Consolidated annual report 2015

Akton communications

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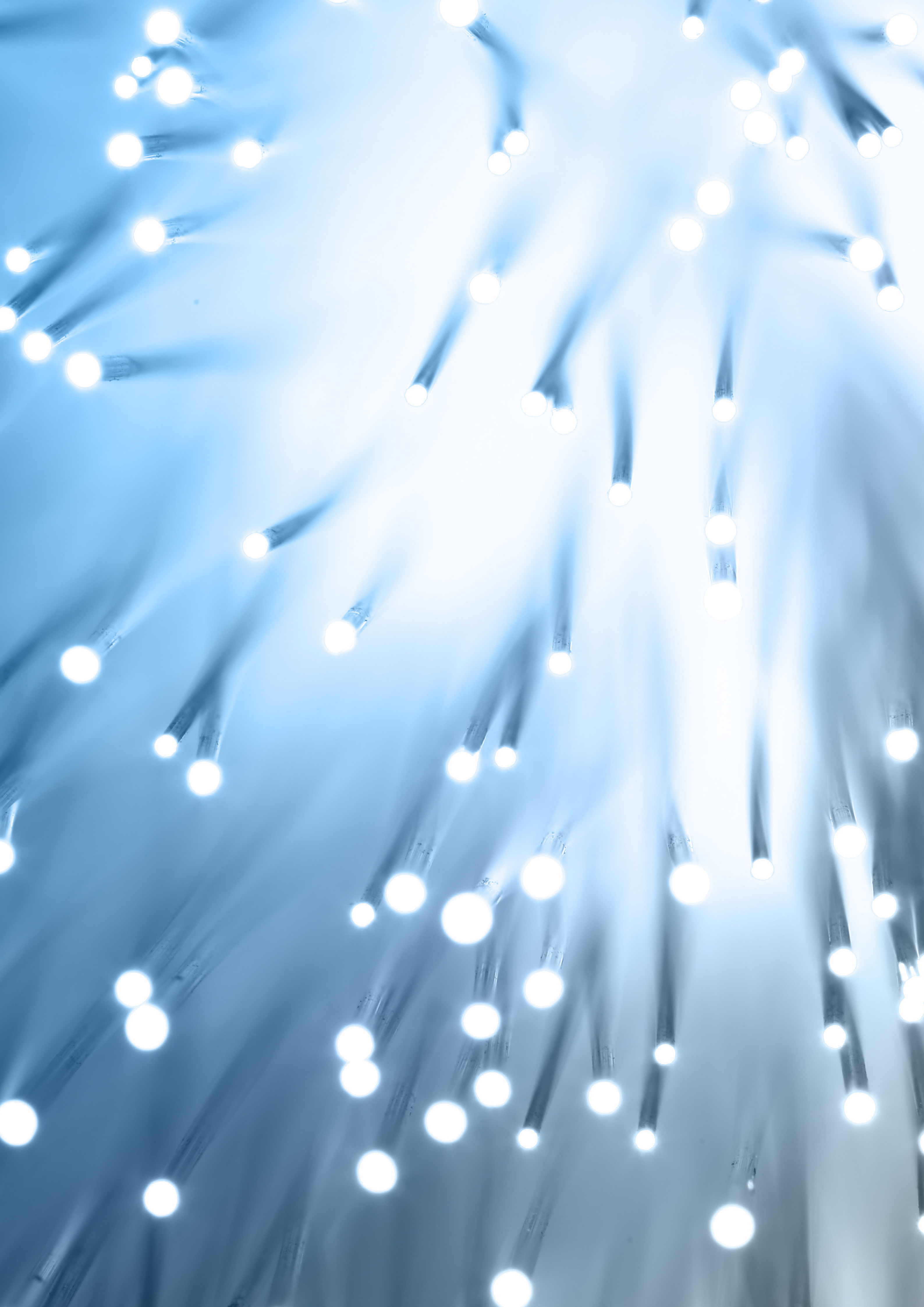


1. Business report

1.1 Performance results of the Akton Group

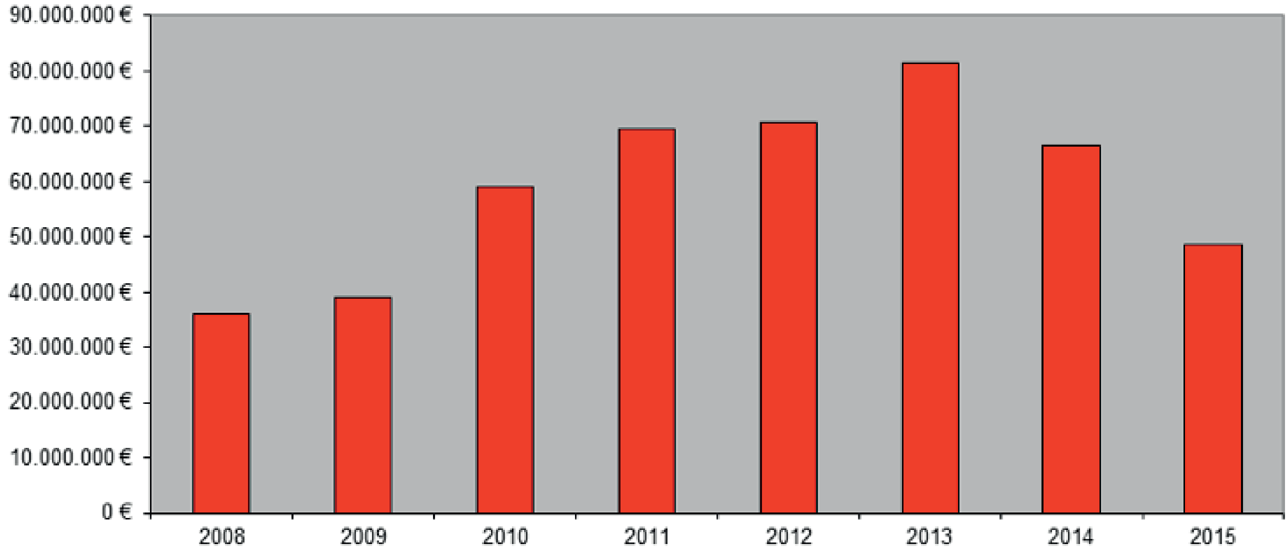
The Group revenue

The Akton Group achieved net sales revenues of €51,798,168.00 in 2015, representing a 24% decrease on a year-over-year basis (2014: €68,537,859.00). This reduction in revenue is due to additional levy imposed by the Agency for Communication Networks and Services of the Republic of Slovenia (AKOS). Specifically, in 2015 this levy accounted for €0.00158 of each 1 euro of income from telecommunications services (in 2014 this amounted to €0.00124). This means that services with margin below 0.158% are no longer profitable and the company is making loss from those services. The Agency also took a rather broad interpretation of the Act and increased charges to the operators for the same service and even for the same call. **The total amount of levy has a direct impact on the lowering of the Akton competitiveness in international markets.** Thus Akton had to refuse any transactions where the margin is lower than the levy imposed. In terms of transactions volume, in 2015 Akton recorded a drop in international terminated minutes, while in contrast, it recorded further growth in capacities sold in the data segment. All the group companies in Croatia, Bosnia and Herzegovina, Serbia and Macedonia recorded increase in sales revenue on their local markets. The share of services sold on foreign markets accounted for 93.0% of total net sales (2014: 92.1%). The Group's sales on foreign markets decreased by €14,963,182.00 in 2015, whereas a €1,776,509.00 decline in revenue was recorded on the domestic market. In comparison, in 2014 sales on foreign markets fell by €12,524,889.00, and sales on domestic market recorded a€2,322,595.00 decline. By taking advantages of all of its knowledge and competitive advantages, the Akton Group further consolidated its position on the market of international telecommunications in 2015 as the leading regional hub.

All the group companies in Croatia, Serbia and Macedonia recorded increase in net sales revenue on their local markets in 2015. The largest increase was recorded in Macedonia, where sales are up 61% and in Serbia, where a 21% increase in sales was recorded compared to 2014. Considering current economic conditions the above results are excellent and, the management believes, a proof that in terms of its strategic orientation, the Group is on the right path.

Major contribution to the scope of sales was provided by wholesale telecommunications services in the inter-operator segment, rendered by the parent company in Ljubljana. Despite the fall in the volume of calls and minutes due to OTT services, we managed to conclude a number of new contracts in the inter-operator segment of voice services, which helped us to partly offset the fall in the volume of terminated minutes. In 2015 the Group significantly increased and further strengthened its cooperation with regional and alternative operators. Thus, the Group is successfully increasing the provision of international

Year-on-year sales growth (2008-2015)



telecommunications services from the region and into the global sphere. Our cooperation with the largest global operators of telecommunications services has also been successful. The Akton Group regards this as an exceptional success and recognition of the Group's knowledge and the expression of trust in the Akton Group's expertise by international market players. During the year the Group continued to increase the number of network interconnections with existing partners.

In the segment of data services, in 2015 the Akton Group achieved solid result despite challenging economic conditions on global markets. Several years of active investment of our efforts and knowledge in international markets proved fruitful, resulting in further increase in the number of connections, based on framework contracts agreed in the previous period with some of the largest international operators, who were searching for a reliable regional partner. The Group provides services for some of the most important international institutions in the region and amongst other we supply technologically most advanced telecommunications solutions to one of the leading international multimedia television stations. In 2015 the Group further consolidated its position as "the preferred" contractor in the region and some of the largest international operators and with them also the largest business users, have entrusted the Akton Group to provide all of connections for their end business users in the entire region.

The challenges the Group is facing in this particular wholesale segment of data services are above all further decline in sales prices on international markets, continued pressure on margin, and high fixed costs of local "last mile" connections in the region. In spite of all, Akton is committed to the highest quality of services and through economies of scale of new orders, the Group is successfully weathering price conditions on the market. The Group provides highly reliable international connections for the most demanding users such as foreign embassies, banking systems, some of the most successful international and regional corporations, as well as other international institutions. In total, at the end of 2015 the Group provides over 415 international data connections and is one of the largest and most reliable providers of such services in the region.

In 2016, we expect upward correction in revenue however, all depends on the policy of the Agency for Communication Networks and Services of the Republic of Slovenia (AKOS) in terms of the annual levies.

The Akton Group provides services to business users in the region, primarily in Croatia, Bosnia and Herzegovina, Serbia and Macedonia. The highest increase in the number of clients and capacities sold has been reported in Serbia and Macedonia.

The Group expenses

The Group's operating expenses reached €50,459,723.00 in 2015 (2014: €67,660,223.00), with costs of inter-operator telecommunications services, costs of leased telecommunications lines, and costs of other services, accounting for the bulk of the costs. On year-on-year basis, employee benefit costs rose by 14.3% in 2015 (2014: an increase of 5.8%) and account for 4.2% of total expenses of the Group. According to the valuation performed by a certified independent assessor of companies, goodwill was not impaired in 2015. Year-on-year results show that certain operational costs fell further compared to 2014, whereas others remained stable in line with the Group's long-term strategy of financial stability.

The financial year 2015 was again rather challenging for the Akton Group. In recent years, all our own financial resources have been swallowed-up by continued proceedings at independent state authorities as well as the courts in Slovenia and Bosnia and Herzegovina, in order to claim damages for losses caused to the Akton Group. However, while these costs continue to be incurred, they are gradually and notably falling from one year to the other.

The Akton Group is continuing its investments in acquisition of new contracts at home and abroad by regular participation at business conferences, strengthening its relations with business partners and investing in training and development of its employees. We continue to attend and take part in business meetings and conferences organised abroad. Generally, the costs of the Company are relatively flexible, which means that they can be quickly adjusted, allowing the Company to adapt to potentially adverse situation in the market. In the next financial year the Group will continue to ensure operating costs optimization in line with the realized returns and the plan.

Group employees

At 1 January 2015, the Akton Group employed 50 staff. There were no changes in the organizational framework of the Group in 2015 compared to the previous year. In Serbia and Macedonia, we have invested additional resources in human capital and employed additional staff. The Group is aware of the value of its human resources and has for this reason adopted its long-term employment and development policy. The environments in which we operate as well as our activity require high standards also in the area of human resources. Therefore, the Group recruits only the best and most talented staff. Organizational climate is positive and the goal of each and every member of staff is to achieve common objectives set by the Group through pursuing their own personal goals. Staff turnover is at its minimum. At 31 December 2015, the Akton Group employed 59 staff and further recruitments are planned in 2015 to bring total headcount to 59.

Net profit of the Akton Group

In the financial year under review, the Group generated €1,053,310.00 of net profit (2014: €550,715.00), whereas losses of €474,694.00 were brought forward from previous periods (2014: losses amounting to €1,625,833.00 were brought forward). At the year-end, distributable profit of the Group amounted to €578,616.00 (2014: accumulated loss of €1,075,118.00).

The net profit amounting to €1,053,310.00 represents a 91% growth compared to the previous financial year. The increase in the net profit is primarily due to the sale of services with higher margin, reduced interest rates on borrowings raised from banks (the Group regularly settles its liabilities relating to long-term borrowings raised from NLB d.d.), and other revenue. On the other hand, foreign exchange rate losses resulting from a rapid growth in the value of US$ compared to the Euro at the beginning of 2015, had a major negative impact on the net profit compared to the previous year.

Due to primarily wholesale nature of transactions, it is absolute, rather than relative numbers that apply to the Akton Group. Accordingly, certain relative indicators such as profit/revenue or EBITDA margin do not always give the real picture of the Group’s performance. The Group’s objective is to ensure settlement of all of its operating liabilities with its own assets and is making regular repayments of all of its financial liabilities, including interest; furthermore, the Group is funding all the necessary investments on an ongoing basis. This can only be achieved on a regulated and transparent market, with full support and trust of our owners, business partners and banks.

Thus the Group continues to forge good business relations with all of the Slovene banks as well as foreign banks that are present in the region. This ensures smooth funding of the Group and the Akton Group operates on the international market with an enviable amount of borrowings raised from banks. The banking system is of key importance as it provides support to fast growing enterprises and corporations such as Akton and we are counting on continued support of banks for our business operations also in the future.

The impact of global financial and economic crisis eased slightly in 2015, however no such improvements were on the horizon for the markets in the neighbouring regions. Yet again it was proven that the major drivers of Slovenian, as well as other economies, are production and export-oriented companies with prospects on international markets. However, the government with its decisions and levies seems to be intent on reducing, if not completely eroding the competitive position of these companies.

Nevertheless, the Akton Group succeeded in increasing its share on international markets. The crisis continues to have a major impact on decline in sales prices and gross margin and we expect more marked improvements in the next financial year. Through major inputs at all levels and activities with higher added value, we managed to almost double the net profit recorded in the previous year, and the 2015 result is much better than expected. In the next financial year the Group is expecting more stability on international markets regarding the scope of business.

Financial operations of the Akton Group in 2015 were very successful. We continue to settle our operating and financial liabilities on a regular basis and the majority of receivables were successfully collected, which resulted in no major outstanding receivables. This is quite an achievement and a rare occurrence in given circumstances. The Akton Group devotes much attention to collection of receivables and we have in place one of the best collection systems and have no need to take advantage of external factoring services. The Akton Group does business with first-class business partners where financial discipline is a prerequisite for a long and successful cooperation. The Group has demonstrated again and again to be a reliable partner and the best among the middle-sized operators in the region.

Outstanding issues that have a direct impact on performance of the Akton Group

Finally in 2015, the Group was able to devote the bulk of its energy and time on current operations and future growth, which has had a direct impact on the actual result. While all the proceedings mentioned in previous annual reports are continuing, they slowly moving closer to the final stages and the final decision.

In 2015, the High Court in Ljubljana dismissed the appeal filed by Si.mobil and confirmed in its entirety the first instance partial judgement, which became final.

This means that during the period at issue, all calls to the Slovenian mobile networks were regulated irrespective of the origin of the call, which confirmed the stand constantly advocated by Akton. In addition to the existing final judgements in favour of Akton, this is another final confirmation that Akton's conduct was was right and within the legal frames.

Si.mobil appealed against the final judgement (extraordinary remedy), essentially repeating the arguments of the appeal, which the High Court had dismissed completely as being unfounded. The Supreme Court has so far not made its decision.

We are always willing to actively approach any unresolved issues and support compromise.

The government, regulators and courts should take a more active and impartial role in supporting well-performing, export-oriented companies as they are the founding stone of future economic development and financial stability of the entire country.

Investments

In 2015, the Akton Group invested mainly in regular maintenance and upgrading of its telecommunications equipment, and no major investments were carried out. Investments in property, plant and equipment amounted to €195,679.00 in 2015 (2014: €203,194.00), while €24,043.00 was invested in intangible assets, in contrast with the previous year when no investments were made in intangible assets.

Subsidiaries repaid a total of €292,198.32 (2014: €207,057.00) of loans and the related interest to the account of the parent company Akton d.o.o., Slovenia. Thus the outstanding balance of loans to subsidiaries as at 31 December 2015 amounted to €110,253.00 (€402,536.00 as at the 2014 year-end). All the subsidiaries in which the parent holds a 100% interest are profitable.

In 2015 the Akton Group further reduced all of its financial liabilities arising from long-term borrowings totalling €286,471.11 (2014: €323,281.00) and thus, at the end of 2015, they amounted to a total of €814,500.00; of the total amount, current amount of borrowings stands at €240,000.00 (2014: €1,103,791.00).

The Akton Group will continue investing in the development of data and voice services, provision of high quality services and implementation of new solutions. Investments are funded by the Group's own assets. The Akton Group does not engage in R&D activities.

In the financial year under review, none of the Group's companies raised additional capital.

The Group possesses no real estate.

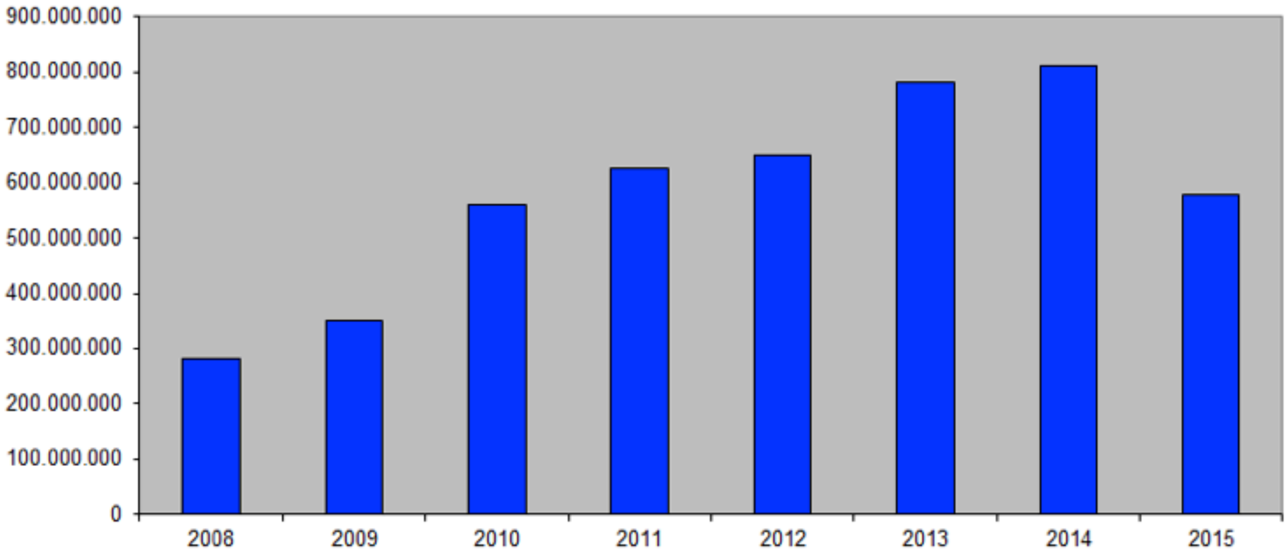
1.2 Products and services

1.2.1 Inter-operator sale of voice services

The Akton Group is present on the four largest Central European intersections: PoP Vienna and PoP Frankfurt (both twice), which allows us to set up international network connections (TDM, IP) with the major European and global operators. Closer at home, we are linked with national operators of fixed and mobile communications in the Adriatic region though 8 local PoPs.

With over 579 million terminated minutes annually (2014: 810 million), the Akton Group is the largest alternative provider of voice services in the region.

Inter operator sale of voice services in minutes



1.2.2 Origin of calls

Services of origin of international calls are provided by the Group companies in Croatia, Bosnia and Herzegovina, Serbia and Macedonia. With turnover of 6.8 million minutes in 2015, operational result in this particular segment was similar to the one achieved in the previous year. Both, the operating scope and growth are within the plan and the Serbian market continues to offer the largest potential among all the markets in the region.

1.2.3 Data services

In 2015, the Group consolidated its position as the leading integrator of technologically most advanced connections and applications in the Adriatic region, and recorded additional growth in the number of orders for international leased lines. The Akton Group is continually investing in expansion of our international data capacities whilst protecting connections with a number of different routes. In 2015 we made additional expansion of these capacities. At the same time, the Group remains loyal to its primary objective: to be the "One-Stop-Shop" service provider for international business partners in the entire region. Akton successfully strengthened its cooperation with local operators to allow its customers access to all locations in the region.

In recent years the Group has developed into the preferred provider of IPLC services in the Adriatic region of a large number of operators and business users. The list of countries where the Group provides data services includes Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Macedonia, Montenegro, Kosovo and Albania, which geographically encompasses the entire Adriatic region. We believe that Bulgaria remains a large potential for the future. The Group provides numerous data connections to its end users in the Adriatic region in the direction towards Western Europe including London, Frankfurt, Milan, Vienna, Bratislava and elsewhere.

In the international data communications market, in 2015 the scope of the Group's operations remained at the level recorded in the previous year, despite continued trend of falling prices of calls on international markets. On the other hand, the number of active connections has in fact increased even though unlike other operators, Akton is not operating on the market with dumping prices. The Company continues its excellent sales strategy in this particular segment, which has been acknowledged by all major international operators and in 2015 the Group expects the scope of sales in this particular segment to remain stable.

The Company is continually investing in new technologies, allowing it to improve its backbone network and, along with it, increase security, ensure faster routing and better use of the available capacities. The Company offers to its customers standardized L3 MPLS connections for Intranet/Internet or Common Service VPN. Our own backbone network also supports CsC (Carrier supporting Carrier) connections and provides QoS (Quality of Service) parameters, which are individually specified in the SLA (Service Level Agreement) to ensure the level of quality agreed. Customers are able to distribute bandwidth among various applications and protocols such as VoIP, video conference, ERP, SIP, Citrix, X-Windows, PC-Anywhere, Netshow, Netbios, NFS, HTTP, Internet access, e-mail and much, much more.

Figure 1: The Akton Group Backbone network in the region

1.3 Strategy

In the financial year 2015, the Group successfully pursued its strategic objectives, and achieved its short-term goals. In the next financial year, we intend to further strengthen and improve our existing strategic objectives. The Group is well on its way of achieving its long-term goals and strategic priorities for the period 2014-2019.

Results achieved in recent years demonstrate without a doubt that the Akton Group is following its ambitious goals and has achieved excellent results in highly competitive markets. Our aim is to expand our success in international markets by providing services to the largest Slovenian companies operating in the region. International banking institutions and insurance undertakings, government institutions and trading companies represent target groups that are already beginning to emerge as users of our services.

The investments, which we plan in the future, will allow the Group to implement new connections in international hubs and to realize some key projects to ensure our future growth and development.

Key priorities of the Group in the period 2014-2019 are the following:

- One-Stop-Shop
- Competitive offerings
- Penetrating new markets
- Ensure financial stability
- Customer focus
- Searching for new niche
- Increase synergy between regional subsidiaries

The Akton Group is developing into the leading provider of telecommunications services whose objective is to connect the region with the global world of telecommunications. By doing so, Akton is focusing on partnerships, rather than competition!

1.4 Corporate social responsibility

Akton consistently complies with the fundamental principles of corporate responsibility, which the Group perceives as our commitment to taking our part in the social environment in which we operate. We strive to ensure our business is carried out in a manner that conveys to all our stakeholders our spirit and our high social standards.

Care for employees

We operate in a highly technological industry where advancement is ensured only by having highly motivated and dedicated professionals who through their knowledge and experience achieve success on a daily basis in their own individual field. To Akton, every single employee is important as together we are building a culture of mutual trust, respect, efficient cooperation and teamwork. We continually gain additional knowledge and ensure that we are responsible and efficient in our approach to work and the environment.

Akton organizes a variety of professional trainings for its employees, enables their participation in international forums and conferences and, subsequently, promotes personal growth and career development of each individual.

We are a united team and this is confirmed by our formal and informal socializing events including regular celebration of each individual's life achievements. Every year employees participate in different activities financed by the Company or each individual, including sailing, culinary team building, indoor recreational pursuits, etc. Organization of recreational activities is very important to raise employees' awareness of the importance of a healthy living and we are proud that we are able to make up at least two good basketball and volleyball teams.

Time permitting, we annually organize a picnic for all employees and their families to acknowledge that family members are also a part of our Company as much as we are. At Christmas time children of our employees are awarded for accepting their parent's absence through work with a visit of Father Christmas who brings presents to each and every one of them.

Business partners

Satisfied business partners are a key factor in today's competitive environment and for this reason, our motto is: provision of services with added value that are tailored to individual client's needs. A long time ago we realized that the key condition for successful performance is a commitment to long-term and mutual benefit of both partners. Accordingly, we do not only sell services to our partners, we create added value for them which ensures that both, our partner and ourselves become winners on international markets. In cooperation with each and every business partner we strive to find solution with a winning balance between quality and price of services. Quality of our services and products is systematically monitored and upgraded.

Akton is a full member of internal communications forum OSS&ICDS (The International One-Stop-Shopping / Inter-Carrier Data Services Forum). As members of this forum we, along with other business partners, strive to standardize processes in the implementation of privately leased lines in order to raise their quality.

Environment

Our activities and business operations are directed not only at providing the best quality solutions, but also solutions that are friendly to the environment and the Akton Group. All the employees in all departments recycle waste and use reusable packaging.

All the Company's business processes are organized in a way that uses the minimum amount of paper and printers. All internal communication as well as some of the archived documents within the Akton Group are based on electronic, trees-friendly platforms. We use the same approach in our communications with partners who are able to take part in such cooperation.

Solidarity

In the Akton Group we are aware that in statistical terms, every 5 minutes someone in Slovenia needs blood transfusion. Therefore, we support the fundamental idea that every blood donor is a hero and we support all who take this noble action and donate blood. We are extremely proud of all our employees who are voluntary blood donors and to acknowledge our appreciation for their noble gesture, we organize an "Akton day" where together, in the greatest numbers possible, we participate in this largest show of solidarity.

Sponsorship

Donor and sponsorship funds are awarded to various humanitarian organisations within our capabilities. We are primarily focused on long-term projects where we can expect best results and can assist the largest number of those in need of assistance. Everyone in the Akton Group appreciates and supports the work and efforts of all charity workers, particularly those involved in children charities.

It is our privilege and honour to be cooperating with the following institutions:

- Youth Association of Ljubljana – Moste
- Foundation »Vrabček Upanja«
- Safe house project

1.5 Exposure to risk and risk management

Risk management

We are aware of a number of risks that are present in the business environment and for this reason an integrated approach to risk management is prerequisite for regular monitoring of risks and effective risk management. Risk management is involved in all areas of our business activities.

1.5.1 Currency risk

Currency risk is the risk of fluctuating value of financial instruments as a result of changes in foreign exchange rates.

Currency risk is a significant category and as such is being monitored particularly with regards to operating receivables and liabilities as the risk can neutralize the price margin. Currency risk exists in terms of individual countries and as part of the country risk management, we also monitor past and projected currency fluctuations on our target markets.

The Group purchases US$ on the market whilst constantly monitoring fluctuation of international exchange rate for the currency. Daily transactions with services denominated in US$ are monitored daily in order to mitigate the risk. Our sales division applies current US$ exchange rate with the relevant discount which further reduces the risk.

While in the financial year under review, Akton Ljubljana made some forward purchases of US$, by the end of 2015 all the futures were closed because during the course of the year the volume of transactions denominated in US$ on the supply side had significantly reduced.

1.5.2 Interest and credit risk

Interest risk is the risk of the negative impact of changes in market interest rates on the value of financial instruments.

Credit risk is the risk that party to the financial instrument contract fails to settle its obligations thus reducing economic benefits flowing to the Company.

In terms of securing funds for our own investing activities, interest rate is minimized through borrowing funds at a variable rate of interest.

The Group has set an excellent system of monitoring receivables maturity on a daily basis. As our business partners are informed few days in advance that certain receivables will mature, the Group has no outstanding receivables that are disputed.

1.5.3 Liquidity risk

Liquidity risk is the risk of a shortage of available financial assets and consequently the Group's inability to settle its obligations within contractual terms. The Group is doing its utmost to ensure the most efficient use of its assets and is managing liquidity through regular planning of cash inflows and outflows.

The interest rate policy also affects and ensures regulation of liquidity risks as we are able to determine monthly outflow of interest costs. Similarly, we also monitor other liquidity categories on a daily basis, which allows us to make additional projections for the future. Through daily monitoring of liquidity needs we try to optimize allocation of funds per individual companies. In addition, the available revolving credits and overdraft facilities provide us with sufficient security in terms of our needs of funding working capital. The Group has no liquidity issues.

1.6 Subsequent events

In 2016, the Group's business operations are proceeding as planned.

1.7 Related party transactions

In all transactions with the parent company, Akton obtained suitable payments and has not suffered any loss due to legal transactions carried out or as a result of any actions that were either taken or omitted in given circumstances known at the time of those transactions.

1.8 Consolidated financial statements 2015

1.9 Consolidated balance sheet at 31 December 2015

	Notes	31.12.2015	EUR 31.12.2014
ASSETS		**14,565,725**	**15,424,406**
A. Long-term assets		**7,075,509**	**6,985,427**
I. Intangible assets and long-term deferred costs	1	**6,069,758**	**6,067,226**
1. Concessions, trademarks and licences		104,190	111,226
2. Goodwill		5,956,000	5,956,000
3. Other long-term deferred costs		9,568	0
II. Property, plant and equipment	2	**803,417**	**915,862**
1. Other plant and equipment		801,537	915,862
2. Property, plant and equipment being acquired		1,880	0
a) Property, plant and equipment under construction		1,880	0
III. Long-term investments		**200,000**	**2,339**
1. Long-term investments except loans		200,000	2,339
a) Other shares and interests		200,000	0
b) Other long-term investments		0	2,339
IV. Long-term operating receivables		**2,334**	**0**
1. Long-term operating receivables due from others		2,334	0
B. Current assets		**7,432,869**	**8,373,333**
I. Inventories		**4,394**	**5,241**
II. Short-term operating receivables	3	**6,289,827**	**7,762,262**
1. Trade receivables		5,310,104	6,751,000
2. Short-term operating receivables due from others		979,723	1,011,262
III. Cash and cash equivalents	4	**1,138,648**	**605,830**
C. Short-term deferred costs and accrued revenue		**57,347**	**65,646**
Off balance sheet assets	8	**3,634,996**	**3,358,685**

The accounting policies used and notes are an integral part of consolidated financial statements and should be read in conjunction with them.

	Notes	31.12.2015	EUR 31.12.2014
EQUITY AND LIABILITIES		**14,565,725**	**15,424,406**
A. Equity	5	**7,303,565**	**6,250,505**
I. Called-up capital		**4,915,686**	**4,915,686**
1. Share capital		4,915,686	4,915,686
II. Capital surplus		**1,834,224**	**2,434,649**
III. Profit reserves		**6,621**	**6,621**
1. Legal reserves		6,621	6,621
IV. Retained earnings		**-474,694**	**-1,625,833**
V. Consolidation reserve		**-31,582**	**-31,133**
VI. Net profit or loss for the year		**1,053,310**	**550,715**
B. Long-term liabilities		**574,500**	**814,500**
I. Long-term financial liabilities		**574,500**	**814,500**
1. Long-term financial liabilities to banks	6	574,500	814,500
C. Short-term liabilities		**6,602,486**	**8,129,890**
I. Short-term financial liabilities		**241,370**	**289,291**
1. Short-term financial liabilities to banks	6	240,080	240,202
2. Other short-term financial liabilities		1,290	49,089
II. Short-term operating liabilities	7	**6,361,116**	**7,840,599**
1. Supplier payables		5,626,794	7,358,260
2. Short-term operating liabilities from advances		188	2,969
3. Other short-term operating liabilities		734,134	479,370
D. Short-term accrued costs and deferred revenue		**85,174**	**229,511**
Off balance sheet liabilities	8	**3,634,996**	**3,358,685**

The accounting policies used and notes are an integral part of consolidated financial statements and should be read in conjunction with them.

1.10 Consolidated income statement for the year ended 31 December 2015

		Notes	2015	EUR 2014
1.	**Net sales revenue**	9	**51,798,168**	**68,537,859**
	1. Sales on the local market		3,629,420	5,405,929
	2. Sales on foreign markets		48,168,748	63,131,930
2.	**Other operating revenue (including revaluation revenue)**		**45,430**	**1,478**
3.	**Costs of goods, materials and services**	10	**-47,932,561**	**-65,380,315**
	a) Costs of goods and materials and costs of materials used		-132,028	-111,459
	b) Costs of services		-47,800,533	-65,268,856
4.	**Employee benefit costs**	10	**-2,157,016**	**-1,886,901**
	1. Payroll costs		-1,616,943	-1,414,037
	2. Social insurance costs (separate disclosure of pension insurance costs)		-415,497	-382,865
	a) Other social security insurance costs		-204,254	-192,155
	b) Pension insurance costs		-211,243	-190,710
	3. Other labour costs		-124,576	-89,999
5.	**Write-downs**	10	**-356,698**	**-321,678**
	a) Amortization and depreciation		-328,095	-311,966
	b) Operating expenses from revaluation of fixed assets		0	-2,963
	c) Operating expenses from revaluation of current assets		-28,603	-6,749
6.	**Other operating expenses**	10	**-13,448**	**-71,329**
OPERATING PROFIT			**1,383,875**	**879,114**
7.	**Financial income from loans granted**		**3**	**79**
	a) Financial income from loans to others		3	79
8.	**Financial income from operating receivables**		**87,509**	**41,057**
	a) Financial income from operating receivables due from others		87,509	41,057
9.	**Financial expenses from financial liabilities**		**-48,934**	**-97,693**
	a) Financial expenses from bank borrowings		-48,723	-84,336
	b) Financial expenses from other financial liabilities		-211	-13,357
10.	**Financial expenses from operating liabilities**		**-216,265**	**-95,771**
	a) Financial expenses from supplier payables and bills payable		-6,842	-3,427
	b) Financial expenses from other operating liabilities		-209,423	-92,344
PROFIT FROM ORDINARY ACTIVITIES			**1,206,188**	**726,786**
11.	**Other revenue**		**61,166**	**2,045**
12.	**Other expenses**		**-14,462**	**-55,390**
13.	**Income tax payable**		**-199,582**	**-122,726**
14.	**Deferred tax**		**0**	**0**
NET PROFIT FOR THE YEAR			**1,053,310**	**550,715**

The accounting policies used and notes are an integral part of consolidated financial statements and should be read in conjunction with them.

1.11 Consolidated statement of comprehensive income year ended 31 December 2015

			EUR
		2015	2014
1.	**Net profit for the year**	**1,053,310**	**550,715**
2.	**Other comprehensive income – consolidation reserve**	**-249**	**-5,731**
3.	**TOTAL COMPREHENSIVE INCOME**	**1,053,061**	**544,984**

The accounting policies used and notes are an integral part of consolidated financial statements and should be read in conjunction with them.

1.12 Consolidated cash flow statement year ended 31 December 2015

	2015	EUR 2014
A. Cash flows from operating activities		
a) Items derived from the income statement	**1,413,509**	**968,529**
Operating revenue (except from revaluation) and financial income from operating receivables	51,946,843	68,580,961
Operating expenses excluding amortization and depreciation (with exception of revaluation) and financial expenses from operating liabilities	-50,333,752	-67,489,706
Income tax and other taxes not included in operating expenses	-199,582	-122,726
b) Changes in net operating assets in balance sheet items (including accruals and deferrals, provisions and deferred tax assets and liabilities)	**-133,636**	**-868,399**
Opening less closing operating receivables	1,490,606	998,401
Opening less closing deferred costs and accrued revenue	-1,269	50,595
Opening less closing inventories	847	11,939
Closing less opening operating liabilities	-1,479,483	-2,047,343
Closing less opening accrued costs and deferred revenue, and provisions	-144,337	118,009
c) Net cash from operating activities (a+b)	**1,279,873**	**100,1300**
B. Cash flows from investing activities		
a) Cash receipts from investing activities	**3**	**9,451,000**
Interest and dividends received from investing activities	3	79
Cash receipts from disposal of short-term investments	0	9,450,921
b) Cash disbursements from investing activities	**-408,614**	**-8,915,183**
Cash disbursements to acquire intangible assets	-14,473	-12,263
Cash disbursements to acquire property, plant and equipment	-194,141	-121,924
Cash disbursements to acquire short-term investments	-200,000	-8,780,996
c) Net cash from investing activities (a+b)	**-408,611**	**535,817**
C. Cash flows from financing activities		
a) Cash receipts from financing activities	**5,607,000**	**15,770,000**
Cash proceeds from increase in short-term financial liabilities	5,607,000	15,770,000
b) Cash disbursements from financing activities	**-5,945,444**	**-16,188,409**
Interest paid on financing activities	-48,934	-97,693
Cash repayments of short-term financial liabilities	-5,896,510	-16,090,716
c) Net cash from financing activities (a+b)	**-338,444**	**-418,409**
D. Closing balance of cash	**1.138.648**	**605.830**
Net cash inflow or outflow for the period (sum total of Ac, Bc and Cc)	532,818	217,538
Opening balance of cash	605,830	388,292

The accounting policies used and notes are an integral part of consolidated financial statements and should be read in conjunction with them.

Respect.
We know our own values and honour the values of others.

1.13 Consolidated statement of changes in equity

Consolidated statement of changes in equity in 2015:

	Share capital	Capital surplus	Legal reserves	Retained earnings/accumulated loss	Net profit for the year	Consolidation reserve	EUR Total
A1. Closing balance of the reporting period - 31 Dec 2014	**4,915,686**	**2,434,649**	**6,621**	**-1,625,833**	**550,715**	**-31,333**	**6,250,505**
A2. Opening balance at 1 Jan 2015	**4,915,686**	**2,434,649**	**6,621**	**-1,625,833**	**550,715**	**-31,333**	**6,250,505**
B2. Total comprehensive income for the period	**0**	**0**	**0**	**0**	**1,053,310**	**-249**	**1,053,061**
a) Net profit for the year	0	0	0	0	1,053,310	0	1,053,310
b) Consolidation reserve	0	0	0	0	0	-249	-249
B3. Movements within equity	**0**	**-600,425**	**0**	**1,151,139**	**-550,715**	**0**	**-1**
a) Appropriation of the net profit to other equity elements - decision of the management and supervisory boards	0	-600,425	0	1,151,139	-550,715	0	-1
C. Closing balance of the reporting period - 31 Dec 2015	**4,915,686**	**1,834,224**	**6,621**	**-474,694**	**1,053,310**	**-31,582**	**7,303,565**

The accounting policies used and notes are an integral part of consolidated financial statements and should be read in conjunction with them.

Statement of changes in equity in 2014:

EUR

	Share capital	Capital surplus	Legal reserves	Retained earnings/accumulated loss	Net profit for the year	Consolidation reserve	Total
A1. Closing balance at 31 Dec 2013	**4,915,686**	**2,434,649**	**6,621**	**-2,028,514**	**402,681**	**-25,602**	**5,705,521**
A2. Opening balance at 1 Jan 2014	**4,915,686**	**2,434,649**	**6,621**	**-2,028,514**	**402,681**	**-25,602**	**5,705,521**
B2. Total comprehensive income for the period	**0**	**0**	**0**	**0**	**550,715**	**-5,731**	**544,984**
a) Net profit for the year	0	0	0	0	550,715	0	550,715
b) Consolidation reserve	0	0	0	0	0	-5,731	-5,731
B3. Movements within equity	**0**	**0**	**0**	**402,681**	**-402,681**	**0**	**0**
a) Appropriation of the net profit to other equity elements - decision of the management and supervisory boards	0	0	0	402,681	-402,681	0	0
C. Closing balance of the reporting period - 31 Dec 2014	**4,915,686**	**2,434,649**	**6,621**	**-1,625,833**	**550,715**	**-31,333**	**6,250,505**

The accounting policies used and notes are an integral part of consolidated financial statements and should be read in conjunction with them.

2. Appendix to consolidated financial statements

2.1 Profile of the group

Company name:	Akton Telekomunikacijski inženiring d.o.o.
Short name:	Akton d.o.o.
Registered office:	Dunajska cesta 9, Ljubljana
Legal form:	limited liability company (d.o.o.)
Incorporated:	on 22 May, 1990, entry No. 1/06892/00
Principal activity of the company:	Activity code 61.900; Other telecommunications
Share capital:	€4,915,685.55
Owner:	ATEL EUROPE B.V., Jan van Goyenkade 8, 1075 HP Amsterdam, the Netherlands, is the sole owner of the Company
Management Board:	Igor Košir, Director Miha Novak, Procurator
Subsidiaries:	AKTON d.o.o. Croatia, whose principal activity is the sale of telecommunications services, AKT.ONLINE d.o.o. Bosnia and Herzegovina, whose principal activity is the sale of telecommunications services, AKTON d.o.o. Serbia, whose principal activity is the sale of telecommunications services, AKTON d.o.o.e.l. Macedonia, whose principal activity is electronic data processing (EDP) and sale of telecommunications services.
Associates:	ATEL EUROPE BV, the Netherlands (27.25% share). Due to an insignificant impact of the associated company on the consolidated financial statements for the year 2015, the profit and loss account of the associated company was not included in the consolidation, as the company did not became an associate of Akton until 24 December 2015. Moreover, the amount of the corresponding share of net loss incurred by the associate in 2015 amounted to mere €141. At 31 December 2015, total assets of the associate amounted to €2,204,958, its share capital totalled €65,125 and total equity to €1,993,969. In 2015, the associate incurred a net loss of €23.662.
Financial year:	Financial year covers the same period as the calendar year. The Management Board adopted and approved the consolidated Annual Report 2015 for publication on 25 March 2016. The consolidated annual report is available at the headquarters of the Company.

The following companies in the Akton Group are included in consolidation:

Subsidiary	Registered office	The parent company's share in 2015	The parent company's share in 2014
AKTON d.o.o.	Bani 75, Buzin, Zagreb, Croatia	100%	100%
AKT.ONLINE d.o.o.	Fra Anđela Zvizdovića 1, Sarajevo, BIH	100%	100%
AKTON d.o.o., Beograd	Bulevar Mihajla Pupina 6/16, Beograd, Serbia	100%	100%
AKTON d.o.o.e.l.	Belasica 2, Skopje, Macedonia	100%	100%

Average number of employees by educational level:

Educational level / year	2015	2014
V.	27	22
VI.	9	8
VII.	22	20
VIII.	1	0
Total	59	50

2.2 Summary accounting policies and assumptions

The consolidated financial statements are compiled in accordance with Slovene Accounting Standards, and provisions of the Slovenian Companies Act (ZGD-1). The two fundamental accounting assumptions of accrual accounting and going concern have been considered in the preparation of these financial statements. The qualitative characteristics of consolidated financial statements include understandability, relevance, reliability and comparability. The Group applies the accounting policies consistently from one year to the other. The consolidated financial statements are prepared under the historical cost convention, with exception of available-for-sale financial assets, which are measured at fair value.

The consolidated cash flow statement format, selected by the Group, is specified in SAS 26.2 as format II, compiled under the indirect method and in a report form (SAS 26.4 and SAS 26.9). Data is derived from the consolidated balance sheet, consolidated income statement and other documents of the Group.

Exchange rate and translation into the local currency:
Foreign currency transactions were translated into euro at the reference rate of the European Central Bank on the transaction date. On the balance sheet date, assets and liabilities denominated in foreign currency were translated at the reference rate of the European Central Bank.

Rules and procedures, applied by the management in the compilation and presentation of consolidated financial statements, are in accordance with SAS. As the selection of some of the accounting policies is subject to the entity's discretion, the management is free to select one of the available accounting policies. The accounting policies used by the Group in the measurement of individual financial statement items, are described below (summarized):

- Intangible assets and property, plant and equipment: assets that qualify for recognition are initially measured at cost, comprising purchase price, import duty and non-refundable purchase taxes, as well as costs attributed to making the assets ready for their intended use. The items of property, plant and equipment and intangible assets with finite useful lives are depreciated individually under the straight-line depreciation method. Each year, goodwill is reviewed for impairment; any impairment losses are recognized in profit or loss. Impairment loss recognized on account of goodwill cannot be reversed. Subsequent expenditure on the item of fixed assets increase the asset's cost, if it increases future benefits from the asset over the previously assessed benefits. Carrying amount of an individual item of property, plant and equipment and intangible assets is derecognized on the asset's disposal or when no future economic benefits are expected from the asset's continued use or subsequent disposal.

- Long-term financial assets are initially measured at cost. Initial costs are further increased by costs of transaction that arise directly from the acquisition or issue of the financial asset. Non-marketable financial assets are classified as available-for-sale and measured at cost. Marketable financial assets are classified as available-for-sale and measured at fair value through equity.

- Inventory of merchandise is measured at cost and inventory consumption is accounted for under the FIFO method. Net realizable value of inventory of merchandise, its movement, and use is reviewed by the Group on a yearly basis. Inventories are measured at the lower of cost or net realizable value. Net realizable value of inventories required for completion of agreed contracts is calculated on the basis of contractually agreed prices.

- On initial recognition, receivables of all categories are recognized at amounts reported in the relevant documents under the assumption that they will be recovered. Impairment loss on receivables is recognized when their carrying amount is higher than their fair value. Reversal of impairment loss is recognized when their fair value or realizable amount of receivables exceeds their carrying amount. The Group recognizes receivable impairment on all receivables due and outstanding more than one year.

- Short-term financial assets are initially measured at fair value. Initial fair value of financial assets is increased by the costs of transaction that arise directly from the acquisition or issue of the financial assets (except for assets measured at fair value through profit or loss). All equity investments of the Group that are not quoted on stock markets are classified as available-for-sale. Changes in fair value of investments in securities are recognized when their identifiable fair value i.e. the price quoted on an active market, differs form their carrying amounts: if the quoted price is higher than the investment's carrying amount, the difference is recognized in the revaluation surplus, whereas if the price quoted on an active market is lower than the investment's carrying amount, the difference is recognized as a reduction in the revaluation surplus.

- Deferred costs and accrued income comprise short-term deferred costs (expenses) and short-term accrued revenue. They are recognized at amounts recorded in the relevant documents evidencing their incurrence and existence.

- Accrued costs and deferred income comprise short-term accrued costs or expenses and short-term deferred revenue. They are recognized at amounts recorded in the relevant documents evidencing their incurrence and existence.

- Cash and cash equivalents comprise cash on the Group's bank accounts. Cash is reported at fair value. On the balance sheet date, cash denominated in foreign currency is translated into the euro currency at the mean exchange rate of the Bank of Slovenia.

- Total equity of the Group comprises called-up capital, capital surplus, profit reserves, retained earnings or accumulated loss brought forward, revaluation surplus, and undistributed net profit or unsettled net loss of the financial year.

- Provisions are made for present obligations that arise from obligating past events and are expected to be settled in the period that cannot be defined with certainty, but a reliable estimate can be made of the amount of the obligations. The amounts recognized as provisions are the best estimate of the expenditure required to settle obligations at the balance sheet date.

- Long-term liabilities: non-interest bearing borrowings are recognized in the consolidated balance sheet at a discounted amount using the average rate of interest achieved by the Group in comparable transactions. Interest bearing borrowings whose actual or agreed rate of interest does not differ significantly from the effective rate of interest, are recognized in the consolidated balance sheet at initially recognized amount, decreased by any repaid amounts.

- Short-term liabilities are classified as financial or operating. Short-term financial liabilities are short-term loans received on the basis of loan contracts and short-term securities issued, except cheques that are considered as a deduction item within monetary terms. Short-term operating liabilities are short-term supplier credits for goods or services purchased, payables to employees for their work performed, short-term liabilities to providers of funds arising from accrued interest and similar items, short-term liabilities to the state arising from taxes, including the value added tax payable, and short-term liabilities associated with the distribution of profit or loss. A specific class of short-term operating liabilities are liabilities to customers arising from advances and short-term collaterals received.

- Provisions and long-term accrued costs and deferred income. Provisions are recognized and charged against the relevant costs or expenses when all the relevant conditions are fulfilled in accordance with SAS 10.6. Provisions are made on the basis of a resolution of the management indicating the purpose of provisions, the amount, the type of costs or expenses to which provisions are charged, and maturity or expected settlement date of the obligations (except for provisions made for guarantees). Long-term accrued costs and deferred income are recognized by the Group if they will cover costs or expenses expected to arise in a period of more than one year.

- Revenue comprises operating revenue, financial revenue and other revenue. Operating and financial revenue are ordinary revenues.
  Operating revenue comprises revenue from sales and other operating revenue associated with products and services. Sales revenue comprises sales value of services rendered in the accounting period and recorded in invoices and other documents, less any discounts granted, providing the Group can realistically expect their payment. Majority of other operating revenue relates to revaluation operating revenue associated with: disposal of property, plant and equipment and intangible assets; reduction in trade

receivable allowances as a result of impairment reversal; and revenue resulting from derecognition of operating liabilities.
Financial income is revenue generated by investing activities. Financial income arises in relation to investments as well as in association with receivables.

- Expenses are classified into operating expenses, financial expenses and other expenses. Operating expenses and financial expenses are ordinary expenses. Operating expenses are in principle equal to the calculated cost of the accounting period.
  Operating expenses comprise costs of materials, services, labour costs, amortization and depreciation costs, as well as revaluation operating expenses and other operating expenses. Expenses are recognized if decreases in economic benefits in the accounting period are associated with decreases in assets or increase in liabilities and these decreases can be measured reliably. Costs of salaries, salary substitutes and reimbursements of costs to employees are accounted for in consideration of labour legislation, collective agreement, internal rules of the companies in the Group, and employment contracts. Depreciation and amortization expenses of an individual accounting period are recognized as costs or operating expenses in the consolidated income statement. Depreciation and amortization rates applied to the items of intangible assets and property, plant and equipment, are determined in accordance with the assessed useful life of these assets. Revaluation operating expenses appear in association with fixed assets and current assets as a result of their impairment. They are recognized when the relevant revaluation is carried out.
  Financial expenses include financing expenses and investment expenses. The former primarily comprise interest paid, while the latter predominantly have the nature of revaluation financial expenses.

- Income tax: current tax liabilities are measured on the basis of tax rates effective on the consolidated balance sheet date.

- Deferred tax assets and liabilities are recognized for all taxable temporary differences. A deferred tax asset is also recognized on account of unused tax losses and unused tax credits carried forward to the next period, if it is probable that future taxable profit will be available against which these unused tax losses and unused tax credits can be utilized. On each balance sheet date, deferred tax assets are reassessed and impaired by the amount which the Group no longer expects that in future the relevant taxable profits will be available against which these unused tax losses may be utilized. Deferred tax assets and liabilities are measured on the basis of tax rates expected to be used when the asset is realized or the liability is settled, using tax rates (and tax legislation) enacted at the balance sheet date. Deferred tax assets and liabilities arising from transactions recognized directly in equity should be recognized in equity.

Basis of consolidation

Subsidiaries

Subsidiaries are companies under control of the controlling entity. Control exists when the Group is able to make decisions about financial and operating policies of the subsidiary to gain returns from the subsidiary's operations. In assessing the influence, existence and impact of voting rights that may currently be either exercised or exchanged should be taken into account. The separate financial statements of the group companies are included in the consolidated financial statements from the date the parent obtains control over its subsidiary and until the control is lost.

Associated company

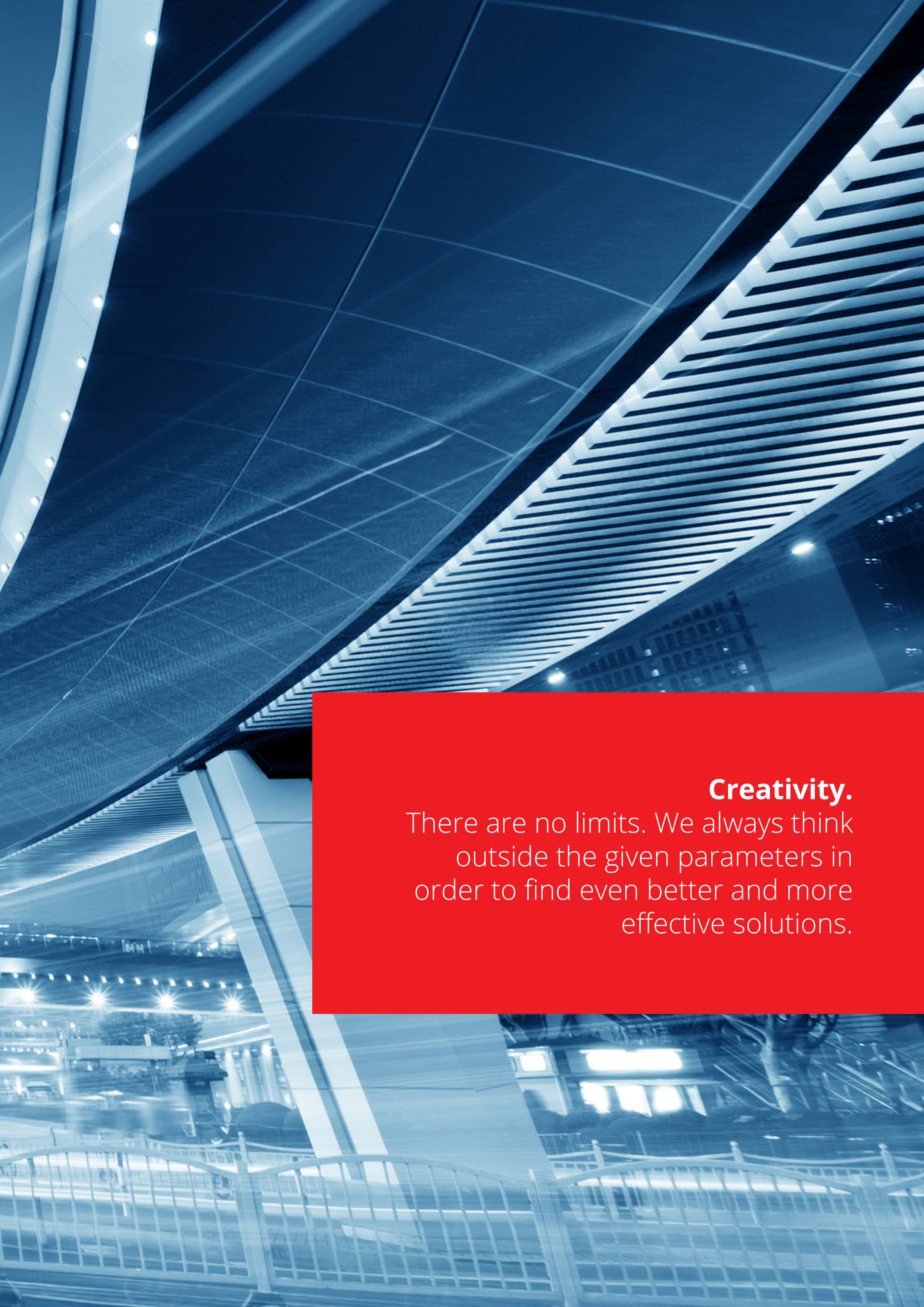
ATEL EUROPE BV, the Netherlands, became an associate of Akton (27.25% share) at the end of 2015. Due to an insignificant impact, the share of the associated company's net loss incurred in 2015 is not included in the consolidation.

Basis of consolidation

Consolidated financial statements of the Akton Group comprise separate financial statements of the parent Akton d.o.o., and its subsidiaries: Akton d.o.o., Zagreb, AKT.ONLINE d.o.o., Sarajevo, AKTON d.o.o., Beograd, and AKTON d.o.o.e.l., Skopje, as at 31 December 2015. The separate financial statements of the group companies are compiled for the same reporting period a those of the parent, using the uniform accounting policies.

All intercompany transactions, balances and unrealized profits are eliminated from consolidation.

Full consolidation method is applied to all subsidiaries from the date the parent or another group company gains control of the subsidiary. A subsidiary is eliminated from the group when the control of the parent or another company in the group, ceases. When a significant influence over the subsidiary is lost during the year, consolidated financial statements include the result of the whole group until the date the control over the subsidiary was lost. Investments in associates and interests in jointly controlled entities are recognized under the equity method.



Creativity.
There are no limits. We always think outside the given parameters in order to find even better and more effective solutions.

2.3 Notes to the financial statements

	31.12.2015	31.12.2014
		EUR
1. Intangible assets and long-term deferred costs	**6,069,758**	**6,067,226**

Changes in intangible assets in 2015 are presented below (in EUR):

	Concessions, trademarks and licenses	Goodwill	Other long-term deferred costs	Total
1. Cost				
At 1 Jan 2015	221,327	5,956,000	0	6,177,327
FX differences	-10	0	0	-10
Increase	14,475	0	9,568	24,043
Decrease	-21,197	0	0	-21,197
At 31 Dec 2015	214,595	5,956,000	9,568	6,180,163
2. Accumulated amortization				
At 1 Jan 2015	-110,101	0	0	-110,101
FX differences	8	0	0	8
Increase	-21,509	0	0	-21,509
Decrease	21,197	0	0	21,197
At 31 Dec 2015	-110,405	0	0	-110,405
3. Carrying amountt				
At 1 Jan 2015	111,226	5,956,000	0	6,067,226
At 31 Dec 2015	104,190	5,956,000	9,568	6,069,758

The items of concessions, patents and trademarks in the amount of €104,190 represent licences for the use of telecommunications equipment which are amortized using the following amortization rates (in %):

	2015	2014
Software applications	10,00 - 50,00	10,00 - 50,00

Amortization rates are determined for each individual item of intangible assets based on its assessed useful life.

Goodwill in the amount of €5,956,000 is the difference arising on merger by acquisition of Modra investicija d.o.o. on 28 June 2006. At the end of each financial year, the parent company obtains assessment of the fair value of goodwill performed by a certified appraiser of companies. Since the assessed value of goodwill in the financial year 2015 is not significantly different from its carrying amount, no goodwill impairment was recognized. Key assumptions used in the goodwill valuation include cash flow forecasts, residual value of the company, discount rate forecast, net debt calculation, and determination of control/marketability deductibles and add-ons.

The main valuation assumptions:

- WACC: 10.9%
- Cash flow forecast period: 2016-2021
- average nominal annual growth rate of gross cash flow: 1%.

At 31 December 2015 and 31 December 2014, the Group reported no financial commitments for acquisition of intangible assets.

Changes in intangible assets in 2014 are presented below (in EUR):

	Concessions, trademarks and licenses	Goodwill	Other long-term deferred costs	Total
1. Cost				
At 1 Jan 2014	221,599	5,956,000	2,612	6,180,211
FX differences	-272	0	0	-272
Increase	0	0	0	0
Decrease	0	0	-2,612	-2,612
At 31 Dec 2014	221,327	5,956,000	0	6,177,327
2. Accumulated amortization				
At 1 Jan 2014	-88,852	0	0	-88,852
FX differences	169	0	0	169
Increase	-21,419	0	0	-21,419
Decrease	0	0	0	0
At 31 Dec 2014	-110,101	0	0	-110,101
3. Carrying amount				
At Jan 2014	132,747	5,956,000	2,612	6,091,359
At 31 Dec 2014	111,226	5,956,000	0	6,067,226

		EUR
	31.12.2015	31.12.2014
2. Property, plant and equipment	**803,417**	**915,862**

Changes in property, plant and equipment in 2015 (in EUR):

	Other plant and equipment	Property, plant and equipment under construction	Total
1. Cost			
At 1 Jan 2015	2,522,478	0	2,522,478
FX differences	-348	0	-348
Increase	193,799	1,880	195,679
Decrease	-31,765	0	-31,765
At 31 Dec 2015	2,684,164	1,880	2,686,044
2. Accumulated depreciation			
At Jan 2015	-1,606,616	0	-1,606,616
FX differences	2,791	0	2,791
Increase	-306,586	0	-306,586
Decrease	27,784	0	27,784
At 31 Dec 2015	-1,882,627	0	-1,882,627
3. Carrying amount			
At Jan 2015	915,862	0	915,862
At 31 Dec 2015	801,537	1,880	803,417

Changes in property, plant and equipment in 2014 (in EUR):

	Other plant and equipment	Total
1. Cost		
At 1 Jan 2014	2,827,751	2,827,751
FX differences	-22,140	-22,140
Increase	203,194	203,194
Decrease	-486,327	-486,327
At 31 Dec 2014	2,522,478	2,522,478
2. Accumulated depreciation		
At 1 Jan 2014	-1,748,672	-1,748,672
FX differences	9,184	9,184
Increase	-290,547	-290,547
Decrease	423,419	423,419
At 31 Dec 2014	-1,606,616	-1,606,616
3. Carrying amount		
At 1 Jan 2014	1,079,079	1,079,079
At 31 Dec 2014	915,862	915,862

The Akton Group applies the following depreciation rates to its assets (in %):

	2015	2014
Computer hardware	5.00-50.00	5.00-50.00
Office machinery	7.50-25.00	7.50-25.00
Telecommunications equipment	4.00-25.00	4.00-25.00
Other equipment	8.00-25.00	8.00-25.00

Depreciation rates are determined for each individual item of property, plant and equipment based on its useful life.

At 31 December 2015 and 31 December 2014, no items of property, plant and equipment were obtained under finance lease and none were pledged as collateral for liabilities.

The negative difference between the opening and closing balance in the amount of €112,445 is due to the following:

- additions in 2015: + €195,679
- FX differences in 2015: €2,443
- depreciation in 2015: €-306,586
- disposals in 2015: €0 (carrying amount)
- write-offs in 2015: €-3,981 (carrying amount).

At 31 December 2015 and 31 December 2014, the Group reported no financial commitments for acquisition of fixed assets.

		EUR
	31.12.2015	31.12.2014
3. Short-term operating receivables	**6,289,827**	**7,762,262**
Short-term trade receivables	5,310,104	6,751,000
Short-term operating receivables due from others	979,723	1,011,262
Short-term trade receivables	**5,310,104**	**6,751,000**
Not past due	3,759,132	5,233,129
Past due up to 60 days – not impaired	1,341,744	1,430,153
Past due more than 60 days – not impaired	209,228	87,718
Past due more than 60 days - impaired	26,587	11,682
Receivable impairment	-26,587	-3,417
Impairment and write-off of receivables past due	12,832	-8,265

In 2015, the parent company recognized €7,031 of trade receivable impairment and wrote-off receivables amounting to €9,120. Akton Croatia recognized €8,538 of trade receivable impairment, Akton Macedonia impaired and wrote off €3,712 of trade receivable, and Akton Serbia recognised €7,306 of trade receivable impairment.

In 2014, Akton Slovenia (the parent company) recognized a total of €2,088 of trade receivables impairment; Akton Croatia recognized trade receivable impairment in the amount of €304, and wrote-off trade receivables amounting to €1,448; Akton Macedonia recognized trade receivable impairment in the amount of €644 and wrote-off receivables of total €3,719; whereas Akton Serbia recognized trade receivable impairment of total €381 and wrote-off receivables of total €1,140; Akton BIH wrote-off trade receivables amounting to €1,958.

No receivables are collateralized.

		EUR
	31.12.2015	31.12.2014
Short-term operating receivables due from others	**979,723**	**1,011,262**
Due from the state – not past due	589,944	649,454
Other receivables – not past due	49,901	21,930
Receivables due from a local legal entity - disputed	339,878	339,878

In the financial years 2015 and 2014, no receivables were due from members of the Management Board.

		EUR
	31.12.2015	31.12.2014
4. Cash and cash equivalents	**1,138,648**	**605,830**

Cash and cash equivalents comprise €1,070,356 of cash in the local currency and €68,292 of cash in foreign currencies.

		EUR
	31.12.2015	31.12.2014
5. Equity	**7,303,565**	**6,250,505**
Share capital	4,915,686	4,915,686
Capital surplus	1,834,224	2,434,649
Legal reserves	6,621	6,621
Retained earnings	-474,694	-1,625,833
Net profit or loss for the year	1,053,310	550,715
Consolidation reserve	-31,582	-31,333

Share capital in the amount of €1,834,224 equals the surplus of paid-in capital.

The General Meeting of the parent on 10 December 2015 agreed to settle the accumulated loss of €600,424 brought forward from the 2014 financial year, with the capital reserves of the company.

Changes in accumulated losses are presented below:	31.12.2015	EUR 31.12.2014
Net profit for the year	1,053,310	550,715
Accumulated loss b/f	-506,276	-1,657,166
Distributable profit at year-end/accumulated loss	547,034	-1,106,451

Impact of the consumer price index on the real value of capital:

Consumer price index: -0.5%

Net profit before restatement: €1,053,310

Restatement: €31,251

Profit after restatement: €1,084,561

The Management Board has proposed to transfer the total amount of profit available for distribution in 2015 amounting to €547,034 to retained earnings.

	31.12.2015	EUR 31.12.2014
6. Long-term financial liabilities to banks	**574,500**	**814,500**

Long-term financial liabilities to banks amounting to€574,500 represent a bank loan which bears interest at the market rates. Of total amount, €240,000 matures in 2016 and is recognized under short-term financial liabilities to banks. The long-term portion of the borrowings matures in 2017.

As at 31 December 2015, the parent company has been approved but has not yet utilized overdraft facility agreed with a Slovenian bank amounting to €1,400,000.

No long-term liabilities are due to members of the Management Board.

	31.12.2015	EUR 31.12.2014
7. Short-term operating liabilities	**6,361,116**	**7,840,599**
Short-term trade payables	5,626,794	7,358,260
Short-term operating liabilities from advances	188	2,969
Other short-term operating liabilities	734,134	479,370

No liabilities are due to members of the Management Board.

	31.12.2015	EUR 31.12.2014
Short-term trade payables	**5,626,794**	**7,358,260**
Not past due	5,160,357	6,573,438
Past due up to 60 days	404,782	735,257
Past due in excess of 60 days	61,655	49,565

	31.12.2015	31.12.2014
		EUR
8. Contingencies	**3,634,996**	**3,358,685**
Bank guarantees	2,293,315	2,017,004
Contingent liabilities to local suppliers	1,341,681	1,341,681

Bank guarantees in total amount of €2,293,315 were issued as collateral for supplier payables in respect of more lucrative transactions in the region where market rules require bank guarantee as collateral. These bank guarantees are largely a requirement to gain access to the inter-operator segment, and available only to serious and solvent operators.

Contingent liabilities to two local suppliers and operators in the amount of €1,341,681 relate to the financial year 2009. The amount is not included within liabilities as the suppliers' invoices are in breach of the AKOS regulations and the Slovene legislation and, based on expert opinions obtained also from the EU Commission, the Management Board believe that no settlement will be required in relation to these liabilities. The liabilities are subject to legal proceedings pending at the District Court in Ljubljana.

	31.12.2015		31.12.2014
			EUR
9. Net sales	**51,798,168**	**100.00%**	**68,537,859**
Sales on the local market	3,629,420	7.01%	5,405,929
Sales on foreign markets	48,168,748	92,99%	63,131,930

	31.12.2015		31.12.2014
			EUR
10. Costs	**50,459,723**	**100.00%**	**67,660,223**
Costs of goods and materials sold and costs of materials consumed	132,028	0.26%	111,459
Costs of services	47,800,533	94.73%	65,268,856
Employee benefit costs	2,157,016	4.28%	1,886,901
Write-downs	356,698	0.71%	321,678
Other operating expenses	13,448	0.03%	71,329

	31.12.2015		31.12.2014
			EUR
Costs of services	**47,800,533**	**100.00%**	**65,268,856**
Telecommunications services	42,368,184	88.64%	60,181,906
Cost of rent	4,378,691	9.16%	4,072,108
Costs of other services	1,053,658	2.20%	1,014,842

There was no major change in the costs of rent and other services in 2015 compared to the previous year; however, costs of telecommunications services fell by 30% compared to 2014.

	31.12.2015	EUR 31.12.2014
Audit fees:		
• audit of the annual report	11,000	11,000
• other assurance services	0	0
• tax consultancy services	0	0
• other non-auditing services	0	0

The 2015 and 2014 financial statements were audited by the auditing firm Ernst & Young d.o.o.

	31.12.2015	EUR 31.12.2014
Employee benefit costs	**2,157,016**	**1,886,901**
Payroll costs	1,616,943	1,414,037
Pension insurance costs	211,243	190,710
Other social insurance costs	204,254	192,155
Other costs of labour	124,576	89,999

At the end of the year, the Akton Group employed a total of 59 staff.

	31.12.2015	EUR 31.12.2014
Total amount of receipts of the Management Board and Managers with individual contracts of employment	**470,036**	**433,588**
Members of the Management Board/Company directors	362,770	319,702
Managers with individual contract of employment	107,266	113,886

	31.12.2015	EUR 31.12.2014
Write-downs	**356,698**	**321,678**
Amortization and depreciation expense	328,095	311,966
Revaluation expenses from fixed assets	0	2,963
• write-off of FA (Note 2)	0	2,963
• write-off of goodwill	0	0
Revaluation operating expenses from current assets	28,603	6,749
• receivable allowances	26,914	3,699
• write-off of unusable/damaged inventory of materials	1,689	3,050

	31.12.2015	EUR 31.12.2014
Cost classification by functional groups	**50,459,723**	**67,660,223**
Selling expenses (incl. amortization and depreciation)	49,421,926	66,297,307
General and administrative expenses (incl. amortization and depreciation)	1,037,797	1,362,916
• Standard costs of general and administrative services	1,009,194	1,353,204
• Revaluation operating expenses associated with fixed assets	0	2,963
• Revaluation operating expenses from current assets	28,603	6,749

12. Subsequent events

No events have occurred after the balance sheet date that could affect the 2015 consolidated financial statements and therefore require additional procedures to determine whether those events were accurately presented in these consolidate financial statements.

2.4 Statement of management responsibilities

The Management Board approved the financial statements on 25 March 2016.

The Management Board is responsible for the preparation of the annual report that gives a true and fair presentation of the financial position of the Group and of its financial performance for the year ended 31 December 2015.

The Management Board confirms that the appropriate accounting policies were consistently applied, and that the accounting estimates were made under the principle of prudence and the diligence of a good manager. The Management Board also confirms that the consolidated financial statements and notes thereof have been compiled under the assumption of a going concern, and in accordance with the applicable legislation and Slovene Accounting Standards.

The Management Board is also responsible for the appropriate accounting system and adoption of measures to secure the assets, and to prevent and detect fraud and other irregularities and/or illegal acts.

The Tax Authorities may, at any time within a period of 5 years after the end of the year for which a tax assessment was due, carry out an audit of the company's operations, which may lead to assessment of additional tax liabilities, default interest, and penalties with regards to corporate income tax or other taxes and levies. The Management Board is not aware of any circumstances that may result in a significant tax liability arising from the company's ordinary activities

Director:
Igor Košir

Procurator:
Miha Novak

Ljubljana, 25 March 2016

3. Independent auditor's report

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This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the owner of Akton d.o.o., Ljubljana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Akton Group, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Slovenian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Akton Group, as of December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with Slovenian Accounting Standards.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the business report in accordance with the Slovenian Companies Act. Our responsibility is to assess whether the business report is consistent with the audited financial statements. Our work regarding the business report is performed in accordance with ISA 720, and restricted to assessing whether the business report is consistent with the financial statements and does not include reviewing other information originated from non-audited financial records.

The business report is consistent with the audited consolidated financial statements.

Ljubljana, 15.4.2016

Janez Uranič
Director
Ernst & Young d.o.o.
Dunajska 111, Ljubljana

ERNST & YOUNG
Revizija, poslovno svetovanje d.o.o., Ljubljana 1

Lidija Šinkovec
Certified auditor

www.akton.si