Quarterly Financial Report

of Tele Columbus AG

pursuant to section 37x para.3 WpHG
for the Quarter Ended 30 September 2015

TELE COLUMBUS AG, BERLIN
Quarterly Financial Report pursuant to section 37x para. 3 WpHG for the Quarter Ended 30 September 2015

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“This is a translation of the German “Quartalsfinanzbericht gemäß § 37x Abs. 3 WpHG für das Quartal zum 30. September 2015” of Tele Columbus AG. Sole authoritative and universally valid version is the German language document.”

TELE COLUMBUS AG

GROUP INTERIM MANAGEMENT REPORT

AS AT 30 SEPTEMBER 2015

TELE COLUMBUS AG, BERLIN
Quarterly Financial Report pursuant to section 37x para. 3 WpHG for the Quarter Ended 30 September 2015

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Introduction

As at 30 September 2015, Tele Columbus AG (hereinafter also referred to as 'TC AG' or 'the Company), headquartered in Berlin (at Goslarer Ufer 39, 10589 Berlin, Germany; registered in Berlin-Charlottenburg commercial register under file number HRB 161349 B), was the overall holding company of Tele Columbus Group and its consolidated subsidiaries (together also referred to as 'Tele Columbus', 'Tele Columbus Group' or 'Group'). As holding company, Tele Columbus AG fulfils central functions in the area of controlling, financial planning, sales, technology, customer services, accounting and general administration.

Tele Columbus AG has been listed on the Prime Standard of the Frankfurt Stock Exchange since 23 January 2015 under ID number ISIN DE000TCAG172 and was included in the SDAX of Deutsche Börse AG, Frankfurt on 22 June 2015. As at 31 December 2014, the Company's share capital of EUR 20,025,000 was divided into 20,025,000 shares. At the annual general meeting held on 11 January 2015, it was decided to increase the Group's share capital in connection with the IPO by up to 37,500,000 registered no par value shares by means of a cash contribution (authorised share capital). By resolution dated 20 January 2015, the Management Board executed the capital increase by issuing 33,333,334 shares plus 3,333,333 so-called 'green shoes' – i.e. a total of 36,666,667 shares – from authorised capital. The IPO therefore involved an increase in share capital. As at 30 September 2015, the total number of shares issued after exercise of the greenshoe option was 56,691,667 shares.

1. Group profile

1.1 Group business model

1.1.1 Organisational structure

As at the 30 September 2015 reporting date, Tele Columbus AG had 24 directly or indirectly held operating subsidiaries, which have been fully consolidated in the interim financial statements, and also four other associates. The number of fully consolidated subsidiaries has increased by five companies and decreased by two companies since the condensed consolidated interim financial statements as at 30 June 2015, resulting in a change of group structure.

Acquisition of PrimaCom Holding GmbH

Tele Columbus AG signed an agreement on 16 July 2015 for acquisition of the fourth-largest German cable network operator, PrimaCom Holding GmbH. The acquisition for a total sum of EUR 716.9 million (before deduction of cash and liabilities acquired) was successfully concluded on 31 July 2015 and expands the cable network portfolio of Tele Columbus Group by approximately 1.2 million connected households to a total of about 2.8 million households. The primacom Group, which comprised a total of five companies as at the reporting date, generated sales of EUR 120.9 million and adjusted EBITDA of EUR 50.5 million in financial year 2014.

The primacom Group's organisational structure was changed in the third quarter of 2015. As at the 30 June 2015 reporting date, PrimaCom Holding GmbH directly or indirectly held 13 fully consolidated subsidiaries. In the reporting quarter, merger agreements were concluded in the following sequence:

1. Merger of Wikom Deutsche Telekabel GmbH into ACN Telekabel Holding GmbH.
2. Merger of DTK Deutsche Telekabel Verwaltungs GmbH into ACN Telekabel Holding GmbH.
3. Merger of DTK Deutsche Telekabel GmbH into ACN Telekabel Holding GmbH.
4. Merger of DTK Deutsche Telekabel Media GmbH into ACN Telekabel Holding GmbH.
5. Merger of DTK Deutsche Telekabel Halle GmbH into ACN Telekabel Holding GmbH.
6. Merger of MediaHome Verwaltungs GmbH into ACN Telekabel Holding GmbH.
7. Merger of IKS - ImmoKabelService GmbH into ACN Telekabel Holding GmbH.

8. Merger of AKF Betreibungs- und Verwaltungsgesellschaft mbH into ACN Telekabel Holding GmbH.
9. Merger of ACN Telekabel Holding GmbH into PrimaCom Berlin GmbH.

As at the 30 September 2015 reporting date and after the merger, PrimaCom Holding had two directly held subsidiaries (PrimaCom Berlin GmbH, Leipzig, and Telekabel Enterprise S.à r.l, Luxembourg) and two indirectly held subsidiaries (Martens Deutsche Telekabel GmbH, Hamburg, and KSP Kabel Service Prenzlau GmbH, Prenzlau).

Accretion of BMB GmbH & Co. KG on Tele Columbus Multimedia GmbH

The limited partner, Tele Columbus Multimedia GmbH, Berlin and the general partner, BMB Geschäftsführung GmbH, Essen – as sole partners of BMB GmbH & Co. KG, Essen (a limited partnership with a limited liability company as general partner) – held a partners' meeting on 28 September 2015. At the recommendation of the shareholders' meeting it was unanimously agreed that the general partner without equity interests, BMB Geschäftsführung GmbH, leave the partnership (BMB GmbH & Co. KG) as at 30 September 2015, midnight, without entitlement to compensation. With the departure of the general partner, BMB GmbH & Co. KG was absorbed into the limited partner Tele Columbus Multimedia GmbH.

Merger of Wowisat GmbH into Tele Columbus Multimedia GmbH

By merger agreement dated 27 August 2015, the transferor, Wowisat GmbH, Düsseldorf acquired by Tele Columbus AG on 30 March 2015, transferred all its assets, including all rights and obligations, following dissolution without liquidation pursuant to Section 2 items 1, 4 *et seqq*., 46 *et seqq*., 54 (1) sentence 3 of the German Transformation of Companies Act [*UmwG*], to the transferee, Tele Columbus Multimedia GmbH, without any right to ownership interests (merger by absorption). The merger was based on the transferor's balance sheet as at 31 December 2014 (closing balance sheet).

Adjustment of the purchase price of BIG Medienversorgung GmbH and Medienwerkstatt GmbH

As a result of the audit of the financial statements of BIG Medienversorgung GmbH, Mönchengladbach and Medienwerkstatt GmbH, Mönchengladbach (hereinafter referred to as 'BIG Group') for the year ended 31 December 2014 and by taking account of the most recent earn-out terms of BIG Group, the purchase price was adjusted by TEUR 42 (TEUR: thousand euros). So far, TEUR 10,704 of the total purchase price of TEUR 10,869 has been paid. This also includes a loan extended to the company. In addition, there is a variable purchase price component that depends on future EBITDA. The variable purchase price component payable by Tele Columbus can be considered insignificant.

Formation of GlasCom Salzlandkreis GmbH

GlasCom Salzlandkreis GmbH was founded on 12 August 2015 with registered offices in Straßfurt OT Brumby. The company sets up, operates and markets telecommunications networks and all associated products and services. GlasCom Salzlandkreis GmbH is authorised to conduct any business or measures within the scope of its registered purpose. The company is also authorised to acquire ownership interests in other companies operating in the area of telecommunications.
GlasCom Salzlandkreis GmbH's share capital is EUR 25,000. MDCC Magdeburg Stadt-Com GmbH, Magdeburg (51.02 % subsidiary of Tele Columbus Multimedia GmbH, Berlin) and another external company have contributed EUR 12,500 each.

Change of ownership interest in Deutsche Netzmarketing GmbH

Due to acquisition of PrimaCom Holding GmbH, Berlin, Tele Columbus AG now holds an additional 10.25 % equity interest in Deutsche Netzmarketing GmbH, Cologne.

Tele Columbus AG made the following acquisitions in the first half of the current financial year.

Acquisition of KABELMEDIA GmbH Marketing und Service

By purchase agreement dated 29 April 2015, Tele Columbus AG acquired all ownership interests in KABELMEDIA GmbH Marketing und Service (hereinafter also referred to as 'KABELMEDIA'), based in Essen. KABELMEDIA markets and operates broad band cable, satellite and aerial communication systems and currently supplies 5,700 housing units with TV and radio. The company was purchased for TEUR 1,874.

Acquisition of Teleco GmbH Cottbus Telekommunikation

On 30 April 2015, Tele Columbus AG acquired all ownership interests in Teleco GmbH Cottbus Telekommunikation (hereinafter also referred to as 'Teleco'), based in Cottbus. With the acquisition of Teleco, an additional 37 % share in Breitbandgesellschaft Cottbus mbH was acquired (hereinafter also referred to as 'BGC'); BGC is also based in Cottbus. BCG sets up, operates, services and maintains cable networks (coaxial broadband networks, cable TV, language and internet services) and also provides other associated services. The company currently supplies 13,400 housing units with TV and radio as well as phone and internet services. BCG also sets up electro-acoustic equipment and wired data networks. This company was purchased for TEUR 5,740.

Acquisition of RFC Radio-, Fernseh- und Computertechnik GmbH

By purchase agreement dated 22 January 2015, the Group acquired all ownership interests in RFC Radio-, Fernseh- und Computertechnik GmbH (hereinafter also referred to as 'RFC') from Tele Columbus Beteiligungs GmbH via Tele Columbus Multimedia GmbH. RFC's purpose is the planning, project planning, erection and servicing of aerial and broadband cable networks as well as fibre optic and data networks. This company was purchased for TEUR 515.

Acquisition of Wowisat GmbH

On 30 March 2015, Tele Columbus AG acquired all ownership interests in Wowisat GmbH, headquartered in Duesseldorf. Wowisat GmbH, which is headquartered in Duesseldorf (hereinafter also referred to as 'Wowisat') was established in 2008 with the intent of providing companies in the housing sector with an alternative local cable TV network, and currently provides 4,900 housing units in that area with TV and radio. So far, telephone and internet services have been integrated only via external providers. Wowisat GmbH was purchased for TEUR 2,914.

Tele Columbus Group is one of the leading German cable network operators and therefore one of the most important service partners for individual customers (users), homeowners and the housing industry. The Tele Columbus Group is a cable network operator primarily active in the eastern German federal states. Approximately 23 % of the Group's holdings are in the remaining region of the Federal Republic of Germany.

Tele Columbus Group provides its customers with up-to-date high-performance TV and phone as well as high speed internet access. The Group's portfolio includes servicing, maintenance, provision of the above products and services, customer care and collection.

For Tele Columbus AG's history and appointed members of the management and supervisory boards, we refer to the details in the group management report for financial year 2014.

1.1.2 Principal market and core business

Tele Columbus Group is the third largest cable network operator in Germany – in terms of customers – and a regional market leader in large parts of the East German federal states. Its range of services is limited to the Federal Republic of Germany and primarily to the federal states of Berlin, Brandenburg, Saxony, Saxony-Anhalt and Thuringia as well as selected regions within the federal states of North Rhine-Westphalia and Hesse. The Group maintains branch offices in Aschersleben, Berlin, Bernau, Chemnitz, Cottbus, Dresden, Hamburg, Hannover, Jena, Leipzig, Magdeburg, Plauen and Ratingen.

Tele Columbus Group mainly operates network level 3 and 4 cable networks. Network level 3 – also known as NE3, Level 3 or L3 – is a cable network that transmits signals from regional distribution networks to the infeed point nearest to the customer's housing unit. Network level 4 – also referred to as NE4, Level 4 or L4 – is a cable network that transmits signals from the infeed point nearest to the customer's housing unit to the connection box in the customer's housing unit. As an integrated network operator at both network levels, the Group specialises in providing one-stop high-quality integrated services for subscribers. At locations at which the Group has no access to its own networks it purchases the required network services.

Tele Columbus AG customers are offered a wide range of services in the area of television and telecommunication – in particular a basic selection of cable TV channels (CATV), premium TV packages (Premium TV) and internet and phone services (fixed network) – and since September 2015 also mobile voice and data services. As of 30 September 2015, Tele Columbus counted around 2.8 million connected housing units. Of these, about 1.9 million households had subscribed to at least one of the products on offer.

Tele Columbus Group mainly generates its income from connecting fees paid by customers for one of the CATV products. About 97 % of subscribers are renters in multi-family properties that are part of housing corporations or associations, or are managed by those externally. The Group has long-term licensing and signal feed agreements with these companies to create a sustainable basis of income. Housing corporations charge their renters for the connecting fee for CATV services on a pro rata basis via their utility bills. This applied to about 58 % of our CATV users as at 30 September 2015. About 42 % of CATV users are supplied with signals on the basis of individual contracts.

1.1.3 Business segments

Tele Columbus AG offers products and services in two operating segments: 'TV' and 'Internet and Telephony'.

TV segment

The Group offers basic as well as premium programmes in the TV segment. Basic programmes include analogue as well as digital TV and radio services. The premium TV packages on offer contain as many as 50 additional digital TV channels, of which as many as 32 channels are provided in HD format.

In the TV segment, the Group generates revenue from cable connection fees and recurring charges for service options provided to cable customers as well as revenue from new contracts and related installation services. It also receives so-called feed-in charges from channel providers for the distribution of various channels via the cable network.

Internet and telephony segment

The Group has combined internet and telephone services into the Internet and Telephony segment.

Revenue is composed of proceeds from the conclusion of new contracts and installation services as well as monthly contract and service fees.

1.2 Management system

In preparation for Tele Columbus AG's IPO, segment reporting was introduced in August 2014, which will be used as a basis for Tele Columbus Group's future management. Tele Columbus Group is managed by Tele Columbus AG's Management Board. The Board is responsible for operations and monitors the reportable segments 'TV' and 'Internet and Telephony'. For these segments, the Management Board receives and reviews internal management reports.

'Adjusted EBITDA' is the key performance indicator that is reported separately for each operating segment in the course of monthly reporting. This performance indicator defined by Tele Columbus AG's management represents earnings before finance income/costs (share of profit of equity-accounted investees, interest income, interest expenses and other finance income/costs), income taxes, amortisation and impairment losses on intangible assets and goodwill.

This KPI is also adjusted for so-called 'non-recurring items'. These are defined by the Management Board as non-recurring, rare or extraordinary expenses or income in connection with an event that is not likely to re-occur in the coming two financial years or has not occurred in the previous two financial years. The 'adjusted EBITDA' is further adjusted for expenses or income not primarily arising from operating activities or related to restructuring, and therefore cannot be used for assessing operating profit (loss).

In addition, the Management Board uses several financial and non-financial key performance indicators (KPIs), such as revenue generating units (RGUs), adjusted profit margin and average revenue per user (ARPU) to monitor the financial performance of business operations.

RGUs (revenue generating units)

The main focus of internal control is the development of RGUs for each customer (individual service subscriber who generates recurring revenue for the company). RGUs are revenue generating units – the total number of paid-for services being taken by each customer; each subscribed service is considered an RGU. The Management Board focuses on the RGUs for each individual service in all segments – for CATV and premium TV services as well as internet and telephony services.

ARPU (average revenue per user)

Average revenue per user (ARPU) is determined based on three different methods:

- Monthly ARPU – also called **annual average ARPU** – is the total revenue generated from connection fees per year (including discounts, credit notes and installation fees) divided by the monthly sum total of subscribers (RGUs) during the year.
- **Year-end ARPU** is the total revenue generated from connection fees in December (including discounts, credit notes and installation fees) divided by the number of subscribers (RGUs) in December.
- **Quarterly average ARPU** is the total revenue generated from connection fees in the relevant quarter (including discounts, credit notes and installation fees) divided by the monthly sum total of subscribers (RGUs) during the relevant quarter.

Other relevant performance indicators are number of staff (measured in full time equivalents - FTEs), capital expenditure (capex) and cash flow. In addition to cost, a main focus with regard to human resources is skills and the necessary expertise of employees in order to be able to achieve the targets set in the areas of marketing, sales and technology. With regard to investments in networks, by carefully evaluating the various potentials in the market, Tele Columbus confines itself to targeted, economically viable products, which are most conducive to contributing sustainably to achieving the Group's goals and increasing its value. This also requires careful cash monitoring. The Group aims to finance growth through operations – with the exception of investments in network infrastructure over the next two years. This is ensured by determining the required cash flows on a monthly basis and adjusting short and medium-term financial planning to current market developments.

In addition to the above performance indicators, the Management Board also monitors other non-financial performance indicators. These include the total number of users, the number of housing units connected to the Group's own networks, and the number of housing units equipped with feedback capability, which also are connected to Tele Columbus's own independent signal feed.

1.3 Objectives and strategies

Tele Columbus AG follows a sustainable and profitable growth strategy. The following three performance indicators are used to achieve this objective.

1. RGUs (revenue generating units) per subscriber;
2. percentage of housing units connected to own NE3/NE4-integrated networks with feedback capability; and
3. ARPU (average revenue per user) on a monthly basis.

RGUs provide information on the number of paid-for services (taken by each subscriber). If a subscriber uses the Tele Columbus network not only for cable TV, but also for other services, such as internet access, each individual service is considered an RGU. Tele Columbus Group's medium-term target is 1.7 RGUs per subscriber. At the end of the third quarter of 2014, the figure was still 1.42 RGUs per subscriber. The Group was able to increase the RGUs per subscriber to 1.60 over the past twelve months, i.e. as at 30 September 2015 (without acquisition of the primacom portfolio it would have been 1.51 RGUs per subscriber).

The number of housing units connected to the Group's own signal feed and equipped with feedback capability is to be increased to 70 % of all housing units in the medium term. The figure had already reached 57 % by the end of the third quarter of 2015 (without acquisition of the primacom portfolio it would have been 58 %); this amounts to a rise of 3 % compared to the third quarter of 2014 (54 %).

The monthly average revenue per user (ARPU) from all services is to rise by EUR 17 in the medium term. It was EUR 14.90 at the end of the third quarter of 2015 (without acquisition of the primacom portfolio it would have been EUR 14.31), and EUR 13.98 at the end of the same quarter in 2014.

These three objectives are to be achieved by means of the following strategic measures:

- Special offers to existing cable TV customers for internet, phone and premium TV will further increase the sale of additional higher-value services per TV customer (cross and upselling).
- Continued and continuous expansion of cable networks and further development of the NE3/NE4 network infrastructure. In this regard, Tele Columbus considers it particularly useful, from a financial point of view, to connect households not yet connected to the Group's own network, to be able to generate savings in the area of signal procurement charges and to generate further revenue from the existing range of additional services. Tele Columbus plans extensive investments (capex), also in future, for the development of its own network level 3 infrastructure.
- Introduction of further innovative and comprehensive multimedia services to the market, in order to further increase the appeal of the Group's product portfolio.
- Ongoing operational improvements focusing on high-quality services and clear customer orientation

- Defence and expansion of regional dominance in the market for NE4 operators with regard to the transmission of signals within properties and buildings (the 'last mile' to the customer) in close partnership with housing corporations

We keep abreast of objectives and strategies by means of our management system and monitoring key performance indicators.

2. Economic and financial report

2.1 Macroeconomic and sector-specific environment

Autumn forecast 2015

In its autumn forecast, the German federal government, which generates a forecast of Germany's macroeconomic development three times a year under the auspices of the German Federal Ministry for Economic Affairs and Energy [*BMWi*], predicts a 1.7 % rise in GDP for 2015 and 1.8 % for 2016.

Consumer spending of private households, in particular, as well as domestic demand are to rise by 1.8 % year-on-year in 2015 and 2016.

The general trend in consumption will also affect consumer behaviour with respect to Tele Columbus AG's products.

General conditions in the industry

With regard to the sector-specific conditions for Tele Columbus Group, we refer to the details in the group management report for financial year 2014.

The assessment of the competitive environment for cable network operators has changed significantly as at 30 September 2015 compared to that in the 2014 management report. In this area, Tele Columbus was able to consolidate and further improve its strong market position in the eastern German federal states through takeover of the primacom Group and strengthen its overall market position with the agreement to acquire the pepcom Group.

Digital use of the broad band cable network has also increased substantially. While about 62.9 % of all households with cable connection watched digital TV programs via broad band in summer 2014, this figure had risen to 72.5 % of all households in summer 2015 according to the Digitisation Report 2015 published by die medienanstalten.

2.2 Business performance

The third quarter of financial year 2015 was devoted to acquisition of the fourth-largest German cable network operator, PrimaCom Holding GmbH, the start of mobile phone services as at 1 September 2015, the agreement on 13 September 2015 to acquire the next-largest cable network operator, pepcom GmbH, and the related extraordinary general meeting of Tele Columbus AG held on 14 September 2015.

PrimaCom Holding GmbH

For further details on the acquisition of primacom Group please see our comments in Section 1.1.1 of this report on the Organisational structure.

Mobile phone services

Tele Columbus Group has expanded its portfolio of services by mobile communications, offering its customers a range of mobile phone services since 1 September 2015. Tele Columbus's mobile phone services include unlimited phone calls in all German networks (fixed and mobile networks) as well as internet access at LTE speeds of up to 50 Mbps and an inclusive volume of two gigabytes.

pepcom GmbH

Tele Columbus AG signed an agreement with Lead Luxembourg 2 S.à r.l. on 13 September 2015 for acquisition of the cable network operator pepcom GmbH. For further details, we refer to Section 3 'Subsequent events' of this group interim management report as at 30 September 2015.

Extraordinary General Meeting

Acquisition of the cable network operator pepcom was conditional on approval, at the extraordinary general meeting on 14 September 2015, of the proposed increase of existing capital by up to 100 % by granting indirect subscription rights to finance the acquisition announced on 13 September. The sole item on the agenda at the extraordinary general meeting was adoption of a resolution to increase share capital by granting indirect subscription rights in the amount of EUR 56,691,667 in exchange for a cash contribution by issuing 56,691,667 no-par value shares (registered shares) at a notional share value of EUR 1.00.

The resolution was adopted with 99.99 % approval from shareholders present. The date of execution of the acquisition depends on the date of registration of the resolution to adopt the capital increase. It is expected that the acquisition will be executed by the end of 2015, however no later than 30 April 2016.

The first three months of financial year 2015 were largely marked by the IPO in 2015. We refer to our comments in the introductory section for further details.

The second quarter of financial year 2015 was marked by the first annual general meeting of Tele Columbus AG on 15 May 2015 as well as further acquisitions of subsidiaries and associated changes in group structure. For further details concerning the change in group structure please see our comments in Section 1.1.1 of this report on the Organisational structure.

Tele Columbus AG continued its growth strategy in the first nine months of 2015. This was based in particular on our high-performance network infrastructure. For example, the number of housing units equipped with feedback capability and connected to the Group's own network level 3 was increased by about 653,000 to approximately 1,608,000 housing units in the third quarter of 2015. This increase is largely due to the acquisition of primacom. Without acquisition of the primacom Group, the number of connected housing units equipped with feedback capability would have risen by about 10,000 in the third quarter of 2015. Overall, the share of such connected housing units increased by around 2 percentage points in the first nine months of 2015 to 57 % of all connected housing units. Moreover, at the end of the reporting period, about 99 % of the networks with feedback capability connected to the Group's own signal feed were updated to internet transmission standard DOCSIS 3.0 with hybrid fibre-coaxial infrastructure, allowing transmission rates in the gigabit range. The number of housing units connected to the Group's cable networks was about 2,833,000 at the end of the third quarter of 2015, a significant rise compared to the second quarter of 2015 (Q2 2015: 1,676,000). This rise was largely achieved by the aforesaid acquisition of the primacom Group, adding 1,156,000 connected households. Without acquisition of the primacom Group, the number of housing units would have increased by about 2,000. The greatest organic growth driver in the third quarter was the successful sale of new products to existing customers. The Group was able to successfully use the potential for up- and cross selling products in addition to conventional cable connection – such as premium TV, internet and telephony – to its existing customer base.

Tele Columbus's customer base increased by 647,000 to 1,872,000 in the third quarter compared to 1,225,000 subscribers in the second quarter of 2015. This increase is largely due to acquisition of the primacom Group, which increased the number of subscribers by 647,000. It had a similar effect on total revenue generating units (RGUs). The RGUs rose for all services by 1,158,000 to 3,001,000 in the reporting period (2014: 1,843,000). This amounts to a rise of 1,167,000 RGUs compared to the second quarter. The RGUs for cable TV increased by 630,000 to 1,889,000 in the reporting period (mainly though primacom) (Q2 2015: 1,259,000; 2014: 1,310,500); premium TV services rose by 236,000 RGUs. They stood at 397,000 units at the end of the third quarter of 2015 (Q2 2015: 161,000). The RGUs for internet services increased in the third quarter of 2015 by about 70 % to approximately 363,000 (Q2 2015: 213,000). Even without the additional RGUs from primacom (145,000) 2 % growth would have been generated in that quarter, thus exceeding the prior year's level (2014: 202,000). Telephone services increased by 74 % in Q3 to 352,000 RGUs (Q2 2015: 202,000; 2014: 170,000). The strong increase in telephone services was caused mainly by the addition of primacom (139,000) and organic growth amounting to 11,000 RGUs.

The average number of products (RGUs) per customer showed a positive development in the third quarter of 2015. As at 30 September 2015, RGUs rose to 1.60, while they were still at 1.50 at the end of the second quarter and at 1.44 at the end of financial year 2014. The trend in RGUs per subscriber is therefore in line with Tele Columbus AG's strategic objective.

The monthly average revenue per user (ARPU) – or 'average ARPU' – from all services was EUR 14.90 in the third quarter of 2015 and thus 7 % higher than in the same quarter of the previous year of EUR 13.98 in Q3 2014 (Q4 2014: EUR 14.01). The monthly ARPU for bundled internet and telephone services in the reporting period was EUR 22.85 (Q3 2014: EUR 21.84; Q4 2014: EUR 21.72), and that for mixed TV services was EUR 9.70 (Q3 2014: EUR 9.63; Q4 2014: EUR 9.57). The rise in ARPU for mixed TV services was largely caused by primacom. Additionally, the noticeable competitive pressures in this sector, and also the discounts granted on contract renewal with housing corporations, if network investments have paid off and no additional services in the area of premium TV are requested by such housing corporations.

2.3 Financial position, financial performance and cash flows

2.3.1 Earnings

Quarter-on-quarter comparison: Q3 2015 (ended 30 September) to Q3 2014 (ended 30 September)

Tele Columbus was able to successfully implement its strategy in the third quarter of 2015. Revenues rose by 37.4% quarter-on-quarter to TEUR 73,928 in Q3 2015 (Q3 2014: TEUR 53,798). This change results mainly from the acquisition of primacom Group.

This include revenue from the TV segment that increased by 27,3 % in the third quarter of 2015 to TEUR 50,259 (Q2 2014: TEUR 39,466). Revenues in the internet and telephony segment rose significantly by 61,3 % from TEUR 13,252 to TEUR 21,378.

Operating performance, defined as the sum of revenues, other income and own work capitalised, rose in the reporting quarter by about 36.8 % to TEUR 78,805 (Q3 2014: TEUR 57,619).

Gross profit amounted to TEUR 56,173 (Q3 2014: TEUR 39,646), with a gross margin of 76.0 % (Q3 2014: 73.7 %).

The cost of materials rose to TEUR 22,632 in the reporting quarter (Q3 2014: TEUR 17,973). While primacom Group contributed TEUR 6,224 to the cost of materials, maintenance costs and signal procurement charges for digital TV decreased.

Employee benefits rose by TEUR 4,354 to TEUR 12,529 (Q3 2014: TEUR 8,175). While employee benefits rose by TEUR 3,399 as a result of the acquisition of primacom Group, the additional increase is largely due to the HR strategy designed to achieve the Group's objectives. To this end, Tele Columbus has increased its investments in human resources. Moreover, a number of smaller companies were acquired in the first quarter of 2015. As a result of the associated increase in employees, employee benefits rose by TEUR 755 quarter-on-quarter.

Other expenses amounted to TEUR 20,902 in the third half of 2015 (Q3 2014: TEUR 10,410). This increase was caused, on the one hand, by other expenses of primacom Group in the amount of TEUR 3,116, and on the other, by an increase in legal and advisory fees of TEUR 5,644 (excluding the expenses of primacom Group) resulting mainly from the acquisition of businesses.

Adjusted EBITDA increased by 43.4% quarter-on-quarter to TEUR 36,917 (Q3 2014: TEUR 25,748). The operating margin therefore rose to 50 % in the reporting period (Q3 2014: 47.9 %).

The depreciation and amortisation expense for the reporting quarter was TEUR 20,673 (Q2 2014: TEUR 13,722). The increase primarily results from depreciation and amortisation expenses of primacom Group.

Interest expenses increased from TEUR 13,194 in Q3 2014 to TEUR 13,966 in the reporting quarter. The change mainly results from financing required for the acquisition of primacom Group.

Tax income amounted to TEUR 3,434 in the third quarter of 2015 (Q3 2014: tax expense of TEUR 2,863). While the effective income tax expense declined by TEUR 1,941 to TEUR 1,198 (Q3 2014: TEUR 3,139), deferred tax rose to TEUR 4,632 (Q3 2014: TEUR 277) by adjustment of deferred taxes on IPO costs in equity on the current income tax the Group's development.

The third quarter of 2015 closed with a loss of TEUR 8,458 (Q3 2014: loss of TEUR 8,700).

In thousands of euro (TEUR)

	Q3 2015	Q3 2014
Adjusted EBITDA	36,917	25,748
Non-recurring expenses (-)/income (+)	-14,175	-4,687
EBITDA	22,742	21,061
Finance income/costs	-13,961	-13,176
Depreciation and amortisation expense	-20,673	-13,722
Income tax expense	+3,434	-2,863
Loss	-8,458	-8,700

Comparison of first 9 months of 2015 (ended 30 September) to first 9 months of 2014 (ended 30 September)

Revenues rose by 14.1 % in the first nine months of 2015 compared to the first nine months of 2014 to TEUR 181,851 (first 9 months 2014: TEUR 159,421). This change results mainly from the acquisition of primacom Group.

Revenue from the TV segment increased by 6.6 % to TEUR 125,527 (first 9 months 2014: TEUR 117,712). Revenues in the internet and telephony segment rose significantly by 32.7 % from TEUR 38,481 to TEUR 51,073.

Operating performance, defined as the sum of revenues, other income and own work capitalised, rose in the reporting period by 23.4 % to TEUR 211,269 (first 9 months 2014: TEUR 171,249). The increase attributable to the primacom Group is TEUR 22,712. The further increase results mainly from the increase in other income from TEUR 7,154 to TEUR 23,197, particularly as a result of increased revenues from the release of provisions and the derecognition of liabilities in the amount of TEUR 9,890 (first nine months of 2014: TEUR 326) and from IPO costs recharged to the parent company. Moreover, own work capitalised rose from TEUR 4,674 in the first nine months of 2014 to TEUR 6,221 in the first nine months of 2015.

Gross profit amounted to TEUR 149,269 (first 9 months 2014: TEUR 116,697), with a gross margin of 82.1 % (first 9 months 2014: 73.2 %).

The cost of materials for the first nine months of 2015 rose by TEUR 7,448 compared to the same period of the previous year and amounted to TEUR 62,000 (first 9 months 2014: TEUR 54,552). The increase primarily results from primacom Group's cost of materials in the amount of TEUR 6,223 as well as risen signal procurement charges.

Employee benefits rose by TEUR 9,657 to TEUR 33,537 (first 9 months 2014: TEUR 23,880). While employee benefits rose by TEUR 3,399 as a result of the acquisition of primacom Group, the additional increase is largely due to the HR strategy designed to achieve the Group's objectives. To this end, Tele Columbus has increased its investments in human resources. Moreover, a number of smaller companies were acquired in the first quarter of 2015. As a result of the associated increase in employees, employee benefits rose by TEUR 2,281 year-on-year.

Other expenses amounted to TEUR 47,369 in the first nine months of 2015 (first 9 months 2014: TEUR 27,897). This increase of TEUR 19,472 was caused, on the one hand, by other expenses of primacom Group in the amount of TEUR 3,116, and on the other, by an increase in legal and advisory fees of TEUR 11,242 (excluding the expenses of primacom Group). Incidental bank charges (TEUR 4,146) also rose by TEUR 3,555 (first 9 months 2014: TEUR 591). The incidental bank charges arose mainly in connection with the IPO and refinancing

Adjusted EBITDA improved by 22.0 % year-on-year to TEUR 89,002 (first nine months of 2014: TEUR 72,945). The operating margin therefore rose to 49.0 % in the reporting period (first nine months of 2014: 45.8 %). The newly acquired companies contributed TEUR 11,283 to the adjusted EBITDA in the first nine months of 2015.

Depreciation and amortisation increased to TEUR 44,201 (first 9 months 2014: TEUR 40,177). Of this amount, TEUR 8,475 is attributable to acquisition of the primacom Group. This change results mainly from the acquisition of primacom Group as well as contrary from assets reaching the end of their useful life.

Interest expenses decreased from TEUR 34,304 to TEUR 27,391. This decline results mainly from refinancing after the IPO in the first quarter of 2015. The contrary effect arose from the new financing for the acquisition of the primacom Group.

Other finance income (costs) amounted to TEUR 4,065 (first nine months of 2014: costs of TEUR 84). This rise mainly results from the presentation of recognised transaction costs in profit or loss as a consequence of refinancing in the first quarter of 2015.

Tax expenses amounted to TEUR 1,163 in the first nine months of 2015 (first 9 months 2014: TEUR 4,734). While the effective income tax expense declined by TEUR 3,626 to TEUR 1,108 (first 9 months 2014: TEUR 4,734), there were no significant deferred tax expenses.

The first nine months of 2015 closed with a loss of TEUR 8,422 (first 9 months 2014: loss of TEUR 14,315).

In thousands of euro (TEUR)	First 9 months 2015	First 9 months 2014
Adjusted EBITDA	89,002	72,945
Non-recurring expenses (-)/income (+)	-20,639	-8,025
EBITDA	68,363	64,920
Finance income/costs	-31,421	-34,324
Depreciation and amortisation expense	-44,201	-40,177
Income tax expense	-1,163	-4,734
Loss	-8,422	-14,315

Non-recurring expenses largely relate to advisory fees incurred in the first nine months of 2015 in connection with the IPO, various M&A projects and integration costs, expenses relating to termination benefits, other non-recurring personnel expenses, as well as expenses relating to the provision for onerous contracts in connection with a long-term signal feed agreement. Also included are income from refundable IPO costs, income from the retirement of assets, and income from the release of provisions for onerous contracts in connection with the long-term signal feed agreement as well as reversal of the impairment loss for the RCF loan.

In the first nine months of 2015, non-recurring expenses/income largely consisted of costs incurred in connection with the planned sale of Tele Columbus, planned IPO costs, moving expenses, expenses for termination benefits, as well as other non-recurring personnel expenses and expenses/income from the retirement of assets.

2.3.2 Financial position and cash flows

Cash flows
Quarter-on-quarter comparison: Q3 2015 (ended 30 September) to Q3 2014 (ended 30 September)

The key effect for the Cash flow in the third quarter of 2015 was the acquisition of the primacom Group.

This acquisition, net of cash acquired, resulted in net cash used of TEUR -712,709. Bank loans in the amount of TEUR 699,000 were taken out to finance the acquisition of primacom Group.

The cash flows from investing activities amounted to TEUR -728,513 result mainly from the investments in the acquisition of primacom Group and could not be fully offset by positive cash flows from operating activities of TEUR 11,051 and positive cash flows from financing activities of TEUR 680,592, so that cash and cash equivalents were TEUR 36,870 lower as at 30 September 2015 than as at 30 June 2015.

While interest on loans and borrowings amounted to TEUR -599 in the previous quarter, interest paid rose to TEUR -9,711 in the third quarter of 2015. On account of the IPO and refinancing, interest has been paid on a monthly basis since February 2015, while previous financing terms provided for repayment twice a year in January and July.

Tele Columbus Group has various leases for infrastructure facilities to supply customers. These have been classified as finance leases in accordance with IAS 17 (Leases). Finance lease liabilities of TEUR 1,649 were incurred in the third quarter of 2015 (Q3 2014: TEUR 1,455).

Tele Columbus Group was always in a position to meet its payments obligations in the third quarter of 2015. The funds required in Q3 2015 for investments in the expansion of networks, the acquisition of primacom Group, and sales and marketing of new phone and internet services were financed from operating activities, cash and new loans. Interest on loans and borrowings was also covered through cash. It was not necessary to use the available credit line (RCF) of EUR 125.0 million.

Cash flows
Comparison of first 9 months of 2015 (ended 30 September) to first 9 months of 2014 (ended 30 September)

The cash flows from investing activities amounted to TEUR -763,572 result mainly from the investments in the acquisition of primacom Group and were exceeded by positive cash flows from operating activities of TEUR 18,232 and positive cash flows from financing activities of TEUR 757,715, resulting in an increase in cash and cash equivalents as at 30 September 2015 by TEUR 12,375 compared to 31 December 2014. This positive cash flow overall is mainly the result of the successful IPO in January 2015. This and the subsequent refinancing allowed the Group to repay non-current liabilities in the amount of TEUR 643,344. In the course of new financing, also as a result of the acquisition of primacom Group, non-current liabilities were incurred in the amount of TEUR 1,074,033.

While interest on loans and borrowings amounted to TEUR -16,385 in the prior-year period, interest paid rose to TEUR -18,454 in the first nine months of 2015. On account of the IPO and refinancing, interest has been paid on a monthly basis since February 2015, while previous financing terms provided for repayment twice a year in January and July.

The successful IPO resulted in contributions to equity in the amount of TEUR 366,667 (after the deduction of cost: TEUR 351,562).

Tele Columbus Group has various leases for infrastructure facilities to supply customers. These have been classified as finance leases in accordance with IAS 17 (Leases). Finance lease liabilities of TEUR 4,695 were incurred in the first nine months of 2015 (first nine months 2014: TEUR 4,308).

A number of new companies – RFC, Wowisat, Teleco, KABELMEDIA and primacom Group – were acquired in the first nine months of 2015. These acquisitions, net of cash acquired, resulted in net cash used of TEUR -722,109.

Tele Columbus Group was always in a position to meet its payments obligations in the first nine months of 2015. The funds required in the first nine months of 2015 for investments in the expansion of networks, acquisition of the above-mentioned companies, and sales and marketing of new phone and internet services were financed from operating activities, cash and the new loans. Interest on loans and borrowings was also covered through cash. It was not necessary to use the available credit line (RCF) of EUR 125.0 million.

The management reviews the Group's liquidity situation at least monthly and initiates measures, should it become necessary, to forestall liquidity shortages in due time (we refer to our comments in Section 5 'Risks' of the Group Management Report for 2014).

Capital structure
Comparison of figures as at 30 September 2015 with those as at 30 June 2015 and 31 December 2014)

Loans and borrowings

Lender	**Borrower**	**Total as at 31/09/2015 in EUR**	**Share**	**Total as at 30/06/2015 in EUR**	**Share**
Senior Tranche A	TC AG	366,621,195	34.66%	366,228,391	97.33%
Senior Tranche C	TC AG	420,427,920	39.74%	-	0.00%
Rev. Facility / IPO Facility B&C	TC AG	277,995	0.03%	277,995	0.07%
Second Lien	TC AG	137,344,066	12.98%	-	0.00%
Equity bridge	TC AG	124,038,549	11.73%	-	0.00%
SSK Gelsenkirchen	BMB KG	3,528,845	0.33%	3,815,372	1.01%
UniCredit & Diverse	BIG	1,308,234	0.12%	1,419,226	0.38%
SSK Magdeburg	MDCC	3,857,069	0.36%	4,066,855	1.08%
Volksbank Magdeburg	MDCC	450,000	0.04%	450,000	0.12%
Others		28,976	0.00%	-	0.00%
Total		**1,057,882,850**		**376,257,839**	

Lender	Borrower	Total as at 31/09/2015 in EUR	Share	Total as at 31/12/2014 in EUR	Share
Senior Tranche A / IPO Facility A	TC AG	366,621,195	34.66%	492,841,295	76.63%
Second Lien Tranche A	TC AG	-	0.00%	37,627,277	5.85%
Mezzanine Tranche A	TC AG	-	0.00%	35,630,085	5.54%
Senior Tranche C	TC AG	420,427,920	39.74%	-	0.00%
Rev. Facility / IPO Facility B&C	TC AG	277,995	0.03%	209,055	0.03%
Second Lien	TC AG	137,344,066	12.98%	-	0.00%
Equity bridge	TC AG	124,038,549	11.73%	-	0.00%
Super Senior Tranche 2	TC AG	-	0.00%	16,160,334	2.51%
Senior Tranche A	TC Ost GmbH	-	0.00%	36,292,298	5.64%
Senior Tranche A	TC Sachsen-Thüringen GmbH	-	0.00%	3,820,242	0.59%
Senior Tranche A	TC Netze Berlin GmbH	-	0.00%	9,550,605	1.49%
SSK Gelsenkirchen	BMB KG	3,528,845	0.33%	4,380,624	0.68%
UniCredit & Diverse	BIG	1,308,234	0.12%	1,524,743	0.24%
SSK Magdeburg	MDCC	3,857,069	0.36%	4,611,427	0.72%
Volksbank Magdeburg	MDCC	450,000	0.04%	525,000	0.08%
Others		28,976	0.00%	-	0.00%
Total		**1,057,882,850**		**643,172,985**	

The credit volume of EUR 500,000,000 (under the IPO Financing Agreement of January 2015) is divided into facility A (term loan) of EUR 375,000,000 and two as yet unutilised credit lines, B and C, of EUR 75,000,000 for capital investments and EUR 50,000,000 for general expenditures, respectively. Facility A matures in six years and facilities B and C in five years' time. The current interbank spread is 4.5 % plus Euribor for facility A and 3.75 % for facilities B and C. The loan commitment fee for facilities B and C is calculated at 35 % of the spread for the two credit lines and is due on a quarterly basis. This loan was used mainly to repay 'legacy liabilities' under the Senior Facilities Agreement and the Mezzanine Facility Agreement. By also using proceeds from the IPO, all liabilities under legacy financing agreements were thus repaid. This has also eliminated the credit limit of EUR 28.3 million under the SFA.

To this end, three further tranches were disbursed on 31 July 2015, comprising senior tranche C of TEUR 435,000, the second lien tranche of TEUR 139,000 and the short-term equity bridge facility of TEUR 125,000. The terms of tranche C and the equity bridge are equivalent to those of senior tranche A. The second lien carries interest of 7.25 % plus Euribor. This tranche currently has a 1 % Euribor floor, so that an overall profit margin of 8.25 % is recognised even if the Euribor falls below 1 %. These tranches were used to finance the acquisition of primacom and repayment of the primacom liabilities to banks.

For the maturities of these loan facilities we refer to our comments in Section D.15 'Loans and borrowings' in the notes to the consolidated financial statements.

The ownership interests in subsidiaries have been pledged as collateral. Contrary to financing before the IPO, trade receivables, cash at bank, and plant and equipment have not been pledged.

Changes in equity
Comparison of figures as at 30 September 2015 with those as at 31 December 2014

The increase in equity from TEUR -107,316 as at 31 December 2014 to TEUR 234,261 as at 30 September 2015 mainly results from the IPO in the first quarter of 2015. This changed the Group's share capital from TEUR 20,025 as at 31 December 2014 to TEUR 56,692 as at 30 September 2015. The increased capital reserve of TEUR 323,219 as at 30 September 2015 (31 December 2014: TEUR 8,324) also results mainly from the IPO.

Investments
Comparison of first 9 months of 2015 (ended 30 September) to first 9 months of 2014 (ended 30 September)

Tele Columbus Group, once again, invested heavily in technologies and interests in other entities, also in the reporting period under review. Investments (including interests in other entities in the amount of TEUR 727,987) rose to TEUR 767,945 (first nine months of 2014: TEUR 39,520).

The main focus of these investments is the rigorous pursuit of our migration strategy, i.e. replacing third party signal suppliers with Tele Columbus's own signal feed for current subscribers, as well as upgrading the existing HFC networks for marketing high speed IP services, in order to satisfy the increasing demand for fast internet connections. Investments with regard to existing expansion commitments to housing corporations in the course of new acquisitions or renewals of contracts were made primarily in Berlin/Potsdam, Dresden and other locations in Saxony.

To strengthen our presence in North Rhine-Westphalia, Wowisat (including 4,900 households) was acquired in the first quarter of 2015, and another 30,700 households were acquired during the second quarter of 2015. In the third quarter of 2015, primacom Group was acquired including a total of 1,156.000 connected households. We refer to our comments in Section 1.1 of this report on changes in group structure for further details.

The capital expenditure commitments made in the first nine months of 2015, which will result in cash outflows of about TEUR 20,739 in subsequent reporting periods (31 December 2014: TEUR 8,386), will be financed from existing cash and cash equivalents.

2.3.3 Assets
as at 30 September 2015 compared to 31 December 2014

Property, plant and equipment rose by TEUR 173,906 to TEUR 383,829 compared to 31 December 2014 (TEUR 209,923). The increase primarily results from property, plant and equipment assumed from primacom Group at a value of TEUR 171,647.

Intangible assets rose by TEUR 598,618 to TEUR 980,439 compared to 31 December 2014 (TEUR 381,821). The increase primarily results from the increase in the value of goodwill to TEUR 845,273 (31 December 2014: TEUR 373,582). This rise mainly results from goodwill of TEUR 463,724 from first-time consolidation of the primacom Group as well as smaller amounts of goodwill from first-time consolidation of Wowisat, Teleco, RFC and KABELMEDIA as well as the purchase price adjustment for the BIG-Group. Moreover, the customer base increased by TEUR 111,753 to TEUR 117,312 (31 December 2014: TEUR 5,559). The increase primarily results from the acquisition of primacom Group.

Inventories increased to TEUR 6,717 as at 30 September 2015 (31 December 2014: TEUR 3,342). This increase is mainly due to seasonal fluctuations resulting from differences in order placement. Inventory in the amount of TEUR 1,465 was contributed by primacom Group.

Current trade receivables increased by TEUR 7,333 to TEUR 26,448 (31 December 2014: TEUR 19,115). The share contributed by primacom Group amounts to TEUR 5,263.

Other current receivables amounted to TEUR 11,035 (31 December 2014: TEUR 13,082). Of this amount, TEUR 6,802 was pledged as security to refinancing banks in the form of cash deposits for the debit limit, to NET M-Bank and Postbank, and therefore is not freely available.

Current deferred expenses amounted to TEUR 12,255 (31 December 2014: TEUR 5,690). The increase primarily results from current deferred expenses contributed by primacom Group.

Tele Columbus AG's consolidated equity capital amounted to TEUR 234,261 as at 30 September 2015 (31 December 2014: TEUR -107,316).

Post-employment and other employee benefits amounted to TEUR 11,357 (31 December 2014: TEUR 10,615) and therefore have risen slightly due to the effect of the time value of money.

Non-current other provisions – consisting mainly of provisions for onerous contracts – decreased by TEUR 5,533 and amounted to TEUR 6,350 (31 December 2014: TEUR 11,883).

Non-current loans and borrowings amounted to TEUR 906,857 (31 December 2014: TEUR 640,547). While non-current loans and borrowings decreased at the beginning of the year as a result of the IPO and subsequent refinancing, they increased again in the third quarter of 2015 due to new financing required for the acquisition of primacom Group.

The Group's liabilities under interest-bearing loans totalled TEUR 1,057,883 as at 30 September 2015 (31 December 2014: TEUR 643,173). This corresponds to 71.6 % (31 December 2014: 96.4 %) of total assets.

Current loans and borrowings amounted to TEUR 151,026 (31 December 2014: TEUR 2,626) and mainly consist of an equity bridge facility in the amount of TEUR 124,039 for acquisition of the primacom Group.

Current trade payables increased by TEUR 8,833 year-on-year to TEUR 49,858 (31 December 2014: TEUR 41,025). Current trade payables assumed from primacom Group amount to TEUR 14,229.

Other current liabilities rose during the reporting period to TEUR 16,463 (31 December 2014: TEUR 12,565). The increase attributable to the primacom Group is TEUR 2,484.

Current deferred income/revenue amounts to TEUR 12,211 (31 December 2014: TEUR 4,317). Acquisition of the primacom Group contributed TEUR 2,591 to this amount. Current deferred income/revenue is subject to cyclical fluctuations over the course of the year due to the invoicing of customers paying on an annual, semi-annual and quarterly basis.

3. Subsequent events

The following events are of material significance and have occurred subsequent to the interim reporting date of 30 September 2015:

Acquisition of Funk und Technik GmbH Forst

On 16 October 2015, Tele Columbus AG acquired all ownership interests in Funk und Technik GmbH Forst (hereinafter also referred to as 'FuT'), based in Forst. FuT, in turn, holds a 37% share in Breitbandgesellschaft Cottbus mbH (hereinafter also referred to as 'BGC'), based in Cottbus. FuT also holds an ownership interest in Cable Plus GbR, which is an operator of multimedia broadband cable networks. The company offers its customers broadband TV, internet and telephony services. FuT also operates and maintains several satellite signal distribution systems in buildings located in areas which so far cannot be supplied with broadband connections. The company currently supplies 22,141 housing units with TV and radio as well as phone and internet services. This company was purchased for TEUR 11,600.

Acquisition of 'Mietho & Bär Kabelkom' Kabelkommunikations-Betriebs GmbH

By share purchase and transfer agreement dated 26 October 2015, Tele Columbus AG acquired all shares in 'Mietho & Bär Kabelkom' Kabelkommunikations-Betriebs GmbH (hereinafter also referred to as 'M&B'), based in Gablenz. M&B, in turn, holds a 26 % share in Breitbandgesellschaft Cottbus mbH (hereinafter also referred to as 'BGC'), based in Cottbus. Due to acquisition of Teleco GmbH Cottbus Telekommunikation as well as Funk und Technik GmbH Forst in the third quarter, both of which hold ownership interests in BGC, Tele Columbus AG will recognise all ownership interests in BGC from the date of first-time consolidation. M&B also holds all ownership interests in ANTENNEN-ELECTRONIC in Berlin und Brandenburg GmbH and a share in Cable Plus GbR, which focuses on the planning, financing, construction, maintenance and operation of multimedia cable TV networks, satellite-delivered master antenna television systems and customised antenna television systems for owners of multi-family residential buildings as well as individual customers. The company currently supplies 6,534 connected housing units. This company was purchased for TEUR 2,600.

Planned capital contribution

On 19 October 2015, Tele Columbus AG announced its intent to increase its capital by granting subscription rights to repay an equity bridge facility and partially repay subordinated loans from the acquisition of primacom Group, and to finance part of the purchase price for acquisition of the pepcom Group. The new shares issued to raise capital by granting subscription rights will be financed from authorised capital based on the resolution to increase capital adopted at the extraordinary general meeting on 14 September 2015. A total of 70,864,584 new shares were included with Tele Columbus's currently listed shares, which started trading on the Frankfurt Stock Exchange on 6 November 2015. The new shares issued to raise capital by granting subscription rights generated proceeds of approximately EUR 382.7 million.

Restructuring

At employee meetings held on 4 November 2015 in Berlin, Hanover and Leipzig, employees and the staff council were informed of decisions regarding restructuring at various locations. One of the main points was transfer of operations from Hanover to Berlin and Leipzig within a timeframe of 24 months.

pepcom GmbH

Tele Columbus AG signed an agreement with Lead Luxembourg 2 S.à r.l. on 13 September 2015 for acquisition of the cable network operator pepcom GmbH. The agreed purchase price is EUR 608 million before taking into account net debt, other items potentially turning into debt, and the 30 % minority interest in the investee KMS Kabelfernsehen München Servicecenter GmbH & Co. (the so-called 'enterprise value'). The purchase price is EUR 505 million after taking account of these items (so-called 'equity value'). pepcom Group has about 0.8 million connected households. With the acquisition, about 3.6 million connected households will be combined into one platform.

Given the fact that contract negotiations are still in progress, no further information is available at this point. Tele Columbus AG expects the contract to be signed by 30 November 2015.

4. Forecast

We refer to the 2014 group management report for a detailed forecast for Tele Columbus Group. With regard to key financial and non-financial indicators, Tele Columbus Group's outlook for the entire financial year 2015 will be adjusted as a result of the acquisition of ownership interests in PrimaCom Holding GmbH and pepcom GmbH (in September) and the associated overall changes in group structure.

5. Risks

With regard to Tele Columbus Group's risks, we refer to the details provided in the group management report for financial year 2014. The risk exposure described therein does not reflect Tele Columbus Group's position after acquisition of primacom Group in July.

In addition to the risks presented in the group management report for 2014, there is further exposure due to acquisition of primacom Group.

5.1 Risks from business operations

Unexpected obligations or operational challenges could arise from the acquired group's business operations, which could reduce the value of the acquired group. The acquired primacom Group's business operations are similar to those of Tele Columbus. This could negatively impact Tele Columbus's business operations in terms of financial and operational indicators.

5.2 Financial risks

The acquisition of primacom Group has increased Tele Columbus's level of debt as a result of the new loan for TEUR 699,000. As Tele Columbus Group does not use material derivative financial instruments, it is exposed to the risk of fluctuations in interest rate and the resulting cash flows. Therefore, a significant rise in the Euribor would have a direct increasing effect on the interest paid by Tele Columbus Group. Consequently, Tele Columbus Group monitors the interest rate environment meticulously and is ready to execute interest rate hedging transactions, if any, as necessary.

The exact impact on key financial and non-financial risks from the acquisition of ownership interests in pepcom Group and the associated overall changes in group structure are presented in the risk report of Tele Columbus Group for financial year 2015 as a whole.

6. Opportunities

Tele Columbus will be presented with a number of opportunities in future, resulting in particular from the Group's strong competitive position. We refer in this regard to the comments in Section 6 'Opportunities' of the group management report for financial year 2014. The opportunities described therein do not reflect Tele Columbus Group's position after acquisition of the primacom and pepcom groups. As regards the opportunities presented in Group Management Report 2014, which continue to be applicable, we would like to comment as follows:

As one of the leading companies, Tele Columbus will benefit from market consolidation.

As has been demonstrated in recent years, the German cable market is still in a phase of consolidation. Unitymedia and Kabel BW as well as Vodafone and Kabel Deutschland are just some of the mergers that have occurred in recent years. Especially in the East German federal states, the cable market is dominated by numerous smaller and medium-sized cable network operators, which provide interesting growth opportunities during this market consolidation process. Due to our access to the capital market as a result of the IPO as well as the associated improvement in capitalisation, Tele Columbus's prospects are good for playing a leading part during this consolidation and benefiting from potential economies of scale as well as synergy effects.

Tele Columbus AG has taken a significant step towards its envisaged growth strategy by taking over the fourth-largest cable network operator primacom in July 2015, which is further supported by takeover of the next-largest cable network operator, pepcom GmbH, in September.

Tele Columbus AG follows a sustainable and profitable growth strategy. The Group expects that the acquisition and integration of primacom and pepcom will have a positive influence on the key performance targets set for the coming years.

Tele Columbus also intends to play a leading role in this consolidation process in future and is currently actively pursuing further acquisitions.

Expansion of Tele Columbus's range of services

Tele Columbus AG has expanded its portfolio with a range of mobile phone services, using the network of Telefónica O2. Mobile data and phone services were introduced to the market on 1 September 2015. These services are offered in cooperation with Drillisch AG, one of the largest network-independent telecommunications providers in Germany. Tele Columbus Group hopes that launching itself in the market as a quadruple play operator and adding mobile phone services will create even greater customer loyalty and generate additional growth in revenue.

From the middle of 2016, Tele Columbus Group will also offer maxdome video on demand (VOD). Tele Columbus AG and ProSiebenSat.1 Group signed an agreement for that purpose on 15 October 2015. maxdome's subscription video on demand (SVOD) will be a key element in Tele Columbus's future product range, which will be gradually expanded with innovative on-demand functions to watch TV and videos on all display screens and devices within households. By integrating maxdome into its multimedia platform, Tele Columbus will provide its customers with access to Germany's largest online video library for movies, series and documentaries. It is expected that these programmes will be retrievable directly via Tele Columbus's new receivers from the middle of 2016. Tele Columbus Group hopes that this will also further enhance customer loyalty and revenue.

Berlin, 12 November 2015

Tele Columbus AG, Berlin

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

Condensed Consolidated Interim Financial Statements for the nine-month period ending 30 September 2015

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

for

Tele Columbus AG

TELE COLUMBUS AG, BERLIN
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2015

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I Consolidated income statement

		1 Jan. to 30 Sept.		Third Quarter	
in TEUR	**Note**	**2015**	**2014**	**2015**	**2014**
Revenue	D.1	181,851	159,421	73,928	53,798
Own work capitalised	D.2	6,221	4,674	2,587	1,805
Other income	D.3	23,197	7,154	2,290	2,016
Total operating income		**211,269**	**171,249**	**78,805**	**57,619**
Cost of materials	D.4	-62,000	-54,552	-22,632	-17,973
Employee benefits	D.5	-33,537	-23,880	-12,529	-8,175
Other expenses	D.6	-47,369	-27,897	-20,902	-10,410
EBITDA		**68,363**	**64,920**	**22,742**	**21,061**
Depreciation and amortisation expenses	D.7	-44,201	-40,177	-20,673	-13,722
EBIT		**24,162**	**24,743**	**2,069**	**7,339**
Profit (+)/loss (-) from investments in associated companies		20	18	-	30
Interest and similar income	D.8	15	46	5	-12
Interest and similar expenses	D.8	-27,391	-34,304	-13,966	-13,194
Other finance income and expenses	D.9	-4,065	-84	-	-
Profit (+)/loss (-) before tax		**-7,259**	**-9,581**	**-11,892**	**-5,837**
Income taxes	D.10	-1,163	-4,734	3,434	-2,863
Profit (+)/loss (-) for the period		**-8,422**	**-14,315**	**-8,458**	**-8,700**
Profit (+)/loss (-) attributable to owners of Tele Columbus AG		-10,185	-16,012	-9,025	-8,347
Profit attributable to non-controlling interests		1,763	1,697	567	-353
Basic earnings per share in EUR		-0.19	-0.80	-0.16	-0.42
Diluted earnings per share in EUR		-0.19	-0.80	-0.16	-0.42

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

II Consolidated statement of other comprehensive income

	1 Jan. to 30 Sept.		Third Quarter	
in TEUR	**2015**	**2014**	**2015**	**2014**
Profit (+)/loss (-) for the period	**-8,422**	**-14,315**	**-8,458**	**-8,700**
Other comprehensive income				
Expenses and income that will not be reclassified to profit or loss				
Remeasurement of the defined benefit liability (after tax)	-753	-584	643	31
Total comprehensive income (+)/loss (-)	**-9,175**	**-14,899**	**-7,815**	**-8,669**
Attributable to:				
Owners of Tele Columbus AG	-10,938	-16,596	-8,382	-8,316
Non-controlling interests	1,763	1,697	567	-353

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

III Consolidated statement of financial position

in TEUR	Note	30 Sept. 2015	31 Dec. 2014
Assets			
Non-current assets			
Property, plant and equipment	D.11	383,829	209,923
Intangible assets and goodwill	D.11	980,439	381,821
Interests in unconsolidated subsidiaries		-	8
Investments in associates		365	276
Receivables from related parties	E.3.2	90	-
Other financial receivables	D.12	584	1,148
Deferred expenses	D.12	2,820	72
Deferred tax assets		2	-
		1,368,129	**593,248**
Current assets			
Total inventories	D.12	6,717	3,342
Trade receivables	D.12	26,448	19,115
Receivables from related parties	E.3.2	2,303	3,129
Other financial receivables	D.12	4,633	4,662
Other receivables	D.12	11,035	13,082
Current tax assets		913	457
Cash and cash equivalents	E.5	41,928	24,441
Deferred expenses	D.12	12,255	5,690
		106,232	**73,918**
		1,474,361	**667,166**

in TEUR	Note	30 Sept. 2015	31 Dec. 2014
Equity and liabilities			
Equity			
Equity attributable to owners of Tele Columbus AG		228,625	-112,571
Non-controlling interests		5,636	5,255
Total equity	D.13	**234,261**	**-107,316**
Non-current liabilities			
Post-employment and other long-term employee benefits		11,357	10,615
Other provisions	D.14	6,350	11,883
Loans and borrowings	D.15	906,857	640,547
Trade payables	D.16	31,637	33,890
Deferred revenue	D.16	694	933
Deferred tax liability		35,761	-
		992,656	**697,868**
Current liabilities			
Other provisions	D.14	13,419	7,466
Loans and borrowings	D.15	151,026	2,626
Trade payables	D.16	49,858	41,025
Payables to related parties	E.3.2	2	2,559
Other financial liabilities		1,365	255
Other liabilities	D.16	16,463	12,565
Income tax liabilities		3,100	5,801
Deferred revenue	D.16	12,211	4,317
		247,444	**76,614**
		1,474,361	**667,166**

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

IV Consolidated statement of cash flows

		1 Jan. to 30 Sept.		Third Quarter	
in TEUR	**Note**	**2015**	**2014**	**2015**	**2014**
Cash flows from operating activities					
Earnings before interest and taxes (EBIT)		**24,162**	**24,743**	**2,069**	**7,339**
Depreciation and amortisation expenses	D.7	44,201	40,177	20,673	13,722
Equity settled share-based payments		572	-	572	-
Losses(+)/gain(-) on sale of property, plant and equipment		-933	-490	-214	-480
Increase(-)/decrease(+) in inventories, trade and other receivables not classified as investing or financing activities		-5,736	-9,993	6,842	3,324
Increase(+)/decrease(-) in provisions, trade and other payables not classified as investing or financing activities		-37,876	-4,250	-17,991	6,306
Income tax paid		-6,158	-3,601	-900	-502
Net cash from operating activities		**18,232**	**46,586**	**11,051**	**29,709**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		2,988	1,545	1,695	1,121
Acquisition of property, plant and equipment	D.11	-34,374	-21,157	-13,535	-10,266
Acquisition of intangible assets	D.11	-10,080	-3,934	-3,990	-504
Acquisition of financial assets		-12	-	21	-
Acquisition of subsidiaries, net of cash acquired		-722,109	-10,493	-712,709	-10,493
Interest received		15	46	5	32
Net cash used in investing activities		**-763,572**	**-33,993**	**-728,513**	**-20,110**

in TEUR	Note	1 Jan. to 30 Sept. 2015	1 Jan. to 30 Sept. 2014	Third Quarter 2015	Third Quarter 2014
Cash flows from financing activities					
Changes in net assets due to adjustments relating to the change in group structure		-	-1,684*	-	-
Other changes in net assets (incl. adjustments relating to IPO costs)		-15,105	-	-4,917	-
Payment of finance lease liabilities		-4,695	-4,308	-1,649	-1,455
Dividends paid		-1,387	-3,065	-162	-1,840
Proceeds from loans, bonds and borrowings	D.15	1,074,033	-	699,000	-
Repayment of borrowings	D.15	-643,344	-2,048	-1,969	-819
Cash proceeds from capital increase	D.13	366,667	-	-	-
Purchase of non-controlling interests		-	-19,900	-	-19,900
Interest paid		-18,454	-16,385	-9,711	-599
Net cash from (used in) financing activities		**757,715**	**-47,390**	**680,592**	**-24,613**
Cash and cash equivalents					
Net increase/decrease in cash and cash equivalents		12,375	-34,797	-36,870	-15,014
Cash and cash equivalents at the beginning of the period		24,441	70,539	77,658	51,115
Cash and cash equivalents at the end of the period		**36,816**	**35,742**	**40,788**	**36,101**
Less(-)/ plus (+) restricted cash and cash equivalents released during the reporting year		5,112	359	1,140	-
Cash and cash equivalents at the end of the period (after release of restricted cash)		**41,928**	**36,101**	**41,928**	**36,101**

* Please refer to Section V 'Consolidated statement of changes in equity'.

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

V Consolidated statement of changes in equity

for the first nine months of 2015 (in TEUR)

	Net assets attributable to Tele Columbus Group	Share capital	Capital reserve	Other changes in equity	Retained earnings	Revaluation reserve IAS 19	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 Jan. 2015	-	**20,025**	**8,324**	**-114,692**	**-24,121**	**-2,107**	**-112,571**	**5,255**	**-107,316**
Profit(+)/loss(-)					-10,185		-10,185	1,763	-8,422
Other comprehensive income						-753	-753		-753
Total comprehensive income					**-10,185**	**-753**	**-10,938**	**1,763**	**-9,175**
Dividends								-1,387	-1,387
Change in non-controlling interest								5	5
Capital increase due to IPO		36,667	330,000				366,667		366,667
IPO costs deductible from equity			-15,105*				-15,105		-15,105
Equity settled share-based payments				572			572		572
Balance at 30 Sept. 2015	-	**56,692**	**323,219**	**-114,120**	**-34,306**	**-2,860**	**228,625**	**5,636**	**234,261**

* Comprising IPO costs deductible from equity in the amount of TEUR -15,105.

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

for the first nine months of 2014 (in TEUR)

	Net assets attributable to Tele Columbus Group	Share capital	Capital reserve	Other changes in equity	Retained earnings	Revaluation reserve IAS 19	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 Jan. 2014	**-68,225**	**-**	**-**	**-**	**-**	**-**	**-68,225**	**6,690**	**-61,535**
Profit(+)/loss(-)					-16,012		-16,012	1,697	-14,315
Other comprehensive income						-584	-584		-584
Total comprehensive income					**-16,012**	**-584**	**-16,596**	**1,697**	**-14,899**
Dividends								-3,065	-3,065
Changes resulting from the purchase of minority interests				-17,772			-17,772	-597	-18,369
Changes in net assets due to adjustments relating to the change in group structure				-1,684*			-1,684		-1,684
Balance at 30 Sept. 2014	**-68,225**	**-**	**-**	**-19,456**	**-16,012**	**-584**	**-104,277**	**4,725**	**-99,552**

* Please refer to Section IV 'Consolidated statement of cash flows'.

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

VI Notes to the condensed consolidated interim financial statements

A General information

Introduction

In preparation for the initial public offering on 23 January 2015, part of the Tele Columbus Group's legal structure was restructured in 2014.

As part of the reorganisation, all of Tele Columbus GmbH's operating investments as well as certain assets and liabilities were spun off to Tele Columbus Holding GmbH (hereinafter jointly referred to as 'Tele Columbus Group'). The spin-off agreement between Tele Columbus GmbH and Tele Columbus Holding GmbH was signed on 19 August 2014. The spin-off was performed with retroactive effect from 1 January 2014. This was recorded in the commercial register on 22 August 2014.

Change of legal form to Tele Columbus AG

At the extraordinary shareholders' meeting held on 20 August 2014 was resolved to change Tele Columbus Holding GmbH's legal form to a German corporation limited by shares (Aktiengesellschaft) trading under the name Tele Columbus AG. The change of legal form took effect upon entry of the form change in the commercial register on 12 September 2014. For further details, please refer to the introduction to our Consolidated Financial Statements as at 31 December 2014.

Initial public offering of Tele Columbus AG

Tele Columbus AG has been listed on the Prime Standard of the Frankfurt Stock Exchange since 23 January 2015. Shares were traded at an initial price of EUR 10.70 and an issue price of EUR 10.00 per share.

For more information on movements in equity, please refer to Section D.13 'Equity'.

Share placement generated gross earnings of TEUR[1] 366,667. A large proportion of these earnings was used to improve the Group's capital structure and to reduce its liabilities. We also invest in our infrastructure, particularly the further expansion of our cable networks and connection of additional private households to our own integrated network level 3 in order to be able to continuously enhance our range of services as a reliable service provider for our partners and customers.

Basis of the consolidated interim financial statements

The condensed consolidated interim financial statements of Tele Columbus AG as at 30 September 2015 present the financial position, financial performance and cash flows of Tele Columbus AG and its consolidated entities for the first nine months of 2015. Comparative figures for the first nine months of 2014 are condensed combined interim financial data, presenting the financial information of Tele Columbus Beteiligungs GmbH and the operating investments spun off to Tele Columbus AG (in August 2014) as if restructuring had taken place before 1 January 2014.

The condensed consolidated interim financial statements of Tele Columbus Group as at 30 September 2015 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 2014. Thus, these consolidated interim financial statements need to be considered in the context of the consolidated financial statements as at 31 December 2014. 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 notes to the consolidated financial statements for the nine month period ended 30 September 2015 and the comparative period in 2014. In addition, the consolidated income statement, consolidated statement of other comprehensive income and consolidated statement of cash flows include comparative

[1] EUR thousand (hereinafter abbreviated as 'TEUR')

information for the third quarter of 2015 which is comparable to the same interim reporting period in 2014.

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

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

There were no significant changes in accounting policies compared to the consolidated financial statements as at 31 December 2014, except the changes represented in Section C.2 'Significant accounting policies'.

The consolidated interim financial statements were prepared by the Management Board of Tele Columbus AG in Berlin on 12 November 2015.

B Basis of consolidation

There were no significant changes in consolidation policy compared to the consolidated financial statements as at 31 December 2014.

B.1 Changes in consolidated entities

Acquisition of primacom Group

With closing on 31 July 2015 Tele Columbus AG acquired all shares of PrimaCom Holding GmbH, Leipzig (hereinafter referred to as 'primacom Group'), and thus gained control over the subsidiaries (PrimaCom Holding GmbH, Leipzig; PrimaCom Berlin GmbH, Leipzig; Telekabel Enterprise S.à r.l., Luxemburg; Wikom Deutsche Telekabel GmbH, Berlin; Martens Deutsche Telekabel GmbH, Hamburg; ACN Telekabel Holding GmbH, Frankfurt am Main; DTK Deutsche Telekabel Verwaltungs GmbH, Berlin; DTK Deutsche Telekabel Media GmbH, Berlin; MediaHome Verwaltungs GmbH, Berlin; DTK Deutsche Telekabel Halle GmbH, Berlin; DTK Deutsche Telekabel GmbH, Berlin; AKF Betreibungs- und Verwaltungsgesellschaft mbH, Berlin; KSP Kabel Service Prenzlau GmbH, Prenzlau; IKS - ImmoKabelService GmbH, Berlin) of the company.

In September the companies Wikom Deutsche Telekabel GmbH, Berlin; ACN Telekabel Holding GmbH, Frankfurt am Main; DTK Deutsche Telekabel Verwaltungs GmbH, Berlin; DTK Deutsche Telekabel Media GmbH, Berlin; MediaHome Verwaltungs GmbH, Berlin; DTK Deutsche Telekabel Halle GmbH, Berlin; DTK Deutsche Telekabel GmbH, Berlin; AKF Betreibungs- und Verwaltungsgesellschaft mbH, Berlin; IKS - ImmoKabelService GmbH, Berlin, were merged to PrimaCom Berlin GmbH, Leipzig.

The contribution amounted to TEUR 716,944 and was paid in cash. An amount of TEUR 7,000 was paid to an escrow account recognized on the shareholders.

The opening balance and thus the first consolidation are prepared on a preliminary basis due to time constraints.

The preliminary balance as of the first consolidation (1 August 2015) comprises of

in TEUR	1 August 2015
Assets	
Non-current assets	
Property, plant and equipment	170,958
Intangible assets an goodwill	126,568
Investments in associates	15
	297,541
Current assets	
Total inventories	1,594
Trade receivables	5,463
Receivables from related parties	198
Other financial receivables	1,261
Other receivables	2,639
Current tax assets	27
Cash and cash equivalents	4,234
Deferred expenses	5,025
	20,441
	317,982
Equity and liabilities	
Equity	
Total equity	**253,220**
Non-current liabilities	
Other provisions	75
Trade payables	40
Deferred revenue	-
Deferred tax	35,708
	35,823
Current liabilities	
Other provisions	4,943
Loans and borrowings	1,322
Trade payables	13,696
Payables to related parties	2
Other financial liabilities	10
Other liabilities	2,253
Income tax liabilities	2,153
Deferred revenue	4,560
	28,939
	317,982

Immaterial assets include a preliminarily calculated fair value of customer contracts in the amount of TEUR 112,894. Accordingly a preliminary deferred tax liability of TEUR 35,708 was passivated.

Due to the acquisition a preliminary goodwill of TEUR 463,724 was recognized but not yet distributed to the segments of the group. The goodwill represents the value of synergy effects and the value of the business model of primacom Group that were the reason for the transaction. Additionally, the customer base of the Group was enlarged by the transaction. Acquisition-related costs with an amount of TEUR 8,938 were recognized as other expenses. The acquired Group added TEUR 9,973 to the EBITDA.

Since 1 January 2015 primacom Group reported according to local GAAP (before IFRS adjustments / current group adjustments) revenues of TEUR 98,981 and a net income of TEUR -9,844. Further disclosures are done when the opening balance is finalized.

Additionally the following minor acquisitions were done since the beginning of the fiscal year:

<u>Acquisition of RFC Radio-, Fernseh- und Computertechnik GmbH</u>

By purchase agreement dated 22 January 2015 (with economic effect from 27 January 2015 – accordingly the date of first-time consolidation), Tele Columbus Multimedia GmbH, Berlin, repurchased its 100 % ownership in RFC Radio-, Fernseh- u. Computertechnik GmbH, Chemnitz (hereinafter referred to as 'RFC').

The company plans, erects and maintains wideband cable constructions with self-constructed receiving installations as well as pre-supplied signals. Additionally, it offers general construction services in the area of telecommunication and builds and operates door intercom systems. The acquisition extends the value added chain of Tele Columbus Group regarding the construction and maintenance work carried out by RFC and can thus increase synergy effects.

The purchase price according to the purchase agreement is TEUR 515, which will be offset against the outstanding receivable resulting from the sale of RFC in 2014.

As the business combination is immaterial for the group, further information will be disclosed in aggregate.

<u>Acquisition and merger of Wowisat GmbH</u>

On 6 February 2015, an agreement was signed for assuming all shares in Wowisat GmbH, Düsseldorf (hereinafter referred to as 'Wowisat'), by Tele Columbus AG, Berlin. The contract was closed on 30 March 2015 – accordingly, this is the date of first-time consolidation.

With the takeover of Wowisat, Tele Columbus AG has expanded its customer base in western Germany and is further improving its presence in the Rhine/Ruhr region.

The provisional purchase price is TEUR 2,914 and was completely paid in cash. Due to time constraints, the opening balance and thus the financial data as at 30 September 2015 of Wowisat are still on a preliminary basis according to IFRS 3.45.

According to the merger agreement dated 27 August 2015, the merged company Wowisat was absorbed as a whole with all rights and obligations by the acquiring company Tele Columbus Multimedia GmbH, Berlin and ceased to exist.

As the business combination is immaterial for the group, further information will be disclosed in aggregate.

<u>Acquisition of ownership interests in Teleco GmbH Cottbus Telekommunikation</u>

By agreement dated 30 April 2015, Tele Columbus AG, Berlin acquired 100 % ownership in Teleco GmbH Cottbus Telekommunikation, Cottbus (hereinafter referred to as 'Teleco') together with its 37 % ownership in BGC Breitbandgesellschaft Cottbus mbH, Cottbus (hereinafter referred to as 'BGC') on 27 May 2015 (the date of first-time consolidation).

The specialization of Teleco is in the installation, operation and repair of cable networks (coaxial broadband networks, cable TV, voice and Internet services) together with the associated services. Additionally, the company installs electro acoustic equipment and wired data networks. The purpose of the acquisition is to extend the existing customer base of Tele Columbus Group.

The provisional purchase price is TEUR 5,740 and was completely paid in cash. Due to time constraints, the opening balance and thus the financial data as at 30 September 2015 of Teleco are still on a preliminary basis according to IFRS 3.45.

As the business combination is immaterial for the group, further information will be disclosed in aggregate.

Acquisition of KABELMEDIA GmbH Marketing und Service

According to the purchase agreement dated 29 April 2015, Tele Columbus AG, Berlin purchased 100 % ownership of KABELMEDIA GmbH Marketing und Service, Essen (hereinafter referred to as 'KABELMEDIA') on 1 May 2015 (the date of first-time consolidation).

KABELMEDIA specialises in marketing and operating broadband cable, satellite and antenna communications systems. With the acquisition of KABELMEDIA, Tele Columbus AG aims to expand its customer base by assuming the existing licensing agreements signed by KABELMEDIA.

The provisional purchase price is TEUR 1,874 and was completely paid in cash. Due to time constraints, the opening balance and thus the financial data as at 30 September 2015 of KABELMEDIA are still on a preliminary basis according to IFRS 3.45.

As the business combination is immaterial for the group, further information will be disclosed in aggregate.

Aggregate disclosure information on the immaterial acquisitions of the period

As at first-time consolidation, the newly acquired companies' net assets amounted to TEUR 2,592 (non-current assets TEUR 4,658, current assets TEUR 2,821 including cash TEUR 1,128 and intercompany receivables TEUR 503, non-current liabilities TEUR 872 and current liabilities TEUR 4,015). Additionally, goodwill in the amount of TEUR 8,450 was recognised as asset. The goodwill largely reflects synergy effects and the value of the acquired business model.

The interim consolidated financial statement of Tele Columbus AG includes revenue in the amount of TEUR 4,462 (thereof intercompany revenue in the amount of TEUR 2,514), EBITDA in the amount of TEUR 1,947 and a loss in the amount of TEUR 135 resulting from the acquired companies.

Further information on changes in consolidated entities is represented below:

Adjustment to the purchase price of BIG Medienversorgung GmbH and Medienwerkstatt GmbH

Due to the audit of BIG Medienversorgung GmbH, Mönchengladbach and Medienwerkstatt GmbH, Mönchengladbach (hereinafter referred to as 'BIG Group') Financial Statements as at 31 December 2014, the purchase price was adjusted on the amount of TEUR 42.

To date, TEUR 10,704 of the total purchase price of TEUR 10,869 has been settled in cash.

This also includes a loan to the company. There is also a variable purchase price component contingent on future EBITDA, as defined by Tele Columbus, for which no significant amount has been recognised.

Based on final financial statements figures for first-time consolidation as at 1 September 2014, the acquired net assets amount to TEUR 1,209 for both entities combined. This corresponds to goodwill of TEUR 9,660. This goodwill largely reflects synergy effects and the value of BIG Group's business model.

Formation of GlasCom Salzlandkreis GmbH

A new company, GlasCom Salzlandkreis GmbH, based in Straßfurt OT Brumby, was created on 12 August 2015.

This company was established for constructing, operating and marketing of telecommunications networks and all related duties, products and services. GlasCom Salzlandkreis GmbH is authorised to conduct any business or measures within the scope of its registered purpose. The company is also authorised to acquire ownership interests in other companies operating in the area of telecommunications.

GlasCom Salzlandkreis GmbH's share capital amounts to TEUR 25. Of this share capital, MDCC Magdeburg City-Com GmbH, Magdeburg (51.02 % subsidiary of Tele Columbus Multimedia GmbH, Berlin) and other external Company each hold TEUR 12.5 of the ownership interest. Thus, Tele Columbus AG holds 50 % of the interest in GlasCom Salzlandkreis GmbH, Straßfurt OT Brumby (we also refer to the explanatory notes in Section B.2 'Investments in associates and interest in other entities').

MDCC Magdeburg City-Com GmbH, Magdeburg and other external Company are both equally responsible for the associated risk exposures.

The new company, GlasCom Salzlandkreis GmbH, Straßfurt OT Brumby, has been established for an indefinite period. The first financial year is a short reporting period and runs from the date of the business agreement until 31 December 2015. Thereafter, financial years will coincide with calendar years.

Change in ownership interests for Deutsche Netzmarketing GmbH

As a result of the acquisition of all shares of PrimaCom Holding GmbH, Leipzig on 31 July 2015, Tele Columbus AG has received additional 10.25 % of the shares in Deutsche Netzmarketing GmbH, Cologne.

During the prior reporting periods, the former 12.82 % interest in Deutsche Netzmarketing GmbH was reported pursuant to IAS 39 in the consolidated financial statements as 'Interests in unconsolidated subsidiaries' due to the lack of control or significant influence. The interest was classified as an available-for-sale financial asset and was recognised at cost (TEUR 8) due to non-determinable fair values.

Due to the change in ownership interests from 12.82 % to 23.07 % for Deutsche Netzmarketing GmbH, the interest is reported as 'Interests in associates' and accounted for using the equity method starting from the current reporting period (we also refer to the explanatory notes in Section B.2 'Investments in associates and interest in other entities').

Accretion of BMB GmbH & Co. KG on Tele Columbus Multimedia GmbH

On 28 September 2015, Tele Columbus Multimedia GmbH, Berlin as a limited partner and BMB Geschäftsführung GmbH, Essen as general partner have held a shareholder meeting as sole shareholder of BMB GmbH & Co. KG, Essen.

According to the recommendation of the shareholder committee, it was unanimously decided that general partner BMB Geschäftsführung GmbH withdraws itself as partner from BMB GmbH & Co. KG without compensation to 30 September 2015.

Due to the resignation of the general partner, BMB GmbH & Co. KG has grown to the limited partner Tele Columbus Multimedia GmbH.

There were no other changes in consolidated entities during the first nine months of the 2015 financial year other than those described above.

B.2 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.

The income relating to Aprostyle AG, Dresden, which are stated as equity-accounted investees, amounted to TEUR 20 for the first nine months of 2015 (for the first nine months of 2014: TEUR -12).

As a result of full consolidation of the new by acquired subsidiary Teleco GmbH Cottbus, Tele Columbus AG held 37 % of the shares in BGC Breitbandgesellschaft Cottbus mbH as at the reporting date, equalling an amount of TEUR 33. This investment did not generate any income or expense during the current reporting period.

Due to full consolidation of its subsidiary MDCC Magdeburg City-Com GmbH, Tele Columbus AG held 50 % of the shares in GlasCom Salzlandkreis GmbH as well as 50 % of the shares in JVA Media GmbH as at the reporting date, at a value of TEUR 12.5 each. These investments did not generate any income or expense during the current reporting period.

Resulting from full consolidation of the new by acquired subsidiary PrimaCom Holding GmbH, Tele Columbus AG held 23.07 % of the shares in Deutsche Netzmarketing GmbH as at the reporting date, equalling an amount of TEUR 23. This investment did not generate any income or expense during the current reporting period.

Because of its immaterial impact on the presentation of the financial position, financial performance and cash flows of the group of combined entities, the 100 % ownership interest in RFC Radio-, Fernseh- und Computertechnik GmbH, Chemnitz, in the amount of TEUR 515 was not fully consolidated during the first and second quarters of 2014 but reported as 'Interests in unconsolidated subsidiaries' and classified as available for sale until its disposal in August 2014. For details on the accounting after the repurchase in 2015, we refer to the explanatory notes in Section B.1 'Changes in consolidated entities'.

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 for the nine-month period ending 30 September 2015 as compared to the consolidated financial statements as at 31 December 2014.

C.2 Significant accounting policies

The same accounting policies and methods of computation are used in the condensed consolidated interim financial statements for the nine-month period ending 30 September 2015 as compared to the consolidated financial statements as at 31 December 2014, except for the following:

The Group issues equity-settled share-based compensation plans with a service condition and a vesting period. The fair value of the services received equals the amount expensed. At the end of each reporting period the group revises and estimates the number of options that are expected to vest based on the conditions. It recognizes the fair value impact of the instruments as at the grant date as personnel expenses with a corresponding adjustment to equity.

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 2014, 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 2015. The adoption of these standards, amendments to standards, and interpretations did not have any material effect on the condensed consolidated interim financial statements and did not lead to additional disclosures:

Standard/Interpretation		Effective as at	Publication of endorsement by the EU Commission	Effects
Various	Annual Improvements cycle 2011-2013 - Improvements to IFRSs (IFRS 1, IFRS 3, IFRS 13, IAS 40)	1 Jan. 2015	19 Dec. 2014	No material effects
IFRIC 21	Levies: accounting for levies imposed by governments	17 Jun. 2014	14 Jun. 2014	None

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 9	Financial instruments	1 Jan 2018*	Open	Subject to review by management
Various	Annual Improvements cycle 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	Depending on the nature and scope of future transactions
IAS 19	Amendments to IAS 19, Employee Benefits	1 Feb. 2015	9 Jan. 2015	Depending on the nature and scope of future transactions
IFRS 11	Changes to the accounting of joint ventures	1 Jan. 2016*	Open	Depending on the nature and scope of future transactions
IAS 16 IAS 38	Amendments to clarify accepted depreciation and amortisation methods	1 Jan. 2016*	Open	The effects on consolidated financial statements are currently under review
IFRS 15	Revenue from Contracts with Customers	1 Jan. 2018*	Open	The effects on consolidated financial statements are currently being analysed
AIP 2012-2014	Annual Improvements to IFRS 2012–2014 Cycle	1 Jan. 2016*	Open	The effects on consolidated financial statements are currently being analysed
IAS 1	Amendments to IAS 1: Disclosure initiative	1 Jan. 2016*	Open	The effects 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

	1 Jan. to 30 Sept.	
in TEUR	2015	2014
Revenue, analogue and digital, ongoing	91,399	97,907
Revenue, analogue and digital, one-time	11,788	739
Revenue, internet/telephony	50,265	37,372
Revenue, ancillary digital premium services	11,031	8,375
Revenue, other transmission fees	5,003	3,326
Revenue, Sky	1,645	1,615
Revenue, shopping channels	1,264	1,560
Revenue, leasing receiver	3,105	2,358
Revenue, sales of receiver	1,154	1,604
Revenue, antenna servicing	761	162
Other	4,436	4,403
	181,851	**159,421**

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 for Sky Deutschland AG (Unterföhring) as well as for various shopping channels payable to the Group in exchange for feeding in their programs.

D.2 Own work capitalised

Own work capitalised in the amount of TEUR 6,221 for the first nine months of 2015 (for the first nine months of 2014: TEUR 4,674) mainly comprises expenses for work performed by our own employees in connection with expanding our own cable network.

D.3 Other income

in TEUR	1 Jan. to 30 Sept. 2015	2014
Income from the derecognition of liabilities and reversal of provisions	9,890	326
Income from refundable IPO costs	4,395	-
Income from dunning fees	1,003	1,302
Income from marketing subsidies	577	760
Gains on disposal of non-current assets	1,199	780
Income from connection and disconnection fees	315	430
Income from services	930	353
Income from sale	560	75
Miscellaneous other income	4,328	3,128
	23,197	**7,154**

Income from the derecognition of liabilities and reversal of provisions have increased by TEUR 9,564 compared to the previous reporting period. This increase mainly results from reversal of provisions for onerous contracts in connection with a new long-term signal delivery contract. We refer to the explanatory notes in Section D.14 'Other provisions'.

D.4 Cost of materials

in TEUR	1 Jan. to 30 Sept. 2015	2014
Cost of raw materials and consumables	-1,701	-1,309
Cost of purchased services/goods	-60,299	-53,243
	-62,000	**-54,552**

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.

D.5 Employee benefits

in TEUR	1 Jan. to 30 Sept. 2015	2014
Wages and salaries	-27,499	-19,434
Social security, pension and other benefits	-4,729	-3,634
Other personnel expenses	-1,309	-812
	-33,537	**-23,880**

Employee benefits have increased by TEUR 9,657 compared to the previous reporting period. This increase mainly results from the acquisition of new businesses as described in Section B.1 'Changes in consolidated entities'.

D.6 Other expenses

Other expenses were incurred in particular for the following:

in TEUR	1 Jan. to 30 Sept. 2015	2014
Legal and advisory fees	-20,166	-7,958
Advertising	-7,029	-6,285
Occupancy costs	-3,244	-3,261
Impairment of receivables	-3,532	-3,870
Communication costs	-1,186	-906
IT costs	-2,834	-2,077
Vehicle expenses	-1,060	-725
Incidental bank charges	-4,146	-591
Losses on disposal of non-current assets	-266	-290
Income from cancellations, prior year	-298	-414
Travel expenses	-621	-318
Administrative expenses	-833	-17
Miscellaneous other expenses	-2,154	-1,185
	-47,369	**-27,897**

Legal and advisory fees have increased by TEUR 12,208 compared to the previous reporting period. This increase mainly results from additional legal and advisory fees incurred in connection with the preparation of the IPO, acquisition of new businesses (we refer to the explanatory notes in Section B.1 'Changes in consolidated entities') and capital increase procedure (we refer to the explanatory notes in Section E.8 'Events after the Balance Sheet Date') that cannot be deducted from the equity increase. Incidental bank charges mainly comprise IPO bank fees and loan fees for the current reporting period that were not recognized in equity with the capital increase according to IFRS.

D.7 Depreciation and amortisation expense

An impairment loss of TEUR 445 (2014 comparative period: EUR 0) was recognised for property, plant and equipment during the current reporting period. These can largely be attributed to modems and receivers.

D.8 Net interest income and expenses

in TEUR	1 Jan. to 30 Sept. 2015	1 Jan. to 30 Sept. 2014
Interest income from third parties	15	16
Interest income from associates	-	30
Interest and similar income	**15**	**46**
Interest paid to third parties	-24,371	-33,184
Expenses resulting from compounding of loans under the effective interest rate method	-3,020	-1,065
Interest paid to associates	-	-55
Interest and similar expenses	**-27,391**	**-34,304**
	-27,376	**-34,258**

The interest paid to third parties mainly relates to liabilities to banks (loans and borrowings). We refer to the explanatory notes in Section D.15 'Loans and borrowings'.

D.9 Other finance income and expenses

The increase in other finance income and expenses mainly results from the transaction costs for legacy financing compared to the previous reporting period.

D.10 Income taxes

The amount of TEUR -1,163 (2014: TEUR -4,734) mainly results from current taxes.

Deferred tax liabilities were mainly set off against corresponding deferred tax assets. Moreover deferred tax assets from losses carried forward were devalued to EUR 0 in accordance with prudent commercial judgement due to currently negative taxable earnings.

D.11 Property, plant and equipment, intangible assets and goodwill

The reductions in property, plant and equipment and intangible assets during the first nine months of the 2015 and 2014 financial year mainly relate to depreciation and amortisation. The additions to property, plant and equipment, intangible assets and goodwill during the first nine months of 2015 mainly result from the acquisition of businesses as described in Section B.1 'Changes in consolidated entities'.

With regard to the purchase commitments, 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 Total inventories, trade and other receivables, other financial receivables and deferred expenses

in TEUR	30 Sept. 2015	31 Dec. 2014
Trade receivables - gross	37,323	28,078
general allowance	-10,545	-8,963
specific allowance	-330	-
Trade receivables - net	**26,448**	**19,115**

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

The other financial receivables in the amount of TEUR 5,217 (2014: TEUR 5,810) primarily consist of claims from employer pension liability insurances, equity bridge interest and restricted cash.

Other receivables of TEUR 11,035 (2014: TEUR 13,082) mainly consist of cash deposits for the debit limit.

Deferred expenses in the amount of TEUR 15,075 (2014: TEUR 5,762) primarily consist of payments in connection with the signal delivery contracts, financing, insurance and discounts to the customers. As at 31 December 2014, TEUR 4,150 was shown as deferred expenses, which were capitalised as transaction costs for the impending IPO and offset against the capital reserves at the time of the IPO.

Expense resulting from the reversal of impairment losses for inventories during the first nine months of 2015 is TEUR -38 (2014 comparative period: income in the amount of TEUR 124).

D.13 Equity

The changes in equity as at the reporting period are mainly related to the IPO on 23 January 2015. The offer price was EUR 10.00, the first stock exchange quotation EUR 10.70.

The share capital of Tele Columbus AG in the amount of TEUR 20,025 consisting of 20,025,000 no-par-value registered shares was increased on 20 January 2015 for the preparation of the IPO by TEUR 36,667 (36,666,667 no-par-value registered shares) to TEUR 56,692 composed of 56,691,667 no-par-value registered shares. The capital increase was carried out by means of an ordinary capital increase as at 20 January 2015 (33,333,334 shares) and by utilising the authorised capital (3,333,333 shares) as described below. The share capital is fully paid up. No treasury shares were held as at the reporting date.

The capital reserve of TEUR 8,324 was increased in the context of the IPO by TEUR 330,000. After the deduction of the IPO costs related to the capital increase of TEUR -15,105, the capital reserve amounts to TEUR 323,219 as at 30 September 2015.

An amount of TEUR 572 from share-based payments was recognized in equity. For further information see Section E.2 'Share-based payments'.

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

Authorised Capital:

As per the resolution dated 21 January 2015, the Management Board increased the share capital by 3,333,333 shares (TEUR 3,333) by using the authorised capital (previously TEUR 10,013).

According to the resolution of the General Meeting of 15 May 2015, the Management Board is allowed to increase the companies' share capital by issuing new no-par-value registered shares against contribution in cash and / or in kind to up to TEUR 28,346. The authorisation is granted from 15 September 2015 to 14 May 2020.

On 14 September 2015 an extraordinary shareholders meeting was held. The management board and the supervisory board proposed to resolve an increase in share capital against cash contribution by up to EUR 56,691,667.00 by issuing 56,691,667 new no-par value registered shares with a proportional amount of the share capital of EUR 1.00. The decision was adopted but not executed yet. The capital increase should provide financing for further acquisitions (we refer to the explanatory notes in Section Section E.8 'Events after the Balance Sheet Date').

Conditional Capital:

The Management Board is allowed to effect an increase in the share capital of up to 10,012,500 no-par-value registered shares in the amount of EUR 1 (total TEUR 10,013) on condition that the increase is performed in order to meet obligations regarding warrants or conversion rights under bonds or participation rights. The authorisation is valid until 10 January 2020.

D.14 Other provisions

Other provisions disclosed as at 30 September 2015 can be subdivided into short-term obligations amounting to TEUR 13,419 (2014: TEUR 7,466) and long-term obligations amounting to TEUR 6,350 (2014: TEUR 11,883). Other provisions are still mainly related to provisions for onerous contracts in connection with long-term signal delivery contracts for TEUR 14,239 (2014: TEUR 17,731). The reduction of these provisions during the current reporting period in the amount of TEUR -3,686 results mainly from the recalculation based on new contract conditions.

D.15 Loans and borrowings

in TEUR	30 Sept. 2015	31 Dec. 2014
Liabilities to banks (loans and borrowings) - nominal values	903,837	637,424
Accrued interest	3,020	3,123
Non-current loans and borrowings	**906,857**	**640,547**
Liabilities to banks (loans and borrowings) - nominal values	148,512	2,257
Accrued interest	2,514	369
Current loans and borrowings	**151,026**	**2,626**
	1,057,883	**643,173**

Due to the new capital structure, loans were repaid in the amount of TEUR 638,969 on 26 January 2015 and new loans agreed at the same time for TEUR 375,000. On 31 July 2015, Tele Columbus AG has recorded further loans for the purchase of PrimaCom Holding GmbH amounting to TEUR 699,000. Thus, the loan liabilities were increased by TEUR 435,031.

According to the IPO Financing Agreement dated 2 January 2015, the credit volume of TEUR 500,000 is divided into facility A (term loan) in the amount of TEUR 375,000 and two unutilised credit lines in the amount of TEUR 75,000 for capital investments (facility B) and TEUR 50,000 for general expenditures (facility C). Facility A will mature in six years' and facilities B and C in five years' time. The current interbank spread is 4.5 % plus Euribor for facility A and 3.75 % for facilities B and C. Currently facilities A, B and C are subject to 0 % Euribor-Floor.

The loan commitment fee for facilities B and C is calculated at 35 % of the applicable margin for the two credit lines and is due on a quarterly basis.

This new loan (facility A) was used mainly to repay 'legacy liabilities'. By also using the proceeds from the IPO, all liabilities under legacy financing agreements were thus repaid. This has also eliminated the credit limit of TEUR 28,267 under the SFA.

Additionally, three further Tranches have been paid out on 31 July 2015, which are divided into the Senior C Tranche with TEUR 435,000, the Second Lien Tranche with TEUR 139,000 and the short-term Equity Bridge with TEUR 125,000. The conditions of the Tranche C and the Equity Bridge are adequate to Senior A Tranche. The Second Lien will be paid at 7.25 % plus Euribor interest. Currently this Tranche is subject to 1 % Euribor-Floor, so that with a Euribor less than 1 % a total margin 8.25 % will be paid for the Second Lien yet. These Tranches were used to finance the acquisition of primacom Group and the redemption of primacom bank liabilities.

As at the reporting dates, the loan balances (including outstanding interest) for the Tranche A and C as well as Equity Bridge and Super Senior facilities (facilities B and C) were as follows:

in TEUR	30 Sept. 2015	31 Dec. 2014
Senior Tranche A loan (matures on 02 January 2021; as at 31 Dec. 2014: matured on 30 June 2017)	366,621	542,504
Second Lien Tranche A loan (as at 31 Dec. 2014: matured on 31 December 2017)	-	37,627
Second Lien Tranche A loan (BNP) (matures on 30 July 2022)	137,344	-
Senior Tranche C loan (matures on 02 January 2021)	420,428	-
Equity Bridge loan (matures on 15 December 2015)	124,039	-
Mezzanine Tranche A loan (as at 31 Dec. 2014: matured on 30 June 2018)	-	35,630
Super Senior Tranche 2 (as at 31 Dec. 2014: matured on 30 June 2017)	-	16,160
Super Senior Revolving Facility (matures on 02 January 2020; as at 31 Dec. 2014: matured on 30 June 2017)	278	209
	1,048,710	**632,130**

The remaining loan balance in the amount of TEUR 9,173 as at the reporting date (2014: TEUR 11,043) is composed of loans provided by the following lenders: Stadtsparkasse Magdeburg TEUR 3,857 (2014: TEUR 4,611), Sparkasse Gelsenkirchen TEUR 3,529 (2014: TEUR 4,381), Volksbank Magdeburg TEUR 450 (2014: TEUR 525) and other lenders TEUR 1,337 (2014: TEUR 1,526).

Loan collaterals pledged as at the respective reporting dates:

in TEUR	30 Sept. 2015	31 Dec. 2014
Property, plant and equipment	-	175,024
Shares in affiliated companies	1,486,150	284
Trade receivables	-	16,865
Cash and cash equivalents	-	17,748
	1,486,150	**209,921**

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 only pledged ownership interests in affiliated companies and associates to secure the liabilities to banks.

D.16 Trade payables, other liabilities and deferred revenue

Trade payables mainly relate to the finance lease for the use of infrastructure facilities as well as legal and advisory fees. Current and non-current future minimum lease payments amount to TEUR 37,200 as at 30 September 2015 (2014: TEUR 40,439).

Other liabilities of TEUR 16,463 (2014: TEUR 12,565) mainly include customers with credit balances, provisions for employee bonuses, the preparation of financial statements and administrative expenses.

Deferred revenue in the amount of TEUR 12,905 (2014: TEUR 5,250) primarily consist of deferred revenue from customers for prepaid annual fees, and deferrals purchases of hardware paid for with customers' monthly fees

E Other explanatory notes

E.1 Contingent assets and liabilities, other financial obligations

E.1.1 Contingent assets and liabilities

There were no contingent assets or liabilities as at 30 September 2015 or 31 December 2014.

E.1.2 Purchase commitments

Purchase commitments relating to capital and operating expenditures as at the reporting date amounted to TEUR 20,739 (2014: TEUR 8,386).

E.1.3 Avals

Avals in the amount of TEUR 1,787 consist mainly of rental and licenser guarantees as at the reporting date, obtained primarily through the acquisition of primacom Group.

E.1.4 Finance leases

Compared to the reporting date at 31 December 2014, there were no material changes in the nature and extent of finance leases.

E.1.5 Operating leases and other financial obligations

The operating leases within Tele Columbus Group are structured as follows:

Leased asset	Matures in	Term extension option	Purchase option	Contingent lease payments
Buildings	1-15 years	To some extent	No	No
Plant and equipment	10-16 years	To some extent	No	No
Fixtures and fittings	1-6 years	No	No	No

The future minimum payments under operating leases and other financial obligations have the following maturities:

in TEUR	30 Sept. 2015	31 Dec. 2014
Less than one year	10,207	5,680
Between one and five years	16,857	11,269
More than five years	1,244	133
	28,308	**17,082**

The future minimum payments under operating leases and other financial obligations have increased by TEUR 11,226 compared to the previous reporting period, resulting primarily from the acquisition of primacom Group.

For first nine months of the financial year 2015, there were expenses from operating leases in the amount of TEUR 4,218 (for the first nine months of 2014: TEUR 2,624).

Future minimum payments are based on contractual agreements with regard to future payments under operating leases and other financial obligations, for which no liabilities are recognised in the consolidated statement of financial position. Contractually agreed adjustments (e.g. for inflation) are included in the amounts described above.

In total, the minimum payments under operating and finance leases as well as other financial obligations amounted to TEUR 65,508 as of 30 September 2015 and TEUR 57,521 as of 31 December 2014.

E.2 Share-based payments

Following the IPO, two share-based payment programs became effective: for the Management Board the Matching Stock Program (MSP – already described in the annual report 2014) and the Phantom Options Program (POP – similar to MSP, for selected managers without the requirement of investment in shares in advance). Both programs grant – depending on the development of the stock quotation and other vesting conditions – the option of receiving shares in Tele Columbus AG. For the current tranche of shares the excise period is between 1 January 2019 and 31 December 2020.

Due to the current share-based payment programs, an additional amount of TEUR 272 was recognised as personnel expense and in equity (as to be settled in equity instruments).

In addition an amount of TEUR 300 was recognised as other expense and in equity (as to be settled in equity instruments) due to an agreement on compensation to members of the supervisory board of Tele Columbus AG settled by Tele Columbus Management S.à r.l. that fulfils the criteria for equity settled share-based payments.

E.3 Related-party disclosures

E.3.1 Definition of related-party

Up to the date of the IPO, the sole owner of Tele Columbus AG was Tele Columbus Management S.à r.l., Luxembourg, whose parent is Tele Columbus Holdings S.A., Luxembourg. The latter was the ultimate controlling party of Tele Columbus AG. Regardless of the change in shares and thus of control with the IPO, the companies are still considered related parties due to close staff and legal links.

In principle, direct or indirect subsidiaries of Tele Columbus Holdings S.A., and associates of the Tele Columbus Holdings S.A. Group, are considered related parties as defined by IAS 24.

This also includes the former group companies NeBeG Media Netzbetreiber-Pool GmbH, Berlin, Tele Columbus Netze GmbH, Berlin and Tele Columbus Beteiligungs GmbH, Berlin, until 27 January 2015.

Upon reconsideration, Stadtwerke Mannheim is not treated as a related party of Tele Columbus Group in compliance with IAS 24 starting from the second quarter of 2015.

Furthermore, the board members of Tele Columbus AG as well as members of the management of Tele Columbus Holdings S.A. and Tele Columbus Management S.à r.l., and their close family members, are considered related parties of Tele Columbus Group.

E.3.2 Related-party transactions

The following overview shows related-party receivables and payables:

in TEUR	30 Sept. 2015	31 Dec. 2014
Receivables from related parties (current)	2,303	3,129
Receivables from related parties (non-current)	90	-
Payables to related parties (current)	2	2,559
Payables to related parties (non-current)	-	-

As at 30 September 2015, current receivables from related parties mainly consist of receivables from Deutsche Netzmarketing GmbH and Aprostyle AG. As at 31 December 2014, current receivables from related parties mainly consisted of receivables from RFC Radio-, Fernseh- und Computertechnik GmbH and receivables from Tele Columbus Beteiligungs GmbH.

Non-current receivables from related parties represent receivables from BGC Breitbandgesellschaft Cottbus mbH as at 30 September 2015.

Current payables to related parties represent primarily payables to Aprostyle AG as at 30 September 2015.

As at 31 December 2014, current payables to related parties mainly refer to payables to Tele Columbus Beteiligungs GmbH, RFC Radio-, Fernseh- und Computertechnik GmbH and Stadtwerke Mannheim.

Expenses and income from related-party transactions:

	1 Jan. to 30 Sept.	
in TEUR	2015	2014
Sale of goods and services		
Associates	1,610	3,481
Acquisition of goods and services		
Associates	-2,014	-5,263
Other		
Associates		
Income from recharged expenses	3	15
Rental net income(+)/expenses(-)	-892	-2,526
Other net income(+)/expenses(-)	-	33

Transactions with related parties for reimbursing expenses were insignificant, save the reimbursement of IPO costs of TEUR 4,395 (Tele Columbus Management S.à r.l.).

For further related party transactions, we refer to the explanatory notes in Section E.3.3 'Disclosures on management compensation'.

E.3.3 Disclosures on management compensation

There were no changes in the top management of Tele Columbus AG during the current reporting period in comparison with year-end 2014.

Compensation for the Management Board recognised as personal expenses in 2015 amounted to TEUR 1,747 (for the first nine months of 2014: TEUR 1,669) in the reporting period. Included in this amount are share-based payments in the amount of TEUR 176 (for the first nine months of 2014: EUR 0).

Compensation for the supervisory board amounted to TEUR 351. Additionally an amount of TEUR 300 was granted by Tele Columbus Management S.à r.l. to members of the advisory board as compensation for the additional work related to the IPO. The amount was bound to be invested in shares of Tele Columbus AG.

Apart from the compensation provided, there were no other transactions (such as the rendering of other services or granting loans) between the entities of the Group and the members of the Management Board, or the Supervisory Board of Tele Columbus AG or the board members of Tele Columbus Holdings S.A. and its direct and indirect subsidiaries, as well as their close family members in the reporting period and the prior period.

E.4 Financial instruments and risk management

E.4.1 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:

in TEUR	Note	Measurement category	30 Sept. 2015	31 Dec. 2014
Financial assets				
Investments		Available-for-sale financial assets	-	8
Receivables from related parties	E.3.2	Loans and receivables	2,393	3,129
Trade receivables	D.12	Loans and receivables	26,448	19,115
Other financial receivables	D.12	Loans and receivables	5,217	5,810
Cash and cash equivalents	E.5	Loans and receivables	41,928	24,441
Financial liabilities				
Loans and borrowings	D.15	Financial liabilities measured at amortised cost	1,057,883	643,173
Payables to related parties	E.3.2	Financial liabilities measured at amortised cost	2	2,559
Trade payables	D.16	Financial liabilities measured at amortised cost	81,495	74,915
thereof lease liabilities		*Financial liabilities measured at amortised cost*	*33,206*	*35,694*
Other financial liabilities		Financial liabilities measured at amortised cost	1,365	255

By financial instrument measurement category according to IAS 39 in TEUR	30 Sept. 2015	31 Dec. 2014
Available-for-sale financial assets	-	8
Loans and receivables	75,986	52,495
Financial liabilities measured at amortised cost	1,140,745	720,902

The three-tiered fair value hierarchy under IFRS 13 classifies financial assets and liabilities measured at fair value based on the data used for fair value measurement.

The fair value hierarchy levels as applied to the assets and liabilities of Tele Columbus Group are as follows:

- Level 1: listed (unadjusted) prices on active markets for the same asset or liability;
- Level 2: valuation parameters are not related to listed prices recognised on level 1 but are observable for the asset or the liability either directly (i.e. as price) or indirectly (i.e. as derivation of prices);
- Level 3: valuation parameters for assets or liabilities not based on observable market data.

The Group recognises reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred. In the current financial period, there were no reclassifications between different levels of the fair value hierarchy.

Current financial instruments, such as trade receivables and payables and related-party receivables and payables, are recognised at their carrying amount, which, due to the short maturities of these instruments, represents a reasonable approximation of the fair value. The carrying amounts of other financial receivables and other financial liabilities with short maturities are equal to the fair value.

Instruments with long maturities are recognised at their present value in the statement of financial position. It is assumed that the present values of non-current receivables and payables to related parties and of other non-current financial receivables and payables are generally equal to their fair values.

The present values of loans and borrowings are not equal to their fair values, as the interest rates applicable to these liabilities will not be adjusted to the prevailing money market rates until a later date. In the case of lease liabilities as well, the present value is not equal to the fair value, as interest rates are not adjusted for current money market rates on a regular basis.

The fair value of loans and borrowings is TEUR 1,232,143 (31 December 2014: TEUR 753,724). The fair value of lease liabilities is TEUR 35,463 (31 December 2014: TEUR 37,025).

The Group has established a framework for determining fair value. The general responsibility for monitoring all significant fair value measurements, including level 3 inputs for measuring fair value, lies directly with the finance and accounting department of the company preparing the statements, which reports directly to the Management Board.

The finance and accounting department regularly reviews the significant unobservable inputs and valuation adjustments. If information from third parties – such as foreign exchange quotations from exchange rate services – is used to determine the fair value, the department assesses the evidence obtained from the third parties in terms of compliance of such measurements with IFRS requirements, including the fair value hierarchy level to which these measurements are assigned.

There were no significant changes in the valuation processes for fair value measurements according to IFRS 13 used by the entity for the nine-month period ending 30 September 2015 as compared with the consolidated financial statements as at 31 December 2014.

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

	Gains/losses through profit or loss							
1 Jan. to 30 Sept. (in TEUR)	Interest		Impairment		Gain and loss from recognition at fair value		Net income (loss)	
Disclosed in the consolidated income statement	Net interest income and expenses		Other expenses		Other finance income and expenses			
	2015	2014	2015	2014	2015	2014	2015	2014
Loans and receivables	15	46	-3,532	-3,870	-	-	-3,517	-3,824
Financial liabilities measured at amortised cost	-27,391	-34,304	-	-	-4,065	-84	-31,456	-34,388
Total	**-27,376**	**-34,258**	**-3,532**	**-3,870**	**-4,065**	**-84**	**-34,973**	**-38,212**

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.

E.4.2 Risk management of financial instruments

E.4.2.1 Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its financial obligations with existing liquidity reserves within the time frame required. Liquidity risks may also arise from cash used in operating or investing activities. Furthermore, liquidity risks may arise from financing activities. This would be the case if cash outflows were required in the short term to settle liabilities due to deferred payment; however, cash from operating activities is insufficient to cover expenses, and no other liquid assets are available in sufficient quantity for such repayment.

Liquidity projections for a specific planning horizon and unused credit lines available within Tele Columbus Group are designed to ensure a continuous supply of liquidity. As at 31 December 2014, Tele Columbus Group's unused credit lines amounted to TEUR 28,267.

By signing a new loan agreement on 2 January 2015, the new credit volume was divided into facility A (term loan) and two unutilised credit lines for capital investments and for general expenditures, respectively. Thus unused credit lines rose up to TEUR 125,000. The new loan (facility A) was used mainly to repay 'legacy liabilities' under the SFA and MFA. By also using the earnings from the IPO, all liabilities under legacy financing agreements were thus repaid. This also eliminated the credit limit of TEUR 28,267 under the SFA.

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

in TEUR	30 Sept. 2015	31 Dec. 2014
Less than one year	176,331	4,685
Between one and five years	989,766	643,480
More than five years	203,733	313
	1,369,830	**648,478**

As at the reporting date, the loan liabilities include interest due in the amount of TEUR 283,453 (2014: TEUR 4,508) in line with contractual agreements (without Euribor-Marge and plan utilisation of credit lines). The prior-year interest was repaid in the context of the IPO at the beginning of 2015.

Payment obligations relating to trade payables, payables to related parties, and other financial liabilities are shown in the Group's statement of financial position, with such non-current liabilities falling due within one and five years. For further details on the comprehensive extension of loan agreements, we refer to Section D.15 'Loans and borrowings'.

Various covenants are applicable in relation to financing agreements which, in the event of non-compliance, enable the lender to call in these loans (particularly those under the current Senior- and Second Lien agreements). Compliance with these covenants as well as exposure to capital risk are continuously monitored by Tele Columbus AG's Management Board (as a corporation, Tele Columbus is exposed to capital risk). As at the two reporting dates, the liquidity risk in the event of non-compliance with these covenants was as follows: TEUR 950,532 as at 30 September 2015 and TEUR 643,173 as at 31 December 2014. The risk of non-compliance with these covenants and associated financial regulations could have a negative impact on the Group's credit availability and going concern assumption in 2015 and beyond.

E.4.2.2 Interest risk

The risks arising from interest rate fluctuations identified mainly refer to floating rate loans.

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 'Loans and borrowings'. Market interest rates are monitored in order to take the necessary measures should the need arise to hedge or control interest.

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

	1 Jan. to 30 Sept.	
in TEUR	2015	2014
1 % rise in the Euribor	-8,055	-4,757
1 % drop in the Euribor	8,055	4,757

This calculation is based on floating-rate liabilities as at the reporting date multiplied by the adjusted interest rate in each case without consideration of Euribor-Floors of Second Liens. This Euribor-Floor is agreed in the second lien agreement TEUR 139,000 with 1 %, so as for the lower Euribor 1 % the settled EURIBOR is also 1 %.

As Tele Columbus Group does not use material derivative financial instruments, it is exposed to the risk of fluctuations in interest rate and the resulting cash flows. Therefore, a significant rise in the Euribor would have a direct increasing effect on the interest paid by Tele Columbus Group. Consequently, Tele Columbus Group monitors the interest rate environment meticulously and is ready to execute interest rate hedging transactions, if any, as necessary.

Fixed interest non-current 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.4.2.3 Credit risk (default risk)

There are credit risks with regard to trade receivables, other receivables and cash and cash equivalents. Trade receivables are due on the part of other companies and retail customers. The credit risk is based on the default risk of the contracting party concerned.

Preventative and other measures are taken and debt-collecting agencies are used to mitigate the credit risk of trade receivables.

Preventative measures include an assessment of the creditworthiness of customers with regard to credit ratings, past experience and other factors before entering into a contractual relationship.

Impairment losses are recognised for overdue receivables at varying percentages depending on the dunning level. The percentages take into account management's judgement as to their recoverability. This, in turn, is based largely on past experience. Impairment losses were recognised only for trade receivables in the various reporting periods.

Therefore, Tele Columbus assumes that all unimpaired receivables are recoverable.

Other measures include reminders sent automatically to the customer according to a set procedure. Wholesale customers are sent reminders on an individual basis. The responsible departments decide whether a reminder is to be sent by considering the special agreements with these customers. If a customer then does not settle the outstanding payments, the case is referred to a debt collection agency, and in the case of commercial customers, solicitors are involved and/or services to that customer are discontinued.

Trade receivables are written down to the expected recoverable amount in accordance with the procedure for determining lump-sum-specific loan loss provisions. Therefore, the maximum credit risk is equal to the carrying amounts of these financial assets: TEUR 26,448 as at 30 September 2015 and TEUR 19,115 as at 31 December 2014. For other current financial liabilities, the credit risk is assessed on a case-by-case basis. In the case of other non-current financial liabilities, expected payments are discounted based on the original effective interest rate.

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

E.5 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.4.2.1 'Liquidity risk'.

With regard to the amount of the collateralised cash and cash equivalents for loans, we refer to our explanatory notes in Section D.15 'Loans and borrowings'.

E.6 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.

	1 Jan. to 30 Sept.		Third Quarter	
	2015	2014*	2015	2014*
Earnings attributable to shareholders in TEUR	-10,185	-16,012	-9,025	-8,347
Weighted average of ordinary shares outstanding (in units)**	53,704,012	20,025,000*	56,691,667	20,025,000*
Basic earnings per share in EUR	-0.19	-0.80	-0.16	-0.42
Diluted earnings per share in EUR	-0.19	-0.80	-0.16	-0.42

* The change of legal form to a stock corporation (AG) took effect on 12 September 2014. For the determination of comparative figures, we assumed that the number of shares at the end of 2014 was the same as in the comparative reporting period.

** Calculated on the basis of financial mathematical standards (30 days per month) and the placement of all shares on the first trading day.

E.7 Segment reporting

Segment implementation

As part of IPO preparation, the management of Tele Columbus Group introduced segment reporting from August 2014 on. This is used as an important part for the Group's control from that date forward. In this context, segment information was compiled for the first nine months of 2014 in retrospect, although the Group was not controlled in this manner at that time.

Description of the segments

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

Relationships within individual segments have been eliminated.

TV

The Group offers both basic CATV and Premium TV services in the TV segment. Basic CATV services include analogue and digital TV and radio services. The Premium TV packages offered contain up to 50 additional digital TV channels, of which up to 32 are transmitted in HD quality.

In the TV segment, the Group generates revenue from cable access fees and recurring fees for service options, as well as revenue from the conclusion of new contracts and the corresponding installation services. Furthermore, the Group receives so-called feed-in fees from the broadcasters for the distribution of various channels via the cable network.

Internet and telephony

The Group subsumes internet and telephone services in the Internet and telephony segment.

Revenue consists of proceeds from the conclusion of new contracts and installation services as well as monthly contractual and services fees.

Reconciliation

Business activities and items not directly related to the Group's reportable segments are reported under 'Other items' for nine months of 2015 and for the third quarter of 2015 comparable with the same interim reporting periods of 2014.

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 TEUR 5,251 (for nine months of 2014: TEUR 3,228) not allocated to operating segments mainly relate to other revenues of a subsidiary in relation to a third party. In determining the normalised EBITDA for individual segments, personnel expenses in the amount of TEUR 15,657 (for nine months of 2014: TEUR 8,689), other income in the amount of TEUR 5,207 (for nine months of 2014: TEUR 2,004), other expenses in the amount of TEUR 12,165 (for nine months of 2014: TEUR 7,573), other direct costs in the amount of TEUR 547 (for nine months of 2014: TEUR 113) and own work capitalised in the amount of TEUR 3,868 (for nine months of 2014: EUR 0) 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.

Segment reporting

Explanatory note on the standards used for the segments

For the Tele Columbus Group Management Board, 'Normalised EBITDA[2]' 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 incurred during the first nine months of 2015 in connection with the IPO and various M&A projects and integration costs, 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 nine 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.

Non-recurring expenses incurred during the first nine months of 2014 consist mainly of costs incurred in connection with the intended sale of Tele Columbus, the planned IPO, losses from the disposal of assets, severance payments and other one-time personnel costs as well as relocation costs. Non-recurring income during the first nine months of 2014 is composed mainly from the income from the retirement of assets.

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

1 Jan. to 30 Sept. in TEUR	TV		Internet and telephony		Other		Group total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	125,527	117,712	51,073	38,481	5,251	3,228	181,851	159,421
Normalised EBITDA	69,034	61,625	32,917	22,463	-12,949	-11,143	89,002	72,945
Non-recurring expenses and income	-3,492	-914	-537	-97	-16,610	-7,014	-20,639	-8,025
EBITDA	65,542	60,711	32,380	22,366	-29,559	-18,157	68,363	64,920

Third Quarter in TEUR	TV		Internet and telephony		Other		Group total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	50,259	39,466	21,378	13,252	2,291	1,080	73,928	53,798
Normalised EBITDA	27,679	21,427	13,837	8,339	-4,599	-4,018	36,917	25,748
Non-recurring expenses and income	-3,169	-740	-90	-37	-10,916	-3,910	-14,175	-4,687
EBITDA	24,510	20,687	13,747	8,302	-15,515	-7,928	22,742	21,061

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.8 Events after the Balance Sheet Date

Acquisition of pepcom Group

Tele Columbus AG signed an agreement with Lead Luxembourg 2 S.à r.l. on 13 September 2015 for acquisition of the fourth-largest German cable network operator, pepcom GmbH (hereinafter also referred to as 'pepcom'). The agreed provisional purchase price is EUR 608 million before taking into account net debt, other items potentially turning into debt, and the 30 % minority interest in the investee KMS Kabelfernsehen München Servicecenter GmbH & Co. (so-called 'enterprise value'). The purchase price is EUR 505 million after taking account of these items (so-called 'equity value').

As of 31 December 2014 (latest available financial statement according to IFRS - please keep in mind, all estimates and classifications do not take into account the latest incidents) pepcom Group reported sales of TEUR 116,598 and a loss of TEUR 6,801.

Further disclosure information is currently not available due to the fact that the closing of the contract is not finished (expected on 30 November 2015).

Acquisition of Mietho & Bär Kabelkom Kabelkommunikations-Betriebs GmbH

By share purchase and transfer agreement dated 26 October 2015, Tele Columbus AG acquired all shares in 'Mietho & Bär Kabelkom' Kabelkommunikations-Betriebs GmbH (hereinafter also referred to as 'M&B'), based in Gablenz. M&B, in turn, holds a 26 % share in Breitbandgesellschaft Cottbus mbH (hereinafter also referred to as 'BGC'), based in Cottbus. Due to acquisition of Teleco GmbH Cottbus Telekommunikation as well as Funk und Technik GmbH Forst in the third quarter, both of which hold ownership interests in BGC, Tele Columbus AG will recognise 100 % ownership interests in BGC from the date of first-time consolidation. M&B also holds 100 % ownership interests in ANTENNEN-ELECTRONIC in Berlin und Brandenburg GmbH and a share in Cable Plus GbR, which focuses on the planning, financing, construction, maintenance and operation of multimedia cable TV networks, satellite-delivered master antenna television systems and customised antenna television systems for owners of multi-family residential buildings as well as individual customers. The provisional purchase price is EUR 2,600.

Restructuring

With the employee meeting on 4 November 2015 the employees and the work council were informed on various planned relocations of departments. These include the intention to relocate all departments located in Hanover within 24 months. Due to the fact that details on the restructuring plan are not decided and the negotiations with the work council are at a very initial state, the amount on the future costs of the restructuring cannot be estimated and thus cannot be disclosed, which is in line with IAS 10.21 b).

Acquisition of Funk und Technik GmbH Forst

On 16 October 2015, Tele Columbus AG acquired 100 % ownership interests in Funk und Technik GmbH Forst (hereinafter also referred to as 'FuT'), based in Forst. FuT, in turn, holds a 37 % share in Breitbandgesellschaft Cottbus mbH (hereinafter also referred to as 'BGC'), based in Cottbus. FuT also holds an ownership interest in Cable Plus GbR, an operator of multimedia broadband cable networks that offers its customers broadband TV, internet and telephony services. FuT furthermore operates and maintains several satellite signal distribution systems in buildings located in areas which so far cannot be supplied with broadband connections. The provisional purchase price is EUR 11,600.

Capital increase

On 19 October 2015, Tele Columbus AG announced its intent to increase its capital by granting subscription rights to repay an equity bridge facility and partially repay subordinated loans from the acquisition of primacom Group, and to finance part of the purchase price for acquisition of the pepcom Group. The new shares issued to raise capital by granting subscription rights will be financed from authorised capital based on the resolution to increase capital adopted at the extraordinary general meeting on 14 September 2015. A total of 70,864,584 new shares were included with Tele Columbus's currently listed shares, which started trading on the Frankfurt Stock Exchange on 6 November 2015. The new shares issued to raise capital by granting subscription rights generated proceeds of approximately EUR 382.7 million.

No further material subsequent events occurred.

Declaration by the Group's legal representatives

We hereby confirm that, to the best of our knowledge, the condensed consolidated interim financial statements give a true and fair view of the consolidated interim financial position of the Group and of its consolidated interim financial performance and its consolidated interim cash flows in accordance with applicable accounting policies for condensed interim reporting, and that the group condensed interim management report gives a true and fair view of the Group's business development including its performance and financial position, and also describes significant opportunities and risks relating to the Group's anticipated development in the remaining financial year.

Berlin, 12 November 2015

Management Board

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