TWIGONET

QUARTERLY REPORT
2013 Q4

TwigoNet Europe, SE
For the period 1.10.2013 – 31.12.2013

February 14th 2014
Prague, Czech Republic

Contents

1. Selected financial data consolidated for the group

thousands of EUR	Quarter		Cumulative	
	1.10.-31.12. 2012	1.10.-31.12. 2013	31.12.2012	31.12.2013
Equity	0	0	1286	1952
Long-term receivables	0	0	9	0
Short-term receivables	21	-22	12	14
Cash and cash equivalents	-157	821	1213	1742
Long-term liabilities	8	17	5	8
Short-term liabilities	8	74	19	101
Depreciation and amortization	0	9	2	12
Net sales revenue	0	0	0	3
Gross profit (loss) on sales	0	0	0	3
Operating profit (loss)	-61	-77	-248	-154
Gross profit (loss)	-61	711	-248	652
Net profit (loss)	-61	711	-248	652

Exchange rate CZK/EUR 27,425. as of December 31, 2013 was used for calculation.

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 second 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.. 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.

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