Kabel Deutschland Holding AG
Unterfoehring

Semi-Annual Financial Report
Pursuant to Section 37w WpHG

for the Quarter and the Six Months
Ended September 30, 2015

Kabel Deutschland
Ein Vodafone Unternehmen.

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This is a translation of the German "Halbjahresfinanzbericht gemäß § 37w WpHG der Kabel Deutschland Holding AG für das Quartal und die sechs Monate zum 30. September 2015". Sole authoritative and universally valid version is the German language document.

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KABEL DEUTSCHLAND HOLDING AG, UNTERFOEHRING INTERIM GROUP MANAGEMENT REPORT FOR THE QUARTER AND THE SIX MONTHS ENDED SEPTEMBER 30, 2015

1 OVERVIEW

1.1 GENERAL

Kabel Deutschland Holding AG ("KDH AG" or the "Company", together with its consolidated subsidiaries "KDH" or the "Group") is the ultimate management and holding company of our Group as of September 30, 2015, and has its registered office in Unterfoehring, Betastrasse 6 - 8, Germany (Munich commercial register HRB 184452). KDH AG is listed in the regulated market (Prime Standard) of the Frankfurt Stock Exchange under ISIN DE000KD88880. The share capital totals €88,522,939 and is divided into 88,522,939 shares.

On October 14, 2013, Vodafone Vierte Verwaltungs AG ("Vodafone") acquired the majority of the shares of KDH AG and since then has held more than 75% of the share capital and voting rights. Thus Vodafone assumed control of the Group. Since October 14, 2013, the Group has been part of the Vodafone Group Plc Group ("Vodafone Group").

The Group's business activities are in particular conducted by the respective operating subsidiaries, primarily Vodafone Kabel Deutschland GmbH ("VFKD GmbH") and Vodafone Kabel Deutschland Kundenbetreuung GmbH ("VFKDK GmbH"). Before the name change on September 2, 2015, VFKD GmbH was registered as Kabel Deutschland Vertrieb und Service GmbH ("KDVS GmbH") and VFKDK GmbH as Kabel Deutschland Kundenbetreuung GmbH ("KDK"). KDH AG performs the typical tasks of a holding company, such as the strategic development of the Group and the provision of services.

1.2 VODAFONE

On December 20, 2013, Vodafone and KDH AG entered into a domination and profit and loss transfer agreement ("DPLTA"), which became effective on April 1, 2014 subsequent to its entry in the commercial register responsible for KDH AG on March 13, 2014. From this date on, KDH AG has been controlled by Vodafone. Vodafone Group issued a comfort letter to Vodafone with respect to the DPLTA in December 2013. Furthermore, income tax consolidation has been in existence since April 1, 2014 and, based on this, a tax allocation agreement between Vodafone and KDH AG.

After the DPLTA became effective following the takeover by Vodafone, the integration process started with the objective of creating an integrated communications group in order to offer mobile phone, fixed-line, broadband Internet and TV services from a single source. With regard to the joint marketing activities initiated, various business relations exist with companies of the Vodafone Group (see also our comments in section 5.4 of the Notes to the consolidated financial statements of KDH AG as of March 31, 2015).

Since June 30, 2014, the Group's financing has been provided via Vodafone Investments Luxembourg S.à r.l. ("Vodafone Investments") and since August 3, 2015 also via Vodafone GmbH, Dusseldorf (see also our comments in section 4.5 and section 3.5 of the Notes to the condensed consolidated interim financial statements of KDH AG as of September 30, 2015).

2 BUSINESS SEGMENTS

The Group reports two business segments: TV Business, and Internet and Phone Business.

2.1 TV BUSINESS

The TV Business segment offers our subscribers Basic Cable and Premium-TV products and services.

Our Basic Cable products consist of analog and digital TV and radio services. Our analog cable services currently offer up to 32 free-to-air television and up to 35 radio channels. Our digital cable services offer more than 100 digital TV (Free-TV) channels and up to 70 digital radio programs.

We provide these Basic Cable services primarily via individual contracts with end customers or collective contracts with landlords or housing associations and via contracts with Level 4 network operators. Revenues are primarily generated from subscription fees.

Premium-TV products are additionally offered to our direct Basic Cable subscribers. With our Premium-TV products, revenues are primarily generated from monthly subscription fees for Pay-TV and for digital video recorders ("DVR") as well as from technical access fees for the "Basis HD" broadcaster package. "Basis HD" offers access to up to 21 free-to-air channels with basic encryption and up to 16 free-to-air unencrypted channels, both in high definition ("HD"), as well as a multitude of programs with basic encryption in standard definition ("SD").

Our Pay-TV product branded "TV Vielfalt HD" includes 19 HD programs. The additional optional package "Vielfalt HD Extra" includes a further 18 programs, of which six are in HD. For our subscribers speaking foreign languages we offer "TV International", which consists of 33 programs grouped into eight different foreign languages.

Our DVR product "TV Komfort HD" allows several convenient viewing functions including the ability to pause real-time programs and to record up to four programs simultaneously to be watched at a later time.

Additionally, our Video-on-Demand ("VoD") offering "SELECT VIDEO" is available in numerous cities and regions, including Berlin, Dresden, Hamburg, Mainz and Munich, to approximately 6.7 million households.

Services for feed-in and signal transport are provided to public as well as private broadcasters and third-party Pay-TV providers. For information on the current status of the legal dispute with public broadcasters over carriage fees, see section 5.2 of the Notes to the condensed consolidated interim financial statements of KDH AG as of September 30, 2015.

Our TV Business generated revenues of T€293,757 or 54.8% of our total revenues in the quarter ended September 30, 2015 (prior year period: T€293,502 or 58.8%). In the six months ended September 30, 2015, our TV Business generated revenues of T€586,311 or 55.2% of our total revenues (prior year period: T€585,673 or 59.1%).

2.2 INTERNET AND PHONE BUSINESS

Our Internet and Phone Business consists of broadband Internet access, fixed-line and mobile phone services, mobile data services as well as additional options.

Broadband Internet access and fixed-line phone services are offered to those homes which can be connected to our network upgraded for bi-directional services. In the quarter ended September 30, 2015, 97.7% of our new Internet and Phone subscribers subscribed to a bundled product incorporating both broadband Internet and Phone services. The bundle share in our Internet and Phone Business subscriber base increased to 93.1% in the quarter ended September 30, 2015, compared to 91.1% in the quarter ended September 30, 2014.

Our regular offering for broadband Internet access includes download speeds between 10 Mbit/s and up to 200 Mbit/s. Since November 2014 we have been offering speeds of 200 Mbit/s, and we are now able to supply more than 5.4 million homes. As of September 30, 2015, we had capacity to serve approximately 99.6%, or almost all of the upgraded homes passed, with DOCSIS 3.0 products.

In addition to our fixed-line services we offer mobile phone and data services in cooperation with Vodafone GmbH.

Our Internet and Phone Business generated revenues of T€242,362 or 45.2% of our total revenues in the quarter ended September 30, 2015 (prior year period: T€206,054 or 41.2%). In the six months ended September 30, 2015, our Internet and Phone Business generated revenues of T€475,822 or 44.8% of our total revenues (prior year period: T€405,011 or 40.9%).

Since December 2013 we have been offering our subscribers bundled packages consisting of HDTV, Internet, and Phone. Thus high-definition TV, fast Internet, and Phone are combined in a single product line.

The integration process began when the DPLTA became effective in the context of the takeover by Vodafone. Since May 2014, we have been offering our customers the joint brand "Zuhause Plus" and have been marketing this brand for each other in our various distribution channels. Since the end of November 2014, our customers have been able to purchase "Vodafone All-in-One", the first special offer that combines products from both companies, so that Internet, Phone, TV and mobile phone can be purchased in one package. In September 2015, brand presence was unified with Vodafone under "One Brand".

3 KEY OPERATIONAL INDICATORS

3.1 DEVELOPMENT OF SUBSCRIBERS AND RGUs

In recent fiscal years we have significantly expanded the capacity of our network and our product offering in the areas of Premium-TV, broadband Internet and Phone.

Our results reflect continuing overall year-on-year RGU and revenue growth.

in thousands, except as noted	September 30, 2015	September 30, 2014
Operational data		
Network		
Homes passed	15,265	15,256
Homes passed upgraded for two-way communication	14,741	14,410
Upgraded homes as % of homes passed	*96.6%*	*94.5%*
DOCSIS 3.0 availability as % of homes passed upgraded for two-way communication	*99.6%*	*96.9%*
Homes upgraded for two-way communication being marketed[1)]	12,112	11,914
Subscribers		
Direct Basic Cable subscribers	7,101	7,111
Internet and Phone "Solo" subscribers[2)]	634	510
Total direct subscribers	**7,735**	**7,621**
Indirect Basic Cable subscribers	610	708
Total unique subscribers (homes connected)	**8,345**	**8,329**
Thereof Internet and Phone subscribers	2,889	2,449
RGUs		
Base Business Basic Cable[3)]	8,041	8,210
Premium-TV[4)]	2,602	2,425
Internet	2,828	2,369
Phone	2,743	2,302
Total Growth Business	**8,174**	**7,096**
Total RGUs	**16,216**	**15,306**
RGUs per subscriber (in units)	**1.94**	**1.84**
Market penetration		
Premium-TV RGUs as % of Basic Cable subscribers	*33.8%*	*31.0%*
Internet RGUs as % of total subscribers	*33.9%*	*28.4%*
Phone RGUs as % of total subscribers	*32.9%*	*27.6%*

1) Homes being marketed are those homes to which we currently sell our Internet and / or Phone products.

2) Internet and Phone ''Solo'' subscribers are non-Basic Cable service customers subscribing to Internet and / or Phone services only.

3) The difference between the number of Basic Cable subscribers and Basic Cable RGUs is due to the additional digital product component, "Kabel Digital". Until the end of fiscal year 2012/13 it was sold directly to the end customer in addition to the analog Basic Cable service, which is provided and billed via a housing association. A customer subscribing to the Kabel Digital product is counted as one Basic Cable subscriber (analog service via a housing association) and two Basic Cable RGUs (analog service via a housing association and digital service via a direct contract with the end customer).

4) RGU (revenue generating unit) relates to sources of revenue, which may not always be the same as subscriber numbers. For example, one person may subscribe to two different services, in which case two RGUs would be assigned to that one subscriber. Premium-TV RGUs consist of RGUs for our Pay-TV products (Vielfalt HD and TV International) as well as our DVR products TV Komfort HD and TV Komfort Vielfalt HD.

The number of homes upgraded for two-way communication being marketed increased as of September 30, 2015 by 198 thousand or 1.7% to 12,112 thousand compared to the prior year number of 11,914 thousand.

The number of direct subscribers increased year on year by 114 thousand to 7,735 thousand as of September 30, 2015.

Total unique subscribers increased slightly by 16 thousand to 8,345 thousand as of September 30, 2015 from 8,329 thousand as of September 30, 2014. Once again there was a decrease of 98 thousand indirect subscribers (households supplied by Level 4 network operators) who only generate a very low ARPU. However, this negative effect was more than offset by the strong increase in Internet and Phone solo subscribers of 124 thousand.

Each service that a Basic Cable subscriber receives counts as one RGU. As of September 30, 2015, we had 8,041 thousand Basic Cable RGUs, compared to 8,210 thousand as of September 30, 2014. The decrease is, among other factors, attributable to the above-mentioned net loss of 98 thousand indirect subscribers. The number of households receiving Basic Cable services via landlords or housing associations and digital access (Kabel Digital) directly from us also declined. These households count as two RGUs in our statistics.

As of September 30, 2015, we had 1,631 thousand Premium-TV subscribers and correspondingly 2,602 thousand Premium-TV RGUs. Compared to the 2,425 thousand Premium-TV RGUs as of September 30, 2014, this represents an increase of 177 thousand or 7.3%. In order to receive Premium-TV services, a household must be a Basic Cable subscriber. A Premium-TV RGU refers to the source of revenue and each Premium-TV service for which a subscriber pays counts as one RGU. For example, a Basic Cable subscriber using Pay-TV and DVR services counts as two Premium-TV RGUs. However, Privat HD is not counted as a RGU.

Internet RGUs increased by 459 thousand or 19.4% to 2,828 thousand as of September 30, 2015 from 2,369 thousand as of September 30, 2014. The number of Phone RGUs increased by 441 thousand or 19.2% to 2,743 thousand as of September 30, 2015 from 2,302 thousand as of September 30, 2014.

A growing number of our subscribers purchases more than one of our service offerings, such as Basic Cable, Premium-TV or Internet and Phone products. As of September 30, 2015, we recorded 1.94 RGUs per subscriber compared to 1.84 RGUs per subscriber as of September 30, 2014.

3.2 ARPU

ARPU indicates how far we are realizing potential revenues from subscribers. We calculate ARPU per subscriber on an annual, quarterly or monthly basis by dividing total subscription fees including usage dependent fees (excluding installation fees and other non-recurring revenues) generated from the provision of services during the billing period by the sum of the monthly average number of total subscribers in that period.

	Quarter ended		Six months ended	
in € / month	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Total blended TV ARPU per subscriber[1)]	11.23	11.05	11.21	11.01
Total blended Internet and Phone ARPU per subscriber[2)]	26.99	26.99	26.90	27.05
Total blended ARPU per subscriber[3)]	**19.59**	**18.16**	**19.42**	**18.01**

1) Total blended TV ARPU per subscriber is calculated by dividing the subscription revenues (excluding installation fees and other non-recurring revenues) generated for a specified period from our TV Business products by the sum of the monthly average number of Basic Cable subscribers in that period.

2) Total blended Internet and Phone ARPU per subscriber is calculated by dividing the Internet and Phone subscription revenues including usage dependent fees (excluding installation fees and other non-recurring revenues) generated in the relevant period by the sum of the monthly average number of Internet and Phone subscribers of these products in that period.

3) Total blended ARPU per subscriber is calculated by dividing recurring TV and Internet and Phone subscription revenues including usage dependent fees (excluding installation fees and other non-recurring revenues) generated in the relevant period in the TV Business and Internet and Phone Business segments by the sum of the monthly average number of total unique subscribers in that period.

The increase in total blended ARPU per subscriber for the quarter and the six months ended September 30, 2015, resulted primarily from a higher number of Internet and Phone subscribers, a growing number of subscribers who purchase more than one product, and a decline in indirect subscribers, who generate a very low ARPU.

Total blended ARPU per subscriber in the TV Business segment also improved in the quarter and the six months ended September 30, 2015. This was primarily driven by a growing number of subscribers procuring more than one TV Business product, and a decrease in indirect subscribers, who generate a very low ARPU.

Total blended ARPU per subscriber in the Internet and Phone Business segment remained unchanged in the quarterly comparison. The declining variable share of phone usage was offset by an increase in the fixed share. In contrast, blended ARPU per subscriber declined slightly in the six months ended September 30, 2015. The decline is due to lower variable phone usage. The larger number of customer premise equipment ("CPE") rentals and an improved product mix towards higher download speeds helped to partially offset this decline.

We continue to focus on increasing ARPU per subscriber, particularly by increasing RGUs per subscriber. In the six months ended September 30, 2015, total blended ARPU per subscriber improved by €1.41 or 7.8% to €19.42, compared to €18.01 in the six months ended September 30, 2014.

4 COMPARISON OF OPERATING RESULTS FOR THE QUARTER AND THE SIX MONTHS ENDED SEPTEMBER 30, 2015 AND SEPTEMBER 30, 2014

4.1 REVENUES

Our business is divided into two operating segments: (i) the TV Business segment, which accounted for 55.2%, and (ii) the Internet and Phone Business segment, which accounted for 44.8% of our total revenues in the six months ended September 30, 2015.

The following table gives an overview of our revenues in the quarter and the six months ended September 30, 2015 compared to the quarter and the six months ended September 30, 2014.

	Quarter ended		Six months ended	
in T€, except as noted	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
TV Business revenues	293,757	293,502	586,311	585,673
Internet and Phone Business revenues	242,362	206,054	475,822	405,011
Total revenues	**536,119**	**499,556**	**1,062,133**	**990,685**
Blended ARPU per subscriber (in € / month) [1)]	19.59	18.16	19.42	18.01

1) Total blended ARPU per subscriber is calculated by dividing recurring TV and Internet and Phone subscription revenues including usage dependent fees (excluding installation fees and other non-recurring revenues) generated in the relevant period in the TV Business and Internet and Phone Business segments by the sum of the monthly average number of total unique subscribers in that period.

Total revenues for the quarter and the six months ended September 30, 2015 increased by 7.3% and 7.2% compared to the respective prior year periods. This is the result of the continued strong growth in the Internet and Phone Business, where particularly products based on the technology standard DOCSIS 3.0 with very high transmission rates contributed significantly to the growth. Revenues from Premium-TV also increased.

TV Business Revenues

TV Business revenues are generated primarily from subscription fees for Basic Cable and Premium-TV services. In addition, TV Business revenues primarily include carriage fees for the distribution of the respective broadcasters' programming, fees and reimbursements relating to initial installation of our subscribers and other digital non-recurring revenues.

	Quarter ended		Six months ended	
in T€, except as noted	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Subscription fees	260,361	259,997	520,360	519,165
Carriage fees and other revenues	33,396	33,506	65,951	66,508
TV Business revenues	**293,757**	**293,502**	**586,311**	**585,673**
Blended ARPU per subscriber (in € / month) [1)]	11.23	11.05	11.21	11.01

1) Total blended TV ARPU per subscriber is calculated by dividing the subscription revenues (excluding installation fees and other non-recurring revenues) generated for a specified period from our TV Business products by the sum of the monthly average number of Basic Cable subscribers in that period.

In the quarter and the six months ended September 30, 2015, the slight increase in TV Business revenues was primarily the result of higher Premium-TV subscription fees due to an increase in RGUs, particularly in connection with our HD-DVR and the expanded HD subscription packages, such as TV Vielfalt HD. By contrast, Basic Cable subscription fees declined mainly due to a reduction in Basic Cable RGUs. Carriage fees and other revenues remained almost stable.

Internet and Phone Business Revenues

In our Internet and Phone Business, we offer broadband Internet access, fixed-line and mobile phone services, mobile data services as well as additional options. Revenues primarily comprise recurring revenues from monthly usage dependent and fixed subscription fees and non-recurring revenues from installation fees of our subscribers. Revenues additionally include termination fees and other revenues.

	Quarter ended		Six months ended	
in T€, except as noted	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Recurring fees	230,363	194,277	451,558	382,498
Installation fees and other non-recurring revenues	11,999	11,777	24,263	22,514
Internet and Phone Business revenues	**242,362**	**206,054**	**475,822**	**405,011**
Blended ARPU per subscriber (in € / month) [1]	26.99	26.99	26.90	27.05

[1] Total blended Internet and Phone ARPU per subscriber is calculated by dividing the Internet and Phone subscription revenues including usage dependent fees (excluding installation fees and other non-recurring revenues) generated in the relevant period by the sum of the monthly average number of Internet and Phone subscribers of these products in that period.

In the quarter and the six months ended September 30, 2015, revenues for the Internet and Phone Business increased primarily as a result of the rise in recurring fees. This continuous strong growth was especially due to the increase in the number of our Internet and Phone subscribers. In connection with the growth in new subscribers the non-recurring revenues also increased.

4.2 COSTS AND EXPENSES

Costs and expenses are divided into the three functional areas of (1) cost of services rendered, (2) selling expenses and (3) general and administrative expenses and were as follows:

	Quarter ended		Six months ended	
in T€, except as noted	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Cost of services rendered	239,829	220,728	485,289	454,747
Selling expenses	125,002	117,855	253,392	228,941
General and administrative expenses	32,147	34,667	65,118	69,865
Costs and expenses	**396,978**	**373,250**	**803,799**	**753,553**
Thereof:				
Depreciation and amortization	119,607	111,766	235,828	222,539
Expenses related to share-based payment programs [1]	1,676	3,009	4,267	4,715
Expenses related to changes in norms	-	30	-	30
Expenses / (income) related to restructuring	(281)	0	(281)	0
Total expenses from non-cash depreciation and amortization and non-operating costs	**121,001**	**114,804**	**239,814**	**227,284**
Operating costs and expenses [2]	**275,977**	**258,446**	**563,985**	**526,269**
Monthly operating costs and expenses per average RGU in € [2]	5.71	5.67	5.87	5.81

[1] Under the Long-Term Incentive Plan ("LTIP"), virtual performance shares fully vested up to and including March 31, 2015 or 2014, respectively, became due for cash settlement in April 2015 or 2014, respectively. Virtual stock options exercisable on and after April 1, 2014 were cash settled in April 2014.
Effective November 14, 2014, the Group introduced a new long-term, performance-based variable compensation component based on the Global Long-Term Retention Plan ("GLTR") of the Vodafone Group. Beginning with calendar year 2014, it replaces grants under the previous LTIP.
In addition, effective June 26, 2015, the Group granted to members of the Management Board for the first time conditional share awards based on the Global Long-Term Incentive Plan ("GLTI") of the Vodafone Group.
With regard to LTIP, GLTR and GLTI also see section 5.3 of the Notes to the condensed consolidated interim financial statements of KDH AG as of September 30, 2015.

[2] Operating costs and expenses comprise costs and expenses before non-cash depreciation and amortization, expenses related to share-based payment programs, expenses related to changes in norms, and expenses / income related to restructuring. The non-operating expenses cited are influenced by factors that are not directly related to business operations (primarily share-based payment programs), or are accordingly characterized by special factors.

In the quarter ended September 30, 2015, total costs and expenses increased by T€23,728 or 6.4% to T€396,978 (prior year period: T€373,250), with operating costs and expenses contained therein rising by T€17,531 or 6.8%, while the remaining costs and expenses increased by T€6,197 or 5.4%.

In the six months ended September 30, 2015, total costs and expenses increased by T€50,246 or 6.7% to T€803,799 (prior year period: T€753,553), with operating costs and expenses contained therein rising by T€37,716 or 7.2%, while the remaining costs and expenses increased by T€12,530 or 5.5%.

The increase in the remaining costs and expenses resulted from higher depreciation and amortization. These were primarily due to significant investments made in network infrastructure.

The rise in operating costs and expenses was largely attributable to increased selling expenses and in part to higher expenses in connection with our network and to higher adjusted personnel expenses.

4.2.1 Cost of Services Rendered

The cost of services rendered for the quarters and the six months ended September 30, 2015, and 2014 were as follows:

	Quarter ended		Six months ended	
in T€	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Cost of materials and services	**118,271**	**109,015**	**243,788**	**229,948**
Thereof:				
Service Level Agreements ("SLAs") renting and leasing DTAG	37,897	31,286	85,351	79,259
Thereof cable ducts	25,914	25,937	51,867	51,835
Content costs	26,223	25,417	51,972	49,975
Connectivity and other network costs	15,765	12,572	31,003	24,928
Maintenance and repair	11,243	10,092	20,499	18,962
Interconnection expenses	6,360	7,443	13,287	15,514
Other expenses	20,782	22,205	41,676	41,310
Personnel expenses	**11,549**	**9,589**	**24,245**	**20,722**
Thereof:				
Expenses related to share-based payment programs [1]	84	295	145	433
Depreciation and amortization	**90,388**	**81,861**	**178,512**	**164,057**
Other costs and expenses	**19,620**	**20,263**	**38,744**	**40,021**
Cost of services rendered	**239,829**	**220,728**	**485,289**	**454,747**

[1] Under the LTIP, virtual performance shares fully vested up to and including March 31, 2015 or 2014, respectively, became due for cash settlement in April 2015 or 2014, respectively. Virtual stock options exercisable on and after April 1, 2014 were cash settled in April 2014.
Effective November 14, 2014, the Group introduced a new long-term, performance-based variable compensation component based on the GLTR of the Vodafone Group. Beginning with calendar year 2014, it replaces grants under the previous LTIP.
In addition, effective June 26, 2015, the Group granted to members of the Management Board for the first time conditional share awards based on the GLTI of the Vodafone Group.
With regard to LTIP, GLTR and GLTI also see section 5.3 of the Notes to the condensed consolidated interim financial statements of KDH AG as of September 30, 2015.

In the quarter ended September 30, 2015, the cost of services rendered increased by T€19,101 or 8.7% to T€239,829 compared to T€220,728 in the quarter ended September 30, 2014.

In the six months ended September 30, 2015, the cost of services rendered increased by T€30,542 or 6.7% to T€485,289 compared to T€454,747 in the six months ended September 30, 2014.

The increase was mainly due to higher depreciation and amortization. This increased depreciation and amortization resulted to a significant extent from investments in network upgrades. Expenses from Service Level Agreements ("SLAs") with Deutsche Telekom AG ("DTAG") also rose, primarily as a result of a smaller revenue bonus due to a changed contract structure, which will lead to sustained lower expenses from SLAs with DTAG. In addition, the prior year period was relieved by a settlement concluded with DTAG which led to an agreement regarding differing positions of both parties relating to certain service items under the term sheets. Adjusted for these two effects, the expenses from SLAs with DTAG would have decreased. On the other hand, in particular connectivity and other network expenses increased due to expansion of our network infrastructure. In contrast, interconnection expenses declined as a result of falling prices per minute in the telecommunications area, leading to a comparable decline of interconnection revenues.

The increase in personnel expenses was primarily due to additional recruitments in the technical areas.

The cost of services rendered rose slightly as a percentage of our total revenues to 44.7% in the quarter ended September 30, 2015 (prior year period: 44.2%), while decreasing slightly in the six months ended September 30, 2015 to 45.7% (prior year period: 45.9%).

4.2.2 Selling Expenses

For the quarters and the six months ended September 30, 2015, and 2014 selling expenses were as follows:

	Quarter ended		Six months ended	
in T€	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Cost of materials and services	**6,758**	**6,625**	**13,149**	**12,919**
Personnel expenses	**34,241**	**31,808**	**68,254**	**63,533**
Thereof:				
Expenses related to share-based payment programs [1)]	629	884	1,145	828
Expenses / (income) related to restructuring	(32)	0	(32)	0
Depreciation and amortization	**22,572**	**21,743**	**44,625**	**43,099**
Other costs and expenses	**61,431**	**57,679**	**127,363**	**109,391**
Selling expenses	**125,002**	**117,855**	**253,392**	**228,941**

1) Under the LTIP, virtual performance shares fully vested up to and including March 31, 2015 or 2014, respectively, became due for cash settlement in April 2015 or 2014, respectively. Virtual stock options exercisable on and after April 1, 2014 were cash settled in April 2014.
Effective November 14, 2014, the Group introduced a new long-term, performance-based variable compensation component based on the GLTR of the Vodafone Group. Beginning with calendar year 2014, it replaces grants under the previous LTIP.
In addition, effective June 26, 2015, the Group granted to members of the Management Board for the first time conditional share awards based on the GLTI of the Vodafone Group.
With regard to LTIP, GLTR and GLTI also see section 5.3 of the Notes to the condensed consolidated interim financial statements of KDH AG as of September 30, 2015.

In the quarter ended September 30, 2015, selling expenses increased by T€7,147 or 6.1% to T€125,002 compared to the prior year period with T€117,855.

In the six months ended September 30, 2015, selling expenses increased by T€24,451 or 10.7% to T€253,392 (prior year period: T€228,941).

The increase is primarily related to higher sales commissions and in part to higher amortization of capitalized subscriber acquisition costs due to subscriber growth. The selling expenses also include increased expenses due to the brokerage of subscribers by Vodafone GmbH (see also our comments in section 5.4 of the Notes to the consolidated financial statements of KDH AG as of March 31, 2015). In return, we have been compensated in the quarter ended September 30, 2015 for advertising expenses incurred for Vodafone GmbH.

Personnel expenses primarily increased due to additional recruitments in our sales, marketing and product management divisions related to the organic growth.

As a percentage of our total revenues, selling expenses fell slightly to 23.3% in the quarter ended September 30, 2015 from 23.6% in the prior year period, while rising to 23.9% in the six months ended September 30, 2015 from 23.1% in the prior year period.

4.2.3 General and Administrative Expenses

General and administrative expenses are divided into three categories. For the quarters and the six months ended September 30, 2015, and 2014 general and administrative expenses were as follows:

	Quarter ended		Six months ended	
in T€	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Personnel expenses	**13,824**	**15,811**	**30,443**	**32,957**
Thereof:				
Expenses related to share-based payment programs [1)]	963	1,830	2,978	3,453
Expenses / (income) related to restructuring	(7)	0	(7)	0
Depreciation and amortization	**6,646**	**8,162**	**12,691**	**15,384**
Other costs and expenses	**11,677**	**10,694**	**21,984**	**21,524**
Thereof:				
Expenses related to changes in norms	-	30	-	30
Expenses / (income) related to restructuring	(242)	0	(242)	0
General and administrative expenses	**32,147**	**34,667**	**65,118**	**69,865**

1) Under the LTIP, virtual performance shares fully vested up to and including March 31, 2015 or 2014, respectively, became due for cash settlement in April 2015 or 2014, respectively. Virtual stock options exercisable on and after April 1, 2014 were cash settled in April 2014.
Effective November 14, 2014, the Group introduced a new long-term, performance-based variable compensation component based on the GLTR of the Vodafone Group. Beginning with calendar year 2014, it replaces grants under the previous LTIP.
In addition, effective June 26, 2015, the Group granted to members of the Management Board for the first time conditional share awards based on the GLTI of the Vodafone Group.
With regard to LTIP, GLTR and GLTI also see section 5.3 of the Notes to the condensed consolidated interim financial statements of KDH AG as of September 30, 2015.

The decrease in general and administrative expenses in the quarter and the six months ended September 30, 2015, by T€2,520 and T€4,747 to T€32,147 and T€65,118, respectively, was primarily attributable to reduced amortization for externally purchased software systems, and due to an adjustment to the useful life of certain software components in November 2014. Personnel expenses also decreased due to ongoing integration and lower expenses related to share-based payment programs.

Other costs and expenses, on the other hand, rose slightly.

As a percentage of our total revenues, general and administrative expenses decreased significantly to 6.0% in the quarter ended September 30, 2015 compared to 6.9% in the prior year period, and to 6.1% in the six months ended September 30, 2015 from 7.1% in the prior year period.

4.3 OPERATING PROFIT

In the quarter and the six months ended September 30, 2015, operating profit increased from T€128,770 by 10.5% to T€142,337, and from T€242,281 by 9.1% to T€264,374, respectively. This was primarily due to significant revenue growth, combined with a disproportionately low increase in costs and expenses in both the quarter and the six months ended September 30, 2015.

4.4 INTEREST INCOME

Interest income fell from T€175 by T€13 to T€162 in the quarter ended September 30, 2015, and from T€488 by T€135 to T€353 in the six months ended September 30, 2015. The decrease is particularly attributable to the absence of interest income from the call money account due to the currently negative EURIBOR.

4.5 INTEREST EXPENSE

In the quarter and the six months ended September 30, 2015 and 2014, interest expense amounted to, respectively:

	Quarter ended		Six months ended	
in T€	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Vodafone Investments loans				
Thereof:				
Interest	18,303	20,689	37,242	37,885
Interest hedging	-	-	-	2,481
Reversal of cash flow hedge reserve	4,695	4,656	9,390	6,825
2018 Senior Secured Notes				
Thereof:				
Interest	-	-	-	11,375
Reversal of agio	-	-	-	(703)
Amortization of capitalized financing and transaction costs	-	-	-	315
2017 Senior Notes				
Thereof:				
Interest	-	-	-	6,500
Amortization of capitalized financing and transaction costs	-	-	-	299
Finance lease	453	415	909	872
Pensions	422	670	843	1,341
Asset retirement and CPE obligations	168	253	342	517
Other	1,209	2,152	1,996	4,401
Total interest expense	**25,250**	**28,836**	**50,723**	**72,107**

Interest expense fell by T€3,586 to T€25,250 and by T€21,384 to T€50,723 for the quarter and the six months ended September 30, 2015. Material effects of the decrease are described below.

There are three Vodafone Investments term loans with a maximum nominal amount of T€3,292,250, of which T€3,080,035 was drawn as of September 30, 2015, and a revolving loan of T€200,000. The revolving loan has not yet been drawn. Both of the term loans entered into in the quarter ended June 30, 2014 were used to refinance the settled 2018 Senior Secured Notes and 2017 Senior Notes (with regard to the loans, see also section 3.5 of the Notes to the condensed consolidated interim financial statements of KDH AG as of September 30, 2015). From the Group's point of view this results in variable Euro denominated interest expenses based on the one month EURIBOR plus the respective margin agreed with Vodafone Investments. Interest expenses totaling T€18,303 and T€37,242, respectively, were recorded for these loans in the quarter and the six months ended September 30, 2015.

Premature termination on May 19 and 20, 2014 of the hedging instruments, lastly designated to T€900,000 of the Vodafone Investments loans, resulted in expenses in the amounts of T€4,695 and T€9,390, respectively, in the quarter and the six months ended September 30, 2015, from the pro rata reversal of the changes in fair value of the interest rate swaps which were recognized in the cash flow hedge reserve until settlement.

Interest expenses totaling T€17,172 were incurred in the quarter and the six months ended September 30, 2014 for the 2018 Senior Secured Notes and the 2017 Senior Notes, whereby the reversal of the agio of the 2018 Senior Secured Notes in the amount of T€703 was taken into account as a reduction in expense.

Outstanding interest-bearing debt at nominal amounts as of September 30, 2015 decreased by €212 million or 6.4% to €3,080 million (prior year: €3,292 million).

Our net debt (total nominal debt net of cash) decreased as of September 30, 2015 to €3,066 million (prior year: €3,167 million).

4.6 INCOME FROM ASSOCIATES

Based on the available financial statements of the associates for the 2014 calendar year, income from associates increased by T€303 to T€1,057 for the quarter ended September 30, 2015 (prior year period: T€754). An increase of T€155 to T€1,811 was recorded for the six months ended September 30, 2015 (prior year period: T€1,656).

4.7 PROFIT BEFORE TAXES

Profit before taxes in the quarter and the six months ended September 30, 2015 was T€118,306 and T€215,816 compared to T€100,864 and T€172,318, respectively, in the prior year periods. The marked increase was mainly attributable to significant organic revenue growth and interest savings resulting from the refinancing completed in the quarter ended June 30, 2014.

4.8 TAXES ON INCOME

A tax expense of T€37,757 was recorded in the quarter ended September 30, 2015, compared to T€34,184 in the quarter ended September 30, 2014. Taxes recognized for the quarter ended September 30, 2015 comprised current tax expenses of T€34,457 and deferred tax expenses of T€3,301. Taxes reported for the quarter ended September 30, 2014 comprised current tax expenses of T€31,208 and deferred tax expenses of T€2,976.

A tax expense of T€68,830 was recorded in the six months ended September 30, 2015, compared to T€58,435 in the six months ended September 30, 2014. Taxes recognized for the six months ended September 30, 2015 comprised current tax expenses of T€62,809 and deferred tax expenses of T€6,021. Taxes reported for the six months ended September 30, 2014 comprised current tax expenses of T€53,351 and deferred tax expenses of T€5,084.

Within the framework of the income tax consolidation which has existed between Vodafone and KDH AG since April 1, 2014, we continue to report current taxes based on the tax allocation agreement.

The increase in current taxes is primarily due to the significant increase in profit before taxes compared to the respective prior year periods.

4.9 NET PROFIT / LOSS FOR THE PERIOD

A net profit of T€80,548 and T€146,986, respectively, was recognized for the quarter and the six months ended September 30, 2015. Net profit was T€66,681 and T€113,883 in the respective prior year periods.

The significant increase in net profit in the quarter and the six months ended September 30, 2015 was primarily attributable to notable organic revenue growth and the interest savings as a result of the refinancing completed in the quarter ended June 30, 2014.

Earnings per share rose to €0.91 and €1.66, respectively, in the quarter and the six months ended September 30, 2015 compared to €0.75 and €1.29 in the respective prior year periods.

4.10 ADJUSTED EBITDA (EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION) 1)

	Quarter ended		Six months ended	
in T€, except as noted	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Operating profit	142,337	128,770	264,374	242,281
Depreciation and amortization	119,607	111,766	235,828	222,539
Expenses related to share-based payment programs 2)	1,676	3,009	4,267	4,715
Expenses related to changes in norms	-	30	-	30
Expenses / (income) related to restructuring	(281)	0	(281)	0
Adjusted EBITDA	**263,337**	**243,575**	**504,188**	**469,565**
Adjusted EBITDA margin in %	**49.1%**	**48.8%**	**47.5%**	**47.4%**

1) EBITDA consists of operating profit before depreciation and amortization. We calculate “Adjusted EBITDA” as operating profit before depreciation and amortization, expenses related to share-based payment programs, expenses related to changes in norms, and expenses / income related to restructuring.

2) Under the LTIP, virtual performance shares fully vested up to and including March 31, 2015 or 2014, respectively, became due for cash settlement in April 2015 or 2014, respectively. Virtual stock options exercisable on and after April 1, 2014 were cash settled in April 2014.
Effective November 14, 2014, the Group introduced a new long-term, performance-based variable compensation component based on the GLTR of the Vodafone Group. Beginning with calendar year 2014, it replaces grants under the previous LTIP.
In addition, effective June 26, 2015, the Group granted to members of the Management Board for the first time conditional share awards based on the GLTI of the Vodafone Group.
With regard to LTIP, GLTR and GLTI also see section 5.3 of the Notes to the condensed consolidated interim financial statements of KDH AG as of September 30, 2015.

Adjusted EBITDA increased in the quarter and in the six months ended September 30, 2015 by T€19,762 to T€263,337 and by T€34,623 to T€504,188, compared to T€243,575 and T€469,565 in the respective prior year periods. The increase can be attributed to continued growth in the areas of Internet, Phone and Premium-TV. Due to the marginally disproportionate increase in operating costs compared to revenues, our adjusted EBITDA margin rose slightly to 49.1% and 47.5%, respectively, in the quarter and the six months ended September 30, 2015 (prior year periods: 48.8% and 47.4%).

5 FINANCIAL POSITION AND NET ASSETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015 COMPARED TO THE SIX MONTHS ENDED SEPTEMBER 30, 2014

As of September 30, 2015, our cash and cash equivalents amounted to T€13,849. Under the revolving loan and the first term loan granted to us by Vodafone Investments, we also had T€412,215 in unused credit line available.

The following table shows a condensed version of our cash flows for the six months ended September 30, 2015 and 2014:

	Six months ended	
in T€	September 30, 2015	September 30, 2014
Cash flows from operating activities	241,114	233,492
Cash flows from investing activities	(284,388)	(316,239)
Cash flows from financing activities	(150,262)	(126,071)
Changes in cash and cash equivalents	(193,536)	(208,818)
Cash and cash equivalents at the beginning of the period	207,385	334,068
Cash and cash equivalents at the end of the period	**13,849**	**125,250**

5.1 CASH FLOWS FROM OPERATING ACTIVITIES

Our net cash from operating activities in the six months ended September 30, 2015 rose by T€7,622 to T€241,114 (prior year period: T€233,492). Payments for LTIP included in this figure decreased significantly. By contrast, net cash from operating activities was burdened by income tax payments, which were mainly related to the tax allocation agreement with Vodafone, as compared to income tax refunds in the prior year period.

Our operating performance improved significantly and is reflected in the positive development of the operating free cash flow (adjusted EBITDA less capital expenditure), which increased in the six months ended September 30, 2015 by T€66,130 to T€219,038 (prior year period: T€152,907).

5.2 CASH FLOWS FROM INVESTING ACTIVITIES

Investment payments (CapEx without acquisitions and other) included in cash flows from investing activities decreased by T€31,507 to T€285,150 in the six months ended September 30, 2015 (prior year period: T€316,657). This corresponds to 26.8% of our total revenues for the six months ended September 30, 2015 (prior year period: 32.0%). These payments comprise investments in property and equipment of T€212,125 and in intangible assets of T€73,025.

These operational investments can be divided into success based investments of T€177,472 which, inter alia, were directly attributable to the acquisition of new subscribers and thus the connection of new homes to our network as well as CPE and its installation, and non success based investments of T€107,678, of which investments in the amount of T€28,383 were related to the investment program Alpha started in April 2013. The objective of this program is enabling additional growth and efficiency improvements in network infrastructure. The non success based investments related, besides the upgrade and extension of our network, in particular to the expansion of our IT systems.

5.3 CASH FLOWS FROM FINANCING ACTIVITIES

Net cash used in our financing activities was T€150,262 in the six months ended September 30, 2015, compared to T€126,071 in the six months ended September 30, 2014.

In the six months ended September 30, 2015, we received contributions from loss absorption in the amount of T€41,548 in connection with the DPLTA which has been in force between Vodafone and KDH AG since April 1, 2014. The cash received from non-current borrowings in the amount of T€7,700 was due to drawing of available credit lines with Vodafone Investments, and represents short-term liquidity provided to the Group under the multi currency cash management system ("cash pooling"). Repayments of current and non-current borrowings of T€163,400 resulted from two partial repayments of the first term loan from Vodafone Investments totaling T€155,000 and from the repayment of the short-term multi currency cash management call account loan ("cash pooling loan") amounting to T€8,400 (regarding the cash pooling loan see also section 3.5 of the Notes to the condensed consolidated interim financial statements of KDH AG as of September 30, 2015). Interest and transaction costs paid totaled T€34,380 and included, in particular, interest on the term loans from Vodafone Investments. Cash payments to reduce finance lease liabilities amounted to T€1,730.

In the six months ended September 30, 2014, we received proceeds from non-current borrowings in the amount of T€1,142,250 from two further term loans from Vodafone Investments. Repayments of current and non-current borrowings of T€1,154,646 were made particularly from the proceeds received from the term loans, and comprised the repayment of the 2018 Senior Secured Notes (T€700,000), the 2017 Senior Notes (T€400,000), and the settlement of interest hedges (T€54,646). Interest and transaction costs paid totaled T€111,165, and included the premium of in total T€42,250 for the 2018 Senior Secured Notes and the 2017 Senior Notes. Cash payments to reduce finance lease liabilities amounted to T€1,073.

5.4 OTHER COMMENTS ON NET ASSETS

As of September 30, 2015, total assets amounting to T€2,683,759 (March 31, 2015: T€2,879,318) mainly comprised property and equipment of T€1,725,853 (March 31, 2015: T€1,694,294), intangible assets of T€731,231 (March 31, 2015: T€718,220), and cash and cash equivalents of T€13,849 (March 31, 2015: T€207,385). Property and equipment represented 64.3% (March 31, 2015: 58.8%) and intangible assets represented 27.2% (March 31, 2015: 24.9%) of total assets. The equity and liabilities side of the balance sheet was primarily impacted by non-current borrowings of T€3,080,035 (March 31, 2015: T€3,217,250). The ratio of non-current borrowings to total assets was 114.8% (March 31, 2015: 111.7%).

The decrease in total assets by T€195,559 primarily reflected the decrease in cash and cash equivalents by T€193,536 essentially due to the partial repayment of borrowings, the mutual settlement of receivables and liabilities with Vodafone, the settlement of the liability from the out-of-court settlement with VG Media and the payment of liabilities from the LTIP. Other current assets decreased by T€36,138, mainly related to the completed offset of receivables from the loss absorption by Vodafone. By contrast, primarily property and equipment increased by T€31,558 due to investments in network infrastructure. Further details and comments regarding changes in net assets can be found in sections 3.1 to 3.7 of the Notes to the condensed consolidated interim financial statements of KDH AG as of September 30, 2015.

6 PARTICULAR EVENTS AFTER THE REPORTING DATE

The Chief Marketing Officer and member of the Management Board of Kabel Deutschland Holding AG, Erik Adams, has decided to leave the Company on October 31, 2015.

On October 1, 2015, the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) published its resolution from the same day to revoke the admission of the shares of the Company to trading as applied for by the Company (so-called delisting). According to the resolution the revocation will become effective at the end of April 1, 2016. Prior to this, the Company had published on September 3, 2015, that the Management Board, on the same day, had received an instruction of the controlling company, Vodafone Vierte Verwaltungs AG, to file an application for the so-called delisting.

7 OPPORTUNITY AND RISK REPORT

KDH is a party in a number of court and out-of-court proceedings with government authorities, competitors and other interest holders. Proceedings with special significance are disclosed in the Notes to the condensed consolidated interim financial statements of KDH AG as of September 30, 2015 in section 5.2.

Beyond this, the opportunity and risk profile of the Group for the current fiscal year has not changed significantly. Detailed information on the risks to which the Group is exposed, its risk management system and the internal control systems relating to the accounting is provided in the Combined Consolidated Management Report and Management Report within the published annual financial report for the fiscal year ended March 31, 2015.

8 OUTLOOK

The outlook of the Group for the full fiscal year ending March 31, 2016 has not changed significantly from the information provided in the Combined Consolidated Management Report and Management Report within the published annual financial report for the fiscal year ended March 31, 2015, which contains detailed information concerning the Group's outlook.

Unterfoehring, October 27, 2015

Kabel Deutschland Holding AG

Dr. Manuel Cubero del Castillo-Olivares
Chief Executive Officer

Erik Adams
Chief Marketing Officer

Gerhard Mack
Chief Operating Officer

Dr. Andreas Siemen
Chief Financial Officer

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KABEL DEUTSCHLAND HOLDING AG, UNTERFOEHRING
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THE SIX MONTHS ENDED SEPTEMBER 30, 2015

Kabel Deutschland Holding AG, Unterfoehring

Consolidated Statement of Financial Position
as of September 30, 2015 (unaudited) and as of March 31, 2015

Assets	Notes	September 30, 2015 €	March 31, 2015 T€
Current assets			
Cash and cash equivalents	3.1	13,848,990.79	207,385
Trade receivables	3.2	108,909,879.37	114,924
Inventories	3.3	25,105,450.33	27,152
Income tax receivables	4.2	403,968.51	711
Other current assets		27,418,165.77	63,556
Prepaid expenses		15,116,579.03	17,671
Total current assets		**190,803,033.80**	**431,398**
Non-current assets			
Intangible assets	3.4	731,231,261.90	718,220
Property and equipment	3.4	1,725,852,779.77	1,694,294
Equity investments in associates		15,270,081.44	13,459
Deferred tax assets		73,100.00	73
Prepaid expenses		20,528,587.43	21,874
Total non-current assets		**2,492,955,810.54**	**2,447,920**
Total assets		**2,683,758,844.34**	**2,879,318**

Equity and liabilities	Notes	September 30, 2015 €	March 31, 2015 T€
Current liabilities			
Current borrowings		11,548,401.69	12,207
Trade payables	3.6	246,347,071.45	292,980
Other current provisions	3.7	13,082,409.30	14,922
Income tax liabilities	4.2	72,322,468.56	86,166
Other current liabilities		164,976,814.98	205,977
Deferred income		109,811,776.93	218,623
Total current liabilities		**618,088,942.91**	**830,874**
Non-current liabilities			
Non-current borrowings	3.5	3,080,035,078.07	3,217,250
Deferred tax liabilities		129,942,139.62	116,935
Provisions for pensions	3.7	110,528,857.00	118,860
Other non-current provisions	3.7	43,360,637.49	46,192
Other non-current liabilities		27,526,041.30	38,210
Deferred income		310,230.73	471
Total non-current liabilities		**3,391,702,984.21**	**3,537,919**
Equity			
Subscribed capital		88,522,939.00	88,523
Capital reserve		68,669,016.76	68,263
Legal reserve		8,852,293.90	8,852
Cash flow hedge reserve		(20,233,733.60)	(26,776)
Pensions reserve		(24,607,993.14)	(34,115)
Asset revaluation surplus		193,097.14	282
Accumulated deficit		(1,447,453,070.68)	(1,594,528)
		(1,326,057,450.62)	(1,489,499)
Non-controlling interests		24,367.84	24
Total equity (deficit)		**(1,326,033,082.78)**	**(1,489,474)**
Total equity and liabilities		**2,683,758,844.34**	**2,879,318**

The accompanying notes to this consolidated statement of financial position form an integral part of these condensed consolidated interim financial statements.

Kabel Deutschland Holding AG, Unterfoehring

Consolidated Statement of Income
for the Period from July 1, 2015 to September 30, 2015 (unaudited) and from July 1, 2014 to September 30, 2014 (unaudited)

	Notes	July 1, 2015 - September 30, 2015	July 1, 2014 - September 30, 2014
		€	T€
Revenues	4.1	536,119,429.51	499,556
Cost of services rendered thereof depreciation / amortization T€90,388 (prior year: T€81,861)		(239,828,583.28)	(220,728)
Other operating income		3,195,356.85	2,465
Selling expenses thereof depreciation / amortization T€22,572 (prior year: T€21,743)		(125,002,192.47)	(117,855)
General and administrative expenses thereof depreciation / amortization T€6,646 (prior year: T€8,162)		(32,147,462.96)	(34,667)
Operating profit		**142,336,547.65**	**128,770**
Interest income		162,240.98	175
Interest expense		(25,250,155.93)	(28,836)
Income from associates		1,056,961.16	754
Profit before taxes		**118,305,593.86**	**100,864**
Income tax expense	4.2	(37,757,339.54)	(34,184)
Net profit for the period		**80,548,254.32**	**66,681**
Attributable to:			
Equity holders of the parent		80,548,254.32	66,681
Non-controlling interests		0.00	0
		80,548,254.32	**66,681**
Earnings per share (in €):			
Basic earnings per share		0.91	0.75
Diluted earnings per share		0.91	0.75

The accompanying notes to this consolidated statement of income form an integral part of these condensed consolidated interim financial statements.

Kabel Deutschland Holding AG, Unterfoehring

Consolidated Statement of Income
for the Period from April 1, 2015 to September 30, 2015 (unaudited) and from April 1, 2014 to September 30, 2014 (unaudited)

	Notes	April 1, 2015 - September 30, 2015	April 1, 2014 - September 30, 2014
		€	T€
Revenues	4.1	1,062,132,903.94	990,685
Cost of services rendered thereof depreciation / amortization T€178,512 (prior year: T€164,057)		(485,288,990.49)	(454,747)
Other operating income		6,039,919.35	5,149
Selling expenses thereof depreciation / amortization T€44,625 (prior year: T€43,099)		(253,392,338.81)	(228,941)
General and administrative expenses thereof depreciation / amortization T€12,691 (prior year: T€15,384)		(65,117,729.17)	(69,865)
Operating profit		**264,373,764.82**	**242,281**
Interest income		353,296.71	488
Interest expense		(50,722,626.44)	(72,107)
Income from associates		1,811,423.51	1,656
Profit before taxes		**215,815,858.60**	**172,318**
Income tax expense	4.2	(68,829,919.38)	(58,435)
Net profit for the period		**146,985,939.22**	**113,883**
Attributable to:			
Equity holders of the parent		146,985,939.22	113,883
Non-controlling interests		0.00	0
		146,985,939.22	**113,883**
Earnings per share (in €):			
Basic earnings per share		1.66	1.29
Diluted earnings per share		1.66	1.29

The accompanying notes to this consolidated statement of income form an integral part of these condensed consolidated interim financial statements.

Kabel Deutschland Holding AG, Unterfoehring

Consolidated Statement of Comprehensive Income
for the Period from July 1, 2015 to September 30, 2015 (unaudited) and from July 1, 2014 to September 30, 2014 (unaudited)

	July 1, 2015 - September 30, 2015	July 1, 2014 - September 30, 2014
	€	T€
Net profit for the period	**80,548,254.32**	**66,681**
Changes in fair value of hedging instruments regarding interest and currency	4,695,108.36	4,656
Income tax	(1,424,000.00)	(1,412)
Items which can be reclassified in the profit or loss section of the statement of income in the future	*3,271,108.36*	*3,244*
Actuarial gains / (losses) from Defined Benefit Obligation	5,618,271.83	0
Income tax	(1,703,824.00)	0
Items which remain permanently in equity	*3,914,447.83*	*0*
Other comprehensive income	**7,185,556.19**	**3,244**
Total comprehensive income	**87,733,810.51**	**69,925**
Attributable to:		
Equity holders of the parent	87,733,810.51	69,925
Non-controlling interests	0.00	0

Consolidated Statement of Comprehensive Income
for the Period from April 1, 2015 to September 30, 2015 (unaudited) and from April 1, 2014 to September 30, 2014 (unaudited)

	April 1, 2015 - September 30, 2015	April 1, 2014 - September 30, 2014
	€	T€
Net profit for the period	**146,985,939.22**	**113,883**
Changes in fair value of hedging instruments regarding interest and currency	9,390,216.72	5,626
Income tax	(2,848,000.00)	(1,706)
Items which can be reclassified in the profit or loss section of the statement of income in the future	*6,542,216.72*	*3,920*
Actuarial gains / (losses) from Defined Benefit Obligation	13,644,374.45	0
Income tax	(4,137,739.62)	0
Items which remain permanently in equity	*9,506,634.83*	*0*
Other comprehensive income	**16,048,851.55**	**3,920**
Total comprehensive income	**163,034,790.77**	**117,803**
Attributable to:		
Equity holders of the parent	163,034,790.77	117,803
Non-controlling interests	0.00	0

The accompanying notes to these consolidated statements of comprehensive income form an integral part of these condensed consolidated interim financial statements.

Kabel Deutschland Holding AG, Unterfoehring

Consolidated Statement of Cash Flows
for the Period from April 1, 2015 to September 30, 2015 (unaudited) and from April 1, 2014 to September 30, 2014 (unaudited)

	Notes	April 1, 2015 - September 30, 2015	April 1, 2014 - September 30, 2014
		T€	T€
1. Cash flows from operating activities			
Net profit for the period		146,986	113,883
Adjustments to reconcile net profit for the period to cash flows from operating activities:			
Income tax expense	4.2	68,830	58,435
Interest expense		50,723	72,107
Interest income		(353)	(488)
Depreciation and amortization on fixed assets		235,828	222,539
(Gain) / loss on disposal / sale of fixed assets		3,248	3,700
Income from associates		(1,811)	(1,656)
Expense relating to share-based payments		406	0
		503,857	468,520
Changes in assets and liabilities:			
(Increase) / decrease of inventories		2,047	8,287
(Increase) / decrease of trade receivables		6,014	13,016
(Increase) / decrease of other assets		(1,510)	(12,871)
Increase / (decrease) of trade payables		(44,637)	(7,499)
Increase / (decrease) of other provisions		(3,224)	(2,698)
Increase / (decrease) of deferred income		(108,972)	(106,658)
Increase / (decrease) of provisions for pensions		4,470	2,498
Increase / (decrease) of other liabilities		(17,642)	(140,493)
Cash provided by operations		340,403	222,103
Income taxes (paid) / received		(99,288)	11,389
Net cash from operating activities		241,114	233,492
2. Cash flows from investing activities			
Cash received from disposal / sale of fixed assets		360	669
Cash paid for investments in intangible assets		(73,025)	(66,253)
Cash paid for investments in property and equipment		(212,125)	(250,404)
Cash paid for acquisitions, net of cash acquired		(4)	(652)
Interest received		406	401
Net cash used in investing activities		(284,388)	(316,239)
3. Cash flows from financing activities			
Cash received from loss absorption [1]		41,548	0
Cash payments to silent partners		0	(1,438)
Cash received from non-current borrowings	3.5	7,700	1,142,250
Cash repayments of current and non-current borrowings	3.5	(163,400)	(1,154,646)
Cash payments for reduction of finance lease liabilities		(1,730)	(1,073)
Interest and transaction costs paid		(34,380)	(111,165)
Net cash used in financing activities		(150,262)	(126,071)
4. Cash and cash equivalents at the end of the period			
Changes in cash and cash equivalents (subtotal of 1 to 3)		(193,536)	(208,818)
Cash and cash equivalents at the beginning of the period		207,385	334,068
Cash and cash equivalents at the end of the period	3.1	13,849	125,250
Additional information			
Investments relating to finance lease		538	1,871

[1] Effective April 1, 2014, Vodafone Vierte Verwaltungs AG and KDH AG entered into a domination and profit and loss transfer agreement.

The accompanying notes to this consolidated statement of cash flows form an integral part of these condensed consolidated interim financial statements.

Kabel Deutschland Holding AG, Unterfoehring

Consolidated Statement of Changes in Equity
for the Period from April 1, 2015 to September 30, 2015 (unaudited)

	Attributable to equity holders of the parent									
in €	Subscribed capital	Capital reserve	Legal reserve	Cash flow hedge reserve [1]	Pensions reserve [2]	Asset revaluation surplus	Accumulated deficit	Total	Non-controlling interests	Total equity (deficit)
Balance as of March 31, 2015 / April 1, 2015	**88,522,939.00**	**68,262,672.53**	**8,852,293.90**	**(26,775,950.32)**	**(34,114,627.97)**	**282,218.98**	**(1,594,528,131.74)**	**(1,489,498,585.62)**	**24,367.84**	**(1,489,474,217.78)**
Net profit for the period	0.00	0.00	0.00	0.00	0.00	0.00	146,985,939.22	146,985,939.22	0.00	146,985,939.22
Other comprehensive income	0.00	0.00	0.00	6,542,216.72	9,506,634.83	0.00	0.00	16,048,851.55	0.00	16,048,851.55
Total comprehensive income	*0.00*	*0.00*	*0.00*	*6,542,216.72*	*9,506,634.83*	*0.00*	*146,985,939.22*	*163,034,790.77*	*0.00*	*163,034,790.77*
Reclassification of asset revaluation surplus	0.00	0.00	0.00	0.00	0.00	(89,121.84)	89,121.84	0.00	0.00	0.00
Additions relating to share-based payments	0.00	406,344.23	0.00	0.00	0.00	0.00	0.00	406,344.23	0.00	406,344.23
Balance as of September 30, 2015	**88,522,939.00**	**68,669,016.76**	**8,852,293.90**	**(20,233,733.60)**	**(24,607,993.14)**	**193,097.14**	**(1,447,453,070.68)**	**(1,326,057,450.62)**	**24,367.84**	**(1,326,033,082.78)**

[1] This part of the other comprehensive income can be reclassified in the profit or loss section of the statement of income in the future.

[2] This part of the other comprehensive income remains permanently in equity.

The accompanying notes to this consolidated statement of changes in equity form an integral part of these condensed consolidated interim financial statements.

Kabel Deutschland Holding AG, Unterfoehring

Consolidated Statement of Changes in Equity
for the Period from April 1, 2014 to September 30, 2014 (unaudited)

	Attributable to equity holders of the parent									
in €	Subscribed capital	Capital reserve	Legal reserve	Cash flow hedge reserve [1]	Pensions reserve [2] [3]	Asset revaluation surplus	Accumulated deficit	Total	Non-controlling interests	Total equity (deficit)
Balance as of March 31, 2014 / April 1, 2014	**88,522,939.00**	**68,058,337.94**	**8,852,293.90**	**(37,239,243.00)**	**(12,864,438.00)**	**460,462.66**	**(1,875,150,167.83)**	**(1,759,359,815.33)**	**23,441.17**	**(1,759,336,374.16)**
Net profit for the period	0.00	0.00	0.00	0.00	0.00	0.00	113,883,185.85	113,883,185.85	0.00	113,883,185.85
Other comprehensive income	0.00	0.00	0.00	3,920,227.98	0.00	0.00	0.00	3,920,227.98	0.00	3,920,227.98
Total comprehensive income	*0.00*	*0.00*	*0.00*	*3,920,227.98*	*0.00*	*0.00*	*113,883,185.85*	*117,803,413.83*	*0.00*	*117,803,413.83*
Reclassification of asset revaluation surplus	0.00	0.00	0.00	0.00	0.00	(89,121.84)	89,121.84	0.00	0.00	0.00
Balance as of September 30, 2014	**88,522,939.00**	**68,058,337.94**	**8,852,293.90**	**(33,319,015.02)**	**(12,864,438.00)**	**371,340.82**	**(1,761,177,860.14)**	**(1,641,556,401.50)**	**23,441.17**	**(1,641,532,960.33)**

1) This part of the other comprehensive income can be reclassified in the profit or loss section of the statement of income in the future.

2) This part of the other comprehensive income remains permanently in equity.

3) Due to the nearly stable level of interest as of September 30, 2014 compared to March 31, 2014, there has been no requirement to adjust the pension liability from defined benefit plans as of September 30, 2014.

The accompanying notes to this consolidated statement of changes in equity form an integral part of these condensed consolidated interim financial statements.

KABEL DEUTSCHLAND HOLDING AG, UNTERFOEHRING
SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2015

1 GENERAL INFORMATION

On October 27, 2015, the Management Board authorized the issuance of the condensed consolidated interim financial statements of Kabel Deutschland Holding AG ("KDH AG" or the "Company", together with its consolidated subsidiaries "KDH" or the "Group") for the quarter and the six months ended September 30, 2015 to the Supervisory Board.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The semi-annual financial report of KDH AG has been prepared in accordance with Section 37y of the German Securities Trading Act (Wertpapierhandelsgesetz – "WpHG") in conjunction with Section 37w para. 2 WpHG. It comprises the unaudited condensed consolidated interim financial statements, an unaudited interim Group management report as well as a responsibility statement pursuant to Section 297 para. 2 sentence 4 and Section 315 para. 1 sentence 6 of the German Commercial Code (Handelsgesetzbuch – "HGB").

The condensed consolidated interim financial statements for the quarter and the six months ended September 30, 2015 were prepared in accordance with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and should be read in conjunction with the Group's annual financial report as of March 31, 2015, which can be found on the Group's website (www.kabeldeutschland.com).

The condensed consolidated interim financial statements and the interim Group management report were prepared and are presented in euros ("€"), which is the functional currency of the Company and each of its consolidated subsidiaries. All values are rounded to the nearest thousand ("T€"), unless indicated otherwise. Totals in tables were calculated using precise figures and rounded to T€.

2.2 SIGNIFICANT ACCOUNTING POLICIES

Accounting standards issued by the IASB and now applied by the Group

The accounting standards applied in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the fiscal year ended March 31, 2015, except for the following standards and/or amendments to standards and interpretations which are applied for the first time starting with the fiscal year beginning on April 1, 2015. The adoption of these standards, amendments to standards, and interpretations had no effect or no material effect on the net assets, financial position and results of operations of the Company and did not lead to any additional disclosures in these interim financial statements.

Standard / Interpretation		Issued by IASB	Endorsement by EU	First-time application in EU
IFRIC 21	Levies	20.05.2013	13.06.2014	17.06.2014
Amendments to IAS 19	Employee Benefits: Accounting for Employee Contributions to Defined Benefit Plans	21.11.2013	17.12.2014	01.02.2015
Annual Improvements 2010-2012 Cycle	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38	12.12.2013	17.12.2014	01.02.2015
Annual Improvements 2011-2013 Cycle	Amendments to IFRS 3, IFRS 13 and IAS 40	12.12.2013	18.12.2014	01.01.2015

The following standards and interpretations were issued by the IASB, but are not effective for these financial statements

Standard / Interpretation		Issued by IASB	Mandatory application	Endorsement by EU	Impacts
IFRS 9	Financial Instruments	12.11.2009 19.11.2013 24.07.2014	01.01.2018	no	currently being assessed
IFRS 14	Regulatory Deferral Accounts	30.01.2014	01.01.2016	no	none
Amendments to IFRS 11	Joint Arrangements: Acquisition of an Interest in a Joint Operation	06.05.2014	01.01.2016	no	none
Amendments to IAS 16	Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortization	12.05.2014	01.01.2016	no	none
Amendments to IAS 38	Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortization	12.05.2014	01.01.2016	no	none
IFRS 15	Revenue from Contracts with Customers	28.05.2014	01.01.2018	no	currently being assessed
Amendments to IAS 16	Property, Plant and Equipment: Bearer Plants	30.06.2014	01.01.2016	no	none
Amendments to IAS 41	Agriculture: Bearer Plants	30.06.2014	01.01.2016	no	none
Amendments to IAS 27	Separate Financial Statements: Equity Method	12.08.2014	01.01.2016	no	none
Amendments to IFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets	11.09.2014	01.01.2016	no	currently being assessed
Amendments to IAS 28	Investments in Associates and Joint Ventures: Sale or Contribution of Assets	11.09.2014	01.01.2016	no	currently being assessed
Annual Improvements 2012-2014 Cycle	Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	25.09.2014	01.01.2016	no	immaterial
Amendments to IAS 1	Presentation of Financial Statements: Several Clarifications	18.12.2014	01.01.2016	no	currently being assessed
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	18.12.2014	01.01.2016	no	none

In November 2009, the IASB issued IFRS 9 "Financial Instruments". The standard was the preliminary result of the first phase of a comprehensive three-phase project intended to replace IAS 39 "Financial Instruments: Recognition and Measurement", and regulates the classification and measurement of financial assets. Phase one was completed with the issue of the regulations for the classification and measurement of financial liabilities in October 2010. The amendments published in November 2013 integrated the general rules on hedge accounting into the standard and completed phase three. In July 2014, after supplementing phase two "Impairment of Financial Instruments", the final version of the standard was published. Limited amendments were also made to phase one "Classification and Measurement". Compared with IAS 39, a new classification model with three measurement categories is introduced for financial assets. The only material change for financial liabilities is the treatment of fluctuations in fair value that are due to the Company's own credit risk. Under the new impairment rules, the expected amount of losses must be recognized, not, as previously, the realized amount. The rules on hedge accounting are more principle-based and are aimed at reflecting the effects of an entity's risk management strategy in the financial statements. IFRS 9 must be applied for the first time for fiscal years beginning on or after January 1, 2018. Early adoption is permitted. As a rule, IFRS 9 must be applied retrospectively and transition relief and options have been provided. However, extensive disclosures are required. The Group is currently assessing the impacts of the adoption on the consolidated financial statements.

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers". IFRS 15 will apply to all sectors and all customer contracts for the delivery of goods or provision of services and will supersede all existing provisions governing the recognition of revenue. The core principle of IFRS 15 is that revenue will be recognized in an amount that corresponds to the consideration that the entity expects to receive. The provisions of the standard are implemented in a 5-step model. IFRS 15 also governs the recognition of the incremental costs of initiating a contract as well as the recognition of the costs incurred to fulfill a contract and contains extensive qualitative and quantitative disclosure requirements. IFRS 15 must be applied for the first time for fiscal years beginning on or after January 1, 2018. Early adoption is permitted. IFRS 15 must be applied retrospectively. In addition to the fully retrospective approach, for which relief has been provided, modified retrospective application is also permitted. IFRS 15 will have an impact on the Group's consolidated financial statements. The extent of these impacts is currently being assessed.

In September 2014, the IASB issued amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures". The amendments concern transactions between an entity and its associates and joint ventures, eliminate inconsistencies that exist between IFRS 10 and IAS 28 and clarify that the extent of gains or losses recognized depends on whether the assets sold or contributed constitute a business. The amendments to IFRS 10 and IAS 28 must be applied for the first time for fiscal years beginning on or after January 1, 2016. Early adoption is permitted. The Group is currently assessing the impacts on the consolidated financial statements.

In December 2014, the IASB issued amendments to IAS 1 "Presentation of Financial Statements". The amendments concern clarifications to the materiality principle and to the notes. The amendments to IAS 1 must be applied for the first time for fiscal years beginning on or after January 1, 2016. Early adoption is permitted. The Group is currently assessing the impacts on the consolidated financial statements.

2.3 CHANGES IN ACCOUNTING ESTIMATES

The Group regularly reviews whether the useful lives of property and equipment as well as intangible assets for depreciation and amortization purposes can be retained. In the fiscal year ended March 31, 2015, the estimated useful lives of software systems were reassessed based on new facts and circumstances. This reassessment of the useful lives became effective in November 2014 and led to or leads to changes in amortization. For more detailed explanations please refer to section 3.4.

2.4 SEGMENT REPORTING

For the purpose of segment reporting, the Group's activities are split into operating segments in accordance with IFRS 8. The Group has two operating segments, TV Business as well as Internet and Phone Business, which report and are managed separately. The headquarter functions and the Group's financing activities are represented through a reconciliation. The operating segments are defined based on the internal organizational structure of the Group and the converging economic characteristics of the business areas. The business activities of KDH AG and its subsidiaries focus on the operation of cable networks in Germany. Risks and opportunities do not differ within the German cable network business. Therefore, a geographical segmentation is not suitable for the Group. Accordingly, the key decision makers focus on a product and service differentiation, which is reflected in the segment reporting. The key decision maker manages the profitability of the business segments based on revenues and EBITDA.

The measurement principles used by the Group in preparing this segment reporting are the same principles used for the consolidated financial statements and are thus based on IFRSs as adopted by the EU. These measurement principles are also the basis for the segment performance assessment.

There are no significant relationships between the individual segments, and therefore no intersegment relationships needed to be eliminated. Any intrasegment transactions have been eliminated. The marketing of bundled products (TV, Internet and Phone products) does not result in significant relationships between the individual segments since the revenues and related expenses are directly attributable to the segments.

3 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

3.1 CASH AND CASH EQUIVALENTS

in T€	September 30, 2015	March 31, 2015
Call money placed with Vodafone Group Plc	0	196,745
Cash at banks	13,829	10,613
Cash on hand	20	27
Cash and cash equivalents	**13,849**	**207,385**

Cash and cash equivalents are composed of cash at banks and cash on hand and as of March 31, 2015 of call money placed with Vodafone Group Plc. Since integration into the Vodafone GmbH, Dusseldorf multi-currency cash management system ("cash pooling") in August 2015, call money is no longer placed with Vodafone Group Plc (see section 3.5). These could be called on a daily basis, were subject to an arm's length monthly interest rate and therefore, were allocated to cash and cash equivalents.

The decrease in cash and cash equivalents was primarily due to the partial repayment of borrowings (see section 3.5), the settlement of tax liabilities net of loss absorption with Vodafone Vierte Verwaltungs AG ("Vodafone"), the settlement of the liability from the out-of-court settlement with VG Media and the settlement of liabilities for the LTIP (see section 5.3). No cash at banks was pledged as of September 30, 2015 and March 31, 2015.

3.2 TRADE RECEIVABLES

in T€	September 30, 2015	March 31, 2015
Gross trade receivables	129,566	134,970
Bad debt allowance	(20,656)	(20,046)
Trade receivables	**108,910**	**114,924**

Trade receivables as of September 30, 2015 included receivables from affiliated companies amounting to T€11,586 (as of March 31, 2015: T€1,795) and receivables from associates amounting to T€26 (as of March 31, 2015: T€48).

Receivables from affiliated companies were due from Vodafone GmbH, Dusseldorf and were mainly related to marketing and sales services, revenues from the network connection as well as interconnection fees.

Receivables from associates were due from Kabelfernsehen München Servicenter GmbH & Co. KG ("KMS KG") and were related to signal delivery agreements.

No receivables were assigned as security as of September 30, 2015 and March 31, 2015.

3.3 INVENTORIES

in T€	September 30, 2015	March 31, 2015
Raw materials, consumables and supplies	5,853	5,442
Work in process	413	0
Finished goods and merchandise	18,839	21,710
Inventories	**25,105**	**27,152**

The total amount of inventories recognized as an expense was T€1,490 for the quarter ended September 30, 2015 (prior year period: T€1,910) and T€3,046 for the six months ended September 30, 2015 (prior year period: T€3,971).

In the quarters and six months ended September 30, 2015 and 2014, no expenses resulting from the devaluation of inventories were disclosed in cost of services rendered.

3.4 FIXED ASSETS

The estimated useful lives of internally generated and externally procured software systems are based primarily on the estimated operating time of the assets. A review revealed that several software systems can be operated technically and economically at KDH beyond their originally estimated useful lives. To reflect these circumstances, the expected individual useful lives of the respective software systems were increased in November 2014, based on the expected operating times of the software, from 3 - 5 years to 4 -11 years.

In relation to a fiscal year, amortization of the respective internally generated software systems decreases from T€9,380 to T€5,067 due to the change in useful life. Furthermore, amortization of externally procured software systems decreases, in relation to a fiscal year, from T€23,919 to T€11,125.

For further information concerning additions and disposals of intangible assets and property and equipment, reference is made to the analysis of fixed assets in Appendix 1 and Appendix 2 to the explanatory notes.

3.5 BORROWINGS

In August 2015, Kabel Deutschland Vertrieb und Service GmbH ("KDVS GmbH"; operating under the name Vodafone Kabel Deutschland GmbH since September 2, 2015; "VFKD GmbH") was integrated into the cash pooling system by the Vodafone GmbH, Dusseldorf. A multi-currency cash management call account loan agreement ("cash pooling loan") in the amount of T€200,000 was concluded in this connection. The cash pooling loan is a bilateral loan between Vodafone GmbH and VFKD GmbH that is used for intercompany settlement of receivables and liabilities and providing short-term liquidity to VFKD GmbH. The cash pooling loan provides for a margin of 0.125% above the one month EURIBOR on drawn amounts and a margin of 0.05% below the one month EURIBOR on invested amounts. Amounts accruing during a month are applied against the first term loan at the end of the month. As a result, the cash pooling loan has not been drawn as of September 30, 2015.

As of September 30, 2015 and March 31, 2015, non-current borrowings with respect to three term loans granted by Vodafone Investments amounted to T€3,080,035 and T€3,217,250.

in T€	September 30, 2015	March 31, 2015
First term loan Vodafone Investments	1,937,785	2,075,000
Second term loan Vodafone Investments	722,750	722,750
Third term loan Vodafone Investments	419,500	419,500
Non-current borrowings	**3,080,035**	**3,217,250**

During the quarter and six months ended September 30, 2015, partial repayments in the amounts of T€95,700 and T€155,700 of the first term loan granted by Vodafone Investments were carried out by KDH. The repayments were primarily made using the call money deposit placed with Vodafone Group Plc (see section 3.1). By contrast, T€11,730 were drawn for settlement of receivables and liabilities with Vodafone GmbH, derived from the credit line of the first term loan granted by Vodafone Investments, which had not been fully drawn. The capitalization of interest on the term loan from Vodafone Investments carried out since August 2015 had an additional increasing impact of T€6,755 on the nominal value.

The first term loan from Vodafone Investments of T€2,150,000 was used to fully repay all tranches of the Senior Credit Facility on October 15, 2013 as a result of the takeover by Vodafone. This loan has been available for drawing and repayment in tranches since October 14, 2013, has an interest margin of 1.65% above the one month EURIBOR as well as an annual commitment fee of 1.10% on the total notional amount of the term loan. The loan matures in June 2020.

Vodafone Investments granted two further term loans for repaying the 2018 Senior Secured Notes and 2017 Senior Notes with terms that match those of the repaid Senior Notes. The amount of each loan covers the respective nominal values plus the contractually specified repayment premiums of the Notes.

The second term loan of T€722,750 for repaying the 2018 Senior Secured Notes has been available for drawing and repayment in tranches since June 30, 2014, and has an interest margin of 0.80% above the one month EURIBOR as well as an annual commitment fee of 0.60% on the total notional amount of the term loan. The loan matures in June 2018 and was drawn in full as of September 30, 2015.

The third term loan of T€419,500 for repaying the 2017 Senior Notes has been available for drawing and repayment in tranches since June 30, 2014, and has an interest margin of 0.75% above the one month EURIBOR as well as an annual commitment fee of 0.55% on the total notional amount of the term loan. The loan matures in July 2017 and was drawn in full as of September 30, 2015.

There is also a revolving term loan from Vodafone Investments for an original amount of T€300,000 that was reduced to T€200,000 as of July 31, 2015. The revolving loan provides for a margin of 1.65% above the one month EURIBOR on drawn amounts and a commitment fee of 1.10% on the total notional amount. The revolving loan has not been drawn as of September 30, 2015.

The loans concluded with Vodafone Investments contain covenants requiring compliance with a defined interest coverage ratio (financial covenant) during the entire contract period. Failure to comply with these covenants may result in Vodafone Investments demanding the accelerated repayment of the term loans. In the quarter and the six months ended September 30, 2015, the covenants, identical for all term loans, were complied with. In addition, the loan agreements with Vodafone Investments contain substantially the following additional requirements:

- no raising of senior financial liabilities;
- limits on the pledging of assets, and;
- prohibition of speculative transactions in financial derivatives.

These covenants have also not been violated by KDH during the quarter and the six months ended September 30, 2015.

As of September 30, 2015, no derivative financial instruments existed within the Group, which means that the floating rate term loans from Vodafone Investments were fully exposed to interest rate risks.

Cash Flow Hedge Reserve

The interest rate swaps originally entered into were settled on May 19 and 20, 2014 against a one-time payment of T€54,646, and according to IAS 39, were fully effective, both retrospectively since initial designation as well as prospectively. Therefore, the unrealized gains and losses from the effective portion of the changes in fair value of these hedging instruments were disclosed in equity as part of the cash flow hedge reserve since the designation. The changes in fair value recognized directly in equity in the cash flow hedge reserve until settlement of the interest rate swaps are recognized as an expense in the statement of income on a pro rata basis until the end of the originally designated period until December 31, 2016 and June 30, 2017, respectively. In the quarter and the six months ended September 30, 2015, T€4,695 (prior year period: T€4,656) and T€9,390 (prior year period: T€6,825), respectively, were recognized in the consolidated statement of income.

Additional Disclosures on Financial Instruments

As of September 30, 2015 and March 31, 2015, the carrying amounts and fair values of the financial instruments presented below and measured at amortized cost, were as follows:

in T€	Category according to IAS 39	September 30, 2015 Carrying Amount	September 30, 2015 Fair Value	March 31, 2015 Carrying Amount	March 31, 2015 Fair Value
Liabilities					
Current financial liabilities					
Other current financial liabilities					
Liabilities to silent and limited partners	FLAC	17,501	43,747	15,834	43,269
Finance lease liabilities	IAS 17	2,945	4,192	2,976	4,406
Non-current financial liabilities					
Non-current borrowings					
Term loans	FLAC	3,080,035	3,262,795	3,217,250	3,480,510
Other non-current financial liabilities					
Finance lease liabilities	IAS 17	23,562	26,880	24,723	29,217
Provision of smartcards	FLAC	0	0	13	14

FLAC = Financial liabilities measured at amortized cost

3.6 TRADE PAYABLES

As of September 30, 2015 and March 31, 2015, trade payables totaled T€246,345 and T€292,980, respectively. This included liabilities to affiliated companies in the amount of T€28,035 (as of March 31, 2015: T€13,813). Those liabilities primarily comprised liabilities due to Vodafone Procurement Company S.a.r.l., Luxembourg, the centralized procurement company of Vodafone Group Plc, through which the KDH Group sources hardware, licenses and services. Additional liabilities were due to Vodafone GmbH, Dusseldorf, which were especially related to sales services and to a lesser extent to interconnection fees and telecommunication expenses, and to Vodafone Sales & Services Limited for license fees.

3.7 PROVISIONS (CURRENT AND NON-CURRENT)

in T€	Balance as of April 1, 2015	Utilization	Reversal	Addition	Interest affecting profit or loss	Interest adjustment with no income effect	Balance as of Sept. 30, 2015	thereof non-current
Pensions	118,860	(197)	0	4,667	843	(13,644)	110,529	110,529
Asset retirement / CPE obligations	47,202	(1,343)	(42)	1,223	342	(3,012)	44,370	43,120
Restructuring / Reorganization	11,582	(1,053)	(281)	0	0	0	10,248	0
Jubilee payments	241	0	0	0	0	0	241	241
Other	2,089	(458)	(67)	19	0	0	1,584	0
Total provisions	**179,974**	**(3,050)**	**(389)**	**5,909**	**1,185**	**(16,657)**	**166,972**	**153,889**

The underlying discount rate used to calculate the provisions for pensions was raised to 2.25% as of September 30, 2015 (as of March 31, 2015: 1.40%). This resulted in actuarial gains in the amount of T€13,644 in the six months ended September 30, 2015, which were recognized in other comprehensive income in equity.

The underlying discount rate used to calculate the provision for asset retirement obligations was raised to 2.16% as of September 30, 2015 (as of March 31, 2015: 1.53%). The interest adjustment of T€3,012 was recognized with no income effect through a parallel decrease in the corresponding fixed assets.

4 NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

4.1 REVENUES

Revenues were generated in Germany as follows:

in T€	Quarter ended September 30, 2015	Quarter ended September 30, 2014
TV Business revenues	293,757	293,502
Internet and Phone Business revenues	242,362	206,054
Total revenues	**536,119**	**499,556**

in T€	Six months ended September 30, 2015	Six months ended September 30, 2014
TV Business revenues	586,311	585,673
Internet and Phone Business revenues	475,822	405,011
Total revenues	**1,062,133**	**990,685**

4.2 TAXES ON INCOME

The income tax expenses for the quarters ended September 30, 2015 and September 30, 2014 break down as follows:

in T€	Quarter ended September 30, 2015	Quarter ended September 30, 2014
Consolidated statement of income		
Current income tax expense	34,320	31,248
Prior year income tax expense / (benefit)	136	(40)
Deferred income tax	3,301	2,976
Income tax expense reported in the consolidated statement of income	**37,757**	**34,184**

The income tax expenses for the six months ended September 30, 2015 and September 30, 2014 break down as follows:

in T€	Six months ended September 30, 2015	Six months ended September 30, 2014
Consolidated statement of income		
Current income tax expense	62,608	53,385
Prior year income tax expense / (benefit)	200	(33)
Deferred income tax	6,021	5,084
Income tax expense reported in the consolidated statement of income	**68,830**	**58,435**

Income Tax Receivables

Income tax receivables relate primarily to corporate income tax plus solidarity surcharge and trade tax for prior years prepaid by KDVS GmbH (operating under the name Vodafone Kabel Deutschland GmbH since September 2, 2015; "VFKD GmbH"), and amounted to T€404 and T€711 as of September 30, 2015 and March 31, 2015, respectively.

Income Tax Liabilities

Income tax liabilities of T€72,322 and T€86,166 as of September 30, 2015 and March 31, 2015, respectively, reported in the consolidated statement of financial position related to corporate income tax and trade tax.

5 OTHER NOTES

5.1 SEGMENT REPORTING

Segment information by business segment for the quarters ended September 30, 2015 and 2014 is as follows:

	TV Business		Internet and Phone Business		Headquarter Functions / Recon. to the Consolidated Financial Statements		Group Total	
in T€	July 1 - Sept. 30, 2015	July 1 - Sept. 30, 2014	July 1 - Sept. 30, 2015	July 1 - Sept. 30, 2014	July 1 - Sept. 30, 2015	July 1 - Sept. 30, 2014	July 1 - Sept. 30, 2015	July 1 - Sept. 30, 2014
Revenues	293,757	293,502	242,362	206,054	-	-	536,119	499,556
Other operating income	1,081	1,258	2,060	1,125	55	82	3,195	2,465
Costs and expenses	(195,328)	(188,252)	(167,964)	(149,238)	(33,687)	(35,761)	(396,978)	(373,250)
thereof depreciation / amortization	(52,799)	(50,955)	(58,622)	(51,555)	(8,186)	(9,256)	(119,607)	(111,766)
thereof share-based payment	(505)	(1,077)	(208)	(102)	(963)	(1,830)	(1,676)	(3,009)
Operating profit	99,511	106,509	76,458	57,941	(33,632)	(35,679)	142,337	128,770
EBITDA	152,310	157,464	135,080	109,496	(25,447)	(26,423)	261,943	240,536
Additions to fixed assets	56,271	54,680	87,690	114,812	12,639	10,080	156,601	179,573

Segment information by business segment for the six months ended September 30, 2015 and 2014 is as follows:

in T€	TV- Business April 1 - Sept. 30, 2015	TV- Business April 1 - Sept. 30, 2014	Internet and Phone Business April 1 - Sept. 30, 2015	Internet and Phone Business April 1 - Sept. 30, 2014	Headquarter Functions / Recon. to the Consolidated Financial Statements April 1 - Sept. 30, 2015	Headquarter Functions / Recon. to the Consolidated Financial Statements April 1 - Sept. 30, 2014	Group Total April 1 - Sept. 30, 2015	Group Total April 1 - Sept. 30, 2014
Revenues	586,311	585,673	475,822	405,011	-	-	1,062,133	990,685
Other operating income	2,149	2,926	3,782	2,088	109	136	6,040	5,149
Costs and expenses	(394,714)	(385,269)	(341,150)	(296,227)	(67,936)	(72,057)	(803,799)	(753,553)
thereof depreciation / amortization	(105,286)	(104,070)	(115,033)	(100,893)	(15,509)	(17,576)	(235,828)	(222,539)
thereof share-based payment	(942)	(1,187)	(348)	(75)	(2,978)	(3,453)	(4,267)	(4,715)
Operating profit	193,746	203,329	138,454	110,872	(67,827)	(71,921)	264,374	242,281
EBITDA	299,033	307,399	253,488	211,766	(52,318)	(54,345)	500,202	464,820
Additions to fixed assets	99,465	111,207	163,448	194,517	21,094	18,754	284,006	324,478

5.2 OTHER FINANCIAL OBLIGATIONS, CONTINGENT LIABILITIES AND CERTAIN LAWSUITS AND LEGAL PROCEEDINGS

Leasing and Rental Obligations

KDH has entered into several long-term service agreements with Deutsche Telekom AG ("DTAG"). These agreements include but are not limited to usage and access agreements for underground cable ducts, fiber optic cables, technical rooms and energy supply. The agreements primarily have fixed prices, either based on a monthly amount or unit price, and have a term of up to 30 years. However, KDH may terminate these agreements with a notice period of 12 to 24 months.

The financial obligations as of September 30, 2015 and March 31, 2015 include the obligations arising up until the earliest possible date at which KDH may terminate the agreements. There are uncertainties about the timing and amount with regard to the probability of utilization of the financial obligations quantified as follows:

Type of obligation in T€	September 30, 2015 due less than 1 year	September 30, 2015 due between 1 and 5 years	September 30, 2015 due more than 5 years	September 30, 2015 Total	March 31, 2015 due less than 1 year	March 31, 2015 due between 1 and 5 years	March 31, 2015 due more than 5 years	March 31, 2015 Total
1. Agreements with DTAG and subsidiaries	192,669	58,001	293	250,963	210,909	117,256	514	328,678
2. License, rental and operating lease commitments	82,801	124,794	21,861	229,457	71,631	141,631	25,276	238,539
3. Other	39,529	6,871	1,765	48,165	41,152	14,477	1,645	57,274
Total	**314,999**	**189,665**	**23,920**	**528,585**	**323,692**	**273,365**	**27,435**	**624,492**

Lease payments for cable ducts leased from DTAG for the quarter ended September 30, 2015 were T€25,914, compared with T€25,937 in the prior year quarter. For the six months ended September 30, 2015 and 2014, lease payments for cable ducts were T€51,867 and T€51,835, respectively. While the Group has the legal right to cancel the agreements for the lease of the cable ducts with a notice period of 12 to 24 months, the technological requirements to replace leased capacity represent economic costs, the extent of which makes renewal of the leases for a certain period of time advantageous with reasonable certainty. This results in an anticipated lease term, in consideration of all contractual renewal periods, until March 31, 2033. After this date, the lease can be canceled by DTAG. Taking into account the advantageous lease renewals, financial obligations related to the leasing of cable ducts amounted to T€1,342,446 and T€1,394,079 as of September 30, 2015 and March 31, 2015, respectively.

In the quarter ended September 30, 2015, KDH's total leasing expenses amounted to T€53,309, compared with T€45,919 in the quarter ended September 30, 2014. Total leasing expenses for the six months ended September 30, 2015 and 2014 were T€118,455 and T€108,107, respectively. These amounts include the majority of the expenses related to the SLAs with both DTAG and third parties.

Included in other obligations are obligations related to the purchase of property and equipment.

Contingent Liabilities and Certain Lawsuits and Legal Proceedings

In the course of its business, KDH is regularly confronted with court and out-of-court proceedings, the outcome of which is generally dependent on an uncertain future event and can therefore not be predicted with any degree of certainty. Apart from a number of individual cases with only insignificant effects, as of September 30, 2015, the Company assessed and accounted for potential risks associated with the following material issues. Unless stated otherwise, the recognition of litigation risks did not have an effect on the financial statements:

Arbitration proceedings between KDVS GmbH (operating under the company name Vodafone Kabel Deutschland GmbH since September 2, 2015; "VFKD GmbH") and GEMA are pending before the board of arbitration responsible for copyright law to determine if and potentially to what extent VFKD GmbH will have to pay copyright fees for the Pay-TV packages it markets. The parties are currently negotiating a settlement and, at the request of the board of arbitration, have agreed to suspend the proceedings.

Under applicable German copyright law, VFKD GmbH is jointly and severally liable with foreign DVR suppliers to pay copyright fees if VFKD GmbH is deemed an importer of the devices in accordance with Section 54b of the German Act on Copyright and Related Rights (Urheberrechtsgesetz – "UrhG"). Against this backdrop, VFKD GmbH has also agreed with the suppliers that the suppliers will bear the costs of any such copyright fees; therefore, VFKD GmbH does not expect any expenses in this regard.

Pepcom Süd GmbH, the controlling shareholder of Kabelfernsehen München Servicenter Gesellschaft mit beschränkter Haftung – Beteiligungsgesellschaft ("KMS GmbH") and the limited partner of KMS KG, has expanded pending litigation proceedings against VFKD GmbH, which is a minority shareholder of KMS GmbH and a limited partner of KMS KG, in November 2009, claiming to exclude VFKD GmbH as the shareholder and limited partner of KMS GmbH and KMS KG, respectively. By judgment dated October 15, 2012, the District Court of Munich I ruled in favor of these claims and excluded VFKD GmbH. VFKD GmbH and the plaintiff have both filed an appeal against this ruling. In April 2015, the court of appeal ruled in favor of VFKD GmbH. The decision is not yet legally binding. Currently, VFKD GmbH is still a shareholder of KMS GmbH and a limited partner of KMS KG.

In June 2012, the public service broadcasting authorities incorporated within ARD, ZDF, ARTE and Deutschlandradio terminated the contracts for carriage fees with the major German cable network operators, including VFKD GmbH, with effect from December 31, 2012. In response to the termination of contracts for carriage fees, VFKD GmbH has filed several lawsuits against the public broadcasters. Several judgments of the courts of first instance and three judgments of the court of appeals were handed down, dismissing the claims. VFKD GmbH has appealed the decisions of the courts of first instance and has called for a review of the appellate decisions and filed a complaint against the denial of leave to appeal, as it still presumes its claim for the carriage fees is legally valid. In its ruling of June 16, 2015, the German Federal Court of Justice (Bundesgerichtshof - "BGH") reversed the judgments of the court of appeals and sent the case back to the appellate court for new hearings and a decision. The BGH also accepted VFKD GmbH´s complaint against the denial of leave to appeal against the decision of the Higher District Court of Dusseldorf. No further decisions have been made in these proceedings. In October 2014, VFKD GmbH initiated administrative proceedings with the Bavarian regulatory authority for commercial broadcasting ("BLM"), on the issue of the permissibility, under media law of removing must-carry channels without a feed-in agreement in the specific case of the ARD-alpha channel in Bavaria. In January 2015, BLM granted VFKD GmbH a certificate of nonobjection regarding the removal. Bayerischer Rundfunk initiated preliminary injunction proceedings against this in the Administrative Court ("AC") of Munich. The AC of Munich issued the requested order in its ruling of July 30, 2015, using an immediately enforceable order to obligate BLM to provisionally order VFKD GmbH to perform analog feed-in of the ARD-alpha channel during the proceedings for the main action. VFKD GmbH was summoned to these proceedings. Both BLM and VFKD GmbH have filed an appeal against the decision of the AC of Munich with the High Administrative Court of Bavaria ("BayVGH"). The BayVGH has not reached a decision on the appeal yet. VFKD GmbH has filed a lawsuit against the BLM provisional feed-in order. At the same time, respective main proceedings are pending.

VFKD GmbH filed a lawsuit against Telekom Deutschland GmbH ("Telekom") in the District Court of Frankfurt in April 2012. It originally claimed to obtain (i.) a reduction of the annual fee payable to Telekom for the co-use of cable ducts, and (ii.) a refund of fees paid in the past plus accrued interest. The lawsuit is based upon the alleged abuse of a dominant position by Telekom by charging excessive prices. The District Court of Frankfurt dismissed the lawsuit in August 2013. VFKD GmbH believes that the reasoning behind the decision is incorrect and has appealed. In December 2014, the Higher District Court of Frankfurt denied the appeal and did not permit an appeal on issues of law. VFKD GmbH filed a complaint with the BGH against the denial of leave to appeal, and this has now been substantiated. A decision is not expected before the end of 2015.

VFKD GmbH filed a lawsuit regarding fulfillment of contract against Telekom in the District Court of Munich in April 2012. Its legal position is that Telekom is contractually obligated to build and operate certain regional backbones for VFKD GmbH such that an availability of 99.99% is assured and that the fixed data connections coming from or ending at each site will be integrated into two independently running fiber optic lines – i.e. in two separate lines, but not in the same cable ducts. VFKD GmbH has now withdrawn the lawsuit before the District Court of Munich due to an out-of-court settlement that also clarified a number of other issues.

A supplier contractually connected with VFKD GmbH via a so-called Purchase Framework Agreement insists on acceptance of Wi-Fi eMTAs and damages, and has threatened the immediate filing of action for damages before the arbitration court if VFKD GmbH shows no willingness to reach an out-of-court settlement. Exploratory talks were conducted but were unsuccessful. VFKD GmbH reached an agreement with the supplier during arbitration proceedings for payment against settlement of all of the claims in dispute. The required damages were recognized in full as a liability.

The shareholder Cornwall 2 GmbH & Co. KG applied to the District Court of Munich I for the appointment of the special auditors rejected by resolutions of the extraordinary general meeting on March 20, 2015.

To the extent necessary, a provision for the legal costs for the aforementioned ligitation and arbitration proceedings was recognized and amounted to T€1,062 as of September 30, 2015.

5.3 SHARE-BASED PAYMENT PROGRAMS

In addition to the tranches granted during the years 2012 and 2013 from the virtual performance share program LTIP I, as of September 30, 2015, KDH also had conditional share awards in place that had been granted on November 14, 2014 as well as on June 26, 2015 from Vodafone Group´s Global Long-Term Retention Plan ("GLTR"). Additionally, conditional share awards from Vodafone Group´s Global Long-Term Incentive Plan ("GLTI") have been granted on June 26, 2015. The tranche from the LTIP I virtual performance share program granted in 2011 was fully vested as of March 31, 2015 and was then completed on schedule at the beginning of the fiscal year ending March 31, 2016.

Please see section 5.5 of the Notes to the consolidated financial statements of KDH AG as of March 31, 2015 for the conditions and other information on the LTIP and the GLTR. Changes to the LTIP and the GLTR in the period ended since April 1, 2015 as well as conditions and other information regarding the GLTI are presented below:

Long-Term Incentive Plan ("LTIP")

The virtual performance shares ("LTIP I") related to the second annual grant as of April 1, 2011 were fully vested as of the end of March 31, 2015 after the end of the four-year vesting period. In accordance with the contractual provisions of the LTIP I, the current liabilities of T€18,569 existing in connection with these virtual performance shares were cash settled at the beginning of the fiscal year ending March 31, 2016. The number of virtual performance shares outstanding declined by 76,927.

A total of 1,442 virtual performance shares granted but not yet vested were forfeited in the six months ended September 30, 2015 due to the expiring service agreements of employees. The forfeit of these virtual performance shares led to a reduction of T€113 in the total liability for virtual performance shares under the LTIP. The settlement of the vested virtual performance shares will not take place until expiry of the vesting period.

Annual Grant	LTIP I Virtual Performance Shares (Management Board and Senior Management) Number of Virtual Performance Shares Sept. 30, 2015	Grant Date	Grant Price €	Total Value at Grant Date T€
Virtual Performance Shares First Grant (2010)				
granted	192,500	April 1, 2010	22.00	4,235
settled	(147,646)	April 1, 2010	22.00	(3,248)
forfeited	(19,235)	April 1, 2010	22.00	(423)
reduction by limitation [1]	(25,619)	April 1, 2010	22.00	(564)
Total	0			0
Virtual Performance Shares Second Grant (2011)				
granted	108,251	April 1, 2011	37.77	4,089
settled	(91,320)	April 1, 2011	37.77	(3,706)
forfeited	(13,941)	April 1, 2011	37.77	(527)
additionally granted	24,994	April 1, 2011 [2]	48.06	1,201
reduction by limitation [1]	(27,984)	April 1, 2011	37.77	(1,057)
Total	0			0
Virtual Performance Shares Third Grant (2012)				
granted	106,848	April 1, 2012	45.12	4,821
settled	(6,799)	April 1, 2012	45.12	(307)
forfeited	(13,362)	April 1, 2012	45.12	(603)
Total	86,687			3,911
Virtual Performance Shares Fourth Grant (2013)				
granted	24,560	April 1, 2013	68.75	1,689
settled	(1,916)	April 1, 2013	68.75	(132)
forfeited	(7,147)	April 1, 2013	68.75	(491)
Total	15,497			1,065
Total Virtual Performance Shares	**102,184**	-	-	**4,977**

1) In the event of unusual developments, the Supervisory Board may limit the number of virtual performance shares subject to payout. Speculations in relation to the takeover by Vodafone are such an unusual development in relation to the KDH AG share price; therefore, the Supervisory Board has made use of this possibility.

2) Of the 133,245 virtual performance shares granted in fiscal year 2011/12, 24,994 were granted in the third and fourth quarter of the fiscal year ended March 31, 2012 retroactively as of April 1, 2011. The grant price was also retroactively fixed at €37.77. The fair value at grant date per each virtual performance share was €48.06.

For the quarter and the six months ended September 30, 2015, KDH recognized total personnel expenses of T€1,094 and T€3,311, respectively, and for the quarter and the six months ended September 30, 2014, amounts of T€3,009 and T€4,715, respectively. These personnel expenses resulted primarily from the respective vesting and to a small extent from an increase in the number of virtual performance shares to be allotted as a result of the shift in the relationship between the performance of the MDAX and KDH AG shares.

The total liability from virtual performance shares issued under LTIP I reported in the consolidated statement of financial position amounted to T€15,783 and T€31,041 as of September 30, 2015 and March 31, 2015, respectively. As of September 30, 2015, T€13,954 of this total liability (as of March 31, 2015: T€19,310) was reported under other current liabilities, as the virtual performance shares issued under the third grant (2012) can become due for cash settlement under certain conditions on April 1, 2016, and T€1,829 (as of March 31, 2015: T€11,731) was reported under other non-current liabilities.

Global Long-Term Retention Plan (“GLTR”) and Global Long-Term Incentive Plan (“GLTI”)

With effect from November 14, 2014, KDH introduced a new long-term, performance-based variable compensation component based on the GLTR of the Vodafone Group. Based on this component, members of the Management Board and selected members of senior management of KDH AG and its subsidiaries were allotted conditional share awards both by entities of KDH and by Vodafone GmbH.

With effect from June 26, 2015, KDH entities additionally granted conditional share awards from Vodafone Group´s GLTI to members of the KDH AG Management Board for the first time. Settlement takes place in the form of Vodafone Group Plc shares following a vesting period of 36 months and subject to attainment of a free cash flow based performance condition. Subject to the attainment of predefined target values for the cumulative free cash flow, between 0% and 200% of the conditional share awards granted are allotted. In the context of the settlement, additional Vodafone Group Plc shares are also allotted for the settlement of dividend rights incurred during the vesting period.

In analogy to the GLTR compensation component, KDH also applies IFRS 2 “Share-Based Payment” to the GLTI compensation component. Based on the characteristics of the newly introduced GLTI component and on the regulations of IFRS 2 regarding share-based payments among group entities, KDH considers the conditional share awards granted solely by KDH entities under the GLTI plan to be cash settled transactions.

Conditional share awards granted by KDH entities

Members of the KDH AG Management Board were allotted 298,821 conditional share awards under the GLTR plan by KDH, with a grant price of British Pound (“GB£”) 2.26 per conditional share award. As of the grant date, the total value was therefore T€850. Additionally, members of senior management were allotted 333,562 conditional share awards by KDH. At the same grant price of GB£2.26 per conditional share award, the total value of these conditional share awards was T€949. The grant date for all these conditional share awards issued under the GLTR plan was November 14, 2014.

In addition, members of the KDH AG Management Board were allotted 84,335 conditional share awards under the GLTR plan as well as 168,670 conditional share awards under the GLTI plan as of grant date June 26, 2015 by KDH, with a grant price of GB£2.39 per conditional share award. As of the grant date, the total value was therefore T€850. As well, members of senior management were allotted 567,442 conditional share awards under the GLTR plan by KDH. At the same grant price of GB£2.39 per conditional share award, the total value of these conditional share awards was T€1,908.

The total of 1,452,826 conditional share awards granted remains outstanding as of September 30, 2015.

For the quarter and the six months ended September 30, 2015, KDH recognized – primarily on the basis of vesting - total personnel expenses of T€333 and T€550 (prior year periods: €0) as a result of the conditional share awards granted by KDH entities under the GTLR plan. The total liability from the conditional share awards recognized in the consolidated statement of financial position as of September 30, 2015 was T€810 (as of March 31, 2015: T€260) and was reported under other non-current liabilities.

Conditional share awards granted by Vodafone GmbH

In addition, under the GLTR plan, members of the senior management of KDH were allotted 483,993 conditional share awards by Vodafone GmbH, with a grant price of GB£2.26 per each conditional share award. Consequently, as of the grant date, the total value was T€1,377. The grant date for these conditional share awards issued under the GLTR plan was also November 14, 2014.

In addition, members of the senior management of KDH were allotted 452,222 conditional share awards under the GLTR plan as of grant date June 26, 2015, with a grant price of GB£2.39 per conditional share award. As of the grant date, the total value was therefore T€1,520.

The total of 936,215 conditional share awards granted remains outstanding as of September 30, 2015.

For the quarter and the six months ended September 30, 2015, KDH recognized, primarily on the basis of respective vesting, total personnel expenses of T€248 and T€406 (prior year periods: €0) and a corresponding increase in the capital reserve as a result of the conditional share awards granted by Vodafone GmbH under the GTLR plan.

Grant	Conditional Share Awards GLTR and GLTI (Management Board und Senior Management)			
	Number of Conditional Share Awards Sept. 30, 2015	Grant Date	Grant Price GB£	Total Value at Grant Date T€
Conditional share awards granted by KDH entities				
GLTR				
granted	632,383	November 14, 2014	2.26	1,799
Total	632,383			1,799
GLTR				
granted	651,777	June 26, 2015	2.39	2,191
Total	651,777			2,191
GLTI				
granted	168,670	June 26, 2015	2.39	567
Total	168,670			567
Conditional share awards granted by Vodafone GmbH				
GLTR				
granted	483,993	November 14, 2014	2.26	1,377
Total	483,993			1,377
GLTR				
granted	452,222	June 26, 2015	2.39	1,520
Total	452,222			1,520

Total amounts related to all share-based payment programs

Total other current liabilities related to all share-based payment programs amounted to T€13,954 (as of March 31, 2015: T€19,310), total other non-current liabilities amounted to T€2,639 (as of March 31, 2015: T€11,991). The capital reserve as of September 30, 2015 totaled T€611 and T€204 as of March 31, 2015.

5.4 SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

The Chief Marketing Officer and member of the Management Board of Kabel Deutschland Holding AG, Erik Adams, has decided to leave the Company on October 31, 2015.

On October 1, 2015, the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) published its resolution from the same day to revoke the admission of the shares of the Company to trading as applied for by the Company (so-called delisting). According to the resolution the revocation will become effective at the end of April 1, 2016. Prior to this, the Company had published on September 3, 2015, that the Management Board, on the same day, had received an instruction of the controlling company, Vodafone Vierte Verwaltungs AG, to file an application for the so-called delisting.

Unterfoehring, October 27, 2015

Kabel Deutschland Holding AG

Dr. Manuel Cubero del Castillo-Olivares Chief Executive Officer	Erik Adams Chief Marketing Officer
Gerhard Mack Chief Operating Officer	Dr. Andreas Siemen Chief Financial Officer

	Analysis of Fixed Assets for the Period from April 1, 2015 to September 30, 2015													
	Acquisition and production costs						Accumulated depreciation and amortization						Net book values	
in T€	April 1, 2015	Acquisitions	Additions	Disposals	Reclassifications	September 30, 2015	April 1, 2015	Additions	Disposals	Reclassifications	Change in equity investments in associates	September 30, 2015	September 30, 2015	March 31, 2015
I. Intangible assets														
1. Software and licences and other contractual and legal rights	765,132	0	51,142	5,006	6,246	817,514	432,408	43,500	4,744	0	0	471,163	346,350	332,724
2. Internally generated software	70,760	0	2,482	0	3,019	76,261	40,257	4,302	0	0	0	44,560	31,701	30,502
3. Customer list	206,236	53	0	9,291	0	196,999	165,687	12,004	9,291	0	0	168,400	28,599	40,549
4. Goodwill	287,274	0	0	0	0	287,274	0	0	0	0	0	0	287,274	287,274
5. Intangible assets under development and prepayments	27,171	0	19,401	0	(9,265)	37,307	0	0	0	0	0	0	37,307	27,171
	1,356,572	53	73,025	14,297	0	1,415,354	638,352	59,805	14,035	0	0	684,123	731,231	718,220
II. Property and equipment														
1. Buildings on non-owned land	75,017	0	2,068	469	3,734	80,350	33,007	5,831	291	(1)	0	38,546	41,804	42,010
2. Technical equipment	3,770,078	54	143,741	29,859	72,133	3,956,146	2,405,644	162,730	26,711	(6)	0	2,541,657	1,414,489	1,364,435
3. Other equipment, furniture and fixtures	134,220	0	7,478	4,052	808	138,454	95,130	7,461	4,031	6	0	98,567	39,887	39,090
4. Construction in progress	248,760	0	57,587	0	(76,675)	229,672	0	0	0	0	0	0	229,672	248,760
	4,228,075	54	210,874	34,379	0	4,404,623	2,533,781	176,023	31,033	0	0	2,678,770	1,725,853	1,694,294
III. Financial assets														
Equity investments in associates	1,801	0	0	0	0	1,801	(11,658)	0	0	0	(1,811)	(13,469)	15,270	13,459
	1,801	0	0	0	0	1,801	(11,658)	0	0	0	(1,811)	(13,469)	15,270	13,459
	5,586,448	**107**	**283,899**	**48,676**	**0**	**5,821,778**	**3,160,475**	**235,828**	**45,068**	**0**	**(1,811)**	**3,349,424**	**2,472,354**	**2,425,973**

in T€	Analysis of Fixed Assets for the Period from April 1, 2014 to September 30, 2014													
	Acquisition and production costs						Accumulated depreciation and amortization						Net book values	
	April 1, 2014	Acquisitions	Additions	Disposals	Reclassifications	September 30, 2014	April 1, 2014	Additions	Disposals	Reclassifications	Change in equity investments in associates	September 30, 2014	September 30, 2014	March 31, 2014
I. Intangible assets														
1. Software and licences and other contractual and legal rights	647,202	0	46,039	401	7,628	700,468	378,572	38,161	401	0	0	416,332	284,136	268,630
2. Internally generated software	55,445	0	1,646	0	3,515	60,606	34,714	4,617	0	0	0	39,331	21,276	20,731
3. Customer list	263,775	604	5	4,204	0	260,179	193,848	17,406	4,204	0	0	207,049	53,130	69,927
4. Goodwill	287,274	0	0	0	0	287,274	0	0	0	0	0	0	287,274	287,274
5. Intangible assets under development and prepayments	19,113	0	18,563	0	(11,143)	26,532	0	0	0	0	0	0	26,532	19,113
	1,272,808	604	66,253	4,605	0	1,335,059	607,133	60,183	4,605	0	0	662,712	672,347	665,674
II. Property and equipment														
1. Buildings on non-owned land	57,902	0	2,720	197	3,154	63,578	24,911	4,027	197	(7)	0	28,734	34,843	32,990
2. Technical equipment	3,399,034	211	147,198	34,278	38,580	3,550,745	2,158,705	151,919	29,930	21	0	2,280,715	1,270,030	1,240,329
3. Other equipment, furniture and fixtures	120,903	0	7,252	1,863	874	127,166	85,139	6,410	1,841	(15)	0	89,694	37,472	35,764
4. Construction in progress	147,257	0	100,241	0	(42,608)	204,890	0	0	0	0	0	0	204,890	147,257
	3,725,096	211	257,411	36,338	0	3,946,379	2,268,756	162,356	31,969	0	0	2,399,143	1,547,236	1,456,340
III. Financial assets														
Equity investments in associates	1,801	0	0	0	0	1,801	(8,492)	0	0	0	(1,656)	(10,149)	11,950	10,293
	1,801	0	0	0	0	1,801	(8,492)	0	0	0	(1,656)	(10,149)	11,950	10,293
	4,999,704	**815**	**323,663**	**40,943**	**0**	**5,283,239**	**2,867,396**	**222,539**	**36,573**	**0**	**(1,656)**	**3,051,706**	**2,231,533**	**2,132,308**

KABEL DEUTSCHLAND HOLDING AG, UNTERFOEHRING RESPONSIBILITY STATEMENT

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

Unterfoehring, October 27, 2015

Dr. Manuel Cubero del Castillo-Olivares
Chief Executive Officer

Erik Adams
Chief Marketing Officer

Gerhard Mack
Chief Operating Officer

Dr. Andreas Siemen
Chief Financial Officer