

TWIGONET

QUARTERLY REPORT
2013 Q4

TwigoNet Europe, SE
For the period 1.10.2013 – 31.12.2013

March 31th 2014
Prague, Czech Republic

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1. Selected financial data consolidated for the group

Exchange rate CZK/EUR 27,425. as of December 31, 2013 was used for calculation. TwigoNet applies standard accounting rules. The rules has not been changed.

Consolidated Profit and Loss Statement

		2013	2012	4Q2013	4Q2012
I	Revenues from merchandise	3	1	0	1
A	Cost of goods sold	0	0	0	0
II	Production	5	0	-2	0
B	Production consumed	102	218	47	78
C	Personel expenses	43	26	13	20
D	Taxes and fees	5	1	2	1
E	Depreciations	12	1	9	1
III	Revenue from sales of fixed assets	0	0	0	0
F	Net book value of fixed assets sold	0	0	0	0
G	Changes in provisions	0	0	0	0
IV	Other operating revenues	3	0	1	0
H	Other operating expenses	2	0	1	0
VI	Revenues from sales of securities	434	0	434	0
J	Securities sold	395	0	395	0
VII	Revenues from long term financial assets	0	0	0	0
VIII	Revenues from short term financial assets	15	0	15	0
K	Expenses asocoated with financial assets	0	0	0	0
IX	Revenue fro revaluation of securities an financial assets	1 708	0	1 708	0
L	Expenses from revaluation of securities and derivatives	935	0	935	0
M	Changes in provisions in financial activity	0	0	0	0
X	Interest revenues	26	13	0	11
N	Interest expenses	23	0	23	0
XI	Other financial revenues	4	0	4	0
O	Other financial expenses	28	1	24	0
XII	Transfer of financial revenues	0	0	0	0
P	Transfer of financial expenses	0	0	0	0
Q	Income tax on ordinary income	0	0	0	0
XIII	Extraordinary revenues	0	0	0	0
R	Extraordinary expenses	2	0	3	0
S	Income tax on extraordinary items	0	0	0	0
	Operating profit/loss	-154	-245	-73	-99
	Profit ú loss from ordinary activity	652	-233	712	-89
	Profit / loss of current accounting period	651	-233	712	-89

Consolidated Balance Sheet

		2013	2012	4Q2013	4Q2012
	Tota assets	2 061	1 321	820	-81
A	Receivables from subscribed capital	0	0	0	0
B	Fixed assets	274	92	130	92
B I	Intangible fixed assets	2	0	-3	0
BII	Tangible fixed assets	272	92	133	92
BIII	Long term financial assets	0	0	0	0
C	Current assets	1 786	1 229	688	-173
CI	Inventory	29	3	-26	3
CII	Long Term receivables	0	0	0	0
CIII	Short term receivables	14	21	-24	15
CIV	Short term financial assets	1 742	1 204	738	-192
D	Accruals	1	0	1	0
	Total liabilities	2 061	1 321	820	-81
A	Equity	1 952	1 301	712	-89
AI	Registered capital	475	475	0	0
AII	Capital funds	1 091	1 091	0	0
AIII	Reserve funds	0	0	0	0
AIV	Net profit or loss from previous years	-264	-31	0	0
AV	Net profit or loss from the period	651	-233	712	-204
B	Liabilities	109	20	108	19
BI	Provisions	0	0	0	0
BII	Long term payables	8	0	35	0
BIII	Short term payables	101	20	73	8
BIV	Bank loans	0	0	0	0
C	Accruals	0	0	0	0

Consolidated Cash Flow Statement

		2013	2012	4Q2013	4Q2012
P.	Cash at the beginning	32629636.09	42344605.78	27134696.23	36794511.70
Z	Profit / loss	17787417.48	-6388658.98	19768717.05	-1441436.12
A.1.	Non financial operations	-1242489.82	-342655.80	-697735.15	-121448.97
A.2.	change of working capital	1724897.95	-396714.02	1737516.70	-549484.77
A.3.	Paid interest	-632856.01	0.00	-632855.78	0.00
A.4.	Received interest	700668.35	358781.92	395.41	138003.97
A.5.	paid tax				
A.6.	extraordinary expenses and incomes	45338.93	0.00	467.40	0.00
A.7.	paid dividends	0.00	0.00	0.00	0.00
B.1.	purchases of long term assets	-16404399.18	-2945722.81	-13632988.07	-2190509.72
B.2.	income from sales of long term assets	11916346.94	0.00	11916346.94	0.00
B.3.	Loans to related persons				
C.1.	change of long term liabilities	0.00	0.00	0.00	0.00
C.2.	change of equity	0.00	0.00	0.00	0.00
C.3.	received dividends	408942.65	0.00	408942.65	0.00
C.**	net cash flow from operations	408942.65	0.00	408942.65	0.00
F.	net increase of cash	14303867.29	-9714969.69	18868807.15	-4164875.61
R.	Cash at the end	46933503.38	32629636.09	46003503.38	32629636.09

2. Factors and events that affected the financial results:

During the reported period all financial data of the company evolved according plans and expectations of the management of the company. The only exception is the large positive impact of general growth of the financial markets which in combination with unexpected intervention of the Czech National Bank I.e. devaluation of the Czech Koruna led to very positive appreciation of short term financial assets held by the company. This was one time effect and likely will not be repeated.

3. Actions taken by TwigoNet to develop its activities during the period covered by the report, in particular through actions aimed to implement innovative solutions at the enterprise

Because of strategic reasons and NDA conditions, in our reports we do not disclose the names of the our (potential) customers (ISPs), towns where we prepare the building of the network and the names of the existing networks/companies we plan to acquire.

In the fourth quarter TwigoNet:

- Finished the ground works of the new optical network in Olomouc – POVEL with the approximately 2800 Homes Passed
- Finished the ground works of the new optical network in Pisek
- Started and finished the ground works of optical network Drevcice – Brandys nad Labem
- Continues the indoor FTTH installation
- Secured permissions to install the internal FTTH installations for another 300 Homes Passed
- Finished the preparation of Area PoP in Tábor
- Continues the preparation of AreaPoP in Pisek sidliste JIH
- Continues the preparation of AreaPoP in Brandys nad Labem
- Continues the preparation of AreaPoP in Olomouc POVEL
- Continues the preparation of AreaPoP in Olomouc Dolni Namesti
- Continues the preparation of AreaPoP in Olomouc Nezvalova
- Continues the preparation to get the build permission in altogether 40 towns
- Continues in discussion with major telecommunication operator in order to define the first pilot locality for the operation
- Continues the negotiation about possible cooperation with middle and medium sized telecommunication operators (ISP)
- Ordered 60 km of optical cables
- Continues the selection of the supplier for the indoor distribution boxes
- Continues the selection of the ODF technology
- Continues in improved of the sales process
- Finished the selection of the machine for cable blowing and floating
- Invests into the machine for cable blowing and floating
- Invests into compressor for cable blowing

- Invest into additional car
- Secured substantial cash via financial operations

The company has made no financial forecasts. All works currently undertaken are in compliance with plans and expectations of management.

4. Structure of the group and structure of the shareholders of the company

The company has two 100% subsidiaries TwigoNet Bohemia s.r.o. and TwigoNet Moravia s.r.o., Each company has equity of 7000EUR and currently perform no activity. Accounts presented in this report are consolidated.

According the change of Commercial Code in the Czech Republic, all bearer shares had been automatically converted to registered shares as of 1.1.2014.

Mr. Cibula, the Member of the Board of Directors, presented 87.2% of shares for registration by the company. Mr. Ilja Čurda holds 7.3% of the shares of the company. All the shares issued by the company have the same voting rights.

5. Informations from current report published by the company during the period and further till the publishing of this report.

The Management Board of TwigoNet Europe, SE informs of dates for providing periodical reports in financial year 2014:

Quarterly reports:

2013 Q4 - 14. February 2014
2014 Q1 - 15. May 2014
2014 Q2 - 15. August 2014
2014 Q3 - 14. November 2014

Annual report

2013 FY – 20. May 2014

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