Kabel Deutschland Holding AG
Unterfoehring

Quarterly Financial Report
Pursuant to Section 37x para. 3 WpHG

for the Quarter and the Nine Months
Ended December 31, 2015

Kabel Deutschland
Ein Vodafone Unternehmen.

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This is a translation of the German "Quartalsfinanzbericht gemäß § 37x Abs. 3 WpHG der Kabel Deutschland Holding AG für das Quartal und die neun Monate zum 31. Dezember 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 NINE MONTHS ENDED DECEMBER 31, 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 December 31, 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 principally 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 Plc issued a comfort letter to Vodafone with respect to the DPLTA in December 2013. Furthermore, a consolidated income tax group 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, various business relationships 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 in full via Vodafone Investments Luxembourg S.à r.l. ("Vodafone Investments") and since August 3, 2015 via Vodafone GmbH, Dusseldorf (see also our comments in section 4.5 and in section 3.5 of the Notes to the condensed consolidated interim financial statements of KDH AG as of December 31, 2015).

1.3 RESTRUCTURING

As part of the continued organizational integration of our Group into the Vodafone Group, further measures have been planned which are mainly to be implemented during the course of the fiscal year ending March 31, 2017. This includes the creation of a new, structurally interlinked and integrated organization in several large business areas in order to achieve our growth and synergy goals as an integrated telecommunications provider. The focus is on network & IT, consumer sales, commercial operations and finance. A restructuring provision in the amount of T€14,886 has therefore been recognized in the quarter ended December 31, 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 22 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 "TV Vielfalt HD" includes 19 HD programs. The additional optional "Vielfalt HD Extra" package includes a further 20 programs, of which seven are in HD. For our subscribers speaking foreign languages we offer "TV International", which consists of 32 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") "SELECT VIDEO" offering is available in numerous cities and regions, including Berlin, Dresden, Hamburg, Mainz and Munich, to approximately 7.1 million connected 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 December 31, 2015.

In the nine months ended December 31, 2015, our TV Business generated revenues of T€883,073 or 54.8% of our total revenues (prior year period: T€880,706 or 58.6%).

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 December 31, 2015, 97.9% 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 93.6% in the quarter ended December 31, 2015, compared to 91.6% in the quarter ended December 31, 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 around 9.4 million homes. As of December 31, 2015, we had capacity to serve approximately 99.7%, or almost all of the upgraded homes passed, with DOCSIS 3.0 products.

In the nine months ended December 31, 2015, our Internet and Phone Business generated revenues of T€727,323 or 45.2% of our total revenues (prior year period: T€623,345 or 41.4%).

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 following the takeover by Vodafone. Since May 2014, we have been offering our customers the joint "Zuhause Plus" brand 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 could be purchased in one package. In September 2015, the brand presence was unified with Vodafone under "One Brand". Since November 2015, the second generation of convergent product packages, "Red One", developed jointly with Vodafone GmbH, has been available.

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	December 31, 2015	December 31, 2014
Operational data		
Network		
Homes passed	15,297	15,269
Homes passed upgraded for two-way communication	14,842	14,530
Upgraded homes as % of homes passed	*97.0%*	*95.2%*
DOCSIS 3.0 availability as % of homes passed upgraded for two-way communication	*99.7%*	*98.3%*
Homes upgraded for two-way communication being marketed[1)]	12,240	11,987
Subscribers		
Direct Basic Cable subscribers	7,100	7,114
Internet and Phone "Solo" subscribers[2)]	658	541
Total direct subscribers	**7,758**	**7,655**
Indirect Basic Cable subscribers	605	690
Total unique subscribers (homes connected)	**8,363**	**8,345**
Thereof Internet and Phone subscribers	2,982	2,579
RGUs		
Base Business Basic Cable[3)]	8,021	8,176
Premium-TV[4)]	2,648	2,480
Internet	2,924	2,505
Phone	2,842	2,428
Total Growth Business	**8,413**	**7,412**
Total RGUs	**16,434**	**15,589**
RGUs per subscriber (in units)	**1.97**	**1.87**
Market penetration		
Premium-TV RGUs as % of Basic Cable subscribers	*34.4%*	*31.8%*
Internet RGUs as % of total subscribers	*35.0%*	*30.0%*
Phone RGUs as % of total subscribers	*34.0%*	*29.1%*

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 December 31, 2015 by 253 thousand or 2.1% to 12,240 thousand compared to the prior year number of 11,987 thousand.

The number of direct subscribers increased year on year by 103 thousand to 7,758 thousand as of December 31, 2015.

Total unique subscribers increased slightly by 18 thousand to 8,363 thousand as of December 31, 2015, from 8,345 thousand as of December 31, 2014. Once again there was a decrease of 85 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 117 thousand.

Each service that a Basic Cable subscriber receives counts as one RGU. As of December 31, 2015, we had 8,021 thousand Basic Cable RGUs, compared to 8,176 thousand as of December 31, 2014. The decrease is, among other factors, attributable to the above-mentioned net loss of 85 thousand indirect subscribers. The number of households receiving Basic Cable services via landlords or housing associations as well as digital access (Kabel Digital) directly from us also declined. These households count as two RGUs in our statistics.

As of December 31, 2015, we had 1,648 thousand Premium-TV subscribers and correspondingly 2,648 thousand Premium-TV RGUs. Compared to the 2,480 thousand Premium-TV RGUs as of December 31, 2014, this represents an increase of 168 thousand or 6.8%. 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. Privat HD is not counted as a RGU.

Internet RGUs increased by 419 thousand or 16.7% to 2,924 thousand as of December 31, 2015 from 2,505 thousand as of December 31, 2014. The number of Phone RGUs increased by 414 thousand or 17.1% to 2,842 thousand as of December 31, 2015 from 2,428 thousand as of December 31, 2014.

A growing number of our subscribers purchase more than one of our service offerings, such as Basic Cable, Premium-TV or Internet and Phone products. As of December 31, 2015, we recorded 1.97 RGUs per subscriber compared to 1.87 RGUs per subscriber as of December 31, 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		Nine months ended	
in € / month	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Total blended TV ARPU per subscriber[1]	11.25	11.09	11.23	11.04
Total blended Internet and Phone ARPU per subscriber[2]	27.19	26.94	27.00	27.01
Total blended ARPU per subscriber[3]	**19.93**	**18.52**	**19.59**	**18.18**

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 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 nine months ended December 31, 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.

Blended ARPU per subscriber in the TV Business segment also improved in the quarter and the nine months ended December 31, 2015. This was primarily attributable to a growing number of subscribers procuring more than one TV Business product and to a decrease in indirect subscribers, who generate a very low ARPU.

Blended ARPU per subscriber in the Internet and Phone Business segment increased slightly compared to the prior year quarter. The declining variable share of phone usage was more than offset by an increase in the fixed share of the ARPU. By contrast, blended ARPU per subscriber remained virtually unchanged in the nine months ended December 31, 2015. The decline in variable phone usage was compensated for by a greater number of customer premise equipment ("CPE") rentals and an improved product mix towards higher download speeds.

We continue to focus on increasing ARPU per subscriber, particularly by increasing RGUs per subscriber. In the nine months ended December 31, 2015, total blended ARPU per subscriber improved by €1.41 or 7.8% to €19.59, compared to €18.18 in the nine months ended December 31, 2014.

4 COMPARISON OF RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

4.1 REVENUES

Our business is divided into two operating segments: (i) the TV Business segment, which accounted for 54.8%, and (ii) the Internet and Phone Business segment, which accounted for 45.2% of our total revenues in the nine months ended December 31, 2015.

The following table gives an overview of our revenues in the nine months ended December 31, 2015 compared to the nine months ended December 31, 2014.

	Nine months ended	
in T€, except as noted	December 31, 2015	December 31, 2014
TV Business revenues	883,073	880,706
Internet and Phone Business revenues	727,323	623,345
Total revenues	**1,610,396**	**1,504,051**
Blended ARPU per subscriber (in € / month) [1)]	19.59	18.18

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 nine months ended December 31, 2015 increased by 7.1% compared to the prior year period. This is the result of the continued strong growth in the Internet and Phone Business, where particularly products based on the DOCSIS 3.0 technology standard 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 mainly 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.

	Nine months ended	
in T€, except as noted	December 31, 2015	December 31, 2014
Subscription fees	780,860	779,643
Carriage fees and other revenues	102,213	101,064
TV Business revenues	**883,073**	**880,706**
Blended ARPU per subscriber (in € / month) [1)]	11.23	11.04

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 nine months ended December 31, 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 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 rose slightly.

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.

	Nine months ended	
in T€, except as noted	December 31, 2015	December 31, 2014
Recurring fees	691,587	586,142
Installation fees and other non-recurring revenues	35,735	37,203
Internet and Phone Business revenues	**727,323**	**623,345**
Blended ARPU per subscriber (in € / month) [1]	27.00	27.01

[1] Total blended Internet and Phone ARPU per subscriber is calculated by dividing 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 nine months ended December 31, 2015, revenues for the Internet and Phone Business increased as a result of the rise in recurring fees. This continuous strong growth was particularly due to the increase in the number of our Internet and Phone subscribers. Non-recurring revenues fell, on the other hand, primarily in the quarter ended December 31, 2015, due to an increase in incentives offered and a somewhat slower growth in new subscribers compared to the previous year.

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:

	Nine months ended	
in T€, except as noted	December 31, 2015	December 31, 2014
Cost of services rendered	744,268	691,025
Selling expenses	391,614	345,115
General and administrative expenses	103,232	97,137
Costs and expenses	**1,239,114**	**1,133,277**
Thereof:		
Depreciation and amortization	357,041	323,484
Expenses related to restructuring	14,605	0
Expenses related to share-based payment programs [1]	5,373	6,266
Expenses related to changes in norms	0	30
Expenses / (income) related to restructuring of the network infrastructure	0	(2,666)
Total expenses from non-cash depreciation and amortization and non-operating costs	**377,019**	**327,113**
Operating costs and expenses [2]	**862,095**	**806,164**
Monthly operating costs and expenses per average RGU in € [2]	5.95	5.87

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 for the first time granted to members of the Management Board conditional share awards based on the Global Long-Term Incentive Plan ("GLTI") of the Vodafone Group.
Please also refer to our explanations on the LTIP, GLTR and GLTI in section 5.3 of the Notes to the condensed consolidated interim financial statements of KDH AG as of December 31, 2015.

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

In the nine months ended December 31, 2015, costs and expenses increased by T€105,837 or 9.3% to T€1,239,114 (prior year period: T€1,133,277). Operating costs and expenses contained therein rose by T€55,931 or 6.9%, while other costs and expenses increased by T€49,906 or 15.3%.

The rise in operating costs and expenses was largely attributable to increased sales-related expenses and in part to higher expenses in connection with our network and to higher personnel expenses adjusted for expenses related to restructuring and share-based payment programs.

The increase in other costs and expenses was primarily due to an increase in depreciation and amortization which mainly resulted from the significant investments in network infrastructure. In addition, expenses related to restructuring were incurred in the nine months ended December 31, 2015, while income from the reversal of provisions for restructuring of the network infrastructure was recognized in the prior year period.

4.2.1 Cost of Services Rendered

The cost of services rendered for the nine months ended December 31, 2015, and 2014 were as follows:

	Nine months ended	
in T€	December 31, 2015	December 31, 2014
Cost of materials and services	**370,695**	**355,148**
Thereof:		
Service Level Agreements ("SLAs") renting and leasing DTAG	125,837	125,020
Thereof cable ducts	77,770	77,749
Content costs	78,476	75,608
Connectivity and other network costs	48,626	41,318
Maintenance and repair	31,715	30,124
Interconnection expenses	20,435	22,487
Other expenses	65,606	63,258
Expenses / (income) related to restructuring of the network infrastructure	0	(2,666)
Personnel expenses	**43,222**	**31,788**
Thereof:		
Expenses related to restructuring	7,258	0
Expenses related to share-based payment programs 1)	238	565
Depreciation and amortization	**270,645**	**245,929**
Other costs and expenses	**59,704**	**58,160**
Thereof:		
Expenses related to restructuring	240	0
Cost of services rendered	**744,268**	**691,025**

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 for the first time granted to members of the Management Board conditional share awards based on the GLTI of the Vodafone Group.
Please also refer to our explanations on the LTIP, GLTR and GLTI in section 5.3 of the Notes to the condensed consolidated interim financial statements of KDH AG as of December 31, 2015.

In the nine months ended December 31, 2015, cost of services rendered increased by T€53,243 or 7.7% to T€744,268 compared to T€691,025 in the nine months ended December 31, 2014.

The increase was mainly attributable to higher depreciation and amortization, which resulted to a significant extent from investments in network upgrades. Connectivity and other network costs also increased due to expansion of our network infrastructure. In addition, the technical restructuring provision of T€2,666 was reversed through profit or loss in the prior year period. By contrast, interconnection expenses declined as a result of falling prices per minute in the telecommunications area, leading to a comparable decrease in interconnection revenues.

The increase in personnel expenses was primarily due to expenses related to restructuring arising from the ongoing organizational integration into the Vodafone Group. Adjusted personnel expenses also rose due to additional recruitments in the technical areas.

Cost of services rendered rose slightly as a percentage of our total revenues to 46.2% in the nine months ended December 31, 2015 (prior year period: 45.9%).

4.2.2 Selling Expenses

For the nine months ended December 31, 2015, and 2014 selling expenses were as follows:

	Nine months ended	
in T€	December 31, 2015	December 31, 2014
Cost of materials and services	**20,171**	**20,076**
Personnel expenses	**105,626**	**97,433**
Thereof:		
Expenses related to restructuring	2,202	0
Expenses related to share-based payment programs [1]	1,825	1,468
Depreciation and amortization	**66,637**	**62,561**
Other costs and expenses	**199,180**	**165,045**
Thereof:		
Expenses related to restructuring	120	0
Selling expenses	**391,614**	**345,115**

[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 for the first time granted to members of the Management Board conditional share awards based on the GLTI of the Vodafone Group.
Please also refer to our explanations on the LTIP, GLTR and GLTI in section 5.3 of the Notes to the condensed consolidated interim financial statements of KDH AG as of December 31, 2015.

In the nine months ended December 31, 2015, selling expenses increased by T€46,499 or 13.5% to T€391,614 (prior year period: T€345,115).

The increase is primarily attributable to higher sales commissions and in part to higher amortization of capitalized subscriber acquisition costs due to subscriber growth. Selling expenses also include increased expenses due to the brokerage of subscribers by Vodafone GmbH (see also our comments concerning business relationships with Vodafone Group companies in section 5.4 of the Notes to the consolidated financial statements of KDH AG as of March 31, 2015).

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

As a percentage of our total revenues, selling expenses rose to 24.3% in the nine months ended December 31, 2015 from 22.9% in the prior year period.

4.2.3 General and Administrative Expenses

General and administrative expenses are divided into three categories. For the nine months ended December 31, 2015, and 2014, general and administrative expenses were as follows:

	Nine months ended	
in T€	December 31, 2015	December 31, 2014
Personnel expenses	**47,791**	**48,396**
Thereof:		
Expenses related to restructuring	4,777	0
Expenses related to share-based payment programs [1)]	3,309	4,234
Depreciation and amortization	**19,758**	**14,994**
Other costs and expenses	**35,682**	**33,746**
Thereof:		
Expenses related to restructuring	8	0
Expenses related to changes in norms	0	30
General and administrative expenses	**103,232**	**97,137**

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 for the first time granted to members of the Management Board conditional share awards based on the GLTI of the Vodafone Group.
Please also refer to our explanations on the LTIP, GLTR and GLTI in section 5.3 of the Notes to the condensed consolidated interim financial statements of KDH AG as of December 31, 2015.

The increase in general and administrative expenses in the nine months ended December 31, 2015, by T€6,095 to T€103,232 was primarily attributable to increased amortization for externally purchased and internally generated software systems, resulting from an adjustment to the useful life of certain software components in November 2014.

Within personnel expenses, additional expenses related to restructuring were incurred due to the ongoing organizational integration of activities into the Vodafone Group. Adjusted personnel expenses however declined considerably, partly attributable to an overall decrease in the number of employees.

As a percentage of our total revenues, general and administrative expenses decreased slightly to 6.4% in the nine months ended December 31, 2015 from 6.5% in the prior year period.

4.3 OPERATING PROFIT

In the nine months ended December 31, 2015, operating profit increased from T€378,618 in the prior year period by 1.4% to T€383,853. This was primarily due to significant revenue growth and a slightly lower rate of increase in operating costs and expenses. By contrast, in the quarter ended December 31, 2015, operating profit fell from T€136,337 in the prior year period to T€119,480 due to one-off effects from restructuring measures.

4.4 INTEREST INCOME

Interest income fell from T€686 by T€251 to T€435 in the nine months ended December 31, 2015.

4.5 INTEREST EXPENSE

In the nine months ended December 31, 2015 and 2014, interest expense amounted to:

in T€	Nine months ended December 31, 2015	Nine months ended December 31, 2014
Vodafone Investments loans		
Thereof:		
Interest	54,886	57,910
Interest hedging	-	2,481
Reversal of cash flow hedge reserve	14,085	11,520
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	1,356	1,349
Pensions	1,265	2,011
Asset retirement and CPE obligations	504	736
Other	2,882	5,127
Total interest expense	**74,977**	**98,921**

Interest expense fell by T€23,944 to T€74,977 for the nine months ended December 31, 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€3,006,451 had been drawn down as of December 31, 2015, and a revolving loan of T€200,000. The revolving loan has not yet been drawn down. 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 December 31, 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€54,886 were reported for these loans in the nine months ended December 31, 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 amount of T€14,085 in the nine months ended December 31, 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 nine months ended December 31, 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 December 31, 2015 decreased by €286 million or 8.7% to €3,006 million (previous year: €3,292 million).

Net debt (total nominal debt net of cash) decreased as of December 31, 2015 to €2,985 million (previous year: €3,187 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€231 to T€2,642 for the nine months ended December 31, 2015 (prior year period: T€2,411).

4.7 PROFIT BEFORE TAXES

Profit before taxes in the nine months ended December 31, 2015 was T€311,954 compared to T€282,794 in the prior year period. The significant increase in the nine-month period was primarily attributable to interest savings resulting from the refinancing completed in the quarter ended June 30, 2014, as well as, additionally to significant organic revenue growth. The decrease in profit before taxes in the quarter ended December 31, 2015 mainly resulted from one-off restructuring expenses.

4.8 TAXES ON INCOME

Tax expenses were T€99,205 in the nine months ended December 31, 2015, compared to T€95,943 in the nine months ended December 31, 2014. Taxes recognized for the nine months ended December 31, 2015 comprised current tax expenses of T€90,502 and deferred tax expenses of T€8,704. Taxes reported for the nine months ended December 31, 2014 comprised current tax expenses of T€87,598 and deferred tax expenses of T€8,345.

Within the framework of the consolidated income tax group 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 for the nine months ended December 31, 2015 was primarily attributable to the increase in profit before taxes compared to the prior year period. Similarly, the year-on-year reduction in profit before taxes in the quarter ended December 31, 2015, led to a reduction in current taxes.

4.9 NET PROFIT / LOSS FOR THE PERIOD

A net profit in the amount of T€212,748 was recognized for the nine months ended December 31, 2015. Net profit was T€186,851 in the prior year period.

The increase in net profit in the nine months ended December 31, 2015 was primarily attributable to notable organic revenue growth and the interest savings resulting from the refinancing completed in the quarter ended June 30, 2014.

Earnings per share rose to €2.40 in the nine months ended December 31, 2015 (prior year period: €2.11).

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

	Nine months ended	
in T€, except as noted	December 31, 2015	December 31, 2014
Operating profit	383,853	378,618
Depreciation and amortization	357,041	323,484
Expenses related to restructuring	14,605	0
Expenses related to share-based payment programs [2]	5,373	6,266
Expenses related to changes in norms	0	30
Expenses / (income) related to restructuring of the network infrastructure	0	(2,666)
Adjusted EBITDA	**760,872**	**705,731**
Adjusted EBITDA margin in %	**47.2%**	**46.9%**

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

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 for the first time to members of the Management Board conditional share awards based on the GLTI of the Vodafone Group.
Please also refer to our explanations on the LTIP, GLTR and GLTI in section 5.3 of the Notes to the condensed consolidated interim financial statements of KDH AG as of December 31, 2015.

Adjusted EBITDA increased in the nine months ended December 31, 2015 by T€55,141 or 7.8% to T€760,872, compared to T€705,731 in the prior year period. The increase can be attributed to continued growth in the areas of Internet, Phone and Premium-TV. Due to the slightly lower rate of increase in operating costs and expenses compared to revenues, our adjusted EBITDA margin rose to 47.2% in the nine months ended December 31, 2015 (prior year period: 46.9%).

5 FINANCIAL POSITION AND NET ASSETS FOR THE NINE MONTHS ENDED DECEMBER 31, 2015 COMPARED TO THE NINE MONTHS ENDED DECEMBER 31, 2014

As of December 31, 2015, our cash and cash equivalents amounted to T€21,699. Under the revolving loan and the first term loan granted to us by Vodafone Investments, we also had T€485,799 in unused credit line available.

The following table shows a condensed version of our cash flows for the nine months ended December 31, 2015 and 2014:

	Nine months ended	
in T€	December 31, 2015	December 31, 2014
Cash flows from operating activities	525,352	422,867
Cash flows from investing activities	(433,370)	(500,703)
Cash flows from financing activities	(277,669)	(151,142)
Changes in cash and cash equivalents	(185,686)	(228,978)
Cash and cash equivalents at the beginning of the period	207,385	334,068
Cash and cash equivalents at the end of the period	**21,699**	**105,090**

5.1 CASH FLOWS FROM OPERATING ACTIVITIES

In the nine months ended December 31, 2015, our net cash from operating activities rose significantly by T€102,485 to T€525,352 (prior year period: T€422,867). This was primarily attributable to the LTIP payments included herein being significantly lower than in the prior year period. Furthermore, the restructuring provision was increased during the reporting period. By contrast, net cash from operating activities was negatively impacted by income tax payments, which mainly related to the tax allocation agreement with Vodafone, compared to income tax refunds in the prior year period.

Our operating performance improved significantly overall, which is reflected in the positive performance of operating free cash flow (adjusted EBITDA less capital expenditure), which increased in the nine months ended December 31, 2015 by T€121,131 to T€326,021 (prior year period: T€204,890).

5.2 CASH FLOWS FROM INVESTING ACTIVITIES

Investment payments (CapEx without acquisitions and other) included in cash flows from investing activities decreased by T€65,991 to T€434,851 in the nine months ended December 31, 2015 (prior year period: T€500,842). This corresponds to 27.0% of our total revenues for the nine months ended December 31, 2015 (prior year period: 33.3%). These payments comprise investments in property and equipment of T€319,967 and in intangible assets of T€114,884.

These operational investments can be divided into success based investments of T€264,260 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€170,591, of which investments in the amount of T€38,648 were related to the Alpha investment program which 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€277,669 in the nine months ended December 31, 2015, compared to T€151,142 in the nine months ended December 31, 2014.

In the nine months ended December 31, 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. Proceeds from non-current borrowings in the amount of T€7,700, which resulted from the drawing down of available credit lines from Vodafone Investments, represent 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€286,600 resulted from two partial repayments of the first term loan from Vodafone Investments totaling T€155,000 and from repayments of the short-term multi currency cash management call account loan ("cash pooling loan") amounting to T€131,600 (for information on the cash pooling loan, see also section 3.5 of the Notes to the condensed consolidated interim financial statements of KDH AG as of December 31, 2015). Interest and transaction costs paid amounted to T€37,744 and included, in particular, interest on the term loans from Vodafone Investments. Repayments to reduce finance lease liabilities amounted to T€2,573.

In the nine months ended December 31, 2014, we received proceeds from non-current borrowings in the amount of T€1,142,250 from the second and third term loan from Vodafone Investments. Repayments of current and non-current borrowings of T€1,154,646, which were made from the term loan proceeds in particular, 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 amounted to T€134,402, and included the premium for the 2018 Senior Secured Notes and the 2017 Senior Notes amounting to T€42,250 in total. Repayments of finance lease liabilities were T€2,886.

5.4 OTHER COMMENTS ON NET ASSETS

As of December 31, 2015, total assets amounting to T€2,704,857 (March 31, 2015: T€2,879,318) mainly comprised property and equipment of T€1,743,519 (March 31, 2015: T€1,694,294) and intangible assets of T€740,755 (March 31, 2015: T€718,220). Property and equipment represented 64.5% (March 31, 2015: 58.8%) and intangible assets 27.4% (March 31, 2015: 24.9%) of total assets. The equity and liabilities side of the balance sheet was particularly impacted by non-current borrowings of T€3,006,451 (March 31, 2015: T€3,217,250). The ratio of non-current borrowings to total assets was 111.2% (March 31, 2015: 111.7%).

The decrease in total assets by T€174,462 primarily reflected the decline in cash and cash equivalents of T€185,686 to T€21,699 essentially due to the partial repayment of borrowings. Other current assets decreased by T€37,932, mainly in connection with the completed offset of receivables from the absorption of losses by Vodafone. By contrast, primarily property and equipment increased by T€49,224 due to investments in network infrastructure. For further details and comments concerning changes in net assets please refer to sections 3.1 to 3.7 of the Notes to the condensed consolidated interim financial statements of KDH AG as of December 31, 2015.

6 PARTICULAR EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date which had a material effect on the net assets, financial position or results of operations of the Group.

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 interested parties. Proceedings with special significance are disclosed in section 5.2 of the Notes to the condensed consolidated interim financial statements of KDH AG as of December 31, 2015.

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 internal control systems relating to the financial reporting is provided in the Combined Consolidated Management Report and Management Report in the published annual 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 in the published annual report for the fiscal year ended March 31, 2015, which contains detailed information concerning the Group's outlook.

Unterfoehring, February 1, 2016

Kabel Deutschland Holding AG

Dr. Manuel Cubero del Castillo-Olivares
Chief Executive Officer

Gerhard Mack
Chief Operating Officer

Dr. Andreas Siemen
Chief Financial Officer

KABEL DEUTSCHLAND HOLDING AG, UNTERFOEHRING
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND THE NINE MONTHS ENDED DECEMBER 31, 2015

Kabel Deutschland Holding AG, Unterfoehring

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

	Notes	December 31, 2015	March 31, 2015
Assets		€	T€
Current assets			
Cash and cash equivalents	3.1	21,698,611.07	207,385
Trade receivables	3.2	98,572,904.67	114,924
Inventories	3.3	29,377,285.84	27,152
Income tax receivables		78,313.27	711
Other current assets		25,624,586.57	63,556
Prepaid expenses		9,478,937.89	17,671
Total current assets		**184,830,639.31**	**431,398**
Non-current assets			
Intangible assets	3.4	740,755,375.51	718,220
Property and equipment	3.4	1,743,518,504.44	1,694,294
Equity investments in associates		16,100,968.49	13,459
Deferred tax assets		73,100.00	73
Prepaid expenses		19,578,000.97	21,874
Total non-current assets		**2,520,025,949.41**	**2,447,920**
Total assets		**2,704,856,588.72**	**2,879,318**

	Notes	December 31, 2015	March 31, 2015
Equity and liabilities		€	T€
Current liabilities			
Current borrowings		11,352,304.60	12,207
Trade payables	3.6	262,151,406.84	292,980
Other current provisions	3.7	25,307,726.96	14,922
Income tax liabilities	4.2	72,164,069.37	86,166
Other current liabilities		192,661,775.94	205,977
Deferred income		72,738,932.03	218,623
Total current liabilities		**636,376,215.74**	**830,874**
Non-current liabilities			
Non-current borrowings	3.5	3,006,450,618.22	3,217,250
Deferred tax liabilities		133,804,439.62	116,935
Provisions for pensions	3.7	114,014,183.72	118,860
Other non-current provisions	3.7	43,307,908.44	46,192
Other non-current liabilities		27,975,015.71	38,210
Deferred income		229,856.77	471
Total non-current liabilities		**3,325,782,022.48**	**3,537,919**
Equity			
Subscribed capital		88,522,939.00	88,523
Capital reserve		68,925,482.83	68,263
Legal reserve		8,852,293.90	8,852
Cash flow hedge reserve		(16,961,625.24)	(26,776)
Pensions reserve		(25,167,600.40)	(34,115)
Asset revaluation surplus		148,536.22	282
Accumulated deficit		(1,381,646,043.65)	(1,594,528)
		(1,257,326,017.34)	(1,489,499)
Non-controlling interests		24,367.84	24
Total equity (deficit)		**(1,257,301,649.50)**	**(1,489,474)**
Total equity and liabilities		**2,704,856,588.72**	**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 October 1, 2015 to December 31, 2015 (unaudited) and from October 1, 2014 to December 31, 2014 (unaudited)

	Notes	October 1, 2015 - December 31, 2015	October 1, 2014 - December 31, 2014
		€	T€
Revenues	4.1	548,263,147.02	513,367
Cost of services rendered thereof depreciation / amortization T€92,133 (prior year: T€81,872)		(258,978,644.14)	(236,277)
Other operating income		6,530,865.73	2,695
Selling expenses thereof depreciation / amortization T€22,012 (prior year: T€19,462)		(138,221,492.68)	(116,175)
General and administrative expenses thereof depreciation / amortization T€7,067 (prior year: T€(390))		(38,114,348.07)	(27,272)
Operating profit		**119,479,527.86**	**136,337**
Interest income		81,860.57	198
Interest expense		(24,254,550.38)	(26,814)
Income from associates		830,887.05	754
Profit before taxes		**96,137,725.10**	**110,476**
Income tax expense	4.2	(30,375,258.99)	(37,508)
Net profit for the period		**65,762,466.11**	**72,968**
Attributable to:			
Equity holders of the parent		65,762,466.11	72,968
Non-controlling interests		0.00	0
		65,762,466.11	**72,968**
Earnings per share (in €):			
Basic earnings per share		0.74	0.82
Diluted earnings per share		0.74	0.82

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 December 31, 2015 (unaudited) and from April 1, 2014 to December 31, 2014 (unaudited)

	Notes	April 1, 2015 - December 31, 2015	April 1, 2014 - December 31, 2014
		€	T€
Revenues	4.1	1,610,396,050.96	1,504,051
Cost of services rendered thereof depreciation / amortization T€270,645 (prior year: T€245,929)		(744,267,634.63)	(691,025)
Other operating income		12,570,785.08	7,844
Selling expenses thereof depreciation / amortization T€66,637 (prior year: T€62,561)		(391,613,831.49)	(345,115)
General and administrative expenses thereof depreciation / amortization T€19,758 (prior year: T€14,994)		(103,232,077.24)	(97,137)
Operating profit		**383,853,292.68**	**378,618**
Interest income		435,157.28	686
Interest expense		(74,977,176.82)	(98,921)
Income from associates		2,642,310.56	2,411
Profit before taxes		**311,953,583.70**	**282,794**
Income tax expense	4.2	(99,205,178.37)	(95,943)
Net profit for the period		**212,748,405.33**	**186,851**
Attributable to:			
Equity holders of the parent		212,748,405.33	186,851
Non-controlling interests		0.00	0
		212,748,405.33	**186,851**
Earnings per share (in €):			
Basic earnings per share		2.40	2.11
Diluted earnings per share		2.40	2.11

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 October 1, 2015 to December 31, 2015 (unaudited) and from October 1, 2014 to December 31, 2014 (unaudited)

	October 1, 2015 - December 31, 2015	October 1, 2014 - December 31, 2014
	€	T€
Net profit for the period	**65,762,466.11**	**72,968**
Changes in fair value of hedging instruments regarding interest and currency	4,695,108.36	4,695
Income tax	(1,423,000.00)	(1,424)
Items which can be reclassified in the profit or loss section of the statement of income in the future	*3,272,108.36*	*3,271*
Actuarial gains / (losses) from Defined Benefit Obligation	(802,607.26)	(9,509)
Income tax	243,000.00	2,884
Items which remain permanently in equity	*(559,607.26)*	*(6,625)*
Other comprehensive income	**2,712,501.10**	**(3,354)**
Total comprehensive income	**68,474,967.21**	**69,614**
Attributable to:		
Equity holders of the parent	68,474,967.21	69,614
Non-controlling interests	0.00	0

Consolidated Statement of Comprehensive Income
for the Period from April 1, 2015 to December 31, 2015 (unaudited) and from April 1, 2014 to December 31, 2014 (unaudited)

	April 1, 2015 - December 31, 2015	April 1, 2014 - December 31, 2014
	€	T€
Net profit for the period	**212,748,405.33**	**186,851**
Changes in fair value of hedging instruments regarding interest and currency	14,085,325.08	10,321
Income tax	(4,271,000.00)	(3,130)
Items which can be reclassified in the profit or loss section of the statement of income in the future	*9,814,325.08*	*7,191*
Actuarial gains / (losses) from Defined Benefit Obligation	12,841,767.19	(9,509)
Income tax	(3,894,739.62)	2,884
Items which remain permanently in equity	*8,947,027.57*	*(6,625)*
Other comprehensive income	**18,761,352.65**	**566**
Total comprehensive income	**231,509,757.98**	**187,417**
Attributable to:		
Equity holders of the parent	231,509,757.98	187,417
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 December 31, 2015 (unaudited) and from April 1, 2014 to December 31, 2014 (unaudited)

	Notes	April 1, 2015 - December 31, 2015	April 1, 2014 - December 31, 2014
		T€	T€
1. Cash flows from operating activities			
Net profit for the period		212,748	186,851
Adjustments to reconcile net profit for the period to cash flows from operating activities:			
Income tax expense	4.2	99,205	95,943
Interest expense		74,977	98,921
Interest income		(435)	(686)
Depreciation and amortization on fixed assets		357,041	323,484
(Gain) / loss on disposal / sale of fixed assets		5,796	5,738
Income from associates		(2,642)	(2,411)
Expense relating to share-based payments		663	67
		747,353	707,907
Changes in assets and liabilities:			
(Increase) / decrease of inventories		(2,225)	10,729
(Increase) / decrease of trade receivables		16,351	13,540
(Increase) / decrease of other assets		6,872	(9,677)
Increase / (decrease) of trade payables		(28,833)	(30,108)
Increase / (decrease) of other provisions		8,105	(6,158)
Increase / (decrease) of deferred income		(146,125)	(143,035)
Increase / (decrease) of provisions for pensions		6,731	4,026
Increase / (decrease) of other liabilities		22,124	(130,636)
Cash provided by operations		630,351	416,587
Income taxes (paid) / received		(104,999)	6,280
Net cash from operating activities		525,352	422,867
2. Cash flows from investing activities			
Cash received from disposal / sale of fixed assets		939	457
Cash paid for investments in intangible assets		(114,884)	(106,697)
Cash paid for investments in property and equipment		(319,967)	(394,145)
Cash paid for acquisitions, net of cash acquired		11	(872)
Interest received		532	554
Net cash used in investing activities		(433,370)	(500,703)
3. Cash flows from financing activities			
Cash received from loss absorption [1)]		41,548	0
Cash payments to silent partners		0	(1,460)
Cash received from non-current borrowings	3.5	7,700	1,142,250
Cash repayments of current and non-current borrowings	3.5	(286,600)	(1,154,646)
Cash payments for reduction of finance lease liabilities		(2,573)	(2,886)
Interest and transaction costs paid		(37,744)	(134,402)
Net cash used in financing activities		(277,669)	(151,142)
4. Cash and cash equivalents at the end of the period			
Changes in cash and cash equivalents (subtotal of 1 to 3)		(185,686)	(228,978)
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	21,699	105,090
Additional information			
Investments relating to finance lease		1,792	19,870

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 December 31, 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	212,748,405.33	212,748,405.33	0.00	212,748,405.33
Other comprehensive income	0.00	0.00	0.00	9,814,325.08	8,947,027.57	0.00	0.00	18,761,352.65	0.00	18,761,352.65
Total comprehensive income	*0.00*	*0.00*	*0.00*	*9,814,325.08*	*8,947,027.57*	*0.00*	*212,748,405.33*	*231,509,757.98*	*0.00*	*231,509,757.98*
Reclassification of asset revaluation surplus	0.00	0.00	0.00	0.00	0.00	(133,682.76)	133,682.76	0.00	0.00	0.00
Additions relating to share-based payments	0.00	662,810.30	0.00	0.00	0.00	0.00	0.00	662,810.30	0.00	662,810.30
Balance as of December 31, 2015	**88,522,939.00**	**68,925,482.83**	**8,852,293.90**	**(16,961,625.24)**	**(25,167,600.40)**	**148,536.22**	**(1,381,646,043.65)**	**(1,257,326,017.34)**	**24,367.84**	**(1,257,301,649.50)**

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 December 31, 2014 (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, 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 / (loss) for the period	0.00	0.00	0.00	0.00	0.00	0.00	186,850,729.88	186,850,729.88	0.00	186,850,729.88
Other comprehensive income	0.00	0.00	0.00	7,191,427.98	(6,625,047.63)	0.00	0.00	566,380.35	0.00	566,380.35
Total comprehensive income	*0.00*	*0.00*	*0.00*	*7,191,427.98*	*(6,625,047.63)*	*0.00*	*186,850,729.88*	*187,417,110.23*	*0.00*	*187,417,110.23*
Reclassification of asset revaluation surplus	0.00	0.00	0.00	0.00	0.00	(133,682.76)	133,682.76	0.00	0.00	0.00
Additions relating to share-based payment	0.00	67,319.04	0.00	0.00	0.00	0.00	0.00	67,319.04	0.00	67,319.04
Balance as of December 31, 2014	**88,522,939.00**	**68,125,656.98**	**8,852,293.90**	**(30,047,815.02)**	**(19,489,485.63)**	**326,779.90**	**(1,688,165,755.19)**	**(1,571,875,386.06)**	**23,441.17**	**(1,571,851,944.89)**

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
SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

1 GENERAL INFORMATION

On February 1, 2016, 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 nine months ended December 31, 2015 to the Supervisory Board.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The quarterly financial report of KDH AG was prepared in accordance with Section 37x para. 3 of the German Securities Trading Act (Wertpapierhandelsgesetz – "WpHG"). It comprises the unaudited condensed consolidated interim financial statements and an unaudited interim Group management report.

The condensed consolidated interim financial statements for the quarter and the nine months ended December 31, 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 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 1, 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
IFRS 15	Revenue from Contracts with Customers	28.05.2014	01.01.2018	no	currently being assessed
IFRS 16	Leases	13.01.2016	01.01.2019	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	15.12.2015	none
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	18.12.2014	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 IFRS 11	Joint Arrangements: Acquisition of an Interest in a Joint Operation	06.05.2014	01.01.2016	24.11.2015	none
Amendments to IAS 1	Presentation of Financial Statements: Several Clarifications	18.12.2014	01.01.2016	18.12.2015	none
Amendments to IAS 16	Property, Plant and Equipment: Bearer Plants	30.06.2014	01.01.2016	23.11.2015	none
Amendments to IAS 16	Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortization	12.05.2014	01.01.2016	02.12.2015	none
Amendments to IAS 38	Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortization	12.05.2014	01.01.2016	02.12.2015	none
Amendments to IAS 41	Agriculture: Bearer Plants	30.06.2014	01.01.2016	23.11.2015	none
Amendments to IAS 27	Separate Financial Statements: Equity Method	12.08.2014	01.01.2016	18.12.2015	none
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

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 has been introduced for financial assets. The only material change for financial liabilities is the treatment of fluctuations in fair value that are due to the entity'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 scope 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 January 2014, the IASB issued the interim standard IFRS 14 "Regulatory Deferral Accounts". IFRS 14 governs the financial reporting requirements for the sale of goods or services to customers at a price or rate that is subject to rate regulation. The standard only applies to first-time adopters of IFRSs. In October 2015, the European Commission decided not to adopt the standard in European law.

In January 2016, the IASB issued IFRS 16 "Leases". IFRS 16 replaces the previous standard for lease accounting, IAS 17, and interpretations IFRIC 4, SIC-15 and SIC-27. The central idea of the new standard is that all leases and therefore the associated contractual rights and obligations are to be reported in the lessee's statement of financial position. The previous distinction in IAS 17 between finance and operating leases is therefore eliminated for the lessee. The lessee reports a lease liability for all leases in its statement of financial position for the obligation to make lease payments. The lessee at the same time reports the right to use the underlying asset as an asset in its statement of financial position, generally equivalent to the present value of the future lease payments plus directly attributable costs. The lease payments include fixed payments, variable payments that are index-based, expected payments based on residual value guarantees and, if applicable, the exercise price of purchase options and penalties for early termination of lease agreements. During the lease term, the lease liability is adjusted using financial mathematics in a similar fashion to the rules in IAS 17 for finance leases, while the rights of use are depreciated on schedule. This generally leads to higher expenses at the beginning of the lease term. Accounting relief is provided for short-term leases and leasing assets with a low value. For the lessor, on the other hand, the rules of the new standard are similar to the previous requirements of IAS 17. Leases continue to be classified as finance or operating leases. Leases that transfer essentially all of the risks and rewards of ownership are classified as finance leases, and all other leases as operating leases. IFRS 16 uses the same classification criteria as set out in IAS 17. IFRS 16 includes further rules for presentation, notes disclosures and sale-and-leaseback transactions. Application of the new rules is mandatory for fiscal years beginning on or after January 1, 2019. Early application is permitted, provided that IFRS 15 is also applied. IFRS 16 will have an impact on the Group's consolidated financial statements. The extent of the effects is currently being assessed.

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 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 the segment reports 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 allocated directly to the segments.

3 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

3.1 CASH AND CASH EQUIVALENTS

in T€	December 31, 2015	March 31, 2015
Call money placed with Vodafone Group Plc	0	196,745
Cash at banks	21,681	10,613
Cash on hand	18	27
Cash and cash equivalents	**21,699**	**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 the integration into the multi currency cash management system ("cash pooling") of Vodafone GmbH, Dusseldorf, in August 2015, call money is no longer placed with Vodafone Group Plc (see section 3.5). It could be called on a daily basis, was subject to an arm's length monthly interest rate and therefore, was classified 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 losses absorbed from 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 collateral as of December 31, 2015 and March 31, 2015.

3.2 TRADE RECEIVABLES

in T€	December 31, 2015	March 31, 2015
Gross trade receivables	116,658	134,970
Bad debt allowance	(18,085)	(20,046)
Trade receivables	**98,573**	**114,924**

Trade receivables as of December 31, 2015 included receivables from affiliated companies amounting to T€7,978 (as of March 31, 2015: T€1,795) and receivables from associates amounting to T€9 (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 December 31, 2015 and March 31, 2015.

3.3 INVENTORIES

in T€	December 31, 2015	March 31, 2015
Raw materials, consumables and supplies	5,680	5,442
Finished goods and merchandise	23,697	21,710
Inventories	**29,377**	**27,152**

The total amount of inventories recognized as an expense was T€1,671 for the quarter ended December 31, 2015 (prior year period: T€2,480) and T€4,717 for the nine months ended December 31, 2015 (prior year period: T€6,450).

In the quarters and nine months ended December 31, 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.

Further information on additions and disposals of intangible assets and property and equipment, can be found in 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 of Vodafone Kabel Deutschland GmbH since September 2, 2015; "VFKD GmbH") was integrated into the cash pooling system of Vodafone GmbH, Dusseldorf. A multi currency cash management call account loan agreement ("cash pooling loan") in the amount of up to T€200,000 was hereby entered into. The cash pooling loan is a bilateral loan between Vodafone GmbH and VFKD GmbH that is used for providing short-term liquidity and settling intercompany receivables and liabilities for 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 offset against the first term loan from Vodafone Investments at the end of the month. As a result, the cash pooling loan was undrawn as of December 31, 2015.

As of December 31, 2015 and March 31, 2015, non-current borrowings with respect to three term loans granted by Vodafone Investments amounted to T€3,006,451 and T€3,217,250.

in T€	December 31, 2015	March 31, 2015
First term loan Vodafone Investments	1,864,201	2,075,000
Second term loan Vodafone Investments	722,750	722,750
Third term loan Vodafone Investments	419,500	419,500
Non-current borrowings	**3,006,451**	**3,217,250**

During the nine months ended December 31, 2015, partial repayments in the aggregate amount of T€155,000 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). In addition, T€80,394 of the first term loan granted by Vodafone Investments was repaid during the settlement of receivables and liabilities with Vodafone GmbH. The capitalization of interest on the term loans from Vodafone Investments carried out since August 2015 had the opposite effect, increasing the nominal value by T€24,594.

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. It 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 December 31, 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 December 31, 2015.

There is also a revolving term loan from Vodafone Investments for an original amount of T€300,000 which 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 was not drawn as of December 31, 2015.

The loans granted by 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 nine months ended December 31, 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 nine months ended December 31, 2015.

As of December 31, 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 in accordance with 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 nine months ended December 31, 2015, T€4,695 (prior year period: T€4,695) and T€14,085 (prior year period: T€11,520), respectively, were recognized in the consolidated statement of income.

Additional Disclosures on Financial Instruments

As of December 31, 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	December 31, 2015 Carrying Amount	December 31, 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	15,493	43,986	15,834	43,269
Finance lease liabilities	IAS 17	2,981	4,251	2,976	4,406
Non-current financial liabilities					
Non-current borrowings					
Term loans	FLAC	3,006,451	3,200,306	3,217,250	3,480,510
Other non-current financial liabilities					
Finance lease liabilities	IAS 17	23,938	27,043	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 December 31, 2015 and March 31, 2015, trade payables totaled T€262,151 and T€292,980, respectively. This included liabilities to affiliated companies in the amount of T€39,225 (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. There were also liabilities to Vodafone GmbH, Dusseldorf, primarily for sales services and to a lesser extent for 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 Dec. 31, 2015	thereof non-current
Pensions	118,860	(269)	0	7,000	1,265	(12,842)	114,014	114,014
Asset retirement / CPE obligations	47,202	(3,062)	(470)	1,688	504	(2,795)	43,067	43,067
Restructuring / reorganization	11,582	(2,203)	(281)	14,886	0	0	23,984	0
Jubilee payments	241	0	0	0	0	0	241	241
Other	2,089	(842)	(67)	143	0	0	1,324	0
Total provisions	**179,974**	**(6,376)**	**(818)**	**23,717**	**1,768**	**(15,636)**	**182,630**	**157,322**

The underlying discount rate used to calculate the provisions for pensions was raised to 2.20% as of December 31, 2015 (as of March 31, 2015: 1.40%). This resulted in actuarial gains in the amount of T€12,842 in the nine months ended December 31, 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 2.03% as of December 31, 2015 (as of March 31, 2015: 1.53%). The interest adjustment of T€2,795 was recognized with no income effect through a parallel decrease in the corresponding fixed assets.

As part of the continued organizational integration of KDH into the Vodafone Group, further measures have been planned which are mainly to be implemented during the course of the fiscal year ending March 31, 2017. Consequently, the restructuring provision was increased by T€14,886 during the quarter ended December 31, 2015.

4 NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

4.1 REVENUES

Revenues were generated in Germany as follows:

in T€	Quarter ended December 31, 2015	Quarter ended December 31, 2014
TV Business revenues	296,762	295,033
Internet and Phone Business revenues	251,501	218,333
Total revenues	**548,263**	**513,367**

in T€	Nine months ended December 31, 2015	Nine months ended December 31, 2014
TV Business revenues	883,073	880,706
Internet and Phone Business revenues	727,323	623,345
Total revenues	**1,610,396**	**1,504,051**

4.2 TAXES ON INCOME

The income tax expenses for the quarters ended December 31, 2015 and December 31, 2014 break down as follows:

in T€	Quarter ended December 31, 2015	Quarter ended December 31, 2014
Consolidated statement of income		
Current income tax expense	27,890	34,248
Prior year income tax expense / (benefit)	(197)	(1)
Deferred income tax	2,682	3,261
Income tax expense reported in the consolidated statement of income	**30,375**	**37,508**

The income tax expenses for the nine months ended December 31, 2015 and December 31, 2014 break down as follows:

in T€	Nine months ended December 31, 2015	Nine months ended December 31, 2014
Consolidated statement of income		
Current income tax expense	90,498	87,632
Prior year income tax expense / (benefit)	4	(34)
Deferred income tax	8,704	8,345
Income tax expense reported in the consolidated statement of income	**99,205**	**95,943**

Income Tax Receivables

Income tax receivables relate primarily to corporate income tax plus solidarity surcharge and trade tax prepaid for prior years, and amounted to T€78 and T€711 as of December 31, 2015 and March 31, 2015, respectively.

Income Tax Liabilities

Income tax liabilities of T€72,164 and T€86,166 as of December 31, 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 December 31, 2015 and 2014 is as follows:

	TV Business		Internet and Phone Business		Headquarter Functions / Recon. to the Consolidated Financial Statements		Group Total	
in T€	Oct. 1 - Dec. 31, 2015	Oct. 1 - Dec. 31, 2014	Oct. 1 - Dec. 31, 2015	Oct. 1 - Dec. 31, 2014	Oct. 1 - Dec. 31, 2015	Oct. 1 - Dec. 31, 2014	Oct. 1 - Dec. 31, 2015	Oct. 1 - Dec. 31, 2014
Revenues	296,762	295,033	251,501	218,333	-	-	548,263	513,367
Other operating income	1,048	1,239	5,315	1,418	168	38	6,531	2,695
Costs and expenses	(211,729)	(192,708)	(184,059)	(158,916)	(39,526)	(28,101)	(435,314)	(379,724)
thereof depreciation / amortization	(51,773)	(49,498)	(60,961)	(51,068)	(8,479)	(379)	(121,213)	(100,945)
thereof share-based payment	(536)	(679)	(239)	(92)	(331)	(780)	(1,105)	(1,551)
Operating profit	86,081	103,564	72,757	60,836	(39,359)	(28,063)	119,480	136,337
EBITDA	137,854	153,062	133,718	111,903	(30,879)	(27,684)	240,692	237,282
Additions to fixed assets	53,375	71,694	86,596	121,643	11,558	10,351	151,529	203,688

Segment information by business segment for the nine months ended December 31, 2015 and 2014 is as follows:

in T€	TV Business		Internet and Phone Business		Headquarter Functions / Recon. to the Consolidated Financial Statements		Group Total	
	April 1 - Dec. 31, 2015	April 1 - Dec. 31, 2014	April 1 - Dec. 31, 2015	April 1 - Dec. 31, 2014	April 1 - Dec. 31, 2015	April 1 - Dec. 31, 2014	April 1 - Dec. 31, 2015	April 1 - Dec. 31, 2014
Revenues	883,073	880,706	727,323	623,345	-	-	1,610,396	1,504,051
Other operating income	3,197	4,164	9,097	3,506	276	174	12,571	7,844
Costs and expenses	(606,443)	(577,977)	(525,209)	(455,143)	(107,462)	(100,158)	(1,239,114)	(1,133,277)
thereof depreciation / amortization	(157,059)	(153,568)	(175,994)	(151,961)	(23,988)	(17,955)	(357,041)	(323,484)
thereof share-based payment	(1,477)	(1,865)	(586)	(167)	(3,309)	(4,234)	(5,373)	(6,266)
Operating profit	279,828	306,894	211,211	171,708	(107,186)	(99,984)	383,853	378,618
EBITDA	436,887	460,462	387,205	323,669	(83,198)	(82,028)	740,894	702,102
Additions to fixed assets	152,840	182,902	250,044	316,160	32,652	29,105	435,535	528,166

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 December 31, 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	December 31, 2015				March 31, 2015			
	due			Total	due			Total
in T€	less than 1 year	between 1 and 5 years	more than 5 years		less than 1 year	between 1 and 5 years	more than 5 years	
1. Agreements with DTAG and subsidiaries	184,408	27,895	183	212,487	210,909	117,256	514	328,678
2. License, rental and operating lease commitments	81,550	113,270	21,496	216,316	71,631	141,631	25,276	238,539
3. Other	37,761	5,340	1,392	44,494	41,152	14,477	1,645	57,274
Total	**303,719**	**146,505**	**23,072**	**473,296**	**323,692**	**273,365**	**27,435**	**624,492**

Lease payments for cable ducts leased from DTAG for the quarter ended December 31, 2015 were T€25,903, compared with T€25,914 in the prior year quarter. For the nine months ended December 31, 2015 and 2014, lease payments for cable ducts were T€77,770 and T€77,749, 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€1,316,630 and T€1,394,079 as of December 31, 2015 and March 31, 2015, respectively.

In the quarter ended December 31, 2015, KDH's total leasing expenses amounted to T€60,687, compared with T€64,819 in the quarter ended December 31, 2014. Total leasing expenses for the nine months ended December 31, 2015 and 2014 were T€181,771 and T€172,926, respectively. These amounts include the majority of the expenses related to the SLAs with both DTAG and third parties.

Other obligations include 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 December 31, 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 (since September 2, 2015, operating under the company name Vodafone Kabel Deutschland GmbH; "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 of KMS GmbH and limited partner of KMS KG. 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, as pepcom Süd GmbH has petitioned the German Federal Court of Justice (Bundesgerichtshof – "BGH") to permit an appeal against the decision. 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 BGH reversed the judgments of the court of appeals and sent the case back to the appellate courts 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 yet been made in these proceedings. In October 2014, VFKD GmbH initiated administrative proceedings with the Bavarian regulatory authority for commercial broadcasting (Bayerische Landeszentrale für neue Medien – "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") in Munich. The AC in 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 in Munich with the High Administrative Court of Bavaria (Bayerischer Verwaltungsgerichtshof – "BayVGH"). The BayVGH has not yet reached a decision on the appeal. VFKD GmbH has filed a lawsuit against BLM's 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 in 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 in 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, which it has substantiated. In December 2015, the BGH ruled in favor of the complainant and granted leave to appeal. A decision is not expected before the fourth quarter of 2016.

VFKD GmbH filed a lawsuit regarding fulfillment of contract against Telekom in the District Court in 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 which also clarified a number of other issues.

The shareholder Cornwall 2 GmbH & Co. KG applied to the District Court in Munich I for the appointment of the special auditors rejected by resolutions of the extraordinary general meeting on March 20, 2015. The court has set a date for the oral hearing for mid-February 2016.

For the aforementioned ligitation and arbitration proceedings a provision for legal costs was recognized, if necessary, and these totaled T€705 as of December 31, 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 December 31, 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 the Global Long-Term Retention Plan ("GLTR") of the Vodafone Group. Additionally, conditional share awards from Vodafone Group's Global Long-Term Incentive Plan ("GLTI") were 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 of and other information on the LTIP and the GLTR. Changes to the LTIP and the GLTR made in the period ended since April 1, 2015 as well as the conditions of and other information on the GLTI are presented below:

Long-Term Incentive Plan

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 nine months ended December 31, 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 Dec. 31, 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.

KDH reported personnel expenses of T€387 and T€3,697, respectively, for the quarter and the nine months ended December 31, 2015, and T€1,399 and T€6,114, respectively, for the quarter and the nine months ended December 31, 2014. These personnel expenses resulted from respective vesting and were reduced by T€308 in the quarter ended December 31, 2015 based on the decrease 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 to the detriment of 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€16,169 and T€31,041 as of December 31, 2015 and March 31, 2015, respectively. As of December 31, 2015, T€14,649 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€1,521 (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, with a grant price of GB£2.39 per conditional share award, respectively. 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 as of the grant date June 26, 2015. 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 December 31, 2015.

For the quarter and the nine months ended December 31, 2015, KDH recognized, primarily on the basis of respective vesting, total personnel expenses of T€462 and T€1,013 (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 December 31, 2015 was T€1,272 (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 December 31, 2015.

For the quarter and the nine months ended December 31, 2015, KDH recognized, on the basis of respective vesting, total personnel expenses of T€256 and T€663 (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 and Senior Management)			
	Number of Conditional Share Awards Dec. 31, 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€14,649 (as of March 31, 2015: T€19,310), total other non-current liabilities amounted to T€2,793 (as of March 31, 2015: T€11,731). The capital reserve as of December 31, 2015 totaled T€867 and as of March 31, 2015 T€204.

5.4 SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events that have to be reported pursuant to IAS 10 occurred after December 31, 2015.

Unterfoehring, February 1, 2016

Kabel Deutschland Holding AG

Dr. Manuel Cubero del Castillo-Olivares
Chief Executive Officer

Gerhard Mack
Chief Operating Officer

Dr. Andreas Siemen
Chief Financial Officer

in T€	Acquisition and production costs						Accumulated depreciation and amortization						Net book values	
Analysis of Fixed Assets for the Period from April 1, 2015 to December 31, 2015	April 1, 2015	Acquisitions	Additions	Disposals	Reclassifications	December 31, 2015	April 1, 2015	Additions	Disposals	Reclassifications	Change in equity investments in associates	December 31, 2015	December 31, 2015	March 31, 2015
I. Intangible assets														
1. Software and licences and other contractual and legal rights	765,132	0	80,803	7,183	11,243	849,995	432,408	66,136	6,777	0	0	491,767	358,228	332,724
2. Internally generated software	70,760	0	5,720	474	4,887	80,892	40,257	6,893	138	0	0	47,013	33,879	30,502
3. Customer list	206,236	(55)	0	9,733	0	196,448	165,687	17,828	9,491	0	0	174,024	22,424	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	28,362	452	(16,129)	38,951	0	0	0	0	0	0	38,951	27,171
	1,356,572	(55)	114,884	17,842	0	1,453,559	638,352	90,858	16,406	0	0	712,804	740,755	718,220
II. Property and equipment														
1. Buildings on non-owned land	75,017	0	4,016	2,828	4,560	80,766	33,007	8,987	2,461	(1)	0	39,532	41,234	42,010
2. Technical equipment	3,770,078	54	225,465	39,592	107,811	4,063,817	2,405,644	245,827	34,781	(3)	0	2,616,687	1,447,130	1,364,435
3. Other equipment, furniture and fixtures	134,220	0	10,238	5,301	852	140,010	95,130	11,369	5,180	4	0	101,324	38,686	39,090
4. Construction in progress	248,760	0	80,932	0	(113,224)	216,468	0	0	0	0	0	0	216,468	248,760
	4,228,075	54	320,652	47,720	0	4,501,061	2,533,781	266,183	42,422	0	0	2,757,542	1,743,519	1,694,294
III. Financial assets														
Equity investments in associates	1,801	0	0	0	0	1,801	(11,658)	0	0	0	(2,642)	(14,300)	16,101	13,459
	1,801	0	0	0	0	1,801	(11,658)	0	0	0	(2,642)	(14,300)	16,101	13,459
	5,586,448	**(2)**	**435,537**	**65,562**	**0**	**5,956,421**	**3,160,475**	**357,041**	**58,828**	**0**	**(2,642)**	**3,456,046**	**2,500,375**	**2,425,973**

Analysis of Fixed Assets for the Period from April 1, 2014 to December 31, 2014

in T€	Acquisition and production costs						Accumulated depreciation and amortization						Net book values	
	April 1, 2014	Acquisitions	Additions	Disposals	Reclassifications	December 31, 2014	April 1, 2014	Additions	Disposals	Reclassifications	Change in equity investments in associates	December 31, 2014	December 31, 2014	March 31, 2014
I. Intangible assets														
1. Software and licences and other contractual and legal rights	647,202	0	74,786	2,168	8,789	728,609	378,572	48,204	2,168	0	0	424,608	304,002	268,630
2. Internally generated software	55,445	0	4,458	(2)	3,586	63,491	34,714	3,828	(2)	0	0	38,544	24,947	20,731
3. Customer list	263,775	860	5	58,580	0	206,060	193,848	24,373	58,580	0	0	159,641	46,419	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	27,448	0	(12,375)	34,186	0	0	0	0	0	0	34,186	19,113
	1,272,808	860	106,697	60,746	0	1,319,619	607,133	76,404	60,746	0	0	622,792	696,827	665,674
II. Property and equipment														
1. Buildings on non-owned land	57,902	0	4,281	358	4,194	66,019	24,911	6,155	358	(7)	0	30,701	35,318	32,990
2. Technical equipment	3,399,034	184	261,110	54,782	51,510	3,657,057	2,158,705	231,075	48,648	10	0	2,341,142	1,315,915	1,240,329
3. Other equipment, furniture and fixtures	120,903	0	11,161	2,892	1,637	130,809	85,139	9,850	2,831	(3)	0	92,155	38,654	35,764
4. Construction in progress	147,257	0	143,872	0	(57,341)	233,787	0	0	0	0	0	0	233,787	147,257
	3,725,096	184	420,424	58,032	0	4,087,672	2,268,756	247,080	51,838	0	0	2,463,998	1,623,675	1,456,340
III. Financial assets														
Equity investments in associates	1,801	0	0	0	0	1,801	(8,492)	0	0	0	(2,411)	(10,903)	12,704	10,293
	1,801	0	0	0	0	1,801	(8,492)	0	0	0	(2,411)	(10,903)	12,704	10,293
	4,999,704	**1,045**	**527,121**	**118,778**	**0**	**5,409,092**	**2,867,396**	**323,484**	**112,584**	**0**	**(2,411)**	**3,075,886**	**2,333,206**	**2,132,308**

Kabel Deutschland
Ein Vodafone Unternehmen.