

# **ANNUAL REPORT 2009**

T-Mobile Czech Republic a.s.

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YEAR 2009**

## **T-MOBILE IN 2009**

### **T-Mobile in 2009: The bare facts**

**The facts speak for themselves. In 2009, T-Mobile Czech Republic a.s. (“T-Mobile” or “the Company”) maintained its leading position in terms of active SIM cards, in December became the second largest ADSL provider in the Czech Republic<sup>1</sup> thanks to the acquisition of České Radiokomunikace a.s.’s (“České Radiokomunikace) retail business and recorded growth in the key performance indicators despite the difficult economic situation.**

### **Growing despite the odds**

- **Total revenues reached CZK 30.3 billion\*\***
- **The operating result rose by 3.6% to CZK 11.3 billion\*\***
- **Customer numbers increased again, reaching nearly 5.5 million**
- **Thanks to the acquisition of České Radiokomunikace’s retail business, we became the second largest fixed-internet service provider in the Czech Republic**

The most important event for T-Mobile in 2009 was undoubtedly the acquisition of České Radiokomunikace’s retail business. In autumn 2009, more than 100,000 retail customers of České Radiokomunikace using voice and data services became our clients. This made T-Mobile the second largest fixed-internet service provider in the Czech Republic.

T-Mobile recorded total revenues in the amount of CZK 30.3 billion in 2009, representing a year-to-year decrease of 8.5%. Service revenues reached CZK 29.6 billion. The operating result amounted to CZK 11.3 billion, which is up 3.6% compared to the same period in 2008.

The financial results were positively influenced by the Company’s improved efficiency and settlement of the interconnection dispute with Telefónica O2 Czech Republic, a.s. (“TO2”) (positive impact on the operating result amounting to CZK 950 million).

According to its certificate of incorporation, the Company does not have any domestic or foreign organizational units registered in the Commercial Register.

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<sup>1</sup> based on the Company’s estimation

\*\* based on the Czech accounting standards

## **Extending our services**

- **Rodina (Family) tariff add-on**
- **New Firma (Business) tariff plans**
- **First tariff plan with free music downloads**
- **iPhone 3GS and the Android-enabled T-Mobile Puls**
- **ADSL access without having to pay a monthly fee**

Last year, we focused on offering favourable services and tariff plans that help users to optimize their telecommunications expenses. An example of this approach was the redesigned Rodina tariff add-on offering free calls, SMS and MMS to a group of up to five people at a reduced monthly fee. We were also the first operator to come up with a tariff plan enabling free music downloads. A new addition to our range of data services was ADSL access without the necessity of paying a monthly fee for a fixed line.

Designed for small and medium-sized businesses, Firma contract plans offer business customers a single credit-based plan for the entire company. Another new service for companies, Virtual PBX, enables calls via fixed lines while using the benefits of the mobile world. Its biggest advantage is the fact that employees' calls within the company between fixed-line numbers and from fixed-line numbers to mobile numbers are free of charge. T-Mobile also started offering mobile advertising. Advertisements can take the form of SMS and MMS campaigns, or they can be placed directly on mobile phones via SIM Toolkit or included in electronic invoice attachments.

As in the previous years, we introduced a number of new phones in 2009, including the new iPhone 3GS, T-Mobile Puls with the Android open-source operating system and CPA Halo, a special device designed for senior citizens, which became one of the biggest hits of last Christmas.

## **Constantly improving**

- **New concept of T-Mobile shops**
- **Child Lock**
- **New loyalty programme features**

On 20 July, we presented a new concept of our shops at the Metropole Zličín shopping centre in Prague. There are no standard shop counters inhibiting interaction between the shop consultants and customers. On a special multimedia table, customers can not only view the profiles of the mobile phones in T-Mobile's portfolio and select a combination of services to suit their needs, but they can also play demo games, download their favourite music or view selected film trailers. On the large touch screen, they can also compose their own ringtones and send them directly to their phones using the Bluetooth interface.

To make our customers happy, we further improved our expansive loyalty programme that is currently being used by 2.2 million customers, who can choose between two basic types of benefits – either a service at a favourable price or merchandise and services purchased with collected Bonus points. In 2009, we introduced new offers and features to the program, such as night calls to T-Mobile numbers for CZK 0.50/min and the transfer of Bonus points to any T-Mobile customer.

In early May, we launched the Child Lock service, which blocks inappropriate content on mobile phones, free of charge. The aim is to provide parents with a tool with which they can prevent their children from accessing inappropriate content on their mobile phones, such as erotic or violent pictures. Child Lock is also active while roaming and, apart from mobile content, it also blocks Premium SMS (e.g. erotic chats) and inappropriate promotional SMS/MMS for the given number.

Another improvement to our services is intended for instant messaging enthusiasts. Owners of selected Sony Ericsson and Nokia phones can now access the most popular instant messaging services – ICQ, MSN, AOL and Yahoo! – directly from their mobile phones with any of T-Mobile's internet tariff add-ons.

### **Innovating technologies**

- **Over 65% of 2G BTSs replaced to make the network more efficient and environmentally friendly**
- **Rollout of a fibre-optic network**
- **3G trial operation**

Our technology-related and strategic projects – 2G upgrade and rollout of the fibre-optic and 3G networks – are in full swing.

The process of upgrading the T-Mobile 2G network entered its second, final stage. As part of the project, which began in October 2008, all of the 4,540 base transceiver stations (BTS) are being gradually replaced. The new technology will particularly bring better-quality voice and data services, as well as improved EDGE coverage available in all places covered by the T-Mobile signal. The GSM network upgrade has been completed in Moravia, Silesia and in South and West Bohemia. By June 2010, when the upgrade process is to be completed, technicians will have replaced technology in North Bohemia, Prague and Central and East Bohemia.

In addition to the 2G upgrade, T-Mobile is making intensive preparations for new technologies such as new-generation mobile networks and IP-based telephony services. The main building block is the "Dark Fibre" project, i.e. construction of a network containing more than 3,000 km of fibre-optic routes which will offer a capacity of up to 60x10 Gbitps, thus providing sufficient space for the transmission of the large data volumes that can be expected with the arrival of these technologies.

At the end of 2009, testing of the fastest data transmission via the 3G network entered its final stage. We launched a testing operation "Friendly User Trial" in selected areas of Prague. The network is based on the HSPA technology, which allows high-speed mobile data transfers. The 3G network will be launched for all customers in the first quarter of 2010 and fast web surfing will be possible not only in Prague but during the year in the Czech Republic's regional cities as well.

## **Keeping the rhythm**

- **New albums by popular bands downloadable exclusively from t-music**
- **Wohnout, Vypsaná fiXa, Horkýže Slíže and Kryštof tours**
- **Contest for tickets to Pink's concert**
- **Electronic Beats project featuring stars of the dance-club scene**

We continued in our support of the Czech music scene, and we even entered uncharted waters in the form of digital music publishing. In February, we released the new Wohnout album titled *Karton veverka* in digital form. This was the first ever album by a popular Czech rock band to be released first digitally on the internet and then on a physical medium. Fans could download it exclusively from [www.t-music.cz](http://www.t-music.cz) one month before its CD release at a price they chose themselves. In autumn, we released the new albums of two other popular bands, Vypsaná fiXa and the Slovak group Horkýže Slíže, in the same way. Horkýže Slíže, Wohnout, Kryštof, and UDG set out on tours with our support last year.

The summer was filled with music festivals. T-Mobile was once again the general partner of Rock for People and Hip Hop Camp in Hradec Králové.

One of the highlights of Prague's club scene was a music event that took place at Prague's Lucerna Music Bar in December as part of Electronic Beats, T-Mobile's international music and community project that has been running for several years. The event featured the popular new band Asteroids Galaxy Tour from Denmark, Modeselektor Soundystem and VJ Pfadfinderei.

Our music activities received a jolt of fun and excitement when we launched a contest for tickets to Pink's September concert in Prague. To enter the contest, customers had to sing a karaoke song in one of the selected T-Mobile shops, multiplex cinemas or specially adjusted karaoke taxicabs in Prague, Brno or Ostrava, or a special website at [www.t-mobile.cz/bavse](http://www.t-mobile.cz/bavse).



### **Helping where needed**

- **T-Mobile Fund distributed CZK 8 million among 125 successful projects**
- **T-Mobile employees themselves distributed CZK 3 million**
- **A total of 594 T-Mobile employees took part in One Day for People in Need**

A new CSR project launched by T-Mobile at the beginning of 2009 is the special website at [www.prosvetkolemnas.cz](http://www.prosvetkolemnas.cz), where people can learn everything about corporate social responsibility. The website is divided into three basic sections. "Healthy Planet" offers, among other things, tips on contributing to environmental protection, what to do with an old mobile device and what T-Mobile is doing to improve the environment. The "Social Contribution" section includes information on how T-Mobile helps (not only money-wise) socially and physically disadvantaged people and advice for applicants for T-Mobile Fund grants. The "Fair Business" section introduces the principal ethical values T-Mobile applies to all its activities. This third section also contains special pages for children and parents dedicated to the safe use of mobile phones and the internet.

The corporate social responsibility programme and promotion of equal opportunities is constantly being developed by T-Mobile at several levels. The main pillar of this effort is the T-Mobile Fund through which we distributed over CZK 8 million to 125 non-profit organizations last year. Apart from the Louny district, the Hradec Kralove region and the city district of Prague 11, where T-Mobile has its offices, T-Mobile donated CZK 3 million to support a number of projects recommended by T-Mobile employees.

Another unique project, Small Grants ([www.malegranty.cz](http://www.malegranty.cz)), offers an opportunity for young people to fulfil their dreams. Eight schools took part in the project in 2009 at which 62 student projects worth CZK 480 thousand were implemented.

T-Mobile employees themselves also actively contributed to a good cause, having spent one day paid by the Company working for dozens of non-profit organizations within One Day for People in Need. A total of 594 employees participated in the project last year, including the Company management. We are very happy that their volunteer activities did not include only manual work: for instance, several T-Mobile employees provided coaching to managers and specialists from the non-profit sector.

In 2009, T-Mobile received the Employee Giving and Volunteerism Award as part of the prestigious VIA Bona awards. There are many projects in which our employees can take part: for example, donating their points from the Cafeteria employee benefits system to charity. For the year 2009, this way the operator's employees contributed CZK 120,016 to three non-profit organizations, namely Centrum Paraple (helping people with spinal-cord injuries), Středisko náhradní rodinné péče (Centre for Adoption and Foster Care) and Svaz ochránců přírody (Union for Nature Conservation).

For the fourth time in a row, we issued a special edition of Twist top-up coupons to support non-profit organizations. Four thousand coupons, each worth CZK 100, were donated to the following four charity organizations: Nadace Divoké Husy (Wild Geese Foundation), Charita Česká republika (Caritas Czech Republic), Nadace Charty 77 (Foundation Charter 77) and Výbor dobré vůle - Nadace Olgy Havlové (Committee of Good Will - the Olga Havlová Foundation).

Another interesting project, jaXmobilem bezpečně, promotes the safe use of mobile phones and was launched by T-Mobile in cooperation with the civic association Aisis and safeinternet.cz. Its aim is to draw attention to cyber-bullying, which is a common phenomenon in the higher grades of elementary schools and at secondary schools. The contest was targeted at school teams who were encouraged to create a project that would show their peers how to use mobile phones safely and warn against the risks associated with their use.

### **Taking care of our people**

- **We ranked second in the Employer of the Year competition**
- **Healthy Company Programme was selected as the Personnel Project of the Year**

T-Mobile achieved notable success in last year's edition of the respected Employer of the Year competition, where it was recognized for excellence in the main category, as well as in the HR Person of the Year and Personnel Project of the Year categories. The operator also scored highly in the Most Desired Company category, which is judged by university students.

The Company ranked second behind Hewlett-Packard in the Sodexo competition's main category Employer of the Year.

T-Mobile's Human Resources Director won first prize in the HR Person of the Year category, whose winner is selected by a jury of human-resources specialists.

The operator won another gold medal in the Personnel Project of the Year category for its Healthy Company Programme, which is focused on three key areas: prevention, healthy lifestyle and work safety.

T-Mobile fared very well in the Most Desired Company category, which is annually announced by AIESEC. The ranking is determined by students from more than twenty universities and colleges. T-Mobile was voted the most preferred employer in the telecommunications sector, and ranked twelfth overall, an improvement of ten places over last year.

## **Protecting the environment**

- **The upgraded 2G network is environmentally friendly**
- **Electronic invoice: no more paperwork**

In addition to a number of technological advantages, the upgraded 2G network technology has a significantly positive impact on our environment, as it consumes nearly 50% less energy than the previously use. This also means a decrease in CO<sub>2</sub> emissions by 33,000 tons per year.

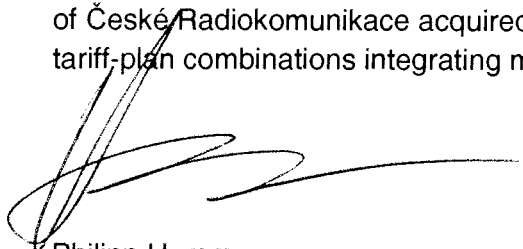
The new technology offers 30% savings on power consumption compared with the technology used in the past. A further saving of up to 15%, which means a further positive effect on the environment, is achieved thanks to software tools that optimize network performance depending on network load. For example, the capacity of selected transmitters is optimized during night hours, which is then reflected in the total power consumption.

Saving energy reduces carbon dioxide emissions generated during energy production. After the completion of the upgrade process in 2010, carbon dioxide emissions will be reduced by 33,000 tons.

In an effort to further reduce the consumption of natural resources, T-Mobile also introduced an environmentally friendly alternative to paper Statements of Services. Customers are thus informed of their phone bills on-line and free of charge and earlier than using the standard paper form. Thanks to the electronic mark and a time stamp, the electronic invoice is a valid tax document. If just half of our contract customers chose this invoicing method, we would save approximately 112 trees each year and grow quite a large forest in a couple of years.

## **Looking towards the future**

The completion of the 2G network upgrade and launch of the 3G network will be among the main highlights of 2010 for T-Mobile. As part of the integration of the retail business of České Radiokomunikace acquired last year, we will offer new services and favourable tariff-plan combinations integrating mobile and fixed services.



Philipp Humm  
Chairman of the Board of Directors



Roland Mahler  
Member of the Board of Directors

## **INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF T-MOBILE CZECH REPUBLIC A.S.

#### Report on the Financial Statements

We have audited the accompanying financial statements of T-Mobile Czech Republic a.s., identification number 64949681, with registered office at Tomíčková 2144/1, Prague 4 ("the Company"), which comprise the balance sheet as at 31 December 2009, the income statement and cash flow statement for the year then ended and notes, including a summary of significant accounting policies ("the financial statements").

#### *Board of Directors' Responsibility for the Financial Statements*

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation. 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors of the Czech Republic, International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Shareholders of T-Mobile Czech Republic a.s.  
Independent auditor's report

**Report on the Financial Statements (continued)**

*Auditor's Responsibility (continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies 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 give a true and fair view of 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 Czech accounting legislation.

**Report on Other Legal and Regulatory Requirements**

Report on the Annual Report

In addition we have verified that the other information included in the annual report of the Company for the year ended 31 December 2009 is consistent with the financial statements which are included in this annual report in chapter Financial Statements 2009. The Board of Directors is responsible for the accuracy of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the financial statements based on our verification procedures.

Shareholders of T-Mobile Czech Republic a.s.  
Independent auditor's report

**Report on Other Legal and Regulatory Requirements (continued)**

Report on the Annual Report (continued)

*Auditor's Responsibility*

We conducted our verification procedures in accordance with the International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the verification procedures to obtain reasonable assurance about whether the other information included in the annual report which describes matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that the verification procedures performed provide a reasonable basis for our opinion.

*Opinion*

In our opinion, the other information included in the annual report of the Company for the year ended 31 December 2009 is consistent, in all material respects, with the financial statements.

The maintenance and integrity of the Company's website is the responsibility of its Board of Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we do not accept responsibility for any changes to the annual report that may have occurred subsequent to its initial presentation on the Company's website.

Report on review of the Report on Relations

In addition we have also reviewed the accompanying report on relations between the Company and its controlling party and between the Company and the other persons controlled by the same controlling party for the year ended 31 December 2009 (the "Report"). The completeness and accuracy of the Report is the responsibility of the Board of Directors of the Company. Our responsibility is to review the accuracy of information included in the Report.

*Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410 and related application guidance of the Chamber of Auditors of the Czech Republic for review of the report on relations. These standards require that we plan and perform the review to obtain moderate assurance as to whether the Report is free of material misstatement. A review is limited primarily to inquiries of Company personnel, analytical procedures and examination, on a test basis, of factual accuracy of data. A review therefore provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**Report on Other Legal and Regulatory Requirements (continued)**

Report on review of the Report on Relations (continued)

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Report has not been properly prepared, in all material respects, in accordance with the requirements of Article 66a of the Commercial Code.

25 March 2010



PricewaterhouseCoopers Audit, s.r.o.  
represented by partner



Tomáš Bašta  
Statutory Auditor, Licence No. 1966

Note

Our report has been prepared in Czech language and in English language. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.



**FINANCIAL STATEMENTS 2009**

T-MOBILE CZECH REPUBLIC A.S.

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

BALANCE SHEET

				31.12.2009	31.12.2008
		Gross amount	Provision	Net amount	Net amount
		CZK million	CZK million	CZK million	CZK million
<b>ASSETS</b>					
<b>B.</b>	<b>Fixed assets</b>	<b>47,956</b>	<b>(31,891)</b>	<b>16,065</b>	<b>17,769</b>
<b>B. I.</b>	<b>Intangible fixed assets</b>	<b>11,292</b>	<b>(6,746)</b>	<b>4,546</b>	<b>4,516</b>
B. I.	1. Development costs	173	(164)	9	15
	2. Software	5,596	(5,113)	483	395
	3. Valuable rights	5,028	(1,465)	3,563	3,676
	4. Goodwill	164	(3)	161	-
	5. Intangible fixed assets in the course of construction	309	-	309	430
	6. Other intangible fixed assets	22	(1)	21	-
<b>B. II.</b>	<b>Tangible fixed assets</b>	<b>36,664</b>	<b>(25,145)</b>	<b>11,519</b>	<b>13,253</b>
B. II.	1. Land	18	-	18	18
	2. Constructions	8,832	(3,826)	5,006	5,242
	3. Equipment	25,995	(21,270)	4,725	6,264
	4. Other tangible fixed assets	1	-	1	1
	5. Tangible fixed assets in the course of construction	1,730	(49)	1,681	1,641
	6. Advances paid for tangible fixed assets	88	-	88	87
<b>C.</b>	<b>Current assets</b>	<b>20,631</b>	<b>(3,874)</b>	<b>16,757</b>	<b>14,949</b>
<b>C. I.</b>	<b>Inventories</b>	<b>438</b>	<b>(90)</b>	<b>348</b>	<b>424</b>
C. I.	1. Raw materials	189	(65)	124	73
	2. Goods for resale	249	(25)	224	351
<b>C. II.</b>	<b>Long-term receivables</b>	<b>20</b>	<b>-</b>	<b>20</b>	<b>43</b>
C. II.	1. Trade receivables	13	-	13	13
	2. Long-term advances paid	7	-	7	8
	3. Deferred tax asset	-	-	-	22
<b>C. III.</b>	<b>Short-term receivables</b>	<b>18,542</b>	<b>(3,784)</b>	<b>14,758</b>	<b>8,475</b>
C. III.	1. Trade receivables	5,859	(3,784)	2,075	2,503
	2. Receivables – controlling entity	10,000	-	10,000	3,540
	3. Receivables from members of associations	29	-	29	30
	4. Short-term advances paid	255	-	255	143
	5. Estimated receivables	2,326	-	2,326	2,221
	6. Other receivables	73	-	73	38
<b>C. IV.</b>	<b>Short-term financial assets</b>	<b>1,631</b>	<b>-</b>	<b>1,631</b>	<b>6,007</b>
C. IV.	1. Cash in hand	19	-	19	65
	2. Cash at bank	200	-	200	833
	3. Short-term investments	1,412	-	1,412	5,109
<b>D. I.</b>	<b>Accruals and deferrals</b>	<b>49</b>	<b>-</b>	<b>49</b>	<b>53</b>
D. I.	1. Prepaid expenses	47	-	47	46
	2. Accrued revenue	2	-	2	7
<b>TOTAL ASSETS</b>		<b>68,636</b>	<b>(35,765)</b>	<b>32,871</b>	<b>32,771</b>

T-MOBILE CZECH REPUBLIC A.S.

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

**BALANCE SHEET (continued)**

		31.12.2009	31.12.2008
		<u>Net amount</u>	<u>Net amount</u>
		CZK million	CZK million
<b>LIABILITIES AND EQUITY</b>			
<b>A.</b>	<b>Equity</b>	<b>25,819</b>	<b>24,193</b>
<b>A. I.</b>	<b>Share capital</b>	<b>520</b>	<b>520</b>
A. I.	1. Share capital	520	520
<b>A. II.</b>	<b>Capital contributions</b>	<b>5,352</b>	<b>5,352</b>
A. II.	1. Share premium	5,344	5,344
	2. Other capital contributions	8	8
<b>A. III.</b>	<b>Reserve fund, non-distributable reserves and other reserves</b>	<b>104</b>	<b>104</b>
A. III.	1. Statutory reserve fund	104	104
<b>A. IV.</b>	<b>Retained earnings</b>	<b>10,740</b>	<b>9,176</b>
A. IV.	1. Retained profits	10,740	9,176
<b>A. V.</b>	<b>Profit for the current period</b>	<b>9,103</b>	<b>9,041</b>
<b>B.</b>	<b>Liabilities</b>	<b>6,056</b>	<b>7,761</b>
<b>B. I.</b>	<b>Provisions for liabilities</b>	<b>1,371</b>	<b>3,256</b>
B. I.	1. Income tax provision	853	394
	2. Other provisions	518	2,862
<b>B. II.</b>	<b>Long-term liabilities</b>	<b>158</b>	<b>11</b>
B. II.	1. Trade payables	5	5
	2. Long-term advances received	2	6
	3. Deferred tax liability	151	-
<b>B. III.</b>	<b>Short-term liabilities</b>	<b>4,455</b>	<b>4,480</b>
B. III.	1. Trade payables	1,487	1,337
	2. Liabilities to members of associations	18	20
	3. Liabilities to employees	94	89
	4. Liabilities for social security and health insurance	49	44
	5. Taxes and state subsidies payable	29	35
	6. Short-term advances received	135	72
	7. Estimated payables	2,610	2,866
	8. Other payables	33	17
<b>B. IV.</b>	<b>Bank loans and overdrafts</b>	<b>72</b>	<b>14</b>
B. IV.	1. Short-term bank loans and overdrafts	72	14
<b>C.</b>	<b>Accruals and deferrals</b>	<b>996</b>	<b>817</b>
C. I.	1. Deferred revenue	996	817
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>32,871</b>	<b>32,771</b>

**T-MOBILE CZECH REPUBLIC A.S.**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2009**

**INCOME STATEMENT**

		For the year ended 31 December	
		<u>2009</u>	<u>2008</u>
		CZK million	CZK million
I.	Sales of goods	629	995
A.	Cost of goods sold	1,600	2,358
<b>+</b>	<b>Gross profit</b>	<b>(971)</b>	<b>(1,363)</b>
II.	Sales of production	29,788	32,131
II.	1. Sales of own products and services	29,646	32,058
	2. Own work capitalised	142	73
B.	Cost of sales	12,661	13,299
B.	1. Consumption of material and energy	605	645
	2. Services	12,056	12,654
<b>+</b>	<b>Added value</b>	<b>16,156</b>	<b>17,469</b>
C.	Staff costs	2,304	2,298
C.	1. Wages and salaries	1,679	1,674
	2. Emoluments of board members	2	2
	3. Social security and health insurance costs	542	542
	4. Other social costs	81	80
D.	Taxes and charges	299	225
E.	Depreciation and amortisation of long-term assets	4,827	4,774
III.	Sale of long-term assets and raw materials	41	36
III.	1. Sale of long-term assets	41	36
F.	Net book value of long-term assets and raw materials sold	25	23
F.	1. Net book value of long-term assets sold	20	10
	2. Net book value of raw materials sold	5	13
G.	Change in operating provisions	(1,988)	1,777
IV.	Other operating income	2,220	3,119
H.	Other operating charges	1,610	580
<b>*</b>	<b>Operating result</b>	<b>11,340</b>	<b>10,947</b>

T-MOBILE CZECH REPUBLIC A.S.

FINANCIAL STATEMENTS

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INCOME STATEMENT (continued)

		For the year ended 31 December	
		<u>2009</u>	<u>2008</u>
		CZK million	CZK million
VI.	Income from sales of securities and shares	-	4,300
J.	Securities and shares sold	-	4,300
VIII.	Income from short-term investments	23	248
IX.	Gain on revaluation of securities and derivatives	57	19
L.	Loss on revaluation of securities and derivatives	134	54
X.	Interest income	284	161
N.	Interest expense	1	1
XI.	Other financial income	192	275
O.	Other financial expense	201	320
<b>*</b>	<b>Financial result</b>	<b>220</b>	<b>328</b>
Q.	Tax on profit on ordinary activities	2,457	2,234
Q.	1. – current	2,283	2,984
	2. – deferred	174	(750)
<b>**</b>	<b>Profit on ordinary activities after taxation</b>	<b>9,103</b>	<b>9,041</b>
<b>***</b>	<b>Net profit for the financial period</b>	<b>9,103</b>	<b>9,041</b>
<b>****</b>	<b>Net profit before tax</b>	<b>11,560</b>	<b>11,275</b>

T-MOBILE CZECH REPUBLIC A.S.

FINANCIAL STATEMENTS

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CASH FLOW STATEMENT

	<u>2009</u>	<u>2008</u>
	CZK million	CZK million
<b>Cash flows from operating activities</b>		
<b>Net profit before tax</b>	<b>11,560</b>	<b>11,275</b>
<b>A.1. Adjustments for non-cash movements:</b>		
A.1.1. Depreciation and amortisation of fixed assets	4,827	4,774
A.1.2. Change in provisions	(1,988)	1,777
A.1.3. Profit from disposal of fixed assets	(21)	(26)
A.1.4. Net interest income and income from short-term investments	(283)	(160)
A.1.5. Other non-cash movements	301	378
<b>A* Net cash flow from operating activities before tax and changes in working capital</b>	<b>14,396</b>	<b>18,018</b>
<b>A.2. Working capital changes:</b>		
A.2.1. Change in receivables and prepayments	(323)	215
A.2.2. Change in short-term payables and accruals	(180)	(1,134)
A.2.3. Change in inventories	141	116
A.2.4. Change in short-term investments	3,409	2,519
<b>A** Net cash flow from operating activities before tax</b>	<b>17,443</b>	<b>19,734</b>
A.3. Interest paid	(1)	(1)
A.4. Interest received	284	161
A.5. Income tax on ordinary activities paid	(1,824)	(2,943)
<b>A*** Net cash flow from operating activities</b>	<b>15,902</b>	<b>16,951</b>
<b>Cash flows from investing activities</b>		
B.1. Acquisition of fixed assets	(2,586)	(2,223)
B.2. Purchase of part of business	(440)	-
B.3. Proceeds from the sale of fixed assets	36	54
B.4. Loans to related parties	(6,460)	(3,540)
<b>B*** Net cash flow from investing activities</b>	<b>(9,450)</b>	<b>(5,709)</b>

T-MOBILE CZECH REPUBLIC A.S.

FINANCIAL STATEMENTS

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**CASH FLOW STATEMENT (continued)**

	<u>2009</u>	<u>2008</u>
	CZK million	CZK million
<b>Cash flows from financing activities</b>		
C.1. Dividends paid	(7,477)	(10,517)
<b>C*** Net cash flow from financing activities</b>	<b>(7,477)</b>	<b>(10,517)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,025)</b>	<b>725</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>1,584</b>	<b>859</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>559</b>	<b>1,584</b>

## NOTES TO FINANCIAL STATEMENTS 2009

<b>Company name:</b>	<b>T-Mobile Czech Republic a.s.</b>
<b>Registered office:</b>	<b>Tomíčková 2144/1, Praha 4, 149 00</b>
<b>Legal form:</b>	<b>Joint-stock company</b>
<b>Company registration number:</b>	<b>64949681</b>
<b>Registered with the Commercial Register:</b>	<b>Municipal Court in Prague, Section B, Entry 3787</b>



**T-MOBILE CZECH REPUBLIC A.S.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2009**

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**1 GENERAL INFORMATION**

**1.1 Establishment and Details of the Company**

T-Mobile Czech Republic a.s. ("the Company"), seated in Prague 4, Tomíčková 2144/1, was incorporated on 15 February 1996 as a joint-stock company in the Czech Republic.

The Company operates a public mobile communication network and provides mobile communication services under the terms and conditions stated in the licence issued by the Czech Telecommunication Office ("CTO") on 29 August 2005 under reference number 310. The licence authorises the Company to undertake the business in electronic communications, to carry out communication activities that include the establishment and provision of a public mobile communication network and provision of electronic communication services. The Company is authorised to establish and operate a public fixed electronic communication network and provide public electronic communication services within the public fixed electronic communication network in accordance with a permission issued by CTO on 16 November 2007 under the reference number 310/1. In connection with the purchase of part of the business from České Radiokomunikace a.s. the Company has become an integrated operator providing both mobile and fixed services.

The financial statements have been prepared as at 31 December 2009. The accounting period is represented by the calendar year from 1 January 2009 to 31 December 2009.

As at 31 December 2009, the Company is organised into the following six divisions – Managing Director division, Marketing division, Finance division, Sales and Customer Support division, Technology division and Human Resources division.

Note

The financial statements have been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over the English version.

**T-MOBILE CZECH REPUBLIC A.S.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**1 GENERAL INFORMATION (continued)**

**1.2 Structure of the Company's Ownership**

As at 31 December 2009 and 31 December 2008, the ownership structure of the Company was as follows:

Shareholder	No. of shares (thousands)	Paid in share capital	
		CZK million	%
CMobil B.V.	316	316	60.77
TMCZ Holdco II (Lux) S.à.r.l.	204	204	39.23
<b>Total</b>	<b>520</b>	<b>520</b>	<b>100.00</b>

The ownership structure of the Company is governed by the terms of the Shareholders Agreement between CMobil B.V. and ČESKÉ RADIOKOMUNIKACE a.s. TMCZ Holdco II (Lux) S.à.r.l. (formerly CESKE RADIOKOMUNIKACE S.à.r.l.) assumed the rights and obligations established by the Shareholders Agreement based on an agreement referred to as Adherence Agreement dated 13 November 2006.

The ultimate parent company of T-Mobile Czech Republic a.s. during the accounting periods ended 31 December 2009 and 31 December 2008 is Deutsche Telekom AG ("DTAG") which controls CMobil B.V. via T-Mobile Global Holding Nr. 2 GmbH (31 December 2008: via T-Mobile International AG).

**1.3 Licences and Trademarks**

As at 31 December 2009, the Company had the right to use the following frequency bands:

- Allocation of frequency bands for provision of public mobile network of electronic communication under the GSM standard in the 900 MHz and 1800 MHz frequency bands for the period of 20 years (expires in 2024);
- Allocation of frequency bands for provision of public mobile network of electronic communication under the UMTS standard in the 2.1 GHz and 28 GHz frequency bands for the period of 20 years (expires in 2024);
- Allocation of frequency bands for provision of public mobile network of electronic communication in the 872 MHz frequency band for the period of 10 years (expires in 2015).

The allocations of the frequency bands are referred to in these financial statements as "licences".

**1 GENERAL INFORMATION (continued)**

**1.3 Licences and Trademarks (continued)**

The Company owns 64 registered trademarks and has duly submitted applications for the registration of 4 additional trademarks in the Industrial Property Office Register of the Czech Republic, out of which 2 are in the process of publication.

Based on a sub-licence agreement between the Company and Deutsche Telekom AG (legal successor of T-Mobile International AG), the Company is also entitled to use certain trademarks registered by DTAG in the Czech Republic.

**1.4 Statutory and Supervisory Bodies**

The members of the Board of Directors as at 31 December 2009 were as follows:

Philipp Humm	Chairman
Terrence Edward Valeski	Vice-Chairman
Craig Nimrod Butcher	Member
Robert Hauber	Member
Roland Mahler	Member
Otakar Král	Member
Kerim Turkmen	Member

The members of the Board of Directors as at 31 December 2008 were as follows:

Michael Günther	Chairman
Terrence Edward Valeski	Vice-Chairman
Craig Nimrod Butcher	Member
Katharina Elizabeth Hollender	Member
Roland Mahler	Member
Otakar Král	Member

**1 GENERAL INFORMATION (continued)**

**1.4 Statutory and Supervisory Bodies (continued)**

The members of the Supervisory Board as at 31 December 2009 were as follows:

Frank Stoffer	Chairman
Robert Chmelař	Member, recorded in Commercial Register on 12 January 2010
Monika Vobořilová	Member
Martina Kemrová	Member, recorded in Commercial Register on 12 January 2010
Holger Quade	Member
Antonius Joseph Zijlstra	Member

The members of the Supervisory Board as at 31 December 2008 were as follows:

Frank Stoffer	Chairman
Barna Pápay	Vice-Chairman
Monika Vobořilová	Member
Tomáš Svoboda	Member
Holger Quade	Member
Antonius Joseph Zijlstra	Member

## **2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES**

### **2.1 Basis of Preparation**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic and have been prepared under the historical cost convention. Derivates and other available-for-sale securities are shown at fair value.

All amounts in the financial statements are expressed in millions of Czech crowns (CZK million).

### **2.2 Valuation Methods**

#### **2.2.1 Tangible and Intangible Fixed Assets**

Tangible and intangible fixed assets except for land are recorded at acquisition cost less accumulated depreciation and provisions for impairment. The acquisition cost comprises the purchase price, transportation costs, customs, installation costs and other relevant costs.

Intangible assets comprise especially the following:

i) UMTS licence

The UMTS licence represents the right to operate mobile communication networks in the Czech Republic under the UMTS standard. The licence is recorded at cost less accumulated amortisation. The licence was put into commercial use in October 2005. The licence is being amortised over its useful life using the straight-line method. The useful life of the licence is considered to be the period from the start of its commercial use, through to the licence expiration date in 2024.

ii) GSM licence

The GSM licence which represents the right to provide communication services in the Czech Republic and to establish and operate GSM communication equipment is recorded at cost less accumulated amortisation. The licence is being amortised over its useful life using the straight-line method. The useful life of the licence is considered to be the period from the start of its commercial use, through to the licence expiration date in 2024.

## **2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)**

### **2.2 Valuation Methods (continued)**

#### **2.2.1 Tangible and Intangible Fixed Assets (continued)**

##### **iii) Software**

Capitalised software costs include the licence fees for the use of software and costs of consulting services related to software implementation. Software costs are amortised over the expected period of the benefit of the cost, which is two years, three years or over the length of the contract. Costs of consulting services, which are incurred after the relevant subsystem of the software is put into routine operation and as such do not fulfil the criteria for capitalisation, are charged to the income statement as incurred.

Development costs are generally expensed when incurred. Such costs are capitalised only if they are internally generated for trade purposes or if they are acquired from other parties. Development costs are amortised using the straight-line method over the period of its expected commercial use, not exceeding five years. The Company does not perform research activities.

Repairs and maintenance expenditures relating to tangible and intangible fixed assets are charged to the income statement as incurred. Provisions are created in accordance with Act on Reserves for costs of necessary repairs, which are expected to be incurred in future periods, as estimated by the management.

Technical improvement of tangible fixed assets and intangible fixed assets exceeding CZK 40 thousand per year is capitalised. Technical improvement below the stated amount is charged directly to the income statement.

#### **2.2.2 Financial Investments**

The Company classifies securities and investments, other than investments in subsidiaries and associated undertakings, in the following categories: trading, available-for-sale or held-to-maturity.

All securities and investments are initially recorded at acquisition cost (including fees and commissions to brokerage agencies and stock exchanges). The acquisition cost does not include interest from the acquisition of loans financing the securities and the related administration costs.



## 2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)

### 2.2 Valuation Methods (continued)

#### 2.2.3 Inventories

Purchased inventories are stated at acquisition cost less provision. The acquisition cost of purchased inventories primarily includes the purchase price of materials and other costs incurred to bring inventory to its present state and location. These include customs, storage costs during transportation and freight costs.

All disposals of purchased inventories are valued using the weighted-average cost method.

#### 2.3 Purchase of part of business and goodwill

Assets and liabilities acquired as part of a business purchase are recorded at re-valued amounts in the Company's financial statements. Goodwill arising upon acquisition of part of a business represents the difference between the valuation of the enterprise acquired, in accordance with the Commercial Code, and the total of individually re-valued assets and liabilities acquired. Goodwill is amortized on a straight-line basis over the period of 60 months from the acquisition date. Negative goodwill is credited to income statement on a straight-line basis over the period of 60 months from the acquisition date. If the purchase price of part of a business subsequently changes the amount of positive or negative goodwill will be adjusted, the time of amortization remains without changes.

#### 2.4 Depreciation Method

The Company's tangible and intangible fixed assets are depreciated applying the straight-line method with annual depreciation rates based on estimated useful lives of the assets. Depreciation commences in the month when all statutory and technical requirements are met, consistent with Czech legislation.

Estimated useful lives for the main asset categories are as follows:

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<b>Asset group</b>	<b>Useful life (years)</b>
Development	2–5
Software	2–3
Valuable rights – licences	8–20 years or in accordance with the licence expiration date
Buildings, construction and leasehold improvements	10–50 years or in accordance with the lease period
Operating equipment:	
Network technology equipment (GSM, UMTS)	3–10
Transport vehicles, hardware and office equipment	3–13

---

## **2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)**

### **2.4 Depreciation Method (continued)**

The Company does not depreciate land.

Tax depreciation is calculated using the straight-line depreciation method with the exception of GSM equipment, which for tax purposes is depreciated using the accelerated depreciation method.

Depreciation plan is being updated during useful life of intangible fixed assets updated based on expected useful life and expected residual value of assets.

### **2.5 Method of Determining Provisions for Assets and Liabilities**

#### **2.5.1 Provisions for Assets**

##### Provisions for impairment of tangible and intangible fixed assets

If the carrying value of an asset exceeds its estimated recoverable amount, a provision for impairment is created, so that the carrying value reflects the realisable value of the asset.

##### Provisions for receivables

The Company creates a provision for receivables based on the ageing of receivables and information about the current payment discipline of customers and dealers. The provision is calculated as a percentage of the nominal value of receivables, ranging from 3% to 90.4% (31 December 2008: from 2% to 90.4%). Bad debts from customers are offset against deposits obtained from them at the beginning of the contract period. A provision is not created for group receivables.

##### Provisions for inventories

Provisions for inventories are based on the ageing of inventories and stock take results and are created as a percentage of the respective types of inventories, taking into account the possibility that certain items of inventories will not be used or will be sold at a price lower than cost.

## **2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)**

### **2.5 Method of Determining Provisions for Assets and Liabilities (continued)**

#### **2.5.2 Provisions for Liabilities**

The Company recognises provisions relating to probable future obligations that would require settlement in cash, when the purpose of the obligations is known but the accurate amount, or the time when the obligation will arise, is not known. The Company takes into account all the predictable risks and possible losses when recognising provisions.

The Company recognised an asset retirement obligation, which represents the costs of restoring leased sites in accordance with the terms and conditions of the lease contracts. The provision reflecting this obligation is created on a straight-line basis during the expected period of use of the leased sites. If the obligation is settled for anything other than the carrying amount of the liability, a gain or loss on the settlement is recognised in the income statement.

#### **2.6 Revenue Recognition**

Voice revenues constitute the principal part of total revenues, consisting primarily of domestic and foreign (roaming) airtime revenues and interconnection revenues from termination of traffic originating from the networks of other operators.

Interconnection revenues are recognised based on valid agreements.

Monthly subscription fees, revenues from non-voice services such as SMS, data transmissions and MMS, and revenues from the sale of handsets and accessories represent another significant part of total revenues.

Revenues from post-paid customers are recognised on the basis of airtime used and are recorded in monthly billing cycles.

Revenues from the sale of pre-paid cards are deferred and based on operational data are recognised at the moment when the customer uses the pre-paid credit.

The activation fee included in both pre-paid and post-paid package revenues is recognised in the period when the card is activated by the customer.

Revenues from the sale of handsets and accessories are recognised at the time of the customer's or independent dealer's purchase.

Interest income is recorded on an accrual and deferral basis using the effective interest method.

## **2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)**

### **2.7 Foreign Currency Translation**

Foreign currency transactions are translated and recorded at the exchange rate published by the Czech National Bank as at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies using the exchange rate published by the Czech National Bank as at the balance sheet date are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

### **2.8 Deferred Taxation**

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, using the statutory tax rates that are expected to apply when the related deferred tax asset is realised or the related deferred tax liability is settled. Deferred income tax charged or credited to the income statement is measured as the change in the net deferred income tax asset or liability during the year except when the deferred income tax relates to temporary differences from the items credited or charged directly to equity. The principal temporary differences arise from tax and accounting depreciation on fixed assets, changes in tax non-deductible adjustments and non-taxable provisions and revaluation of other assets and liabilities. A deferred income tax asset is recognised to the extent that it is probable that taxable profit will be available, against which deductible temporary differences can be utilised.

### **2.9 Finance Risk Management**

#### **Finance Risk Management Principles**

The Company's activities expose it to a variety of financial risks, primarily currency risk, interest rate risk and price risk influencing the Company's assets, liabilities and planned transactions. The Company's overall risk management strategy focuses on the unpredictability of financial markets. The Company seeks to minimise the potentially adverse effects on the Company's financial performance through its operating and financial procedures. Based on its risk assessment, the Company uses selected derivative and non-derivative hedging instruments to manage exposures. The derivatives are used solely for hedging purposes, not for trading or speculating. In order to manage credit risk, hedging transactions are generally entered into with institutions that meet the requirements of the Company's hedging strategy for required rating.

**2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)**

**2.9 Finance Risk Management (continued)**

**Finance Risk Management Principles (continued)**

Financial risk management procedures are carried out by the Company's Treasury Department under policies and directions set by the Board of Directors of the Company, except for credit risks arising from sales activities which are managed by the Credit Risk Department.

**Market Risk**

**a) Currency Risk**

The Company operates internationally and is exposed to currency risk primarily with respect to EUR. Currency risk arises from future commercial transactions and assets and liabilities denominated in foreign currencies.

The Company uses financial instruments, primarily currency forward contracts, in its management of the currency risk associated with its foreign currency denominated sales and purchases.

**b) Interest Rate Risk**

The Company invests in financial assets with short term maturity and fixed interest rate. Such instruments are not exposed to the risk of interest rate fluctuation. Therefore the Company does not actively manage the interest rate risk.

**Credit Risk**

The ongoing global economic crisis which commenced during 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and very high volatility in stock markets. The uncertainties in the global financial markets, have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Indeed the following impacts of the ongoing economic crisis are proving to be impossible to anticipate and completely guard against.

Management is unable to reliably estimate the impact on the Company's financial position of any further possible deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary steps to support the sustainability and development of the Company's business in the current circumstances.

## **2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)**

### **2.9 Finance Risk Management (continued)**

#### **Credit Risk (continued)**

Customers of the Company may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for customers may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has properly reflected the revised estimates of expected future cash flows in its impairment assessments.

Since 2008, the Company has invested part of its financial assets into short-term loans to the parent company DTAG.

The counterparties for financial transactions settled in cash are limited to high credit quality financial institutions as defined in the policies and directions set by the Board of Directors of the Company and included in its investment strategy. The Company carries out financial transactions with financial institutions with a credit rating from an independent global rating agency at the level of at least BBB+ / Baa1. If the counterparty does not have a rating from a global rating agency the credit quality is assured by other conventional methods or assessed in the context of credit risk management on the DTAG level.

The Company manages the credit risk associated with its trading operations by using various instruments such as insurance, bank guarantees, credit limits, differentiated debt collecting process, etc.

#### **Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The aim of the Treasury Department is to maintain flexibility in funding by maintaining availability under these committed facilities.

The Company maintains a liquidity reserve in the form of a bank overdraft and flexible credit line (refer to Note 3.9 Bank Loans and Overdrafts) to support its ability to meet its liabilities and to provide financial flexibility. Historically, the Company generated sufficient cash to ensure its solvency and financial flexibility. The Company does not consider itself significantly exposed to liquidity risk.

## **2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)**

### **2.9 Finance Risk Management (continued)**

#### **Fair Value Estimation of Financial Instruments**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading and available-for-sale securities) is based on quoted market prices as at the balance sheet date. If the market price is not available for the financial asset or liability the Company determines its fair value by using estimated discounted cash flows. The discount rate used is an interest rate quoted for similar instruments with similar credit risk and maturity.

#### **Accounting for Derivate Financial Instruments and Hedging Activities**

Derivative financial instruments are initially recognised in the balance sheet at fair value as at the date of contract conclusion and are subsequently re-measured at their fair value as at the balance sheet date. In assessing the fair value of derivatives, the Company uses a variety of methods, including techniques such as the present value of estimated future cash flows and the future value of cash flows under assumptions that are based on market conditions existing as at the balance sheet date.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when the risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value, with changes in fair value being recorded in the income statement.

The Company uses currency forward contracts to hedge estimated cash flows and the fair value of existing balance sheet items. Beginning 1 January 2004, the Company introduced hedge accounting under the existing legal provisions, which resulted in the change of fair value of certain derivatives being classified within the "Assets and liabilities revaluation". Fair value of the derivatives is released into the income statement in the same period as the underlying item. All transactions below the equivalent of EUR 15 million (CZK 397 million) are recognised as trade derivatives with changes in fair value being recorded in the income statement.

T-MOBILE CZECH REPUBLIC A.S.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

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## **2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)**

### **2.10 Finance and Operating Leases**

The costs of assets held under both finance and operating leases are recorded as expenses evenly over the life of the lease. Amounts payable in future periods but not yet due are disclosed in the notes but not recognised in the balance sheet.

### **2.11 Cash Flow Statement**

The Company has prepared a cash flow statement following the indirect method. Cash equivalents represent bank account balances, bank deposits and their securitised equivalents, and overdrafts. For reconciliation of Short-term financial assets and cash equivalents, refer to Note 3.4 Short-term Financial Assets.

### **2.12 Subsequent Events**

The effects of events which occurred between the balance sheet date and the date of signing the financial statements are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the signing of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed, but are not themselves recognised in the financial statements.



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**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT**

**3.1 Fixed Assets**

**3.1.1 Intangible Fixed Assets**

<b>Cost</b>			<b>Valuable rights –</b>	<b>Other</b>	<b>Intangible fixed</b>	
<b>CZK million</b>	<b>Goodwill</b>	<b>Software</b>	<b>GSM, UMTS and</b>	<b>intangible</b>	<b>assets in the course</b>	<b>Total</b>
			<b>other licences</b>	<b>fixed assets</b>	<b>of construction</b>	
					<b>and advances paid</b>	
<b>1.1.2008</b>	-	<b>4,731</b>	<b>4,875</b>	<b>287</b>	<b>467</b>	<b>10,360</b>
Transfers	-	521	12	19	(544)	8
Additions	-	-	-	-	509	509
Disposals	-	(28)	-	(6)	(2)	(36)
<b>31.12.2008</b>	-	<b>5,224</b>	<b>4,887</b>	<b>300</b>	<b>430</b>	<b>10,841</b>
Transfers	-	607	141	4	(745)	7
Additions	-	-	-	-	637	637
Purchase of part of business	164	11	-	22	-	197
Disposals	-	(246)	-	(131)	(13)	(390)
<b>31.12.2009</b>	<b>164</b>	<b>5,596</b>	<b>5,028</b>	<b>195</b>	<b>309</b>	<b>11,292</b>

<b>Accumulated</b>			<b>Valuable rights –</b>	<b>Other</b>	<b>Intangible fixed</b>	
<b>amortisation/</b>			<b>GSM, UMTS and</b>	<b>intangible</b>	<b>assets in the course</b>	<b>Total</b>
<b>provisions</b>			<b>other licences</b>	<b>fixed assets</b>	<b>of construction</b>	
<b>CZK million</b>	<b>Goodwill</b>	<b>Software</b>			<b>and advances paid</b>	
<b>1.1.2008</b>	-	<b>4,293</b>	<b>971</b>	<b>279</b>	-	<b>5,543</b>
Transfers	-	-	-	-	-	-
Additions	-	565	240	12	-	817
Disposals	-	(29)	-	(6)	-	(35)
<b>31.12.2008</b>	-	<b>4,829</b>	<b>1,211</b>	<b>285</b>	-	<b>6,325</b>
Transfers	-	-	-	-	-	-
Additions	3	529	254	11	-	797
Disposals	-	(245)	-	(131)	-	(376)
<b>31.12.2009</b>	<b>3</b>	<b>5,113</b>	<b>1,465</b>	<b>165</b>	-	<b>6,746</b>

**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.1 Fixed Assets (continued)**

**3.1.1 Intangible Fixed Assets (continued)**

Net book value CZK million	Goodwill	Software	Valuable rights - GSM, UMTS and other licences	Other intangible fixed assets	Intangible fixed assets in the course of construction and advances paid	Total
<b>31.12.2008</b>	-	395	3,676	15	430	<b>4,516</b>
<b>31.12.2009</b>	161	483	3,563	30	309	<b>4,546</b>

Goodwill

On 11 September 2009, the Company signed an agreement on purchase of part of the business from České Radiokomunikace a.s., which provides retail communication services. The transaction became effective on 1 December 2009. As of this date the Company obtained title to the acquired part of business and gained the possibility to become an integrated operator providing both mobile and fixed services.

The acquisition cost of the business amounted to CZK 440 million and was settled in cash. Subsequently the acquisition cost was decreased by CZK 53 million to CZK 387 million in accordance with conditions specified in the purchase agreement. Goodwill arising from the business combination in the amount of CZK 164 million represents the excess of the cost of acquisition over the fair value of the net identifiable assets and liabilities in the amount of CZK 223 million. This goodwill represents expected synergies that the business combination will bring as a result of integration of new services into the Company's existing services portfolio and includes the customer contracts transferred to the Company as part of the acquisition.

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**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.1 Fixed Assets (continued)**

**3.1.2 Tangible Fixed Assets**

Cost CZK million	Buildings, constructions and land	Equipment and other tangible fixed assets	Tangible fixed assets in the course of construction and advances paid	Total
<b>1.1.2008</b>	<b>7,802</b>	<b>26,557</b>	<b>3,225</b>	<b>37,584</b>
Transfers	791	2,288	(3,086)	(7)
Additions	-	-	1,691	1,691
Disposals	(30)	(475)	(62)	(567)
<b>31.12.2008</b>	<b>8,563</b>	<b>28,370</b>	<b>1,768</b>	<b>38,701</b>
Transfers	332	1,792	(2,130)	(6)
Additions	-	-	2,206	2,206
Purchase of part of business	-	141	-	141
Disposals	(45)	(4,307)	(26)	(4,378)
<b>31.12.2009</b>	<b>8,850</b>	<b>25,996</b>	<b>1,818</b>	<b>36,664</b>

Accumulated depreciation/ provisions CZK million	Buildings, constructions and land	Equipment and other tangible fixed assets	Tangible fixed assets in the course of construction and advances paid	Total
<b>1.1.2008</b>	<b>2,785</b>	<b>19,184</b>	<b>39</b>	<b>22,008</b>
Transfers	-	-	-	-
Additions	548	3,409	-	3,957
Disposals	(30)	(488)	-	(518)
Provisions	-	-	1	1
<b>31.12.2008</b>	<b>3,303</b>	<b>22,105</b>	<b>40</b>	<b>25,448</b>
Transfers	(1)	1	-	-
Additions	569	3,470	7	4,046
Disposals	(45)	(4,306)	-	(4,351)
Provisions	-	-	2	2
<b>31.12.2009</b>	<b>3,826</b>	<b>21,270</b>	<b>49</b>	<b>25,145</b>

**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.1 Fixed Assets (continued)**

**3.1.2 Tangible Fixed Assets (continued)**

Net book value CZK million	Buildings, constructions and land	Equipment and other tangible fixed assets	Tangible fixed assets in the course of construction and advances paid	Total
<b>31.12.2008</b>	5,260	6,265	1,728	<b>13,253</b>
<b>31.12.2009</b>	5,024	4,726	1,769	<b>11,519</b>

**3.1.3 Finance Leases**

A summary of future payments relating to finance lease contracts for cars as at 31 December 2009 and 31 December 2008 is as follows:

	Total number of concluded contracts	Maturity		
		Up to 1 year (CZK million)	Over 1 year (CZK million)	Total (CZK million)
<b>31.12.2008</b>	275	39	16	55
<b>31.12.2009</b>	137	15	-	15

In 2009, finance lease payments totalled CZK 39 million (in 2008: CZK 72 million).

**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.2 Inventories**

<b>CZK million</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
Handsets and accessories	249	393
Technology inventories	183	139
Other inventories	6	7
<b>Total inventories – gross</b>	<b>438</b>	<b>539</b>
Provision for inventories	(90)	(115)
<b>Total inventories – net</b>	<b>348</b>	<b>424</b>

The change in the provision for obsolete and slow-moving inventory can be analysed as follows:

<b>CZK million</b>	<b>2009</b>	<b>2008</b>
<b>Opening balance as at 1 January</b>	<b>115</b>	<b>157</b>
Creation of the provision	8	8
Release / utilisation of the provision	(33)	(50)
<b>Closing balance as at 31 December</b>	<b>90</b>	<b>115</b>

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**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.3 Receivables**

**3.3.1 Short-term Receivables**

CZK million	31.12.2009	31.12.2008
Trade receivables		
– current and overdue less than 180 days	2,375	3,403
– overdue more than 180 days	3,484	2,511
<b>Total trade receivables – gross</b>	<b>5,859</b>	<b>5,914</b>
Provision for receivables	(3,784)	(3,411)
<b>Total trade receivables – net</b>	<b>2,075</b>	<b>2,503</b>

As at 31 December 2009, the overdue receivables were CZK 4,514 million (31 December 2008: CZK 3,884 million).

Trade receivables represent mainly receivables from the communication network users, receivables from other communication services providers, receivables from partners for the electronic recharging of Twist prepaid cards and receivables from independent dealers.

Overdue receivables relate primarily to overdue receivables from customers of electronic communication services.

The change in the provision for doubtful debts may be analysed as follows:

CZK million	2009	2008
Opening balance as at 1 January	3,411	3,680
Creation of the provision	2,136	1,811
Release / utilisation of the provision	(1,763)	(2,080)
<b>Closing balance as at 31 December</b>	<b>3,784</b>	<b>3,411</b>

Estimated receivables mainly represent services of the communication network provided to customers of the Company that were not invoiced as at the balance sheet date, un-invoiced interconnection fees and un-invoiced services provided to roaming partners.

### 3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)

#### 3.3 Receivables (continued)

##### 3.3.2 Long-term Receivables

Long-term receivables consist primarily of advances for rent and receivables for fixed assets sold which are offset against liabilities for services received.

#### 3.4 Short-term Financial Assets

Short-term financial assets can be analysed as follows:

<b>CZK million</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
Cash in hand, cash in transit and cash at bank	219	898
Short-term investments	1,412	5,109
<b>Total short-term financial assets</b>	<b>1,631</b>	<b>6,007</b>
Bank overdrafts	(72)	(14)
Mortgage-backed securities	(1,000)	(4,409)
<b>Total cash and cash equivalents</b>	<b>559</b>	<b>1,584</b>

#### 3.5 Accruals and Deferrals

##### 3.5.1 Prepaid Expenses

Prepaid expenses in 2009 include primarily costs related to the lease of office space and buildings needed for the installation of communication technologies, paid in advance. These costs are recorded as expenses on an accrual basis. Their total value as at 31 December 2009 was CZK 47 million (31 December 2008: CZK 46 million).

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**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.6 Equity**

Movements in the Company's equity:

<b>CZK million</b>	<b>Registered capital</b>	<b>Share premium</b>	<b>Other capital contributions</b>	<b>Assets and liabilities revaluation</b>	<b>Statutory reserve fund</b>	<b>Retained earnings</b>	<b>Profit for the current period</b>	<b>Total</b>
<b>1.1.2008</b>	<b>520</b>	<b>5,344</b>	<b>8</b>	<b>12</b>	<b>104</b>	<b>11,870</b>	<b>7,823</b>	<b>25,681</b>
Revaluation of financial instruments	-	-	-	(12)	-	-	-	(12)
Dividends paid	-	-	-	-	-	(2,694)	(7,823)	(10,517)
Net profit for the period	-	-	-	-	-	-	9,041	9,041
<b>31.12.2008</b>	<b>520</b>	<b>5,344</b>	<b>8</b>	<b>-</b>	<b>104</b>	<b>9,176</b>	<b>9,041</b>	<b>24,193</b>
Dividends paid	-	-	-	-	-	-	(7,477)	(7,477)
Transfer	-	-	-	-	-	1,564	(1,564)	-
Net profit for the period	-	-	-	-	-	-	9,103	9,103
<b>31.12.2009</b>	<b>520</b>	<b>5,344</b>	<b>8</b>	<b>-</b>	<b>104</b>	<b>10,740</b>	<b>9,103</b>	<b>25,819</b>



### **3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

#### **3.6 Equity (continued)**

##### **3.6.1 Share Capital and Capital Contributions**

The Company's shares have a nominal value of CZK 1,000 each and are book-entered, registered and not publicly traded. Approved and subscribed share capital is fully paid off. All shares have equal voting rights. As at 31 December 2009 and 31 December 2008, the registered capital was represented by 520 thousand shares.

A share premium of CZK 5,344 million was settled by the Company's shareholders under the Joint Venture Agreement of the joint-stock company between ČESKÉ RADIOKOMUNIKACE a.s.\* and CMobil B.V., dated 25 March 1996, and the Agreement between the Ministry of Economy of the Czech Republic (at present the Ministry of Industry and Trade), CMobil B.V. and ČESKÉ RADIOKOMUNIKACE a.s., dated 25 March 1996. The valuable right to provide communication services under the GSM standard forms a part of the share premium.

The statutory reserve fund comprises funds that the Company is required to retain according to the current legislation. Use of the statutory reserve fund is limited by legislation and Statutes of the Company and can not be paid to shareholders.

##### **3.6.2 Dividends**

Based on a resolution of the General meeting held on 23 June 2009, the Company distributed part of its retained earnings to the shareholders as a dividend in the aggregate amount of CZK 7,477 million (CMobil B.V.: CZK 4,544 million, TMCZ Holdco II (Lux) S.à.r.l.: CZK 2,933 million).

During 2008, the Company distributed profit for the year 2007 and part of retained earnings to the shareholders as a dividend in the aggregate amount of CZK 10,517 million (Cmobil B.V.: CZK 6,391 million, TMCZ Holdco II (Lux) S.à.r.l.: CZK 4,126 million).

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<sup>1</sup> Currently TMCZ Holdco II (Lux) S.a.r.l. (previously CESKE RADIOKOMUNIKACE S.a.r.l.)

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**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.7 Provision for Liabilities**

<b>CZK million</b>	<b>Provision for tax payable</b>	<b>Other provisions</b>	<b>Total</b>
<b>1.1.2008</b>	<b>352</b>	<b>776</b>	<b>1,128</b>
Charge for the year	394	2,662	3,056
Released / used in the year	(352)	(576)	(928)
<b>31.12.2008</b>	<b>394</b>	<b>2,862</b>	<b>3,256</b>
Charge for the year	853	601	1,454
Released / used in the year	(394)	(2,945)	(3,339)
<b>31.12.2009</b>	<b>853</b>	<b>518</b>	<b>1,371</b>

As at 31 December 2009, the Company recorded a provision of CZK 287 million for estimated future costs related to the T-Mobile bonus for allocated loyalty points unused as at year-end (31 December 2008: CZK 587 million).

The provision for Asset Retirement Obligation based on lease contract conditions amounted to CZK 187 million as at 31 December 2009 (31 December 2008: CZK 108 million).

In April 2009, the dispute against Telefónica O2 Czech Republic, a.s. relating to interconnection charges was settled out-of-court. Consequently the Company released the provision of CZK 2,003 million created in 2008. In accordance with the settlement agreement, the Company retained the amount of CZK 950 million. The remaining part of the disputed amount (CZK 1,053 million) was paid to Telefónica O2 Czech Republic, a.s. and recognised to other operating charges (refer to Note 3.14.2 Operating Revenues and Expenses).

**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.8 Short-term Liabilities**

**Trade payables**

CZK million	31.12.2009	31.12.2008
Trade payables		
– domestic payables	1,410	1,280
– foreign payables	77	57
<b>Total trade payables</b>	<b>1,487</b>	<b>1,337</b>

Aforementioned liabilities were neither pledged, nor were due in more than 5 years.

As at 31 December 2009, the amount of overdue payables was CZK 128 million (31 December 2008: CZK 97 million).

Overdue payables did not include liabilities for social insurance or contributions to the state employment policy, nor did they include liabilities for health insurance.

Liabilities to members of associations represent advances received from members of the associations which were established for the purpose of building up telecommunications infrastructure. Liabilities to the members of associations as at 31 December 2009 amounted to CZK 18 million (31 December 2008: CZK 20 million).

**Estimated payables**

Estimated payables include the cost of goods and services that were received during the year, but for which no invoice was received as at the balance sheet date.

Overview of estimated payables by category as at 31 December 2009 and 31 December 2008:

CZK million	31.12.2009	31.12.2008
Estimated liability for interconnection costs	629	1,179
Estimated liability for operational expenditure	1,403	1,014
Estimated liability for capital expenditure	239	238
Estimates liability for staff costs	339	435
<b>Total estimated payables</b>	<b>2,610</b>	<b>2,866</b>

### 3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)

#### 3.8 Short-term Liabilities (continued)

##### Other payables

Other short-term payables had the following balances as at 31 December 2009 and 31 December 2008:

CZK million	31.12.2009	31.12.2008
Currency forward contracts	24	3
Other short-term payables	9	14
<b>Total other payables</b>	<b>33</b>	<b>17</b>

#### 3.9 Bank Loans and Overdrafts

The total limit of bank overdrafts and flexible credit lines available to the Company is EUR 3 million (CZK 79 million) and CZK 600 million, respectively.

As at 31 December 2009, the Company drew overdrafts amounting to CZK 13 million and EUR 2 million (CZK 59 million) (31 December 2008: CZK 14 million).

#### 3.10 Financial Instruments

The Company manages its currency and interest rate risks in accordance with the hedging strategy of the Company, as approved by the Board of Directors (refer to Note 2.8 Finance Risk Management).

##### Forward Contracts

As at the end of 2009, the Company had open currency forward contracts with a total nominal value of CZK 1,847 million (31 December 2008: CZK 214 million).

These transactions focus on managing currency risks associated with the settlement of the Company's liabilities resulting from the customer-supplier relations and denominated in EUR. All currency forward contracts as at 31 December 2009 were initiated during 2008 with maturity by the end of the year 2010. During 2009, currency forward contracts in a total nominal value of CZK 4,159 million were settled (in 2008: CZK 4,773 million).

### 3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)

#### 3.10 Financial Instruments (continued)

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Open currency forward contracts		
CZK million	31.12.2009	31.12.2008
Open currency forward contracts securing other foreign exchange liabilities:		
Positive fair value	28	7
Negative fair value	(24)	(3)
<b>Total fair value of forward contracts</b>	<b>4</b>	<b>4</b>

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#### 3.11 Accruals and Deferrals

##### 3.11.1 Deferred Revenue

Deferred revenue includes deferred airtime revenue related to Twist prepaid services and credit tariffs.

#### 3.12 Commitments and Contingencies

Tax authorities are authorised to inspect books and records at any time within 3 years subsequent to the reported tax year, and consequently may impose additional income tax and penalties. The last income tax inspection took place in 2006 and 2007 for the period of 2003. The Company's management are not aware of any circumstances which may in the future give rise to a potential material liability in this respect.

On 31 May 2004, Vodafone Czech Republic a.s. (Český Mobil a.s. in the decisive period) filed a claim in Municipal court in Prague against the Company for compensation of damages in the total amount of CZK 615 million including claim attribution. Vodafone Czech Republic a.s. insists that the Company abused its dominant position on the market to the detriment of Vodafone Czech Republic a.s., by charging its customers CZK 1 more for calls on the Vodafone network than on the Telefónica O2 Czech Republic, a.s. network (Eurotel Praha, spol. s r.o. in the decisive period).

The municipal court in Prague held a series of court hearings, where evidence was gathered, witnesses were heard. The University of West Bohemia was subsequently appointed by the municipal court of Prague to the role of legal expert with the obligation to answer questions relevant for the judicial proceeding. The University of West Bohemia was unable to provide the expert opinion due to its complexity. In January 2010, the municipal court in Prague appointed a new legal expert in economics to answer the same questions.

**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.12 Commitments and Contingencies (continued)**

The first instance decision has not been made yet. The Management of the Company concluded that there are no risks arising from the case that should be recognised in the financial statements of the Company.

The Company's future capital commitments to major technology suppliers as at 31 December 2009 and 31 December 2008 are as follows:

<b>CZK million</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
Up to 1 year	2,561	2,476
1–3 years	1,415	1,916
3–5 years	830	1,376
Over 5 years	936	-
<b>Total</b>	<b>5,742</b>	<b>5,768</b>

The future minimum lease payment commitments under irrevocable operating leases arising from the rental of microwave connections, communication base stations, other buildings and offices are as follows:

<b>CZK million</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
Up to 1 year	440	448
1–3 years	585	645
3–5 years	570	629
Over 5 years	2,157	2,400
<b>Total</b>	<b>3,752</b>	<b>4,122</b>

**3.13 Guarantees**

As at 31 December 2009, bank guarantees totalling CZK 73 million were issued to lessors of commercial space and real estate at the Company's request (31 December 2008: CZK 72 million).

As at 31 December 2009, the Company's liabilities from import duties were covered by bank guarantees totalling CZK 50 million (31 December 2008: CZK 50 million).

**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.14 Revenues and Expenses from Operating Activities**

**3.14.1 Operating Revenues according to Main Activities**

<b>CZK million</b>	<b>2009</b>	<b>2008</b>
Sales of handsets and accessories	629	995
Communication network services	29,646	32,058
<b>Total</b>	<b>30,275</b>	<b>33,053</b>

**3.14.2 Operating Revenues and Expenses**

<b>CZK million</b>	<b>2009</b>	<b>2008</b>
Operating revenues	30,275	33,053
Other revenues	2,403	3,228
<b>Total revenues</b>	<b>32,678</b>	<b>36,281</b>
Cost of goods sold	1,600	2,358
Consumption of material and energy	605	645
Services	12,056	12,654
Staff costs	2,304	2,298
Depreciation of intangible and tangible fixed assets	4,827	4,774
Other operating charges	(54)	2,605
<b>Total operating expenses</b>	<b>21,338</b>	<b>25,334</b>
<b>Operating results</b>	<b>11,340</b>	<b>10,947</b>

Other operating charges include amount of CZK 2,003 million as a result of release of provision and amount of CZK 1,053 million related to settlement of dispute with Telefónica O2 Czech Republic, a.s. (refer to Note 3.7 Provision for Liabilities).

Services include leased line costs, interconnection costs, costs of external marketing services and rental expenses.

**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.15 Revenues and Expenses from Financing Activities**

<b>CZK million</b>	<b>2009</b>	<b>2008</b>
Revenues from financial operations and interest income	284	4,477
Financial revenues – other	272	525
Cost of financial operations and interest expense	(1)	(4,301)
Financial expenses – other	(335)	(373)
<b>Financial result</b>	<b>220</b>	<b>328</b>

Revenues from financial operations and interest income and Cost of financial operations and interest expense in 2008 includes amount of CZK 4,300 million revenues and expenses related to sale of shares in investment funds.



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**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.16 Related Party Transactions and Balances**

The following transactions are related to the shareholders and their affiliates:

<b>CZK million</b>	<b>2009</b>	<b>2008</b>
<b>České Radiokomunikace a.s.*:</b>		
Purchase of services (leased lines, rent and other services)	211	224
Purchase of part of business	387	-
<b>DTAG group:</b>		
Roaming, interconnect and related purchased services	411	426
Other purchased goods and services	139	145
Expenses from cross charges of services	618	461
IT services	786	962
Purchased foreign currency at fair value	534	390
<b>Total purchases</b>	<b>3,086</b>	<b>2,608</b>
<b>České Radiokomunikace a.s.*:</b>		
GSM and interconnection services sold	44	65
<b>DTAG group:</b>		
Roaming, interconnection and related sold services	400	452
Re-branding – reimbursement	7	16
Income from cross charges of services	305	424
Interest income from loan provided	272	49
<b>Total sales</b>	<b>1,028</b>	<b>1,006</b>

\* České Radiokomunikace a.s. and TMCZ Holdco II (Lux) S.à.r.l. are under joint control

3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (CONTINUED)

3.16 Related Party Transactions and Balances (continued)

Related party receivables:

CZK million	31.12.2009	31.12.2008
<b>České Radiokomunikace a.s.*:</b>		
Receivables from GSM and other services	57	10
<b>DTAG group:</b>		
Receivables from roaming, interconnection and related sold services	446	452
Receivables and prepayments from other services and discounts	178	211
Loan provided (including interest)	10,002	3,547
Receivables from derivatives (fair value)	16	2
<b>Total related party receivables</b>	<b>10,699</b>	<b>4,222</b>

Related party payables:

CZK million	31.12.2009	31.12.2008
<b>České Radiokomunikace a.s.*:</b>		
Payables from leased lines and other rentals	31	18
<b>DTAG group:</b>		
Payables from roaming, interconnection and related purchased services	323	388
Payables from other services and discounts	295	365
Payables from derivatives (fair value)	3	2
<b>Total related party payables</b>	<b>652</b>	<b>773</b>

The long-term loan with a total limit of CZK 3,823 million, provided by Deutsche Telekom International Finance B.V, and with maturity on 31 December 2011, was drawn neither at 31 December 2009 nor at 31 December 2008.

\* České Radiokomunikace a.s. and TMCZ Holdco II (Lux) S.à.r.l. are under joint control

**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.16 Related Party Transactions and Balances (continued)**

The Company provided a short-term loan to Deutsche Telekom AG in the amount of CZK 10,000 million as at 31 December 2009 (31 December 2008: CZK 3,540 million). The loan consists of seven individual obligations with maturity not exceeding three months and individual interest rates determined on an arms'-length basis. All obligations are denominated in CZK. Due to the high turnover of the loan, the transactions resulting from the loan are recorded on a net basis in the Cash flow statement.

**3.17 Taxation**

**3.17.1 Current Corporate Income Tax**

The Company estimates the following current income tax results:

<b>CZK million</b>	<b>2009</b>	<b>2008</b>
Accounting profit before tax	11,560	11,275
Tax non-deductible costs	909	2,566
Non-taxable revenues	(3,252)	(984)
Difference between accounting and tax depreciation	2,059	1,447
<b>Tax base before deductions</b>	<b>11,276</b>	<b>14,304</b>
Gifts allowed as tax deductible	(10)	(21)
<b>Tax base after adjustment</b>	<b>11,266</b>	<b>14,283</b>
<b>Income tax expense</b>	<b>2,253</b>	<b>3,002</b>
<i>Supplementary increase/(decrease) in tax expense related to prior periods</i>	<i>30</i>	<i>(18)</i>
<b>Current period income tax expense</b>	<b>2,283</b>	<b>2,984</b>
Advances paid	(1,400)	(2,608)
<b>Income tax payable</b>	<b>853</b>	<b>394</b>

**3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT (continued)**

**3.17.2 Deferred Tax**

CZK million	31.12.2009	31.12.2008
Difference between net book value and net tax value of fixed assets	(1,851)	(3,778)
Difference between net book value and net tax value of inventories	90	116
Difference between net book value and net tax value of receivables	378	820
Other provisions	587	2,861
<b>Total temporary differences</b>	<b>(796)</b>	<b>19</b>
<b>Net deferred tax (liability) / asset</b>	<b>(151)</b>	<b>22</b>

The change of net deferred tax asset to net deferred tax liability during 2009 is primarily driven by the decrease in provisions (reflecting the settlement agreement with Telefónica O2 Czech Republic, a.s.). Decrease in difference of accelerated tax depreciation represents the second reason of movement in deferred tax balance.

The net deferred income tax liability as at 31 December 2009 and net deferred income tax asset as at 31 December 2008 were calculated using the corporate income tax rates, shown in the table below, depending on the period when the temporary differences are expected to reverse.

Period	Tax rate	
	2009	2008
2009	-	20%
2010 and onwards	19%	19%

**T-MOBILE CZECH REPUBLIC A.S.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2009**

**4 EMPLOYEES AND MANAGEMENT**

Development of staff costs (amounts in CZK million unless stated otherwise):

	<b>Total</b>		<b>Management only</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Average number of employees	2,866	2,559	38	44
Wages and salaries	1,679	1,674	137	149
Board emoluments	2	2	-	-
Social security and health insurance costs	542	542	18	14
Other social costs	81	80	5	1
<b>Total staff costs</b>	<b>2,304</b>	<b>2,298</b>	<b>160</b>	<b>164</b>

The emoluments for the members of statutory bodies and the Supervisory Board for 2009 were as follows:

<b>CZK million</b>	<b>Total income</b>	<b>Monetary income</b>	<b>Benefit in kind</b>
Board of Directors	1	1	-
Supervisory Board	1	1	-

The emoluments for the members of statutory bodies and the Supervisory Board for 2008 were as follows:

<b>CZK million</b>	<b>Total income</b>	<b>Monetary income</b>	<b>Benefit in kind</b>
Board of Directors	1	1	-
Supervisory Board	1	1	-

The number of employees is based on the average recalculated number of annual full-time employees. The management classification includes executive directors and other directors of the Company.

Since 2002, the Company has been providing its employees with a contribution to supplementary pension insurance. In 2009, the total contribution provided was CZK 31 million (in 2008: CZK 31 million).

**4 EMPLOYEES AND MANAGEMENT (continued)**

In 2009 and 2008, the Company did not provide any loans to members of statutory bodies. Company cars are made available for use by management for business and personal purposes. The total acquisition cost of cars used by the Company's management as at 31 December 2009 was CZK 20 million (31 December 2008: CZK 31 million). Since 2004, the Company has provided top management with compensation for fuel used for private purposes. In 2009, the compensation totalled CZK 1 million (in 2008: CZK 1 million).

**5 FEES PAID AND PAYABLE TO THE AUDIT COMPANY**

The information on the fees of the audit company, covering the whole group, is included in the annual report of the parent company Deutsche Telekom AG.

**6 POST BALANCE SHEET EVENTS**

No events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2009.

**Approval of the statutory financial statements**

These financial statements have been approved by the Board of Directors of the Company for issuance on 25 March 2010.



Philipp Humm  
Chairman of the Board of Directors



Roland Mahler  
Member of the Board of Directors

**REPORT ON THE RELATIONSHIPS BETWEEN THE RELATED PARTIES  
FOR THE YEAR 2009**

## REPORT ON THE RELATIONSHIPS BETWEEN THE RELATED PARTIES FOR THE YEAR 2009

In accordance with the provision of Section 66a (9) of Act No. 513/1991, the Commercial Code, the Board of Directors of T-Mobile Czech Republic a.s., having its registered office at Tomíčková 2144/1, 149 00 Praha 4, company registration number 64949681, which is registered in the Commercial Register administered by the Municipal Court in Prague, Section B, File No. 3787 ("TMCZ"), prepared, in respect of the accounting period of the year 2009, the Report on the Relationships between the Controlling Party and the Controlled Party and on the Relationships between the Controlled Party and Other Parties Controlled by the Same Controlling Party.

**During the accounting period, TMCZ formed part of the Group of Deutsche Telekom AG, having its registered office at Friedrich-Ebert-Allee 140, 53113 Bonn ("DTAG").**

In 2009, the party controlling TMCZ was CMobil B.V. (60.77% share). The party controlling CMobil B.V. was T-Mobile Global Holding Nr. 2 GmbH (100% share). The party controlling the aforementioned company was DTAG (100% share).

Throughout the accounting period, TMCZ did not control any business entity, nor any other entity.

### 1. Overview of the Related Parties

The overview contains the entities controlled by DTAG with which TMCZ had business relationships during the accounting period, as well as some entities which stand, in the structure of the group companies, either above or below the aforementioned entities.

#### **DTAG**

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<b>100.00%</b>	<b>T-Mobile Global Zwischenholding GmbH (Germany)</b>
100.00%	T-Mobile Global Holding GmbH (Germany)
100.00%	T-Mobile USA, Inc. (USA)
	100.00% SunCom Wireless Holdings Inc. (USA)
	100.00% T-Mobile PCS Holdings LLC (USA)
	100.00% T-Mobile License, LLC (USA)
	100.00% T-Mobile West Corporation (USA)
	100.00% T-Mobile South LLC (USA)
	100.00% T-Mobile Central LLC (USA)
	100.00% T-Mobile Subsidiary IV Corporation (USA)
	100.00% T-Mobile Northeast LLC (USA)
	100.00% T-Mobile Subsidiary V Corporation (USA)
	100.00% Powertel/ Memphis, Inc. (USA)
	100.00% VoiceStream Pittsburgh General Partner, Inc. (USA)
	100.00% VoiceStream PCS Iowa Corporation (USA)
100.00%	T-Mobile Holdings Limited (United Kingdom)
	100.00% T-Mobile United Kingdom Limited (United Kingdom)
	100.00% One 2 One Limited (United Kingdom)
	100.00% T-Mobile Limited (United Kingdom)
	100.00% T-Mobile (UK) Limited (United Kingdom)
	100.00% T-Mobile No. 1 Limited (United Kingdom)
	100.00% T-Mobile No. 5 Limited (United Kingdom)
100.00%	T-Mobile Netherlands Holding B.V. (Netherlands)

<sup>\*</sup> Until 6 July 2009, the party controlling CMobil B.V. was T-Mobile International AG, which ceased to exist on the above date as a result of merger with DTAG.



- 100.00% T-Mobile Netherlands B.V. (Netherlands)
  - 100.00% T-Mobile Netherlands Klantenservice B.V. (Netherlands)
  - 100.00% T-Mobile Netherlands Retail B.V. (Netherlands)
  - 100.00% Tulip B.V. (Netherlands)
  - 100.00% Online Breedband B.V. (Netherlands)
- 100.00% T-Mobile Global Holding Nr. 2 GmbH (Germany)**
  - 100.00% CMobil B.V. (Netherlands)
    - 60.77% T-Mobile Czech Republic a.s. (Czech Republic)
  - 100.00% T-Mobile Austria Holding GmbH (Austria)
    - 100.00% T-Mobile Austria GmbH (Austria)
      - 100.00% T-Mobile Zahlungsdienste GmbH (Austria)
      - 100.00% T-Mobile International Austria GmbH (Austria)
    - 100.00% T-Mobile Service GmbH (Austria)
- 100.00% T-Mobile International UK Limited (United Kingdom)**
- 100.00% Deutsche Telekom Asia Pte Ltd (Singapore)**
  - 20.00% Devas Multimedia Pvt Ltd (India)
- 51.00% HT Hrvatske telekomunikacije d.d. (Croatia)**
  - 100.00% Kabelsko distributivni sustav d.o.o. (Croatia)
  - 100.00% Iskon Internet d.d.(Croatia)
  - 100.00% T-Mobile Hrvatska d.o.o. (Croatia)
    - 39.10% HT d.o.o. Mostar (Bosnia and Herzegovina)
    - 30.29% Hrvatska posta d.o.o. (Bosnia and Herzegovina)
- 51.00% Slovak Telekom, a.s. (Slovakia)**
  - 100.00% T-Mobile Slovensko, a.s. (Slovakia)
  - 100.00% Zoznam Mobile, s.r.o. (Slovakia)
  - 100.00% Zoznam s.r.o. (Slovakia)
- 100.00% MagyarCom Holding GmbH (Germany)**
  - 59.21% Magyar Telekom Nyrt. (Hungary)
    - 100.00% Combridge S.R.L. (Romania)
    - 76.50% Crnogorski Telekom A.D. (Montenegro)
    - 100.00% Telemacedonia A.D. (Macedonia)
    - 100.00% Stonebridge Communication A.D. (Macedonia)
      - 51.00% Makedonski Telekom A.D. (Macedonia)
        - 100.00% T-Mobile Macedonia A.D. (Macedonia)
    - 99.90% Viabridge Telecommunications Holding Ltd. (Malta)
    - 99.90% Novatel Ukraine L.L.C. (Ukraine)
    - 100.00% Orbitel A.D. (Bulgaria)
      - 100.00% Hit.bg EOOD (Bulgaria)
      - 100.00% Orbitel UK Ltd. (United Kingdom)
    - 100.00% Novatel EOOD (Bulgaria)
- 30% +1 Hellenic Telecommunications Organization S.A. (OTE) (Greece)**
  - 100.00% OTE International Investments Ltd. (Cyprus)
    - 54.01% Romtelecom S.A. (Romania)
      - 30.00% Cosmote Romanian Mobile Telecommunications S.A. (Romania)
    - 100.00% Cosmote Mobile Telecommunications S.A. (Greece)
      - 70.00% Cosmote Romanian Mobile Telecommunications S.A. (Romania)

12.60% Albanian Mobile Communications Sh.a (AMC) (Albania)  
97.00% Cosmo Holding Albania Société Anonyme (Greece)

85.00 % Albanian Mobile Communications Sh.a (AMC)  
(Albania)

100.00% Cosmo Bulgaria Mobile EAD (Globul) (Bulgaria)

90.00% Cosmoholding Cyprus Ltd. (Cyprus)

100.00% Mobilbeep Telecommunications One Person  
Limited Liability (Greece)

99.90% Germanos S.A. (Greece)

20.00% Telecom Srbija a.d. (Serbia)

**100.00% T-Mobile Deutschland GmbH (Germany)**

70.50% Polska Telefonia Cyfrowa Sp.z o.o. (Poland)

**100.00% T-Mobile Poland Holding Nr. 1 B.V. (Netherlands)**

22.50% Polska Telefonia Cyfrowa Sp.z o.o. (Poland)

**100.00% T-Mobile Worldwide Holding GmbH (Germany)**

100.00% HoldCo Sp.z.o.o. (Poland)

100.00% Polpager Sp.z.o.o. (Poland)

4.00% Polska Telefonia Cyfrowa Sp.z o.o. (Poland)

**49.00% CTDI GmbH (Germany)**

**25.50% Electrocycling GmbH (Germany)**

**100.00% T-Systems International GmbH (Germany)**

100.00% T-Systems North America, Inc. (USA)

100.00% T-Systems Japan K.K. (Japan)

100.00% Detecon International GmbH (Germany)

100.00% I.T.E.N.O.S. International Telecom Network Operation Services  
GmbH (Germany)

100.00% T-Systems Multimedia Solutions GmbH (Germany)

100.00% T-Systems Czech Republic a.s. (Czech Republic)

99.00% T-Systems Venture Fund GmbH & Co. KG (Germany)

100.00% Horaz Telekommunikationsdienste GmbH (Germany)

100.00% T-Systems Polska Sp. z o.o. (Poland)

100.00% T-Systems CIS (Russia)

100.00% T-Systems Schweiz AG (Switzerland)

100.00% T-Systems Spring Italia S.r.l. (Italy)

100.00% T-Systems Nordic TC Services A/S (Denmark)

100.00% T-Systems Limited (United Kingdom)

100.00% T-Systems Nederland B.V. (Netherlands)

100.00% T-Systems Beteiligungsverwaltungsgesellschaft mbH (Germany)

100.00% Satellic Traffic Management GmbH (Germany)

100.00% T-Systems ITC Iberia, S.A. (Spain)

100.00% T-Systems South Africa Holdings (Proprietary) Limited (South  
Africa)

100.00% T-Systems Austria GesmbH (Austria)

100.00% Software Daten Service Gesellschaft m.b.H. (Austria)

99.40% T SYSTEMS TELEKOMÜNİKASYON LIMITED SIRKETI (Turkey)

32.40% TeleOp GmbH (Germany)

100.00% T-Systems, informacijski sistemi, d.o.o.(Slovenia)

100.00% T-Systems d.o.o. (Serbia)

99.90% TOB T-Systems Ukraine (Ukraine)

100.00% Transparent Goods GmbH (Germany)

97.50% T-Systems Slovakia s.r.o. (Slovakia)

100.00% T-Systems d.o.o. (Bosnia and Herzegovina)

100.00% T-Systems P.R. China Ltd. (China)  
 99.00% T-Systems Information and Communication Technology E.P.E. (Greece)  
 100.00% T-Systems Regional Services and Solutions GmbH (Germany)  
 100.00% T-Systems Individua Desktop Solutions GmbH (Germany)  
 100.00% GEMAPPS Gesellschaft für mobile Lösungen mbH (Germany)  
 99.98% T-Systems Luxembourg S.A. (Luxembourg)  
 100.00% IT Services Hungary Szolgáltató Kft. (Hungary)  
 100.00% T-Systems IT Gamma GmbH (Germany)  
 100.00% T-Systems Hosting Services GmbH (Germany)  
 100.00% T-Systems IT Epsilon GmbH (Germany)  
 100.00% T-Systems IT Zeta GmbH (Germany)  
 100.00% T-Systems IT Eta GmbH (Germany)  
 100.00% T-Systems IT Theta GmbH (Germany)  
 49.00% T-Systems Telecomunicaciones de Mexico, S.A. de C.V. (Mexico)  
 100.00% T-Systems Malaysia Sdn. Bhd. (Malaysia)  
 100.00% T-Systems Information and Communication Technology India Private Limited (India)  
 100.00% T-Systems SFPH GmbH (Germany)  
 100.00% T-Systems France SAS (France)  
 50.00% operational services GmbH & Co. KG (Germany)  
 100.00% T-Systems on site services GmbH (Germany)  
 98.00% T-Systems Argentina S.A. (Argentina)  
 99.95% T-Systems Mexico, S.A. de C.V. (Mexico)  
 100.00% T-Systems ITS Austria GmbH (Austria)  
 100.00% T-Systems China Limited (Hong Kong)  
 20.00% HWW- Höchstleistungsrechner für Wissenschaft und Wirtschaft Betriebsgesellschaft mbH (Germany)  
 100.00% T-Systems GEI GmbH (Germany)  
 100.00% T-Systems Singapore Pte. Ltd. (Singapore)  
 99.35% T-Systems Belgium NV (Belgium)  
 99.99% T-Systems do Brasil Ltda. (Brazil)  
 100.00% T-Systems DDM GmbH (Germany)  
 100.00% T-Systems Italia S.p.A. (Italy)  
 100.00% T-Systems Solutions for Research GmbH (Germany)

The entities listed in the overview are hereinafter referred to as the “Related Parties”.

## 2. Contracts concluded with the Related Parties in 2009<sup>\*</sup>

### **Albanian Mobile Communications a. s.**

- International Roaming Agreement (No. 021365-000-00)

### **Deutsche Telekom AG<sup>\*\*</sup>**

- Amendment to the Side Letter to the Master Agreement for Derivates and Investment Contracts (No. 019895-101-00)
- Service Agreement – Interoperator Discount Contracts (No. 021094-000-00)
- Confidentiality Agreement (No. 021267-000-00)
- Service Arrangement 2009 (No. 013243-105-00)
- Service Arrangement 2009 (No. 013244-106-00)
- Variation to Unification of Payment Terms (No. 015941-103-00)
- Key Terms Agreement (iPhone Products) (No. 990031-000-00)
- Amendment to the Key Terms, Sales&Purchase, Certification, and Products Advertising (No. 990031-101-00)<sup>\*\*\*</sup>
- Sales&Purchase Agreement (iPhone Products) (No. 990032-000-00)<sup>\*\*\*</sup>
- Amendment to the Key Terms, Sales&Purchase, Certification, and Product Advertising (No. 990032-101-00)<sup>\*\*\*</sup>
- Product Advertising Fund Agreement (iPhone Products) (No. 990033-000-00)<sup>\*\*\*</sup>
- Amendment to the Key Terms, Sales&Purchase, Certification, and Product Advertising (No. 990033-101-00)<sup>\*\*\*</sup>
- Certification Agreement (iPhone Products) (No. 990034-000-00)<sup>\*\*\*</sup>
- Amendment to the Key Terms, Sales&Purchase, Certification, and Product Advertising (No. 990034-101-00)<sup>\*\*\*</sup>
- Frame Agreement for Maintenance Services in Connection with Voicemail Systems (No. 990038-000-00)<sup>\*\*\*</sup>

### **Magyar Telekom Nyrt.**

- 4th Variation Agreement (No. 015878-104-00)
- 5th Variation Agreement (No. 015878-105-00)

### **T – Mobile Austria GmbH**

- Amendment 2 to Service Agreement – transfer pricing 2008 (No.014973-102-00)
- 4th Variation Agreement (No. 015878-104-00)
- Project Service Agreement (for operation of International Transmission Network) (No. 021148-000-00)
- Confidentiality Agreement (No. 021267-000-00)
- 5th Variation Agreement (No. 015878-105-00)

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<sup>\*</sup> The amounts specified with individual agreements are in CZK millions.

<sup>\*\*</sup> This also includes performances under the agreements signed with T-Mobile International AG, which ceased to exist as a result of merger with DTAG in 2009.

<sup>\*\*\*</sup> These agreements were not entered into with TMCZ, but selected conditions are binding on TMCZ.

**T-Mobile Hrvatska d. o. o.**

- 4th Variation Agreement (No. 015878-104-00)
- 5th Variation Agreement (No. 015878-105-00)

**T-Mobile Deutschland GmbH**

- Agreement on the Processing of Personal Data on behalf of the Customer (No. 020414-000-00)
- Project Service Agreement (No. 020684-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
2			A common platform within the T-Mobile Group

- Project Service Agreement – Provision of International Roaming ESOC Services (No. 021151-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
2			Reinvoicing of costs related to the common platform - International Roaming

- Project Service Agreement for the Provision of IN Systems (No. 021153-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
5			Reinvoicing of costs related to the common platform – IN Systems

- Project Service Agreement for the Provision of FTE based Services (No. 021155-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
1			Reinvoicing of costs related to the common platform – FTE

- Project Service Agreement (for operation of International Transmission Network) (No. 021192-000-00)
- Project Service Agreement (for operational support of IN MDS applications) (No. 021193-000-00)
- Project Service Agreement (technology expertise for community services) (No. 021194-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	3	Reinvoicing of costs related to the common platform - community services	

- Confidentiality Agreement (No. 021267-000-00)
- Project Service Agreement – For the Provision of OTA Services (OTA server hosting in TMDE) (No. 021318-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
1			Reinvoicing of costs related to the common platform – OTA server hosting

- 4th Variation Agreement (No.015878-104-00)
- 5th Variation Agreement (No. 015878-105-00)
- Amendment 2 to Service Agreement – transfer pricing 2008 (No. 014973-102-00)
- Project Service Agreement for VoMS

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
3			Transfer pricing – VoMS service

#### **T- Mobile International UK Limited**

- Cross Charging Services Agreement (No. 020909-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	12	SW development	

- Engagement Form – Electronic Arts Games (C2M) (No. 001406-156-00)
- Content Resale and Partner Services Agreement (No. 020475-000-00)

#### **Crnogorski Telekom A.D.**

- 4th Variation Agreement (No. 015878-104-00)
- 5th Variation Agreement (No. 015878-105-00)

#### **T-Mobile Netherlands B.V.**

- Amendment 2 to the Service Agreement – transfer pricing 2008 (No. 014973-102-00)
- 4th Variation Agreement (No. 015878-104-00)
- Confidentiality Agreement (No. 021267-000-00)
- Project Services Agreement – provisioning and operating international transmission networking (ITN) capability (No. 021146-000-00)
- 5th Variation Agreement (No. 015878-105-00)

#### **T-Mobile Slovensko, a. s.**

- 4th Variation Agreement (No. 015878-104-00)
- 5th Variation Agreement (No. 015878-105-00)

### **T-Mobile (UK) Ltd.**

- 4th Variation Agreement (No. 015878-104-00)
- Licence Agreement (No. 020996-000-00)
- Confidentiality Agreement (No. 021267-000-00)
- Project Service Agreement (for operation of International Transmission Network) (No. 021147-000-00)
- Amendment to the Project Service Agreement (No.019713-000-00)
- 5th Variation Agreement (No. 015878-105-00)

### **T-Mobile USA, Inc.**

- 4th Variation Agreement (No. 015878-104-00)
- 5th Variation Agreement (No. 015878-105-00)

### **T-Systems Czech Republic a.s.**

- Amendment 2 to the Agreement on Signalling for International Roaming (No. 010340-102-00)
- Amendment 11 to the Network Interconnection Agreement – amendment of contractual terms (No. 010530-111-00)
- Service Level Agreement (No. 012866-201-00)
- Sub-Agreement No. 2 to Framework Contract No. 017167-000-00 (No.017167-202-00)
- Amendment 1 to the Agreement on the Provision of xDSL Electronic Communications (No.019266-101-00)
- Amendment 2 – Naked ADSL Implementation (extension of the existing ordering system) (No. 019266-102-00)
- Agreement on the Provision of Services (OMC support) (No.02322-000-00)
- Amendment 1 to the Sublease Agreement (No. 014776-101-00)
- Amendment 1 to the Sublease Agreement (No.014777-101-00)
- Amendment 1 to the Sublease Agreement (No. 014778-101-00)
- Amendment 3 to the Sublease Agreement – change of the amount of rent (No. 014779-103-00)
- Amendment 4 – Vacation of Premises (No. 014779-104-00)
- Amendment 1 to the Non-Residential Lease Agreement (No.014780-101-00)
- Amendment 2 to the Lease Agreement – change of the amount of rent (No. 014781-102-00)
- Amendment 3 to the Lease Agreement – change of the amount of rent (No. 014781-103-00)
- Amendment 1 to the Lease Agreement – rent increase (No.014782-101-00)
- Amendment No. 2 Final Consolidation Agreement II, No. 018835-000-00 (No. 018835-102-00)
- Amendment No. 3 Final Consolidation Agreement II, No. 018835-000-00 (No. 018835-103-00)
- Agreement on the decrease of Facility costs (No. 021577-000-00)

### **Polska Telefonia Cyfrowa Sp.z o. o.**

- 4th Variation Agreement (No. 015878-104-00)
- 5th Variation Agreement (No. 015878-105-00)

**Zoznam Mobile, s. r. o.**

- Content Provision Agreement (No. 021136-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
1			Content services

**3. Contracts with the Related Parties lasting during 2009 based on which payment, services or goods were provided****CTDI GmbH**

- Framework Purchase Contract – purchase of used GSM equipment (replacement and resale of T-Mobile Deutschland's network equipment) (No. 018498-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
3			Purchase of used GSM equipment

**Cosmo Bulgaria Mobile EAD**

- Roaming Agreement (No.014837-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
2			Roaming

**Cosmote Mobile Telecommunications, S. A.**

- Roaming Agreement (No. 000030-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
6	2	Roaming	Roaming

**Cosmote Romanian Mobile Telecommunications S.A.**

- Roaming Agreement (No. 014876-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
2			Roaming

**Deutsche Telekom AG<sup>\*</sup>**

- Letter of Understanding (No. 010003-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	7	Rebranding	

<sup>\*</sup> This also includes fulfillment under the agreements signed with T-Mobile International AG, which ceased to exist as a result of merger with DTAG in 2009.



- Master Agreement for Derivates and Investment Contracts (No. 019894-000-00) and Side Letter (No. 019895-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
103 960	97 772	Shareholder's loan – loan principal	Shareholder's loan – repayment of the loan principal and interest provided

- Master Agreement for Derivates and Investment Contracts (No. 019894-000-00) and Side Letter (No. 019895-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
534			Purchase of foreign currencies at market value

- Agreement on Bilateral MMS eXchange (No. 016451-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
1			MMS interworking

- Benchmark for TMCZ

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
3			Benchmark for TMCZ

- HR issues

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
1			Personnel costs

- Sublicence Agreement (No. 010091-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
81			Licence

- T-Zones Agreement (No. 012876-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
52			Use of the T-Zones brand

- Agreement on the Provision of Services in the area of TMO (allocation of insurance premium) (No. 017472-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
6			Allocation of insurance premium

- Framework Cooperation and Service Agreement – Inbound (No. 013243-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	4	Human resources services within the DTAG Group	

- Framework Cooperation and Service Agreement – Inbound (No. 013243-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	5	Customer care services (preparation of a roadmap in connection with the development of customer care and sales technologies, integration of strategic directions of customer care and sales development in individual companies of the DTAG Group)	

- Framework Cooperation and Service Agreement – Inbound (No. 013243-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	1	Marketing services (consultancy services related to the standardization, definition and creation of data models, data collection, support and consultancy services in connection with the development of databases for marketing purposes, support in ad hoc marketing analyses)	

- Framework Cooperation and Service Agreement – Inbound (No. 013243-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	113	Technology services (preparation and planning for the development of IS technologies and the network, development of the existing and new functionalities for IS technologies, the network and network components)	

- international Billing Mediation Device (iBMD)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	2	Development, maintenance and support of iBMD	

- Re invoicing of European Winners' Circle (employee contest)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
2	3	Employee contest	Employee contest

- MTIP HR

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
1			Personnel costs

- Framework Cooperation and Service Agreement (Outbound/Allocation)  
(No. 013244-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
266			Technology services (consultancy services regarding the optimisation of information system architectures, mobile devices and value added services; consultancy services regarding the implementation, development and maintenance of a mobile network with a focus on cost and functional efficiency)

- Framework Cooperation and Service Agreement (Outbound/Allocation)  
(No. 013244-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
18			Customer care and sales services (consultancy services and support related to international purchase tenders, preparation and management of contracts with other operators, support and consultancy services involving local sales staff, support and consultancy services related to increasing the customer service efficiency)

- Framework Cooperation and Service Agreement (Outbound/Allocation)  
(No. 013244-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
108			Marketing services (provision of marketing survey results, consultancy services for building the corporate brand, sharing costs related to joint marketing campaigns within the T-Mobile International Group, support in negotiations with other operators concerning roaming development)

- Sing-Along

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
5			Reinvoicing of the costs of the Sing-Along promotional campaign

- Technology Pulse

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
1			Transfer pricing – Technology Pulse

- Agreement on Cooperation in Provision of Roaming Services (No. 014585-000-00)\*

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
(102)	(142)	Services provided within cooperation with individual operators	Services provided within cooperation with individual operators

### Electrocycling GmbH

- Non-Disclosure Agreement (No. 020368-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
1			Storage costs

### Hellenic Telecommunications Organization S.A. (OTE)

- Roaming

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
(1)	1	Roaming	Roaming

### Makedonski Telekom A.D.

- International Roaming Agreement (No. 00362-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
1	1	Roaming	Roaming

### Polska Telefonia Cyfrowa Sp.z o.o.

- International GSM Roaming Agreement (No. 011455-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
16	38	Roaming and SMS interworking	Roaming and SMS interworking

\* Note: The above payments (both received and provided) differ from the data used for the Notes to the Financial Statements 2009 because they also include cases where DTAG is only an intermediary in payment transactions with third parties.

- Agreements on Discounts for Inter-Operator Tariffs (No. 015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
(6)	(16)	Services provided within cooperation with individual operators	Services provided within cooperation with individual operators

**T-Mobile Austria GmbH**

- International GSM Roaming Agreement (No. 011417-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
53	22	Roaming and SMS interworking	Roaming and SMS interworking

- Interconnection Agreement (No. 013609-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
8	26	Interconnection	Interconnection

- Service Agreement Concerning the Performance of Melody Services (No. 014973-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	1	Reinvoicing of costs related to the common platform for the Melody project	

- Agreement on Discounts for Inter-Operator Tariffs (No. 015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
(27)	(10)	Services provided within cooperation with individual operators	Services provided within cooperation with individual operators

- iBMD

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	9	Development, maintenance and support of iBMD	

**T-Mobile Hrvatska d.o.o.**

- Agreement on Discounts for Inter-Operator Tariffs (No. 015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
(45)	(7)	Services provided within cooperation with individual operators	Services provided within cooperation with individual operators

- International GSM Roaming Agreement (No. 011422-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
65	10	Roaming and SMS interworking	Roaming and SMS interworking

**Crnogorski Telekom A.D.**

- Agreements on Discounts for Inter-Operator Tariffs (No. 015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
(1)			Services provided within cooperation with individual operators

- Roaming Agreement (No. 011470-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
2			Roaming

**T-Mobile Deutschland GmbH**

- Project Service Agreement (Remote Device Management) Release 1  
(No. 016886-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
7			RDM services

- Project Service Agreement for the Provision of MMSC – Services (No. 020176-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
5			Common platform within the T-Mobile Group

- Service Agreement Concerning the Performance of Melody Services  
(No.014973-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	8	Reinvoicing of costs related to the common platform for the Melody project	

- Agreement on Discounts for Inter-Operator Tariffs (No. 015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
(40)	(47)	Services provided within cooperation with individual operators	Services provided within cooperation with individual operators

- Interconnection Agreement (No. 001776-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
43	70	Interconnection	Interconnection

- Project Service Agreement for Subscription Server (No. 016046-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
21			Subscription server

- International Roaming Agreement (No. 016485-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
92	113	Roaming, SMS and MMS interworking	Roaming, SMS and MMS interworking

- Roaming Agreement for Public Wireless LAN Services (WLAN – Germany) (No. 016882-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	1	WLAN	

- Project Service Agreement (WLAN Central Service Area (CSA) – HotSpot) (No. 016928-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
4			WLAN

- Sublicence of TIBCO Software License Agreement (No. 011269-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
2			TIBCO Enterprise Licence

- iBMD

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	92	Development, maintenance and support of iBMD	

- TP MMS

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
3			Transfer pricing – MMS

- My Faves

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
36			Transfer pricing –the My Faves service

- TIBCO SW

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
6			Purchase of SW - TIBCO



**Magyar Telekom Nyrt.**

- Agreement on Discounts for Inter-Operator Tariffs (No. 015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
(4)	(5)	Services provided within cooperation with individual operators	Services provided within cooperation with individual operators

- International GSM Roaming Agreement (No. 011437-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
10	14	Roaming and SMS interworking	Roaming and SMS interworking

**T-Mobile International UK Limited**

- Content Reseller Agreement (No. 001406-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
13			Content services

**T-Mobile (UK) Limited**

- Agreement on Discounts for Inter-Operator Tariffs (No. 015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
(5)	(8)	Services provided within cooperation with individual operators	Services provided within cooperation with individual operators

- International GSM Roaming Agreement (No. 000338-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
17	15	Roaming and SMS interworking	Roaming and SMS interworking

- Advertising at Yahoo

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	1	Advertising at Yahoo	

- Project Service Agreement for International eSales Solution (IneSS) (No. 019713-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
1			Purchase and maintenance of the e-shop platform

\* This agreement also includes the performances provided during 2009 based on the identically named agreement no. 018008-000-00.

**T-Mobile Netherlands B.V.**

- Agreement on Discounts for Inter-Operator Tariffs (No. 015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
(5)	(4)	Services provided within cooperation with individual operators	Services provided within cooperation with individual operators

- International GSM Roaming Agreement (No. 000537-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
11	10	Roaming and SMS interworking	Roaming and SMS interworking

- iBMD

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	1	Development and maintenance of iBMD	

**T-Mobile Slovensko, a. s.**

- Agreement on Discounts for Inter-Operator Tariffs (No. 015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
(37)	(28)	Services provided within cooperation with individual operators	Services provided within cooperation with individual operators

- International GSM Roaming Agreement (No. 000178-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
81	72	Roaming and SMS interworking	Roaming and SMS interworking

- Interconnection Agreement (No. 016452-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
44	38	Interconnection	Interconnection

**T-Mobile USA, Inc.**

- Agreement on Discounts for Inter-Operator Tariffs (No. 015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
(18)	(19)	Services provided within cooperation with individual operators	Services provided within cooperation with individual operators

- International Roaming Agreement – USA (No. 016180-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
35	32	Roaming	Roaming

**T-Systems Czech Republic a. s.**

- Agreement on the Provision of xDSL Electronic Communications (No. 019266-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
13			DSL connection

- Agreement on the Provision of Maintenance Services, Service Support and Related Extra Services (No.019807-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
3			SW support and maintenance

- Agreement on the Increase of Facility Costs (No. 020223-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	8		Services of the Operations and Maintenance Centre

- Agreement on the Mutual Provision of PSTN/ISDN Telecommunications Services at the Access Point of the PRAGONET Network in Prague (No. 990863-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
3			Interconnection

- GSM services

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	15		GSM services and sale of mobile phones

- HW and SW

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
20			Purchase of HW and SW

- Sublease Agreement (Brno) (No. 014777-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	1		Sublease and services

- Sublease Agreement (Koospol) (No. 014778-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	9		Sublease and services

\* This also includes performances under the agreements signed with T-Systems Czech s.r.o., which ceased to exist as a result of merger with T-Systems Czech Republic a.s. in 2008.

- Sublease Agreement (Roztyly) (No. 014779-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	18	Sublease and services	

- Lease Agreement (Hradec Králové) (No. 014781-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	11	Sublease and services	

- Lease Agreement (Louny) (No. 014782-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	3	Sublease and services	

- Contract for Work – invoice printing, mailing and enveloping (No. 017107-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
152			Printing, mailing and related services

- Framework Contract – project deliveries (implementation of TEE projects)  
(No. 017167-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
4			IMPOST project

- Data Transmission and Telecommunication Connection Agreement  
(No.001356-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
3			Lease of lines

- Global Intranet GPRS Roaming eXchange (GRX) (No. 010109-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
10			Lease of lines

- Framework Contract for Telecommunication Connection Services (No. 010300-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
15			Lease of optical fibres

- Agreement on Interconnection of Telecommunication Networks (No. 010530-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
	44	Interconnection	

- Agreement on International Telecommunication Services (No. 012866-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
88	15	Interconnection	Interconnection

- Final Consolidation Agreement II (IT outsourcing – phase 2) (No. 018835-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
654			IT outsourcing services

**T- Systems International GmbH**

- SW fees

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
7			Fees for the use of SW

- SW support

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
1			SW-related consultancy services

- TP APO

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
1			Transfer pricing - APO

- SW maintenance

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
7			SW services

- SW

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
4			Purchase of SW

**Telekom Srbija a.d.**

- Roaming Agreement (No. 000365-000-00)

Payments		Services/goods	
Provided by TMCZ	Received by TMCZ	Provided by TMCZ	Received by TMCZ
4	4	Roaming	Roaming

The Report on the Relationships does not contain performances under contracts between the Related Parties provided in 2009 where the total value of payments/goods/services related to a single contract did not exceed CZK 500 thousand. For 2009, there are 54 such contracts in total. The aggregate value of payments/goods/services received by TMCZ based on these contracts amounts to CZK 5 million; the aggregate value of payments/goods/services provided by TMCZ based on these contracts amounts to CZK 4 million. These contracts did not result in any loss on the part of TMCZ.

**4. Other legal transactions undertaken in the interest or at the instigation of the Related Parties**

In 2009 TMCZ did not perform any other legal transactions in the interest or at the instigation of the Related Parties.

**5. Other measures taken in the interest or at the instigation of the Related Parties**

In 2009 TMCZ did not accept or take, in the interest or at the instigation of the Related Parties in terms of the provisions of the Commercial Code which regulate the Report on the Relationships, any other measures which could have resulted in a potential loss on the part of TMCZ.

**6. Assessment of reasonability of the payments/services/goods and related considerations ensuing from the contracts with the Related Parties, other legal transactions and other measures performed in the interest or at the instigation of the Related Parties**

During the 2009 accounting period, payments/services/goods and related considerations were provided based on the contracts with the Related Parties under the standard business terms and conditions and at customary prices corresponding to the payments/services/goods provided. These payments/services/goods and related considerations were in each and every case provided in compliance with laws and regulations governing economic competition and in no case were of the nature of agreements which might result in the distortion of competition in terms of the Protection of Economic Competition Act No. 143/2001 Coll.

In 2009 TMCZ did not incur any loss in connection with the relationships with the Related Parties.

**7. Final declaration**

The data set forth in this Report has been processed with due managerial care and is true and complete.