

**OT - Optima
Telekom d.d.
Consolidated
Report of the
Group for the first
nine months
of 2016.**

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Optima
TELEKOM

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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	635.568.080,00 HRK
NUMBER OF SHARES	63.556.808, nominal value of HRK 10.00 each

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I. **Business and Financial
Overview**

Introduction

I.1

In the observed quarter, the Company has continued to operate successfully, which is also witnessed by the fact that the Company entered into a Acquisition Agreement with H1 TELEKOM d.d., Split, Dračevac 2/d, OIB: 88551335012, an electronic communications operator, on 29 July 2016. Pursuant to the said Agreement, after obtaining the required approvals and consents, H1 as the acquired company will become part of Optima as the acquiring company, with all of its assets, rights and obligations transferred to Optima, without conducting the liquidation of the acquired company. As consideration for the transfer of all assets rights and obligations of H1, Optima shall transfer Optima shares to H1 shareholders in the appropriate ratio. The acquisition should take effect on 1 January 2017, after obtaining all required approvals and consents. The purpose of the acquisition is to achieve positive synergies between the companies and the increase Optima's value for the existing and new shareholders (the former shareholders of H1).

The Company feels that business, organizational, legal and financial association is in the mutual interest of both Optima and H1, considering that the acquisition and the achievement of envisaged synergies will result in enhancing business efficiency and reducing

costs, which will in turn inevitably result in a value increase for Optima as the third respectable operator in the fixed telephony market. Therefore, and pursuant to the Competition Act, on 29 July 2016 Optima filed a Notification of Intended Concentration with the Croatian Competition Agency (AZTN) and the proceedings are pending.

In the observed quarter, there were no changes to the Company's governing bodies.

Just as in the previous two-year period, the Company continues to duly perform all due obligations undertaken in the Pre-bankruptcy Settlement executed before the Commercial Court of Zagreb on 30 April 2016, case reference Stpn-354/13, and reports to the public regarding the said actions in accordance with the Financial Operations and Pre-bankruptcy Settlement Act via FINA's website, www.fina.hr.

Apart from publications on Fina's website regarding the issues related to the implementation of the Pre-bankruptcy Settlement, the Company is informing the public on the fulfilment of obligations in a timely and transparent way in accordance with the relevant laws and regulations in the field of capital markets.

I.2

Statement by the Chairman of the Board

Through our proactive business and customer orientation and provision of high quality services rich in content, we continue to achieve good business results. At the end of the third quarter, we are particularly satisfied with the ongoing increase in revenue. Reversing the revenue trends was a highly challenging task, so we are very proud to have been able to compensate the general decrease in revenue from public voice services with a significant increase in revenue from Internet, multimedia and data services, which has persisted for three quarters in a row now.

Our plans for the upcoming period are aimed at further infrastructural development enabling high Internet speeds and, particularly for the business segment, expansion in the ICT market, all with a view to further strengthen Optima's market position.



Zoran Kežman,
Chairman of the Board

Market Overview

I.3

Fixed Telephony Market

The fixed telephony market is still recording negative trends. The total outgoing traffic (in minutes) of all fixed public communications network operators in the second quarter of 2016 was 3.8% lower compared to the previous quarter. In spite of the drop in traffic, revenues have stabilized in this period and have increased by 1.8% as opposed to the annual level where the decrease in traffic results in a decrease in revenue.

The total outgoing traffic (in minutes) of all fixed public communications network operators is 4.1% lower in the second quarter of 2016, compared to the traffic in the second quarter of 2015.

In that period, revenue has dropped by a significant 10.7%.

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

In the second quarter of 2016, the growing trend in the use of broadband Internet access via fixed networks continued. Compared to the first quarter of 2016, the number of broadband access via fixed network connections increased by 1.4% in the second quarter of 2016, while revenue has increased by 4.8%.

Compared to the second quarter of the pre-

vious year, in the second quarter of 2016 the number of broadband access connections via fixed networks increased by 4.6%. At the same time, revenue increased by 3.9%.

The growing trend for the use of broadband Internet in Croatia should continue in the future. According to the European Commission report – DESI (Digital Economy and Society Index from 2015), Croatia is still behind in the field of Internet use. Only 66% of Croatians use the internet on a regular basis, while the EU average is 76%. A high speed connection is present in only 2.8% of fixed Internet subscribers, while in the EU this parameter is 30%.

IPTV-a Market

The Internet protocol based television (IPTV) market has shown a minimal growth. Compared to the first quarter of this year, the total number of connections in the second quarter of 2016 is higher by 0.8%.

Comparing the total number of connections at the level of the second quarter of 2015 and the second quarter of 2016, it shows a similar increase, by 0.9%.

The total number of IPTV connections in the Croatian market has shown similar values for some time now, which indicates the stabilization of the IPTV market at this parameter.

Economic Environment

I.4

In the first quarter of this year, the gross domestic product grew by 2.7%, which is a relatively high increase rate considering the expectations. The greatest impact on this growth continues to come from the export of goods with a 9.4% increase rate, while the export of services also grew by a significant 4.6%. Apart from this, in the first three months of this year there was also a significant increase in personal consumption, which has the largest share in the overall demand structure. After a mild 1.2% recovery in the previous year, the actual

value of personal consumption increased in the first quarter of this year, by as much as 3.1%. State consumption is growing slightly as well and there is a mild recovery of investments into fixed assets.

In May, consumer prices were 1.8% lower than one year ago, which is a record in their annual decrease. This continues the trend of a negative annual change in prices which has been ongoing for eleven months. However, it should be noted that a price increase exceeding 0.1% has not been recorded since the end of 2014.

There are positive and optimistic indications in the employment trends, but the dynamic of positive changes is too slow, especially considering the low base (a continued drop over six years) and putting the employment in Croatia in the EU average context (Croatia has the second lowest employment rate of all EU members). Even though the number of registered unemployed persons now is below last year's level, and the number of employed persons is showing signs of stabilization and slight growth, the state of the active population is still on a steep downward slope (it's 53.3 thousand less at the annual level) because it remains under the pressure of unfavourable demographic trends and economic emigration (according to data from the Croatian Employment Bureau, 2 475 persons left to work abroad in the first five months), as well as problems of a complex and long term nature.

With the consumer prices dropping, the actual increase in salaries was significantly higher, so the gross salary actually increased by 2.6% and the net salary by 2.4%. The dynamic of faster growth in gross salaries than in net salaries is

higher in all the months of this year, which is connected with the fact that changes in income taxation no longer have an impact, while they influenced a strong increase in net salaries last year.

After a more prominent appreciation of the Croatian Kuna in March, in the subsequent months its value remained at a high level. More precisely, May started with an exchange rate of HRK 7.48 for one euro, and with minor oscillations ended with the exchange rate of HRK 7.49 for 1 EUR.

At the end of May, there were 32.8 thousand business entities with overdrawn bank accounts with just a little over HRK 19.4 billion debt which, compared to the previous year, is 15.2 thousand less business entities with overdrawn accounts and 8.7 billion less outstanding enforceable titles. This continued their decreasing trend which started after the introduction of the Financial Operations and Pre-bankruptcy Settlement Act at the end of 2012 and is now somewhat expedited due to the application of the new Bankruptcy Act which entered into force in September of last year.

1.5

Regulatory Environment

In this reporting period, the Croatian Regulatory Authority for Network Industries (hereinafter: HAKOM) rendered final decisions in all proceedings for the change of HT's monthly charges for wholesale services. The Company uses HT's wholesale services in order to provide retail services to its end customers.

Based on the updated cost model, and after calculating the new monthly charge for the wholesale unbundled access to the local loop service, HAKOM has calculated new prices of monthly charges for wholesale broadband access service and the wholesale high-quality access service, as well as new prices of interconnection services in fixed public communications network. Based on the "retail price minus" method, HAKOM also concluded the process of changing the prices of wholesale line rental services (hereinafter: WLR services). All the new wholesale service prices shall apply as of 1 January 2017, apart from the

prices of interconnections in the fixed public communications network and the prices of WLR services which shall apply as of 1 July 2017.

Out of the more relevant changes to legislation in force in the field of electronic communications, one should point out the entry into force of the new provisions of the Ordinance on the manner and conditions for provision of electronic communications networks and services. Namely, the operator's obligation to ensure that customers have a minimal broadband internet access speed of 70 percent of the maximum speed agreed for all services, as well as the obligation that in the event of reported and ascertained failures going on for over 24 hours, the operator is always to offer the customer a discount on the bill or another way of compensation without the need to object to the bill, shall apply as of 1 January 2017.

Business Indicators and Segments

I.6

Number of Customers	30.09.2016	30.06.2016	30.09.2016/ 30.06.2016	30.09.2015	30.09.2016/ 30.09.2015
Business					
PVS	15.382	15.605	-1,4%	15.678	-1,9%
IPTV	1.083	1.100	-1,5%	1.028	5,4%
Internet	11.717	11.890	-1,5%	11.073	5,8%
Data	1.408	1.401	0,5%	1.269	11,0%
Residential					
PVS	139.260	139.717	-0,3%	136.570	2,0%
IPTV	29.617	28.785	2,9%	23.998	23,4%
Internet	89.565	89.423	0,2%	84.919	5,5%

NOTE: 1

a. Residential Sales Segment

In the third quarter of 2016, Optima Telekom has continued to invest in marketing and sales activities aimed at the decrease in outflow of existing customers and the increase of the inflow of new customers.

Thanks to this, success has been achieved in the residential segment concerning customer base development for all types of services, while a significant increase in revenue has been achieved in the field of broadband Internet access and IPTV service.

Compared to the number of fixed public voice service residential customers in the third qu-

arter of 2015, Optima Telekom has concluded the third quarter of 2016 with a 2.0% increase, while in the third quarter of 2016 compared to the second quarter of 2016 the fixed public voice service residential customer base has had a minimal drop of 0.3%. However, the negative trends in revenue from fixed public voice service at the entire market level also reflect on Optima's revenue. Thus the revenue from fixed public voice service residential customers is 13.1% lower in the third quarter of 2016 compared to the third quarter of 2015, and 3.2% lower compared to the second quarter of 2016. However, considering the revenue trends in the first three quarters of 2015, it is

1

The data provided differs from previous data published in the Company's financial reports for 2015, solely in respect of 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.

obvious that in 2016 Optima slowed down the revenue drop in this segment compared to the revenue drops in previous periods, thanks to the positive customer base development.

In the broadband internet access segment, Optima is recording further increases in revenue and customer base expansion. In the third quarter of 2016, the broadband internet access revenue has increased by 18.6% compared to the third quarter of 2015, and by 2.6% compared to the second quarter of 2016. At the same time, the customer base also expanded by 5.5% compared to the third quarter of 2015, and by 0.2% compared to the second quarter of 2016.

There was a customer base increase in the residential customers IPTV segment as well, both at an annual and quarterly level. Compared to the same quarter of the previous year, there was a significant increase in the number of customers by 23.4% with a revenue increase of 21.1%. Compared to the second quarter of 2016, there has been a 2.9% increase in the number of customers, while the revenue is 2.0% higher.

b. Business Sales Segment

In the business sales segment, the third quarter of 2016 has shown continuing positive trends due to targeted activities of all sales channels towards increasing the number of new connections and increasing the value of services to the existing customer base.

Compared to the number of active connections for public voice service customers in the business segment in the third quarter of 2015, Optima Telekom has concluded the third quarter of 2016 with a 1.9% decrease in the number of connections with a 9.5% revenue drop. Negative trends in the fixed public voice service business customers segment have been recorded at national level as well, which is the primary cause of the negative trend within Optima Telekom. The negative trends in the fixed public voice service segment at a national level are equally predicted in the future.

In the broadband Internet access segment there has been a 5.8% increase in the number of connections and a 16.1% increase in reve-

nue compared to the third quarter of 2015. In line with the market expansion trend and a growing demand for higher speeds in this segment, in the third quarter of 2016 Optima Telekom has had a 2.4% increase in revenue with a decrease in the number of connections compared to the second quarter of 2016, which is a result of activities aimed at increasing the value of services within the existing customer base.

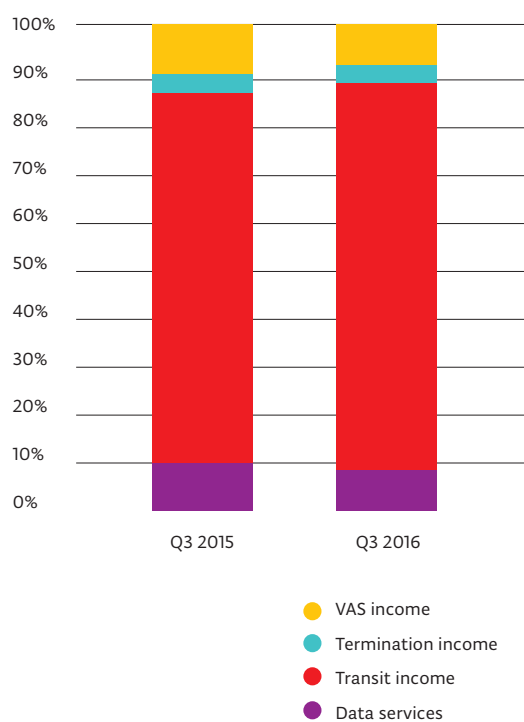
In the data services segment there was an increase in the number of connections by 11.0%, and a 15.0% increase in revenue compared to the third quarter of 2015. The trends are equally positive when compared to the second quarter of 2016, with a 1.8% increase in revenue, thanks to the realisation of several major projects of connecting key customer locations into private data networks in line with the demands of business operations, organization, safety and upgrading infrastructure.

During the third quarter of 2016 business sales greatly focused on offering ICT solutions to business customers in cooperation with several renowned partners. There were significant activities with an aim to constantly expand the partner network and the portfolio of ICT solutions and services. As per the last day of the third quarter of 2016, the revenue achieved in the first nine months 2016. amounted to HRK 0.8 million. In the future period we expect to further expand our internal organization and partner network to be able to respond to market demands and offer a wide spectrum of innovative solutions to both existing and new customers.

In the first nine months of 2016, the wholesale sales revenue increased by 8.7% compared to the same period of the previous year. Within these, the wholesale voice services sales (transit) revenue increased by 11.7%. This increase is a result of the positive impact of regulatory changes that entered into force on 1 April 2015, i.e. the deregulation of the interconnections charge in international calls originating outside the EU/EEA. For the same reason, termination revenue went up by 1.8%.

In the first nine months of 2016, VAS service sales revenue decreased by 3.1% compared to the same period of the previous year.

Interconnection Income Structure



Data Source: Company's business records

c. Infrastructure, Optical Fiber Network and Internal Services Development

Voice Networks

In the first three quarters of 2016, the internally developed class 5 NGN switchboard, used for providing voice service to residential customers and to small business customers, has been upgraded.

The internally developed class 5 NGN switchboard used to provide voice service to business customers for the business trunking service has been integrated into the voice network.

The SBC-IC (Session Border Controller – Interconnection) system has been integrated, enabling the technological migration of existing TDM/ISUP IC connections to the IP/SIP IC connection. Technological progress and regulatory changes made it possible to achieve interconnections for voice interconnections by using new technologies and protocols (IP/SIP). The precondition was to introduce a new SessionBorderController system into Optima's voice network. This created the prerequisites for diminishing existing interconnection capacities for voice interconnections using older technologies (TDM/ISUP) to a minimum. During the first three quarters of 2016, within the in-

tegration, extensive functionality testing has been carried out when interconnecting voice networks with four domestic operators and the migration of voice traffic from the existing TDM/ISUP IC connections to the new IP/SIP IC connections for three domestic operators. Furthermore, a new system for advanced supervision and in-depth analysis of the customer and operator voice traffic in Optima's voice network core has been integrated, which provides a higher quality and more detailed analysis of realized calls, a faster and higher quality response to customer and operator issue reports, as well as a prompt analysis and troubleshooting when connecting new customers into the voice network.

Data Networks

In the first quarter of 2016, by upgrading capacities and increasing redundancy of the existing MPLS routing tables to 53 nodes (out of a total of 60), the physical optimization of the configuration of IP/MPLS routing tables has been carried out in order to enhance reliability. During the first quarter of 2016, the upgrade to the final 7 nodes has been completed.

A new BRAS system has been integrated into the network environment, which increased the capacity to take on new Internet users and enhanced the redundancy level within the BRAS systems themselves.

The system for automatic configuration of customer equipment has been upgraded (ACS - Automatic Configuration Server – TRO69) due to the increase in the number of customers. In the second quarter of 2016 new IPTV channels have been promoted into Optima's IP/MPLS network: Sport klub 4, 5 and 6 (in SD format), Sport klub 1, 2 and 3 (in HD format), HBO3 (SD) and HBO3 (HD), Orlando Kids (SD), Grand TV (SD), Fight Chanel World (HD), HRT2 (HD), Laudato TV (SD), CNBC (SD), Fight Cannel (Pay Per View) (SD).

There has been an upgrade to the telecommunications connections for interconnecting the networks of Hrvatski Telekom and Optima, with a view to exchange bitstream traffic. Multiple interfaces at a 1Gb/s level have been upgraded by multiple interfaces with a capacity of 10Gb/s. The traffic migration from old domains into new interconnection domains is ongoing.

During the first three quarters of 2016, the scope of vDSL access technology has been

additionally expanded.

Network Infrastructure and Optical Fibre Network

Optical infrastructure development, i.e. the construction of the individual optical fibre network in the first three quarters of 2016 consisted primarily of the construction of optical feeds to our new end wholesale and retail customers.

In numbers, we are talking about 61.3 km of new optical fiber network in the first three quarters, consisting of 174 new optical feeds. Most feeds have been built in Northern Croatia (73 feeds), followed by the West (50 feeds), South (28 feeds) and East with 23 optical feeds.

In the third quarter alone 47 new optical feeds have been constructed (a new 28.1 km). Most optical feeds have been constructed in Western Croatia (20), followed by Northern Croatia (16), Southern Croatia (10) and Eastern Croatia (1).

Supervision (NOC)

Through the migration of performance supervision from the old Cacti system to the new Zabbix supervision system (BRAS and CGNAT systems, collocation routing tables, radio systems: Pasoling, Ubiquiti and Mikrotik as well as firewall systems), the supervision of telecommunications systems and services has been expanded and improved in the first half of 2016.

For that same purpose, new systems have been added to the supervision (Session Border Controller – systems for SIP/IP interconnection of voice networks, new VDSL Iskratel cards, supervision of IPTV flow traffic received from provider, telecommunications 10Gbps connections for bitstream interconnections with HT, HaloSurf optical user interfaces).

The system has been upgraded with new functionalities with a view to discover the source and destination of DDoS attacks, expanding the active supervision of the number of customers (Bitstream and big business customers) by county, controlling the execution of automatic configuration of IPTV channels on DSLAM systems and adding the function of selecting individual parameters that are supervised for reporting purposes as to their quality level to either

the end customer or internally for business purposes.

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.

The provision of services using the VDSL technology is initiated. VDSL profiles with various speeds have been implemented into our own infrastructure and VDSL capacities are increasing on a monthly basis.

The customers are being migrated to new technologies ensuring higher quality, better control and faster realization of services. Technical services are equipped with state of the art measurement devices for the XDSL technology. Aiming to relieve internal resources, partners have been allowed to use additional tools when activating services or dealing with malfunctions. Additional resources have been engaged in the realization of services, thus decreasing the time of realization, which has a positive impact on customer satisfaction. We are currently introducing application support for the management of field technicians and partners, which will additionally contribute to the agility of organization. Metrics for monitoring the realization of services and fixing malfunctions has been introduced, making it possible to monitor the efficiency of internal and external resources. The existing troubleshooting process has been optimized, which resulted in faster solving of customer requests.

Internal Application Development

During the first half of 2016, the databases have been migrated to a new version, new servers and a new disc system, which creates greater stability and faster query response in databases (faster account processing, getting reports, faster query response in CRM, etc.). In cooperation with our partners, a new sales management system has been introduced ("campaigning"), which enables a higher quality and more efficient routing and monitoring of the sales force in the field.

New systems have been internally developed for the customers' mail service (reducing

SPAM), for authentication and authorization (increasing system stability and IPv6 support) and protection of DNS servers from DDoS attacks.

With a view to enhance efficiency of the customer activation process and troubleshooting, availability control systems have been redesigned, the malfunction repair system at the second level (SMC) and the work order system.

In line with modern IT sector trends, the Company transferred to the Microsoft Office365 cloud, which enhanced business efficiency, data safety and better collaboration.

Infrastructure

In the first half of 2016, the project of switching batteries in collocations started to secu-

re the system's autonomy in the event of an electrical grid failure.

ICT Solutions

As of the first quarter of this year, a new business process known as ICT solutions, i.e. special ICT solutions for end customers, has been put in motion.

Through ICT solutions, a complete business solution has been offered to customers alongside Optima Telekom's standard services, which creates added value to the same.

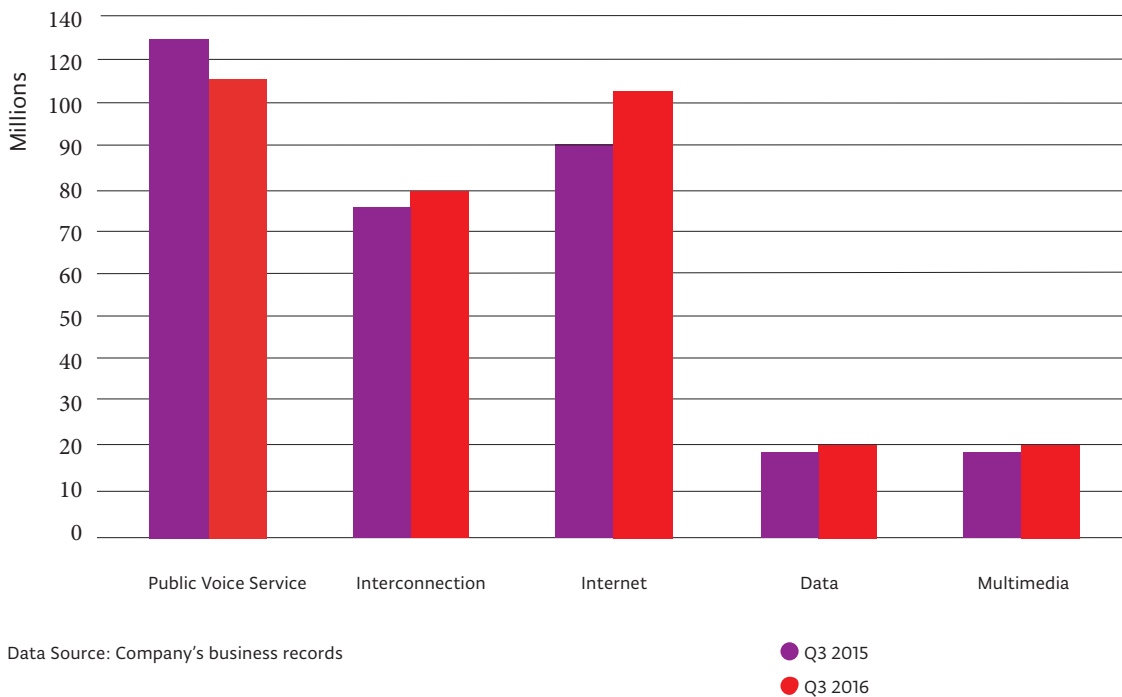
Optima Telekom's partner base will expand through this business segment, which will enhance the Company's presence in the market. The first ICT solution projects have been realised successfully, and we are planning to expand the solution portfolio in the upcoming quarters.

Financial Results of the Group

I.7

Summary (in tsd HRK)	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2016/ Q1-Q3 2015	Q3 2015	Q3 2016	Q3 2016/ Q3 2015
Total income	332.381	341.995	2,9%	108.891	113.821	4,5%
Total expenses	258.029	267.031	3,5%	80.588	86.953	7,9%
EBITDA	74.352	74.964	0,8%	28.303	26.868	(5,1%)
One times items	3.601	718	(80,1%)	193	191	(1,1%)
EBITDA before one times items	77.952	75.682	(2,9%)	28.496	27.059	(5,0%)
EBITDA margin (before one times items)	23,5%	22,1%	(5,6%)	26,2%	23,8%	(9,2%)
Depretiation	54.938	50.362	(8,3%)	18.274	17.691	(3,2%)
Financial result (net)	(18.073)	(15.278)	(15,5%)	(8.423)	(6.164)	(26,8%)
Net profit/(loss) before income taxes	1.340	9.324		1.606	3.012	
Net profit/(loss) before income taxes and one time items	4.941	10.042		1.799	3.203	

Telecommunication Services Revenue



a. Consolidated Revenue

Total telecommunications services revenue in the first nine months of 2016 is 3.0% higher compared to the same period of the previous year.

The positive trend of increase in revenue compared to the previous year is a result of the revenue increase in all service segments except the public voice service, mostly as a result of the increase in the number of customers.

Compared to the previous year, in the first nine months of 2016 Internet revenue is 17.9% higher, multimedia revenue 13.3% and data traffic revenue 10.5%.

Interconnection revenue is 9.9% higher as a consequence of higher transit income, caused by the deregulation of termination charges for international calls originating outside the EU/EEA.

On the other hand, the revenue increase is slightly offset due to the 13.3% drop in revenue from the public voice service, as a consequence of the declining trend in the use of the public voice service at a global level.

Positive trends are visible both at the annual and quarterly level.

b. Earnings before Interest, Taxation and Depreciation – EBITDA

The consolidated EBITDA is 0.8% higher compared to the first nine months of 2015, mostly due to the telecommunications income growth trend and lower one time items in 2016.

The EBITDA before one time items for the first nine months of 2016 amounts to HRK 75.7 million, which represents a 2.9% decrease compared to the previous year. The aforementioned decrease is a consequence of more intense marketing activities and an enhanced customer acquisition in 2016.

c. Net profit/(loss)

Excluding one time items and considering the financial costs related to the pre-bankruptcy settlement, the discounting effect for financial obligations and lower depreciation costs in 2016, the net result before one time items is HRK 5.1 million higher compared to the previous year.

	Q1-Q3 2016 (HRK 000)	share %
General Investments	1.204	3%
Capital Technical Investments	39.943	97%
ACCESS Network	21.032	51%
CORE Network	5.011	12%
Telecommunications Center	13.901	34%
TOTAL	41.148	100%

d. Capital Investments in 2016

Consolidated capital investments in the third quarter of 2016 amounted to HRK 41.1 million. Out of this, HRK 21.0 million has been invested in the development of access fibre optic network, expanding the collocations network, user equipment for providing the IPTV and Internet service for residential customers, as well as the equipment to connect new business customers. HRK 5.0 million has been invested into the core network, while HRK 13.9 million have been invested in expanding the range of customer services.

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 that the other party will fail to meet its contractual obligations arising out of potential financial losses of the Group. The Group does not have a significant credit risk concentration with contractual parties possessing similar characteristics and has adopted procedures it applies in buyer transactions. The Group receives sufficient collaterals, if necessary, as a means to mitigate the risk of financial loss due to unfulfilled obligations and offers no guarantees for third party liabilities.

The Group sees its maximum exposure as reflecting in the amount of receivables from debtors, minus value depreciation reservations recognized at the financial position report date.

Apart from this, the Group is exposed to the risk of money deposits in banks. Management of this risk is focused on dealing with the most reputable banks, both domestic and international, and in both the domestic and international markets, and based on daily contact with the banks.

Liquidity Risk Management

The Board of Directors has 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

Position name	<i>In thousand HRK</i>	30.09.2016.	30.09.2015. <i>Restated</i>
Sales		340.739	330.934
Other operating income		1.256	1.447
		341.995	332.381
Merchandise, material and energy expenses		(5.334)	(4.696)
Interconnection fee expenses		(125.541)	(113.712)
Rent of telecommunication equipment		(18.440)	(19.599)
Customer attraction expenses		(4.649)	(2.917)
Other service expenses		(48.110)	(47.924)
Staff costs		(38.091)	(43.469)
Own work capitalized		4.553	1.986
Depreciation, amortisation and impairment charges		(50.362)	(54.938)
Impairment charge on non-current and current receivables - net		(2.690)	(2.119)
Net loss on disposal of assets and equipment		(22)	-
Other operating expenses		(28.707)	(25.580)
		(317.393)	(312.968)
OPERATING PROFIT		24.602	19.413
Finance income		3.735	1.618
Finance costs		(19.013)	(19.691)
Finance costs - net		(15.278)	(18.073)
PROFIT/(LOSS) BEFORE TAXATION		9.324	1.340
Income tax expense		-	(63)
PROFIT/(LOSS) FOR THE YEAR		9.324	1.277
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)		9.324	1.277

Data Source: Company's business records

Balance Sheet

II. 2

ASSETS	<i>In thousand HRK</i>	30.09.2016.	31.12.2015.
Intangible assets		43.238	45.221
Property, plant and equipment		300.080	307.584
Given loans		307	312
Deposits		3.540	3.598
Available-for-sale financial assets		35	35
Other non-current assets		8.750	9.500
Non-current assets		355.950	366.250
Inventories		103	109
Trade and other receivables		78.238	71.140
Given loans		10.763	10.767
Deposits		213	88
Prepaid expenses and accrued income		2.269	2.586
Cash and cash equivalents		9.802	20.418
Current assets		101.388	105.108
TOTAL ASSETS		457.338	471.358
EQUITY AND LIABILITIES			
Issued share capital		635.568	635.568
Capital gains		194.354	194.354
Other equity (MCL)		24.677	32.904
Accumulated losses		(813.222)	(819.787)
EQUITY		41.377	43.039
Long-term borrowings		198.873	209.303
Issued bonds		72.097	71.085
Trade payables		3.308	10.155
Provisions		62	62
Deferred income		20.199	21.835
Non-current liabilities		294.539	312.440
Short-term borrowings		7.876	434
Issued bonds		402	-
Trade payables		86.974	91.514
Provisions		509	509
Accrued expenses and deferred income		19.658	17.406
Other current liabilities		6.003	6.016
Current liabilities		121.422	115.879
TOTAL EQUITY AND LIABILITIES		457.338	471.358

Cash Flow

II. 3

Position name	<i>In thousand HRK</i>	30.09.2016.	30.09.2015.
Operating activities			
Total profit for the year		9.324	1.340
Depreciation and amortisation		50.362	54.938
Decrease/(increase) in inventories		6	1.296
Decrease/(increase) in trade and other receivables		(7.309)	(2.693)
Increase/(decrease) in trade payables and other liabilities		(4.553)	(11.490)
Other cash increase/(decrease)		1.991	9.348
Cash generated from operating activities		49.821	52.739
Cash flows from investing activities			
Payments for property, plant and equipment		(40.876)	(30.738)
Cash receipt from sale of ownership and debt instruments		-	2.909
Net cash used in investing activities		(40.876)	(27.829)
Cash flows from financing activities			
Other proceeds from financing activities		246	1.147
Repayment of finance lease liability and borrowings		(19.807)	(24.179)
Net cash used in financing activities		(19.561)	(23.032)
Net (decrease)/increase in cash and cash equivalents		(10.616)	1.878
Cash and cash equivalents at 1 January		20.418	25.954
Cash and cash equivalents at 30 September		9.802	27.832

Data Source: Company's business records

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.

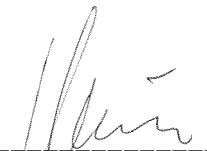
The financial report contains a true presentation of development, results and position

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.

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.

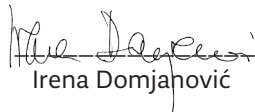
(Signatures of Board members)



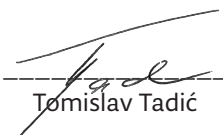
Zoran Kežman



Mirela Šešerko



Irena Domjanović



Tomislav Tadić

Optima
OT – OPTIMA TELEKOM D.D.
ZAGREB

Enclosure 1

Reporting period:

1 Jan 2016

to

30 Sep 2016

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

Internet address: www.optima.hr

and name for municipality/city **133**

Code and name for county **21**

Number of employees **332**
(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**

(unosí se samo prezime i ime osobe za kontakt)

Telephone **01/5492 027**

Telefaks: **01/5492 019**

e-mail address: svetlana.kundovic@optima-telekom.hr

Surname and name **ZORAN KEŽMAN, MIRELA ŠEŠERKO, 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)

PROFIT AND LOSS ACCOUNT
for the period from 01 Jan 2016 to 30 Sep 2016

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	332.381.114	108.891.347	341.995.237	113.821.022
1. Sales income	112	330.932.366	108.182.358	340.664.223	113.341.121
2. Other operating income	113	1.448.748	708.989	1.331.015	479.902
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	312.967.580	98.862.026	317.393.241	104.644.249
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	183.093.323	58.559.795	194.310.099	64.826.839
a) Costs of raw material and supplies	117	4.548.864	1.623.354	4.485.301	1.518.950
b) Costs of goods sold	118	32.359	1.025	790.689	102.295
c) Other external costs	119	178.512.100	56.935.417	189.034.109	63.205.594
3. Staff costs (121 do 123)	120	38.145.779	11.995.887	36.874.542	11.967.538
a) Net salaries and wages	121	22.114.322	6.991.927	21.165.671	6.904.932
b) Expenses of taxes and contributions from salaries	122	10.649.485	3.312.488	10.483.859	3.371.911
c) Contributions to salaries	123	5.381.972	1.691.472	5.225.012	1.690.695
4. Amortization	124	54.938.146	18.274.034	50.362.135	17.691.331
5. Other costs	125	31.070.318	10.178.338	32.438.058	9.012.432
6. Value adjustment (127+128)	126	2.119.261	-338.719	2.690.070	955.514
a) fixed assets (apart from financial assets)	127	0	0	0	0
b) current assets (apart from financial assets)	128	2.119.261	-338.719	2.690.070	955.514
7. Provisions	129	3.600.753	192.690	718.337	190.596
8. Other operating expenses	130	0	0	0	0
III. FINANCIAL INCOME (132 through 136)	131	1.630.075	-1.401.231	3.735.104	-98.509
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	1.630.075	-1.401.231	3.735.104	-98.509
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	19.703.182	7.022.055	19.013.004	6.065.825
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	19.703.182	7.022.055	18.962.718	6.015.539
3. Unrealized losses (expenses) of the financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	50.286	50.286
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	334.011.189	107.490.116	345.730.341	113.722.513
X. TOTAL EXPENSES (114+137+143 + 145)	147	332.670.762	105.884.081	336.406.245	110.710.074
XI. PROFIT / LOSS BEFORE TAXATION (146-147)	148	1.340.427	1.606.036	9.324.096	3.012.439
1. Profit before taxation (146-147)	149	1.340.427	1.606.036	9.324.096	3.012.439
2. Loss before taxation (147-146)	150	0	0	0	0
XII. PROFIT TAX	151	63.474	21.878	0	0
XIII. PROFIT / LOSS OF THE PERIOD (148-151)	152	1.276.953	1.584.158	9.324.096	3.012.439
1. Profit of the period (149-151)	153	1.276.953	1.584.158	9.324.096	3.012.439
2. Loss of the period (151-148)	154	0	0	0	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	1.276.953	1.584.158	9.324.096	3.012.439
2. Assigned to minority interest	156	0	0	0	0
OTHER COMPREHENSIVE INCOME STATEMENT (popunjava poduzetnik obveznik primjene MSFI-a)					
I. PROFIT / LOSS OF THE PERIOD (= 152)	157	1.276.953	1.584.158	9.324.096	3.012.439
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	1.276.953	1.584.158	9.324.096	3.012.439
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	1.276.953	1.584.158	9.324.096	3.012.439
2. Assigned to minority interest	170	0	0	0	0

BALANCE SHEET
as at 30 Sep 2016

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	356.749.725	347.200.669
I. INTANGIBLE ASSETS (004 through 009)	003	45.221.033	43.238.543
1. Development expenses	004	0	0
2. Concessions, patents, licences, goods and services trademarks, software and other rights	005	45.221.033	43.238.543
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	307.584.178	300.080.236
1. Land	011	23.269	23.269
2. Building objects	012	13.524.483	13.144.305
3. Facilities and equipment	013	278.150.339	275.576.551
4. Tools, production inventory and transport assets	014	1.026.468	816.153
5. Biological assets	015	0	0
6. Advances for tangible assets	016	0	0
7. Tangible assets in preparation	017	14.453.640	10.238.915
8. Other tangible assets	018	46.822	46.822
9. Real estate investments	019	359.157	234.221
III. FIXED FINANCIAL ASSETS (021 through 028)	020	3.944.514	3.881.890
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	3.909.514	3.846.890
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	102.522.044	99.118.121
I. INVENTORY (036 do 042)	035	108.795	103.211
1. Raw material and supplies	036	0	0
2. Ongoing production	037	0	0
3. Finished products	038	0	0
4. Trading goods	039	108.795	103.211
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	71.140.783	78.450.281
1. Receivables from affiliated entrepreneurs	044	0	0
2. Receivables from buyers	045	69.718.052	77.624.392
3. Receivables from participating entrepreneurs	046	0	0
4. Receivables from employees and members of the entrepreneur	047	33.083	26.674
5. Receivables from the state and other institution	048	332.913	145.078
6. Other receivables	049	1.056.735	654.137
III. CURRENT FINANCIAL ASSETS (051 through 057)	050	10.854.434	10.762.619
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	10.854.434	10.762.619
7. Other financial assets	057	0	0
IV. CASH IN BANK AND REGISTER	058	20.418.032	9.802.010
D) PREPAYMENTS AND ACCRUED INCOME	059	12.085.986	11.018.968
E) TOTAL ASSETS (001+002+034+059)	060	471.357.755	457.337.758
F) OFF-BALANCE RECORDS	061	328.151.090	330.221.517

LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	43.038.811	41.376.825
I. BASE (registered) capital	063	635.568.080	635.568.080
II. CAPITA RESERVES	064	194.354.000	194.354.000
III. PROFIT RESERVES (066+067-068+069+070)	065	32.903.264	24.677.448
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	32.903.264	24.677.448
IV. REVALORIZATION RESERVES	071	0	0
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-832.462.707	-822.546.799
1. Retained earnings	073	0	0
2. Loss carried forward	074	832.462.707	822.546.799
VI. PROFIT OR LOSS OF THE YEAR (076-077)	075	12.676.174	9.324.096
1. Profit of the year	076	12.676.174	9.324.096
2. Loss of the year	077	0	0
VII. MINORITY INTEREST	078	0	0
B) PROVISIONS (080 through 082)	079	571.259	571.259
1. Provisions for pensions, severance payments and similar obligations	080	571.259	571.259
2. Provisions for tax liabilities	081	0	0
3. Other provisions	082	0	0
C) FIXED LIABILITIES (084 through 092)	083	290.542.948	274.278.754
1. Liabilities towards affiliated entrepreneurs	084	0	0
2. Liabilities for loans, deposits and similar	085	0	0
3. Liabilities towards banks and other financial institutions	086	209.302.545	198.873.486
4. Liabilities for advances	087	0	0
5. Liabilities towards suppliers	088	10.155.206	3.308.121
6. Liabilities as per securities	089	71.085.197	72.097.147
7. Liabilities towards entrepreneur with participating interests	090	0	0
8. Other fixed liabilities	091	0	0
9. Deferred tax liabilities	092	0	0
D) CURRENT LIABILITIES (094 do 105)	093	97.963.197	101.254.319
1. Liabilities towards affiliated entrepreneurs	094	0	0
2. Liabilities for loans, deposits and similar	095	0	0
3. Liabilities towards banks and other financial institutions	096	433.585	7.876.246
4. Liabilities for advances	097	0	0
5. Liabilities towards suppliers	098	91.514.439	86.973.624
6. Liabilities as per securities	099	0	401.670
7. Liabilities towards entrepreneur with participating interests	100	0	0
8. Liabilities towards employees	101	3.181.492	2.380.540
9. Liabilities for taxes, contributions and similar levies	102	2.831.500	3.605.585
10. Liabilities as per share in results	103	0	0
11. Liabilities as per longterm assets intended for sale	104	0	0
12. Other current liabilities	105	2.181	16.654
E) DEFERRED SETTLEMENT OF CHARGES AND INCOME OF FUTURE PERIOD	106	39.241.540	39.856.601
F) TOTAL – LIABILITIES (062+079+083+093+106)	107	471.357.755	457.337.758
G) OFF – BALANCE RECORDS	108	328.151.090	330.221.517
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	43.038.811	41.376.825
2. Assigned to minority interest	110	0	0

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

CASH FLOW STATEMENT - Indirect method
in the period from 01 Jan 2016 to 30 Sep 2016

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	1.340.427	9.324.096
2. Depreciation	002	54.938.146	50.362.135
3. Increase of short-term liabilities	003		
4. Decrease of short-term receivables	004		
5. Decrease of inventories	005	1.295.503	5.584
6. Other increase of cash flow	006	9.348.012	1.991.934
I. Total increase of cash flow from operating activities (001 through 006)	007	66.922.088	61.683.749
1. Decrease of short-term liabilities	008	11.489.504	4.553.207
2. Increase of short-term receivables	009	2.693.240	7.309.498
3. Increase of inventories	010		
4. Other decrease of cash flow	011		
II. Total decrease of cash flow from operating activities (008 through 011)	012	14.182.744	11.862.705
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	52.739.344	49.821.044
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	0
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Cash receipt from sale of tangible and intangible assets	015		
2. Cash receipt from sale of ownership and debt instruments	016	2.908.890	0
3. Cash receipt from interest rates	017		
4. Cash receipt from dividends	018		
5. Other cash receipts from investment activities	019		
III. Total cash receipts from investment activities (015 through 019)	020	2.908.890	0
1. Cash expenditure for buying tangible and intangible fixed assets	021	30.737.829	40.875.703
2. Cash expenditure for acquiring ownership and debt financial instruments	022		
3. Other expenditures from investment activities	023		
IV. Total cash expenditures from investment activities (021 through 023)	024	30.737.829	40.875.703
B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (020-024)	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (024-020)	026	27.828.939	40.875.703
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	1.146.886	246.254
V. Total cash receipt from financial activities (027 through 029)	030	1.146.886	246.254
1. Cash expenditure for the payment of loan principal and bonds	031	24.179.603	19.807.617
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	24.179.603	19.807.617
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	23.032.717	19.561.363
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	1.877.688	0
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	10.616.022
Cash and cash equivalents at the beginning of the period	041	25.954.231	20.418.032
Increase of cash and cash equivalents	042	1.877.688	0
Decrease of cash and cash equivalents	043	0	10.616.022
Cash and cash equivalents at the end of the period	044	27.831.919	9.802.010

CHANGE IN CAPITAL STATEMENT
for the period from 1.1.2016 to 30.9.2016

Item 1	EDP 2	Previous year 3	Current year 4
1. Subscribed capital	001	635.568.080	635.568.080
2. Capital reserves	002	194.354.000	194.354.000
3. Profit reserves	003	32.903.264	24.677.448
4. Retained profit or loss carried forward	004	-833.730.687	-822.546.799
5. Profit or loss of the current year	005	1.276.953	9.324.096
6. Revaluation of fixed tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial property available for sale	008		
9. Other revaluation	009		
10. Total capital and reserves (EDP 001 through 009)	010	30.371.611	41.376.825
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	30.371.611	41.376.825
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