provisions referring to related companies concern expected additional debit due to the current tax audit of the former subsidiary Tele Columbus Beteiligungs-GmbH, for which a reserve liability exists.

Expenses and income from related-party transactions:

KEUR	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015
Sale of goods and services		
to related entities	1,736	240
Acquisition of goods and services		
from related entities	-1,104	-943
Other		
related entities		
other income (+) / expenses (-)	20	-888

Transactions with related parties for reimbursing expenses amounted to KEUR 86 (for the first six months of 2015: KEUR 104) during the current reporting period.

For further related party transactions, we refer to the explanatory notes in section E.2.3 'Disclosures on management compensation'.

E.2.3 Disclosures on management compensation

There were no changes regarding the members of the company management of Tele Columbus AG during the current reporting period since the end of 2015.

Compensation for the directors recorded as staff expenses in 2016 amounted to KEUR 1,079 in the reporting period (for the first six months of 2015: KEUR 1,335). This amount includes share-based compensation amounting to KEUR 124 (for the first six months of 2015: KEUR 150). The changes against the comparison period results from claims for services within the context of the IPO reported in the previous year.

Compensation for the supervisory board amounts to KEUR 195 (for the first six months of 2015: KEUR 220; plus TEUR 300 of compensation for additional expenses in connection with the IPO which was linked to an investment in shares of Tele Columbus AG).

Other than the compensation, there were no further transactions during the reporting and comparison periods, e.g. the delivery of other services or awarding of loans between the Group companies and members of the executive board or of the supervisory board of Tele Columbus AG or members of the administrative board of Tele Columbus Holdings S.A. and their direct and indirect subsidiaries or any close family members.

Compensation for directors in the remaining key positions amounted to KEUR 487 in the first six months of 2016.

E.3 Financial instruments and risk management

E.3.1 Carrying amounts and net income from financial instruments

The following table shows the carrying amounts of financial instruments presented under specific items of the statement of financial position in accordance with the classification of IAS 39:

Financial assets / liabilities

KEUR	Note	Measurement category	30 June 2016	31 December 2015
Financial assets				
Derivative Financial Assets	D.12	At Fair Value through profit or loss	3,638	1
Investments		Available-for-sale financial assets	170	113
Receivables from related parties	E.2.2	Loans and receivables	3,246	3,743
Trade receivables	D.12	Loans and receivables	49,042	39,785
Other financial receivables	D.12	Loans and receivables	6,184	9,138
Cash and cash equivalents		Loans and receivables	47,426	85,178
Financial liabilities				
Derivative Financial Liabilities		At Fair Value through profit or loss	16,104	13,176
Loans and borrowings	D.15	Financial liabilities measured at amortised cost	1,246,473	1,270,788
Payables to related parties	E.2.2	Financial liabilities measured at amortised cost	204	522
Trade payables	D.16	Financial liabilities measured at amortised cost	65,417	76,356
Other financial liabilities	D.16	Financial liabilities measured at amortised cost	58,816	56,987
Lease liabilities	D.16	No classification[1)]	25,114	28,583

[1)] Lease liabilities are not classified in a measurement category according to IAS 39.2 (b). They are accounted for according to IAS 17.

Financial Instruments by category under IAS 39

KEUR	30 June 2016	31 December 2015
Financial assets and liabilities at fair value through profit or loss	12,467	13,175
Available-for-sale financial assets	170	113
Loans and receivables	105,897	137,844
Financial liabilities measured at amortised cost	1,370,910	1,404,653

The fair value of loans and borrowings amounts to KEUR 1,253,739 (2015: KEUR 1,240,756). The fair value of lease liabilities is KEUR 25,170 (2015: KEUR 29,397).

The carrying amount of derivative financial assets and liabilities recognized at fair value through profit or loss consist of three interest rate caps of Tele Columbus Group which are determined by the fair value of the instruments based on input factors and parameters that are directly or indirectly observable on active markets (Level 2).

	Reference Amount KEUR	Fair Value as at 30 Jun 2016 KEUR	Fixed Rate	Duration
Interest Cap 1	180,000	0	0.75 %	24 April 2017
Interest Cap 2	550.000	1.819	0.75 %	31 December 2020
Interest Cap 3	550.000	1.819	0.75 %	31 December 2020
Interest Swap[1)]	10.080	-	0.84 %	31 December 2017

1) Interest rate swap was dissolved as at 30 June 2016.

For further details, we refer to the explanatory notes under section D.15 'Liabilities to banks'.

The interest rate caps, which are classified as held for trading according to IAS 39 hedge the risk of increased interest payments of variable-rate instruments. These financial instruments cover the major interest risks of Tele Columbus AG resulting from interest bearing liabilities but do not qualify for hedge accounting according to IFRS.

The bank loan agreements contain embedded derivatives incl. interest floor and repayment option (compound instruments). Even though these financial instruments are not intended to serve as a derivate for the Tele Columbus Group, the embedded derivatives are separated from the host contract according to IAS 39. The embedded derivatives are classified separately at fair value through profit or loss and are directly linked to the loan agreements. The instruments are bound to their underlying loan contract. The model for the valuation of the separated derivatives determines the market value of the whole contractive loan split up in basic contract and embedded derivative.

The following table shows the development of their fair value in the reporting period:

KEUR	Facility A Senior Tranche	Facility C Senior Tranche	Incremental Facility	2nd Incremental Facility	Facility A Second Lien Tranche	Total
Nominal Value as at taking of loan	375,000	435,000	320,000	125,000	139,000[1)]	1,394,000
Fair Value of embedded derivatives as at first evaluation	3,106	1,549	519	-1,574	-3,501	99
Fair Value of embedded derivatives as at 31 December 2015	-3,066	-3,777	-2,629	-	-3,539	-13,011
Change in other financial income	-1,757	-1,815	-1,486	-1,574	3,539	-3,093
Fair Value of embedded derivatives as at 30 June 2016	-4,822	-5,593	-4,115	-1,574	-	-16,104

1) The Second Lien Tranche was repaid on 30 June 2016.

An increase (decrease) of the credit risk by 100 basis points would reduce the fair value of embedded derivatives as of 30 June 2016 by KEUR 4,543 (KEUR 34,835 increase). An increase (decrease) of the interest level by 50 basis points would raise the fair value of embedded derivatives as of 30 June 2016 by KEUR 2,185 (KEUR 9,303 reduction).

Net income (loss) from the different classes of financial instruments is shown in the following table:

1 Jan to 30 Jun 2016

KEUR	Gains/losses through profit or loss			
	Interest	**Impairment**	**Gain (+) /loss (-) from recognition at fair value**	**Net income (loss)**
Disclosed in the income statement	**Interest income (+) / loss (-)**	**Other expenses**	**Other finance income /costs**	
Financial assets at fair value through profit or loss	-4,845	-	-1,308	-6,153
Loans and receivables	112	-3,534	-	-3,422
Financial liabilities measured at amortised cost	-38,196	-	-6,028	-44,224
No classification [1)]	-654	-	-	-654
Total	**-43,583**	**-3,534**	**-7,336**	**-54,453**

1) Leasing liabilities not classified to a valuation category considering IAS 39.2 (b). Accounting follows the regulations according to IAS 17.

1 Jan to 30 Jun 2015

KEUR	Gains/losses through profit or loss			
	Interest	Impairment	Gain (+) / loss (-) from recognition at fair value	Net income (loss)
Disclosed in the income statement	Interest income (+) / loss (-)	Other expenses	Other finance income /costs	
Loans and receivables	10	-2,475	-	-2,465
Financial liabilities measured at amortised cost	-12,615	-	-4,065	-16,680
No classification [1)]	-812	-	-	-812
Total	**-13,417**	**-2,475**	**-4,065**	**-19,957**

[1)] Leasing liabilities not classified to a valuation category considering IAS 39.2 (b). Accounting follows the regulations according to IAS 17.

Impairment losses for available-for-sale financial assets, which need to be recognised in other comprehensive income pursuant to IAS 39.55b, were not required during the reporting periods.

The interest caps lead to a loss from recognition at fair value amounting to KEUR 4,821.

E.3.2 Risk management of financial instruments

E.3.2.1 Liquidity risk

Liquidity projections for a specific planning horizon as well as unused credit facilities amounting to KEUR 75,000 for investing purposes and KEUR 50,000 for general expenses both with a term until 2 January 2020 available at reporting date are designed to ensure a continuous supply of liquidity for operating business activities within the Tele Columbus Group. Therefore as at 30 June 2016, Tele Columbus Group's unused credit facilities amounted to KEUR 125,000 (2015: KEUR 125,000) thereof KEUR 50,000 revolving credit line. As at 30 June 2016 cash amounted to KEUR 47,426 (2015: KEUR 85,178).

The following table shows the contractually agreed maturity dates for loan liabilities:

KEUR	30 June 2016	31 December 2015
Less than one year	12,627	49,909
Between one and five years	1,233,846	1,108,915
More than five years	-	111,963
	1,246,473	1,270,787

The slight decrease in loan liabilities compared to 2015 is mainly driven by a repayment of bank loans with Deutsche Bank within pepcom Group partly offset by the additional loan amount resulting from refinancing of subordinated Second Lien Facility by new Senior Second Incremental on 30 June 2016.

There were no other relevant changes to liquidity risk during the six month period ending 30 June 2016.

E.3.2.2 Interest risk

Non-current financial instruments bearing variable interest, for which the interest rate is linked to a market interest rate, such as EURIBOR, are exposed to risks arising from future cash flows. In the case of fixed interest financial instruments, on the other hand, there is a risk with regard to measurement. Fixed and floating rate liabilities and the corresponding hedge instruments are explained in section D.15 'Liabilities to banks'. Market interest rates are monitored in order to take the necessary measures should the need arise to hedge or control interest.

The identified risks resulting from interest fluctuations primarily relate to the floating-rate loans of Tele Columbus Group.

The effect of fluctuations in the EURIBOR on the consolidated income statement is as follows:

KEUR	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015
1 % rise in the Euribor	-8,984	-1,875
1 % drop in the Euribor	23	1,875

This calculation is based on floating-rate liabilities as at the reporting date and under consideration of derivative financial instruments (interest cap, interest swaps and floors) multiplied by the adjusted interest rate in each case. As currently 1, 3 and 6- month EURIBOR rates are already below zero the Group’s benefit of KEUR 23 from a further 1 % reduction of EURIBOR rates relates to loan agreements which do not include a EURIBOR-Floor.

Major borrower of the floating-rate loan liabilities is Tele Columbus AG, which entered into two interest cap agreements (Cap rate 0.75 % vs. 3-Month-Euribor) in February 2016 over a nominal amount of KEUR 1,100,000 (KEUR 550,000 each) with a term until December 2020 to hedge the risk of increasing interest rates for its loans. We refer to section E.3.1 'Carrying amounts and net income from financial instruments' for this context.

Non-current fixed interest liabilities are measured at amortised cost. The fair value of non-current liabilities can differ significantly from their carrying amount, as the fair value of such liabilities changes in accordance with the trend in interest rates and market conditions in general.

E.3.2.3 Credit risk (default risk)

Trade receivables are written down to the expected recoverable amount in accordance with the procedure for determining lump-sum specific loan loss provisions. For other current financial receivables, credit risk is assessed on a case by case basis. In the case of other non-current financial receivables, expected payments are discounted based on the original effective interest rate. The maximum credit risk as at reporting date amounts to KEUR 52,288 (2015: KEUR 43,528).

Further relevant changes regarding credit default risk did not occur in the first half year of 2016.

It is assumed that the impaired carrying amount of trade receivables approximates their fair value.

E.4 Explanatory notes to the consolidated statement of cash flows

Cash and cash equivalents largely comprise cash and bank deposits.

With regard to unused credit lines, we refer to the explanatory notes in section E.3.2.1 'Liquidity risk'.

E.5 Earnings per share

The calculation of earnings per share is derived from the profit or loss attributable to shareholders (owners of the company) and the average number of shares outstanding. Dilutive effects such as those triggered by convertible instruments, which have to be disclosed separately in the calculation, did not exist during the reporting period or the comparative period.

Determination of the earnings per share

KEUR	1 Jan to 30 Jun 2016	1 Jan to 30 Jun 2015
Earnings attributable to shareholders in KEUR	-40,672	-1,160
Weighted average of ordinary shares outstanding	127,556,251	52,210,185
Basic earnings per share in EUR	-0.32	-0.02
Diluted earnings per share in EUR	-0.32	-0.02

E.6 Segment reporting

The Group divides its operating activities into two product segments: TV business and Internet and telephony business.

Relationships within individual segments have been eliminated.

For the detailed description of the segments please refer to the Group Financial Statement as of 31 December 2015.

Business activities and items not directly related to the Group's reportable segments are reported under 'Other items' for six months of 2016 comparable with the same interim reporting periods of 2015.

Expenses and income not allocated to operating segments are largely attributable to the central functions of management, the legal department, personnel department, finance, purchasing and IT. Revenues in the amount of KEUR 22,720 (for the first six months of 2015: KEUR 2,960) not allocated to operating segments mainly relate to revenues for business customers and construction benefit.In determining the normalised EBITDA for individual segments, personnel expenses in the amount of KEUR 14,370 (for the first six months of 2015: KEUR 8,925), other income in the amount of KEUR 2,119 (for the first six months of 2015: KEUR 3,248), other expenses in the amount of KEUR 11,832 (for the first six months of 2015: KEUR 7,279), other direct costs in the amount of KEUR 9,465 (for the first six months of 2015: KEUR 69) and own work capitalised in the amount of KEUR 1,029 (for the first six months of 2015: KEUR 1,715) attributable to central functions were not taken into account.

Expenses and income are allocated to segments either directly or based on appropriate formulae.

In addition, non-recurring items (for a definition of these we refer to the explanatory notes under 'Segment reporting') were partially reported in the reconciliation as they also cannot be allocated to both segments.

The accounting policies regarding segment reporting, except for the elimination of non-recurring items, are in line with the accounting policies applied to these condensed consolidated interim financial statements in accordance with IFRS as adopted by the EU. This applies insofar as the accounting policies and definition of segments remain unchanged.

Therefore, reconciliation due to differences between internal measurement and measurement according to IFRS is not necessary, and only with respect to items that are not allocated to reportable segments.

Explanatory note on the standards used for the segments

For the Tele Columbus Group Management Board, 'Normalised EBITDA[1]' is the key financial performance indicator reported separately for each operating segment in the context of monthly reporting. 'Normalised EBITDA' is the earnings before the financial result (earnings from investments in companies accounted at equity, interest income, interest expense and other financial results), income taxes as well as amortisation and impairment losses on intangible assets and goodwill.

Furthermore, it does not include any so-called 'non-recurring items'. These are defined by the Management Board as non-recurring, rare or extraordinary expenditures or income if the event is not likely to re-occur over the next two financial years or did not even occur over the past two financial years. As these expenses or this income do not originate primarily from operating activities or relate to restructuring, they can therefore not be used to assess the operating profit/loss.

Non-recurring expenses relate mainly to advisory fees, severance payments, other one-time personnel costs and additions for the restructuring provision as well as other expenses in connection to the integration project during the first six month of 2016.

Non-recurring expenses for the first six months of 2015 relate mainly to advisory fees incurred in connection with the IPO and various M&A projects, severance payments and other one-time personnel costs, as well as expenses relating to the provisions regarding onerous contracts in connection with a long-term signal delivery contract.

Non-recurring income during the first six months of 2015 is composed mainly of income from refundable IPO costs, income from the retirement of assets, income from the reversal of provisions regarding onerous contracts and withdrawal of RFC loan impairment.

1 Jan to 30 Jun 2016

in KEUR	TV	Internet & Telephony	Other	Group total
Revenue	145,473	67,752	22,720	235,945
Normalised EBITDA	82,776	42,469	-9,800	115,445
Non-recurring expenses/income	-38	-1,722	-21,293	-23,053
EBITDA	**82,738**	**40,747**	**-31,093**	**92,392**

[1] This ratio is a performance indicator as defined by Tele Columbus AG's management.

1 Jan to 30 Jun 2015

in KEUR	TV	Internet & Telephony	Other	Group total
Revenue	75,268	29,696	2,960	107,923
Normalised EBITDA	41,355	19,080	-8,350	52,085
Non-recurring expenses/income	-323	-447	-5,694	-6,464
EBITDA	**41,032**	**18,633**	**-14,044**	**45,621**

Other segment disclosures

Secondary segmenting based on geographical criteria is not performed, as all revenue is generated exclusively in Germany.

Revenue is generated by a plurality of customers so that no significant portion is attributable to one or a few external customers.

E.7 Events after the Balance Sheet Date

No material events occurred after the balance sheet date.

Declaration by the Group's legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Berlin, 15 August 2016

Management Board

Chief Executive Officer	Chief Financial Officer
– Ronny Verhelst –	– Frank Posnanski –