

Dear Shareholders,

The year 2012 was for TwigoNet Europe important. We focused on two main topics:

1. Raising of the capital
2. Building of the FTTH network

Raising of the capital has been successfully accomplished, our company is now listed on New Connect and we possess with sufficient capital to perform our goal to build the largest FTTH network in the Czech Republic (in the first step).

(Only) After IPO day on 13.4.2012 – we started investing the capital into prepared projects. After very careful selection of projects we decided to invest into building projects. During the 8 months we built more than 2000 Homes Passed and started the preparation of building permission in the preselected towns in Czech Republic. Our team went through changes during the year and now we have a team of committed people. In parallel to building we try from the beginning to find the ways how to monetise our efforts.

Looking on the cost site, we invested into various technology tools needed mainly for building purposes in order to eliminate expensive external costs and we will follow a similar strategy also in following years. We will not rent expensive tools and use expensive outsourced services. We believe this is the way how we can build the networks for reasonable prices.

During the year 2012 we also prepared the framework for issuing additional 5 Mio shares. Up to now there was no need to use this framework.

We devoted time and continued on investigation of few acquisition cases. Until today we did not find any valuable acquisition for a bargain price. Hence our main focus was on building green field projects which completely fits our business requirements.

Main financial data in thousands of EUR for 2012 and 2011:

	Year 2012	Year 2011
Total assets	1,441	1,687
Long Term Assets	116	0
Current Assets	1,325	1,687
Short term Financial Assets	1,298	1,684
	0	0
Total Liabilities	1,441	1,687
Equity	1,420	1,674
Not-own Capitals	22	13
	0	0
Profit/Loss on Ordinary income	-254	-31
Profit/Loss before Taxation	-254	-31

The auditor of the company was selected in accordance with legal regulations and met conditions to express their impartial and independent opinion on the audit with relevant regulations of local law.

In Prague, 13 June 2013

Ondrej Cibulfa
member of the Board of Directors