TWIGONET

QUARTERLY REPORT
2015 Q1

TwigoNet Europe, SE
For the period 1.1.2015 – 31.3.2015

May 15th 2015
Prague, Czech Republic

Contents

1. Selected financial data consolidated for the group

Exchange rate CZK/EUR 27,530. as of March 31, 2015 was used for calculation.
TwigoNet applies standard accounting rules. The rules has not been changed.
TwigoNet has seven full-time employees at the time of this report.

Nonconsolidated Profit and Loss Statement (thousands EUR)

		2014	2015	1Q2014	1Q2015
I	Revenues from merchandise	0	0	0	0
A	Cost of goods sold	0	0	0	0
II	Production	0	0	0	0
B	Production consumed	10	4	10	4
C	Personel expenses	14	24	14	24
D	Taxes and fees	0	0	0	0
E	Depreciations	6	7	6	7
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	1	0
H	Other operating expenses	0	0	0	0
VI	Revenues from sales of securities	0	0	0	0
J	Securities sold	0	0	0	0
VII	Revenues from long term financial assets	0	0	0	0
VIII	Revenues from short term financial assets	0	0	0	0
K	Expenses asocoated with financial assets	0	0	0	0
IX	Revenue from revaluation of securities an financial assets	0	21	0	21
L	Expenses from revaluation of securities and derivatives	0	5	0	5
M	Changes in provisions in financial activity	0	0	0	0
X	Interest revenues	0	0	0	0
N	Interest expenses	0	0	0	0
XI	Other financial revenues	0	0	0	0
O	Other financial expenses	1	0	1	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	0	0	0	0
S	Income tax on extraordinary items	0	0	0	0
	Operating profit/loss	-29	-35	-29	-35
	Profit / loss from ordinary activity	-30	-19	-30	-19
	Profit / loss of current accounting period	-30	-19	-30	-19

Consolidated Profit and Loss Statement (thousands EUR)

		2014	2015	1Q2014	1Q2015
I	Revenues from merchandise	0	0	0	0
A	Cost of goods sold	0	0	0	0
II	Production	0	0	0	0
B	Production consumed	10	4	10	4
C	Personel expenses	14	24	14	24
D	Taxes and fees	0	0	0	0
E	Depreciations	6	7	6	7
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	1	0
H	Other operating expenses	0	0	0	0
VI	Revenues from sales of securities	0	0	0	0
J	Securities sold	0	0	0	0
VII	Revenues from long term financial assets	0	0	0	0
VIII	Revenues from short term financial assets	0	0	0	0
K	Expenses asocoated with financial assets	0	0	0	0
IX	Revenue from revaluation of securities an financial assets	0	21	0	21
L	Expenses from revaluation of securities and derivatives	0	5	0	5
M	Changes in provisions in financial activity	0	0	0	0
X	Interest revenues	0	0	0	0
N	Interest expenses	0	0	0	0
XI	Other financial revenues	0	0	0	0
O	Other financial expenses	1	0	1	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	0	0	0	0
S	Income tax on extraordinary items	0	0	0	0
	Operating profit/loss	-29	-35	-29	-35
	Profit / loss from ordinary activity	-30	-19	-30	-19
	Profit / loss of current accounting period	-30	-19	-30	-19

Nonconsolidated Balance Sheet

		2014	2015	1Q2014	1Q2015
	Total assets	1 781	2 713	1 781	2 713
A	Receivables from subscribed capital	0	0	0	0
B	Fixed assets	20	475	20	475
B I	Intangible fixed assets	0	9	0	9
BII	Tangible fixed assets	6	413	6	413
BIII	Long term financial assets	15	53	15	53
C	Current assets	1 761	2 233	1 761	2 233
CI	Inventory	1	28	1	28
CII	Long Term receivables	0	0	0	0
CIII	Short term receivables	78	72	78	72
CIV	Short term financial assets	1 681	2 133	1 681	2 133
D	Accruals	0	5	0	5
	Total liabilities	1 781	2 713	1 781	2 713
A	Equity	1 840	2 457	1 840	2 457
AI	Registered capital	473	473	473	473
AII	Capital funds	1 087	1 087	1 087	1 087
AIII	Reserve funds	0	0	0	0
AIV	Net profit or loss from previous years	311	917	311	917
AV	Net profit or loss from the period	-30	-19	-30	-19
B	Liabilities	-59	256	-59	256
BI	Provisions	0	0	0	0
BII	Long term payables	-15	161	-15	161
BIII	Short term payables	-44	74	-44	74
BIV	Bank loans	0	21	0	21
C	Accruals	0	0	0	0

Consolidated Balance Sheet

		2014	2015	1Q2014	1Q2015
	Total assets	1 781	2 713	1 781	2 713
A	Receivables from subscribed capital	0	0	0	0
B	Fixed assets	5	460	5	460
B I	Intangible fixed assets	0	9	0	9
BII	Tangible fixed assets	6	413	6	413
BIII	Long term financial assets	0	38	0	38
C	Current assets	1 776	2 248	1 761	2 248
CI	Inventory	1	28	1	28
CII	Long Term receivables	0	0	0	0
CIII	Short term receivables	78	72	78	72
CIV	Short term financial assets	1 696	2 148	1 696	2 148
D	Accruals	0	5	0	5
	Total liabilities	1 781	2 713	1 781	2 713
A	Equity	1 840	2 457	1 840	2 457
AI	Registered capital	473	473	473	473
AII	Capital funds	1 087	1 087	1 087	1 087
AIII	Reserve funds	0	0	0	0
AIV	Net profit or loss from previous years	311	917	311	917
AV	Net profit or loss from the period	-30	-19	-30	-19
B	Liabilities	-59	256	-59	256
BI	Provisions	0	0	0	0
BII	Long term payables	-15	161	-15	161
BIII	Short term payables	-44	74	-44	74
BIV	Bank loans	0	21	0	21
C	Accruals	0	0	0	0

Nonconsolidated Cash Flow Statement

	2014	2015	1Q2014	1Q2015
Cash at the beginig	36	129	36	129
Cash-flow from main activities	-49	-12	-49	-12
P/L from main activities	-30	-41	-30	-41
Nonfinancial operations	-8	-5	-8	-5
Change of operating capital	-40	49	-40	49
Investment activity	-12	2	-12	2
Purchase of assets	-12	0	-12	0
Sale of assets	0	0	0	0
Leasing	0	0	0	0
Financial activity	156	0	156	0
Change of liabilities	0	3	0	3
Change of equity	0	0	0	0
Difference	5	7	5	7
Cash at the end	47	132	47	132

Consolidated Cash Flow Statement

	2014	2015	1Q2014	1Q2015
Cash at the beginig	36	129	36	129
Cash-flow from main activities	-49	-12	-49	-12
P/L from main activities	-30	-41	-30	-41
Nonfinancial operations	-8	-5	-8	-5
Change of operating capital	-40	49	-40	49
Investment activity	-12	2	-12	2
Purchase of assets	-12	0	-12	0
Sale of assets	0	0	0	0
Leasing	0	0	0	0
Financial activity	156	0	156	0
Change of liabilities	0	3	0	3
Change of equity	0	0	0	0
Difference	5	7	5	7
Cash at the end	47	132	47	132

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 with higher return. Financial results were influenced by declining prices in some segments of the market.

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 first quarter 2015 TwigoNet:

- two subsidiaries – TwigoNet Bohemia s.r.o. and TwigoNet Moravia s.r.o. - have been renamed to FiberCity s.r.o. and McFiber s.r.o.
- the first location is about being finished and start operating in the second quarter of 2015

- Continues optical fibre blowing in all towns
- Continues the indoor FTTH installation in all towns
- Continues the the ODF preparation in Pisek, 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. 140.000 HP
- Continues the negotiation about cooperation with telecommunication operators (ISP)
- Continues in efforts to improve the sales process
- The company has made no financial forecasts. Ground works and internal installation 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 FiberCity s.r.o. and McFiber s.r.o., Each company has equity of 7000EUR and currently perform no activity. Accounts presented in this report are both nonconsolidated and consolidated.

Mr. Cibula, the Member of the Board of Directors, holds 87.2% of shares and 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.

From 1.1.2015 the company has new Market Maker company NWAI Dom Maklerski S.A.

According the request by the Warsaw Stock Exchange the company is in process of finding new Authorised Advisor.

The Warsaw Stock Exchange suspended the trading with the shares of the company by its Resolution 163/2015 dated February 17, 2015. The company is taking measures to resolve any problem soon and start trading with the shares.

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