



ANNUAL REPORT
T-MOBILE CZECH
REPUBLIC a.s.
2012

T-Mobile

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**WE LIVE FOR
THE CUSTOMER
AND CHANGE
BOLDLY**

T-Mobile Czech Republic was named the Best Wireless Telecoms Provider in Eastern Europe¹ in 2012. The award is a great honour that motivates us to continue offering the highest possible quality of services and to provide the best care to our 5.5 million customers.

In 2012 we continued fulfilling our strategy of being number one in internet service – both in terms of services offered to our customers and in terms of technologies operated by us. In April, we introduced our new S námi (With Us) tariff plans, which combine calls and text messages with mobile internet. We have continued to roll out and strengthen our 3G network, which is now available to 86% of the population. We have a total of 2,488² of our own transmitters covering more than 590 towns³ across the Czech Republic.

In June, we launched our newly updated website at www.t-mobile.cz, changing what our customers had been used to until then – the volume of text was reduced significantly, clearly arranged navigation menus facilitate searching for information and pictures of handsets are four times bigger than on the original website. The My T-Mobile self-service application was also revamped into a more user-friendly form; in the period between May and November last year, the number of transactions made via the new My T-Mobile application increased by 58% as compared with the first half of the year. Our redesigned website was awarded first place in the WebTop100 survey.

¹ Title awarded in a specialised survey by the World Finance Awards organised by the magazine World Finance.

² 2,488 transmitters are operated by TMCZ, 490 transmitters by TO2. Our signal is thus transmitted in the Czech Republic by a total of 2,908 transmitters.

³ T-Mobile covers a total of 2,468 towns and villages with the 3G signal, of which 598 have a population of more than 2,000.

**WE BRING
THE BEST
TO OUR
CUSTOMERS**



**Našim to
nejlepší**

- **New S námi tariff plans combining free minutes, free text messages and free internet**
- **New Naším za dobití programme for all prepaid Twist card users**
- **Super fast internet thanks to the fastest 3G network and expanding HSPA+ 42 coverage**

We succeeded in ensuring that any customer can choose a smartphone or tablet with us from the truly broadest portfolio and, when extending his or her contract, for a significantly reduced price.

We introduced new S námi (With Us) tariff plans, combining not only a larger amount of free minutes and text messages to all networks but also internet access, which is already included in their price. And since we serve the largest number of customers on the Czech market, these plans newly include the benefit of free on-net calls. Therefore our customers can now really call half of our country's population free of charge.

We also prepared a new offer for prepaid card users. All users of prepaid Twist cards for voice services can sign up for the new Naším za dobití (For Our Customers for Topping Up) programme and enjoy a benefit of their choice for each top-up – free calls to T-Mobile numbers, calls to all networks for CZK 2.50 min., free mobile internet or one free text message for every text message sent to any network.

Expedition Customer included a number of smaller activities – we improved the Magic Tuesdays benefit programme, allowed customers to switch to the new plans free of charge

and simplified the text of the key SMS notifications to make the message to customers clear and comprehensible.

Thanks to the continual optimisation of our 3G network and expansion of HSPA+ 42 coverage, our customers can enjoy super fast internet access. For more than a year now, we have succeeded in maintaining the number-one position in user speed tests at DSL.cz. But that is not enough for us. Customers can test the new fastest LTE network in our “LTE city”, which is Mladá Boleslav. To enhance customer experience, we introduced the HD voice service and the Mobito mobile wallet facilitating payments. Customers can now easily pay with their mobile telephones not only for products and services but they can also send money from one mobile telephone to another and top up prepaid credit.

Our care for loyal customers throughout the year reached its high point in our Christmas campaign. The campaign's hero Zadar, a ski-jumping coach, introduced the benefits – free calls for everyone, attractive rates of CZK 2.50/min. for calls to all networks for prepaid-card users, smartphones for the best prices and mobile internet at 25% discount.



**WE ARE
A RELIABLE
PARTNER
FOR COMPANIES**

→ **We fulfil the role of an integrated operator**

→ **We expand our portfolio of ICT services**

→ **We offer professional care**

This year, T-Mobile confirmed its role of a fully integrated operator and the quality of its offered services by winning several important tenders. We succeeded in attracting an important customer, Česká spořitelna, which chose us as its supplier of mobile and fixed-line services. At the same time, this victory represents a tremendous commitment for us: we are now responsible for, among other things, the proper functioning of Česká spořitelna's entire data network at more than 600 branches. The portfolio of important customers was also extended this year with the addition of the General Health Insurance Company (VZP), Skanska, DPD and Nowaco, to name just a few.

We respond effectively to new trends in telecommunications, which enabled us to become a top-quality and flexible provider of comprehensive ICT services for corporate customers this year. For example, in April we extended our offer to include virtual data centres, bringing a high level of flexibility to customers, helping them reduce IT costs and allowing them to use state-of-the-art equipment. Important customers which decided to use these services include, for example, the Football Association of the Czech Republic and Konica Minolta.

A positive customer experience in the segment of corporate customers is also of great importance for us. Thanks to the modification of certain work processes, we can now provide our customers with top-quality, tailor-made services and meet their requirements to the maximum extent. We also significantly changed the approach to fault fixing, from the operation of customer support to technical fault fixing.



**FASTEST
NETWORK
FOR OUR
CUSTOMERS**

- **We offer our customers the fastest 3G network with the broadest coverage in the Czech Republic**
- **We completed fine-tuning of the entire network focused on improving customer experience**
- **We started a public LTE pilot operation in Mladá Boleslav**

In 2012, we completed the rollout of our 3G network, with coverage reaching 86% of the population. This was part of our strategic commitment to offer our customers the fastest network and to expand the portfolio of mobile internet products. This is not just a marketing slogan; speed measurements by users at the independent DSL.cz server have repeatedly confirmed T-Mobile's number-one position every month since October 2011.

We are continuously developing the most advanced technologies and are the only operator supporting HSPA+ 21 technology in our entire 3G network. Additionally, T-Mobile, as the first operator on the market, launched the even more enhanced HSPA+ 42 technology, enabling customers to download data at twice the speed of the previous technology. Next we plan to roll out LTE. In November, we introduced a unique project that is the only one of its kind in the Czech Republic – in Mladá Boleslav we launched a pilot operation of LTE covering an entire large city. Any customer purchasing a LTE modem at a T-Mobile shop got access to unlimited LTE internet for a minimum of six months. Devices, including SIM cards, could also be borrowed free of charge by anyone wishing to test the new technology.

Following the completion of our 3G network rollout, we launched a massive initiative aimed at fine-tuning technical parameters. The purpose of this exercise was to improve customer experience as much as possible. It brought measurable and visible improvements in the areas that customers care about most: for example, uninterrupted video streaming on YouTube, quality of calls and fast e-mail downloading.

Telecommunications is changing and we have continuously been searching for the best operating models. In 2012 we successfully outsourced a part of our network rollout and operation to Huawei. We managed to find and negotiate such conditions of cooperation that meet the requirements for quality and operational reliability and also bring required savings.



**WE TAKE CARE OF
THE ENVIRONMENT**

- **We retained ISO 14001 certification**
- **We introduced electronic signature at T-Mobile shops**
- **We continue using alternative energy sources**
- **We support mobile telephone recycling**

As part of the environmental management system according to ISO 14001, at the end of last year this system, until then applied to the office building in Hradec Králové and all T-Mobile shops, was extended to include the T-Mobile building in Louny. We then successfully passed an independent audit and retained ISO 14001 certification.

Since 13 September 2012, our customers have had a possibility to sign electronically on special tablets at T-Mobile shops. Electronic signature helps us save our customers time and contribute to environmental protection. In 2012 we were the only telecommunications operator using this modern solution.

We continue monitoring the comprehensive power-supply system for all radio technologies (indoor and outdoor coverage with both the 2G and 3G signal) using alternative energy sources, which we put in place the previous year. Power is generated primarily by our own solar station and wind turbine, with hydrogen and methanol cells serving for backup power generation. This pilot project helps us gain practical experience with the operation of these types of renewable energy, which we then present to students of technical faculties.



**WE TAKE
CARE OF OUR
EMPLOYEES**

- **We won the bronze medal in the Employer of the Decade survey**
- **We offered a programme for supporting our employees' health**
- **We launched the T-Mobile University educational programme**
- **We are streamlining our organisational structure**

We won several important awards in 2012. We placed third in the Employer of the Decade survey and we defended our first-place ranking in the Company of the Year: Equal Opportunities contest. As at 31 December 2012, the ratio of women and men employed at TMCZ was 44.9% to 55.1%. These successes are proof of the high-quality care dedicated to our employees not only in the area of their working environment and education but also, for example, in the area of health care.

As part of the long-term Healthy Company programme, we organised a conference titled "To chce klid!" ("Take it easy!"), focused on stress prevention. This topic was illustrated by the presentation of Timothy Gallwey, the world-famous coach and author of many specialised publications, who personally introduced his concept of the Inner Game of Stress. Thanks to financial support provided by the General Health Insurance Company (VZP) and Occupational Health Insurance Company for Employees of the Banking, Insurance and Building Industry (OZP), we were able to offer a number of attractive healthcare programmes to our employees. In 2012, a total of 1,495 employees took part in the One Day for Your Health programme; from a broad offer of healthcare services, employees most often chose preventive checkups,

vaccination and dental hygiene. Additionally, we give special care to employees at T-Mobile shops who are exposed to a high risk of influenza in winter. For these and other activities in the area of general and systematic care for employees' health on top of those defined by law, we received the highest degree "Company Promoting Health" award granted by the Ministry of Health of the Czech Republic.

In July, we launched an innovative educational programme called T-Mobile University, which gives all employees an opportunity to start broadening their knowledge of products and services offered by T-Mobile. In the course of the year, 1,512 students enrolled in T-Mobile University. For the credits obtained, they could be awarded the special title of TMDr. This programme helps increase our employees' awareness and knowledge of our sector and strengthen their loyalty to the T-Mobile brand.

We also focused on streamlining the management organisational structure. Its new form should help ensure that feedback from our customers gets to all responsible managers faster and that it can be acted on immediately. Thanks to this change, the management organisational structure was reduced by 70 managers.



**WE WANT
TO KEEP
IMPROVING**

- **We are increasing customer satisfaction**
- **We are becoming a more efficient company**
- **We are changing our corporate culture**

In November 2011, with the support of the entire management team, we launched the Lean Company programme. It is based on a group of “champions” and their teams. Until the beginning of March 2012, the lean champions together with an external consulting company identified and developed a number of activities and actions aimed at increasing customer satisfaction and the relevance of our products, boosting the efficiency of our activities, strengthening corporate culture and customer orientation.

Lean Company is not a programme with objectives set “from the top down”. Its purpose is to identify the essence and sources of inefficiency of our activities and remove processes and activities that do not bring any added value to us.

In the area of customer satisfaction, we want to reduce the number of complaints and unnecessary calls and failures in our network, and fine-tune a number of internal processes by 2015 in order to be able to act with greater flexibility and be more capable on the market. We reviewed the portfolio of our services and reduced wastage of our and our customers’ resources. The third pillar of the programme consists in our corporate culture. In 2012 we started to apply the so-called zero-based budgeting method to budget planning. We also launched a new development programme for our top management and introduced several other initiatives that have one common goal – adapt the company to the changes on the market and listen more to our customers’ needs.

The principle of continuous improvement constitutes an important part of our activities. Through our improvement activities, we focus on customer satisfaction and operating efficiency, thus striving to fulfil our strategy and vision of becoming the first choice in telecommunications for customers.

WE SUPPORT
FOOTBALL
AND THE CZECH
MUSIC SCENE



- **The Czech national football team fought hard at EURO 2012 and we were there**
- **We will continue to be the general partner of Czech football until 2014**
- **The t-music Back to School music festival was attended by a record 110,000 fans**

We have been a partner of the Czech national football team since 1998 and we are glad that we could accompany the Czech footballers to EURO 2012 as the team's general partner. The championship took place in June in Poland and Ukraine and the Czech team successfully fought their way to the quarterfinals, where they lost to the splendid Portuguese side. But what would football be without the necessary support of fans, for which we again prepared a number of attractive treats. Thanks to T-Mobile, several hundred football fans could enjoy the vibrant atmosphere at the matches in Wroclaw. The most loyal fans could visit the Czech House built by the Football Association of the Czech Republic in Wroclaw thanks to our support. Nearly six thousand more fans who decided to travel to Poland on their own received from us fan accessories and cans of beer at selected petrol stations.

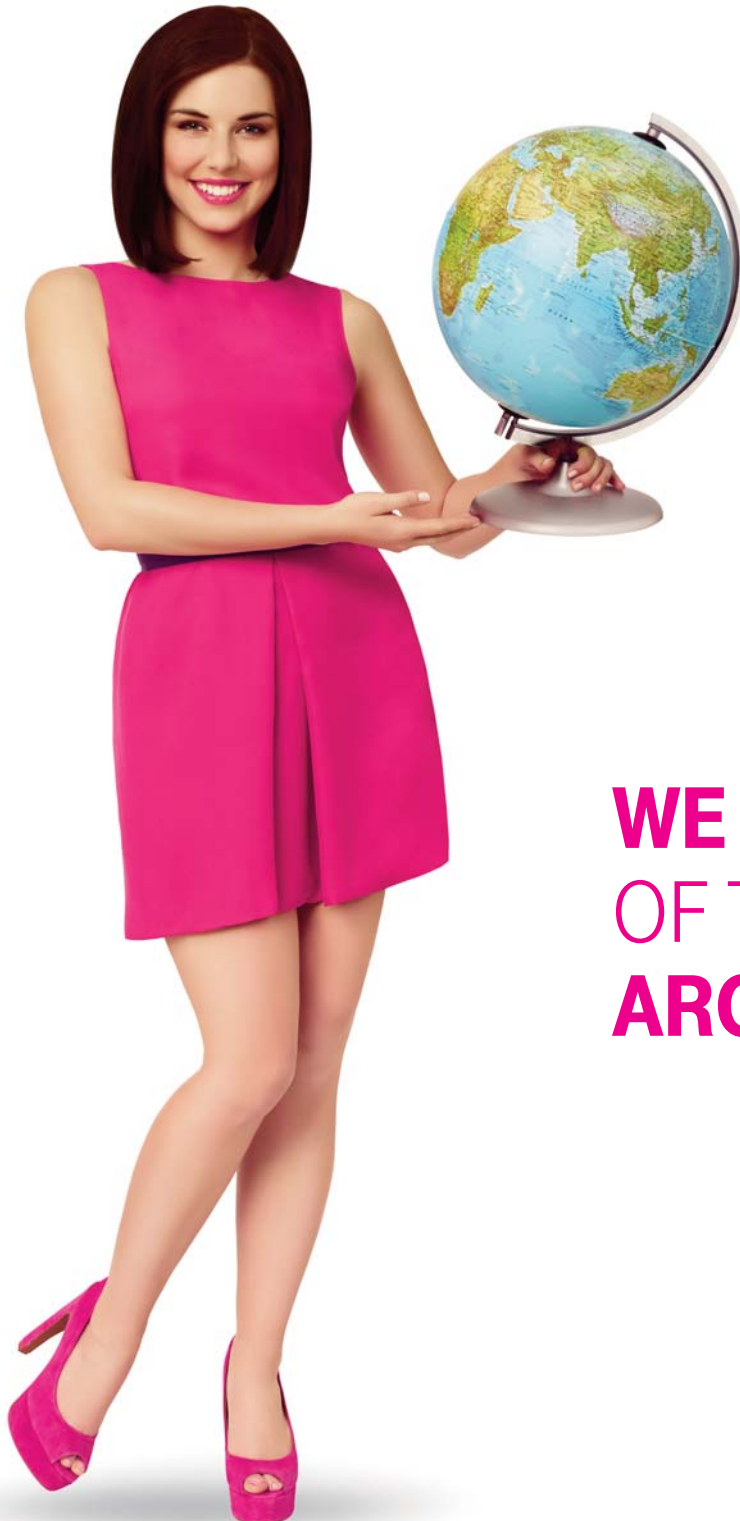
T-Mobile had something to offer also to the fans who watched the matches on television. They could enjoy the original commercials featuring Jakub Kohák as a football coach and download football applications to their smartphones. The EURO 2012 information application offering interviews and coverage directly from Poland was downloaded by 15,000 users, of which 9,000 took part in the competition within the application. The entertaining applications Fandi nahlas (Cheer Aloud) and Fotbálek (Foosball) were downloaded

by more than five thousand users.

In view of the success of the Czech national football team at the European championship, we extended the contract on cooperation with STES, the holder of marketing and advertising rights of the Football Association of the Czech Republic, until August 2014. The autumn qualification rounds ended for the Czech team with two draws and one great victory over Malta. We are confident that our national team will be successful also in the remaining qualification rounds and will make it to the World Cup in Brazil in 2014.

As in previous years, in 2012 we continued supporting music projects via the www.t-music.cz portal. Winners of our competitions could enjoy the electrifying atmosphere at concerts of leading Czech and foreign bands.

Our music fans could find us mainly in the field. In addition to the traditional open-air Majáles festival, we also participated in the popular Hradý CZ festival organised at castles and the time-tested Rock for People festival. In autumn, we joined students in celebrating the beginning of a new school year with another edition of the successful travelling t-music Back to School festival, which broke the 2010 attendance record by attracting more than 100,000 visitors. Our events brought entertainment to 300,000 music fans last year.



**WE TAKE CARE
OF THE WORLD
AROUND US**

- **The second edition of the Takeoffs project supporting start-up businesses again scored highly**
- **We are continuing in training non-profit organisations in the area of human resources and public relations**
- **We are a Good Angel and call on others to become one too**
- **We organised Easter and Christmas fairs**

In 2012 we organised the second edition of the Takeoffs project, aimed primarily at supporting start-up businesses so that their ideas not only generate profit but are also beneficial to their local environment, provide services that are missing in the particular area or contribute to higher employment. Although participation of non-profit organisations and the number of competing projects per person had been curtailed following our experience from the initial edition of the competition, the number of applications exceeded those submitted in the preceding year. A total of 360 candidates who had already started their business or were preparing to bring their freshly conceived ideas to life submitted applications.

A total of 42 winners of regional rounds received notebooks and telecommunications and marketing packages from us, while Nokia donated mobile telephones. The total value of prizes was CZK 5.5 million. The winning project, Modern Ambulance (Novodobá sanitka), also received another CZK 100,000 to help start the business and CZK 50,000 in the form of a package for online promotion from Seznam, one of the partners of the project.

We were present at the 2011 inception of the Dobrý Anděl ("Good Angel") endowment fund, which helps families with children that have incurred financial difficulties due to an oncological disease. In 2012, we continued promoting the fund both in internal media and in public communication. During three communication campaigns we informed our customers about the possibility of becoming a Good Angel; they can newly do so via T-Mobile by sending a simple notification text message. And to make Christmas holidays a bit more agreeable for the families, we decided to replace classic Christmas cards with electronic ones in 2012 and to donate the money thus saved to the Good Angel fund.


Following the great success of our free seminars for non-profit organisations, we continued to organise them also in 2012. We once again held the PR seminar for beginners, adding two specialist seminars dedicated to HR issues. The free educational events, which were presented by both T-Mobile employees and experienced journalists, were attended by a total of 80 representatives of non-profit organisations.

Thanks to the T-Mobile Fund for Regions, we provided financial support to non-profit organisations operating in the regions where we have our customer centres. This year, the juries selected from 115 grant applications. CZK 2 million was finally distributed among 26 projects in the Louny region and 14 in the Hradec Králové region. We also organised the seventh annual T-Mobile Fund for Employees project, which distributed CZK 2 million among 27 organisations with beneficial ideas. Similarly as in the previous year, this year's edition focused again on the "Healthy Planet" topic.

Help does not always have to take a financial form, though. Sometimes it is sufficient to simply give clever ideas and quality products an opportunity to be seen. Therefore we again organised Easter and Christmas fairs in 2012. Clients of sheltered workshops, non-profit organisations and businesses taking part in the Takeoffs project had an opportunity to use our premises free of charge to offer their products to T-Mobile employees.



Mark Klein
Předseda představenstva



Milan Vašina
Člen představenstva

Financial Part



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, Praha 4 ("the Company"), which comprise the balance sheet as at 31 December 2012, the income statement and cash flow statement for the year then ended and notes, including a summary of significant accounting policies ("the financial statements").

Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation, and for such internal controls as the Statutory Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the financial statements are free from material misstatement. 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 of the financial statements that give a true and fair view 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 2012, its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

Report on Other Legal 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 2012 is consistent with the financial statements which are included in this annual report in chapter Financial Statements 2012. The Statutory Body 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.

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 2012 is consistent, in all material respects, with the financial statements.

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 2012 (the "Report"). The completeness and accuracy of the Report is the responsibility of the Statutory Body of the Company. Our responsibility is to express our opinion on the Report based on performed review.

Scope of Review

We conducted our review in accordance with Audit standard 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the Report is free of material factual 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.

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.

21 March 2013



represented by partner



Tomáš Bašta

Statutory Auditor, Licence No. 1966

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

Financial Statements

Balance Sheet

	31. 12. 2012			31. 12. 2011
	Gross amount CZK million	Provision CZK million	Net amount CZK million	Net amount CZK million
ASSETS				
B. Fixed assets	40,339	(24,442)	15,897	16,385
B. I. Intangible fixed assets	11,719	(6,970)	4,749	4,573
B. I. 1. Research and development	52	(52)	-	-
2. Software	5,204	(4,514)	690	745
3. Valuable rights	5,273	(2,281)	2,992	3,189
4. Goodwill	164	(101)	63	96
5. Intangible fixed assets in the course of construction	1,004	-	1,004	537
6. Other intangible fixed assets	22	(22)	-	6
B. II. Tangible fixed assets	28,593	(17,472)	11,121	11,792
B. II. 1. Land	17	-	17	17
2. Constructions	10,746	(5,542)	5,204	5,259
3. Equipment	16,916	(11,928)	4,988	5,484
4. Other tangible fixed assets	1	-	1	1
5. Tangible fixed assets in the course of construction	913	(2)	911	1,031
B. III. Long term investments	27	-	27	20
B. III. 1. Other long-term investments in securities	27	-	27	20
C. Current assets	21,996	(5,148)	16,848	16,600
C. I. Inventories	583	(59)	524	578
C. I. 1. Raw materials	213	(36)	177	185
2. Goods for resale	370	(23)	347	393
C. II. Long-term receivables	19	-	19	19
C. II. 1. Trade receivables	12	-	12	12
2. Long-term advances paid	7	-	7	7
C. III. Short-term receivables	9,139	(5,089)	4,050	3,813
C. III. 1. Trade receivables	6,755	(5,089)	1,666	1,597
2. Receivables from members of associations	28	-	28	33
3. Taxes receivable	59	-	59	18
4. Short-term advances paid	283	-	283	159
5. Estimated receivables	1,953	-	1,953	1,860
6. Other receivables	61	-	61	146
C. IV. Financial assets	12,255	-	12,255	12,190
C. IV. 1. Cash in hand	20	-	20	25
2. Cash at bank	12,235	-	12,235	10,964
3. Short-term investments	-	-	-	1,201
D. I. Prepayments and accrued income	195	-	195	173
D. I. 1. Prepaid expenses	194	-	194	167
2. Accrued income	1	-	1	6
TOTAL ASSETS	62,530	(29,590)	32,940	33,158

	31. 12. 2012 CZK million	31. 12. 2011 CZK million
LIABILITIES AND EQUITY		
A. Equity	26,896	26,465
A. I. Share capital	520	520
A. I. 1. Share capital	520	520
A. II. Capital contributions	5,352	5,352
A. II. 1. Share premium	5,344	5,344
2. Other capital contributions	8	8
A. III. Reserve fund and other reserves	104	104
A. III. 1. Statutory reserve fund	104	104
A. IV. Retained earnings	13,968	13,178
A. IV. 1. Retained earnings	13,968	13,178
A. V. Profit for the current period	6,952	7,311
B. Liabilities	5,122	5,489
B. I. Provisions	552	587
B. I. 1. Income tax provision	-	76
2. Other provisions	552	511
B. II. Long-term liabilities	68	28
B. II. 1. Trade payables	3	5
2. Long-term advances received	6	7
3. Deferred tax liability	59	16
B. III. Short-term liabilities	4,502	4,823
B. III. 1. Trade payables	1,856	2,293
2. Liabilities to members of associations	16	15
3. Liabilities to employees	173	98
4. Liabilities for social security and health insurance	83	59
5. Taxes and state subsidies payable	99	20
6. Short-term advances received	66	64
7. Estimated payables	2,185	2,252
8. Other payables	24	22
B. IV. Bank loans and overdrafts	-	51
B. IV. 1. Short-term bank loans and overdrafts	-	51
C. Accruals and deferred income	922	1,204
C. I. 1. Deferred income	922	1,204
TOTAL LIABILITIES AND EQUITY	32,940	33,158

Income Statement

Year ended 31 December

	2012 CZK million	2011 CZK million
I. Sales of goods	840	596
A. Cost of goods sold	1,996	1,789
+ Gross loss	(1,156)	(1,193)
II. Sales of production	24,693	25,953
II. 1. Sales of own products and services	24,430	25,698
2. Own work capitalised	263	255
B. Cost of sales	10,103	10,681
B. 1. Raw materials and consumables	531	561
2. Services	9,572	10,120
+ Added value	13,434	14,079
C. Staff costs	2,590	2,602
C. 1. Wages and salaries	1,884	1,862
2. Emoluments of board members	1	1
3. Social security and health insurance costs	626	652
4. Other social costs	79	87
D. Taxes and charges	341	309
E. Depreciation and amortisation of fixed assets	3,320	3,284
III. Sale of fixed assets and raw materials	99	139
III. 1. Sale of fixed assets	99	134
2. Sale of raw materials	-	5
F. Net book value of fixed assets and raw materials sold	97	121
F. 1. Net book value of fixed assets sold	92	116
2. Net book value of raw materials sold	5	5
G. (Decrease) / increase in operating provisions	(25)	632
IV. Other operating income	2,184	2,216
H. Other operating charges	802	511
* Operating result	8,592	8,975
VIII. Income from short-term investments	5	5
IX. Gain on revaluation of securities and derivatives	19	118
L. Loss on revaluation of securities and derivatives	55	64
X. Interest income	75	150
N. Interest expense	1	1
XI. Other financial income	138	144
O. Other financial expense	110	167
* Financial result	71	185
Q. Tax on profit on ordinary profit	1,711	1,849
Q. 1. - current	1,668	1,907
2. - deferred	43	(58)
** Profit on ordinary activities after taxation	6,952	7,311
*** Net profit for the financial period	6,952	7,311
**** Net profit before taxation	8,663	9,160

Cash Flow Statement

	2012 CZK million	2011 CZK million
Cash flows from operating activities		
Net profit before tax	8,663	9,160
A.1. Adjustments for non-cash movements:		
A.1.1. Depreciation and amortisation of fixed assets	3,320	3,284
A.1.2. Change in provisions	(25)	632
A.1.3. Profit from disposal of fixed assets	(7)	(18)
A.1.4. Net interest income	(74)	(149)
A.1.5. Other non-cash movements	758	235
A* Net cash flow from operating activities before tax and changes in working capital	12,635	13,144
A.2. Working capital changes:		
A.2.1. Change in receivables and prepayments and accrued income	(858)	(767)
A.2.2. Change in short-term payables and accruals and deferred income	(356)	263
A.2.3. Change in inventories	53	34
A.2.4. Change in short-term investments	1,000	(1,001)
A** Net cash flow from operating activities before tax	12,474	11,673
A.3. Interest paid	(1)	(1)
A.4. Interest received	80	150
A.5. Income tax on ordinary activities paid	(1,803)	(1,923)
A*** Net cash flow from operating activities	10,750	9,899
Cash flows from investing activities		
B.1. Acquisition of fixed assets	(3,175)	(3,541)
B.2. Proceeds from the sale of fixed assets	63	131
B.3. Loans to related parties	-	8,900
B*** Net cash flow from investing activities	(3,112)	5,490
Cash flows from financing activities		
C.1. Dividends paid	(6,521)	(7,253)
C*** Net cash flow from financing activities	(6,521)	(7,253)
Net increase in cash and cash equivalents	1,116	8,136
Cash and cash equivalents as at the beginning of the year	11,139	3,003
Cash and cash equivalents as at the end of the year	12,255	11,139

Notes to the Financial Statement 2012

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

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1 GENERAL INFORMATION

1.1 Establishment and Details of the Company

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

The Company is an integrated operator providing both mobile and fixed services.

The Company operates a public mobile communications network and public fixed communication network and provides mobile communication services, fixed-line communications services and television broadcasting based on certificate No. 310/3, issued on 4 March 2011 by the Czech Telecommunication Office ("CTO"), which authorizes to provide business in electronic communications, respectively, to carry out communication activities consisting in the provision of public mobile networks, provision of public fixed services and the provision of electronic communications services.

As at 31 December 2012, the Company was organised into the following six divisions – Managing Director division, Marketing division, Finance division, Sales and Customer Services division, Technology division and Human Resources division.

1.2 Structure of the Company's Ownership

As at 31 December 2012 and 31 December 2011, 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
Total	520	520	100.00

The ownership rights in the Company are 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 the Company during the accounting periods ended 31 December 2012 and 31 December 2011 was Deutsche Telekom AG ("DTAG") which controls CMobil B.V. via T-Mobile Global Holding Nr. 2 GmbH.

1.3 Licences and Trademarks

As at 31 December 2012, 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).

During the fourth quarter of 2012 the Company entered into an auction organized by CTO as one of the bidders for the purchase of "the fourth generation network" frequency bands (LTE). The auction was not finished as at the balance sheet date and the results were not known as of the date of the financial statements' approval.

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

The Company owns 75 trademarks registered in the Industrial Property Office Register of the Czech Republic.

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 relevant 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 2012 were as follows:

Roland Mahler	Chairman
Terrence Edward Valeski	Vice-Chairman
Craig Nimrod Butcher	Member
Milan Vašina	Member
Ralph Roland Rentschler	Member
Mark Klein	Member
Robert Chmelař	Member

The members of the Board of Directors as at 31 December 2011 were as follows:

Roland Mahler	Chairman
Terrence Edward Valeski	Vice-Chairman
Craig Nimrod Butcher	Member
Milan Vašina	Member
Ralph Roland Rentschler	Member
Albert Pott	Member
Robert Chmelař	Member

The members of the Supervisory Board as at 31 December 2012 were as follows:

Cornelia Elisabeth Sonntag	Chairwoman
Ratko Jovic	Vice-Chairman
Josef Rejzek	Member
Eduard Filek	Member
Antonius Joseph Zijlstra	Member
Hans-Peter Schultz	Member

The members of the Supervisory Board as at 31 December 2011 were as follows:

Cornelia Elisabeth Sonntag	Chairwoman
Ratko Jovic	Vice-Chairman
Monika Vobořilová	Member
Martina Kemrová	Member
Antonius Joseph Zijlstra	Member
Hans-Peter Schultz	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 under the historical cost convention. Derivates are shown at fair value.

The financial statements have been prepared as at 31 December 2012. The accounting period is represented by the calendar year from 1 January to 31 December 2012.

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 / amortisation 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.

iii) Software

Capitalised software costs include the licence fees for the use of software, costs of consulting services related to software implementation and internal labour costs directly related to the integration of the purchased software. 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 expensed 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 their expected commercial use, however not exceeding five years. The Company does not perform research activities.

Repairs and maintenance expenditures of tangible and intangible fixed assets are expensed 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, in case of tangible fixed assets or each completed technical improvement in case of intangible fixed assets, capitalised. Technical improvement below the stated amount is expensed.

2.2.2 Securities and Investments

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

All securities and investments are initially recorded at acquisition cost including transaction costs. The acquisition cost does not include interest from the acquisition of loans financing the securities and the related administration costs. Held-to-maturity investments are subsequently accounted for at amortised cost. Other investments are subsequently accounted for at fair value. The fair value is determined as the market value of the securities as at the balance sheet date. Measurement of non-traded securities is based on management estimates based on valuation techniques. Securities whose fair value cannot be reliably measured are measured at cost less provision.

Gains and losses arising from changes in the fair value of trading instruments are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in fair value of available-for-sale investments are recognised as a movement in equity and recognised into the income statement on realisation or when permanently impaired.

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 costs include mainly customs, storage during transportation and freight.

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 purchase of part of a business 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 / Amortisation Method

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

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

Fixed asset group	Useful life (years)
Development costs	2 to 5
Software	2 to 3 years or in accordance with the contract term
Valuable rights – licences	8 to 20 years or in accordance with the licence term
Buildings, construction and leasehold improvements	10 to 50 years or in accordance with the lease term
Operating equipment:	
Network technology equipment (GSM, UMTS)	3 to 10
Transport vehicles, hardware and office equipment	3 to 13

Land is not depreciated.

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

Depreciation / amortisation plan is being updated during useful life of fixed assets 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

A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the certain 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 2% to 100%. Overdue debts from customers are offset against deposits obtained from them at the beginning of the contract period. Provision for receivables in the DTAG Group are not provided for.

Provisions for inventories

A provision is created for slow-moving and obsolete inventory based on an analysis of turnover and individual evaluation of inventories.

2.5.2 Provisions for Liabilities

The Company recognises provisions relating to probable future obligations or expenditures, when the purpose of the obligations or expenditures is known but the precise amount, or the time when the obligation or expenditure will crystallise, is not known. However, provisions are not created for future operating expenditures or for expenditures directly related to future revenue transactions. The Company takes into consideration all the predictable risks and possible losses when recognising provisions. The Company recognises 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 revenue stream.

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.

2.7 Foreign Currency Translation

Transactions denominated in a foreign currency are translated and recorded at the exchange rate published by the Czech National Bank as at the transaction date. Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement. Exceptions are foreign exchange gains and losses arising from transactions the Company applies hedge accounting for their recognition in Financial Statements. A cash flow hedge are recognized in equity.

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 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 Financial Risk Management

Financial 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 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.

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, 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 counterparties for transactions with financial resources of the Company's cash are limited to institutions with high credit quality as defined in the policies and directions set in investment strategy approved by the General meeting of the Company. The Company carries out only such financial transactions whose originator's or guarantor's credit rating from an independent global rating agency lies safely within investment grade (i.e. at least BBB+ / Baa1) and, at the same time, the originator's or guarantor's credit quality indicators can be continuously monitored through the financial market.

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.

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 derivatives financial instruments and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently remeasured at their fair value. 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 under assumptions that are based on market conditions existing as at the balance sheet date. All derivatives are disclosed in other receivables or in other payables when the fair value for the Company is positive or negative, respectively.

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. All transactions below the equivalent of EUR 15 million (CZK 377 million) are recognised as trade derivatives with changes in fair value being recognized as income or expenditure from revaluation of securities and derivatives. The Company in 2012 and 2011 did not apply hedge accounting.

2.10 Leases

The costs of assets held under both finance and operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are disclosed in the notes but not recognised in the balance sheet.

2.11 Employment Benefits

The Company recognises a provision relating to untaken holidays. The Company recognises an estimated payable relating to rewards and bonuses of employees. Regular contributions are made to the state to fund the national pension plan. The Company also provides contributions to defined contribution plans operated by independent pension funds.

2.12 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.

2.13 Related Parties

The Company's related parties are considered to be the following:

- parties, of which the Company is a subsidiary or an associate, directly or indirectly, and other subsidiaries of these parties, and companies in which these parties have a controlling or significant influence;
- members of the Company's or parent company's statutory and supervisory bodies and management and parties close to such members, including entities in which they have a controlling or significant influence.

Material transactions and outstanding balances with related parties are disclosed in Note 3.16 – Related Party Transactions and Balances.

2.14 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.

3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT

3.1 Fixed Assets

3.1.1 Intangible Fixed Assets

Cost	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
(CZK million)						
1.1.2011	164	4,750	5,145	191	447	10,697
Transfers	–	835	71	–	(908)	(2)
Additions	–	–	–	–	998	998
Disposals	–	(298)	(7)	(18)	–	(323)
31.12.2011	164	5,287	5,209	173	537	11,370
Transfers	–	723	116	–	(839)	–
Additions	–	–	–	–	1,306	1,306
Disposals	–	(806)	(52)	(99)	–	(957)
31.12.2012	164	5,204	5,273	74	1,004	11,719

Accumulated amortisation/ provisions (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
1.1.2011	36	4,215	1,740	175	–	6,166
Additions	32	625	287	10	–	954
Disposals	–	(298)	(7)	(18)	–	(323)
31.12.2011	68	4,542	2,020	167	–	6,797
Additions	33	778	313	6	–	1,130
Disposals	–	(806)	(52)	(99)	–	(957)
31.12.2012	101	4,514	2,281	74	–	6,970

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
31.12.2011	96	745	3,189	6	537	4,573
31.12.2012	63	690	2,992	–	1,004	4,749

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 con- struction and advances paid	Total
1.1.2011	9,344	20,677	1,928	31,949
Transfers	939	2,071	(3,008)	2
Additions	–	–	2,193	2,193
Disposals	(68)	(4,804)	(70)	(4,942)
31.12.2011	10,215	17,944	1,043	29,202
Transfers	607	1,122	(1,729)	–
Additions	–	4	1,633	1,637
Disposals	(59)	(2,153)	(34)	(2,246)
31.12.2012	10,763	16,917	913	28,593

Accumulated depreciation/provisions (CZK million)	Buildings, constructions and land	Equipment and other tangible fixed assets	Tangible fixed assets in the course of con- struction and advances paid	Total
1.1.2011	4,373	15,445	33	19,851
Additions	632	1,698	–	2,331
Disposals	(66)	(4,683)	–	(4,749)
Provisions	–	–	(22)	(22)
31.12.2011	4,939	12,460	11	17,410
Additions	663	1,527	–	2,190
Disposals	(59)	(2,060)	–	(2,119)
Transfers	(1)	1	–	–
Provisions	–	–	(9)	(9)
31.12.2012	5,542	11,928	2	17,472

Net book value (CZK million)	Buildings, constructions and land	Equipment and other tangible fixed assets	Tangible fixed assets in the course of con- struction and advances paid	Total
31.12.2011	5,276	5,484	1,032	11,792
31.12.2012	5,221	4,989	911	11,121

3.1.3 Long-term investments

The Company acquired a 12.5% share in MOPET CZ a.s. in 2011. The purchase price of this investment amounted to CZK 20 million. This investment is classified as available-for-sale financial asset (see Note 18). As at the balance sheet date this investment is measured at cost, because MOPET CZ a.s. shares are not listed and their fair value cannot be reliably measured. In 2012 the Company paid additional CZK 7 million as capital contribution outside share capital of MOPET CZ a.s.

3.2 Inventories

(CZK million)	31. 12. 2012	31. 12. 2011
Handsets and accessories	363	409
Technology inventories	210	211
Satellite TV devices and accessories	6	10
Other inventories	4	6
Total inventories – gross	583	636
Provision for inventories	(59)	(58)
Total inventories – net	524	578

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

(CZK million)	2012	2011
Opening balance as at 1 January	58	60
Creation of the provision	11	13
Release / utilisation of the provision	(10)	(15)
Closing balance as at 31 December	59	58

3.3 Receivables

3.3.1 Short-term Receivables

(CZK million)	31.12.2012	31.12.2011
Trade receivables		
– current and overdue less than 180 days	1,854	1,898
– overdue more than 180 days	4,901	4,846
Total trade receivables – gross	6,755	6,744
Provision for receivables	(5,089)	(5,147)
Total trade receivables – net	1,666	1,597

As at 31 December 2012 the overdue receivables amounted to CZK 5,824 million (as at 31 December 2011: CZK 5,643 million).

Trade receivables comprise 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 active and terminated customers of electronic communication services. The change in the provision for doubtful debts may be analysed as follows:

(CZK million)	2012	2011
Opening balance as at 1 January	5,147	4,519
Creation of the provision	1,305	2,016
Release / utilisation of the provision	(1,363)	(1,388)
Closing balance as at 31 December	5,089	5,147

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

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:

(CZK million)	31. 12. 2012	31. 12. 2011
Cash in hand, cash in transit and cash at bank	12,255	10,989
Short-term investments	-	1,201
Total short-term financial assets	12,255	12,190
Bank overdrafts	-	(51)
Mortgage-backed securities	-	(1,000)
Total cash and cash equivalents	12,255	11,139

3.5 Prepayments and Accrued Income

3.5.1 Prepaid Expenses

As at 31 December 2012 prepaid expenses 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 2012 was CZK 194 million (as at 31 December 2011: CZK 167 million).

3.6 Equity

Movements in the Company's equity:

(CZK million)	Registered capital	Share premium	Other capital contributions	Statutory reserve fund	Retained earnings	Profit for the current period	Total
1.1.2011	520	5,344	8	104	11,898	8,533	26,407
Dividends paid	-	-	-	-	-	(7,253)	(7,253)
Transfer	-	-	-	-	1,280	(1,280)	-
Net profit for the period	-	-	-	-	-	7,311	7,311
31.12.2011	520	5,344	8	104	13,178	7,311	26,465
Dividends paid	-	-	-	-	-	(6,521)	(6,521)
Transfer	-	-	-	-	790	(790)	-
Net profit for the period	-	-	-	-	-	6,952	6,952
31.12.2012	520	5,344	8	104	13,968	6,952	26,896

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 2012 and 31 December 2011, the registered capital was represented by 520 thousand shares.

The 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 (currently 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. The statutory reserve fund may not be distributed to shareholders.

3.6.2 Dividends

Based on the resolution of the General meeting held on 4 June 2012, the Company distributed part of its retained earnings to the shareholders in a form of dividend in the aggregate amount of CZK 6,521 million (CMobil B.V.: CZK 3,963 million, TMCZ Holdco II (Lux) S.à.r.l.: CZK 2,558 million).

During 2011, the Company distributed to the shareholders a dividend in the aggregate amount of CZK 7,253 million (CMobil B.V.: CZK 4,408 million, TMCZ Holdco II (Lux) S.à.r.l.: CZK 2,845 million).

* Currently TMCZ Holdco II (Lux) S.à.r.l. (previously ČESKÉ RADIOKOMUNIKACE S.à.r.l.)

3.7 Provisions

(CZK million)	Provision for income	Other provisions tax payable	Total
1.1.2011	93	481	574
Charge for the year	76	392	468
Released / used in the year	(93)	(362)	(455)
31.12.2011	76	511	587
Charge for the year	-	312	312
Released / used in the year	(76)	(271)	(347)
31.12.2012	-	552	552

As at 31 December 2012, the Company recorded a provision of CZK 170 million for estimated future costs related to the T-Mobile bonus program for allocated loyalty points unused as at year-end (31 December 2011: CZK 189 million).

The provision for Asset Retirement Obligation based on lease contract conditions amounted to CZK 329 million as at 31 December 2012 (31 December 2011: CZK 260 million).

3.8 Short-term Liabilities

Trade payables

(CZK million)	31. 12. 2012	31. 12. 2011
Trade payables		
- domestic payables	1,835	2,246
- foreign payables	21	47
Total trade payables	1,856	2,293

Trade and other payables have not been secured against any assets of the Company and are not due after more than 5 years. As at 31 December 2012, overdue payables amounted to CZK 76 million (31 December 2011: CZK 62 million). The balances of overdue payables comprise primarily intercompany payables which became overdue as a result of the payment policy applied within the group.

Overdue payables do not include liabilities for social insurance or contributions to the state employment policy, nor do 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 2012 amounted to CZK 16 million (31 December 2011: CZK 15 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 2012 and 31 December 2011:

(CZK million)	31. 12. 2012	31. 12. 2011
Estimated liability for interconnection costs	304	342
Estimated liability for operational expenditure	1,334	1,325
Estimated liability for capital expenditure	285	223
Estimated liability for staff costs	262	362
Total estimated payables	2,185	2,252

Other payables

Other short-term payables had the following balances as at 31 December 2012 and 31 December 2011:

(CZK million)	31. 12. 2012	31. 12. 2011
Currency forward contracts	13	–
Liability from subscribed shares	–	7
Other short-term payables	11	15
Total other payables	24	22

3.9 Bank Loans and Overdrafts

The total limit of bank overdrafts and flexible credit lines available to the Company is EUR 1 million (CZK 25 million) and CZK 575 million, respectively.

As at 31 December 2012, the Company did not draw any overdrafts (as of 31 December 2011: CZK 51 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 General meeting (refer to Note 2.9 Financial Risk Management).

Forward contracts

As at the end of 2012, the Company had open currency forward contracts with a total nominal value of CZK 1,954 million (31 December 2011: CZK 1,816 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 and USD. All currency forward contracts as at 31 December 2012 were initiated during 2012 with maturity by the end of 2013. During 2012, currency forward contracts in a total nominal value of CZK 3,040 million were settled (in 2011: CZK 2,994 million).

Open currency forward contracts (CZK million)	31. 12. 2012	31. 12. 2011
Open currency forward contracts hedging other foreign currency liabilities:		
Positive fair value	10	90
Negative fair value	(13)	–
Total fair value of forward contracts	(3)	90

3.11 Accruals and Deferred Income

3.11.1 Deferred Income

Deferred income 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 deadline for filing a tax return for reported tax year, and consequently may impose additional income tax and penalties. 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.

At 31 December 2012 and 31 December 2011 the Company entered into agreements with major suppliers of technology and services in the following values:

(CZK million)	31. 12. 2012	31. 12. 2011
Up to 1 year	1,909	1,905
1 – 3 years	48	655
3 – 5 years	14	32
Over 5 years	–	30
Total	1,971	2,622

The future minimum lease payments under non-cancellable operating leases arising from the lease of microwave connections, optical fibres, communication base stations, other buildings and offices are as follows:

(CZK million)	31. 12. 2012	31. 12. 2011
Up to 1 year	678	766
1 – 3 years	688	700
3 – 5 years	676	674
Over 5 years	2,376	2,648
Total	4,418	4,788

In 2010, the Company commenced to lease optical fibre routes through operating leases. Minimum lease payment commitments under non-cancellable operating leases arising from the lease of optical fibres are represented by the amount of CZK 1,380 million as at 31 December 2012 (as at 31 December 2011: CZK 1,395 million).

3.13 Guarantees

As at 31 December 2012, bank guarantees totalling CZK 77 million were issued to lessors of commercial space, real estate and issuers of public tenders at the Company's request (31 December 2011: CZK 80 million).

3.14 Revenues and Expenses from Operating Activities

3.14.1 Operating Revenues according to Main Activities

(CZK million)	2012	2011
Sales of handsets and accessories	840	596
Communication network services	24,430	25,698
Total	25,270	26,294

3.14.2 Operating Revenues and Expenses

(CZK million)	2012	2011
Operating revenues	25,270	26,294
Other revenues	2,546	2,610
Total revenues	27,816	28,904
Cost of goods sold	1,996	1,789
Consumption of material and energy	531	561
Services	9,572	10,120
Staff costs	2,590	2,602
Amortisation / depreciation of intangible and tangible fixed assets	3,320	3,284
Other operating charges	1,215	1,573
Total operating expenses	19,224	19,929
Operating result	8,592	8,975

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

3.15 Income and Expenses from Financing Activities

(CZK million)	2012	2011
Income from financial operations and interest income	75	150
Other financial income	162	267
Cost of financial operations and interest expense	(1)	(1)
Other financial expenses	(165)	(231)
Financial result	71	185

3.16 Related Party Transactions and Balances

The following transactions are related to the shareholders and other related parties:

(CZK million)	2012	2011
DTAG group:		
Roaming, interconnect and related purchased services	612	537
Other purchased goods and services	461	224
Expenses from cross charges of services	528	595
IT services	745	754
Purchased foreign currency at market value	1,590	1,909
Total purchases	3,936	4,019
DTAG group:		
Roaming, interconnection and related sold services	221	258
Income from cross charges of services and using common platforms	331	318
Interest income from loan provided	7	122
Total sales	559	698

Related party receivables:

(CZK million)	31. 12. 2012	31. 12. 2011
DTAG group:		
Receivables from roaming, interconnection and related sold services	211	191
Receivables and prepayments from other services and discounts	197	201
Receivables from derivatives (fair value)	5	57
Total related party receivables	413	449

Related party payables:

(CZK million)	31. 12. 2012	31. 12. 2011
DTAG group:		
Payables from roaming, interconnection and related purchased services	161	163
Payables from other services and discounts	890	788
Payables from derivatives (fair value)	3	-
Total related party payables	1,054	951

3.17 Income Tax

3.17.1 Current Corporate Income Tax

The Company estimates the following current income tax results:

(CZK million)	2012	2011
Accounting profit before tax	8,663	9,160
Tax non-deductible costs	759	1,415
Non-taxable revenues	(665)	(768)
Difference between accounting and tax depreciation/amortisation	60	80
Tax base before deductions	8,817	9,887
Gifts allowed as tax deductible	(13)	(15)
Adjusted tax base	8,804	9,872
Income tax expense	1,673	1,876
Supplementary(decrease) / increase in tax expense related to prior periods	(5)	31
Current period income tax expense	1,668	1,907
Advances paid	(1,732)	(1,800)
Income (receivable) / payable	(59)	76

3.17.2 Deferred Tax

(CZK million)	31. 12. 2012	31. 12. 2011
Difference between tax and net book value of fixed assets	(1,389)	(1,440)
Difference between tax and net book value of inventories	59	57
Difference between tax and net book value of receivables	272	489
Other provisions	744	808
Total temporary differences	(314)	(86)
Net deferred tax liability	(60)	(16)

The net deferred tax liability as at 31 December 2012 and as at 31 December 2011 was calculated using the corporate income tax rate 19%.

4 EMPLOYEES AND MANAGEMENT

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

	2012	Total 2011	Management only	
			2012	2011
Members of Statutory bodies who are employees	1	1	1	1
Members of the Supervisory Board who are employees	2	2	-	-
Average number of other employees	2,847	2,944	34	34
Wages and salaries	1,884	1,862	141	117
Remuneration to members of statutory bodies	1	1	-	-
Social security and health insurance costs	626	652	21	26
Other social costs	79	87	1	2
Total staff costs	2,590	2,602	163	145

The emoluments for the members of statutory bodies and the Supervisory Board for 2012 were as follows:

(CZK million)	Total income	Monetary income	Benefit in kind
Board of Directors	1	1	-
Supervisory Board	-	-	-

The emoluments for the members of statutory bodies and the Supervisory Board for 2011 were as follows:

(CZK million)	Total income	Monetary income	Benefit in kind
Board of Directors	1	1	-
Supervisory Board	-	-	-

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 2012, the total contribution provided was CZK 41 million (in 2011: CZK 35 million).

In 2012 and 2011, 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 2012 is

CZK 14 million (31 December 2011: CZK 19 million). Since 2004, the Company has provided top management with compensation for fuel used for private purposes. In 2012, the compensation totalled CZK 2 million (in 2011: CZK 2 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 SUBSEQUENT EVENTS

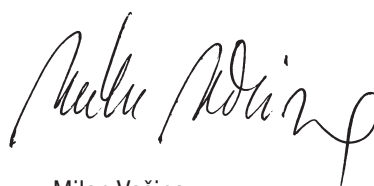
No events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2012.

Approval of the statutory financial statements

These financial statements have been approved by the Board of Directors of the Company for issuance on 21 March 2013.



Mark Klein
Chairman of the Board of Directors



Milan Vašina
Member of the Board of Directors

Report on the Relationships between the Related parties for the Year 2012

In accordance with Section 66a (9) of Act No. 513/1991 Coll., 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 2012, 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 2012, 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 or 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	
100.00%	T-Mobile HotSpot GmbH (Germany)
100.00%	T-Mobile Global Zwischenholding GmbH (Germany)
100.00%	T-Mobile Global Holding GmbH (Germany)
100.00%	T-Mobile USA, Inc. (USA)
100.00%	T-Mobile USA Tower LLC (USA)
100.00%	TMUS Assurance Corporation (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 LLC (USA)
100%	T-Mobile West Tower LLC (USA)
100.00%	T-Mobile South LLC (USA)
100.00%	T-Mobile Central LLC (USA)
99%	Cook Inlet/VS GSM IV PCS Holdings, LLC (USA)
100.00%	T-Mobile Subsidiary IV Corporation (USA)
100.00%	T-Mobile Northeast LLC (USA)
100.00%	GSV LLC (USA)
100.00%	Powertel/ Memphis, Inc. (USA)

* 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%	VoiceStream Pittsburgh General Partner, Inc. (USA)
		100.00%	VoiceStream PCS Iowa Corporation (USA) 20.00% JVL Ventures LLC (USA)
		11.36%	3G Americas LLC (USA)
	100.00%		T-Mobile Holdings Limited (United Kingdom)
		100.00%	T-Mobile (UK) Retail Limited (United Kingdom)
		100.00%	One 2 One Limited (United Kingdom)
		100.00%	T-Mobile Ltd. (United Kingdom)
		100.00%	T-Mobile (UK) Limited (United Kingdom)
		100.00%	One 2 One Personal Communications Ltd. (United Kingdom)
		100.00%	T-Mobile International 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 (UK Properties) Inc. (USA)
		50.00%	Everything Everywhere Limited (United Kingdom)
		25.00%	Digital Mobile Spectrum Limited (United Kingdom)
		100.00%	EE Communications Limited (United Kingdom)
		50.00%	Mobile Broadband Network Ltd. (United Kingdom)
		100.00%	Everything Everywhere Pension Trustee Limited (United Kingdom)
		33.33%	Weve Limited (United Kingdom)
		100.00%	Everything Everywhere Finance PLC (United Kingdom)
		100.00%	Orange Personal Communications Services Ltd. (United Kingdom)
		100.00%	Orange Home UK Ltd. (United Kingdom)
		100.00%	Orange Retail Ltd. (United Kingdom)
		99.80%	Orange Services India Private Ltd. (India)
		100.00%	Orange Pension Trustees Ltd. (United Kingdom)
		100.00%	Orange FURBS Trustees Ltd. (United Kingdom)
		35.00%	Midland Communications Distribution Ltd. (United King.)
		26.00%	Mainline Communications Group plc (United Kingdom)
	100.00%		T-Mobile Netherlands Holding B.V. (Netherlands)
		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 2 B.V. (Netherlands)
		100.00%	Tulip 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 International Austria GmbH (Austria)
	100.00%		T-Mobile Service GmbH (Austria)
100.00%	Deutsche Telekom (UK) Limited (United Kingdom)		
		100.00%	T-Mobile International UK Pension Trustee Limited (United Kingdom)
100.00%	Deutsche Telekom Asia Pte Ltd (Singapore)		
		20.73%	Devas Multimedia Pvt Ltd (India)
51.00%	Hrvatski Telekom d.d. (Croatia)		
		100.00%	Kabelsko distributivni sustav d.o.o. (Croatia)
		100.00%	Iskon Internet d.d. (Croatia)
		100.00%	Combis, usluge integracija informatičkih tehnologija, d.o.o. (Croatia)
		39.10%	Hrvatske telekomunikacije Mostar d.d. (Bosnia and Herzegovina)
		30.29%	Hrvatska posta d.o.o. (Bosnia and Herzegovina)
51,00%	Slovak Telekom, a.s. (Slovakia)		
		100.00%	Telekom Sec, s.r.o.i.l. (Slovakia)
		100.00%	Zoznam Mobile, s.r.o. (Slovakia)

	100.00%	Zoznam s.r.o. (Slovakia)
	51.00%	PosAm, s.r.o. (Slovakia)
100.00%		MagyarCom Holding GmbH (Germany)
	59.23%	Magyar Telekom Nyrt. (Hungary)
	100.00%	Combridge SRL. (Romania)
	76.53%	Crnogorski Telekom A.D. (Montenegro)
	100.00%	Telemacedonia AD (Macedonia)
	100.00%	Stonebridge A.D. i.l. (Macedonia)
	56.67%	Makedonski Telekom AD Skopje (Macedonia)
	100.00%	T-Mobile Macedonia AD Skopje (Macedonia)
	99.94%	Novatel Ukraine LLC. Ukraine)
	100.00%	Novatel EOOD (Bulgaria)
40% +1		Hellenic Telecommunications Organization S.A. (OTE) (Greece)
	100.00%	OTE International Investments Ltd. (Cyprus)
	54.01%	SC Romtelecom S.A. (Romania)
	30.00%	S.C. Cosmote Romanian Mobile Telecommunications S.A. (Romania)
	100.00%	Cosmote Mobile Telecommunications S.A. (Greece)
	70.00%	S.C. Cosmote Romanian Mobile Telecommunications S.A. (Romania)
	14.757%	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)
	100.00%	Cosmoholding Cyprus Ltd. (Cyprus)
	100.00%	Germanos S.A. (Greece)
	100.00%	Cosmoholding Romania Ltd. (Cyprus)
	100.00%	Telemobil S.A. (Zapp) (Romania)
	100.00%	OTE Estate S.A. (Greece)
	100.00%	OTE International Solutions S.A. (Greece)
100.00%		T-Mobile Poland Holding GmbH (Germany)
	100.00%	Polska Telefonía Cyfrowa S. A.(PTC) (Poland)
	50.00%	NetWorkS! Sp.z.o.o. (Poland)
	25.00%	4MNO Sp.z.o.o. (Poland)
100.00%		Deutsche Telekom Accounting GmbH (Germany)
	99.99%	Deutsche Telekom Shared Services s.r.o. (Slovakia)
100.00%		Scout24 Holding GmbH (Germany)
	100.00%	Revl Internet Services GmbH (Germany)
	100.00%	SCOUT Business Services GmbH (Germany)
	100.00%	Scout24 International Management AG (Switzerland)
	50.10%	Scout24 Schweiz Holding AG (Switzerland)
	85.04%	Scout24 Schweiz AG (Switzerland)
	14.96%	Scout24 Schweiz AG (Switzerland)
	100.00%	Scout24 ServicesGmbH (Germany)
	100.00%	Scout24 AG (Germany)
	39.90%	Immobilien Scout GmbH (Germany)
	100.00%	Auto Scout24 GmbH (Germany)
	100.00%	Auto Scout24 Espana S.A. (Spain)
	100.00%	Auto Scout24 Belgium S.A. (Belgium)
	100.00%	Auto Scout24 Italia S.R.L. (Italy)
	100.00%	Auto Scout24 Nederland B.V. (Netherlands)
	100.00%	Auto Scout24 France SAS (France)
	100.00%	Auto Scout24 AS GmbH (Austria)
	75.00%	Auto Scout24 d.o.o. (Croatia)
	49.00%	ASPM Holding B.V. (Netherlands)
	100%	AutoScout24 LLC (Russia)

		100.00%	FMPF Verwaltungs-gesellschaft mbH (Germany)
		100.00%	Friend Scout24 GmbH (Germany)
		100.00%	JobScout24 International Holding AG (Switzerland)
	60.10%		Immobilien Scout GmbH (Germany)
		100.00%	Immobilien Scout Deutschland GmbH (Germany)
		40.00%	AllProperty Media Pte Ltd. (Singapore)
	100.00%	ClickandBuy Holding GmbH (Germany)	
		100.00%	CBS GmbH (Germany)
		100.00%	ClickandBuy International Ltd. (United Kingdom)
		100.00%	Firstgate Holding AG (Switzerland)
		100.00%	Firstgate Internet SAS (France)
		100.00%	ClickandBuy Marketing Inc. (USA)
		99.62%	ClickandBuy Private Ltd. (India)
	50.00%	BuyIn S.A. (Belgium)	
		100.00%	BuyIn S.A.S. (France)
		100.00%	BuyIn 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 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%	T-Systems ITC Iberia, S.A. (Spain)
		100.00%	T-Systems South Africa Holdings (Proprietary) Limited (South Africa)
		100.00%	Software Daten Service Gesellschaft m.b.H. (Austria)
		99.40%	T SYSTEMS TELEKOMÜNİKASYON LIMITED SİRKETİ (Turkey)
		32.40%	TeleOp Gesellschaft mit beschränkter Haftung (Germany)
		100.00%	T-Systems, informacijski sistemi, d.o.o.(Slovenia)
		100.00%	T-Systems d.o.o.i.L. (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 China Limited (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 Individual Desktop Solutions GmbH (Germany)
		100.00%	GEMAPPS Gesellschaft für mobile Lösungen mbH (Germany)
		99.98%	T-Systems Luxembourg S.A. (Luxemburg)
		100.00%	T Services Hungary Szolgáltató Kft. (Hungary)
		100.00%	T-Systems IT Gamma 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)
100.00%	T-Systems Mexico, S.A. de C.V. (Mexico)
100.00%	T-Systems Austria GmbH (Austria)
100.00%	T-Systems P.R. China Ltd (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)
100.00%	T-Systems Bulgaria EOOD (Bulgaria)
95.00%	T-Systems ICT Romania S.R.L. (Romania)

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

2. CONTRACTS CONCLUDED WITH THE RELATED PARTIES IN 2012

The performances specified below are in CZK millions. Performances shown as negative amounts represent mostly credit notes received or issued.

BUYIN S.A.

– Non-Disclosure Agreement (NDA) (023380-000-00)

COSMOTE Mobile Telecommunications S.A.

– Non-Disclosure Agreement (NDA) (023943-000-00)

Deutsche Telekom AG*

– Amendment Letter No.1 to the Agreement on Commercial Roaming Broker Services (No. 022191-101-00)
 – Letter of Intent 2013 (023803-000-00)
 – Letter of Adherence – Callertunes service Real Networks – ke smlouvě 990059-000-00 (023864-000-00)
 – X-charges 2012 – Products and Innovation annex (022888-101-00)
 – X-charges 2012 – Annex Network Technology (022888-102-00)

* 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

- Annex to Framework cooperation and service Agreement – Service Arrangement – Procurement Operations (022888-103-00)
- X-charges Annex EU HQ 2012 (022888-104-00)
- Enrolment to the Frame Agreement for the supply of CCC SAP Services including SA (023213-000-00)
- Tax Indemnity Agreement (023340-000-00)
- Framework Cooperation – Shared Service Center Data Reliance / Provision of Services to DTAG (023382-000-00)
- Co-operation agreement for joint smart lte evaluation trial (023418-000-00)
- Confidentiality Obligation for Clean Team Members (023435-000-00)
- Letter of intent – OSS (023451-000-00)
- Cooperation Agreement (smlouva o zpracování dat) (023481-000-00)
- Cooperation Agreement – INTRA GROUP COMPLIANCE AGREEMENT (023496-000-00)
- Letter of Adherence (“LoA”) – Ringback Tones Services (023507-000-00)
- Service Arrangement – IT – X-charges 2012 – Corporate IT services (023526-000-00)
- Global M2M Service cooperation – Joining Agreement (023543-000-00)
- Frame Agreement for Commissioned Personal Data Processing (023692-000-00)
- Agreement on the purchase of a videoconferencing system (023771-000-00)
- Annex to FA – Service Arrangement – X-charges 2012 – Products and Innovation annex-terminals (022888-105-00)
- Licence Agreement – sublicenční smlouva Internet Watch Foundation (023475-000-00)
- Individual Agreement on the commissioned processing of personal data 023727-000-00)
- Agreement on the joint execution of price benchmarks (No. 022767-000-00)

Deutsche Telekom (UK) Limited

- Amendment No. 1 to Project Service Agreement – PSA (change of terms and conditions) (022785-101-00)
- Project Service Agreement (PSA) – Personal touchpoints and services (T-zones II) (023392-000-00)
- Engagement Form (Czech Republic); Blackberry Services (020475-102-00)
- Engagement Form (Czech Republic); Microsoft Services (020475-103-00)
- Engagement Form (Czech Republic) – Facebook Services (020475-104-00)

Telekom Deutschland GmbH

- Service Level Agreement (SLA) for PKI services sharing (023939-000-00)
- Agreement on the Termination – IN MDS (021193-401-00)
- Project Service Agreement (PSA) – Projekt ENDURO (023233-000-00)
- Project Service Agreement – Operation and maintenance of Blackberry Download Server (023438-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	3	Re-invoicing of the costs related to the common platform within the Blackberry Download project	

- 8th Variation Agreement (015878-108-00)
- 9th Variation Agreement (015878-109-00)

Polska Telefonía Cyfrowa

– Purchase Agreement – Furniture for TMCZ partner shops (023926-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			Purchase of furniture for TMCZ partner shops

– Project Service Agreement – Polska Telefonía Cyfrowa S.A. & T-Mobile Czech Republic a.s. (023472-000-00)

Slovak Telekom, a.s.

– Purchase Agreement – purchase of furniture for interior revamping of T-Mobile Partner shops (023718-000-00)

– Purchase Agreement – purchase of furniture for TMCZ partner shops (023814-000-00)

– NDA - Vltava Project – potential outsourcing of network planning, building and maintenance (023268-000-00)

– Purchase Agreement – furniture for shops (023489-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			Purchase of furniture for TMCZ partner shops

T-Mobile HotSpot GmbH

– Amendment No. 1 – extension of Inflight WiFi coverage to include further airlines (022303-101-00)

T-Systems Czech Republic a.s.

– Kupní smlouva – odkup LM do kolokace (Purchase Agreement – Purchase of LM for Co-location) (023550-000-00)

– Agreement on the joint execution of price Benchmark benchmark for 2012 (023746-000-00)

– Dodatek č. 3 – rozšíření předmětu plnění Dílčí smlouvy (Amendment 3 – Extension of the Subject-Matter of Sub-Agreement) (017167-205-03)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
2			HP Service Manager

– Dílčí smlouva č. 8 – závazek Poskytovatele provést projekt KLARA (Sub-Agreement 8 – Undertaking of the Provider to Perform the KLARA Project) (017167-208-00)

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

- Amendment No. 6 to the Agreement on Global Roaming eXchange (GRX) (010109-106-00)
- Ukončení smlouvy o velkoobchodní Dodávce synchronizačního signálu z r. 2003 (Termination of the Agreement on Wholesale Delivery of Synchronizing Signal from 2003) (010642-401-00)
- Dodatek č. 1 k Dílčí smlouvě 4 – Sysstel (Amendment 1 to Sub-Agreement 4 – Sysstel) (017167-204-01)

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

- Dodatek č. 2- nákup licencí pro HP Service Manager (Amendment 2 – Purchase of Licences for HP Service Manager) (017167-205-02)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
5			HP Service Manager

- Dílčí smlouva č. 7 – Nákup HW, maintenance pro nové řešení ReDat (Sub-Agreement 7 – Purchase of HW, Maintenance for the New ReDat Solution) (updated) – DC WAIKIKI(017167-207-00)
- Amendment No. 6 to the FCA II – nové znění FCA II (amended text of FCA II) (018835-106-00)
- Amendment No. 2 to Implementation Agreement – NG CRM E2E R1 (022646-102-00)
- Termination of Implementation Agreement (022646-401-00)
- ngCRM - Interim Letter Agreement (Set up and provisioning of local platform for Project NG CRM Release 1) (023477-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
5			Purchase of fibre optic lines to co-location

- Rámcová smlouva na pronájem optických vláken (Framework Contract for the Lease of Optical Fibres) (023786-000-00)
- Smlouva o zpracování osobních údajů (Personal Data Processing Contract) (023813-000-00)
- Amendment No. 7 to the Final Consolidation Agreement II (018835-107-00)
- Amendment No. 8 to the Final Consolidation Agreement II (018835-108-00)
- Amendment to the Interim Letter Agreement – Set up and provisioning of local platform for Project NG CRM Release 1 (023477-101-00)
- Dodatek č. 2 ke Smlouvě o poskytování služeb (Amendment 2 to the Agreement on the Provision of Services) (022439-102-00)

T-Systems International GmbH

- Agreement for Commissioned Data Processing – Telekom Social Network Data Processing Agreement (023492-000-00)
- Letter of Intent for Tibco Enterprise Licence Agreement 2012 – 2015 (023824-000-00)
- Enrolment to the Frame Agreement for the supply of CCC SAP Services including SA (023213-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
23			Fees for the use of SW and SW services – SAP

– project Telepresence – implementation and services (maintenance, connectivity) (023403-000-00)

3. CONTRACTS WITH THE RELATED PARTIES LASTING DURING 2012 BASED ON WHICH PAYMENT, SERVICES OR GOODS WERE PROVIDED

Cosmo Bulgaria Mobile EAD

– International GSM Roaming agreement (No. 001295-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
2	1	Roaming	Roaming

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-1			Performances provided within cooperation with individual operators

Cosmote Mobile Telecommunications S.A.

– Roaming Agreement (Nio. 000030-000-00)

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

– Agreement on Discounts for Inter-Operator Tariffs (015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-2			Performances provided within cooperation with individual operators

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-56	-7	Performances provided within cooperation with individual operators	Performances provided within cooperation with individual operators

– International Roaming Agreement (HRVCN 219-01) (No. 021841-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
70	8	Roaming	Roaming

Cosmote Romanian Mobile Telecommunications S.A.

– Addendum to International Roaming Agreement (Romania) (No. 014876-101-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
2	1	Roaming	Roaming

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

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

Crnogorski Telekom a.d

– Roaming agreement (No. 011470-000-00)

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

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-1	-1	Performances provided within cooperation with individual operators	Performances provided within cooperation with individual operators

Deutsche Telekom AG*

– SERVICE Agreement Network Technology (No. 022467-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
49			Technology deliveries

– Management Agreement for international MNC Services (No. 022522-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
21			Re-invoicing of the costs related to the common platform – MNC

– Agreement for the Provision of Capacity – WhS – Provision of Backbone Network Capacity (Prague – Warsaw) (No. 022696-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	2	Lease of fibre optic lines	

– Letter of Intent – IT Data Assurance Shared Service Centre (SSC) (022962-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	10	Re-invoicing of the costs related to SSC	

– Contractual Agreement for change of delivery model for ng iBMD (Meduza) (No. 022173-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
12			New-generation IBMD development, maintenance and improvement

– Project Service Agreement for cIBS – common Interconnect Billing System (No. 021810-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			Re-invoicing of the costs related to the common platform – cIBS

* 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

– Master Agreement for Derivates and Investment Contracts (No. 019894-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
8950	8957	Shareholder's loan – loan principal provided	Shareholder's loan – repayment of the loan principal and interest

– Side Letter (No. 019895-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1590			Purchase of foreign currencies at market value

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

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

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

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

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
23			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 TMCZ	Provided by TMCZ	Received by TMCZ
7			Insurance premium

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

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

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	4	Customer care services	

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZI
	151	Technology services	

– Inbound (update – Annex 2 – Service Arrangement 2005) (013243-101-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZI
	13	Technology services	

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
157			Technology services

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
17			Customer care services

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
75			Marketing services

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-341		-160	Performances provided within cooperation with individual operators

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-4			Re-invoicing of the costs related to the common platform – TIBCO

– international Billing Mediation Device (iBMD)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	41	iBMD development, maintenance and support	

– Cost allocation agreement (HR issues)

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

– Transfer pricing Wholesale

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
7			Re-invoicing of the costs related to the common platform – Wholesale

– Revenue from H/S promotion

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	6	Revenue from H/S promotion	

– Transfer pricing – My Faves

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
3			Re-invoicing of the costs related to the common platform – My Faves

– Transfer pricing – My phonebook

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
3			Re-invoicing of the costs related to the common platform – My phonebook

– Transfer pricing – NG CRM

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
41			Re-invoicing of the costs related to the common platform – NG CRM

– Transfer pricing – Opera Mini

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			Re-invoicing of the costs related to the common platform – Opera Mini

– Transfer pricing – RDM

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
3			Re-invoicing of the costs related to the common platform – RDM

– Transfer pricing – WLAN

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
2			Re-invoicing of the costs related to the common platform – WLAN

– Transfer pricing – FTE

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
3			Re-invoicing of the costs related to the common platform – FTE

– Transfer pricing – APO

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			Re-invoicing of the costs related to the common platform – APO

– Transfer pricing – BU Melody

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			Re-invoicing of the costs related to the common platform – BU Melody

– Procurement – other office equipment

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			Video conference station

– SW installation

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			SW installation

– Provision and operation of the PKI system (023939-00-000)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			SW network – administration and distribution of security certificates that serve to secure TMCZ's mobile network elements

Deutsche Telekom (UK) Limited

– Project Service Agreement for Mobile Advertising (PSA) (022785-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1	1	Mobile advertising	Costs related to mobile advertising – technical costs

– Content Resale and Partner Services Agreement – content purchase (No. 020475-000-00)

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

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

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

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
8	25	Roaming	Roaming

Everything Everywhere Limited

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
11	4	Performances provided within cooperation with individual operators	Performances provided within cooperation with individual operators

Magyar Telekom Távközlési Nyilvánosan Működő Részvénytársaság (Magyar Telekom Telecommunications Public Limited Company)

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
6	7	Roaming	Roaming

– Agreement on Discounts for Inter-Operator Tariffs (015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-2	-2	Performances provided within cooperation with individual operators	Performances provided within cooperation with individual operators

Makedonski Telekom AD – Skopje

– Agreement on Discounts for Inter-Operator Tariffs (015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-1	-2	Performances provided within cooperation with individual operators	Performances provided within cooperation with individual operators

Polska Telefonia Cyfrowa Sp.z o.o.

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
13	25	Roaming	Roaming

– Agreement on Discounts for Inter-Operator Tariffs (015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-4	-8	Performances provided within cooperation with individual operators	Performances provided within cooperation with individual operators

– Shared platforms within TMO

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
6			Costs related to shared platforms within the TMO group

Slovak Telekom, a.s.

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
42	43	Roaming	Roaming

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
65	16	Interconnection	Interconnection

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-11	-12	Performances provided within cooperation with individual operators	Performances provided within cooperation with individual operators

Telekom Deutschland GmbH

– Project service agreement – provisioning and operation of the short message Application Router (SMAR) (022597-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			TP SMAR

– Project Service Agreement (Technology expertise for Community services) (No. 021194-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	3	Re-invoicing of the costs related to the common platform – Community services	

– Project Service Agreement (PSA) for the Provision of the Next Generation Voice Mail System (022097-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
22			Re-invoicing of the costs related to the common platform – VMS and SMSC

– Project Service Agreement – For the Provision of OTA Services (Hostování OTA) services (021318-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			Re-invoicing of the costs related to the common platform – OTA Services

– Project Service Agreement for VoMS – Voucher Management System (021497-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			Re-invoicing of the costs related to the common platform – VoMS

– Project Service Agreement for IMM (020684-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
2			Re-invoicing of the costs related to the common platform – IMM

– Project Service Agreement For the Provision of IN Systems (021153-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
4			Re-invoicing of the costs related to the common platform – IN Systems

– Project Service Agreement for the Provision of MMSC – Services (020176-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-4			Re-invoicing of the costs related to the common platform – MMSC Services

– Service Agreement Concern. the Performance of Melody Services (014973-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	4		Re-invoicing of the costs related to the common platform – the Melody project

– Project Service Agreement for Subscription Server (016046-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
3			Re-invoicing of the costs related to the common platform – Subscription serve

– International Roaming Agreement (016485-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
58	67	Roaming	Roaming

– Roaming Agreement for Public Wireless LAN Services (WLAN – Germany) (016882-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	1	Re-invoicing of the costs related to the common platform – WLAN	

– Interconnection Agreement (001776-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
17	15	Interconnection	Interconnection

– Agreement on Discounts for Inter-Operator Tariffs (015878-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-17	-25	Performances provided within cooperation with individual operators	Performances provided within cooperation with individual operators

– Sublicense Agreement for micro payment platform XTC (016434-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			Re-invoicing of the costs related to the common platform - XTC

Telekom SRBIJA a.d. Belgrade

– Roaming Agreement (č. 000365-000-00)

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

T-Mobile Austria GmbH

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
26	12	Roaming	Roaming

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
4	12	Interconnection	Interconnection

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	1	Re-invoicing of the costs related to the common platform – the Melody project	

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-8	-4	Performances provided within cooperation with individual operators	Performances provided within cooperation with individual operators

T-Mobile Macedonia A.D. Skopje

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1	2	Roaming	Roaming

T-Mobile Netherlands B.V.

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
5	7	Roaming	Roaming

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-1	-4	Performances provided within cooperation with individual operators	Performances provided within cooperation with individual operators

– Transfer pricing

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-1			Re-invoicing of the costs related to the common platform – ESOC

T-Mobile USA, Inc.

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
39	14	Roaming	Roaming

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

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
-22	-7	Performances provided within cooperation with individual operators	Performances provided within cooperation with individual operators

T-Systems Czech Republic a. s.*

– Delivery and integration of software Clarity (Ovcak Project) (017167-206-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			Ovcak project

– Smlouva o poskytování služeb – Projekt Barefa (Agreement on the Provision of Services – Barefa Project) (022439-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
185	2	Barefa	Printing, postage and related 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

– Smlouva o užívání nebytových prostor (022451-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	4	Rent and services	

– Smlouva o užívání technologických prostor (No. 022463-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	12	Rent and services	

– Service contract on IP-Transit (022627-000-00)

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

– Implementation Agreement – NG CRM R1 – E2E services (022646-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
167			Implementation services under the NG CRM project

– Rámcová smlouva o poskytování služeb elektronických komunikací a nájmu a podnájmu (Framework Contract for Electronic Communications Services and Lease and Sub-Lease) (021903-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	1	Re-invoicing of rent	

– Smlouva o poskytování služeb elektronických komunikací xDSL (Agreement on the Provision of xDSL Electronic Communications Services) (No. 019266-000-00)

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

– Smlouva o poskytování údržby, servisní podpory a nadstandardních souvisejících služeb (Agreement on the Provision of Maintenance Services, Service Support and Related Extra Services) (No. 019807-000-00)

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

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

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

– Rámcová smlouva o poskytování služeb telekomunikačního spojení (Framework Contract for Telecommunication Connection Services) (No. 010300-000-00)

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

– Smlouva o propojení telekomunikačních sítí (Agreement on Interconnection of Telecommunication Networks) (No. 010530-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
7	2	Interconnection	Interconnection

– Smlouva o poskytování mezinárodních telekomunikačních služeb (Agreement on International Telecommunication Services) (No. 012866-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
91	19	Interconnection	Interconnection

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

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

– Rámcová smlouva o propojení sítí (Framework Contract for Network Interconnection) (No. 001111-000-00)

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

– Agreement on Signalling-for-International-Roaming (SPR Service) (010340-000-00)

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

– Rámcová smlouva – projektové dodávky (realizace projektů typu TEE) (Framework Contract – project deliveries (implementation of TEE projects)) (No. 017167-000-00)

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
45			Services and product deliveries within IT projects

– GSM Services

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

T-Systems International GmbH

– NG CRM

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
56			Purchase of licences for the Oracle software

– iBMD

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
	53	iBMD	

– UNIX

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
1			Fees for the use of HW installations – UNIX

– SW licence – IS

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
4			SW licence fees

– SW licence – office

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
9			SW licence fees – office

– Oracle Support

Payments		Services/goods	
Provided by TMCZ	Received TMCZ	Provided by TMCZ	Received by TMCZ
6			Oracle Support

The Report on the Relationships does not contain performances under contracts between the Related Parties provided in 2012 where the total value of performances related to a single contract did not exceed CZK 500,000. For 2012, there are 81 such contracts in total. The aggregate value of the performances received by TMCZ based on these contracts amounts to CZK 4 million; the aggregate value of the performances provided by TMCZ based on these contracts amounts to CZK 2 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 2012, 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 2012, 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 PERFORMANCES 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 2012 accounting period, performances 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 performances provided. These performances and related considerations were in each and every case provided in compliance with laws and regulations governing the protection of 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 2012, 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.

