

OT - Optima Telekom d.d.

**Consolidated Report for
the Group for the first
half and second quarter
of 2015**

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I. Business and Financial Overview

1. Introduction

On November 3, 2014, the Company's General Meeting adopted the Decision on increasing the Company's share capital through the issuance of common shares, investment of rights – converting a part of the pre-bankruptcy creditors' claims into share capital, with the exclusion of existing shareholders' priority rights, from the amount of HRK 632,659,190.00 by an amount not exceeding HRK 2,910,110.00, to the maximum amount of HRK 636,569,300.00, through the issuance of a maximum of 291,011 new registered common shares, having the nominal value of HRK 10.00 each.

The pre-bankruptcy creditors who submitted a written statement (subscription form) within the subscription deadline and concluded the agreement on investing rights (claims) into the Company's share capital, have invested claims adding up to HRK 2,908,890.00. The share capital increase from the amount of HRK 632,569,150.00 by the amount of HRK 2,908,890.00 to the amount of HRK 635,568,080.00 has been registered by virtue of the Commercial Court of Zagreb decision, docket no. Tt-15/1314-2, dated February 26, 2015.

After HANFA had rendered its decision Class: UP/I-451-04/14-11/03, Cons. No. 326-01-770-772-15-11 on March 27, 2015 approving the registration document, the note on the security and the summary of the prospectus which, taken together, form a prospectus composed of separate documents for the admission of a total of 60,736,738 common registered dematerialized shares, having the nominal value of HRK 10.00 each and the total nominal value of HRK 60,736,738 to the regulated market; the CDCC has published a notification on conversion of common shares ticker OPTE-R-B into OPTE-R-A on April 7, 2015. Upon execution of Securities conversion, 63,556,808 securities ticker OPTE-R-A, ISIN: HROPTERA0001, each nominal value of 10.00 HRK are included in the Depository and Clearing and Settlement of CDCC. Pursuant to its Decision Class: UP/I-451-01/15-01/71, Cons. No. 536-15-2 of April 1, 2015, Zagrebačka Burza d.d. allowed the admission of 60,736,738 common shares, each having the nominal amount of HRK 10.00, ticker: OPTE-R-A, ISIN: HROPTERA0001, into the official market of the Zagreb Stock Exchange.

Thereby, the Company has completed the admission of common shares issued in the pre-bankruptcy settlement proceedings.

Furthermore, based on the Decision on issuance of 7 year Optima bonds in the amount of HRK 250,000,000.00 dated November 17, 2006, on February 1, 2007 the Company issued a security note.

However, given that the Company underwent pre-bankruptcy proceedings in the meantime, the bonds fell due and the Zagreb Stock Exchange suspended trading in these bonds and cancelled their admission as of February 1, 2014.

Due to the above reason, the Company is obliged to prepare a prospectus composed of separate documents – security note and summary note, for the readmission of the Company's bonds for trading into the Zagreb Stock Exchange.

The admission of bonds to the Zagreb Stock Exchange is anticipated in the second half of July, 2015 after obtaining the consent of the Company's Supervisory Board.

2. Statement by the Chairman of the Board:

In a very challenging market, we have achieved positive results in the second quarter as well. Specifically, through the continuous increase of EBITDA results before special items and a decreasing trend in business costs, we are building a strong foundation for the future. Our main focus continues to be service development and the improvement of processes that directly affect customer satisfaction, with a simultaneous cost optimization and increasing operative efficiency. I am sure that in this way and by using the knowledge and competence of our professional resources we will be able to achieve our business targets in the upcoming period.



Zoran Kežman

3. Corporate Governance and General Information

Supervisory Board:

Siniša Đuranović, Chairman
Ariana Bazala-Mišetić, Deputy Chairman
Marina Brajković, Member
Jasenka Anica Kreković, Member
Marko Makek, Member
Ana Hanžeković, Member
Rozana Grgorinić, Member
Maša Serdinšek, Member
Ivica Hunjek, Member – Employee Representative

Board of Directors:

Zoran Kežman – Chairman,
Irena Domjanović – Member,
Mirela Šešerko – Member,
Tomislav Tadić – Member.

IBAN: HR3023600001101848050-Zagrebačka banka d.d. Zagreb

Commercial Court of Zagreb

OIB: 36004425025

MBS: 040035070

MB: 0820431

Share capital amount: HRK 635,568,080.00

Number of shares: 63,556,808, nominal value of HRK 10.00 each.

4. Optima Telekom Group Members and Regional Centers

HEADQUARTERS – COMPANY MANAGEMENT

OT-Optima Telekom d.d.
Bani 75a, Buzin
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Fax. +385 1 54 92 019

Members of the Optima Telekom Group:

- Optima direct d.o.o, Trg Josipa Broza Tita 1, 52460 Buje
- Optima - Telekom d.o.o., Ulica 15. maja 21, 6 000 Koper, Slovenia
- Optima telekom za upravljanje nekretninama i savjetovanje d.o.o – BUSINESS ACTIVITY SUSPENDED, Kuzminečka 8, 10 000 Zagreb

REGION WEST

OT-Optima Telekom d.d.
Andrije Kačića Miošića 13
51 000 Rijeka, Croatia
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OT Center

Tel. +385 51 554 651

REGION NORTH

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REGION EAST

OT-Optima Telekom d.d.
Županijska 21/I
31 000 Osijek, Croatia
Tel. +385 31 492 999
Fax. +385 31 210 459

REGION SOUTH

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

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Tel. +385 23 492 860
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5. Market Overview

Fixed Telephony Market

In the fixed telephony market in Croatia there is a negative trend in the use of the service. According to available data, the total outgoing traffic (in minutes) of all fixed public communications network operators in the first quarter of 2015 was 12.6% less compared to the same period of the previous year, with an income drop of 13.18%.

This negative trend in the fixed telephony market has been present for a while now and is predicted to continue in the future.

Broadband Access Market

At the same time, there is a growing trend of using broadband internet services, the same as in 2014. Compared to the same period of the previous year, in the first quarter of 2015 the number of broadband access connections via fixed networks increased by 2.40% with an increase in income of 0.35%.

During the first half of 2015, practically the entire market offered end customers services with high broadband speed (VDSL). Certain operators also expanded FTTH infrastructure, which was then accompanied by related commercial offers for residential customers.

The trend of crossing over to high speeds is long term and is anticipated to continue at least until 2020.

IPTV Market

The internet protocol based television (IPTV) market trend shows stability. The indicator for the total number of connections for the first quarter of 2014 and the first quarter of 2015 amounts to -0.18%.

6. Economic Environment

The beginning of this year is characterized by relatively positive trends, which suggests a mild increase of the GDP in 2015.

Inflation returned in March. Deflatory pressures weakened in March, which brought the annual level of retail price index growth after three months (minimum) above zero (0.1%). The mitigation of deflatory pressures primarily means a milder decline in oil derivative prices (fuel oil -0.7%, motor fuels and lubricants -8.2%) compared to previous months, and an increase in foodstuffs prices (0.4%) which started in February after decreasing for fourteen months (particularly prices of unprocessed food). A slightly bigger increase in the prices of foodstuffs

is also connected with the strengthening of the US Dollar (compared to HRK, about 29% in the last year), which made the goods arriving from dollar markets more expensive (Croatian import from dollar markets amounts to about 25%).

At the beginning of the tourist pre-season, according to the usual scheme, the seasonal decline in unemployment started in March. The monthly decline came to a level of 3.2%, or 10.5 thousand people, which is somewhat steeper compared to the same month of the previous year. This is also a result of more intense seasonal employment probably connected with Easter holidays that came early this year compared to the last: 3.4 thousand people were employed in seasonal jobs in March, 44.6% more compared to the same month of the previous year, which increased the overall employment (22.2 thousand people) compared to the same month of the previous year (14.6% more).

In February the salaries decreased at a monthly level and increased at annual level. Therefore, the average gross salary paid per company employee for February amounted to HRK 7,837, which is 1.8% less compared to January and 0.4% more compared to February of last year. At the same time, the average net salary paid per company employee for February amounted to HRK 5,565, which is 1.6% less compared to January and 2.5% more compared to February of 2014.

At the end of February, the value of outstanding payment titles of business entities amounted to HRK 28.9 billion, slightly less than in the previous month (-1.2% or by HRK 350 million). Thereby, this liquidity indicator for the real sector continues to move on a mild curve, suggesting the absence of fast solutions to the problem which is one of the biggest limiting factors for the recovery of the business sector.

7. Regulatory Environment

In this reporting period, the Croatian Regulatory Authority for Network Industries (hereinafter: HAKOM) has continued to regulate the electronic communications market. In conducting regular market analyses, HAKOM has rendered decisions within the call origination on the public telephone network provided at a fixed location market analysis, call termination on individual public telephone networks provided at a fixed location wholesale market analysis and voice call termination on individual mobile networks wholesale market analysis. The most significant novelty is the introduction of regulation and charging according to the A number, instead of the current price regulation for all calls transferred from the network of one of the national operators or operators from the EU/EEA. Thereby, the obligation of price control imposed on the Company in the call termination on individual network market now applies to the service of termination of voice calls originating from A numbers belonging to one of the national or EU/EEA operators, irrespective of the network the call is originating from. The Company expects the said changes to have a financial impact on the Company's business in subsequent reporting periods.

In the upcoming reporting periods, HAKOM is supposed to render decisions in other commenced

market analyses in which draft decisions have been notified to the European Commission, specifically: retail broadband access market in which the Company has been identified as an operator with significant market power and has had regulatory obligations imposed on it by virtue of HAKOM's interim decision of July 3, 2014, wholesale terminating segments of leased lines and wholesale trunk segments of leased lines markets, wholesale (physical) network infrastructure access at a fixed location market and the wholesale broadband access market.

Also, in this reporting period HAKOM adopted a decision and a document concerning the terms and conditions of IP interconnection of operators' networks in Croatia. Their application will have an impact on the decrease of Company's wholesale costs.

Out of the more important amendments of regulations in the field of electronic communications, one should point out the entry into force of the amended and supplemented Ordinance on the Manner and Conditions for Provision of Electronic Communications Networks and Services, which now allows for the change of operators to be done by contracts concluded through means of long distance communications.

8. Business Indicators and Segments

Number of customers	30.06.2014	30.06.2014/ 30.06.2015	31.12.2014	30.06.2015/ 31.12.2014	31.03.2015	30.06.2015/ 31.03.2015	30.06.2015	
Business								
JGU	16.439	-5,3%	15.960	-2,5%	15.806	-1,5%	15.562	
IPTV	1.075	-3,9%	1.060	-2,5%	1.052	-1,8%	1.033	
Internet	10.965	-0,8%	10.858	0,1%	10.906	-0,3%	10.873	
Data	1.282	-6,4%	1.177	2,0%	1.172	2,4%	1.200	
Residential								
JGU	146.643	-7,1%	142.496	-4,4%	138.558	-1,6%	136.284	
IPTV	25.875	-7,5%	25.840	-7,4%	24.719	-3,2%	23.925	
Note: ¹	Internet	87.576	-3,0%	86.867	-2,2%	84.859	0,1%	84.959

a. Residential Sales Segment

In the second quarter of 2015, residential sales income decreased by **4.2%** compared to the first quarter of this year. This is primarily a result of the decrease in the number of minutes in the national fixed network and the decrease in the number of users of the basic voice service which dropped by **4.4%** in the first half year period or **1.6%** in the second quarter, which in turn resulted in a decrease in income from the public voice service.

¹ The data provided differs from previous data published in the Company's financial reports for Q4 2014 and Q1 2015, solely in respect to the number of users. This is a consequence of circumstances that occurred after the publication of financial reports but had affected reporting. Namely, in the structure of providing services to end customers there was a change regarding the used wholesale service. Therefore, instead of the previous practice of performing services using the ULL or WLR+CPS+BSA wholesale services, new services are performed by using the ULL or NBSA wholesale service. In cases when the PVS is performed via ULL or via the wholesale WLR+CPS or WLR+CPS+BSA service, the income from PVS access is included in the category of income from PVS. However, in cases when the voice service is performed using the wholesale NBSA service, the access income is allocated and reported in the Internet income category, given that the whole service (both the voice service and the Internet service) has been provided through broadband Internet access. Regardless of the wholesale service used, the income deriving from voice minutes is always reported as PVS income.

The number of IPTV customers in the residential segment dropped by **3.2%** compared to the numbers at the end of the first quarter of this year which also resulted in a **6.0%** income decrease at a quarterly level.

The Internet access services segment achieved a **3.8%** revenue increase compared to the first quarter of 2015, with a slight increase in the number of users by **0.1%**.

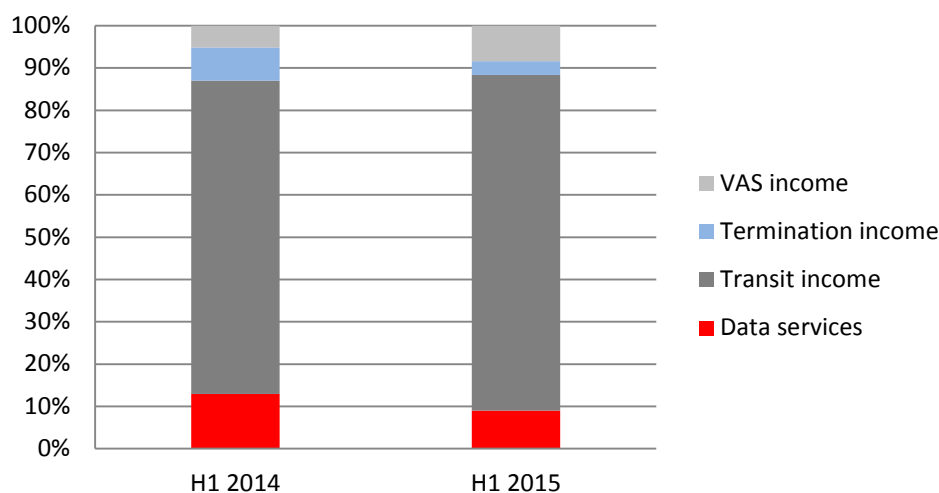
b. Business Sales Segment

Total revenue of the business segment in the second quarter is **1.8%** less compared to the first quarter. It was negatively influenced by poor liquidity and the winding up of business ventures, as well as a further decrease in the number of minutes in the national fixed network and the decrease in the number of users of the basic voice service.

Internet access services have had a **1.7%** revenue increase, with a simultaneous mild decrease in the customer base, which is a result of ever greater customer needs for a more advanced service and higher access speeds or greater access to the same in the territory of Croatia. The number of public voice service users within the business segment went down by **1.5%**, while revenues dropped by **3.1%** compared to the first quarter of this year, which points to the above mentioned further decline in the number of minutes and pressure regarding the price and the amount of minutes included in the basic charge. Optimization of the quantity of connections by one of the key business customers who crossed over to more advanced IP solutions also influenced the decrease in the number of connections.

c. Wholesale Segment

Interconnection Income Structure



Source: Company financial statements

In the first half of 2015, the sales income from wholesale services increased by **13.9%** compared to the same period of the previous year, while the sales income from wholesale voice services (transit) increased by 21.9%. This increase is a result of regulatory changes, i.e. the deregulation of interconnection charges for international calls originating outside the EU/EEA, and its positive impact is anticipated in the upcoming periods as well. The positive effect of the increase of wholesale voice services income has entirely made up for the wholesale data services income decrease that amounted to **20.4%** and was caused by the output of income in the second half of 2014 and the first half of 2015. Termination income is **52.1%** lower compared to the same period of the previous year, but in the second quarter of 2015 only **17.2%** lower compared to the income of the same quarter of the previous year, which is also a result of the deregulation of interconnection charges for international calls originating outside the EU/EEA. In the first half of 2015 the sales income for VAS services increased by **84.8%** compared to the same period of the previous year.

d. Infrastructure and Optical Fiber Network development

Voice Networks

In the first half of 2015, investments have been made into the voice network by obtaining additional licenses for NGN Switchboards due to the increase in the number of users.

An element of the voice network NGN system, SBC (Session Border Controller), has been procured, which will be enabled for IP connecting of class IV IMS and NGN networks of other operators by the end of the year. This will allow for significant savings in the maintenance of existing class IV voice network systems.

A new, internally developed class V NGN switchboard, used for providing voice services to residential users, has been put into function. This allows for additional savings in the process

of obtaining licences for NGN switchboards.

Data Networks

At the level of portable DWDM (Dense Wavelength Division Multiplexing) network, the Rijeka-Ljubljana-Zagreb(Vienna) system construction has been completed in the first half of 2015. This reduces the Company's operating costs and opens new wholesale possibilities between Rijeka-Ljubljana-Zagreb and Rijeka-Ljubljana-Vienna.

In the towns of: Vrbovec, Zabok, Čepin, Cavtat, Samobor, Đurđevac, Beli Manastir, Imotski, Metković and Ploče new MPLS (engl. Multiprotocol Label Switching) routing tables have been installed for the purpose of upgrading the MPLS core network capacity and raising the quality level, i.e. the accessibility of the network.

Within the data center, new firewall systems with 10Gb/s interface have been installed, instead of the old systems having a 1Gb/s interface.

Network Infrastructure and Optical Fiber Network

Infrastructural development, i.e. the construction of the individual optical fiber network over the course of the first half of 2015 consisted primarily of the regular construction of optical feeds to our new end customers.

In numbers, we are talking about 28.9 km of new optical fiber network, consisting of 117 new optical feeds. The comparison of overall lengths shows a 0.98% enlargement of the fiber optic network compared to construction level established at the end of 2014 (2,986.1 km compared to the 2,957.2 km achieved by the end of 2014).

Most feeds and cable routes have been built in the Northern Region (14.2 km), followed by region South (9.6 km), and then regions West (2.9 km) and East (2.2 km).

Technical Services

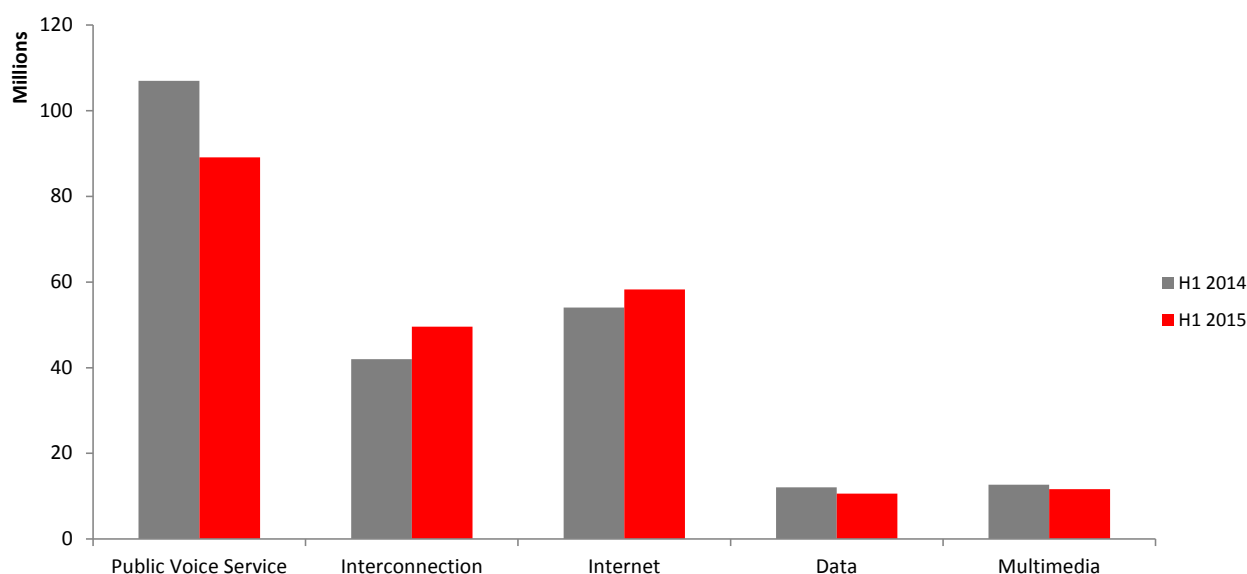
Better diagnostics and more efficient management of available resources have decreased service maintenance costs by 25% compared to the same period of the previous year. Delivery time of customer services is 50% shorter compared to the same period of the previous year, while the customer service set up time is 23% shorter. Through the engagement of potential within the Company, we have raised the level of competence within technical services and developed internal application support for raising service quality for users in the service delivery and set up segments.

9. Financial Results of the Group

Summary	Q2 2014	Q2 2015	Q2 2015/ Q2 2014	H1 2014	H1 2015	H1 2015/ H1 2014
Total income	132.339	116.271	(12,1%)	248.536	224.361	(9,7%)
Total expenses	115.205	92.678	(19,6%)	209.894	178.313	(15,0%)
EBITDA	17.134	23.592	37,7%	38.642	46.048	19,2%
One time items	3.761	1.228	(67,3%)	3.761	3.408	(9,4%)
EBITDA before one time items	20.896	24.821	18,8%	42.403	49.456	16,6%
EBITDA margin before one time items	15,8%	21,3%	35,2%	17,1%	22,0%	29,2%
Depreciation	19.187	18.631	(2,9%)	38.281	38.544	0,7%
Financial result (net)	17.613	(4.290)		13.747	(11.899)	
One time financial income	19.218	0		19.218	0	
Net profit/ (loss) before special items	103	1.900		(1.349)	(987)	

a. Consolidated Telecommunications Services Revenue

Telecommunication Services Revenue



Source: Company's Business Records

Total revenue at the end of the first half of 2015 dropped by **9.7%** compared to the same period of the previous year.

While the revenues are decreasing, primarily due to the decrease in the number of public voice service users, at the same time the Company has achieved a **7.7%** increase in revenue from internet services and an **18.2%** interconnection income increase, while the multimedia services income dropped by **8.6%**.

Public voice service has shown a declining tendency at a global scale, i.e. the quantity of

minutes realized in the public voice service is continuously following a declining trend, which mirrors in the **16.7%** decrease in revenue from the public voice service.

b. Earnings before Interest, Taxation and Depreciation – EBITDA

The consolidated EBITDA is **19.2%** higher compared to the first half of 2014. Special items aside, the EBITDA excluding special items amounts to HRK **49.5** million, which represents a **16.6%** increase compared to the same period of the previous year.

The implementation of cost restructuring has also had an impact on the EBITDA margin which, alongside the revenue 12.1% drop, went up from **17.1%** at the end of the first half of 2014, to **22.0%** at the end of the first half of 2015, which represents a 5.0 percentile increase.

Observing the second quarter of 2015 alone, the EBITDA excluding special items increased by **18.8%** compared to the same quarter of 2014. In absolute values, it increased from HRK **20.9** million from 2014 to HRK **24.8** million for the second quarter of 2015.

c. Net Profit / (Loss)

Special income from the previous year aside, and taking into account rise in the USD exchange rate and the increase of financial costs relating to the pre-bankruptcy settlement, the net financial result before special items is down by HRK **0.4** million compared to the first half of 2014.

There is a slight increase in net loss before special items for the second quarter of 2015, HRK **1.8** million compared to the second quarter of 2014.

d. Capital Investments in the First Three Months of 2015

Consolidated capital investments in the first half of 2015 amounted to HRK **13.2** million. Out of this, HRK **5.1** million has been invested in the development of access fiber optic network, expanding the collocations network, user equipment for providing the IPTV service, as well as the equipment to connect new business users. HRK **4.3** million has been invested into the core network, which was used for the most part to further expand the core network to the 10G technology, while HRK **3.6** million have been invested in expanding customer services.

	H1 2015 (kn)	share %
General investments	55.232	0%
Capital technical investments	13.097.540	100%
ACCESS Network	5.130.799	39%
CORE Network	4.336.419	33%
Telecommunication center	3.630.323	28%
TOTAL	13.152.772	100%

e. Risk Management

Currency Risk Management

The currency risk is the risk that the value of financial instruments will change due to exchange rate changes. The Company's highest exposure to currency risk arises out of long term loans, denominated in foreign currencies and recalculated into HRK applying the relevant exchange rates as per the balance sheet date. Any exchange rate divergences shall be attributed to operating costs or recorded in the profit and loss account, but do not influence the cash flow.

Interest Risk

The Company's exposure to interest risk is not significant, given that the Company's liabilities have not been agreed subject to variable interest rates.

The remaining assets and liabilities, including issued bonds, are not exposed to interest risk.

Credit Risk

The credit risk is the risk of non-payment or default in compliance with contractual obligations by the Company's buyers, which impacts the Company's potential financial loss. The Company has adopted procedures it applies in transactions with customers and gathers payment securities whenever possible, as a means of protection against potential financial risks and losses due to default in payment and in other contractual obligations. Customer receivables are followed continuously in order to determine their risk level and implement the appropriate procedures. The creditworthiness of the Company's customers is followed continuously, and the credit exposure towards the same is reviewed at least once a year. The Company trades with a large number of customers from different business structures and sizes, and with physical persons who have a specific credit risk. The Company has developed procedures for each individual customer group in order to ensure appropriate credit risk management.

Liquidity Risk Management

The Board of Directors holds the responsibility for liquidity risk management and sets the appropriate framework for liquidity risk management, with a view to manage short-term, mid-term and long-term financing and liquidity requirements. The Company manages the liquidity risk by maintaining adequate reserves and credit lines, continuously comparing the planned and achieved cash flow and monitoring the receivables' and liabilities' due dates

II. Financial Reports of the Group

1. Profit and Loss Account

Item	I-VI 2014	I-VI 2015
I. OPERATING INCOME	248.535.965	224.361.194
1. Sales income	232.369.417	222.799.537
2. Other operating income	16.166.548	1.561.657
II. OPERATING EXPENSES	248.174.997	216.857.105
1. Changes in the value of inventories of ongoing production and finished goods	0	0
2. MATERIAL COSTS	149.927.344	141.861.746
a) Costs of raw material and supplies	1.324.310	686.946
b) Costs of goods sold	550.485	31.334
c) Other external costs	148.052.549	141.143.466
3. Staff costs	44.181.265	28.262.307
a) Net salaries and wages	22.937.609	15.994.334
b) Expenses of taxes and contributions from salaries	14.994.716	8.155.758
c) Contributions to salaries	6.248.940	4.112.215
4. Amortization	38.280.651	38.544.234
5. Other costs	13.769.129	7.395.363
6. Value adjustment	2.016.608	793.455
a) fixed assets (apart from financial assets)	0	0
b) current assets (apart from financial assets)	2.016.608	793.455
7. Provisions	0	0
8. Other operating expenses	0	0
III. FINANCIAL INCOME	25.580.650	3.085.959
1. Interests income, foreign exchange gains, dividends and other income related to affiliated undertakings	0	0
2. Interests income, foreign exchange gains, dividends and other income related to unaffiliated undertakings and other persons	25.580.650	3.085.959
3. Income from affiliated undertakings and participating interests	0	0
4. Unrealized income of the financial assets	0	0
5. Other financial income	0	0
IV. FINANCIAL EXPENSES	11.833.551	14.984.726
1. Interest, foreign exchange differences and other expenses related to affiliated undertakings	0	0
2. Interest, foreign exchange differences and other expenses related to unaffiliated undertakings and other persons	11.833.551	14.984.726
3. Unrealized losses (expenses) of the financial assets	0	0
4. Other financial expenses	0	0
V. SHARE IN PROFIT OF AFFILIATED UNDERTAKINGS	0	0
VI. SHARE IN LOSS OF AFFILIATED UNDERTAKINGS	0	0
VII. EXTRAORDINARY - OTHER INCOME	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	0	0
IX. TOTAL INCOME	274.116.615	227.447.153
X. TOTAL EXPENSES	260.008.548	231.841.831
XI. PROFIT / LOSS BEFORE TAXATION	14.108.067	-4.394.678
1. Profit before taxation	14.108.067	0
2. Loss before taxation	0	4.394.678
XII. PROFIT TAX		41.596
XIII. PROFIT / LOSS OF THE PERIOD	14.108.067	-4.436.274
1. Profit of the period	14.108.067	0
2. Loss of the period	0	4.436.274

Source: Company's business records

2. Current Balance Sheet

Item	31 Dec 2014	30 Jun 2015
ASSETS		
A) SUBSCRIBED CAPITAL UNPAID	0	0
B) FIXED ASSETS	391.595.981	357.535.259
I. INTANGIBLE ASSETS	60.764.411	51.253.389
1. Development expenses	0	0
2. Concessions, patents, licences, goods and services trademarks, software and other rights	60.764.411	51.253.389
3. Goodwill	0	0
4. Advances for procurement of intangible assets	0	0
5. Intangible assets in preparation	0	0
6. Other intangible assets	0	0
II. TANGIBLE ASSETS	318.440.312	302.455.657
1. Land	23.269	23.269
2. Building objects	13.999.808	13.746.293
3. Facilities and equipment	296.232.427	280.133.466
4. Tools, production inventory and transport assets	1.246.801	1.156.469
5. Biological assets		0
6. Advances for tangible assets		0
7. Tangible assets in preparation	6.328.486	6.893.685
8. Other tangible assets	46.822	46.822
9. Real estate investments	562.699	455.653
III. FIXED FINANCIAL ASSETS	12.391.258	3.826.213
1. Shares (stock) in affiliated entrepreneurs	0	0
2. Loans granted to affiliated entrepreneurs	0	0
3. Participating interests (shares)	35.000	35.000
4. Loans given to entrepreneurs with participating interests	0	0
5. Securities investments	0	0
6. Granted loans, deposits and such	12.356.258	3.791.213
7. Own stocks and shares	0	0
8. Other fixed financial assets	0	0
IV. RECEIVABLES	0	0
1. Receivables from affiliated entrepreneurs	0	0
2. Receivables pertaining to sale on credit	0	0
3. Other receivables	0	0
V. DEFERRED TAX ASSETS	0	0
C) CURRENT ASSETS	107.973.519	112.085.092
I. INVENTORY	1.455.424	421.154
1. Raw material and supplies	0	0
2. Ongoing production	0	0
3. Finished products	0	0
4. Trading goods	1.455.424	421.154
5. Inventory advances	0	0
6. Assets intended for sale	0	0
7. Biological assets	0	0
II. RECEIVABLES	77.058.257	80.986.556
1. Receivables from affiliated entrepreneurs	0	0
2. Receivables from buyers	75.078.442	80.074.560
3. Receivables from participating entrepreneurs	0	0
4. Receivables from employees and members of the entrepreneur	18.825	25.080
5. Receivables from the state and other institution	165.969	175.816
6. Other receivables	1.795.021	711.100
III. CURRENT FINANCIAL ASSETS	3.505.607	10.923.060
1. Shares (stock) in affiliated entrepreneurs	0	0
2. Loans granted to affiliated entrepreneurs	0	0
3. Participating interests (shares)	0	0
4. Loans given to entrepreneurs with participating interests	0	0
5. Securities investments	0	0
6. Granted loans, deposits and such	3.505.607	10.923.060
7. Other financial assets	0	0
IV. CASH IN BANK AND REGISTER	25.954.231	19.754.322
D) PREPAYMENTS AND ACCRUED INCOME	13.579.172	12.785.836
E) TOTAL ASSETS	513.148.672	482.406.187
F) OFF-BALANCE RECORDS	427.934.789	340.132.763

Source: Company's business records

2. Current balance sheet

LIABILITIES		
A) CAPITAL AND RESERVES	-34.962.734	-36.512.917
I. BASE (registered) capital	632.659.190	635.568.080
II. CAPITA RESERVES	194.354.000	194.354.000
III. PROFIT RESERVES	0	0
1. Legal reserves	0	0
2. Own stock reserves	0	0
3. Own stocks and shares (deductable item)	0	0
4. Statutory reserves	0	0
5. Other reserves	0	0
IV. REVALORIZATION RESERVES	0	0
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD	-881.457.721	-861.998.723
1. Retained earnings	0	
2. Loss carried forward	881.457.721	861.998.723
VI. PROFIT OR LOSS OF THE YEAR	19.481.797	-4.436.274
1. Profit of the year	19.481.797	
2. Loss of the year	0	4.436.274
VII. MINORITY INTEREST	0	0
B) PROVISIONS	2.432.041	2.432.041
1. Provisions for pensions, severance payments and similar obligations	2.432.041	2.432.041
2. Provisions for tax liabilities	0	0
3. Other provisions	0	0
C) FIXED LIABILITIES	448.972.954	362.135.241
1. Liabilities towards affiliated entrepreneurs	0	0
2. Liabilities for loans, deposits and similar	60.628.103	4.381.230
3. Liabilities towards banks and other financial institutions	271.164.891	252.323.289
4. Liabilities for advances	0	
5. Liabilities towards suppliers	41.368.816	30.430.722
6. Liabilities as per securities	75.350.599	75.000.000
7. Liabilities towards entrepreneur with participating interests	0	
8. Other fixed liabilities	0	
9. Deferred tax liabilities	460.545	0
D) CURRENT LIABILITIES	60.356.509	108.749.364
1. Liabilities towards affiliated entrepreneurs	0	
2. Liabilities for loans, deposits and similar	0	48.470.272
3. Liabilities towards banks and other financial institutions	3.424.117	8.459.023
4. Liabilities for advances	0	
5. Liabilities towards suppliers	49.072.191	43.912.359
6. Liabilities as per securities	0	323.630
7. Liabilities towards entrepreneur with participating interests	0	
8. Liabilities towards employees	2.829.058	2.606.500
9. Liabilities for taxes, contributions and similar levies	5.003.902	4.956.384
10. Liabilities as per share in results	0	
11. Liabilities as per longterm assets intended for sale	0	
12. Other current liabilities	27.241	21.196
E) DEFERRED SETTLEMENT OF CHARGES AND INCOME OF FUTURE PERIOD	36.349.902	45.602.458
F) TOTAL – LIABILITIES	513.148.672	482.406.187
G) OFF – BALANCE RECORDS	427.934.789	340.132.763

Source: Company's business records

3. Cash Flow

Item	I-VI 2014	I-VI 2015
CASH FLOW FROM OPERATING ACTIVITIES		
1. Profit before taxation	14.108.067	-4.394.678
2. Depreciation	38.280.651	38.544.234
3. Increase of short-term liabilities	0	
4. Decrease of short-term receivables	1.159.045	
5. Decrease of inventories	0	1.034.270
6. Other increase of cash flow	10.816.765	9.981.491
I. Total increase of cash flow from operating activities	64.364.528	45.165.317
1. Decrease of short-term liabilities	610.557.824	5.435.947
2. Increase of short-term receivables	0	3.928.299
3. Increase of inventories	233.791	
4. Other decrease of cash flow	618.524	
II. Total decrease of cash flow from operating activities	611.410.139	9.364.246
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	0	35.801.071
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	547.045.611	0
CASH FLOW FROM INVESTMENT ACTIVITIES		
1. Cash receipt from sale of tangible and intangible assets	0	
2. Cash receipt from sale of ownership and debt instruments	525.262.727	2.908.890
3. Cash receipt from interest rates	0	
4. Cash receipt from dividends	0	
5. Other cash receipts from investment activities	0	
III. Total cash receipts from investment activities	525.262.727	2.908.890
1. Cash expenditure for buying tangible and intangible fixed assets	11.055.244	13.048.557
2. Cash expenditure for acquiring ownership and debt financial instruments	0	
3. Other expenditures from investment activities	0	
IV. Total cash expenditures from investment activities	11.055.244	13.048.557
B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	514.207.483	0
B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	0	10.139.667
CASH FLOW FROM FINANCIAL ACTIVITIES		
1. Cash receipt from issuing of ownership and debt financial instruments	0	0
2. Cash receipt from loan principal, debentures, loans and other borrowing	0	0
3. Other receipt from financial activities	0	1.147.592
V. Total cash receipt from financial activities	0	1.147.592
1. Cash expenditure for the payment of loan principal and bonds	0	33.008.905
2. Cash expenditure for the payment of dividend	0	0
3. Cash expenditure for financial lease	0	0
4. Cash expenditure for own shares buy-off	0	0
5. Other expenditures from financial activities	0	0
VI. Total cash expenditure from financial activities	0	33.008.905
C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	0	31.861.313
Total increase of cash flow	0	0
Total decrease of cash flow	32.838.128	6.199.909
Cash and cash equivalents at the beginning of the period	67.923.942	25.954.231
Increase of cash and cash equivalents	0	0
Decrease of cash and cash equivalents	32.838.128	6.199.909
Cash and cash equivalents at the end of the period	35.085.814	19.754.322

Source: Company's business records

4. Changes to Capital

Item	I-VI 2014	I-VI 2015
1. Subscribed capital	563.788.269	635.568.080
2. Capital reserves	194.354.000	194.354.000
3. Profit reserves	0	
4. Retained profit or loss carried forward	-881.477.239	-861.998.723
5. Profit or loss of the current year	14.108.067	-4.436.274
6. Revaluation of fixed tangible assets	0	
7. Revaluation of intangible assets	0	
8. Revaluation of financial property available for sale	0	
9. Other revaluation	0	
10. Total capital and reserves	-109.226.903	-36.512.917
11. Foreign exchange differences from net investments in foreign operations	0	0
12. Current and deferred taxes (part)	0	0
13. Cash flow protection	0	0
14. Changes in accounting policies	0	0
15. Correction of significant mistakes from the previous period	0	0
16. Other equity changes	0	0
17. Total increase or decrease of capital	0	0

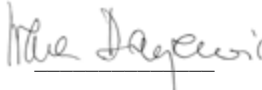
Source: Company's Business Records

III. Statement by Persons in Charge of Financial Statements

In accordance with Article 410 of the Capital Markets Act, the members of the Board of Directors, Mr. Zoran Kežman as Chairman of the Board, Ms. Mirela Šešerko, as Member of the Board, Ms. Irena Domjanović, as Member of the Board, and Mr. Tomislav Tadić, as 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 financial reporting standards and that they contain an overall and true presentation of assets and liabilities, losses and profits, financial status and operation of the Company and other companies included in the consolidation.

The financial report contains a true presentation of development, results and position of the Company and its subsidiaries, as well as a description of the most significant risk factors and uncertainties which the group is exposed to.

(Signatures of Board members)


Zoran Kežman
Mirela Šešerko
Irena Domjanović
Tomislav Tadić

OT-Optima Telekom d.d.
ZAGREB

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.

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

Enclosure 1

Reporting period:

1 Jan 2015

to

30 Jun 2015

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 **368**
(at the year's end)Consolidated Report **YES**Business activity code: **6110**

Entities in consolidation (according to IFRS)

Registered seat:

Tax number (MB):

OPTIMA DIRECT d.o.o.**Buje****03806014****OPTIMA TELEKOM d.o.o.****Koper, Republika Slovenija****02236133****OPTIMA TELEKOM za upravljanje nekretninama i savjetovanje d.o.o.****Kuzminečka 8, Zagreb****21017859228**

Book-keeping firm

Contact person **Svetlana Kundović**

(unosi se samo prezime i ime osobe za kontakt)

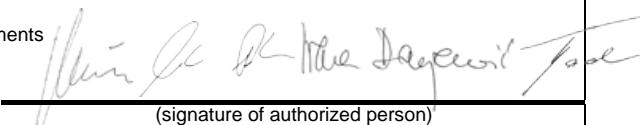
Telephone **01/5492 027**Telefaks: **01/5492 019**e-mail address svetlana.kundovic@optima-telekom.hrSurname and name **MIRELA ŠEŠERKO, ZORAN KEŽMAN, TOMISLAV TADIĆ, IRENA DOMJANOVIĆ**

(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

M.P.


 (signature of authorized person)

OT-Optima Telekom d.d.
ZAGREB

PROFIT AND LOSS ACCOUNT
for the period from 01 Jan 2015 to 30 Jun 2015

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	248.535.965	132.339.270	224.361.194	116.270.552
1. Sales income	112	232.369.417	117.894.093	222.799.537	115.742.308
2. Other operating income	113	16.166.548	14.445.177	1.561.657	528.244
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	248.174.997	134.392.011	216.857.105	111.309.037
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	149.927.344	77.817.699	141.861.746	74.953.831
a) Costs of raw material and supplies	117	1.324.310	621.731	686.946	274.680
b) Costs of goods sold	118	550.485	284.288	31.334	7.881
c) Other external costs	119	148.052.549	76.911.680	141.143.466	74.671.270
3. Staff costs (121 do 123)	120	44.181.265	29.316.513	28.262.307	13.854.474
a) Net salaries and wages	121	22.937.609	14.625.462	15.994.334	7.763.727
b) Expenses of taxes and contributions from salaries	122	14.994.716	10.399.518	8.155.758	4.088.580
c) Contributions to salaries	123	6.248.940	4.291.533	4.112.215	2.002.167
4. Amortization	124	38.280.651	19.187.170	38.544.234	18.630.829
5. Other costs	125	13.769.129	8.107.431	7.395.363	3.398.107
6. Value adjustment (127+128)	126	2.016.608	-36.802	793.455	471.796
a) fixed assets (apart from financial assets)	127	0	-221.255	0	0
b) current assets (apart from financial assets)	128	2.016.608	184.453	793.455	471.796
7. Provisions	129	0	0	0	0
8. Other operating expenses	130	0	0	0	0
III. FINANCIAL INCOME (132 through 136)	131	25.580.650	24.159.796	3.085.959	2.596.983
1. Interests income, foreign exchange gains, dividends and other income related to affiliated undertakings	132	0	0	0	0
2. Interests income, foreign exchange gains, dividends and other income related to unaffiliated undertakings and other persons	133	25.580.650	24.159.796	3.085.959	2.596.983
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	11.833.551	6.547.159	14.984.726	6.887.178
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	11.833.551	6.547.159	14.984.726	6.887.178
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	274.116.615	156.499.066	227.447.153	118.867.535
X. TOTAL EXPENSES (114+137+143 + 145)	147	260.008.548	140.939.170	231.841.831	118.196.215
XI. PROFIT / LOSS BEFORE TAXATION (146-147)	148	14.108.067	15.559.896	-4.394.678	671.320
1. Profit before taxation (146-147)	149	14.108.067	15.559.896	0	671.320
2. Loss before taxation (147-146)	150	0	0	4.394.678	0
XII. PROFIT TAX	151			41.596	41.596
XIII. PROFIT / LOSS OF THE PERIOD (148-151)	152	14.108.067	15.559.896	-4.436.274	629.724
1. Profit of the period (149-151)	153	14.108.067	15.559.896	0	629.724
2. Loss of the period (151-148)	154	0	0	4.436.274	0
ANEX TO P&L (to be filled in by entrepreneur submitting consolidated financial report)					
XIV. PROFIT OR LOSS OF THE CURRENT PERIOD					
1. Assigned to the holders of parent company's capital	155	14.108.067	15.559.896	-4.436.274	629.724
2. Assigned to minority interest	156	0	0	0	0
OTHER COMPREHENSIVE INCOME STATEMENT (popunjiva poduzetnik obveznik primjene MSFI-a)					
I. PROFIT / LOSS OF THE PERIOD (= 152)	157	14.108.067	15.559.896	-4.436.274	629.724
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 revalorization 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	14.108.067	15.559.896	-4.436.274	629.724
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	14.108.067	15.559.896	-4.436.274	629.724
2. Assigned to minority interest	170	0	0	0	0

BALANCE SHEET
as at 30 Jun 2015

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	391.595.981	357.535.259
I. INTANGIBLE ASSETS (004 through 009)	003	60.764.411	51.253.389
1. Development expenses	004	0	0
2. Concessions, patents, licences, goods and services trademarks, software and other rights	005	60.764.411	51.253.389
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	318.440.312	302.455.657
1. Land	011	23.269	23.269
2. Building objects	012	13.999.808	13.746.293
3. Facilities and equipment	013	296.232.427	280.133.466
4. Tools, production inventory and transport assets	014	1.246.801	1.156.469
5. Biological assets	015	0	0
6. Advances for tangible assets	016	0	0
7. Tangible assets in preparation	017	6.328.486	6.893.685
8. Other tangible assets	018	46.822	46.822
9. Real estate investments	019	562.699	455.653
III. FIXED FINANCIAL ASSETS (021 through 028)	020	12.391.258	3.826.213
1. Shares (stock) in affiliated entrepreneurs	021	0	0
2. Loans granted to affiliated entrepreneurs	022	0	0
3. Participating interests (shares)	023	35.000	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	12.356.258	3.791.213
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	107.973.519	112.085.092
I. INVENTORY (036 do 042)	035	1.455.424	421.154
1. Raw material and supplies	036	0	0
2. Ongoing production	037	0	0
3. Finished products	038	0	0
4. Trading goods	039	1.455.424	421.154
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	77.058.257	80.986.556
1. Receivables from affiliated entrepreneurs	044	0	0
2. Receivables from buyers	045	75.078.442	80.074.560
3. Receivables from participating entrepreneurs	046	0	0
4. Receivables from employees and members of the entrepreneur	047	18.825	25.080
5. Receivables from the state and other institution	048	165.969	175.816
6. Other receivables	049	1.795.021	711.100
III. CURRENT FINANCIAL ASSETS (051 through 057)	050	3.505.607	10.923.060
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	3.505.607	10.923.060
7. Other financial assets	057	0	0
IV. CASH IN BANK AND REGISTER	058	25.954.231	19.754.322
D) PREPAYMENTS AND ACCRUED INCOME	059	13.579.172	12.785.836
E) TOTAL ASSETS (001+002+034+059)	060	513.148.672	482.406.187
F) OFF-BALANCE RECORDS	061	427.934.789	340.132.763
LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	-34.962.734	-36.512.917
I. BASE (registered) capital	063	632.659.190	635.568.080
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. REVALORIZATION RESERVES	071	0	0
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-881.457.721	-861.998.723
1. Retained earnings	073	0	
2. Loss carried forward	074	881.457.721	861.998.723
VI. PROFIT OR LOSS OF THE YEAR (076-077)	075	19.481.797	-4.436.274
1. Profit of the year	076	19.481.797	
2. Loss of the year	077	0	4.436.274
VII. MINORITY INTEREST	078	0	0
B) PROVISIONS (080 through 082)	079	2.432.041	2.432.041
1. Provisions for pensions, severance payments and similar obligations	080	2.432.041	2.432.041
2. Provisions for tax liabilities	081	0	0
3. Other provisions	082	0	0
C) FIXED LIABILITIES (084 through 092)	083	448.972.954	362.135.241
1. Liabilities towards affiliated entrepreneurs	084	0	0
2. Liabilities for loans, deposits and similar	085	60.628.103	4.381.230
3. Liabilities towards banks and other financial institutions	086	271.164.891	252.323.289
4. Liabilities for advances	087	0	
5. Liabilities towards suppliers	088	41.368.816	30.430.722
6. Liabilities as per securities	089	75.350.599	75.000.000
7. Liabilities towards entrepreneur with participating interests	090	0	
8. Other fixed liabilities	091	0	
9. Deferred tax liabilities	092	460.545	0
D) CURRENT LIABILITIES (094 do 105)	093	60.356.509	108.749.364
1. Liabilities towards affiliated entrepreneurs	094	0	
2. Liabilities for loans, deposits and similar	095	0	48.470.272
3. Liabilities towards banks and other financial institutions	096	3.424.117	8.459.023
4. Liabilities for advances	097	0	
5. Liabilities towards suppliers	098	49.072.191	43.912.359
6. Liabilities as per securities	099	0	323.630
7. Liabilities towards entrepreneur with participating interests	100	0	
8. Liabilities towards employees	101	2.829.058	2.606.500
9. Liabilities for taxes, contributions and similar levies	102	5.003.902	4.956.384
10. Liabilities as per share in results	103	0	
11. Liabilities as per longterm assets intended for sale	104	0	
12. Other current liabilities	105	27.241	21.196
E) DEFERRED SETTLEMENT OF CHARGES AND INCOME OF FUTURE PERIOD	106	36.349.902	45.602.458
F) TOTAL – LIABILITIES (062+079+083+093+106)	107	513.148.672	482.406.187
G) OFF – BALANCE RECORDS	108	427.934.789	340.132.763
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	-34.962.734	-36.512.917
2. Assigned to minority interest	110	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 2015 to 30 Jun 2015

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	14.108.067	-4.394.678
2. Depreciation	002	38.280.651	38.544.234
3. Increase of short-term liabilities	003	0	
4. Decrease of short-term receivables	004	1.159.045	
5. Decrease of inventories	005	0	1.034.270
6. Other increase of cash flow	006	10.816.765	9.981.491
I. Total increase of cash flow from operating activities (001 through 006)	007	64.364.528	45.165.317
1. Decrease of short-term liabilities	008	610.557.824	5.435.947
2. Increase of short-term receivables	009	0	3.928.299
3. Increase of inventories	010	233.791	
4. Other decrease of cash flow	011	618.524	
II. Total decrease of cash flow from operating activities (008 through 011)	012	611.410.139	9.364.246
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	0	35.801.071
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	547.045.611	0
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Cash receipt from sale of tangible and intangible assets	015	0	
2. Cash receipt from sale of ownership and debt instruments	016	525.262.727	2.908.890
3. Cash receipt from interest rates	017	0	
4. Cash receipt from dividends	018	0	
5. Other cash receipts from investment activities	019	0	
III. Total cash receipts from investment activities (015 through 019)	020	525.262.727	2.908.890
1. Cash expenditure for buying tangible and intangible fixed assets	021	11.055.244	13.048.557
2. Cash expenditure for acquiring ownership and debt financial instruments	022	0	
3. Other expenditures from investment activities	023	0	
IV. Total cash expenditures from investment activities (021 through 023)	024	11.055.244	13.048.557
B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (020-024)	025	514.207.483	0
B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (024-020)	026	0	10.139.667
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	0	0
3. Other receipt from financial activities	029	0	1.147.592
V. Total cash receipt from financial activities (027 through 029)	030	0	1.147.592
1. Cash expenditure for the payment of loan principal and bonds	031	0	33.008.905
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	0	33.008.905
C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	0	31.861.313
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	0
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	32.838.128	6.199.909
Cash and cash equivalents at the beginning of the period	041	67.923.942	25.954.231
Increase of cash and cash equivalents	042	0	0
Decrease of cash and cash equivalents	043	32.838.128	6.199.909
Cash and cash equivalents at the end of the period	044	35.085.814	19.754.322

CHANGE IN CAPITAL STATEMENT

for the period from 1.1.2015 to 30.6.2015

Item	EDP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	563.788.269	635.568.080
2. Capital reserves	002	194.354.000	194.354.000
3. Profit reserves	003	0	
4. Retained profit or loss carried forward	004	-881.477.239	-861.998.723
5. Profit or loss of the current year	005	14.108.067	-4.436.274
6. Revaluation of fixed tangible assets	006	0	
7. Revaluation of intangible assets	007	0	
8. Revaluation of financial property available for sale	008	0	
9. Other revaluation	009	0	
10. Total capital and reserves (EDP 001 through 009)	010	-109.226.903	-36.512.917
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	-109.226.903	-36.512.917
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 is 31 December 2014

In accordance with the changes in accounting policies at the end of 2014, and for compliance of the financial statements, the financial results are adjusted for the first half of the year 2014.

1. GENERAL INFORMATION

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.

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., on 23 September 2008.

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.

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 is not operating

Investments in affiliated companies as on 30 Jun 2015

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.

Staff

On 30 Jun 2015 the Company employed 368 employees.

MANAGEMENT AND SUPERVISORY BORD

Management Board of the Company:

Zoran Kežman	Chairman of the Company
Mirela Šešerko	Member
Tomislav Tadić	Member
Irena Domjanović	Member

Supervisory Board of the Company:

Siniša Đuranović	Chairman
Ariana Bazala-Mišetić	Member and Deputy Chairman
Marina Brajković	Member
Jasenka Anica Kreković	Member
Marko Makek	Member
Ana Hanžeković	Member
Rozana Grgorinić	Member
Maša Serdinšek	Member
Ivica Hunjek	Member - representative of employees

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 30 Jun 2015 was HRK 7,58066 for EUR 1 and HRK 6,829423 for USD 1.

112. SALES INCOME

	30 Jun 2015	30 Jun 2014
Public voice services	89.098.538	107.014.618
Interconnection services	49.597.120	41.962.780
Internet services	58.249.261	54.061.628
Data services	10.598.208	12.091.267
Multimedia services	11.606.588	12.695.272
Lease and sale of equipment	1.705.129	1.719.508
Trade agency income	47.946	54.182
Other services	1.896.747	2.770.162
	222.799.537	232.369.417

113. OTHER OPERATING INCOME

	30 Jun 2015	30 Jun 2014
Write off old trade payables	288.981	641.183
Income from collected penalties etc.	665.745	1.009.307
Income from in kind payments	111.070	1.090.321
Income from assets sale	22.143	0
Revenues from liability discount		11.863.855
Other income	473.718	1.561.882
	1.561.657	16.166.548

119. OTHER MATERIAL COSTS

	30 Jun 2015	30 Jun 2014
Costs of maintenance	7.785.325	8.704.433
Marketing services	1.979.854	3.176.926
Billing costs	2.145.881	2.597.337
Line lease costs	16.381.257	19.954.435
Intellectual and other services	650.701	1.003.875
Utilities	4.060.988	4.360.453
Customer attraction costs	1.260.345	649.803
Pair connection fees	26.237.032	29.001.262
Telecommunications costs	77.604.624	75.764.636
Residential sales services	4.690	176.006
Other costs	3.032.769	2.663.383
	141.143.466	148.052.549

120. STAFF EXPENSES

	30 Jun 2015	30 Jun 2014
Net salaries	15.994.334	22.937.609
Taxes and contributions from salaries	8.155.758	14.994.716
Taxes and contributions on salaries	4.112.215	6.248.940
	28.262.307	44.181.265

Number of employees on 30 Jun 2015	368	423
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124. AMORTIZATION OF TANGIBLE AND INTANGIBLE ASSETS

	30 Jun 2015	30 Jun 2014
Amortization of intangible assets	13.159.697	12.603.871
Amortization of fixed tangible assets	25.384.536	25.676.780
	38.544.234	38.280.651

125. OTHER OPERATING EXPENSES

	30 Jun 2015	30 Jun 2014
Compensations to employees	2.600.167	1.410.520
Representation	72.764	490.314
Insurance premiums	639.032	678.364
Bank charges	306.873	299.263
Taxes, contributions and membership fees	530.404	514.076
Costs of sold and written off assets	2.683	3.930.331

Gifts and sponsorships	165.622	427.159
Unpaid receivables write-offs	2.535.949	4.736.382
Other expenses	541.869	1.282.720
	7.395.363	13.769.129

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.

131. FINANCIAL INCOME

	30 Jun 2015	30 Jun 2014
Interest income	77.808	2.822.954
Foreign exchange gains	2.334.402	3.305.586
Income from financial liability write offs based on prebankruptcy agreement	673.530	19.452.110
Income from write offs of other financial liabilities	219	
	3.085.959	25.580.650

137. FINANCIAL EXPENSES

	30 Jun 2015	30 Jun 2014
Interest expenses	14.671.555	9.291.310
Fee	0	7.000
Financial assets value adjustment	258.518	2.511.986
Foreign exchange losses	54.653	23.255
	14.984.726	11.833.551

003. INTANGIBLE ASSETS

	CONCESSIONS AND RIGHTS	SOFTWARE	ASSETS IN PROGRESS	TOTAL
PURCHASE VALUE				
As at 01 Jan 2015	89.589.509	88.906.342	0	178.495.851
Additions	3.393.567		262.301	3.655.868
Transfer from assets in progress	0	262.301	-262.301	0
Disposals and retirements	-7.193			-7.193
As at 30 Jun 2015	92.975.883	89.168.643	0	182.144.526
VALUE ADJUSTMENT				
As at 01 Jan 2015	43.419.351	74.312.089	0	117.731.440
Amortization of the current year	11.145.079	2.014.618		13.159.697
Disposals and retirements				0
Amortization as at 30 Jun 2015	54.564.430	76.326.707	0	130.891.137
NET ACCOUNTING VALUE				
As at 30 Jun 2015	38.411.453	12.841.936	0	51.253.389

010. FIXED ASSETS

	LAND	BUILDINGS	PLANT, EQUIPMENT, TOOLS AND PRODUCTION INVENTORY	VEHICLES	WORK OF ARTS	ASSETS IN PROGRESS	LEASEHOLD IMPROVEMENTS	TOTAL
PURCHASE VALUE								
As at 01 Jan 2015	23.269	19.707.876	631.376.687	4.866.635	46.822	6.328.487	4.814.672	667.164.448
Additions			1.094.096	99.189		8.288.975	14.649	9.496.909
Transfer from assets in progress			7.664.999	58.778		-7.723.777	0	0
Disposals and retirements		-24.017	-1.081.976	-300.144			-96.516	-1.502.653
As at 30 Jun 2015	23.269	19.683.859	639.053.806	4.724.458	46.822	6.893.685	4.732.805	675.158.704
VALUE ADJUSTMENT								
As at 01 Jan 2015	0	5.708.068	335.144.264	3.619.834	0	0	4.251.969	348.724.135
Amortization of the current year		234.289	24.846.843	206.275			97.129	25.384.536
Disposals and retirements		-4.791	-1.070.767	-258.120			-71.946	-1.405.624
Amortization as at 30 Jun 2015	0	5.937.566	358.920.340	3.567.989	0	0	4.277.152	372.703.047
NET ACCOUNTING VALUE								
As at 30 Jun 2015	23.269	13.746.293	280.133.466	1.156.469	46.822	6.893.685	455.653	302.455.657

020. LONG-TERM FINANCIAL ASSETS

	30 Jun 2015
Loans to third party companies	37.444.810
Long term deposits	3.610.319
	<u>41.055.129</u>
Value adjustment	<u>-37.263.916</u>
	3.791.213
Participating interests (shares)	35.000
	<u>3.826.213</u>

Long term deposits comprise of two guarantee deposits with Zagrebačka banka d.d. and they come due on 30 Jun 2028. Participating interests are related to the shares in company Pevec d.d., acquired by uncollected receivables.

Movement of value adjustment of long term assets

	30 Jun 2015
1 January 2015	-37.263.916
Write off during the year	
Reserved during the year	
Closing balance	<u>-37.263.916</u>

043. RECEIVABLES

	30 Jun 2015
Trade receivables	80.074.560
Employee receivables	25.080
Receivables from the state and other institutions	175.816
Other receivables	711.100
	<u>80.986.556</u>

045. TRADE RECEIVABLES

	30 Jun 2015
Domestic trade receivables	100.753.889
Foreign trade receivables	9.709.652
	<u>110.463.541</u>
Value adjustment	<u>-30.388.981</u>
	<u>80.074.560</u>

Movement of value adjustment for doubtful receivables:

	30 Jun 2015
1 January 2015	-29.819.553
Write off during the year	23.253
Collected during the year	200.774
Reserved during the year	-793.455
Closing balance	<u>-30.388.981</u>

Aging of trade receivables of the Company without interests receivables:

	30 Jun 2015
Undue	52.680.825
Up to 120 days	19.519.144
120-360 days	15.285.250
over 360 days	22.978.321
	<u>110.463.541</u>

049. OTHER RECEIVABLES

	30 Jun 2015
Interest receivables	5.869.658
Advance payments receivables	507.184
Other receivables	10.323
	<u>6.387.165</u>
Value adjustment	<u>-5.676.065</u>
	<u>711.100</u>

058. CASH IN BANK AND REGISTER

	30 Jun 2015
Kuna accounts balance	9.665.068
Foreign currency accounts balance	82.503
Cash in register	6.751
Deposits	10.000.000
	<u>19.754.322</u>

059. PAID EXPENSES FOR FUTURE PERIOD AND UNDUE INCOME PAYMENT

	30 Jun 2015
Differed customer related expenses	
Prepaid expenses	12.785.836
	<u>12.785.836</u>

063. SUBSCRIBED CAPITAL

General Assembly adopted on November 3, 2014 decision to increase the share capital by issuing ordinary shares, investment rights by transforming of part of pre-bankruptcy creditors' claims in the share capital, to the exclusion of any priority rights of existing shareholders, the amount of HRK 632,659,190.00 by HRK 2,910,110.00 to a maximum of HRK 635,569,300.00, by issuing a maximum of 291,011 new ordinary shares, nominal value of HRK 10.00.

The pre-bankruptcy creditors who submitted a written statement (subscription form) within the subscription deadline and concluded the agreement on investing rights (claims) into the Company's share capital, have invested claims adding up to HRK 2,908,890.00. The share capital increase from the amount of HRK 632,569,150.00 by the amount of HRK 2,908,890.00 to the amount of HRK 635,568,080.00 has been registered by virtue of the Commercial Court of Zagreb decision, docket no. Tt-15/1314-2, dated February 26, 2015.

At 30 Jun 2015, loss per share is as follows:

Net result - loss	4.436.274
Number of shares	63.556.808
Loss per share	0,07

In the period from January to June 2015 the Company did not buy-out the issued shares i.e. it does not hold treasury shares.

Structure of major shareholders as on 30 Jun 2015:

	u 000 HRK	%
ZAGREBAČKA BANKA D.D. (1/1)	256.259	40,32
HT D.D. (1/1)	120.902	19,02
HANŽEKOVIĆ MARIJAN (1/1)	23.923	3,76
RAIFFEISENBANK AUSTRIA D.D. (1/1)	21.246	3,34
MARTIĆ MATIJA (1/1)	15.000	2,36
MERKUR OSIGURANJE D.D. (1/1)	11.921	1,88
VIPNET D.O.O. (1/1)	10.854	1,71
RAIFFEISENBANK AUSTRIA D.D./RAB	9.407	1,48
HRVATSKA POŠTANSKA BANKA D.D. (1/1)	8.109	1,28
HRVATSKA POŠTANSKA BANKA D.D./ HPB GLOBAL - OIF S JAVNOM	8.003	1,26
	485.624	76,41
OTHER SHAREHOLDERS	149.944	23,59
	635.568	100,00

083. LONG-TERM LIABILITIES

	30 Jun 2015
Loan based liabilities	4.381.230
Liabilities towards credit institutions	252.323.289
Trade payables based on prebankruptcy agreement	15.417.523
Liabilities for bonds issued	75.000.000
Liabilities for content	15.013.199
	<u>362.135.241</u>

089. 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%.

In accordance with the Company's obligation arising out of the final and enforceable Settlement, on May 30, 2014 the features of the OPTE-O-142A bond have been changed so that the bond has been converted into a debt security with multiple maturity dates having the share of remaining principal balance in the nominal amount of HRK 0.30 per bond. In the period between May 30, 2014 and May 30, 2017, the Issuer shall pay interest to holders semi-annually, which are to be calculated applying the 5.25% per annum interest rate. From May 30, 2017 until May 30, 2022, apart from the said interest, the Issuer shall pay the bond holders 3% of the principal every six months.

	30 Jun 2015
Nominal value	75.000.000
Liabilities based on calculated interest - short-term	323.630
	<u>75.323.630</u>

093. SHORT-TERM LIABILITIES

	30 Jun 2015
Liabilities towards credit institutions	8.459.023
Liabilities for loans, deposits and similar	48.470.272
Trade payables	43.912.359
Liabilities towards employees	2.606.500
Taxes, contributions and other levies	4.956.384
Liabilities for bonds issued	323.630
Other liabilities	21.196
	<u>108.749.364</u>

098. LIABILITES TOWARDS SUPPLIERS

	30 Jun 2015
Domestic trade payables	42.631.383
Foreign trade payables	1.280.976
	<u>43.912.359</u>

102. LIABILITIES FOR TAXES, CONTRIBUTIONS AND SIMILAR LEVIES

	30 Jun 2015
VAT Liabilities	3.197.023
Taxes and contributions on and from salaries	1.759.361
	<u>4.956.384</u>

106. DEFERRED PAYMENTS AND FUTURE INCOME

	30 Jun 2015
Domestic payables for which invoices have not been received	12.599.037
Foreign payables for which invoices have not been received	6.790.859
Calculated interests	1.435.123
Deferred income - short term	5.435.593
Deferred income - long term	19.341.846
	<u>45.602.458</u>

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	
30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014

	in 000 HRK	in 000 HRK	in 000 HRK	in 000 HRK
EUR	231.050	236.583	-19.000	-15.109
USD	24	329		0
CHF				
GPB				
	231.075	236.912	-19.000	-15.109

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 2014 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	
	30 Jun 2015 in 000 HRK	30 Jun 2014 in 000 HRK	30 Jun 2015 in 000 HRK	30 Jun 2014 in 000 HRK
EUR	23.105	23.658	-1.900	-1.511
USD	2	33	0	0
CHF				
GPB				
	23.107	23.691	-1.900	-1.511

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

The Company's exposure to interest rate risk is not significant, since the Company has no liabilities at variable interest rates

Other assets and liabilities, including bonds issued, are not exposed to 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
30 Jun 2015				
Non-interest bearing liabilities	119.492	37.613	12.160	169.264
Interest bearing liabilities	28.475	191.325	225.234	445.033
	147.966	228.938	237.393	614.297

30 Jun 2014

Non-interest bearing liabilities	157.703			157.703
Interest bearing liabilities	78.919	155.267	188.253	422.439
	236.622	155.267	188.253	580.142

The majority of non-interest bearing liabilities of the Company maturing within one year are related to trade payables.

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
30 Jun 2015				
Non-interest bearing assets	124.114			124.114
Interest bearing assets	11.028	334	3.813	15.174
	135.141	334	3.813	139.288

30 Jun 2014

Non-interest bearing assets	119.609			119.609
Interest bearing assets	5.273	114	0	5.387
	124.882	114	0	124.996

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

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