

Kabel Deutschland GmbH, Munich

Consolidated income statement for the periods from April 1 to June 30, 2004 and April 1 to June 30, 2003

	April 1 to June 30, 2004 <u>TEUR</u>	April 1 to June 30, 2003 <u>TEUR</u>
1. Sales	254.690	253.002
2. Change in work in process and finished goods	291	-111
3. Own work capitalized	2.809	2.037
4. Other operating income	<u>6.071</u>	<u>12.516</u>
	263.861	267.444
5. Cost of materials and services		
a) Raw materials, consumables, supplies and purchased merchanc	-11.146	-7.588
b) Purchased services	-61.830	-65.391
6. Personnel expenses		
a) Wages and salaries	-28.789	-27.351
b) Social security, pension and other benefit costs including old age pensions of EUR 2.663.431,12 (prior period: EUR 2.046 thousand)	-6.591	-6.436
7. Amortization of intangible assets and depreciation of property and equipment	-83.086	-86.268
8. Other operating expenses	<u>-52.345</u>	<u>-62.437</u>
	-243.787	-255.471
9. Income/Loss from associated companies	-37	375
10. Interest and similar income	3.675	908
11. Interest and similar expenses	-28.803	-33.284
12. Depreciation on money market funds	<u>-332</u>	<u>0</u>
	-25.498	-32.001
13. Loss from continuing operations	<u>-5.423</u>	<u>-20.028</u>
14. Extraordinary expenses	<u>-116</u>	<u>0</u>
15. Extraordinary result	-116	0
16. Taxes on income	1.241	712
17. Other taxes	<u>-3</u>	<u>-36</u>
	<u>1.238</u>	<u>676</u>
18. Net loss	<u>-4.301</u>	<u>-19.352</u>

Kabel Deutschland GmbH, Munich
Consolidated balance sheet

ASSETS	June 30, 2004 <u>TEUR</u>	March 31, 2004 <u>TEUR</u>
A. EXPENSES RELATED TO THE EXPANSION OF THE BUSINESS OPERATION	38.407	34.220
B. FIXED ASSETS		
I. Intangible assets		
1. Franchises and licenses	19.603	19.266
2. Customer list	574.578	593.238
3. Advances paid on intangible assets	<u>14.941</u>	<u>13.331</u>
	609.122	625.835
II. Property and equipment		
1. Buildings on non-owned land	1.003	1.025
2. Technical equipment	907.892	950.013
3. Other equipment, furniture and fixtures	10.380	10.336
4. Construction in progress	<u>18.246</u>	<u>12.414</u>
	937.521	973.788
III. Financial assets		
1. Shares in affiliated companies	770	745
2. Equity investments in associated companies	<u>5.595</u>	<u>5.632</u>
	6.365	6.377
C. CURRENT ASSETS		
I. Inventories		
1. Raw materials, consumables and supplies	5.091	6.467
2. Work in process	808	515
3. Finished goods and merchandise	<u>2.307</u>	<u>171</u>
	8.206	7.153
II. Receivables and other assets		
1. Trade receivables	76.434	55.824
2. Receivables from Shareholders	152.910	149.975
3. Receivables from affiliated companies	97	426
4. Receivables from associated companies	5.651	1.817
5. Other assets	<u>23.056</u>	<u>22.649</u>
	258.148	230.691
III. Securities		
Money market funds	99.668	50.000
IV. Cash on hand, bank balances	105.635	134.692
D. PREPAID EXPENSES	13.858	2.561
E. DEFERRED TAX ASSETS	3.006	2.517
F. SHAREHOLDERS' DEFICIT	<u>96.544</u>	<u>92.243</u>
	<u>2.176.480</u>	<u>2.160.077</u>

SHAREHOLDERS' EQUITY AND LIABILITIES	June 30, 2004 <u>TEUR</u>	March 31, 2004 <u>TEUR</u>
A. SHAREHOLDERS' EQUITY		
I. Subscribed capital	1.025	1.025
II. Capital reserve	238.472	238.472
III. Accumulated deficit	-336.041	-331.740
IV. Shareholders' deficit	<u>96.544</u>	<u>92.243</u>
	0	0
B. ACCRUALS		
1. Accruals for pensions and similar obligations	16.959	16.331
2. Tax accruals	55.042	54.766
3. Other accruals	<u>153.373</u>	<u>155.809</u>
	225.374	226.906
C. LIABILITIES		
1. Liabilities to banks	1.645.000	1.645.000
2. Payments on account	23	23
3. Trade payables	72.843	42.145
4. Liabilities to affiliated companies	1.787	1.803
5. Liabilities to associated companies	340	292
6. Other liabilities	<u>38.469</u>	<u>48.505</u>
	1.758.462	1.737.768
D. DEFERRED INCOME	<u>192.644</u>	<u>195.403</u>
	<u><u>2.176.480</u></u>	<u><u>2.160.077</u></u>

Kabel Deutschland GmbH, Munich
Consolidated cash flow statement

	Apr. 1 - Jun. 30, 2004	Apr. 1 - Jun. 30, 2003
	EUR (000)	EUR (000)
1. Cash flow from operating activities		
Net loss for the period	-4.301	-19.352
Depreciation and amortization (+) on fixed assets	83.086	86.268
Depreciation on money market funds	332	0
Non cash interest expense (+) on liabilities to shareholders	0	13.477
Gain (-) / Loss (+) on disposals of fixed assets	-167	138
Changes of book value in associated companies (net)	37	0
Increase (-) of shares in associated companies due to waiver of right of first refusal of third party	0	-2.862
Changes of inventories, trade receivables and other assets	-40.296	3.970
Changes of trade payables and other liabilities	17.936	-48.043
Change of capitalized expenses related to the expansion of the business operation	-309	0
Decrease (-) in accruals	-1.532	-12.612
Cash flow from operating activities	<u>54.786</u>	<u>20.984</u>
2. Cash flow from investing activities		
Cash received (+) from disposals of property and equipment	229	16
Cash paid (-) for expansion of the business operation	-3.878	0
Cash paid (-) for investments in property and equipment	-25.250	-8.593
Cash paid (-) for investments in affiliated companies	-25	0
Cash paid (-) for investments in intangible assets	-4.919	-2.382
Cash flow from investing activities	<u>-33.843</u>	<u>-10.959</u>
3. Cash and cash equivalents at the end of the period		
Changes in cash and cash equivalents (subtotal of 1 and 2)	20.943	10.025
Changes of valuation of cash and cash equivalents	-332	0
Cash and cash equivalents at the beginning of the period	<u>184.692</u>	<u>168.390</u>
Cash and cash equivalents at the end of the period	<u>205.303</u>	<u>178.415</u>
4. Composition of cash and cash equivalents		
Cash on hand, bank balances	105.635	178.415
Money market funds	99.668	0
Cash and cash equivalents at the end of the period	<u>205.303</u>	<u>178.415</u>

Kabel Deutschland GmbH, Munich
Revenue Generating Units and ARPU calculation

		Quarter ended in <u>Dec. 2003</u>	Quarter ended in <u>March 2004</u>	Quarter ended in <u>June 2004</u>
1. Revenue Generating Units ('000s) ⁽¹⁾				
Cable analog TV subscribers	#	9.613,0	9.626,5	9.630,7
Kabel Digital Basic	#	n/a	n/a	3,9
Kabel Digital International	#	65,0	81,2	83,0
TKS-non cable analog TV	#	17,6	20,4	21,1
Kabel High Speed Internet	#	3,8	4,9	5,8
Premiere ⁽²⁾	#	<u>680,5</u>	<u>684,7</u>	<u>770,8</u>
Total RGU	#	<u>10.380</u>	<u>10.418</u>	<u>10.515</u>
2. ARPU ⁽³⁾				
Basic Kabel Analog - Blended (incl. TKS)	€	6,94	6,99	7,09
<i>Incremental ARPU</i>				
Kabel Digital Basic	€	n/a	n/a	n/m
Kabel Digital International	€	7,85	7,68	7,32
Kabel High Speed Internet ⁽⁴⁾	€	32,32	23,17	25,20
Premiere (revenue share)	€	<u>1,40</u>	<u>1,49</u>	<u>1,40</u>
Total blended ARPU (excl. Premiere) ⁽⁵⁾	€	<u>6,96</u>	<u>7,00</u>	<u>7,13</u>

- (1) Revenue generating units, or "RGUs," relate to sources of revenue, which may not always be the same as subscriber numbers. For example, one person may subscribe to two different services, thereby accounting for only one subscriber but for two RGUs.
- (2) Premiere RGUs represent 58% of total Premiere cable subscribers nationwide, reflecting an allocation agreed between us and the Targets. Note that Quarter ending June 2004 numbers reflect a one-time re-classification of former SAT Conditional Access / Smart-cards used for Cable Digital receiver purposes (approx. 90 thousand Premiere subscribers).
- (3) Average revenue per unit, or "ARPU," is calculated on a quarterly basis by dividing the subscription revenue (excluding installation fees) for a period by the average number of RGU for that period and the number of months in that period.
- (4) High Speed Internet ARPUs include installation revenues for the quarter ending 2003. Installation revenues are excluded as of January 2004. As a result, comparability between the quarter ending December 2003 and the quarters ending March and June 2004 is limited.
- (5) Total blended ARPU is calculated by dividing analog cable television (incl. TKS CATV), Kabel Digital and High Speed Internet subscription revenues for the relevant period by the average number of subscribers for that period and the number of months in the period.