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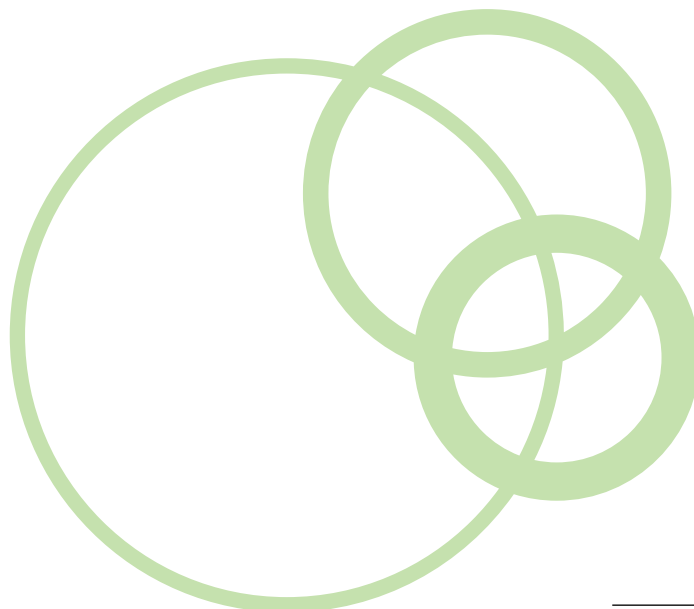
# ANNUAL REPORT

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# 2009



**simobil**  
Povej nekaj lepega



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# 589,427 USERS

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Although 2009 was above all impacted by critical developments in the economic, welfare and social areas, Si.mobil's sales revenues were up by 3.1 % compared to the year before, owing to the rise in the number of users and also a better user structure. At the end of the year we had 589,427 users, which is 3.3 % more than the year before. Despite lower revenues from network interconnection and a further drop in prices of international roaming, Si.mobil ended the year with a profit of €29.06 million.

Si.mobil drafted a long-term strategy, which includes the goals of becoming Slovenia's leading company in the field of introducing and developing green operations and green offer, and becoming known among Slovenians for its care for clean waters in the coming years. In 2009, Si.mobil strove to achieve this goal, so we extended our offer with environment-friendly products. With its determined efforts in environment protection, Si.mobil met the highest standards and was awarded the ISO 14001 environmental certificate.

## WE SHAPE OUR COMMON FUTURE TOGETHER WITH USERS

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In the past years, Si.mobil expanded and upgraded its Re.think philosophy, which surpassed the boundaries of environmental responsibility and today stands for Si.mobil's comprehensive philosophy of social responsibility.

The Re.think philosophy stands for active participation and encourages users to treat the environment they live in responsibly. It includes the awareness that every individual and every gesture counts.

# MANAGEMENT BOARD ADDRESS

The end of the first decade of the new millennium was marked by extreme events at the levels of economy, society, and company.

2009 was a different year. On the one hand, it kept presenting us with achievements, but on the other hand, in many areas, it seemed like time had stopped. Even though at the beginning of 2009 we thought that we could somehow avoid the global economic crisis, it turned out that it was going to affect all elements of the economy, whether directly or indirectly. Everybody felt the effects of the situation, but Si.mobil took a unique approach to softening those effects. Over the years, Si.mobil has been strengthening its relationship with its colleagues and users on the basis of trust and responsible operations. This approach proved fruitful in 2009, when we had to steer with much more intensity. Three principles helped us to stay on course: growth, sensible cost policy and commercial efficiency. In a year when values were crumbling wherever one looked, Si.mobil managed to further strengthen its own values.

We faced many challenges, such as the heightened sensitivity of our users, who had been reacting extremely rationally to prices and following their conscience previous to this new situation. There were also the intensified conditions of competition and the regulation of the Slovenian and European electronic communications markets. Furthermore, we encountered the indisputable fact that growth inevitably stops at a certain point. Every moment and every decision we made became even more important. And our decision to put our people and the user before everything else proved to be well thought-out. The idea that people make a difference is something that we, at Si.mobil, sincerely believe in and live out.

In 2009 we registered a 9.6% decline in operating income from the excellent 2008 business year. However, income from sales of services increased by 3.1% from 2008, which is the result of growth and improvement of our user base structure.

Lower income was also visible in earnings before interest, taxes, depreciation, and amortization (EBITDA), which was 47.09

million euros at the end of the year. That is a 23.4% decrease from the previous business year. Si.mobil ended the year with positive earnings before interest and tax (EBIT), which amounted to 29.05 million euros. The company made a total profit of 29.06 million euros.

We presented the market with packages that included free services, as well as price plans with no subscription fee and total cost control. We made important progress by ensuring quality and, above all, we improved our approach to people and users. In the year and a half since the update of our corporate image, we managed to strengthen our users' trust and improve our reputation among the general Slovenian public, mainly through constant communication and by addressing the public through the values and personality of our brand. Even though the Slovenian market of electronic communications is saturated, with penetration exceeding 100 percent (approximately 102.9%), we managed to achieve 3.3% growth of our user base and had a total of 589,427 users at the end of 2009.

2009 showed the world in quite a cruel way that short-term solutions are built on unstable grounds and how important it is to have a long-term vision. We will also remember 2009 as the year in which we learned to further strengthen our principles as well as more intensely live and internalize our values. In 2009, the Re.misli philosophy exceeded the framework of an environmental project and used action and ideas to organically transform itself into a comprehensive philosophy of social responsibility. Re.misli included our care for our colleagues and our users, especially the most sensitive groups, such as children and teenagers, as well as our care for the natural and social environment. Our endeavors to lower our carbon footprint were also fruitful, as we received the ISO 14001 environmental certificate. In keeping with our long-term environmental strategy, on the basis of which we want our name to become synonymous with healthy and clean waters in Slovenia, we established a non-profit organization, the Si.voda Fund. We are proud that our Re.misli philosophy has grown to become a movement, whose guiding principle is that every deed counts.



## introduction

Si.mobil will keep focusing on the people, their employees and their users, and building relationships based on sincerity, transparency, and trust. We will work toward satisfying our users' needs and wishes and providing them with an excellent user experience. We will operate economically and responsibly, while continuing to make the best of mobilkom austria group synergies and the Vodafone partnership.

We stepped into the new business year wiser, more experienced, and with considerable expectations. Above all, we expect a lot from ourselves. The year will not be simple the market will be tough, and the entire economy will be getting back on its feet. Maybe this is where Si.mobil's opportunity lies. The company has always stood out because of its flexibility, inventiveness, uniqueness, and its culture. We

are aware that we need to look beyond the horizon of short-term solutions and implement the long-term vision we undertook when we promised our people and the market that we would always remain responsible and reliable.



**DEJAN TURK,**  
Chairman of the  
Management Board



**MILAN ZALETEL,**  
Member of the  
Management Board



# SUPERVISORY BOARD ADDRESS



**A** challenging economic environment and strong competition resulted in a decrease in the Slovenian operator's financial figures. Nonetheless, Si.mobil's focus on the customer coupled with its great brand management led to steady growth of the customer base and a good market position. Si.mobil's Management Board managed to run prosperous operations, lower operational costs, and maintain a lean organization.

Si.mobil managed to improve quality indicators through smart optimizations and upgrades of practically all the vital systems. This quality now assures an excellent customer experience and Si.mobil's long-term performance.

The forthcoming years will force us all to be flexible, lean, organized, and able to quickly provide excellent customer experiences to

market. The primary challenge of the mobile industry is to deliver solutions for whatever customers' needs and desires may be. This is the pattern for success and the way to become the first and only choice.

Si.mobil has been well prepared to succeed, and has the full support of its owners.

A handwritten signature in black ink, appearing to read 'Tschuden', with a long horizontal line extending to the right.

**HANS TSCHUDEN,**  
Chairman of the  
Supervisory Board

# MANAGEMENT



## Dejan Turk

Chairman of the Management Board

Dejan Turk joined Si.mobil in August 2004 as the Director of Marketing and Sales. Two years later, he became the management board member responsible for market, and in spring 2007 he was appointed Chairman of the Management Board. Under his leadership, Si.mobil has further increased its remarkable growth, and in January 2008 the company exceeded the magical frontier of half a million users. The company was awarded the Family Friendly Enterprise and Reputable Employer certificates as well as several recognitions in the area of communication. Moreover, Dejan Turk became the 2009 Manager of the Year.

After graduating in the field of marketing and finance from the Vienna University of Economics and Business Administration, Dejan Turk started working for McDonald's Slovenia. In 1998, he was appointed the company's CEO, and a year later, he was appointed the CEO of the entire chain of McDonald's restaurants in Slovenia and Croatia. He was later employed at Metropolis Media, where he was Managing Director before joining Si.mobil.

## Milan Zaletel

Management Board Member for Finance

He joined Si.mobil in September 2003, taking over the financial sector as the Finance Director. He was a member of the team responsible for crafting and introducing strategic changes in the company. Between November 2004 and August 2006, he was the company's procurator. In August 2006, he became the Management Board Member for Finance, and between May 2008 and February 2010, he was also responsible for technology. Before joining Si.mobil, he was the head of the controlling and finance department at Elan, d. d.





# SECTOR DIRECTORS



## Peter Curk

Marketing Director

Peter Curk joined Si.mobil in 2001 as Assistant to the Marketing Director. Later on he moved to CRM and product management where he designed Si.mobil's customer relations program and lead various pricing and product development projects. Since 2007 he has been heading the Marketing sector in charge of product and brand management, CRM, market intelligence and marketing communications.



## Tamara Valenčič

Corporate Communications and  
Human Resources Director

Tamara Valenčič heads the Office for Corporate Communications and Human Resources. Her path began at the Government Communication Office's Foreign Media Relations Department, after which she moved over to the public relations office of the Chamber of Commerce and Industry of Slovenia. After that she took the position of public relations consulting at SCT. At Si.mobil, besides heading two strategic services, she is also in charge of social responsibility and the management of the corporate reputation of the company.

## Barbara Gorše

Customer Sector Director

Since 2008 Barbara Gorše has led the call and support center as well as the internal support office. She took part in launching the key services of the Customer Sector, and since Si.mobil's entry into the Slovenian market in 1999, she has been the head of the Call Center. Before joining Si.mobil, she managed the development of what was at the time the most cutting edge call center at Mladinska knjiga Založba.





# SECTOR DIRECTORS



## Andrej Špik

Regulatory and Wholesale Director

Andrej Špik has been heading the Regulatory and Wholesale Sector since 2007. He has years of experience in ICT, wholesale and regulation of electronic communications.



## Gregor Banič

Sales Director

From 2007, Gregor Banič headed Direct and Indirect Sales, Business Sales and Sales Support. He started his career as a market analyst and stock broker and as a management consultant for the area of sales. Before coming to Si.mobil, he worked as a management consultant at SRC.SI.

## Rok Založnik

Technical Services Director

Since 2007, Rok Založnik has been heading the IT department and the office for platforms for services with added value. He has many years of experience in the areas of technology, development, project management, and management. Before joining Si.mobil he was the IT Department director at the bank Sparkasse, d.d..



# SECTOR DIRECTORS



## Boštjan Škufca Zaveršek

### Financial Director

Boštjan Škufca Zaveršek joined Si.mobil in 1999. He created Si.mobil's project controlling and the internal auditing service. Between 2004 and 2008, he headed the Fraud, Billing, and Collection Department and later took over the helm of the Financial Sector. Under his leadership, Si.mobil successfully carried out projects based on e-operations, including e-billing and the Si.asistent (Si.assistant) service.



## Tomi Mlinar

### Network and Quality of Service Director

Since 2008 Tomi Mlinar has been the head of the Department for Access and Core Networks and the Service Quality Assurance Department. Before joining Si.mobil, he was a deputy director at the Institute for Telecommunications and headed the institute's Laboratory of Electromagnetic Radiation. He is the co-author and editor of the book Electromagnetic Radiation, the author of several scientific articles, and the program manager for the Radio Communications seminar.



# KEY BUSINESS INDICATORS

	(Mio €)	
Statement of Income	2009	2008
Total operating revenues	178.60	197.65
Earnings, EBITDA	47.09	61.47
EBIT	29.05	43.67
Net financial results	0.01	-1.55
Net Profit	29.06	42.12

**29.06 mio EUR** NET PROFIT

- Compared to 2008, total operating revenue in 2009 dropped by 9.6% to €178.6 million. The drop was the result of a decrease in revenue from network interconnection and a further drop in international roaming prices caused by EU regulations. Net profit amounted to €29.06 million.

	(Mio €)	
Balance Sheet	2009	2008
Assets	157.32	209.94
Tangible fixed assets	71.12	71.77
Current assets	40.89	85.43
Loans and liabilities	34.19	110.46
Equity	112.90	90.10

**47.09 mio EUR** EBITDA

- At the end of the year Si.mobil had 589,427 users, which is a 3.3% increase compared to the year before. Our earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €47.09 million, which is a €23.4 million drop compared 2008.

Selected indicators	2009	2008
EBITDA/Total operating revenues (%)	26.40	31.10
Investments in fixed assets (Mio €)	13.96	20.62
Average number of employees	355	344
Number of employees at the end of the year	348	353
Number of users at the end of the year	589,427	570,561
Number of contract customers	408,055	375,302

**589,427** USERS

# IMPORTANT EVENTS AND AWARDS IN 2009

## JANUARY

### 14.1% MORE USERS

- We received the golden 2008 EFFIE award for the "Vsi smo malo ORTO" ("We're all a little bit ORTO") campaign.
- We symbolically handed over a €1,000 check to UNICEF in Second Life.
- We recorded 570,600 users at the end of 2008.

## FEBRUARY

### ENVIRONMENT FRIENDLY

- We added the environmentally-friendly Samsung SGH-E220 ECO phone to our Re.think offer, which also includes solar and energy-efficient chargers.
- We introduced the Option 201 and several free-of-charge services for ORTO packages.

## MARCH

### 10<sup>th</sup> ANNIVERSARY

- We celebrated our 10<sup>th</sup> anniversary. We first offered our services to Slovenian users on 25 March 1999.
- We signed an agreement with the Ljubljana Faculty of Economics on putting the Re.think philosophy into action outside Si.mobil.
- We were one of the finalist in the running for the Zlata Nit (Golden Thread) award in the category of large companies, and we received a special acknowledgment for the most innovative and socially-responsible attitude towards the employees and wider environment.
- Chairman of the Management Board Dejan Turk received the 2009 Excel Merit Award for excellence in communication.
- We presented the Minusiraj service to our users.
- We received the title Advertiser of the Year at the 2009 Slovenian Advertising Festival.

## APRIL

### ORTO DANCE

- In our ORTO DANCE audition, we searched for five best ORTO dancers, with whom we created the ORTO DANCE. The five best ORTO dancers appeared in the autumn TV advertisement for ORTO.

## MAY

### SI.VODA FUND

- We received an environmental certificate, since we have an established and properly maintained system of management, fulfilling the criteria of the ISO 14001 standard.
- Acting in line with our Re.think philosophy, we renovated Si.mobil's flagship sales center at the Ljubljana BTC into a modern, environmental and user-friendly store.
- We rewarded all new subscribers of ZAME packages with a €50 discount if they did not buy a new phone and signed a contract binding them to remain subscribers for a certain period of time.
- We established the Si.voda Fund, whose mission is to preserve clean and healthy waters in Slovenia. We gave our users a chance to do something good with small deeds by enabling:
  - SMS donations Si.mobil's users can donate €1 to the fund by sending a text message with key word "SIVODA" to 1919.
  - The Re.think option Si.mobil subscribers can activate the Re.think Option and donate €1 to the Si.voda Fund every month.

## JUNE

### MONETA SERVICE

- We introduced the Moneta mobile payment system to our users.
- We upgraded the roaming offer with a new SVET (WORLD) rate and the Tujina (Abroad) options.
- The International Association of Business Communicators awarded the Re.misli project with the Gold Quill Award of Excellence and a Special Business Issues Award.

## AUGUST

### 6<sup>th</sup> PARTY WITH A CAUSE

- We offered a new Mobilni internet option and introduced changes to the existing Mobilni internet options.
- We organized the sixth Žur z razlogom (Party with a Cause). The popular electronic music event with DJ Umek is aimed at the promotion of SMS donations among the young. At the event, we collected a record €30,146 through SMS donations and other contributions. This year we once again gave the collected funds to Društvo Beli obroč (White Circle Association) for young victims of crime.

- We combined the best characteristics of prepaid and subscription packages and named the new product SIMPL. Users of SIMPL packages can choose whether they will pay for the services via monthly bill or with HALO prepay cards.

## SEPTEMBER

### ORTO RESPONSIBLE PARENTS

- In accordance with the commitment in the codex on safer use of mobile phones, we crafted a guide to mobile communications for parents dubbed ORTO Responsible Parents, which warns parents about the dangers for children regarding mobile phone use.
- In Novo Mesto, we opened a contemporary, and environmentally-friendly Si.mobil center which reflects the Re.think philosophy.

## OCTOBER

### MANAGER OF THE YEAR

- Chairman of the Management Board Dejan Turk became the 2009 Manager of the Year.

## NOVEMBER

### ORTO MUZIQ

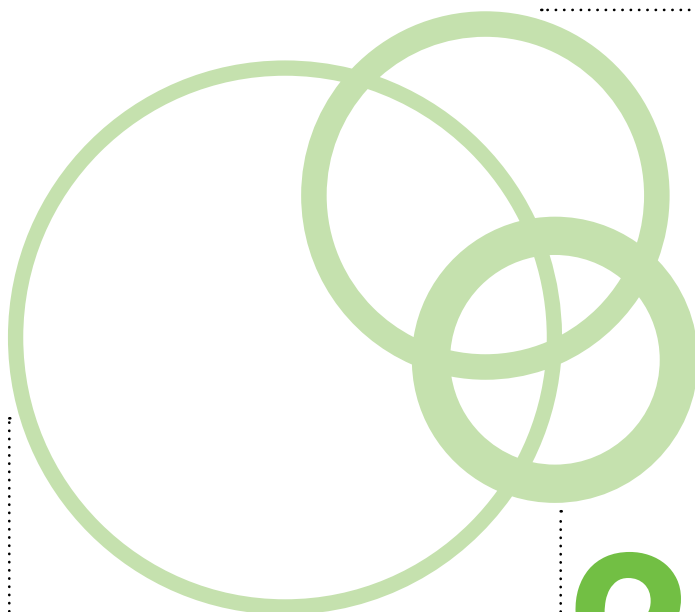
- We marked World Diabetes Day by launching a new mobile service – "Vem, kaj jem!" ("I know what I eat!") -, which provides control over the intake of carbohydrates via text messages.
- We offered a new package to the young – ORTO MUZIQ – and a completely refurbished www.orto.si website with a richer MUZIQ music portal.

## DECEMBER

### WHITE CIRCLE

- With the funds collected at the Party with a Cause and the support of the Ljubljana Municipality, the Beli obroč (White Circle) Association opened the first child-friendly interview room in Ljubljana, designed for interviewing children who were victims of crime.

# ABOUT SI.MOBIL



1

## COMPANY INFO

Name: Si.mobil telekomunikacijske storitve, d.d.  
Headquarters: Šmartinska 134 b, 1000 Ljubljana  
Phone: 080 40 40 40, Fax: 040 443 099  
E-mail for residential users: info@simobil.si  
E-mail for business users: info.poslovni@simobil.si  
Website: www.simobil.si

Main activity	61.200 – wireless telecommunications
Activity code	J61.200
Year of established	1998
VAT ID	SI 60595256
Registratin entry number	1196332
Base capital	SRG 1/29430/00 Ljubljana € 38,781,000

## OWNERSHIP

Si.mobil d.d., is 100% owned by mobilkom austria AG.

3

## SUPERVISORY BOARD

Hans Tschuden, Chairman  
Erich Gnad, Deputy Chairman  
Alfred Gattringer, Member  
Andreas Maierhofer, Member  
Walter Goldenits, Member

2

## MANAGEMENT

Dejan Turk, Chairman of the Management Board

Milan Zaletel, Management Board Member

## DIRECTORS

Barbara Gorše, Customer Sector Director

Tamara Valenčič, Corporate Communications and Human Resources Director

Peter Curk, Marketing Director

Rok Založnik, Technical Services Director

Tomi Mlinar, Network and Quality of Service Director

Andrej Špik, Regulatory and Wholesale Director

Boštjan Škufca Zaveršek, Financial Director

Gregor Banič, Sales Director

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# 30.146

**Si.mobil on the Market**

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## CAUSES FOR A PARTY



rain did not wash away the good intentions of the 6th Party with a Cause – Si.mobil and its ORTO users helped the Beli obroč Slovenije association set up the first Child-friendly interview room in Ljubljana. Each good deed of young people counts.





# ZAME PACKAGES

When designing the new ZAME packages that we launched in 2008, we built on Si.mobil's values: value for money professionalism and the belief that "customer is the king". The same values guided us in 2009 when we offered new features to our subscribers.

**All ZAME packages offer calls for €0/min with over half a million users.**

The family of ZAME call packages allows users to select an offer that meets their needs. This way users can choose between the following versions of packages:

- The **enaZAME** package is designed for all users who make a lot of on-net calls and want to have predictable costs.
- The **triZAME** package is intended for users who make a lot of calls and also

use other services, especially text messaging.

- The **petZAME** package is intended for users who want to make calls without a care and also use the phone for data transfer, while at the same time keeping track of the costs.
- The **SMART** package kept the main characteristic of SMART packages – paying only for calls actually made.

ZAME PACKAGES  
UPGRADED WITH  
THE BLACKBERRY  
SERVICE

**Zakaj bi se vezali?**  
Izberite pakete ZAME brez vezave, obdržite svoj telefon in PRIHRANITE 50 €

PAKETI ZAME BREZ VEZAVE  
**+50€**  
PRIHRANKA

www.simobil.si

**simobil**  
Povej nekaj lepega

Vse ima pod kontrolo.  
Pozna vse kraje sveta.  
Vedno te pripelje na cilj.

NE, NI PILOT LETALA,  
V KATEREM LETIŠ.  
Je pa BlackBerry.

BlackBerry®  
Curve™ 9300  
**100€**  
na paketu ZAME BlackBerry

**simobil**  
Povej nekaj lepega

- Ads for advantages of the ZAME packages.

**The features that we prepared for the users of these packages allow for cheaper calls and greater control over the costs:**

- we gave all new enaZAME subscribers a year free of a subscription fee, allowing them to communicate with more than a half a million users Si.mobil for €0/min, while not paying the monthly subscription fee for a year.
- New users of other ZAME packages meanwhile received a discount of €12 per month for a year.
- We also gave €50 to subscribers to the enaZAME, triZAME, and petZAME packages for purchases made with Moneta, which they could spend until 31 August at over 7,000 locations.

- In with the spirit of the Re.think philosophy, we called on all users of ZAME packages to behave responsibly towards the environment by extending the lives of their mobile phones. We awarded them with a €50 discount on monthly subscription fees.

## ZAME packages upgraded with the BlackBerry service

### Always in touch with your e-mail.

We designed a simple solution for everyone who uses their phones to access internet and, above all, e-mail in addition to making calls and text messaging. We added the BlackBerry service to the ZAME

packages with enough bundled data transfer in Slovenia for carefree monthly use. Users of the triZAME BlackBerry and petZAME BlackBerry packages:

- get the best rates for connecting with their family, friends and business partners,
- can communicate with anyone, in any place and at any time,
- can be constantly connected to the internet, online communities, the office or company all the time.
- can use different mobile applications (such as Facebook, Google Talk, Windows Live Messenger, Yahoo Messenger, BlackBerry Messenger, Twitter, Google Maps, Flickr, Picasa etc.).

# ORTO PACKAGES

Five years ago Si.mobil created ORTO packages for the young, and since August 2008 ORTO has been managed as a sub-brand associated with the interests of the young, following their desires and setting trends. In 2009, we upgraded the ORTO offer with a new package – ORTO MUZIQ – which offers young people unlimited access to the largest music collection in Slovenia, and allows them even an more affordable communication with monthly offers such as “Mi2 sva najboljši par” (2ofUs Are the Best Couple) and „ORTO 4EVER”.

## ORTO MUZIQ – a lot of music for little money

ORTO users can choose between three packages:

- the ORTO U NULO package,
- the ORTO BERI package and
- the ORTO MUZIQ package.

All packages are based on free on-net calls, free text and multimedia messaging to all Slovenian networks, and internet surfing. The packages' added value lies in services and applications that enable young people to communicate with friends or listen to music at any place and at any time.

We offered the users of ORTO packages the option to make cheaper calls to other networks with the 201 Option, while OR-

TO4EVER allows them to enjoy the benefits of the package even after turning 31. Everyone who subscribed to an ORTO package by 31 October 2009 and signed a 24 month contract when purchasing a phone or receiving a discount on voice minutes and services will be able to keep the selected ORTO package for an indefinite amount of time.

### The ORTO U NULO Package

The ORTO U NULO package is a subscription package for young people that offers the lowest subscription fee. It is designed for young people between 12 and 31 years of age who make a lot of on-net calls, as well as calls to other Slovenian networks, and also send a lot of text and multimedia messages and browse the internet on their mobile phones.

Si.mobil enabled those turning 31 to keep the lowest subscription fee for an indefinite time with the special ORTO4EVER offer.

Another advantage of the ORTO U NULO package is the possibility to upgrade it with the 201 Option, which gives users 201 minutes of calls to other mobile and stationary networks in Slovenia for an additional monthly fee of €5.

### The ORTO BERI Package

ORTO BERI is a subscription package for young people that offers total communication anytime and anywhere. The package combines all the advantages of the ORTO U NULO package and the BlackBerry® smartphone, and is designed for young people between 12 and 31 years of age. ORTO BERI offers free on-net calls, free text and multimedia messaging to all Slovenian networks, 100 MB of data

transfer, and the use of free-of-charge on-line applications (Google Talk, Facebook, BlackBerry® Messenger, Live Messenger, Yahoo Messenger etc.) for a monthly fee of € 19. This monthly subscription fee is then the only cost in order for young users to gain access to intensive use of the internet and instant messaging.

### The ORTO MUZIQ Package

The new subscription package ORTO MUZIQ is the first and the most unique music package in Slovenia; it brings the youth a completely new experience in communication and music and joins ORTO U NULO and ORTO BERI in the family of ORTO packages.

Intended for young people up to 31 years of age who make a lot of voice calls, browse the internet frequently, visit the Vodafone live! portal, and above all like listening to music – anywhere and any time. The special characteristic of the ORTO MUZIQ package is the MUZIQ UNLIMITED service, which provides users with access to over a million songs for their phones and/or computers.

The ORTO MUZIQ package joins the advantages of the ORTO U NULO package

with access to music. It includes:

- €0 for access to over 1,000,000 songs by international and Slovenian artists via phone and computer,
- €0 for on-net calls,
- €0 for text and multimedia messages,
- €0 for transfer of up to 100 MB of data,
- €0 for access to and browsing of the Vodafone live! portal.

The ORTO MUZIQ offer is the result of a partnership between Si.mobil and world's largest record company, Universal Music. In addition to unique features, such as free communication and access to over million songs, the package also provides access to exclusive content, prize contests and musical content, and a chance to attend concerts around the globe.

Until now, ORTO was primarily associated with electronic music, but with the new ORTO MUZIQ package it made a leap to all genres. Users of ORTO MUZIQ can enjoy access to exclusive content, prize contests, adventures, and contacts with world-famous music stars. All new subscribers to the ORTO MUZIQ package had a chance to participate in the first such prize contest, in which three subscribers won a trip to New York and attended a Lady Gaga concert. With this competition,

we also wanted to strengthen the idea of the leap from electronic music to all genres on the [www.orto.si/muziq](http://www.orto.si/muziq) website.

The music collection includes **all major Slovenian and foreign record companies**, such as: Universal Music, Sony-BMG, EMI, Dallas, Menart, and the **portal also features songs from independent record companies** (Believe, Groove Attack, Indie Mobile, Kontor New Media, Pocket Group, Beggars, Ordix, Vidzone).

Si.mobil designed a mobile and **PC application MUZIQ MANAGER**, which allows the users of the ORTO MUZIQ package to manage the largest music collection in Slovenia. Users can download the application to their phones and/or computers and gain unlimited access the music base.

Subscribers to the ORTO MUZIQ package can download selected music files to their mobile phones and/or computers only with the free **MUZIQ MANAGER** application. MUZIQ MANAGER is available for mobile phones and computers.

## THE MUZIQ MUSIC PORTAL

Si.mobil launched the MUZIQ portal in December 2008. Since then, users have been able to browse and buy several kinds of music content on the MUZIQ portal: polyphonic ringtones, overtures (service enabling the caller to listen to music while the phone is ringing), video content (video ringtones), musical backgrounds, true tunes (unchanged song recordings) and whole songs (they can be played on mobile phones and PCs).

After launching the new [www.orto.si](http://www.orto.si) website and with the new ORTO MUZIQ package, the MUZIQ portal only continues to offer entire songs, while the purchase of other musical content (overtures, music backgrounds, ringtones, images, etc.) is still possible on the Vodafone live! portal. The offer of music on the revamped MUZIQ portal is much richer than before, exceeding 1,000,000 songs and offering a diverse range of music genres.

### Purchase of songs and albums in MP3 format

All Si.mobil users – including users of SIM-PL packages and subscribers to ORTO,

ZAME, and PODJETNI packages - will be able to access the MUZIQ SHOP online store with the MUZIQ MANAGER application or through the [www.orto.si](http://www.orto.si) website and buy songs and albums in the MP3 format. All purchased MP3 songs and albums have no Digital Rights Management protection, meaning they can be transferred to other media such as various MP3 players. MP3 songs or albums purchased on the MUZIQ portal remain in the user's ownership forever.

### Music leasing with the MUZIQ UNLIMITED option

Only subscribers to the ORTO MUZIQ package will have access to the MUZIQ UNLIMITED service through the MUZIQ MANAGER, and thus have a chance to lease over one million songs by Slovenian and international artists. The songs that users of the ORTO MUZIQ package lease have Digital Rights Management protection and cannot be transferred to any other media.

	SONG PURCHASES	SONG LEASING
	Songs and albums in MP3 format (MUZIQ SHOP)	Unlimited use for subscribers to the ORTO MUZIQ package
<b>Music ownership</b>	owned by the buyer	
<b>Playback on the phone</b>	✓	✓ Requires the mobile version of the MUZIQ MANAGER software.
<b>Playback on the computer</b>	✓	✓ Requires the computer version of the MUZIQ MANAGER application.
<b>Listening to music on MP3 players, iPods</b>	✓	
<b>Recording music on a CD/DVD</b>	✓	
<b>Compatibility with the MUZIQ MANAGER program</b>	✓	✓
<b>Number of songs available</b>	Over 1,000,000	Over 1,000,000
<b>Costs</b>	€ 0.99 or more per song, € 4.99 or more per album	Included in the ORTO MUZIQ package with a monthly subscription fee of €15.
<b>Advantages</b>	<ul style="list-style-type: none"> <li>The option of recording music files to other media and mobile phones.</li> <li>Musical content has no DRM protection.</li> </ul>	<ul style="list-style-type: none"> <li>Leasing music is much cheaper than buying individual songs.</li> <li>Access to over a million songs on the MUZIQ portal.</li> <li>Access via phone and/or computer.</li> <li>Users can access the MUZIQ MANAGER application from three different computers with a user name and a password.</li> <li>The option of syncing between phones and computers.</li> <li>The option to create own playlists.</li> <li>Artists' copyrights are protected.</li> <li>Musical content has DRM protection.</li> </ul>

## The MUZIQ portal

MUZIQ is a Slovenian music portal with over 1,000,000 songs by different international and Slovenian artists that users can listen to over their phones and computers.

The ORTO MUZIQ package Users can manage their music collections with the advanced mobile and PC application MUZIQ MANAGER, through which they can simply purchase the latest releases or rediscover old favorites, make

their own playlists, and much more. The use of MUZIQ MANAGER is required for the unlimited lease of over a million songs within the MUZIQ Unlimited option of ORTO MUZIQ package.

### ORTO BERI - advertisement

- Special offer of the ORTO BERI package.

### Comparison of ORTO packages

	ORTO U NULO		ORTO MUZIQ		ORTO BERI	
Monthly subscription fee	10 €		15 €		19 €	
Calls	on-net to other mobile networks	0 €	on-net to other mobile networks	0 €	on-net to other mobile networks	0 €
	to stationary networks	0,10 €	to stationary networks	0,10 €	to stationary networks	0,10 €
Text messages	0 €		0 €		0 €	
Multimedia messages	0 €		0 €		0 €	
Data transfer included	100 MB		100 MB		100 MB	
Additional services			Free MUZIQ UNLIMITED service Free access to and browsing of the Vodafone live! portal		no subscription fee for the BlackBerry BIS service	
Upgrade options	201 Option with a €5 subscription fee (201 minutes of voice calls to other mobile and stationary networks)		201 Option with a €5 subscription fee (201 minutes of voice calls to other mobile and stationary networks)		201 Option with a €5 subscription fee (201 minutes of voice minutes to other mobile and stationary networks)	

### ORTO MUZIQ

- Ad ORTO MUZIQ – ORTO ŠTALA addresses young people who wish to communicate also with music.



# BUSINESS OFFER

Our main task is to offer quality services at optimal prices. With the goal of adapting our offer to the needs and communication habits of small companies and sole proprietors, we designed two new packages that allow close control over expenses and offer more affordable calls.

## PODJETNI packages – value for money.

At Si.mobil, we designed an offer adapted to the needs and communication habits of small businesses. Entrepreneurs can now select between two new subscription packages from Si.mobil's family - **PODJETNI 24** and **PODJETNI 30**. The packages, designed for enterprising spirits, allow close control over the costs, as they already include a certain amount of on-net calls and calls to other networks.

## POSLOVNI SMART Package

The **Poslovni SMART** package is designed for business users who want to get the most for their money. The main cha-

racteristics of the package are the lower price of calls and text and multimedia messages and a lower subscription fee if the users have more subscriptions.

### PODJETNI 24 package

New package – **PODJETNI 24** – is aimed at business users who use their mobile phones primarily to communicate within Slovenian mobile networks. The monthly subscription fee of €24 includes 1,001 minutes of on-net calls and 201 minutes of calls to other Slovenian mobile networks. Unspent minutes are not carried over to the next month.

### PODJETNI 30 Package

The new **PODJETNI 30** package is aimed at business users who make a lot of calls to stationary and other Slovenian mobile networks and send a lot of text mes-

sages. The monthly subscription fee of € 30 includes 1,001 minutes of on-net calls, 1,001 minutes of calls to Slovenian stationary networks, 1,001 text messages, and 201 minutes of calls to other Slovenian mobile networks.

## Poslovni BlackBerry® Package

The **Poslovni BlackBerry** package is designed for entrepreneurs, who want to be connected to the office and company at all times. It is intended for BlackBerry smartphones and other mobile devices that support the BlackBerry service.

## CALENDAR - poster

**Zgrabite posej leta**  
12 mesecev po 12 € popusta na naročnino na paketih **PODJETNI!**

**Paket PODJETNI 30**  
0 €/MIN  
18€ Mesečne naročnine  
30€ obvezna naročnina  
Obdržite svojo mobilno številko!

Nokia 6210 20 €  
Nokia 6110 140 €

**Si.mobil**  
Povej nekaj lepega

- Calendar with the range of PODJETNI packages.

# SIMPL PACKAGES

In the second half of 2009, Si.mobil combined the characteristics of prepaid and subscription packages and offered new subscription-free SIMPL packages. The SIMPL offer encompasses packages without subscription, affordable rates according to the users' requirements, and simple and transparent services. SIMPL packages are intended for everyone who does not want fixed costs with mobile telephony and only wants to pay for the actual amount of calls made and text messages sent.

## Users of SIMPL packages decide for themselves whether they will pay for the services with a monthly bill or with HALO prepay cards.

Based on how they pay for the services, users can select between two packages:

- the SIMPL package with monthly bills,
- the SIMPL package with HALO cards.

The difference between the two packages is in the way users pay for the services, but all other parameters of the two options are mostly equal. The SIMPL package with monthly bills also offers other services included in subscription packages, such as mobile internet, paying with Moneta etc.

SIMPL packages provide total control over costs and regular usage monitoring.

**SIMPL STANJE** (Simpl Balance) is a **free SMS service** with which users of the **SIMPL package** with monthly bill can automatically receive a once-daily text message with information on their usage in the current month. In addition to automatic notification on usage, SIMPL packages also allow for **unlimited manual checking of usage** or **the amount on the HALO account**.

Users of SIMPL packages can choose between three price plans, which are customized for different calling habits.

- **THE SIMPL SI PRICE PLAN** is intended for users who mostly use mobile

services for on-net, for which the cost per call is the lowest.

- **THE SIMPL SMS** price plan is intended for users who send a lot of text and multimedia messages. So on this price plan, the price for these kinds of messages is the lowest.
- **THE SIMPL** price plan is aimed at everyone with a balanced use of mobile services for calls to different networks and text and multimedia messaging. This price plan is thus characterized by a uniform price for calls to all Slovenian networks as well as text and multimedia messages.

Switching between different price plans is simple and free of charge (users with the SIMPL package with monthly bills can switch between rates once a month, while users with prepaid SIMPL package have to top up their account with € 5 or more). To switch between price plans, users sim-

ply have to call the Call Center or send a text message with a key word if they are using a prepaid SIMPL package.

### SIMPL package with HALO cards

Users of prepaid SIMPL packages can top up their accounts with HALO cards. The package offers the user freedom, control over costs, anonymity, and simplicity of use. Besides basic services, the prepaid SIMPL package also offers other services, such as monthly bonuses in the framework of the **HALO Bonus Club, free text messages** when topping up the account with €10 or €20, **the option of selecting a price plan, access to the Vodafone live! portal** and others (online top-up of the account, on-line mobile number porting, voicemail, missed call notification text messages, international roaming).

#### NEW SIMPL PACKAGES - advertisement



- SIMPL packages allow users complete control over the costs and regular monitoring of the use.



# MOBILE INTERNET

In 2009, Si.mobil introduced some changes and new products in mobile internet. In April, we launched the Mobilni internet Freestyle (Mobile Internet Freestyle) package, which offers users a chance to buy a netbook at an affordable price. In August, we surprised our subscribers with upgraded Mobilni internet options, which offer an even cheaper mobile transfer of data since the upgrade, and in December we were the first in Slovenia to present the Mobilni internet Dnevni (Mobile Internet Daily) option for all subscribers who only occasionally need access to internet.

## Mobile internet provides unlimited and secure access to data any place and any time.

Mobile internet offers the freedom that an increasing number of users demand, since the use of mobile internet in Slovenia is rising rapidly. At Si.mobil we are aware that unlimited and secure access to data at any place and any time is the most we can offer to our users.

### Mobilni internet (Mobile Internet) Options and Packages

In August, Si.mobil offered a new Mobilni internet option and changed the existing Mobilni internet options. These are available as an upgrade to the subscription call packages and provide more affordable data transfer and internet browsing through a mobile phone.

- **The Mobilni internet Start** option includes **20 MB** of data per month and is intended primarily for the use of the Vodafone live! portal and visiting other internet sites on the mobile phone.
- **The Mobilni internet Osnovni** (Mobile Internet Basic) option includes **200 MB** of data per month and meets the needs of those who wish to check their e-mails and the most important web pages on their mobile phone also when on the road.
- **The Mobilni internet Napredni** (Mobile Internet Advanced) option includes **2 GB** of data per month and is designed for more demanding users of mobile internet and business applications who access the internet at home or on the

road via their mobile phone, desktop computer, or laptop.

- **The Mobile internet Plus** (Mobile Internet Plus) option includes **20 GB** of data and is designed for the most demanding users, since it includes the transfer of a large quantity of data. It is perfect for users who are constantly on the road, use internet and business applications a lot and wish to be constantly in touch with their e-mail.
- **The Mobilni internet Dnevni** (Mobile Internet Daily) option includes **1GB** data per day (the option lasts from the moment it is switched until midnight of the next day) and is aimed at everyone who requires access to mobile internet and data transfer only occasionally. To activate the Mobilni internet Dnevni option, users should send a text message with key word O DNEVNI to 4040.
- **The Mobilni internet Osnovni** (Mobile Internet Basic) package meets the needs of users who use their laptop to check their e-mails and the favorite websites while on the road.
- **Mobile internet Plus** package will convince the majority of users of mo-

bile internet and business applications who plan to transfer a large amount of data monthly. They can access data at home as well as on the road, via desktop computer or laptop.

- **The Mobilni internet Unlimited** (Mobile Internet Unlimited) package is designed for users who do not want a monthly cap on data transfer and also for everyone without fixed internet access. It offers everything that fixed access offers and more, since users can also use it when on the road.
- **The Mobilni internet Freestyle** (Mobile Internet Freestyle) package is perfect for users who plan to transfer large amounts of data monthly and are constantly on the road, or even from home. The monthly subscription fee includes an amount of data sufficient for uninterrupted internet browsing, checking e-mails, watching video clips, photos, etc. As part of the Mobilni internet Freestyle package, we also offered the Dell Inspiron Mini 9 Netbook with an integrated modem for mobile internet access. With a 24-month contract, the cost of the netbook is only € 1.

### MOBILE INTERNET



- Netbook Dell Inspiron Mini 9 was available for only €1 at Si.mobil.

# BLACKBERRY SERVICE

We also expanded the BlackBerry service, which was primarily designed for business users, to the SMART and ORTO segments. This brought the service closer to everyone who wants to be constantly connected to the web and always available. In 2009, we launched a new package – the triZAME BlackBerry.

Market growth and the mobility of users, who increasingly demand more access and reachability when away, dictated our new strategic orientation. We began actively market the BlackBerry service also to the SMART and ORTO segments; for each, we prepared a solution relevant to its particular segment.

**The BlackBerry service is aimed at everyone who wants quality communication, internet access and e-mail any time and anywhere.**

The service provides fast, secure, simple and direct access to e-mail, internet, and intranet, and practical apps offer numerous new possibilities of usage, which results in an increasing number of satisfied customers. The service is intended for residential and business users who want to be connected to their friends and access information at all times with the help of the BlackBerry smartphone.

To bring the BlackBerry service closer to the users, we simplified the choice by upgrading the existing ZAME and ORTO packages. We added the BlackBerry service to the existing packages and included data transfer in Slovenia to an extent that should suffice for carefree monthly use. The packages that include BlackBerry service bring users:

- the best rates for connecting with their family, friends and business partners,
- communication with anyone, at any place, and any time,
- constant connection to the internet, online communities, the office or the workplace.

The BlackBerry packages:

- triZAME BlackBerry
- petZAME BlackBerry
- ORTO BERI
- Poslovni BlackBerry (Business BlackBerry).

## petZAME BlackBerry

Soon after the successful launch of the ORTO BERI package for the young, we launched a package for very demanding users – petZAME BlackBerry. **It is designed for those who use the mobile phone for calls as well as data transfer.**

The package is designed for residential as well as business users who make frequent calls to all Slovenian mobile and fixed-line networks, send a lot of text messages, and also want to access their e-mail accounts and be constantly connected with their friends and business environment through different mobile applications.

## triZAME BlackBerry

The triZAME BlackBerry package **combines all the advantages of the triZAME package and the BlackBerry smartphone.** In addition to affordable calls and

text messages, the triZAME BlackBerry package also offers unlimited data through the BlackBerry service.

## ORTO BERI

Although the BlackBerry service was primarily intended for business users and is very popular in business circles, we offered the service to younger users in October 2008. We created the ORTO BERI package for young people aged between 15 and 31. **The package combines the advantages of the ORTO U NULO package and the BlackBerry smartphone.** In addition to affordable calls and text messages, the ORTO BERI package also offers 100 MB data transfer.

## Poslovni BlackBerry (Business BlackBerry)

The package is designed for entrepreneurs, who want to be **constantly connected to the office and workplace.** It is intended for use with BlackBerry handhelds or other mobile devices that support the BlackBerry service.

## BLACKBERRY STORM



- BlackBerry Storm offers its users high-quality communication, direct internet access and secure data transfer.

# VODAFONE LIVE!

The Vodafone live! mobile multimedia portal is a window to the world of mobile internet for Si.mobil users. The portal is easy to use and provides users with fast access to their desired content, which is divided into four categories or tabs. The content includes mobile games, current news and entertainment news, images and themes, and access to social networks.

## In 2009, we followed the wishes of our users and introduced certain new features.

Throughout 2009, we upgraded the Vodafone live! portal with new features, in accordance to the needs and wishes of our users. Despite increasing competition from other mobile portals, we preserved a constant number of monthly users.

In 2009, we updated some services and introduced some new features.

- We simplified and shortened the process of purchasing content on the portal.
- We created a **new category – Ringtones & Images**, in which we combined the content and services and enabled users to personalize their phones. Ringtones & Images allows users to preview, listen to, and purchase the following

types of content: ringtones, overtures, backgrounds, animations, themes, and video.

- We introduced **new quizzes and tests** (love calculator, ask the prophet, fortune cookie, cheat-o-meter).
- We offered **HD games**, which bring users a completely new user experience.
- We revamped the **Sports category** and even simplified access for sport lovers to get the information they seek.
- We offered the **Opening Hours portal**, where users can check the opening hours of shops, bars, and restaurants.
- By introducing **weekly subscriptions for erotic content**, we adhered to the wishes of the users who desired access to such content.

### The MUZIQ portal

Si.mobil launched the MUZIQ portal at Vodafone live! portal in December 2008. Since then, users have been able to browse and buy several kinds of musical content on the MUZIQ portal, including:

polyphonic ringtones, overtures (service enabling the caller to listen to music while the phone is ringing), video content (video ringing), musical backgrounds, true tunes/ringtones (unchanged song recordings), and whole songs (they can be played on mobile phones and PCs). With the renewal of www.orto.si website, the MUZIQ portal only continues to offer MP3 melodies and albums. Other content, intended for personalization of one's phone, can be found at Vodafone live! in the Ringtones and images category. As such, MUZIQ portal is available to Si.mobil users at [www.orto.si/muziq](http://www.orto.si/muziq) or via mobile portal Vodafone live!/MUZIQ.



# TELEMETRY

Si.mobil's M2M-data package was created as a response to increasing customer demand for remote device management. M2M-data provides direct communication between devices and applications.

The M2M-data package is intended for residential and business users who want to remotely **transfer data between devices and applications**. Communication with the devices is conducted through the GPRS/UMTS network, the CSD (Circuit Switched Data) protocol, with text and multimedia messages or voice calls. The M2M package can be used to monitor

and track vehicles, for video and audio surveillance of buildings as well as with the use alarms, ATM machines, parking meters, and POS terminals.

### Si.daljinec (Si.remote)

With the Si.remote service, users can remotely control business processes, build-

ings and parking lots, manage machines and devices and check the temperature in rooms even when away. The service is conducted through telemetry and a special module, with which the user can manage up to two devices at a remote location via text messages.

# SI.MOST (SI.BRIDGE)

Si.most is a set of mobile marketing services that provides companies and organizations with a simple and cost-effective access to target groups as well as efficient and direct communication with them via mobile phone.




**With the Si.most service, companies and organizations can communicate with customers directly, transparently, and securely.**

The service provides companies with a simple way of informing their users about important events, getting opinions, carrying out promotional activities, organizing prize contests, and it can also serve as a direct sales channel.

Si.most is comprised of the following services:

- One-way messenger
- Two-way messenger – key word
- Two-way messenger – independent number
- Si.nakup (Si.purchase)
- Voting
- Donation

Mobile services under SI.MOST brand.

ONE-WAY MESSENGER	TWO WAY MESSENGER KEY WORD	TWO-WAY MESSENGER INDEPENDENT NUMBER	SI.PURCHASE	VOTING	DONATION
<b>Say it to everyone at once!</b>	<b>When the key word triggers a response!</b>	<b>Let many know your number!</b>	<b>Make shopping easier!</b>	<b>Every vote counts (for you)!</b>	<b>Help never comes by itself!</b>
SMS notification and advertising	Leasing key words for promotional games, quizzes, chat rooms, surveys, voting and sale	Recognizability in the market with ones's own number	Shopping online or by an SMS message independently of bank or credit cards	Casting votes	Collecting charity contributions with SMS messages
					
turnkey solution				turnkey solution	turnkey solution



# CALL AND SUPPORT CENTERS

A drop in the number of complaints shows that our services are on a high level. In 2009, the number of complaints fell by as much as 14%. We try to deal with the wishes or problems of every user individually. With individual consulting and a personal relationship, our advisors strengthen ties with our loyal users.

## Call Center

In line with Si.mobil's vision, in 2009 we stepped up activities related to the implementation and update of alternative channels for user support along the standard Call Center activity. At the same time, we continued with work process optimization and with the activities for the greater employee satisfaction and well-being.

**In 2009, we modernized user support channels in the Call Center. We offered the users a new interactive answering service and live web chat with consultants.**

In 2009, we answered 1,800,000 calls. **The interactive answering service**, which is the entry point for users' calls to the toll-free number 080 40 40 40, provided the requested information to 32% of the callers on average. The others wanted personal contact with a Call Center agent. In June 2009 we started using a new interactive answering service, which we upgraded with the options to **automatically activate options, check account status, and change subscription packages**. With the introduction of the upgraded answering service the number of calls concluded without talking to an agent almost doubled.

We however use a strictly personal approach in dealing with the questions of business users and **sales partners**.

In the last quarter of 2009, we opened a new communication channel for our users - **live web chat with a consultant at the Call Center**. This communication channel was primarily directed at the ORTO segment. Due to encouraging results and the excellent response of ORTO users, in the next phase we opened this channel on the company's website and also got a very good response from other users. In 2010, we will include this application in regular weekly reports of the Customer Service. We also worked intensively on updating the WEB self-care channel. The revamped application will be available to users in 2010.

With additional agent training the time used for entering the data after a completed call **decreased by 40%** compared to 2008. The **index of user satisfaction** remained **on the same level**. The results of the survey on employee satisfaction at the department were also above the 2008 level.

Quality and efficiency of providing information are important factors in the work of the Call Center. We carry out **regular quarterly surveys** to check the work of the Call Center as well as individual advisors. The results of the surveys on users' satisfaction with the Call Center are a starting point for planning trainings for the consultants and an important **quality index of our work**.

In 2009, we **continued with Call Center consultant trainings**. In addition to standard topical trainings, the advisors also participated in courses on rhetoric, conflict resolution, and individual trainings in line with the book of standards.

We are certain that the extremely **high user satisfaction index** reflects the success of such trainings and a high level of employee satisfaction at the Call Center. In 2008, the user satisfaction index stood at 94.7%. With the aim of further increasing the standards and setting more ambitious challenges, we changed the method of calculating the satisfaction index in 2009. Areas that carried the same weight until 2009 were given different weight in 2009. The average weighed user satisfaction index in 2009 was 84.8%.

## Support Center

Users mostly turn to the Support Center with questions related to the offer, new packages, and phones. This is followed by questions on phones in stock and on coverage.

**The average time for replying to a complaint was between three and four days, while replies to requests for information were passed to users via e-mail within 24 hours.**

E-mail communication with our users increased and in 2009 we received 40,000 enquiries via e-mail, up 20% compared to the year before.



## CALL CENTER



- Renovated and modern call center.

E-mail communication with users enables fast replies and thus increases customer satisfaction.

For some years, we have been measuring the efficiency of the Support Center according to criteria such as the quality of the agent's work, attitude towards users, the user's satisfaction with the solution, etc. **Measurement of users' opinions** is carried out with the help of an external agency that twice a year calls selected users who filed complaints in the past year.

We introduced several **system optimizations** that enable us to resolve users' problems quickly and efficiently, and to give them additional advice on what solutions would be better for them. We use the so-called **"added value system"** for this purpose, which enables us to resolve complaints at a higher level. We can offer the user an alternative solution when the original resolution of the complaint cannot meet the user's wishes or expectations for objective reasons. We've already used this system in the past. With the system

support we acquired at the end of 2009, we will enable advisers in the Call Center or at the sales points to offer **additional benefits** if they find this would be suitable for the user.

To give the users an opportunity to search for answers to their questions independently we added a **"Frequently Asked Questions"** section to our website in addition to the **Si.asistent (Si.assistant)** service. The section was created based on the questions most frequently posed to the Call Center, via e-mail, or at the sale points. This way users can avoid waiting for a reply, a wait that would surely be necessary if they sent their question to the Customer Service.

To keep the level of communication of Si.mobil's advisors on a high level, we hold **regular trainings** at least twice a year. The consultants attend additional trainings with experienced communication skills coaches, whom we hire from renowned specialized agencies. Such cooperation encourages greater creativity, productivity, and motivation among the employees.

In 2009, we carried out an **internal exchange between the employees**. We invited colleagues from other sectors to our premises and presented them our work in detail. Consultants from the Support Center also got acquainted with the everyday work of their colleagues working at sale points, with business users, at the Call Center, in product marketing, logistics, etc. We carried out this exchange in order to better acquaint everyone with the work of other employees who take care of users, and to transfer knowledge and information between the sectors. This way, we raise the quality of our services and, as a result, the satisfaction of our users.



# MARKET ENVIRONMENT

Users in Slovenia can currently select from among six mobile operators. Despite saturation on the mobile communications market, the number of Si.mobil users as well as the company's market share keep increasing.

At the end of 2009, Si.mobil had 589,427 users and a 28.23% market share.

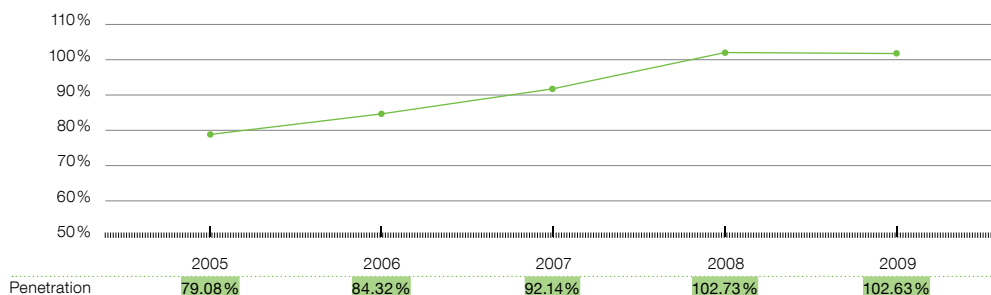
At the end of 2009, mobile communications penetration in Slovenia stood at 102.63%, while the average penetration in the EU was 123.9%. The number of active users of mobile communications is growing in Slovenia just as it is in the EU.

ce providers and market saturation, the growth in the number of users depends on users switching mobile operators. Despite market saturation, Si.mobil keeps increasing its market share. The number of Si.mobil's users in 2009 augmented (from 570,600 to 589,427) and the company's market share grew by 0.52 percentage points.

At the end of 2009, Si.mobil had 589,427 users and a 28.23% market share. Because of a large number of mobile servi-

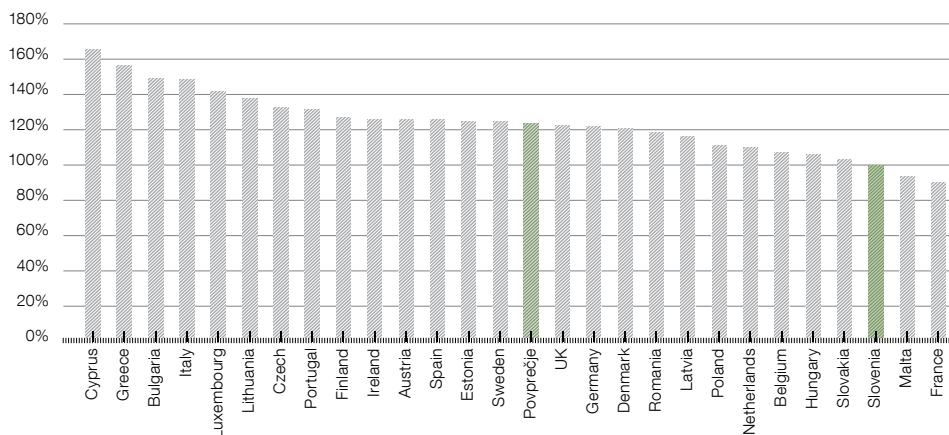
## MOBILE COMMUNICATIONS PENETRATION IN SLOVENIA IN THE 2005-2009 PERIOD

- According to the Post and Electronic Communications Agency, mobile communications penetration in the last quarter of 2009 stood at 102.63%. Penetration is on the rise also owing to an increased use of mobile internet.



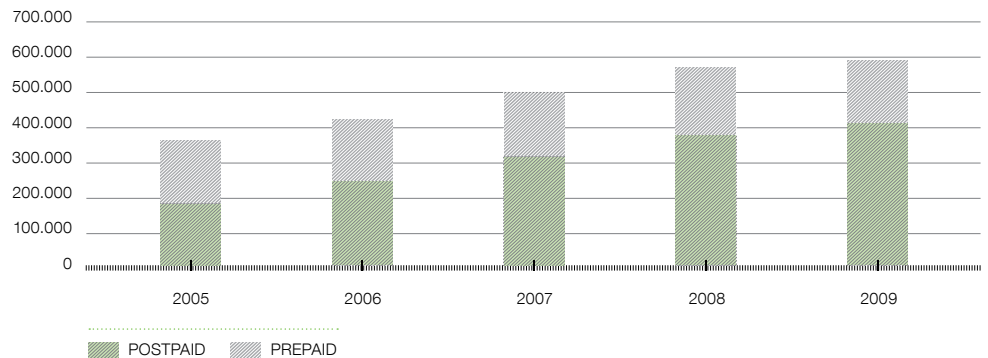
## MOBILE PENETRATION IN THE EU IN THE THIRD QUARTER OF 2009 (IN %)

- Despite a high mobile communication penetration rate, Slovenia is still among the EU member states with the lowest penetration. Average mobile penetration in the EU stands at 123.9%.



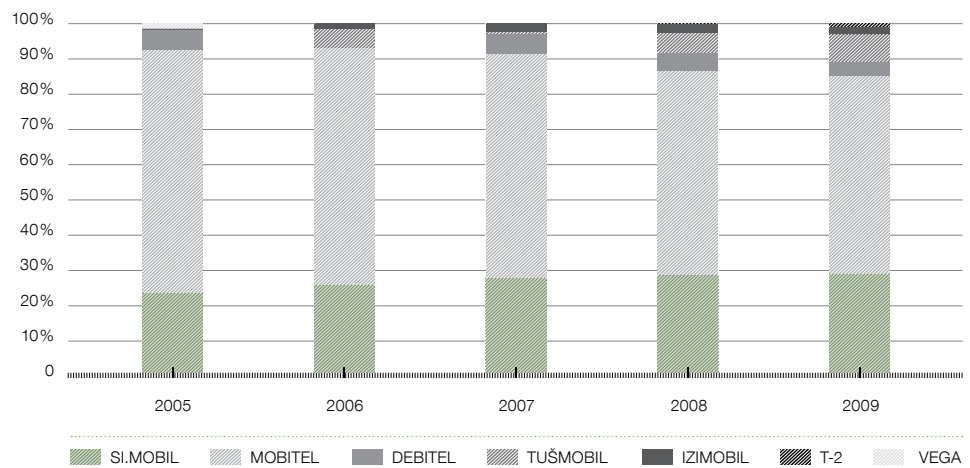
GROWTH IN THE NUMBER OF SI.MOBIL USERS

- The trend of growth in new users continued, owing to new subscribers, but the number of users with prepaid packages decreased somewhat. Compared to 2008, the number of subscribers was up by 8.7%.



SHARES ON THE MOBILE COMMUNICATIONS MARKET IN THE 2005-2009 PERIOD

- At the end of 2009, Mobitel held a 65.52% market share. Si.mobil was second with a 28.23% market share followed by Tušmobil (7.66%), Debitel (4.30%), Izimobil (2.25%), and T-2 (1.03%).



	2005	2006	2007	2008	2009
SIMOBIL	22.66 %	24.88 %	26.90 %	27.71 %	28.23 %
MOBITEL	69.96 %	67.86 %	64.21 %	58.75 %	56.52 %
DEBITEL	5.64 %	5.78 %	5.65 %	4.97 %	4.30 %
TUŠMOBIL	-	-	0.70 %	5.73 %	7.66 %
IZIMOBIL	0.09 %	1.48 %	2.54 %	2.46 %	2.25 %
T-2	-	-	-	0.38 %	1.03 %
VEGA	1.64 %	-	-	-	-

# SALES NETWORK

If all users chose e-versions of contracts instead of printed ones, we would save nearly 135 trees annually.

Si.mobil has nine sales centers in all of the larger Slovenian cities and towns: three in Ljubljana, two in Maribor, and one each in Koper, Celje, Kranj, and Novo mesto. Si.mobil is also offering its services and products at sales and info points in Mercator shopping centers and through a wide network of authorized resellers. The entire Si.mobil offer is available at 110 points of sale, and prepaid packages can be purchased at over 1,500 points of sale.

In 2009, we continued with the renovation of sales centers, and in the spring we opened the second environmentally-friendly center. The revamped, 100 square meter sales center in the BTC Center in Ljubljana is Si.mobil's fourth largest point of sale and the leading sales center in terms of traffic. While renovating, we held to our commitments to reduce the impact on the environment as much as possible, and to offer our users and even more pleasant experience. The renovated sales center in BTC reflects Si.mobil's Re.think philosophy and its orientation towards the user.

Users can interactively test the latest phones and gadgets in a pleasant environment made of mostly environmentally-friendly materials, and Si.mobil is also the first Slovenian mobile operator to introduce the option of paying bills with cards on **pay machines**. The renovated sales center is based on paperless operations. Printed advertisements were replaced by LCD monitors, which present our current offer. In accordance with the Re.think philosophy, Si.mobil is also introducing e-signing of documents in its sales centers, reducing the use of printed materials.

If all users chose e-versions of contracts instead of printed ones, we would save nearly 135 trees annually.

In 2009 we continued with the sales center renovation, which we started already at the end of 2008 with the opening of the renovated sales center in Maribor. With this redesign, we have followed our Re.think philosophy and designed contemporary, user-friendly and environmentally-friendly sales points.

## SALES POINT AT BTC



- The renovated sales center in Ljubljana's BTC is an example of a contemporary user-friendly and environment-friendly sales point that contrasts ecology and technology.

Following the renovation, the sales center is also more energy-efficient, since the old lighting was replaced by energy-efficient light bulbs and LEDs. This way, Si.mobil will reduce its CO2 emissions by 3 tons.

In the renovated sales center, Si.mobil also put its Re.think offer in a visible spot. In a special room, users can find eco phones, such as the **Samsung S7550 Blue Earth**, along with energy-efficient and solar chargers. Si.mobil also gives an

**eco chic** present to all users who bring their old phones, batteries and chargers to the sales center so they can be recycled. As an authorized Apple reseller, Si.mobil also offers the latest Apple products in a special section of the refurbished sales center.

With our minds on the environment and the users, we designed our new Si.mobil center in Novo Mesto, which opened in September.

## RE.MISLI CORNER



- Users can bring old telephones, chargers and batteries to Si.mobil centres.

# E-BUSINESS

As part of our environmental and user-friendly philosophy, we designed a new strategy for paperless operations. We carried out several successful projects in 2009 as part of the Re.think operations strategy.

Through our socially responsible activities, we more intensively integrated our comprehensive socially-responsible attitude, Re.think, into the company's business strategy. In the spirit of the Re.think philosophy, we also opted for measures in our operations. With the aim of dematerializing our operations and switching to paperless operations, in the 2006-2009 period we carried out several projects united under the Re.think operations strategy. The aims of Re.think operations are:

- the optimization of material and operative costs,
- a higher quality of service and user satisfaction, and
- a lower environmental impact.

**We set an important milestone in introducing paperless operations with the Re.think strategy.**

Si.mobil is the second Slovenian company to have introduced a system for mass issuing and distribution of e-bills. We are the only mobile operator and one of the few companies in Slovenia that support these operations by keeping the documents in e-form in line with internal rules for e-archiving approved by the Archives of the Republic of Slovenia. Without a doubt, we were the first to have introduced the market to an innovative solution for e-signature – ePero (ePen).

Because of the complexity of business processes and ensuring security, we switched to paperless operations in three phases:

- **Project E-bill** includes processing of outgoing invoices in e-format for our own needs as well as those of the users. It also improves the quality of data, optimizes the issuing of bills, and includes additional services for the users. Already in the first year of the implementation, 10% of all subscribers decided to switch to paperless billing. This is also the amount we directly saved in the costs of issuing and distributing bills. Indirect savings are even higher: faster distribution of bills, better

user experience and easier support in interacting with the clients.

- **Project E-archive** is the result of the need for long-term archiving of e-bills and was then expanded to the entire business process. It comprises the collection of data in a written form, applications for e-billing, customer relationships management, enterprise resource planning (ERP), and service pages for users. The advantages of introducing e-archiving are savings in archiving owing to a smaller physical archive, and greater efficiency and security.
- **Project E-signature** enables arranging and signature of subscription contracts at the sale points exclusively in e-format. With the e-signature, sales persons and consultants at the Customer Support Center can immediately access e-documents; we eliminated the costs of document digitalization and physical archiving and improved data security. A positive indirect effect of this is, above all, the time saved that advisers can devote to the customer or to after-sales activities.

## E-SIGNATURE



- The innovative e-signature solution ePero (ePen) in Si.mobil's shop.

# CARE FOR THE BRAND

In 2009, we strove intensively to become more user-oriented, and at the same time we strengthened the connection and unity of the brand that is based on our values – “customer is the king”, “experts” and “value for money” – and the socially-responsible Re.think philosophy.

The Slovenian mobile communications market has been facing competitiveness and high saturation for quite some time. The way users perceive the brand is the most important advantage that makes one operator stand out from other mobile operators.

**We stick to the principle “customer is the king”, so we try to offer our users as much as possible for their money, first-rate services and products, and a professional and responsible attitude.**

In the demanding competitive environment and among challenges, brought on by the economic situation, we made additional efforts in line with our business strategy and the company’s philosophy

for our brand to be oriented towards every individual user as well as wider society as a whole. The Re.think philosophy is more than just a marketing tool; since the beginning it has been a movement that the employees and increasingly more socially-responsible individuals believe in. Re.think does not include only environmental issues and a display of environmental challenges, but also relations with people.

The Re.think philosophy is part of all communications, not remaining only on the level of values but also encouraging reflection and change through actual deeds, products and services. Si.mobil even adds to every such decision by contributing to the non-profit **Si.voda Fund** for **each recycled phone, activated Re.think option or e-billing**, and participation in Re.think activities. The aim of the Si.voda Fund is to ensure funding for projects solving main water problems (renovation or construction of water supply or purification systems, cleaning of rivers and brooks, construction of wetlands for wastewater treatment, etc) and thus make an actual contribution to socially responsible decisions.

Despite acting on the market as an independent brand, Si.mobil retains its global

character, as we continue the partnership with the world’s leading operator Vodafone, and offer users most effective services and look for solutions together with them. Our value »customer is the king« thus became a long-term motto that directs our strategic planning and serves as criteria in everything we are and do.

ORTO, which became an independent sub-brand, because we wanted to create maneuvering space for a specific tone of communication with the young, also follows the wishes of users and at the same time creates trends together with them. While the Re.think philosophy is explicitly present in the brand and the company’s corporate, business and private areas, its presence in ORTO is demonstrated as an element of openness and appeal to the young for socially-responsible behavior. This will remain a guideline for the future. The young are the ones co-shaping ORTO, while at the same time ORTO guides their viewpoint, opening the field of responsibility to them too in a way they find attractive, for example through events such as the Party with a Cause.





# INVESTMENTS AND DEVELOPMENT

In 2009, we put up 90 new base stations, and carried out some modernizations and expansions, increasing the coverage and improving the quality of the network. We also significantly updated the core and transfer section of the network, which helped to ensure more efficient and better services.

## Radio Access Network

### New base stations

In 2009, we continued with the construction of 2G and 3G base stations. 39 new 2G and 51 new 3G base stations were added to the network. The total number of GSM/EDGE base stations has now grown to 644, while the number of UMTS/HSDPA base stations rose to 225.

### The expansion of the existing network

In 2009, 76 new repeaters were brought online, considerably improving the quality of the signal and, above all, providing coverage inside important buildings. We carried out some upgrades and expansion works on 2G and 3G base stations, which will also continue in 2010. At the end of 2009, we concluded an agreement with an equipment supplier for 2G networks on replacing or upgrading older equipment. The replacements and upgrades should be close to completion in 2010.

We upgraded the UMTS/HSDPA network, so that it now supports transfer speeds of up to 7.2 Mbps. This option is available on a limited number of 3G base stations.

By adding 84 channel elements, we increased the bandwidth of 3G base stations and provided our users with higher data transfer speeds.

**In 2009, we started with the replacement of the existing 3G radio network controller (RNC).**

### Core Network

In 2009, the most important steps were made on the core and transfer networks. The core network was almost completely updated in 2009, and the works will continue in 2010. We replaced and will continue replacing all key elements of the core network: GGSN, SGSN, HLR, NGM. We started moving R99 to R4, which also

signifies a new philosophy in the operations of the exchange.

A new SMS center with the capacity for 1000 sent messages per second or 3.6 million messages per hour is an important acquisition that enables reliable functioning, even at peak times. At the end of 2009 we broke all records in the number of transferred text messages, and the systems functioned flawlessly.

### Transfer Network

In 2009, we put forth a new philosophy and the architecture of the backbone network. The new system is based on several fiber-optic rings and DWDM interfaces, enabling almost unlimited data flow and signaling between nodes. It also presents a natural foundation for the elastic IP traffic that is already conducted or will be conducted through our network in the future. This part of the transfer network will fully support all Si.mobil's broadband activities in the following years. The project was presented as an innovative solution at the Cisco Networkers international conference in Barcelona.

## Network investments in 2009

Network	2007	2008	2009	Deviation (2008-2007)	Deviation in % (2008/2007)	Deviation (2008/2009)	Deviation in % (2008/2009)
<b>Access network</b>	8,304,346.55 EUR	7,509,499.59 EUR	6,263,740.67 EUR	-794,846.96 EUR	90.43 %	-1,245,758.92 EUR	83.41 %
<b>Core network</b>	3,042,241.02 EUR	2,713,152.77 EUR	3,057,895.39 EUR	-329,088.25 EUR	89.18 %	344,742.62 EUR	112.71 %
<b>Transport network</b>	2,566,740.66 EUR	2,533,908.85 EUR	2,147,284.42 EUR	-32,831.81 EUR	98.72 %	-386,624.43 EUR	84.74 %
<b>Total</b>	13,913,328.23 EUR	12,756,561.21 EUR	11,468,920.48 EUR	-1,156,767.02 EUR	91.69 %	-1,287,640.73 EUR	89.91 %



**Network Quality**

**In 2009 we paid a lot of attention to maintaining and improving the quality of network elements as well as services.**

We upgraded the existing tools for system monitoring and introduced new methods for continuous optimization. We put special emphasis on raising the quality of the entire chain of systems, from radio access and, transfer sections to the core section

of the network. We used over 40 complex tools for quality monitoring and management support and implemented them in different segments of the network and services.

- We introduced two indices:
- Network quality index (NQI),
  - Service quality index (SQI).

The indices are comprised of important parameters that describe the functioning of the network or services. The comparison of the indices to the situation in 2008 showed that the quality of services rose by 17%, while the quality of the network was up by nearly one percent.

In the second half of 2009, Si.mobil carried out a detailed analysis of the quality

of the radio access network in collaboration with a contracted organization. We covered a distance of over 6,000 kilometers around Slovenia, assessing the quality of the network and recording the state of other networks. The results showed that Si.mobil's network is of very high quality. Based on the results, we carried out corrections, additionally improving the level of quality by the end of the year.

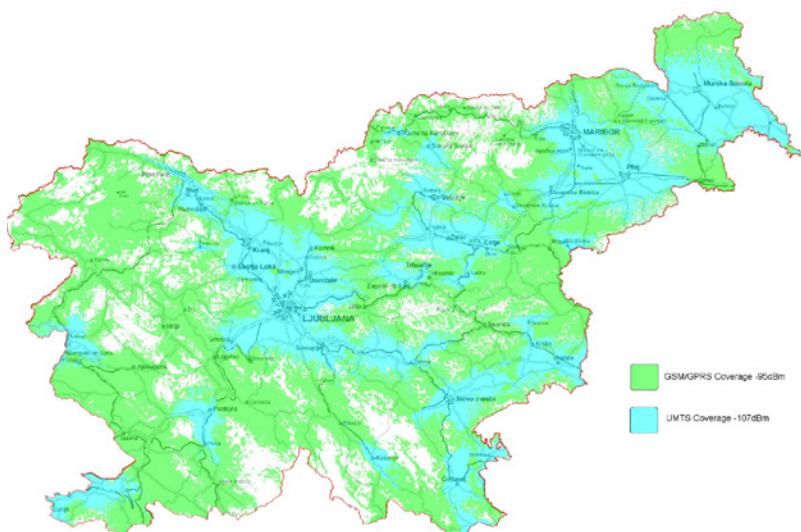
At Si.mobil we are aware that our users travel beyond the borders of Slovenia and that our own network plays host to many foreign users. That is why in 2009 we also optimized the tools enabling fast reactions in case of a drop in quality or a disruption in certain services that foreign guests are used to from their home networks.

# COVERAGE

We currently provide 64% population coverage with the UMTS signal (data transfer speed of up to 3.6 Mbps), 90% coverage with the EDGE signal (data transfer speed of up to 236 kbps), and 99.6% coverage with the GSM/GPRS signal (data transfer speed of up to 80 kbps).

	2009	2008
<b>GSM coverage</b>	99.6 %	99.6 %
<b>EDGE coverage</b>	90 %	90 %
<b>UMTS/HSDPA coverage</b>	64 %	53.3 %

MAP



- UMTS and GSM/GPRS signal coverage.

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# 4000 kg

**Re.think**

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# OF ACTIVE RESPONSIBILITY

also in the shape of electronic devices that we collected in 2009. Every battery, every charger and every phone counts.



# EMPLOYEE DEVELOPMENT

One of the pillars of our operations is the realization of social responsibility, which also includes care for employees. We are aware that employees are our greatest capital, so winning their trust is our most important mission.

We are certain that trust is of key importance to employees' well-being. We win this by being proactive, and employing a personal approach and sincere attitude.

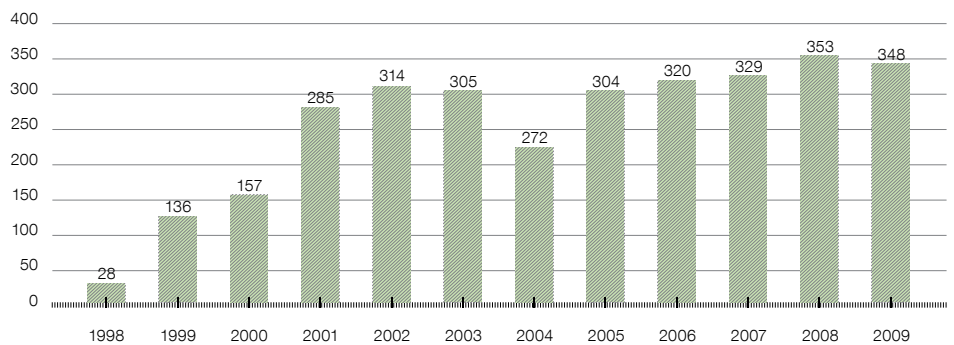
Si.mobil puts great emphasis on employee inclusion and participation in different projects, even outside their fields of work, as this helps employees develop their potential and gives them additional motivation. In addition to salary and bonuses for regular work, Si.mobil makes it possible for employees to gain personal recognition and develop personally. We help them with career planning, guide them in developing their talents, and encourage an organizational culture that supports originality, development, and employee self-initiative.

We respond to employee needs with different measures and create a stimulating and friendly work environment. We were awarded the **Family Friendly Enterprise** certificate, and within this framework, we try to **help ease the balancing of work and family lives for working parents**. We also made it to the finals of the **Golden**

**Thread** project in the enterprise category, and we received a special acknowledgment for the most innovative and socially-responsible attitude towards employees and the wider environment.

In 2009, we revised the **270° skill analysis** for Si.mobil managers and employees. **We redrafted** the original skill descriptions in line with the following Si.mobil values: The User Is King; Value for Money; and Professionalism. With the help of our employees, we created a ranking system of desired and undesired skills that reflect the company's values. At Si.mobil at the end of the calendar year, we carry out a multidirectional evaluation of the skills of our co-workers, managers, and ourselves. Through this multidirectional skill analysis, each employee **gets an image of their advantages and challenges that they can use for their personal development**.

## GROWTH IN EMPLOYEE NUMBERS



## Education and Training

Through educational training, Si.mobil systematically provides employee development.

All trainings at Si.mobil are joined under the umbrella of the People Development which is responsible for suitable and focused career development. In 2009, we carried out over 18,000 hours of training for all employees, student workers, and external contractors. Employees

can also improve their expertise in an international environment, as Si.mobil is a member of the mobilkom austria group.

When joining Si.mobil, all employees participate in an Introductory Day, where they get acquainted with our mission, vision, values and goals, the company's structure, the work of all the sectors, and our relationship to our users. This year, we presented Si.mobil to over 30 new employees in four Introductory Days.

On the basis of annual interviews and set development plans, employees can select training programs from the **training catalogue** that are designed for:

- all employees,
- employees who need a unified ap-

proach to dealing with users,

- managers,
- employees with management/upper-level potential.

In 2009, we carried out a number of general trainings designed for all employees; **a broader selection of lectures carried out by our internal educators also represented a great gain for Si.mobil.** We organized practical, individual coaching programs for managers and department directors, which focused on achieving results and improving efficiency. **In 2009 employees with management potential, who had not yet acquired any managerial experience in their posts, familiarized themselves with management skills.**

### Level of education

Level of education	Level	2005	2006	2007	2008	2009
PRIMARY SCHOOL	I.	1	4	3	2	2
PRIMARY SCHOOL	II.	0	0	0	0	0
2-YEAR SCHOOL	III.	0	0	0	0	0
3-YEAR SCHOOL	IV.	22	23	22	20	20
HIGH SCHOOL	V.	146	151	161	167	154
2-YEAR COLLEGE	VI.	31	37	33	39	40
4-YEAR COLLEGE	VII.	94	92	97	109	113
MA OR PHD	VIII.	10	12	13	16	19
<b>TOTAL</b>		304	320	329	353	348

## Measuring the Organizational Climate

Si.mobil has been measuring the organizational climate since 2005, which means the 2009 measurement was the fifth. Employee response has been high in all the years that the measurement has taken place and the trend continued in 2009, when 360 out of the 471 individuals who we invited to take part (employees, individuals working through an employment agency, or student workers) returned a

filled-out form, putting the **response rate at an excellent 76.4%**.

The results for 2009 showed a **high average score**, which stood at **3.97** and represents a **0.07 improvement** compared to the year before.

All of us employees at Si.mobil have a responsible attitude towards work, and

we are motivated, enthusiastic, innovative and full of initiative. We feel a sense of membership in the organization and responsibility for the quality of our work. We trust each other and we cultivate good interpersonal relations.

Categories	Si.mobil's 2009 RESULTS	AVERAGE among Slovenian mobile operators (2008, 2009)	Siok 2009	DIFFERENCE Si.mobil 2009 / Si.mobil 2008	DIFFERENCE Simobil 2009 / Telecommunications 2009
Attitude towards quality	4.30	4.06	3.75	0.15	<b>0.24</b>
Innovativeness and self-initiative	4.22	4.02	3.59	0.08	<b>0.20</b>
Motivation and enthusiasm	4.21	4.01	3.47	0.10	<b>0.20</b>
Internal relations	4.17	3.71	3.29	0.11	<b>0.46</b>
Management	4.11	3.89	3.28	0.19	<b>0.22</b>
Loyalty in the organization	4.02	3.77	3.34	0.06	<b>0.25</b>
Familiarity with the company's mission, vision and goals	3.97	3.71	3.24	-0.01	<b>0.26</b>
Internal communication and informing	3.95	3.63	3.03	0.15	<b>0.32</b>
Organization	3.94	3.63	3.22	0.07	<b>0.31</b>
Professional education and trainings	3.93	3.69	3.27	0.01	<b>0.24</b>
Career development	3.35	3.23	2.74	0.01	<b>0.12</b>
Bonuses	3.24	3.16	2.73	0.07	<b>0.08</b>
Additional questions on systems	3.98	3.80	3.18	-0.02	<b>0.18</b>
Comparative questions	4.21	3.75	3.40	-0.02	<b>0.46</b>
Satisfaction	3.84	3.68	3.42	-0.02	<b>0.16</b>
Average	3.97	3.72	3.25	0.07	<b>0.25</b>
N	360	/	/	/	/

## Care for Employees

### Care for employees pays off in greater employee loyalty.

Si.mobil realizes its mission of being a caring and responsible employer in many ways:

- **Annual interviews with employees.** At least twice a year, employees have a chance to have an in-depth interview with their superiors. Annual interviews are above all intended for employees' personal and career development, as well as to set goals.
- **Promotions.** Employees have a chance to be regularly promoted every two years by up to two wage brackets. Superiors also have the possibility to propose extraordinary promotions for their employees. Promotion is a regular procedure performed once a year.
- **Bonuses for successful work.** We are aware that material incentives play an important role in motivating employees. Si.mobil's employees can receive a yearly bonus of up to 12% of their gross

annual salary. Goals are set by employees and their superiors at the annual interview, and their realization is checked at least once during the year.

- **Additional education.** We offer our co-workers internal and external trainings (workshops, seminars, courses) and encourage them to transfer their knowledge. Moreover, knowledge is transferred to our employees also by internal trainers.
- **Care for a safe old age.** We also help employees to provide for their welfare in their old age. Si.mobil is paying in a monthly contribution of 1.8% of an employee's gross wage to the Prva pokojninska družba pension fund for every employee who decided to enter into the complementary collective pension insurance.
- **Accident insurance.** Employees are included in collective accident insurance with the insurer Adriatic Slovenica.
- **Special attentions.** Si.mobil employees have the chance to use mobile phones and get all-day free-of charge use. We also congratulate them at important moments of their life; they re-

ceive vouchers when they become parents, free flu vaccinations, New Year's presents, promotion materials (such as t-shirts, caps, umbrellas, etc.), free coffee and fresh fruit, use of company cars and parking lots, bicycles and scooters for business trips around Ljubljana, picnics and a New Year's party, as well as transparent communication.

- **Family-friendly enterprise.** We joined the Family-Friendly Enterprise project, which is carried out by the Ministry of Labor, Family, and Social Affairs in cooperation with the Young Mother/Family-Friendly Employment development partnership, and we were awarded the Family-Friendly Enterprise certificate.
- **Participation in different groups within the company.** Employees can share their knowledge and express their interests with active participation in the Family-Friendly Enterprise group or the Eco Team, and they can also find opportunities for a more active life with the help of benefits offered by the Sports Group.

**Family Friendly Enterprise**

As of 2009, three years had passed since Si.mobil was awarded the basic Family-Friendly Enterprise certificate. Family-friendly operations are part of Si.mobil's social responsibility and responsibility towards employees. With a family-friendly policy, we want to create a work environment that will prevent clashes between the roles of a parent and an employee. Surveys confirm that employee fluctuation in family-friendly companies is dropping. In 2009, our employees had 16 newborns, 7 boys and 9 girls, and today Si.mobil's employees have 284 children, 148 boys and 136 girls.

**Si.mobil is striving to make the roles of parent and employee as balanced as possible.**

Si.mobil currently has:

- 83 mommies, which represents 24% of

all employees and 52% of all employed women at Si.mobil.

- 82 daddies, which presents 24% of all employees and 43% of all employed men at Si.mobil.
- 165 parents, which means that 47% of our employees are parents.

In the past three years, 49 dads used their right to paternity leave:

- 20 dads in 2007
- 18 dads in 2008
- 11 dads in 2009.

With receipt of the certificate in 2007, we at Si.mobil already introduced seven benefits aimed at improving the structure of work and making the balancing of family and professional lives for our employees easier.

The benefits we introduced are:

- Child-time bonus
- Flexible work breaks
- Reintegration into the work process after a maternity or paternity leave
- Employee updating
- Training on family-friendly employment policy for management workers
- Establishment of an expert group tasked

with balancing the interests of employees and the company

- Public relations – we want to present the measures for easier balancing of professional and family life as part of our organizational culture.

We included all the listed benefits in the everyday operations of our employees, and considering their response, the employees have accepted these measures well. The internal expert group regularly reported on the progress and achievements to the Young Mother/Family-Friendly Employment Development Partnership.

Our goal is to receive a permanent Family-Friendly Enterprise certificate next year, but if we want to keep it in the next three-year period, we will need to go through the procedure again. This means we will have to adopt new family-friendly and employee-friendly benefits and measures and introduce them into our operations. Among the already existing measures, we will select those that most suit the employees.

FAMILY FRIENDLY ENTERPRISE



- When they get a baby, Si.mobil presents the parents with a baby package.

**Communication with Employees**

The role of Si.mobil's Office for Corporate Communication is to transparently and in a timely manner inform the relevant outside groups about events, while taking care of long-term relations with all relevant parts of the public.

One of the most important groups of the public are our employees. When speaking about internal communication, we

mean relations with colleagues, relationships within the organization, the company. These include formal and informal relations. Internal communication strives to strengthen the culture and values that are being developed among the employees within the company, as well as to help employees understand the company's vision, strategy, and goals.

Efficient internal communication contributes to greater employee satisfaction at the work place, as well as feelings of security, motivation and membership in the company. Internal communication plays an important role in informing the employees, and timely, precise, and consistent informing of the internal public prevents rumors, speculations, and conflicts. It is important that employees build a positive





attitude towards the company, because this is the only way in which they can efficiently and persuasively represent the company to the external public.

## We've built an efficient internal communication system with set communication methods using different tools.

The **intranet** is designed for and accessible to all employees. The information published there is topical and useful, since this is the only way of providing the employees access to necessary information that makes their work easier.

The internal magazine, **Inside**, is published three times a year and is created by and for employees. The board of editors features employees from individual sectors. The magazine informs on different issues, from topical news on the market, new features offered by our company on the mobile communications market, business achievements, sponsorships, events and trainings, but it also doesn't lack the entertainment content that enriches the newsletter.

E-messages are a direct and fast way of communication. Every Friday, all the employees receive Si.weekly. The e-newsletter regularly serves up the weekly news,

such as sales and advertising promotions, new base stations, new agreements on roaming, activities of the Sports Group, different benefits for our employees, internal changes and new employees, job openings, and also a review of media reports on the company.

Employees are also informed about important events through e-channels such as **Corporate Info** (information on the company), **HR Info** (human resource information), and **Re.think Info**, in which we report on issues related to social and environmental responsibility. Si.mobil's management communicates with the employees through the **Management Board Info**. These are the main channels through which employees receive the most topical and important news, such as awards won for different achievements, different events, and the information on new features on the market that we send to the media.

An important part of communication is carried out at horizontal as well as vertical meetings. We organize three meetings yearly for all our employees. At the beginning of the year, employees are acquainted with the plans and strategy at a **strategic meeting**, in the summer we organize a **picnic**, and we have a **New Year's party** in December. We also pay special attention to a smaller circle of key employees, who receive additional and more in-depth internal information three times a year.

## We are aware that people are important.

Because we are aware that people are important and that relations between employees need to be nourished and carefully constructed, the management's **personal approach** to employees presents an important part of internal communication. The chairman and the Management Board members visit all the company's departments at least once a week and go on a so-called "road show" that takes them to our sales centers at least once a year.

**Internal communication at the level of the mobilkom austria group** is also part of Si.mobil's internal communication. Employees can access information on all operators in the group (developments on individual markets, new features, activities, and joint documents) on an extranet called **Groupnet**. We also issue **mag monthly**, a monthly e-newsletter delivering news on all operators in the mobilkom austria group. Once a year, a **meeting of key people in the group is held**. This is an opportunity for a debate on the group's strategy, future plans, and for exchanging knowledge and experience.

Every year, Santa visits our employees' children and in 2008 Lutr the Otter joined him for the first time. In the spring, we invite employees' families to an **Open Door Day**, because we want children to get to know their parents' work environment.

### OPEN DOOR DAY



- Children visiting Si.mobil on the open door day.

# CARE FOR ENVIRONMENT

2009 was a year full of confirmations that our environmentally-friendlier operations are paying off. The Re.think environmental project received three awards, which motivate us to work more and better for our environment and our waters. We are determined to continue on the path of friendliness towards the environment.

The Re.think project combines all Si.mobil's environmental activities, in which we also invited all our employees to participate. Efforts for a better quality of life start with every individual and each, no matter how small, gesture contributes to a more responsible and better (co)existence. In 2009 we again called on our employees to get actively involved and

participate in environmentally-friendly activities. We are pleased that the number of Eco Team members keeps growing.

In 2009, we carried out a number of activities, but the most important were the acquisition of the **ISO 14001 certificate** and the establishment the **Si.voda Fund**, through which we will conduct activities

related to care for clean and healthy waters in Slovenia.

Our efforts did not go unnoticed, and Re.think received three awards: the **Most Innovative Human Resource Practice award**, the **Gold Quill Award of Excellence**, and a special **Business Issues Award**, conferred by the International Association of Business Communicators.

## Employees

In 2009 we continued with the activities, and included our employees. We again carried out a clean up drive and cleaned up the vicinity of our immediate work environment, an action that first took place in 2008. During the event, members of the Eco Team also cleaned up the surroundings of our headquarters.

Along with the fact that an increasing number of colleagues support the Re.think project, we are also pleased with outside recognitions. In April we received the **Most Innovative Human Resource Practice award** for the Re.think project. The Re.think project was also awarded **the Gold Quill Award of Excellence** and a special **Business Issues Award**, both of which were conferred by the International Association of Business Communicators (IABC).

We established the **Si.voda Fund**, a non-profit organization whose mission is to raise awareness through a professional approach on the importance of water and our impact on it. The vision of the Si.voda Fund is to use a sustainable approach to make sure that clean and healthy water will also be available to future generations.

In June, we received the results of the 2008 environmental analysis, in which we discovered that we'd cut water consumption by 10% and the consumption of bottled water by 21%. Compared to 2007, we considerably reduced power consumption, while heat consumption was down by 30%.

In May, we carried out two workshops

within the Eco Team, where we defined the tasks and responsibilities, prepared environmental programs, and drafted the standing orders for the environmental management system. On the basis of an external assessment by the Slovenian Institute of Quality and Metrology, in May we were awarded the **ISO 14001 certificate**.

We installed aerators on water taps in the headquarters and the call center, which will reduce water consumption even more.

## Users

**The Faculty of Economics is the first outside organization to have started implementing the Re.think philosophy, initiated by Si.mobil.**

In May, **the Chairman of Simobil's Management Board, Dejan Turk, and the dean of the Faculty of Economics, Dušan Mramor**, signed an agreement, under which **the Faculty of Economics started to implement the Re.think philosophy**. With this agreement, the Faculty of Economics began following Si.mobil's good practice in the direction of introduc-

ing environmentally-friendly measures and the manner of motivating and raising the awareness of everyone housed at the faculty. The faculty established its own eco team, furnished its premises with stickers and motivators, and pledged to seek opportunities to make suitable changes within their own operations.

**In the first half of the year, we added the environmentally-friendly Samsung SGH-E220 ECO phone** to our Re.think offer, which also already includes solar and energy-efficient chargers. We thus became the first Slovenian mobile operator to offer a phone with a casing that is made entirely from environmentally-friendly plastic, manufactured from natural materials. In the second half of the year, we added the Samsung Crest E1107 Solar and Samsung Blue Earth phones to the Re.think offer.

In collaboration with Nokia, we launched a drive in the spring to award environmentally-friendly behavior. Every user who bought a new Nokia phone and brought their old phone back for recycling was given an **energy-efficient Nokia charger**. We also awarded recycling of old phones, chargers and batteries with **eco-chic** gifts.

We awarded everyone who threw their old phone, battery, or charger into the recycling bin with an eco-chic gift.

We extended a €2 discount for three months to every user opting for e-billing or paying bills with a standing order, making a step towards reducing paper consumption.

RE.MISLI AT FACULTY OF ECONOMICS - INITIATOR SI.MOBIL



- Dušan Mramor and Dejan Turk sign an agreement, under which the Faculty of Economics started implementing the Re.think philosophy.

### The ISO 14001 Environmental Certificate

In 2009, we carried out numerous activities related to the **ISO 14001 environmental certificate and standard**. We concluded standing orders of the environmental management system, crafted environmental programs, established processes for environmental management, crafted documents, selected tools for managing the system, and defined the responsibility and role of individuals at Si.mobil. The main milestones were the internal review of the environmental management system and the external assessment by the Slovenian Institute of Quality and Metrology, after which Si.mobil **was awarded the ISO 14001 certificate in May 2009**.

With the aim of carrying out new tasks and fulfilling commitments, we held two workshops in 2009, where we defined in more detail the tasks and responsibilities related to the ISO 14001 certificate, reviewed our fulfillment of goals and environmental programs, and also set approximate goals and programs for 2010.

In 2009, we were active in six environmental programs.

- Environmental program no. 1: **Reduction of drinking water consumption**
- Environmental program no. 2: **Reduction of power consumption**
- Environmental program no. 3: **Reduction of greenhouse gas emissions**
- Environmental program no. 4: **Reduction of paper consumption**
- Environmental program no. 5: **Reduction of the quantity of environmentally harmful waste**

- Environmental program no. 6: **Reduction of the negative impact of base stations on the environment**

We carried out the majority of activities and met most goals from the 2009

environmental programs, and we even exceeded a few. The environmental programs planned 34 activities, 28 of which were carried out fully, setting the realization rate at 82%.

#### ENVIRONMENTAL CERTIFICATE



- In May 2009, we were awarded the ISO 14001 certificate.

# SI.VODA FUND

**The vision of the Si.voda Fund is to use a sustainable approach to make sure that clean and healthy water will continue to be available for future generations.**

Professionalism and transparency are important guiding principles of Si.voda Fund's operations. For this purpose, the **Foundation Council**, the managing body, and the **Expert Council**, the consulting body, were established.

The Si.voda Fund gained additional credibility with the creation of the Expert Council, its own group of ambassadors.

The foundation's bodies are: The Foundation Council, the director, the Expert Council

The Foundation Council

- Representative of the founder and chairman: **Milan Zaletel**, Si.mobil
- Representative of employees and deputy chair: **Tamara Valenčič**, Si.mobil
- Representative of the interested public: **Marjana Peterman**, Zveza potrošnikov Slovenije (Slovenian Consumer Association)

Director of the foundation: **Tanja Vigec**, Si.mobil

Representative of the founder, cosignatory of financial documents: **Dejan Turk**, Si.mobil

Expert Council

- chair: **Professor Lučka Kajfež Bogataj, PhD**, expert on climate change
- member: **Professor Ana Vovk Korže, PhD**, expert on nature and environment protection
- member **Lidija Globevnik, PhD**, expert on the protection of water

In 2009, Si.mobil established the Si.voda Fund, an organization for clean and healthy waters. Si.voda Fund, organization for clean and healthy waters, is a non-profit organization with the goal of raising awareness on the meaning of waters and our impact on it through a professional approach, while investing into active tackling the issue of the quality of water in Slovenia.

Sklad **si.voda**

- member: **Mitja Bricelj, PhD**, expert on environmental legislation
- member: degree in sanitation engineering **Miloš Druškovič**, expert on health safety.

The Foundation Council and Expert Council have a mandate to debate issues and make decisions at their sessions. The Foundation Council meets when necessary, but at least twice a year. The Expert Council meets when necessary, at least four times a year.

Under the foundation's statute, the director of the Si.voda Fund has to report to the founder at least twice a year.

**The Si.voda Fund receives funds from:**

- individuals' contributions: Si.mobil users, who donate €1 to the fund by

sending a text message with key word "SIVODA" to 1919. In addition, Si.mobil subscribers can activate the Re.think Option and donate €1 to the Si.voda Fund every month.

- Contributions from companies
- Contributions from Si.mobil:
  - €1 for every Si.mobil user who decides to receive an e-bill
  - €1 for every phone that users bring to any Si.mobil sales centers to have recycled.
  - €1 for every activated Re.think Option.
  - €1 for every text message with the key word "SIVODA" sent to 1919.

## SI.VODA FUND



• Representatives of the Si.voda Fund.



# SAFE USE OF MOBILE PHONES AMONG CHILDREN AND YOUNGSTERS



In 2009, Si.mobil turned its attention also to its youngest users, who are most vulnerable to the dangers of mobile communications. We signed a code on safe use of mobile phones by children and youngsters, and we crafted a guide in which we instructed parents on the correct use of mobile communications among children.

## Raising awareness among parents contributes to safer use of mobile communications among the young.

On the basis of our experience with users, Si.mobil has already designed a number of security mechanisms aimed at limiting abuses, frauds, and hoaxes as much as possible. In addition, we want to contribute to safer use of mobile communications among the young by raising awareness among their parents.

### The signing of the code for the protection of children

In March, Si.mobil and other mobile operators together with representatives of the Association of Informatics and Telecommunications at the Chamber of Commerce and Industry signed a **code on the safer use of mobile phones for children and young people under 18 years of age**. By doing this, we joined the European initiative »European Framework for Safer Mobile Use by Younger Teenagers and Children« and pledged to fulfill the requirements of the code that are in line with European and national legislation. In addition to commitments listed in the code, we will develop and implement other measures in line with the code.

By signing the code, we pledged to:

- establish tools to distinguish and separate adult content;
- allow access to adult content only after completing the obligatory correspondence with the user;
- enable parents to use mechanisms to control access to adult content;
- inform parents and children on adult content and ways to limiting access to it;
- provide advice and information regarding the use of mobile content and measures that can be taken to make use of this content safer.

### Parents' Guide through Mobile Communications

In line with the commitment the company made in the code on safer use of mobile phones to do its best to ensure its users safe use of mobile phones, in September Si.mobil drafted a guide warning parents

about the traps of mobile communications use among children.

The guide was drafted in collaboration with the Slovenian Consumer Association and SAFE-SI, the national body for raising awareness on safe use of internet. It is available in hard copy and an e-document is published on Si.mobil's website.

Today, 9 out of 10 teenagers, aged between 13 and 17, own a mobile phone. Young people use mobile communications very intensively, while being unaware that it can also be a source of abuse and danger. The guide is a collection of practical advice, providing parents with information on how to prepare a child to use the mobile phone for the first time, how to protect a child from possible abuse and danger when using mobile phones, and what to do if such unwanted incidents occur.

#### ORTO RESPONSIBLE PARENTS



- Parent Guide through Mobile Communications.



# SMS SERVICE FOR DIABETICS

In the spirit of Re.think and keeping users in mind, we designed the service for diabetics, dubbed “Vem, kaj jem!”.

With its services, Si.mobil is realizing its socially-responsible orientation, in which every individual and every deed – no matter how small – counts.

At the suggestion of Dr. Andrej Janež, the head of the Department of Endocrinology, Diabetes, and Metabolic Diseases at the University of Ljubljana Medical Centre, and in cooperation with the Sanofi–Aventis pharmaceutical company, in November Si.mobil launched a new mobile service “Vem, kaj jem!” (I know what I eat!), which provides users with an option of monitoring their intake of carbohydrates using text messages.

On 14 November, World Diabetes Day, in cooperation with partners we presented a new mobile service providing monitoring of carbohydrate intake using text messages. The service “Vem, kaj jem!” (“I know what I eat!”) is part of our socially-responsible Re.think philosophy, which is intended to help improve the quality of life.

Monitoring the intake of carbohydrates is the main task of diabetes patients, because the quantity of carbohydrates impacts the quantity of insulin, which regulates blood glucose levels. The “Vem, kaj jem!” service is above all designed for diabetics, but it is also for people who wish to live healthy.

The service provides users with a method to check the carbohydrate content in food before every meal via text message. By sending a text message with the key word “OH” and the list of food they are planning to eat (for example “OH, breaded pork, potatoes”). They receive a reply with info

on the content of carbohydrates in grams considering the quantity of food in units (such as piece, spoon, plate, cup). If the database includes the glycemic index of the food, then the reply also provides this information.

The service is available to the majority of mobile communications users in Slovenia and is free-of-charge for Si.mobil users.

## VEM, KAJ JEM! “I KNOW WHAT I EAT!”



- Users can check the amount of carbohydrates in a meal simply by sending a text message.

# DONATIONS

## Charity shows that we care.

Through its humanitarian work, Si.mobil continues strengthening its values. With the SMS Donator service, we help to collect funds for numerous humanitarian associations and organizations, and we gather no revenues from this service. Aside from this, we also help humanitarian organizations with our direct donations.

### SMS Donations

As in all the years before, Si.mobil realized its understanding for the needs of the society with the free-of-charge **SMS Donator** service. The service enables the users to make donations by sending text messages with a key word to 1919. Everyone sending a message donates €0.96 or €1. And Si.mobil gathers no revenue from the sending of these text messages.

The list of humanitarian associations and organizations, to which Si.mobil provided the SMS Donator service in 2009:

#### **Društvo Beli Obroč (White Ring Association)**

- Key word "BELIOBROC" to help young victims of crimes.

#### **Unicef**

- Key word "UNICEF" for Unicef's aid programs.

#### **Red Cross Slovenia**

- Key word "RKS" for the programs of Red Cross Slovenia.
- Key word "DS" for the construction of a centre for children with Down's syndrome in Koštabona.
- Key word "ZIVLJENJE" for blood tests to help people who require bone marrow transplants.
- Key word "PLAMEN" to help victims of violence, abuse, and torture.
- Key word "ZDRAVJE" for the fundraising drive for a new X-Ray apparatus for the Slovenj Gradec hospital.

#### **Caritas Slovenia**

- Key word "KARITAS" for the aid programs of Caritas Slovenia.
- Key word "UPANJE" to help families, children, and the elderly.
- Key word "AFRIKA" to help families in Africa.
- Key word "ZVEZEK" to contribute for the purchase of school supplies.

#### **Županov sklad in Benka Pulko (Mayor's Fund and Benka Pulko)**

- Key word "NARAVA" to enable Slovenian children to attend nature camps.
- Key word "SOLNINA" for the education of Tibetan girls in exile.

#### **Institute for the Rehabilitation of Children**

- Key word "KROS" for completing the construction of the ward for the rehabilitation of children.

#### **Društvo Rdeči Noski (Red Nose Association)**

- Key word "RDECINOSKI" for clown-doctors who brighten up the young patients' days in hospitals.

#### **University Medical Centre Ljubljana**

- Key word "CT" for the purchase of a new CT scanner.

#### **Zveza Prijateljev mladine (The Association of the Friends of Youth)**

- Key word "AVTIZEM" for an integrated approach to the construction of a network for children with autism and their families.

#### **Društvo Piters (The Piters Association)**

- Key word "PITERS" to help the victims of domestic violence and gambling addicts.

#### **Društvo Kralji Ulic (Kings of the Streets Association)**

- Key word "BREZDOMCI" to help the homeless.

#### **Društvo Ozara Slovenije (Ozara Slovenia Society)**

- Key word "OZARA" for programs for people with mental health problems.

#### **Ustanova-fundacija za pomoč otrokom (Institution-Foundation to Help Children)**

- Key word "POMOC" to helping sick and poor Slovenian children.

#### **Društvo za prezgodaj rojene otroke Maribor (Maribor Society for Prematurely-Born Children)**

- Key word "MALIBORCI" for the purchase of a new respirator.

#### **Ustanova za pomoč otrokom z rakom (Institution for the Help of Children with Cancer)**

- Key word "FLORIS" for children with cancer.

#### **Društvo Mena (Mena Society)**

- Key word "MENA" to help women suffering from incontinence and menopause.

#### **Slovenian Hospice Society**

- Key word "HISAHOSPICA" to furnish the first hospice in Slovenia.

#### **Kinološko Društvo za reševalne pse Maribor (Maribor Canine Association for Rescue Dogs)**

- Key word "PES" for the training of two assistance dogs for the disabled.

#### **Ustanova Rdeča Žoga (The Red Ball Foundation)**

- Key word "RDECAZOGA" to help socially at-risk families.

#### **Caritas Maribor**

- Key word "KUNGOTA" (between 15 September and 15 October 2009) to help families and individuals who were affected by hailstorms in Kungota, Slovenia.

#### **Izola Hospital**

- Key word "BOLNISNICA" to improve the room conditions and purchase new equipment at the Izola hospital.

### Direct Donations

In addition to SMS donations, Si.mobil also supported the following projects with direct donations in 2009:

- charity dinner The Night of 1000 Diners for the International Trust Fund for De-mining and Mine Victim Assistance (ITF),
- Omnia Ljubljana Lions Club's charity bowling tournament,
- charity dinner at the 15<sup>th</sup> anniversary of the Slovenian International Ladies Association,
- Rotary-Lions charity golf tournament

# SPONSORSHIPS

**Si.mobil's sponsorships include projects from the fields of sport, culture, and business.**

The organizations, events, and projects that we sponsor are not selected by chance. We select from among those who have the most in common with the values of our brand. Through sponsorships we establish relations with different groups of our users – the existing and potential. Through sponsorships, we upgrade Si.mobil's vision of a socially-responsible and user-friendly company.

## Sponsorship of Running Events

By sponsoring running events, Si.mobil wants to promote the idea of running as a way of life, in the spirit of its socially-responsible and environmental Re.think philosophy. Running is a sport that does not burden the environment and it has a relaxing effect on people. Number of runners is increasing with each day, that is why on the [www.simobil.si/tek](http://www.simobil.si/tek) website we collect useful information and services for all runners.

In 2009, Si.mobil sponsored the following runs:

- The Ljubljana Marathon, Ljubljana
- Tek trojk/The Run of Threes, Ljubljana
- The Three Hearts Marathon, Radenci
- The Bled Half Marathon, Bled
- The Half Marathon of Statehood, Celje
- The Ultra Marathon Celje – Logarska dolina.

## Business Sponsorships

With business sponsorships, we looked for new business opportunities, strengthened ties with business partners, and increased our reputation in business circles. In the past year, Si.mobil sponsored:

- The Young Executives Society (YES);
- four Diners SLO golf tournaments;
- The IMB Slovenia golf tournament;
- The golf tournament of the Ski Association of Slovenia's Nordic sports group
- The IBM forum in Portorož;
- The annual meeting of supervisory board members;
- The December Managers' Concert;
- The Spring Conference of the Managers' Association of Slovenia;

- and the Austrian national holiday.

## Sponsorships in Culture

At Si.mobil, we believe that creativity is the motor of progress, so we also contribute some of our sponsorship funds to cultural projects.

Last year, Si.mobil supported the following projects and events:

- **The DiscoNautica Festival:** for the fourth year in a row, we were the main sponsor of the traditional summer dance and electronic festival DiscoNautica. This year, the finals of the ORTO DANCE audition took place at the festival.
- **Danelektronike (Day of Electronic Music):** For the third time in a row, Si.mobil was the main sponsor of the Day of Electronic Music, which has become a renowned meeting point of some of the world's leading musical and visual artists in the field of avant-garde dance and electronic culture.
- **Collegium Mondial Travel:** Si.mobil

accompanies passengers traveling with the largest travel agency for the young, Collegium Mondial Travel, as well as at the parties that are a part of the trips.

- **Magdalena:** At the international festival of creative communication, Magdalena 2009 in Maribor, Si.mobil searched in a competition for the most creative call for SMS donations for a non-profit organization.
- **The Days of Poetry and Wine:** Si.mobil supported the Days of Poetry and Wine festival in Medana for the fifth time. As part of the festival, we organized the Si.pesnik (Si.poet) competition, selecting the best Slovenian poem written in the SMS format.
- **The Druga godba festival:** The Druga godba festival has remained faithful to its mission since its beginnings and, similar to Si.mobil, it also celebrated an important anniversary last year.
- **Kibla:** For years, Si.mobil has been supporting Kibla, a cultural and educational society in the area of multimedia and interdisciplinary arts.

## GOLF TOURNAMENT



- Golf tournaments are only one type of events sponsored by Si.mobil.

# PARTY WITH A CAUSE AND THE CHILD-FRIENDLY INTERVIEW ROOM

For the sixth time in a row, Si.mobil organized the Party with a Cause, an event for the young and aimed at promoting SMS donations and social responsibility among the youth. With the funds collected at the Party with a Cause and the support of the Ljubljana Municipality, Društvo Beli Obroč ("White Circle association") opened the first child-friendly interview room in Ljubljana, which is designed for interviewing children who have been victims of crime.

**The aim of the Party with a Cause was the same for the sixth time in a row – to promote SMS donations and social responsibility among the young.**

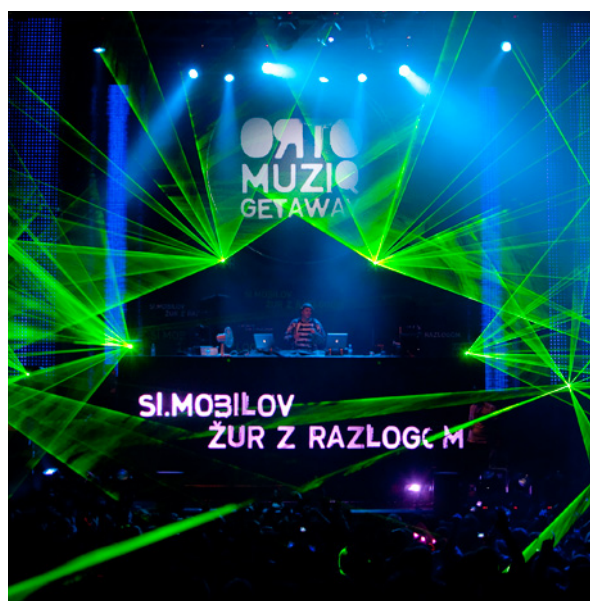
On the last Saturday in August, Si.mobil organized the 6th Annual Party with a Cause at Ljubljana's Tivoli park. Like we do every year, we combined charity and electronic rhythms, and the party with DJ Umek was a complete success despite the rain.

The aim of the Party with a Cause was the same for the sixth time in a row – to promote SMS donations and social responsibility among the young.

By the end of September, Si.mobil, Mobitel and Tušmobil users could send a text

message with the word **"BELIOBROČ" to 1919** and donate €1 to Društvo Beli Obroč. In return for their donation to Beli Obroč, users received a reply text message which served as a ticket to the Party with a Cause. Tickets to the event could also be purchased for €1 at the entrance to the venue. Si.mobil enabled everyone who could not attend the Party with a Cause to follow the event live on the event's webpage: [www.orto.si/zurzrazlogom](http://www.orto.si/zurzrazlogom).

## PARTY WITH A CAUSE



- The purpose of the 6<sup>th</sup> Party with a Cause was the same as in all the past years – promoting social conscience among young people.



In order to help Beli Obroč collect even more funds than in the past years, we offered – together with partners of the event – additional opportunities to help young victims of crime besides the SMS donation.

- Si.mobil's users could donate €1 through the Vodafone live! portal. In return they received a thank you text message that was also a ticket to the Party with a Cause.
- Each time they bought drinks, the visi-

tors of the Party with a Cause paid an extra €1 and received a special coupon. If they returned the coupon together with an empty plastic cup or a can, they got the money back. If not, Si.mobil kept the money and donated it to Beli Obroč.

- Samsung presented Beli Obroč Slovenije with €2 from each Samsung Star phone sold; this phone was available exclusively at Si.mobil.
- Everyone who joined Beli Obroč for the

yearly membership fee of €20 further helped the association.

Not even bad weather could stop the charity among the young. Despite the rain, a total of **€30,146.26** was collected at the 6th Annual Party with a Cause, which is **double the amount of funds** collected at 2008's Party with a Cause.

Si.mobil – donation	€10,000.00
Samsung – phones sold	€4,682.00
SMS donations and donation through the Vodafone live! portal	€8,505.91
Sale of ORTO items	€354.00
Entrance fee to the Party with a Cause	€2,710.35
Sale of »Nasilje je out« (Violence Is Out) badges	€1,700.00
Drinks – unreturned cups and cans	€1,079.00
Entrance fee to Inbox club	€615.00
Zavod IPF	€500.00
<b>Total</b>	<b>€30,146.26</b>

### The Child-Friendly Interview Room

In December, Beli Obroč opened the first child-friendly interview room in Ljubljana at its premises on Cigaletova ulica. The room was unveiled by the President of Beli Obroč, **Vlasta Nussdorfer**, Mayor of Ljubljana **Zoran Jankovič**, and Chairman of the Si.mobil Management Board **Dejan Turk**.

Instead of a traditional opening with the cutting of the tape, Vlasta Nussdorfer symbolically marked the opening with a

**Lutr** toy, which Si.mobil donated for the child-friendly interview room. Si.mobil developed the character of Lutr, an otter, to in a playful and pleasant way encourage concern for clean and healthy water amongst the children of its employees.

The child-friendly interview rooms are used by experts to interview children who have been victims of crime. Children and youths who appear as crime victims in proceedings may have difficulty speaking

about the events that marked them because of the traumatic experience. Rooms at police stations and courts do not give a sufficient feeling of safety and trust, so it is harder for victims to open up and speak. Voice and video recordings of the testimonies made in a friendly environment will serve as evidence, while respecting legislation, and victims will be spared repeated painful interviews.

BELI OBROČ "WHITE RING ASSOCIATION"



- The child-friendly room at the Beli obroč »White circle association« Slovenia in Ljubljana.



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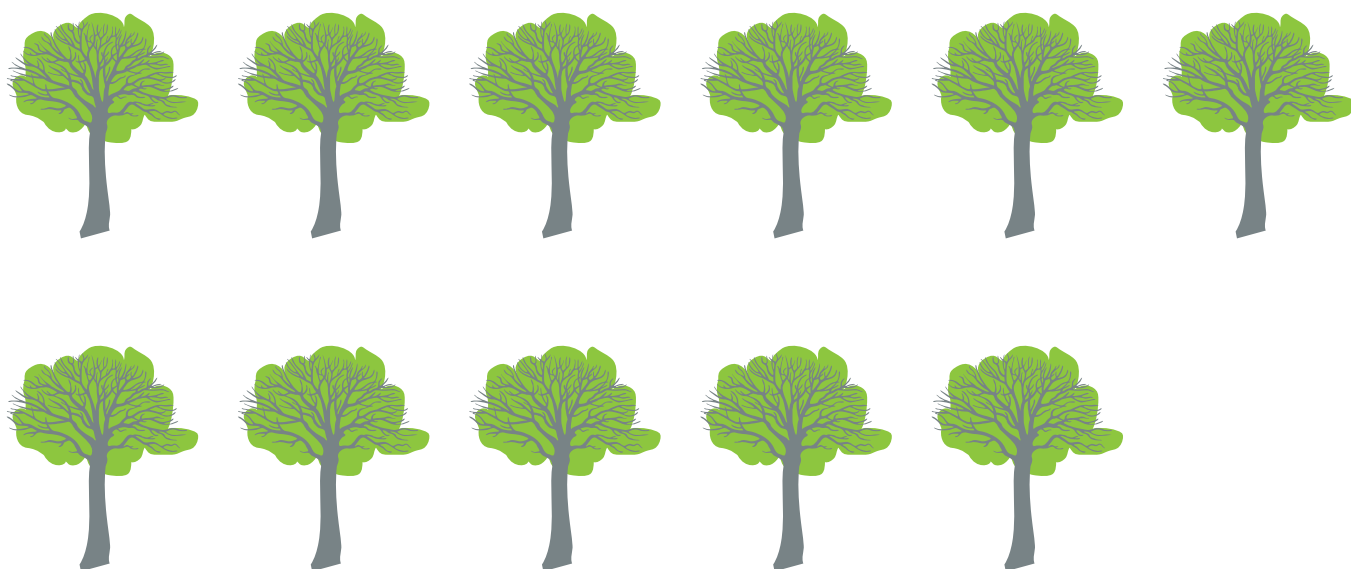
# 135

**Si.mobil in numbers**

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# TREES

could be saved each year if all Si.mobil users opted for e-billing. Less paper, more trees. More trees, more life. Every deed counts.



# BUSINESS REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

2009 was marked above all by extremes in both the economic as well as the social field. On the one hand, 2009 was a year of many successes, while, on the other, in many places time came to a standstill. Although we believed in the beginning of 2009 that we would be able to avoid the global financial crisis, it was proven that it could penetrate all pores of economy, both directly and latently. And it is precisely this second, latent, part in the form of heightened sensitivity amongst mobile telephony users and more importantly national and European regulations and stronger competition that contributes to the stagnation in Si.mobil's business results. 2009 taught us a few home truths, for example, that at a certain point, growth inevitably stops.

We faced many challenges, such as the increased sensitivity of users, who acted in an exceptionally rational way in relation to the prices and according to their consciousness, intensified competitive conditions and the regulation of the Slovenian and European electronic communications market. Our decisions were carefully deliberated upon and thought through. We provided a selection of packages and services with bundled services at €0, and also packages without a subscription fee that allowed for complete control over the costs. We made a big step forward in ensuring quality, but, above all, we further improved our relations with the people and the users. In the year and a half since the overhaul of our corporate identity, we've managed to strengthen the loyalty of our users and improve our reputation amongst the broader Slovenian public through constant communication and addressing the users by means of our brand values and corporate character. We have always put our users first, offered them high quality products and services worth the price and made to their measure. Our actions are consistent and directed towards building long-term relations. The continued increase in preference for our brand as well as user loyalty proves that our decisions have been correct and that we are on the right path.

## Key Indicators

In 2009, we recorded a drop in total operating income by 9.6% in comparison to 2008. The drop is a consequence of lower income from network interconnection due to new regulated prices and, above all, the loss of asymmetry. The prices of international roaming services continued to decrease as a consequence of EU legislation. We thus recorded a 15.2% decrease in network interconnection and international roaming income. On the other hand, the income from the sale of services grew by 3.1% in comparison to the previous business year, which is a consequence of a rise in the number of users and their improved structure.

The decrease in income was also reflected in the operating profit before amortization (EBITDA), which amounted to €47.09 million at the end of the year, representing a 23.4% decrease compared to the previous business year. Si.mobil ended the year with a positive operating profit (EBIT) in the amount of €29.05 million. Net profits before taxes amounted to €29.06 million.

In 2009, Si.mobil paid off a loan in the amount of €69.5 million and has no more financial obligations related to loans.

At the end of 2009, Si.mobil had 589,427 users, which represents a 3.3% growth in comparison to the previous year. We recorded the highest growth among contract subscribers (+8.7%), who make up 69% of all users. This data is even more encouraging if we know that the measured penetration in the Slovenian mobile telecommunications market exceeded 100% (102.9%) and that all the competitors in the market launched aggressive offers.

The average revenue per user (ARPU) decreased by 9.6% compared to the previous year and amounts to €21.70. The majority of this decrease is the result of changed conditions in regulated markets, and also partly the consequence of the decrease in service prices. The structure of ARPU has also changed, reflecting the change in the offer, in which the share of bundled services is increasing.



Overall, the financial development for 2009 and 2008 (according to Slovenian Accounting Standards) is as follows:

		2009	2008
<b>Statement of Operating Income</b>			
Total revenue	Mil EUR	178.60	197.65
Earnings before Interest, Taxes, Depreciation, and Amortization, (EBITDA)	Mil EUR	47.09	61.47
Earnings before Interest & Taxes, (EBIT)	Mil EUR	29.05	43.67
Financial items, net	Mil EUR	0.01	-1.55
Earnings Before Tax (EBT)	Mil EUR	29.06	42.12
<b>Balance sheet</b>			
Total balance	Mil EUR	157.32	209.94
Tangible fixed assets	Mil EUR	71.12	71.77
Current assets	Mil EUR	40.89	85.43
Loans and liabilities	Mil EUR	34.19	110.46
Shareholder's equity	Mil EUR	112.9	90.10
<b>Key ratios</b>			
EBITDA margin	%	26.4%	31.1%
Investments in tangible fixed assets	Mil EUR	13.96	20.62
Average number of employees		355	344
Employees year end		348	353
Subscribers, year end		589,427	570,561
Hereof contract subscribers		408,055	375,302

## Ownership relations

There were no changes in the shareholder structure of Si.mobil in 2009. Si.mobil has been fully owned by mobilkom austria since 2006.

Through its owner, mobilkom austria, Si.mobil is a member of Telekom Austria AG. Telekom Austria AG is listed on the Vienna stock exchange. Since 2006 the leading reporting standards for the group have been the International Financial Re-

porting Standards (IFRS), and Telekom Austria prepares its consolidated financial statements in accordance with these accounting and reporting principles. As a result, Si.mobil prepares financial information for group consolidation purposes in accordance with the accounting instructions and the group's internal guidelines that ultimately allow Telekom Austria AG to prepare its IFRS consolidated financial statements. These instructions and guide

lines are also used in our management information system and for the purpose of planning and forecasting.

The financial information in the below table is an extract from our internal reporting package for 2009, which was prepared in accordance with mobilkom austria IFRS Accounting Instructions.



All numbers in millions of euros	Total operating revenue	EBITDA	EBIT	Net income
<b>Slovene Accounting Standards - 2009</b>	<b>178.60</b>	<b>47.09</b>	<b>29.05</b>	<b>22.80</b>
Difference in treatment of subscriber acquisition costs – adjustment	0.00	0.45	0.45	0.45
Difference in treatment of subscriber acquisition costs – reclassification	12.26	0.00	0.00	0.00
Deferred tax assets adjustment	0.00	0.00	0.00	0.66
Depreciation/amortization adjustment	0.00	0.00	-4.80	-4.80
Other adjustments	-2.42	0.69	0.84	0.63
<b>Mobilkom IFRS guidelines 2009</b>	<b>188.44</b>	<b>48.23</b>	<b>25.54</b>	<b>19.74</b>
<b>Mobilkom IFRS guidelines 2008</b>	<b>209.99</b>	<b>58.70</b>	<b>37.63</b>	<b>25.35</b>

More information on the mobilkom IFRS guidelines and application is available in the official annual report for 2009 published by the mobilkom austria group on the website [www.mobilkom.at](http://www.mobilkom.at).

## New products and services

At the end of 2009, subscribers represented 69.2% of all Si.mobil users. This user segment is rising and has increased by 8.7% in the last year. The uncertain economic climate in the market and changes in consumer habits led us to redesign our price plans. Si.mobil's selection of price plans for consumers is now divided between **plans with subscription fees** and **plans without subscription fees**. The subscription fee plans, such as ORTO and ZAME ("For Me"), offer calls and other services starting at just €0. The new SIMPL plans come without monthly subscription costs and fees are assessed according to actual use. Users can elect to pay with HALO SIMPL vouchers or by a monthly bill.

An understanding of the values, wishes and lifestyles of young people helped us design a special brand of communication five years ago, one more adapted to the style and language of young people. We were certain that the young deserve more than just a generic service or offer. So we developed **ORTO**. By constantly adapting the offer and the tone of the communication to the target group we managed to hold on to the leading role among mobile operators in the segment of 15 to 31 year olds. Among the many important strategic decisions we made in 2009 was the formation of the ORTO sub-brand. Unlike the Si.mobil corporate brand, the ORTO sub brand allows for a lighter and more relaxed tone of communication, which brought us even closer to the youth segment. We complemented the ORTO line up in 2009 with the new ORTO MUZIQ plan, which combines music and communication. ORTO now comprises products and services in voice (the ORTO U NULO plan), data (the ORTO BERI plan), and music (the ORTO MUZIQ plan).

Today's society is becoming increasingly more mobile and is striving towards efficiency. Hence the growing need for individuals to have constant communication, music downloads, photo uploads and constant access to e-mail and the web. **Mobile internet means freedom, as users can free themselves of fixed-line internet access**. They can access the digital world in a simple and secure way, anywhere and anytime. Si.mobil offers fast and high-quality

web access to its home and business users. Si.mobil's users can choose between many mobile internet plans and options. In our line-up, we've included the Dell Inspiron Mini 9 in our line up, which has a built-in modem for accessing mobile internet, and we've also introduced the new Mobile internet Freestyle plan.

Si.mobil has carefully carried out its long-term strategy so that in the next few years it will become the leading Slovenian company in the field of introduction and development of "green business" and "green products", and be renowned among the Slovenian population for its care for clean and healthy waters in Slovenia. So the company has begun to enrich our offer with products selected with the greatest care for the environment. Customers can select from efficient and solar chargers, and the company provides proper dismantling and recycling of old mobile phones, chargers and batteries, while also looking for new ways to provide more environmentally-friendly operations. Through its dedication it proved that it conforms to the highest standards, and was awarded the ISO 14001 environmental certificate.

In 2009, Si.mobil also expanded and upgraded its Re.misli (Re. think) philosophy, which exceeded its framework of environmental responsibility and is today the cornerstone of Si.mobil's corporate social responsibility.

## Changes in management

The Si.mobil d.d. management Board consists of Dejan Turk, Chairman of the management Board, and Milan Zaletel, management board member, responsible for finance, legal and technical area. There were no changes in the management board in 2009.

In 2009, two members left the supervisory board of Si.mobil; Hannes Ametsreiter departed at the end of February and Boris Nemšič departed at the end of March. On 1 April 2009, Hans Tschuden became a member of the Si.mobil supervisory Board.

## Related party transactions

On the basis of the company's legal organizational structure and the type of services that it provides, the company is involved in various related-party transactions. These transactions mainly relate to ordinary transactions associated with telecommunications operations, such as interconnection and roaming. In addition, mobilkom austria also charges Si.mobil for the management and technical services that it carries out.

A portion of Si.mobil's expenses are also interest fees related to the shareholder loan provided by the company's owner.

## Future plans

In 2009, we continued with the strategy of focusing on the growth in the number of users and their retention by ensuring the best products and services and an exceptional user experience.

The positive trends in financial results are the basis for further development and investments in developing new technologies, improving existing services, and expanding signal coverage. Our strategic directions remain unchanged, which means that we will continue to work for and with the users, thus detecting their future needs and thereby also shaping our own future. We will continue to develop a strong and meaningful brand, obtain new subscribers in the key segments, and increase the value of our user base. At the same time, we will preserve cost efficiency as the guideline of our activities in the future. In this, we will take the greatest possible advantage of the synergies provided by the fact that we are part of the mobilkom austria group, the largest group of mobile operators in Central Europe. We will thus in the most effective way possible offer our users the expected services always in step with the time.

The GSM market in Slovenia is mature and will grow more slowly in the future. In addition to obtaining new users, we will try even harder to retain the existing ones. We have already proven that this is one of our key advantages and we will also continue to improve our knowledge and approach in this field into the future. These directions are included in Si.mobil's medium-term business plan. In 2010, we again expect growth in the Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA).

## Events subsequent to the balance date

Subsequent to the balance date of 31 December 2009, there were no events affecting the company's accounting statements for 2009.

## Management statement

The management board has considered and approved the Annual Report for 2009 of Si.mobil. The Annual Report has been prepared in accordance with Slovenian Accounting Standards (2006) and the Companies Act. In our opinion, the accounting principles applied are appropriate and the Annual Report gives a true and fair view of the company's assets, liabilities, financial position, and operation results for the year.





Si.mobil\_Financial Statements for the Year Ended 31 December 2009

# 1. GENERAL DISCLOSURE

## 1.1. Introductory Presentation of the Company

### 1.1.1. Establishment and legal structure of the company

Si.mobil, telekomunikacijske storitve d.d., Šmartinska 134b, Ljubljana, was entered in the register of companies at the District Court in Ljubljana under the entry number 1/29430/00, decree no. SRG 97/07454 of 6 February 1998.

**The company was founded on 23 December 1997. As at 31 December 2009 the ownership structure was as follows:**

Shareholder	No. of shares	Structure
Mobilkom Beteiligungsgesellschaft mbH	9,300,000	100.00%
<b>Total</b>	<b>9,300,000</b>	<b>100.00%</b>

Company name:	Si.mobil, telekomunikacijske storitve d.d.
Shortened Company name:	Si.mobil d.d.
Share capital:	€38,781,000
Reg. no. in the CSO register:	1196332
VAT ID:	SI60595256
Classification code:	61.200
Size of the Company:	large joint-stock company under the Companies Act
Financial year:	calendar year

### 1.1.2. Nature of Business and Important Activities

The principal activity of the company is telecommunication. In addition to telecommunication, other activities have also been registered.

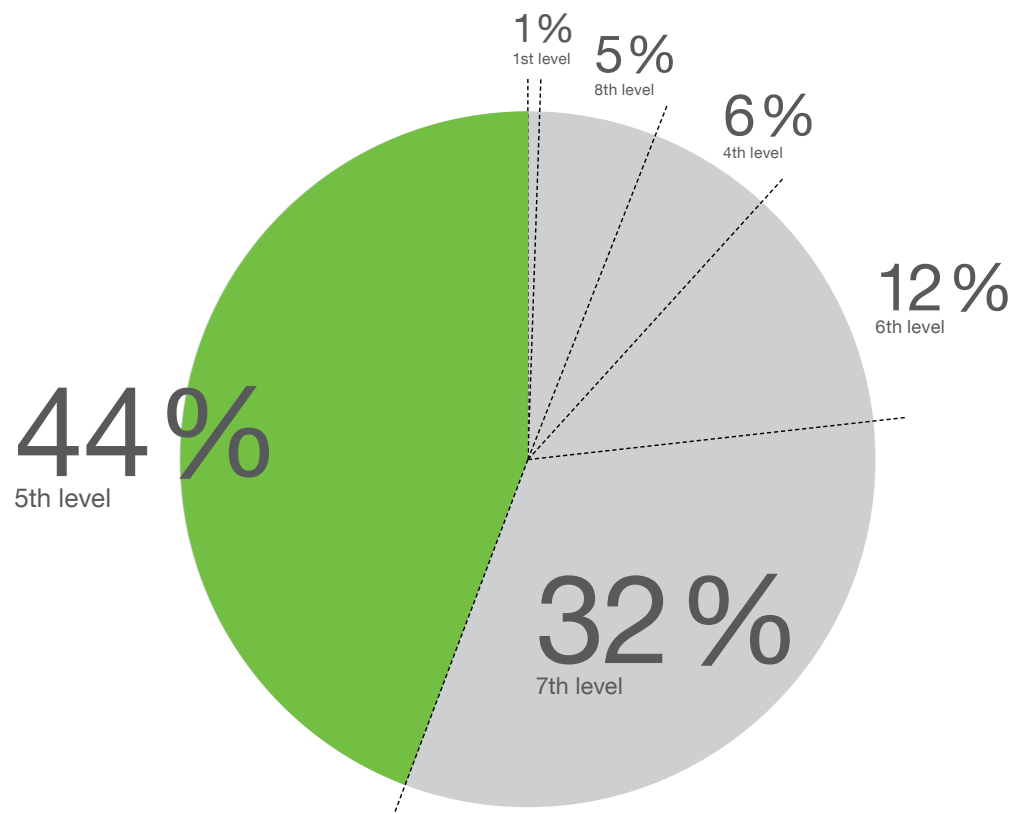
### 1.1.3. Data on the controlling company

Si.mobil d.d. is a subsidiary of Mobilkom Beteiligungsgesellschaft mbH, Obere Donaustrasse 29, Vienna, Austria and is included in its consolidated financial statements (more information: [www.mobilkom.at](http://www.mobilkom.at)). The consolidated financial statements of Mobilkom are included in the consolidated financial statements of Telekom Austria A.G., Lassallestrasse 9, Vienna, Austria. In the financial statements of Si.mobil d.d., the enterprises of Telekom Austria are treated as group enterprises.

### 1.1.4. Employees

- the number of employees at the end of the 2009 business year was 348 (353 at the end of business year 2008);
- the average number of employees in the 2009 business year was 355;
- number of employees according to level of education:

1st level:	2
4th level:	20
5th level:	154
6th level:	40
7th level:	113
8th level:	19



# AUDITOR'S REPORT



## Independent Auditors' Report

### To the Shareholders of Si.mobil d.d.

We have audited the accompanying financial statements of the Si.mobil d.d. which comprise the balance sheet as at 31 December 2009, the income statement, the statement of changes in equity, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We also read the Management Report.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements prepared in accordance with the Slovenian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' responsibility*

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

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2009, its financial performance and its cash flows for the year then ended in accordance with the Slovenian Accounting Standards.

The Management Report is in conformity with the audited financial statements.

**KPMG SLOVENIJA,**  
podjetje za revidiranje, d.o.o.

  
Jason Stachurski, B.Sc.Ec.  
Certified Auditor  
Partner

Ljubljana, 5 February 2010



### 3. BALANCE SHEET AS OF 31 DECEMBER 2009

In EUR	Notes	31.12.2009	31.12.2008
<b>ASSETS</b>		<b>157,324,915</b>	<b>209,942,624</b>
<b>A. LONG-TERM ASSETS</b>		<b>111,532,329</b>	<b>119,086,560</b>
I. Intangible assets and long-term deferred costs and accrued revenue	8.1.1.	40,077,905	42,924,087
1. Long-term property rights		18,645,314	19,137,135
5. Other long-term deferred costs and accrued revenue		21,432,591	23,786,952
II. Property, plant and equipment	8.1.2.	71,122,230	71,769,426
1. Land and buildings		9,039	9,039
a) Land		9,039	9,039
3. Other plant and equipment		58,065,000	54,680,259
4. Property, plant, and equipment in acquisition		13,048,191	17,080,128
a) Property, plant and equipment in the course of construction		12,779,613	15,923,725
b) Advances for acquisition of property, plant and equipment		268,578	1,156,403
IV. Long-term financial investments	8.1.3.	10,000	0
VI. Deferred tax assets	8.1.4.	322,194	4,393,047
<b>B. CURRENT ASSETS</b>		<b>40,892,695</b>	<b>85,431,321</b>
II. Inventories	8.1.5.	3,446,487	10,952,596
3. Products and merchandise		3,446,487	10,952,596
IV. Short-term operating receivables	8.1.6.	28,985,925	26,159,891
1. Short-term operating receivables due from group companies		2,329,695	2,093,715
2. Short-term operating trade receivables		24,006,108	20,364,950
3. Short-term operating receivables due from others		2,650,122	3,701,226
V. Cash	8.1.7.	8,460,283	48,318,834
<b>C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUE</b>	<b>8.1.8.</b>	<b>4,899,891</b>	<b>5,424,743</b>
<b>OFF-BALANCE SHEET ITEMS</b>	<b>8.1.13.</b>	<b>306,803</b>	<b>173,489</b>

In EUR	Notes	31.12.2009	31.12.2008	
<b>EQUITY AND LIABILITIES</b>		<b>157,324,915</b>	<b>209,942,624</b>	
<b>A</b>	<b>EQUITY</b>	<b>8.1.9.</b>	<b>112,901,341</b>	<b>90,102,542</b>
I.	Called-up capital	38,781,000	38,781,000	
1.	Share capital	38,781,000	38,781,000	
II.	Capital surplus	87,171,037	87,171,037	
V.	Retained net loss	-35,849,495	- 67,920,079	
VI.	Net profit for the financial year	22,798,799	32,070,584	
<b>B</b>	<b>PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE</b>	<b>8.1.10.</b>	<b>3,488,112</b>	<b>3,057,085</b>
1.	Provisions for pensions and other similar liabilities	165,365	98,773	
2.	Other long-term provisions	3,315,947	2,909,202	
3.	Long-term accrued costs and deferred revenue	6,800	49,110	
<b>Č</b>	<b>SHORT-TERM LIABILITIES</b>	<b>8.1.11.</b>	<b>34,188,391</b>	<b>110,462,345</b>
II.	Short-term financial liabilities	0	70,469,775	
1.	Short-term financial liabilities to group companies	0	70,469,775	
III.	Short-term operating liabilities	34,188,391	39,992,570	
1.	Short-term operating liabilities to group companies	1,690,639	6,640,100	
2.	Short-term trade payables	29,274,636	32,363,880	
3.	Other short-term operating liabilities	3,223,116	988,590	
<b>D</b>	<b>SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUE</b>	<b>8.1.12.</b>	<b>6,747,071</b>	<b>6,320,652</b>
	<b>OFF-BALANCE SHEET ITEMS</b>	<b>8.1.13.</b>	<b>306,803</b>	<b>173,489</b>



## 4. PROFIT AND LOSS STATEMENT FOR 2009 – VERSION I

In EUR	Note	2009	2008
1. Net sales	8.2.1.	177,202,238	195,781,660
3. Capitalized company products and services	8.2.2.	7,960	0
4. Other operating revenue (including revaluated operating revenue)	8.2.3.	1,388,583	1,867,136
5. Costs of goods, materials, and services	8.2.4.	115,926,688	121,291,902
a) Costs of goods and materials sold and costs of materials used		14,874,192	21,031,347
b) Costs of services		101,052,496	100,260,555
6. Labor costs	8.2.5.	12,927,967	11,807,936
a) Payroll costs		9,591,871	8,702,179
b) Social security costs		1,846,822	1,889,110
c) Other labor costs		1,489,274	1,216,647
7. Write-downs in value		19,391,826	19,624,673
a) Depreciation and amortization expense	8.2.6.	18,042,802	17,795,304
b) Revaluated operating expenses associated with intangible assets and property, plant and equipment		2,818	90,107
c) Revaluated operating expenses for working capital	8.2.7.	1,346,206	1,739,262
8. Other operating expenses	8.2.8.	1,301,988	1,250,364
<b>Operating result (EBIT)</b>		<b>29,050,312</b>	<b>43,673,921</b>
11 Financial revenue from operating receivables	8.2.9.	1,317,542	2,560,535
a) Financial revenue from operating receivables due from group companies		173,437	1,367,658
b) Financial revenue from operating receivables due from others		1,144,105	1,192,877
13 Financial expenses for financial liabilities	8.2.10.	1,193,000	3,819,029
a) Financial expenses for loans, received from group companies		1,193,000	3,819,029
14 Financial expenses for operating liabilities	8.2.10.	116,911	293,834
b) Financial expenses for trade payables and bills payable		5,615	9,851
c) Financial expenses for other operating liabilities		111,296	283,983
<b>Total profit before taxes</b>		<b>29,057,943</b>	<b>42,121,593</b>
17 Income tax	8.2.12.	-2,188,291	0
18 Deferred taxes	8.2.13.	-4,070,853	-10,051,009
<b>19 Net profit for the period</b>	<b>8.2.11.</b>	<b>22,798,799</b>	<b>32,070,584</b>

## 5. STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2009 – VERSION II

	2009	2008
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
a) Items from income statement	42,037,419	54,048,761
Operating revenue (except for revaluated) and financial revenue from operating receivables	179,916,323	200,209,331
Operating expenses excluding depreciation or amortization (except for revaluated) and financial expenses from operating liabilities	-131,619,760	-136,109,561
Income taxes and other taxes not included in operating expenses	-6,259,144	-10,051,009
b) Changes in net operating assets in balance sheet items (including accruals and deferrals, provisions and deferred tax assets and liabilities)	4,329,047	9,634,493
Opening less closing operating receivables	-2,826,034	4,709,453
Opening less closing deferred costs and accrued revenue	524,852	936,483
Opening less closing deferred tax assets	4,070,853	10,051,010
Opening less closing inventories	7,506,109	5,617,181
Closing less opening operating liabilities	-5,804,179	-11,762,055
Closing less opening accrued costs and deferred revenue, and provisions	857,446	82,421
c) Net cash flows from operations or net cash flows applied to operations (a+b)	46,366,466	63,683,254
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
b) Cash payments for investing activities	-14,562,243	-28,951,434
Cash payments to acquire intangible assets	-1,783,628	-10,036,462
Cash payments to acquire property, plant and equipment	-12,768,614	-18,914,972
Cash payments to acquire long-term financial investments	-10,000	0
c) Net cash from investing activities or net cash flows applied to investing activities (a+b)	-14,562,243	-28,951,434
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
b) Cash payments for financing activities	-71,662,775	-16,893,273
Interest paid on financing activities	-1,193,000	-4,092,766
Cash repayments of long-term financial liabilities	0	-76,038,577
Cash repayments of short-term financial liabilities	-70,469,775	63,238,070
c) Net cash from financing activities or net cash flows applied to financing activities (a+b)	-71,662,775	-16,893,273
<b>Č CLOSING BALANCE OF CASH</b>	<b>8,460,283</b>	<b>48,318,834</b>
x) Net cash inflow or outflow for the period	-39,858,551	17,838,545
y) Opening balance of cash	48,318,834	30,480,289

## 6. STATEMENT OF CHANGES IN EQUITY

### a) Statement of changes in equity from 01 January 2009 until 31 December 2009

In EUR	I. Called-up capital	II. Capital surplus	III. Retained earnings	IV. Net profit or loss for the period	Total
	1. Share capital		2. Retained net loss	3. Net profit for the period	
<b>A. Opening balance as of 1 January 2009</b>	<b>38,781,000</b>	<b>87,171,037</b>	<b>-35,849,495</b>	<b>0</b>	<b>90,102,542</b>
<b>B. Movements into equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,798,799</b>	<b>22,798,799</b>
d) Net profit or loss for the period	0	0	0	22,798,799	22,798,799
<b>C. Movements within equity</b>	<b>0</b>	<b>0</b>	<b>22,798,799</b>	<b>-22,798,799</b>	<b>0</b>
c) Settlement of loss as a deduction component of equity	0	0	22,798,799	-22,798,799	0
<b>D. Movements out of equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>E. Closing balance as at 31 December 2009</b>	<b>38,781,000</b>	<b>87,171,037</b>	<b>-13,050,696</b>	<b>0</b>	<b>112,901,341</b>

### b) Statement of changes in equity from 01 January 2008 until 31 December 2008

In EUR	I. Called-up capital	II. Capital surplus	III. Retained earnings	IV. Net profit or loss for the period	Total
	1. Share capital		2. Retained net loss	3. Net profit for the period	
<b>A. Opening balance as of 01 January 2008</b>	<b>38,781,000</b>	<b>87,171,037</b>	<b>-67,920,079</b>	<b>0</b>	<b>58,031,958</b>
<b>B. Movements into equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32,070,584</b>	<b>32,070,584</b>
d) Net profit or loss for the period	0	0	0	32,070,584	32,070,584
<b>C. Movements within equity</b>	<b>0</b>	<b>0</b>	<b>32,070,584</b>	<b>-32,070,584</b>	<b>0</b>
c) Settlement of loss as a deduction component of equity	0	0	32,070,584	-32,070,584	0
<b>D. Movements out of equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>E. Closing balance as at 31 December 2008</b>	<b>38,781,000</b>	<b>87,171,037</b>	<b>-35,849,495</b>	<b>0</b>	<b>90,102,542</b>



**Accumulated profit/loss:**

In EUR	2009	2008
a) Net profit or loss for the period	22,798,799	32,070,584
b) + retained loss from previous periods	-35,849,495	-67,920,079
c) + decrease in revenue reserves	0	0
č) - increase in revenue reserves based on a decision of the management (legal reserves, reserves for own shares and interests, and statutory reserves)	0	0
d) - increase in revenue reserves based on a decision of the management and the supervisory board (other revenue reserves)	0	0
e) = Accumulated profit (a+b+c-č-d) appropriated by the annual general meeting of shareholders as follows:		
- distributed to shareholders		
- allocated to other reserves		
- carried forward to the following period and		
- appropriated for other purposes		
Or		
<b>= Accumulated loss</b>	<b>-13,050,696</b>	<b>-35,849,495</b>

## 7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 7.1. Principles for the preparation of financial statements

The financial statements have been prepared in compliance with the 2006 Slovenian Accounting Standards, issued by the Slovenian Institute of Auditors.

The financial statements are presented in euros, rounded to the nearest unit.

In the preparation of financial statements, the company management has made certain judgments, estimates, and assumptions that affected the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The company does not have any defined service or geographical sectors.

### 7.2. Exchange rate and the method of translation into local currency

Transactions in foreign currency are translated into euros at the middle exchange rate of the Bank of Slovenia effective on the date of the transaction. Foreign exchange differences between the date of the transaction and the day of payment are recorded in the profit and loss statement as financial revenue or expenses.

Foreign operating receivables and liabilities are translated into euros at the middle exchange rate of the Bank of Slovenia effective at the balance sheet date. Financial liabilities denominated in foreign currency are translated into local currency at the middle exchange rate of the Bank of Slovenia effective at the balance sheet date. Cash, long-term and short-term investments denominated in foreign currency are translated into local currency at the middle exchange rate of the Bank of Slovenia effective at the balance sheet date. Foreign exchange differences arising from these transactions are recorded in the profit and loss statement as financial revenue or expenses.

### 7.3. Intangible assets and long-term deferred costs and accrued revenue

Intangible assets comprise investments into property rights. The company uses the cost model and hence measures intangible assets at the cost of purchase less accumulated straight-line amortization and impairment adjustments. The acquisition value also includes a price-index revaluation adjustment, which was recognized until 2001.

Long-term deferred costs and accrued revenue refer to long-term deferred subscriber acquisition costs, investments in fixed assets owned by third parties, long-term deferred connection fees for data lines, and long-term deferred rents for base station sites. Subscriber acquisition costs are incurred due to subsidization of the handsets and are deferred over the (typically two-year) time of the subscription agreement. From the outset, the costs of the subsidized handsets are decreased in anticipation of untimely

cancellations of subscriber contracts. Investments in fixed assets owned by third parties are deferred over 10 years; whereas connection fees are deferred in the period of the granted concession and rents are deferred over the contractual rent period.

### 7.4. Property, plant and equipment

The company uses the cost model and hence measures property, plant and equipment at cost of purchase less accumulated straight-line depreciation and impairment adjustments. The acquisition value also includes a valuation adjustment due to inflation, which was recognized until 2001.

The acquisition value of property, plant and equipment includes its purchase price, including import duties and non-refundable purchase taxes, as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, especially costs of transport and installation. Assets that are acquired and held by the administration are recognized and measured at costs of material, hourly rates of work, and other related aspects of general overhead costs. The acquisition value of certain assets (base stations) also includes the costs of contractually obligated dismantling and removal as well as restoring the site on which it was located. The costs of dismantling and removing the item are estimated based on contractor prices for each type of base station, increased for inflation until the estimated period of dismantling and discounted to their present value. The company does not include borrowing costs in the acquisition value of property, plant and equipment.

Donated property, plant, and equipment are assessed by the company at fair value.

Property, plant and equipment composed of separate components of higher value with different useful lives, are recognized and measured separately.

Subsequent expenditures incurred in relation with property, plant and equipment, increase the purchase value of an asset if its future benefits are increased compared to those assessed originally. Major repairs or maintenance are intended to renew or maintain the future economic benefits that are expected on the basis of the originally estimated rate of performance of an asset and are recognized as expenses when incurred.

The carrying amounts of the company's property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of property, plant and equipment is the greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks



specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

The difference between the net sales value and the net book value of disposed or liquidated assets is transferred to revelatory operating revenue or expense.

## 7.5. Depreciation and amortization costs

Tangible and intangible assets are depreciated and amortized on a straight-line basis. Low-value assets are depreciated using the composite-life method of depreciation. Land is not depreciated.

Property, plant and equipment are subject to depreciation on the first day of the month after they have been readied for operation. An intangible asset is subject to amortization when ready for use.

**Rates of depreciation and amortization are based on the useful life of assets and are as follows:**

Item	Useful life (in years) 2009
<b>Intangible assets</b>	
Concessions	15
Software and licenses	1–10
<b>Property, plant and equipment</b>	
Base stations and mobile switches	5–15
Computer equipment	3–4
Transportation equipment	7
Other equipment	3–7
Low-value assets and spare parts	3–8

## 7.6. Receivables

Receivables of all categories are initially recognized at the nominal amounts stated in the accounting documents less an allowance for doubtful receivables, which are based on historical experience and future expectations.

Subsequent write-offs of receivables are subject to the availability of substantiating documents, such as a court decision, a decision on compulsory settlement, a decision on a bankruptcy proceeding, or other documents.

Provisions are created for receivables that are believed to be uncollectible by their due date (as stipulated in a contract or other official document), or if they are deemed doubtful, at which point a valuation allowance is calculated for their value. **The valuation allowance is calculated, as follows:**

- receivables, overdue from 0 to 30 days 5%;
- receivables, overdue from 31 to 60 days 40%;
- receivables, overdue from 61 to 180 days 60%;

- receivables, overdue from 181 to 360 days 90%;
- receivables, overdue more than 360 days 100%;

**Allowance for doubtful receivables for contractual penalties is calculated, as follows:**

- receivables not yet due 45%;
- receivables, overdue from 0 to 360 days 90%;
- receivables, overdue more than 360 days 100%;

Bad debt expense for doubtful receivables are settled and recorded as revaluated operating expenses; this excludes bad debt expense for doubtful receivables from contractual penalties, which are settled and recorded as a reduction of deferred revenue.

## 7.7. Inventory

Inventory is stated at the lower of the cost and net realizable value. The cost price for inventory units is determined using the moving average inventory method. Cost of inventory is comprised of purchase price, import duties and other non-refundable duties, and other directly attributable costs of acquisition, such as costs of transportation, forwarding charges, customs clearance charges and import charges.

## 7.8. Cash

Cash includes cash in hand, cash in banks, cash in transit, and callable deposits. Cash is carried at nominal value.

## 7.9. Equity

Total equity comprises share capital, capital surplus, net loss carried forward from previous periods and net profit for the financial period not yet appropriated.

Share capital is recorded in local currency.

## 7.10. Provisions and long-term accrued costs and deferred revenue

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risk specific to the liability.

Provisions include long-term service benefits other than pension plans, which are measured at the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is formed on the basis of actuarial calculation and is discounted to its present value.

Provisions also include the asset retirement obligation for the location of base stations, based on contractual obligations. The obligation is calculated on the basis of contractor prices for each type of base station, increased for inflation until the estimated period of dismantling, and discounted to their present value. The provision increases over time as the time for dismantling approaches.

Long-term accrued costs and deferred revenue include long-term deferred revenue for assets acquired free of charge. The deferral decreases in line with depreciation of the fixed assets.

## 7.11. Liabilities

Liabilities of all categories are initially stated at their cost from appropriate documents (without the transaction fees). Liabilities are later decreased either by paid amounts or by other forms of settlement approved by the creditor. Long-term liabilities are further reduced by the amount that must be paid within one year, and is reflected in the statement under "Current Liabilities".

## 7.12. Short-term accrued and deferred items

Short-term deferred costs include amounts paid for services not yet rendered. Revenue is accrued when the company has considered the service rendered but where no invoice has yet been issued to the customer and no payment has been received. Accrued costs include costs incurred and services rendered by suppliers, where supporting documents are yet to be received. They relate to the accounting period for which the operating result is to be determined. Revenue is deferred when the company has invoiced the customer or when payment has been received for services it has agreed to render in the future. Revenue may also be deferred, when the related payment remains doubtful at the moment of sale.

## 7.13. Recognition of revenue

Operating revenue is comprised of revenue earned from sales of merchandise and services in the accounting period. They are recognized in the profit and loss statement under the following conditions:

- delivery of goods or the performance of services has been accomplished;
- the risk has passed to the buyer;
- the revenue can be reliably measured;
- it can be justifiably expected that the revenue will lead to cash inflows.

Revenue is measured excluding VAT, taxes and discounts in relation to the sale.

Revenue from services relates to mobile telecommunications and comprises amounts charged to customers in respect of monthly fixed fees, airtime usage, messaging, provision of other mobile telecommunications services (including data services and information provision) and connection fees for connecting customers to the network.

Fixed fees and charged airtime incurred by contract customers are invoiced and recorded as part of a periodic billing cycle and recognized as turnover during the related period. Unbilled turnover resulting from services already provided from the billing cycle date to the end of each period is accrued. Unearned monthly fixed fees, which are paid in advance by customers and relate to periods after period end are deferred. Revenue from the sale of prepaid airtime is deferred until such time as the customer uses the airtime.

Roaming revenue for visitors in the Si.mobil network are charged on a monthly basis to roaming partners.

Revenue from the sale of goods is primarily related to handsets and accessories. The handsets are sold to end-customers at a subsidized price. The subsidy is treated as subscriber acquisition costs and is capitalized and amortized over the two year subscription service period.

Revaluated operating revenue results from the disposal of tangible and intangible fixed assets.

Financial revenue (including revaluated financial revenue) is revenue from interests and foreign exchange gains.

## 7.14. Recognition of expenses

Operating expenses are recognized when the merchandise is sold or the service is rendered. Payments made under operating lease are recognized in the income statement on a straight-line basis over the term of the lease.

Revaluated operating expenses are recognized when revaluation is performed.

## 7.15. Taxes

Tax expense (income) in the profit and loss for the year refers to current tax expense (income) and deferred tax expense (income).

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantially enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous years.

Deferred taxes derive from the deductible temporary differences based on the balance sheet liability method, where temporary differences between the book and tax value of assets and liabilities are considered.

Deferred tax assets are recognized if there is assurance beyond reasonable doubt that future taxable income would be sufficient to allow the benefit to be realized. Deferred tax assets are reduced for the amount, for which it is no longer considered probable that the tax benefit would be realized.

## 7.16. Statement of cash flows

The statement of cash flows has been prepared using the indirect method of reporting cash flow, taking into account data from the balance sheet as of 31 December 2009, the balance sheet as of 31 December 2008, the profit and loss statement for the year 2009, and additional data that is required to adjust inflows and outflows and to adequately analyze significant items.

The cash flow statement comprises cash flows from operating, investing and financing activities.

The cash flows from operating activities are calculated based on the profit and loss statement of the accounting period, adjusted for the change in inventories, accounts receivables, short-term accrued and deferred items, accounts payables, deferred taxes and corporate income tax.

The cash flows from investing activities comprise cash flows related to the acquisition and disposal of intangible, tangible and financial fixed assets.

The cash flows from financing activities include changes in amount or composition of equity, increases or decreases of debts and dividend payments.

## 8. NOTES ON THE FINANCIAL STATEMENTS

### 8.1. Balance sheet

#### 8.1.1. Intangible assets and long-term deferred costs and accrued revenue

€40,077,905

In EUR	31.12.2009	31.12.2008
<b>Long-term property rights</b>	<b>18,645,314</b>	<b>19,137,135</b>
Concessions	9,938,670	11,434,007
Software and licenses	8,706,644	7,703,128
<b>Long-term deferred costs and accrued revenue</b>	<b>21,432,591</b>	<b>23,786,952</b>
Investments in fixed assets owned by third parties	2,197,815	2,114,790
Long-term deferred costs for usage of data lines	489,692	574,663
Long-term deferred costs for usage of land for base stations	865,991	706,475
Long-term deferred costs of customer acquisition	17,879,093	20,391,024
<b>Total</b>	<b>40,077,905</b>	<b>42,924,087</b>

#### Concessions:

The item includes concessions for the use of radio-frequency spectrums for GSM mobile telephony (GSM 900/1800 MHz networks) as well as the UMTS concession, obtained in 2006. Concessions for GSM are amortized over the term of the concession agreement (until 2013), whereas the concession for UMTS will be amortized until 2021.

#### Software and licenses:

In 2009, additions to software and licenses amounted to €3,794,314 (2008: €3,914,270).

Refer to Enclosure 1 for a schedule of movements in intangible assets and long-term deferred costs and accrued revenue.

#### Commitments:

As of 31 December 2009, the company did not have commitments for the purchase of intangible assets.

#### 8.1.2. Property, plant and equipment

€71,122,230

Item	31.12.2009	31.12.2008
Land	9,039	9,039
Base stations and mobile switches	44,642,467	41,533,751
Computer equipment	2,430,336	2,649,473
Other equipment	10,414,384	9,874,572
Low-value assets and spare parts	577,813	622,463
Tangible fixed assets under construction	12,779,613	15,923,725
Advances for tangible fixed assets	268,578	1,156,403
<b>Total</b>	<b>71,122,230</b>	<b>71,769,426</b>

**Land:**

Land includes land that has been purchased in order to ensure access to base stations. There were no new investments in land during 2009.

**Base stations and mobile switches:**

In 2009, additions to base stations and mobile switches amounted to €12,694,317 (2008: €15,324,338). The estimated useful life of base stations is 5 years for equipment and 15 years for infrastructure assets. The straight-line method of depreciation is used.

Book value of assets retirement costs included in the base stations value amounted to €975,837 as of 31 December 2009 (2008: €977,515).

**Other plant and equipment**

In 2009, other additions to property, plant and equipment included additions to computer equipment in the amount of €947,037 (2008: €2,095,754), other equipment in the amount of €3,097,309 (2008: €7,184,037), and low-value assets and spare parts in the amount of €369,938 (2008: €412,427).

**Property, plant and equipment in the course of construction and advances for acquisition of property, plant and equipment:**

This item includes investments in base stations and mobile switches as well as investments in materials required for network construction. Property, plant, and equipment in the course of construction

also includes investments in IT equipment related to base stations.

Refer to Enclosure 2 for a schedule of movements in property, plant and equipment.

**Mortgages:**

As of 31 December 2009, no fixed assets were pledged as security.

**Commitments:**

The amount of commitments for the purchase of property, plant and equipment amounted to €1,848,133 on 31 December 2009 (2008: €615,845).

**8.1.3. Long-term financial investments****€10,000**

»Long-term financial investment« refers to an investment to the Sklad Si.voda Foundation, which is owned 100% by the company.

**8.1.4. Deferred tax assets****€322,194**

In EUR	31.12.2009	31.12.2008
From tax loss carry-forwards	0	2,902,388
From deductible temporary differences	322,194	1,490,659
<b>Total</b>	<b>322,194</b>	<b>4,393,047</b>

The company recognizes deferred tax assets in the amount of €322,194, from deductible temporary differences (different depreciation and amortization periods for business than for tax purposes) in the liability in the amount of €27,547 (with 2008: receivables in the amount of €1,152,307),

the tax non-deductible valuation allowances of receivables in the amount of €58,078 (2008: €61,864), as well as the tax non-deductible provisions for jubilee payments and retirement indemnity payments in the amount of €48,346 (2008: €52,241) and the assets retirement pro-

vision in the amount of €243,317 (2008: €224,247).

Based on a tax plan for future years and based on the valid tax legislation, the company has assessed that there will be enough taxable income available to recognize deferred tax assets in full.

In EUR	Deferred tax assets 01.01.2009	Additions	Reversals	Utilization	Deferred tax assets 31.12.2009
From tax loss carry-forwards	2,902,388	0	6,464	2,895,924	0
From deductible temporary differences	1,490,659	25,823	0	1,194,288	322,194
<b>Total</b>	<b>4,393,047</b>	<b>25,823</b>	<b>6,464</b>	<b>4,090,212</b>	<b>322,194</b>

The reduction of the deferred tax liabilities based on tax losses carried forward arises from covering tax losses from the preceding years with the income of the

fiscal year. The reduction of the deferred tax liabilities based on deductible temporary difference arises from different useful lives of tangible and intangible assets for

business purposes. Reversals of deferred tax assets results from changes in tax rate for the year 2009.



## 8.1.5. Inventory

€3,446,487

The company includes commercial merchandise as part of its inventory. A portion of merchandise inventory is comprised of telecommunications equipment that the company purchased in 2007 with the intent of selling. The remaining amount is comprised of mobile phones, prepaid packages and handset accessories as well as other goods and merchandise.

In EUR	Gross amount	Allowances	Net amount 31.12.2009	Net amount 31.12.2008
Products and merchandise	3,457,723	133,995	3,323,728	6,348,273
Telecommunications equipment	122,759	0	122,759	4,604,323
<b>Total</b>	<b>3,580,482</b>	<b>133,995</b>	<b>3,446,487</b>	<b>10,952,596</b>

There is no significant difference between book and net realizable values.  
Stock taking in 2009 resulted in €18,722 (2008: €2,879) of negative differences.

## 8.1.6. Short-term operating receivables

€28,985,925

	in EUR	
Receivables	31.12.2009	31.12.2008
Short-term operating trade receivables	23,964,534	19,055,863
Short-term advances and security deposits	41,574	1,309,087
Short-term operating receivables due from group companies	2,329,695	2,093,715
Short-term operating receivables due by others	2,650,122	3,701,226
<b>Total</b>	<b>28,985,925</b>	<b>26,159,891</b>

## Short-term operating receivables as per due date on 31 December 2009:

In EUR	Receivables
Not yet due	18,139,599
Due from 1 – 30 days	4.667.996
Due from 31 – 180 days	7.009.978
Due from 181 – 360 days	3.661.196
Due over 360 days	15.135.253
<b>Total</b>	<b>48,614,022</b>

## Short-term operating trade receivables:

In EUR	Gross amount	Allowances	Net amount 31.12.2009	Net amount 31.12.2008
Domestic customers – subscribers	27,864,193	18,201,185	9,663,008	9,665,384
Domestic customers – others	13,027,197	1,301,456	11,725,741	7,888,452
Foreign customers	2,661,002	85,217	2,575,785	1,502,027
<b>Total</b>	<b>43,552,392</b>	<b>19,587,858</b>	<b>23,964,534</b>	<b>19,055,863</b>



As of 31 December 2009, short-term operating trade receivables due from post-paid customers included receivables related to monthly subscription, airtime and other GSM services in the amount of €9,663,008 (2008: €9,665,384). In 2009, additional allowances were formed for these receivables in the net amount of €1,451,690 (2008: €1,562,338).

Short-term operating trade receivables include receivables from other domestic customers including dealers, retailers and interconnection partners. In 2009, allowances increased in the net amount of €823,903 (2008: €169,363).

Receivables due to customers abroad include mainly receivables from international roaming. In 2009 the allowances decreased by €31,824 (2008: €262,187).

In EUR	Valuation allowance 01.01.2009	Additions	Additions (charged to deferred revenue)	Utilization (write-off)	Valuation allowance 31.12.2009
Domestic customers – subscribers	18,219,780	1,000,142	451,548	1,470,285	18,201,185
Domestic customers – others	486,141	823,903	0	8,588	1,301,456
Customers abroad	117,041	0	0	31,824	85,217
<b>Total</b>	<b>18,822,962</b>	<b>1,824,045</b>	<b>451,548</b>	<b>1,510,697</b>	<b>19,587,858</b>

#### Short-term advances and security deposits:

In EUR	Gross amount	Allowances	Net amount 31.12.2009	Net amount 31.12.2008
Advances for current assets	694	35	659	4,478
Advances to executors	44,812	40,204	4,608	5,300
Advances to suppliers abroad	0	0	0	1,225,709
Security deposits	36,307	0	36,307	73,600
<b>Total</b>	<b>81,813</b>	<b>40,239</b>	<b>41,574</b>	<b>1,309,087</b>

#### Short-term operating receivables due from group companies:

In EUR	Gross amount	Allowances	Net amount 31.12.2009	Net amount 31.12.2008
VIPnet d.o.o.	1,074,570	0	1,074,570	902,799
mobilkom austria AG & Co KG	209,672	0	209,672	506,637
Telekom Austria TA	292,252	0	292,252	0
Mobilkom CEE	267,175	0	267,175	0
Mobilkom [Liechtenstein] AG	70	0	70	693
VIP Operator	54,326	0	54,326	70,861
VIP Mobile	394,097	0	394,097	574,125
Mobilkom Belarus Beteiligungsverwaltung GmbH	4,198	0	4,198	40,300
Velcom	0	0	0	2,637
Mobitel EAD	33,335	0	33,335	-4,337
<b>Total</b>	<b>2,329,695</b>	<b>0</b>	<b>2,329,695</b>	<b>2,093,715</b>

**Short-term operating receivables due from others:**

In EUR	Gross amount	Allowances	Net amount 31.12.2009	Net amount 31.12.2008
VAT receivable	2,204,016	0	2,204,016	3,059,323
Receivables for refund of compensation payments	6,440	0	6,440	7,393
Receivables due from banks	295,433	0	295,433	483,495
Receivables due from credit card issuers	130,139	0	130,139	74,148
Receivables due from employees	3,611	0	3,611	5,362
Other receivables	10,483	0	10,483	71,505
<b>Total</b>	<b>2,650,122</b>	<b>0</b>	<b>2,650,122</b>	<b>3,701,226</b>

Receivables are not secured.

Credit risk from short-term operating trade receivables due from subscribers is widely diversified and is not considered significant as most of the customers by per year end 2009 were private individuals. For other receivables due from dealers as well as other local and foreign mobile operators, historical experience has shown that there are also no significant risks involved. As of the balance sheet date, there was no significant dependency on any of the aforementioned debtors.

Only a relatively small portion of the transactions are denominated in USD, therefore currency risk is not considered significant.

**8.1.7. Cash and cash equivalents****€8,460,283**

The company handles cash on hand, bank balances, and callable deposits.

In EUR	31.12.2009	31.12.2008
Bank balances	237,759	1,417,195
Cash on hand	32,608	46,489
Callable deposits: »Cash pooling« - TFG	8,189,916	46,855,150
<b>Total</b>	<b>8,460,283</b>	<b>48,318,834</b>

**8.1.8. Short-term deferred costs (expenses) and accrued revenue****€4,899,891**

In EUR	31.12.2009	31.12.2008
Deferred costs (expenses)	602,037	715,183
Accrued revenue	4,297,854	4,709,560
<b>Total</b>	<b>4,899,891</b>	<b>5,424,743</b>

Deferred costs (expenses) include deferred costs of rental fees for land (base stations) and other deferred costs (power supply, car insurance, technical literature, etc.).

Accrued revenue includes revenue from mobile communication services provided in December 2009 but billed in January 2010, revenue from roaming and interconnection services provided in December 2009 but billed in January 2010 and other accrued revenue.

## 8.1.9. Equity

€112,901,341

As of 31 December 2009, positive equity in the amount of €112,901,341 was recorded. The share capital is divided into 9,300,000 ordinary shares at par value of €4,17. All shares are called. The capital surplus amounts to €87,171,037 and refers to a payment from the majority shareholder in the amount of €83,914,446 and general equity capital revaluation allowance in the amount of €3,256,591. Net profit for 2009 amounts to €22,798,799. Net profit per share amounts to €2.45 (€22,798,799 divided by 9,300,000 shares).

## 8.1.10. Provisions and long-term accrued costs and deferred revenue

€3,488,112

Long-term provisions include accrued costs for jubilee payments, accrued costs for retirement indemnity payments and a provision for dismantling costs. Long-term accrued costs and deferred revenue includes an item resulting from received fixed assets received free-of-charge, which is released in line with the depreciation of these assets.

In EUR	Provisions 01.01.2009	Additions	Releases	Utilization	Provisions 31.12.2009
Jubilee payments	83,532	6,879	0	21,620	68,791
Retirement indemnity	15,241	81,587	0	254	96,574
Assets retirement provision	2,909,202	406,745	0	0	3,315,947
Free-of-charge assets	49,110	6,800	0	49,110	6,800
<b>Total</b>	<b>3,057,085</b>	<b>502,011</b>	<b>0</b>	<b>70,984</b>	<b>3,488,112</b>

Provisions for jubilee payments and accrued costs for retirement indemnity payments are formed based on actuarial calculation. The liabilities are equal to the current value of future payouts.

Assets retirement provision was additionally formed due to new contracts signed for these locations. According to expectations, the dismantling of base stations should start after 2013, when the GSM 900 license expires (without considering the possibility of extending the license).

The provisions related to fixed assets attained free of charge are released at the amount of the current amortization of these assets.

There are no significant discrepancies between the planned formation and utilization, and the realized formation and utilization.

## 8.1.11. Short-term liabilities

€34,188,391

In EUR	31.12.2009	31.12.2008
Short-term financial liabilities	0	70,469,775
Short-term operating liabilities	34,188,391	39,992,570
<b>Total</b>	<b>34,188,391</b>	<b>110,462,345</b>

## Short-term financial liabilities

In EUR	31.12.2009	31.12.2008
Short-term financial liabilities to group companies for interest	0	931,198
Short-term financial liabilities to group companies for loans	0	69,538,577
<b>Total</b>	<b>0</b>	<b>70,469,775</b>

**Short-term financial liabilities to group companies**

In EUR	Short-term liabilities 01.01.2009	Reclassifica- tion from long- term liabilities	Additions	Repayments	Short-term liabilities 31.12.2009
Short-term financial liabilities to group companies	69,538,577	0	0	69,538,577	0
<b>Total</b>	<b>69,538,577</b>	<b>0</b>	<b>0</b>	<b>69,538,577</b>	<b>0</b>

**Short-term operating liabilities**

In EUR	31.12.2009	31.12.2008
Short-term operating liabilities from advances	396,316	5,592,253
Short-term trade payables	28,878,320	31,577,031
Short-term operating liabilities to group companies	1,690,639	1,834,696
Other short-term operating liabilities	3,223,116	988,590
<b>Total</b>	<b>34,188,391</b>	<b>39,992,570</b>

**Short-term operating liabilities from advances**

In EUR	31.12.2009	31.12.2008
Payables for advances – group companies	0	4,805,404
Payables for advances – others	396,316	786,849
<b>Total</b>	<b>396,316</b>	<b>5,592,253</b>

**Short-term trade payables**

In EUR	31.12.2009	31.12.2008
Short-term trade payables to domestic suppliers	22,234,201	21,831,064
Short-term trade payables to foreign suppliers	6,644,119	9,745,967
<b>Total</b>	<b>28,878,320</b>	<b>31,577,031</b>

**Short-term operating liabilities to group companies**

In EUR	31.12.2009	31.12.2008
mobilkom austria AG & Co KG	667,524	1,589,859
VIP net d.o.o.	0	-43,060
Mobilkom [Liechtenstein] AG	0	21
mobilkom austria group services GmbH	39,644	67,435
Telekom Austria AG	314,840	9,400
Vip Net usluge d.o.o.	598,886	175,344
VIP Mobile	48,372	26,847
Velcom	2,347	1,254
Vip operator	0	4,102
World direct	140	0
Mobitel EAD	18,886	3,494
<b>Total</b>	<b>1,690,639</b>	<b>1,834,696</b>

**Other short-term operating liabilities**

In EUR	31.12.2009	31.12.2008
Net wages and salaries	458,770	443,909
Taxes from gross wages and salaries	126,880	111,255
Contributions from gross wages and salaries	169,688	155,424
Other payables to employees (meal allowance, commuting allowance)	94,970	73,392
Concession fee payable	4,495	2,240
Taxes on wages and salaries	123,613	113,216
Liabilities for corporate income tax	2,188,291	0
Other short-term liabilities (debts)	56,409	89,154
<b>Total</b>	<b>3,223,116</b>	<b>988,590</b>

**8.1.12. Short-term accrued costs (expenses) and deferred revenue****€6,747,071**

In EUR	31.12.2009	31.12.2008
Short-term deferred revenue	5,198,565	4,455,594
Short-term accrued costs (expenses)	1,548,506	1,865,058
<b>Total</b>	<b>6,747,071</b>	<b>6,320,652</b>

Short-term accrued costs and expenses include costs of bonus for 2009 for directors, managers and employees, as well as other accrued costs.

Short-term deferred revenue includes deferred revenue from the sale of call vouchers yet to be activated and those activated but not yet used up (Halo system) and revenue from subscriptions for January 2010, which have been charged in advance.

There are no significant discrepancies between the planned formation and utilization and the realized formation and utilization.

**8.1.13. Off-balance sheet items****€306,803**

Off balance sheet items include received guarantees in the amount of €272,659 (2008: €92,659) and guarantees given in the amount of €34,144 (2008: €80,930).

According to the concession agreements, the company is obligated to pay concession fees until the expiration of the contract in 2013 (GSM) and 2021 (UMTS).

**8.2. Profit and Loss Statement**

The profit and loss statement has been prepared showing cost items by types; the profit and loss statement showing cost items by individual functional groups is shown below:

In EUR	2009	2008
Net revenue from sale, utilized own products and other revenue	178,598,81	197,648,796
Cost of sales (with amortization), or original cost of sold goods	96,207,424	105,512,590
Selling costs (with amortization)	37,637,167	34,194,739
Administrative costs (with amortization)	15,703,878	14,267,546
Operating result (EBIT)	29,050,312	43,673,921



## 8.2.1. Net sales

€177,202,238

In EUR	2009	2008
Revenue from sale of services	162,808,537	166,721,110
Revenue from sale of goods	14,393,701	29,060,550
<b>Total</b>	<b>177,202,238</b>	<b>195,781,660</b>

## Revenue from sale on domestic and foreign markets

In EUR	2009	2008
Revenue from sale on domestic market	153,934,433	157,671,575
- Revenue from sale of services	147,526,869	148,675,796
- Revenue from sale of goods	6,407,564	8,995,779
Revenue from sale on foreign markets	23,267,805	38,110,085
- Revenue from sale of services to Group enterprises	6,355,629	8,560,730
- Revenue from sale of services to other foreign enterprises	8,926,039	9,484,584
- Revenue from sale of goods to Group enterprises	6,296,744	18,004,876
- Revenue from sale of goods to other foreign enterprises	1,689,393	2,059,895
<b>Total</b>	<b>177,202,238</b>	<b>195,781,660</b>

## Revenue from sale of services – by type of service

In EUR	2009	2008
Services to subscribers and prepaid users	120,746,094	117,089,590
Interconnection and roaming services	40,514,937	47,764,241
Other revenue from sale of services	1,547,506	1,867,279
<b>Total</b>	<b>162,808,537</b>	<b>166,721,110</b>

8.2.2. Capitalized products and services  
(owned by the company)

€7,960

“Capitalized products and services (owned by the company) revenue” refers to an investment in base station in the amount of €7,960 (2008: €0).

## 8.2.3. Other operating revenue

€1,383,583

Other operating revenue includes revenue from asset disposals in the amount of €5,521 (2008: €30,659), revenue from the release of long-term provisions from donated fixed assets in the amount of €42,310 (2008: €147,505), revaluated operating revenue from receivables in the amount of €82,393 (2008: €105,804), and collected receivables balance, court costs in the amount of €1,183,038 (2008: €870,608) and other revenue in the amount €75,321 (2008: €73,839).

## 8.2.4. Cost of sold goods, materials, and services

€115,926,688

In EUR	2009	2008
Cost of goods	12,094,911	18,104,636
Cost of materials	2,779,281	2,926,711
Cost of services	101,052,496	100,260,555
<b>Total</b>	<b>115,926,688</b>	<b>121,291,902</b>

The costs of goods are reduced by the deferred costs related to subscriber acquisition in the amount of €21,773,446 (2008: €25,640,364). Amortization of long-term deferred costs of subscriber acquisition was included in other costs of services in the amount of €24,285,377 (2008: €20,516,490).

**Cost of materials**

In EUR	2009	2008
Costs of energy	1,903,002	1,774,465
Costs of spare parts and materials for maintenance	63,505	19,438
Low-value assets write-off	54,514	71,329
Other material costs	56,742	47,541
Costs of office stationary and technical literature	701,518	1,013,938
<b>Total</b>	<b>2,779,281</b>	<b>2,926,711</b>

**Cost of services**

In EUR	2009	2008
Service costs for outsourced manufacturing and services	5,318,211	5,518,679
Costs of transportation services	186,999	209,145
Costs of maintenance services	7,593,942	6,549,659
Rental expenses	7,685,476	7,467,060
Costs of fund transfer services and bank charges	429,510	549,214
Remuneration of travel expenses to employees	347,135	523,770
Costs of professional services	2,607,866	3,001,165
Insurance premiums	251,794	342,385
Costs of interconnection and roaming services	38,370,776	39,223,828
Marketing costs	9,623,301	12,799,888
Other costs of services	28,637,486	24,075,762
<b>Total</b>	<b>101,052,496</b>	<b>100,260,555</b>

Other costs of services include costs of subscriber acquisition, postal charges, telephone charges and other costs. Audit costs amounted to €50,700 in 2009, in total for year-end audit.

**8.2.5. Labour costs****€12,927,967**

In EUR	2009	2008
Cost of wages and salaries	9,591,871	8,702,179
Pension insurance costs	1,138,242	1,064,853
Other social insurance costs	708,580	824,257
<b>Other labor costs</b>		
Commuting allowances	412,046	406,088
Meal allowances	426,986	386,760
Vacation bonuses	286,133	320,705
Severance pays and anniversary bonuses	85,315	99,945
Costs of unused holidays	278,794	0
Other labor costs	0	3,149
<b>Total</b>	<b>12,927,967</b>	<b>11,807,936</b>



### 8.2.6. Depreciation and amortisation expense and revaluated operating expenses associated with intangible assets and property, plant and equipment €18,045,620

In EUR	2009	2008
Depreciation of property, plant and equipment	13,415,810	13,474,690
Amortization of intangible assets	4,626,992	4,320,614
Revaluated operating expenses associated with intangible assets and property, plant and equipment	2,818	90,107
<b>Total</b>	<b>18,045,620</b>	<b>17,885,411</b>

### 8.2.7. Revaluated operating expenses associated with current operating assets €1,346,206

In EUR	2009	2008
Allowances for doubtful receivables	1,103,155	70,097
Allowances for slow-moving and obsolete stock	243,051	1,669,165
<b>Total</b>	<b>1,346,206</b>	<b>1,739,262</b>

### 8.2.8. Other operating expenses €1,301,988

In EUR	2009	2008
Fiscal charges	962,899	845,091
Other expenses	339,089	405,273
<b>Total</b>	<b>1,301,988</b>	<b>1,250,364</b>

Fiscal charges include concession fees in the amount of €549,264 (2008: €501,068) and administrative fees and court fees. Other expenses include costs of permits and concessions and other costs.

### 8.2.9. Financial revenue from operating receivables €1,317,542

In EUR	2009	2008
Interest income - others	906,671	781,141
Interest income – group companies – cash pooling	173,437	1,367,658
Foreign exchange gains	88,278	237,907
Other financial revenue	149,156	173,829
<b>Total</b>	<b>1,317,542</b>	<b>2,560,535</b>

## 8.2.10. Financial expenses for financial and for operating liabilities

€1,309,911

In EUR	2009	2008
Financial expenses for financial liabilities	1,193,000	3,819,029
Financial expenses for loans received from group companies	1,193,000	3,819,029
Financial expenses for operating liabilities	116,911	293,834
Late interest charges to suppliers	5,615	9,851
Negative foreign exchange differences	97,779	273,737
Other interest	13,517	10,246
<b>Total</b>	<b>1,309,911</b>	<b>4,112,863</b>

## 8.2.11. Total profit for the period

€22,798,799

In EUR	2009	2008
Operating result	29,050,312	43,673,921
Financial result	7,631	-1,552,328
Income before taxes	29,057,943	42,121,593
Income tax	-2,188,291	
Deferred tax	-4,070,853	-10,051,009
<b>Total</b>	<b>22,798,799</b>	<b>32,070,584</b>

## 8.2.12. Income tax

€2,188,291

Taxable income for the current year was partially offset by deductions for supplementary pension insurance and donations, as well as loss carry-forwards from previous years. The current year's tax expense amounts to €2,188,291 (2008: €0). The effective tax rate is 8%. As of December 31, the total unexpired tax loss carry-forward from previous years amounts to €0 (2008: €13,820,893).

## 8.2.13. Deferred taxes

€4,070,853

The opening balance of recognized deferred tax assets amounted to €4,393,047 (2008: €14,444,057), and in 2009, a reversal in the amount of €4,070,853 (2008: €10,051,009) was made in deferred tax assets, which impact income from deferred taxes.

**The reconciliation between tax expense and taxable income is as follows:**

	Tax rate	Base	Tax
<b>CURRENT TAXES</b>			
Income before taxes		29,057,943	
Income tax (by using the official tax rate)	21%	29,057,943	6,102,168
Tax non-deductible items–permanent differences	21%	1,031,210	216,554
Tax non-deductible items–temporary differences	21%	141,992	29,818
Current tax	21%	30,231,145	6,348,540
Usage of temporary differences	21%	-5,687,086	-1,194,288
Usage of deductions	21%	-333,510	-70,037
Usage of tax loss carry-forwards	21%	-13,790,116	-2,895,924
<b>Actual current tax</b>		<b>10,420,433</b>	<b>2,188,291</b>
<b>DEFERRED TAXES</b>			
From tax loss carry-forwards			
Usage of recognized deferred taxes from tax loss carry-forwards in 2009	21%	-13,790,116	-2,895,924
Total deferred taxes from tax loss carry-forwards			-2,895,924
From deductible temporary differences			
Additions to deferred taxes from deductible temporary differences – tax statement 2009	21%	141,992	29,818
Usage of formed deferred taxes from temporary differences	21%	-5,687,086	-1,194,288
Correction to deferred taxes due to change in tax rate	21%	-76,713	-16,110
Correction to deferred taxes from previous years	21%	26,910	5,651
Total deferred taxes from deductible temporary differences			-1,174,929
<b>TOTAL DEFERRED TAXES</b>			<b>-4,070,853</b>

The company has assessed the tax rate applicable for each of the temporary differences based on the period in which it is expected to reverse, taking into consideration changes to the Slovenian tax legislation that include annual tax rate reductions until 2010. The tax rate applied at 31 December 2009 is 21%; a correction to deferred taxes due to the tax rate change to 20% in 2010 refers to open amount of deferred tax assets.

## 8.2.14. Net profit or loss for the period after equity revaluation on the basis of an increase in cost of living

In EUR	Amount of capital	Increase in %	Effect	Decrease in net profit or loss for the financial year
Equity – all items of capital except current net profit or loss (based on the cost of living index)	90,102,542	1,80%	1,621,846	21,176,953

## 8.2.15. Events after the date of the balance sheet

Since the balance sheet date, the company has not become aware of any events that would have a significant impact on the balance sheet.



## 9. RISK EXPOSURE

### Market and competition-related risks:

The mobile telephony market in Slovenia is very mature and will thus grow at a slower rate in the future. In such market conditions, competition between the operators in the market will intensify. As a result of that, the retention of existing and acquisition of new customers will be a great challenge for Si.mobil, and will lead to a further increase of expenses related to acquiring and retaining subscribers.

### Regulatory risks:

In April 2009, APEK issued an interim decision on relevant market 7 (call termination in mobile markets), setting the termination rates for the mobile networks of Mobitel, Si.mobil, Tušmobil, and T-2. The termination rates for Mobitel and Si.mobil were equalized (symmetry), while the termination rates for Tušmobil and T-2 have been set at a ratio of 1:1.5 in relation to Mobitel and Si.mobil's networks.

In October 2009 after the market analysis of relevant market 7, APEK enforced new regulatory remedies for all four mobile operators. Termination rates for the rest of 2009 remained the same as previously set in the interim decision. In addition, APEK also prescribed the glide-path of termination rates for all four operators until 1st January 2013. Termination rates change every 6 months (starting 1st January 2010); glide-path enforces further decrease of termination rates and also the decrease of the asymmetry of termination rates of Tušmobil and T-2. All four operators should equalize their termination rates by 1st January 2013, at the termination rate of the most cost-efficient operator (LRIC CCA model of APEK). Due to the symmetrical termination rates of Mobitel and Si.mobil, which were calculated based on theoretical model of fully-efficient operator with 25% market share, Si.mobil does not cover all of its wholesale costs related to termination of calls, while Mobitel, on the other hand, exploits far larger economies of scale, thus earning a high margin that can subsequently be used for cross-subsidizing of retail services (e.g. Džabest offer).

The symmetry of termination rates between Mobitel and Si.mobil could lead to traffic imbalance in case of changed calling patterns (call-mix). This would also result in imbalanced payments between the operators, to the detriment of Si.mobil.

The termination rate to Tušmobil network is significantly higher than the termination rates of Mobitel and Si.mobil (high asymmetry). This asymmetry can have additional negative effects on net cash-flow with Tušmobil.

In 2009 a new regulation was imposed by EU Commission in the area of international roaming. With this regulation, the commission further reduced the applied retail and wholesale prices of international roaming. The regulation also foresees further such measures in 2010.

### Credit risk:

Company revenue stems from various sources, of which most of revenue arises from voice calls and monthly subscriptions. Because the main body of subscribers at the end of 2009 was comprised of individuals, the credit risk is widely dispersed and is insignificant. Other income sources are connected to sales representatives (for selling mobile phones) and other local and foreign mobile telephony operators (for selling interconnection and international roaming). Previous experience shows that there are no important risks based on these activities. As of the date of the issuing of the balance sheet, there was no significant dependency from any of the above-stated partners.

### Interest-rate risk:

In 2009, the company was a party to loan agreements, linked to the loans from the owner. Considering loan conditions, which include the larger part fixed interest rates, the company is not significantly exposed to risks regarding changing interest rate. The company does not use special financial instruments for safeguarding from interest-rate risks.

### Foreign-exchange risk:

The company's functional currency in 2009 was the euro. Only a small share of transactions is conducted in USD or other currencies, therefore the currency risk is not considered significant. The company does not use any special financial instruments to safeguard against foreign-exchange risks.

### Liquidity risk:

The company ensures liquid funds from business operations and from financing based on the owner's loans, which are provided when needed. Development has proven that the company is constantly improving its business operations, and, with this, financial assets from operations. New technologies that demand high up-front investments might demand additional financial funds for their use.



## 10. OTHER DISCLOSURES

### 10.1. Company Bodies

The members of the management board of Si.mobil are:

**Dejan Turk**, Chairman of the Board;

**Milan Zaletel**, Member of the Board.

The management board in its current composition was appointed as of 1 May 2008.

The supervisory board was joined by a new member in 2009 and two members left in 2009, so at the end of the year it consisted of:

**Hans Tschuden, Erich Hubert Gnad, Alfred Gattringer, Andreas Maierhofer, Walter Goldenits**

The total cost of the management board, the supervisory board, and employees with individual contracts in 2009 is comprised of gross income that is included in the personal income tax return, holiday pay, fringe benefits and profit sharing. In 2009, this amounted to €540,377:

- management board: €540,377;
- supervisory board: €0;
- employees with individual contracts: €0.

The company has no recorded receivables from or liabilities to the management board or the members of the supervisory board.

## 11. STATEMENT OF THE MANAGEMENT

### Management confirms the financial statements of Si.mobil d.d. as of 31 December 2009.

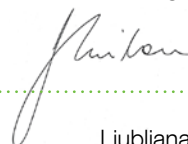
Management confirms that appropriate accounting policies were consistently applied to the preparation the financial statements, accounting estimates were made in accordance with the principle of prudence and due professional care, and the annual report presents a true and fair position of the company and results of its operation for the year 2009.

Management is responsible for the preparation and fair presentation of the financial statements above in accordance with SAS (Slovenian Accounting Standards). This responsibility includes: establishment; implementation; maintenance of internal controls relating to the preparation and fair presentation of the financial statements, which are free from material misstatements, whether due to fraud or error; selection and application of appropriate accounting policies; and preparation of accounting estimates that are well-grounded in the circumstances.

DEJAN TURK  
Chief Executive Officer



MILAN ZALETEL  
Chief Financial officer



Ljubljana, February 5, 2010



**Enclosure 1: Schedule of intangible assets and long-term deferred costs and accrued revenue movement (in EUR)**

	Concessions	Software and licenses	Investments in fixed assets owned by third parties	Long-term deferred connection fees of data lines	Long-term deferred lease of land	Long-term deferred subscriber acquisition costs	Total
<b>Costs of purchase</b>							
Balance as of 1 January 2009	22,430,050	27,263,078	3,796,802	1,799,247	1,508,127	100,773,677	157,570,981
Additions	0	3,794,314	341,944	38,124	275,823	21,773,446	26,223,651
Disposals	0	0	0				0
Transfer							0
Balance as of 31 December 2009	22,430,050	31,057,392	4,138,746	1,837,371	1,783,50	122,547,123	183,794,632
<b>Accumulated amortization</b>							
Balance as of 1 January 2009	10,996,043	19,559,950	1,682,012	1,224,584	801,652	80,382,653	114,646,894
Additions, amortization	1,495,337	2,790,798	258,919	0		0	4,545,054
Additions, recognized in costs				123,095	116,307	24,285,377	24,524,779
Disposals	0	0	0	0			0
Transfer							0
Balance as of 31 December 2009	12,491,380	22,350,748	1,940,931	1,347,679	917,959	104,668,030	143,716,727
<b>Net carrying amount</b>							
Balance as of 1 January 2009	11,434,007	7,703,128	2,114,790	574,663	706,475	20,391,024	42,924,087
Balance as of 31 December 2009	9,938,670	8,706,644	2,197,815	489,692	865,991	17,879,093	40,077,905



## Enclosure 2: Schedule of property, plant and equipment movement (in EUR)

	Land	Base stations and mobile switches	Computer equipment	Other equipment	Low-value assets and spare parts	Property, plant and equipment in the course of construction	Advances for acquisition of property, plant and equipment	Total
<b>Costs of purchase</b>								
Balance as of 1 January 2009	9,039	137,171,732	8,862,942	17,233,181	3,249,602	15,923,725	1,156,403	183,606,624
Additions	0	12,694,317	947,036	3,097,309	369,938	-3,144,112	0	13,964,488
Disposals	0	-299,715	-383,822	-18,569	-4,101	0	0	-706,207
Transfer							-887,825	-887,825
Balance as of 31 December 2009	9,039	149,566,334	9,426,156	20,311,921	3,615,439	12,779,613	268,578	195,977,080
<b>Accumulated depreciation</b>								
Balance as of 1 January 2009	0	95,637,981	6,213,469	7,358,609	2,627,139	0	0	111,837,198
Additions, depreciation	0	9,363,803	1,161,931	2,557,426	414,588	0	0	13,497,748
Disposals	0	-77,917	-379,580	-18,498	-4,101		0	-480,096
Transfer								0
Balance as of 31 December 2009	0	104,923,867	6,995,820	9,897,537	3,037,626	0	0	124,854,850
<b>Net carrying amount</b>								
Balance as of 1 January 2009	9,039	41,533,751	2,649,473	9,874,572	622,463	15,923,725	1,156,403	71,769,426
Balance as of 31 December 2009	9,039	44,642,467	2,430,336	10,414,384	577,813	12,779,613	268,578	71,122,230

