

TWIGONET

QUARTERLY REPORT
2013 Q3

TwigoNet Europe, SE
For the period 1.7.2013 – 30.9.2013

November 14th 2013
Prague, Czech Republic

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1. Selected financial data consolidated for the group

thousands of EUR	Quarter		Cumulative	
	1.7.-30.9.2012	1.7.-30.9.2013	30.9.2012	30.9.2013
Equity	0	0	1442	1323
Long-term receivables	0	0	4	0
Short-term receivables	-8	8	7	40
Cash and cash equivalents	-17	-53	1433	1071
Long-term liabilities	0	178	25	-28
Short-term liabilities	-4	14	8	30
Depreciation and amortization	0	1	0	3
Net sales revenue	0	0	0	4
Gross profit (loss) on sales	0	0	0	4
Operating profit (loss)	-39	-25	-201	-86
Gross profit (loss)	-39	-25	-201	-65
Net profit (loss)	-39	-25	-201	-65

Exchange rate EUR/CZK 25,735 as of September 30, 2013 was used for calculation.

2. Factors and events that affected the financial results:

The event influencing financial result was the continuing construction of FTTH fiber networks (Olomouc Nezvalova, Olomouc Povel, Pisek), which is represented by increased cash outflow.

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:

- Continues the building of the new optical network in Olomouc – POVEL with the approximately 2800 Homes Passed
- Starts the building of the new optical network in Pisek with 1200 Homes Passed
- Continues the indoor FTTH installation
- Secured permissions to install the internal FTTH installations for another 400 Homes Passed
- Continues the preparation of Area PoP in Tábor
- 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)
- Finished the tender for supply of optical cables.
- Continues the efforts to get the approval for the stand alone AreaPoP in Brandýs nad Labem
- 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
- Continues in the selection of the machine for cable blowing and floating

The company has made no financial forecasts. Ground works currently undertaken are in compliance with plans and expectations of management. The company has two 100% subsidiaries TwigoNet Bohemia s.r.o. and TwigoNet Moravia s.r.o.. Both companies have the minimal required capital and perform no activity. Accounts presented in this report are consolidated.

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. Mr. Ondrej Cibula represented 88.2% of all voting rights at the last Annual General Meeting.

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