TWIGONET

QUARTERLY REPORT
2014 Q2

TwigoNet Europe, SE
For the period 1.4.2014 – 30.6.2014

August 15th 2014
Prague, Czech Republic

Contents

1. Selected financial data consolidated for the group

Exchange rate CZK/EUR 27,450. as of July 30, 2014 was used for calculation.
TwigoNet applies standard accounting rules. The rules has not been changed.
TwigoNet has three full-time employees at the time of this report.

Consolidated Profit and Loss Statement (thousands EUR)

		2014H	2013H	2Q2014	2Q2013
I	Revenues from merchandise	0	3	0	0
A	Cost of goods sold	0	0	0	0
II	Production	110	3	110	1
B	Production consumed	16	37	6	14
C	Personel expenses	33	16	18	8
D	Taxes and fees	8	0	8	0
E	Depreciations	12	4	6	2
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	1	0	0	0
H	Other operating expenses	1	1	1	0
VI	Revenues from sales of securities	1484	0	1484	0
J	Securities sold	1432	0	1432	0
VII	Revenues from long term financial assets	0	0	0	0
VIII	Revenues from short term financial assets	60	0	60	0
K	Expenses asocoated with financial assets	0	0	0	0
IX	Revenue from revaluation of securities an financial assets	978	0	978	0
L	Expenses from revaluation of securities and derivatives	304	0	304	0
M	Changes in provisions in financial activity	0	0	0	0
X	Interest revenues	2	24	2	19
N	Interest expenses	53	0	53	0
XI	Other financial revenues	2	0	2	0
O	Other financial expenses	49	3	48	3
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	0	0	0	0
S	Income tax on extraordinary items	0	0	0	0
		0	0	0	0
	Operating profit/loss	40	-52	69	-24
	Profit ú loss from ordinary activity	729	-31	759	-7
	Profit / loss of current accounting period	729	-31	759	-7

Consolidated Balance Sheet

		2014H	2013H	2Q2014	2Q2013
	Total assets	2839	1276	926	-14
A	Receivables from subscribed capital	0	0	0	0
B	Fixed assets	457	197	168	90
B I	Intangible fixed assets	1	2	0	-1
BII	Tangible fixed assets	404	165	116	60
BIII	Long term financial assets	37	0	37	0
C	Current assets	2395	1108	773	-75
CI	Inventory	56	9	12	6
CII	Long Term receivables	141	0	141	0
CIII	Short term receivables	109	28	91	12
CIV	Short term financial assets	2089	1072	529	-92
D	Accruals	2	0	0	0
		0	0	0	0
	Total liabilities	2839	1276	926	-14
A	Equity	2619	1269	766	-8
AI	Registered capital	474	474	0	0
AII	Capital funds	1090	1090	0	0
AIII	Reserve funds	0	0	0	0
AIV	Net profit or loss from previous years	326	-264	14	0
AV	Net profit or loss from the period	729	-31	753	-7
B	Liabilities	220	7	160	-6
BI	Provisions	0	0	0	0
BII	Long term payables	-1	-10	0	-7
BIII	Short term payables	90	17	30	1
BIV	Bank loans	130	0	130	0
C	Accruals	0	0	0	0

Consolidated Cash Flow Statement

	2Q2014	2Q2013
Cash at the beginig	1541	1148
Cash-flow from main activities	-1388	9
P/L from main activities	759	-9
Nonfinancial operations	-45	2
Change of operating capital	-67	7
Investment activity	1331	-61
Purchase of assets	-153	-61
Sale of assets	1484	0
Leasing	0	0
Financial activity	0	0
Change of liabilities	0	0
Change of equity	0	0
Difference	759	-9
Cash at the end	2243	1088

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.

Because of unsatisfactory situation on the term deposit market where interest rates approach zero management of the company decided to use other financial products. Thanks to correct timing of the entering the market the company managed to participate on the general growth of the equity markets and appreciated its free financial assets.

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 2014 TwigoNet:

- Finished and delivered the first major project to tier 1 telecommunication provider
- Continues optical fibre blowing
- Continues the indoor FTTH installation
- Hires new FTE for optical cable installation
- Secured permissions to install the internal FTTH installations for another 300 Homes Passed
- Continues the preparation of AreaPoP in Pisek sidliste JIH, Brandys nad Labem, Olomouc POVEL, Dolni Namesti, Olomouc Nezvalova
- Continues the preparation to get the build permission in altogether 40 towns with the coverage of approximately. 120.000 HP
- Continues the negotiation about cooperation with telecommunication operators (ISP)
- Invested into the next ODF technology
- Continues in efforts to improve the sales process
- The company has made no financial forecasts. Ground 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 company held The Annual General Meeting during the period covered by this report. The complete Resolution of the meeting and the new Articles of Association are added as amendments to this report.

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