

OT - Optima Telekom d.d.

Preliminary unaudited

annual financial report

for 2012

unconsolidated

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About Optima Telekom

OT – Optima Telekom d.d. (hereinafter: Optima) is the first and largest alternative landline service provider in Croatia and the second landline telecommunications carrier in the Croatian market. In its eighth year of commercial operation, Optima is present in the Croatian market with a full range of telecommunications services. The current market potential of over six hundred thousand connections is connected by over 2,700 km of own optical network.

Optima's corporate culture supports innovation, loyalty, learning, enterprise and the desire to win in every employee, all recognized by our faithful users, now over **220.000** of them.

- Supervisory Board: Nada Martić – Chairperson, Ivan Martić – member and deputy Chair, Zrinka Vuković Berić – member, Duško Grabovac – member
- Board of Directors: Matija Martić – CEO, Goran Jovičić – member, Jadranka Suručić – member
- Business account: 2360000-1101848050, Zagrebačka banka d.d.
- Commercial Court of Zagreb
- Personal Identification Number: 36004425025
- Registration Number: 040035070
- Bureau of Statistics Number: 0820431
- Share capital amounts to: HRK 28,200,700.00
- Number of shares: 2,820,070, nominal value HRK 10.00 each

Optima Telekom Regions and Centers

HEAD OFFICE – COMPANY MANAGEMENT

OT-Optima Telekom d.d.
Bani 75a, Buzin
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Tel. +385 1 54 92 699
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OT Center

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Ivana Matijaševića 14, Dubrovnik
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Fax. +385 51 492 709

OT Center

Tel. +385 51 554 651

REGION EAST

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31 000 Osijek, Croatia
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REGION NORTH

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Bani 75a, Buzin
10 000 Zagreb, Croatia
Tel. +385 1 54 92 301
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REGION SOUTH

OT-Optima Telekom d.d.
Trg Hrvatske bratske zajednice 8/II
21 000 Split, Croatia
Tel. +385 21 492 899
Fax. +385 21 492 829

Alongside OT-OPTIMA TELEKOM
d.d., in 2012 the Group includes
the following members:

Optima direct d.o.o
Trg Josipa Broza Tita 1
52460 Buje
Republic of Croatia

Optima - Telekom d.o.o.
Ulica 15. maja 21
6 000 Koper
Republic of Slovenia

Optima telekom za upravljanje
nekretninama I savjetovanje d.o.o.
– STANDSTILL
Kuzminečka 8, Zagreb
10 000 Zagreb
Republic of Croatia

Main features of the Group

- EBITDA has improved by **2,0%** compared to 2011, and amounts to HRK **76.2** million in 2012, for the first time in Optima's corporate history covering net financial expenses;
- EBT amounts to HRK **-53.6** million, which is a better result than 2011 by HRK **13.1** million
- An increase of overall consolidated operating income by HRK **78.2** million, with a simultaneous increase of overall operating costs by HRK **76.1** million compared to 2011
- Telecommunications services revenue in 2012 have recorded a **16.4%** increase compared to the same period of the previous year.
- Internet services revenue has increased by **25.6%** compared to the same period of 2011, data services revenue has recorded a **13.3%** growth, while public voice service revenue has increased by **3.9%** and multimedia services revenue by **63.2%**.
- The number of LLU users has increased by **3.4%** (from 111,322 to 115,100 users)
- The number of collocations also increased by **3.8%**, which represents a total of 276 collocations at the end of 2012
- The number of potentially available connections via own infrastructure has been decreased by **1.9%** (from **674,492** connections to **661,362**), which represents **46%** of the active landline connections market, being a larger share compared to the previous year when the said share was **45%**

	2011.	2012.	2012./ 2011.	Q4 2011.	Q4 2012.	Q4 2012./ Q4 2011.	
Total income	494.183	572.059	15,8%	126.523	124.380	(1,7%)	
EBITDA	74.730	76.216	2,0%	17.882	16.053	(10,2%)	
EBT	[66.620]	[53.565]	[19,6%]	[19.086]	[24.906]	30,5%	
	30.09.2011.	31.12.2011./ 30.09.2011.	31.12.2011.	31.12.2012./ 31.12.2011.	30.09.2012.	31.12.2012./ 30.09.2012.	31.12.2012.
Total number of OT users							
Number of voice channels	269.279	2,4%	275.796	-16,8%	243.690	-5,8%	229.550
Number of users in own LLU network	109.049	2,1%	111.322	3,4%	117.732	-2,2%	115.110
Number of OptiDSL users in own LLU network	66.237	4,0%	68.898	8,4%	76.143	-1,9%	74.660
Number of OptiTV users in own LLU network	14.050	8,9%	15.300	42,5%	21.050	3,6%	21.800
Number of collocations installed	260	2,3%	266	3,8%	276	0,0%	276
North	82	7,3%	88	4,5%	92	0,0%	92
West	45	0,0%	45	2,2%	46	0,0%	46
East	52	0,0%	52	5,8%	55	0,0%	55
South	81	0,0%	81	2,5%	83	0,0%	83

Croatian economy trends

Negative economy trends have been confirmed in 2012. In the first three quarters, the GDP was 1.8% lower compared to the same period of 2011. This represents the ongoing negative trend which, incited by the economic crisis, onset at the beginning of 2009.

Inflation is somewhat higher this year, in October 2012 it amounted to 4.8%, and on average for the first ten months 3.2%.

Despite everything, financial results of enterprises in the first nine months do not differ significantly from last year's results for the same period. Even though overall income has recorded a mild growth (0.7%), overall expenses have increased by 1.1%, with only a mild increase in the number of employees based on hours of work, while their net salaries were kept at last year's level. This indicates that the main reason for the increase of expenses is the increase of input costs, particularly the growth of energy costs. In 2012, the average investment value per entrepreneur continues to be two times lower than in the same period of 2008.

In November 2012 the registered unemployment rate amounted to 20.4%, also being the highest unemployment rate since the onset of the current economic crisis. This is over 347 thousand unemployed, with a tendency to increase further. At an inter-annual level, unemployment increased by 14.9% or 45 thousand people.

Influenced by the higher inflation rate in 2012, the actual decrease of average salaries is deepened, so that the average salary in October amounts to HRK 5,457 which is, compared to the same period of 2011, nominally 0.9% higher, but actually 2.2% lower. Along with the already increased VAT rate and the price increase of public and communal services, the abolition of the zero VAT rate for certain goods is bound to add pressure to the standard of living.

At the end of November of 2012 there was a steep downfall of overall outstanding liabilities (HRK 43.7 billion) which is HRK 830 million less than one month earlier. This was a decrease of outstanding liabilities of legal entities with accounts overdrawn for over 360 days and with no employees. Their outstanding liabilities decreased by HRK 504 million, and their number by 1.9 thousand. Even though the liquidation of a part of non-existent companies without employees improved the trend statistically, this is not to suggest the beginning of solving the liquidity problems. Namely, business entities continue to get their accounts overdrawn, which indicates an increase in the value of liabilities outstanding under 30 days.

Telecommunications services income and business segments

Telecommunications services income increased by **16.4%** in 2012 and amounts to HRK **543.6** million. Compared to the growth achieved in 2010/2011 which amounted to 7%, in 2012 we recorded a double digit growth.

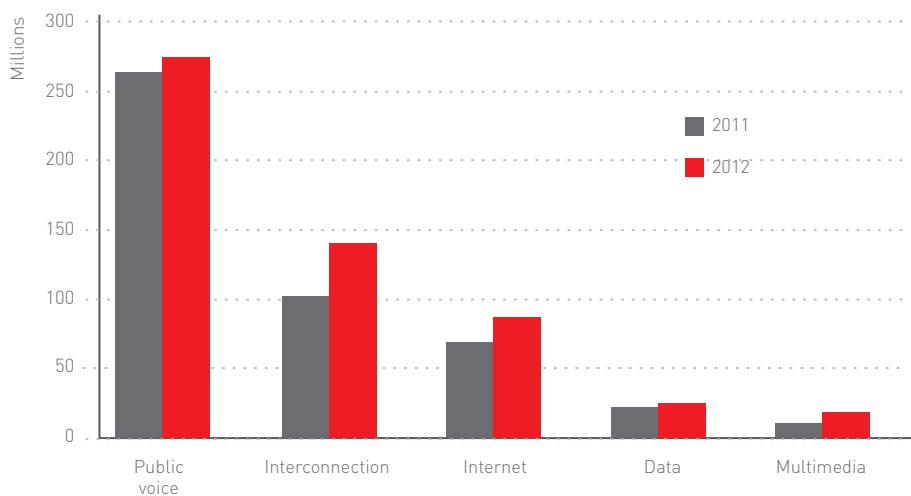
The overall income increase was primarily influenced by the increase of multimedia services income, which recorded a **63.2%** increase, while in absolutes the highest increase is in interconnections, where we had an increase of HRK **39.1** million.

Even though the public voice service in fixed networks market has continued to drop in the number of minutes, Optima has recorded a **3.9%** growth in this segment as well, with an income of HRK **274.5** million.

A more significant growth compared to 2010/2011 has been recorded in the Internet and data services income segment. In the Internet services income segment we have recorded an income of HRK **86.3** million, i.e. a **25.6%** growth, while in the data services segment we have recorded an increase of income to HRK **24.7** million, i.e. a **13.3%** growth.

The growth of multimedia and Internet services is a result of directing sales activities towards service packages containing Internet and other multimedia services (O2 and O3 packages).

TELECOMMUNICATIONS SERVICES INCOME

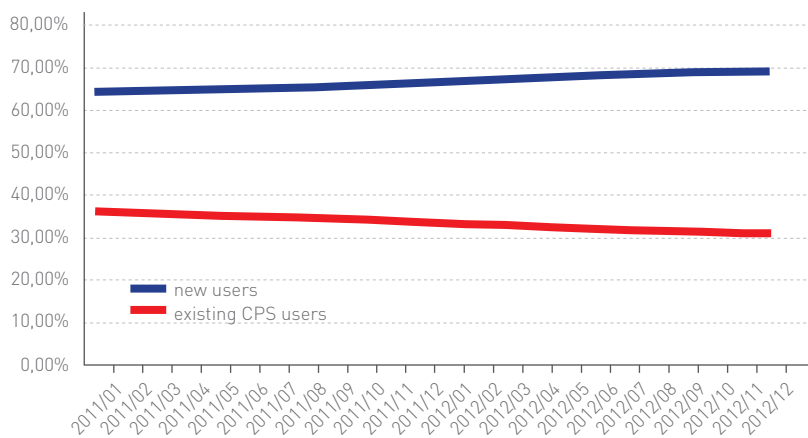


Residential users segment

The residential users services based on ULL, have followed three directions in 2012:

- signing up new users,
- additional services for existing users, primarily OptiDSL and OptiTV services (the so-called Upsell)
- transferring existing Optima users already using the CPS service (the so-called migration).

The result of such activities manifested itself through the increase of income from sales to residential users. Apart from the income increase, the result of such sales activities has resulted in the increase of the gross margin.

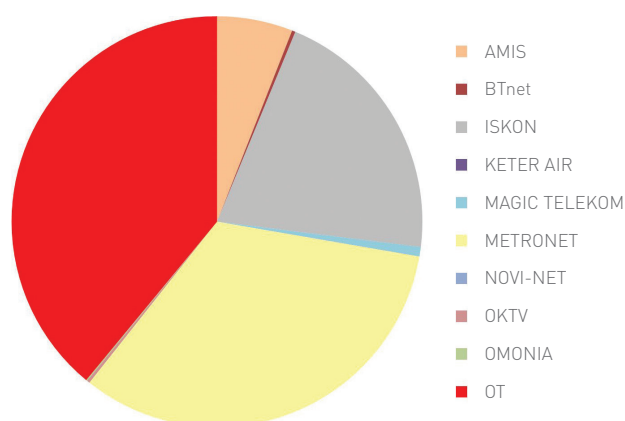


In 2012, **19,662** contracts for the full transfer to Optima's network have been concluded.

With such a trend, Optima is continuing the planned strategy of signing up new users to own network and migrating the existing CPS services users.

Based on data available to the public concerning numbers transferred (CADB) provided by the Croatian Agency for post and electronic communications (HAKOM) which records the status of each transaction during number transfer on a daily basis and has the information required to direct the calls towards the transferred number, it is clear that Optima is by far the most successful landline telecommunications carrier according to the migration of users to own network.

The overall data on telephone number transferability show a transfer of **196,680** numbers to Optima's network, which represents **26.8%** of the total of migrated landline numbers and one of the more significant indicators of acknowledgment of new carriers and the willingness of Croatian citizens to change their use of telecommunications, and by that the liberalization of the Croatian telecommunications market as a whole.



Source: HAKOM

The corporate segment

The corporate segment income represents a little over **15.6%** of overall income.

The number of corporate users has been increased by **2.5%**. There has been an increase in the key users segment, but also in the lower market segments, whereby Optima has increased its presence in all market segments.

As well as in previous years, in 2012 we fulfilled one of our strategic objectives pertaining to the user base growth in the lower market segments (SoHo and SME).

In 2012 Optima telekom participated in over 80 public tenders, bidding to provide telecommunications services.

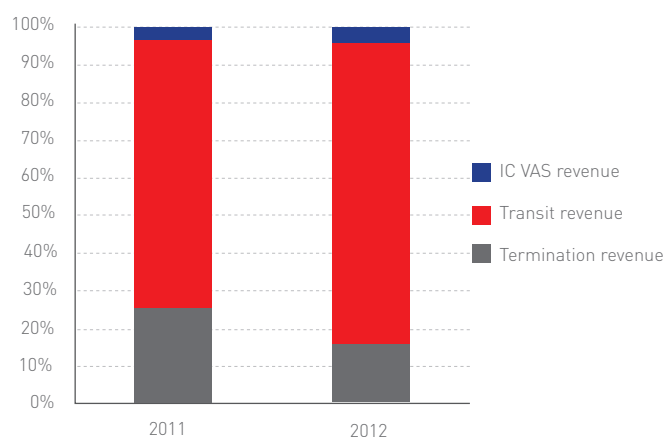
In 2012 Optima continues to be present in tourism, trade, transport and higher education.

Wholesale

Optima has concluded Interconnection Agreements (the so-called interconnections) with 28 international carriers, 3 national mobile networks carriers and 20 national landline networks carriers.

This number of agreements has ensured us an interconnection income of HRK **140.7** million in 2013, which represents a **38.4%** increase.

Through market consolidation in 2012 the smaller wholesale customers disappeared, but despite such market circumstances, growth has been ensured through increased cooperation with several existing customers and the successful realization of several project according to the IRU15 model.



Earnings before interest, taxation and depreciation – EBITDA

In 2012 EBITDA has improved by **2%** compared to 2011 and amounts to HRK **76.2** million.

The reason for only a slight increase of EBITDA lies in the rise of prices of energy and other costs that increased in 2012, influencing also the increase of inflation in the Croatian market, all beyond Optima's control.

The improvement of EBITDA results year after year is based on:

- continuing strategic business operations and investing into own infrastructure
- diligent cost management and optimization on all levels of the Group
- regulated prices impact
- increase of service profitability through the increase of internet services

Earnings before taxation – EBT

The EBT achieved in 2012 amounts to HRK **-53.6** million, which is a better result by **19.6%** compared to 2011, and given that depreciation is strictly an accounting category and amounts to HRK 55.7 million, it can be said that a positive cash flow has been achieved in business operations in 2012.

Capital investments in 2012

Capital investments in 2012 amounted to HRK 53.3 million, out of which HRK **42.5** million has been invested into the development of the access optical network, broadening the collocations network, user equipment for providing the IPTV service and connection equipment for corporate users. HRK **4.3** million have been invested into the core network, mostly used to extend the core network to the 10G technology and to expand the user center.

	2012. (HRK)	share %
General investments	2.766.082	5%
Capital technical investments	50.520.655	95%
ACCESS Network	42.532.724	80%
CORE Network	4.331.713	8%
Telecommunications center	3.656.218	7%
TOTAL	53.286.737	

Infrastructural development

Being the largest alternative carrier in Croatia, Optima is trying to have its own infrastructure reach every user. For this reason, the construction of own collocations plays an important part in differentiating Optima for other telecom carriers – we have the ability to provide unique services for our users.

By the end of 2012 Optima has erected **276** collocations and connected them to its own infrastructural network, causing the number of available connections to go over 660,000, which is over 46% of all connections in Croatia.

In the years to come, the strategy of development will put emphasis on powerful broadening of the local optical network, which will provide access to users throughout Croatia. Therefore, the erection of new collocations is planned, as well as the broadening of existing collocations to enable access for a number of new users.

COUNTY	REGION	TP TOTAL	TP WITHIN REACH
SPLITSKO-DALMATINSKA	JUG	139019	78023
ZADARSKA	JUG	59282	32495
ISTARSKA	ZAPAD	84918	46464
GRAD ZAGREB	SJEVER	287239	155753
OSJEČKO-BARANJSKA	ISTOK	93472	50324
ŠIBENSKO-KNINSKA	JUG	40908	20719
PRIMORSKO-GORANSKA	ZAPAD	126545	62353
VARAŽDINSKA	SJEVER	51465	24599
SISAČKO-MOSLAVAČKA	SJEVER	55219	26313
DUBROVAČKO-NERETVANSKA	JUG	47257	21420
ZAGREBAČKA	SJEVER	103178	41218
BJELOVARSKO-BILOGORSKA	SJEVER	36665	13810
VUKOVARSKO-SRIJEMSKA	ISTOK	54099	19118
BRODSKO-POSAVSKA	ISTOK	45320	15727
KOPRIVNIČKO-KRIŽEVAČKA	SJEVER	33740	11549
KARLOVAČKA	SJEVER	43602	14604
POŽEŠKO-SLAVONSKA	ISTOK	22885	6335
VIROVITIČKO-PODRAVSKA	ISTOK	25613	6520
MEDIMURSKA	SJEVER	31601	5304
LIČKO-SENJSKA	ZAPAD	19703	2924
KRAPINSKO-ZAGORSKA	SJEVER	40553	5790
TOTAL		1.442.283	661.362

Optima's collocations in Croatia



Optical network

Along with the erection of new collocations, infrastructural development necessarily requires the construction of own optical network.

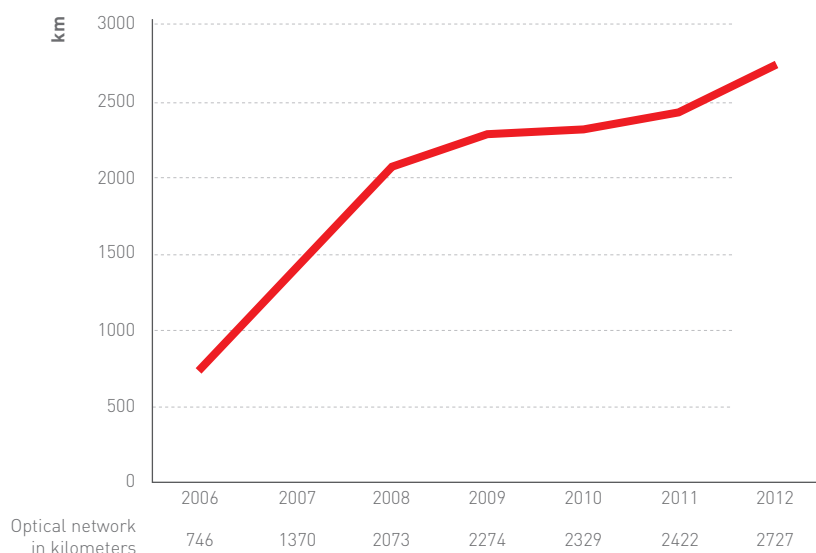
During the fourth quarter of 2012, construction was completed on the inter-city segment of Optima's northern optical backbone at the route Zagreb – Varaždin – Koprivnica. By constructing the aforesaid inter-city optical routes, we have connected Varaždin, Ludbreg and Koprivnica to our own optical network and enabled the connection of all cities and towns along the route to the optical network. One should particularly mention Sv. Ivan Zelina and Novi Marof due to their size, but there are a lot of smaller towns as well. By connecting the aforementioned cities to the optical network, we achieved significant savings by canceling the feed leases.

Along with the aforesaid completed capital investment, city optical network capacities have been expanded in the preceding period, due to the high degree of use of optical network in Zagreb and Rijeka. The overall length of constructed optical feeds on the access network is somewhat smaller compared to the same period of 2011, considering that significant growth has been achieved in the realization of optical routes, inter-city routes in particular. The aforesaid resulted in what is almost a seven-fold growth in the construction of optical infrastructure compared to the same period of 2011.

In numbers, we are dealing with 181 km of new optical network, i.e. 31 new feeds and 12 optical route segments. Comparing overall lengths, this is a significant growth of optical network of 7.1%, compared to the construction level determined at the end of the third quarter of 2012 (2,727 km compared to the 2,546 km realized by the end of the third trimester of 2012).

The largest quantity of feeds and routes has been realized in Region North (173.2 km), followed by Region South (3.5 km), Region West (3.3 km) and Region East (1 km).

OPTICAL NETWORK IN KILOMETERS



Affiliates

Optima Group also includes Optima Direct d.o.o., Optima telekom d.o.o. Koper, Optima telekom for real estate management and consulting d.o.o. which is at a standstill.

Optima Direct d.o.o. is a company owned by Optima 100%. After its inclusion in the Group in 2007, its impact on business operations continues to grow, particularly after the migration and reorganization of business processes into Optima Direct.

Within its scope of activities, Optima Direct also performs vital operative functions for Optima's residential segment. These functions pertain to the processes of:

1. Customer care
2. Residential (field) sales
3. Services towards third parties

Contact center operations are organized at two separate locations in Zagreb and Osijek. Except for the usual activities within the contact center domain, Optima Direct employees also act as the background office for Optima. Residential sales is one of the key features of Optima Direct's business activities, which has a direct positive impact on Optima's business. Optima Direct has 156 employees organized regionally in 4 centers (Zagreb, Osijek, Rijeka, Split) and 4 offices (Zadar, Buje, Varaždin, Sisak), all synchronized with Optima's needs and plans. By developing this segment in particular, a continuous inflow of new contracts has been ensured and the dependency on the unreliable market of indirect partners has been decreased.

It should be emphasized that Optima Direct is continuously engaged in the development of processes and applications useful not only to Optima, but also to other business partners of Optima Direct. Professional and educated Optima Direct employees guarantee a full range of contact center services in the Croatian market. The strategy and objectives of Optima Direct fit into the long term strategy of development of the Group. Optima remains with its business development strategy in its affiliate it adopted back in 2007, when the potential for the development of two significant participants in the telecom market was first noticed.

One of the basic reasons to migrate a part of the employees into the affiliate was the development of BPO¹, which was recognized as the potential model to expand the company's operations and optimize costs at Group level. In this way, the following services are offered to a broader market: Contact center (info desk, help desk), Telemarketing, Telesales, Direct mailing, Door2door sales.

¹ BPO – Business Process Outsourcing—a growing trend of transferring business functions to outsourced service providers in order to reduce operating costs

During the first half-year period, Optima Direct drafted and implemented the Excess Employees Provision Plan due to the reorganization of business operations which included 33 employees. There have been changes in the Company's Management as well, Ivan Drčec, who had previously held the position of director of Region North at Optima Telekom, was appointed as the sole member of the Board of Directors.

Regulatory environment

The Croatian Agency for Post and Electronic Communications (hereinafter: HAKOM) has continued to regulate the electronic communications market throughout the last quarter of 2012, so that the process of amending the Hrvatski Telekom d.d. Standard Offer for the wholesale broadband internet access service (hereinafter: bitstream access) has been completed, primarily by amending the terms, deadlines and prices for providing bitstream access at OLT level based on of FTTH solutions, as well as the conditions for providing the said service by way of VDSL technology.

HAKOM temporarily suspended the shut down process of 18 local operators and the transfer to IMS technology, so that all the wholesale terms for the change of technology would be transparently determined before the final shut down of local operators, given that this change will have a significant impact on the business of all carriers. With a view to enable the end users to keep track of their costs more simply and transparently, HAKOM introduced an information system called "e-Tariffs System" which gathers, simulates and displays data on the prices for services on the market.

Concerning the more important events in 2012, it is evident that HAKOM has had a very important impact on the state of the electronic communications market.

Within the market regulation, the regulation of the retail broadband internet access market has been carried out, as well as the closely connected market of television broadcasting subject to payment. Based on the EU framework, these markets are not subject to pre-regulation. After the market analysis was completed, carriers possessing a significant market share have been named and imposed regulatory obligations, with the purpose of allowing for efficient and equal competition for all market participants. It has been made clear that the regulation of broadband internet access retail is delayed, and that we can expect the results of the IPTV market regulation in the periods to come.

In order to implement the principle of cost-orientation of prices, after a long term analysis HAKOM determined the methodology of creating and applying cost models for both fixed and mobile networks as well as universal services. Even though the methods of "comparable values" (benchmark) and "retail price minus" (retail minus) were useful as transitory methods, the cost models should represent the final tool in the implementation of price supervision obligations. During the course of 2013 we anticipate the start of cost models application, which should have a more significant impact on the market, primarily in defining the wholesale service costs.

Corporate Governance

There were no changes in the Company's management bodies.

Statement of the Persons in Charge of Financial Statements

In accordance with Article 410 of the Capital Market Act, and in light of the HANFA opinion of 21.10.2010. pertaining to the publication of reports concerning the issuers included in the regulated market, the members of the Board of Directors, Mr. Matija Martić as the CEO, Mr. Goran Jovičić, as a member of the Board and Ms. Jadranka Suručić, as a member of the Board, jointly declare that, to the best of their knowledge, financial statements for the reporting period have been prepared in accordance with applicable standards of financial reporting and that they contain overall and true presentation of assets and liabilities, losses and profits, financial status and operation of the companies included in consolidation.

The interim unaudited annual financial report contains a true presentation of development, results and position of Optima Telekom and its subsidiaries, as well as a description of the most significant risks and uncertainties which the group is exposed to.

(signatures of Board members)



Matija Martić Goran Jovičić Jadranka Suručić

OT-Optima Telekom d.d.
ZAGREB

The Board of Directors has drafted and presented the report for the fourth quarter of 2012 within the Interim unaudited annual financial report. Therefore, there can be certain discrepancies compared to the audited annual report to be drawn up and published by the Company within the proscribed time-frame.

In line with the provisions of the Law on Financial Operations and Settlement before Bankruptcy (the Official Gazette 108/2012 i 11/2012) just before the publication of this Report the company has submitted a motion to initiate the Settlement before Bankruptcy Proceedings.

The Board of Directors would like to emphasize that the above report contains certain statements on future events relative to the financial status, electronic communications market trends, results of activities the company and the group are currently undertaking with the purpose of improving their position on the market. The said statements are based on the best of knowledge and expectations at present, but cannot represent any guarantee of their realization.

The Supervisory Board declares that it accepts the unaudited interim annual financial report in its entirety and confirms that during 2012 the Board of Directors acted in line with the relevant legislation and statutory powers.

Additional information and significant changes have been made available by the company at its website: www.optima.hr/investitori.hr

Optima Telekom d.d.

**Financial Statements
as of 31 December 2012**

Enclosure 1

Reporting period:

1 Jan 2012

to

31 Dec 2012

Quarterly Financial Report-TFI-PODTax Number (MB): **0820431**Registration Number (MBS): **040035070**Personal Identification
Number (OIB): **36004425025**Issuer: **OT-OPTIMA TELEKOM d.d.**Postal Code and Location: **10010****BUZIN**Street and number: **BANI 75A**e-mail address: info@optima.hrInternet address: www.optima.hrand name for municipality/city **133**Code and name for county **21**Number of employees **208**

(at the year's end)

Consolidated Report **NO**Business activity code: **6110**

Entities in consolidation (according to IFRS)

Registered seat:

Tax number (MB):

Book-keeping firm

Contact person **Svetlana Kundović**

(unosi se samo prezime i ime osobe za kontakt)

Telephone **01/5492 027**Telefaks: **01/5492 019**e-mail address: svetlana.kundovic@optima-telekom.hrSurname and name **MATIJA MARTIĆ, JADRANKA SURUČIĆ**

(osoba ovlaštene za zastupanje)

Documents for publication

1. Financial Statements (balance sheet, profit and loss account, cash flow statement, change in capital statement and notes)
2. Management report
3. Statements for persons responsible for composing financial statements

Optima Telekom d.d.
ZAGREB

M.P.


 (signature of authorized person)

PROFIT AND LOSS ACCOUNT
for the period from 01 Jan 2012 to 31 Dec 2012

Issuer: OT - Optima Telekom d.d.

Item	EDP	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112+113)	111	483.086.105	132.188.661	566.169.721	140.723.851
1. Sales income	112	474.934.458	128.876.666	550.644.134	130.217.768
2. Other operating income	113	8.151.647	3.311.995	15.525.587	10.506.083
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	469.092.336	128.839.901	546.974.323	136.841.498
1. Changes in the value of inventories of ongoing production and finished goods	115	0	0	0	0
2. MATERIAL COSTS (117 do 119)	116	358.072.355	100.820.441	435.300.787	104.278.508
a) Costs of raw material and supplies	117	2.013.682	679.631	1.995.089	555.164
b) Costs of goods sold	118	5.101.469	1.561.399	661.277	-2.096.140
c) Other external costs	119	350.957.204	98.579.411	432.644.421	105.819.484
3. Staff costs (121 do 123)	120	36.491.802	9.034.133	36.115.701	9.508.953
a) Net salaries and wages	121	19.707.477	4.894.900	19.481.465	5.189.930
b) Expenses of taxes and contributions from salaries	122	11.456.264	2.811.952	11.691.282	3.064.064
c) Contributions to salaries	123	5.328.061	1.327.281	4.942.954	1.254.959
4. Amortization	124	54.940.494	13.971.725	54.570.270	13.735.141
5. Other costs	125	10.252.071	3.065.925	13.660.906	5.969.340
6. Value adjustment (127+128)	126	9.103.998	1.716.061	5.582.743	1.605.640
a) fixed assets (apart from financial assets)	127	0	0	0	0
b) current assets (apart from financial assets)	128	9.103.998	1.716.061	5.582.743	1.605.640
7. Provisions	129	231.616	231.616	1.743.916	1.743.916
8. Other operating expenses	130	0	0	0	0
III. FINANCIAL INCOME (132 through 136)	131	8.127.049	1.952.751	6.951.182	-3.003.230
1. Interests income, foreign exchange gains, dividends and other income related to affiliated undertakings	132	1.046.520	232.040	301.228	75.199
2. Interests income, foreign exchange gains, dividends and other income related to unaffiliated undertakings and other persons	133	7.080.529	1.720.711	6.649.954	-3.078.429
3. Income from affiliated undertakings and participating interests	134	0	0	0	0
4. Unrealized income of the financial assets	135	0	0	0	0
5. Other financial income	136	0	0	0	0
IV. FINANCIAL EXPENSES (138 do 141)	137	91.632.293	24.034.584	80.142.855	23.691.995
1. Interest, foreign exchange differences and other expenses related to affiliated undertakings	138	0	0	0	0
2. Interest, foreign exchange differences and other expenses related to unaffiliated undertakings and other persons	139	91.632.293	24.034.584	80.142.855	23.691.995
3. Unrealized losses (expenses) of the financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	0	0
V. SHARE IN PROFIT OF AFFILIATED UNDERTAKINGS	142	0	0	0	0
VI. SHARE IN LOSS OF AFFILIATED UNDERTAKINGS	143	0	0	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+142 + 144)	146	491.213.154	134.141.412	573.120.903	137.720.621
X. TOTAL EXPENSES (114+137+143 + 145)	147	560.724.629	152.874.485	627.117.178	160.533.493
XI. PROFIT / LOSS BEFORE TAXATION (146-147)	148	-69.511.475	-18.733.073	-53.996.275	-22.812.872
1. Profit before taxation (146-147)	149	0	0	0	0
2. Loss before taxation (147-146)	150	69.511.475	18.733.073	53.996.275	22.812.872
XII. PROFIT TAX	151	0	0	0	0
XIII. PROFIT / LOSS FOR THE PERIOD (148-151)	152	-69.511.475	-18.733.073	-53.996.275	-22.812.872
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	69.511.475	18.733.073	53.996.275	22.812.872
ANEX TO P&L (to be filled in by entrepreneur submitting consolidated financial report)					
XIV. PROFIT OR LOSS FOR THE CURRENT PERIOD					
1. Assigned to the holders of parent company's capital	155	0	0	0	0
2. Assigned to minority interest	156	0	0	0	0
OTHER COMPREHENSIVE INCOME STATEMENT (popunjiva poduzetnik obveznik primjene MSFI-a)					
I. PROFIT / LOSS FOR THE PERIOD (= 152)	157	-69.511.475	-18.733.073	-53.996.275	-22.812.872
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)	158	0	0	0	0
1. Exchange differences on translating foreign operations	159	0	0	0	0
2. Changes in revaluation reserves of fixed and intangible assets	160	0	0	0	0
3. Profit or loss from revaluation of financial assets available for sale	161	0	0	0	0
4. Profit or loss on effective cash flow protection	162	0	0	0	0
5. Profit or loss on effective hedge of a net foreign investment	163	0	0	0	0
6. Share of other comprehensive income / loss of associated companies	164	0	0	0	0
7. Actuarial income / loss on defined benefit plans	165	0	0	0	0
III. COMPREHENSIVE INCOME TAX	166	0	0	0	0
IV. OTHER COMPREHENSIVE INCOME / LOSS FOR THE PERIOD (158-166)	167	0	0	0	0
V. COMPREHENSIVE INCOME / LOSS FOR THE PERIOD (157+167)	168	-69.511.475	-18.733.073	-53.996.275	-22.812.872
ANEX to other comprehensive income statement (to be filled in by entrepreneur submitting consolidated financial report)					
VI. COMPREHENSIVE INCOME / LOSS FOR THE PERIOD					
1. Assigned to the holders of parent company's capital	169	0	0	0	0
2. Assigned to minority interest	170	0	0	0	0

BALANCE SHEET
as at 31 Dec 2012

Issuer: OT - Optima Telekom d.d.			
Item	EDP	Previous period	Current period
1	2	3	4
ASSETS			
A) SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (003+010+020+029+033)	002	452.183.931	451.494.494
I. INTANGIBLE ASSETS (004 through 009)	003	24.736.656	20.868.771
1. Development expenses	004	0	0
2. Concessions, patents, licences, goods and services trademarks, software and other rights	005	24.736.656	20.868.771
3. Goodwill	006	0	0
4. Advances for procurement of intangible assets	007	0	0
5. Intangible assets in preparation	008	0	0
6. Other intangible assets	009	0	0
II. TANGIBLE ASSETS (011 through 019)	010	361.923.839	361.452.805
1. Land	011	23.269	23.269
2. Building objects	012	14.210.300	15.034.764
3. Facilities and equipment	013	341.638.072	335.646.028
4. Tools, production inventory and transport assets	014	314.030	921.349
5. Biological assets	015	0	0
6. Advances for tangible assets	016	0	0
7. Tangible assets in preparation	017	5.228.626	9.087.578
8. Other tangible assets	018	46.822	46.822
9. Real estate investments	019	462.720	692.995
III. FIXED FINANCIAL ASSETS (021 through 028)	020	65.523.436	69.172.918
1. Shares (stock) in affiliated entrepreneurs	021	19.302.266	19.302.400
2. Loans granted to affiliated entrepreneurs	022	6.330.230	5.708.908
3. Participating interests (shares)	023	0	35.000
4. Loans given to entrepreneurs with participating interests	024	0	0
5. Securities investments	025	0	0
6. Granted loans, deposits and such	026	39.890.940	44.126.610
7. Own stocks and shares	027	0	0
8. Other fixed financial assets	028	0	0
IV. RECEIVABLES (030 through 032)	029	0	0
1. Receivables from affiliated entrepreneurs	030	0	0
2. Receivables pertaining to sale on credit	031	0	0
3. Other receivables	032	0	0
V. DEFERRED TAX ASSETS	033	0	0
C) CURRENT ASSETS (035+043+050+058)	034	88.310.309	85.632.136
I. INVENTORY (036 do 042)	035	2.585.871	2.438.088
1. Raw material and supplies	036	0	0
2. Ongoing production	037	0	0
3. Finished products	038	0	0
4. Trading goods	039	2.585.871	2.438.088
5. Inventory advances	040	0	0
6. Assets intended for sale	041	0	0
7. Biological assets	042	0	0
II. RECEIVABLES (044 do 049)	043	83.691.051	80.837.191
1. Receivables from affiliated entrepreneurs	044	495.394	99.245
2. Receivables from buyers	045	81.604.914	79.295.564
3. Receivables from participating entrepreneurs	046	0	0
4. Receivables from employees and members of the entrepreneur	047	40.385	39.010
5. Receivables from the state and other institution	048	157.670	304.987
6. Other receivables	049	1.392.688	1.098.385
III. CURRENT FINANCIAL ASSETS (051 through 057)	050	660.961	608.999
1. Shares (stock) in affiliated entrepreneurs	051	0	0
2. Loans granted to affiliated entrepreneurs	052	0	0
3. Participating interests (shares)	053	0	0
4. Loans given to entrepreneurs with participating interests	054	0	0
5. Securities investments	055	0	0
6. Granted loans, deposits and such	056	660.961	608.999
7. Other financial assets	057	0	0
IV. CASH IN BANK AND REGISTER	058	1.372.426	1.747.858
D) PREPAYMENTS AND ACCRUED INCOME	059	61.048.364	50.138.622
E) TOTAL ASSETS (001+002+034+059)	060	601.542.604	587.265.252
F) OFF-BALANCE RECORDS	061	1.107.721.790	1.031.377.390

LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	-466.206.821	-520.203.096
I. BASE (registered) capital	063	28.200.700	28.200.700
II. CAPITA RESERVES	064	194.354.000	194.354.000
III. PROFIT RESERVES (066+067-068+069+070)	065	0	0
1. Legal reserves	066	0	0
2. Own stock reserves	067	0	0
3. Own stocks and shares (deductable item)	068	0	0
4. Statutory reserves	069	0	0
5. Other reserves	070	0	0
IV. REVALORIZAZION RESERVES	071	0	0
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-619.250.046	-688.761.522
1. Retained earnings	073	0	0
2. Loss carried forward	074	619.250.046	688.761.522
VI. PROFIT OR LOSS OF THE YEAR (076-077)	075	-69.511.475	-53.996.274
1. Profit of the year	076	0	0
2. Loss of the year	077	69.511.475	53.996.274
VII. MINORITY INTEREST	078	0	0
B) PROVISIONS (080 through 082)	079	2.098.917	1.743.916
1. Provisions for pensions, severance payments amd similar obligations	080	2.098.917	1.743.916
2. Provisions for tax liabilities	081	0	0
3. Other provisions	082	0	0
C) FIXED LIABILITIES (084 through 092)	083	566.501.410	538.294.528
1. Liabilities towards affiliated entrepreneurs	084	0	0
2. Liabilities for loans, deposits and similar	085	37.409.703	24.398.086
3. Liabilities towards banks and other financial institutions	086	529.091.707	513.896.442
4. Liabilities for advances	087	0	0
5. Liabilities towards suppliers	088	0	0
6. Liabilities as per securities	089	0	0
7. Liabilities towards entrepreneur with participating interests	090	0	0
8. Other fixed liabilities	091	0	0
9. Deferred tax liabilities	092	0	0
D) CURRENT LIABILITIES (094 do 105)	093	452.820.649	501.836.463
1. Liabilities towards affiliated entrepreneurs	094	2.966.647	7.897.392
2. Liabilities for loans, deposits and similar	095	67.589.816	7.083.573
3. Liabilities towards banks and other financial institutions	096	7.631.541	22.241.499
4. Liabilities for advances	097	8.130.081	7.452.575
5. Liabilities towards suppliers	098	91.534.566	180.744.276
6. Liabilities as per securities	099	267.952.500	269.413.750
7. Liabilities towards entrepreneur with participating interests	100	0	0
8. Liabilities towards employees	101	1.709.888	1.857.909
9. Liabilities for taxes, contributions and similar levies	102	5.218.490	4.950.418
10. Liabilities as per share in results	103	0	0
11. Liabilities as per longterm assets intended for sale	104	0	0
12. Other current liabilities	105	87.120	195.071
E) DEFERRED SETTLEMENT OF CHARGES AND INCOME OF FUTURE PERIOD	106	46.328.449	65.593.441
F) TOTAL – LIABILITIES (062+079+083+093+106)	107	601.542.604	587.265.252
G) OFF – BALANCE RECORDS	108	1.107.721.790	1.031.377.390
ANNEX TO THE BALANCE SHEET (to be filled in by entrepreneur submitting consolidated financial report)			
A) CAPITAL AND RESERVES			
1. Assigned to the holders of parent company's capital	109	0	0
2. Assigned to minority interest	110	0	0

Note 1.: anex to the balance sheet to be filled in by entrepreneur submitting consolidated financial report

CASH FLOW STATEMENT - Indirect method
in the period from 01 Jan 2012 to 31 Dec 2012

Issuer: OT - Optima Telekom d.d.			
Item	EDP	Previous period	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before taxation	001	-69.511.475	-53.996.274
2. Depreciation	002	54.940.494	54.570.270
3. Increase of short-term liabilities	003		94.912.101
4. Decrease of short-term receivables	004		2.853.860
5. Decrease of inventories	005	1.093.241	147.783
6. Other increase of cash flow	006	35.545.565	30.226.693
I. Total increase of cash flow from operating activities (001 through 006)	007	22.067.825	128.714.433
1. Decrease of short-term liabilities	008	32.126.177	0
2. Increase of short-term receivables	009	4.742.943	0
3. Increase of inventories	010		0
4. Other decrease of cash flow	011	8.807.771	4.004.483
II. Total decrease of cash flow from operating activities (008 through 011)	012	45.676.891	4.004.483
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	0	124.709.950
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	23.609.066	0
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Cash receipt from sale of tangible and intangible assets	015	0	0
2. Cash receipt from sale of ownership and debt instruments	016	0	0
3. Cash receipt from interest rates	017	0	0
4. Cash receipt from dividends	018	0	0
5. Other cash receipts from investment activities	019	0	0
III. Total cash receipts from investment activities (015 through 019)	020	0	0
1. Cash expenditure for buying tangible and intangible fixed assets	021	34.385.504	50.231.351
2. Cash expenditure for acquiring ownership and debt financial instruments	022	0	0
3. Other expenditures from investment activities	023	0	0
IV. Total cash expenditures from investment activities (021 through 023)	024	34.385.504	50.231.351
B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (020-024)	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (024-020)	026	34.385.504	50.231.351
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash receipt from issuing of ownership and debt financial instruments	027	0	0
2. Cash receipt from loan principal, debentures, loans and other borrowing	028	73.871.962	0
3. Other receipt from financial activities	029	0	0
V. Total cash receipt from financial activities (027 through 029)	030	73.871.962	0
1. Cash expenditure for the payment of loan principal and bonds	031	15.653.008	74.103.167
2. Cash expenditure for the payment of dividend	032	0	0
3. Cash expenditure for financial lease	033	0	0
4. Cash expenditure for own shares buy-off	034	0	0
5. Other expenditures from financial activities	035	0	0
VI. Total cash expenditure from financial activities (031 through 035)	036	15.653.008	74.103.167
C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037	58.218.954	0
C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	0	74.103.167
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	224.384	375.432
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	0
Cash and cash equivalents at the beginning of the period	041	1.148.042	1.372.426
Increase of cash and cash equivalents	042	224.384	375.432
Decrease of cash and cash equivalents	043	0	0
Cash and cash equivalents at the end of the period	044	1.372.426	1.747.858

CHANGE IN CAPITAL STATEMENT

for the period from 1.1.2012 to 31.12.2012

Item	EDP	Previous period	Current period
1	2	3	4
1. Subscribed capital	001	28.200.700	28.200.700
2. Capital reserves	002	194.354.000	194.354.000
3. Profit reserves	003	0	0
4. Retained profit or loss carried forward	004	-619.250.046	-688.761.522
5. Profit or loss of the current year	005	-69.511.475	-53.996.274
6. Revaluation of fixed tangible assets	006	0	0
7. Revaluation of intangible assets	007	0	0
8. Revaluation of financial property available for sale	008	0	0
9. Other revaluation	009	0	0
10. Total capital and reserves (EDP 001 through 009)	010	-466.206.821	-520.203.096
11. Foreign exchange differences from net investments in foreign operations	011	0	0
12. Current and deferred taxes (part)	012	0	0
13. Cash flow protection	013	0	0
14. Changes in accounting policies	014	0	0
15. Correction of significant mistakes from the previous period	015	0	0
16. Other equity changes	016	0	0
17. Total increase or decrease of capital (EDP 011 through 016)	017	0	0
17 a. Assigned to holders of parent company's capital	018	0	0
17 b. Assigned to minority interest	019	0	0

Items that reduce capital entered with a negative sign

Data under EDP codes 001-009 to be input balance sheet as at date

Notes to the Financial Statements

According to HANFA's instructions items in balance sheet in the positions of the previous period are as at 31 December 2011

1. GENERAL INFORMATION

History and incorporation

The company Optima Telekom d.d. (hereinafter: the Company) was established in 1994 as Syskey d.o.o., while its principal operating activity and company name was changed to Optima Telekom d.o.o. on 22 April 2004.

The Company changed its legal status from a limited liability company to a joint stock company in July 2007. The Council of the Croatian Telecommunications Agency issued a licence for public voice service in fixed networks for the company on 19 November 2004, for a period of 30 years.

Principal Business Activities

The Company's principal business activity is the provision of telecommunications services to private and business users in the Croatian market. The Company began to provide its telecommunications services in May of 2005.

In its beginnings, Optima Telekom d.d. focused on business users, but soon after starting business operations, it began to aim for the private users market offering quality voice packages.

To its business users, Optima Telekom d.d. offers services of direct access, internet services, as well as voice telecommunication services through its own network and/or migrated previously chosen services. Along with that, the leading services which Optima Telekom d.d. provides to business users is the IP Centrex solution, among the first of this kind in the Croatian market and IP VPN Services. The existing capacities enable Optima Telekomu d.d. to provide services of collocation and hosting. To its large business clients, the Company also offers specifically designed solutions relying on its exceptional skills in the field of IT technology.

Staff

On 31 Dec 2012 the Company employed 208 employees.

MANAGEMENT AND SUPERVISORY BOARD

Management Board of the Company in 2012:

Matija Martić	Chairman of the Company
Goran Jovičić	Member
Jadranka Suručić	Member

Supervisory Board of the Company:

Nada Martić	Chairman
Ivan Martić	Member and Deputy Chairman
Zrinka Vuković Berić	Member
Duško Grabovac	Member

REVIEW OF BASIC ACCOUNTING POLICIES

Basis of Preparation

The Financial Statements of the Company have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Financial Statements have been prepared under the historical cost convention, except for the valuation of certain financial instruments.

Reporting Currency

The Financial Statements of the Group are presented in Croatian kunas (HRK). The applicable exchange rate of the Croatian currency on 31 Dec 2012 was HRK 7,545624 for EUR 1 and HRK 5,726794 for USD 1.

112. SALES INCOME

	31 Dec 2012	31 Dec 2011
Public voice services	274.599.611	264.277.573
Interconnection services	140.720.800	101.642.208
Internet services	86.306.246	68.692.328
Data services	24.655.585	21.769.059
Multimedia services	17.449.218	10.689.053
Lease and sale of equipment	3.130.896	2.674.483
Other services	3.781.778	5.189.754
	550.644.134	474.934.458

113. OTHER OPERATING INCOME

	31 Dec 2012	31 Dec 2011
Write off old trade payables and additional discounts	3.021.473	4.188.630
Income from rent - billing system	1.357.258	1.723.981
Income from collected penalties etc.	4.064.244	0
Income from in kind payments	384.808	391.210
Income from assets sale	3.122.769	0
Income from reversal of value adjustment	2.098.917	0
Other income	1.476.118	1.847.826
	<u>15.525.587</u>	<u>8.151.647</u>

119. MATERIAL COSTS

	31 Dec 2012	31 Dec 2011
Costs of maintenance	17.697.063	14.691.730
Marketing services	6.661.626	7.168.068
Billing costs	7.338.254	7.010.700
Line lease costs	47.570.680	45.420.392
Intellectual and other services	1.796.610	1.968.967
Utilities	8.367.383	9.220.273
Customer attraction costs	23.396.774	24.164.557
Pair connection fees	61.366.974	59.511.333
Telecommunications costs	239.096.932	163.797.106
Residential sales services	17.436.250	16.325.550
Other costs	1.915.875	1.678.528
	<u>432.644.421</u>	<u>350.957.204</u>

120. STAFF EXPENSES

	31 Dec 2012	31 Dec 2011
Net salaries	19.481.465	19.707.477
Taxes and contributions from salaries	11.691.282	11.456.264
Taxes and contributions on salaries	4.942.954	5.328.061
	<u>36.115.701</u>	<u>36.491.802</u>

Number of employees on 31 Dec 2012	208	193
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124. AMORTIZATION OF TANGIBLE AND INTANGIBLE ASSETS

	31 Dec 2012	31 Dec 2011
Amortization of intangible assets	5.809.335	9.724.714
Amortization of fixed tangible assets	48.760.935	45.215.780
	<u>54.570.270</u>	<u>54.940.494</u>

125. OTHER OPERATING EXPENSES

	31 Dec 2012	31 Dec 2011
Compensations to employees	1.541.263	1.498.013
Representation	1.483.022	1.023.940
Insurance premiums	1.171.455	1.559.957
Bank charges	2.867.442	3.364.677
Taxes, contributions and membership fees	1.093.934	987.089
Costs of sold and written off assets	3.055.289	114
Gifts and sponsorships	571.355	291.265
Other expenses	1.877.146	1.527.016
	<u>13.660.906</u>	<u>10.252.071</u>

Costs reimbursed to employees comprise of daily allowances, overnight accommodation and transport related to business travels, commutation allowance, reimbursement of costs for the use of personal cars for business purposes and similar.

126. VALUE ADJUSTMENT

Value adjustment is performed at the end of the reporting period if there is evidence that there are uncollectible trade receivables arising from significant financial difficulties on the clients' side, cancellation of contracts and forced execution, pending bankruptcy etc.

131. FINANCIAL INCOME

	31 Dec 2012	31 Dec 2011
Interest income from related companies	301.228	1.046.520
Interest income	5.880.781	5.814.995
Foreign exchange gains	769.173	1.265.534
	6.951.182	8.127.049

137. FINANCIAL EXPENSES

	31 Dec 2012	31 Dec 2011
Interest expenses	76.744.531	78.535.416
Fee	870.450	786.913
Foreign exchange losses	2.527.874	12.309.964
	80.142.855	91.632.293

Interest expenses consist of interests accrued on credits, bonds issued by the Company and default interest for untimely settlement of trade payables.

003. INTANGIBLE ASSETS

	CONCESSIONS AND RIGHTS	SOFTWARE	ASSETS IN PROGRESS	TOTAL
PURCHASE VALUE				
As at 01 Jan 2012	8.187.690	78.602.707	0	86.790.397
Additions			1.941.450	1.941.450
Transfer from assets in progress		1.941.450	-1.941.450	0
Disposals and retirements				0
As at 31 Dec 2012	8.187.690	80.544.157	0	88.731.847
VALUE ADJUSTMENT				
As at 01 Jan 2012	1.657.824	60.395.917	0	62.053.741
Amortization of the current year	272.650	5.536.685		5.809.335
Disposals and retirements				0
Amortization as at 31 Dec 2012	1.930.474	65.932.602	0	67.863.076
NET ACCOUNTING VALUE				
As at 31 Dec 2012	6.257.216	14.611.555	0	20.868.771

010. FIXED ASSETS

	LAND	BUILDINGS	PLANT AND EQUIPMENT	VEHICLES, TOOLS AND PRODUCTION INVENTORY	WORK OF ARTS	ASSETS IN PROGRESS	LEASEHOLD IMPROVEMENTS	TOTAL
PURCHASE VALUE								
As at 01 Jan 2012	23.269	16.839.796	536.741.703	4.119.373	46.822	5.228.626	3.983.228	566.982.817
Additions		685.183	8.398.796	688.953		41.493.654	78.701	51.345.287
Transfer from assets in progress		575.231	36.432.361	244.298		-37.634.702	382.812	0
Disposals and retirements			-3.270.960	-47.244				-3.318.204
As at 31 Dec 2012	23.269	18.100.210	578.301.900	5.005.380	46.822	9.087.578	4.444.741	615.009.900
VALUE ADJUSTMENT								
As at 01 Jan 2012	0	2.629.496	195.103.630	3.805.343	0	0	3.520.508	205.058.977
Amortization of the current year		435.950	47.767.779	325.968			231.238	48.760.935
Disposals and retirements			-215.537	-47.280				-262.817
Amortization as at 31 Dec 2012	0	3.065.446	242.655.872	4.084.031	0	0	3.751.746	253.557.095
NET ACCOUNTING VALUE								
As at 31 Dec 2012	23.269	15.034.764	335.646.028	921.349	46.822	9.087.578	692.995	361.452.805

020. LONG-TERM FINANCIAL ASSETS

	31 Dec 2012	31 Dec 2011
Loans to majority shareholder	5.278.716	4.873.987
Loans to third party companies	35.354.609	33.102.589
Long term deposits	3.493.285	3.487.424
	44.126.610	41.464.000
Value adjustment	0	-1.573.060
	44.126.610	39.890.940
Loans to related companies	5.708.908	6.330.230
Loans and deposits	49.835.518	46.221.170
Shares in related companies	19.302.400	19.302.266
Participating interests (shares)	35.000	0
	69.172.918	65.523.436

Loans to third party companies refer to the loans granted to company OSN INŽENJERING d.o.o. with interest rate of 11,5% and due dates 13 August 2014 (loan in the amount of HRK 3,35 million) and 30 April 2013 (loans in the amount of HRK 32,00 million)

Long term deposits comprise of two guarantee deposits with Zagrebačka banka d.d. for purchase and installation of telecommunications equipment and they come due on 16 February 2015 and 23 February 2015, respectively, as well as one deposit with BKS bank, coming due on 31 December 2013.

Participating interests are related to the shares in company Pevec d.d., acquired by uncollected receivables.

SHARES IN RELATED COMPANIES

On 6 July 2006 OT-Optima Telekom d.d. acquired 100% of interest in Optima Grupa Holding d.o.o., which changed its name to Optima Direct d.o.o. The main business activities of Optima Direct d.o.o. are trading and providing various services which mainly relate to telecommunications sector. In August 2008, the Parent Company increased the share capital of Optima Direct d.o.o. by HRK 15.888 i.e. entering claims for loans and accrued

As a sole member-founder, the Company established Optima Telekom d.o.o. Kopar, Slovenia, in 2007.

As a sole member-founder, the Company established Optima telekom za upravljanje nekretninama i savjetovanje d.o.o., on 16 Aug 2011, which currently

Investments in affiliated companies as on 31 Dec 2012:

Subsidiaries	Shareholding
Optima Direct d.o.o., Croatia	100%
Optima Telekom d.o.o., Slovenia	100%
Optima telekom za upravljanje nekretninama i savjetovanje d.o.o.	100%

Transactions within the group are carried out at fair market terms and conditions.

043. RECEIVABLES

	31 Dec 2012	31 Dec 2011
Trade receivables	79.394.809	82.100.308
Employee receivables	39.010	40.385
Receivables from the state and other institutions	304.987	157.670
Other receivables	1.098.385	1.392.688
	80.837.191	83.691.051

045. TRADE RECEIVABLES

	31 Dec 2012	31 Dec 2011
Receivables from related companies	94.899.556	95.505.284
Domestic trade receivables	99.245	0
Foreign trade receivables	10.986.183	12.982.595
Interests receivables	2.381	78.283
	105.987.365	108.566.162
Value adjustment	-26.592.556	-26.465.854
	79.394.809	82.100.308

Movement of value adjustment for doubtful receivables:

	31 Dec 2012
1 January 2012	26.465.854
Write off during the year	-3.398.337
Collected during the year	-2.059.070
Reserved during the year	5.584.109
Closing balance	26.592.556

Aging of trade receivables of the Company without interests receivables:

	31 Dec 2012
Undue	49.287.196
Up to 120 days	24.622.458
120-360 days	8.151.734
over 360 days	23.923.596
	<u>105.984.984</u>

049. OTHER RECEIVABLES

	31 Dec 2012	31 Dec 2011
Interest receivables	440.735	396.304
Advance payments receivables	646.053	986.589
Other receivables	11.597	9.795
	<u>1.098.385</u>	<u>1.392.688</u>

056. GRANTED LOANS AND DEPOSITS

	31 Dec 2012	31 Dec 2011
Loans	30.000	30.000
Deposits	608.999	660.961
	<u>638.999</u>	<u>690.961</u>
Value adjustment	<u>-30.000</u>	<u>-30.000</u>
	<u>608.999</u>	<u>660.961</u>

058. CASH IN BANK AND REGISTER

	31 Dec 2012	31 Dec 2011
Kuna accounts balance	972.398	946.491
Foreign currency accounts balance	756.836	411.476
Cash in register	18.624	14.459
	<u>1.747.858</u>	<u>1.372.426</u>

059. PAID EXPENSES FOR FUTURE PERIOD AND UNDUE INCOME PAYMENT

	31 Dec 2012	31 Dec 2011
Differed customer related expenses	32.889.185	41.285.676
Bond issuing expenses	796.944	1.167.134
Prepaid expenses	16.452.493	18.595.554
	<u>50.138.622</u>	<u>61.048.364</u>

063. SUBSCRIBED CAPITAL

On 24 August 2007, the sole shareholder at that time Mr. Matija Martić paid up the amount of HRK 20 million in the Company's share capital. In this way, the share capital of the Company has been increased from HRK 201 thousand to HRK 20.201 thousand. The Company has undergone transformation from limited liability company to joint stock company. The total number of shares amounted to 2.020.070 of ordinary shares with nominal value of HRK 10 each. The sole shareholder remained Matija Martić.

In December 2007, the Company increased the share capital through initial public offering. The Company issued 800.000 shares with nominal value of HRK 10 each. In that way, the total number of shares has been increased to 2.820.070. By subscribing the new shares, the Company realized capital gain of HRK 194.354 thousand representing the difference between the nominal value and the price determined on the initial public offering.

At 31 Dec 2012, loss per share is as follows:

Net result - loss	53.996.274
Number of shares	2.820.070
Loss per share	19,15

In the same period last year, loss per share amounted to HRK 24,65

Price of shares realized on the stock exchange within the current quarter varied from HRK 7,22 (the lowest price) to HRK 18,99 (the highest price). Market capitalization in thousands of HRK on 31 Dec 2012 amounted to HRK 28.229 thousand.

In the period from January to December 2012 the Company did not buy-out the issued shares i.e. it does not hold treasury shares.

Structure of 10 major shareholders as on 31 Dec 2012:

Shareholders	31.12.2012		31.12.2011	
	u 000 HRK	%	u 000 HRK	%
MARTIC MATIJA	18.596	65,94	18.596	65,94
	18.596	65,94	18.596	65,94
ZAGREBAČKA BANKA D.D./ZBIRNI SKRBNIČKI RAČUN ZA UNICREDIT	1.605	5,69	1.605	5,69
ZAGREBAČKA BANKA D.D./ZBIRNI SKRBNIČKI RAČUN ZAGREBAČKA	1.385	4,91	1.385	4,91
RAIFFEISENBANK AUSTRIA D.D./R5	1.338	4,74	1.345	4,77
RAIFFEISENBANK AUSTRIA D.D./RBA	966	3,43	979	3,47
SOCIETE GENERALE-SPLITSKA BANKA D.D./ AZ OBVEZNI MIROVINSKI	766	2,72	766	2,72
ZAGREBAČKA BANKA D.D. (1/1)	428	1,52	428	1,52
ŽUVANIĆ ROLAND (1/1)	303	1,07	303	1,07
JOVIČIĆ GORAN (1/1)	202	0,72	202	0,72
HRVATSKA POŠTANSKA BANKA D.D./ZBIRNI RAČUN ZA KLIJENTE	144	0,51	144	0,51
SOCIETE GENERALE-SPLITSKA BANKA D.D./ AZ PROFIT DOBROVOLJNI	127	0,45	127	0,45
INTERKAPITAL D.D. (1/1)	102	0,36	108	0,38
ČORAK LJERKA (1/1)	100	0,35	100	0,35
ČERNOŠEK KRUNOSLAV (1/1)	100	0,35	74	0,26
RAIFFEISENBANK AUSTRIA D.D. (1/1)	91	0,32	91	0,32
INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O./ZBIRNI SKRBNIČKI RAČUN	69	0,25	85	0,30
RAIFFEISENBANK AUSTRIA D.D./ZBIRNI SKRBNIČKI RAČUN ZA DF	57	0,20	57	0,20
KMEŤOVIĆ IVO (1/1)	43	0,15	43	0,15
OREŠKOVIĆ STJEPAN (1/1)	38	0,13	38	0,13
HUGHES KATICA (1/1)	38	0,13	38	0,13
SULJE ZORAN (1/1)	34	0,12	0	0,00
KANTOCI IVANIŠEVIĆ KRISTINA (1/1)	32	0,11	32	0,11
CELJIŽIĆ MARIO (1/1)	30	0,11	30	0,11
	7.998	28,36	7.979	28,29
SMALL SHAREHOLDERS	1.602	5,70	1.533	5,43
	28.195	100	28.107	100

083. LONG-TERM LIABILITIES

	31 Dec 2012	31 Dec 2011
Loan based liabilities	24.398.086	37.409.703
Liabilities towards credit institutions	513.896.442	529.091.707
	538.294.528	566.501.410

093. SHORT-TERM LIABILITIES

	31 Dec 2012	31 Dec 2011
Loan based liabilities	7.083.573	67.589.816
Liabilities towards credit institutions	8.213.777	1.800.000
Interest liabilities	14.027.722	5.831.541
Liabilities for bonds issued	269.413.750	267.952.500
Liabilities toward related companies	7.897.392	2.966.647
Liabilities for advances received	7.452.575	8.130.081
Trade payables	180.744.276	91.534.566
Liabilities towards employees	1.857.909	1.709.888
Taxes, contributions and other levies	4.950.418	5.218.490
Other liabilities	195.071	87.120
	501.836.463	452.820.649

098. LIABILITES TOWARDS SUPPLIERS

	31 Dec 2012	31 Dec 2011
Domestic trade payables	176.542.197	82.137.340
Foreign trade payables	4.202.079	9.397.226
Invoice accrual	0	0
	180.744.276	91.534.566

099. BONDS ISSUED

On 5 February 2007, the Company issued bonds (OPTE-O-124A) with nominal value of HRK 250 million. The bonds have been issued on Zagreb Stock Exchange with interest rate of 9,125% and maturity date on 1 February 2014. The bonds have been issued with the price of 99,496%. The interest rate is accrued for year 2011 and paid on 27 January 2012.

	31 Dec 2012	31 Dec 2011
Nominal value	250.000.000	250.000.000
Compensations for issuance of bonds	-1.461.250	-2.922.500
Liabilities based on calculated interest	20.875.000	20.875.000
	269.413.750	267.952.500

102. LIABILITIES FOR TAXES, CONTRIBUTIONS AND SIMILAR LEVIES

	31 Dec 2012	31 Dec 2011
VAT Liabilities	2.877.335	3.068.069
Taxes and contributions on and from salaries	1.470.277	1.387.095
Other taxes and contributions	602.806	763.326
	4.950.418	5.218.490

106. DEFERRED PAYMENTS AND FUTURE INCOME

	31 Dec 2012	31 Dec 2011
Domestic payables for which invoices have not been received	11.984.961	12.612.772
Foreign payables for which invoices have not been received	6.013.798	530.792
Accrued interests	30.714.979	15.347.512
Deferred income	13.500.000	14.500.000
Deferred Income due to uncertainty	3.379.703	3.337.373
	65.593.441	46.328.449

Accrued interest refer to undue interest for loans reprogrammed in Zagrebačka banka in December 2011, which are attributable to principal payment

3. FINANCIAL INSTRUMENTS

During the reporting period, the Company used most of its financial instruments to finance its operations. Financial instruments include loans, bills of exchange, cash and liquid assets and other various instruments, such as trade receivables and trade payables arising directly from ordinary business activities.

Currency Risk Management

Currency risk may be defined as risk of fluctuation of value of financial instruments due to changes in the exchange rates. The Company's major exposure relates to long-term borrowings denominated in a foreign currency and converted to Croatian Kunas at the exchange rate applicable on the balance sheet date. Gains and losses resulting from conversion are credited and charged to the income statement, but do not affect the cash flow.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are given in the following table.

	Liabilities		Assets	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
	in 000 HRK	in 000 HRK	in 000 HRK	in 000 HRK
EUR	583.907	581.956		-23.459
USD	1.939	2.967		0
CHF				
GPB				
	585.846	584.923	0	-23.459

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuations in the exchange rate of Croatian Kuna to Euro and US Dollar.

The following table details the Company's sensitivity to a 10% decrease of Croatian Kuna exchange rate in 2012 against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their conversion at the end of the period on the basis of percent change in foreign currency rates. The sensitivity analysis includes monetary assets and monetary liabilities in foreign currencies. A negative number below indicates decrease in profit and other equity where Croatian Kunas changes for above-mentioned percentage against the relevant currency. For a reverse proportional change of Croatian Kuna against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Liabilities		Assets	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
	in 000 HRK	in 000 HRK	in 000 HRK	in 000 HRK
EUR	58.391	58.196		-2.346
USD	194	297		0
CHF				
GPB				
	58.585	58.493	0	-2.346

Exposure to the currency exchange for 10% mainly relates to received loans, trade payables and receivables from affiliated companies indicated in Euros (EURO) and US Dollars (USD).

Interest Rate Risk

Long-term liabilities arising from credits and loans with variable interest rates amount to HRK 345,99 million, and therefore, the Company's exposure to the interest rate risk is significant.

Other assets and liabilities, including bonds issued, are not exposed to interest rate risk.

Credit Risk

Credit risk is the risk that the Company's customers will default on their contractual obligations causing possible financial loss to the Company. The Company has adopted procedures which are applied in dealing with customers and it requests and collects payment security instruments, where appropriate, in order to mitigate possible financial risks and losses resulting from a default in payment and fulfilment of contractual obligations.

Trade receivables are monitored continuously in order to determine their risk level and apply the appropriate procedures. Customers' credit ratings are also monitored on a continuous basis in order to establish the Company's credit exposure, which is reviewed at least once a year.

The Company operates with a large number of customers from various industries and of various sizes as well as with individuals who have a specific credit risk. The Company has developed procedures for each particular group of customers in order to ensure that the credit risk is addressed in the most appropriate way.

Liquidity Risk Management

The ultimate responsibility for liquidity risk management rests with the Management Board which is in charge of setting up the appropriate framework for liquidity risk management, all with the purpose of satisfying short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and credit lines, by continuous comparison of planned and realized cash flows and by matching the maturity profiles of financial assets and liabilities.

Liquidity Risk and Interest Rate Risk Table Review

The following tables detail maturity of the Company's contractual liabilities indicated in the balance sheet at the end of the reporting period.

Tables have been created on the basis of undiscounted cash flows of financial liabilities on their due date. The tables include both interest and principal cash flows.

in 000 HRK

	Up to one year	From 1 to 5 years	Over 5 years	Total
31 Dec 2012				
Non-interest bearing liabilities	198.147			198.147
Interest bearing liabilities	108.236	726.915	1.883	837.034
	306.383	726.915	1.883	1.035.181
31 Dec 2011				
Non-interest bearing liabilities	104.428			104.428
Interest bearing liabilities	113.423	794.009	2.243	909.675
	217.851	794.009	2.243	1.014.103

The majority of non-interest bearing liabilities of the Company maturing within one year account for trade payables in the amount of HRK180.744 thousand for the period from January to December 2012 (HRK 91.535 thousand for the same period last year).

Interest bearing liabilities include short-term and long-term borrowings, bonds issued and financial lease.

The following tables detail maturity of the Company's financial assets indicated in the balance sheet at the end of the reporting period.

Tables have been created on the basis of undiscounted cash flows of financial assets on their due date. The tables include both interest and principal cash flows.

in 000 HRK

	Up to one year	From 1 to 5 years	Over 5 years	Total
31 Dec 2012				
Non-interest bearing liabilities	82.280			82.280
Interest bearing liabilities	32.658	12.508	5.279	50.445
	114.938	12.508	5.279	132.725
31 Dec 2011				
Non-interest bearing liabilities	84.906			84.906
Interest bearing liabilities	2.612	39.397	4.874	46.883
	87.518	39.397	4.874	131.789

The balance of cash and cash equivalents is indicated under non-interest bearing financial assets due to the low interest rate on these assets.

Matija Martić

Jadranka Suručić

Optima Telekom d.d.
ZAGREB

