

**OT – Optima  
Consolidated  
Report for the  
Group for the first  
nine months of  
2015**

20  
15

**Optima**  
TELEKOM



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# Corporate Governance and General Information

<b>SUPERVISORY BOARD</b>	<p>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</p>
<b>BOARD OF DIRECTORS</b>	<p>Zoran Kežman — CHAIRMAN  Irena Domjanović — MEMBER  Mirela Šešerko — MEMBER  Tomislav Tadić — MEMBER</p>
<b>IBAN</b>	<p>HR3023600001101848050  Zagrebačka banka d.d. Zagreb  Commercial Court of Zagreb</p>
<b>OIB</b>	36004425025
<b>MBS</b>	040035070
<b>MB</b>	0820431
<b>SHARE CAPITAL</b>	
<b>AMOUNT</b>	635.568.080,00 HRK
<b>NUMBER OF SHARES</b>	63.556.808, nominal value of HRK 10.00 each

# Optima Telekom Group Members and Regional Centers

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I. **Business and Financial  
Overview**

# Introduction

## I.1

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 607,367,380.00 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 will be 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 ad-

mission 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.

In the preceding period, the Company complied with its obligations and issued the Prospectus composed of separate documents for the readmission of the bonds and Zagrebačka burza d.d. approved their admission into the official market of the Zagreb Stock Exchange. Namely, on 31 July 2015 HANFA rendered the decision Class: UP/I-976-02/15-01/08, Cons. no. 326-01-770-772-15-5 approving the Security Note and prospectus summary which, along with the Registration Document approved by the Agency's decision of 27 March 2015, Class: UP/I-451-04/14-11/03, Cons. no. 326-01-770-772-15-11, comprise the prospectus composed of separate documents for the admission of dematerialized registered bonds, ticker OPTE-O-142A, having the nominal value of HRK 1.00 each and the total nominal value of HRK 250,000,000.00, with an annual interest of 5.25%, falling due in 2022. On 3 August 2015 the Company filed an application to the Zagreb Stock Exchange, and on the same day the Stock Exchange rendered the decision Class: UP/I-451-01/15-01/139, Cons. No. 536-15-2, approving the admission of HRK 250,000,000.00 worth of bonds, ticker OPTE-O-142A, ISIN: HROPTEO142A5 into the official market of the Zagreb Stock Exchange, and 6 August 2015 has been determined as the first day of security trading.

## I.2

## Statement by the Chairman of the Board

We have achieved valuable results in this quarter as well. The increase of EBITDA results before special items and the decrease of operating costs has been a continuous process in 2015 and has laid the foundation for further strengthening of Optima's position in the market.

On the other hand, by adjusting our offer, improving the quality of our services and improving the processes that have a direct impact on customer satisfaction, we are working on strengthening our competitiveness and reaching out towards our customers. All of this brings results, so month after month we are faced with a growing inflow of new customers and a decreasing outflow of existing customers.

Taking into account the enhanced marketing activities, as well as investments into the formation and strengthening of Optima's brand, the results are simply inevitable and my expectations for the upcoming period remain positive.



Zoran Kežman,  
predsjednik uprave



# Market Overview

## I.3

### 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 second quarter of 2015 was 11.23% less compared to the same period of the previous year, with a retail income drop of 3.06%.

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, in the second quarter of

2015 the slight growing trend in the use of broadband internet access via fixed networks continued. Compared to the first quarter of 2015, in the second quarter of 2015 the number of broadband access connections via fixed networks increased by 1.16% with an increase in income of 0.75%.

### IPTV Market

The internet protocol based television (IPTV) market has shown a slight drop, where the total number of connections are 0.90% lower in the second quarter of 2015, compared to the first quarter of 2015.

# Economic Environment

## I.4

The GDP increase rate was slightly higher than expected in the second quarter of this year, amounting to 1.2%. In this way, along with the 0.5% in the first quarter, the GDP increase in the first half-year period amounted to 0.8%. GDP trends have been characterized by the ongoing goods and services value increase with special emphasis on the export of goods, i.e. the ongoing increase of foreign demand. In the export of goods and services there has been a positive trend for nine quarters in a row now, starting from the second quarter of 2013. This has been facilitated by Croatia's accession to the European Union and the gradual recovery of the European economy. However, the same period, up until the first quarter of this year, had been characterized with the ongoing decrease of domestic demand, primarily personal consumption and gross investments into fixed capital.

During July and August there has been a slight appreciation of the Croatian Kuna towards the Euro. To be precise, in July there was a mild depreciation of the Kuna, even though

around the middle of the month there was a slight appreciation. The strengthening of the Croatian Kuna has been induced by an increased demand for the currency, which came about as a result of the issuance of new state bonds in the domestic market. However, this had only short-term effects and the exchange rate soon returned to the values from the beginning of the month. In August there was a much stronger appreciation of the Kuna, induced by foreign currency inflow from tourism, so the HNK exchange rate was 0.6% higher at the end of the month than at its beginning.

After the stagnation of retail prices in the interannual comparison during May and June, in July there was a yearly drop again (-0.4%), which continued their mild oscillations around zero which has been present for all of last year and the preceding period of this year. The domestic deflatory pressures have been generated from a state of low demand and increased competition due to the complete liberalization of trade as a consequence of EU accession, while the external ones come from

world market of goods and adjusted through exchange rate fluctuations.

The downward trend in unemployment brought about by the main tourist season has lost its edge slightly in July. Namely, the unemployment figures decreased by only 2.1 thousand people compared to June and were 257 994 people, while the registered unemployment rate of 15.9% was only 0.2 percentiles lower than a month before. The annual salary increase trend which started somewhere in the middle of last year gained momentum in June – net salaries increased by 4.5% and gross salaries by 2.3%. Considering that, at an annual level, there was no increase in the retail prices index in June, both nominal and real salaries have increased by the same percentage. This is a relatively high increase in salaries which, in its real segment, has not been recorded since December of 2008 (net salary) or June of 2009 (gross salary).

Anticipating the entry into force of the new Bankruptcy Act, the value of outstanding debts of business entities continues to move slowly. After a mild increase in May, in June and July there was a mild decrease (3.4% total), whereby the value of outstanding payment titles dropped to HRK 27.1 billion, thus being at its lowest level since the end of 2009. The major part of this amount, i.e. HRK 23.7 billion (87.6% of the total value of all outstanding payment titles) represents the debt of business entities whose accounts have been overdrawn over 360 days, while HRK 19.2 billion is owed by companies without a single employee (there are 31.3 thousand of those – two thirds of insolvent companies).

## I.5

# Regulatory Environment

In this reporting period, the Croatian Regulatory Authority for Network Industries (hereinafter: HAKOM) has continued to regulate the electronic communications market by complying with its obligation to carry out the process of determining relevant markets subject to ex-ante regulation within two years from Croatia's accession to the European Union. In this way, HAKOM has rendered final decisions in all relevant market analyses.

What remains to be the most significant novelty for the company is the introduction of regulation and charging according to the A number in the in the call termination on individual network market. Namely, instead of the previous price regulation for all calls transferred from the network of one of the national operators or operators from the EU/EEA, now the obligation of price control imposed on the Company in the said market 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

foregoing change has had a positive financial impact on the Company's business, which is expected to continue in the upcoming reporting periods.

HAKOM has rendered a final decision on the deregulation of the retail broadband access market whereby it set aside item 2 of the Interim Decision of 3 July 2014, thus abolishing the regulatory obligations imposed on the Company in the said market. However, by the simultaneous rendering of final decisions in the wholesale (physical) network infrastructure access at a fixed location market and the wholesale central access provided at a fixed location for mass-market products market HAKOM has imposed on Optima, being a subsidiary of HT, respective regulatory obligations of price control and cost accounting, as it did on HT in the said markets. In reality, this means that the Company is obliged to carry out the margin squeeze test for the retail price of internet access service and the related IPTV service, irrespective of whether these are provided independently or as a part of a package

containing other electronic communications services as well.

The changes relating to the previous regulatory obligations of the Company are set out below:

- the obligation to supervise promotional offers and any limitations on promotional activities have been abolished
- the ban on giving unfair advantages to certain end customers has abolished
- the deadline to launch new packages containing the internet and/or IPTV service has been shortened.

The Company anticipates the said changes to have a positive impact on its business by increasing the freedom in creating offers, a swifter response to promotional offers of market competitors and engaging certain customer groups through tailor-made offers.

In view of all said, and bearing in mind that back in November of 2014 HAKOM rendered a final decision in the access to the public communications network at a fixed location market analysis, setting aside item 1 of the Interim Decision of 3 July 2013, Optima's status as an operator with significant market power, as provided in HAKOM's Interim Decision of 3 July 2014, has been entirely abolished.

In this reporting period, pursuant to HAKOM decision of 18 December 2013 (CLASS: UP/I-344-01/13-05/24, CONS. NO. 376-11/13-10), HT started the process of changing the monthly charge for the wholesale unbundled access to the local loop service (hereinafter: ULL service). Namely, HAKOM's decision of 18 December 2013 imposed a cap for the monthly charge for the ULL service on HT in the amount of HRK 57.30. It has been stated that the monthly charge may not lead to a margin squeeze at retail level, i.e. the spread between overall wholesale and retail costs and HT's retail prices cannot push other operators out of the market. The decision also says that considering that the current monthly charge for the ULL service is HRK 43.61, while the cap is HRK 57.30, if HT wishes to change the monthly charge for this service, it is obliged to provide HAKOM with all necessary information along with its motion to revise the Standard Offer for the ULL Service, so that HAKOM could carry

out the margin squeeze test. Considering that after the said decision had been rendered, HT failed to submit the motion to revise and adjust the monthly charge for the ULL service, the monthly charge of HRK 43.61 still applies. Given that the monthly charge for the ULL service is calculated into the price of wholesale broadband access service when the end customer makes basic access to the network via the entrant operator (hereinafter: NBSA service), changing the monthly charge for the ULL service will reflect on the price of the NBSA service, both being HT's wholesale services used by Optima in order to provide retail services to its end customers. In the upcoming reporting period, HAKOM shall render a final decision on the foregoing revision of wholesale prices which will affect the Company's business in the future.

## I.6 Business Indicators and Segments

Customer base	30.09.2014	30.09.2015/ 30.09.2014	30.06.2015	30.09.2015/ 30.06.2015	30.09.2015
<b>Business</b>					
PVS	16.288	-3,7%	15.562	0,7%	15.678
IPTV	1.081	-4,9%	1.033	-0,5%	1.028
Internet	10.950	1,1%	10.873	1,8%	11.073
Data	1.199	5,8%	1.200	5,8%	1.269
<b>Residential</b>					
PVS	144.941	-5,8%	136.284	0,2%	136.570
IPTV	25.917	-7,4%	23.925	0,3%	23.998
Internet	87.824	-3,3%	84.959	0,0%	84.919

NOTE: 1

### a. Residential Sales Segment

Significant savings achieved through the operational restructuring program, enabled the Optima investment in marketing and sales activities, focused on reducing the customer outflows and increase on inflow of new customers. As a result, remarkable success has been achieved during the third quarter in the residential segment, in terms of stopping and stabilizing the negative development of customer base from previous years.

Despite a slight 0.2% growth of the residential customer base in the fixed public communications network, revenue has dropped by 5.3%

compared to the previous quarter, the second quarter of 2015. The revenue drop is a result of the decrease in the number of minutes in the national fixed network and certain promotional benefits.

Broadband internet access revenue has increased by 4.5% compared to the second quarter of 2015 with an almost identical customer number as on the end of the second quarter of 2015, which is also a significant change compared to the development of Internet customers in previous periods. The increase in revenue is a result of better sales of service packages offering higher internet speeds.

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 customer base data. 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.

Customer growth is noticed in IPTV customer base in the residential segment with a 2.1% decline in revenue. The revenue drop is a result of intensified promotional activities.

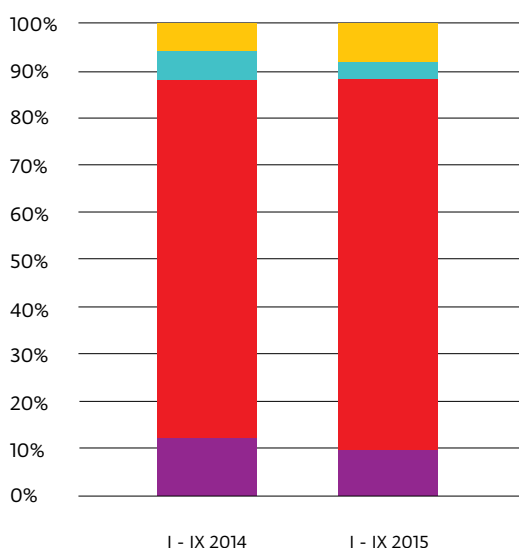
## b. Business Sales Segment

In the business segment, similar as in the residential segment, in the third quarter 2015 were recorded positive development in terms of customer base compared with previous periods. Users of PVC, Internet and data services are increasing, while the IPTV customers remaining almost identical as at the end of the second quarter 2015.

The revenues in business segment in the third quarter is about 0.5% higher compared to the second quarter of 2015.

A 1.0% revenue increase can be found in internet access services with a simultaneous 1.8% increase in the number of connections, which is a result of growing customer needs and a more attractive offer of a more advanced services with higher access speeds.

### Interconnection Income Structure



Data Source: Company's business records

- Data services
- Transit income
- Termination income
- VAS income

The number of active connections of public voice service customers in the business segment has grown by 0.7%, while revenue dropped by 2.0% compared to the second quarter of this year. This is a result of decrease in the number of minutes in the national fixed network, pressures regarding the minute price and the quantity of minutes included in the base monthly fee for the public voice service.

Data services revenue increased by 8.1% due to a 5.8% increase in the number of connections, primarily induced by the activation of connections by two key customers based on previously concluded agreements.

## c. Wholesale Segment

In the first three quarters of 2015, the wholesale revenues has increased by 9.8% compared to the same period of the previous year. The wholesale voice service (transit) increased by 15.1%. Such and increased has been caused by regulatory changes, i.e. the deregulation of interconnection charges for international calls originating outside the EU/EEA. The positive effects of this are expected to continue in the upcoming periods. At the same time, the wholesale data services revenue drop has declined and remained at 17.3% compared to the same period of the previous year. The trend to slow down the decrease is also present in the termination revenue that has been 35.6% lower in the relevant period, compared to the same period of the previous year. Considering that termination revenue is almost 20% higher in the third quarter of 2015 than in the third quarter of 2014, which is also a consequence of the deregulation of interconnection charges for international calls originating outside the EU/EEA, a further decrease of the downward trend in termination revenue is expected in the upcoming period.

In the first three quarters of 2015, VAS service sales revenue increased by 53.0% compared to the same period of the previous year, as a result of the volume increase of the largest business partner.

## d. Infrastructure, Optical Fiber Network and Internal Services Development

### Voice Networks

In the first nine months of 2015, investments have been made into the voice network by obtaining additional licenses for NGN Switchboards due to the customer base growth. An element of the voice network NGN system, SBC (Session Border Controller), has been procured. It 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 customers, has been deployed. This allows for additional savings in the process of obtaining licenses 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 9 months of the year. 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 (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. A physical optimization of the IP/MPLS routing tables is underway in other cities, with a view to increase reliability. The optimization has been completed in 46 MPLS nodes out of a total of 60.

Capacities have been increased in order to satisfy the growing needs, so the core network capacity between ZG-ST has been enhanced to 2x10Gbps, while the internet upstream capacity went from 4x10Gbps to a total of 6x10Gbps. 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 nine months of 2015 consisted primarily of the regular construction of optical feeds to our new end customers.

In numbers, we are talking about 49.3 km of new optical fiber network, consisting of 185 new optical feeds. The comparison of overall lengths shows a 1.67% enlargement of the fiber optic network compared to construction level established at the end of 2014 (3,006.5 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 (21.3 km), followed by region West (13 km), and then regions South (11.3 km) and East (3.7 km).

### Technical Services

In the technical services segment, hard-copy work orders have been abolished. Being ecologically aware, Optima has switched to electronic assignment distribution only. This has increased internal efficiency and contributed towards preserving the environment.

### Internal Application Development

During the first nine months of 2015 the Paperless web system has been developed, i.e. a single entry for contracts concluded over the telephone (internal and partner telemarketing) and signed contracts (internal and partner D2D channel), as well as all the processes related to the provisioning agreement which cut down the average waiting period to service activation compared to the beginning of the year.

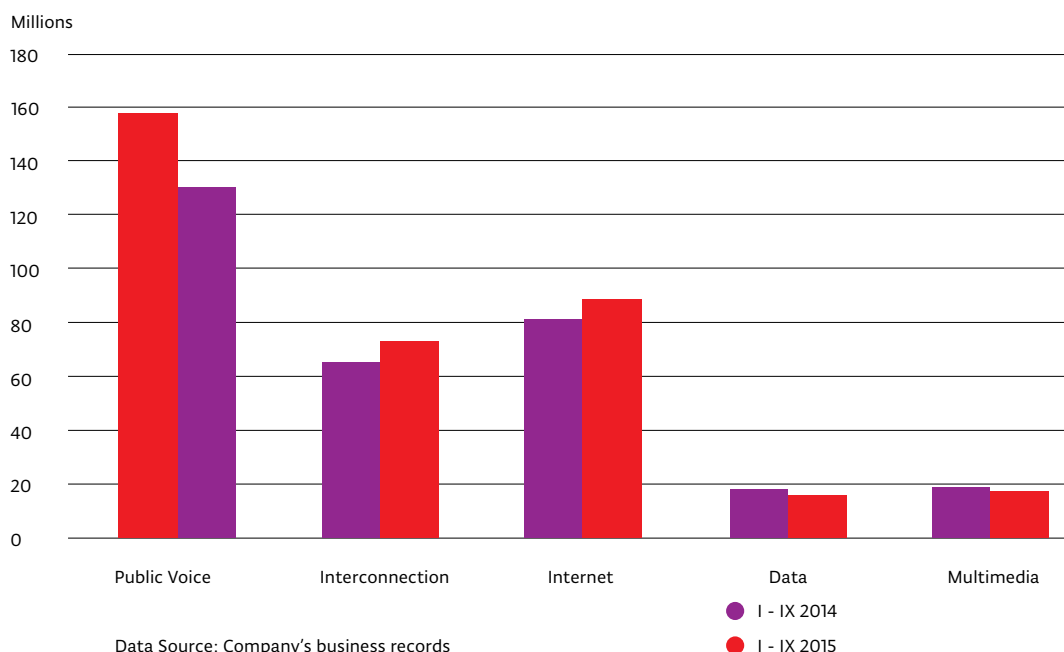
# Financial Results of the Group

I.7

Summary	I - IX 2014	I - IX 2015	I - IX 2015 / I - IX 2014	3Q 2014	3Q 2015	3Q 2015 / 3Q 2014
Total revenue	364.979	334.325	(8,4%)	116.443	109.964	(5,6%)
Total costs	302.933	259.973	(14,2%)	93.038	81.660	(12,2%)
EBITDA	62.047	74.352	19,8%	23.405	28.303	20,9%
Special items	3.761	3.601	(4,3%)	0	193	
<b>EBITDA before special items</b>	<b>65.808</b>	<b>77.952</b>	<b>18,5%</b>	<b>23.405</b>	<b>28.496</b>	<b>21,8%</b>
<b>EBITDA margin (before special items)</b>	<b>18,0%</b>	<b>23,3%</b>	<b>29,3%</b>	<b>20,1%</b>	<b>25,9%</b>	<b>28,9%</b>
Depreciation	57.317	57.758	0,8%	19.036	19.214	0,9%
Financial result (net)	8.267	(16.339)		(5.480)	(4.441)	
Special financial income	19.218	0		0	0	
Net profit/(loss) before special items	(2.460)	3.855		(1.111)	4.841	



## Telecommunication Services Revenue



### a. Consolidated Revenue

Total revenue at the end of the third quarter of 2015 dropped by 4.4% compared to the same period of the previous year.

The revenue decrease is primarily due to the decrease in the number of public voice service users. The Company has also achieved a 9.0% increase in revenue from internet services and an 13.3% interconnection income increase, while the multimedia services income dropped by 8.5%.

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, showing in the 17.5% decrease in revenue from the public voice service.

### b. Earnings before Interest, Taxation and Depreciation – EBITDA

The consolidated EBITDA is 19.8% higher compared to the same period of 2014. Special items aside, the EBITDA excluding special items amounts to HRK 78.0 million, which represents an 18.5% 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 8.4% revenue drop, went up from 18.0% at the end of the third quarter of 2014, to 23.3% at the end of the third quarter of 2015, which represents a 5.3 percentile increase.

Observing the third quarter of 2015 alone, the EBITDA excluding special items increased by 21.8% compared to the third quarter of 2014. In absolute values, it increased from HRK 23.4 million from 2014 to HRK 28.5 million in the third 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 up by HRK 6.3 million compared to the first three quarters of 2014.

The net result before special items of the third quarter of 2015 is HRK 6.0 million higher compared to the third quarter of 2014.

### d. Capital Investments in the first nine months of 2015



Consolidated capital investments in the first three quarters of 2015 amounted to HRK 30.8 million. Out of this, HRK 7.3 million has been invested in the development of access fiber optic network, expanding the collocations network, user equipment for providing the IPTV and internet service, as well as the equ-

ipment to connect new business customers. HRK 9.3 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 14.2 million have been invested in expanding the range of customer services.

	30.09.2015 (HRK)	share %
<b>General Investments</b>	<b>87.071</b>	<b>0%</b>
<b>Capital Technical Investments</b>	<b>30.744.411</b>	<b>100%</b>
ACCESS Network	7.268.301	24%
CORE Network	9.252.920	30%
Telecommunications Center	14.223.191	46%
<b>TOTAL</b>	<b>30.831.482</b>	<b>100%</b>

## 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 affects the Company's potential financial loss. The Company has adopted procedures it applies in transactions with customers and gathers pay-

ment 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 monitored continuously in order to determine their risk level and implement the appropriate procedures. The creditworthiness of the Company's customers is monitored 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

# Profit and Loss Account

## II. 1

Item	I-IX 2014	I-IX 2015
<b>I. OPERATING INCOME</b>	364.979.377	334.324.963
1. Sales income	347.258.343	331.004.362
2. Other operating income	17.721.034	3.320.601
<b>II. OPERATING EXPENSES</b>	360.249.600	317.731.616
1. Changes in the value of inventories of ongoing production and finished goods	0	0
<b>2. MATERIAL COSTS</b>	226.217.041	209.209.113
a) Costs of raw material and supplies	1.925.919	1.175.086
b) Costs of goods sold	874.714	32.359
c) Other external costs	223.416.408	208.001.668
<b>3. Staff costs</b>	58.976.034	40.374.384
a) Net salaries and wages	31.094.091	23.032.261
b) Expenses of taxes and contributions from salaries	19.482.002	11.470.312
c) Contributions to salaries	8.399.941	5.871.811
<b>4. Amortization</b>	57.316.799	57.758.329
<b>5. Other costs</b>	15.495.435	8.974.481
<b>6. Value adjustment</b>	2.244.291	1.415.309
a) fixed assets (apart from financial assets)		0
b) current assets (apart from financial assets)	2.244.291	1.415.309
<b>7. Provisions</b>	0	0
<b>8. Other operating expenses</b>	0	0
<b>III. FINANCIAL INCOME</b>	25.737.307	1.617.606
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	25.737.307	1.617.606
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
<b>IV. FINANCIAL EXPENSES</b>	17.469.911	17.956.954
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	17.469.911	17.956.954
3. Unrealized losses (expenses) of the financial assets	0	0
4. Other financial expenses	0	0
<b>V. SHARE IN PROFIT OF AFFILIATED UNDERTAKINGS</b>	0	0
<b>VI. SHARE IN LOSS OF AFFILIATED UNDERTAKINGS</b>	0	0
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	0	0
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	0	0
<b>IX. TOTAL INCOME</b>	390.716.684	335.942.569
<b>X. TOTAL EXPENSES</b>	377.719.511	335.688.570
<b>XI. PROFIT / LOSS BEFORE TAXATION</b>	12.997.173	253.999
1. Profit before taxation	12.997.173	253.999
2. Loss before taxation	0	0
<b>XII. PROFIT TAX</b>		63.474
<b>XIII. PROFIT / LOSS OF THE PERIOD</b>	12.997.173	190.525
1. Profit of the period	12.997.173	190.525
2. Loss of the period	0	0

Izvor: Poslovne knjige Društva

## II. 2

**Current Balance Sheet**

Item	30.Sep 2014	30.Sep 2015
<b>ASSETS</b>		
<b>A) SUBSCRIBED CAPITAL UNPAID</b>	0	0
<b>B) FIXED ASSETS</b>	391.595.981	356.171.583
<b>I. INTANGIBLE ASSETS</b>	60.764.411	55.667.315
1. Development expenses	0	0
2. Concessions, patents, licences, goods and services trademarks, software and other rights	60.764.411	55.667.315
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
<b>II. TANGIBLE ASSETS</b>	318.440.312	296.516.908
1. Land	23.269	23.269
2. Building objects	13.999.808	13.641.055
3. Facilities and equipment	296.232.427	273.473.418
4. Tools, production inventory and transport assets	1.246.801	1.093.777
5. Biological assets	0	0
6. Advances for tangible assets	0	0
7. Tangible assets in preparation	6.328.486	7.831.162
8. Other tangible assets	46.822	46.822
9. Real estate investments	562.699	407.405
<b>III. FIXED FINANCIAL ASSETS</b>	12.391.258	3.987.360
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	3.952.360
7. Own stocks and shares	0	0
8. Other fixed financial assets	0	0
<b>IV. RECEIVABLES (030 through 032)</b>	0	0
1. Receivables from affiliated entrepreneurs	0	0
2. Receivables pertaining to sale on credit	0	0
3. Other receivables	0	0
<b>V. DEFERRED TAX ASSETS</b>	0	0
<b>C) CURRENT ASSETS</b>	104.283.120	114.816.790
<b>I. INVENTORY</b>	1.455.424	159.921
1. Raw material and supplies	0	0
2. Ongoing production	0	0
3. Finished products	0	0
4. Trading goods	1.455.424	159.921
5. Inventory advances	0	0
6. Assets intended for sale	0	0
7. Biological assets	0	0
<b>II. RECEIVABLES</b>	73.367.858	76.057.724
1. Receivables from affiliated entrepreneurs	0	0
2. Receivables from buyers	71.388.043	72.918.817
3. Receivables from participating entrepreneurs	0	0
4. Receivables from employees and members of the entrepreneur	18.825	27.625
5. Receivables from the state and other institution	165.969	581.061
6. Other receivables	1.795.021	2.530.221
<b>III. CURRENT FINANCIAL ASSETS</b>	3.505.607	10.767.226
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	10.767.226
7. Other financial assets	0	0
<b>IV. CASH IN BANK AND REGISTER</b>	25.954.231	27.831.919
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	13.579.172	13.257.841
<b>E) TOTAL ASSETS</b>	509.458.273	484.246.214
<b>F) OFF-BALANCE RECORDS</b>	427.934.789	327.397.133

<b>LIABILITIES</b>		
<b>A) CAPITAL AND RESERVES</b>	-34.962.734	-31.886.118
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	0
2. Loss carried forward	881.457.721	861.998.723
VI. PROFIT OR LOSS OF THE YEAR	19.481.797	190.525
1. Profit of the year	19.481.797	190.525
2. Loss of the year	0	0
VII. MINORITY INTEREST	0	0
<b>B) PROVISIONS (080 through 082)</b>	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
<b>C) FIXED LIABILITIES</b>	448.972.954	364.798.330
1. Liabilities towards affiliated entrepreneurs	0	0
2. Liabilities for loans, deposits and similar	60.628.103	4.000.012
3. Liabilities towards banks and other financial institutions	271.164.891	253.844.044
4. Liabilities for advances	0	0
5. Liabilities towards suppliers	41.368.816	31.954.274
6. Liabilities as per securities	75.350.599	75.000.000
7. Liabilities towards entrepreneur with participating interests	0	0
8. Other fixed liabilities	0	0
9. Deferred tax liabilities	460.545	0
<b>D) CURRENT LIABILITIES</b>	60.356.509	107.128.259
1. Liabilities towards affiliated entrepreneurs	0	0
2. Liabilities for loans, deposits and similar	0	50.284.004
3. Liabilities towards banks and other financial institutions	3.424.117	8.458.929
4. Liabilities for advances	0	0
5. Liabilities towards suppliers	49.072.191	40.100.154
6. Liabilities as per securities	0	1.316.096
7. Liabilities towards entrepreneur with participating interests	0	0
8. Liabilities towards employees	2.829.058	2.437.288
9. Liabilities for taxes, contributions and similar levies	5.003.902	4.508.497
10. Liabilities as per share in results	0	0
11. Liabilities as per longterm assets intended for sale	0	0
12. Other current liabilities	27.241	23.291
<b>E) DEFERRED SETTLEMENT OF CHARGES AND INCOME OF FUTURE PERIOD</b>	32.659.503	41.773.702
<b>F) TOTAL – LIABILITIES</b>	509.458.273	484.246.214
<b>G) OFF – BALANCE RECORDS</b>	427.934.789	327.397.133

Izvor: Poslovne knjige Društva

## II. 3

**Cash Flow**

Item	I-IX 2014	I-IX 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
1. Profit before taxation	12.997.173	253.999
2. Depreciation	57.316.799	57.758.329
3. Increase of short-term liabilities		
4. Decrease of short-term receivables	5.340.482	
5. Decrease of inventories	234.750	1.295.503
6. Other increase of cash flow	21.705.788	13.108.723
<b>I. Total increase of cash flow from operating activities</b>	<b>97.594.992</b>	<b>72.416.554</b>
1. Decrease of short-term liabilities	436.252.088	8.897.662
2. Increase of short-term receivables		6.272.553
3. Increase of inventories		
4. Other decrease of cash flow	152.759	
<b>II. Total decrease of cash flow from operating activities</b>	<b>436.404.847</b>	<b>15.170.215</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>0</b>	<b>57.246.339</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>338.809.855</b>	<b>0</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
1. Cash receipt from sale of tangible and intangible assets	0	
2. Cash receipt from sale of ownership and debt instruments	594.147.514	2.908.890
3. Cash receipt from interest rates	0	
4. Cash receipt from dividends	0	
5. Other cash receipts from investment activities	0	
<b>III. Total cash receipts from investment activities</b>	<b>594.147.514</b>	<b>2.908.890</b>
1. Cash expenditure for buying tangible and intangible fixed assets	20.529.799	30.737.829
2. Cash expenditure for acquiring ownership and debt financial instruments	0	
3. Other expenditures from investment activities	0	
<b>IV. Total cash expenditures from investment activities</b>	<b>20.529.799</b>	<b>30.737.829</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>573.617.715</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>0</b>	<b>27.828.939</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
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	0
<b>V. Total cash receipt from financial activities</b>	<b>0</b>	<b>0</b>
1. Cash expenditure for the payment of loan principal and bonds	269.133.351	27.539.712
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
<b>VI. Total cash expenditure from financial activities</b>	<b>269.133.351</b>	<b>27.539.712</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>0</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>269.133.351</b>	<b>27.539.712</b>
Total increase of cash flow	0	1.877.688
Total decrease of cash flow	34.325.491	0
Cash and cash equivalents at the beginning of the period	67.923.942	25.954.231
Increase of cash and cash equivalents	0	1.877.688
Decrease of cash and cash equivalents	34.325.491	0
Cash and cash equivalents at the end of the period	33.598.451	27.831.919

Izvor: Poslovne knjige Društva

# Changes to Capital

## II. 4

Item	I-IX 2014	I-IX 2015
1. Subscribed capital	632.659.190	635.568.080
2. Capital reserves	194.354.000	194.354.000
3. Profit reserves	0	
4. Retained profit or loss carried forward	-881.959.808	-861.998.723
5. Profit or loss of the current year	12.997.173	190.525
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	
<b>10. Total capital and reserves</b>	<b>-41.949.445</b>	<b>-31.886.118</b>
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
<b>17. Total increase or decrease of capital</b>	<b>0</b>	<b>0</b>

Izvor: Poslovne knjige Društva

## III.

## Statement by Persons in Charge of Financial Reports

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)

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](http://www.optima.hr/investitori.hr).

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Zoran Kežman

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Mirela Šešerko

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Irena Domjanović

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Tomislav Tadić



**Enclosure 1**

Reporting period:

1 Jan 2015

to

30 Sep 2015

**Quarterly Financial Report-TFI-POD**Tax 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.hr](mailto:info@optima.hr)Internet address: [www.optima.hr](http://www.optima.hr)and name for municipality/city **133**Code and name for county **21**Number of employees **355**  
(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.hr](mailto:svetlana.kundovic@optima-telekom.hr)Surname 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)

**Optima**  
OT-OPTIMA TELEKOM D.D.  
ZAGREB

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

Issuer: OT - Optima Telekom d.d.

Item	EDP	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112+113)</b>	<b>111</b>	364.979.377	116.443.412	334.324.963	109.963.769
1. Sales income	112	347.258.343	114.888.926	331.004.362	108.204.825
2. Other operating income	113	17.721.034	1.554.486	3.320.601	1.758.944
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	360.249.600	112.074.603	317.731.616	100.874.511
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	226.217.041	76.289.697	209.209.113	67.347.367
a) Costs of raw material and supplies	117	1.925.919	601.609	1.175.086	488.140
b) Costs of goods sold	118	874.714	324.229	32.359	1.025
c) Other external costs	119	223.416.408	75.363.859	208.001.668	66.858.202
3. Staff costs (121 do 123)	120	58.976.034	14.794.769	40.374.384	12.112.077
a) Net salaries and wages	121	31.094.091	8.156.482	23.032.261	7.037.927
b) Expenses of taxes and contributions from salaries	122	19.482.002	4.487.286	11.470.312	3.314.554
c) Contributions to salaries	123	8.399.941	2.151.001	5.871.811	1.759.596
4. Amortization	124	57.316.799	19.036.148	57.758.329	19.214.095
5. Other costs	125	15.495.435	1.726.306	8.974.481	1.579.118
6. Value adjustment (127+128)	126	2.244.291	227.683	1.415.309	621.854
a) fixed assets (apart from financial assets)	127			0	0
b) current assets (apart from financial assets)	128	2.244.291	227.683	1.415.309	621.854
7. Provisions	129	0	0	0	0
8. Other operating expenses	130	0	0	0	0
<b>III. FINANCIAL INCOME (132 through 136)</b>	<b>131</b>	25.737.307	156.657	1.617.606	-1.468.353
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	25.737.307	156.657	1.617.606	-1.468.353
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
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	17.469.911	5.636.360	17.956.954	2.972.228
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	17.469.911	5.636.360	17.956.954	2.972.228
3. Unrealized losses (expenses) of the financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	0	0
<b>V. SHARE IN PROFIT OF AFFILIATED UNDERTAKINGS</b>	<b>142</b>	0	0	0	0
<b>VI. SHARE IN LOSS OF AFFILIATED UNDERTAKINGS</b>	<b>143</b>	0	0	0	0
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>	0	0	0	0
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>	0	0	0	0
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	390.716.684	116.600.069	335.942.569	108.495.416
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	377.719.511	117.710.963	335.688.570	103.846.739
<b>XI. PROFIT / LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	12.997.173	-1.110.894	253.999	4.648.677
1. Profit before taxation (146-147)	149	12.997.173	0	253.999	4.648.677
2. Loss before taxation (147-146)	150	0	1.110.894	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>			63.474	21.878
<b>XIII. PROFIT / LOSS OF THE PERIOD (148-151)</b>	<b>152</b>	12.997.173	-1.110.894	190.525	4.626.799
1. Profit of the period (149-151)	153	12.997.173	0	190.525	4.626.799
2. Loss of the period (151-148)	154	0	1.110.894	0	0
<b>ANEX TO P&amp;L (to be filled in by entrepreneur submitting consolidated financial report)</b>					
<b>XIV. PROFIT OR LOSS OF THE CURRENT PERIOD</b>					
1. Assigned to the holders of parent company's capital	155	12.997.173	-1.110.894	190.525	4.626.799
2. Assigned to minority interest	156	0	0	0	0
<b>OTHER COMPREHENSIVE INCOME STATEMENT (popunjiva poduzetnik obveznik primjene MSFI-a)</b>					
<b>I. PROFIT / LOSS OF THE PERIOD (= 152)</b>	<b>157</b>	12.997.173	-1.110.894	190.525	4.626.799
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>	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
<b>III. COMPREHENSIVE INCOME TAX</b>	<b>166</b>	0	0	0	0
<b>IV. OTHER COMPREHENSIVE INCOME / LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	0	0	0	0
<b>V. COMPREHENSIVE INCOME / LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	12.997.173	-1.110.894	190.525	4.626.799
<b>ANEX to other comprehensive income statement (to be filled in by entrepreneur submitting consolidated financial report)</b>					
<b>VI. COMPREHENSIVE INCOME / LOSS FOR THE PERIOD</b>					
1. Assigned to the holders of parent company's capital	169	12.997.173	-1.110.894	190.525	4.626.799
2. Assigned to minority interest	170	0	0	0	0

**BALANCE SHEET**  
as at 30 Sep 2015

Issuer: OT - Optima Telekom d.d.			
Item	EDP #	Previous period	Current period
1	2	3	4
<b>ASSETS</b>			
<b>A) SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>	0	0
<b>B) FIXED ASSETS (003+010+020+029+033)</b>	<b>002</b>	391.595.981	356.171.583
<b>I. INTANGIBLE ASSETS (004 through 009)</b>	<b>003</b>	60.764.411	55.667.315
1. Development expenses	<b>004</b>	0	0
2. Concessions, patents, licences, goods and services trademarks, software and other rights	<b>005</b>	60.764.411	55.667.315
3. Goodwill	<b>006</b>	0	0
4. Advances for procurement of intangible assets	<b>007</b>	0	0
5. Intangible assets in preparation	<b>008</b>	0	0
6. Other intangible assets	<b>009</b>	0	0
<b>II. TANGIBLE ASSETS (011 through 019)</b>	<b>010</b>	318.440.312	296.516.908
1. Land	<b>011</b>	23.269	23.269
2. Building objects	<b>012</b>	13.999.808	13.641.055
3. Facilities and equipment	<b>013</b>	296.232.427	273.473.418
4. Tools, production inventory and transport assets	<b>014</b>	1.246.801	1.093.777
5. Biological assets	<b>015</b>	0	0
6. Advances for tangible assets	<b>016</b>	0	0
7. Tangible assets in preparation	<b>017</b>	6.328.486	7.831.162
8. Other tangible assets	<b>018</b>	46.822	46.822
9. Real estate investments	<b>019</b>	562.699	407.405
<b>III. FIXED FINANCIAL ASSETS (021 through 028)</b>	<b>020</b>	12.391.258	3.987.360
1. Shares (stock) in affiliated entrepreneurs	<b>021</b>	0	0
2. Loans granted to affiliated entrepreneurs	<b>022</b>	0	0
3. Participating interests (shares)	<b>023</b>	35.000	35.000
4. Loans given to entrepreneurs with participating interests	<b>024</b>	0	0
5. Securities investments	<b>025</b>	0	0
6. Granted loans, deposits and such	<b>026</b>	12.356.258	3.952.360
7. Own stocks and shares	<b>027</b>	0	0
8. Other fixed financial assets	<b>028</b>	0	0
<b>IV. RECEIVABLES (030 through 032)</b>	<b>029</b>	0	0
1. Receivables from affiliated entrepreneurs	<b>030</b>	0	0
2. Receivables pertaining to sale on credit	<b>031</b>	0	0
3. Other receivables	<b>032</b>	0	0
<b>V. DEFERRED TAX ASSETS</b>	<b>033</b>	0	0
<b>C) CURRENT ASSETS (035+043+050+058)</b>	<b>034</b>	104.283.120	114.816.790
<b>I. INVENTORY (036 do 042)</b>	<b>035</b>	1.455.424	159.921
1. Raw material and supplies	<b>036</b>	0	0
2. Ongoing production	<b>037</b>	0	0
3. Finished products	<b>038</b>	0	0
4. Trading goods	<b>039</b>	1.455.424	159.921
5. Inventory advances	<b>040</b>	0	0
6. Assets intended for sale	<b>041</b>	0	0
7. Biological assets	<b>042</b>	0	0
<b>II. RECEIVABLES (044 do 049)</b>	<b>043</b>	73.367.858	76.057.724
1. Receivables from affiliated entrepreneurs	<b>044</b>	0	0
2. Receivables from buyers	<b>045</b>	71.388.043	72.918.817
3. Receivables from participating entrepreneurs	<b>046</b>	0	0
4. Receivables from employees and members of the entrepreneur	<b>047</b>	18.825	27.625
5. Receivables from the state and other institution	<b>048</b>	165.969	581.061
6. Other receivables	<b>049</b>	1.795.021	2.530.221
<b>III. CURRENT FINANCIAL ASSETS (051 through 057)</b>	<b>050</b>	3.505.607	10.767.226
1. Shares (stock) in affiliated entrepreneurs	<b>051</b>	0	0
2. Loans granted to affiliated entrepreneurs	<b>052</b>	0	0
3. Participating interests (shares)	<b>053</b>	0	0
4. Loans given to entrepreneurs with participating interests	<b>054</b>	0	0
5. Securities investments	<b>055</b>	0	0
6. Granted loans, deposits and such	<b>056</b>	3.505.607	10.767.226
7. Other financial assets	<b>057</b>	0	0
<b>IV. CASH IN BANK AND REGISTER</b>	<b>058</b>	25.954.231	27.831.919
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>059</b>	13.579.172	13.257.841
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	509.458.273	484.246.214
<b>F) OFF-BALANCE RECORDS</b>	<b>061</b>	427.934.789	327.397.133

<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	-34.962.734	-31.886.118
I. BASE (registered) capital	<b>063</b>	632.659.190	635.568.080
II. CAPITA RESERVES	<b>064</b>	194.354.000	194.354.000
III. PROFIT RESERVES (066+067-068+069+070)	<b>065</b>	0	0
1. Legal reserves	<b>066</b>	0	0
2. Own stock reserves	<b>067</b>	0	0
3. Own stocks and shares (deductable item)	<b>068</b>	0	0
4. Statutory reserves	<b>069</b>	0	0
5. Other reserves	<b>070</b>	0	0
IV. REVALORIZATION RESERVES	<b>071</b>	0	0
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	<b>072</b>	-881.457.721	-861.998.723
1. Retained earnings	<b>073</b>	0	0
2. Loss carried forward	<b>074</b>	881.457.721	861.998.723
VI. PROFIT OR LOSS OF THE YEAR (076-077)	<b>075</b>	19.481.797	190.525
1. Profit of the year	<b>076</b>	19.481.797	190.525
2. Loss of the year	<b>077</b>	0	0
VII. MINORITY INTEREST	<b>078</b>	0	0
<b>B) PROVISIONS (080 through 082)</b>	<b>079</b>	2.432.041	2.432.041
1. Provisions for pensions, severance payments and similar obligations	<b>080</b>	2.432.041	2.432.041
2. Provisions for tax liabilities	<b>081</b>	0	0
3. Other provisions	<b>082</b>	0	0
<b>C) FIXED LIABILITIES (084 through 092)</b>	<b>083</b>	448.972.954	364.798.330
1. Liabilities towards affiliated entrepreneurs	<b>084</b>	0	0
2. Liabilities for loans, deposits and similar	<b>085</b>	60.628.103	4.000.012
3. Liabilities towards banks and other financial institutions	<b>086</b>	271.164.891	253.844.044
4. Liabilities for advances	<b>087</b>	0	0
5. Liabilities towards suppliers	<b>088</b>	41.368.816	31.954.274
6. Liabilities as per securities	<b>089</b>	75.350.599	75.000.000
7. Liabilities towards entrepreneur with participating interests	<b>090</b>	0	0
8. Other fixed liabilities	<b>091</b>	0	0
9. Deferred tax liabilities	<b>092</b>	460.545	0
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	60.356.509	107.128.259
1. Liabilities towards affiliated entrepreneurs	<b>094</b>	0	0
2. Liabilities for loans, deposits and similar	<b>095</b>	0	50.284.004
3. Liabilities towards banks and other financial institutions	<b>096</b>	3.424.117	8.458.929
4. Liabilities for advances	<b>097</b>	0	0
5. Liabilities towards suppliers	<b>098</b>	49.072.191	40.100.154
6. Liabilities as per securities	<b>099</b>	0	1.316.096
7. Liabilities towards entrepreneur with participating interests	<b>100</b>	0	0
8. Liabilities towards employees	<b>101</b>	2.829.058	2.437.288
9. Liabilities for taxes, contributions and similar levies	<b>102</b>	5.003.902	4.508.497
10. Liabilities as per share in results	<b>103</b>	0	0
11. Liabilities as per longterm assets intended for sale	<b>104</b>	0	0
12. Other current liabilities	<b>105</b>	27.241	23.291
<b>E) DEFERRED SETTLEMENT OF CHARGES AND INCOME OF FUTURE PERIOD</b>	<b>106</b>	32.659.503	41.773.702
<b>F) TOTAL – LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	509.458.273	484.246.214
<b>G) OFF – BALANCE RECORDS</b>	<b>108</b>	427.934.789	327.397.133
<b>ANNEX TO THE BALANCE SHEET (to be filled in by entrepreneur submitting consolidated financial report)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Assigned to the holders of parent company's capital	<b>109</b>	-34.962.734	-31.886.118
2. Assigned to minority interest	<b>110</b>	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 2015 to 30 Sep 2015

Issuer: OT - Optima Telekom d.d.			
Item	EDP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before taxation	001	12.997.173	253.999
2. Depreciation	002	57.316.799	57.758.329
3. Increase of short-term liabilities	003		
4. Decrease of short-term receivables	004	5.340.482	
5. Decrease of inventories	005	234.750	1.295.503
6. Other increase of cash flow	006	21.705.788	13.108.723
<b>I. Total increase of cash flow from operating activities (001 through 006)</b>	<b>007</b>	97.594.992	72.416.554
1. Decrease of short-term liabilities	008	436.252.088	8.897.662
2. Increase of short-term receivables	009		6.272.553
3. Increase of inventories	010		
4. Other decrease of cash flow	011	152.759	
<b>II. Total decrease of cash flow from operating activities (008 through 011)</b>	<b>012</b>	436.404.847	15.170.215
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	0	57.246.339
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	338.809.855	0
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1. Cash receipt from sale of tangible and intangible assets	015	0	
2. Cash receipt from sale of ownership and debt instruments	016	594.147.514	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	
<b>III. Total cash receipts from investment activities (015 through 019)</b>	<b>020</b>	594.147.514	2.908.890
1. Cash expenditure for buying tangible and intangible fixed assets	021	20.529.799	30.737.829
2. Cash expenditure for acquiring ownership and debt financial instruments	022	0	
3. Other expenditures from investment activities	023	0	
<b>IV. Total cash expenditures from investment activities (021 through 023)</b>	<b>024</b>	20.529.799	30.737.829
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (020-024)</b>	<b>025</b>	573.617.715	0
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (024-020)</b>	<b>026</b>	0	27.828.939
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
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	0
<b>V. Total cash receipt from financial activities (027 through 029)</b>	<b>030</b>	0	0
1. Cash expenditure for the payment of loan principal and bonds	031	269.133.351	27.539.712
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
<b>VI. Total cash expenditure from financial activities (031 through 035)</b>	<b>036</b>	269.133.351	27.539.712
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)</b>	<b>037</b>	0	0
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)</b>	<b>038</b>	269.133.351	27.539.712
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	0	1.877.688
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	34.325.491	0
Cash and cash equivalents at the beginning of the period	<b>041</b>	67.923.942	25.954.231
Increase of cash and cash equivalents	<b>042</b>	0	1.877.688
Decrease of cash and cash equivalents	<b>043</b>	34.325.491	0
Cash and cash equivalents at the end of the period	<b>044</b>	33.598.451	27.831.919

## CHANGE IN CAPITAL STATEMENT

for the period from 1.1.2015 to 30.9.2015

Item	EDP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	632.659.190	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	-881.959.808	-861.998.723
5. Profit or loss of the current year	005	12.997.173	190.525
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	
<b>10. Total capital and reserves (EDP 001 through 009)</b>	<b>010</b>	-41.949.445	-31.886.118
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
<b>17. Total increase or decrease of capital (EDP 011 through 016)</b>	<b>017</b>	0	0
17 a. Assigned to holders of parent company's capital	018	-41.949.445	-31.886.118
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 30 September 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 Sep 2015

<b>Subsidiaries</b>	<b>Shareholding</b>
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 Sep 2015 the Company employed 355 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 Sep 2015 was HRK 7,632078 for EUR 1 and HRK 6,793127 for USD 1.

### 112. SALES INCOME

	30 Sep 2015	30 Sep 2014
Public voice services	130.011.822	157.619.545
Interconnection services	73.409.367	64.773.331
Internet services	88.868.826	81.556.752
Data services	16.252.307	17.861.689
Multimedia services	17.207.352	18.808.510
Lease and sale of equipment	2.355.706	2.625.342
Trade agency income	70.417	79.655
Other services	2.828.565	3.933.519
	<b>331.004.362</b>	<b>347.258.343</b>

### 113. OTHER OPERATING INCOME

	30 Sep 2015	30 Sep 2014
Write off old trade payables	1.361.408	938.721
Income from collected penalties etc.	1.150.170	1.612.217
Income from in kind payments	171.975	1.152.957
Income from assets sale	22.143	0
Revenues from liability discount		11.863.855
Other income	614.905	2.153.284
	<b>3.320.601</b>	<b>17.721.034</b>

### 119. OTHER MATERIAL COSTS

	30 Sep 2015	30 Sep 2014
Costs of maintenance	11.288.559	13.721.825
Marketing services	3.780.097	3.616.627
Billing costs	2.956.644	3.718.103
Line lease costs	24.051.881	30.021.843
Intellectual and other services	1.350.118	1.855.694
Utilities	6.229.991	6.392.680
Customer attraction costs	2.916.987	1.035.569
Pair connection fees	38.862.288	42.994.413
Telecommunications costs	113.711.978	115.838.517
Residential sales services	4.690	227.073
Other costs	2.848.435	3.994.064
	<b>208.001.668</b>	<b>223.416.408</b>

### 120. STAFF EXPENSES

	30 Sep 2015	30 Sep 2014
Net salaries	23.032.261	31.094.091
Taxes and contributions from salaries	11.470.312	19.482.002
Taxes and contributions on salaries	5.871.811	8.399.941
	<b>40.374.384</b>	<b>58.976.034</b>

Number of employees on 30 Sep 2015                      355                      411

### 124. AMORTIZATION OF TANGIBLE AND INTANGIBLE ASSETS

	30 Sep 2015	30 Sep 2014
Amortization of intangible assets	19.946.785	18.665.828
Amortization of fixed tangible assets	37.811.544	38.650.971
	<b>57.758.329</b>	<b>57.316.799</b>



**125. OTHER OPERATING EXPENSES**

	<b>30 Sep 2015</b>	<b>30 Sep 2014</b>
Compensations to employees	3.094.964	1.991.449
Representation	110.686	512.081
Insurance premiums	886.813	1.049.376
Bank charges	435.654	465.539
Taxes, contributions and membership fees	772.196	779.756
Costs of sold and written off assets	63	3.928.377
Gifts and sponsorships	165.622	609.674
Unpaid receivables write-offs	2.647.803	4.798.172
Other expenses	860.680	1.361.011
	<b>8.974.481</b>	<b>15.495.435</b>

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**

	<b>30 Sep 2015</b>	<b>30 Sep 2014</b>
Interest income	123.997	3.388.617
Foreign exchange gains	819.860	2.896.580
Income from financial liability write offs based on prebankruptcy agreement	673.530	19.452.110
Income from write offs of other financial liabilities	219	
	<b>1.617.606</b>	<b>25.737.307</b>

**137. FINANCIAL EXPENSES**

	<b>30 Sep 2015</b>	<b>30 Sep 2014</b>
Interest expenses	17.743.204	13.666.199
Fee	0	10.000
Financial assets value adjustment	213.750	2.479.145
Foreign exchange losses	0	1.314.567
	<b>17.956.954</b>	<b>17.469.911</b>

**003. INTANGIBLE ASSETS**

	CONCESSIONS AND RIGHTS	SOFTWARE	ASSETS IN PROGRESS	TOTAL
<b>PURCHASE VALUE</b>				
<b>As at 01 Jan 2015</b>	<b>89.589.509</b>	<b>88.906.342</b>	<b>0</b>	<b>178.495.851</b>
Additions	11.458.820	3.031.723	366.339	14.856.882
Transfer from assets in progress	0	366.339	-366.339	0
Disposals and retirements	-7.193	0	0	-7.193
<b>As at 30 Sep 2015</b>	<b>101.041.136</b>	<b>92.304.404</b>	<b>0</b>	<b>193.345.540</b>
<b>VALUE ADJUSTMENT</b>				
<b>As at 01 Jan 2015</b>	<b>43.419.351</b>	<b>74.312.089</b>	<b>0</b>	<b>117.731.440</b>
Amortization of the current year	16.831.096	3.115.689		19.946.785
Disposals and retirements				0
<b>Amortization as at 30 Sep 2015</b>	<b>60.250.447</b>	<b>77.427.778</b>	<b>0</b>	<b>137.678.225</b>
<b>NET ACCOUNTING VALUE</b>				
<b>As at 30 Sep 2015</b>	<b>40.790.689</b>	<b>14.876.626</b>	<b>0</b>	<b>55.667.315</b>

## 010. FIXED ASSETS

	LAND	BUILDINGS	PLANT, EQUIPMENT, TOOLS AND PRODUCTION INVENTORY	VEHICLES	WORK OF ARTS	ASSETS IN PROGRESS	LEASEHOLD IMPROVEMENT S	TOTAL
<b>PURCHASE VALUE</b>								
<b>As at 01 Jan 2015</b>	<b>23.269</b>	<b>19.707.876</b>	<b>631.376.687</b>	<b>4.866.635</b>	<b>46.822</b>	<b>6.328.487</b>	<b>4.814.672</b>	<b>667.164.448</b>
Additions			2.399.211	99.190		13.461.550	14.649	15.974.600
Transfer from assets in progress			11.884.098	74.777		-11.958.875	0	0
Disposals and retirements		-8.735	-1.068.905	-300.144			-96.516	-1.474.300
<b>As at 30 Sep 2015</b>	<b>23.269</b>	<b>19.699.141</b>	<b>644.591.091</b>	<b>4.740.458</b>	<b>46.822</b>	<b>7.831.162</b>	<b>4.732.805</b>	<b>681.664.748</b>
<b>VALUE ADJUSTMENT</b>								
<b>As at 01 Jan 2015</b>	<b>0</b>	<b>5.708.068</b>	<b>335.144.264</b>	<b>3.619.834</b>	<b>0</b>	<b>0</b>	<b>4.251.969</b>	<b>348.724.135</b>
Amortization of the current year		351.760	37.029.442	284.966			145.377	37.811.544
Disposals and retirements		-1.742	-1.056.033	-258.119			-71.946	-1.387.839
<b>Amortization as at 30 Sep 2015</b>	<b>0</b>	<b>6.058.086</b>	<b>371.117.673</b>	<b>3.646.681</b>	<b>0</b>	<b>0</b>	<b>4.325.400</b>	<b>385.147.840</b>
<b>NET ACCOUNTING VALUE</b>								
<b>As at 30 Sep 2015</b>	<b>23.269</b>	<b>13.641.055</b>	<b>273.473.418</b>	<b>1.093.777</b>	<b>46.822</b>	<b>7.831.162</b>	<b>407.405</b>	<b>296.516.908</b>

## 020. LONG-TERM FINANCIAL ASSETS

	<b>30 Sep 2015</b>
Loans to third party companies	37.582.502
Long term deposits	3.633.774
	<b>41.216.276</b>
Value adjustment	<b>-37.263.916</b>
	<b>3.952.360</b>
Participating interests (shares)	35.000
	<b>3.987.360</b>

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 Pevac d.d., acquired by uncollected receivables.

Movement of value adjustment of long term assets

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

## 043. RECEIVABLES

	<b>30 Sep 2015</b>
Trade receivables	72.918.817
Employee receivables	27.625
Receivables from the state and other institutions	581.061
Other receivables	2.530.221
	<b>76.057.724</b>

## 045. TRADE RECEIVABLES

	<b>30 Sep 2015</b>
Domestic trade receivables	95.627.204
Foreign trade receivables	7.272.827
	<b>102.900.031</b>
Value adjustment	<b>-29.981.214</b>
	<b>72.918.817</b>

Movement of value adjustment for doubtful receivables:

	<b>30 Sep 2015</b>
1 January 2015	-29.819.553
Write off during the year	233.458
Collected during the year	1.020.190
Reserved during the year	-1.415.309
<b>Closing balance</b>	<b>-29.981.214</b>

Aging of trade receivables of the Company without interests receivables:

	<b>30 Sep 2015</b>
Undue	46.408.017
Up to 120 days	21.057.443
120-360 days	5.217.757
over 360 days	30.216.813
	<b><u>102.900.031</u></b>

#### 049. OTHER RECEIVABLES

	<b>30 Sep 2015</b>
Interest receivables	5.870.223
Advance payments receivables	2.280.735
Other receivables	10.559
	<b><u>8.161.517</u></b>
Value adjustment	<b><u>-5.631.296</u></b>
	<b><u>2.530.221</u></b>

#### 058. CASH IN BANK AND REGISTER

	<b>30 Sep 2015</b>
Kuna accounts balance	16.427.250
Foreign currency accounts balance	1.393.904
Cash in register	10.765
Deposits	10.000.000
	<b><u>27.831.919</u></b>

#### 059. PAID EXPENSES FOR FUTURE PERIOD AND UNDUE INCOME PAYMENT

	<b>30 Sep 2015</b>
Differed customer related expenses	
Prepaid expenses - longterm	9.750.000
Prepaid expenses - shortterm	3.507.841
	<b><u>13.257.841</u></b>

#### 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 Sep 2015, profit per share is as follows:

Net result - profit	190.525
Number of shares	63.556.808
Profit per share	<b>0,00</b>

In the period from January to September 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 Sep 2015:

	<b>u 000 HRK</b>	<b>%</b>
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	7.873	1,24
	<b>485.494</b>	<b>76,39</b>
OTHER SHAREHOLDERS	150.074	23,61
	<b>635.568</b>	<b>100,00</b>

**083. LONG-TERM LIABILITIES**

	<b>30 Sep 2015</b>
Loan based liabilities	4.000.012
Liabilities towards credit institutions	253.844.044
Trade payables based on prebankruptcy agreement	15.417.526
Liabilities for bonds issued	75.000.000
Liabilities for content	16.536.748
	<u><b>364.798.330</b></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.

	<b>30 Sep 2015</b>
Nominal value	75.000.000
Liabilities based on calculated interest - short-term	1.316.096
	<u><b>76.316.096</b></u>

**093. SHORT-TERM LIABILITIES**

	<b>30 Sep 2015</b>
Liabilities towards credit institutions	8.458.929
Liabilities for loans, deposits and similar	50.284.004
Trade payables	40.100.154
Liabilities towards employees	2.437.288
Taxes, contributions and other levies	4.508.497
Liabilities for bonds issued	1.316.096
Other liabilities	23.291
	<u><b>107.128.259</b></u>

**098. LIABILITES TOWARDS SUPPLIERS**

	<b>30 Sep 2015</b>
Domestic trade payables	36.546.054
Foreign trade payables	3.554.100
	<u><b>40.100.154</b></u>

**102. LIABILITIES FOR TAXES, CONTRIBUTIONS AND SIMILAR LEVIES**

	<b>30 Sep 2015</b>
VAT Liabilities	2.840.996
Taxes and contributions on and from salaries	1.667.501
	<u><b>4.508.497</b></u>

**106. DEFERRED PAYMENTS AND FUTURE INCOME**

	<b>30 Sep 2015</b>
Domestic payables for which invoices have not been received	11.647.165
Foreign payables for which invoices have not been received	5.287.476
Deferred income - short term	2.402.965
Deferred income - long term	22.436.096
	<u><b>41.773.702</b></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 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
	in 000 HRK	in 000 HRK	in 000 HRK	in 000 HRK
EUR	234.807	252.390	-17.332	-15.323
USD	424	211	0	0
CHF				
GPB				
	<b>235.231</b>	<b>252.601</b>	<b>-17.332</b>	<b>-15.323</b>

#### *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 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
	in 000 HRK	in 000 HRK	in 000 HRK	in 000 HRK
EUR	23.481	25.239	-1.733	-1.532
USD	42	21	0	0
CHF				
GPB				
	<b>23.523</b>	<b>25.260</b>	<b>-1.733</b>	<b>-1.532</b>

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 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
<b>30 Sep 2015</b>				
Non-interest bearing liabilities	110.448	41.566	12.824	164.838
Interest bearing liabilities	26.875	195.543	219.482	441.900
	<b>137.323</b>	<b>237.109</b>	<b>232.306</b>	<b>606.739</b>
<b>30 Sep 2014</b>				
Non-interest bearing liabilities	90.721			90.721
Interest bearing liabilities	2.104	228.898	164.052	395.054
	<b>92.825</b>	<b>228.898</b>	<b>164.052</b>	<b>485.775</b>

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
<b>30 Sep 2015</b>				
Non-interest bearing assets	127.329			127.329
Interest bearing assets	10.872	506	3.839	15.217
	<b>138.201</b>	<b>506</b>	<b>3.839</b>	<b>142.546</b>
<b>30 Sep 2014</b>				
Non-interest bearing assets	114.257			114.257
Interest bearing assets	1.002	194	3.479	4.675
	<b>115.259</b>	<b>194</b>	<b>3.479</b>	<b>118.932</b>

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

Zoran Kežman

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