Interim report

Telefónica Czech Republic – January to September 2012 Financial Results

November 6, 2012

Telefónica Czech Republic, a.s. announces its unaudited financial results for January to September 2012. These results are consolidated and prepared according to International Financial Reporting Standards and fully include the results of Telefónica Slovakia and other smaller operating companies.

Operational Highlights

- **Sound commercial momentum** in focused areas **sustained** despite continued intense competition:
  - **Healthy total mobile customers' growth: +2.9% year-on-year to 5 million**, with significant 56.5 thousand net additions in Q3 2012 (in comparison to 29.6 thousand in Q2). Continued **sound contract trading** and **low churn** remained the drivers of the growth. **Prepaid base reported strong growth** (+29.7 thousand in Q3 2012), driven by better trading and **significant reduction in churn**.
  - **Smartphone penetration growing to 25%**, up 7.7 p. p. year-on-year.
  - **xDSL accesses grew by 5.6% year-on-year reaching 902 thousand**, with VDSL (already over 60% of total accessible base in residential segment) helping to manage fixed BB ARPU dilution and maintain churn.
  - **Decline in fixed accesses continued to decelerate: accesses down 5.2% year-on year**, with 63.3 thousand net losses in 9M 2012.
- **Consolidated business revenues** went **down by 3.8% year-on-year** reaching CZK 12,586 million in Q3 2012 (-3.1% to CZK 37,751 million in 9M), **in line with H1 performance**.
- **Guided OIBDA** reached **CZK 5,275 million in Q3,** up from 5,146 million in Q2 (CZK 15,469 million in 9M 2012) resulting in **healthy 41.9% margin[1] in Q3** (up from 40.5% in Q2) and **41.0% in 9M 2012**, on the back of **continuous efficiency agenda in CZ and growing OIBDA in SK**. Reported OIBDA reached CZK 5,008 million and CZK 14,690 million in Q3 and 9M 2012.
- **Telefónica Slovakia** maintained its **strong commercial momentum** reporting 19.8% year-on-year subscribers' growth (+42.0 thousand in Q3). At the same time, it further **improved its financial performance**.
- **Long term financial debt successfully refinanced at a competitive pricing.**

[1] OIBDA before brand fees & management fees (CZK 834 million in 9M 2011 and CZK 780 million in 9M 2012) over Business revenues; 2012 guidance excludes changes in consolidation, includes potential capital gains from non-core asset sales, assuming constant FX rates of 2011

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- **2012 full year guidance reiterated for all metrics[2].**
- **Record date** for **share capital reduction** (CZK 13 per share) set for **14th November 2012** (ex-date on 12th November), with payment to commence starting on 14th December 2012.

"I am glad that our successful commercial proposition meeting the customers' needs is reflected in sustained ***solid subscribers' growth in the key areas****, despite continuous competitive pressures. As a result of our customer care initiatives contract base churn remained low, while performance in* ***prepaid segment significantly improved*** *in the past quarter delivering positive net additions. Our* ***enhanced VDSL proposition*** *attracted more customers, which helps us to better manage fixed broadband ARPU and sustain low churn. In addition, we see positive impact of our* ***recently introduced smart mobile tariffs****, which include internet in handset service in every package, and our proposition guaranteeing best price for most selling smartphones, in growing smartphone penetration as well as increasing number of customers with mobile internet service. In* ***Slovakia****, we delivered another* ***strong set of commercial and financial results***", says David Melcon, the Chief Financial Officer and the First Vice-Chairman of the Board of Directors of Telefónica Czech Republic when commenting on the operator's financial results. *"Our* ***revenue performance*** *in this quarter was* ***broadly in line with*** *that reported in* ***the first half****. Mobile revenues reported modest deterioration on the back of worse residential spend patterns, while revenues decline in fixed business decelerated fuelled by increasing contribution of ICT services.* ***OIBDA margin*** *reached* ***solid 41.9%****, higher than in previous two quarters, driven by permanent focus on operational transformation and growing profitability in Slovakia*", he adds.

[2] Business Revenues: improving trends compared to 2011 (2011 base: -5.7% year-on-year), OIBDA margin: limited margin erosion year-on-year (2011 base: 43.7%), CapEx: up to CZK 6.2 billion (excluding business acquisitions).

<u>Consolidated Financial Statements</u>

Consolidated **business revenues** went down by 3.1% year-on-year to CZK 37,751 million in 9M 2012, while in Q3 the decline rate was at -3.8% reporting total business revenues of CZK 12,586 million in the quarter, largely due to year-on-year lower mobile revenues. Fixed business revenues in the Czech Republic declined by 6.0% year-on-year reaching CZK 15,826 million in 9M 2012, while in Q3 they amounted to CZK 5,242 million resulting in decelerating decline rate to -5.3% year-on-year due to higher ICT contribution.

Mobile revenues in the Czech Republic reported a 5.2% year-on-year decline to CZK 18,531 million in 9M 2012, while in Q3 they went down by 6.6% year-on-year reaching CZK 6,186 million, largely on the back of lower equipment sales. At the same time, the Company reported continuous solid mobile data revenues growth and recorded continuous deceleration in spend dilution of its Corporate and SMB customers, despite prevailing competitive pressure, helped by successful O_2 Exclusive proposition, while mobile residential spend slightly worsened. Excluding the impact of MTR cuts, the decline rate would have been -5.9% year-on-year in the quarter.

At the same time, revenues in Slovakia continued with solid growth and recorded a 25.0% year-on-year increase reaching EUR 141.5 million in 9M 2012 with a 21.6% year-on-year growth to EUR 48.8 million in Q3 (+33.7% and +29.6% year-on-year in 9M and Q3 2012, excluding MTR impact).

In Q3 2012, the Company has continued in its effort to deliver efficiencies in all areas of its operations. Total consolidated **operating costs** remained broadly flat (+0.4% year-on-year) in 9M (CZK 23,690 million) and Q3 2012 (CZK 7,765 million) respectively, despite customer base growth and expansion of business activities. Personnel expenses (excluding restructuring costs) declined by 7.4% year-on-year in 9M 2012, while in Q3 they went down by 3.3% as vast majority of the headcount reduction in 2012 happened already in H1 (514 employees optimization in H1 vs. 62 in Q3), while in the previous year, the Company executed its headcount optimization program largely in H2 (439 employees reduction vs. 192 in H1). As a result, the Group's headcount was reduced by 12.1% year-on-year to 6,314 at the end of September 2012. Marketing expenses were broadly flat year-on-year in 9M 2012, while in Q3, they increased over 20% year-on-year, due to different phasing of marketing campaigns compared to the same period in 2011.

Guided Operating income before depreciation and amortization (OIBDA)[3] reached CZK 5,275 million in Q3 2012, the highest figure in 2012 (CZK 5,049 million in Q1 and CZK 5,146 million in Q2), while in 9M it amounted to CZK 15,470 million. This represents an 11.7% and 7.9% year-on-year declines in Q3 and 9M 2012 respectively. At the same time **guided OIBDA margin** reached 41.9% in Q3, up from 40.5% in Q1 and Q2, while in 9M 2012, it was at 41.0%. This represents a 2.1 percentage points year-on-year decline in 9M 2012 and 3.6 percentage points decline in Q3, largely due to different phasing of some OpEx items and higher marketing activities as already described. **Reported OIBDA** reached CZK 5,008 million in Q3 and CZK 14,690 million in 9M 2012.

[3] In terms of the 2012 guidance calculation, OIBDA excludes brand fees and management fees (CZK 834 million in 9M 2011 and CZK 780 million 9M 2012), 2012 guidance excludes changes in consolidation, includes potential capital gains from sales of non-core asset, assuming constant FX rates of 2011.

Depreciation and amortization charges went down by 2.5% year-on-year in 9M 2012 (-3.8% in Q3). Consolidated **net income** amounted to CZK 5,019 million and CZK 1,764 million in 9M and Q3 2012, down by 13.7% year-on-year in 9M 2012. This has been driven largely by the decline in OIBDA, which was not fully offset by lower D&A, net financial and income tax expenses.

Consolidated **CapEx** (excluding business acquisitions) reached CZK 3,965 million in 9M 2012, up by 7.5% year-on-year (+39.5% to CZK 1,792 million in Q3). The Company continued to direct investments into further capacity expansion and improvement of the quality of its mobile broadband network, including backhaul. In addition, CapEx was spent on further expansion of 3G network coverage, including coverage of currently unserved areas on the basis of the network sharing contract with T-Mobile. At the end of September 2012, the Company's **3G** network covered close to 78% of the population. Additionally, the Company focused its investments into upgrading its fixed broadband networks. This allowed it to increase the maximum **speed** for its **VDSL** proposition **up to 40 Mbps** since the beginning of September. This represents another step in strengthening of its position in the highly competitive fixed broadband market in the Czech Republic and customer experience enhancement. In Slovakia, CapEx was largely spent on additional 3G network expansion. At the end of September, Telefónica Slovakia covered already 52.1% of the population with its 3G coverage.

Cash from operating activities declined by 19.9% year-on-year in 9M 2012 (but only -9.7% in Q3), due to a decrease in OIBDA and different phasing in working capital cash movements in H1. Cash used in investing activities increased by 6.7%. This is a result of higher proceeds on disposal of fixed assets (driven by proceeds on disposal of 80% of shares of its subsidiary Informační linky, a.s. in Q1 2012), which not fully compensated a modest increase in payments for CapEx. Thus, group **free cash flows** decreased by 31.7% year-on-year reaching CZK 6,998 million in 9M 2012. In addition, cash used in investing activities in Q3 showed an impact of the obligatory temporary warranty (CZK 250 million) paid by the Company in connection with its participation in Spectrum Auction scheduled for this year.

The consolidated **financial debt** amounted to CZK 2,966 million at 30 September 2012, broadly in line with the end of 2011. At the same time, **cash and cash equivalents** reached CZK 12,459 million as the Company continued to accumulate cash for a dividend payment (CZK 27 per share) which commenced on 10 October and for payment of the amount corresponding to the share capital reduction (CZK 13 per share), which will commence on 14 December.

CZ Mobile Business Overview[4]

In Q3 2012, the mobile business continued to report solid commercial momentum in all areas. In respect of spend patterns, spend dilution in SMB and Corporate segments continued to decelerate despite tough competition, helped by value management initiatives and the O_2 Exclusive proposition, while residential spend patterns marginally worsened impacted largely by competitive price pressures and customers savings. In the commercial area, the Company maintained solid subscribers' growth in the contract segment and significantly improved performance in prepaid area. In the mobile internet area, the Company continued in its support of

[4] Figures are shown net of inter-segment charges between fixed and mobile businesses

smartphone sales via best price guarantee proposition for bestselling smartphones. As a result, smartphone sales represented already close to 72% of total handset sales in Q3 2012 and smartphone penetration grew further reaching 25% at the end of September 2012, up by 1.8 percentage points quarter-on-quarter.

The total **mobile customer base** reached 5,024 thousand at the end of September 2012, a 2.9% year-on-year increase. This performance has been driven by sustained **contract customers** growth, whose number went up by 4.8% year-on-year reaching 3,140 thousand with 26.9 thousand net additions during the quarter. This growth continued to be supported by customers migrating from the prepaid to the contract segment, strong customers' increase in Corporate and SMB segments, increasing smartphone penetration and a low churn. At the end of September 2012, contract customers accounted for 62.5% of the base, up 1.2 percentage point year-on-year. The number of **prepaid customers** reached 1,884 thousand at the end of September 2012, down only by 0.2% year-on-year, with a strong positive net additions of 29.7 thousand in Q3, compared to net losses of 7.2 and 31.1 thousand in Q2 and Q1 respectively, largely due to lower churn and lower number of migrations to contract services as a result of successful propositions and activities focused on improvement of customers' care leading to higher satisfaction.

The blended monthly average **churn rate** reached 1.64% in Q3 2012, down by 0.3 percentage point year-on-year as well as compared to Q2. This is a result of continuous low contract churn, which reached 0.99% in Q3 2012 and significant improvement in prepaid churn, which declined by 0.6 percentage points year-on-year (-0.5 percentage points quarter-on-quarter) reaching 2.72% in Q3 2012 due to above mentioned Company's effort at enhancement of commercial proposition and customer care.

In terms of usage, total **mobile traffic**[5] carried by customers in the Czech Republic reached 7,081 million minutes in 9M 2012, up by 6.6% year-on-year, supported by successful propositions for both contract and prepaid customers.

In 9M 2012, mobile **blended ARPU**[6] was CZK 395.8, down by 7.0% year-on-year, while in Q3 it went down 6.9% year-on-year, reaching CZK 394.5. ARPU continued to be impacted by MTR cuts and competition. Excluding the impact of MTR cuts, total ARPU would have declined by 5.4% year-on-year in 9M 2012 and by 6.3% year-on-year in Q3. Continuous voice ARPU dilution driven by persisting competitive pressures and lower residential spend evolution were the key drivers for the majority of the decline. **Contract ARPU** reached CZK 528.5 in 9M 2012, down by 9.3% year-on-year and CZK 524.7 in Q3, down 8.7% year-on-year (-7.8% year-on-year and -8.0% year-on-year in 9M and Q3 2012 excluding the impact from MTR cuts). **Prepaid ARPU** decreased by 5.6% year-on-year and 6.1% year-on-year in 9M and Q3 2012 reaching CZK 176.3 and CZK 177.0 respectively. **Data ARPU** declined by 3.9% year-on-year reaching CZK 112.0 in 9M 2012 (-6.3% year-on-year to CZK 112.4 in Q3) largely due to mobile internet and SMS/MMS bundling in monthly fees. However pure data ARPU[7] continued to maintain a solid growth reporting a 6.1% year-on-year improvement in Q3.

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[5] Inbound and outbound, including roaming abroad, excluding inbound roaming
[6] Including inter segment revenues
[7] Big screens, small screens, M2M, time/usage based, push email, data roaming

Total **mobile business revenues** in the Czech Republic declined by 5.2% year-on-year to CZK 18,531 million in 9M 2012, with a 6.6% decline to CZK 6,186 million in Q3. At the same time, mobile service revenues went down by 4.8% year-on-year in 9M and Q3 2012 respectively, broadly in line with Q2 performance. Already mentioned competitive pressures leading to lower spend in SMB and corporate segments, worse spend patterns in residential segment and MTR cuts continued to be the key drivers for the decline. Excluding the impact of mobile termination rate cuts, mobile service revenues would decline by 4.1% year-on-year in Q3 2012. Despite continued growth in the contract customer base, revenues from monthly fees increased slightly by 0.3%, reaching CZK 6,080 million in 9M 2012. Traffic revenues decreased by 11.0% year-on-year in 9M 2012 to CZK 4,711 million, while in Q3 the year-on-year decline it slightly decelerated to -9.5%. Interconnection revenues went down by 13.4% year-on-year in 9M 2012, largely impacted by MTR cuts not fully compensated by higher incoming traffic. However, in Q3 they went down only by 3.9% year-on-year as the MTR cut happened only in mid-September. Other revenues (including SMS & MMS, data and other business revenues) reached in total CZK 5,285 million and CZK 1,774 million in 9M and Q3 2012, representing 1.4% and 3.7% year-on-year decrease with more SMS/MMS bundling putting pressure on them. At the same time, revenues from mobile internet remain the key growth driver of non-SMS data revenues (+8.8% year-on-year in Q3).

CZ Fixed Business Overview[8]

In Q3 2012, the Company successfully continued addressing the demand for fixed broadband services via its enhanced VDSL proposition, which led to solid commercial performance of the broadband customer base and maintained same fixed access losses seen in Q2. At the same time, revenues showed improved year-on-year dynamics compared to Q1 and Q2 helped by higher ICT revenue contribution. Continuous migration of existing ADSL customers to the VDSL service helped the Company to decelerate fixed broadband ARPU dilution and improve churn, which is relevant in a highly competitive and slowing fixed broadband market environment.

The total number of **fixed accesses** declined by 5.2% year-on-year reaching 1,519 thousand at the end of September 2012, with 63.3 thousand net losses during 9M 2012. This represents a 6.0% reduction compared to 9M 2011 and is largely a result of solid 23.3% year-on-year growth of naked accesses and continuous growth of Voice-over-IP lines.

The number of **xDSL accesses** reached 902 thousand at the end of September 2012, up by 5.6% year-on-year. In respect of VDSL, 238 thousand customers have already subscribed for the upgraded service, which represents 30% of the total xDSL residential base and 62% of the total addressable existing base (~ 50% of households). In Q3 2012, the number of VDSL customers grew by 31 thousand. The total number of **O2 TV customers** reached 140 thousand at the end of Q3 2012, +7.0% year-on-year, a relevant achievement in stagnant Pay TV market in the Czech Republic.

[8] Figures are shown net of inter-segment charges between fixed and mobile businesses

Voice traffic generated in the fixed network went down by 13.2% year-on-year in 9M 2012 to 990 million minutes, still impacted by fixed telephony line losses and the fixed to mobile substitution effect.

In 9M 2012, total **fixed business revenues** went down by 6.0% year-on-year reaching CZK 15,826 million, while the decline rate slowed down to -5.3% year-on-year in Q3 to CZK 5,242 million. Revenues from traditional accesses fell by 15.4% year-on-year reaching CZK 2,780 million in 9M 2012 due to continuing fixed telephony line losses, while revenues from traditional voice revenues went down by 6.7% year-on-year to CZK 4,763 million (-6.1% year-on-year in Q3), largely due to lower revenues from communication traffic (in line with lower voice traffic). Internet & broadband revenues were flat year-on-year reaching CZK 4,531 million in 9M 2012, as a result of xDSL customer growth, migration of higher value customers to VDSL and competitive ARPU pressures. IT services and business solutions revenues went up by 4.8% year-on-year reaching CZK 1,509 million in 9M 2012, while in Q3 the growth rate accelerated to 9.3% year-on-year. The Company successfully continued with penetration of standard and recurring ICT services for business customers (Managed Services/Cloud/Security/Virtual Desktop) to mitigate dependence on one-off projects, which shall help it to generate sustainable revenues.

Slovakia

Telefónica Slovakia delivered another strong set of commercial and financial results in Q3, which resulted in the further strengthening of its position in the Slovak mobile market. At the same time, its results continue to increase their contribution to the Group's financial performance. At the end of September 2012, the total **number of customers** reached 1,292 thousand, posting 19.8% year-on-year growth. In Q3 2012, their number increased by 42.0 thousand driven largely by strong performance in the contract base supported by the successful launch of the new tariff O_2 Paušál targeting higher value customers. The number of **contract customers** grew by 37.4% year-on-year reaching 611 thousand at the end of September 2012 (+36.7 thousand in Q3, 6.7% more compared to Q3 2011), while the number of **prepaid customers** increased by 7.4% year-on-year ending up at 681 thousand. Consequently, the customer mix in Slovakia further improved and contract customers represented an already significant 47.3% of the total customer base, up by 6.1 percentage points year-on-year.

In terms of financial performance, the **total revenues** of Telefónica Slovakia in local currency increased by 25.0% year-on-year reaching EUR 141.5 million in 9M 2012 (+21.6% year-on-year in Q3). Excluding the impact of MTR cuts, the growth rates would be 33.7% and 29.6% in 9M and Q3 2012 respectively, fuelled by customer growth, improving customer mix and the company's focus on acquiring higher value customers. Thus revenues in Slovakia represented nearly 10% of total Group revenues in 9M 2012. At the same time, in 9M 2012, OIBDA for Telefónica Slovakia went up by 65.4% year-on-year with a 3.9% quarter-on-quarter growth in Q3, thus helping to support the Group's profitability. In Q3 2012, **contract ARPU** reached EUR 16.1, while **prepaid ARPU** was at EUR 8.0.

Other relevant facts

Acquisition of the business parts of Global Care group

On 3rd September 2012, Telefónica Czech Republic announced that via its subsidiary Bonerix Czech Republic s.r.o., it had signed the agreement related to the acquisition of five parts of enterprises of Global Care Group (Global Care, s.r.o., TMT Czech, a.s., Hermod, a.s., Česká servisní a správní, a.s., LAKENSIS, a.s.). The transaction is valued over CZK 300 million.

Thus, Telefónica Czech Republic will be able to provide a relevant customer care also to other corporate customers within the employee programs. This will widen number of services proposition, which they will be able to order within their programs. For some 70 thousand customers, who were served by the companies in Global Care Group provisioning of telecommunication services, conditions of these contracts remain unchanged.

Legal action by České Radiokomunikace for compensation of damage

On 14th September 2012, Telefónica Czech Republic received a legal action for a compensation of damage, in which the company České Radiokomunikace, a.s. demands a compensation of the damage of CZK 3,107,900,211 for an alleged break of Section 11, par 1 of the Act on the protection of competition consisting in alleged abuse of dominant position in the form of margin squeeze.

Contract for 4-year term loan facility worth CZK 3 billion

On 27th September 2012, Telefónica Czech Republic it signed the CZK 3 billion credit facility jointly arranged by UniCredit Bank Czech Republic, a.s., (also acting as an agent), Česká spořitelna, a.s., Komerční banka, a.s., Citibank Europe plc and Československá obchodní banka, a. s.

The company will use the 4-year term loan facility for refinancing of the debt due in 2012 and for general corporate purposes. The loan facility is priced at 3M PRIBOR plus margin 1.75%, currently representing significant saving in financial costs compared to the previous debt facility (due in 2012). At the same time, the refinancing enables the company to maintain its flexibility in managing the business in agile way.

Registration of the registered capital reduction in the Commercial Register and payment to shareholders

In accordance with the rules approved in the company's General Meeting resolution from 19th April 2012 on reduction of the registered capital the Board of Directors of Telefónica Czech Republic notified on 19th October 2012, that on 17th October 2012, a resolution of the Municipal Court in Prague had took legal effect on the basis of which the reduction of the company's registered capital pursuant to the General Meeting resolution shall be registered in the Commercial Register on 14th November 2012.

In accordance with the General Meeting resolution, the date decisive for determining persons entitled to payment of the amount corresponding to the reduction of nominal values of company's shares shall be 14 November 2012.

In accordance with the General Meeting resolution, the company's Board of Directors also notified the following details for the purposes of payment of the aforementioned amount:

a) The amount to be paid: CZK 13 per share (before tax) per share with the nominal value of CZK 100 and CZK 130 per share (before tax) to each share with the nominal value of CZK 1,000.
b) The respective amount will be paid to persons who will be identified as company's shareholders according to the state in the excerpt from the statutory register as of the date of registration of the reduction of the company's registered capital in the Commercial Register (i.e. as of 14th November 2012), which excerpt is to be ensured by the Company (unless it is proven that the record in the register fails to comply with reality).
c) The payments shall commence starting on 14 December 2012.
d) The payment (including the calculation of the tax securement to be deducted in case of certain Czech tax non-resident shareholders) will be effected by Česká spořitelna, a.s., Company Registration No. 45244782, based at Olbrachtova 1929/62, 140 00 Praha 4.

The full wording of the notification on registration of the registered capital reduction in the Commercial Register and of payment to shareholders can be downloaded on company' web page http://www.telefonica.cz/en/shares/295628-snizeni_zakladniho_kapitalu_spolecnosti.html.

Attachment:

The consolidated balance sheet and income statement of Telefónica Czech Republic prepared in accordance with International Financial Reporting Standards (all figures in CZK million).

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About Telefónica Czech Republic

Telefónica Czech Republic is a major integrated operator in the Czech Republic. It is now operating almost eight million lines, both fixed and mobile, making it one of the world's leading providers of fully converged services. The organization offers the most comprehensive portfolio of voice and data services in this country. It is paying special attention to the exploitation of the growth potential, particularly in the data and Internet sector. Telefónica Czech Republic operates the largest fixed and mobile network including a 3rd generation network, CDMA (for data), and UMTS, enabling voice, data and video transmission. Telefónica Czech Republic is also a notable provider of ICT services.

About Telefónica

Telefónica is one of the largest telecommunications companies in the world in terms of market capitalisation and number of customers. From this outstanding position in the industry, and with its mobile, fixed and broadband businesses as the key drivers of its growth, Telefonica has focused its strategy on becoming a leading company in the digital world. The company has a significant presence in 25 countries and a customer base that amounts more than 300 million accesses around the world. Telefonica has a strong presence in Spain, Europe and Latin America, where the company focuses an important part of its growth strategy. Telefonica is a 100% listed company, with more than 1.5 million direct shareholders.

INCOME STATEMENT	Jan – Sep 2012	Jan – Sep2011
Business revenues	37,751	38,977
Other recurring revenues	73	61
Revenues	**37,824**	**39,038**
Internal expenses capitalized in fixed assets	470	460
Operating expenses	(23,690)	(23,602)
Other operating income/(expenses)	(165)	(145)
Gain on sale of fixed assets	270	205
Impairment reversal/(loss)	(19)	(7)
OIBDA	**14,690**	**15,949**
Depreciation and amortization	(8,488)	(8,702)
Operating Income	**6,202**	**7,247**
Net financial income (expense)	(123)	(62)
Income before tax	**6,079**	**7,185**
Income tax	(1,060)	(1,369)
Net Income	**5,019**	**5,816**

BALANCE SHEET	30.09.2012	31.12.2011
Non-current assets	**68,382**	**73,100**
- Intangible assets	6,712	7,205
- Goodwill	13,490	13,453
- Property, plant and equipment and investment property	47,457	51,525
- Long-term financial assets and other non-current assets	120	171
- Deferred tax assets	603	746
Current assets	**20,972**	**15,881**
- Inventories	461	488
- Trade and other receivables	8,042	8,166
- Current tax receivable	-	165
- Short-term financial investments	10	106
- Cash and cash equivalents	12,459	6,956
Non-current assets classified as held for sale	**-**	**1**
Total assets	**89,354**	**88,982**
Equity	**63,813**	**69,097**
Non-current Liabilities	**3,349**	**3,870**
- Long-term financial debt	-	-
- Deferred tax liabilities	3,251	3,737
- Long/Term Provisions	24	26
- Other long/term liabilities	74	107
Current Liabilities	**22,192**	**16,015**
- Short-term financial debt	2,966	3,061
- Trade and Other payables	8,535	10,495
- Current income tax payable	32	5
- Short-term provisions and other liabilities	10,659	2,454
Liabilities assoc. with non-current assets classified as held for sale	**-**	**-**
Total Equity and Liabilities	**89,354**	**88,982**