telecolumbus

HALF-YEAR FINANCIAL REPORT AS OF 30 JUNE 2017

Condensed Consolidated Interim Financial Statements for the first half-year as at 30 June 2017

in accordance with the International Financial Reporting Standards to be applied in the European Union

according to Sec. 37w WpHG [Securities Trading Act]

for

Tele Columbus AG

TELE COLUMBUS AG, BERLIN

CONDENSED HALF-YEAR FINANCIAL REPORT ACCORDING TO SEC. 37W WPHG FOR THE HALF-YEAR AS AT 30 JUNE 2017

INTERIM GROUP MANAGEMENT REPORT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

TELE COLUMBUS AG, BERLIN
INTERIM GROUP MANAGEMENT REPORT
AS AT 30 JUNE 2017

Introduction

As at 30 June 2017, Tele Columbus AG (hereinafter also referred to as 'TC AG' or the 'Company'), with registered office in Kaiserin-Augusta-Allee 108, 10553 Berlin, Germany (Commercial Register Berlin-Charlottenburg number HRB 161349 B), as the ultimate holding company, together with its consolidated subsidiaries forms the Tele Columbus Group (also referred to as 'Tele Columbus', the 'Tele Columbus Group' or the 'Group'). As the holding company, Tele Columbus AG is responsible for central functions relating to 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 55 direct and indirect subsidiaries as at 30 June 2017, which are fully consolidated in its consolidated financial statements, in addition to three other affiliates and two joint ventures. The number of fully consolidated subsidiaries has increased by two companies compared to the consolidated financial statements as at 31 December 2016.

On 8 November 2016 (with legal effect on 1 January 2017), Tele Columbus AG has concluded a share purchase and transfer agreement for 100 % of the shares in kabel.digital.service gmbh with registered office in Frankfurt (Oder). kabel.digital.service gmbh, on its part, holds a business share of 100 % in Lehmensiek Kabelnetze & Antennentechnik GmbH with registered office in Lübeck. We refer to the comments in Section B. 'Change in the basis of consolidation' in the Condensed Notes to the Consolidated Interim Financial Statements.

The Tele Columbus Group foremost operates cable networks of the network levels 3 and 4. For network level 3 – also referred to as NL 3, level 3 or L3 – is a cable network that transmits signals from regional distribution networks to the transmission point outside of the customer's residential unit. Network level 4 – also referred to as NL 4, level 4 or L4 – means a cable network inside of a residential complex that distributes signals from the transmission point outside of the residential complex to the wall socket in the customer's residential unit. As an integrated network operator for both network levels, the Group is specialised in the provision of high-quality and integrated end-customer services from one source. At sites where the Group cannot rely on its own existing networks, corresponding network services are purchased. Besides the operation of cable networks, the Tele Columbus Group also operates in the B2B and construction services business. Here, the B2B business includes broadband service products and business customer network connectivity to supply carrier companies, internet and telephone service products to supply business customers, as well as network monitoring and marketing for data centres. The construction services include the construction of fibre optics city networks or the connection of residential areas to the Company's own backbone.

The customers of Tele Columbus are offered a wide range of services in the television and telecommunications segments – in particular, a basic offer of cable television channels (CATV), premium TV packages (Premium TV) and internet and phone services (fixed phone and mobile speech and data service) and, since January 2017, also an entertainment platform, advance TV.

On 30 June 2017, unchanged compared to 31 December 2016, the Group maintained sites in Berlin, Hanover, Chemnitz, Dresden, Magdeburg, Ratingen, Jena, Leipzig, Munich and Frankfurt/Main.

The business model has not changed compared to 31 December 2016.

1.1.2 Business segments

Products and services of Tele Columbus Group are divided into two operative segments of 'TV' and 'Internet and Telephone Services'.

The 'TV' business generated sales revenues of KEUR 139,209 in the first half-year of 2017 (for the first six months of 2016: KEUR 145,473), which accounted for approx. 56.7 % of total sales in the first half-year of 2017 (for the first six months of 2016: 61.7 %).

The 'Internet and Telephone Services' segment generated sales revenues of KEUR 77,133 in the first half-year of 2017 (for the first six months of 2016: KEUR 67,752), which accounted for 31.4 % of total sales in the first half-year of 2017 (for the first six months of 2016: 28.7 %).

Sales revenues not directly attributable to the two segments amounted to KEUR 29,040 (for the first six months of 2016: KEUR 22,720).

1.2 Objectives and strategies

The objectives and strategies of the Tele Columbus Group have not changed compared to the annual financial statements as at 31 December 2016. We refer to the comments in the Group Management Report in this regard.

The Tele Columbus Group aims to reach 1.8 RGUs per end customer in the medium term. At the end of the financial year 2016, the key indicator still amounted to 1.61 RGUs per end customer. In the course of the first half-year of 2017, the Group accomplished to increase the RGUs per end customer to 1.63 as at 30 June 2017 (30 June 2016: 1.57).

It is intended to grow average revenues per customer (ARPU) from all services to EUR 18 per month in the medium term. In the course of the first half-year of 2017, the Group could increase the quarterly ARPU to EUR 17.82 as at 30 June 2017. At the end of the financial year 2016, the annual ARPU was at EUR 16.40 (the quarterly ARPU amounted to EUR 16.84) and on 30 June 2016, the quarterly ARPU amounted to EUR 16.54.

The percentage of residential units that are connected to the Company's own signal supply and the units with capacity for bidirectional cable connections is to be raised to more than 70 % of the overall portfolio. At the end of the financial year 2016, the Group could realise 63 % in this regard. The rate was 62 % as at 30 June 2016 while it is already 64 % as at 30 June 2017.

2. Economic report

2.1 Overall economic and industry-specific framework conditions

Spring projection 2017

In its 2017 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 a 1.5 % real growth of the gross domestic product in 2017 and a 1.6 % growth in 2018.

Moreover, it expects a rise in consumer spending by private households of 1.4 % in 2017 and 1.4 % in 2018, with an increase in domestic demand by 1.9 % in 2017 and by 1.8 % in 2018.

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

Industry-specific framework conditions

For information on the industry conditions for the Tele Columbus Group, please see the comments in the Group Management Report 2016. Compared to the assessment made therein, there were no significant changes in the first half of 2017.

2.2 Business development

In the first half-year 2017, the Tele Columbus Group continued implementing its growth strategy. The basis of this success is especially the high-capacity network infrastructure. Accordingly, the number of connected residential units that were upgraded for accommodating a bidirectional cable connection and which are connected to the Company's own network level 3, could be increased by approx. 27,000 to around 2,309,000 residential units compared to 31 December 2016. On 30 June 2016, this value was still at 2,218,000.

The number of residential units connected to the cable networks of the Group as at 30 June 2017 was virtually constant at around 3.6 million compared to 31 December 2016 and 30 June 2016.

The strongest organic growth driver was the successful marketing 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. In addition, new product launches contributed to increase the sales of additional services to cable connection customers. New contract offers combined with the launch of the advance TV entertainment platform as well as higher bandwidths and triple play packages for new customers resulted foremost in an increase in the number of internet customer subscriptions and, thereby, contributed to the strong growth of the Group.

The customer base of Tele Columbus decreased slightly compared to 31 December 2016 from 2.42 million to 2.39 million subscribers. Compared to 30 June 2016, it fell slightly by 0.03 million.

The total of the revenue generating units (RGUs) remained nearly completely stable at 3.9 million for all services in the reporting period (31 December 2016: 3.9 million).

The RGUs for internet services increased in the first half-year 2017 by nearly 6 % compared to 31 December 2016 to reach approx. 548,900. Telephone services recorded a rise by nearly 7 % to approx. 528,100 RGUs.

While the RGUs for Cable TV fell modestly to approx. 2.39 million in the reporting period (31 December 2016: 2.43 million), the Premium TV Services remained stable. They accounted for 430,200 units as at 30 June 2017 and were, therefore, on the same level as in the previous financial year. The decline in the Cable TV segment is largely due to the expiration of license agreements and specifically relates to contracts for which the connected households were not connected to the Company's own NL3. The average number of products (RGUs) per customer developed positively within the first six month of 2017. The value rose to 1.63 on 30 June 2017 after it had still been at 1.61 at the end of the financial year 2016. Thus, the development of the RGUs per end customer was in line with the strategic goals of Tele Columbus AG.

The average revenue per user (ARPU) per month from all services amounted to EUR 17.82 in the first half of 2017 (quarterly ARPU) and at EUR 16.54, it was therefore 7.7 % higher than in the first half of the previous year (31 December 2016: EUR 16.40; the quarterly ARPU as at 31 December 2016 amounted to EUR 16.84). The monthly ARPU for bundled Internet and telephony services amounted to EUR 24.11 (31 December 2016: EUR 22.93; 30 June 2016: EUR 23.26), and for mixed TV services to EUR 9.31 (31 December 2016: EUR 9.20; 30 June 2016: EUR 9.26) in the reporting period.

2.3 Position

2.3.1 Earnings position

KEUR	1 Jan. to 30 June 2017	1 Jan. to 30 June 2016
Sales revenues	245,382	235,945
Capitalised services	6,502	7,940
Other income	8,473	6,905
Total performance	***260,357***	***250,790***
Cost of materials	-78,760	-72,957
Employee benefits	-40,894	-42,638
Other expenses	-33,887	-42,803
EBITDA	***106,816***	***92,392***
Non-recurring expenses (+) / income (-)	16,705	23,053
Normalised EBITDA	***123,521***	***115,445***
EBITDA	***106,816***	***92,392***
Financial result	-32,267	-50,914
Depreciations and amortisations	-81,818	-79,733
Taxes on profit and income	-1,038	-1,006
Loss/Profit	***-8,307***	***-39,261***

Sales revenues in the first half-year 2017 (KEUR 245,382) rose by 4.0 % compared to sales revenues in the previous year (for the first six month of 2016: KEUR 235,945). The effect mainly results from increased sales revenues from construction work.

Compared to the same period in the previous year, capitalised internal services were reduced in the first half-year 2017 from KEUR 7,940 to KEUR 6,502.

In other income, an increase of KEUR 6,905 to KEUR 8,473 could be noted, which was in particular due to increased income from the disposal of fixed assets as well as from the reversal of impairments of receivables.

The total performance, defined as the sum of sales revenues, other income and capitalised internal services, rose in the reporting period by 3.8 % to KEUR 260,357.

Cost of materials in the first half-year 2017 rose compared to the previous year by KEUR 5,803 to KEUR 78,760. The increase largely results from cost of materials for construction works.

The development of benefits to employees is a consequence of the restructuring measures.

Other expenses in the first half-year 2017 amounted to KEUR 33,887 and decreased by KEUR 8,916 compared to the same period in the previous year. A substantial effect results from expenses of the previous year for the addition to the restructuring provision (KEUR 4,617). Furthermore, legal and consulting costs, which had been incurred in the 2016 reporting period in connection with the finalisation of the opening balance sheets of the primacom and pepcom Group, fell compared to the same period in the previous year by KEUR 5,138 to KEUR 7,263.

Due to the factors described above, the EBITDA in the first half-year 2017 amounted to KEUR 106,816 and rose in comparison to the previous year by KEUR 14,424.

The ‘normalised EBITDA" compared to the previous year increased from KEUR 115,445 to KEUR 123,521. The operative margin (defined as the quotient of the normalised EBITDA relative to sales revenues) thus rose to 50.3 % (for the first six months of 2016: 48.9 %). Non-recurring expenses amount to KEUR 16,705 in the first half-year 2017 (for the first six months of 2016: KEUR 23,053).The reduction of non-recurring expenses related to costs mainly caused by integration measures for the pepcom Group and primacom Group in 2016.

The negative financial result fell to KEUR 32,267 (for the first six months of 2016: KEUR 50,914). The main cause for this are interest expenses toward third parties, which could be lowered by KEUR 12,904 compared to the same period in the previous year, due to renegotiations of credit terms.

Depreciations rose to KEUR 81,818 (for the first six months of 2016: KEUR 79,733). The increase can be explained primarily based on the unscheduled value reductions on the old brand of Tele Columbus AG.

Tax expenses in the amount of KEUR 4,319 (for the first six months of 2016: KEUR 6,721) were shown alongside deferred tax credits from valuation differences in the amount of KEUR 3,281 (for the first six months of 2016: KEUR 5,715) in the first half-year 2017, so that a tax expense of KEUR 1,038 (for the first six months of 2016: KEUR 1,006) was reported.

The first half-year 2017 closes on a loss in the amount of KEUR 8,307 (for the first six months of 2016: loss of KEUR 39,261).

2.3.2 Earnings position by segment information

The operative business is divided into two segments. The following table provides an overview of sales revenues in the first half of 2017 and the first half of 2016:

Sales revenues by segment in KEUR	**1 Jan. to 30 June 2017**	**1 Jan. to 30 June 2016**
TV segment revenue	139,209	145,473
Internet and Telephony revenue	77,133	67,752
Total revenue (not including 'Other" segment)	**216,342**	**213,225**

Revenue generated in the segment 'TV' decreased by 4.3 % to KEUR 139,209 compared to the previous year. This decline of KEUR 6,264 compared to the previous year mainly results from the decrease of cable TV-RGUs and the contract conversion from individual to collection contracts.

Revenue generated in the segment 'Internet and Telephony' climbed significantly from KEUR 67,752 to KEUR 77,133. The increase in sales amounting to KEUR 9,381 is due to increasing 'Internet and Telephony' RGUs with a simultaneous rise of the ARPU.

Result in KEUR	**1 Jan. to 30 June 2017**	**1 Jan. to 30 June 2016**
Normalised EBITDA		
TV segment	79,279	82,776
Internet and Telephony segment	56,562	42,469
Non-recurring expenses (-) / income (+)		
TV segment	-1,268	-38
Internet and Telephony segment	-149	-1,722
EBITDA		
TV segment	78,011	82,738
Internet and Telephony segment	56,413	40,747

2.3.3 Financial position and liquidity

Cash flow
Comparison of the half-year as at 30 June 2017 to the half-year as at 30 June 2016

The positive operating cash flow of KEUR 65,133 (for the first six months of 2016: KEUR 71,298) was overcompensated by the negative cash flow from investing activities of KEUR -57,039 (for the first six months of 2016: KEUR -43,923) and the negative cash flow of from financing activities of KEUR -12,378 (for the first six months of 2016: KEUR -67,581), with the result that cash and cash equivalents as at 30 June 2017 decreased by KEUR 9,543 compared to 31 December 2016. The decline in cash and cash equivalents essentially results from the acquisition of shares in kabel.digital.service gmbh and blocked cash and cash equivalents.

While interest for liabilities toward banks in first half of the previous year were incurred in the amount of KEUR 28,670, payments for interest in the first half of 2017 amounted to KEUR 42,198. The payments for interest on the main financing occurred in January and April of the reporting period.

The Tele Columbus Group has concluded various leasing agreements for infrastructure equipment and the supply to customers. These were classified as finance leasing in accordance with IAS 17. In the first half of the financial year 2017, payments in the amount of KEUR 5,345 resulted from financing leasing (for the first six months of 2016: KEUR 3,235).

The Tele Columbus Group primarily invested in its own network, the connection of newly acquired premises and the upgrading for existing customers during the first half-year 2017. Approx. 25 % of the total investments were used for expenses relating to end customer acquisition. An initially small part was invested in M&A activities, i.e. the purchase of existing networks and customer contracts.

The investment liabilities entered in the first half-year 2017, which will entail cash outflows in the following reporting periods, amounting to around KEUR 51,416 (2016: KEUR 35,923), are financed from the existing cash balances and the operative business.

In the first half-year 2017, the Tele Columbus Group has been able to fulfil its payment obligations at all times. The financial resources required in the first half-year 2017 for investments in the network expansion, sales and distribution, and the marketing of the new telephone and internet services were financed from the operative business and cash balances. The interest payments to be made on bank liabilities of the Company were also settled from cash funds. The revolving credit facility was partly drawn down for general operational purposes as at the reporting date 30 June 2017 (KEUR 44,593).

The company management reviews the liquidity situation at least once a month and, if necessary, introduces corresponding measures on time to prevent any liquidity bottlenecks (in this regard, we refer to the explanatory notes in Section 6 ‘Risk report” of the Group Management Report for the financial year 2016).

Capital structure
Comparison of the status as at 30 June 2017 to the status as at 31 December 2016

Liabilities toward credit institutions

Interest-bearing liabilities toward banks	**Borrower**	**Total in KEUR as at 30 June 2017**	**Share**	**Total in KEUR as at 31 Dec. 2016**	**Share**
New Facility A	TC AG	1,224,664	95.6%	1,230,671	97.7%
IPO Facility A	TC AG	-	-	4,222	0.3%
Senior Tranche C	TC AG	-	-	5,076	0.4%
Senior Incremental	TC AG	-	-	3,737	0.3%
Rev. Facility / IPO Facility B&C	TC AG	42,624	3.3%	305	0.0%
Second Incremental	TC AG	-	-	1,469	0.1%
DB Lux / Other	pepcom	1,255	0.1%	1,432	0.1%
Interest caps	TC AG	4,253	0.3%	4,140	0.3%
Other		8,318	0.7%	9,606	0.8%
Total		**1,281,114**	**100%**	**1,260,658**	**100%**

The senior revolving credit facility in the amount of KEUR 50,000 was partly drawn down during the reporting period in accordance with the Senior Facilities Agreement.

Tele Columbus AG successfully negotiated further adjustments to the existing Group financing with the consortium of banks in March 2017. Effective as of 18 April 2017, the term of the long-term Tranche A for a total of KEUR 1,255,000 was extended by 1.5 years until October 2024 with a simultaneous reduction of the credit margin by 75 basis points on the EURIBOR plus 325 basis points. This results in interest savings of approx. KEUR 9,500 per year. The existing investment credit facility and the revolving credit facility for a total of KEUR 125,000 remained unchanged.

Regarding the terms of the loan agreements, transaction costs and liabilities relating to embedded derivatives, we refer to the comments in Section D.15 ‘Liabilities to banks” of the Consolidated Interim Financial Statements.

To secure the entire Group financing, shares in subsidiaries were pledged.

The liabilities for loans described above are further increased by liabilities for two interest caps acquired in February 2016. The transaction amounted to KEUR 8,854, half of which in the amount of KEUR 4,427 was already paid on the acquisition date. For the remaining KEUR 4,427 of the option premium, a liability with final maturity date on 31 March 2018 exists, which amounts to KEUR 4,253 (cash value), as a liability toward credit institutions, on the balance sheet date.

2.3.4 Asset position

Status as at 30 June 2017 compared to 31 December 2016

Property, plant and equipment declined by KEUR 9,974 to KEUR 594,716 compared to 31 December 2016. The decline essentially results from reduced technical equipment, for which depreciation exceeded investment in the reporting period.

Intangible assets and goodwill were reduced by KEUR 14,383 compared to 31 December 2016 to KEUR 1,387,751. The change primarily results from scheduled amortisation of the customer base (KEUR 23,503) and unscheduled amortisation of the old brand of Tele Columbus AG (KEUR 4,754). A counteracting effect is generated from investments in intangible assets as well as the capitalisation of goodwill (KEUR 5,720), which resulted from the acquisition of shares in kabel.digital.service gmbh.

Derivative financial instruments in the amount of KEUR 2,890 (2016: KEUR 3,630) include two interest caps acquired in February 2016 that indicate a positive fair value.

Regarding the development of cash and cash equivalents, we refer to the comments in Section 2.3.3 ‘Financial position and liquidity’.

The consolidated equity of the Tele Columbus Group as at 30 June 2017 amounts to KEUR 524,628 (2016: KEUR 535,182). The change is essentially due to the impact of earnings. In addition, dividends in the amount of KEUR 1,862 were paid out to minority shareholders.

The Group’s debt in interest-bearing loans amount to KEUR 1,281,114 as at 30 June 2017 (2016: KEUR 1,260,657). This equals a percentage of 60 % (2016: 58.7 %) in the balance sheet total. For detailed explanations, we refer to the description of the capital structure (Section 2.3.3 ‘Financial position and liquidity’) and the Condensed Consolidated Interim Financial Statements (Section D.15 ‘Liabilities to banks’).

The decrease of other provisions is mainly due to the use of the provision for restructuring measures. For detailed explanations, we refer to the Annex Section D.14 ‘Other provisions’ of the Condensed Consolidated Interim Financial Statements.

The other long-term financial liabilities essentially contain long-term leasing liabilities and liabilities of the pepcom Group toward minority shareholders.

As at 30 June 2017, deferred tax liabilities in the amount of KEUR 62,463 are reported (2016: KEUR 66,120). The decrease results from the scheduled amortization of the capitalized customer base of primacom Group and pepcom Group.

Long-term derivative financial instruments result from embedded derivatives that noted a negative fair value as at the reporting date.

Other short-term liabilities in the amount of KEUR 15,193 (2016: KEUR 23,811) primarily include accruals for employee costs, audit costs and VAT liabilities.

Short-term deferred and accrued items reported an increase of KEUR 4,664 to KEUR 9,431, which was largely due to deferred sales revenues generated by customers from prepaid fees and investment grants received.

3. Report of events after the reporting date

Please refer to the notes to the Condensed Consolidated Interim Financial Statements concerning the events of particular importance that have occurred since the end of the reporting period.

4. Forecast report

For the forecast for the Tele Columbus Group, please see the comments in Section 5 'Report on expected developments' of the Group Management Report 2016. The forecasts reported therein with regard to significant financial and non-financial performance indicators for the financial year 2017 are believed to be still accurate from the perspective of the Consolidated Interim Financial Statements as at 30 June 2017.

5. Risk report

For the risk report of the Tele Columbus Group, please see the comments in Section 6 'Risk disclosure report' of the Group Management Report 2016.

Regarding the risks, as described in the Group Management Report 2016, no significant changes occurred in the reporting period.

6. Opportunities report

The Tele Columbus companies are presented with a series of opportunities for the future arising especially from the competitive strengths of the Group. In this regard, we refer to the comments in Section 7 'Opportunity Report" of the Group Management Report 2016. There were no significant changes regarding reported opportunities during the reporting period.

TELE COLUMBUS AG, BERLIN
CONSOLIDATED INTERIM FINANCANCIAL STATEMENTS
AS AT 30 JUNE 2017

I Profit and Loss Statement

KEUR	Note	1 Jan. to 30 Jun 2017	1 Jan. to 30 Jun 2016
Revenue	D.1	245,382	235,945
Own work capitalised	D.2	6,502	7,940
Other income	D.3	8,473	6,905
Total operating income		*260,357*	*250,790*
Cost of materials	D.4	-78,760	-72,957
Employee benefits	D.5	-40,894	-42,638
Other expenses	D.6	-33,887	-42,803
EBITDA		***106,816***	***92,392***
Depreciations and amortization expenses	D.7	-81,818	-79,733
EBIT		***24,998***	***12,659***
Profit/loss from investments and associates		-	5
Interest and similar income	D.8	416	508
Interest and similar expenses	D.8	-29,183	-44,091
Other finance income and expenses	D.9	-3,500	-7,336
Profit before tax		*-7,269*	*-38,255*
Income tax expense	D.10	-1,038	-1,006
Net loss		***-8,307***	***-39,261***
Loss attributable to owners of Tele Columbus Group		-9,284	-40,672
Profit attributable to non-controlling shares		977	1,411
Basic earnings per share in EUR	E.5	-0.07	-0.32
Diluted earnings per share in EUR	E.5	-0.07	-0.32

The following Notes are an integral part of the Condensed Consolidated Interim Financial Statements.

II Consolidated Statement of Comprehensive Income

KEUR	Note	1 Jan. to 30 Jun 2017	1 Jan. to 30 Jun 2016
Net loss		**-8,307**	**-39,261**
Other comprehensive income			
Expenses and income that will not be reclassified to the profit or loss			
Remeasurement of the defined benefit obligation (after tax)		-385	-2,434
Total comprehensive income		**-8,692**	**-41,695**
Attributable to:			
Owners of Tele Columbus Group		-9,669	-43,106
Non-controlling shares		977	1,411

The following notes are an integral part of the Condensed Consolidated Interim Financial Statements.

III Consolidated Balance Sheet

Assets

KEUR	Note	30 June 2017	31 December 2016
Non-current assets			
Property, plant and equipment	D.11	594,716	604,690
Intangible assets and goodwill	D.11	1,387,751	1,402,134
Investments in other entities	B.1	20	20
Investments in associates and joint ventures	B.1	356	361
Trade receivables	D.12	6	193
Other financial receivables	D.12	5,645	2,046
Deferred expenses	D.12	3,562	3,727
Deferred tax assets		2,066	2,685
Derivative financial instruments	D.12	2,890	3,630
		1,997,012	**2,019,485**
Current assets			
Inventories	D.12	10,477	4,224
Trade receivables	D.12	49,383	48,251
Receivables from related parties		10	88
Other financial receivables	D.12	3,989	4,230
Other assets	D.12	19,259	6,126
Current tax assets		3,087	2,963
Cash and cash equivalents	E.4	45,680	55,223
Deferred expenses	D.12	5,348	6,310
Assets held for sale	D.12	273	229
		137,506	**127,643**
Total assets		**2,134,518**	**2,147,128**

Liabilities

KEUR	Note	30 June 2017	31 December 2016
Equity			
Share capital	D.13	127,556	127,556
Capital reserve		620,838	620,838
Other components of equity		-230,439	-220,770
Equity attributable to owners of the Tele Columbus Group		**517,955**	**527,624**
Non-controlling interest		6,673	7,558
		524,628	**535,182**
Non-current liabilities			
Post-employment and other long-term employee benefits		10,058	9,813
Other provisions	D.14	1,528	4,061
Liabilities to banks	D.15	1,224,716	1,234,702
Trade payables	D.16	822	1,210
Other financial liabilities	D.16	88,614	88,387
Deferred income	D.16	5,072	5,232
Deferred tax liabilities		62,463	66,120
Derivative financial instruments	E.3.1	9,899	6,126
		1,403,172	**1,415,652**
Current-liabilities			
Other provisions	D.14	19,857	30,114
Liabilities to banks	D.15	56,398	25,955
Trade payables	D.16	81,897	87,333
Payables to related parties		137	604
Other liabilities	D.16	15,193	23,811
Other financial liabilities	D.16	12,953	12,094
Income tax liabilities		10,852	11,719
Deferred income	D.16	9,431	4,664
		206,718	**196,294**
Total equity and liabilities		**2,134,518**	**2,147,128**

The following notes are an integral part of the Condensed Consolidated Interim Financial Statements.

IV Consolidated Cash Flow Statement

KEUR	Note	1 Jan. to 30 Jun 2017	1 Jan. to 30 Jun 2016 adjusted[1)]
Cashflows from operating activities			
Net loss		-8,307	-39,261
Net financial results		32,267	50,919
Income taxes		1,038	1,006
Profit (+) /loss (-) from investments in associates and joint ventures		-	-5
Earnings before interest and taxes (EBIT)		**24,998**	**12,659**
Amortisation and depreciation		81,818	79,733
Equity settled share-based payments	D.13	-	400
Loss (+)/gain (-) on sale of property, plant and equipment		-493	-228
Increase (-) / Decrease (+) in:			
Inventories		-6,231	-1,101
Trade receivables and other assets not classified as investing or financing activities		-4,490	-14,370
Deferred expenses		1,127	-1,148
Increase (+) / Decrease (-) in:			
Trade payables and other liabilities not classified as investing or financing activities		-19,348	-11,919
Provisions		-12,931	1,645
Deferred income		4,607	8,822
Income tax paid		-3,924	-3,195
Cashflows from operating activities		**65,133**	**71,298**
Cashflows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets		1,216	1,048
Acquisition of property, plant and equipment	D.11	-40,162	-33,858
Acquisition of intangible assets	D.11	-11,955	-11,080
Acquisition of financial assets		-	-55
Interest received		13	22
Acquisition of businesses, net of cash acquired	B	-6,151	-
Net cash used in investing activities		**-57,039**	**-43,923**

KEUR	Note	1 Jan. to 30 Jun 2017	1 Jan. to 30 Jun 2016 adjusted[1]
Cashflows from financing activities			
Payment of financial lease liabilities		-5,345	-3,235
Dividends paid		-1,862	-1,225
Proceeds from loans, bonds or short-term or long-term borrowings from banks	D.15	44,500	125,000
Repayment of borrowings and short-term or long-term borrowings	D.15	-7,473	-159,451
Interest paid		-42,198	-28,670
Net cash from (used in) financing activities		**-12,378**	**-67,581**
Cash and cash equivalents as at the end of the reporting period			
Net increase/decrease in cash and cash equivalents		-4,284	-40,206
Cash and cash equivalents at the beginning of the reporting period		55,223	85,178
Cash and cash equivalents at the end of the reporting period		**50,939**	**44,972**
Less (-)/plus (+) release of restricted cash and cash equivalents in the financial year		-5,259	2,454
Cash and cash equivalents at the end of the period		**45,680**	**47,426**

1) In the interest of clarity and in deviation from the consolidated interim financial statements of the previous year, the Tele Columbus Group discloses the release of blocked funds separately (period of comparison under the item ‘Trade receivables and other assets”) so that comparability with the previous year is ensured.

2) This item includes incurred transaction costs in the amount of KEUR 5,740 (period of comparison 2016: KEUR 6,007).

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 2017

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 shares	Total equity
Balance at 1 January 2017		**127,556**	**620,838**	**-113,647**	**-105,075**	**-2,049**	**527,624**	**7,558**	**535,182**
Profit (+) / Loss (-)					-9,284		-9,284	977	-8,307
Other comprehensive income						-385	-385		-385
Total comprehensive income		**-**	**-**	**-**	**-9,284**	**-385**	**-9,669**	**977**	**-8,692**
Dividends							-	-1,862	-1,862
Equity settled share-based payments	D.13						-		-
Balance at 30 June 2017		**127,556**	**620,838**	**-113,647**	**-114,359**	**-2,434**	**517,955**	**6,673**	**524,628**

The following Notes are an integral part of the Condensed Consolidated Interim Financial Statements.

For the first half-year 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 shares	Total equity
Balance at 1 January 2016 (adjuste)		**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 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 part of the Condensed Consolidated Interim Financial Statements.

VI Condensed Notes to the Consolidated Interim Financial Statements

A General information

Introduction

Tele Columbus AG, with registered office in Kaiserin-Augusta-Allee 108, 10553 Berlin (previously: Goslarer Ufer 39, 10589 Berlin), has been listed at the Frankfurt Stock Exchanged in the Xetra Frankfurt market segment (Prime Standard) since 23 January 2015.

Description of business activities

Tele Columbus AG is the parent company of the Tele Columbus Group. The companies of the Tele Columbus Group are cable network operators primarily operating in the eastern federal states. About 38 % (previous year: 37 %) of Group affiliates are located in the remaining territory of the Federal Republic of Germany. The core business consists of the operation and management of broadband cable systems, in some cases using own satellite reception equipment for the supply of television and radio signals, internet and telephony to residential housing complexes of various housing companies or their tenants. The operation of the systems includes service, maintenance, management of subscribing customers and payment collection. A detailed description of the business activities can be found in Section 1.1 ‘Group business model’ of the Management Report to the Financial Statements 2016. Besides the operation of cable networks, the Tele Columbus Group also operates in the B2B and construction services business. Here, the B2B business includes broadband services and business customer network connectivity products for the supply to carrier companies, internet and telephone services products for the supply to business customers, and network monitoring and marketing of data centres. The construction services are, among others, the construction of fibre optics city networks or the connection of residential areas to the Company’s own backbone.

Bases of the Consolidated Interim Financial Statements

The Condensed Consolidated Interim Financial Statements of Tele Columbus AG as at 30 June 2017 present the asset, financial, and earnings position of Tele Columbus AG and of its consolidated companies. Profits and losses for the period from 1 January 2017 to 30 June 2017 and respectively of the comparison period from 1 January 2016 to 30 June 2016 are presented. For the asset and financial position as at the balance sheet date on 30 June 2017, the date of comparison is 31 December 2016.

The Condensed Consolidated Interim Financial Statements of Tele Columbus Group as at 30 June 2017 were 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 2016. Thus, these Consolidated Interim Financial Statements must be considered in the context of the consolidated financial statements as at 31 December 2016. The International Financial Reporting Standards (IFRS) were applied where applicable in the European Union (EU).

The Condensed Consolidated Interim Financial Statements consist of a consolidated profit and loss statement, consolidated statement of other comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and the condensed notes.

The Group's functional currency is the Euro. Unless stated otherwise, all figures are specified in thousands of Euros (KEUR). Due to the presentation in KEUR, rounding differences might result in the disclosures of the report.

In respect of financial data set out in the Consolidated Interim Financial Statements, a dash ('—") expresses that the relevant item is not applicable, whereas a zero ('0") expresses that the relevant number was rounded to or equals zero.

The Consolidated Financial Statements are based on the going concern assumption.

The Condensed Consolidated Interim Financial Statements for the first half-year as at 30 June 2017 have not been audited or reviewed by an auditor, as this is not a legal requirement.

The Consolidated Interim Financial Statements were prepared by the Management Board of Tele Columbus AG in Berlin on 23 August 2017.

B Changes in the basis of consolidation

Other than the changes described below, there were no significant changes in the basis of consolidation of the Consolidated Interim Financial Statements compared to the reporting as at 31 December 2016.

Acquisition of shares in kabel.digital.service gmbh

On 8 November 2016 (with legal effect on 1 January 2017), Tele Columbus AG has concluded a share purchase and transfer agreement for 100 % of the shares in kabel.digital.service gmbh with registered office in Frankfurt (Oder). kabel.digital.service gmbh, on its part, holds a business share of 100 % in Lehmensiek Kabelnetze & Antennentechnik GmbH with registered office in Lübeck. The purpose of the company is the planning, assembly, maintenance, sales and debugging of antenna and broadband distribution systems, as well as the brokerage and conclusion of contracts for the aforementioned tasks.

The preliminary acquisition price was KEUR 7,532 respectively and was settled in cash. At the time of the initial consolidation, net assets of the newly acquired companies amounted to KEUR 1,812 (non-current assets of KEUR 1,866, current assets of KEUR 1,576 including cash in hand in the amount of KEUR 1,381, long-term liabilities of KEUR 480 and short-term liabilities of KEUR 1,150). Accordingly, this results in a goodwill of KEUR 5,720. The preliminary goodwill or company value essentially reflects synergy effects and the value of the acquired business models. No relevant customer bases and other intangible assets not previously reported on the balance sheet were recognised. The opening balance is not finalised yet.

The Consolidated Interim Financial Statements of Tele Columbus AG included sales revenues of KEUR 484, an EBITDA of KEUR 292 and a profit of KEUR 43 from the acquired companies.

Liquidation of BMB Geschäftsführung GmbH

By shareholders' resolution of 23 March 2017, BMB Geschäftsführung GmbH, Essen, will be liquidated. Until the final liquidation, 'i.L." (in liquidation) is suffixed to the company's name. It is expected that the company will be deregistered after one year following the resolution.

B.1 Shares in associated, joint ventures and other companies

No significant changes in associated, joint ventures and other companies occurred during the reporting period or the changes were not relevant for the explanation of the comparison figures.

C Accounting policies

C.1 Significant judgements and estimates

Preparing Condensed 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 2016.

C.2 Significant accounting policies

The accounting policies and methods of computation used in the Condensed Consolidated Interim Financial Statements for the six-month period ending 30 June 2017 are generally the same as those applied in the consolidated financial statements as at 31 December 2016.

For reasons of simplification in preparation of the Condensed Consolidated Interim Financial Statements, simplifying assumptions regarding materiality were applied for following issues

- Measurement of derivatives
- Discounting.

As anticipated the adopted simplifications do not exceed the threshold of KEUR 10 per balance sheet position for derivatives or KEUR 1 per balance sheet position for interest effects and, therefore, are considered immaterial.

Regarding the unscheduled amortisation of brand value, we assume that the impairment by the amount of the net book value as of 30 September 2017 (expected launch of the new brand) corresponds to the impairment to the recoverable amount in accordance with IAS 36.

Under consideration of the Group's current migration process of existing ERP-systems, simplifications for the Condensed Consolidated Interim Financial Statements were applied to a small extent. This might result in differences in balance sheet positions, e. g. concerning maturity.

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 on the whole with those followed in the preparation of the Consolidated Financial Statements for the financial year as at 31 December 2016, as adopted by the EU. There are no standards, amendments to standards, and interpretations that must be applied as mandatory for the first time starting with the financial year beginning on 1 January 2017.

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 of[1)]**	**Publication of endorsement by the European Commission**	**Effects**
IFRS 9	Financial instruments	1 Jan 2018	29 Nov 2016	The possible impacts on consolidated financial statements are currently being analysed
IFRS 15	Revenue from Contracts with Customers	1 Jan 2018	29 Oct 2016	The possible impacts on consolidated financial statements are currently being analysed
AIP 2014-2016	Annual Improvement Project, Improvements to IFRS 12	1 Jan 2017[2)]	open	The possible impacts on consolidated financial statements are currently being analysed
Amendments to IAS 7	Disclosure Initiative	1 Jan 2017[2)]	open	The possible impacts on consolidated financial statements are currently being analysed
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017[2)]	open	The possible impacts on consolidated financial statements are currently being analysed
AIP 2014-2016	Annual Improvement Project, Improvements to IFRS 1 and IAS 28	1 Jan 2018	open	The possible impacts on consolidated financial statements are currently being analysed
IAS 40	Use of Investment Property	1 Jan 2018	open	No effects on financial statements
IFRS 17	Insurance Contracts	1 Jan 2021	open	No effects on financial statements
IFRIC 23	Uncertainty over Income Tax Treatments	1 Jan 2019	open	The possible impacts on consolidated financial statements are currently being analysed
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 Jan 2018	open	The possible impacts on consolidated financial statements are currently being analysed
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

Amendments to IFRS 4	Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts	1 Jan 2018	open	No effects on financial statements
Amendments to IFRS 15	Clarification to IFRS 15	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

[1] Financial years that begin on or after the date specified.
[2] Since an EU endorsement has not yet taken place, the first mandatory application is not taken into consideration.

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

D.1 Revenue

KEUR	1 Jan to 30 Jun 2017	1 Jan to 30 Jun 2016 adjusted [1)]
Analogue	108,256	117,031
Internet/telephony	76,482	70,414
Ancillary digital premium services	13,079	14,259
Other transmission fees and miscellaneous feed-in charges	12,065	9,142
Construction works	10,356	4,489
Network rents	8,877	8,834
Leasing customer premise equipment	7,227	5,418
Data centre	1,925	1,892
Sales of hardware	1,656	2,443
Other	5,459	2,023
	245,382	**235,945**

3) For a better comparability and differing to the previous year's Consolidated Interim Financial Statements, the Tele Columbus Group presents business customer revenue divided by service type.

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. Further revenue relates to other transmission fees and feed-in charges payable to the Group in exchange for spread in their programs. Other revenue is primarily from one-time fees for business customers, income from services and revenue from antennas and maintenance. Furthermore, the Company generated a gain in construction works.

D.2 Own work capitalised

Own work capitalised in the amount of KEUR 6,502 for the first six months of 2017 (for the first six months of 2016: KEUR 7,940) mainly comprises expenses for work performed by own employees in connection with expanding the cable network.

D.3 Other income

KEUR	1 Jan to 30 Jun 2017	1 Jan to 30 Jun 2016
Income from sale	1,736	1,533
Gains on disposal of non-current assets	1,345	699
Income from dunning fees	1,123	1,219
Income from marketing subsidies	477	400
Income from derecognition of liabilities and reversal of provisions	347	852
Miscellaneous other income	3,445	2,202
	8,473	**6,905**

Other income increases by KEUR 1,568 compared to the prior year reporting period. This increase results mainly from gains on disposal of non-current assets and the release of allowance on receivables, which is recognised in miscellaneous other income.

D.4 Cost of materials

KEUR	1 Jan to 30 Jun 2017	1 Jan to 30 Jun 2016
Cost of raw materials and consumables	-2,959	-2,661
Cost of purchased services/ goods	-75,801	-70,296
	-78,760	**-72,957**

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 to the inventory of customer premise equipment.

D.5 Employee benefits

KEUR	1 Jan to 30 Jun 2017	1 Jan to 30 Jun 2016
Wages and salaries	-30,253	-35,017
Social security, pension and other benefits	-6,531	-6,284
Other personnel expenses	-4,110	-1,337
	-40,894	**-42,638**

The decrease in employee benefits is mainly attributable to restructuring measures, in specific to the gradual shutdown of the site in Hanover as of 30 June 2017 as well as to further measures implemented in Leipzig and Unterföhring.

D.6 Other expenses

Other expenses were incurred in particular for the following:

KEUR	1 Jan to 30 Jun 2017	1 Jan to 30 Jun 2016
Legal and advisory fees	-7,263	-12,401
Advertising	-5,390	-7,191
Occupancy costs	-4,310	-4,075
Impairment of receivables	-3,727	-3,534
IT costs	-2,912	-2,256
Vehicle expenses	-1,501	-1,325
Communication costs	-1,454	-1,587
Travel expenses	-1,110	-1,010
Insurance, Fees and contributions	-1,082	-1,045
Maintenance	-909	-711
Losses on disposal of non-current assets	-852	-471
Incidental bank charges	-576	-630
Office supplies and miscellaneous administrative expenses	-419	-794
Restructuring	-	-4,617
Miscellaneous other expenses	-2,382	-1,156
	-33,887	**-42,803**

The expense incurred for legal and advisory fees decreased by KEUR 5,138 compared with the same period for the previous year. This decrease results primarily from additional legal and advisory fees in connection with the finalisation of the opening balance sheets of primacom and pepcom Groups that were incurred in the reporting period 2016.

Due to the fact, that the recognition of provisions for restructuring in prior years is adequate, no significant additional expenses for restructuring were accounted for the reported period.

D.7 Depreciation and amortisation expenses

During the current reporting period, an impairment loss of KEUR 5,154 (for six months of 2016: KEUR 393) was recognised for property, plant and equipment.

As a consequence of the launch of the new brand, old trademarks were written off in the amount of the net book value as per 30 September 2017 (KEUR 4,754).

We assume that this simplification of impairment of the carrying amount to its recoverable amount is in accordance with IAS 36.

The remaining amount is mainly attributable to customer premises equipment, which were defective or returned before the regular expiration of the contract.

D.8 Net interest income and expenses

KEUR	1 Jan to 30 Jun 2017	1 Jan to 30 Jun 2016
Interest income from third parties and similar income	416	508
Interest and similar income	**416**	**508**
Interest paid to third parties	-20,694	-33,598
Expenses resulting from compounding of loans under the effective interest rate method	-2,709	-5,276
Expenses resulting from revaluation of interest caps	-5,780	-5,217
Interest and similar expenses	**-29,183**	**-44,091**
	-28,767	**-43,583**

The interest paid to third parties mainly relates to liabilities to banks (loans and borrowings).

For further information, please refer to the explanatory notes under Section D.15 ‘Liabilities to banks’. Regarding 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 decrease in expense in other finance income and expenses mainly results from the revaluation of embedded derivatives in loans of KEUR 3,773 (for the first six months of 2016: KEUR 4,379). In the first six months of 2016, there was an additional expense recognised for previously deferred transaction cost of KEUR 2,935 due to conversion of debt.

D.10 Income tax expense

The amount of KEUR -1,038 (for the first six months of 2016: TEUR -1,006) includes current tax amounting to KEUR -4,319 (for the first six months of 2016: TEUR -6,721) and compensating effects resulting from the recognition of deferred taxes.

Other deferred tax liabilities were set off against corresponding deferred tax assets if the requirements for netting are fulfilled.

D.11 Intangible and fixed assets

Additions to fixed assets during the first six months of 2017 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 first six months of 2017 were primarily due to depreciation and amortisation expenses.

Goodwill increased by KEUR 5,720 to KEUR 1,153,963 (2016: KEUR 1,148,243) compared to the previous year resulting from the acquisition of shares in kabel.digital.service gmbh.

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 goodwill. With regard to the impairment losses for intangible assets and 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 months of 2017, impairment losses on inventories totalled KEUR 107 (for the first six months of 2016: KEUR 36).

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

KEUR	30 June 2017	31 December 2016
Trade receivables - gross	57,499	59,862
Impairment losses	-8,110	-11,418
Trade receivables - net	**49,389**	**48,444**

Additionally, there are also receivables from related parties for goods and services.

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

The other financial receivables in the amount of KEUR 9,634 (2016: KEUR 6,276) primarily comprise cash deposits for the debit limit, rent deposits and claims under employer pension liability insurance policies. The increase of KEUR 3,358 in other financial receivables mainly relates to a security provided for a lease for office space as well as from the furnishing of guarantees for a network operations agreement and a contract for a fibre-optic network.

Other assets of KEUR 19,259 (2016: KEUR 6,126) mainly comprise prepayments, receivables from VAT and receivables from creditors with debit balances.

Deferred expenses in the amount of KEUR 8,910 (2016: KEUR 10,037) primarily consist of payments in connection with maintenance contracts, insurance and rents.

The reported derivative financial instruments in the amount of KEUR 2,890 (2016: KEUR 3,630) 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 273 (2016: KEUR 229) as assets held for sale.

D.13 Equity

The share capital in the amount of KEUR 127,556 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.

For the first six months of 2017, no amount from share-based payments was recognised in equity (for the first six months of 2016: KEUR 400).

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 2017 can be classified as short-term obligations amounting to KEUR 19,857 (2016: KEUR 30,114) and long-term obligations amounting to KEUR 1,528 (2016: KEUR 4,061). Other provisions are still mainly related to provisions for restructuring, trial risks and onerous contracts.

As at 30 June 2017, provisions for restructuring measures have been utilised by KEUR 8,380 for personnel related payments (severance payments) and by KEUR 395 for other expenses. Furthermore, provisions for severance commitments have been used by KEUR 1,311. These are closely related to the restructuring provisions - but are mainly based on individual agreements.

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 2017	31 December 2016
Liabilities to banks - nominal values	1,262,189	1,263,398
Transaction costs (mainly: refinancing)	-40,782	-43,815
Accrued interest	1,140	8,537
Liabilities relating to outstanding premiums interest cap	-	4.140
Liabilities relating to embedded derivatives	2,169	2,442
Non-current Liabilities to banks	**1,224,716**	**1,234,702**
Liabilities to banks - nominal values	46,976	2,640
Accrued interest (mainly: Revolving Facilities)	7,669	23,315
Transaction costs	-2,500	-
Liabilities relating to outstanding premiums interest cap	4,253	-
Current Liabilities to banks	**56,398**	**25,955**
	1,281,114	**1,260,657**

Within the framework of the Senior Facilities Agreement the following facilities are available to the Group: KEUR 1,255,000 (Term Loan Facility A) and facilities in the amount of KEUR 75,000 for capital investment (Capex Facility) and KEUR 50,000 for working capital purposes (Revolving Facility). Facility A will mature on 15 October 2024, Capex Facility on 2 January 2020 and the Revolving Facility on 2 January 2021. The current credit spread is 3.25 % plus EURIBOR for Facility A and 3.75 % for Capex and the Revolving Facility. In addition the loan agreement contains a EURIBOR-Floor of 0 %. For any undrawn amount of the Capex and the Revolving Facility a loan commitment fee is charged at 35 % of the applicable margin and will be paid on a quarterly basis. Part of the revolving credit line was drawn upon for general business purposes as of the reporting date (KEUR 44,593).

The Group has 1-month, 3-month and 6-month EURIBOR options for loans. As at the reporting date, the 3-month EURIBOR has been selected for all existing loans.

The described floors regarding the EURIBOR and repayment options are embedded derivatives (hybrids) und are subject to the separation duty 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 respective reporting dates, the balances (including outstanding interest) for the Senior Tranche A (including both new and old tranches), Senior Tranche C, Senior Tranche Incremental and Senior Tranche 2nd Incremental loans as well as the Capex and Revolving Facility senior liabilities were as follows:

KEUR	30 June 2017		31 December 2016
Senior Tranche A loan (matures on 15 October 2024) - new-	1,224,664	2)	1,230,671 2)
Remaining interest for Senior Tranche A loan - loan repaid as of 31 October 2016 -	-		4,222 1)
Remaining interest for Senior Tranche C loan - loan repaid as of 31 October 2016 -	-		5,076 1)
Remaining interest for Senior Tranche Incremental - loan repaid as of 31 October 2016 -	-		3,737 1)
Remaining interest for Senior Tranche 2nd Incremental - loan repaid as of 31 October 2016 -	-		1,469 1)
Senior Revolving Facility (matures on 02 January 2021)	42,624	3)	305
	1,267,288		**1,245,480**
Other loans as described: primarily from subsidiaries	*9,573*		*11,037*
Liabilities relating to outstanding premiums interest cap	*4,253*		*4,140*

1) The last interest payments towards the repaid financing were made as of 30 January 2017.
2) Includes transaction costs on which interest is still to be charged from the Term Loans in the amount of KEUR -39,642 (2016: KEUR -35,277) and liabilities relating to embedded derivatives of KEUR 2,169 (2016: KEUR 2,442) which resulted from agreed floors and repayment options in the Term Loans.
3) Includes transaction costs on which interest is still to be charged from the Senior Revolving Facility in the amount of KEUR -2,213 (2016: KEUR -).

In addition, loans in the amount of KEUR 1,255 (2016: KEUR 1,432) were recognised for the pepcom Group.

A remaining loan balance of KEUR 8,318 (2016: KEUR 9,605) as at the reporting date is composed of loans to the subgroup Tele Columbus AG provided by the following lenders: Stadtsparkasse Gelsenkirchen KEUR 1,514 (2016: KEUR 2,070), Stadtsparkasse Magdeburg KEUR 5,940 (2016: KEUR 6,516) and other lenders KEUR 864 (2016: KEUR 1,019).

In addition, Tele Columbus AG acquired two interest rate cap in February 2016 (Cap rate 0.75 % vs. 3-Month-Euribor) with a nominal amount of KEUR 550,000 each, and a term lasting until December 2020. The transaction amounted to KEUR 8,854, of which half (KEUR 4,427) was paid at the time of purchase. For the remaining option premium of KEUR 4,427 a bullet debt due by 31 March 2018 is shown as liabilities to banks amounting to KEUR 4,253 (present value) as of 30 June 2016.

According to the Share and Interest Pledge Agreement dated 13 April 2017, ownership interests in affiliated companies and associates are pledged to secure liabilities to banks. Additionally, the Tele Columbus Group pledged trade receivables to secure its loans.

The value of the loan collateral pledged as at the respective reporting dates remains unchanged compared to 31 December 2016.

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

Trade payables in the amount of KEUR 82,719 (2016: KEUR 88,543) primarily comprise payments related to signal delivery contracts, advance payments received and provisions for outstanding invoices.

The deferred income in the amount of KEUR 14,503 (2016: KEUR 9,896) essentially consists of deferred revenue from customers for prepaid annual fees and investment grants received.

The other financial liabilities amounting to KEUR 101,567 (2016: KEUR 100,481) primarily relate to lease obligations in the amount of KEUR 46,622 (2016: KEUR 46,810), as well as minority interests of KMS KG in the amount of KEUR 51,237 (2016: KEUR 51,324), 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.

The other liabilities in the amount of KEUR 15,193 (2016: KEUR 23,811) primarily include accruals for employee costs, audit costs and VAT liabilities.

E Other explanatory notes

E.1 Contingent assets and liabilities, other financial obligations

E.1.1 *Contingent assets and liabilities*

Apart from the explanatory notes in Section E.1.3. 'Avals', there were no material changes in contingent assets or liabilities compared to 31 December 2016.

E.1.2 *Purchase commitments*

Purchase commitments relating to capital and operating expenditures as at the reporting date amounted to KEUR 51,416 (2016: KEUR 35,923).

E.1.3 *Avals*

At the reporting date, avals amounting to KEUR 6,471 (2016: KEUR 3,259) consist primarily of rental and license agreements. Thereof avals of KEUR 1,041 (2016: KEUR 1,241) are not capitalised according to IFRS. This amount also includes a litigation guarantee of KEUR 371, which was offset with the related litigation provision. The increase of EUR 3.212 primarily results from the security provided for a lease for office space as well as from the furnishing of guarantees for a network operations agreement and a contract for a fibre-optic network.

E.1.4 *Leases and other financial obligations*

Compared to the reporting date at 31 December 2016, 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 2017	31 December 2016
Less than one year	21,363	22,835
Between one and five years	25,805	30,179
More than five years	16,811	12,103
	63,979	**65,117**

Generally future minimum lease payments under operate leases as at 30 June 2017 are comparable to future minimum lease payments under operate leases in the first half-year 2016.

In the first six months of the 2017 financial year, expenses from operating leases and other financial obligations were incurred in the amount of KEUR 11,652 an (for the first six months 2016: KEUR 9,756).

In total, the future minimum lease payments under operate and finance leases amounted to KEUR 118,486 for the six-month period ending 30 June 2017 (for the first six month of 2016: KEUR 117,860).

E.2 Related-party disclosures

E.2.1 *General information on related parties*

United Internet Ventures, a subsidiary of United Internet AG, increased its qualifying holding in Tele Columbus AG to 28.52 % (before: 25.11 %).

For further information, please refer to Section E.2.2 'Disclosures on management compensation'.

There were no other material changes in definition of related parties for the reporting period compared to 31 December 2016.

E.2.2 *Disclosures on the management and compensation*

At the Annual General Meeting on 21 June 2017, Frank Krause and Dr. Volker Ruloff were elected to the Supervisory Board which was extended by two seats.

On 22 February 2017, Dr. Susan Hennersdorf was appointed as successor to Robin Bienstock. Her appointment was confirmed by the Annual General Meeting.

There were no other material changes regarding the members of the company management of Tele Columbus AG during the current reporting period since the end of 2016.

Compensation for management boards recorded as staff expenses in 2017 amounted to KEUR 1,043 in the reporting period (for the first six months of 2016: KEUR 1,079). This amount includes share-based compensation amounting to KEUR 120 (for the first six months of 2016: KEUR 124).

Compensation for the Supervisory Board amounts to KEUR 410 (for the first six months of 2016: KEUR 195).

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 Management Board or of the Supervisory Board of Tele Columbus AG and their direct and indirect subsidiaries or any close family members.

As in the comparison period compensation for management in the other key positions amounted to nearly KEUR 500 in the first six months of 2017.

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 2017	31 December 2016
Financial assets				
Derivative Financial Assets	D.12	At Fair Value through profit or loss	2,890	3,630
Investments		Available-for-sale financial assets	20	20
Receivables from related parties	E.2.2	Loans and receivables	10	88
Trade receivables	D.12	Loans and receivables	49,389	48,444
Other financial receivables	D.12	Loans and receivables	9,634	6,276
Cash and cash equivalents		Loans and receivables	45,680	55,223
Financial liabilities				
Derivative Financial Liabilities		At Fair Value through profit or loss	9,899	6,126
Loans and borrowings	D.15	Financial liabilities measured at amortised cost	1,281,114	1,260,657
Payables to related parties	E.2.2	Financial liabilities measured at amortised cost	137	604
Trade payables	D.16	Financial liabilities measured at amortised cost	82,719	88,543
Other financial liabilities	D.16	Financial liabilities measured at amortised cost	54,945	54,138
Lease liabilities	D.16	No classification[1)]	46,622	46,344

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

2) Includes the non-controlling interests of third-party companies in the partnership Kabelfernsehen München Servicenter GmbH & Co. KG, Munich, which are reported under long-term other financial liabilities in connection with IAS 32.AG29A under the anticipated acquisition method because of an existing right of termination of the minority shareholder vis-à-vis the partnership.

Financial Instruments by category under IAS 39

KEUR	30 June 2017	31 December 2016
Financial assets and liabilities at fair value through profit or loss	7,009	2,496
Available-for-sale financial assets	20	20
Loans and receivables	104,713	110,031
Financial liabilities measured at amortised cost	1,418,915	1,403,942

The carrying amount of derivative financial assets recognised at fair value through profit or loss consists of two interest rate caps of the Tele Columbus Group. The fair value of the instruments is determined based on an option price model (market comparison procedure) taking into account input factors and parameters that are directly or indirectly observable on an active market (Level 2).

	Reference Amount KEUR	**Fair Value as at 30 Jun 2017** KEUR	**Fixed Rate**	**Duration**
Interest Cap 1	180,000	-	0.75 %	24 April 2017
Interest Cap 2	550,000	1,445	0.75 %	31 December 2020
Interest Cap 3	550,000	1,445	0.75 %	31 December 2020

[1)] Interest Cap 1 expired in April 2017.

For further details, we refer to the explanatory notes under Section D.15 ‘Liabilities to banks’.

Interest Caps 2 and 3, 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 the Group resulting from interest bearing liabilities but do not qualify for hedge accounting according to IFRS. Interest Cap 1 was entered into for a loan that no longer exists and did not serve to hedge liabilities to banks existing as of 31 December 2016.

The bank loan agreements contain embedded derivatives including interest floor and repayment option (compound instruments). Even though these financial instruments are not intended to serve as a derivative for Tele Columbus AG, 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	Incre-mental Facility	2nd Incre-mental Facility	Facility A Second Lien Tranche	Senior Tranche A	Repayment	Total as of 30 June 2017
Nominal Value as at taking of loan of the loan repaid as of 1 Nov. 2016	375,000[1)]	435,000[1)]	320,000[1)]	125,000[1)]	-	-	-1,255,000	-
Nominal Value as at taking of loan of the loan repaid as of 1 Nov. 2016	-	-	-	-	-	1,255,000	-	1,255,000
Fair Value of embedded derivatives as at 31 December 2016	-	-	-	-	-	-6,126	-	-6,126
Fair Value of embedded derivatives as at 31 December 2016	-	-	-	-	-	-3,773	-	-3,773
Fair Value of embedded derivatives as at 30 June 2017	-	-	-	-	-	-9,899	-	-9,899

1) These tranches were repaid with effect as of 1 November 2016 through the taking out of a new Senior Tranche A.

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

1 Jan to 30 Jun 2017

KEUR	Gains/losses through profit or loss			
Disclosed in the income statement	**Interest**	**Impairment**	**Gain (+) /loss (-) from recognition at fair value**	**Net income (loss)**
Financial assets and liabilities at fair value through profit or loss	-	-	-9,553[2)]	-9,553
Loans and receivables	416	-3,727	-	-3,311
Financial liabilities measured at amortised cost	-22,318	-	273	-22,045
No classification [1)]	-1,085	-	-	-1,085
Total	**-22,987**	**-3,727**	**-9,280**	**-35,994**

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

2) Change due to fair value measurement.

1 Jan to 30 Jun 2016 (adjusted) [2)]

KEUR	Gains/losses through profit or loss			
Disclosed in the income statement	**Interest**	**Impairment**	**Gain (+) /loss (-) from recognition at fair value**	**Net income (loss)**
Financial assets and liabilities at fair value through profit or loss	-	-	-9,596[2)]	-9,596
Loans and receivables	112	-3,534	-	-3,422
Financial liabilities measured at amortised cost	-38,220	-	-2,958	-41,178
No classification [1)]	-654	-	-	-654
Total	**-38,762**	**-3,534**	**-12,554**	**-54,850**

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

2) To provide a better basis for comparison, unlike in the previous year's Condensed Consolidated Interim Financial Statements, the Tele Columbus Group has reported the value adjustment for derivatives and results from the revaluation of interest caps as a change to fair value measurement.

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 5,780 (for the first six months of 2016: KEUR 4,821).

E.3.2 *Risk management of financial instruments*

There are no material changes for the six-month period ending 30 June 2017 to the company's risk management objectives and methods or the nature and scope of the risks resulting from financial instruments as compared with the Consolidated Financial Statements as of 31 December 2016.

E.3.2.1 *Liquidity risk*

Liquidity risk represents the risk that existing liquidity reserves will not be sufficient to meet one's financial obligations on time. Liquidity risks may also arise when cash outflows are required in connection with operating business activities or investment activities. Furthermore, liquidity risks may be caused by financing activity. This would be the case if short-term cash outflows are required to repay liabilities but it is not possible to generate sufficient cash inflows from operating business activities and at the same time there are not sufficient liquid funds available for the repayment.

Liquidity projections for a specific planning horizon as well as credit facilities amounting to KEUR 75,000 for investing purposes with a term until 2 January 2020 and KEUR 50,000 for general expenses with a term until 2 January 2021 available at the reporting date are designed to ensure a continuous supply of liquidity for operating business activities within the Tele Columbus Group. Thus, as at 30 June 2017, Tele Columbus Group's credit facilities amounted to KEUR 125,000 (2016: KEUR 125,000), of which KEUR 50,000 is a revolving credit line. Part of the revolving credit line was draw down for general business purposes as of the reporting date (KEUR 44,593).

As at 30 June 2017 cash amounted to KEUR 45,680 (2016: KEUR 55,223).

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

KEUR	30 June 2017	31 December 2016
Less than one year - non-derivatives	58,785	30,382
Less than one year - derivatives	-	-
	58,785	**30,382**
	-	
Between one and five years - non-derivatives	5,231	6,439
Between one and five years - derivatives	-	-
	5,231	**6,439**
	-	
More than five years - non-derivatives	1,256,958	1,256,958
More than five years - derivatives	-	-
	1,256,958	**1,256,958**
	1,320,974	**1,293,779**

The financing agreement dated 18 April 2017 contains a number of conditions which, if they are not complied with, enables the lender to call in the loan. Compliance with these conditions and the capital risk to which Tele Columbus is subject as a stock corporation are continually monitored by the Management Board. The liquidity risk resulting when these conditions are not complied with is KEUR 1,306,975 (2016: KEUR 1,278,315) as of the balance sheet date. The risk of not complying with these conditions and the financing rules associated with this may have a negative impact on the availability of credit and the assumption of the continuation of the Tele Columbus Group as a going concern.

Non-controlling interests of third-party companies in the partnership Kabelfernsehen München Servicenter GmbH & Co. KG, Munich, which were reported under long-term other financial liabilities, could be provided to Tele Columbus within a six-month period due to the existing right of termination. However, the Management Board believes that this option will not be exercised over a longer period since immediate exercise of the option would lead to significantly reduced compensation among other things.

Strategic measures have been introduced to comply with existing conditions and payment obligations in order to ensure the liquidity of the Tele Columbus Group over the long term. Management's focus is on the expansion of the Group-wide cash pooling, allowing the integration of new companies within the Group structure. Furthermore, in the course of Group financing successive repayment via the liquidity achieved operationally by the newly created Group is being pursued.

Payment obligations resulting from trade payables, liabilities to related parties and other financial liabilities can be found in the Consolidated Balance Sheet, and the maturity of the long-term liabilities is between one and five years.

There were no other relevant changes to liquidity, interest and credit risk (default risk) during the six-month period ending 30 June 2017.

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 2017	1 Jan to 30 Jun 2016
Earnings attributable to shareholders in KEUR	-9,284	-40,672
Weighted average of ordinary shares outstanding	127,556,251	127,556,251
Basic earnings per share in EUR	-0.07	-0.32
Diluted earnings per share in EUR	-0.07	-0.32

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 2016.

Business activities and items not directly related to the Group's reportable segments are reported under ‘Other items’ for the first six months of 2017 comparable with the same interim reporting periods of 2016.

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 29,040 (for the first six months of 2016: KEUR 22,720) 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 14,430 (for the first six months of 2016: KEUR 14,370), other income in the amount of KEUR 2,494 (for the first six months of 2016: KEUR 2,119), other expenses in the amount of KEUR 13,528 (for the first six months of 2016: KEUR 11,832), other direct costs in the amount KEUR 16,528 (for the first six months of 2016: KEUR 9,465) and own work capitalised in the amount of KEUR 631 (for the first six months of 2016: KEUR 1,029) 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 note on the standards used for the segments’ under Section E.6. ‘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, but 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. Defined by the Tele Columbus AG Management, it 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. In addition, expenses and income of certain business cases are adjusted as they are not directly relevant for the performance, according to the definition of the Management Board. This includes gains and losses on the disposal of property, plant and equipment. Therefore, such events of expense and income are excluded within the ‘Normalised EBITDA’.

Non-recurring expenses for the first six months of 2017 mainly relate to integration and restructuring costs as well as the harmonisation of products within the entire group.

Non-recurring expenses for the first six months of 2016 mainly relate 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.

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

1 Jan to 30 Jun 2017

in KEUR	TV	Internet & Telephony	Other	Group total
Revenue	139,209	77,133	29,040	245,382
Normalised EBITDA	79,279	56,562	-12,320	123,521
Non-recurring expenses (-) / income (+)	-1,268	-149	-15,288	-16,705
EBITDA	**78,011**	**56,413**	**-27,608**	**106,816**

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**

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

Purchase of shares, cable networks and various agreements

On 8 May 2017, the Tele Columbus Group entered into various agreements for the purchase of all the shares in MKG-Medienkommunikationsgesellschaft mbH (MKG), whose registered office is in Essen, Kabelcom.digital GmbH (KCD), whose registered office is in Lippstadt, and the future network operating company by means of various agreements for the takeover of assets and liabilities. These assets and liabilities are taken over partly through share purchase and assignment agreements of legal entities and partly through individual acquisitions. The subject of the takeover are licence and individual agreements and cable networks.

The purchase took place through a new shelf company acquired by Tele Columbus AG (Tele Columbus NRW GmbH, Berlin, formerly Aptus 1173 GmbH, Berlin). One of the sellers holds 25.1 % in this company according to the purchase agreement. The preliminary purchase price is KEUR 3,405 for the 74.9 % stake. There is also an option to purchase the other 25.1 % share for KEUR 1,130 at the end of four years. The purchase of the takeover of assets and liabilities is subject to conditions precedent which had not been met as of 30 June 2017, with the result that at this time control has not been secured and, therefore, the transaction has not been reported. The closing of the transaction is expected in the third quarter of 2017.

Changes to the Management Board Tele Columbus AG

As of 24 July 2017, the Company announced that Ronny Verhelst resigns from CEO of the Tele Columbus Group due to personal reasons with effect from 1 February 2018.

Timm Degenhardt will take over the position from Ronny Verhelst. Since the 14 August 2017, he is supporting the management team and will join the management board from 1 September 2017 onwards.

Tele Columbus new brand launch

Tele Columbus AG has begun the preparation for the new brand launch for the entire Group.

First, the brand launch will start with companies of Tele Columbus and primacom at the end of September 2017, followed by pepcom companies in the third quarter of 2018.

There were no other material events 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, 23 August 2017

Management Board

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