

Table of Contents

Table of Contents	1
1. Introduction	3
1.1. Company ID	3
1.1.1. Summary about Vip	3
1.1.2. Vip Management Board	4
1.1.3. Basic information	4
1.1.4. Telekom Austria Group	4
1.1.5. Telekom Austria Group Management Board	5
2. Vip mobile on mobile communications market	5
2.1. Vip mobile on mobile telephony market in 2015	5
2.2. Innovative offer for private and business customers	5
2.2.1. Free Viber and Vipsi stickers	6
2.2.2. New Vip Biz tariffs	6
2.2.3. Vip Opušteno	6
2.2.4. CarFi	7
2.2.5. VipDrop – Cloud service	7
2.2.6. NOVA Tariff	7
2.2.7. MS Office in Business tariffs	7
2.2.8. Attractive mobile devices and accessories for all groups of customers	7
2.3. Development of Vip mobile d.o.o. network in 2015	9
3. Vip's Social Responsibility	9
3.1.1. Basic information about Vip employees and investment in their development	10
3.1.2. Managing talents, recognizing top performers, raising competencies	12
3.1.3. Social Recruiting	12
3.2. Responsibility towards the community	13
3.2.1. Education	13
3.2.2. Vip annual donation	13
3.2.3. Humanitarian SMS numbers	14
3.2.4. Vip Ecomotivation	14
3.3. Vip Sponsorships	15

3.3.1.	Partnership with Serbian Volleyball Federation.....	15
3.3.2.	Belgrade Dance Festival	16
4.	Analysis of financial data.....	18

1. Introduction

Vip mobile Company has, in 2015 as well, accomplished the sustainable growth in all business segments owing to its strategic determination to focus on providing the best customer experience and on continuous improvement of the network, technology and offering the innovative products and services. Vip always puts customers first, and the company is dedicated to adapt the products and services to their needs.

Vip remains the biggest greenfield investor in Serbia, investing over 916 million euros in the company's business operation, including purchasing of the license. Vip services are available at 330 points of sale, including 84 Vip centres across Serbia. The company employs over 900 young local experts aged 32 on average.

Since the beginning of its business operation, the company has been intensively building the top quality mobile network and is the first operator that commercially introduced, in March 2015, the fourth generation network technology, 4G (LTE), which enables high data transfer rate and almost instant network and internet response.

Objective of Vip company is to support the improvement of the local community, while constantly achieving better business results, which is why it continuously invests in the environment, sports, culture, education. Accepting the responsibility for its business operation and the influence it has, Vip mobile induces, through its socially responsible operation, positive changes in the society and contributes to improving the quality of life in Serbia.

1.1. Company ID

1.1.1. Summary about Vip

Vip mobile d. o. o. is a private mobile operator, the holder of the third license for GSM and UMTS mobile networks in Serbia, as of November 2006. Vip offers a full portfolio of mobile services for prepaid, post-paid and business customers. At the end of 2015, Vip has had 2.1 million active customers, market share of 22.5% and 900 employed experts and managers.

Vip mobile is a member of Telekom Austria Group (ATX:TKA), the leading provider of digital and communication services in the Central and Eastern Europe region, which caters for more than 24 million customers across eight countries, has revenues exceeding 4 billion euros and more than

17,500 employees. The Group is the European member of the Company América Móvil, the third largest telecommunication services provider in the world.

As of May 1, 2015, Vip operates within TAG organizational unit "Serbia & Slovenia" composed of the companies Vip mobile and Si.mobil.

1.1.2. Vip Management Board

Dejan Turk, Director/CEO/CMO	CEO/CMO Organizational Unit "Serbia & Slovenia"
Andreas Graf, Director/ CFO	CFO Organizational Unit "Serbia & Slovenia"
Natali Delić, Director/CTO	CTO Organizational Unit "Serbia & Slovenia"

1.1.3. Basic information

Vip mobile d. o. o.

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1.1.4. Telekom Austria Group

Telekom Austria Group is the leading communications provider in Central and Eastern Europe. The Group is currently operating in eight countries: Austria (A1), Bulgaria (Mobiltel), Belarus (velcom),

Croatia (Vipnet), Slovenia (Si.mobil), the Republic of Serbia (Vip mobile), Macedonia (Vip operator) and Liechtenstein (Telekom Liechtenstein). The total market of the eight countries covers approximately 41 million inhabitants. Telekom Austria Group's portfolio encompasses products and services of voice telephony, broadband Internet, multimedia services, data and IT solutions, wholesale as well as payment solutions.

By virtue of successful capital increase in 2014 the new majority shareholder, América Móvil, supported Telekom Austria business, new trends and its plans for the future.

1.1.5. Telekom Austria Group Management Board

Alejandro Douglass Plater, Chairman
Siegfried Mayrhofer, Vice-Chairman

2. Vip mobile on mobile communications market

2.1. Vip mobile on mobile telephony market in 2015

In spite of the challenging macroeconomic environment and large investments of the company, Vip managed to achieve sustainable income and business growth during 2015.

In 2015, Vip mobile generated income of **23.4 billion dinars**, which is almost 10% higher than the one generated in 2014, and the earnings before interest, taxes, depreciation and amortization (EBITDA) recorded growth of almost 3% to the amount of **3.7 billion dinars**, both on comparable basis. At the end of December 2015, Vip had more than **2.1 million customers** and a stable market share of **22.5%**.

Vip remains the biggest greenfield investor in Serbia, investing over 916 million euros. Only in 2015, over 77 million euros were invested, mainly in the expansion and modernization of 4G and 3G network. In 2016, the operator will continue to expand its fast broadband network for customers across Serbia, both in urban and rural areas, and emphasis will be put on the competitiveness of products and services, as well as on innovative digital solutions.

2.2. Innovative offer for private and business customers

2.2.1. Free Viber and Vipsi stickers

All Vip customers had an opportunity to use [Viber](#), via official Viber application, in national traffic on their mobile phones, tablets and computers, free of charge.

This popular communication service was available to Vip customers without using up their megabytes, smarts or credit while exchanging the instant messages, voice and video calls or multimedia files with other Viber users. Thereby they were able to use their internet traffic included in the package for other contents.

Also, a special package of Vipsi stickers was created for the users of Viber app.

2.2.2. New Vip Biz tariffs

New Vip Biz tariffs enable business customers to make savings on mobile communication costs, because the monthly subscription fee includes unlimited minutes within the company, carrying forward of unused minutes to all networks and special prices of devices. Vip Biz tariffs for small and medium-sized companies are divided into three segments, where each one of them fits different groups of employees and their business needs and mobile communication habits:

Vip Biz Premium tariffs are intended for managers and the most demanding customers who travel a lot, because these tariffs are the only ones on the market that offer free unlimited roaming calls all around the world. Premium tariffs also offer large packages of minutes, messages and the option of the unlimited internet after the used up package, at a slower rate.

Vip Biz Standard tariffs meet the standard needs in respect of internet and communication with customers of other networks, including the packages of minutes and messages to all networks, as well as package of megabytes.

Vip Biz Office tariffs offer the employees of a company to make unlimited calls within the company and a basic communication with customers of other networks, at the lowest monthly subscription fee.

2.2.3. Vip Opušteno

In midyear, Vip introduced Vip Opušteno tariff which includes as much as 5GB for data transfer, unlimited calls within Vip network, unlimited SMS/MMS to all networks and 500 minutes to other networks, all in national traffic.

This Vip tariff is ideal for those who wish to make most of all the advantages of fast surf and communication in Vip 4G LTE and 3G network, not having to fear high monthly invoices. Additional benefit for the customers is the fact that, if they use up the megabytes available within the monthly subscription fee, the price of 1MB is only 1 dinar.

2.2.4. CarFi

Vip has offered to its customers a perfect solution to make their car trip more interesting with Huawei CarFi which turns a car into a portable 4G or 3G WiFi router for as many as 10 mobile devices. CarFi is to be plugged into cigarette lighter slot and activated via "plug and play" option. Surfing through Vip 4G LTE or 3G network is activated via "Huawei Hilink" application for Android and iOS. Battery life is no longer a problem, since Huawei CarFi is charged from the car, and it also has USB port for charging of telephones, tablets and other electronic devices.

2.2.5. VipDrop – Cloud service

In order to enable its customers to access their files and folders, at any place and from multiple devices, Vip introduced a new cloud storage service – VipDrop. In addition, to access this service, the customers are provided with free internet.

What singles out VipDrop from other cloud storage services is the possibility to integrate other services, like Dropbox, Google Drive and OneDrive, within VipDrop, regardless of their size.

2.2.6. NOVA Tariff

Having recognized the customers' needs for mobile internet, more minutes and tariffs which are easier to understand, Vip introduced a single NOVA tariff. This tariff replaced the existing Vip post-paid tariffs combining their best features and offers more contents and maximum MB at a very competitive price.

Also, with a contractual obligation of 24 months, the customers are provided with four months of unlimited surf at the highest rate, while all existing loyal customers who renew their 24 months contractual obligation got the additional benefit in the form of parallel usage of unlimited minutes within the network, together with the minutes included in the tariff, as of start of the billing period.

2.2.7. MS Office in Business tariffs

Owing to the partnership with companies Microsoft and Vodafone, Vip offered to its business customers the Office 365 which enables simple and safe access to business applications, data and e-mail from any place and from different devices – desktop computers, tablets or telephones.

Office 365 combines the most common business applications Word, Excel, PowerPoint and Outlook with Microsoft cloud services: e-mail, Sharepoint, Skype for Business and OneDrive for Business.

2.2.8. Attractive mobile devices and accessories for all groups of customers

2.2.8.1. Yotaphone 2

In January, Vip launched for the first time in Serbia Yotaphone 2, the only dual-screen smart-phone in the world. Yotaphone 2 is an elegant, fast and reliable device which offers full functionality of Android telephone on both of its screens. Primary screen is the front AMOLED screen, while the secondary one is EPD (Electronic paper display) screen at the back of the telephone and it is always on. The customer can review all of the notifications, reply to messages and emails, accept calls or read e-books on this screen, without unlocking the telephone and using the colour screen.

2.2.8.2. BlackPhone

Exclusively in Vip, there was Blackphone, a telephone specially intended for customers who put data safety first, specially designed to keep customer's personal and business data safe. It is operated by PrivatOS, a modified version of Android operating system completed with a package of safety applications. The main advantage of this operating system is the Silent Suite application which enables customers to make voice and video calls, exchange messages and transfer and store data and contacts without fearing threat to their privacy.

2.2.8.3. Samsung Galaxy S6 and S6 edge

The two most powerful Samsung Galaxy telephones, S6 and S6 edge, of elegant design and top performances, have arrived to Vip offer in April. These telephones are made of metal and glass, and Vip has provided, as additional benefit, the additional servicing in case of damage to the device, like wetting the telephone or physical damage to the screen, which is not covered by the standard warranty.

2.2.8.4. HTC One M9

The HTC One family has brought to Vip the HTC One M9 as well. The premium design of this telephone is reflected in its elegant monolith metal frame, curved back and unnoticeable edges with dual-tone finishing. With top performance, high-quality camera and audio, this telephone offers unique experience to customers. The first 80 customers who concluded a post-paid contract with Vip, received along with this model, the compact RE camera which creates photos and videos in Full HD quality and is easily synchronized with compatible smart-phones.

2.2.8.5. iPhone 6s and iPhone 6s Plus

The latest Apple mobile telephones iPhone 6s and iPhone 6s plus, with even better performances than that of their predecessors, arrived to Vip in October. In addition to the top quality A9 processor which enables better graphical performances and 12 MP camera which records in 4K resolution, one of the latest news is the application of 3D Touch technology, which enables new innovative interactions with all contents on the telephone.

2.3. Development of Vip mobile d.o.o. network in 2015

In order to provide customers with reliable communication, Vip continuously upgrades its network, invests in the network infrastructure, leads the introduction of new technologies, provides wider coverage and strives to provide the best mobile communication experience.

Vip mobile is the first operator that commercially introduced, in March 2015, the fourth generation network technology, 4G LTE, for customers in Serbia, which enables very high data and multimedia content transfer rate and almost instant network response and loading of on-line contents. In November 2015, by acquiring the 800 MHz spectrum, coverage by 4G signal expanded even more and conditions were created for testing of the first 4G+ network in Serbia, LTE Advanced network. At the end of 2015, 4G signal covered 25% of the population in Serbia.

Beside that, 3G and 2G network building continued. 3G signal covered 90% of the population in Serbia, while approximately 90 % of 2G network was modernized.

The fact that Vip is the real innovator in wireless network infrastructure is confirmed by the prestigious GTB Innovation award which it received for presentation of introduction of VoLTE technology which enables transmission of voice via 4G network.

Vip was also awarded with the renown award Leading Lights 2015 for the most innovative strategy of network function virtualization (NFV) which enables even faster introduction of the new relevant services into the market.

3. Vip's Social Responsibility

Corporate social responsibility is one of Vip's strategic objectives. Corporate social responsibility activities are directed to youth, education, culture and sports with focus on activities targeting young population (15-35) which add true value. So far Vip invested substantial means in various CSR projects.

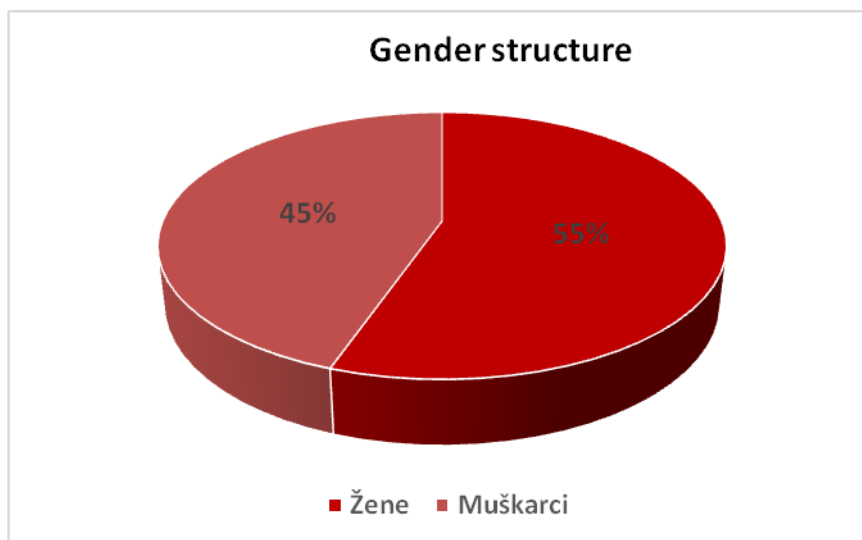
Vip is a member of UN Global Compact, the world's largest voluntary corporate initiative, which connects companies committed to CSR practices with UN agencies, governments and civil society organizations. Company is also one of the founders of local Responsible Business Forum Serbia.

<http://www.vipmobile.rs/o-vipu/drustveno-odgovorno-poslovanje.635.html>

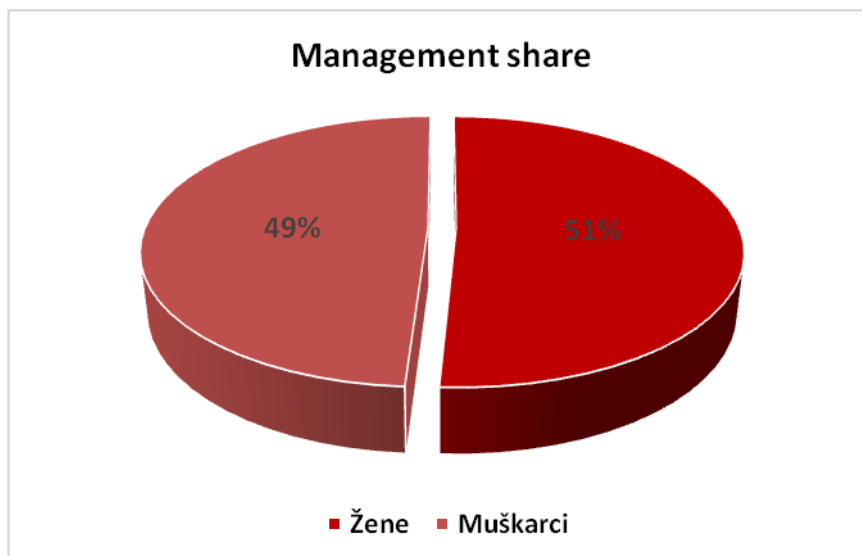
3.1. Care for employees

HR Sector 2015 strategy is focused on talent management and leadership development, strengthening of corporate culture and promoting Vip mobile as a desirable employer.

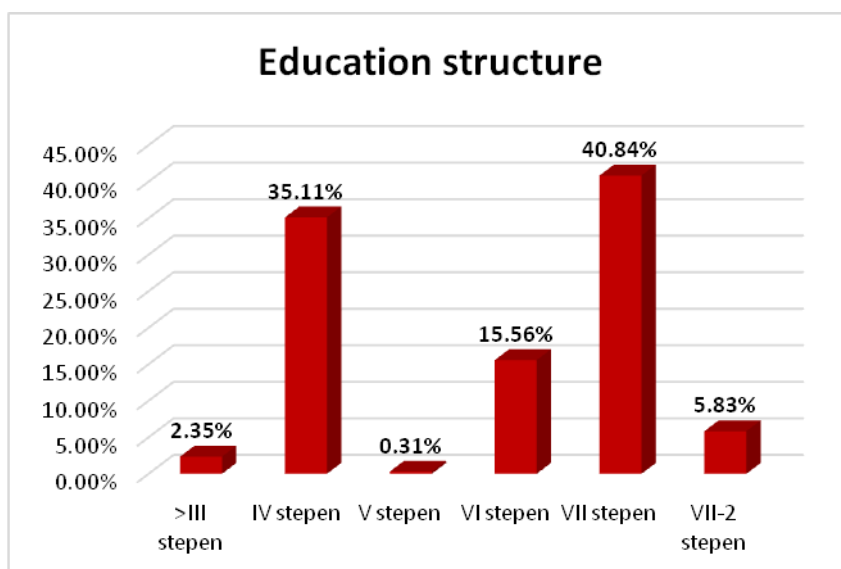
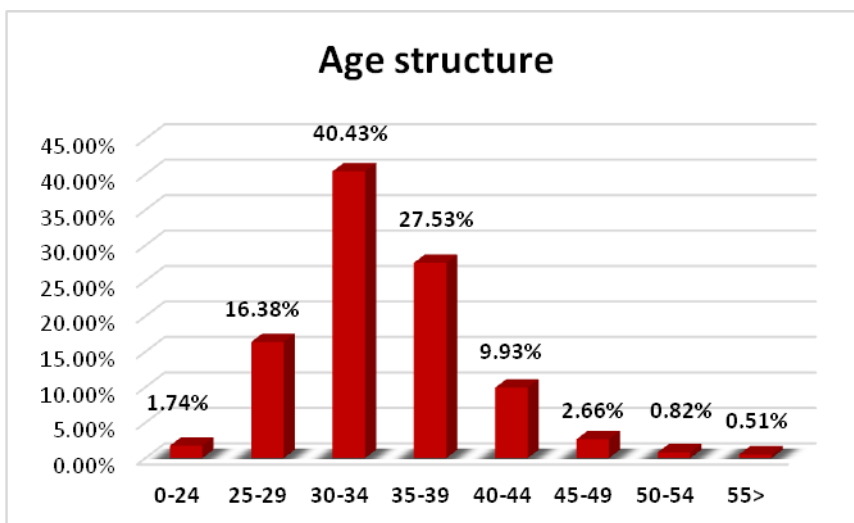
3.1.1. Basic information about Vip employees and investment in their development



žene – women
muškarci – men



žene – women
muškarci – men



stepen – degree

Employees development and education	
Dedicated resources for education in 2015	36,300,000.00 RSD
Investment in development of organizational culture	3,630,000.00 RSD
Training hours in 2015	1,742

3.1.2. Managing talents, recognizing top performers, raising competencies

One of the main company objectives in respect of development of human resources is to continue the development of competencies of employees, to create new development programs that will ensure meeting of this goal and enriching programs that have been an integral part of Vip mobile corporate culture for years. Our goal is to create an inspiring and stimulating environment in which our employees can grow along with the company, fulfill their potentials and be passionate toward their work.

"Vigor Stars 2015" is a leadership development program realized to develop leadership competencies aligned with Group Leadership Standards and retain Key Players. Over the last year, we focused on customer impact, strategic orientation and making decisions, and main accomplishments are introducing PCM individual sessions and Vip CEX Academy for top management.

"Organizational Culture Development Program" is offering exclusive, advanced-level education and development of the way of thinking and creation of desirable organizational culture aiming at the synergy of business and organizational culture.

"CEX development program" includes a series of trainings primarily dedicated to employees who directly take care of the customers, from Sales and CS sectors. The program is designed according to CEX strategy to bring customer experience to the highest level.

E-learning trainings were launched in 2014 and it represents a virtual classroom which makes knowledge available anytime and anyplace; it reduces training costs and increases flexibility of course delivery.

"Certification" is a competency and talent management program within the Customer Service, Business and Residential Sales Departments. The main objective is to provide the quality of service to our customers through the development of engaged and competent employees. The program also identifies employees with high potential who are willing to take on more responsible roles.

3.1.3. Social Recruiting

In 2015 we continued and enhanced recruiting of job candidates via social networks in order to find hard-to-reach talents and increase the company visibility and raise awareness of Vip as employer.

In order to reach these goals, we redesigned and modernized the career page of our website to make it more accessible, easier to navigate and better looking.

3.2. Responsibility towards the community

Vip is dedicated to initiating positive changes in its environment, and, as a responsible company, it focuses its operations on improving the quality of life in Serbia.

3.2.1. Education

“Be a Vip Student” project exists for more than seven years and is dedicated to development of future experts in the field of telecommunications in Serbia. In the past eight generations more than 1000 talented students from 20 faculties across Serbia have participated in the selection for the summer internship. Out of these 1000, 154 students were awarded and they spent two months attending paid internship whereas 24 of them were permanently employed by Vip.

Aiming to provide support to young talents, Vip mobile company has improved partnership with the Faculty of Organizational Science, the Faculty of Transport and Traffic Engineering, the Faculty of Economics and a local group of Electrical Engineering Students' European Association (EESTEC) in Belgrade.

In addition to organizing students' educational internships in Vip, guest lectures given by Vip experts, and providing students with an opportunity to write research and scientific papers in cooperation with mentors from Vip, last year we gave students an opportunity to visit our company and feel the atmosphere of international business environment.

“Vip Digital Workshop for Senior Citizens” project was launched in July 2014 in cooperation with the Organization for Intergenerational Cooperation 35+, City of Belgrade pensioners organization and the Third Age Movement of Serbia.

The workshops are free of charge and devised in such a way for the participants to easily master using the computer, Internet, social networks and various digital devices in five days' time. We continued the cooperation in 2015.

3.2.2. Vip annual donation

Funds that Vip traditionally donates for the New Year were given, in 2015, to the SOS Children's Villages Serbia Foundation for the implementation of “SuperBus” project. The donation which consists of part of the company income from SMS traffic at the New Year's Eve and Christmas Holidays, as well as income generated via humanitarian SMS number activated for this purpose, were used for launching of mobile educational-creative workshop for children without parental

care across Serbia and children coming from the most vulnerable groups of population. "SuperBus" is a specially equipped vehicle which, in 2015, has stopped at more than 15 locations in all parts of the country and gathered, through its programmes, over 2,000 children. Project activities included educational workshops with special emphasis on education in the field of health care, personal hygiene, psychosexual education, communication, social skills, children's rights and the like. In cooperation with local Red Cross organizations, non-governmental organizations and institutions in charge of social protection, different workshops have been organized, adapted to the needs and capacities of the children. Nine forums were held, together with local community stakeholders, aiming to raise awareness of and point out to current difficulties in local environment.

3.2.3. Humanitarian SMS numbers

For a number of years Vip has been enabling SMS donor activities for raising of funds for the actions of general social interest, including philanthropy. In 2015 only, Vip customers have donated more than 23 million RSD via SMS humanitarian numbers.

3.2.4. Vip Ecomotivation

With constant efforts to reduce its environmental impact, Vip undertakes numerous measures for energy savings and reduction of waste and resources. In order to bring its environmental management system to an even higher level, in 2015, Vip passed through certification process for ISO 14001 whereby it confirmed its commitment to sustainable management. Through its long-lasting programme, Vip Ecomotivation and numerous activities within and outside the company, Vip contributes to raising awareness of its employees and of general public regarding the importance of preservation of the environment.

Having in mind the activity it is engaged in, in 2015 more than 315 tonnes of electrical and electronic equipment were handed over for recycling within activities of swapping and modernizing the equipment. In addition to the above, Vip recycles paper, plastic, metal, glass and packaging waste.

Vip customers, who pay their bills electronically, have saved 27 tonnes of paper in 2015.

Vip supported the international project "Eco Schools" in order to convey its environmental protection mission to the youngest population through its programme "Vip Ecomotivation". Children from over 40 schools across Serbia have participated in numerous activities, including the eco quiz and workshops, recycling, marking of important environmental dates, making eco

garden. By participating in the activities within the Ecomotivation programme, schools have scored points and competed for the title of the greenest school - Ecomotivator.

3.3. Vip Sponsorships

Vip's orientation is to support young people who achieve top results and have a competitive spirit; who are eager to succeed, daring, energetic and different – all features that perfectly match our brand's character.

In accordance with the corporate business strategy, we established long term sponsorships which are directed towards the young people striving for success in sports and culture.

3.3.1. Partnership with Serbian Volleyball Federation

As a general sponsor of the Volleyball Federation of Serbia and all national volleyball teams, Vip has proven to be a devoted partner in development and popularization of volleyball in Serbia over the last eight years.

With the support of Vip, our national teams successfully participated in various prestigious international competitions in 2015. Senior women's team won the second place at World Championship, thereby qualifying for participation in 2016 Olympics, 3rd place at the European Championship, 3rd place at European Games, and 8th place at FIVB Grand Prix competition. On the other hand, the senior men's team won 2nd place at the World League, 5th place at the European Games and the 7th place at the European Championship. In junior category, women won gold medal at the Balkans Championship, while men brought silver medal from the Balkans Championship. In cadet category, women's team won the gold medal at the Balkans Championship and silver at the European Championship, while the men's team also won gold at the Balkans Championship.

Together with Volleyball Federation of Serbia (VFS), Vip organized, for the eighth time in a row, the National Championship in beach volleyball – Vip Beach Masters tournaments, bringing this attractive sport closer to the wider audience. In 2015, the national championship was held in 9 cities across Serbia from June 26th until August 29th.

The youngest visitors were able to attend Vip Beach Masters volleyball school led by Vladimir Vanja Grbić, our renowned volleyball player, VFS Vice President, FIVB Development Commission Member and Special Olympics Volleyball Ambassador. The classes were held in 9 cities each day

of the tournament and the total of 10.000 kids made company to Vanja over the 5 years of this school's activity.

www.beachmasters.rs

3.3.2. Belgrade Dance Festival

Vip mobile, as a general sponsor for the eighth year in a row, proudly supported the 12th Belgrade Dance Festival, which gathered the contemporary dance lovers in Belgrade, Novi Sad, Pančevo and Vršac. Taking one of the most prominent positions among European and world-wide dance manifestations, Belgrade Dance Festival, from March 23 to April 9, presented an attractive selection of titles from the world scene. The total of 20,380 visitors saw 20 performances from 11 countries worldwide, while 120 accredited journalists from Serbia and abroad reported from the event. Owing to this cooperation Serbia became an indispensable stopping point to a large number of significant international dance performances.

As an introduction to the new season, from January 28 to February 1, the second edition of the movie festival "Days of BDF at Yugoslav film archive" was organized.

Unique plaque "Vip is inviting" was awarded for the sixth year in a row with the intention to present to the audience the work of a prominent local dance artist with a remarkable international career. In this way, the Belgrade Dance Festival and Vip mobile "return" to Serbia our dance artists to reward them for the artistic work and affirmation of our art of ballet abroad.

According to the decision of the jury of experts of the Belgrade Dance Festival and Vip mobile, the laureate of the 2015 reward "Vip is inviting" was Aleksandar Antonijević, ballet artist and Principal Dancer with The National Ballet of Canada for many years, who is, at the same time, one of the most famous fine art photographers. Antonijević has presented to domestic audience with a grand exhibition of dance photography in Belgrade, from March 13 to March 21, and in Novi Sad, from March 23 to March 31.

Through the accompanying "Vip Talents" project, Belgrade Dance Festival and Vip mobile had the youngest ballet talents enrolled into the high quality educational and practical workshops held by top mentors who contribute to guiding them on their way to professional artistic dancing.

The journalism award "Vip Step Forward" for the contribution to the popularization of the art of dance in Serbia was awarded in October 2015 to Biljana Lijeskić, journalist of "Politika" daily newspaper.

www.belgradedancefestival.com

4. Analysis of financial data

Analysis of financial indicators (in RSD 000)	Amount (2015)	
Total income	26,319,788	
Total expenses	27,323,961	
Gross loss	1,004,173	
Net loss	1,085,760	
Operating income	25,914,690	
Equity	0	
Long-term provisions and liabilities	87,772,565	
Short-term liabilities	11,101,433	
Short-term receivables, investments and cash	3,565,210	
Fixed assets	32,281,834	
Current assets	12,088,549	
Total assets/liabilities	44,462,170	
Cash and cash equivalents	437,935	
Liability ratio (in %)	197.41	
Acid-test ratio I	0.04	
Acid-test ratio II	0.32	
Net working capital in 000 RSD	987,116	
Paid dividend in RSD	2015	2014
	0	0