Quarterly Financial Report

of Tele Columbus AG

pursuant to section 37x para.3 WpHG
for the Quarter Ended 31 March 2015

telecolumbus

TELE COLUMBUS AG, BERLIN
Quarterly Financial Report pursuant to section 37x para. 3 WpHG for the Quarter Ended 31 March 2015

GROUP MANAGEMENT REPORT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

"This is a translation of the German "Quartalsfinanzbericht gemäß § 37x Abs. 3 WpHG für das Quartal zum 31. März 2015" of Tele Columbus AG. Sole authoritative and universally valid version is the German language document."

GROUP MANAGEMENT REPORT
FOR THE THREE-MONTH PERIOD
ENDING 31 MARCH 2015
FOR
TELE COLUMBUS AG

Introduction

Tele Columbus AG (hereinafter also referred to as "TC AG" or the "company"), based in Berlin, Goslarer Ufer 39, Germany (Commercial Register Berlin Charlottenburg HRB 161349 B), as the uppermost holding company on 31 March 2015 together with the consolidated subsidiaries, represents the Tele Columbus Group (also referred to as "Tele Columbus", "Tele Columbus Group" or "Group"). Tele Columbus AG also performs central tasks as a holding company in the areas of controlling, fiscal planning, sales and marketing, technology, customer service, accounting as well as general administration tasks.

Tele Columbus AG has been listed in the Prime Standard of the Frankfurt Stock Exchange since 23 January 2015 under identification number ISIN DE000TCAG172. The share capital at the end of the fiscal year 31 December 2014 was EUR 20,025,000 and was divided into 20,025,000 shares. At the General Meeting of 11 January 2015, it was resolved that the share capital was to be increased within the context of the stock exchange listing by up to 37,500,000 no-par value registered shares against cash contributions (authorised capital). With the resolution of 20 January 2015, the Board of Directors executed the increase in capital by 33,333,334 shares plus the overallotment - so-called Green Shoe option - of 3,333,333 thus providing a total of 36,666,667 shares from the authorised capital. By the stock exchange listing, an increase in capital had therefore been carried out.

1. Fundamentals of the Group

1.1 Business Model of the Group

1.1.1 Organisational Structure of the Group

On 31 March 2015, Tele Columbus AG holds, directly or indirectly, 19 operationally active subsidiaries that are fully consolidated in the condensed interim financial statements as well as four other associated companies. The number of fully consolidated subsidiaries increased in comparison to the consolidated financial statements for Tele Columbus AG for the financial year ended 31 December 2014 by two companies, with the result that there was a change in the group structure.

Acquisition of RFC Radio-, Fernseh- und Computertechnik GmbH

By purchase agreement dated 22 January 2015, the group acquired its 100 percent participation in RFC Radio-, Fernseh- und Computertechnik GmbH, Chemnitz (hereinafter also referred to as "RFC") from Tele Columbus Beteiligungs GmbH via Tele Columbus Multimedia GmbH. RFC provides planning, project development, installation and servicing of antenna and broadband systems as well as fibre optic and data networks. The provisional purchase price is TEUR 500.

Acquisition of Wowisat GmbH

On 30 March 2015, Tele Columbus AG acquired 100 percent participation in Wowisat GmbH, Duesseldorf,. Wowisat (hereinafter also referred to as "Wowisat"), was founded in 2008 to provide an alternative to locally established cable television for housing associations and currently supplies 5,400 homes with television and radio. Telephony and Internet services are up to now only integrated by third party suppliers. The provisional purchase price according to the purchase agreement is TEUR 2,864.

A complete overview of all companies is presented in the notes to the Consolidated Financial Statements for the fiscal year 2014. The changes to the company structure during the first three month period of 2015 are included in the Condensed Consolidated Interim Financial Statements as at 31 March 2015.

The Tele Columbus Group is one of the leading German cable network operators and therefore one of the most important service partners for consumers, landlords and housing associations.

The Tele Columbus Group is a cable network provider active in the western and eastern states of the federal republic of Germany. Approximately 20% of the homes connected are based in the remaining part of the Federal Republic of Germany.

Today, the Tele Columbus Group offers its customers state-of-the-art and efficient access to television, telephony and high-speed Internet services. The range includes services, maintenance and provision of the aforementioned products and services, care of the connected customers and the collection of payment.

Regarding the history of Tele Columbus AG and the appointment of the Management Board and the Supervisory Board, please refer to the statements in the Group Management Report for the fiscal year 2014.

1.1.2 Main Market and Core Business

The Tele Columbus Group is – in terms of number of customers – the third largest cable network operator in Germany and is the regional market leader in large areas of the East German federal states. The range of services offered are limited exclusively to the Federal Republic of Germany and predominantly to the states of Berlin, Brandenburg, Saxony, Saxony-Anhalt and Thuringia as well as to selected regions within the states of North Rhine-Westphalia and Hessen. The group maintains locations in Berlin, Hanover, Chemnitz, Dresden, Jena, Erkrath, Mönchengladbach and Gelsenkirchen.

In particular, the Tele Columbus Group operates cable networks at network levels 3 and 4. In the case of network level 3 – also referred to as NE3, Level 3 or L3 – this involves a cable network which distributes signals from regional distribution networks to the connection point outside of the housing unit of the customer. Network Level 4 – also referred to as NE4, Level 4 or L4 – describes a cable network inside the residential building which distributes signals from connection points outside the residential building to the cable socket within the residence of the customer. As an integrated network operator for both network levels, the Group specializes in the provision of high-quality, integrated end user services from a single source. In locations where the group cannot rely on its own networks, corresponding network services are purchased.

Numerous services are offered to customers of Tele Columbus AG in the areas of television and telecommunications – in particular a basic package for cable TV channels (CATV), premium TV packages (Premium TV) as well as Internet and telephone services. On 31 March 2015, Tele Columbus reported approximately 1.7 million residential units (connected homes). Approximately 1.3 million of these households bought at least one of the products offered.

The Tele Columbus Group generates its revenue primarily from access fees that are paid by customers for the purchase of a CATV product. About 97% of the end users are tenants in multi-dwelling units (MDUs) which are owned by residential property management companies or housing associations or are managed by these for third parties. The Group has long-term concession agreements and signal delivery contracts, which guarantees a stable revenue base. The majority of the housing associations recover the costs for CATV access from their tenants through the utility bill. On 31 March 2015, this was true of around 67% of our CATV subscribers. For approximately 33% of the CATV subscribers, the signal delivery was provided on the basis of individual contracts.

1.1.3 Business Segments

Products and services from Tele Columbus AG are available in two operative segments: "TV" and "Internet and Telephony".

"TV" Segment

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" Segment

In the Internet and telephony segment, the Group combines Internet and telephony services.

The revenue is comprised of revenue from the conclusion of new contracts and installation services as well as the monthly contract and service fees.

1.2 Control System

In preparation for the stock exchange listing of Tele Columbus AG, a segmentation was introduced in August 2014, which forms the basis for the future control of the Tele Columbus Group. The Tele Columbus Group is run by the Management Board for Tele Columbus AG. The Management Board is responsible for the operational business and supervises the reportable "TV" and "Internet and Telephony" segments. For these segments, the Management Board receives and reviews internal management reports.

Within the context of these monthly reports, the "normalized EBITDA" is the central control benchmark and is reported separately for each operational segment. It presents the earnings before the financial result (result from subsidiaries accounted for using the equity method, interest earnings, interest expenditure and other financial results), taxes on income as well as write-offs and depreciation of intangible assets and goodwill.

Furthermore, it is adjusted for the so-called "non recurring items". These are defined by the Management Board as non-recurring, rare or extraordinary expenses or earnings stemming from an event which presumably will not occur again in the following two fiscal years and has not already occurred in the previous two fiscal years. Moreover, the "normalized EBITDA" is not adjusted for expenses or earnings which do not predominantly result from ordinary operative business or are of a restructuring nature and therefore cannot be used to assess operative success.

Furthermore, the Management Board uses certain financial and non-financial indicators (Key Performance Indicators, KPIs) such as RGUs (Revenue Generating Units), the normalized contribution margin as well as the ARPU (Average Revenue Per User) in order to track the financial efficiency of the business.

RGUs (Revenue Generating Units)

The development of the RGUs per end user is the primary focus of internal control. The RGUs describe the revenue-generating units, meaning all units that an end user purchases; each subscribed service is counted as a RGU. The Management Board looks at the RGUs for every single service by the segments, both for CATV and Premium TV services and for Internet and telephony services.

ARPU (Average Revenue Per User)

There are three different definitions of ARPU (average generated revenue per end user):

- Monthly ARPU – also referred to as the **annual average ARPU** – is calculated as revenues from access fees for the year (including discounts, credits and installation fees) divided by the sum of the monthly total number of unique subscribers/RGUs during the year.
- Year-end ARPU is calculated as revenues from access fees in December (including discounts, credits and installation fees) divided by unique subscriber/RGUs in December).
- Quarterly average ARPU is calculated as revenues from access fees for the relevant quarter (including discounts, credits and installation fees) divided by the sum of the monthly total number of unique subscribers/RGUs during the relevant quarter.

Further relevant control parameters include personnel figures (measured in Full Time Equivalents/FTE), capital expenditures (Capex) and cash flow. In the case of personnel, besides costs the qualification and the necessary know-how of the employees is considered to be of great importance in order to achieve the targets set regarding marketing, sales and technology. In the case of network investments, Tele Columbus focuses on economically attractive projects which are best suited to sustainably contributing to achieving targets and increasing the value of the company given there are many potentials on the market. Cash monitoring is closely connected to this. The aim of the company is to finance the means necessary for growth from the operative business – with the exception of catch up investment in the network infrastructure in the next two years. In order to ensure this, the required cash flow is determined on a monthly basis and the short- and medium-term financial planning is adjusted to the current circumstances.

In addition to the key indicators listed, the Management Board monitors further non-financial performance indicators. These include the total number of end users, the number of residential units connected to the Group's own cable networks as well as the number of feedback channel-enabled residential units that are also connected to their own, independent signal supply.

1.3 Goals and Srategies

The strategy of Tele Columbus AG is aimed at sustainable and profitable growth. The following three key indicators are at the centre of these objectives:

1. the RGUs (Revenue Generating Units) per unique subscriber,
2. the percentage of homes which are connected to their own integrated Level 3/Level 4- and two-way upgraded networks and
3. the ARPU (Average Revenue Per User) per month.

The RGUs provide information on the number of services sold. If a customer not only purchases basic cable television via the Tele Columbus network but also other services such as an Internet access for example, each individual service counts as a RGU. The Tele Columbus Group strives to achieve 1.7 RGUs per unique subscriber in the medium term. At the end of the first quarter 2014, the indicator was still at 1.42 RGUs per unique subscriber. In the course of the last 12 months, the Group was able to increase the RGUs per end user to 1.46 by 31 March 2015.

The share of homes connected on own and two-way upgraded networks is to increase to 70% of the entire portfolio in the medium term. By the end of the first quarter 2015, the Group was already able to achieve 56%; this is an increase of 2% in comparison to the first quarter 2014 (54%).

The average revenue per unique subcriber (ARPU) per month from all services should grow to EUR 17 in the medium-term. By the end of the first quarter 2015, this was at EUR 14.10; by the end of the first quarter 2014 the figure was still at EUR 13.76.

These three goals are to be achieved using the following strategic measures:

- Special offers to the existing cable TV customers for Internet, telephony and Premium TV should further increase the sales of additional and higher quality services per TV customer (cross and upselling).
- Permanent and continuous expansion of the cable networks and further development of the Level 3/Level 4 network infrastructure. Tele Columbus believes it makes economic sense to migrate households not yet connected to its own network in order to achieve savings in the area of the signal fees as well as to be able to generate further revenue from the existing range of additional services. In order to expand its own network Level 3 infrastructure, Tele Columbus also plans extensive investments (CAPEX) in the future.
- Launch of further innovative and comprehensive multimedia services in order to further increase the attractiveness of the product portfolio.
- Continuous work on operative improvements, focussing on qualitatively high-value services and clear customer orientation.
- Defence and expansion of regional dominance in the market for Level 4 operators in the case of signal transmission within the real estate and buildings (on the "last mile" to the customer) through close partnership with housing associations.

Our goals and strategies are reflected in our control system and the monitoring of key indicators.

2. Economic Report

2.1 National Economic and Industry Related General Conditions

Spring Projection 2015

The Federal Government, which issues a forecast of national economic development for Germany three times a year under the leadership of the Federal Ministry of Economics and Technology, expects an increase in gross domestic product of 1.8% in the years 2015 and 2016 in its spring forecast.

In particular, consumer spending by private households and domestic demand should increase by around 2% in comparison with the preceding year.

General consumption trends also affected consumer behaviour with regard to the products offered by Tele Columbus AG.

Sector Related General Conditions

Regarding the sector-specific general conditions for Tele Columbus, please refer to the statements in the Group Management Report 2014. There have been no significant changes in comparison with the estimates therein in the 1st quarter of 2015.

2.2 Business Development

The first three months of the fiscal year 2015 were marked by the stock exchange listing carried out in 2015. Regarding this please refer to the further explanations in the introduction.

Furthermore, a change in the group structure arose due to the acquisition of further subsidiaries. In this context, reference is made to the statements in the Report Section 1.1.1 on the Group's business model.

In the first quarter of 2015, Tele Columbus AG further implemented its growth strategy successfully. The basis of this success was the efficient network infrastructure in particular. This allowed the number of homes connected, feedback channel-enabled and linked to their own network level 3 to be increased by approximately 7,000 to about 940,000 homes. Altogether, this share of homes connected increased by approximately 1% point to 56% of the total portfolio. Moreover, by the end of the reporting period, approximately 96 % of the networks with hybrid fibre optic structures were equipped to the Docsis 3.0 Internet transmission standard, which enables technical transmission rates of up to 400 Mbit/s. The number of homes connected to the Group's cable network at the end of the 1st quarter of 2015 came to approximately 1,667 thousand, meaning that it had fallen slightly in comparison with the end of the preceding year (2014: 1,697 thousand). This decrease was primarily due to the end of the term of contract for some larger concession agreements. The successful sale of new products to existing customers was the strongest driver of growth. The potential offered by the Group's existing customer base for upselling and cross-selling additional products, such as premium TV, Internet and telephony for example, via the traditional cable connection was successfully exploited in the reporting period.

The Tele Columbus customer base remained stable in comparison with the end of 2014 at 1.3 million subscriptions. The sum of Revenue Generating Units (RGUs) remained stable for all services in the reporting period at 1.84 million (2014: 1.84 million). The RGUs for cable TV on the other hand fell slightly in the reporting period by 17,100 to 1,293,400 (2014: 1,310,500), the Premium TV services remained stable. These came to 161,000 units at the end of the 1st quarter of 2015 (2014: 161,000). The slight decline in cable TV was partially compensated for by the growth in Internet and telephony. The RGUs for Internet services increased by about 3% to approximately 208,000 (2014: 202,000). Telephone services also recorded an increase of 3% to 175,000 RGUs (2014: 170,000).

The average number of products (RGUs) per customer developed positively in the 1st quarter of 2015. The value increased on 31 March 2015 to 1.46, having still been at 1.44 by the end of 2014. Thus, the development of the RGUs per end user corresponded to the strategic goals for Tele Columbus AG.

The average earnings per customer and month from all services - the monthly "Average Revenue Per User" (ARPU) or the "Annual Average ARPU" - was EUR 14.10 in the 1st quarter of 2015 and was therefore around 2.5% higher than in the same quarter of the previous year (Q1/2014: EUR 13.76). The monthly ARPU for bundled Internet and telephony services in the reporting period was EUR 22.61 (Q1 2014: EUR 22.35) and EUR 9.30 for mixed TV services (Q1 2014: EUR 9.60). The ARPU decrease for mixed TV services is, for one thing, attributable to increased competition within the sector. Furthermore, price reductions are granted in the case of contract extensions with the housing associations, insofar as the completed network investments have amortized and no additional services are requested by the housing associations.

2.3 Financial position and performance

2.3.1 Profit Situation
for the first quarter ending 31 March 2015 in comparison to the first quarter ending 31 March 2014

During the first three months of 2015, Tele Columbus was able to follow its strategy successfully. The revenue for the 1st quarter of 2015 increased in comparison with the 1st quarter of 2014 by around 2.1% to TEUR 53,615 (Q1/2014: TEUR 52,537).

While the proceeds from the TV segment also fell as a result of a portfolio decline by 3,0% to TEUR 37,993, the revenue in the "Internet and Telephony" segment significantly increased from TEUR 12,299 to TEUR 14,257. Other sales revenue changed only insignificantly in comparison with the preceding year and came to TEUR 1,365.

The operating performance, defined as the sum of revenue, other income and own work capitalized, increased by approximately 19.6% to TEUR 66,357 in the reporting period (Q1/2014: TEUR 55,486). The increase results mainly from the increase in other income from TEUR 2,514 to TEUR 10,856, particularly as a result of increased income from the derecognition of liabilities and reversal of provisions on the amount of TEUR 1,829 (Q1/2014: TEUR 72) and refundable IPO costs. Additionally, own work capitalised increased from TEUR 435 during the first three months of 2014 to TEUR 1,886 in the past quarter.

Gross profit was TEUR 48,134 (Q1/2014: TEUR 36,894), the gross profit margin was 72.5% (Q1/2014: 66.5%).

The cost of materials in the 1st quarter of 2015 remained almost unchanged in comparison with the same quarter of the preceding year, amounted to TEUR 18,223 (Q1/2014: TEUR 18,592).

Employee benefits increased by TEUR 3,568 to TEUR 11,407 (Q12014: TEUR 7,839). The increase is primarily due to the personnel concept for achieving the Group's targets as well as preparing for and successfully realising the stock exchange listing. For this purpose Tele Columbus has intensed it’s investment in personnel. Furthermore RFC and Wowisat were acquired in the 1st quarter of 2015. Due to the related increase in employees, the benefits to employees increased by TEUR 729.

Other expenses in the 1st quarter of 2015 amounted to TEUR 16,650 (Q1/2014: TEUR 7,799). The increase resulted mainly from higher legal and advisory fees that amounted to TEUR 6,213 (Q1/2014: TEUR 1,009) and increased incidental cost of monetary transactions amounting to TEUR 3,711 (Q1/2014: TEUR 193), which incurred in connection with the stock exchange listing and the refinancing.

The "normalised EBITDA" significantly improved in comparison to the preceding year by 11.7% to TEUR 24,395 (Q1/2014: TEUR 21,831). In the reporting period, the operative margin therefore increased to 45.5% (Q1/2014: 41.5%).

Depreciation and amortisation expense decreased to TEUR 11,549 (Q1/2014: TEUR 14,086). This reduction primarily resulted from the expiry of the economic useful life of commercial goods.

Interest and similar expenses decreased from TEUR 8,548 to TEUR 7,477. The reduction primarily resulted from refinancing after the stock exchange listing in the 1st quarter of 2015.

Other financial income and expenses amounted to TEUR 4,065 (Q1/2014: TEUR 16). The increase resulted primarily from the transaction costs that were formerly recorded in the balance sheet but were recognized as expenses in the course of the refinancing.

In the 1st quarter of 2015, income taxes amounted to TEUR 1,902 (Q1/2014: TEUR 828). Whereas, in the case of actual taxes, revenue in the amount of TEUR 449 was shown (Q1/2014: TEUR -705), deferred income tax expenses increased by TEUR 2,228 to TEUR 2,351 (Q1/2014: TEUR 123).

The non-recurring expenditure/revenue in the 1st quarter of 2015 essentially included consultancy fees and incidential costs of monetary transactions incurred within the context of the stock exchange listing, other legal and consultation costs categorized as non-recurring, as well as expenses from reserves for expected losses in connection with a long-term signal delivery contract. Moreover, revenue is received from recoverable IPO costs, revenue from asset disposal and revenue from the dissolution of reserves for expected losses in connection with a long-term signal delivery contract. In Q1/2014, the non-recurring expenditure/revenue essentially consisted of costs incurred within the context of a targeted Tele Columbus sales process and revenue from the disposal of assets.

The 1st quarter of 2015 was concluded with a loss in the amount of TEUR 4,915 (Q1/2014: loss in the amount of TEUR 2.206).

in TEUR	Q1/2015	Q1/2014
Normalized EBITDA	24,395	21,831
Non-recurring expensesand income	-4,318	-575
EBITDA	20,077	21,256
Financial result	-11,541	-8,548
Depreciation and amortisation expenses	-11,549	-14,086
Income Taxes	-1,902	-828
Loss for the period	-4,915	-2,206

2.3.2 Financial Situation and Liquidity
Quarter to 31 March in comparison with 31 December 2014; Quarter to 31 March 2015 in comparison with the quarter to 31 March 2014 for the cash flow

The negative cash flow from investing activities (TEUR -12,908) as well as the negative cash flow from operating activities (TEUR -15,580) were exceeded significantly by the positive cash flow from financing activities (TEUR 85,638), so that the cash and cash equivalents as at 31 March 2015 increased by TEUR 57,150 in comparison with 31 December 2014. The successful stock exchange listing in January 2015 was the main reason of the whole overall positive cash flow. Due to this and in the course of the subsequent refinancing, long-term liabilities in the amount of TEUR 640,568 were repaid. Within the course of the new financing, long-term liabilities amounting to TEUR 375,000 were taken up.

While in the same quarter of the preceding year, interest payments for bank liabilities in the amount of TEUR -11,846 incurred, interest payments in the 1st quarter of 2015 fell to TEUR 3,608. After the stock exchange listing and refinancing, the interest has been paid on a monthly basis since February 2015, whereas the old financing treaty set two payment dates per year in January and July.

Due to the successful stock exchange listing, a contribution was made to the equity capital in the amount of TEUR 366,667 (after deduction of costs: TEUR 356,247).

The Tele Columbus Group has signed various leasing contracts for infrastructure facilities to supply the customers. These were classified as finance leasing in accordance with IAS 17. In the 1st quarter of the fiscal year 2015, payments in the amount of TEUR 1,507 resulted from finance leasing (Q1/2014: TEUR 1,467).

In the 1st quarter of 2015, two new companies, RFC and Wowisat, were acquired. This resulted in cash payments, net of cash acquired, amounting to TEUR -2,031

In the 1st quarter of 2015, Tele Columbus Group was always in the ability to comply with its payment obligations . The financial means required in the 1st quarter of 2015 for investments in network infrastructure, the acquisition of RFC and Wowisat and the sales and marketing of new telephony and Internet services were financed by the operative business as well as cash reserves. The interest payments required for the company's bank liabilities were also financed from cash. Utilisation of the available credit line (RCF) in the amount of EUR 125.0 million was not necessary.

Company management reviews the liquidity situation at least on a monthly basis and if necessary introduces appropriate measures on time in order to prevent any liquidity bottlenecks (please refer to the statements in Section 5 'Risk Report' of the Group Management Report for the fiscal year 2014).

Capital Structure

Interest-Bearing Liabilities Toward Credit Institutes

Lender	Borrower	Total in EUR as at 31 Mar. 2015	Share	Total in EUR as at 31 Dec. 2014	Share
Senior Tranche A / IPO Facility A	TC AG	365,885,550	97.12%	492,841,295	76.63%
Second Lien Tranche A	TC AG	-	-	37,627,277	5.85%
Mezzanine Tranche A	TC AG	-	-	35,630,085	5.54%
Rev. Facility / IPO Facility B&C	TC AG	282,552	0.08%	209,055	0.03%
Super Senior Tranche 2	TC AG	-	-	16,160,334	2.51%
Senior Tranche A	TC Ost GmbH	-	-	36,292,298	5.64%
Senior Tranche A	TC Sachsen-Thüringen GmbH	-	-	3,820,242	0.59%
Senior Tranche A	TC Netze Berlin GmbH	-	-	9,550,605	1.48%
SSK Gelsenkirchen	BMB KG	4,099,290	1.09%	4,380,624	0.68%
UniCredit & Diverse	BIG	1,489,067	0.40%	1,524,743	0.24%
SSK Magdeburg	MDCC	4,401,641	1.17%	4,611,427	0.72%
Volksbank Magdeburg	MDCC	525,000	0.14%	525,000	0.08%
Sparkasse	Wowisat	42,651	0.01%	- n/a	-
Others		1	0.00%	-	-
Total		**376,725,752**		**643,172,985**	

On 2 January 2015, Tele Columbus AG signed a new credit contract (IPO Financing Agreement) arranged by BNP Paribas, J.P. Morgan and Goldman Sachs Bank USA.

The level of credit comprises TEUR 500,000 and is divided into Facility A (Term Loan) for TEUR 375,000 and the two lines of credit not used yet for TEUR 75,000 for investments in the fixed assets and for TEUR 50,000 for general costs. The term of Facility A is six years and five years for Facilities B and C. The current margin comes to 4.5% plus Euribor for Facility A and 3.75% for B and C. The provision fee for Facility B and C is calculated at 35% of the margin for both lines of credit and is due on a quarterly basis.

Regarding the terms of credit contracts, please refer to Section D.18 'Loans and borrowings' of the in the Condensed Consolidated Interim Financial Statements as at 31 March 2015 for Tele Columbus AG.

The shares in the subsidiaries are currently pledged. The pledging of receivables from delivery and service, bank credit balances and fixed assets was waived in regard to the previous financing.

This new financing was essentially used to repay 'old liabilities' under the SFA & MFA. Together with the proceeds from the stock exchange listing, all liabilities from the old financing contracts were thus repaid in full.

Development of the Equity Capital

The increase in equity capital from TEUR -107,316 as at 31 December 2014 to TEUR 244,057 on 31 March 2015 mainly resulted from the stock market listing that took place in the 1st quarter of 2015. As a result, the share capital changed from TEUR 20,025 on 31 December 2014 to TEUR 56,692 on 31 March 2015. The increased capital reserve amounted to TEUR 327,904 on 31 March 2015 (2014: TEUR 8,324), also resulted from the stock market listing.

Investments

During the first three months of 2015, the Tele Columbus Group invested again extensively in the technologies used as well as in the acquisition of participations. The investments (amounting in total to TEUR 3,367 including the acquisition of Wowisat and RFC) increased by 144.5% to TEUR 14,698 (Q1/2014: TEUR 6,011), this corresponds to 22.1% of our operating performance (Q1/2014: 10.8%).

The focus of the investments is consistent continuation of the migration strategy, i.e. the replacement of third party signal suppliers by supplying to the Tele Columbus portfolio using its own signal as well as the development of the existing HFC networks for the marketing of IP services with a high transmission rate in order to thus be able to satisfy the increasing demand for high-speed internet connections. Investments for the existing expansion commitments regarding the housing sector within the context of new acquisitions and contract prolongations were primarily made in the regions of Berlin/Potsdam, Dresden and other locations in Saxony.

In order to strengthen the Group's presence in the North Rhine-Westphalia region, the Wowisat company with approximately 5,400 households was acquired. In this context, reference is made to the statements in the Report Section 1.1 on changes to the company.

Investment commitments entered in the 1st quarter of 2015, which will lead to a cash outflow in the subsequent reporting periods amount to around TEUR 11,166, and will be financed from the existing cash holdings.

2.3.3 Financial Situation as of 31 March 2015 in comparison with 31 December 2014

The tangible assets remained at an almost unchanged level in comparison to 31 December 2014 and amounted to TEUR 210,231 (31/12/2014: TEUR 209,923).

The intangible assets increased in comparison to 31 December 2014 by TEUR 1,277 to TEUR 383,098 (31/12/2014: TEUR 381,821). The increase primarily resulted from goodwill amounting to TEUR 1,157, that resulted from the initial consolidation of Wowisat.

The total inventories have increased by 31 March 2015 to TEUR 4,418 (31/12/2014: TEUR 3,342). The increase resulted primarily from seasonal fluctuations due to varying order times.

The short-term receivables from deliveries and services increased by TEUR 8,348 to TEUR 27,463 (31/12/2014: TEUR 19,115). In the course of the year, the amount of the receivables from deliveries and services is subject to cyclic fluctuations and has a tendency to be higher in the 1st quarter of a year, as those paying annually are billed in addition to monthly and quarterly payers.

The other short-term receivables amounted to TEUR 13,374 (31/12/2014: TEUR 13,082). Of this, TEUR 9,164 was mainly used as a security for the re-financing banks: as a cash deposit for the debit limit at the NET M-Bank and Postbank and is therefore not freely available.

The other short-term financial receivables increased by TEUR 9,553 to TEUR 14,215 (31/12/2014: TEUR 4,662). The increase resulted mainly from receivables from refundable IPO costs.

The short-term prepaid expenses and deferred charges amounted to TEUR 10,356 (31/12/2014: 5,690). The increase resulted mainly from prepaid signal fees.

The total equity as of 31 March 2015 amounted to TEUR 244,057 (2014: TEUR -107,316).

Post-employment and other long-term employee benefits amounted to TEUR 10,257 (31/12/2014: TEUR 10,615), and thus remained almost unchanged in comparison with the preceding year.

Other long-term provisions, – these primarily include expected loss provisions – were also almost at the same level as in the comparison period and amounted to TEUR 12,061 (31/12/2014: TEUR 11,883).

The long-term interest-bearing liabilities (loans and borrowings) amounted to TEUR 374,126 (31/12/2014: TEUR 640,547). The decline resulted from the stock exchange listing and the subsequent refinancing.

The Group's debt from interest-bearing loans on 31 March 2015 amounted to TEUR 376,726 (31/12/2014: TEUR 643,173). This corresponds to a share of 49.8% (2014: 96.4%) of the balance sheet total.

Current trade payables increased in regard to the preceding year by TEUR 5,232 to TEUR 46,257 (31/12/2014: TEUR 41,025).

Current other liabilities increased in the reporting period to TEUR 15,330 (31/12/2014: TEUR 12,565).

3. Supplementary Report

The following event is of special significance and was entered into after the interim report target date of 31 March 2015:

In April 2015, Tele Columbus Group acquired several cable network assets with approximately 18.000 homes connected primarily in Eastern Germany. The prelininary purchase price amounts to TEUR 3,189. The assets fit well into the ongoing growth and migration strategy providing potential for cross- and upselling additional services.

4. Forecast

Regarding the Forecast Report for Tele Columbus, please refer to the statements in the Group Management Report 2014. The outlook for the group for the entire fiscal year 2015 did not change significantly in comparison with the statements in the Group Management Report for that fiscal year 2014.

5. Risk Report

Regarding the Risk Report for Tele Columbus, please refer to the statements in the Group Management Report for the fiscal year 2014. The future prospects of the group for the whole fiscal year 2015 have not significantly changed compared to the specifications as given in the Group Management Report for the financial year 2014.

6. Opportunities Report

A range of opportunities are open to the Tele Columbus Group for the future, which result in particular from the competitive strengths of the Group. Regarding this, please refer to the statements in Section 6 'Opportunities Report' of the Group Management Report for the fiscal year 2014. With respect to opportunities itemized therein and which continue to apply, the following is to be reported in supplement:

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

As the past years have shown, the German cable market is, as before, in a consolidation phase. Unitymedia and Kabel BW as well as Vodafone and Kabel Deutschland represent only some of the consolidations in recent times. In the East German federal states in particular, the cable market is characterised by numerous smaller and medium-sized cable network operators, who offer interesting opportunities for growth within the context of the consolidation process. Based on access to the capital market as a result of the stock exchange listing as well as the associated improved capital resources, Tele Columbus sees itself as being in a suitable position to assume a leading role in this consolidation and to benefit financially from the potential scaling and synergy effects. In this context, with the invitation to the general meeting, TC AG requested the creation of a new authorized capital of up to EUR 28,345,833.00. Further details are available in the invitation to the ordinary general meeting on 15 May 2015.

Berlin, 12 May 2015

Tele Columbus AG, Berlin

Management Board

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

Condensed Consolidated Interim Financial Statements for the three-month Period ending 31 March 2015

in Accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union

for

Tele Columbus AG

I Consolidated income statement

	Notes	01/01 - 31/03/2015	01/01 - 31/03/2014
		TEUR	TEUR
Revenue	D.1	53,615	52,537
Own work capitalised	D.2	1,886	435
Other income	D.3	10,856	2,514
Total operating income		**66,357**	**55,486**
Cost of materials	D.4	-18,223	-18,592
Employee benefits	D.5	-11,407	-7,839
Other expenses	D.6	-16,650	-7,799
EBITDA		**20,077**	**21,256**
Depreciation and amortisation expenses	D.7	-11,549	-14,086
EBIT		**8,528**	**7,170**
Interest and similar income	D.8	1	16
Interest and similar expenses	D.8	-7,477	-8,548
Other finance income and expenses	D.9	-4,065	-16
Loss before tax		**-3,013**	**-1,378**
Income taxes	D.10	-1,902	-828
Loss for the period		**-4,915**	**-2,206**
Loss attributable to owners of Tele Columbus Group		-5,561	-3,306
Profit attributable to non-controlling interests		646	1,100
Basic earnings per share in EUR		-0.12	-0.17
Diluted earnings per share in EUR		-0.12	-0.17

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

II Consolidated statement of other comprehensive income

	Notes	01/01 - 31/03/2015	01/01 - 31/03/2014
		TEUR	TEUR
Loss for the period		**-4,915**	**-2,206**
Other comprehensive income			
Expenses and income that will not be reclassified to profit or loss.			
Remeasurement of the defined benefit liability (after tax)		41	-261
Total comprehensive income (loss)		**-4,874**	**-2,467**
Attributable to:			
Owners of Tele Columbus Group		-5,520	-3,567
Non-controlling interests		646	1,100

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

III Consolidated statement of financial position

	Notes	31 Mar 2015	31 Dec 2014
		TEUR	TEUR
Assets			
Non-current assets			
Property, plant and equipment	D.11	210,231	209,923
Intangible assets and goodwill	D.12	383,098	381,821
Interests in unconsolidated subsidiaries		8	8
Investments in associates		276	276
Other financial receivables	D.14	1,148	1,148
Deferred expenses	D.14	1,805	72
Deferred taxes	D.10	2,339	-
		598,905	**593,248**
Current assets			
Total inventories	D.13	4,418	3,342
Trade receivables	D.14	27,463	19,115
Receivables from related parties		5,021	3,129
Other financial receivables	D.14	14,215	4,662
Other receivables	D.14	13,374	13,082
Current tax assets		509	457
Cash and cash equivalents	E.5	81,571	24,441
Deferred expenses	D.14	10,356	5,690
		156,927	**73,918**
		755,832	**667,166**

	Notes	31 Mar 2015	31 Dec 2014
		TEUR	TEUR
Equity and liabilities			
Equity			
Equity attributable to owners of Tele Columbus AG		238,156	-112,571
Non-controlling interests		5,901	5,255
Total equity	D.15	**244,057**	**-107,316**
Non-current liabilities			
Post-employment and other long-term employee benefits		10,257	10,615
Other provisions	D.16	12,061	11,883
Loans and borrowings	D.17	374,126	640,547
Trade payables	D.18	33,028	33,890
Deferred revenue	D.19	858	933
		430,330	**697,868**
Current liabilities			
Other provisions	D.16	1,909	7,466
Loans and borrowings	D.17	2,600	2,626
Trade payables	D.18	46,257	41,025
Payables to related parties		1,760	2,559
Other financial liabilities		963	255
Other liabilities		15,330	12,565
Income tax liabilities		1,278	5,801
Deferred revenue	D.19	11,348	4,317
		81,445	**76,614**
		755,832	**667,166**

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

IV Consolidated statement of cash flows

	Notes	01/01 - 31/03/2015	01/01 - 31/03/2014
		TEUR	TEUR
Net cash from operating activities			
Earnings before interest and taxes (EBIT)		**8,528**	**7,170**
Depreciation and amortisation expenses	D.7	11,549	14,086
Losses(+)/gain(-) on sale of property, plant and equipment		-726	-194
Increase(-)/decrease(+) in inventories, trade and other receivables not classified as investing or financing activities		-29,931	-6,466
Increase(+)/decrease(-) in provisions, trade and other payables not classified as investing or financing activities		-726	-12,000
Income tax paid		-4,274	-976
Net cash from operating activities		**-15,580**	**1,620**
Net cash used in investing activities			
Proceeds from sale of property, plant and equipment		875	583
Acquisition of property, plant and equipment	D.11	-9,007	-3,321
Acquisition of intangible assets	D.12	-2,746	-1,179
Acquisition of businesses, net of cash acquired		-2,031	-
Interest received		1	16
Net cash used in investing activities		**-12,908**	**-3,901**

	Notes	01/01 - 31/03/2015	01/01 - 31/03/2014
		TEUR	TEUR
Net cash from (used in) 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)		-10,379	-
Payment of finance lease liabilities		-1,507	-1,467
Proceeds from loans, bonds and borrowings	D.17	375,033	-
Repayment of borrowings	D.17	-640,568	-621
Cash proceeds from capital increase	D.15	366,667	-
Interest paid		-3,608	-11,846
Net cash from (used in) financing activities		**85,638**	**-15,618**
Cash and cash equivalents at the end of the period			
Net increase/decrease in cash and cash equivalents		57,150	-17,899
Cash and cash equivalents at the beginning of the period		24,441	70,539
Cash and cash equivalents at the end of the period		**81,591**	**52,640**
Less(-)/ Plus (+) restricted cash and cash equivalents released during the reporting year		-20	359
Cash and cash equivalents at the end of the period		**81,571**	**52,999**

* 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 three 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 as of 1 January 2015	**-**	**20,025**	**8,324**	**-114,692**	**-24,121**	**-2,107**	**-112,571**	**5,255**	**-107,316**
Profit(+)/loss(-)					-5,561		-5,561	646	-4,915
Other comprehensive income						41	41		41
Total comprehensive income					**-5,561**	**41**	**-5,520**	**646**	**-4,874**
Dividends									
Acquisition of non-controlling interests									
Capital increase due to IPO		36,667	330,000				366,667		366,667
IPO costs deductible from equity net of deferred taxes			-10,420*				-10,420		-10,420
Balance as of 31 March 2015	**-**	**56,692**	**327,904**	**-114,692**	**-29,682**	**-2,066**	**238,156**	**5,901**	**244,057**

* Comprising IPO costs deductible from equity in the amount of TEUR 15,105 and deferred taxes in the amount of TEUR 4,685.

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

for the first three 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 as of 1 January 2014	**-68,225**	**-**	**-**	**-**	**-**	**-**	**-68,225**	**6,690**	**-61,535**
Profit(+)/loss(-)					-3,306		-3,306	1,100	-2,206
Other comprehensive income						-261	-261		-261
Total comprehensive income					**-3,306**	**-261**	**-3,567**	**1,100**	**-2,467**
Dividends									
Acquisition of non-controlling interests									
Changes in net assets due to adjustments relating to the change in group structure				-1,684*			-1,684		-1,684
Introduction of the existing group structure									
Balance as of 31 March 2014	**-68,225**	**-**	**-**	**-1,684**	**-3,306**	**-261**	**-73,476**	**7,790**	**-65,686**

* 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 financial statements

A General information

Introduction

In preparation of the initial public offering on 23 January 2015, parts of the Tele Columbus Group's legal structure were restructured in 2014. For further details please refer to the introduction of our Consolidated Financial Statements as of 31 December 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 carried out with retroactive economic effect as of 1 January 2014. This was recorded in the commercial register on 22 August 2014.

Tele Columbus Holding GmbH was formed on 6 November 2012, originally as a subsidiary of Tele Columbus GmbH. By agreement dated 19 August 2014, Tele Columbus Holding GmbH was transferred from Tele Columbus GmbH to Tele Columbus Management S.à r.l., the parent of Tele Columbus GmbH. As a result of restructuring, Tele Columbus Holding GmbH (which holds Tele Columbus GmbH's operating investments and spun-off assets and liabilities) has thus been created as a sister group of Tele Columbus GmbH, holding the remaining investments and non-transferred assets and liabilities that are controlled by Tele Columbus Management S.à r.l. In the IFRS consolidated financial statements of Tele Columbus Holding GmbH as of 31 December 2014, the spin-off is presented as a transaction between entities under joint control and thus will not result in the disclosure of undisclosed reserves or the recognition of derivative goodwill.

Change of legal form to Tele Columbus AG

It was resolved at the extraordinary shareholders' meeting held on 20 August 2014 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. The Company's then share capital in the amount of TEUR 20,025 became the share capital of Tele Columbus AG. The share capital was divided into 20,025,000 registered no-par-value shares with a proportional amount of share capital in the amount of EUR 1.00 attributable to each individual share. For the preparation of the IPO, the share capital of Tele Columbus AG was subsequently increased to TEUR 56,692 composed of 56,691,667 no-par-value registered shares (we refer to the explanatory notes in Section D.15 'Equity').

Initial public offering of Tele Columbus AG

Tele Columbus AG has been listed in the Prime Standard of the Frankfurt Stock Exchange since 23 January of this year. 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 the development of equity, please refer to Section D.15 ‘Equity’.

Share placement generated gross earnings of TEUR 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 in the further expansion of our cable networks and the 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.

Description of business activities

The companies in the Tele Columbus Group are cable network operators operating primarily in the eastern German federal states. Approximately 20% of the Group's holdings are in the remaining region of the Federal Republic of Germany. The Group's core business is operating and managing broadband cable equipment, in some cases using its own satellite receiving equipment to provide residential apartment complexes of various housing companies and their tenants with television and radio signals, internet as well as telephony services. The operation of the equipment includes servicing, maintenance, customer care and collection.

Basis of the consolidated interim financial statements

The condensed consolidated interim financial statements of Tele Columbus AG as of 31 March 2015 present the financial position, financial performance and cash flows of Tele Columbus AG and it's consolidated entities for the first three months of the reporting period. Comparative figures for the first three months of 2014 are combined 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 the restructuring had been carried out before 1 January 2014.

The condensed consolidated interim financial statements of Tele Columbus Group as of 31 March 2015 were prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 on a condensed basis compared to the year-end reporting as of 31 December 2014.Thus this consolidated interim financial statement needs to be considered in the context of the consolidated financial statements as of 31 December 2014. International Financial Reporting Standards (IFRS) were used as adopted by the European Union (EU).

The condensed consolidated interim financial statements comprise the consolidated income statement, 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 first three months of the 2015 financial year and the comparative period of 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.

The consolidated interim financial statements were prepared by Tele Columbus AG's Management Board in Berlin on 12 May 2015.

These financial statements are based on the going concern assumption.

There were no significant changes in accounting policies compared to the comparative period.

B Basis of consolidation

There were no significant changes in consolidation policies compared to the comparative period.

B.1 Changes in consolidated entities

Acquisition of RFC Radio-, Fernseh- und Computertechnik GmbH

Under the purchase agreement dated 22 January 2015 (economic effect as of 27 January 2015 – accordingly date of first consolidation), Tele Columbus Multimedia GmbH, Berlin, repurchased its 100% ownership of 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 constructions and maintenance work placed on RFC and can thus increase synergy effects.

The provisional purchase price according to the purchase agreement is TEUR 500, which will be settled against the outstanding receivable resulting from the sale of RFC in 2014. Due to time constraints, the opening balance and thus the financial data as of 31 March 2015 of RFC 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 Wowisat GmbH

On 6 February 2015, an agreement was signed for the takeover of all shares of Wowisat GmbH, Duesseldorf (hereinafter referred to as 'Wowisat'), by Tele Columbus AG, Berlin. The contract was finalised on 30 March 2015 – accordingly, this is the date for the first 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 2,864 and was completely paid in cash. Due to time constraints, the opening balance and thus the financial data as of 31 March 2015 of Wowisat 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 of the first consolidation, the newly acquired companies' net assets amounted to TEUR 2,220 (non-current assets TEUR 3,963, current assets TEUR 2,087 including cash TEUR 833 and intercompany receivables TEUR 503, non-current liabilities TEUR 214 and current liabilities TEUR 3,616). Additionally, goodwill in the amount of TEUR 1,157 was recognised as asset and badwill in the amount of TEUR 13 was recognised in profit and loss. 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 1,172 (thereof intercompany revenue in the amount of TEUR 905), EBITDA in the amount of TEUR 20 and a loss in the amount of TEUR 15 resulting from the acquired companies.

Further information:

The accounting of the acquisition of BIG in 2014 is still on a preliminary basis according to IFRS 3.45.

There were no other acquisitions or disposals during the first three months of the 2015 financial year other than those described above.

B.2 Investments in associates and other entities

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

Due to 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 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 three-month period ending 31 March 2015 as compared to the consolidated financial statements as of 31 December 2014.

C.2 Significant accounting policies

The same accounting policies and methods of computation are used in the consolidated interim financial statements for the three-month period ending 31 March 2015 as compared to the consolidated financial statements as of 31 December 2014.

C.3 Compliance with IFRS

The accounting standards used to prepare the consolidated interim financial statements are in accordance with those used for preparing the consolidated financial statements for the financial year as of 31 December 2014, except for the following mandatory standards and amendments to standards, which were adopted for the first time in the financial year commencing on 1 January 2015 and had no material effects on the consolidated interim financial statements:

Standard/Interpretation		Effective as of	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 June 2014	14 June 2014	none

* Mandatory adoption date endorsed by the EU deviates from that set by the IASB

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 otherwise stated:

Standard/Interpretation		Effective as of	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 July 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

Standard/Interpretation		Effective as of	Publication of endorsement by the EU Commission	Effects
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 2017*	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

	Three months to 31/03/2015	Three months to 31/03/2014
	TEUR	TEUR
Revenue, analogue, ongoing	31,334	32,792
Revenue, analogue, one-time	143	259
Revenue, internet/telephony	13,813	11,944
Revenue, ancillary digital services	2,761	2,769
Revenue, other transmission fees	1,349	1,057
Revenue, Sky	534	537
Revenue, shopping channels	397	522
Other	3,284	2,657
	53,615	**52,537**

Tele Columbus Group's revenue mainly comprises monthly subscription fees and to a lesser extent one-off installation and connection charges for basic analogue cable television as well as ancillary digital 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 1,886 for the first three months of 2015 (for the first three months of 2014: TEUR 435) mainly comprises expenses for work performed by our own employees in connection with expanding our own cable network.

D.3 Other income

	Three months to 31/03/2015	Three months to 31/03/2014
	TEUR	TEUR
Income from the derecognition of liabilities and reversal of provisions	1,829	72
Income from dunning fees	327	528
Income from marketing subsidies	192	242
Gains on disposal of non-current assets	826	337
Income from connection and disconnection fees	108	122
Income from services	556	39
Miscellaneous other income	7,018	1,174
	10,856	**2,514**

Miscellaneous other income consists primarily of refundable IPO costs for the current financial period.

D.4 Cost of materials

	Three months to 31/03/2015	Three months to 31/03/2014
	TEUR	TEUR
Cost of raw materials and consumables	-525	-427
Cost of purchased services/goods	-17,698	-18,165
	-18,223	**-18,592**

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

The cost of purchased services mainly relates to fees for the reception of signals, maintenance costs, commissions, electricity and other services as well as changes in inventory of modems and digital receivers.

D.5 Employee benefits

	Three months to 31/03/2015	Three months to 31/03/2014
	TEUR	TEUR
Wages and salaries	-9,702	-6,425
Social security, pension and other benefits	-1,453	-1,234
Other personnel expenses	-252	-180
	-11,407	**-7,839**

D.6 Other expenses

Other expenses incurred in particular for the following:

	Three months to 31/03/2015	Three months to 31/03/2014
	TEUR	TEUR
Legal and advisory fees	-6,213	-1,009
Advertising	-1,996	-1,896
Occupancy costs	-950	-1,076
Impairment of receivables	-1,298	-1,496
Communication costs	-349	-303
IT costs	-896	-673
Vehicle expenses	-305	-220
Incidental bank charges	-3,711	-193
Losses on disposal of non-current assets	-100	-143
Income from cancellations, prior year	-71	-348
Travel expenses	-231	-79
Miscellaneous other expenses	-530	-363
	-16,650	**-7,799**

Legal and advisory fees have increased by TEUR 5,204 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 that cannot be deducted from equity. Incidental bank charges mainly comprise IPO bank fees and loan fees for the current reporting period.

D.7 Depreciation and amortisation expense

An impairment loss of TEUR 136 (2014 comparative period: TEUR 0) was recognised for property, plant and equipment during the current reporting period. These can largely be attributed to customer terminals.

D.8 Net interest income and expenses

	Three months to 31/03/2015	Three months to 31/03/2014
	TEUR	TEUR
Interest income from third parties	1	15
Interest income from associates	-	1
Interest and similar income	**1**	**16**
Interest paid to third parties	-7,216	-8,270
Expenses resulting from compounding of loans under the effective interest rate method	-261	-268
Interest paid to associates	-	-10
Interest and similar expenses	**-7,477**	**-8,548**
	-7,476	**-8,532**

The interest paid to third parties mainly relates to liabilities to banks (loans and borrowings). We refer to the explanatory notes in Section D.17 'Loans and borrowings'.

D.9 Other finance income and expenses

	Three months to 31/03/2015	Three months to 31/03/2014
	TEUR	TEUR
Adjustment of the value of financial instruments	-4,065	-16
	-4,065	**-16**

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

D.10 Income taxes

The amount of TEUR 1,902 from taxes includes TEUR 450 income from current taxes (mainly due to reduction of tax provision) and TEUR 2,352 expense from deferred taxes.

Deferred tax assets have been recognized partially in the IFRS-balance, which is due to the positive development of the company as of 31 March 2015. With regard to the recognition of IPO-costs deferred tax liabilities have been set against equity. Corresponding deferred tax effects have been recognized through profit and loss (TEUR -4.684).

The deferred tax expense includes:

	Three months to 31/03/2015	Three months to 31/03/2014
	TEUR	TEUR
Income from recognition of current deferred tax asset	301	0
Income from recognition of long term deferred tax asset	2,032	0
Expense from deferred taxes on IPO cost	-4,685	0
	-2,352	**0**

Additionally, an increase in deferred taxes resulting from differences in pensions was recorded as other comprehensive income.

D.11 Property, plant and equipment

As of 31 March 2015, property, plant and equipment in the carrying amount of TEUR 210,231 (2014: TEUR 209,923) comprise properties in the amount of TEUR 1,782 (2014: TEUR 1,799), plant and equipment in the amount of TEUR 201,971 (2014: TEUR 203,498), other equipment, operating and office equipment in the amount of TEUR 4,075 (2014: TEUR 3,471) and assets under development in the amount of TEUR 2,403 (2014: TEUR 1,155).

The reductions in property, plant and equipment during the first three months of the 2015 and 2014 financial year mainly relate to depreciation and amortisation. The additions in property, plant and equipment during the first three months of 2015 mainly result from the acquisition from the change in the consolidated group.

With regard to assets and finance lease obligations, we refer to the explanatory notes in Section E.1.3 'Finance leases'.

With regard to operating lease obligations, we refer to the explanatory notes in Section E.1.4 'Operating leases and other financial obligations'.

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

D.12 Intangible assets and goodwill

As of 31 March 2015, intangible assets in the carrying amount of TEUR 383,098 (2014: TEUR 381,821) comprise goodwill in the amount of TEUR 374,739 (2014: TEUR 373,582) and other intangible assets in the amount of TEUR 8,359 (2014: TEUR 8,239).

This mainly relates to capitalised expenses for the acquisition of new customers as well as capitalised rights, assets and software licences. As these are intangible assets with a finite useful life, they are only impairment-tested if there is an indication of impairment (triggering events). No impairment losses were recognised during the reporting period in relation to these assets.

D.13 Total inventories

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Modems and receivers	2,602	2,647
Other inventories	1,816	695
Total inventories	**4,418**	**3,342**

The inventories comprise digital receivers, modems, network materials, and spare parts for repairs. Depending on their intended use, customer terminals which are reported as inventories are recognised either as an investment or expense upon start-up of operation. The Group reclassifies customer terminals to property, plant and equipment once they have been delivered to customers for use. Costs for maintenance and the replacement of customer terminals are also recognised as an expense.

The Group recognises customer terminals as an expense if they are acquired by the customer.

There was no income or expense resulting from the reversal of impairment losses during the first three months of 2015, neither during the same reporting period in 2014.

D.14 Trade and other receivables, other financial receivables and deferred expenses

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Trade receivables - gross	36,666	28,078
Impairment losses	-9,203	-8,963
Trade receivables - net	**27,463**	**19,115**

There are also trade receivables from related parties. We refer to the explanatory notes under Section E.3.2 'Intra-group transactions'.

Impairment losses are recognised under other expenses. We refer to the explanatory notes in Section E.4.1 'Carrying amounts and net income from financial instruments'.

With regard to trade receivables pledged in their carrying amounts as security for liabilities, we refer to the explanatory notes in Section D.177 'Loans and borrowings'.

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

The other financial receivables in the amount of TEUR 15,363 (2014: TEUR 5,810) primarily consist of refundable IPO costs and claims from employer pension liability insurances.

Other receivables of TEUR 13,374 (2014: TEUR 13,082) mainly consist of cash deposits for the debit limit to NET M-Bank and Postbank.

Deferred expenses in the amount of TEUR 12,161 (2014: TEUR 5,762) primarily consist of transaction costs and payments in connection with the signal delivery contracts. As of 31 December 2014, TEUR 4,150 is shown as deferred expenses, which were capitalised as transaction costs for the imminent IPO and offset against the capital reserves at the time of the IPO.

D.15 Equity

The changes in equity as of 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 composed of 20,025,000 no-par-value registered shares was increased on 20 January 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 of 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 of 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 and the related deferred tax effect of +4,685 (total effect of IPO costs: TEUR 10,420), the capital reserve amounts to TEUR 327,904 as of 31 March 2015.

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:

Per resolution of 21 January 2015, the management board increased the share capital utilising the authorised capital (formerly TEUR 10,013) by 3,333,333 shares (TEUR 3,333).

According to the articles of association, the management board is currently allowed to increase the company's share capital in one or several tranches by issuing new no-par-value registered shares against contribution in cash and / or in kind by up to TEUR 6,679. The authorisation is valid until 9 September 2019.

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 1 EUR (total TEUR 10,013) on condition that the increase is performed to meet obligations regarding warrants or conversion rights under bonds or participation rights. The authorisation is valid until 10 January 2020.

D.16 Other provisions

Other provisions disclosed as of 31 March 2015 can be subdivided into short-term obligations amounting to TEUR 1,909 (2014: TEUR 7,466) and long-term obligations amounting to TEUR 12,061 (2014: TEUR 11,883). Other provisions are still mainly related to provisions for onerous contracts in connection with a long-term signal delivery contract for TEUR 12,589 (2014: TEUR 17,731). Current provisions will be used within one year.

D.17 Loans and borrowings

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Liabilities to banks (loans and borrowings) - nominal values	373,865	637,424
Accrued interest	261	3,123
Non-current loans and borrowings	**374,126**	**640,547**
Liabilities to banks (loans and borrowings) - nominal values	2,317	2,257
Accrued interest	283	369
Current loans and borrowings	**2,600**	**2,626**
	376,726	**643,173**

On 5 February 2014, the loan agreements dated 19 January 2011 were comprehensively extended within the group and with banks. The Senior A Facilities and the Mezzanine A Facilities transferring to Tele Columbus Holding GmbH were each extended by three years. The Senior A Facilities will mature in 2017 and the Mezzanine A Facilities in 2018.

There were further changes in the Senior A Facilities in respect of the interest margin, which was increased by 0.5% p.a. to 3.75% p.a. plus six months' Euribor. In addition, a payment-in-kind (PIK) interest margin amounting to 2.75% p.a. was introduced for this purpose, and the option to suspend payment of interest liabilities in return for 7.70% p.a. plus Euribor and further interest payments at a rate of 0.05% p.a. after one interest period. The interest agreements not pertaining to the Senior A Facilities remained unchanged; the loans bear interest of six months' Euribor plus 5.00%.

The comprehensive extension of the loan agreements on 5 February 2014 does not qualify as a substantial modification of the terms of an existing contract as defined by IAS 39.40 in conjunction with IAS 39.AG62 and was therefore not recognised as a repayment. The transaction costs incurred resulted in an adjustment to the carrying amount of the liabilities of TEUR 9,375 (2014: TEUR 5,524) and are amortised over the remaining term of the changed liability. The expense for unwinding the discount on transaction costs of TEUR 261 (for the first three months of 2014: TEUR 268) was recognised under ' Interest and similar expenses'.

In 2011, Tele Columbus Group was provided with loans in the form of a 'Super Senior Revolving Facility' amounting to EUR 28.3 million and a 'Super Senior New Term Tranche 2' in the amount of EUR 16.0 million. Both of these tranches are senior facilities.

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. This has reduced loans payable by TEUR 263,969 in total.

On 2 January 2015, Tele Columbus AG signed a new loan agreement (IPO Financing Agreement, version 2, dated 19 February 2015), which was arranged by BNP Paribas, J.P. Morgan and Goldman Sachs Bank, USA.

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), respectively. 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. 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 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 has also eliminated the credit limit of EUR 28.3 million under the SFA.

As of the reporting dates, the loan balances (including outstanding interest) for the Tranche A loans and Super Senior facilities (facilities B & C) were as follows:

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Senior Tranche A loan (matures on 26 January 2021; as of 31 Dec 2014: will mature on 30 June 2017)	365,886	542,504
Second Lien Tranche A loan (as of 31 Dec. 2014: matured on 31 Dec. 2017)	-	37,627
Mezzanine Tranche A loan (as of 31 Dec. 2014: matured on 30 June 2018)	-	35,630
Super Senior Tranche 2 (as of 31 Dec. 2014: matured on 30 June 2017)	-	16,160
Super Senior Revolving Facility (matures on 26 January 2020; as of 31 Dec. 2014: will mature on 30 June 2017)	282	209
	366,168	**632,130**

The remaining loan balance in the amount of TEUR 10,558 as of the reporting date (2014: TEUR 11,043) is composed of loans provided by the following lenders: Stadtsparkasse Magdeburg TEUR 4,402 (2014: TEUR 4,611), Sparkasse Gelsenkirchen TEUR 4,099 (2014: TEUR 4,381), Volksbank Magdeburg TEUR 525 (2014: TEUR 525) and other lenders TEUR 1,532 (2014: TEUR 1,526).

To secure the liabilities to banks, Tele Columbus Group primarily assigned or pledged the following types of collateral during 2014:

- Pledge of bank accounts
- Global and separate assignment of receivables, in particular assignment of all existing and future trade receivables
- Pledge of ownership interests in affiliated companies and associates
- Transfer of ownership of the Group's major head ends, cable networks, office equipment and real estate as security

According to the Share and Interest Pledge Agreement dated 20 January 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.

Value of the loan collateral pledged as of the respective reporting dates:

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Property, plant and equipment	-	175,024
Shares in affiliated companies	654,974	284
Trade receivables	-	16,865
Cash and cash equivalents	-	17,748
	654,974	**209,921**

D.18 Trade payables

Trade payables mainly relate to the finance lease for the use of infrastructure facilities (we refer to the disclosures in Section E.1.3 'Finance leases'). Current and non-current lease liabilities amount to TEUR 38,785 as of 31 March 2015 (2014: TEUR 40,439).

D.19 Deferred income and revenue

Non-current deferred income and revenue were recognised for subsidies received for construction costs and investments as well as rent.

Current deferred income and revenue, in particular, consist of deferred revenue from customers for prepaid annual fees, and deferrals for free months or 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 of 31 March 2015 or 31 December 2014.

E.1.2 Purchase commitments

Purchase commitments relating to property, plant and equipment as of the reporting date amounted to TEUR 11,166 (2014: TEUR 8,386).

E.1.3 Finance leases

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

Leased asset	Matures in	Term extension option	Purchase option	Contingent lease payments
Plant and equipment	1-12 years	To some extent	No	To some extent

The following table shows the reconciliation of future minimum lease payments to the present value of finance lease liabilities for office and operating equipment as well as infrastructure facilities:

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Future minimum lease payments	38,785	40,439
Finance costs	-4,325	-4,745
	34,460	**35,694**

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

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Less than one year	7,647	7,696
Between one and five years	26,856	27,688
More than five years	4,282	5,055
	38,785	**40,439**

The maturities of liabilities under finance leases are as follows:

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Less than one year	6,190	6,180
Between one and five years	24,185	24,675
More than five years	4,085	4,839
	34,460	**35,694**

The residual carrying amounts of capitalised finance lease assets are as follows:

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Plant and equipment	31,481	32,736
Fixtures and fittings	-	-
	31,481	**32,736**

With regard to the repayment of finance lease liabilities, we refer to the information provided in the consolidated statement of cash flows.

E.1.4 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......	1-10 years	To some extent	No	No
Fixtures and fittings	1-3 years	No	No	No

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

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Less than one year	5,168	5,680
Between one and five years..	9,802	11,269
More than five years..	80	133
	15,050	**17,082**

For first three months of the financial year 2015, there were expenses from operating leases in the amount of TEUR 629 (for the first three months of 2014: TEUR 758).

Future minimum lease payments are based on contractual agreements with regard to future lease payments, 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 lease payments under operating and finance leases amounted to TEUR 53,835 as of 31 March 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).

Due to the current share-based payment programs, an additional amount of TEUR 192 was recognised as personnel expense.

E.3 Related-party disclosures

E.3.1 Legal relationships

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 the close personnel and legal interweavement.

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 and Tele Columbus Netze GmbH, Berlin.

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 Intra-group transactions

The following overview shows intra-group receivables and payables:

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Receivables from related parties (current)	5,021	3,129
Receivables from related parties (non-current)	-	-
Payables to related parties (current)	1,760	2,559
Payables to related parties (non-current)	-	-

As of 31 March 2015, current receivables from related parties mainly consist of receivables from Tele Columbus Holdings S.A. As of 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.

Current payables to related parties mainly refer to payables to Stadtwerke Magdeburg as of 31 March 2015 and, additionally, payables to Tele Columbus Beteiligungs GmbH and RFC Radio-, Fernseh- und Computertechnik GmbH as of 31 December 2014.

Expenses and income from related-party transactions:

	Three months to 31/03/2015	Three months to 31/03/2014
	TEUR	TEUR
Sale of goods and services		
Associates	241	1,346
Acquisition of goods and services		
Associates	-762	-1,131
Other		
Associates		
Income from recharged expenses	3	3
Other net income(+)/expenses(-)	-893	-830

Other net income and expenses mainly consist of rental and interest income and expenses.

The transactions for the reimbursement of expenses with related parties were not significant. For further related party transactions, we refer to the explanatory notes in Section E.3.3 'Disclosures on management'.

E.3.3 Disclosures on management

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

Compensation for the management board recognised as personal expenses in 2015 amounted to TEUR 508 (for the first three months of 2014: TEUR 219) in the reporting period. Included in this amount is a provision for share-based payments in the amount of TEUR 124 (for the first three months of 2014: TEUR 0).

Compensation for the supervisory board amounted to TEUR 64.

Apart from the compensation, there were no other transactions, such as 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 comparison 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:

	Note	Measurement category	31 Mar 2015	31 Dec 2014
			TEUR	TEUR
Financial assets				
Investments		Available-for-sale financial assets	8	8
Receivables from related parties	E.3.2	Loans and receivables	5,021	3,129
Trade receivables	D.14	Loans and receivables	27,463	19,115
Other financial receivables	D.14	Loans and receivables	15,363	5,810
Cash and cash equivalents	E.5	Loans and receivables	81,571	24,441
Financial liabilities				
Loans and borrowings	D.177	Financial liabilities measured at amortised cost	376,726	643,173
Payables to related parties	E.3.2	Financial liabilities measured at amortised cost	1,760	2,559
Trade payables	D.18	Financial liabilities measured at amortised cost	79,285	74,915
thereof lease liabilities	*E.1.3*	*Financial liabilities measured at amortised cost*	*34,460*	*35,694*
Other financial liabilities		Financial liabilities measured at amortised cost	963	255

By financial instrument measurement category according to IAS 39:	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Available-for-sale financial assets	8	8
Loans and receivables	129.418	52,495
Financial liabilities measured at amortised cost	458.734	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 in 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 418,021 (31 December 2014: TEUR 753,724). The fair value of lease liabilities is TEUR 35,971 (31 December 2014: TEUR 37,025).

The Group has established a framework for the determination of fair values. The general responsibility for monitoring all significant fair value measurements, including level 3 inputs to measure the 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 most important 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 are no significant changes in the valuation processes for fair value measurements according to IFRS 13 used by the entity for the three-month period ending 31 March 2015 as compared with the consolidated financial statements as of 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			
For first three months of 2015 (TEUR)	Interest	Impairment	Gain and loss from recognition at fair value	Net income (loss)
Disclosed in the income statement	Net interest income and expenses	Other expenses	Other finance income and expenses	
Loans and receivables	1	-1,298	-	-1,297
Financial liabilities measured at amortised cost	-7,477	-	-4,065	-11,542
Total	**-7,476**	**-1,298**	**-4,065**	**-12,839**

	Gains/losses through profit or loss			
For first three months of 2014 (TEUR)	Interest	Impairment	Gain and loss from recognition at fair value	Net income (loss)
Disclosed in the income statement	Net interest income and expenses	Other expenses	Other finance income and expenses	
Loans and receivables	16	-1,496	-	-1,480
Financial liabilities measured at amortised cost	-8,548	-	-16	-8,564
Total	**-8,532**	**-1,496**	**-16**	**-10,044**

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

Different financial risks arise from the operating activities of Tele Columbus Group, in particular liquidity risks, risks from changes in interest rates, and risks from defaults on receivables. The risk management of Tele Columbus is designed to identify potential risks and to mitigate their negative impact on the Group's financial performance. To this end, Tele Columbus uses financial instruments such as factoring of receivables and credit lines.

There are no significant changes in the entity's financial risk management objectives and policies or in the nature and extent of risks arising from financial instruments occurring during the three-month period ending 31 March 2015 as compared with the consolidated financial statements as of 31 December 2014.

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 of 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:

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Less than one year	18,652	4,685
Between one and five years	84,237	643,480
More than five years	392,565	313
	495,454	**648,478**

As of the reporting date, the loan liabilities include interest due in the amount of TEUR 108,843 (2014: TEUR 4,508), in line with contractual agreements. The prior-year interest was repaid in the context of the IPO at the beginning of 2015.

With regard to payment obligations relating to lease liabilities, we refer to the explanatory notes in Section E.1.3 'Finance leases'.

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.177 '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 IPO Agreement). Compliance with these covenants as well as exposure to capital risk are continuously monitored by Tele Columbus' Management Board (as a corporation, Tele Columbus is exposed to capital risk). As of the two reporting dates, the liquidity risk in the event of non-compliance with these covenants was as follows: TEUR 375,000 as of 31 March 2015 and TEUR 643,173 as of 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.177 '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:

	For first three months of 2015	2014
	TEUR	TEUR
1% rise in the Euribor	-938	-6,342
1% drop in the Euribor	938	6,342

This calculation is based on floating-rate liabilities as of the reporting date multiplied by the adjusted interest rate in each case. As Tele Columbus Group does not use 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 account the 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 made 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 27,463 as of 31 March 2015 and TEUR 19,115 as of 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.177 '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 – 31 Mar 2015	1 Jan -31 Mar 2014*
Earnings attributable to shareholders in TEUR	-5,561	-3,306
Weighted average of ordinary shares outstanding (in units)**	47,728,704	20,025,000*
Basic earnings per share in EUR	-0.12	-0.17
Diluted earnings per share in EUR	-0.12	-0.17

* 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 the 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 on. In this context, segment information was compiled for the first three 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 is composed 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 first three months of 2015 and for first three months 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 1,365 (for first three months of 2014: TEUR 1,087) 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 3,936 (for first three months of 2014: TEUR 2,861), other income in the amount of TEUR 1,118 (for first three months of 2014: TEUR 705), other expenses in the amount of TEUR 3,309 (for first three months of 2014: TEUR 2,314), other direct costs in the amount of TEUR 237 (for first three months of 2014: TEUR 36) and own work capitalised in the amount of TEUR 484 (for first three months of 2014: TEUR 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 we refer to the explanatory notes under 'Segment reporting') were partially reported in the reconciliation as they, too, 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 the consolidated 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[1]' is the key financial performance indicator reported separately for each operating segment in the context of monthly reporting. 'Normalised EBITDA' is the earnings before the financial result (earnings from investments in companies accounted at equity, interest income, interest expense and other financial results), income taxes as well as amortisation and impairment losses on intangible assets and goodwill.

Furthermore, it does not include any what are known as '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 three month of 2015 in connection with the planned IPO, other legal and advisory fees classified as non-recurring items, as well as expenses relating to the provisions regarding onerous contracts in connection with a long-term signal delivery contract.

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

Non-recurring income during the first three month 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 three month of 2014 consist mainly of costs incurred in connection with the intended sale of Tele Columbus, severance payments and other one-time personnel costs. Non-recurring income during the first three month of 2014 is composed mainly of income from the reversal of provisions regarding onerous contracts in connection with the long-term signal delivery contract.

For first three months of 2015	TV	Internet and telephony	Other	Group total
	TEUR	TEUR	TEUR	TEUR
Revenue	37,993	14,257	1,365	53,615
Normalised EBITDA	20,846	8,064	-4,515	24,395
Non-recurring expenses and income	-370	-427	-3,521	-4,318
EBITDA	20,476	7,637	-8,036	20,077

For first three months of 2014	TV	Internet and telephony	Other	Group total
	TEUR	TEUR	TEUR	TEUR
Revenue	39,151	12,299	1,087	52,537
Normalised EBITDA	19,088	6,162	-3,419	21,831
Non-recurring expenses and income	141	10	-726	-575
EBITDA	19,229	6,172	-4,145	21,256

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

In April 2015, Tele Columbus Group acquired several cable network assets with approximately 18.000 homes connected primarily in Eastern Germany. The preliminary purchase price amounted to TEUR 3,189.

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 May 2015

Management Board

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