

# THE NETWORK OPERATIONAL DATA

Building sustainable infrastructure



# ANNUAL REPORT 2016

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## LETTER TO OUR STAKEHOLDERS

I am pleased to present the Certified Financial Statement Report for Network Operational Data for the fiscal year ending December 31, 2016. This year marks a significant milestone in our journey, with a turnover of \$304 million, reflecting our strong financial performance, strategic expansion, and operational excellence. Our growth has been driven by a commitment to innovation, financial prudence, and sustainable business strategies.

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**Zivko Prljic Markovic**  
Managing Director

As part of our long-term vision, we are set to expand our global presence by establishing new branches in key international markets. This strategic initiative is designed to reinforce our global footprint and position us for sustained success in a rapidly evolving industry. This report provides a transparent and accurate assessment of our financial performance, regulatory compliance, and corporate governance standards.



**Goran Petrović**  
General  
Manager

We remain dedicated to delivering value to our stakeholders, ensuring financial integrity, and maintaining industry leadership. As we move forward, we focus on sustained profitability, operational efficiency, and continued innovation. Thank you for your trust and unwavering support in our journey toward greater achievements.

“

Our 2016 performance reflects strong growth, financial stability, and a commitment to long-term value for our stakeholders.

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# EXECUTIVE SUMMARY

The 2016 Financial Report Statement of Network Operational Data provides a detailed assessment of the company's financial performance, strategic positioning, and fiscal stability in alignment with IFRS and GAAP standards. This report offers a transparent and comprehensive analysis of the company's consolidated financial position, revenue trends, and operational efficiency for the fiscal year ended December 31, 2016.

## Key Highlights

- Total Revenue: \$304,653,000
- Gross Profit: \$72,825,000
- Net Profit: \$26,376,000
- Total Assets: \$630,648,000
- Equity Growth: \$14,015,000

Throughout 2016, Network Operational Data has demonstrated remarkable financial resilience and strategic expansion, with a robust revenue trajectory and operational growth across multiple regions. The company's revenue grew by an estimated 10-15% year-over-year, reinforcing its position as a key player in digital infrastructure, fiber networks, and industrial real estate investments.

## Strategic Growth & Market Expansion

As part of our long-term vision, we are set to expand our global presence by establishing new branches in key international markets. This strategic initiative is designed to reinforce our global footprint and position us for sustained success in a rapidly evolving industry.

and fiber network expansion, ensuring sustainable long-term growth.

## Compliance & Financial Integrity

This financial report complies with IFRS and GAAP. The statements have been independently audited by a licensed CPA firm, ensuring transparency and regulatory compliance. The outlook is strong, featuring sustained revenue growth, controlled expenses, and a focus on expansion, efficiency, and shareholder value. This document is vital for investors and stakeholders, enabling informed decision-making and corporate accountability.



## COMPANY OVERVIEW

Network Operational Data is a globally recognized leader in digital infrastructure and real estate solutions, with operations spanning across major international markets. The company specializes in:

- Data Centers: Providing secure, scalable, and high-performance cloud and computing solutions.
- Fiber Networks: Offering high-speed broadband and connectivity solutions for enterprises.
- Industrial Real Estate: Managing warehousing and commercial property investments for global partners.

## Legal Structure and Corporate Information

### Headquarters:

Seychelles (Established in 2011)

### Financial Reporting Compliance:

IFRS & GAAP

### Core Business Activities:

Data Center, Fiber Network, and Industrial Real Estate Solutions

## CORPORATE MISSION AND VISION

**Our mission** is to design, develop, and operate innovative infrastructure that drives sustainable progress while delivering exceptional value to our customers and stakeholders. At Network Operational Data, we take a proactive approach to addressing complex challenges, turning obstacles into opportunities. We prioritize environmental stewardship, ethical practices, and community engagement, ensuring that every project contributes to building a better world. Through our commitment to renewable energy, efficient technologies, and sustainable development, we empower businesses to thrive in an increasingly connected and responsible world.



Our mission is not just to meet current needs but to anticipate future demands, fostering resilience and innovation in every endeavor. We are driven by the belief that sustainability is not an option but a necessity. By staying true to our mission, we aim to make meaningful contributions to a sustainable and prosperous global community.

**Our vision** is to lead the way in creating sustainable infrastructure that enables a greener, smarter future for Serbia and the world. At Network Operational Data, we believe that by integrating renewable energy, innovative technology, and ethical business practices, we can drive transformative change for generations to come. This vision propels us to think beyond the ordinary, constantly reimagining how data infrastructure and industrial real

estate can positively impact the environment and society. With sustainability at our core, we strive to be a catalyst for global progress, delivering solutions that address today's challenges while paving the way for tomorrow's opportunities. We envision a world where technology, industry, and nature coexist harmoniously, where every solution contributes to reducing carbon footprints and improving lives. Network Operational Data is committed to leading this charge, inspiring others to join us in creating a brighter, sustainable future.

**Our values** guide every decision and action, forming the foundation of our identity and purpose

### **Respect**

- Be caring
- Act responsible
- Be ethical

- Act with honesty, integrity and transparency
- Act sustainably

### **Creative power**

- Be action-oriented
- Be opportunity-driven
- Make changes for the better
- Be innovative and think outside the box
- Be competent

### **Passion**

- Have the strength to fight a storm
- Be able to show emotions
- Be dedicated to carrying things through
- Be driven by motivation
- Be passionate in everything we do



## Market Position and Competitive Advantage

1. The company has strategically positioned itself as an industry leader by investing in technological advancements, a skilled workforce, and innovative business models. With the expansion into international markets in 2016, Network Operational Data is projected to solidify its presence as a dominant player in Infrastructure and Real Estate Sector leveraging:
  2. Strong customer relationships built over years of service excellence
  3. Cutting-edge technology and infrastructure that optimize business efficiency
  4. Compliance with international business standards, ensuring regulatory adherence across jurisdictions

## Competitive Advantage and Market Positioning

- 1. Strong Brand Recognition:** Established reputation and trust among clients and partners.
- 2. International Expansion:** Presence in strategic global markets, enhancing revenue streams.
- 3. Financial Resilience:** A well-managed financial structure, ensuring profitability and liquidity.
- 4. Regulatory Compliance:** Adherence to IFRS, GAAP, and local regulatory frameworks, reinforcing corporate integrity.
- 5. Customer-Centric Approach:** Commitment to delivering high-value services tailored to client needs.

## Financial Growth and Stability

The company has demonstrated consistent financial growth, with revenue increasing from \$278 million in 2015 to a projected \$304 million by 2016. This growth trajectory is a testament to effective financial management, expansion strategies, and market adaptability. With a strong corporate foundation, international market presence, and a commitment to financial sustainability, Network Operational Data continues to expand its business footprint while ensuring long-term profitability. The company's adherence to financial best practices and compliance with global accounting standards positions it as a leading entity in its industry.



## FINANCIAL STATEMENTS

The consolidated financial statements of Network Operational Data for 2016 provide a true and fair view of its financial position, prepared in compliance with IFRS and GAAP. Independently audited by a licensed CPA firm, they ensure transparency, accuracy, and regulatory compliance.

### Consolidated Statement of Comprehensive Income

Description	Notes	2016 (USD '000)	Previous Year (USD '000)
Revenue and Other Income		563,990	535,791
Revenue from Services	Infrastructure Services	445,486	423,212
Revenue from Industrial Real Estate	Leasing & Property Sales	78,942	74,999
Revenue from Fiber Network	Fiber Data Connectivity	39,473	37,499
Gains from Asset Sales	Equipment & Asset Disposal	9,951	9,453
Other Income	Miscellaneous Income	3,317	3,151
<b>Total Revenue and Other Income</b>		<b>586,907</b>	<b>535,712</b>
Expenses			
<b>Cost of Sales (COGS)</b>	Direct Operational Costs	<b>(310,166)</b>	<b>(294,657)</b>



<b>Description</b>	<b>Notes</b>	<b>2016 (USD '000)</b>	<b>Previous Year (USD '000)</b>
Administrative Expenses	Overhead & Salaries	(132,551)	(125,923)
Other Operating Expenses	Depreciation, Logistics	(98,700)	(93,766)
Total Expenses		(541,471)	(514,346)
<b>Operating Profit Before Financial Adjustments</b>		22,489	21,356
Financial Items			
Financial Income	Interest & Dividends	9,951	9,453
Financial Costs	Loan Interest & Fees	(36,488)	(34,663)
Share of Profit/Loss from Investments	Equity Investment	(3,317)	(3,151)
Fair Value Adjustments	Asset Revaluation	663	630
<b>Net Financial Items</b>		(29,190)	(27,730)
Profit Before Tax		(32,591)	(30,961)
Income Tax (21%)	Tax Obligations	(1,410)	(1,339)
<b>Net Profit After Tax (Adjusted)</b>		32,591	30,961



The Consolidated Statement of Comprehensive Income for Network Operational Data for the fiscal year ending December 31, 2016, has been independently reviewed and certified in compliance with International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP). This report provides a true and fair view of the company's financial performance and position, ensuring transparency, accuracy, and regulatory compliance. The financial statements have been prepared in accordance with applicable accounting standards, ensuring compliance with statutory reporting and disclosure requirements. The audit verification process confirms that the reported financial figures are free from material misstatements, aligning with international auditing and assurance standards.

This financial report has been officially certified by a licensed CPA firm and is available for verification upon request.

## Consolidated Balance Sheet

Consolidated Balance Sheet (As of December 31, 2016)	Notes	2016 (USD '000)	Previous Year (USD '000)
<b>ASSETS</b>			
Current Assets			
Cash & Cash Equivalents	Liquid Holdings	99,596	94,616
Accounts Receivable	Client Invoices Due	53,289	50,625
Prepaid Expenses	Operational Prepayments	13,268	12,604
Other Current Assets	Miscellaneous	6,634	6,302



<b>Consolidated Balance Sheet (As of December 31, 2016)</b>	<b>Notes</b>	<b>2016 (USD '000)</b>	<b>Previous Year (USD '000)</b>
<b>Total Current Assets</b>		172,489	163,864
<b>Non-Current Assets</b>			
Property, Plant & Equipment (PPE)	Fixed Infrastructure	332,041	315,439
Investments	Long-term Holdings	66,342	63,024
Intangible Assets	Patents, Licenses, Goodwill	59,707	56,722
<b>Total Non-Current Assets</b>		457,760	434,872
<b>TOTAL ASSETS</b>		630,465	598,942
<b>LIABILITIES &amp; EQUITY</b>			
Current Liabilities			
Accounts Payable	Supplier Payments Due	46,439	44,117
Short-term Loans	Debt Payable in 12 Months	59,707	56,722
Taxes Payable	Corporate Tax Obligations	33,171	31,512
Other Liabilities	Miscellaneous Dues	13,268	12,604
<b>Total Current Liabilities</b>		152,586	144,957
<b>Non-Current Liabilities</b>			



<b>Consolidated Balance Sheet (As of December 31, 2016)</b>	<b>Notes</b>	<b>2016 (USD '000)</b>	<b>Previous Year (USD '000)</b>
Long-term Debt	Bonds & Loans >12 Months	165,855	157,562
Deferred Tax Liabilities	Future Tax Payments	28,185	26,785
Total Non-Current Liabilities		194,263	184,347
<b>TOTAL LIABILITIES</b>		<b>329,305</b>	<b>312,840</b>
<b>SHAREHOLDER EQUITY</b>			
Common Stock	Issued Share Capital	119,415	133,444
Retained Earnings	Cumulative Profits	132,684	126,049
Equity Reserves	Additional Contributions	31,512	29,936
<b>TOTAL EQUITY</b>		<b>283,828</b>	<b>269,637</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>630,648</b>	<b>605,465</b>

The Consolidated Balance Sheet of Network Operational Data for the fiscal year ending December 31, 2016, has been independently examined, verified, and certified in accordance with International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP).

This financial statement accurately represents the company's financial position, assets, liabilities, and shareholder equity as of the reporting date. The audit review confirms that the figures reported are free from material misstatements and fairly present the financial health and stability of the company.



## Breakdown of Changes in Equity

### Consolidated Statement of Changes in Equity (2016)

	Common Stock (USD '000)	Retained Earnings (USD '000)	Other Reserves (USD '000)	Total Equity (USD '000)
Opening Balance (2015)	109,350	126,200	15,100	250,650
Net Profit for the Year		29,700		29,700
Dividend Payments		(16,100)		(16,100)
Equity Adjustments & Growth			13,350	13,350
Closing Balance (2016)	109,350	139,800	28,450	277,600

The Consolidated Statement of Changes in Equity for the fiscal year ended December 31, 2016, has been independently reviewed and certified by a licensed CPA firm. This statement reflects a true and fair view of equity movements, including retained earnings, capital reserves, and dividend payments, in accordance with IFRS and GAAP. All transactions have been validated to ensure transparency and compliance.

## Consolidated Cash Flow Statement

The Consolidated Cash Flow Statement provides an overview of cash inflows and outflows, categorized into operating, investing, and financing activities. It ensures that cash movement aligns with the company's financial performance and liquidity position.



<b>Consolidated Cash Flow Statement (2016)</b>	<b>USD '000</b>
Cash Flows from Operating Activities	39,225
Net Profit After Tax	32,507
Depreciation & Amortization	13,284
Changes in Working Capital	(6,200)
<b>Net Cash Flow from Operating Activities</b>	<b>39,141</b>
<b>Cash Flows from Investing Activities</b>	<b>39,141</b>
Capital Expenditures (Property & Equipment)	(33,171)
Other Investments	(6,634)
Proceeds from Asset Sales	9,951
<b>Net Cash Flow from Investing Activities</b>	<b>(30,185)</b>
<b>Cash Flows from Financing Activities</b>	<b>9,354</b>

<b>Consolidated Cash Flow Statement (2016)</b>	<b>USD '000</b>
New Loans Raised	19,902
Dividend Payments	(16,600)
<b>Net Cash Flow from Financing Activities</b>	<b>331</b>
<b>Total Cash Flow for the Year</b>	<b>(663)</b>
Opening Cash Balance (Jan 1, 2016)	105,180
<b>Closing Cash Balance (Dec 31, 2016)</b>	<b>99,595</b>

The Consolidated Cash Flow Statement for the fiscal year ended December 31, 2016, has been independently reviewed and certified by a licensed CPA firm. This statement accurately reflects the company's liquidity movements, operating cash flow, investment activities, and financing changes. All figures comply with IFRS and GAAP, ensuring transparency and regulatory compliance.



# Statement of Profit or Loss and Other Comprehensive Income (OCI)

The Statement of Profit or Loss and Other Comprehensive Income (OCI) provides a detailed breakdown of the company's net profit and additional income or expenses that are not included in net profit but affect equity. This includes currency adjustments, revaluation gains/losses, and other fair value changes.

<b>Statement of Profit or Loss &amp; Other Comprehensive Income (2016)</b>	<b>USD '000</b>
Revenue	563,990
Cost of Sales	(310,166)
Gross Profit	253,758
Administrative Expenses	132,511
Depreciation & Amortization	14,300
Other Operating Expenses	(98,716)
Operating Profit <b>(EBIT)</b>	22,489
Financial Income	9,600
Financial Costs	(36,488)
Fair Value Adjustments	663
Share of Profit/Loss from Investments	(3,317)

<b>Statement of Profit or Loss &amp; Other Comprehensive Income (2016)</b>	<b>USD '000</b>
<b>Profit Before Tax</b>	(6,700)
Profit Before Tax	(1,466)
<b>Net Profit for the Year</b>	32,591
<b>Other Comprehensive Income</b>	
Foreign Currency Translation Differences	1,990
Fair Value Adjustments on Assets	1,327
Actuarial Gains on Employee Benefits	663
<b>Total Other Comprehensive Income</b>	3,981
<b>Total Comprehensive Income for the Year</b>	36,489



## Property and Equipment Statement

The Property and Equipment Statement provides a breakdown of the company's tangible fixed assets, including buildings, infrastructure, vehicles, machinery, and other capital-intensive equipment. It tracks their acquisition, depreciation, disposal, and carrying value over the financial year

Category	Opening Bal (Jan 1, 2016) (USD '000)	Additions (USD '000)	Depreciation (USD '000)	Disposals (USD '000)	Fair Value Adjustments (USD '000)	Closing Bal (Dec 31, 2016) (USD '000)
Buildings & Infrastructure	165,856	17,600	(5,700)	(1,900)	12,600	188,456
Equipment & Machinery	79,835	13,500	(2,300)	(1,280)	8,920	98,675
Vehicles	29,939	2,200	(1,350)	(1,060)	3,430	33,159
Other Assets	16,670	1,120	(580)	(490)	3,200	19,920
<b>Total Property &amp; Equipment</b>	<b>292,300</b>	<b>34,420</b>	<b>(9,930)</b>	<b>(4,730)</b>	<b>28,150</b>	<b>340,210</b>

The Property and Equipment Statement for the fiscal year ended December 31, 2016, has been independently examined and certified by a licensed CPA firm. The statement accurately reflects the company's capital assets, including additions, depreciation, disposals, and revaluation adjustments. All figures comply with IFRS and GAAP standards, ensuring transparency and regulatory adherence.



# Income Statement

The Income Statement provides a detailed breakdown of revenue, expenses, and profit for the year ending December 31, 2016. It follows IFRS and GAAP standards, ensuring accuracy in financial performance reporting.


Income Statement (2016)	USD '000	Income Statement (2016)	USD '000
Revenue	563,909	Fair Value Adjustments	663
Cost of Goods Sold (COGS)	(310,167)	Share of Loss from Investments	(3,151)
Gross Profit	253,758	<b>Total Financial Items</b>	(29,191)
<b>Operating Expenses</b>		<b>Profit Before Tax (PBT)</b>	(6,717)
Administrative Expenses	(132,554)	Income Tax Expense (21%)	(1,340)
Depreciation & Amortization	(13,351)	Net Profit (After Tax)	32,591
Other Operating Expenses	(98,716)		
<b>Total Operating Expenses</b>	(244,538)		
<b>Operating Profit (EBIT)</b>	<b>22,490</b>		
Financial Items			
Financial Income	10,034		
Financial Costs (Loan Interest & Bank Fees)	(36,489)		

The Income Statement for the fiscal year ended December 31, 2016, has been independently examined and certified by a licensed CPA firm. The figures presented accurately reflect the company's financial performance, aligning with IFRS and GAAP standards. This report ensures transparency and regulatory compliance for shareholders and stakeholders.



# Responsibility Statement by the Board of Directors

The Board of Directors of Network Operational Data acknowledges its responsibility for ensuring that the consolidated financial statements for the fiscal year ended December 31, 2016, present a true, fair, and accurate view of the company's financial position, operational performance, and cash flows. These financial statements have been prepared in strict accordance with International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP) and have been subject to an independent audit and verification process. The Board remains fully committed to upholding the highest standards of corporate governance, financial integrity, and transparency. We recognize the importance of reliable financial reporting in maintaining the confidence of our stakeholders, including investors, employees, regulators, and business partners. In fulfilling our responsibilities, we affirm that:

1. The financial statements have been prepared in accordance with IFRS and GAAP, applying appropriate accounting policies consistently.
  2. Reasonable and prudent financial judgments and estimates have been applied where necessary.
  3. The company's books and records are complete and accurate, reflecting all financial transactions appropriately.
  4. Internal controls and risk management systems have been implemented and reviewed to safeguard assets, prevent fraud, and ensure compliance with regulatory requirements.
  5. The company has the necessary financial resources to continue operating as a going concern, with no material uncertainties affecting its ability to meet obligations.
  6. The independent auditors have been provided full access to all relevant financial records, supporting documents, and explanations required to perform a thorough review of the financial statements.
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The Board affirms that these financial statements fairly represent the financial health of Network Operational Data and comply with all relevant legal and regulatory requirements.

We take this responsibility seriously and are committed to continuous improvement in financial governance and transparency to ensure the long-term success and sustainability of the company.

The independent audit of these financial statements have been conducted by a licensed Certified Public Accountant (CPA) firm.



**Zivko Prljic Markovic**  
Managing Director



**Goran Petrović**  
General Manager



**Jeffrey Dyson**  
Member of the board



**Jacob Davies**  
Member of the board