QUARTERLY REPORT
2013 Q1

TwigoNet Europe, SE
For the period 1.1.2013 – 31.3.2013

May 15th 2013
Prague, Czech Republic

Contents

1. Selected financial data consolidated for the group

thousands of EUR	Quarter		Cumulative	
	1.1.-31.3.2012	1.1.-31.3.2013	31.3.2012	31.3.2013
Equity	0	0	1668	1668
Long-term receivables	-37	0	-36	0
Short-term receivables	0	3	0	7
Cash and cash equivalents	-2	-43	1643	1241
Long-term liabilities	0	-5	0	0
Short-term liabilities	80	-4	93	13
Depreciation and amortization	0	1	0	2
Net sales revenue	0	6	0	7
Gross profit (loss) on sales	0	3	0	3
Operating profit (loss)	0	-30	-109	-30
Gross profit (loss)	0	-25	-109	-25
Net profit (loss)	0	-25	-109	-25

Exchange rate EUR/CZK 25,735 as of March 29, 2013 was used for calculation.

2. Factors and events that affected the financial results:

The event influencing financial result was the construction of FTTH fiber networks at several places (Olomouc, Tábor, Brandýs nad Labem), which is represented by increased cash outflow. Company put into operation it’s first small pilot FTTH network, resulting into both recurring and non-recuring revenue. Company invested into specialised SW needed for projecting and documenting FTTH networks. TwigoNet invested also into specialized tools necessary to indoor installations and extended the car fleet.

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:

- Received next permission to build next FTTH network
- Put into operation it's first small FTTH network
- Continuously extended the FTTH network in the centre of the Olomouc town
- Finished the selection of the FTTH network documentation SW and invested into professional SW developed for FTTH purposes
- Started and finished the selection of the supplier for the AreaPoP
- Continued the indoor FTTH installation in all localities
- Secured permissions to install the internal FTTH installations for another 2000 Homes Passed
- Signed the amendment with town Tábor regarding the ROU
- Continues the preparation of Area PoP in Tábor
- Continues in discussion with major telecommunication operator in order to define the first pilot locality for the operation
- Continued the negotiation about possible cooperation with middle and medium sized telecommunication operators (ISP)
- Concentrated solely on building of FTTH and put on hold all the acquisition efforts
- Continues in preparation of new 10 additional building projects on Moravia and Bohemia
- Continued the tender for supply of optical cables. The results of the tender will be known in the 2Q/2013
- Prepares the approval for the AreaPoP in Brandýs nad Labem
- Started the selection of the supplier for the indoor distribution boxes
- Improved the sales process during the permission acquisition process
- Continues the selection of cable locator tool
- Started the selection of compressor
- Started the selection of the machine for cable blowing and floating
- Started the selection of air-condition technology

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

4. Issuer´s shareholding structure as of reporting day

Management of the company has no information about the change in the shareholding structure of the company. But only minor part of the shares issued by the company is traded on the public market and therefore is registered in the electronic form. The rest of the issued shares is held privately in the paper form.

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