Financial Statements
Short Financial Year 2014

Note: The management report of Sky Deutschland AG is combined with the Group management report and published in conjunction with the consolidated financial statements for the Short Financial Year 2014.

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Disclaimer

This report contains forward-looking statements based on the currently held assessments and assumptions of the management of Sky Deutschland AG, which are expressed in good faith and given to the best of knowledge of the Company. This document contains statements on future developments based on currently available information and also includes risks and uncertainties that could lead to actual results deviating from these forward-looking statements. Considering these risks, uncertainties and other factors, recipients shall not rely on these forward-looking statements in an unreasonable way. Sky Deutschland AG assumes no obligation to update, modify or amend any forward-looking statements.

Sky Deutschland AG, Unterföhring
Balance sheet as of 30 June 2014

in €	30 Jun 2014	31 Dec 2013
Assets		
A. Fixed assets		
I. Intangible assets		
1. Industrial property rights and similar rights and assets, and licenses for such rights and assets acquired for consideration	19,165.00	25,029.00
2. Goodwill	1,275.80	1,451.06
	20,440.80	26,480.06
II. Property, plant and equipment		
1. Land, rights similar to land, and buildings, including buildings on land owned by others	8,918,096.00	9,377,829.00
2. Other plant, operational and office equipment	669,976.00	1,091,640.00
3. Advance payments and construction in progress	1,493.01	1,493.01
	9,589,565.01	10,470,962.01
III. Financial assets		
1. Interests in affiliated companies	1,941,154,000.00	1,941,154,000.00
2. Loans to affiliated companies	1,221,112,295.04	1,153,913,776.01
	3,162,266,295.04	3,095,067,776.01
	3,171,876,300.85	3,105,565,218.08
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	59,196.47	49,285.69
2. Receivables from affiliated companies	50,433,649.03	88,126,607.20
3. Other assets	171,151.41	240,326.02
	50,663,996.91	88,416,218.91
II. Cash on hand and at banks	32,575,072.74	69,111,221.35
	83.239.069,65	157.527.440,26
C. Prepaid expenses	11,644,377.06	16,764,186.78
	3,266,759,747.56	3,279,856,845.12

in €	30 Jun 2014	31 Dec 2013
Stockholders' equity and liabilities		
A. Stockholders' equity		
I. Subscribed Capital	877,200,755.00	877,200,755.00
II. Additional paid-in capital	1,967,393,572.32	1,967,393,572.32
III. Accumulated loss	–274,290,954.48	–266,655,370.94
	2,570,303,372.84	2,577,938,956.38
B. Provisions		
1. Provision for pensions and similar obligations	791,455.00	759,348.00
2. Other provisions	33,022,996.59	38,551,450.60
	33,814,451.59	39,310,798.60
C. Liabilities		
1. Borrowings	166,212,178.03	166,236,980.78
2. Bank loans and overdrafts	225,012,371.33	225,263,412.50
of which with a remaining term of up to one year €12,371.33 (31 Dec 13: €263,412.50)		
3. Trade payables	4,298,402.60	4,400,252.72
of which with a remaining term of up to one year €1,235,646.46 (31 Dec 13: €1,208,084.32)		
4. Liabilities to affiliated companies	128,781,071.44	126,438,826.65
of which with a remaining term of up to one year €7,578.57 (31 Dec 13: €4,966,432.20)		
5. Other liabilities	2,498,056.62	5,951,781.72
of which with a remaining term of up to one year 2.498.056,62 € (31 Dec 13: 5.951.781,72 €)		
of which taxes €2,414,705.22 (31 Dec 13: €5,912,336.06)		
of which social security €5,610.22 (31 Dec 13: €3,388.78)		
	526,802,080.02	528,291,254.37
D. Deferred taxes	135,839,843.11	134,315,835.77
	3,266,759,747.56	3,279,856,845.12

Statement of operations for the short financial year ended 30 June 2014

in €		1 Jan–30 Jun 2014	1 Jan–31 Dec 2013
1.	Revenues	8,143,663.93	16,364,790.87
2.	Other operating income of which from exchange rate gains €653.10 (2013: €2,472.12)	4,905,148.41	10,022,951.73
		13,048,812.34	**26,387,742.60**
3.	Cost of materials Purchased services	–8.84	–306.29
4.	Personnel expenses		
	a) Wages and salaries	–18,275,419.75	–48,778,843.61
	b) Social security, pension and other benefit expenses of which for pensions €–68,989.06 (2013: €–67,731.48)	–2,135,182.84	–3,952,600.32
		–20,410,602.59	**–52,731,443.93**
5.	Amortization and depreciation on intangible assets and property, plant and equipment	–1,287,369.65	–1,978,029.24
6.	Other operating expenses of which from exchange rate losses €–989.33 (2013: €–2,088.65)	–14,946,985.82	–28,663,609.29
7.	Income from loans reported under fixed assets of which from affiliated companies €42,779,010.62 (2013: €79,109,590.68)	42,779,010.62	79,109,590.68
8.	Other interest and similar income of which from affiliated companies €64,295.32 (2013: €127,749.75)	89,445.40	258,359.06
9.	Expenses for absorption of losses	–6,890.44	–9,300.90
10.	Interest and similar expenses of which from affiliated companies €–23,609,076.71 (2013: –46,777,443.13) of which from discount rate €–4,142.57 (2013: €–70,345.69)	–25,376,987.22	–55,461,993.98
11.	**Result from ordinary operations**	**–6,111,576.20**	**–33,088,991.29**
12.	Income taxes of which from deferred taxes €–1,524,007.34 (2013: €–2,829,293.45)	–1,524,007.34	–2,829,293.45
13.	**Net loss for the year**	**–7,635,583.54**	**–35,918,284.74**
14.	Loss brought forward	–266,655,370.94	–230,737,086.20
15.	**Accumulated loss**	**–274,290,954.48**	**–266,655,370.94**

Notes to the financial statements for the short financial year 2014

I. General information

The financial statements for the short financial year of Sky Deutschland AG, Unterföhring (hereinafter referred to as "Sky Deutschland AG"), as of 30 June 2014 have been prepared in accordance with Section 264 (1) German Commercial Code (HGB) in conjunction with Section 267 (3) HGB on the basis of the regulations in the HGB on the accounting of large corporations, and the German Stock Companies Act.

At the Annual General Meeting on 10 April 2014, it was resolved to change the financial year-end date to 30 June. As a result, the financial year from 1 January to 30 June 2014 is a short financial year. Sky Deutschland AG will close its short financial year 2014 as of 30 June 2014, with the reporting period from 1 January to 30 June 2014. Upon changing the financial year to the new reporting period of 1 July to 30 June, the financial year will no longer correspond to the calendar year. Therefore, a comparison of the financial statements as of 30 June 2014 (short financial year) with the previous financial year is only possible to a limited extent. This change was made in order to better align the financial planning and reporting processes and timing with the underlying seasonality of the business.

To present developments during the short financial year 2014, statements referring to the reporting date of 30 June 2014 are compared with the previous year's figures as of 31 December 2013. For statements referring to the reporting period, the short financial year 2014 will be compared with the previous fiscal year's period (1 January to 31 December 2013).

The recognition and measurement methods applied are consistent with those applied in the previous year.

The Company was admitted for trading on the regulated market in the Prime Standard segment of the Frankfurt Stock Exchange with the commencement of trading in the Company's shares on 9 March 2005.

The presentation of the statement of operations follows the type of expenditure format in accordance with Section 275 (2) HGB.

The Company as the managing holding company is responsible for the strategic management of the Group and carries out planning, consultative and management functions.

II. Accounting policies

Intangible assets are measured at cost plus incidental purchase costs, after allowances and discounts, and are amortised straight-line over their expected useful lives. The assets are amortised pro rata temporis in the year of acquisition.

Goodwill is amortised over an estimated useful life of 15 years taking into consideration the impact of current and forecast business and general economic conditions on the value drivers that form the basis for the goodwill valuation.

Items of **property, plant and equipment** are recognized at cost plus incidental purchase costs, after allowances and discounts, less accumulated depreciation.

The straight-line method is generally used for the depreciation of moveable fixed assets over their expected useful lives and is applied pro rata temporis in the acquisition or disposal year.

Minor value assets costing individually up to and including €150.00 are recorded directly as expense in the year acquired. Assets costing individually between €150.00 and €1,000.00 have been accumulated since 1 January 2008 in a compound item and depreciated straight-line over five years. Deviations from the economic useful life are considered to be immaterial.

Interests in affiliated companies and loans to affiliated companies are recognized under **financial assets** at cost, taking into account necessary valuation allowances.

Receivables and other assets are measured at nominal value, whereby foreseeable specific risks are reflected by individual allowances.

Cash and cash equivalents are measured at nominal value.

Prepaid expenses are set up only as prescribed by Section 250 HGB. The option of activating the disagio of the convertible bond has been selected in accordance with Section 250 (3) Sent. 1 HGB. The disagio will be depreciated over the term of the convertible bond according to Section 250 (3) Sent. 2.

The **provisions for pension obligations** are calculated applying the projected unit credit method and were determined in accordance with actuarial principles, taking into account the Heubeck "2005 G Mortality Tables" and a discount rate of 4.76 percent per annum. The interest rate announced for 30 June 2014 represents the discount rate for a remaining term of 15 years as determined by the German Federal Bank according to the Regulation on the Discounting of Provisions. Wage and salary trends (2.5 percent per annum) and pension trends (2.0 percent per annum) are taken into consideration in the determination of the provisions.

Other provisions are recognized at their settlement amounts taking into account future price and cost increases that are considered necessary based on reasonable commercial judgment. All foreseeable risks and uncertain obligations are considered. Provisions with a remaining term of over one year are discounted. For the purpose of discounting, the average market interest rate over the past seven years as published by the German Federal Bank is used.

Derivative financial instruments as of the reporting date comprise interest rate hedging transactions. Negative fair values are recognized as a provision for anticipated losses in the other provisions. Sky Deutschland AG has not formed valuation units in accordance with Section 254 HGB.

Liabilities are recognized at their settlement amounts.

The translation of assets and liabilities denominated in foreign currencies is carried out continually as of the respective booking date and as of the reporting date in accordance with Section 256a HGB at the middle rate of exchange. In the case of a remaining term exceeding one year, Sky Deutschland AG applies the acquisition cost and imparity principle, i.e., exchange rate losses are recognized through profit and loss and exchange rate gains are not recognized. In the event of a remaining term of one year or less, both exchange rate losses and exchange rate gains are recognized through profit and loss.

Deferred tax assets and liabilities are recorded in accordance with Section 274 (1) HGB for differences between the tax bases and the carrying amounts of assets, liabilities and accrued and deferred items in the annual financial statements. Differences are only considered when they are expected to reverse with fiscal effect in future financial periods, deferred taxes are recorded only for temporary and quasi-permanent differences. The financial statements show the net position of deferred tax assets and liabilities. Deferred taxes are calculated in accordance with Section 274 (2) HGB using the entity-specific tax rate of 27.38 percent for Sky Deutschland AG. As an exception to this principle, the difference between the carrying amount of the investment in Sky Deutschland Fernsehen GmbH & Co. KG, Unterföhring (hereinafter referred to as "Sky Deutschland KG") in the annual financial statements and the related tax base is calculated using only the corporate income tax rate plus the solidarity surcharge (15.83 percent).

In addition, Sky Deutschland AG acts as the parent company concerning a consolidated tax filing status for corporate income tax and trade tax purposes. The consolidated tax filing includes Sky Deutschland AG and SCAS Satellite CA Services GmbH, Unterföhring (hereinafter referred to as "SCAS") as the controlled company. The deferred taxes are calculated at the level of the controlled company whereas they are recorded in the financial statements of the parent company.

Rounding differences to the exact mathematical figures (monetary units, percentages, etc.) may occur due to the calculation process.

III. Explanatory comments on the individual captions in the balance sheet and the statement of operations

(1) Balance sheet

To present developments during the short financial year 2014, statements referring to the reporting date of 30 June 2014 are compared with the previous year's figures as of 31 December 2013.

(1.1) Non-current assets

Additions to leasehold improvements in the short financial year totalling K€237 are depreciated over their economic useful life of ten years on a straight-line basis.

The development of non-current assets is presented separately on pages 24 and 25 of Appendix III.

Financial assets in accordance with Section 285 No. 11 HGB K€	Holding %	Equity as of 30 Jun 2014	Annual earnings in 2014
Direct holdings			
Sky Deutschland Fernsehen GmbH & Co. KG, Unterföhring*	100.0	–731,129	–63,738
Premiere WIN Fernsehen GmbH, Unterföhring*	100.0	–2,705	–61
Sky Deutschland Verwaltungs-GmbH, Unterföhring*	100.0	14	1
SCAS Satellite CA Services GmbH, Unterföhring**	100.0	18	–
Indirect holdings			
Sky Österreich Verwaltung GmbH, Wien, Österreich*	100.0	3,290	–152
Sky Deutschland Service Center GmbH, Schwerin***	100.0	171	–
Sky Österreich Fernsehen GmbH, Wien, Österreich*	100.0	–54,138	2,081
Sky Media Network GmbH, Unterföhring***	100.0	1,298	–
Sky Hotel Entertainment GmbH, Unterföhring*	100.0	–2,724	–21

* Earnings only provisional at time of the preparation of the notes
** After transfer of profits or losses to Sky Deutschland AG
*** This company has concluded a profit and loss transfer agreement with Sky Deutschland KG

Sky Deutschland AG is the sole limited partner in Sky Deutschland KG and the sole stockholder of its general partner, Sky Deutschland Verwaltungs-GmbH, Unterföhring (hereinafter referred to as "Sky Deutschland Verwaltung").

Furthermore, Sky Deutschland AG is the sole shareholder in SCAS and the sole shareholder in Premiere WIN Fernsehen GmbH, Unterföhring (hereinafter referred to as "Premiere WIN Fernsehen").

On the balance sheet date, the shares in Sky Deutschland KG show a book value of K€1,941,100 (2013: K€1,941,100).

On 5 December 2013 Sky Deutschland KG agreed to acquire 100 percent of the production company Plazamedia GmbH TV- und Film-Produktion, as well as a 25.1 percent non-controlling minority stake in Sport1 GmbH and Constantin Sport Marketing GmbH. On 19 May 2014 Constantin Sport Holding GmbH (the seller) sent Sky Deutschland KG a withdrawal notice concerning this acquisition. The Sky Deutschland KG believes this withdrawal notice to be invalid and is currently in the process of evaluating its options.

Loans K€	Nominal amount 30 Jun 2014	Nominal amount 31 Dec 2013
Sky Deutschland Fernsehen GmbH & Co. KG, Unterföhring	1,221,112	1,153,914

By an agreement dating from 2005, with an addendum from 2007 and a second addendum from 2009, Sky Deutschland KG was granted a loan at an interest rate of 5.0 percent which Sky Deutschland KG can draw on up to the amount of €550 million. In conjunction with the existing financing, Sky Deutschland AG also granted Sky Deutschland KG a further loan up to an amount of €300 million. With an agreement dated 30 June 2011 Sky Deutschland AG and Sky Deutschland KG decided to put both loans together. With the agreement dated 1 January 2013 Sky Deutschland AG granted a further loan up to an amount of € 110 million and put all existing loans together into a single loan agreement. This agreement was followed by another agreement dated on 1 April 2013, according to which the nominal amount was increased to a maximum of €1,200 million. In 2014, the nominal amount of the loan was increased with the first addendum of the agreement dated on 1 April 2013 to a maximum of €1,250 million. At the closing date the loan, which includes capitalized interest up to 31 March 2013, is drawn down in the amount of K€1,221,112 (2013: K€1,153,914). During the contract period Sky Deutschland KG is at all times entitled to fully or partially return as well as claim back parts of the loan. Utilization of the loan will bear an interest rate of 7.25 percent per annum for the period of the drawdown. The new agreement was concluded for a fixed term up to 20 February 2018 and will be extended for six months at a time, provided it is not terminated by giving two weeks' notice.

(1.2) Receivables and other assets

Receivables from affiliated companies mainly comprise short-term receivables to Sky Deutschland KG of K€ 30,441 (2013: K€32,668), for management services and other cost allocations, of K€14,893 (2013: K€48,876) from interest from loans granted, of receivables of K€2,830 (2013: K€5,940) from sales tax from loan interest as well as receivables of K€215 (2013: K€547) primarily for management services rendered to various subsidiaries and other cost allocations.

Other assets mainly consist of withholding tax receivables of K€44 (2013: K€45), receivables of K€42 (2013: K€42) from a retired employee, payments in advance of K€33 (2013: K€6) as well as receivables of K€27 (2013: K€27) from sales tax of previous years.

The receivables and other assets have a remaining term of up to one year.

(1.3) Cash on hand and at banks

Cash on hand and at bank primarily comprises a one-time deposit of K€20,000 (2013: K€20,000) at Bayerische Landesbank, Munich, and the credit balance of K€12,570 (2013: K€49,107) at UniCredit Bank AG, Munich.

(1.4) Prepaid expenses

K€	30 Jun 2014	31 Dec 2013
Fee convertible bond	5,412	9,874
Commitment fee loan commitment	3,282	3,729
Fee shareholder loans	1,611	1,803
Insurance premiums	588	612
Fees for bank financing	503	560
Other	249	186
Total	**11,644**	**16,764**

The change in prepaid expenses results primarily from the reversal of deferred fees in connection with the issuance of the convertible bond.

(1.5) Stockholders' equity

(1.5.1) Changes in equity

The Company's equity developed during the short financial year ended 30 June 2014 as follows:

K€	31 Dec 2013	net loss for the year	30 Jun 2014
Subscribed capital	877,201	–	877,201
Additional paid-in capital	1,967,394	–	1,967,394
Accumulated loss	–266,655	–7,636	–274,291
Total	2,577,939	–7,636	2,570,303

(1.5.2) General comments

Sky Deutschland AG's registered capital as of 30 June 2014 amounts to K€877,201. It is divided into 877,200,755 registered shares with no par value; each share of no par value has a notional interest of €1.00 in the capital stock.

Additional paid-in capital amounts as of the balance sheet date to K€1,967,394 (2013: K€1,967,394), of which K€1,382,623 (2013: K€1,382,623) is not available for distribution.

On 14 January 2013, Sky, its new bank syndicate, 21st Century Fox Adelaide Holdings B.V. and Twenty-First Century Fox, Inc. agreed on a new comprehensive long-term financing structure for Sky. Among other things, it comprises of the issuance of new equity in the amount of €438.4 million (gross proceeds) via the combination of a private placement and a rights issue. The convertible bond remains unchanged.

Sky raised gross proceeds of €347.4 million through a private share placement without subscription rights which was registered in the commercial register on 15 January 2013, by issuing 77,890,976 new registered shares from Authorized Capital to 21st Century Fox Adelaide Holdings B.V. at €4.46 per share. The share price represented a 3.0 percent discount to the Xetra closing price of €4.60 per Sky share on the Frankfurt Stock Exchange on 11 January 2013. As a result, Sky's total number of shares outstanding increased to 856,800,738 with 21st Century Fox Adelaide Holdings B.V. holding 54.45 percent.

To raise the remaining balance of €90.6 million after registration of the private share placement without subscription rights on 15 January 2013, Sky successfully issued 20,400,017 new registered shares from Authorized Capital with subscription rights in its rights offering launched on 21 January 2013. The subscription price per share was set at €4.46, which equalled the share price of the private placement of shares to 21st Century Fox Adelaide Holdings B.V. on 15 January 2013. As a result, the total number of issued Sky shares increased from 856,800,738 to 877,200,755. Gross proceeds according to this measure amounted to €91.0 million. The capital increase was registered on 7 February 2013. Public shareholders and other investors exercised subscription rights for approximately six million new shares. 21st Century Fox Adelaide Holdings B.V. exercised subscription rights for approximately 11.1 million new shares and additionally acquired at the subscription price approximately 3.3 million new shares not subscribed by other shareholders. As a result, the shareholding of 21st Century Fox Adelaide Holdings B.V. increased from 54.45 percent to 54.83 percent.

(1.5.2.1) Authorized capital

At the Annual General Meeting on 18 April 2013, the Management Board has furthermore been authorized, subject to the consent of the Supervisory Board, to increase the Company's registered share capital in the period up to 17 April 2018 by up to €147,436,489 by issuing in one or several tranches of new registered no-par value shares against cash contribution (Authorized Capital 2013). The Authorized Capital 2012 granted to the Management Board in the Annual General Meeting on 3 April 2012 remains unchanged.

The Authorized Capital 2012 that initially amounted to €389,454,881 therefore amounts to €291,163,888.

The authorization, included in the Authorized Capital 2012, for the exclusion of subscription rights with respect to capital increases against cash contributions with an amount of not more than 10.0 percent of the registered share capital pursuant to section 186 (3) sentence 4 of the German Stock Corporation Act (section 4 (3) sentence 4 lit. (b) of the Articles of Association) was used entirely. Therefore, the authorization has become obsolete and was removed from the respective provision in the Articles of Association.

The corresponding registration of the amendment of the Company's statutes into the Commercial Register has been effected on 7 February 2013.

At the Annual General Meeting on 10 April 2014, no resolutions regarding new capital measures from Authorized Capital were passed.

(1.5.2.2) Contingent capital

With the resolution of the Annual General Meeting on 3 April 2012, the Management Board, with the consent of the Supervisory Board, has been authorized, in the period until 2 April 2017, once or in partial amounts, to issue registered and/or bearer convertible bonds and/or notes with warrants ("bonds") in an aggregate nominal amount of up to €1,500,000,000 of limited or unlimited term and to grant conversion or option rights to subscribe up to 335,538,696 new registered no-par value ordinary shares (no-par shares) in Sky Deutschland AG with a pro rata amount of the registered share capital of up to €335,538,696 to the holders and/or creditors of bonds as more closely defined in the terms and conditions for the convertible bonds or notes with warrants (Authorization 2012).

The Annual General Meeting further resolved that the registered share capital of the company is contingently increased by up to €335,538,696 by issuing up to 335,538,696 new registered ordinary shares (no-par value shares) (Contingent Capital 2012).

The Contingent Capital 2012 granted in the Annual General Meeting on 3 April 2012 remains unchanged.

At the Annual General Meeting on 10 April 2014, no resolutions regarding new capital measures from Contingent Capital were passed.

(1.5.2.3) Purchase and sale of treasury stock

The General Shareholders' Meeting on 23 April 2010 empowered Sky Deutschland AG's Management Board to buy back up to 10.0 percent of the registered capital that existed at the time of the resolution. The authorization may be exercised in full or in partial amounts, on one or several occasions, in the pursuit of one or several purposes, by the Company, by its group companies or by a third party acting on its behalf. The power was granted until 22 April 2015. As of the balance sheet date the Company had no treasury shares.

(1.5.3) Reportable investment holdings in accordance with Sections 21 (1), 22 Securities Trading Act and Section 20 (1) German Stock Companies Act

Sky Deutschland AG receives a notification in accordance with Section 21 Securities Trading Act if a notifying party reaches, exceeds or falls below the thresholds of 3, 5, 10, 15, 20, 25, 30, 50 or 75 percent of the voting rights in Sky Deutschland AG. Sky Deutschland AG received the following notifications up to the balance sheet date:

Notifying party	Date achieved, exceeded or fallen below	Threshold achieved, exceeded or fallen below
Odey Investment Funds plc, Dublin, Irland	3 Jun 2014	> 3 percent to 3.02 percent
Odey Asset Management LLP, London, Vereinigtes Königreich	9 Jan 2014	< 10 percent to 8,94 percent

(1.5.4) Accumulated loss

This caption includes the loss brought forward of K€266,655 (2013: K€230,737) from the years from 2003 through 2013. The short financial year 2014 net loss of K€7,636 (12M 2013 net loss: K€35,918) was reclassified as accumulated loss. The balance as of 30 June 2014 amounts to K€274,291.

(1.6) Provisions

The provisions for pensions are based on the calculations of the projected unit credit method, which were made following actuarial principles, taking into account the Heubeck "2005 G Mortality Tables" and a discount rate of 4.76 percent per annum. These calculations resulted in a provision in the amount of K€791 in the reporting period (2013: K€759).

Other provisions comprise the following:

K€	30 Jun 2014	31 Dec 2013
Employee-related provisions	18,699	24,171
Outstanding invoices	4,965	5,361
Anticipated losses on interest rate swaps	4,053	1,709
Special payments/bonuses	3,311	5,578
Outstanding vacation	1,214	993
Process cost	781	740
Total	33,023	38,551

The increase in anticipated losses on interest rate hedges results from a higher negative fair value of the interest rate swaps as the reporting date. For further information, please refer to the note regarding "1.9.3 Derivative financial instruments".

The change in employee-related provisions results primarily from the decrease of the provisions of the share-based compensation components. In April 2014 the Long-Term-Incentive-Plan 2011 was paid out. In addition, a new share-based compensation component (LTIP 2014) was planned and accrued for the short financial year 2014.

The following share-based compensation components are included in this item, as of the balance sheet date:

Long-Term-Incentive-Plans for the years 2012 to 2014 (LTIP 2012, 2013, 2014) for members of the Management Board and Senior Management in the amount of K€14,487 (2013: K€20,389), of which allocated to the Management Board K€9,817 (2013: K€13,226).

A share-based compensation for Brian Sullivan in the amount of K€3,364 (2013: €2,666).

For the short financial year 2014 for the long-term performance-related compensation, an expense in the amount of K€2,626 was recognized, of which K€2,167 related to members of the Board, thereof Brian Sullivan K€1,783, Steven Tomsic K€139, Dr. Holger Enßlin K€116, Carsten Schmidt K€129. In the previous year this expense amounted to K€18,815, of which K€13,762 related to members of the Board, thereof Brian Sullivan K€10,337, Steven Tomsic K€1,332, Dr. Holger Enßlin K€1,031, Carsten Schmidt K€1,063.

(1.7) Liabilities

K€	Total 30 Jun 2014	Remaining term < 1 year	Remaining term 1 to 5 years	Remaining term > 5 years	Total 31 Dec 2013
Bonds	166,212	166,212	–	–	166,237
Bank loans and overdrafts	225,012	12	225,000	–	225,263
Trade payables	4,298	1,236	1,035	2,027	4,400
Liabilities to affiliated companies	128,781	8	128,773	–	126,439
Other liabilities	2498	2,498	–	–	5,952
Total	526,802	169,966	354,809	2,027	528,291

The bonds comprise a convertible issued to 21st Century Fox Adelaide Holdings B.V. in 2011 in a nominal amount of K€164,600 plus accrued interest. The bond can be converted into 53,914,182 ordinary registered shares stemming from the contingent capital.

The bank loans of K€225,012 (2013: K€225,263) primarily comprise the utilisation of debt financing.

The credit facility provided in 2013 by the bank syndicate is fully guaranteed by Twenty-First Century Fox, Inc. and its subsidiary 21st Century Fox America Inc. It matures five years from the closing of the transaction.

The trade payables of K€4,298 (2013: K€4,400) primarily comprise liabilities from a rental agreement.

Liabilities to affiliated companies of K€128,781 (2013: K€126,439) comprise a liability with 21st Century Fox Adelaide Holdings B.V. of two Shareholder Loans including interest in the amount of K€128,773 (2013: K€121,472) and a liability under the control and profit and loss transfer agreement dated 4 February 2005 with SCAS of K€7 (2013: K€9).

Other liabilities comprise tax liabilities which primarily comprise of liabilities for value added tax of K€1,694 (2013: K€5,217) and wage tax of K€689 (2013: K€695).

(1.8) Deferred taxes

With respect to Sky Deutschland AG, the carrying amounts in the annual financial statements differ from the tax bases relating to prepaid expenses, the pension and other long term provisions. In these cases this has given rise to deferred tax assets. The excess of deferred tax liabilities of K€135,840 (2013: K€134.316) primarily results from the difference between the carrying amount of the investment in and tax bases of Sky Deutschland KG. Deferred tax liability results from the liability method in calculating deferred taxes. In addition, deferred tax assets are recorded on available loss carry-forwards in the amount of 60.0 percent of the deferred tax liabilities in excess of deferred tax assets. As Sky Deutschland AG holds 100.0 percent of the limited partnership interests in Sky Deutschland KG, the part regarding corporate income taxes plus solidarity surcharge of the deferred taxes of Sky Deutschland KGs controlled companies are recognized in the financial statements of Sky Deutschland AG.

(1.9) Other contingent liabilities and other financial commitments

(1.9.1) Other financial commitments

The following other financial commitments exist as of 30 June 2014:

K€	30 Jun 2014	31 Dec 2013
Rents (office building)	72,265	73,814
Leasing agreements	443	461
Other	1,649	2,240
Total	74,358	76,516

There are no other liabilities to affiliated companies included.

Of the total amount, K€6,845 are due in financial year 2014/15.

(1.9.2) Other contingent liabilities

In a letter of comfort dated 9 February 2006, Sky Deutschland AG promised to provide Premiere WIN Fernsehen with adequate funds at all times.

Regarding the supply contract for receivers between Sky Deutschland KG and Pace plc., Saltaire, United Kingdom, on 9 August 2010 for receivers, Sky Deutschland AG is obligated by a collateral promise in the form of an assumption of debt dated 9 August 2010 to take over the liability of Sky Deutschland KG as its own in addition to Sky Deutschland KG's own liability.

For the leasing agreement entered into by Sky Deutschland KG (lessee) with Cisco Systems Capital GmbH, Hallbergmoos, on 7 December 2012 regarding digital satellite and cable receivers, Sky Deutschland AG is liable for all liabilities and obligations of the lessee, together with the lessee, as a joint and several debtor.

In the license agreement dated 16 August 2013 between BLM Marketing and Event GmbH, Vienna, Austria and Sky Österreich Fernsehen GmbH, Vienna, Austria (hereinafter referred to as "Sky Österreich Fernsehen"), it was agreed that Sky Österreich Fernsehen has to secure the contract-related obligations by means of comfort letters provided by Sky Deutschland AG.

With agreements dated 14 August 2013, Sky Deutschland AG guarantees to The Football Association Premier League Limited, London, United Kingdom, for license liabilities of Sky Deutschland KG.

Sky Deutschland AG guarantees with the agreements dated 4 April 2011 and 6 December 2013 to the Union des Associations Europeenes de Football, Nyon, Switzerland, for license liabilities of Sky Deutschland KG.

With respect to the guarantees provided in favor of affiliated companies, based on the business plan submitted by the Supervisory Board, no utilization of such guarantees is expected.

(1.9.3) Derivative financial instruments

K€	30 Jun 2014	31 Dec 2013
Negative fair values		
Interest rate hedges	4,053	1,709
Total	4,053	1,709

K€	30 Jun 2014	31 Dec 2013
Notional amount		
Interest rate hedges	225,000	225,000
Total	225,000	225,000

Sky Deutschland is exposed to interest rate risks as a result of its bank liabilities. Sky Deutschland AG entered into interest rate swap agreements with several banks to fully hedge the potential interest rate risk for a loan with variable interest rates, which were closed in July 2013.

The valuation is performed according to the mark-to-market method. If the performed valuation of interest rate hedges results in a negative fair value it is recognized as a provision for contingent losses in the financial statements.

(2) Statement of operations

A comparison of the financial statements as of 30 June 2014 with the previous financial year is only possible to a limited extent, given that the reporting period 1 January 2014 until 30 June 2014 is compared with the reporting period from 1 January 2013 until 31 December 2013.

(2.1) Revenues

Revenues in the amount of K€8,144 (12M 2013: K€16,365) primarily relate to management services of Sky Deutschland AG provided to its subsidiaries.

(2.2) Other operating income

K€	6M 2014	12M 2013
Service cost allocation	3,843	7,763
Proceeds from the release of provisions	614	752
Income from reimbursement of cost	315	541
Income from prior years	112	884
Sundry income	22	84
Total	4,905	10,023

(2.3) Personnel expenses

K€	6M 2014	12M 2013
Wages and salaries	18,275	48,779
Social security	2,066	3,885
Pension expenses	69	68
Total	20,411	52,731

The expense of wages and salaries for the short financial year 2014 decrease proportional to the previous year. This results primarily from the decrease of the share-based compensation components, as a consequence of the decline in the share price.

(2.4) Amortization and depreciation on intangible assets and property, plant, equipment

K€	6M 2014	12M 2013
Depreciation on property, plant and equipment	730	1.402
Write-off of minor value assets	548	546
Amortisation on intangible assets	10	30
Total	1.287	1.978

(2.5) Other operating expenses

K€	6M 2014	12M 2013
Legal and professional fees	4,453	7,683
Facility costs	3,573	6,971
Anticipated losses on interest rate hedges	2,344	1,709
Advertising expenses and other services	957	2,132
Traveling and out-of-pocket expenses	956	1,545
Other personnel expenses	709	1,699
Prior period expenses	603	633
Expenses for capital procurement	–	3,015
Sundry operating expenses	1,350	3,277
Total	14,947	28,664

The position expenses for capital procurement in 2013 included expenses for consulting for the capital increase in January and February 2013 and the new bank financing in February 2013.

(2.6) Income from loans reported under financial assets

The income of K€42,779 (12M 2013: K€79,110) from loans comprises interest on the loan to Sky Deutschland KG.

(2.7) Other interest and similar income

The interest income of K€89 (12M 2013: K€258) mainly comprises interest on the loan to Premiere WIN Fernsehen of K€61 (12M 2013: K€111).

(2.8) Expenses for absorption of losses

A loss of K€7 (12M 2013: K€9) was transferred from SCAS as a result of the control and profit and loss transfer agreement dated 4 February 2005.

(2.9) Interest and similar expenses

The interest expense for the short financial year of K€25,377 (12M 2013: K€55,462) mainly relates to interest of K€25,248 (12M 2013: K€55,352) on the long-term corporate financing.

(2.10) Prior period items

K€	6M 2014	12M 2013
Prior period income		
Other income for prior years	112	884
Proceeds from the release of other provisions	614	752
	726	**1,636**
Prior period expenses		
Other expenses for prior years	–603	–633
Total	**123**	**1,002**

The other income from prior years in 2013 resulted primarily from a cost transfer of proportional consulting costs related to the new financing to Sky Deutschland KG in amount K€758.

(2.11) Income taxes

The income taxes comprise solely of deferred taxes. For further information, please refer to the note regarding "1.8 Deferred taxes".

IV. Other disclosures

(1) Average number of employees

The Company had an average of 293 employees during the short financial year (2013: 274), of whom 259 (2013: 244) were in the management/administration area and 34 (2013: 30) were in sales/marketing/communications. The number of employees has been converted to full-time equivalents.

(2) Management Board

The members of the Management Board during the short financial year were:

Brian Sullivan, Chairman of the Board, Chief Executive Officer (CEO), Munich;

Steven Tomsic, Chief Financial Officer, Munich;

Dr. Holger Enßlin, Chief Officer Legal, Regulatory Affairs and Distribution, Deisenhofen;
Dr. Holger Enßlin in short financial year holds the following functions in other companies:
Member of the Management Board of GVU Gesellschaft zur Verfolgung von Urheberrechtsverletzungen e.V., Berlin;
Treasurer and Member of the Management Board of Verband Privater Rundfunk und Telemedien e. V. (VPRT), Berlin

Carsten Schmidt, Chief Officer Sports, Advertising Sales & Internet, Munich.

(2.1) Management Board remuneration 2014 according to GAS 17

The following table shows the compensation of the Management Board in accordance with Section 285 HGB (German Commercial Code) in conjunction with German Accounting Standard 17 (GAS 17) as granted as of the balance sheet date and compared to the previous balance sheet date:

Management Board remuneration according to GAS 17	Brian Sullivan Chief Executive Officer		Steven Tomsic Chief Financial Officer		Carsten Schmidt Chief Officer Sports, Advertising Sales & Internet		Dr. Holger Enßlin Chief Officer Legal, Regulatory & Distribution		Total	
K€	12M 2013	6M 2014	12M 2013	6M 2014	12M 2013	6M 2014	12M 2013	6M 2014	12M 2013	6M 2014
Fixed compensation*	1,300	650	700	350	850	425	600	300	3,450	1,725
Other compensation*	550	223	333	162	211	6	22	8	1,116	399
Total	**1,850**	**873**	**1,033**	**512**	**1,061**	**431**	**622**	**308**	**4,566**	**2,124**
One-year variable compensation**	1,499	750	350	175	300	150	300	150	2,448	1,225
Multi-year variable compensation										
LTIP 2011 (1 Jan 2011 to 31 Dec 2013)	–	–	–	–	–	–	–	–	–	–
LTIP 2012 (1 Jan 2012 to 31 Dec 2014)	–	–	–	–	–	–	–	–	–	–
LTIP 2013 (1 Jan 2013 to 31 Dec 2015)	2,788	–	400	–	400	–	350	–	3,938	–
LTIP 2014 (1 Jan 2014 to 31Dec 2016)***	–	–	–	200	–	200	–	175	–	575
Share based compensation	–	–	–	–	–	–	–	–	–	–
Phantom Shares Tranche 2	–	–	–	–	–	–	–	–	–	–
Total compensation	**6,137**	**1,623**	**1,783**	**887**	**1,761**	**781**	**1,272**	**633**	**10,952**	**3,924**

* These terms are the same as expensed in the respective reporting period.
** The information on the one-year variable compensation for 2014 in accordance to GAS 17 corresponds on the expenses.
*** This term shows the total grant of the LTIP 2014. Please note the pro rata representation of the multi-year compensation is shown in the following tables.

Under the GAS 17 standard, share-based payments are included in the remuneration report with the fair value at the grant date, notwithstanding these share based payments only become eligible for payment over the course of the next two to three years. Therefore, the above table includes all 72,735 Performance Share Units (PSU) granted to the Management Board in connection with the LTIP 2014 (LTIP 2013 in 2013: 977,845 PSU) with a grant date fair value of K€575 (2013: K€3,938). Taking into consideration the fair value of all performance share units at the date of issuance, the total remuneration of the Management Board in the accordance with GAS 17 in the short financial year 2014 amounts to K€3,924 (2013: K€10,952).

The target achievement with respect to the variable compensation components of the members of the Management Board for the short financial year 2014 was decided by circular resolution on 11 September 2014.

Following the Supervisory Board meeting on 11 June 2014, with circular resolution on 18 June, 2014 the Supervisory Board extended the appointment of the Chief Executive Officer, Brian Sullivan, to 30 June 2016 and amended his employment contract. The Extension and Amendment Agreement includes an early termination option at the earliest as of 30 June 2015. The new regulation includes an increased fixed monthly basic salary as well as an increase of the short-term performance-oriented salary component and an extension of other remuneration components already defined in the employment contract from 19 December 2012 (relocation cost, health insurance). In addition a share-based compensation was granted in the form of a participation in the future LTIP 2015. As already included in the Extension and Amendment Agreement from 19 December 2012 Brian Sullivan will not participate in the LTIP 2014. The share-based compensation component granted to Brian Sullivan on 19 December 2012, which will result in a one-off payment on the basis of 500,000 shares remains unchanged.

Effective with the resolution of the LTIP 2015 by the Supervisory Board Brian Sullivan shall be entitled to participate in such LTIP 2015 with a value of €4 million, reflected by the respective number of Performance Share Units. For the calculation of the number of Performance Share Units to be granted, the Volume Weighted Average Share Price in June 2014 shall be determinative. The terms and conditions of the not-yet resolved LTIP 2015 shall apply subject to the following: the target achievements shall be calculated based on target values defined for the period 1 July 2014 until 30 June 2016 and the cash payment will be effective by 31 July 2016. The Performance Share Units of the LTIP 2015 shall vest on 30 June 2016, if Brian Sullivan serves the company as its CEO at least until 30 June 2015; otherwise, all claims under the

LTIP 2015 will forfeit. An agreed termination, as further specified in the Extension and Amendment Agreement, before the end of 30 June 2016 leads to a pro-rata payment entitlement to be calculated on a two years vesting period. Instead of the payment under the LTIP 2015 Brian Sullivan has an option to receive a compensation to be bound by a post-contractual non-competition covenant for one year against receiving a compensation of €1 million gross plus 66.67 percent of the annual bonus paid for the fiscal year 2015. The LTIP 2015 is not yet resolved.

Since the LTIP 2015 has not yet been resolved at the time of preparation of the financial reports, this agreement is considered as not yet granted and is therefore not included in the presentation of total compensation in accordance with GAS 17.

(2.2) Management Board remuneration 2014 according to the German Corporate Governance Code

Pursuant to the recommendations of the German Corporate Governance Code (GCGC) dated 13 May 2013, both the granted benefits and the allocations (payments) in form of the proposed reference tables are disclosed for the reporting year 2014, a short financial year over 6 months.

Granted Benefits according to GCGC	Brian Sullivan Chief Executive Officer since 1 April 2010			Steven Tomsic Chief Financial Officer since 1 February 2011			Carsten Schmidt Chief Officer Sports, Advertising Sales & Internet since 1 March 2006			Dr. Holger Enßlin Chief Officer Legal, Regulatory & Distribution since 1 Dec 2008			Total	
K€	12M 2013	6M 2014	2014 (Min)	12M 2013	6M 2014	2014 (Min)	12M 2013	6M 2014	2014 (Min)	12M 2013	6M 2014	2014 (Min)	12M 2013	6M 2014
Fixed compensation	1,300	650	650	700	350	350	850	425	425	600	300	300	3,450	1,725
Other compensations (fringe benefits)	550	223	223	333	162	162	211	6	6	22	8	8	1,116	399
Total	**1,850**	**873**	**873**	**1,033**	**512**	**512**	**1,061**	**431**	**431**	**622**	**308**	**308**	**4,566**	**2,124**
One-year variable compensation*	1,499	750	–	350	175	–	300	150	–	300	150	–	2,448	1,225
Multi-year variable compensation														
LTIP 2011 (1 Jan 2011 to 31 Dec 2013)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
LTIP 2012 (1 Jan 2012 to 31 Dec 2014)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
LTIP 2013 (1 Jan 2013 to 31 Dec 2015)	2,788	–	–	400	–	–	400	–	–	350	–	–	3,938	–
LTIP 2014 (1 Jan 2014 to 31 Dec 2016)**	–	–	–	–	200	–	–	200	–	–	175	–	–	575
Share based compensation	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Phantom Shares Tranche 2	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**6,137**	**1,623**	**873**	**1,783**	**887**	**512**	**1,761**	**781**	**431**	**1,272**	**633**	**308**	**10,952**	**3,924**
Pension commitments (Service cost)***	104	52	52	63	32	32	–	–	–	–	–	–	167	84
Total compensation	**6,241**	**1,675**	**925**	**1,846**	**919**	**544**	**1,761**	**781**	**431**	**1,272**	**633**	**308**	**11,119**	**4,008**

* In accordance to GCGC the information shows the contracted target value of the one-year variable compansation for 2014.
** This term shows the total grant of the LTIP 2014. Please note the pro rata representation of the multi-year compensation is shown in the following tables.
*** This term corresponds in accordance to GCGC to the service cost in accordance with HGB.

The following table shows the payments made to each member of the Management Board in the short financial year from January to June 2014 compared with the previous full calendar year:

Allocations (payments) according to GCGC	Brian Sullivan Chief Executive Officer since 1 April 2010		Steven Tomsic Chief Financial Officer since 1 February 2011		Carsten Schmidt Chief Officer Sports, Advertising Sales & Internet since 1 March 2006		Dr. Holger Enßlin Chief Officer Legal, Regulatory & Distribution since 1 December 2008		Total	
K€	6M 2014	12M 2013	6M 2014	12M 2013	6M 2014	12M 2013	6M 2014	12M 2013	6M 2014	12M 2013
Fixed compensation*	650	1,300	350	700	425	850	300	600	1,725	3,450
Other compensation*	223	1,090	162	333	6	211	8	22	399	1,656
Total	**873**	**2,390**	**512**	**1,033**	**431**	**1,061**	**308**	**622**	**2,124**	**5,106**
One-year variable compensation*	1,499	795	350	154	300	116	300	116	2,448	1,181
Multi-year variable compensation										
LTIP 2011 (1 Jan 2011 to 31 Dec 2013)***	2,710	–	867	–	650	–	650	–	4,878	–
LTIP 2012 (1 Jan 2012 to 31 Dec 2014)	–	–	–	–	–	–	–	–	–	–
LTIP 2013 (1 Jan 2013 to 31 Dec 2015)	–	–	–	–	–	–	–	–	–	–
LTIP 2014 (1 Jan 2014 to 31 Dec 2016)	–	–	–	–	–	–	–	–	–	–
Share based compensation	–	–	–	–	–	–	–	–	–	–
Phantom Shares Tranche 2***	–	3,957	–	–	–	–	–	–	–	3,957
Other	–	–	–	–	–	–	–	–	–	–
Total	**5,082**	**7,143**	**1,729**	**1,188**	**1,381**	**1,177**	**1,259**	**738**	**9,450**	**10,245**
Pension commitments (Service cost)***	104	104	63	63	–	–	–	–	167	167
Total compensation	**5,186**	**7,246**	**1,792**	**1,251**	**1,381**	**1,177**	**1,259**	**738**	**9,617**	**10,412**

* These terms are the same as expensed in the reporting period. With respect to the statement under "other compensation 12M 2013" a one-off payment for the year 2012 is reported.
** This term shows the payment of the one-year variable compensation for the previous periods, paid in the respective reporting period.
*** This term shows the payment in the respective reporting period.

Fixed compensation includes the monthly paid salaries, the one-year variable compensation is a short-term performance-related remuneration, and the other compensation includes benefits such as medical insurance, cost reimbursement of housing and schooling, paid in the short financial year 2014. The other compensation is not performance-related. Pension commitments (service cost) are insurance premiums paid by the Company and are not performance-related.

The expense for the short financial year 2014 of the fixed compensation amounted to K€1,725 (12M 2013: K€3,450), the one-year variable compensation to K€1,225 (12M 2013: K€2,448), other compensation to K€399 (12M 2013: K€1,116) and multi-year variable compensation amount to K€2,167 (12M 2013: K€13,762). In addition commitments to pensions (service cost) were incurred in the amount of K€84 (12M 2013: K€167). The expensed amounts differ from the paid remuneration of the year due to valuation effects, linearization of costs and payment terms.

The following tables show the individualized Performance Share Units (PSU) as granted and as accrued/expensed:

Brian Sullivan	Grant Date	PSU granted	Vesting Date	Number of PSU accrued/expensed as of 30 Jun 2014*
LTIP 2012	16 Feb 2012	490,196	31 Dec 2014	347,222
LTIP 2013	27 Feb 2013	692,308	30 Jun 2014	692,308
LTIP 2014		–		–
Share based compensation	19 Dec 2012	500,000	30 Jun 2014	500,000
Total		**1,682,504**		**1,539,530**

Steven Tomsic	Grant Date	PSU granted	Vesting Date	Number of PSU accrued/expensed as of 30 Jun 2014*
LTIP 2012	16 Feb 2012	156,863	31 Dec 2014	111,111
LTIP 2013	27 Feb 2013	99,317	31 Dec 2015	49,659
LTIP 2014	10 Apr 2014	25,299	31 Dec 2016	4,217
Total		281,479		164,986

Carsten Schmidt	Grant Date	PSU granted	Vesting Date	Number of PSU accrued/expensed as of 30 Jun 2014*
LTIP 2012	16 Feb 2012	117,647	31 Dec 2014	83,333
LTIP 2013	27 Feb 2013	99,317	31 Dec 2015	49,659
LTIP 2014	10 Apr 2014	25,299	31 Dec 2016	4,217
Total		242,263		137,208

Dr. Holger Enßlin	Grant Date	PSU granted	Vesting Date	Number of PSU accrued/expensed as of 30 Jun 2014*
LTIP 2012	16 Feb 2012	117,647	31 Dec 2014	83,333
LTIP 2013	27 Feb 2013	86,903	31 Dec 2015	43,452
LTIP 2014	10 Apr 2014	22,137	31 Dec 2016	3,690
Total		226,687		130,474

* LTIP 2012 vested at 85% of grant level. All other LTIP units are presented pro-rata based on the time lapsed between granting and vesting and under consideration of target achievements.

For further information regarding the share-based compensation, please refer to the remuneration report as part of the combined management report.

(3) Supervisory Board

The members of the Supervisory Board during the short financial year were as follows:

James Murdoch, Director and Co-Chief Operating Officer, Twenty-First Century Fox, Inc., New York, USA;
James Murdoch in the short financial year was also a member of the following controlling bodies:

1. Member of Board of Directors British Sky Broadcasting Group plc, Isleworth, United Kingdom
2. Chairman of Board of Directors Sky Italia S.r.l., Milan, Italy
3. Member of Board of Directors Yankees Entertainment and Sports (YES) Network, New York, USA
4. Member of Board of Directors Yankee Global Enterprises LLC., Morristown, New Jersey, USA
5. Member of Board of Directors News Corporation, USA
6. Member of Board of Directors Vice Holdings, USA

Chase Carey, Director, President, Chief Operating Officer and Deputy Chairman, Twenty-First Century Fox Inc., New York, USA;
Chase Carey in the short financial year was also a member of the following controlling bodies:

1. Member of the Executive Directors Committee Twenty-First Century Fox Inc., New York, USA
2. Manager, President and Chief Executive Officer 21st Century Fox Star US LLC, USA (until 4/30/2014)
3. President 21st Century Fox Florida LLC, USA (until 4/30/2014)
4. Manager, Chairman of the Board News/P+ Holdings Inc., USA (until 4/30/2014)
5. Director, Chief Operating Officer and President Fox Entertainment Group Inc., USA
6. Director, Chairman and Chief Executive Officer, 21st Century Fox America Inc., USA
7. Director, Chairman of the Board and President News-MCV Holdings Inc., USA (until 4/30/2014
8. Manager, Chairman of the Board NewsCore LLC, USA (until 4/30/2014)
9. Director, President and Chief Executive Officer NC Shine US Inc., USA
10. Chief Executive Officer and President Star US Film Holdings Inc., USA (until 4/30/2014)
11. Director Shine Limited, United Kingdom
12. Member of the Board of Directors British Sky Broadcasting Group plc., Isleworth, United Kingdom

Markus Tellenbach, President and Chief Executive Officer TVN S.A., Warsaw, Poland (Deputy Chairman); Markus Tellenbach in the short financial year was not a member of other controlling bodies.

Dr. Stefan Jentzsch, Partner in Perella Weinberg Partners LLP, London, Great Britain;
Dr. Stefan Jentzsch in the short financial year was also a member of the following controlling bodies:

1. Member of Supervisory Board adidas AG, Herzogenaurach
2. Member of Supervisory Board (Deputy Chairman), ASL Leasing München AG, Munich

Mark Kaner, President 20th Century Fox International Television Distribution, Los Angeles, USA
Mark Kaner in the short financial year was also a member of the following controlling bodies:

1. Executive Vice President of International Television Strategy, USA
2. Director SKY Italia S.r.l., Milan, Italy
3. President, Secretary and Treasurer Fox Pay-Per-View Services Inc., USA
4. President, Secretary and Treasurer Foxview Inc., USA
5. President, Secretary and Treasurer LAPTV A Corporation, USA
6. President, Secretary and Treasurer LAPTV B Corporation, USA
7. Director Twentieth Century Fox Television Limited, London, United Kingdom
8. Director Twentieth Century Fox Film Corporation (Australia) Pty Limited, Australia
9. President and Treasurer Twentieth Century Fox International Television, Inc., USA
10. President and Treasurer Twentieth Century Fox International Television Distribution, Inc., USA
11. President, Secretary and Treasurer, Twentieth Century Fox International Telecommunications Distribution Inc., USA
12. President and Treasurer Twentieth Century Fox Telecommunications International Inc., USA
13. Chairman and Director Twentieth Century Fox/Incendo Television Distribution Inc., Toronto, Canada

Miriam Kraus, Senior Vice President, Head of Global Governance, Risk and Compliance at SAP AG, Walldorf;
Miriam Kraus in the short financial year was also a member of the following controlling bodies:

1. Board of Directors SAP Software System Co. Ltd., China
2. Board of Directors SAP France S.A., France

Katrin Wehr-Seiter, Managing Director BIP Investment Partners S.A., Luxembourg;
Katrin Wehr-Seiter in the short financial year was also a member of the following controlling bodies:

1. Member of Supervisory Board Nanogate AG, Göttelborn
2. Member of Supervisory Board (Chairman) Utimaco Safeware AG, Aachen (until 4/28/2014 – the company was merged with Utimaco GmbH)
3. Member of the Board Utimaco GmbH, Aachen (since 4/28/2014)
4. Member of Supervisory Board SWG GmbH, Saarbrücken
5. Director ACANTA Capital GmbH, Bad Homburg

Jan Koeppen, President, Europe and Africa, Fox International Channels, London, United Kingdom;
Jan Koeppen in the short financial year was also a member of the following controlling bodies:

1. Director NGC Europe Limited, United Kingdom (since 5/1/2014)
2. Director Tata Sky Limited, India
3. Manager Alliance Yapim Limited Sirketi, Turkey
4. Director and Senior Vice President 21st Century Fox (Asia) Ltd., USA (until 5/12/2014)
5. Director and Senior Vice President 21st Century Fox Europe & Asia, Inc., USA (until 5/12/2014)
6. Manager and Senior Vice President 21st Century Fox Rotana Holdings LLC, USA (until 5/12/2014)
7. Chairman of Huzur Radyo Tv Anonim Sirketi, Turkey
8. Director Ordinto Investments (until 5/12/2014)
9. Director 21st Century Fox Film UK Holdings Limited (until 5/12/2014)
10. Director Star Advertising Sales Limited (until 5/12/2014)
11. Director 21st Century Fox UK Nominees Limited, United Kingdom (until 5/12/2014)
12. Director Sky Channel Limited (until 5/12/2014)
13. Director 21st Century Fox Media Company Limited (until 1/20/2014)
14. Director 21st Century Fox Outdoor Europe B.V. (until 5/7/2014)
15. Director SRC Holdings Limited (until 5/12/2014)

Harald Rösch, self-employed business and investor advisor;
Harald Rösch in the short financial year was also a member of the following controlling bodies:

1. Member of the Supervisory Board SEAT Pagine Gialle S. p. A., Italy
2. Member of the Advisory Board internetstores GmbH, Esslingen
3. Chief Executive Officer and member of the Advisory Board Blizoo, Sofia, Bulgaria
4. Member of the Advisory Board, United Digital Group GmbH,

By resolution of the Annual General Meeting on 10 April 2014, Dr. Stefan Jentzsch, Mark Kaner, James Murdoch, Harald Rösch and Markus Tellenbach, whose terms of office ended with the conclusion of the ordinary General Meeting, were re-elected as members of the Supervisory Board.

The fixed compensation of the Supervisory Board comprises fixed elements and a compensation component for the work in the specific committees. The other Supervisory Board compensation comprises travel expenses relating to the meetings of the Supervisory Board.

For members of the Supervisory Board, the following compensation was incurred and expensed for the short financial year in accordance with HGB:

Supervisory compensation K€	Fixed compensation	Other compensation	Total 6M 2014	Total 12M 2013
Chase Carey	35	30	65	140
Markus Tellenbach	50	40	90	140
Jan Koeppen	40	40	80	120
Mark Kaner	38	30	68	115
Dr. Stefan Jentzsch	43	10	53	95
Katrin Wehr-Seiter	38	10	48	85
Miriam Kraus	38	10	48	85
James Murdoch	50	40	90	84
Harald Rösch	35	10	45	80
Thomas Mockridge	–	–	–	16
Total	365	220	585	961

(4) Fees for external auditors

Fees of K€496 (12M 2013: K€607) were incurred and recorded as expense in the past short financial year, which were made up as follows:

K€	6M 2014	12M 2013
Audit of the financial statements	139	139
Review of the quarterly financial statements	27	94
Other assurance or valuation services	329	341
Tax consultancy services	2	30
Other services	–	3
Total	496	607

Additional to the fees for the annual audit the position audit of the financial statements also includes the expenses.

The position review of the quarterly financial statements contains in the short financial year only the cost of one quarter instead of three quarters in the previous year.

(5) Declaration of conformity with the Corporate Governance Codex in accordance with Section 161 Stock Companies Act

On 11 June 2014, the Management Board and Supervisory Board of Sky Deutschland AG declared in accordance with Section 161 Stock Companies Act that the recommendations of the Government Commission on the German Corporate Governance Codex that were published in the official section of the Federal Gazette on 10 June 2013 in the version of 13 May 2013 have been and will be adhered to with the deviations which have been disclosed in the declaration of conformity. The declaration of conformity has been made available to the stockholders on a permanent basis in accordance with Section 285 No. 16 HGB on the internet page (info.sky.de).

(6) Membership of a group

Sky Deutschland AG (HR B 154549 at the Municipal and Register Court in Munich), as the parent company, prepares consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and a group management report, in which it includes all subsidiaries that have to be consolidated. These consolidated financial statements fulfil the requirements of Section 315a (1) HGB.

The consolidated financial statements and the group management report of Sky Deutschland AG for the short financial year 2014 will be filed with the operator of the Federal Gazette and will be available via the German Companies Register's internet page.

The Company will be fully consolidated in the financial statements of Twenty-First Century Fox, Inc., a Delaware company, with primary corporate address in New York, NY, USA. The financial statements of Twenty-First Century Fox, Inc. will be reported and published according to the regulations of the United States Securities and Exchange Commission.

Unterföhring, 16 September 2014

Brian Sullivan

Steven Tomsic

Carsten Schmidt

Dr. Holger Enßlin

Development of the fixed assets in short financial year 2014

	Cost				Amortisation, depreciation and write-downs				Residual book values	
in €	1 Jan 2014	Additions	Disposals	30 Jun 2014	1 Jan 2014	Additions	Disposals	30 Jun 2014	30 Jun 2014	31 Dec 2013
I. Intangible assets										
1. Industrial property rights and similar rights and assets, and licenses for such rights and assets acquired for consideration	235,870.72	4,085.00	0.00	239,955.72	210,841.72	9,949.00	0.00	220,790.72	19,165.00	25,029.00
2. Goodwill	5,406.04	0.00	0.00	5,406.04	3,954.98	175.26	0.00	4,130.24	1,275.80	1,451.06
	241,276.76	4,085.00	0.00	245,361.76	214,796.70	10,124.26	0.00	224,920.96	20,440.80	26,480.06
II. Property, plant and equipment										
1. Land, rights similar to land, and buildings, including buildings on land owned by others	13,058,277.34	237,436.41	0.00	13,295,713.75	3,680,448.34	697,169,41	0,00	4,377,617,75	8,918,096,00	9,377,829,00
2. Other plant, operational and office equipment	3,232,107.26	158,683.98	50,719.01	3,340,072.23	2,140,467.26	580,075,98	50,447,01	2,670,096,23	669,976,00	1,091,640,00
3. Advance payments and construction in progress	1,493.01	0.00	0.00	1,493.01	0.00	0,00	0,00	0,00	1,493,01	1,493,01
	16,291,877.61	396,120.39	50,719.01	16,637,278.99	5,820,915.60	1,277,245.39	50,447.01	7,047,713.98	9,589,565.01	10,470,962.01
III. Financial assets										
1. Interests in affiliated companies										
Sky Deutschland Verwaltungs-GmbH	27,000.00	0.00	0.00	27,000.00	0.00	0.00	0.00	0.00	27,000.00	27,000.00
Sky Deutschland Fernsehen GmbH & Co. KG	1,941,100,000.00	0.00	0.00	1,941,100,000.00	0.00	0.00	0.00	0.00	1,941,100,000.00	1,941,100,000.00
SCAS Satellite CA Services GmbH	27,000.00	0.00	0.00	27,000.00	0.00	0.00	0.00	0.00	27,000.00	27,000.00
Premiere WIN Fernsehen GmbH	5,052,000.00	0.00	0.00	5,052,000.00	5,052,000.00	0.00	0.00	5,052,000.00	0.00	0.00
	1,946,206,000.00	0.00	0.00	1,946,206,000.00	5,052,000.00	0.00	0.00	5,052,000.00	1,941,154,000.00	1,941,154,000.00
2. Loans to affiliated companies										
Sky Deutschland Fernsehen GmbH & Co. KG	1,153,913,776.01	67,198,519.03	0.00	1,221,112,295.04	0.00	0.00	0.00	0.00	1,221,112,295.04	1,153,913,776.01
	1,153,913,776.01	67,198,519.03	0.00	1,221,112,295.04	0.00	0.00	0.00	0.00	1,221,112,295.04	1,153,913,776.01
	3,100,119,776.01	67,198,519.03	0.00	3,167,318,295.04	5,052,000.00	0.00	0.00	5,052,000.00	3,162,266,295.04	3,095,067,776.01
	3,116,652,930.38	67,598,724.42	50,719.01	3,184,200,935.79	11,087,712.30	1,287,369.65	50,447.01	12,324,634.94	3,171,876,300.85	3,105,565,218.08

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the material opportunities and risks associated with the expected development of the company.

Unterföhring, 16 September 2014

The Management Board

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Sky Deutschland AG, Unterföhring, and the management report of the Company and the Group for the short financial year from January 1 to June 30, 2014. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the management board, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich, September 16, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Kreher	Kaltenegger
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]